TEXPROCIL NEWS CLIPPINGS

TEXTILE INTELLIGENCE CENTRE IBTEX

INFORMATION BUREAU TEXPROCIL

An ISO 9001:2015 CERTIFIED COMPANY

The Cotton Textiles Export Promotion Council (TEXPROCIL)
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai 400004. Maharashtra State. INDIA
W. www.texprocil.org E. ibtex@texprocil.org T. +91-22-23632910 to 12 F. +91-22-23632914

IBTEX No. 191 of 2019 September 30, 2019

US 70.64 EUR 77.26 | GBP 86.90| JPY 0.66

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
19952	41700	**75.25**

Domestic Futures Price (Ex. Warehouse Rajkot), October

Rs./Bale	Rs./Candy	USD Cent/lb
20010	41821	**73.73**

International Futures Price

NY ICE USD Cents/lb (December 2019)	60.90
ZCE Cotton: Yuan/MT (January 2020)	12,205
ZCE Cotton: USD Cents/lb	77.72
Cotlook A Index – Physical	**71.15**

Cotton Guide:

Date	ICE December	ICE March
23rd September 2019	60.91	61.68
24th September 2019	60.40	61.19
25th September 2019	60.45	61.17
26th September 2019	60.28	60.99
27th September 2019	60.90	61.63

Table 1: ICE Contracts in the Previous Week

The ICE Cotton futures have performed in the following manner this week: From the above we can clearly notice that the most active cotton futures were just moving nowhere during the week. Even the US Export sales data could not cause much volatility in the International markets.

The Contracts settled positive on Friday due to short covering noticed at the end of the month. The total volumes remained near the 20K mark, to be precise the volumes summed up at 20,752 contracts.

The MCX contracts on the other hand behaved as below:

Date	MCX Oct	MCX Nov	MCX Dec
23rd September 2019	19,710	19,130	19,000
24th September 2019	19,500	19,070	18,980
25th September 2019	19,590	19,110	19,030
26th September 2019	19,630	19,110	19,050
27th September 2019	20,010	19,420	19,340

Table 1: MCX Contracts in the Previous Week

The MCX contracts were also seen almost consolidated apart from the change witnessed in Friday's settlement figures. The MCX October contract settled at 20,010 Rs per Bale with a change of +380 Rs. The MCX November contract settled at 19,420 Rs per Bale with a change of 310 Rs, whereas the MCX December contract settled at 19,340 Rs per Bale with a change of +290 Rs. The reason attributed to this sudden rise in prices was rains all over the country. Total Volumes were better at 1580 lots.

The Cotlook Index A was changed downwards at 71.15 cents per pound with a slide of -25 points. The prices of Shankar 6 are at 41,700 Rs per Candy which marks and increase of +100 Rs. Mill demand across the globe was weak last week barring two countries – Pakistan and Bangladesh.

Pakistan is seen to have shown good interest in Brazilian Cotton and US recaps as the production estimates of Pakistani Cotton are way below the average figure. Bangladesh is seen to the have emerged victorious in the trade war between the US and China. Bangladesh is a net importer of cotton and is seen to have increased its imports in a big way due to lower prices.

On the international front, the trade war between the world's two largest economies could escalate with news that the US is thinking of Delisting Chinese companies. This was coupled with the news of US decreasing its investments in China. However, this news still remains unconfirmed.

While speaking of the competing Man Made Fibres, they are set to see a reduction in prices with the price of Crude sliding slowly. In the last fortnight WTI crude has slipped from 62 USD/Barrel to 55 USD/Barrel which amounts to a massive slide of 7 USD/Barrel.

On the Fundamental front, for the week expect ICE Prices to again remain consolidated. The upsurge in demand from Pakistan could draw the prices north, whereas with the advent of arrivals the prices could further drop. Therefore, the bulls and bears will be seen to fight hard this week. Nevertheless, we are expecting the bears to win the battle both in ICE and MCX.

On the technical front, ICE Cotton Dec future remained in the sideways phase of 59.60-60.66 since last few trading days. Price held the support near 59.60 and bounced above the critical level of 60 (breakout zone). However, price is still hovering near the lower band of the upwards rising channel and 50% Fibonacci retracement support of the recent uptrend.

At present Dec future is trading above the short term daily EMA of (5&9) with support near 60.57. On the upside immediate resistance exists at 61.60 and 62.77 (76.4% Fibonacci retracement level). Likewise, strong support exists around 59.60 followed by 59.19. So for the day price is expected to move in the range of 59.60-61.00 with sideways bias. In the domestic market MCX Oct future is expected to trade in the range of 19920-20450 with a sideways bias.

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

NEWS CLIPPINGS

	INTERNATIONAL NEWS
No	**Topics**
1	US-China trade war: How the winners in this brave new world of tariffs get ahead
2	China Outstripping South Korea and Japan in Major Industries
3	U.S.-China trade war drying up pecan and cotton farming in Arizona
4	Brazilian project to strengthen organic cotton production in seven states
5	Vietnam poses a trade surplus of US$5.9 billion in nine months
6	China's Cotton Yarn Exports Significantly Reduced
7	Pakistan: Textile exports: winning on volumes
8	Vietnamese enterprises speed up to achieve export goal
9	Pakistan: Remove duties on cotton import: Aptma
10	Depression-era trade policy is way out of style
11	Bangladesh: Yarn consumption doubles in six years
12	Pakistan: Textile barons complain of not getting concessions on exports

	NATIONAL NEWS
1	India's cotton yarn stares at bleak exports as China gives duty-free access to Pakistan
2	Are free trade agreements beneficial for India?
3	Revenue dept reviewing India's low-benefit free trade agreements
4	Chinese companies facing many difficulties due to trade frictions: Commerce Minister
5	Govts have to be more proactive on policy initiatives: Indian Cotton Federation president
6	Coimbatore: Spinning mills seek government support to fight recession
7	Promoting garment exports could be single-biggest boost to jobs, so let the rupee fall
8	Centre seeks to ease rules for renewal of licences, permits
9	India may cut duties on 80% of Chinese imports under RCEP
10	More trouble for Indian exports: Europe business sentiment at 6-year low; to hit demand
11	Branding has become a viable option for textile, garment units
12	Indian Govt mulls setting up 5 khadi design centres
13	Textile secretary visits textile clusters
14	'Farmers show interest in cotton cultivation'
15	Japanese fashion retail giant UNIQLO enters India, undeterred by economic slowdown
16	Gujarat and Maharashtra textile groups to oppose Centre's decision to sign deal
17	Cheaper capital to make Indian MSMEs competitive: minister
18	Govt plans to constitute working group on proposed new industrial policy

INTERNATIONAL NEWS

US-China trade war: How the winners in this brave new world of tariffs get ahead

As trade friction rises between the United States and China, there are trade experts who bemoan tariffs and sanctions and insist there are no winners.

But this is not strictly true, as business executives in Jakarta will tell you, for one. Beyond the companies that benefit from a tariff slapped on a competitor, there are large categories of investments whose business model can work around tariffs and restrictions.

The latest scheduled US-China trade talks suggest a glimmer of hope for agreement but any deal is likely to be limited in scope, and any tariff delayed or removed can reappear just as easily. (A savvy few will also be thinking ahead to the US election next year, and it is unlikely the president wants to defend a weak China deal just as his Democratic challengers gear up.)

Meanwhile, consider these likely beneficiaries.

Southeast Asia

The economies on China's southern rim represent a massive "demilitarised zone". Many firms were already shifting production here as Chinese labour costs rose but trade friction has triggered an acceleration. Factories here can sell into both the US and China with less fear of getting stuck in the crossfire.

Without drawing too many conclusions from short-term foreign direct investment flows, there do seem to be some winners in the neighbourhood as flows into the US and China stall.

Multinationals

Those counting on low-cost production in China to sell to high-wage consumers in the US are particularly vulnerable in this brave new world of tariffs. If, however, you make some of everything to sell almost everywhere, you have an enormous advantage.

Clothing or furniture produced in China, for example, can simply be sold in Chinese markets if US tariffs make them too expensive to ship. Parts or inputs facing tariffs in one jurisdiction can usually be sourced elsewhere if a firm has diverse international facilities.

Click here for more details

Source: scmp.com. - Sept 29, 2019

HOME

****

China Outstripping South Korea and Japan in Major Industries

The Korea Economic Research Institute announced on Sept. 29 that China currently has the highest global market share in seven out of the nine major export industries of South Korea and the number is one for South Korea and one for Japan. The institute also said that China is likely to outperform both South Korea and Japan in five years in all of those industries with the only exception of semiconductor.

Back in 2000, Japan recorded the highest global market share in six out of the nine industries, followed by South Korea (two) and China (one). “Steel, shipbuilding, automobile and electronics were Japan’s major industries 20 years ago, are South Korea’s and China’s major industries now, and will be China’s major industries in the future,” the institute explained.

When it comes to the technological competitiveness of the nine industries of the three countries, that of Japan was 113.8 and that of China was 59.6 in 2000 compared to South Korea’s 100 as a reference point. However, the figures changed to 102.8 for Japan and 79.8 for China, which means a narrower technological gap. In 2024, the figures are likely to become 97.4, 89.1 and 100, which means South Korea will become more competitive than Japan with China about to catch up with South Korea.

By industry, China’s wireless communications device, steel and display, automobile, textile, and ship industries are predicted to reach 96.3 percent, 91.7 percent, 91.3 percent, 91.1 percent, and 90.9 percent of their South Korean counterparts in five years. Although South Korea is expected to surpass Japan in overall competitiveness in 2024, Japan is likely to still maintain its competitive edge in automobile (117.4 percent), textile (116.3

percent), petrochemical (108.3 percent), and general machinery (107.1 percent) that year.

As for R&D environments, the current scores of South Korea, China and Japan are 100, 100.1 and 110.5, respectively. Specifically, Japan posted 127.3 in competitiveness in basic science fields, 107.3 in industry-academia collaboration, and 106.8 in R&D personnel. China surpassed the other two in government support (133.9) and CEOs' interest in R&D (106.4). South Korea failed to show any superiority in the evaluation items.

Source: businesskorea.co.kr - Sept 29, 2019

HOME

****

U.S.-China trade war drying up pecan and cotton farming in Arizona

The U.S.-China trade war has taken its toll on everything from cattle to citrus to manufacturing.

But two other commodities in Arizona are suffering economic hits of their own: cotton and pecans. The former represents about $105 million in export value for Arizona, and is on the state seal. The latter, while not necessarily a traditional major player in trade with other countries, has seen a higher demand from China. The country has increased its demand for large in-shell pecans, which has spurred on production in multiple states in the U.S., including here in Arizona where an estimated 26,000 acres of pecans are in production.

Pecan and cotton farmers in Arizona have started to suffer as a result of the constant back and forth of the trade war with China. Prices on these crops have fallen the past few months as a result with no end in sight. Now, farmers and organizations, like the Arizona Farm Bureau, are speaking out.

"Arizona exports 70 percent of its cotton, of that, 20 percent is sent to China. With these statistics, it is easily said that the current trade war with China is greatly affecting our agriculture producers," said Tyler Davis, Government Relations Manager for the Arizona Farm Bureau Federation. "In an already unstable market, farmers and ranchers are seeing the lowest incomes in recent history. This poor market coupled with the trade war is making for an unpredictable and struggling year."

Back in June, prices for cotton were seeing an average of about 95 cents per pound. Since then, the prices have plummeted to a meager 62 cents per pound. Before the trade war began, farmers in Arizona were exporting more than 20 percent of their crops to China.

For pecan farmers, they've seen a mirrored issue in the price for their crops, bearing witness to a major roller coaster drop from $3 a pound to under $2 a pound.

After retaliatory tariffs were put into place last year, there was an immediate dip in pecan prices of nearly 40 percent. Revenue losses reflected anywhere between $900,000 to $1.6 million, a major hit for medium-sized farmers. Before the trade war started, Chinese importers were flooding their storage rooms with about 100 million pounds of pecans. Now, they see about nine million pounds.

Much like importers who began purchasing items like bell peppers and cucumbers here in Arizona instead of tomatoes during the controversial end to the Tomato Suspension Agreement, Chinese importers have either been buying less pecans or opting for substitutes.

The Trump administration is still in negotiations with their Chinese counterparts and recent threats of tariffs have been pulled back or limited. Some economists say that all China has to do is wait it out, the ball essentially being in their court instead of the United States'. And while China waits, pecan farmers and cotton farmers are seeing their fields and their pocketbooks dry up.

And while a $12 billion aid package from the Trump administration to farmers across the country has put a bandage on the bleeding, Davis sides with the farming community in arguing that they would much rather be in a market-driven landscape.

"A mutually beneficial agreement needs to be struck between the two countries and the tariffs need to be relinquished. The United States and China have the largest economies in the world. It is in the interest of both countries to find common ground where each country wins," said Davis.

Source: chamberbusinessnews.com - Sept 27, 2019

HOME

****

Brazilian project to strengthen organic cotton production in seven states

The new Brazilian initiative, 'Cotton in Organic Farming Consortium' will aid approximately 800 farming families by strengthening organic cotton production in seven Brazil states over the next two years.

The initiative is supported by the C&A Foundation along with the NGO Diaconia, Embrapa Algodão and the Fedeal University of Sergipe (UFS). It aims to reinforce the management of the Participatory Conformity Assessment Bodies (OPACs) - associations representing the families of farmers certified to issue the organic product seal.

Though cotton is the fiber most used in the fashion industry, less than 0.1 per cent of Brazilian cotton is organic.

Organic cotton does not require toxic chemicals, does not damage the soil, and has a lower impact on the air and uses 71 per cent less water and 62 per cent less energy.

As cotton farming is an important source of income for producers in these regions, the transition from conventional cotton to organic farming is an opportunity to improve the lives of the farmers in Brazil.

Source: fashionatingworld.com. - Sept 27, 2019

HOME

****

Vietnam poses a trade surplus of US$5.9 billion in nine months

Vietnam reported a trade surplus of roughly US$5.9 billion in the first nine months of 2019, with the export turnover estimated to reach over US$194 billion, up 8.2% compared to the same period last year.

According to the General Statistics Office (GSO), the domestic economic sector exported US$59.57 billion worth of goods during the period, representing a year-on-year increase of 16.4% and accounting for 30.7% of the total.

Meanwhile, the export revenue of the foreign-invested sector (including crude oil) hit US$134.73 billion, up 5% year on year and making up 69.3% of the total value.

As many as 26 products recorded over US$1 billion in export turnover during the January-September period. Phones and parts topped the list with US$38.6 billion, up 5.1% year on year, followed by electronics, computers and components (US$25.4 billion, up 16.9%), garments and textiles (US$24.8 billion, up 10.4%), footwear (US$13.3 billion, up 13.5%), machinery and equipment (US$12.9 billion, up 7.5%) and wood and timber products (US$7.5 billion, up 17%).

Vietnam's nine-month import revenue was estimated to reach US$188.42 billion, up 8.9% from a year ago, with the domestic sector and the foreign invested sector posting respective revenues of US$78.97 billion (up 14%) and US$109.45 billion (up 5.5%).

The United States was the largest importer of Vietnamese products during the period with a value of US$44.9 billion (up 28.2% year on year), followed by the European Union (31.1 billion, down 0.7%), China (US$27.8 billion, down 3.8%), ASEAN (US$19.4 billion, up 4.7%), Japan (US$15.1 billion, up 10%) and the Republic of Korea (US$14.5 billion, up 8.1%).

Meanwhile, China remained Vietnam's largest import market with a revenue of US$55.5 billion, up 17.3% over the same period in 2018. The Republic of Korea came second at US$35.4 billion (up 1%), then come ASEAN at US$24.1 billion (up 3.8%), Japan at US$14.1 billion (up 1.8%), the EU at US$11 billion (up 10.3%) and the US at US$10.7 billion (up 12.6%).

Source: en.nhandan.org.vn - Sept 29, 2019

HOME

****

China's Cotton Yarn Exports Significantly Reduced

According to customs statistics, in August 2019, China exported about 28 thousand and 200 tons of cotton yarn, an increase of 0.13% in the ring ratio, a decrease of 12.93% over the same period last year. In 2019, China exported 267 thousand and 700 tons of cotton yarn in 267 thousand and 700 months, a decrease of 6% compared to the same period (1-8 tons of imported cotton yarn 1 million 330 thousand tons, 1-8 percentage points lower than that of the previous month), while the export growth of cotton yarn in China increased by -6.46%, 15.48% and -17.3% respectively.

It is worth noting that in August, the depreciation of the RMB was over 4%, and the CY2001 disk price fell from 21455 to 19965 (1490 points, or 6.94%), leading to the continuous improvement of domestic yarn competitiveness.

Cotton mills and export enterprises such as Henan, Jiangsu and Zhejiang indicated that since July, the export of 50S and above combs, Combed Yarns and compact spun yarn has opened up a relatively downward trend.

Some manufacturers have to take measures such as reducing cotton yarn, distributing cotton, spinning synthetic yarn and increasing the output of blended yarn and new fiber yarn and so on to maintain production and reduce risks. In September, production and marketing did not start very well. "Kim Gu is not yet there, and silver is ten times difficult," so it is hard to predict that the export of cotton yarn is still weak.

The following points are analyzed and summarized.

First, the growth of global consumption of textile and clothing is weak or even in the face of rapid decline. The United Nations Trade and development report 2019 pointed out that the world economy is heading for a predicament. Trade frictions, exchange rate changes, corporate debts, no agreements to break Europe and the rate of return are all warning. Weak global demand in 2019, coupled with unilateral tariff actions by the US government, will slow down the growth of Global trade this year.

Two, the euro and pound continued to depreciate, and the cost of imported cotton yarn and spinning clothing increased sharply. According to statistics, in the first quarter and the two quarter of 2019, the European Union imported not only 10.2% of the garments from China, but also 5% of imports from India and Turkish garments in the second quarter, and 1.1% and 4.1% respectively, which affected the export of Chinese cotton yarn.

Three, the impact of Sino US trade war is infiltrating into the "body" through the "body surface". Not only the cotton mill's export orders are not enthusiastic, but European and American buyers are also cautious. Some mills said that because of the worry that the United States imposed tariffs on imported cotton yarns and spun garments, the foreign purchasers took the measures to lower the contract price or to transfer tariffs to Chinese production enterprises.

Four, the competitive advantage of domestic high count yarn is gradually weakening, and the product substitution ability of Southeast Asia is enhanced.

On the one hand, a large number of domestic cotton mills are competing for and purchasing high cost national storage cotton, reducing the cost of spinning raw materials, and at the same time, leading to slipped quality index and stability of medium and high count cotton yarns.

On the other hand, Vietnam, Indonesia, India and other countries are buying high quality cotton harvester such as American cotton, Australian cotton and Brazil cotton.

The difference between high and medium count yarn combed yarn, combed yarn and domestic brand yarn has been shrinking, and the substitution of 60S and below cotton yarn has been enhanced.

Source: sjfzxm.com. - Sept 28, 2019

HOME

****

Pakistan: Textile exports: winning on volumes

Textile exports during 2MFY20 increased 2.3 percent year on year against a growth of 3 percent in total exports during the period. The textile group accounted for 61 percent of total exports during the first two months of FY20 as opposed to 62 percent during the same period last year—not too major a difference. In fact, despite a loss in percentage shares, the balance of trade within the textile group actually improved by 10 percent.

Growth in textile exports was largely driven by downstream retail items, which are typically higher on the value chain namely knitwear, bed wear and ready-made garments. They together constitute more than 50 percent weightage within the textile group and a 38 percent share in total exports (SPLY: 36 percent).

Volumetrically, readymade garments increased 35 percent while price per unit dropped 20 percent during the first two months of FY20 as compared to the corresponding period. Similarly, bed wear recorded a 16 percent drop in price per unit during the period under review. Quantity sold increased by 20 percent during the same period.

An industry source pointed out that international buyers are well aware of currency adjustments and negotiates the contracts accordingly, resulting in the lower unit prices for exports. Rupee devalued more than 20 percent against the greenback during FY19. However, the ongoing fiscal year saw rupee appreciate 2 percent against the dollar in the first two months. The source further added that domestic players are now skewed towards local markets as they are fetching higher prices domestically relative to international prices.

As for knitwear, prices remained relatively stable, as the increase in unit prices amounted to a meager 2 percent during 2MFY20. In terms of quantity, the increase stood at 11 percent during the same period.

On the other end of the spectrum in textile value chain, cotton yarn saw a marginal increase of 2 percent in quantity for 2MFY20 while prices dropped 10 percent during the same period. A trade war between the economic giants China and United States has disrupted export prices for cotton yarn.

As China accounts for more than 50 percent of Pakistan's cotton yarn exports it has adversely impacted yarn exports. SBP highlighted this in its third quarterly report stating "According to Chinese customs data, cotton and yarn imports by China had dropped by a sizable 17.2 percent in CY18, as the country imposed additional retaliatory tariffs on its top yarn supplier, the United States (in July 2018).

To make up for the resultant shortfall, China started unloading the sizable stockpile of cotton it had built up over the years to its ginning industry. At the same time, China diverted some of its import demand for higher count yarn to Brazil, Australia and India, which managed to increase their market shares, according to the USDA. However, due to a product mismatch, Pakistani exporters could not benefit from this shift in Chinese demand, as Pakistan's ginning industry mostly produces low-count yarn, which is not widely used in apparel-making"

Textile exports for the first two months – despite gaining some impetus – do not suggest a turnaround yet. A government official states that due to higher labour costs in China, it is moving textile operations to Pakistan. If this follows through, the textile sector is likely to spur growth in exports.

Click here for more details

Source: brecorder.com- Sept 28, 2019

HOME

****

Vietnamese enterprises speed up to achieve export goal

For instance, export turnover of agricultural products in the first eight months of this year merely reached US$11.27 billion, down 8.8 percent over the same period last year. Although fiber and yarn products still kept a growth of 16 percent by the beginning of September, value added was not high. So far, export turnover has dropped by more than 10 percent over the same period last year.

Mr. Vu Duc Giang, chairman of the Vietnam Textile and Apparel Association, explained that the fact that China's continuous devaluation of the renminbi has created a wide gap between the US dollar and the Chinese renminbi. Meanwhile, Vietnamese enterprises import cotton from the US then produce and export yarn to China so margins lessen. Enterprises who signed contracts with payments in Chinese renminbi saw sharper decline in profits. In addition, other yarn importers of Vietnam, namely Turkey, South Korea and Egypt, continuously applied trade remedies and raised import tariffs on this product, weakening competitive edge of Vietnamese yarn.

According to Mrs. Ly Kim Chi, chairwoman of the Food and Foodstuff Association of Ho Chi Minh City, Chinese authorities have promulgated several new regulations, such as all farmed or nature fish products must be taken from registered factories and when making customs declaration exporters must show health certificates issued by Vietnam. China also announced some regulations relating to goods administration and supervision, especially increasing control on quarantine. These have caused several difficulties for export.

However, other products, including electricity, electronics, machinery spare parts, electronic components, computers, rubber, plastic, food and foodstuff showed positive signals by constantly posting a steady growth of above 10 percent since the beginning of this year. Noticeably, export turnover of cell phones of all kinds and components in August reached $5.91 billion, an increase of 48.1 percent over the previous month, sending eight-month export turnover to $33.39 billion. This impressive growth was contributed by exporting to the US, the EU, Japan and South Korea. At the present, the US and the EU remain the key export markets of this product, accounting for more than 60 percent of total export turnover.

There are only three months left until the end of this year. According to experts, in order to achieve export goal, enterprises should be more active in searching and expanding market, diversifying goods supply and export markets. Commercial counsellor of Vietnam in Australia said that many enterprises have actively switched from raw material export to processed and branded product export. Market approach was also upgraded intensively and tightly with foreign distribution channels.

This has helped Vietnamese enterprises to standardize quality and design of goods since production phase as well as reduce risks of recalling their goods for not meeting export requirements. As for food processing industry, enterprises have also actively participated in restaurant and hotel supply chains then will step by step approach consumers and enter deeply into the market.

Mr. Vu Duc Giang shared that although fiber and yarn industry of Vietnam declined sharply in export turnover, garment firms have seen a sudden rise in the number of orders shifting from China. Mr. Tran Viet Anh, vice chairman of Business Association of Ho Chi Minh City, said that since the beginning of this year, many enterprises have changed their production technology towards focusing on environmentally friendly products, technical plastic or export plastic products that are not in the list of products that are imposed tariffs or restricted from use. Therefore, it can make up for total export turnover of the industry.

According to economic experts, there are only three months left to speed up to achieve the goal of export growth. Based on the ability as well as flexibility in searching and changing export markets of Vietnamese enterprises, it is possible for them to obtain export goal of this year.

Source: sggpnews.org.vn- Sept 28, 2019

HOME

****

Pakistan: Remove duties on cotton import: Aptma

The All Pakis-tan Textile Mills Association (Aptma) on Friday urged the government to withdraw 3 per cent regulatory duty, 2pc additional customs duty and 5pc sales tax on import of raw cotton.

In a statement, Chairman Aptma Dr Amanulla Kassim Machiyara said that with high upfront costs, the textile industry would not be able to fulfill its export commitments.

He further said that latest figures issued by Pakistan Cotton Ginners Association (PCGA) strongly indicate that the current season's (2019-20) cotton crop would be short.

The Aptma chief said that already cotton prices in domestic market are higher than import substitution and if this trend persists the textile industry will be rendered uncompetitive which will directly impact country's exports.

Source: dawn.com - Sept 28, 2019

HOME

****

Depression-era trade policy is way out of style

Something happened to the fashion industry this month that hasn't happened since before the Great Depression. The U.S. government raised tariffs on U.S. apparel, footwear, and home textile imports into the United States. By a lot.

Starting Sept. 1, the U.S. imposed a new 15% tariff on 92% of the clothing, 68% of the home textiles, and 53% of the shoes we buy each year from China. These tariffs are on top of the average 13.2% tariff rate already in place on these products, and which already keep prices higher than what they might be.

These new tariffs amounted to a national sales tax on U.S. fashion, directly raising prices on about 30% of all imports and indirectly raising the price on everything else. Moreover, because women's fashions are more likely to be imported from China and because sales taxes are regressive, this new tariff disproportionately hurt women and lower income Americans.

When the Trump administration launched investigations into Chinese practices regarding forced technology transfer and theft of intellectual property rights, it pledged to avoid hurting U.S. consumers while it went after high-tech industries associated with China's national industrialization strategies. Instead, the collateral damage of the trade war will now make it more expensive for Americans to get dressed every day. Quite possibly, it's making the original problem even worse as selling counterfeit clothes and shoes into the U.S. just got more rewarding as their legitimate competitors face higher taxes.

How can we move past this trade-turmoil wardrobe malfunction? Here are four steps the Trump administration can take to make sure the trade war doesn't become a fashion war.

First, let's get back to the negotiating table and be prepared to stay there for a long time. The business community, like many on both sides of the aisle in Congress, support the administration's goal of a long-lasting, sustainable and enforceable deal with China. We crave certainty, and the right deal can set the U.S.-China trade partnership on a predictable path for many years to come. And we are also patient. We know that this deal will take a long time to negotiate and get right and we are willing to wait. It's too important not too. That also means it's important not to panic if the Chinese prove to be the tough negotiators we know they are.

Second, let's immediately end the latest tariff hikes, which affect many fashion and non-fashion consumer items and which will cost American families about $1,000 per year, according to J.P. Morgan. This is not a sign of weakness, but rather a recognition that the U.S. consumer is currently driving the U.S. economy. Fortunately, the Chinese have given the administration an opening by pledging not to retaliate for the latest tariff hikes and by announcing several rounds of tariff exclusions.

The president has recognized this by delaying the next tariff hikes for two weeks. As a further sign of good will, the administration should eliminate all the latest tariff hikes. In the world of tit-for-tat tariff policy, this action will surely trigger further tariff elimination by the Chinese too. While we are waiting for our crack negotiators to craft a deal with China, our exporters can reclaim markets and our consumers can keep buying affordable fashion.

Third, let's get the U.S. Mexico Canada Agreement passed and implemented this year. Demonstrating the administration's ability to steer a renegotiated trade agreement through Congress — especially one that updates the North American Free Trade Agreement — is a tailor-made way to tout negotiating prowess. Plus, once implemented the USMCA returns the North American trade partnership to a predictable path. Not only is that important for U.S. economic security, but it also sends an important message to the Chinese (and other trading partners for that matter) about the value of economic certainty in a sea of relative chaos. It would also showcase the ability of this administration to implement and stick to trade agreements.

Fourth, let's reduce the hidden tax on fashion that U.S. consumers already face. In 2018, the U.S. fashion industry accounted for just 6% of all U.S. imports but paid nearly 40% of all tariffs. Not only is this disproportionate tax expensive for U.S. consumers, but it also hampers the ability of today's global value chains to create jobs in America. Fortunately, there are options on the table, including:

- Allowing individual, non-trade sensitive apparel and footwear products to receive benefits under the decades-old Generalized System of Preferences trade program. This would create new opportunities for these products to be imported duty-free from developing countries if the products are not import-sensitive.

- A proposal currently before Congress would provide duty breaks for U.S. imports of clothes and shoes that incorporate U.S.-made inputs. Allowing companies to deduct the value of the U.S.-made textiles or leather contained in those imports before tariffs are assessed would encourage the use of U.S.-made materials and help U.S. exports.

The Mongolia Third Neighbor Trade Act would provide duty-free access for cashmere clothing made in Mongolia, products that are not made on a commercial level in the U.S.

If helping U.S. consumers is not enough, the Trump administration can take solace in knowing that these initiatives help accomplish other oft-tweeted policy goals — be they to help diversify supply chains out of China, promote more U.S. exports, or both.

Defenders of the new tariff-heavy approach on trade often suggest that the current trade wars are necessary to accomplish a larger goal. “No pain, no gain” is what we often hear. But an endless trade war with no agreement in sight sounds more like “all pain, no gain.” And that’s never fashionable.

Source: washingtonexaminer.com - Sept 29, 2019

HOME

****

Bangladesh: Yarn consumption doubles in six years

Yarn consumption doubled over the last six years because of high demand from domestic garment manufacturers and high volume of garment export, according to industry insiders.

In fiscal 2012-13, local knitters and weavers consumed 10 lakh to 11 lakh tonnes of yarn. Last year, the amount stood at 22 lakh tonnes, said Monsoor Ahmed, secretary to the Bangladesh Textile Mills Association (BTMA), the platform for the primary textile sector.

Between fiscal 2012-13 and 2018-19, Bangladesh’s garment export increased nearly 10 percent.

Last fiscal year, apparel shipment from Bangladesh was $34.13 billion, which was $21.51 billion in fiscal 2012-13, according to data from the Export Promotion Bureau.

Despite a lot of internal and external shocks, garment shipment from Bangladesh maintained robust growth over the last seven years because of competitive prices and flawless supply of yarn and fabrics, which reduced lead time significantly, exporters said.

Internal shocks include the two deadliest industrial accidents including Tazreen Fashions fire in November 2012 and Rana Plaza building collapse in April 2013. The sector also witnessed a setback in shipment because of elections in some major markets, financial crisis in some economies and Brexit. However, the sector could bounce back.

On the other hand, there were some sunny sides for the local garment exporters like new export destinations such as Japan, India and China, where Bangladesh's garment export has been growing at a faster rate in comparison to traditional markets like the EU, the US and Canada.

The local garment exporters have been receiving a lot of work orders because of the US-China trade war that compelled many international retailers and brands to come to Bangladesh. The consumption trend of yarn has also changed during this period, especially over the last two years, as imports are increasing for availability of cheaper yarn in India and China, said BTMA's Ahmed.

"Previously, the import of yarn was not so high."

Subsequently, spinners have lowered their production capacity to 77 percent from 90 percent over the last six months. Currently, the yarn consumption trend in Bangladesh is a 50-50 mix of imports and local ones.

"So the country's main export earner is depending more on imported raw materials, which is a worry for us. If the situation continues, we will be in trouble," Ahmed said.

Lower production of yarn by local spinners means cotton consumption by Bangladesh also declined. Last fiscal year, Bangladesh imported nearly 7.7 million bales of cotton, which was 8.2 million bales in fiscal 2017-18.

A Matin Chowdhury, managing director of Malek Spinning Mills, a leading spinner, mentioned three specific reasons for the losing competitiveness by local spinners to the cheap imported yarn.

They are: 50 percent hike in the gas price, 2 percent devaluation of local currency against the greenback and wage hike in the garment sector that put the manufacturers in a tight spot. “Our stockpiling of yarn is increasing every day,” Chowdhury told The Daily Star by phone.

The highest consumer of yarn is the knitwear sector in Bangladesh as the local 450 spinners can supply more than 80 percent of the raw materials needed by the manufacturers and exporters. The local knitwear sector consumes more than 16 lakh tonnes of yarn in a year, the spinners said.

Source: thedailystar.net- Sept 30, 2019

HOME

****

Pakistan: Textile barons complain of not getting concessions on exports

The textile industry has complained to the Prime Minister Office about ‘non-implementation’ of the export-sector support package involving subsidised gas and electricity rates and tax breaks approved by the government and called upon the federal cabinet to take up the matter at its Oct 1 meeting.

In letters to various ministries and the PM Office, the All Pakistan Textile Mills Association (APTMA) called upon the federal cabinet to “review implementation status of the decisions taken by the government”.

“Very painfully and regretfully we want to highlight the two decisions of the cabinet that have not been implemented and have been scuttled in a manner whereby the purpose of the policy decisions has been defeated,” wrote APTMA chairman Syed Ali Ahsan.

The special energy package of 7.5 cents per unit of electricity and $6.5 per unit of combined gas (LNG and domestic gas) and domestic gas at Rs780 per unit (million British thermal unit) was extended early this year to the erstwhile zero-rated industry to provide it a competitive energy tariff to expand and increase exports.

The industry regretted that even after the lapse of one year, implementation of the cabinet decisions on reduced energy rates was selective, partial and subject to irrelevant and non-professional interpretations at the lower levels of the government. As a result, the industry is still unclear about the actual energy tariff for the purpose of quoting export prices of products.

The APTMA said the cabinet had in January this year set a fixed electricity tariff of 7.5 cents without building other charges (quarterly adjustment, fuel price adjustment and various other surcharges) to the export industry which would be part of the subsidy claim to be picked up by the federal government. It said the situation currently was that distribution companies (Discos) not only charged 7.5 cents per unit until June, but also started charging a quarterly adjustment of Rs1.80 per unit on top of 7.5 cents "in contravention of the cabinet decision". "It is surprising that a decision of the government is being altered without getting approval of the ECC and the cabinet in contravention of the rules of business," complained the APTMA.

In addition, it said, K-Electric had refused to implement orders relating to electricity and textile units linked with KE through single-point metering of the Lasbela Industrial Export area had not been able to get the tariff applied to them. KE has reported to the textile consumers that a clarification sought from the power division had not been responded to.

Secondly, in the same manner, the Economic Coordination Committee and cabinet had in September last year decided that gas supply to the industrial sector (exporters of zero-rated section, including textile & jute, carpets, leather, sports and surgical) in Punjab would be revised from 28:72 to 50:50 for domestic gas and LNG, respectively. The weighted average gas tariff of such consumers will be $6.5 per mmbtu. Gas price of similar consumers of SSGCL and those of SNGPL in Khyber Pakhtunkhwa was kept unchanged.

The Oil and Gas Regulatory Authority (Ogra) had notified these rates in October last year but excluded captive power plants from the ambit of zero-rated industry. Later, captive power generation of these export units for self-generation was also included in the same tariff. However, Ogra expressed its inability to notify RLNG/gas weighted price because it cut cross through two legislations — Ogra ordinance and Petroleum Development Levy ordinance. "Somehow or the other implementation of $6.5 per mmbtu has been foiled by the bureaucracy and gas utility," the APTMA alleged.

At the heart of the problems lied non-payment of subsidy payments by the finance ministry to SNGPL for months. The APTMA said the objective of the subsidised gas rate to reduce the gas pricing disparity within the country and to provide affordable gas to the industry based in Punjab was being ignored by various committees of the government.

Thirdly, it said, the government had committed multiple times before withdrawal of zero rating by rescinding SRO 1125 that the facility for energy purpose would remain protected under the new mechanism. “This commitment is not being fulfilled. Despite assurance in front of the prime minister that the eligibility criteria for the reduced rates will not be changed, there is a strong move to change the criteria to restrict the lower energy rates to direct exporters only,” the industry complained.

It said this issue was untenable because 70 per cent of the feed (semi-finished goods) into direct exporters were from indirect exporters and making their products more expensive would render exports uncompetitive. This is apart from the fact that there is a huge discrepancy between gas tariff of Punjab and Sindh. Lower RLNG prices cover part of the difference as gas/RLNG in Punjab is $6.5 per mmbtu (Rs1,014) as opposed to gas in Sindh which is effectively priced at Rs785 per mmbtu.

“This disparity, if priced at full Ogra notified rates, increases to Rs1,800 versus Rs785 and is clearly unsustainable for Punjab-based industry which constitutes 70pc of the country’s installed capacity in textiles,” the APTMA said.

Based on this situation, the APTMA called upon the federal cabinet to have a review of implementation of its decisions on the issue and settle the matter of energy prices once and for all.

Source: dawn.com- Sept 30, 2019

HOME

****

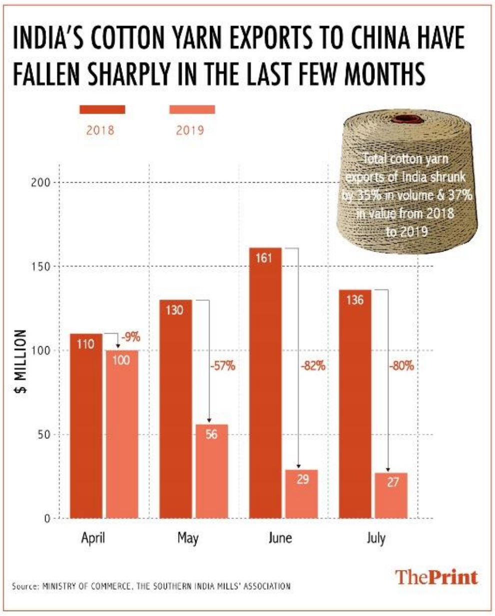
NATIONAL NEWS

India's cotton yarn stares at bleak exports as China gives duty-free access to Pakistan

Months after China entered second phase of its FTA with Pakistan, allowing free access for 313 items, Indian cotton yarn suppliers complain of a fall.

Indian exports are struggling at the moment due to a slump in global demand. On top of that, China's decision to provide duty free access to specific items from Pakistan is all set to further impact the exports, especially that of cotton yarn.

In April this year, China entered the second phase of its free trade agreement (FTA) with Pakistan, eliminating tariffs for 313 items exported from India's western neighbour. These items accounted for $64 billion of China's global imports, opening up a huge market for Pakistani exporters.



The tariff lines are across items such as cotton yarn, textiles and garments, seafood, meat and other animal products, among others.

Of these items, analysts say India is going to be worst hit on account of cotton yarn where Pakistan is a direct competitor.

Cotton yarn exporters point out that this Indian export is fast becoming uncompetitive against those from Pakistan and Vietnam, with China giving duty-free access to these nations.

"Countries like Pakistan and Vietnam have zero duty access to China while India's exports to China face a 3.5-4 per cent levy. This has adversely impacted our cotton yarn exports. They have fallen to 15-20 million kg as against an average of 50-60 million kg," said K. Selvaraju, secretary general of The Southern India Mills' Association.

Cotton yarn exports to China constituted around 30 per cent of India's exports of this commodity last year.

What the data says

Data from the commerce ministry shows cotton yarn exports have started to fall sharply over the last few months, especially to China.

In the months of June and July, cotton yarn exports to China successively contracted by more than 80 per cent.

Overall, cotton yarn exports to China contracted by 61 per cent in the April-July period to $211 million as against $537 million from a year ago. In the same period, total cotton yarn exports contracted by 37 per cent to $863 million from $1.37 billion.

"There are certain products where India has some competitiveness, like textiles and clothing. The textiles exports where India and Pakistan are competitors could be affected. But the larger impact of this will be felt going forward," said Biswajit Dhar, professor at Jawaharlal Nehru University.

Cotton yarn sector is a crucial pillar for India's textile industry.

"Pakistani manufacturers will get bolstered because of free access to such a big market and increase their presence in this space and this will be played out in the medium term," added Dhar.

Pakistan's share in China's global imports of the given 313 items is 2 per cent currently, but it's now hoping to take that figure to 10 per cent.

Dhar said Pakistan and China have a strategic give-and-take partnership, with the former providing connectivity and the latter giving economic concessions.

"India has become collateral damage in this process," he said. "India wants to reduce trade deficit with China and it has a serious competition in Pakistan now."

In 2018-19, India's exports to China were at $16.7 billion while its imports from China were at $70 billion — a trade deficit of over $53 billion.

However, Ajay Kumar Sahai, director general of the Federation of Indian Exporters Organisation, said the impact of the Pakistan-China FTA will be minimal and only on select items.

“Cotton yarn exports have been hit but that can also be attributed to the fact the globally demand has fallen and prices have collapsed,” said Sahai.

Source: theprint.in- Sept 30, 2019

HOME

****

Are free trade agreements beneficial for India?

In a note, ICRA points out that India's position in the EU market has been adversely affected by the preferred access to key competing nations such as Bangladesh and Vietnam, by way of free trade agreements

India's apparel export sector will tell you that by being out of free trade agreements (FTAs), you are giving a competitive edge to others, while a section of textile mills may argue that by entering into FTAs you can kill the chances of domestic industry. Both are right, and that explains why FTA negotiations have become a tough job for the Central government.

For instance, the Northern India Textile Mills' Association (NITMA), a 100-plus member entity representing domestic textile industry, has written to Commerce Minister Piyush Goyal that the concessional tariff offered to polyester yarn under India's FTA agreement with Indonesia and Vietnam combined with post-GST tariff rationalisation is harming the growth prospects of a section of domestic textile mills that deal with this man-made fibre.

The association points out that there has been an 855 per cent increase in the quantity of polyester yarn imports to India over the last 26 months. "The average total monthly import from these two countries in the pre-GST period was 565 tonnes. Over the last two months, it rose to 5,400 tonnes, an increase of 855 per cent," Sanjay Garg, President, NITMA says.

Of the 50 million spindle capacity of Indian textile mills, about 10 per cent produce polyester yarn. What worries these units is the fact that polyester yarn is allowed to be imported under zero duty under ASEAN FTA, its key raw material, while polyester staple fibre (PSF) carries an import duty of 5 per cent. This makes yarn imports more attractive than import of yarn fibre for local production of polyester yarn.

According to Garg, there used to be some protection against the influx of imports under this FTA during the pre-GST days as imported yarn was subject to CENVAT at 12 per cent and a special additional duty (SAD) of 4 per cent. While the domestic yarn was exempt from CENVAT, it was applied to PSF.

"Therefore, domestic yarn had the benefit of 12 per cent CENVAT on the value added component during yarn production as well as the benefit of 4 per cent SAD. This was sufficient to protect against the clearance at zero duty under the FTA. However, post-GST, with the removal of CENVAT & SAD, polyester yarn is being cleared at zero duty and this leads to astronomical increase in the quantity of imported yarn being imported from these countries," he points out.

What complicates the matter is high prices of locally-sourced polyester stable fibre. Garg says that PSF manufacturers have managed to maintain high price levels as domestic prices of PSF are calculated taking into account the landed rate of PSF from Indonesia. Besides there is also an anti-dumping duty on Purified Terephthalic Acid (PTA), the raw material of PSF, which turns domestic price of PSF even higher.

The association wanted the government to utilise the opportunity to review India's FTA with ASEAN and increase the Basic Custom Duty on polyester yarns from the current level of 5 per cent to 10 per cent to protect the industry.

On the other hand, India's apparel exports have been facing a challenging time for the last two years due to FTA advantages other countries have compared to India. "External environment for India's apparel exporters remains challenging amid a pick-up in activity on several FTAs among key trading nations, which have intensified competition from nations having a cost advantage over India." Commenting on this, Jayanta Roy, Senior Vice-President and Group Head, Corporate Sector Ratings, ICRA, says.

In a note, ICRA points out that India's position in the EU market has been adversely affected by the preferred access to key competing nations such as Bangladesh and Vietnam, by way of free trade agreements. These include Comprehensive and Progressive Agreement for Trans Pacific Partnership (CP TPP) between 11 nations including Vietnam, which had come into force for seven nations by January 2019, and EU-Vietnam Free Trade Agreement, which got signed in June 2019 (pending ratification). These could make it increasingly more difficult for India's apparel exporters to maintain their competitiveness in its largest market, the EU, which accounts for about 35 per cent of India's apparel exports, the note says.

"Apart from challenges in the EU market, retail trends in the US also remain discouraging, which could exert additional pressure on the order flow for India's apparel exporters, going forward," adds Roy.

Source: businesstoday.in- Sept 27, 2019

HOME

****

Revenue dept reviewing India's low-benefit free trade agreements

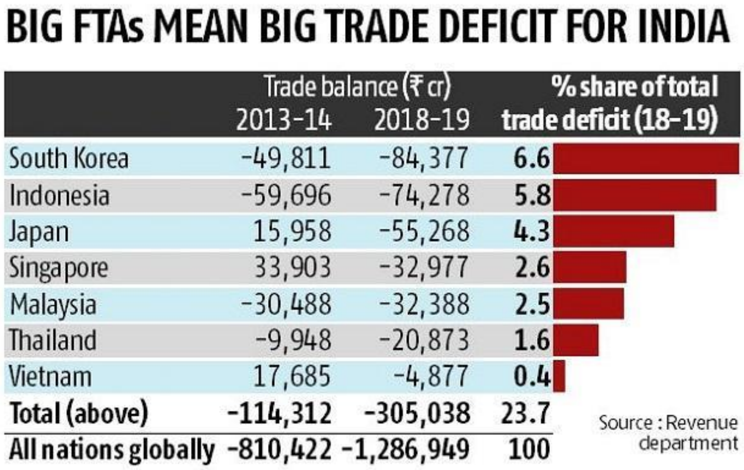
Major FTAs account for 11% of total trade and 23% of trade deficit

Amid rising clamor among domestic businesses against India’s existing Free Trade Agreements (FTAs), the revenue department has started assessing shortcomings of each deal, which have led to spiraling trade deficit.

The Finance Ministry took notice after officials found that India’s major FTAs constituted only 11 per cent of the total trade and up to 23 per cent of trade deficit.

While the commerce department would frame the updated trade rules for each FTA, whenever revised, the revenue department has started assessing its scope and nature.

Officials have pointed out that India’s trade balance is turning more unfavourable for most FTAs. It has doubled since 2011 to Rs 12.86 trillion in 2018-19.



BIG FTAs MEAN BIG TRADE DEFICIT FOR INDIA

	Trade balance (₹ cr) 2013-14	2018-19	% share of total trade deficit (18-19)
South Korea	-49,811	-84,377	6.6
Indonesia	-59,696	-74,278	5.8
Japan	15,958	-55,268	4.3
Singapore	33,903	-32,977	2.6
Malaysia	-30,488	-32,388	2.5
Thailand	-9,948	-20,873	1.6
Vietnam	17,685	-4,877	0.4
Total (above)	**-114,312**	**-305,038**	23.7
All nations globally	**-810,422**	**-1,286,949**	100

Source : Revenue department

Among the current FTAs with significant trade deficits for India, five are with countries from the 10-nation Association of the Southeast Asian Nations (Asean) bloc. In 2009, India had signed a multilateral FTA with the Asean bloc itself, which has seen imports go up at a much faster clip than exports. Exports to the 10 economies stood at $37.4 billion in 2018-19, up by 9 per cent year on year. On the other hand, imports were higher at $59.31 billion, up by 25 per cent from the previous year's $47.13 billion.

Earlier this month, India and the Asean agreed to review the pact amid criticism from the domestic industry.

Low utilisation

As a result of lower import duties that had to be implemented in the deal, revenue foregone has more than doubled to nearly Rs 26,000 crore in 2018-19, the Finance Ministry had said earlier this year. Equally, India has had to forego revenue to the tune of Rs 7,327 crore for its FTA with South Korea and Rs 4,053 crore for the trade deal with Japan.

Using the Asean FTA as a model due to its range goods covered and volume of trade, a study by the NITI Aayog has said that utilisation rate of current trade deals by Indian exporters remain very low (between 5 per cent and 25 per cent).

Sectors where trade deficit has worsened account for 75 per cent of exports to Asean, while trade surplus sectors have shown only marginal improvement, it had added. “Overall, it can be concluded that India’s quality of trade has not improved under the AIFTA (Asean-India FTA),” it had said.

Under the initial agreement, Asean member states and India agreed to open their respective markets by progressively reducing and eliminating import duties on 76.4 per cent of all goods.

Back then, India had offered around 9,000 products for complete elimination of tariffs, excluding about 10 per cent of its exports from tariff reduction. Experts have pointed out that Thailand, the Philippines, Myanmar, Brunei, and Vietnam have excluded more of their exports as compared to India.

RCEP fears

On the other hand, the government fears total revenue foregone may hit as high as Rs 60,000 crore for the proposed Regional Comprehensive Economic Partnership (RCEP) deal once it goes live. RCEP is India's most ambitious trade pact under negotiation. Based on India's existing FTA with Asean, the RCEP will include New Zealand, Australia, Japan, South Korea, and most importantly, China.

Under planning since 2012, the talks have seen little movement since partner nations have been unwilling to concede on crucial issues. This includes the market access for foreign goods and reduction of import duties on them, discussion areas where India is gravely cautious since manufacturing powerhouse China is part of the arrangement. India's repeated clashes with China, apart from richer nations such as Australia and Japan, on tariff reduction has led to a pushback from the Asean bloc, which has been adamant on deciding the key outline of the pact by the end of 2019.

Commerce and industry minister has warned that while the government would strive to protect the interests of a majority of industries, the overall discussion could not be hijacked by one or two sectors.

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

HOME

****

Chinese companies facing many difficulties due to trade frictions: Commerce Minister

The he trade war between the US and China show no sign of easing despite prolonged negotiations

Chinese companies are facing many difficulties due to trade frictions, Commerce Minister Zhong Shan said on Sunday.

The United States and China have been locked in an escalating trade war for over a year. They have levied punitive duties on hundreds of billions of dollars of each other's goods, roiling financial markets and threatening global growth.

“Trade faces unprecedented challenges,” Zhong told a news conference in Beijing. “These challenges are both external and internal.” A new round of high-level talks between the world's two largest economies is expected in Washington on October 10-11, led from the Chinese side by President Xi Jinping's top economic adviser, Vice Premier Liu He.

“China will expand imports, and measures to stabilise trade will yield positive results,” Zhong added, without giving details. The Trump administration is considering radical new financial pressure tactics on Beijing, including the possibility of delisting Chinese companies from US stock exchanges.

Sources told Reuters on Friday that the move would be part of a broader effort to limit US investments into Chinese companies, in part because of growing security concerns about their activities.

The trade war has added to tensions between China and the United States, whose ties are also strained over US criticism of human rights issues in China, including protests in Hong Kong, the disputed South China Sea and US support for Chinese-claimed Taiwan.

Economic slowdown

The Chinese government's top diplomat said on Friday that tariffs and trade disputes could plunge the world into recession and Beijing was committed to resolving them in a “calm, rational and cooperative manner”. The trade war has taken its toll on the Chinese economy.

China's exports unexpectedly fell in August as shipments to the United States slowed sharply, pointing to further weakness in the world's second-largest economy and underlining a pressing need for more stimulus.

Beijing is widely expected to announce more support measures in coming months to avert the risk of a sharper economic slowdown as the United States ratchets up trade pressure.

Despite a slew of growth measures since last year, China's economy has yet to stabilise. Analysts expect growth could cool further this quarter from a near 30-year low of 6.2 per cent hit in April-June.

Source: thehindubusinessline.com- Sept 29, 2019

HOME

****

Govts have to be more proactive on policy initiatives: Indian Cotton Federation president

Liberal policies has helped, yet more simplification was required, J Thulasidharan said.

The central and state governments need to be more proactive with policy initiatives towards sustaining the existing traditional industries, president of Indian Cotton Federation J Thulasidharan said on Sunday.

“Textile is the mother industry of the country with employment potential, economy build-up and monitory mechanism with a platform for regular interaction with stakeholders, big or small, is the need of the hour,” he said in his address to the 40th annual general meeting of the federation.

The initiatives like ‘Make in India’ and ‘Digital India’ have given opportunities to foreign companies and domestic ones to do business, in line with the UN resolution for the millennium development goals, he said.

"This would uplift rural and urban India," he said referring to US President Donald Trump categorising India as a developed nation, instead of a developing nation.

Liberal policies of the government of India such as rationalisation of GST (goods and services tax) has helped to a larger extent, yet more simplification was required, he said.

Problems and solutions

Stating that grading and classing of cotton needed a close look, the federation president said once quality was assured, India can move to the next stage of branding of Indian cotton like the supima (superior cotton grown in the US) of the USA.

Contamination in cotton needed to be controlled at every stage, and irrigation system has to improved by using better methods like drip irrigation and use of sprinklers as in Israel with quality water useful to cotton, he said.

Cotton being a seasonal crop, liberal finance at marginal interest should be made available through warehouse funding system by banking agencies, Thulasidharan said.

In view of the normal monsoon, higher realisation compared to other cash crops, increase in MSP and the interest shown by the farmers in cotton would help increase the volume of crop, he added.

Thulasidharan was re-elected as president of the Indian Cotton Federation, P Nataraj and KN Vishwanathan as its vice-presidents and Atul P Asher as secretary for the year 2019-20 at the meeting.

Source: thehindubusinessline.com- Sept 29, 2019

HOME

****

Coimbatore: Spinning mills seek government support to fight recession

The South India Spinners Association (SISPA) demanded that the state and central governments act immediately to give special attention to the textile sector to protect it from the impact of economic slowdown.

Following a general body meeting of the association, N Murugesan, president of SISPA said, “Through the Reserve Bank of India, the Central government should enable banks to prioritise loans to the MSME sector at the lowest possible interest.

Banks should relax the norms for non-performing assets (NPA). Similarly, the RBI should relax norms for the MSME sector to utilize the cash credit (CC) to ten per cent margin. In case, cash credit is eroded, it should be converted into a long term loan without any additional collateral security.”

He noted that as a special gesture, government should extend the moratorium for one year to the MSME sector, considering the current economic slowdown. He said, “the present cotton market price for 30 mm per candy is Rs 42,000.

However, the Cotton Corporation of India (CCI) auction quoted price per candy is Rs 49,000. The CCI's higher prices are affecting market sentiment. Government should ensure a stable raw material price throughout the year by distributing subsidy directly into the farmer's account.”

According to him, the GST slab of five per cent on cotton yarn and other items in the cotton textile value chain are uniform and he urged to extend it to the manmade fibre (MMF) sector by reducing GST to five per cent.

He also urged state government to give relief to the MSME spinning industry's long standing request of removal of the one per cent market committee cess on cotton and waste cotton.

Source: deccanchronicle.com - Sept 28, 2019

HOME

****

Promoting garment exports could be single-biggest boost to jobs, so let the rupee fall

When domestic demand is slack, competitive economies look to export markets. Indeed, every country that has grown rapidly has been a successful exporter. One of the fundamental reasons for the slowdown in India in recent years has been the failure to generate export momentum, especially merchandise exports. So, exports have fallen significantly in relation to GDP. The economy cannot work its way out of the current slump without reversing these trends and achieving an export boost. Yet, almost all the talk is about import substitution (which is fine if done efficiently) and raising tariffs (which suggests it is not).

Sceptics say an export thrust is difficult when global trade is not doing well. The garment trade, too, is stagnant. Yet, Vietnam, Indonesia and Cambodia have recorded rapid export growth, and Bangladesh has continued to pull ahead of India. The reason is that they have stepped into China's shoes. Beijing used to export $20 billion worth of garments every month; that is down to $12 billion (a figure that India takes nearly nine months to achieve). The slack has been taken up mostly by East Asia and Bangladesh, and to a relatively minor degree by India. Bangladesh used to export only 60 per cent of what India did; now it exports twice as much. Vietnam too has overtaken India and is now comfortably ahead. The irony is that Bangladesh sources cotton, yarn, and fabrics from India!

Garment exports offer a solution to complex problems, beyond helping to narrow the trade deficit. It is more employment-intensive than any other large industry, by a long shot — 10-fold or more when compared to the automobile/engineering sector, and perhaps 100-fold when it comes to chemicals and petrochemicals.

Much of the industry's sales turnover therefore goes towards wages, which boosts domestic consumption demand (an important consideration just now). Further, most employees in the industry are women, whose reduced participation in the labour force has become a matter of concern. Since the textiles/garments sector already accounts for about a third of total manufacturing employment, promoting garment exports could provide the single-greatest boost to jobs in manufacturing.

The opportunity is still there, because Chinese exporters face the threat of US tariff hikes (not yet applied to garments), rising costs, and wafer-thin margins. India's handicap is an unlevel playing field; Bangladesh, as a "least-developed country", enjoys duty-free access to markets in Europe, Canada and Japan. Vietnam and Sri Lanka do the same with Europe because of free-trade agreements (FTA). Bangladesh's tariff-free access to Europe expires in 2024, but it too might sign an FTA.

In a thin-margin business, a 10 per cent tariff handicap is a killer. India has balanced trade flows with the European Union, but continues to hold back from an FTA — partly because of lobbying by Japanese car companies in India.

In recent years, the government has helped by introducing flexible labour rules and contributing to provident fund accounts (thus partially closing the wage gap with Bangladesh). Its latest offer, of a 17 per cent tax rate to new manufacturing outfits, closes another gap. But exporters have to run other gauntlets, like poor infrastructure and time-consuming port processes. Equally important is correction of the rupee's over-valuation.

Piyush Goyal, the minister for commerce, said in an interview the other day that he could not understand how a cheaper rupee would help when the country had a large trade deficit. For an answer, he should look at how trade numbers evolved after the 1966 rupee devaluation. Exports grew with a time lag, while imports contracted. A massive trade gap was reduced by over 80 per cent in four years.

Similarly, the five-year average trade deficit before the 1991 devaluation was 40 per cent of exports, but fell off after the devaluation and then stayed relatively low for more than a decade.

Sharp devaluations are not possible today, since the US monitors countries that it considers to be currency manipulators, but there is more than one way to skin the cat. A correction of the rupee's bloated value is not only feasible, it is urgently required if rapid export growth is to return.

Source: theprint.in- Sept 28, 2019

HOME

****

Centre seeks to ease rules for renewal of licences, permits

Five years may be made minimum period of renewal

In a move which could significantly improve the ease of doing business, the Centre proposes to make five years the minimum period for which licences and permits are renewed by various ministries.

“The Cabinet note on national policy for ease of doing business, approved by the Commerce and Industry Minister, which aims to do away with the need to renew most licences and permits, also suggests that any renewal should be granted only after obtaining the approval of the Cabinet Secretary,” a government official told BusinessLine.

All ministries will be asked to list out the licences/registration granted by them to businesses, and eliminate the requirement of renewal for most, the official added.

If a ministry is of the view that in order to meet regulatory needs it is important for licences in a certain sector to be renewed, it has to objectively justify its stance. “Even in cases where a renewal is justified, the periodicity of renewal should not be less than five years, to reduce the burden on businesses,” the official further said.

Eye on ranking

The national policy on ease of doing business, being steered by the Department for Promotion of Industry and Internal Trade (DPIIT), aims to help India reach the goal of being among the top 50 countries in the global ease of doing business ranking carried out by the World Bank every year. India ranked 77 out of 190 countries last year, climbing up 23 places.

The Cabinet note has now been forwarded for inter-ministerial consultations and will subsequently be sent to the Cabinet for approval.

The need to renew registrations, clearances, no objection certificates and licences imposes a heavy burden on businesses, and its elimination could reduce the time and cost of compliance, according to the DPIIT.

The official quoted above said the DPIIT has already included this recommendation in the State reforms proposed by it, and States and Union Territories have been advised to eliminate the requirement of renewal of registration under the 'Shops and Establishment Act'.
Towards ease of doing business

- Cabinet note on the national policy for ease of doing business aims to do away with the need to renew most licences and permits

- If a ministry insists on renewals, it should first justify its stance

- The renewals should be made for at least five years

Source: thehindubusinessline.com- Sept 27, 2019

HOME

****

India may cut duties on 80% of Chinese imports under RCEP

India may cut tariffs on 80% of products imported from China under a 16-country free trade agreement.

India may cut or eliminate tariffs on 80% of products imported from China under a 16-country free trade agreement, the last round of negotiations for which is underway in Vietnam.

The concessions will, however, be less than what it has offered to other countries that are part of the Regional Comprehensive Economic Partnership (RCEP) as India tries to avoid cheap Chinese goods flooding the country once the agreement is signed. The RCEP is a proposed FTA between the 10 member states of the Association of Southeast Asian Nations (Asean) and its six FTA partners – China, India, Japan, South Korea, Australia and New Zealand. RCEP negotiations began in November 2012.

India plans to cut duties on 86% of imports from Australia and New Zealand, and 90% for products coming in from Asean, Japan and South Korea, officials said.

Discussions on with China

There is a possibility that the negotiations would extend into the night. "Discussions with China are on and it is a work in progress. We have still not finalised the offer," an official said, indicating the offer India was likely to push.

As per the plan, India would immediately eliminate customs duties on 28% of goods, while tariffs on other imports from China would be reduced or eliminated over a period of 5,10, 15 and 20 years.

This will give India time to strengthen its domestic manufacturing. Last week, the government cut taxes on new manufacturing plants to 15% to attract investments.

"We are trying for 20 years and beyond for some countries and certain products. However, there will be some products whose tariffs would be immediately eliminated," the official said.

Sources also said New Delhi had not made much headway with its proposal for strict rules of origin, to prevent Chinese goods from entering India through other RCEP member states.

The rules of origin are criteria to determine the source country of a product, based on which they either get tariff concessions or are subjected to duties. India had proposed that the last country from which a product is exported should do the most value addition with the help of indigenous inputs.

Strict origin norms are crucial as India had a trade deficit with 11 RCEP members.

The trade deficit with China in 2018-19 was a whopping $53.6 billion.

There has, however, been progress on the auto-trigger mechanism. This mechanism gives India the option to raise duties if it sees a sudden surge in imports on particular items from a partner country and protect itself.

Investor-state dispute

India has also managed to keep the controversial investor-state dispute settlement out of the trade agreement for now. But, whether that would be permanently removed from the pact was still being deliberated, officials said.

Click here for more details

Source: economictimes.com- Sept 28, 2019

HOME

****

More trouble for Indian exports: Europe business sentiment at 6-year low; to hit demand

A sharp decline in production expectations, fewer new orders, and the stocks of finished products have dragged the industrial sentiment of the Eurozone to a six-year low, raising the possibility of a decline in India's exports demand in the region. Meanwhile, the business climate indicator in the Eurozone has also plunged to a six-year low and the fall in industrial sentiment has pushed the overall economic sentiment to a five-year low in September 2019. Slow growth in the partner region eventually affects the demand from the exporting country and hence Europe, being India's second-largest export destination after Asia, may make Indian exporters face the headwinds.

For many sectors like textiles, the Eurozone is the largest market for India. "Europe is the second-largest destination for India's exports and thus any negative sentiment in the EU economy may have an adverse effect on India's trade. Sentiments in the trade partner countries play a major role in demand," Madan Sabnavis, Chief Economist, Care Ratings, told Financial Express Online. However, on the positive side, India's exports to the EU contain many non-traditional goods like medicines, which will be comparatively lesser affected in case of any downturn, he added.

India's economy is already going through a phase of slowdown, guided by the fall in domestic demand and investment, coupled with the disturbances from the global headwinds. While the US-China trade war was expected to give a room to Indian manufacturers to push their products to fill the gap, the trade war has also spread a cloud of uncertainties, which reduced the demand globally. Many countries' economic growth suffered from the slowing business and trade, where India specifically registered its economy growth at a six-year low of 5 per cent in the first quarter of the current fiscal year.

Source: financialexpress.com- Sept 27, 2019

HOME

****

Branding has become a viable option for textile, garment units

TEA trying to establish sustainability tag for garments made in Tiruppur

In the recent years, the textile and garment industry in Coimbatore region is seeing a trend of manufacturing companies launching their product ranges in the domestic market under brands.

The region has well-known branded textile retail outlets that have expanded their network and in the past has had some well-known branded products too. Though there are challenges in building and sustaining a brand, for the new launches, e-commerce and better awareness among domestic consumers are proving to be an advantage.

Both, large groups and smaller companies are launching their own brands for the domestic market and have started selling online.

According to Kumar Rajagopalan, CEO of Retailers Association of India, “It does make sense for businesses to brand and sell their products in the domestic market.”

In several cases, the brands that are large started in a small way. It is easier now to create a brand as there are several possibilities to sell online. However, to sustain the brand, the promoters should know all the aspects of the branding exercise, where to position the product in the market and target the gap in the market.

“If SMEs start without understanding what it is to brand, they can get into trouble. They should know how to differentiate their product , fulfil the gap in the market,” he says. The advantage of having their own brand is industries can create value and get higher realisation. When manufacturers supply to some other brands, the realisation could be relatively less.

T. Kumaravel, vice-president (sales and marketing) of Premier Fine Linens, says the Blue Dahlia range of bed linen products were launched about a decade ago. But, it was for a closed group of customers. As customer demand increased, the company decided to have a Blue Dahlia outlet, which was opened here recently.

“It is already recognised as a brand on e-commerce and among premium hotels through our institutional sales.” Since the entire range of products are made in-house, it is easier to control quality. “We want to grow steadily. We will open a couple of more stores in another two to three years,” he says. Customers want value addition. For instance, if it is bed linen, they want speciality finishes. Similarly, there is a big demand for organic products.

Domestic consumers prefer the branded products that give quality and value addition at affordable price. “When expectations of domestic market is equal to export market, why not serve it,” he says.

Managing Director of KPR Mill P. Nataraj says the company launched Faso range of products for men after contemplating about it for five years and market studies. Currently, probably only about 10 % of consumers in the domestic market go in for branded products. But, brand awareness among the younger consumers is growing. “The future is in branding.” Companies that have integrated production facilities have an advantage as they can go in for various special processings and it is possible to monitor production at every stage.

Raja Shanmugham, president of Tiruppur Exporters’ Association (TEA), explains that the garment units in Tiruppur are of various categories. Some supply to national and international brands that sell in the domestic market and some are going in for branding. In the last two years, there are efforts of at least 100 garment brands developing.

Those who are economically sound are going in for branding. The availability of e-commerce portals has helped businesses brand their products. They need to make minimum investments to launch their brand online. As the domestic market is growing, companies are eyeing the opportunities, he says. “The ultimate success for industries will come from branding,” he adds.

The Association is also trying to establish a sustainability tag for garments made in Tiruppur. It involves documenting processes and getting approvals.

According to an official source here, there are no special schemes from the Government to support textile and garment companies to brand their products. However, the industry has also not made such a demand.

A garment exporter who supplies to a foreign brand that sells in India says there are issues in asking the Government for support to brand products. “Branding a product depends on the growth of an individual company. It is difficult to seek Government support for it. However, with e-commerce growing, small and medium-scale manufacturers can also brand and sell their products online. Branding has become viable to SMEs now,” the exporter says.

Textile expert D.K. Nair, says all the stakeholders in the industry understand and agree the need to brand textile and garment products. “Branding is essential and it has scope too in the domestic market. But for manufacturing units to sustain the branding exercise, they need to scale up.”

Branding requires optimum investment. The brand should be built to have a value. It needs resources. To float a brand, the company should be large enough. Otherwise, manufacturing units can get into consortiums and develop brands for their products, he says.

Source: thehindu.com- Sept 30, 2019

HOME

****

Indian Govt mulls setting up 5 khadi design centres

The Indian Government is mulling over creating design centres for promoting khadi at five places spread across the five different geographical regions. The proposal was recently discussed among stakeholders, including the Khadi and Village Industries Commission (KVIC), the ministries of textiles and micro, small and medium enterprises (MSME), and fashion designers.

These could be started on a build-operate-transfer model or on an outsourcing basis and the modalities will be worked out in further discussions, the MSME ministry said in a release.

MSME minister Nitin Gadkari emphasised the need to make its designs more trendy and modern, without compromising on tradition. The proposed design houses will facilitate Khadi institutions in developing products according to market demand.
The primary role of a design house will be to identify the latest design trends, adopt them as per customer needs and undertake various testing and review activities for translating them into production.

These centres have been proposed to be set up under KVIC, which is within the ambit of MSME ministry.

The government wants to increase the turnover of khadi to ₹10,000 crore from ₹3,200 crore in five years, Gadkari said.

Source: fibre2fashion.com- Sept 29, 2019

HOME

****

Textile secretary visits textile clusters

The Union Government is expected to release new schemes for powerloom sector in April next year and the demands of the industry will be considered in it, said Ravi Capoor, the Textiles Secretary, here recently.

The secretary visited some of the powerloom and knitwear clusters in Coimbatore and Tiruppur districts on Wednesday and Thursday and interacted with the stake holders.

At Somanur in Coimbatore district, Mr. Capoor visited half a dozen powerloom units, including a modern unit and one that operates on solar power. In his interaction with the weavers, he assured them of addressing their demands in the new textile policy to be released next year, said the weavers in Somanur.

The weavers demanded control on fabric imported from Bangladesh, relaxation in varieties reserved for weaving in handlooms, and imposing restrictions on varieties that can be woven in modern looms. The industry representatives also explained the reasons on why the PowerTex India scheme did not take off.

They appealed to the Secretary to extend the scheme for two more years so that more powerlooms are modernised and increase in installed capacity to get subsidy for solar panels to be used by powerloom units.

In Tiruppur, Mr. Capoor visited garment production and textile processing units, common effluent treatment plant, and NIFT TEA Institute. The industry sought Government support to create infrastructure for workers and have a research facility for knitwear sector.

He discussed with the industry representatives the ground realities and challenges faced by the industry, say sources in the sector.

Source: thehindu.com- Sept 29, 2019

HOME

****

'Farmers show interest in cotton cultivation'

Farmers are showing larger interest in cotton because of normal monsoon, increase in minimum support price, and better realisation compared to other cash crops, said J. Thulasidharan, president of Indian Cotton Federation (ICF) at its annual meeting here on Sunday.

The volume of crop can be 380 lakh to 400 lakh bales, he said.

Prices are steady to firm and even according to international reports, global cotton stocks swell after production, with supply exceeding demand for the second straight year. The Union Government plans to launch a Technology Mission on Cotton - II with two mini missions to promote yield and quality. However, the cotton sector should look at grading cotton to assure quality so that Indian cotton can be branded.

The packaging should be standardised, there should be improvement of the irrigation system, and the Government should come out with funding for cotton purchase.

The office bearers of ICF are: J. Thulasidharan (president), P. Nataraj (vice president), K.N. Viswanathan (vice president) and Atul P. Asher (secretary).

According to a press release from the SIMA Cotton Development and Research Association (SIMA - CDRA), which had its annual meeting here recently, the State Government plans to distribute 5,000 of its kapas pickers under the Tamil Nadu Cotton Cultivation Mission, apart from 2,963 pickers under the National Agriculture Development Scheme.

The Director of Seed Certification and Organic Certification, Coimbatore, has approved as "Truthful seeds" four medium staple varieties, five long staple varieties, five extra long staple varieties, and one extra long staple hybrid developed by the Association. It continues to carry out research and development activites at farm level.

The office bearers of SIMA - CDRA are: R. Elango (chairman), R. Ravichandran (deputy chairman) and G. Venkatramachandran (vice chairman).

Source: thehindu.com- Sept 29, 2019

HOME

****

Japanese fashion retail giant UNIQLO enters India, undeterred by economic slowdown

UNIQLO, the world's third-largest fast-fashion retailer after Zara and H&M, will open its first store in Delhi's Ambience Mall on 4 October.

India is reeling under an economic slowdown, and reports suggest that foreign investment is the lowest it has been in a decade. But that doesn't seem to have deterred Japanese clothing giant UNIQLO, which is set to open its first store at the Ambience Mall in the capital's Vasant Kunj on 4 October.

Sports fans may recall UNIQLO as the brand that tennis icon Roger Federer ditched his long-term sponsor Nike for.

Ranked third in the list of global fast-fashion retailers after Spain's Zara and Sweden's H&M, UNIQLO had global sales of approximately US $19.17 billion in 2018, and currently has more than 2,000 stores in over 22 markets, including Japan.

The company now has its eyes on India's $70 billion retail market.

An iconic Japanese brand

UNIQLO, initially called Unique Clothing Warehouse, was launched by Tadashi Yanai in 1984 in Hiroshima, Japan. Yanai successfully transformed the humble men's tailoring shop he inherited from his father into the global casual-wear company known as UNIQLO. Fast Retailing, the parent company of UNIQLO owned by Yanai and his family, is one of the world's largest retail companies and is targeting sales of $28 billion by 2020.

Known for its timeless basics and innerwear, UNIQLO's USP is its lightweight jackets, solid-coloured basics and penchant for developing advanced fabrics, including 'AIRism', a breathable textile, 'Blocktech', a textile that blocks UV radiation, and 'HeatTech', the famous thermal innerwear line that has sold more than a billion products the world over.

Ahead of opening its doors in India, UNIQLO carried out a long marketing campaign, which included cube installations featuring phrases like 'Cherry Blossom to Bougainvillea' and 'Kimono to Kurta', the #FedererXUniqloIndia social media competition, and a photo campaign shot in quintessential New Delhi locales like Humayun's Tomb.

India the focal point of fashion, despite slowdown

The State of Fashion 2019 report by the British publication Business of Fashion and management consultancy McKinsey, declared 2019 as the year in which India will take centre stage.

With more than 300 international fashion brands expected to open shop in India over the next two years, analysts feel the country is all set to evolve from an important sourcing hub to an attractive global consumer market.

"India is increasingly a focal point for the fashion industry, reflecting a rapidly growing middle-class and increasingly powerful manufacturing sector. These, together with strong economic fundamentals and growing tech-savvy, make India too important for international brands to ignore," the report said.

Despite India's current economic slump, experts insist that now is as good a time as ever for companies like UNIQLO to launch in India.

"None of these companies think in terms of a slowdown, they come in with the intention of wanting to be here for 20-30 years," Arvind Singhal, chairman of management consulting firm Technopak, told ThePrint. "They don't think about one or two-quarters of economic performance. What they take into account more is the long-term potential of the country, the size of the market, the suitability of products and the supply chain. UNIQLO will specifically take into account the real estate market because their stores will be important."

The spate of recent announcements by Finance Minister Nirmala Sitharaman suggests that things might improve for companies looking to invest in India.

The government's decision to cut corporate tax rates from 30 per cent to 22 per cent, followed by the relaxation of the 30 per cent local sourcing norms for single-brand retailers, has been welcomed as an incentive for foreign investors.

At the Howdy, Modi! event in Houston, last Sunday, Prime Minister Narendra Modi proudly projected India as an investment-friendly destination, pointing to the lower corporate tax rates and easing of foreign direct investment (FDI) rules.

UNIQLO also welcomed the developments, as it told ThePrint: "We are very pleased with the government's decision [about FDI]. We look forward to a long and fruitful presence in India to lead more local sourcing opportunities."

Abneesh Roy, senior vice-president at Edelweiss Financial Services, echoed the idea that a company's launch doesn't necessarily need to align with a country's economic growth.

"Last Friday's announcement for a corporate tax cut was a big event which will attract investors and drive up consumer sentiment," he said.

"The gloom and doom from the past few months will subside. FDI for single-brand has been further liberalised, this will also contribute to things."

Source: theprint.in- Sept 28, 2019

HOME

****

Gujarat and Maharashtra textile groups to oppose Centre's decision to sign deal

Members of both associations will make representations to the Central government about the disadvantages, claiming that China will dump their textile goods into the Indian market at zero per cent duty.

The Bhiwandi Textile Manufacturing Association (BTMA) of Maharashtra and the Federation of Gujarat Weavers Association have decided to jointly oppose the Regional Comprehensive Economic Partnership (RCEP) agreement, a mega-regional trade agreement with 16 East Asian countries, including China, to be signed by India in November 2019.

Members of both the associations will make representations to the Central government about the disadvantages claiming that China will dump their textile goods into the Indian market at zero per cent duty and its goods will be sold at cheaper rates, spelling trouble for the textile industry here.

The three-member delegation of Bhiwandi Textile Manufacturer Association of Maharashtra — Hiren Nagda, Punit Khimsha and Sarosh Fakih — attended a meeting organised in the Southern Gujarat Chamber of Commerce and Industry, in the presence of members of Federation of Gujarat Weavers Association, in Surat, on Saturday. Over 25 members from the textile industry discussed Centre's decision to sign the RCEP deal.

BTMA member Hiren Nagda, said, "If RCEP is signed, Indian textile industry will suffer major losses. China tops the world's textile industry. The cost of Chinese fabric is less as their government gives subsidy and loans to the textile industry with low-interest rates.

With zero per cent duty through RCEP free trade agreement, China will get open space, affecting the small and medium players in the textile industry in India. The textile industry of India is majorly dependent on the domestic market. We are carrying out awareness and we want to send message to the Central government to save the textile industry."

Federation of Gujarat Weavers Association member, Mayur Golwala, said, "We will definitely oppose the RCEP, as the local industry will have to face great losses.

Even at present, the textile industry is struggling. The Centre should consult the stakeholders of the industry and take a decision. We will make a representation at the state level and at the central level through our MPs to save the industry."

Source: indianexpress.com- Sept 29, 2019

HOME

****

Cheaper capital to make Indian MSMEs competitive: minister

Reducing the cost of capital, logistics and power is crucial to make Indian micro, small and medium enterprises (MSME) globally competitive, Indian MSME minister Nitin Gadkari said recently. The aim is to raise MSME's share of 29 per cent of GDP to 50 per cent in the next five years and raise its export contribution from 49 per cent to 60 per cent, he said.

He was addressing the 16th Global SME Business Summit 2019 in New Delhi, organised every year by the MSME ministry and the Confederation of Indian Industry (CII). The theme this year is 'Making Indian MSMEs Globally Competitive'.

Calling for domestic and foreign investment and collaboration in the sector, Gadkari said the priority is for an integrated development of the rural and agro-based enterprises along with those based in urban areas, according to an official release.

Opportunities abound in the development of honey, bamboo, textiles, bio-fuels, water transport, fisheries, dairy, food processing in the rural areas and ancillary units of defence, railways, highways, waterways and other industries in the urban areas, he said, and appealed to investors to come forward for investment and collaboration.

For cheaper capital, the ministry is in talks with the Asian Development Bank (ADB), KfW and World Bank for their credit line. Two hundred SMEs are registered on the stock exchange.

The problem of delayed payments to MSMEs is also being looked into and the minister said the UK Sinha Committee Report will soon be implemented.

Source: fibre2fashion.com- Sept 30, 2019

HOME

****

Govt plans to constitute working group on proposed new industrial policy

The government will soon constitute a working group on the proposed new industrial policy which is aimed at promoting emerging sectors, reducing regulatory hurdles and making India a manufacturing hub, an official has said.

Earlier, the Department for Promotion of Industry and Internal Trade (DPIIT) had prepared the policy and sent it for the Union Cabinet approval, but certain new suggestions have been made with regard to the policy.

The working group will rework on it and submit the same to the DPIIT, the official said.

The group will have members from different government departments of the Centre and states, as well as from industry chambers, including the Confederation of Indian Industry (CII).

This will be the third industrial policy after the first in 1956 and the second in 1991. It will replace the industrial policy of 1991 which was prepared in the backdrop of the balance of payment crisis.

The DPIIT had initiated the process of formulation of a new industrial policy in May 2017. The new policy will subsume the National Manufacturing Policy (NMP).

A consultative approach had been taken for policy formulation wherein six thematic focus groups had been used to obtain inputs.

The six areas include manufacturing and MSME; technology and innovation; ease of doing business; infrastructure, investment, trade and fiscal policy; and skills and employability for the future.

It was proposed that the new policy would aim at making India a manufacturing hub by promoting Make in India.

The department had floated discussion paper on the policy with an aim to create jobs for the next two decades, promote foreign technology transfer and attract $100 billion FDI annually.

It had outlined several constraints to industrial growth -- inadequate infrastructure; restrictive labour laws; complicated business environment; slow technology adoption; low productivity; challenges for trade; and inadequate expenditure on R&D and innovation.

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

HOME

****