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IBTEX No. 28 of 2019 February 06, 2019

USD 71.53| EUR 81.54 | GBP 92.69 | JPY 0.65

Cotton Market		
Spot Price - Shankar 6 (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
20335	42500	**75.71**
Domestic Futures Price (Ex. Warehouse Rajkot), February		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
20550	42950	**76.52**

International Futures Price	
NY ICE USD Cents/lb (March 2019)	73.40
ZCE Cotton: Yuan/MT (May 2019)	15,250
ZCE Cotton: USD Cents/lb	102.56
Cotlook A Index – Physical	**82.25**

Cotton Guide: The ICE contracts finally ended with positive figures yesterday. Post 9 pm yesterday we saw a huge green candle stick taking the prices from 72.89 cents/lb to 73.55 cents/lb. The ICE March contract after touching a high of 73.74 settled at 73.40 cents/lb with a positive change of +64.

The other two nearby contracts also ended with positive changes in their 60's. The ICE May contract settled at a figure of 74.69 cents/lb with a positive change of +61 whereas the ICE July contract settled at a positive figure of 76.04 cents/lb with a positive figure of +60. We presume that the range for ICE March would be 73-75 today.

From the recent CFTC Data, it was brought to light that speculators switched to net short positions in cotton on ICE Futures in the week to December 31. In cotton the speculators cut around 9,754 contracts to flip to a net short position of 8,318 contracts which is considered as the first net short position since April 2016.

The MCX contracts on the other hand did not end with drastic changes as yesterday but the ended with descent negative numbers. The MCX February contract ended with a decline of (-30) Rs at 20,550 Rs/Bale.

The MCX March contract ended with a decline of (-50) Rs at 20,830 Rs/Bale whereas the MCX April contract ended with a slide of (-40) Rs at 21,140 Rs/Bale. The volume of the most active MCX February contract dropped down drastically to 1383 from 2616 that amount to a negative change of (-1233) lots, whereas the open interest amounted to a decline of (-36) lots to 10631 lots.

The arrivals have been estimated to be 183,000 lint equivalent bales (source cotlook) including 57,000 registered in Maharashtra, 45,000 in Gujarat and 31,000 in Andhra Pradesh. The average prices of Shankar 6 is still around the 42,500 Rs/Candy range. The Cotlook Index A has been adjusted with a slide of (-0.75) at 82.25 cents/lb.

Speaking about being the apex producer of cotton, India is set to lose its spot of being the number 1 cotton producing nation to China, due to inadequate rainfall and increase of yield in China.

ICE cotton futures witnessed recovery in yesterday’s trade after previous week’s decline. Meanwhile price almost retraced 38.2% of the range (81.85-70.65) during last week and erased its gains as weakness in strength persists in the market. The RSI continued to trade below 50 suggesting momentum is still lagging for price to move above the 21 day EMA .

In the near term strong supports exists around 71.90, followed by 70.60, 70.00 levels. Likewise crucial resistance seen around 74.60, 75.18, followed by 76.50 levels. For the day price is expected to consolidate in the range of 72.60-73.90 range.

In the domestic markets trading range for Feb futures contract will be 20510-20840 Rs/Bale.

Currency Guide

Indian rupee may witness mixed trade against the US dollar but overall bias is still on the weaker side. Supporting Indian rupee is some correction in crude oil price and general strength in US and global equity market. Brent crude slipped below $62 per barrel amid rise in US crude oil stocks and disappointing US and European economic data.

Asian equity markets are trading largely higher after gains in US market yesterday on some upbeat corporate earnings results. Fed's dovish stance has also underpinned rupee against the US dollar. Dallas Fed President Robert Kaplan said he's waiting on clarity about the US economic outlook before supporting further moves on interest rates. However, weighing on rupee are fiscal concerns as government has announced fresh measures in the Budget to support farmers and other sectors.

Also weighing on rupee is disappointing economic data. Nikkei India Services Business Activity Index fell from 53.2 in December to 52.2 in January, indicating a softer expansion in output. Also weighing on rupee is general strength in US dollar amid concerns about health of European economies and general higher yields post US non-farm payrolls data. Rupee may also be affected by positioning ahead of RBI decision tomorrow.

The central bank is largely expected to keep interest rate unchanged but some market players are expecting RBI to change its stance from calibrated tightening to neutral. Rupee may witness choppy trade ahead of RBI decision however general bias may be on the weaker side owing to fiscal concerns and general uptrend in crude. USDINR may trade in a range of 71.3-71.8 and bias may be on the upside.

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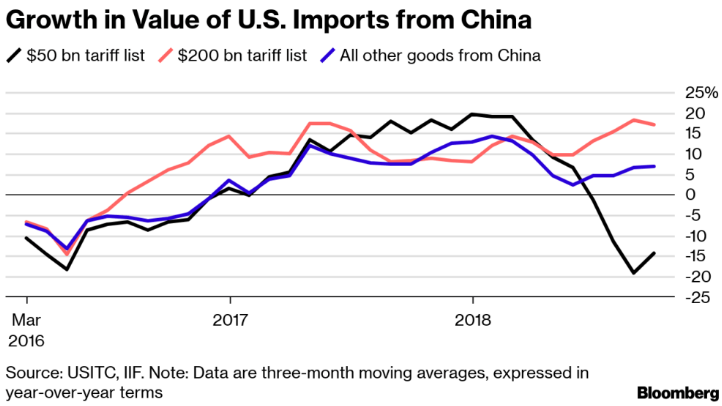
INTERNATIONAL NEWS

Trump's China Tariffs Are Delivering on One Front, Study Finds

President Donald Trump's tariffs on imports from China continue to attract opposition from economists and much of the business community. They also may be delivering on at least one goal of the administration's trade wars: reducing imports of targeted products from China.

In a new study, economists at the Institute of International Finance found 25 percent tariffs imposed last summer on a $50 billion list of more than 1,000 products ranging from electric cars to industrial seals and medical imaging machines reduced both the value and volume of those products imported from China.



They also found that 10 percent tariffs on a further $200 billion in imports that took effect in late September had less of an impact and had led to a well-documented pre-tariff surge in imports as companies sought to get ahead of the tariffs.

The IIF study released Tuesday affirms one of economics' founding truths — raise a price on a product and demand for that product tends to fall.

It points to how businesses are adapting to Trump's tariffs. "U.S. importers are using fewer Chinese goods, while Chinese exporters are partially lowering prices to offset tariffs," wrote IIF researchers Sergi Lanau, Gene Ma and Greg Basile.

But it also illustrates how tariffs may do little to fulfill another of Trump's stated goals: reducing the U.S. trade deficit.

The impact on total U.S. imports from China in 2018 was "muted," the researchers wrote, largely because of the rush to get ahead of tariffs that it caused on the larger $200 billion list.

Trump initially threatened to raise those tariffs to 25 percent on Jan. 1 but has delayed that to March 1 as he has sought to negotiate a deal with Xi Jinping, his Chinese counterpart.

"Moreover, strong U.S. growth in 2018 lifted imports from all countries, offsetting the impact of tariffs on the wider U.S. trade deficit," the IIF economists added.

The IIF study also found that the tariffs had done little to reduce the U.S.'s bilateral deficit with China, amid retaliatory duties from Beijing and "a large reduction in China's imports from the U.S."

That impact of the retaliatory tariffs on U.S. exports, the IIF researchers said, would be the focus of one of their next studies.

Source: sourcingjournal.com- Feb 05, 2019

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Giant Shopping Spree to Show What's Really Up With China Economy

China's consumers have cut back on purchases of everything from Apple Inc.'s iPhones to Swiss watches as the trade war with the U.S. hits the economy.

Landing just days after hundreds of local companies issued profit warnings and multinationals sounded the alarm about softening demand, the week-long Lunar New Year holiday will provide the next litmus test of the resilience of the Chinese shopper.

Starting Feb. 4, the seven-day period sees hundreds of millions of people travel within the country to see relatives, fly overseas to take vacations – and open their wallets to buy gifts. In 2018, Chinese spent 926 billion yuan ($137 billion) at restaurants and stores ringing in the Year of the Dog.

This year's celebration is the first to take place during a trade war with the U.S., and as China's 1.4 billion people prepare to welcome the Year of the Pig, the data don't bode well. The trade fight has dragged on China's stock and property markets, and gross domestic product in the final quarter of 2018 rose at the slowest pace since the global financial crisis.

Companies selling to middle-class consumers will be the most vulnerable this holiday as wealthier Chinese continue shopping but the more budget-conscious cut back, said Adam Xu, a partner in Shanghai with consulting firm OC&C, who advises retail and consumer companies on their China strategy. “The slowdown in growth is happening and most likely in the mass part of the market,” Xu said.

With Chinese consumers in the global spotlight, here’s the outlook for some industries that count on them spending to ring in the New Year holiday.

Buying bling

Demand for jewelry has traditionally climbed during the holiday because gold is seen an auspicious gift from older generations to younger ones. These days, it’s not just the weak economy that has the bling industry feeling the holiday blues. Nikos Kavalis, London-based director of research firm Metals Focus Ltd., said buying “will not be what it used to be 10 years ago because a lot more Chinese consumers nowadays choose to travel abroad rather than go to their hometown.”

Hong Kong’s Chow Tai Fook Jewellery Group Ltd., is expecting no sales growth this year compared with the New Year holiday in 2018, according to Managing Director Kent Wong. The company is trying new product designs to inspire consumers to splurge.

“We believe some discretionary purchases, especially for those high-price products, will be hit by the market conditions,” he said.

Luxury litmus test

Many of the big luxury brands say that China’s rich are still shopping hard. French fashion giant LVMH on Jan. 29 reported strong demand for its spirits and leather goods from Chinese consumers. “The trend of last year continues in January because Chinese New Year is very close now,” Chief Executive Officer Bernard Arnault said in an interview with Bloomberg Television.

Premium goods are popular purchases during the festive season, and the week-long holiday will be an indication of just how resilient the biggest spenders are. There have already been pockets of weakness. Exports of Swiss watches to China slumped in December and Swatch Group AG reported Jan. 31 that China contributed to a slowdown in the fourth quarter.

Duty-free boom

Chinese consumers account for a third of global duty-free spending, and the economic slowdown has weighed on travel companies.

The Lunar New Year could be key to turning things around. More than 400 million Chinese tourists are likely to travel domestically during the holiday, about 4 percent more than last year, according to Citigroup. Seven million Chinese will head to overseas destinations, an 8 percent rise from last year.

With the yuan down over the past year, tourists may be heading to more affordable destinations in Asia. Duty free operators like Japan Airport Terminal Co. could benefit, according to a Bloomberg Intelligence report published Jan. 22.

Counting on high rollers

Casino operators count on the holiday to bring in tourists from China's mainland. Last year, Macau had more than 900,000 visitors during the New Year break, about 40 percent more than the average week. Average hotel rates were about 2,000 patacas ($247), almost four times the usual price.

Weakness in China's property and manufacturing sectors has dampened the annual outlook for the world's largest gaming destination. Analysts expect Macau's 2019 casino revenue to decline about 1 percent from last year, according to a Bloomberg survey. In November, they had been estimating 5 percent growth.

Tourists are still going to be flocking to Macau this holiday, according to Lawrence Ho, chief executive officer of casino operator Melco Resorts & Entertainment Ltd. The operator just launched a new stunt show and a Ferrari exhibition in its resorts.

"This Chinese New Year we will definitely see business growth," Ho said, adding that all of the company's hotels in Macau are fully booked for the holiday period.

Boozy times

Holiday purchases will account for about one-quarter of total sales for Kweichow Moutai Co., producer of China's favorite baijiu liquor, Chairman Li Baofang told the Xinhua News Agency in December. Chinese shoppers buy the company's drinks as gifts and for toasts at the family table.

But the economic slowdown is hurting demand for spirits heading into the New Year holiday. Demand for premium baijiu products has weakened from two months ago, according to a report published by China International Capital Corp. on Jan. 23 that said prices for premium liquor had dropped by 20 percent from October.

"The momentum of consumption in China has been slipping off, that's for sure," Takeshi Niinami, chief executive officer of Japan's Suntory Holdings Ltd., told Bloomberg Television in an interview from Davos.

Source: sourcingjournal.com- Feb 05, 2019

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Trade War Fallout: Turkey, Vietnam, Bangladesh aim to increase apparel exports

The trade war between China and the United States is expected to favor Turkey and Vietnam. Turkish clothing exports are expected to rise ten per cent in 2019.

In 2018, the country increased clothing exports by 3.6 per cent compared to the previous year.

The European Union continues to be the largest market for the Turkish clothing industry. In 2018, 71 per cent of its sales went to European countries.

The only fear the Turkish sector has is a hard Brexit, which could put in check exports to the European Union.

Vietnam too is looking to improve its positioning by taking advantage of the bad relationships between the largest fashion consumer market and its main supplier.

The Vietnamese textile and clothing industry plans to increase its exports by 11 per cent in 2019. Vietnam is about to sign a free trade agreement with the European Union, which would eliminate practically all existing tariffs in the exchange of goods between both parties.

Bangladesh also aims to take advantage of the trade conflict between the United States and China, and political tension between the European Union and Bangladesh.

In the first half of fiscal year 2018-19, textile and clothing exports from Bangladesh grew by 14.42 per cent compared to the same period of the previous year. Clothing exports soared in these six months by 15.6 per cent.

Source: fashionatingworld.com- Feb 05, 2019

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USA: Ginner is the Gatekeeper for Cotton Fiber Quality

Ginning is vital to maintain good cotton fiber quality and avoid contamination. Today, two cotton ginning industry leaders visited the Nonwovens and Advanced Cotton Laboratory at Texas Tech University to discuss latest developments in cotton fiber quality.

As part of West Texas cotton ginning industry visit, Shankar Venkatachalam, President of Alabama-based Bajaj ConEagle, LLC visited Lubbock and TTU's Advanced Cotton Laboratory. Shankar Venkatachalam was accompanied by Steve Moffett, General Manager of Lubbock Electric Company.

They conducted hands-on experiments on the oil absorption characteristics of low micronaire cotton mats developed in the laboratory, assisted by graduate students.

Oleophilic and biodegradable characteristics of cotton mats will create new opportunities for cotton, stated Shankar Venkatachalam.

Fiber strength, length and maturity play important role in the ginning process as well as influence the type of ginning method used. While cotton length is good in India, other characteristics like strength and maturity ratio make them not suitable for saw ginning. India's ginning sector is based on roller ginning, while in the United States it is based on saw ginning. Because of good fiber strength and maturity, fiber damage does not occur in the saw ginning stated, Shankar Venkatachalam.

We have come a long way in the past twenty years with regard to the staple length in West Texas and today majority of the crop is 36 staple, stated Steve Moffett. There has been tremendous technology influence in ginning, where remote monitoring is helping with production efficiency, added Moffett. Improvements in genetics and varieties have enabled higher staple length and more yield per acre, which have enabled gins to operate at their full capacity stated Moffett.

Lint cleaning and drying needs to be enhanced in Indian gins to enhance quality commented Shankar Venkatachalam. Roller gins operate at 75-100 Kgs/hour/machine, while saw gins operate at 15 bales/hour/machine.

It will be a paradigm shift to venture into saw gins in India as the fiber length is good enough to be processed through the saw gins at slower speeds. African gins run at a slower speed of about 10 bales/hour and have thereby improved the quality of their cotton according to Shankar Venkatachalam. South Africa is slow switching over to saw ginning to enhance its cotton quality.

As India is venturing into the next phase of Technological Mission on Cotton, it will be valuable to focus on the trash and quality of ginned cotton. Although Indian cottons entering gins are not moist, still it will be helpful to dry them to get cleaner cotton.

Bajaj ConEagle, LLC has about 20 saw gin installations around the globe with 10 in the United States. Its parent company, Nagpur, India-based Bajaj Steel industries, Ltd is a leader in roller gin technology and sells about 6000 roller gins per year in India and East Africa.

Source: cottongrower.com- Feb 05, 2019

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US retail jobs down by 15,100 in Jan '19 over Dec

Retail Industry employment in the US was down by 15,100 jobs in January 2019 unadjusted from a year earlier but increased 14,800 jobs seasonally adjusted from December, according to the National Retail Federation (NRF). The retail numbers showed that the nation added 304,000 jobs overall in January as compared to December, said the labour department.

January's retail job numbers built on a revised loss of 21,000 jobs in December from November. December was originally reported as a 15,200-job gain over November. The three-month moving average as of January showed an increase of 8,400 jobs.

January saw a surprising month-over-month gain of 17,400 jobs in sporting goods, hobby and book stores, a category that has been volatile with mostly negative job numbers, along with increases of 2,900 jobs at food and beverage stores, 2,600 at furniture stores and 1,500 at electronics and appliance stores. There were losses of 12,100 jobs at general merchandise stores, which include department stores, and 2,700 at health and personal care product stores.

Economy-wide, average hourly earnings in January were up 3 cents over December to $27.56 and up 85 cents from a year ago, a year-over-year increase of 3.2 per cent. The labour department said unemployment was 4 per cent, up from 3.9 per cent in December.

"January figures are always complicated to understand given weather and holiday hiring along with the labour department's annual benchmarking process of updating seasonal adjustment factors and population numbers," said NRF chief economist Jack Kleinhenz.

"Nonetheless, the numbers reinforce that the economy is in a good place and businesses are seeing demand for goods and services and consequently hiring more workers."

Kleinhenz noted that retail job numbers reported by the labour department do not provide an accurate picture of the industry because they count only employees who work in stores while excluding retail workers in other parts of the business such as corporate headquarters, distribution centers, call centers and innovation labs.

Source: fibre2fashion.com- Feb 05, 2019

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Vietnam faces widening trade deficit

The trade deficit will be a challenge for Vietnam this year. Vietnam still depends on imported materials, machines, equipment and spare parts.

The nation's export turnover in January this year was down 1.3 per cent year on year, while imports increased by 3.1 per cent.

In January, export value of key products sharply reduced. Exports of phones and devices were down 27.5 per cent and exports of electronics and computers decreased by five per cent. The value of machines, equipment, parts and tools which were imported was up 3.8 per cent.

This year, the implementation of free trade agreements and major agreements such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership and the EU-Vietnam Free Trade Agreement will create a new wave of investment in Vietnam by domestic and foreign businesses looking to take advantage of new opportunities. Therefore, imports of machinery and equipment for projects and purchases of materials for production will increase.

The growth of the textile and garment industry is seen as unpredictable this year. With the trade war, if there is a 15 per cent tax increase, the competition in the market is expected to be very fierce. In the face of the situation, the target has been adjusted to a growth rate of eight to nine per cent.

Source: fashionatingworld.com- Feb 05, 2019

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Bangladesh garment exports to non-traditional market soars

According to Export Promotion Bureau, Bangladesh garment exports to non-traditional market soared by 36.21percent in the first six months of the current fiscal 2018-19 compared to six months of the previous fiscal year.

The earnings from exports stood at $ 2.90 billion during this period to new markets compared to $2.13 billion at the same time during last fiscal.

The country's overall exports rose by 8.76 percent to $ 30.61 billion last year while the pace of growth further rose to 15.65 percent or at $ 17.08 billion in first six month of the current fiscal.

Exports to non-traditional markets phenomenally increased in recent time mainly riding on duty free entry of Bangladesh garment to a host of countries not were on the list of major export destinations in one hand and boosted by financial export incentives on the other.

Meanwhile exports to traditional markets like the USA, EU, Canada and others significantly grew after a slow down mainly in recent years for recession at buyers end and recent trade war between UNA and China encouraged many buyers to switch their import orders to Bangladesh.

EPB data showed exports to newly growing markets like Australia, Brazil, Chile, China, India, Japan, South Korea, Mexico, Russia, South Africa and Turkey are showing stronger growth owing to 5 percent export incentives.

Source: fashionatingworld.com - Feb 05, 2019

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Vietnam's supporting industries strive to be best in ASEAN

Vietnamese enterprises have the potential to participate in regional and global production value chains on par with the leading countries in ASEAN, because Việt Nam has been a top priority choice of multinational corporations.

However, in order to realise this goal, in addition to their own efforts, businesses also need the support of the State.

In the draft plan for sustainable development of Vietnamese private enterprises, the Ministry of Planning and Investment (MPI) aims to raise the rate of enterprises participating in regional and global production networks and value chains, equal to the leading countries in ASEAN 4 by 2030.

In fact, it is not easy to achieve this target. Statistics from the MPI show that Việt Nam has only 21 per cent of small- and medium-sized enterprises (SMEs) participating in global value chains, while this figure in Thailand is over 30 per cent and Malaysia is 46 per cent. Therefore, in order to improve rankings in ASEAN, it is certain that Vietnamese enterprises must "go faster".

However, that does not mean that businesses need to be afraid because Việt Nam has a number of opportunities. Evaluating the opportunities for Vietnamese enterprises to participate more deeply in the global value chain, Minister of Industry and Trade Trần Tuấn Anh said that the recent change in global value chains has placed Việt Nam in a more important production base.

Previously, some East Asian countries such as Japan and the Republic of Korea chose China and ASEAN countries as production bases for export to their trading partners. However, China is gradually becoming a consumer market instead of a manufacturing centre, especially in the context that the US-China trade war may take a long time, so ASEAN countries, especially Việt Nam have the opportunity to become an alternative destination for investment.

Recent trade conflicts have accelerated the process of moving some manufacturing stages from China to Việt Nam.

’China + 1 Strategy’

"China + 1 Strategy" is being pursued by multinational companies to find another nation besides China to avoid a rapidly growing trend of labour wages in China, but this country needs to be close enough to export back to China.

With the above criteria, along with joining a series of free trade agreements (FTA) recently, Việt Nam has been the first priority choice.

However, the Minister of Industry and Trade also acknowledged that this issue cannot be implemented in a short time if Việt Nam does not soon upgrade production capacity and restructure the economy towards industrialisation.

Moreover, the Vietnamese industry faces a number of challenges. While many countries participate in the entire value chain from design, production to assembly and distribution, Việt Nam mostly participates in the lowest part of the value chain - in assembling stage - and is dependent on multinational corporations.

Currently, Vietnamese labour costs are increasing and can no longer be a competitive advantage. Therefore, if Việt Nam cannot boost technology application and make use of technology transfered from foreign direct investment (FDI) enterprises, the country will lose the opportunity to accelerate the industrialisation and modernisation of the country.

Currently, textile and electronics are two large sectors. Each year, Việt Nam exports nearly US$30 billion of textile products and nearly $70 billion of electronic products and components, but supporting industries in these two sectors have not yet developed strongly.

Regarding supplying parts to the automotive industry, Việt Nam has less than 100 first tier suppliers while Thailand has nearly 700. Thailand has about 1,700 second and third tier suppliers, Việt Nam has less than 150.

Automotive components currently produced in Việt Nam are mainly simple parts, such as seats, glass, tires and tubes.

Change in policy

According to Dr Huỳnh Thế Du from Fullbright University Việt Nam, the country has not yet exploited or is not ready to exploit the benefits of FDI sector such as learning experiences and linking to the global economy. Meanwhile, the FDI sector has become main contributors to the domestic economy.

Due to the limitations in research and development, domestic enterprises are unable to connect or become suppliers of auxiliary products or services for FDI enterprises, especially complex components.

Lê Dương Quang, president of the Association for Supporting Industry in Việt Nam, said the difficulties that Vietnamese enterprises face when participating in the supply chain is that some manufacturing industries have frequent changes in product designs (such as the change in models of mobile phones every year).

This forces businesses to have very careful calculations and considerations and must have good management capacity to meet the requirements if they want to join in the supply chain.

Besides, there are still limitations in the State's policies. For example, textile and footwear enterprises say that localities do not have specific plans for zonning auxiliary industries, for raw material areas and there has been no practical policies to encourage the processing of domestic raw materials.

According to the draft plan for sustainable development of private firms, the MPI will chair the study of an SME support programme for 2020-30, taking advantage of opportunities and benefits from FTAs, focusing on promoting business links and encouraging businesses to participate in global value chains.

At the same time, the Ministry of Industry and Trade will develop a scheme to support SMEs to join the value chain of key industrial products of Việt Nam in the 2020-25 period while the Ministry of Agriculture and Rural Development will take the responsibility in formulating a scheme to support SMEs in Việt Nam's key agricultural product value chains in the period of 2020-30. These documents will be submitted to the Prime Minister this year.

Source: vietnamnews.vn- Feb 05, 2019

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Industrial parks in Ethiopia create 64,000 jobs

The five industrial parks built by the government are Hawassa, Kombolcha, Bole Lemi, Mekele and Adama industrial parks. Collectively the fivae state owned industrial parks have currently created jobs to 45,000 Ethiopians.

While the four private industrial parks are Eastern, Huajan, Velocity and George Shoe, in which some companies are already producing products while expansion work of the parks is simultaneously underway.

Most of the owners of the companies operating in the parks are foreign, according to the statistics obtained from Ethiopian Investment Commission. The government of Ethiopia plans to create jobs for hundreds of thousands of people when the existing parks and seven additional state owned under-construction industrial parks go fully operational.

The additional seven state owned under-construction are Dire dawa, Debre Birhan, Arerti, Kilinto, Jimma, Bahir Dar and Ayisha industrial parks.
In recent years unemployment has been a serious concern for the government of Ethiopia, which among others forced the regime to embark on the current reform.

The country launched construction of state owned industrial parks a few years ago after securing loan from Eurobond.

Industrial parks are factory sheds equipped with the necessary facilities including, one stop shop services to investors such as, electricity, water, customs, immigration and the like.

In a related development companies in the recently built Kombolach Industrial Park (KIP) has gone operational and began exporting their products. “Three foreign companies have already started exporting their products,” says Mekonnen Hailu, Public Relations Director at Ethiopian Investment Commission.

He stated that in the past six months the three foreign companies have created jobs for a total of 1,500 youth. Reports show that employees in Ethiopia's industrial parks are being paid less than a dollar a day, which is resulting in high level of employees turnover.

The companies that gone operation in KIP includes, South Korean Pungkook, which known for its Mikle Kourse (MK) brand of ladies leather bags. The other two companies are Carvico Ethiopia of Italy, which produces sport wears from synthetic, and Saytex Spinning of China, which converts cotton into thread.

From their test production the three companies have exports products worth $1.67 million, according to Mr. Mekonnen. He further stated that a company from the United States, Trybus, has also completed installing machines and is set to start producing suits.

In addition another South Korean company, Syang, has also concluded agreement to start production of textiles in KIP, which is built in Amhara region's Kombolacha city. Built on 75 hectares of land, KIP has 13 industrial sheds. Dedicated to apparel products, when fully operational it is expected to create jobs for 20,000 people.

Mr. Mekonen says currently most of the companies in industrial parks are providing transport and meal allowance for the employees in addition to their basic salaries. Some people have been suggesting the need for Ethiopia to set a minimum salary to protect factory employees from labor exploitation.

Reports show that women represent the majority of the employees working in the labor intensive industrial parks such as those producing textiles and leather products.

Source: newbusinessethiopia.com- Feb 05, 2019

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NATIONAL NEWS

India set to lose No. 1 cotton grower tag to China

Climatic adversities, insufficient rainfall in growing regions blamed for the decline

Adverse climatic conditions and water shortage coupled with a static growing area are set to knock India off its No. 1 perch in cotton production worldwide.

As per the latest international reports, for the year 2018-19, India will lose its 'top cotton producer' tag to China, which has shown improved yields with better farming practices.

The International Cotton Advisory Committee (ICAC) recently stated that India's cotton production is expected to dip by 7 per cent due to "insufficient rainfall" in growing regions, whereas production in China is expected to increase by about 1 per cent to 5.94 million tonnes. This means, "China will regain the 'top producer' title it lost to India in the 2015-16 season," ICAC noted.

World cotton production (In 000 tonnes)

Country	2014-15	2015-16	2016-17	2017-18	Dec 2018-19*
India	6,423	5,639	5,879	6,314	5,987
China	6,532	4,790	4,953	5,987	5,879
US	3,553	2,806	3,738	4,555	4,047
Brazil	1,563	1,289	1,528	2,007	2,395
Pakistan	2,308	1,524	1,676	1,785	1,611
Others	5,578	4,887	5,448	6,282	5,933
World Total	25,957	20,936	23,223	26,932	25,853

(*Projections for August-December period) Source: USDA

The global data suggests India's cotton output is projected to be at 5.98 million tonnes for the August-December period of the 2018-19 season. However, India follows the October-September cotton season. Industry believes India's cotton output will dip further.

According to India's apex cotton trade body, Cotton Association of India (CAI), India's cotton output is expected to dip to at 335 lakh bales (each of 170 kg) for 2018-19, its lowest since 2010-11, when it reported 332.25 lakh bales. "This year, India will definitely lose to China because of the adverse climatic and water availability situation in cotton growing regions. The situation is worse in Telangana and Karnataka," said Atul Ganatra, President, CAI.

Worrying trend

"India saw cotton output growing only once in the past few years. Otherwise overall every year we see the cotton crop going down. The yields are deplorably low, and due to the pest menace there is a thin possibility of adding new areas for cotton cultivation. So, we have reached saturation in cotton cultivation," said Ganatra.

As against India's projected cotton yield of about 485-500 kg per hectare, China's yield hovers around 1,755 kg. Attributing the lower yield to the lack of awareness among farmers on good farming practices, VN Waghmare, director (in-charge), Central Institute for Cotton Research (CICR) said: "Yield is a contentious issue and a debatable one. We have demonstrated yield of upto 1,200-1,500 kg per hectare in some isolated places. Better farm management brings good productivity."

Tug of war

Parameter	2016-17		2017-18		2018-19*	
	India	China	India	China	India	China
Area (mn hectares)	10.85	2.9	12.4	3.4	12.4	3.35
Yield (Kg/hectare)	542	1,708	509	1,761	483	1,755
Production ('000 tonnes)	5,879	4,953	6,314	5,987	5,987	5,879

Source: USDA *Projected

He added: "Our scientists are actively looking into developing new varieties, including hybrids, but farmers must be made aware about technology and farm management," said Waghmare.

According to cotton experts, about 85 per cent of cotton farmers in the growing regions, including Gujarat and Maharashtra, have uprooted their plants after the first and second picking. This made the subsequent third and fourth picking nearly impossible.

The prospects for Indian cotton remain clouded by uncertainties. “In the current scenario, our crop will remain in this range, mainly because of the adverse climatic conditions. Next year also it is feared that El-Nino will impact India,” said Ganatra.

“Climate is becoming the killer for India’s Cotton as about 77 per cent of our growing region is non-irrigated, making it highly dependent on rains,” said Ganatra.

Source: thehindubusinessline.com- Feb 06, 2019

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India among countries to benefit from US-China trade war: UN

India is among the several countries that stand to benefit from the ongoing trade tensions between the world’s top two economies, the US and China, the UN has said in its latest report.

The US and China are locked in a trade war since President Donald Trump imposed heavy tariffs on imported steel and aluminium items in March last year, a move that sparked fears of a global trade war. In response, China imposed tit-for-tat tariffs on billions of dollars worth of American imports.

The United Nations experts said Monday that the tit-for-tat trade dispute between China and the United States may do little to protect domestic producers in either country and could have “massive” implications on the global economy unless it is resolved.

Of the USD 250 billion in Chinese exports that are subject to US tariffs, only about six per cent will be picked up by firms in the US, according to a report by the UN Conference on Trade and Development (UNCTAD).

And of the approximately USD 85 billion in US exports that are subject to China's tariffs, only about five per cent of this will be taken up by Chinese firms, according to the UN research.

In a bid to meet the US' demand of bringing down the USD 375 billion bilateral trade deficit, China has pledged to take measures to step-up American imports and investments.

March 1, 2019 is the deadline for implementing the measures.

Unless the US and China agree to drop their tariff dispute by March 1, duty on each country's products will rise to 25 per cent, up from the current 10 per cent level, the UN said.

Countries that are expected to benefit the most from the trade war are the EU members as exports in the bloc are likely to grow by USD 70 billion. Japan and Canada will see exports increase by more than USD 20 billion each, it said. Other countries set to benefit from the trade tensions include Australia, with 4.6 per cent export gains, Brazil (3.8) India (3.5), Philippines (3.2) and Vietnam (5), the study said.

Quoting former US Secretary of State Cordell Hull, UNCTAD's Pamela Coke-Hamilton repeated his description of protective tariffs as "a gun that recoils on ourselves", which had also contributed to the Great Depression of the 1930s and the rise of extremism.

"I think that is a single lesson from what we have had here today. If — barring an agreement between the US, China on March 1 — tariffs will escalate to 25 per cent, which is a significant difference from the 10 per cent as it currently exists," Coke-Hamilton said.

The implications of such a development would be "massive", the UNCTAD Director, Division on International Trade in Goods and Services, and Commodities, continued, adding that its effects would first of all involve "an economic downturn... due to instability in commodities and financial markets". "One major concern is the risk that trade tensions could spiral into currency wars, making dollar-denominated debt more difficult to service," the report added.

Imposing tariffs make US-made products cheaper than imported ones, and encourage consumers to buy American.

Source: thehindubusinessline.com- Feb 05, 2019

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India-US commercial dialogue, CEO Forum to be held on Feb 14

FDI rules for e-commerce, import duty on electronics & US penal duties on steel and aluminium to be key issues on the agenda

US Secretary of Commerce Wilbur Ross and Commerce and Industry Minister Suresh Prabhu will discuss key issues such as India's FDI rules for e-commerce and import duties on IT and electronics and the US penal duties on steel and aluminium at the US-India Commercial Dialogue next week, a government official said.

Top CEOs from both countries led by ATC's James Taiclet and Tata Son's N Chandrasekaran will also brainstorm on areas of bilateral cooperation and point out problems at the India-US CEO Forum to be held simultaneously on February 14.

"The two sides have agreed to hold both the commercial dialogue and the CEO Forum on February 14 in New Delhi. We expect a lot of action as there are a number of unresolved issues from the both sides that would be taken up and the areas of future cooperation, too, would be spelt out," the official said.

While there have been a lot of niggling trade issues between India and the US over the past year, diplomatic relations between the two countries remained strong. "We are hopeful that the Commercial Dialogue will address many issues that have caused bitterness recently," the official said.

Washington is peeved with New Delhi for tightening FDI rules on e-commerce that would force US majors such as Amazon and Walmart to change their model of operation in the online space in India and could cause revenue loss.

The US is also unhappy with India imposing import duties on smart phones and some other electronic and telecom equipments which the country claims is in violation of the World Trade Organization's (WTO) IT Agreement.

India, on the other hand, is upset with America's refusal to remove penal duties on its steel and aluminium and also wants waiver from sanctions on oil purchase from Iran, given by the US, to continue beyond April 2019.

The Commercial Dialogue will also focus on issues including standards, business climate and investment and travel and tourism, the official added.

The areas that the India-US CEO Forum will look at include MSME, ICT, infrastructure and logistics, energy and environment, finance, healthcare and pharmaceuticals, defence and aerospace and media and entertainment.

The CEO Forum will present a report on the progress made in the key areas since the last meeting and also lay down goals for the future. The CEOs will bring out a list of potential areas of cooperation between the US and Indian governments.

Trade deficit

The US trade deficit with India bridged by almost six per cent in 2017 to $22.9 billion, according to the 'Trade Estimate 2018' released by the USTR earlier this year. India believes that with purchase of oil and gas from the US for the first time in 2018 worth about $3 billion, the deficit would go down further.

Washington, however, wants India to give greater market access to its industry so that the deficit could be bridged further, but New Delhi says that there is not much it can do as it has not imposed any country-specific barriers against American goods.

Source: thehindubusinessline.com- Feb 06, 2019

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India's export growth may slow to 7% in FY19

The government expects India's merchandise exports to grow 7.3% to $325 billion in 2018-19, lower than 9.8% clocked in 2017-18 on the back of muted growth of traditional exports such as gems and jewellery, farm and engineering, liquidity crunch, and global factors.

"Many sectors including marine, agriculture, gems & jewellery are doing poorly. Engineering exports have been impacted due to expensive domestic steel and rubber," said an official who attended a meeting that the commerce department had with exporters and export promotion councils on Tuesday in the wake of slowing growth of various exporting sectors.

India's exports were $303 billion in 2017-18.

As per an official statement, the meeting was held to "discuss various issues being faced by exporters and examine ways by which India's merchandise exports may reach $325 billion by March 2019".

"Our merchandise exports have been growing since 2016-17 for almost three years and are likely to reach a new peak in 2018-19," the department said in the statement.

In the April to December period of 2018-19, merchandise exports have grown by about 10% on year.

"Liquidity is the biggest concern of exporters along with their money being blocked due to Goods and Services Tax. Moreover, with China frontloading its exports recently and the US showdown that eroded consumer confidence, Indian exporters have been adversely impacted," said another person who attended the meeting.

Declining exports of labour intensive products including leather, gems and jewellery, man-made yarn, and pharmaceuticals had pulled down the overall growth of outward shipments from the country in December to 0.34% at $27.9 billion. 17 out of 30 sectors had showed a decline in exports in December.

"This target may not be easy but it is doable. However, the global slowdown and weakening commodity prices will play out," the person said.

India recorded growth of 13.31% in overall exports (merchandise and services combined) in 2017-18 over the same period last year. Overall exports were $498.61 billion in 2017-18 of which $303.53 billion was from merchandise exports.

Source: economictimes.com- Feb 05, 2019

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Sewing paves way for learning and empowerment

Usha International sells over one million sewing machines annually

India's textile industry has evolved in many ways over the last decade. From stores established by international brands like Levis, Pepe Jeans and the likes to Fabindia's experience centre, the sector has offered the public more than mere fabric.

In an email interview with BusinessLine, Harvinder Singh, President of Usha International's sewing machines and appliances segment, gives us an insight into the scope of sewing in the modern times.
For the cloth-loving customer

There has been drastic growth in the number of people pursuing sewing, even as a hobby.

According to a survey conducted by the firm, a large section of clientele consists of middle-aged women, predominantly those who are 35-years-and above. The target group also reside in urban India. These customers pursue the art either as a hobby or with the intention of making it a profession.

Singh explained that children have also developed an interest towards sewing. This is often so, especially if the parent is as involved in exposing the child to such tasks.

Trends like these led to the development of machines like the My Fab Barbie, launched in 2016. This instrument is said to be meant for children who yearn to be at their creative best while sewing a garment.

For those who wish to unleash the 'technophile' within, certain 'computerised gizmos' permit them to do so.

Machines like the Memory Craft 450 E - with a robotic embroidery arm and the Memory Craft 15000 - the Wi-Fi enabled sewing-cum-embroidery machine comes with a 'designing' software and additional features for specialised quilting. This was made possible by adopting the technology provided by the company's principal Japan-based supplier – Janome.

Additionally, Usha International offers a comprehensive buy-back plan as well as a hire- purchase facility and training to help them enhance their sewing skills.

Singh also explained that innovative product launches and consistent service offerings have built consumer trust.

Sewing in the 21st century

From the straight stitch (black) sewing machines, the company offers a wide and advanced range of devices to help create different types of clothing. More importantly, this art, as Harvinder Singh would claim, has become popular even among the youth.

Advanced machinery has motivated to create their own designs and experiment with new ideas. The firm's automatic zig-zag sewing machines, for instance, come with enhanced features like triple strength stitch, quilting, embroidery and even darning.

At present, Usha International sells approximately three lakh zigzag automatic sewing machines. This demand, Singh said, has grown three times over the last three years in its sewing segment.

This year, the firm will be launching contemporary products in straight stitch machines, as well as the company would also be launching a few new products line in the automatic Zig Zag sewing machines.
Beyond the fabric

Harvinder Singh commented that sewing machines are more than 'stitching clothes'. They also stand for – learning, earning, creativity, hobby and empowerment.

To do so, the company has also established a network of Silai (meaning ‘stitching’) Schools in Indian villages. They have also opened Sewing Schools in urban India to promote sewing as a hobby.

Apart from these initiatives, the organisation also conducts thematic workshops throughout the year to engage consumers of all ages in a one-of-its-kind experiential sewing store. This has enabled them to bridge the connection between the firm and the consumers at multiple levels.

“With many young people taking up the art of sewing as a hobby with the new, high-speed automatic sewing machines, we desire to spread the ‘Joy of Creating Together’ by making available sewing-related products, technology, education and impetus,” Harivinder Singh adds.

Source: thehindubusinessline.com- Feb 05, 2019

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Snapdeal CEO to meet Suresh Prabhu today to discuss new e-comm rules

Likely to make a case against any rollback of restrictions on global retail giants

E-commerce major Snapdeal’s CEO Kunal Bahl, who has vocally supported the Centre’s move to tighten rules on FDI in e-commerce, will meet Commerce Minister Suresh Prabhu on Wednesday to discuss policy issues related to the sector.

“With global retailers such as Amazon and Walmart trying to convince the government to roll back, fully or partially, the tightened rules for FDI in e-commerce executed early this month, the Snapdeal CEO would want to convey to the government that it did the right thing and there should be no second thoughts,” a government official told BusinessLine.

The new FDI rules, implemented from February 1, reduce the scope for a marketplace e-commerce entity (the only model in which FDI is allowed) to have any indirect control over its inventory.

The rules explicitly state that the inventory of a vendor would also be deemed to be controlled by an e-commerce marketplace entity if more than 25 per cent of purchases of such a vendor are from the marketplace entity or its group companies. In that case the marketplace entity would become an inventory-based company and cannot attract FDI.

Marketplace entities also cannot take any step to influence the sale prices of goods and services on their platforms, as per the new rules.

Complicated structures

“Since companies like Amazon and Flipkart (majority controlled by Walmart) have in place complicated seller structures which so far allowed them some control over the inventory — despite the older rules also stating that marketplaces should not own inventory — the specificity of the new rules will force them to dismantle these arrangements. These companies have already stopped selling a number of items on their platforms,” the official said.

Bahl’s meeting with Prabhu is significant because he will try to counter the pressure being put by the US government and retail companies on New Delhi to either delay or do away with the new rules, the official added.

The trading community has also appreciated the government’s move. They had been protesting against the deep discounts given by the large e-companies for a long time and wanted stricter rules on e-commerce.

“Snapdeal supports the immediate implementation of the current FDI policy on e-commerce so that marketplaces are not misused to run inventory operations,” the company had said in a media statement after the new rules got implemented on February 1.

Source: thehindubusinessline.com- Feb 06, 2019

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