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NEWS CLIPPINGS –26-03-2019

Continuous increase in cotton prices reducing international competitiveness of the Indian textile industry: CITI	**KNN India** https://knnindia.co.in/news/newsdetails/economy/continuous-increase-in-cotton-prices-reducing-international-competitiveness-of-the-indian-textile-industry-citi

The continuous increase in cotton price is reducing international competitiveness of the Indian textile value added industry and also affect exporters negatively said Confederation of Indian Textile Industry (CITI).

While talking to KNN India Chairman of CITI, Sanjay Jain said, "Cotton prices have started rising at a time when the rupee is appreciating. It is a double whammy for textile exporters as it will impact the competitiveness of Indian products in the international market and hit price realization in rupee terms."

He further added that both these movements are reducing international competitiveness of the Indian Textile value added industry and would be hamper the improving export trend as cost pressure will increase prices of yarn, fabric & garments impacting competitiveness.

Prices in the cotton futures market has moved up 7 per cent from the low of Rs 19,970 per bale (one bale is 170 kg) in February to Rs 21,360 in March on reports of improving demand from China and domestic mills.

Jain said, "Cotton prices have spurted by Rs 3,000 per candy (from Rs 41500 to Rs 44500) in less than a month's time - leading to cost pressure on the entire cotton Textile and apparels value chain."

The situation further aggravated by the appreciating rupee which has reduced realization for exporters, he said.

He added that exporters cost has gone up, while realizations have come down - so being hit both ways.

Cotton and Currency Markets	**Kotak Commodities Research Desk** **For more details contact :** Research@kotakcommodities.com & aurobinda.gayan@kotakcommodities.com

A. Cotton		
Spot price- Shankar-6 (Ex-Gin) 28.5 to29 mm		
Rs/Bale	Rs/Candy	USD Cent/lb
21292	44500	82.36
Domestic Futures price (Ex-Warehouse Rajkot) April		
Rs/Bale	Rs/Candy	USD Cent/lb
21630	45207	83.67
International Futures		
NY ICE USD Cents/lb. (May 2019)		77.73
ZCE Cotton: Yuan/MT (May 2019)		15280

ZCE Cotton: USD Cents/lb.		103.30
Basis difference (ICE March -Domestic Spot)		4.63
Cotlook A Index - Physical		85.80
WTI Crude USD / Barrel		58.82
B. Currency		
USD/INR	Close	Previous Close
Spot	68.84	68.94
USD Dollar Index	96.64	

Cotton Guide

We are seeing a spree of candlesticks starting last evening at 7:45 pm. All the ICE futures contracts settled towards their respective high figures. The ICE May contract settled at 77.73 cents/lb with a triple digit change of +115. The high figure noted for ICE May contract was 77.77 cents/lb. The ICE July contract settled at 78.51 cents/lb with a high figure of 78.51 cents/lb with a change of +94 points showing a high of 78.54 cents/lb. At 8:15 am today the prices are still heading north marking new highs. The current price is 77.94 for the May contract. Till what levels will be bulls be able to stretch themselves is something to watch today. It will be crucial for the bulls to hold the prices above the 77-77.25 range.

The total volumes seen yesterday were at 35,242 contracts as compared to 35,349 seen on Friday which is almost similar. The volumes for the ICE May were 20,124 contracts. The total open interest on the other hand increased by 1,729 contracts to 225,036. The OI for ICE May decreased by 414 contracts to 102,799 contracts whereas the July and December OI increased by 1710 and 414 contracts to 52,751 and 58,791 contracts respectively.

The Major reason attributed towards this rise in prices is that speculators are covering their short positions based on the fact that all the major technical indicators effuse bullish signals. Also rumors of new Chinese Demand is another factor which is driving the prices higher. Another meet is scheduled between the US and China trade representatives. However, the outcome still remains uncertain.

The MCX contracts on the other hand settled in the reverse direction as compared to ICE. The MCX April contract settled at 21630 rs/bale as compared to the previous close of 21,690 which is a decline of -60 Rs. The MCX May and the MCX June contract settled at 21,920 Rs/Bale and 22,180 Rs/Bale with a change of -40 Rs and -20 Rs respectively. The volumes have shifted to the MCX April contract at 6462 lots as compared to MCX March which is at 4664 lots. The OI for MCX April is at 14,539 lots as compared to the previous 12,031 lots.

The estimated arrival figures is at 94,000 lint equivalent bales (source cotlook) which includes 32,000 registered in Maharashtra, 30,000 in Gujarat and 15,000 in Andhra Pradesh. The cotlook Index A has been adjusted at 85.80 which is a negative slide of -0.60. The average prices of Shankar 6 are at 44,300 Rs/Candy. We expect both international and domestic prices to head north for this week.

On the technical front, ICE Cotton futures rallied above 77 levels (50 % Fibonacci retracement level) after moving out of the downward sloping channel with the formation of pennant pattern. In the daily charts price got supported by bullish crossover of short EMA (13) above the Long term EMA (26) and the momentum indicator RSI which is trading above 60. Moreover, positive divergence between RSI and price strengthened the bullish bets. So for the day price is expected to move in a positive direction targeting 78.20 followed by 78.80 levels. Immediate support exists around 76.70. In the domestic market March futures is expected to rise towards 21550-21700 zone.

Currency Guide

Indian rupee may witness mixed trade against the US dollar but general bias remains weak. Indian rupee ended

marginally higher yesterday as stability in global equity market after Friday's sell-off revived risk sentiment to some extent. Rupee also remains supported by continuing investor inflows in Indian equity and bond market. Fed's dovish stance has also supported rupee and other currencies. Chicago Fed President Charles Evans said Monday the Fed may have to put rate rises on hold or even ease policy if forecasts disappoint. However, weighing on rupee is recovery in crude oil price. Brent crude has moved back above $67 per barrel amid expectations of another decline in US crude oil stocks. Also weighing on rupee is increasing uncertainty about health of global economy amid disappointing economic data, inversion of US bond yield curve and concerns about US-China trade deal and Brexit. Meanwhile, market players continue to eye political drama ahead of general elections next month. While general market expectations are that ruling BJP government may be voted back to power, Congress, the main opposition party, is trying to woo votes. Congress on Monday assured a minimum income of 72,000 rupees per year to 20% of the nation's poor if voted to power. Rupee has been struggling for direction since breaking below 69 levels and we could see choppiness in near term reflecting mixed trade in global equity market however increasing global concerns will keep pressure on the currency. USDINR may trade in a range of 68.7-69.2 and bias may be on the upside.

Upgraded input tax reimbursement scheme to be extended to all textiles	**Business Line** https://www.thehindubusinessline.com/economy/upgraded-input-tax-reimbursement-scheme-to-be-extended-to-all-textiles/article26636648.ece

Under WTO rules, India cannot extend direct export sops anymore

The government is working on a plan to extend the upgraded Rebate of State and Central Taxes and Levies scheme (RoSCTL) — that reimburses garments and made-up exporters all un-remitted input taxes paid at the State and Central levels — to all textile products.

This is being done to prepare the sector for an eventual withdrawal of the Merchandise Export Incentive Scheme (MEIS) that flouts global trade rules.

"The textile sector has long graduated out of the special dispensation that the WTO extends to vulnerable sectors or countries that need support by allowing them to extend export sops that are otherwise banned. If the MEIS is extended for a longer period to textile exporters and a WTO member files a dispute, there is no way India can defend itself. That is why there is a hurry to replace the scheme for the sector first before moving on to other sectors," a government official told *BusinessLine*.

Under the popular MEIS, claimed by a bulk of garments and textiles exporters, the government gives incentives to exporters equivalent to about 4 per cent of their export value in the form of duty credit scrips that can be used to pay customs duties and are freely transferable.

Since it is a direct export subsidy, and the textile sector's phase-out period for such subsidies ended in 2018, it would have to be withdrawn soon.

"The government has now decided to withdraw the MEIS scheme as soon as possible and extend the Rebate of State and Central Levies scheme to all textile sectors, including fibre, yarn and fabric," the official said. But this will now probably happen after the general elections, he added.

Meanwhile, garments and made-ups manufacturers will be allowed to enjoy the benefits of both the RoSCTL and the MEIS till the latter is withdrawn as exports from the two sectors have taken a beating in the current year. "The Indian textile exporters have a cost disability of 15-20 per cent compared to their competitors because of high input costs. Letting them take advantage of two schemes can help them tide over the present low," the official said.

The RoSCTL includes value-added tax on fuel used in transportation, captive power, farm sector, mandi tax, duty of

electricity, stamp duty, embedded SGST and CGST paid on inputs and Central excise duty on fuel.

"Although the new scheme has been implemented this month for only a one-year period, the idea is to make it permanent and make it a replacement for the MEIS," the official said.

Once the MEIS is withdrawn from the textiles sector, it would be taken away one by one from other sectors as well as India has moved above the threshold of a per capita gross national income of $1,000, which makes it ineligible to offer export sops to any sector.

"While for the textiles sector, there is no room for further extension of the implementation period beyond 2018 as exports officially crossed the threshold limit of 3.25 per cent of world exports in 2010 and the eight-year phase-out period is over, New Delhi is trying to bargain for a longer phaseout period for other sectors," the official said.

India plans to seek deadline extension from US for withdrawal of GSP export benefits	Live Mint https://www.livemint.com/politics/news/india-plans-to-seek-deadline-extension-from-us-for-withdrawal-of-gsp-export-benefits-1553531183187.html

US has decided to go ahead with its decision to scrap the preferential trade benefit under GSP scheme after 60 days

Issues can be sorted by holding bilateral dialogues as the US is important economic and strategic partner of India

India is considering to seek extension of the deadline set by the US for withdrawal of export benefits to domestic exporters under Generalized System of Preferences (GSP) programme, sources said.

Earlier this month, the US has decided to go ahead with its decision to scrap the preferential trade benefit under GSP scheme after 60 days, which is expected to impact India's exports to the US worth USD 5.6 billion under this scheme.

Although, the government has said that the US government's move to withdraw duty concessions on certain products under the GSP programme will not have any significant impact on exports to America, small and medium exporters have flagged concerns.

Sources also said that issues can be sorted by holding bilateral dialogues as the US is important economic and strategic partner of India.

They added that India may seek two more months for withdrawal of export benefits.

The commerce ministry had said that the US move will not have a significant impact on exports to America as the benefits were only about USD 190 million annually.

India exported goods worth USD 5.6 billion under GSP last year, but India's total GSP benefits were to the tune of only USD 190 million.

GSP benefits are envisaged as non-reciprocal and non-discriminatory to be extended by developed countries to developing economies.

US President Donald Trump has said he intends to end the preferential trade status granted to India and Turkey, asserting that New Delhi has failed to assure America of "equitable and reasonable" access to its markets, an announcement that could be seen as a major setback to bilateral trade ties.

The US Trade Representative's Office has said that removing India from the GSP programme will not take effect for at least 60 days after notifications to Congress and the Indian government, and it will be enacted by a presidential proclamation.

As many as 3,700 products get GSP benefits but India exports only 1,900 items such as chemicals and engineering

under that concession, which was introduced in 1976 by the US.

India unlikely to implement tit-for-tat tariff hikes against the US on 1 April	Live Mint https://www.livemint.com/news/india/india-unlikely-to-implement-tit-for-tat-tariff-hikes-against-the-us-on-1-april-1553571191466.html

India is unlikely to impose the long pending retaliatory tariffs against the unilateral steel and aluminium duty hikes by the Trump administration

India is likely to opt for the safe option of yet again extending the deadline by another month

Despite the US withdrawing zero duty benefits on India's exports worth $5.6 billion, India is unlikely to impose the long pending retaliatory tariffs against the unilateral steel and aluminium duty hikes by the Donald Trump administration. India is likely to opt for the safe option of yet again extending the deadline by another month after the current deadline expires on 31 March.

"Allowing the notification for retaliatory tariffs to lapse at this time will send a wrong signal and will show Indian government in poor light. Hence, the deadline for its implementation may be further extended. A final decision will be taken by the Prime Minister's Office," a commerce ministry official said speaking under condition of anonymity.

India on 20 June notified that it will raise tariffs on 29 US products, including almonds, apples and phosphoric acid worth $235 million in retaliation to the unilateral steel and aluminium duty hikes by the US. India did not impose the tariffs immediately, unlike other major trading partners of the US as the two countries were engaged in bilateral negotiations to finalize a trade package to douse tensions. However, on 4 March, the US announced that it is withdrawing GSP (Generalized System of Preferences) benefits to Indian exporters signaling that the talks for a trade package have failed. The higher tariffs on Indian goods after withdrawal of GSP benefits will come into effect in early May—60 days after the date of announcement.

Another commerce ministry official said the ministry was keen that the prime minister write a letter to US president Trump requesting to extend the 60 day deadline by another 60 days to allow a new government at the Centre to revive negotiations for a trade package. "However, prime minister was unwilling given the ongoing electoral process. He has asked trade minister Suresh Prabhu instead to write a letter to his US counterpart conveying the same message," the official added.

Comm Min introduces online facility to obtain export licence for restricted items	Business Standard https://www.business-standard.com/article/pti-stories/comm-min-introduces-online-facility-to-obtain-export-licence-for-restricted-items-119032500457_1.html

The commerce ministry has introduced an online system for exporters to obtain export licence for restricted category goods, a move aimed at promoting paperless work and ease of doing business.

"It has been decided that applications by exporters will be filed online on E-COM module for export authorisations. The consultation process with administrative departments will also be online," the Directorate General of

Foreign Trade (DGFT), an arm of the ministry, has said in a trade notice.

The notice came into effect from March 19 this year.

Exporters need to obtain licence from the government for certain restricted category goods such as bio-fuels.

Currently, application for export of such goods are filed in hard copy and the consultation with the concerned agencies is also done manually.

The move, it said, is aimed at simplifying application filing, and expediting the processing and issuance of export authorisation.

The development will help in promoting ease of doing business for such imports, an official said.

In the online application, exporters will have to upload certain documents such as copy of purchase order of firm involved in the export, and Aayat Niryat Form.

"No hard copy of the application and documents is required to be submitted to DGFT," it said, adding that as a transition arrangement, applications shall be accepted off-line also till March 31.

"From April 1, 2019 it is mandatory to apply online only," it added.

Commenting on the move, Federation of Indian Export Organisations (FIEO) President Ganesh Kumar Gupta said this is a welcome development and it will help exporters to cut transactions cost also.

"We need more such steps to promote the country's exports," he said.

Recently, the directorate has also come up with a new online facility for obtaining import licence for restricted category goods.

In the latest ease of doing business report of the World Bank, India improved its ranking to 77th rank in 2018 out of 190 nations from 100th earlier.

These rankings are based on 10 parameters, which include trade across borders, enforcing contracts and resolving insolvency.

In the parameter of 'Trading across Borders', India's rank improved to 80th in 2018 from 146th rank in 2017.

During April-February 2018-19, the country's exports grew 8.85 per cent to USD 298.47 billion, while imports rose by 9.75 per cent to USD 464 billion.

Needless deadlock over labour reforms	Business Line https://www.thehindubusinessline.com/opinion/needless-deadlock-over-labour-reforms/article26635392.ece

A social safety net for unorganised and organised workers will create the foundations for a lighter regulatory regime

For over 25 years, India has been in the process of integrating itself into the global economy through liberalisation of trade and investment. But, unfortunately, India, unlike China, has not yet been able to obtain the full benefit of globalisation through more productive and better paying manufacturing jobs for its large young population. This accounts for the stark difference with China which, starting from the same level in 1990, now has five times the per capita income of India and virtually no poverty.

In the global market for goods and services, there has been a market failure in India as far as low wage manufacturing jobs are concerned, while the market has worked efficiently for high wage IT jobs. The major factor contributing to this paradoxical outcome is that the IT sector units are governed by the Shops and Establishment Act and not the Factories Act. There are over 40 labour laws which regulate factories. These impose too onerous a burden. Large firms can easily deploy the manpower and other resources to meet the transaction costs required for record keeping, reporting and managing the regulatory regime.

Small firms and start-ups find this too heavy a burden. They, therefore, have an incentive to remain small rather than grow. The unfortunate result has been that job growth in the organised sector has been extraordinarily disappointing while it has been taking place in the unorganised sector at a much faster pace. This is the opposite of what happens in any rapidly industrialising economy.

In a market economy, jobs are created primarily by private market participants. If the regulatory regime is coming in the way of job creation by market players, its review and reform should get the highest priority. Long neglected, a beginning was made a few years back with the drafting of four labour codes to consolidate, rationalise and reform the over 40 labour laws. These have been in the public domain and stakeholder consultations have also been undertaken.

Retaining the substance of the present regulatory framework with four simpler codes, which also provide for digital record keeping and reporting, should be easy enough. Introducing credible third party certification should also not be difficult. This easy minimum reform would give great relief. Opposition from the existing labour bureaucracy who would see an erosion of their rent-seeking powers would be natural, but should certainly not be insurmountable.

Viable middle ground

On substantive changes, a viable middle ground between incrementalism and radical overhaul should also not be difficult. One such could be to retain the existing structure and bargaining power of the trade unions but dispense with the need for prior permission for reducing the workforce. But, surprisingly, this key reform of having just four labour codes did not get political priority and no effort was made to enact legislation.

In reform policy discussions, this has not been getting sufficient attention. The underlying premise has been that no government would have the political will to attempt labour reforms as the trade unions would not permit it and they were politically far too powerful. This is an unnecessarily timid view. India has been successfully undertaking major reforms, including the dilution of the fiscal autonomy of the States by amending the Constitution to introduce GST. The organised labour movement has been naturally apprehensive of the import of the American 'hire and fire' culture and the emasculation of the trade unions and their collective bargaining power that 'labour reforms' connote. It would be useful to look at the social market economy conceptual framework of Germany and the Scandinavian economies, their social welfare systems and lower levels of inequality.

Economic realities have also been changing in India where de facto labour market flexibility has become a reality with the widespread use of contract labour, including by government itself. Since the overwhelming majority of workers are in the unorganised sector, democratic forces across parties and regions have been nudging the polity towards putting in place the basic features of the social welfare state; healthcare, unemployment relief and old age pension.

Unemployment relief in rural areas was provided through MNREGA and there is now some talk of putting in place something similar for the urban areas. Universal healthcare and old age pension schemes have been initiated.

For the organised sector, the paradigm of joint contribution by the employer and the worker has been the universal operating principle from the early days of industrialisation. But in India, this ends up acting as a disincentive for low wage workers and their low profit employers to enter the organised sector.

To encourage employment generation, there have been two strands: one, to increase the threshold of the number of workers over which labour laws would apply, and the other, to give some financial relief to those who generate new jobs.

Social security

But the most radical approach would be to have a state funded comprehensive floor level social safety net covering unemployment (minimum income), universal healthcare and old age pension for all workers in the unorganised as well as organised sectors, exempting both employees and employers from contributions for this and to fund it fully with increases in corporate and personal income tax rates, which are presently far lower than in Northern Europe.

A softer version would be for the state to fully fund employee and employer contributions for wages up to a prescribed level and for employer and employee contributions to kick in thereafter to supplement what the state provides. The benefits of higher productivity of the workforce flowing from a comprehensive social safety net are not adequately appreciated.

The real advantage of this would be to do away with the distinction between the worker in the organised and unorganised sector and to create a regulatory regime which provides for a smooth transition from a micro to small, to medium, and finally to a large enterprise. These are complex issues that need serious discussion. Given the severity of the challenge, radical approaches for job creation are now unavoidable.

The writer is former Secretary, DIPP, and Distinguished Fellow, TERI

US economists less optimistic, see slower growth: survey	Business Standard https://www.business-standard.com/article/pti-stories/us-economists-less-optimistic-see-slower-growth-survey-119032500163_1.html

US economists are less optimistic about the outlook and sharply lowered their growth forecasts for this year, amid slowing global growth and continued trade frictions, according to a survey published Monday.

And while the odds of a recession by 2020 remain low, they are rising, the National Association for Business Economics said in their quarterly report.

The panel of 55 economists now believe "the US economy has reached an inflection point," said NABE President Kevin Swift.

The consensus forecast for real GDP growth was cut by three tenths from the December survey, to 2.4 per cent after 2.9 per cent expansion in 2018.

The economy is expected to slow further in 2020, with growth of just 2 per cent, the report said.

Three-quarters of respondents cut their GDP forecasts and believe the risks of to the economy are weighted to the downside.

"A majority of panelists sees external headwinds from trade policy and slower global growth as the primary downside risks to growth," NABE survey chair Gregory Daco said in a statement.

"Nonetheless, recession risks are still perceived to be low in the near term." Panelists put the odds of a recession starting in 2019 at around 20 per cent, and for 2020 at 35 per cent, slightly higher than in December.

Daco said that "reflects the Federal Reserve's dovish policy U-turn in January" when the central bank said it would keep interest rates where they are for the foreseeable future, a message reinforced this week.

After four rate increases last year, Daco said a "near-majority of panelists anticipates only one more interest rate hike in this cycle compared to the three hikes forecasted in the December survey." Panelists see wage growth as the biggest upside risk to the economy, despite expected increase of just 3 per cent this year, as inflation holds right around the Fed's 2 per cent target.

Abu Jani and Sandeep Khosla present 'Inheritance' in aid of CPAA	**Business Standard** https://www.business-standard.com/article/news-ani/abu-jani-and-sandeep-khosla-present-inheritance-in-aid-of-cpaa-119032500525_1.html

The weekend brought one of the most awaited events of the fashion with heart calendar as Abu Jani Sandeep Khosla presented a fashion show to celebrate 50 years of The Cancer Patients Aid Association.

"It is an immense honour and privilege to work with CPAA for the third year in a row. Their work to empower and heal people and families affected by Cancer is unsurpassed. As they mark 50 years of committed service to the community, we are delighted to be a part of this event. Cancer is treatable and beatable. Let's all be a part of this fight," said Abu Jani & Sandeep Khosla.

The duo has chosen to pay tribute to India's textiles and embroidery legacy at their presentation for CPAA this year. Entitled 'Inheritance' it is a spectacular expression of heritage textiles from across the country, each used as a canvas for spectacular embroideries.

This joint initiative by Fevicol and CPAA aims at raising funds for the Cancer Survivors and help them to lead a happy and healthy life. In this edition of 'Fevicol Caring with Style' fashion show, renowned duo-designer Abu Jani & Sandeep Khosla along with queen of drapes, fashion designer and politician, Shaina NC showcase their collection.

From Bandhini tie and dye, Banarasi tissues, jamdanis and khadi to Assam weaves and Kanjeevaram silks, a multitude of techniques from chikankari and zardozi to gota and resham find new birth in their collections. Iconic motifs like the paisley, lotus and bindu or dot become the inspiration for dazzling creativity.

"We have sourced the most exquisite fabrics and textiles from across India, from leading weavers and companies. Each one expert in a particular weave. These fabrics form the DNA of this collection. Our flight of fantasy to take our inheritance and create beauty," Shared the duo. There was a power-packed celebrity presence on the ramp which included Sonam Kapoor Ahuja, Karan Johar and Shweta Bachchan Nanda, each of them supported this incredible cause.

Sonam Kapoor wore a dream ensemble in off-white georgette with pastel and gold lace zardozi borders. Paired with Ijaar pants that have a broad and dramatic zardozi border. Teamed with an exquisite pair of peacock chandbalis and a maangtikka designed by Abu Jani Sandeep Khosla crafted by Saboo, a beautiful Banarasi Jamdani dupatta provided the final flourish.

Karan Johar was dapper in AJSK Man sporting an open coat with inner kurta and churidar in the finest khadi silk. The off-white coat is lavishly hand embroidered in gold zari and silk thread. He carried a Jamdani shawl edged with gold zari borders and accessorized with an elephant statement ring from the Saboo by AJSK jewellery line.

Shweta Bachchan wore an ensemble from The 'Chakra' collection. This is a new expression of a vintage AJSK range. Soothing earth tones come alive with elaborate multi-colour resham and gold gota hand-embroidery in this ghagra. Worn with both a dupatta and an exquisite bandhini sari from Ahmedabad as a drape. The bandhini sari has been sourced by the duo and enhanced with embroidery and accents. A wonderful melange of drape, printing

techniques and elaborate craftsmanship to create majestic beauty. The final touch was the chandbalis and kadas, delicate maangtikka designed by Abu Jani Sandeep Khosla crafted by Saboo.

Guests present to support the designer duo as they unveiled Textiles of India were Amitabh and Jaya Bachchan, Maheep and Shanaya Kapoor, Kavita and Priya Singh, Sussanne Khan, Anandita De, Kajal Anand, Tanya and Arvind Dubash, Debbie Hitkari, Ruchira Aggarwal, Pragya Kapoor, Tarika Mariwala, Karan Singh, Kiran and Namrata Sharma, Shivani Patil, Mallika Tarkas Parekh, etc. It was an evening of style, substance and heart.

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U.S.-China trade war poses the biggest risk to global stability, says IMF official	**The Hindu** https://www.thehindu.com/business/us-china-trade-war-poses-the-biggest-risk-to-global-stability-says-imf-official/article26640563.ece

‘Fiscal stabilisation needed to respond to economic shocks in Europe’

The U.S.-China trade war poses the biggest risk to global stability and fiscal stabilisation is needed to respond to economic shocks in Europe, IMF First Deputy Managing Director David Lipton said on Monday.

“Obviously, this is not a matter for Europe alone. The United States needs to get its fiscal house in order as well. U.S.-China trade tensions pose the largest risk to global stability,” Mr. Lipton said at a conference here.

The trade dispute, which began eight months ago, had affected the flow of billions of dollars of goods between the biggest and second-biggest economies in the world.

Mr. Lipton said he believed fiscal stabilisation capacity must be at the heart of risk reduction in Europe, describing it as crucial to “respond to macroeconomic shocks and improve the fiscal-monetary policy mix.”

“In its absence, the Euro area will remain over-reliant on monetary policy for stabilisation and too much of the burden of crisis response will fall on individual countries, with their ability to respond depending on each country’s fiscal space.”

Mr. Lipton said Britain’s planned exit from the EU was also breeding uncertainty in Europe and beyond.

Deceleration in Europe

Regarding Europe’s recent economic deceleration, he said each EU member state should “strengthen their defences ahead of a potential downturn,” including those countries that have not addressed “glaring vulnerabilities,” notably Italy.

“A serious recession could be very damaging for these countries, because they will be shown to be ill-prepared,” he said. “Their weaknesses could present a serious setback for Europe’s goal of convergence of standards of living, productivity, [and] of national well-being.”

Textile industry seeks protection from high import growth	The Jakart Post https://www.thejakartapost.com/news/2019/03/26/textile-industry-seeks-protection-from-high-import-growth.html

The textile industry is seeking the government's protection from high growth of imports as the sector could not compete in both domestic and international markets.

According to data from Statistics Indonesia (BPS), export growth in the textile industry has been just 3 percent annually over the last 10 years, while import growth was 20 percent annually in the same period.

Indonesian All Textile Experts Association (IKATSI) chairman Suharno Rusdi said the textile industry was currently in very bad condition because the domestic market was flooded by imported products.

"If it is allowed to happen continuously, it would endanger our textile industry and textile products because we will rely on imported products and the local textile industry will further lose its domestic market," he said on Monday as quoted by kontan.co.id.

To deal with the issue, Indonesia needed to introduce a law on cloth sovereignty to help the domestic textile industry to develop, Suharno said, adding that the law would not only regulate imports, but also had to offer incentives to support the development of the national textile industry.

"The existence of such a law is urgent for the national industry. IKATSI will struggle to support the birth of such a law," he said.

Indonesian Filament and Fiber Producers Association (APSyFI) secretary-general Redma Gita Wirawasta made a similar statement, saying the upcoming Idul Fitri celebration should be used as an opportunity by the government to protect local textile products from the storm of imported products.

"In the last five years, Indonesia's local textiles could not benefit from Idul Fitri because of the entry of thousands of containers of textile products to the Indonesian market," Redma said, adding that in 2017, Finance Minister Sri Mulyani Indrawati tried to stop the massive entry of textile products, but it only lasted six months.

Therefore, Redma called on the Trade Ministry to immediately control the entry of textile imports to help the local industry survive.

He also called on President Joko "Jokowi" Widodo to pay attention to the issue because the massive imports of such products had also contributed to the country's trade deficit.

Footwear, textile made in Nigeria, by Chinese companies	**Guardian.ng** https://guardian.ng/business-services/footwear-textile-made-in-nigeria-by-chinese-companies/

Nigeria is largely a consumption-based economy with a very low manufacturing base. Most local and multinational businesses rely on imports for sourcing a significant percentage of raw materials, with minimal value addition (mostly packaging) taking place in Nigeria. With purchasing power still low to help many firms break even, one of the options being explored by many is to design such products locally and produce from China. FEMI ADEKOYA writes.

Beyond patriotism, encouraging domestic production aids business for the manufacturer, the supply chain, the end-user, and the economies, large and small, that it exists within.

However, the appeal to produce locally is easily threatened by challenges of infrastructure, low disposable income, unchecked competition from foreign goods, mostly sub-standard but appealing because of price, quality and access to cheap finance.

Considering that key economic factors like labour, population and capacity to buy, used by any investor to determine the availability of a market favour Nigeria, the concerns remain that the Nigerian manufacturing sector is operating below capacity due to several challenges.

For local footwear designers like Afolabi and Emmanuel (not real names), producing for the local market requires ability to scale quickly in order to meet consumers' specification in terms of sizes and design, constant electricity and newer technology to aid the processing of the raw leather and finishing of the final product.

To compound their woes, they have to also compete with imported and smuggled shoes from China and neighbouring African countries.

For Chinese exporters, saturation in traditional markets means looking for greener pastures elsewhere, particularly in the emerging markets of South America, including Brazil, with its 300-million-strong population, and Africa, especially Nigeria with population estimated to be rising to 200 million.

To compete, many of the local designers have had to resort to designing the footwear and then send them to China for mass production with their labels to make it look 'proudly Nigerian.'

Indeed, the World Bank trade statistics for 2017 showed that 88.2 per cent of total footwear imports come from China, accounting for $115 million, while the highest export for footwear within the period was to United States valued at a paltry sum of $8,461.68.

For the textile sector, the Nigerian Textile Manufacturers Association estimates a yearly bill of $1.2 billion from smuggled apparel.

There are concerns around the recent signing of the pact forming the African Continental Free Trade Area (AfCFTA) in

Kigali.

Stakeholders within Nigeria's textile, apparel and footwear industry are convinced that if the Federal Government signs the agreement, it would have an adverse effect as it could accelerate the importation of cheaper imported textiles and garments.

Why the sector is still in the doldrums

According to industry stakeholders, operators in the sector lack funds to re-tool and upgrade their machines to newer models that can aid efficiency and profitability.

With access to local raw materials (cotton in the case of textiles and garments) becoming limited as a result of insurgency in some parts of the Northeast, which has reduced growing of cotton in the region, many operators have resorted to using other variants available through petrochemicals.

Similarly, they alleged that the special intervention fund by the Central Bank of Nigeria (CBN) is not reaching the real stakeholders as modalities to receiving the funds were yet to be determined.

Industry players raise concerns about patronage
The Chairman of Textile Apparel and Footwear Sectoral Group (TAFSG) of the Manufacturers Association of Nigeria (MAN), Alhaji Muhammad Kabir Haruna, who is also a Director of the FAMAD footwear manufacturing company, stated that apart from having to deal with infrastructural challenges that limit competitiveness in Nigeria, many firms do not get patronised by the government nor its agencies.

According to him, getting government agencies, especially those under the ministry of interior to procure their footwear from local manufacturers remain herculean as preference for imported footwear remains high

When you are manufacturing in Nigeria, you have so many things to consider— power, water, roads among others. In other countries, these are even taken for granted, because they are available. For the footwear industry, we also have to deal with the influx of foreign-made footwear, especially those from China.

"Despite the Executive Order 003, government agencies find it difficult to patronise local manufacturers. We have exhibited our products, which went through various checks and quality control, and we came out top; yet, they are not open to patronising us.

"Now in production of army footwear, there are so many parameters and standards by the United Nations, and you have to meet them.

"So, for example, if the army goes on the war front, and a soldier is pierced and injured by a thorn, it affects his capacity to perform optimally, so for that, they need leathered soles and everything, something we can produce in Nigeria, but they took it to Aba, so that if they say they patronise some people in Aba, and they failed, they will say it is the Nigerian manufacturers' fault", he added.

Beyond challenges with local patronage, he explained that competition with second-hand imported shoes is another

problem faced by manufacturers.

“Beyond textiles and clothings, there is the influx of second-hand shoes, you may not know it but, in some places, the second-hand shoes imported from God knows where, are even retailed higher than our own brand new locally produced footwear, that is in spite of the health hazards that is inherent in these second-hand shoes.

“It is easy in second-hand clothes, you can boil your water, put all the disinfectants and everything and sanitise them before you start wearing, but in the case of footwear, you just have to dust them, shine, and wear them. You don’t know the last user neither his health status”, he lamented.

For textile manufacturers, it is not so much of a different story as many institutions, especially primary and secondary schools opt for foreign apparels, while some textile materials are simply designed and mass produced in China.

Until the recent intervention of the Federal Government with regard to gas pricing for electricity used by textile manufacturers and the Central Bank’s forex restriction on imported textiles, the industry has continued to operate below 40 per cent of its capacity.

According to the Chairman of MAN Gas Users Group, Dr Michael Adebayo, the growth of the manufacturing sector is being hampered by the huge burden of energy crisis caused by power outages and high cost of petroleum products, adding that many factories have stopped production due to the exorbitant and dollarisation pricing of gas.

He expressed optimism that the revised gas policy would aid improved productivity in the textile and other allied industries.

“Within this year, we plan to increase our shifts and employ more people. A lot of companies have shut down operations due to the high cost of running their plants, coupled with the effects of smuggling on the business”, he added.

Similarly, the Nigerian Textile Manufacturers Association (NTMA), also urged the Federal Government to review some of its incentives to foreign investors, in order to promote growth of local manufacturers and a sustainable economy.

Hamma Kwajaffa, the Director-General of NTMA said that some of the incentives set to attract Foreign Direct Investments (FDIs) to the country were detrimental and posed a threat to the survival of many local textile manufacturers.

“We decry the proposal that operators, who invest a minimum of 10 million dollars in local cotton, and textile garment industry and employ 500 direct Nigerian workers, can import fabrics worth 50 per cent of their operation levy free for a period of five years.

“We textile manufacturers in the country have set a target to boost our production and also a 100 per cent off-take of locally produced raw cotton.

“What happens to our own cotton produce? Will the farmers wait for you for these five years? With the proposed

policy, that means you are discouraging cotton production and invariably the value addition to the textile industry.

“After all, there are investors in the country with more than one billion dollars investment such as Sunflag Ltd., UNTL Ltd., which have above that in the textile industry.

“The investors that are being encouraged to come in with finished fabrics would kill local manufacturers and hinder our quest to attain global competitiveness.

“If new investors are allowed to import fabrics duty free and vat free, it will infringe on the planned 1.7 billion metres of finished fabric sector target programme for the textile industry,” he said.

CBN’s monetary policy to the rescue
The Central Bank of Nigeria (CBN) earlier in March, placed a ban on access to foreign exchange to importers of textile materials in the country.

“Effective immediately, the CBN hereby place the access to FX for all forms of textile materials on the FX restriction list. Accordingly, all FX dealers in Nigeria are to desist from granting any importer of textile material access to FX in the Nigerian foreign exchange market”, CBN Governor, Godwin Emefiele said.

According to the CBN governor, Nigeria currently spends over $4 billion annually on imported textiles and ready-made clothing. He said the potential market size of the domestic textile industry is over $10 billion.

The erstwhile textile industry – which had companies such as United Textiles in Kaduna, Supertex Limited, Afprint, International Textile Industry (I.T.I), Texlon, Aba Textiles, Asaba Textile Mills Ltd, Enpee and Aswani Mills – was the largest employer of labour in Nigeria after the public sector, contributing over 25 per cent of the workforce in the manufacturing sector, according to Emefiele. The industry was supported by the production of cotton by 600,000 local farmers across the country.

He said various operational challenges led to the decline of the sector, leaving only the current 25 textile factories, which are operating below 20 per cent of their production capacities with a total workforce of less than 20,000 people.

The apex bank governor said a range of strategies would be put in place to check the activities of smugglers, stating the menace of smuggling is a threat to efforts towards achieving self-sufficiency in textiles manufacturing in the country.

Wrong approach, says LCCI
Citing the consequences of using a one-size fits all solution to address trade issues, the Lagos Chamber of Commerce and Industry (LCCI) has stated that the N5 trillion textile industry needs a combination of trade and monetary policies to function efficiently.

Garment and textile industry on course to conquer domestic market	En.Nhandan.org http://en.nhandan.org.vn/business/item/7279202-garment-and-textile-industry-on-course-to-conquer-domestic-market.html

NDO - Vietnam's garment and textile industry has continuously promoted investment and implemented solutions to dominate the domestic market besides maintaining exports. However, businesses in the industry need to improve product quality and renew designs to increase their competitiveness towards sustainable development.
Pressure from foreign "giants"

The "landing" of giant global enterprises in the fashion industry in the Vietnamese market in recent years has brought about thousands of billions of Vietnamese dong in revenue each year, which startled domestic enterprises, urging them to draw experience on business strategies. Since joining in the Vietnamese market in September 2016, the revenue of Zara Vietnam has continuously increased, from VND321 billion (US$13.80 million) after four months of operation to more than VND1,100 billion (US$47.3 million) in 2017. The company was estimated to gain a higher revenue of VND2,300 billion (US$100 million) in 2018.

Similarly, Hennes & Mauritz AB (H&M), a fashion company based in Sweden, officially launched its store in Vietnam in September 2017. After more than a year in Vietnam, H&M has expanded to six stores in Hanoi and Ho Chi Minh City. Along with the popular basic product lines, H&M has advantages in new designs and it also sells accessories at reasonable prices. In addition, the H&M in partnership with renowned designers such as Karl Lagerfeld, Balmain (Sweden) and GP& J Baker (the UK) to produce and sell fashion products. H&M does not disclose its business results in Vietnam, but it assesses Vietnam as an attractive and potential market for fashion retailers.

After Zara and H&M, Uniqlo - a famous fashion brand from Japan, is also preparing to enter the Vietnamese market in the near future, demonstrating the attractiveness of foreign fashion to Vietnamese fashion followers.

As one of the leading countries in textile and garment exports, domestic garment and textile enterprises have constantly invested in equipment and improvements to designs in a bid to increase their market share and enhance their performance. So far, several domestic apparel brands have been well received by consumers such as May 10 (Garment 10 Corporation), Viet Tien, and others.

Head of the Marketing Division of May 10, Bui Duc Thang, affirmed that Vietnam's fashion market is witnessing positive changes through breakthroughs in design and customers' fashion thinking. Understanding this demand, foreign fashion firms such as H&M, Zara, and Uniqlo are expanding their influence and gradually approaching the Vietnamese market in many different ways. This is also an opportunity for domestic textile enterprises to assess the issue scientifically based on the market's reaction to these brands to make appropriate adjustments regarding product strategy and the way to approach and serve customers.

With the advantages of distribution networks, resources and costs, May 10 is capable of competing fairly with international fashion brands. The company has recently offered a wide range of stylish and diverse fashion products in various types of materials in accordance with the current trend of Vietnamese and international fashion, with some high-end fashion products such as Eternity GrusZ, May10 M series, ECO product line or modified Ao Dai.

Similarly, Chien Thang Garment Company has launched its Padu fashion line and Duc Giang Corporation introduced its fashion brands of HeraDG, Paul Downer, DGC, Dugarco Collection, and others.

Increasing localisation rate

General Director of the Vietnam National Textile and Garment Group (Vinatex) Le Tien Truong affirmed that, to expand the market share and develop the domestic market, it is necessary to carefully consider strategies in accordance with the capacity of the distribution system. The success of foreign firms does not mean that domestic firms will succeed. Foreign enterprises have advantages in finance, human resources, modern management methods, and others. Therefore, they can sell products at low prices to attract consumers. If domestic firms open new stores massively while not ensuring the quality and origin of products, they will lose prestige and customers. The domestic market is definitely important but domestic firms should cut their coat according to their cloth.

Over the past few years, Vietnam's textile and garment industry has always been proud to be one of the top three exporters of textiles and garments in the world. However, domestic enterprises seem to vacate their home market and give up the market to foreign fashion firms. Being aware of the problem, in the past few years, domestic enterprises have constantly boosted their investments and improved technology while creating new samples to enhance the added value of each product.

Chairman of the Vietnam Textile and Apparel Association (Vitas) Vu Duc Giang said that Vietnam currently has 158 domestic garment brands and most of them are aware of the value of brands and packaging added to products and are not dependent on foreign brands. The Vietnamese textile and garment industry is also gradually raising the localisation rate and focusing on developing the domestic market, including the participation in the programme "Vietnamese people prioritise using Vietnamese goods" and programmes to bring textile products to industrial zones. Furthermore, the industry has taken the initiative in devising development strategies and calling for investments in the segment that Vietnam faces shortages. In addition, the domestic textile industry has promoted the training of resources to meet the requirement from the industrial revolution 4.0 and the increasing demands of the domestic and international fashion industry.

A representative from Vinatex said that the group has been continuously responding to the campaign "Vietnamese people prioritise using Vietnamese goods" through practical actions. Vinatex not only calls for its member units to participate in the campaign and develop long-term strategies in the domestic market, it also signs deals with other corporations to support each other and use each other's products.

Thanks to its considerable efforts, the total domestic revenue of Vinatex reached more than VND12,638 billion (US$543.43 million) in 2018, up 22.58% compared to 2017. However, in order to make apparel products win the heart of the people, it requires the attention and support of relevant ministries and sectors regarding the removal of difficulties in export procedures, reduction of administrative procedures, cumbersome rules and regulations on bidding, and incentives in tax and fees so that businesses find it easy to connect and use each other's products.

Karl Mayer launches new nonwovens machine series	Innovation Textiles.com https://www.innovationintextiles.com/karl-mayer-launches-new-nonwovens-machine-series/

Karl Mayer launches new Racop-NW series of raschel machines for web bonding. © Karl Mayer

Karl Mayer, a leading German textile machinery manufacturer, says it is setting the standard in the nonwovens sector with its new Racop-NW machine series. These high-speed raschel machines bond fibrous webs to form nonwovens using two or three guide bars, thus offering all the usual advantages of knitting technology over other processes.

“This process, therefore, produces textile characteristics, such as elasticity and voluminosity, which is not the case when using chemical bonding agents. Much less energy is consumed compared to thermal processes. The new Racop-NW models also combine flexibility with maximum productivity – factors that have led to their widespread acceptance by the market,” the manufacturer explains.

Karl Mayer sees sales opportunities mainly in reusable shopping bags as an alternative to plastic bags, as well as hygiene products, such as cleaning cloths and hook-and-loop fastenings for babies’ nappies. Technical applications also offer a wide range of end-uses, such as cable sheaths in the automotive sector, filling and insulating materials, e.g. for mattresses, textile surfaces for carpet tiles, and linings and interlinings for shoes and clothing.

Technical concept and market launch

The first models in the Racop-NW machine series are the Racop 2-NW and Racop 3-NW. The machines are available in the gauges of E 12, E 14, E 22 and E 28 and with a working width of 160" initially. More working widths and optional electronic guide bar control are being planned. The EL function considerably increases the range of patterns and constructions that can be produced, and thus extends the potential of the new raschel machines for use in web bonding.

These machines process feed webs and other carrier substrates that can be pierced in thicknesses of up to 5 mm. A device for forming pile loops is optionally available to cater for special applications, and fabrics with special specifications can be produced. As well as being versatile, the Racop-NW machines are also fast, and operate at a maximum speed of 2,000 min-1.

The Racop 2-NW and Racop 3-NW machines are available to order immediately, and four machines have already been delivered. The new machine series will make its debut at an in-house show to be held at Karl Mayer’s headquarters in Obertshausen during Techtextil 2019, in May.