

**IBTEX No. 159 of 2018**

**July 31, 2018**

USD 68.61 | EUR 80.37 | GBP 90.07 | JPY 0.62

<b>Cotton Market</b>		
<b>Spot Price ( Ex. Gin), 28.50-29 mm</b>		
<b>Rs./Bale</b>	<b>Rs./Candy</b>	<b>USD Cent/lb</b>
22636	47350	<b>88.01</b>
<b>Domestic Futures Price (Ex. Gin), October</b>		
<b>Rs./Bale</b>	<b>Rs./Candy</b>	<b>USD Cent/lb</b>
23950	50098	<b>93.12</b>
<b>International Futures Price</b>		
NY ICE USD Cents/lb ( Dec 2018)		89.20
ZCE Cotton: Yuan/MT ( Jan 2019)		16,380
ZCE Cotton: USD Cents/lb		<b>92.54</b>
<b>Cotlook A Index – Physical</b>		<b>96.70</b>
<p><b>Cotton Guide:</b> The cotton price is at Rs. 24000 per bale or right above Rs. 50,000/- per candy, Ex-gin highest ever new season crop price in India for the October futures contract trades at MCX. Currently sowing of cotton across the country is in full swing and the old crop is trading around Rs. 47000 to Rs. 47500 per candy. Unquestionably the market structure seems quite surprising because during this time of the season the October future should trade below Rs. 50,000 mark.</p> <p>However, while we look at the subsequent futures contracts or forward orders in the physical market the structure is into backwardation as the supplies are expected to be adequate then during November and December. For reference, October, November and December futures are at Rs. 23950, 23510 and Rs. 23350 per bale consecutively.</p> <p>Excessive priced forward booking in far month contracts at the physical markets, slight uncertain about the new crop supply in the country though sowing is in progress, global counterpart moving higher and trading near 90 cents per pound is</p>		

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supporting cotton price to trade higher. We think market might remain positive in the very near term.

The October future has posted a positive close at Rs. 23950 per bale up by Rs. 320 from the previous close. We think the trend might remain positive and the trading range for the day would be Rs. 23800 to Rs. 24200 per bale.

On the global front, ICE future moved to two months high price. December settled at 8920, up 86 points on Monday and up 250 points in the last 4 sessions. The trading volumes were around 23,912 contracts, the busiest day in over 2 weeks. Cleared Friday were 11,682 contracts. The cotton price continued to trade higher amid hot conditions in Texas however, scattered rains through Texas over the weekend ranged from helpful to no real change in conditions.

China's ZCE futures didn't share the ICE strength in their Monday session, but their Monday evening session (which is part one of their Tuesday session) had big gains with big volume. The active January 2019 contract for cotton this morning is seen trading at 17270 up by 530 Yuan/MT. Further Chinese State Reserve cotton on Monday auction had a turnover rate of 40.05 percent, spinners only.

Offered were 30,003.4493 tons (137,806 bales); and sold were 12017.5722 tons (55,197 bales). The cumulative turnover rate is 59.8 percent (offered versus sold). This auction series started at 24.1 million bales and there were 16.06 million bales remaining.

On the technical front, December has exited its recent consolidation pattern to the upside, and most of daily modern set up is 'up.' Thus, there appears to be a potential for more upside adventures in the short term. The immediate resistance is seen at 89.50 and breach of which market might move to 90+ cents per pound. Likewise, on the lower side the support can be seen at 86.50.

#### **Currency Guide:**

Indian rupee trades little changed 68.66 levels against the US dollar. The US dollar is choppy against major currencies ahead of central bank decisions this week. Also supporting rupee is strength in domestic equity market. However, weighing on rupee is weaker risk sentiment amid concerns about Chinese economy and higher crude oil price. Brent crude has moved near \$75 per barrel supported by supply outages in major oil producing nations and optimism about US economy. Rupee may witness choppy trade amid positioning ahead of RBI decision tomorrow however some depreciation is likely as Fed's rate view and US economic optimism will support US dollar. USDINR may trade in a range of 68.5-68.85 and bias may be on the upside. .

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## INTERNATIONAL NEWS

### US Talks With Mexico on New NAFTA Near Completion

Negotiations with Mexico on an update to the North American Free Trade Agreement are going well and may be close to wrapping up, U.S. Commerce Secretary Wilbur Ross said.

“Our immediate, most close-to-completion negotiations are with Nafta, particularly with Mexico,” Ross said Monday at a conference in Washington, adding that President-elect Andres Manuel Lopez Obrador has “wasted no time” appointing a new trade team. “There’s a pretty good chance that we could be on a pretty rapid track with the Mexican talks.”

The Mexico peso extended gains during Ross’s comments, and was up 0.7 percent against the dollar at 10:21 a.m. New York time.

U.S. Trade Representative Robert Lighthizer said last week that the Trump administration is hopeful that Nafta talks are in the “finishing stages.” Negotiations to modernize the deal started in August last year.

President Donald Trump also said this month that the U.S. is making solid progress in talks with Mexico, but has indicated that his administration may pursue a bilateral deal with that country first before negotiating separately with Canada.

Such a move would upend the decades-old trilateral Nafta deal and likely stretch out negotiations far longer. Lopez Obrador, who takes office in December, has said he wants to keep the trilateral structure of Nafta in place.

The current Mexican administration, the Canadian government as well as members of the U.S. Congress have said they support a trilateral structure for Nafta.

Source: sourcingjournal.com- July 30, 2018

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## **Made in America: The Good, the Bad and the Potential**

There's good news and bad news for the status of Made in USA: the need is there and factories are humming, but inherent problems persist.

Quick turn is an advantage for domestic manufacturers, especially those operating in the fashion hubs of New York and Los Angeles, but there are still lead times required. While many factories in the U.S. have become nimble, they also lack some of the capabilities of large overseas facilities.

Stakeholders in the sector discussed the pros and cons of Made in America at a seminar during Texworld USA in New York last week. Moderator Christine Daal, who runs consultancy Fashion Angel Warrior, said quality control, small minimums, speed to market and a more complaint system are all advantages of manufacturing in the U.S. While costs are higher, the U.S. is also known for energy efficiency, which can help contain some of those costs.

"There are misconceptions that you can make anything here, which just isn't true," Eric Beroff, president of Spoiled Rotten USA Inc., which has a factory in The Bronx, said.

Eveningwear garments with beading or heavy ornamentation and generally apparel that is overly complicated either can't be made in the U.S. because the machinery isn't available or the labor costs would be too high. "The labor costs in the U.S. are among the highest in the world, so people have to understand that and take it into consideration when deciding where and what to manufacture," Beroff said.

Anthony Lilore, designer at Restore Clothing, took a different approach.

"People think we don't make anything here anymore. I tell them that we certainly do and we make it very well. But there are things you shouldn't make here."

Lilore said he scoffs at the notion that U.S. manufacturing is coming back—"nothing really is coming back," he said.

Large-scale and intricate manufacturing went abroad a generation ago and its staying there, he explained. What has made U.S manufacturing valid again, according to Lilore, is “we can do smaller quantities here and companies can be closer to the factories,” which allows for greater due diligence, quality and production control and better speed to market.

“There are factories in New York and New Jersey that can make almost anything if you’re willing to pay for it and compromise on some design details,” Lilore said.

Daal added, “Simplicity of design allows you to make goods here.” Companies keen to afford production here might have to reconsider what they do with styles, seams, sewing steps, trims and materials in the garment, which each bring the manufacturing cost up.

“It’s also important to know the capabilities of the factories you’re working with,” Daal said. “You need to work with different factories that have a specialty. Most domestic factories are not vertical, which means you need to source fabric and trim, and maybe even the cutting.”

Laura Dotolo, managing principal of Clutch Bags LLC/Clutch Made, said her company does cost and source the fabric and trim for its clients. It also handles areas like social media for promoting brands.

Dotolo said U.S. factories should offer more services like sourcing and product development, which her firm does, to entice more production. Helping drive the shift in consumer mindset to one that values quality over quantity, and less consumption over getting things cheap, will make U.S. manufacturing more attractive.

Touching on the lead time issue, which is critical in a speed-to-market-centered world, Beroff said production times in the U.S. are naturally better than the average imported garment, but can still be six to eight weeks from his factory.

“That’s on new styles. On reorders, we can get cur that time down considerably,” adding that larger orders that keep the factory making the same style also improve lead times.

Beroff recommended that for startups, it's important to work with a consultant like Clutch Made or Fashion Angel Warrior with expertise and connections. They can help prepare a new company or designer to approach a factory with full information to get samples made and costs estimated.

What will advance U.S. apparel manufacturing, Lilore said, is a greater effort toward training for factory workers, particularly on advanced machinery. He's involved in a program, NYC Fashion M.A.D.E. (Manufacturers Alliance of Design Educators) that supports the teaching of garment manufacturing and technological skills to the fashion community. It provides grants for educational initiatives filling the manufacturing skills gap through classes and workshops.

Source: sourcingjournal.com- July 30, 2018

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### **Taiwan, Myanmar industry bodies sign textile support MoU**

Industry bodies from Taiwan and Myanmar recently signed two memoranda of understanding (MoUs) on garments and textiles and food processing at the Taiwan-Myanmar Industrial Collaboration Summit in Yangon boost bilateral economic ties.

Till June 30 this year, investment totalling \$42.2 million from 17 Taiwanese firms was approved by Myanmar.

Technology transfer from Taiwanese firms is the priority as Myanmar plans to expand its manufacturing capacity in export-oriented sectors like garments and textiles, A Myanmarese English-language newspaper quoted Myo Thet, vice president of the Union of Myanmar Federation of Commerce and Industry (UMFCCI), as saying.

Source: fibre2fashion.com- July 31, 2018

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## **China-US trade councils working to improve trade situation**

Rising trade aberrations are proving to be detrimental for Chinese and American textile and apparel organisations. Expressing resentment, Xu Yingxin, VP, China National Textile and Apparel Council, stated tariff increases are not just a tax on consumers, they will also bring uncertainty to the stable global supply chain for top brands. Neither American consumers or fashion brands, nor Chinese textile and apparel manufacturers will benefit from the conflict, he added. He was speaking on the sidelines of 2018 China Textile and Apparel Trade Show New York with Messe Frankfurt North America.

About 1,000 exhibitors from 17 countries attended the event, with more than 600 from China. Close to 1,000 types of products listed in the textile and apparel categories are a part of the \$200 billion in Chinese imports potentially subject to 10 per cent tariffs imposed by the Office of the US Trade Representative. Hearings will be held Aug 20-23 before a final decision will be made at the end of August. The products, mainly raw materials such as yarns and fabric, range from silk to cotton, to lace to embroidery, and total about \$4 billion, said Xu.

Julia Hughes, President of Washington-based United States Fashion Industry Association (USFIA), also opposed tariff hikes. As per the association's annual survey, for the second year in a row, a protectionist trade agenda in the US is the top concern for the American fashion industry. Companies are concerned about broader implications of protectionism for the US economy, consumers and the global economy, Hughes said in an interview at the trade show.

### **Impact on sourcing**

Hughes says one strategy for American companies is to find other sourcing opportunities but most sourcing executives say there aren't enough viableChina US trade councils working to improve trade situation 001 options to replace China. Companies are sourcing from other countries for many reasons, Everyone has some sourcing in China; many have some sourcing in Vietnam. And Bangladesh, India and Indonesia are the sources, as well as countries in the Western Hemisphere. She further added that there isn't enough sourcing in the world to replace China and especially not the quality sourcing that American brands and retailers want.



Hughes believes the Trump administration has heard her association's message, so in order to not hurt consumers; the tariffs have been focused on manufacturing inputs rather than clothing, footwear and home textiles. The association will continue its opposition to consumer products its members import and sell in the US and are not on the tariff list. Pan, deputy general manager of Hong Gang Textile, a supplier of upscale warp-knitted fabrics, whose business with US companies accounts for less than 20 per cent, added only through innovation can you avoid being replaced.

For the past 40 years, China's textile industry has been integrated into the global textile and apparel supply and value chains. China and US textile and apparel trade hit more than \$44 billion in 2017 compared with \$4.9 billion in 2001. China remains the biggest textile exporter to the US, while the US is the No. 1 export market for China's textile industry, accounting for 17 per cent of China's exports in the industry. On the prevailing situation, Xu highlighted that Chinese companies will continue to be the most stable and reliable suppliers of American brands, and a long-term mutually beneficial partnership between China and the US textile industries will remain unchanged.

Source: fashionatingworld.com- July 31, 2018

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### **US may reenter TPP**

The US is looking at rejoining the Trans-Pacific Partnership (TPP). The main aim is to counter China. The US intends to renegotiate the trade pact and sign revised free trade agreements with Japan, South Korea and Canada. TPP was proposed in 2010. As a multilateral trade framework outside the World Trade Organization, the TPP intends to further reduce tariff barriers and enhance unified market rules including intellectual property protection.

The trade pact was widely seen as a way to press China into further lowering tariffs, opening markets and complying with rules drafted by developed nations. However, the US decided to withdraw from the TPP in January this year. Also the United States and the European Union have agreed to avoid an all-out trade war and work towards zero tariffs, zero non-tariff barriers, and zero subsidies on non-auto industrial goods.

The EU also plans to buy more US liquefied natural gas and soybeans. Both sides will also iron out disputes on steel and aluminum exports. The US is likely to sign trade pacts with other trading partners, including Japan, South Korea, and Canada.

These agreements among developed nations would represent nearly 90 per cent of the global economy. In this way the US hopes to force China to make more concessions in lowering tariffs, reducing subsidies, opening up markets, and enhancing intellectual property rights protection.

Source: fashionatingworld.com- July 31, 2018

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### **ANALYSIS: America fights trade war with Africans over castoff-clothing**

The words “trade war” conjure up images of nations battling over their great exports – steel, oil, minerals and precious metals – not castoff clothing.

Great exports are caught up in the fight U.S. President Donald Trump is having with China and allies in the West through his “America First” policies.

But a bureaucratic tussle over old T-shirts, jeans and jackets that Americans donate by the ton for a tiny tax deduction are threatening a trade preference offered to African nations like Rwanda.

The potential fallout demonstrates how some African nations are still fighting to have an equal seat at the global trading table after spending decades as colonies whose products benefited their masters and a small local elite.

In a perverse irony, the U.S. threats stem from the fact that those countries want to do what the trade preference – granted by the African Growth and Opportunity Act, or AGOA – was designed to do: help build local manufacturing capacity.

Yet Trump’s administration has threatened four East African nations – Kenya, Uganda, Tanzania and Rwanda – for increasing the taxes they charge on second-hand clothing.

In Rwanda's case, the government has increased its import tariffs to \$2.50 per kilogram from \$0.20 with the hope of increasing demand for local products that have been depressed by a flood of cheap second-hand clothing.

The only affordable option

The U.S. Trade Representative has suspended Rwanda's AGOA privileges for 60 days after it refused to play ball.

Uganda and Tanzania have backed off and were spared punishment, and Kenya had already dropped the plan by the time the U.S. Trade Representative issued the decision.

AGOA gives 40 African nations duty-free and quota-free access to the U.S. market in exchange for eliminating barriers to access for U.S. products in their markets.

Rwanda found itself in this fix after the Secondary Materials and Recycled Textiles Association, a U.S. industry group representing companies that turn old textiles into rags or who buy excess clothing on the cheap to sell elsewhere, complained about the ban and said it could cost 40,000 American jobs. "Elsewhere," of course, is places like Rwanda and Kenya, where second-hand clothing is the only affordable option for much of the population.

When I lived in Kenya, the sight of someone wearing a T-shirt from a familiar high school or college gave me a comforting feeling, a chuckle and twinge of sadness all at the same time.

As an American journalist living far from my birthplace, seeing a familiar logo or school name on a T-shirt brought a little slice of home to me far more often than I'd have expected. I'd laugh to myself sometimes at the absurdity of an old shirt, from the class of 1993 perhaps, ending up so many thousands of miles from its provincial American origins.

Rwanda has refused to budge.

The second-hand clothing business is a big one in Kenya, where importers sell bales of clothing at a wholesale price to smaller traders, who then fan out to local markets.

In that sense, it provides a livelihood to many and helps keep the tons of clothing Americans throw away out of landfills, according to Secondary Materials and Recycled Textiles Association.

While there are no good figures for how much the second-hand clothing business is worth, the latest data shows that rich countries exported \$1.9 billion in used clothing in 2009 and that 80 percent of Africans wear these items.

Rwanda's position is simple – it must forego AGOA's preferences for now if it ever hopes to build its own manufacturing capacity for clothing and textiles. The U.S. meanwhile, is trying to resolve the issue.

So far, Rwanda has refused to budge, which has a lot to do with President Paul Kagame's Rwanda-first government policies. How that will stack up against Trump's America-First policies is a David-and-Goliath story worth watching.

Source: iol.co.za- July 30, 2018

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### **Sri Lankan apparel exporter sets up employee training facility**

Brandix, one of Sri Lanka's top apparel exporters and the biggest employer in the industry, has set up a training facility with the Colombo International Nautical and Engineering College (CINEC) to overcome a skilled worker shortage.

A statement said the Brandix – CINEC Centre of Excellence (BCCE), will facilitate joint training programmes and research for the apparel sector.

The Brandix Group, which employs 60,000 people globally, has also signed agreements with the Vocational Technical Authority of Sri Lanka (VTA) to provide qualifications for garment technicians and recruit schools leavers with training as Industrial Sewing Machine Operators.

“The focus of this initiative is to shape well-rounded individuals, following through on our commitment to create and foster inspired people,” said Ishan Dantanarayana, Chief People Officer of the Brandix Group.

“We want to unleash the technical and leadership potential of our people through a carefully curated, comprehensive learning and development process in collaboration with CINEC to create the next layer of talent to take the industry on an inspired journey.”

Brandix has also signed two Memoranda of Understanding with the VTA.

One is to create an NVQ Level 5 equivalent qualification for Garment Technicians, the first of that level in the apparel industry.

The other is to enable Brandix to identify and employ school leavers who have received a three-month training as Industrial Sewing Machine Operators at the VTA’s island-wide network of vocational training centres.

The learning received at BCCE will be further enhanced with the support and guidance of the VTA to align the programme content with that of the nationally-accepted NVQ qualification equivalent to a Diploma, Dantanarayana said.

The Brandix – CINEC Centre of Excellence is located within the Malabe campus of CINEC, one of the largest non-state sector higher education institutions in Sri Lanka.

The BCCE will initially cater to the Associates and Supervisory grade employees of Brandix, offering programmes covering technical topics and behavioural aspects as part of the curriculum at a later stage.

Source: [economynext.com](http://economynext.com)- July 30, 2018

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## **Indonesia-US to boost bilateral trade**

Both the US and Indonesia have agreed to boost bilateral trade to \$50 billion in the next few years, from nearly \$26 billion last year. According to Geneva-based International Trade Centre, Indonesian goods and commodities accounted for only 0.88 per cent of overall American imports in 2017.

Indonesia's annual exports to the US contracted 3 per cent between 2013 and 2017. In April last year, the Trump administration released a list of countries with which it has considerable trade deficits. Indonesia ranked 15 out of 16 countries.

Indonesia and the US trade complementary goods and commodities. In 2012, American airplane maker Boeing signed a \$22.4 billion deal - its largest ever commercial airplane order - with Indonesia's Lion Air, the country's largest carrier by passenger volume.

The Trump administration's move to impose 25 per cent import duties on steel will eventually push up aircraft production costs in the US.

Indonesia has benefited from significant tariff reductions under the Generalised System of Preferences (GSP) scheme since 1980.

Last year, for instance, the facility led to reduced tariffs on \$1.9 billion worth of Indonesian products. The trade delegation is expecting to expand its economic relations with the US through investments in areas such as the aviation sector.

Source: fashionatingworld.com- July 30, 2018

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## **Vietnam's Cotton USA STM visits US Cotton Belt**

A 17-member Cotton USA Special Trade Mission (STM) delegation from Vietnam toured the US Cotton Belt. During its US tour from July 22 to 27, 2018, the group travelled to New York, Cary, Memphis, McAllen, Lubbock, and Phoenix, to meet with US cotton producers, industry organisations, and exporters for the purpose of increasing US cotton exports.

The group kicked off the tour in New York with a briefing session and ICE futures seminar. They then saw cotton research in North Carolina, toured the USDA cotton classing office in Tennessee, and toured a cotton farm and gin in West Texas.

The group also met with representatives in the Cotton Belt's four major regions and with industry organisations that include AMCOT, American Cotton Producers, American Cotton Shippers Association, Cotton Incorporated, Lubbock Cotton Exchange, National Cotton Council, Plains Cotton Growers, Inc., Southern Cotton Growers, Texas Cotton Association, Western Cotton Shippers Association, and Supima.

Vietnam is currently the largest importer of US raw cotton. The companies represented on the STM include Dong Khanh Textile Corporation, Ha Nam Textile Company, Hanoi Textile-Garment Joint Stock Corporation, Phong Phu Corporation, Phu Bai 2 Spinning Joint Stock Corporation, Phu Cuong Spinning Mill, Tainan Spinning Co., Ltd., Texhong Renze Textile Joint Stock Company, Thin Nam Development & Investment Joint Stock Company and Vietnam Textile and Apparel Association.

Source: fibre2fashion.com- July 30, 2018

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## **Pakistan: Govt notifies guidelines for textile sector**

Federal government has notified guidelines for the textile and leather sector willing to avail the benefit of reduced rates of sales tax on import of finished goods effective October 1, 2018.

According to the guidelines, traders of textile and leather goods will have certified electronic fiscal devices and specify the location of the business premises to prevent the misuse of the facility.

The beneficiaries of the reduced rates will not start any business activity without obtaining an electronic fiscal device at the point of sale. Moreover, the traders are required to issue every customer invoices generated by the electronic device containing details of the transaction along with the tax payable and mode of payment.

The users of the certified electronic devices will ensure to maintain the proper record that can be displayed printed and reproduced in an intelligible manner. These records must be stored in such a manner as to make them readily accessible for subsequent reference, the guidelines said.

Every electronic fiscal device will have the feature to receive and transmit data to and from the Federal Board of Revenue (FBR) and the devices cannot reverse entered sales data or any other information.

Source: thenews.com.pk- July 31, 2018

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## NATIONAL NEWS

### India-ASEAN FTA needs to be expanded: Vietnam envoy

The free trade agreement (FTA) between India and the 10-member ASEAN needs to be upgraded and expanded for the pact to deliver desired results, Vietnamese Ambassador to India Ton Sinh Thanh has said.

“The India-ASEAN FTA has not led to as much expansion in trade between the two countries. There is definitely a need to upgrade it and both sides are considering it. There is a need to expand the agreement to include more products,” Thanh said, speaking at an interaction with the media organised by the Indian Women’s Press Corps on Monday.

Stressing on the opportunities for an expansion in trade that existed between the two countries, Thanh said if trade was opened up, there was a possibility of bilateral trade expanding from the present \$7 billion to \$20 billion.

Giving an example, the Ambassador said that Vietnam imported about \$10 billion of fabric for its textile industry every year. “India has the capacity of meeting our demand for textile inputs. If trade is opened up, we could be importing a lot of this item from India,” he said.

The trade deficit between India and the ASEAN has increased after the FTA in goods was implemented in 2009. According to industry figures, trade deficit has worsened account for approximately 75 per cent of India’s exports to ASEAN.

Thanh pointed out that Indian investment in Vietnam was low and there was a lot of potential for it to increase. “We know that Indian companies invested about \$40 billion outside the country last year. Of that only \$100-150 million was made in Vietnam. However, we do expect levels to rise as big Indian companies like Mahindra and Adani are looking for opportunities in Vietnam,” the Ambassador said.

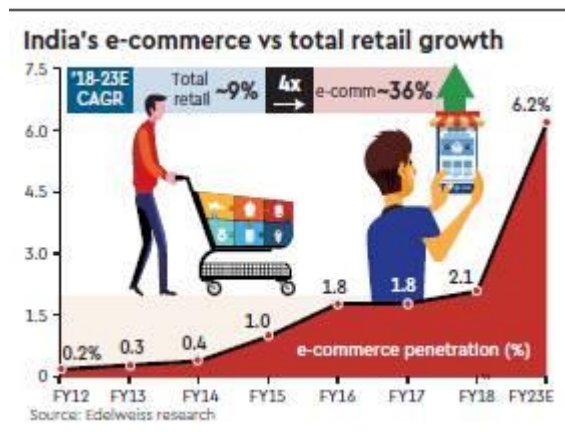
Source: thehindubusinessline.com- July 30, 2018

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## Inventory model: E-commerce FDI rules may be eased

The foreign direct investment (FDI) rules for e-commerce segment may see considerable easing but it could be accompanied by an institutionalised regime of oversight to safeguard the interests of domestic brick-and-mortar stores and consumers at large.



A watchdog will be set up to regulate the e-commerce sector, including the alleged abuse of FDI rules through hefty discounts by e-tailers like Amazon and Flipkart, among others, if suggestions by various industry-government working groups on e-commerce are endorsed by the Centre.

Foreign e-commerce firms operating in India could even be asked to store consumer data locally within two years.

Importantly, one of the working groups has suggested that the FDI rules be eased by allowing e-commerce marketplaces to hold inventory of locally-produced items. However, in such a case, the founder/promoter of the e-commerce player will have to be a resident Indian, with its management controlled by Indians, and foreign equity would not exceed 49%.

Currently, it's allowed only in case of domestic food items. However, this suggestion was not considered at length on Monday by a think tank headed by commerce and industry minister Suresh Prabhu, given the sensitivity of the matter and fierce opposition by brick-and-mortar stores, said a government official.

Commerce secretary-designate Anup Wadhawan said the think tank on Monday deliberated upon the suggestions by various working groups, comprising industry and some government officials, and a final draft policy will be put out in due course. The think tank will hold further consultations with stakeholders if required, he added.

As per suggestions of the working groups, a separate wing in the Directorate of Enforcement will be set up to handle grievances related to implementation of FDI rules. While the extant FDI policy bars e-tailers from giving discounts themselves, brick-and-mortar stores have often accused these e-commerce players of flouting the rules, citing inadequate oversight of the implementation of the policy.

For their part, Amazon and Flipkart — just like other e-commerce players — claim that they have always complied with the rules and that the discounts are offered by the sellers of the goods on their platform, and not themselves.

The working groups on e-commerce sought to make this restriction even more explicit.

It suggested restriction be imposed on e-commerce marketplaces to not directly or indirectly influence the price of sale of goods and services and that this curb will be extended to group companies of the e-commerce marketplace.

The working groups have suggested that bulk purchase of branded goods such as electronic products (especially mobile phones), white goods and branded fashion products by related-party sellers which lead to price distortions in a market place would be prohibited.

A sunset clause, which defines the maximum duration of differential pricing strategies (such as deep discounts) that are implemented by e-commerce platforms to attract consumers would be introduced.

Currently, while the department of industrial policy and promotion (DIPP) formulates and notifies FDI policies, including those on e-commerce, any violation of such rules is dealt under the penal provisions of the Foreign Exchange Management Act (FEMA). This Act is administered by the Reserve Bank of India and is enforced by the enforcement authority.

At present, the government allows up to 100% FDI in e-commerce marketplaces via automatic route but no FDI is allowed in the inventory-based model (barring food retail). Only in the retailing of locally-produced food products — both online and offline — is up to 100% FDI allowed, with government approval.

Another suggestion mandates that home-grown card network RuPay — owned by 10 local and foreign banks — be included as a payment option for all online transactions. The move will enable RuPay to compete with global payment firms like Visa and MasterCard.

Recently, the \$16-billion Walmart-Flipkart deal came under attack by the Confederation of All India Traders (CAIT) representing brick-and-mortar stores. CAIT has threatened to step up agitations, claiming “the deal is circumventing (FDI) laws” besides helping Walmart “to reach out to offline trade through e-commerce way”.

As for local storage of data, a two-year sunset clause will be provided to give international companies time to comply easily. Already, the Reserve Bank of India in April directed that all payment data be stored locally within six months for “unfettered supervisory access”.

The draft policy comes close on the heels of a proposal last week by the Srikrishna panel that suggests all critical personal data on people in India should be processed within the country.

The policy deliberations were hailed by Snapdeal but online vendors were not impressed. A Snapdeal spokesperson said: “This initiative... will lead to robust and orderly growth of this sector, catalysed by thoughtful and enabling regulation.”

However, All India Online Vendors Association spokesperson said, “Current issues being faced by sellers are completely left unaddressed. Violations of FDI policy will keep on happening as government is turning a blind eye.

We will not allow a hybrid model of marketplace regardless of ownership structure. Either it has to be a 100% marketplace or 100% retailer.”

Source: [financialexpress.com](http://financialexpress.com) - July 30, 2018

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## **60 days after sowing: Pink bollworms attack Maha cotton crop again**

Farmers are worried about infestations, but state officials are confident that necessary measures have been taken.

Maharashtra's cotton crop, which has completed nearly 60 days after sowing, is already showing signs of a pink bollworm attack. Although the severity is yet to be known, cotton farmers in the state are already worried about the crop's fate this season.

Maharashtra Agriculture Commissioner Sachendra Pratap Singh has said the department has already swung into action, following reports of incidence in some cotton-growing regions. Pink bollworm attack on cotton has been reported this year from Akola and Washim districts in Vidarbha; Nanded and Parbhani in Marathawada and Jalgaon in Khandesh.

Last year, the insect had caused large-scale damage to the crop in central and eastern parts of Maharashtra — the main cotton-growing regions of the state. The state government had announced compensation for the affected farmers.

According to officials of the department, the infestation has shown its presence again. Larvae of the insect have been spotted on the crop which had been sown nearly 60 days ago. If it is not controlled in time, the plants will wither and this could affect the yield.

Pink bollworm is an insect that chews through the cotton lint to feed on the seeds. Its infestation starts at budding stage because of which flowers do not bloom or often exhibit rosette-shape flower. The larvae bore into bolls, feed on inner content and developing seeds.

Commissioner Sachendra Pratap Singh told FE that the government was going all out to control any possible attack. Dismissing reports of a severe attack in some regions, he said this time the government had taken a pro-active effort. Officers have been appointed in all 20 cotton-growing districts here to inspect areas and create awareness on how to deal with it. The pheromone traps are cheap and cost merely `50 per piece, he said. Two traps can cover an acre.

The commissioner said he himself had inspected three regions in Nanded, Latur and Parbhani and the menace was reported to a small extent in three plots in some 25 villages. The attack is not as severe as it is being made out to be but we must not remain complacent and farmers should take all necessary measures, he said.

In an advisory issued to farmers, the department has advised farmers to use pheromone traps within 45 days of sowing. If the trap catches a minimum of 8-10 male pink bollworms per day, the use of pesticide is highly recommended. The pheromone traps are available for sale at authorised sellers of Agro Industries Development Corporation.

According to the advisory, at least two traps must be placed on one-acre cotton farm. The commissioner said the agricultural universities in the state were slated to carry out survey of the insect with the help of pheromone traps installed at farmers and mills.

Pradeep Jain, president, Khandesh Cotton/Ginners Association, said a meeting was held in Jalgaon with senior agriculture department officials, Ginners Association members, seed companies, pesticide firms and experts from the Rahuri Agriculture University.

The attack was severe despite the measures taken this time, he said, adding that it would take another two-three years to control the disease and break the life cycle of the insect completely. The severity will be known in another 15 days and in the meanwhile, the association has begun a sensitisation programme with farmers and pheromone traps are also being kept in ginning units, he said.

This year, cotton cultivation has been done on about 37 lakh hectares of land in the state, against the 41 lakh hectares last year, the official said.

The plants are sown from April to July in the state. Farmers who generally opt for pre-seasonal (during April-May) plantation have shifted to other crops, which have brought down the overall cotton plantation figures in the state by three-four lakh hectares.

Source: [financialexpress.com](http://financialexpress.com)-July 30, 2018

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## **Small units, big contributors**

*Micro, Small and Medium Enterprises (MSMEs) are the backbone of any country, driving employment generation and GDP growth.*

In India, MSMEs manufacture over 6,000 products and contribute about 45 per cent to manufacturing and about 40 per cent to exports. This sector can help realise the National Manufacturing Policy target of raising the share of the sector in GDP from the current 16 per cent to 25 per cent by the end of 2022.

Tamil Nadu has a strong and vibrant MSME segment across all the major industries, including textiles and garments, engineering products, auto-ancillaries, leather products and plastics.

According to State government data, around 18 lakh entrepreneurs provide employment opportunities to about 114 lakh persons with a total investment of ₹1,93,704 crore.

The State government has also announced a slew of initiatives to reinvigorate MSMEs.

The most important is the Single Window Clearance Committee for the sector, at [www.easybusiness.tn.gov.in/msme](http://www.easybusiness.tn.gov.in/msme), launched in May this year.

Entrepreneurs planning to set up a unit can get licences/approvals from various departments via this single window.

These include the Directorate of Town and Country Planning, the Tamil Nadu Pollution Control Board and the Directorate of Industrial Safety and Health.

The second most important initiative of the State government to help MSMEs is the Business Facilitation Act/Rules, 2018.

This ensures the single-point receipt of applications to secure clearances required to establish or expand an enterprise, and in normal course of business, including renewals, in a time-bound manner.

The Act also provides for an effective grievance redress mechanism and penalties in case the competent authority fails to act within a time frame.

### **Proactive steps**

The Act covers 54 clearances, including pre-establishment, pre-operation, renewals and incentives. It provides for a three-tier institutional structure — District MSME Single Window Committee, State MSME Single Window Committee and MSME Investment Promotion and Monitoring Board — to monitor and review the progress of the single-window mechanism.

At the Global Investors Meet in September 2015, an investment of ₹16,532 crore by 10,073 MSMEs was announced.

As on March 31, 2018, 5,358 enterprises that had signed MoUs had commenced production with an investment of ₹6,182.03 crore, creating employment for 71,691 persons.

Source: thehindubusinessline.com-July 30, 2018

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### **Indian companies set base in Ethiopia**

Indian companies are finding it beneficial to operate from Ethiopia. Some big textile and garment manufacturers have entered the African country in recent times, these include Raymond and Arvind.

Arvind has set up seven apparel factories at Hawassa Industrial Park in Ethiopia, covering a total area of 13.5 acres. Arvind has two more factories in Ethiopia outside the park. These facilities export products to the US and Europe. With the new facilities in the industrial park, the total output would go up to 30 million pieces of garments.

Several Tirupur-based garment manufacturers are also attracted by the prospects in Ethiopia. These include: SCM Garments, the export arm of Chennai Silks, Jay Jay Mills, Best Corporation and KPR Mills.

SCM Garments is setting up a 500-machine garment unit in Ethiopia. Best Corporation is also setting up a 1,000-machine factory at Rs 30 crores.

Power and labor is cheap in Ethiopia. Moreover, Ethiopia has become proactive towards attracting investments. It offers a plug and play facility for investors and provides all infrastructure amenities, including buildings.

While exports from India invite duties ranging between 12 to 15 per cent, and in some categories, up to 25 per cent, Ethiopia has secured easy access to major markets like the US, Canada and the EU at lower or nil duty.

Source: fashionatingworld.com-July 30, 2018

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### **Go Swadeshi to cut China imports: Panel**

In a bid to tackle the deluge of Chinese imports, the Parliamentary Standing Committee on Commerce has made a strong case for taking aggressive and pro-active steps, following the example set by the United States and the European Union.

The committee has also emphasised the need for monitoring, surveillance and enforcement of the trade remedies.

It observed that Chinese textile products were preferred over Indian ones due to their lower price tag. In order to ensure domestic demand for Indian products, the committee has suggested that 'Make in India' be conjoined with the 'Swadeshi Apnao' concept.

Labour intensive pharmaceuticals, textile, toy, bicycle and firecracker industries and the fast-growing solar sector have been hit the most by burgeoning Chinese imports.

As is the stainless steel industry, where a number of MSMEs have had to close down, particularly manufacturers of stainless steel grades of the 200 series.

Despite a ban on Chinese toys since January 2009, the Indian toy market has been assailed by low-quality toxic toys from the China. The committee has called upon the Centre to quicken the process of issuing quality control order for toys.

The pharmaceutical industry, which faces challenges of access and affordability with development and sustainability, continues to depend on bulk drug import from China which has increased prices by 1,200 per cent in the last two years.

The committee suggests that the industry will have to be revived through assured protection against dumping, incentivizing the Research and Development (R&D) process, regular examination of price trends of imported Active Pharmaceutical Ingredients (APIs) and price incentive for indigenous APIUs.

The firecracker industry has also been hit by a glut of cheap illegal firecrackers from the industrial neighbour.

The committee wants the Directorate General of Foreign Trade to prohibit import of hazardous Chinese firecrackers rather than merely putting them on the restricted list. Further, the committee has recommended that the Centre review the GST structure for the industry and lower it from the existing 18 per cent.

Amidst the Centre's push for bicycles, the committee has expressed concern over entry of high-level, under-invoiced Chinese bicycles due to lax enforcement.

The committee has suggested that the Centre conduct regular search-and-seizure at points of import and carry out detailed analysis of customs data to unravel the modus operandi of the unscrupulous importers and curb entry of under-valued Chinese bicycles.

The solar industry faces the challenge of dumping of solar modules and cells at lower prices. The committee has recommended capital subsidy to eligible manufacturers to reduce cost of plant and equipment to make Indian manufacturing globally competitive.

Source: dnaindia.com-July 31, 2018

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## **Gujarat: Traders' body demands 50% reduction in power tariff for textile industry**

The Southern Gujarat Chamber of Commerce and Industry (SGCCI) members on Monday demanded 50 per cent reduction in the power tariff rates of Surat textile industry. The demand was made before the state industry commissioner officials in a meeting called to discuss the upcoming Textile Policy of Gujarat- 2018.

The SGCCI members shared a chart of the power tariff rates of Maharashtra, where it is between Rs 2 and Rs 2.50 per unit in the textile sector. In Gujarat, it is Rs 7.50 per unit. Head of SGCCI's representative committee Hemant Desai said that due to less power tariff rates in Maharashtra's textile sector, clothes woven there are much cheaper than those woven by Surat textile industry.

"We have made strong representations to the government officials at Gandhinagar and they have assured us that they will forward it to the government in framing the new textile policy. We don't want incentive or subsidy in new schemes, our demand is just clear reduction in power tariff rates.

The machines used in the textile industry are old and require a lot of maintenance. The factory owners face many financial problems for their survival and even cannot upgrade the machines. If cheaper power tariff rates are provided to the industry, then the owners can spend money for upgradation of the machines," Desai told The Indian Express.

He added, "Power tariff is less in the state's agricultural sector. The textile industry is also important for the state. So, something should be done to give a boost to the industry."

There are over 6 lakh powerloom machines, more than 350 textile processing houses and 60,000 trading shops in Surat, where around 18 lakh people are directly and indirectly associated with the industry.

Source: indianexpress.com-July 31, 2018

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## **Policy support powers State back on to the fast track**

After a lull, during which Tamil Nadu seemed to have slipped on many fronts mainly due to political uncertainties, things are looking up in the State.

Industry leaders say that stability on the political front, with Chief Minister Edappadi K Palaniswami and Deputy Chief Minister O Panneerselvam working as a team, and the bureaucracy too pulling its weight, are helping pull back things in the State, once known for its industry- and investment-friendly approach.

There is, however, a long way to go before the State regains its position of pre-eminence in the country's industrial map.

### **Better infrastructure**

A lot more needs to be done, according to industrialists, to improve infrastructure, especially in Chennai.

They say the political leadership is prepared to listen to suggestions and that augurs well for the State's development.

Also, relations with the Centre have improved and that is bound to help Tamil Nadu get a lot of projects off the ground.

Although Tamil Nadu was initially opposed to the concept of a Goods and Services Tax, it was among the early adopters of GST, thanks to which tax revenues are buoyant.

### **Single-window clearance**

The single window system for industrial projects clearances is working smoothly and the Industries Department is making sure that problems are redressed at the earliest. Tamil Nadu has been a pioneer in adopting e-governance, and MSMEs have played a major role in the State's economy.

Large manufacturing and engineering companies are major contributors to the economy and job creation, while private engineering colleges have ensured that there is a steady stream of educated, employable young graduates for various sectors.

## **Proactive support**

Tamil Nadu's strength has been its diversified industrial base — automobile manufacturing, auto components industry, light engineering and machine tools, textiles and textile machinery, hospitality, healthcare, wind power and information technology.

With proactive government support, things should look up once again for the State.

Source: thehindubusinessline.com-July 30, 2018

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