The Cotton Textiles Export Promotion Council (TEXPROCIL)
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IBTEX No. 237 of 2019 December 06, 2019

US 71.31 | EUR 79.19 | GBP 93.85| JPY 0.66

Cotton Market (05.12.2019)		
Spot Price - Shankar 6 (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
18900	39500	**70.40**
Domestic Futures Price (Ex. Warehouse Rajkot), December		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
19120	39961	**71.22**
International Futures Price		
NY ICE USD Cents/lb (March 2020)	64.70	
ZCE Cotton: Yuan/MT (January 2020)	12,930	
ZCE Cotton: USD Cents/lb	83.18	
Cotlook A Index – Physical	**73.50**	

Cotton Guide- The prices have rushed back to positivity. The Major reason attributed to this upward movement is a sudden increase in crude oil prices. WTI Crude yesterday was trading in the 55 $ per Barrel figure and suddenly has increased to 58.50 $ per Barrel.

We need to note the correlation between Crude Oil and Cotton. Both have a positive correlation. A large rise or fall in Crude oil prices is [not equally but to certain extent] proportional to the rise or fall in Cotton prices. Furthermore, both crude Oil and Cotton were seen to show positivity at the same time period starting 9:30 am IST yesterday.

The ICE contracts emanated positivity almost above 50 points. The ICE March contract settled at 64.70 cents per pound with a change of +65 points. The ICE May contract settled at 65.61 cents per pound with a change of +46 points. Volumes were however, decent with figures of 26,279 contracts.

Another, correlation to be looked out for is between ICE and MCX. MCX followed the path of ICE. The MCX December contract settled at 19,120 Rs per Bale with a change of +60 Rs. The MCX January contract settled at 19,250 Rs per Bale with a change of +30 Rs. The volumes were seen at 1,002 Lots which is considerable figure.

While speaking about ZCE cotton contract, the May contract has now emerged to be the most active contract dethroning the January Contract. The ZCE May contract settled at 12,930 Yuan per tonne with a change of -125 Yuan. Currently while we write this report the price of the ZCE May is trading positive with a change of +70 Yuan.

The Cotlook Index A has been updated at 73.50 cents per pound with a change of -0.65 cents per pound. The prices of Shankar 6 headed lower by -100 Rs at 39,500 Rs per Candy. Whereas the spot price remains steady at 38,600 Rs per Candy.

On the fundamental front, we are of the view that prices will still remain consolidated with a negative bias for ICE contracts. On the MCX front, we expect a negative turn of around -50 Rs.

On the technical front, in daily chart, ICE Cotton March has completed its pullback towards the upward sloping channel & resumed its bearish bias. However, price made a bullish engulfing pattern near the support of 63.51, which is 38.2% Fibonacci retracement level of an intermediate up move. Meanwhile, price is below the daily EMA (5, 9) at 64.76, 64.95 with a negative crossover, along with the momentum indicator RSI is at 46.77, suggesting sideways to negative bias for the price. The immediate resistance for the price would be at 65.60 falling trend line)and the support is at 64. Thus for the day we expect price to trade in the range of 64-65.60 with sideways to negative bias. In MCX Dec Cotton, we expect the price to trade within the range of 18950-19200 with a sideways to negative bias.

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

NEWS CLIPPINGS

INTERNATIONAL NEWS

China, ROK agree to step up RCEP, FTA talks

Moon Jae-in, president of the Republic of Korea (ROK), hailed China's important role in regional stability, security and development, vowing to deepen cooperation with China in areas such as Regional Comprehensive Economic Partnership (RCEP) and China-ROK-Japan free trade agreement (FTA) negotiations.

Moon made the remarks in a meeting with Chinese State Councilor and Foreign Minister Wang Yi, who is on a two-day trip to the ROK.

Moon said that the ROK-China relations are of great importance, calling the two sides to step up communication and cooperation for safeguarding regional peace and stability as well as promoting regional economic development in northeast Asia.

He expressed the ROK's willingness to synergize its national development strategy with the Belt and Road Initiative and conduct negotiations with China on third-party cooperation.

Moreover, the two sides agreed to push forward the process of RCEP as scheduled and accelerate negotiations on China-ROK-Japan FTA as well as the phase-two negotiation on China-ROK FTA.

Noting the eighth China-ROK-Japan leaders' meeting is scheduled to take place in China at the end of December, Moon said he hoped to enhance coordination with China to ensure the meeting's success.

He also applauded China's constructive role in maintaining peace and stability on the Korean Peninsula, calling for joint efforts in stepping up the peaceful settlement to the issue.

For his part, Wang reiterated that the unilateralism and power politics are the biggest threats to global and regional peace and stability. In this regard, it is necessary the two sides strengthen cooperation to defend multilateralism, free trade and the norms of international relations.

The foreign minister welcomed the sound momentum of the bilateral relations, adding that China is willing to expand cooperation with the ROK and deepen China-ROK strategic partnership based on the important consensus reached by the two leaders.

Before meeting with Moon, Wang had talks with ROK Foreign Minister Kang Kyung-wha on Wednesday, during which they agreed on the importance of putting the bilateral relations back on a normal track.

Source: cgtn.com,- Dec 05, 2019

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Vietnam to benefit from FTAs

AS new free trade agreements (FTAs) are being signed, they are expected to push Vietnam into becoming more competitive by reducing trading costs and improving its business environment.

Following the signing of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the EU-Vietnam FTA (EVFTA) trade deals, the FTAs are expected to have a significant impact on the nation's economy.

HCM City International Integration Support Centre director Pham Binh An said at an economic conference here that CPTPP and EVFTA could help increase Vietnam's gross domestic product (GDP) by 4.3 per cent and 1.3 per cent, respectively, by 2030.

Shipments to the European Union are expected to surge by 44 per cent by 2030, while those to CPTPP member states are expected to rise by 14.3 per cent by 2035.

The Vietnam News portal
said the two trade agreements would put pressure on the government to improve institutional governance, as well as the business climate, because of requirements included in the FTAs.

Up to last year, Vietnam had 17 FTAs with 60 countries, all of which offer the country a chance to transform its economy.

Besides increasing exports, FTAs have helped to promote administrative reforms, improve infrastructure and en-sure equality in accessing resources. The conference organised by HCM City Banking University and HCM City Youth Science and Technology Development Centre offered researchers, economic experts and scholars a chance to exchange views on how new FTAs will affect Vietnam's economy.

Ngo Thanh Phong, a lecturer at Tien Giang University, said FTAs had created opportunities to participate in global supply chains, but the country must speed up administrative reforms and improve its investment environment, especially in the context of increased protectionism internationally.

The Planning and Investment Ministry's National Centre for Socio-Economic Information and Forecast said between 2021 and 2025, the country's GDP was forecast to rise to seven per cent on the back of new FTAs. Vietnam Chamber of Commerce and Industry chairman Vu Tien Loc said the country's economic openness was ranked behind Singapore among Asean members, but its competitiveness and capacity for integration were low.

In the World Economic Forum's "2018 Global Competitiveness Report", Vietnam ranked 77th out of 140 countries.

It placed 99th for institutional competitiveness and 101st in business competitiveness.

Experts said Vietnamese products had advantages in certain markets, such as EU, which has little direct competition with Vietnam.

However, to make the most of their position, local businesses must meet the EVFTA's requirements on environmental standards, labour relations, product origin and sustainable development.

Source: nst.com.my- Dec 05, 2019

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Cotton to remain in a tight range in short term, all eyes on US-China trade deal

On the MCX, prices of raw cotton dipped below Rs 19,000 a bale (170kg) in late November as arrivals, though delayed, gathered momentum across India. The December cotton contract on the MCX settled 1 percent lower in November. Greater cotton output and crop arrivals have piled pressure on prices. The Cotton Advisory Board has estimated India's 2019-20 cotton crop up by 9.1 percent at 360 lakh bales.

In the physical markets of Maharashtra, prices of ginned cotton have recovered in the last one week but are still below the MSP (Rs 5,550 a quintal). Procurement of cotton by the Cotton Corporation of India is on in full swing; thus, the downside is limited.

On fundamentals, cotton supplies for this season (2019-20) are no doubt higher than in 2018. But, the board estimated lower imports at 25 lakh bales (versus 31 lakh in 2018) while exports are seen to be higher at 50 lakh bales (against 44 lakh in 2018).

Also, the board pegged India's consumption at 381 lakh bales, compared with 359.5 lakh in 2018. Still, the 2019-20 closing stock has been estimated at 48 lakh bales, higher than the 44 lakh of 2018-19, mainly on account of greater output.

In global markets, ICE cotton futures were unable to hold above 65 cents (the near-month contract) as no concrete conclusions resulted in the trade-deal front. On December 3, ICE cotton futures fell more than 1 percent to a more-than-one-week low as comments from US President Donald Trump diluted optimism about a potential breakthrough in the US-China trade dispute.

An outcome on the trade-deal front is the only factor that could push the ICE cotton-futures near-month contract above 65 cents. Otherwise, fundamentally, demand and supply factors do not support any major upswing. The global demand is on the weaker side.

The International Cotton Advisory Committee says the textile industry in southeast and east Asia, the 'engine' of expanding consumption in recent years, is stalling amid weakening consumer demand for goods. Supply-side fundamentals, though, are strong. The crop-progress report from the US

Department of Agriculture on December 2 showed that the US cotton crop had been 83 percent harvested in the week to December 1, above the five-year average of 81 percent.

Considering developments in domestic and global markets, we expect cotton to trade tight in the short term.

Source: moneycontrol.com- Dec 05, 2019

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Pakistan China Free Trade Agreement likely to come into effect from Jan 1: NA told

The National Assembly was told on Wednesday that phase two of free trade agreement between Pakistan and China was likely to come into effect from January 1, 2020 eliminating duty on Pakistan's 313 exportable items.

Parliamentary Secretary for Textile Aliya Hamza during Question House told in a written reply that the second phase of the free trade agreement was concluded on April 9, 2019 after 11 rounds of rigorous negotiations.

A protocol to this effect was signed by both sides during the visit of Prime Minister Imran Khan to China on April 28, 2019.

In phase two, China had offered favorable concessions to Pakistan including immediate elimination of duty on 313 tariff lines of Pakistan's prime export interest. Pakistan's protected list of items had increased from 10 percent to 25 percent or 1760 tariff lines.

Under the agreement, Electronic Data Exchange System would be implemented to curb under invoicing and misdeclaration.

To a question of MNA Syed Hussain Tariq, she said phase one was not suitable for Pakistan as there were no tariff lines with zero duty.

Aliya Hamza said the government had not taken loans to stabilize the dollar rate and now its value was market driven.

The exports were rising and according to the latest quarter, exports had increased by four percent while on month to month basis these rose by 14 percent. The current account deficit had decreased by 75 percent, she informed.

To another question fielded by Shazia Marri, she told that the Prime Minister had approved the key performance indicators to monitor and evaluate the performance of the trade and investment officers in Pakistan's missions abroad.

A committee notified by the Commerce Division was periodically evaluating the performance of the trade officers on the basis of these performance indicators.

She said seven trade officers from countries including Canada, Argentina, Japan, China, Brazil and United Kingdom were recalled during 2018-19 due to their below average performance on the recommendations of the evaluation committee. There were a total of 57 trade officer posts and 41 of them would be filled through interviews and tests.

Minister of State for Parliamentary Affairs Ali Muhammad Khan informed the House that Pakistan Atomic Energy Commission (PAEC) had undertaken activities for welfare of citizens in the areas of Karachi where nuclear power plants K-2 and K-3 were still under construction. He told the welfare activities include healthcare and a mobile dispensary that visit rural areas once every week. Facilities of education and drinking water were also being provided. Once the plants K-2 and K-3 would become operational, sufficient funds would be reserved from their revenue stream for uplift of the residents of the areas, he added.

Earlier, Deputy Speaker Qasim Khan Suri took oath from the newly elected Member National Assembly Nawabzada Shahzain Bugti.

Shahzain Bugti was re-elected from the constituency in Dera Bugti, Balochistan after he was deseated due to verdict of an election tribunal.

The Deputy Speaker also announced the panel of chairpersons including Fakhar Imam, Samiul Hassan Gilani, Bashir Virk, Syed Ghulam Mustafa Shah, Iqbal Muhammad Khan and Munaza Hassan for chairing session of the assembly in absence of Speaker and Deputy Speaker.

Earlier, prayer was offered for citizens who lost their lives in different incidents in the country.

Source: brecorder.com- Dec 05, 2019

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Green products can give textiles an edge in EU market: report

Pakistan's trade mission in Spain has recommended the textile sector exporters to adopt sustainable business processes and add 'green products' to their range so that they could differentiate themselves from other competitors in the European market.

“Fairtrade, organic and/or responsible concepts give a competitive edge in Europe and may ease market entry. In addition to complying with common sustainability standards and certification, this can give access to a promising niche market,” noted a report issued by the commercial section of Pakistan’s Embassy in Madrid.

“The European market is highly competitive, characterised by strong buyer power and rivalry. Price sensitivity is high, requiring suppliers to offer quality at a competitive price.”

The trade mission officials in the report pointed out the higher market segments were the most promising, as they allowed exporters to distinguish their products.

The Madrid commercial office also urged the Trade Development Authority of Pakistan (TDAP) to encourage exporters for creating their own brands as well for catering to specific niche areas in the textile sectors as well like in hospital, hotel textile, and safety/work wear textiles.

“We reiterate that TDAP should send a high-level delegation [to Spain] as already asked by this office as soon as possible to sensitise supply chain and also to give more opportunities to our exporters,” the commercial officials said in the report.

Having undergone a massive restructuring, the textile in the European Union (EU) had now become more capital-intensive, the report said, adding that trade in this sector was entering a more liberalised and more competitive world.

"Therefore, in order to enhance exports, Pakistani manufacturers need to go for modern technology and should emphasise on the quality of finished products. The government should introduce and monitor the global quality standards, ISO 9000 and ISO 14000 in the production of textile products," the report said.

The report predicts Pakistan is likely to continue to confront stiff competition from China, India, Vietnam, Bangladesh, Turkey, Italy, Portugal, and Myanmar.

China, India and Vietnam are amongst EU's major suppliers of textile products, while countries like Turkey, Italy, Portugal, and France have the advantage of being in proximity and assured timely supplies, with minimum financial cost of small inventories.

According to the study, there are different subsidies given by various countries to manufacturing sector affecting costs of doing business, also depending on various utilities and labour rates.

"Also, our competitors are better in artificial leather. Pakistan needs to develop in terms of value-addition in producing artificial leather clothing, which is more in vogue due to ever changing fashion trends and its more affordable value in the European market," the report recommended.

"Further, we need to inter-alia attract more buying houses to Pakistan, as our competitors have more buying houses established in their countries".

Textile exports edged up 2.95 percent to $3.371 billion in the first quarter of the current fiscal year with outbound shipments of knitwear and readymade garments rising in double digits during the period.

Pakistan Bureau of Statistics (PBS) data showed that textile exports amounted to $3.275 billion in the corresponding period a year earlier.

Source: thenews.com.pk- Dec 06, 2019

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Bangladesh: Exports fall 10pc in November

Exports declined in the month of November mainly because of poor performance of apparel shipment, in an ominous sign that can thwart Bangladesh's target to earn $45.50 billion from merchandise shipment in the current fiscal year.

If the trend persists during the remaining months of 2019-20, Bangladesh may also lose its second place in apparel exports to Vietnam.

In November, exports slumped 10.20 percent to $3.05 billion, which is also 17.90 percent shy of the monthly target of $3.72 billion, according to data from the Export Promotion Bureau (EPB) yesterday.

Also, the overall earnings from the merchandise exports between July and November fell 7.59 percent to $15.77 billion, again 12.59 percent short of the four-month target of $18.05 billion.

Lower shipment of apparel items, which accounted for more than 80 percent of the national exports, contributed to the decline.

Between July and November, garment exports declined 7.74 percent to $13.08 billion, missing the target of $15.15 billion by 13.63 percent, the EPB data showed.

Of the garment shipment, $6.80 billion came from the knitwear sector and $6.27 billion from the export of woven items.

The overseas sales of knitwear and woven garments were respectively 8.94 percent and 18.20 percent behind the targets.

Rubana Huq, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said the export of garment declined by 11.98 percent in November and the export growth of garment has fallen for the fourth consecutive month out of the first five months of the current fiscal year.

"Such a consecutive decline only testifies that the competitiveness of the industry is really endangered," she said.

Rubana said Bangladesh is not aligned at all with the global competitive scenario.

Particularly, she said, the exchange rate movement of the taka against competitor currencies remains inconsistent and the closure of factories in recent months, especially after the minimum wage hike in December last year, is taking its toll on the exports and the industry.

The latest data from the official source of the US and the European Union showed that Bangladesh significantly lagged behind its competitors in terms of growth of apparel exports in the third quarter of 2019.

In July-September, Bangladesh registered 1.7 percent growth in the US market whereas Vietnam grew by 14.23 percent, India by 3.93 percent, Cambodia by 15.56 percent, and Pakistan by 6.58 percent.

The situation in Europe is equally dismal. Bangladesh's apparel exports managed to grow at only 0.90 percent, whereas it was 2.98 percent for Turkey, 2.88 percent for Vietnam, and 6.17 percent for Sri Lanka.

Therefore, it is high time for Bangladesh to take a few quick steps so that the apparel export growth can rebound, Rubana said.

A few recommendations on the quick fixes are attempts to get the best exchange rate on RMG export receipts and untangling the complexities in cash incentive, she said.

Rubana said since Bangladesh is operating mostly in the lower-tier of the retail market segment, it is time for the industry to re-think the business model toward diversification from basic to mid- and high-price segment and from cotton to non-cotton items, especially dresses for ladies and girls.

MA Jabbar, managing director of DBL Group, one of the top garment exporters, said a silent recession is going on globally. As a result, people are adopting some austerity measures.

He said Bangladesh's apparel exporters receive lower prices from international retailers and brands. Moreover, Bangladesh is less competitive than Vietnam because of long lead time.

Jabbar said Bangladesh was supposed to receive more work orders due to the US-China trade war. However, as Bangladesh does not produce high-end products, Vietnam is emerging as the beneficiary of the war.

Frozen and live fish exports declined by 7.62 percent to $235.11 million between July and November, while export receipts from agricultural products slipped 2.69 percent to $446.32 million and leather and leather goods exports gave up 10.03 percent to $391.09 million.

The export of cement, specialised textiles, home textile, and terry towel also declined.

Some sectors, however, performed well during the period. Of them, the shipment of jute and jute goods was up 15.16 percent to $404.79 million. Bicycle exports went up by 9.81 percent to $36.70 million, the EPB data showed.

Source: thedailystar.net- Dec 06, 2019

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Bangladesh: 58 new RMG units set up in Jan-Oct 2019

The entrepreneurs have made fresh investment to set up 58 new garment factories since January to October this year while 60 units faced shutdown, according to BGMEA information.

Industry insiders said the new ones are coming up with safety compliance and modern, green technology while the small and non-compliant ones are failing to sustain in the highly competitive market.

Of the new units, 43 per cent have been set up by fresh entrepreneurs and the rest by the ones who are already in the business for a long period of time, according to Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

According to BGMEA, the entrepreneurs set up 374 new units in last four years (at an average of 93 units per year) while 332 units faced closure (at an average of 83 units per year).

Some 29,594 workers have lost their jobs due to the closure of the 60 units while the new units created employment for 51,359 people.

According to the trade body, factories having 5-100 machines are categorized as small, 101-200 medium and factories having more than 200 machines are large ones.

Some 29,999 units of machines for manufacturing knit, woven and sweater items have been imported and installed in the new units, BGMEA data showed.

"All the new units have not gone for full production," said BGMEA president Dr Rubana Huq.

She said 33 new factories are owned by the existing entrepreneurs and the rest are owned by the new entrepreneurs who were not in the readymade garment (RMG) business previously.

Out of these new factories, knitwear are 13, woven 14, sweater eight and mixed items 23. The new units have added a cumulative production capacity of 354.45 million dozens of pieces per year.

"We are in the garment business for last 18 years. Our experience and knowledge is our strength to start a new green venture namely Snowtex Sportswear Ltd," said SM Khaled, managing director of the company that has three more garment units.

They have invested US$ 50 million in setting up the new factory, which started last month production of value added sportswear and outerwear along with bottoms, he added.

The 80-line factory created employment for some 8,000 people with the annual export target of US$ 100 million, he said.

Total export of the four units would reach US$ 250 million with a total workforce of 18,000 people and 180 lines production capacity, he noted.

It was easy 20 years back to start garment business only with few machines which is not possible now, he said.

"New venture needs more investments, modern technology, enhanced efficiency, productivity, compliance and environment-friendly measures to be sustainable and competitive in the global supply chain," he noted.
Nasir Uddin, a fresh entrepreneur in the RMG trade and chairman of Yakub Fashion Ltd., said he has taken the risk of setting up a small unit with 85 machines that created employment for more than 200 workers.

The factory started production since July and mostly does sub-contracting, he added.

Another owner of a new sweater factory located at Savar, however, partially differ with Mr. Khaled, saying that there are buyers who do not require compliance.

The factory, which is yet to go for full production, has invested Tk 120 million in the sweater unit and is getting work orders through buying houses, the owner said.

Responding to a question about the closed units, Ms. Huq attributed financial insolvency of the owners for shutting down their units.

"Most of them were small and medium enterprises and they failed to maintain compliance strictly and pay their workers under the new wage structure," she said, apprehending that many more factories might face closure in future.

When asked, Dr Khondaker Golam Moazzem, additional research director of Center for Policy Dialogue, termed the closure of factories and opening the new ones as the natural trend of business.

He, however, suggested identifying the reasons behind the closure and taking necessary measures in this regard.

He also stressed the need for government policy supports like providing incentive to encourage fresh investments in value added and diversified products manufacturing, considering the overall global scenario that included requirement of compliance standards, decline in global demand for apparel items and apparel prices.

The BGMEA presently has around 4,500 member factories. Around 40 per cent of BGMEA member factories are knitwear and sweater manufacturers, and the rest 60 per cent are woven garment manufacturers, according to the trade body.
Its member factories account for 100 per cent woven garment exports of the country and more than 95 per cent of sweater exports, while around half of the light knitwear exports are made by them.

The country earned $ 34.13 billion from exports of knit and woven items in the last fiscal year, according to official data.

RMG exports, however, witnessed a negative growth of 6.67 per cent to $ 10.57 billion during the July-October period of the current fiscal year (FY 2019-20).

Bangladesh fetched $ 11.33 billion during the first four months of FY 2018-19 through exporting apparel items, according to data.

Source: thefinancialexpress.com.bd - Dec 04, 2019

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Philippines: Garment-textile roadmap sees potential 45% increase in exports

The Philippines garment and textiles industry roadmap sees the Philippines become one of the top ten global players with annual exports growth of 45 percent should it implements some recommendations including elimination of the popular “ukay-ukay” (used imported clothing) that proliferates anywhere in the country and the utilization of natural fibers.

At the industry forum and launch of the Textile-Garments Industry Roadmap, the plan covering 2020-2029 was divided into three milestones: short-term (2020-2022), medium term (2023-2025) and long-term (2026-2029).

Under the short term milestones, the Philippines should already be among the top 20 garment exporters with annual growth of 12.3 percent in garment exports and 3-5 percent increase in textile exports.

This should be made possible with the increase in the utilization of natural and synthetic textile fiber by 5-10 percent.

Under this milestone, the government was urged to address smuggling and proliferation of “ukay-ukay” by strictly implementing RA 4653. The government must also reinstate the SGS pre-shipment inspection and to cancel business permits related to trading of used clothing.

Incentives to the industry was also pushed in the short term for the innovative product processing that promotes sustainability and green environment. Reduction of the 12 percent value added tax was also pushed.

For the short term milestone, the roadmap forecasts the Philippines to improve its world ranking in garment exports into the top 15 largest globally. It is expected to increase its garments by 21.7 percent annually and 10 percent increase in natural and synthetic textile fiber.

This milestone has called for government to address infrastructure gaps and logistical bottlenecks. It also urged for production efficiency, transportation , communication and distribution through high-quality infrastructure and logistical services.

Export market diversification must also be pursued with more bilateral free trade agreements with emerging markets to reduce dependency on the US and EU markets. Improved R & D must be pursued to come up with innovative products.

For the long-term, the roadmap said that an annual 45.8 percent annual increase in the exports of garments is attainable by 2026-2029. This milestone has foreseen the Philippines already at the top ten of the world’s biggest garment exporters.

The Philippines is already a unique, well-known affordable and great for everyday wear global brand as the industry has already upgraded to original brand manufacturer with homegrown Filipino labels.

The industry has already a textile manufacturing that could fully support garment producers offering a more diverse range of products both for the local and export market.

Source: business.mb.com.ph- Dec 05, 2019

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Sri Lanka plans to set up fabric processing zone targeting global investors

Sri Lanka's apparel industry is planning to set up a fabric processing park in Eravur, Batticaloa in the east of the island, to draw investors from countries like China in a bid to cut lead times and reduce input costs, local media quoted a leading official as saying on Thursday.

Sri Lanka's Joint Apparel Association (JAAF) was working with the Board of Investment on setting up the industrial zone, Chairman of Sri Lanka Apparel Exporters Association Rehan Lakhany told the local EconomyNext.

"We are talking to the relevant authorities to allocate a land of about 200 acres in Eravur that we have identified suitable to set up this zone," Lakhany said.

"Foreign textile manufacturers will be invited to set up factories within the zone," he added.

Chinese apparel makers, who are looking to re-locate would be one of the target groups. The island imports more than 50 percent of its fabric from China along with other countries like India.

The industrial zone will have centralized facilities such as water treatment plant to re-cycle water which will reduce set up costs for prospective investors, Lakhany said.

Sri Lanka apparel exports grew 6.5 percent year-on-year this October and is expected to end at a 7-percent growth rate by the end of this year.

Source: xinhuanet.com- Dec 05, 2019

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Nigeria: Reviving the textile industry

The planned revival of the textile industry in Nigeria is a strategy in the right direction of improving the economy, creating jobs and funding the industries necessary for appropriate industrialization of our country. Most of the textile industries in Nigeria fulfill the spatial criteria for inclusive national development because they are located mainly in Kano, Kaduna, Aba and Ikeja. One only prays that unlike previous plans to revive the textile industry, the money this time will not be stolen , mismanaged and in the word of a former Vice President "misapplied" whatever that was supposed to mean.

The textile industry in Nigeria presents us great opportunities for backward integration to the raw materials being sourced locally. Before oil, the economy of northern Nigeria was based on production of groundnuts and cotton. The two produce were largely exported but by the 1960s, textile mills sprang up in Kano and Kaduna providing jobs for thousands of people. Also oil mills for crushing cotton seeds and groundnuts also became common feature of the economy. Alas all these disappeared gradually when government's foreign reserves no longer depended on agricultural produce but on commission paid to our government by foreign oil companies.

In the southern part of our country, there were textile industries in places like Aba, Ado Ekiti and Ikeja which relied on imported cotton yarn from Egypt and the Sudan. Instead of depending on increased local cotton production, the southern textile mills did not enjoy the advantage of backward integration even though cotton could also be grown in transitional zones in the south before reaching the rain forest. Historically, there existed thriving textile native industries owned usually by women. These women provided school uniforms for their children in their ancient looms behind their homes. Cotton harvested from their farms were manually turned into yarns using their own fabricated tools. These women also had dyes gotten from plants and in Yoruba land for instance, Osogbo was famous for its dyes even though most women were historically involved in the textile and dye industries. Thank God the importation of British textiles did not completely kill the local industry which still survives in Ilorin, Oyo, Iseyin, and northern Oyo generally. They also survive in Ondo, some parts of Igbo land and in Sokoto, Kano and Borno. On important occasions our people are still decked in these traditional textile apparels. The point I am making is that unlike southern and eastern parts of Africa where before the coming of the white man there, their native attire were mainly animal hides and skins.

When Governor General Sir Reginald Wingate of Sudan In 1925 decided to irrigate vast area of the Sudan for agricultural development especially the growing of cotton and other produce, Nigerians were sought after for work in the Al Jazirah (Gezira) scheme. Most of the workers who built the scheme were Nigerians stranded on their way to or return from the hajj. They have now made the Sudan home and constitute a large portion of the population of the Sudan usually referred to as “Fellata”. The Al jazirah scheme contributes more than 50% to the economy of the Sudan. Imagine what we can do if our surplus and underutilized labour is harnessed for cotton production on irrigated farms to satisfy our domestic textile need and for export.

Countries like India, China, the USA and Great Britain itself started their journey of industrialization from the textile industry. At the onset of industrialization in the USA, cotton based on unpaid free black labour was king. Industrial Britain grew from its textile mills in Lancashire before the development of heavy industries in Birmingham.

The reason for this is that the machines needed for textile mills were not as complex as those of heavy industries. Imagine if Nigeria can provide all her textile needs for everything from what we wear to furnishings, the number of millions of our people who will be in gainful employment. There are probably more than 150 million people who will need clothes of different types. Millions of school children who will need uniforms. The police, customs, immigration and the military and other uniformed forces would need to be provided for. What about beddings, window blinds, flags and so on. Imagine the millions of tailors who will find jobs working for fashion houses or for themselves.

We have this blessing of a huge market. What seems absent and missing is somebody or government to mobilize our people to translate the latent force in our country to economic reality. Imagine if we ban importation of all textiles and force ourselves to rely on and use what we have. Within 10 years, we will be one of the strongest economies in the world and we will not have to beg Donald Trump to extend the AGOA (African Growth and Opportunity Act) put in place by the Clinton administration to encourage African countries to export their products to the USA under most favorable terms.

I am not suggesting a policy of autarky. Why not? China closed its borders for more than a decade before joining the global economy as a force to be reckoned with. In terms of purchasing power parity China is the biggest economy in the world today. Of course with our known slothfulness and celebration of ethnicity, mediocrity rather than meritocracy, we do not have the discipline needed to leapfrog from the economic doldrums we find our country to a modern economy. But in the advancing world of knowledge economy and moving away from dependence on hydrocarbons as sources of energy, we will soon find out we have no economy unless we mobilize to prepare for a future which will need less of our oil and gas because of their deleterious and abusive impact on the environment causing severe strain on global climate.

Since our avowed aim is to diversify our economy away from oil and gas and to replace it with agriculture and other sustainable industries, textile industries fit appropriately our strategy. Firstly, most of the textile mills are state corporations owned and even where there are substantial foreign participation in ownership there should be no hindrance in local buy in through the stock exchange. There may even be the need to build new mills if the old ones are too decrepit that it will be waste of resources repairing them. By now we ought to have learnt our lessons from the perennial waste of millions of dollars on petroleum refineries that should have been sold or scrapped a long time ago but still continue to guzzle millions of dollars because of deep state corruption.

We can also learn from the Al jazirah scheme in the Sudan by government getting directly involved in the production of cotton for home industries and export of its surplus. Where there are individual farmers growing the stuff, government particularly state governments and not the federal government should provide loans to assist them. This may also be the time to bring back the old cotton commodity board to guarantee fixed and profitable prices to producers so that they would not be faced with gyration of prices which may discourage farmers.

What one has suggested for cotton can also apply to cocoa, rubber, palm oil and palm kernel, groundnuts, Shea butter, cashew, maize, sugar cane and soya beans. We ought to have a policy of adding value to our agricultural products. We have the land and water and abundant sunshine; all we need to do is put our thinking caps on and make what potentialities given to us by God come into reality.

As JF Kennedy the former president of the USA famously said “The work of government will not be finished in one administration and not even in our own, but let us begin”.

Source: thenationonlineng.net - Dec 05, 2019

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NATIONAL NEWS

Listing of high-potential farm goods, global alerts to boost exports

Commerce Ministry to work with States to implement Agriculture Export Policy

To push up stagnating exports of farm products, the Commerce Ministry has initiated an exercise to generate a list of agricultural, horticultural, animal husbandry and marine items with export potential. It will then share the information with relevant Ministries and Departments.

A system of agriculture sector alerts to all stakeholders, including exporters, farmers and government entities, based on global developments, is also being worked at, an official told BusinessLine, adding that steps are also being taken to coordinate with States to implement the Agriculture Export Policy (AEP).

"The share of farm exports in total exports had gone down last fiscal compared to the previous year while the value has remained stagnant. It is not acceptable as the agriculture sector holds a lot of potential and can grow steeply if given the proper thrust. This is exactly what the government is now seeking to do," the official said.

In 2018-19 agriculture exports were at $ 38.73 billion, was almost the same as the amount exported the previous year. The share of agriculture in total exports declined to 11.76 per cent compared to 12.66 per cent in 2017-18 and 12.07 per cent in 2016-17.

The official pointed out that while India exported a large variety of farm products, there existed a lot of untapped potential which needed to be explored. "Be it floriculture, fruits and vegetables seeds and fresh, processed and dried fruits and vegetables, the scope for growth is immense. Drawing up a list of potential items and potential markets is an attempt to ensure that enough attention is given in the desired direction," the official said.

Information updates

Dissemination of information on global developments such as commodity price movements, changes in various quality and technical requirements in important markets and the production situation in competing markets could help domestic exporters in gearing up and responding accordingly. "The Commerce Ministry is working on a weekly alert system on global agricultural developments for all stakeholders and it will be put in place soon," the official said.

The ongoing efforts in the States to prepare a comprehensive State Agriculture Export Action Plan, inclusive of all elements suggested in the AEP, will also be given a push with the Commerce Ministry writing to all the States to expedite it, the official added. The elements include creation of infrastructure for agriculture exports such as sorting, packaging, testing and certification and cold storage.

Source: thehindubusinessline.com– Dec 05, 2019

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Amazon to take Indian MSMEs to 180 countries; here's how small businesses can go global

Trade, Imports, Exports for MSMEs: E-commerce company Amazon India on Thursday said it has signed an MoU with Punjab Small Industries & Export Corporation Limited to carry out workshops for MSMEs to export their products to potential customers in over 180 countries through the company's Amazon Global Selling Program. Amazon will train and onboard MSMEs at key MSME clusters in Punjab including in Ludhiana, Jalandhar, Amritsar, Patiala and Bathinda. Amazon launched the Global Selling Program in May 2015 for its sellers to sell goods outside India. It has more than 50,000 Indian manufacturers, sellers and exporters selling across Amazon's 12 international marketplaces..

Helping MSMEs get onboard their platform to sell online along with providing necessary support and mentoring in the process has been the focus for both Amazon and Flipkart. The latter also on Thursday announced signing MoUs with the Punjab government to acquire local sellers, artisans, weavers and MSMEs to sell via its marketplace platform. The signing by Amazon and Flipkart with the state government was done at the Progressive Punjab Investors Summit in Mohali. "Amazon's partnership with Government of Punjab signifies the growing interest of large global enterprises in Punjab," said Vini Mahajan, ACS Industries, Government of Punjab.

Also read: Flipkart's go-to route to acquire more sellers: India's 'underserved' MSMEs

The Global Selling programme has clocked $1 billion in cumulative exports so far, Amazon claimed, while it expected the amount to hit $5-billion mark by 2023 for Indian exporters partnered with the programme. "Through the Amazon Global Selling program, we have had the opportunity to assist 50,000 MSMEs across India to showcase over 150 Million 'Made in India' products to customers in more than 180 countries," said Abhijit Kamra, Director – Global Trade at Amazon India. Amazon has over 5 lakh sellers on its marketplace platform — Amazon Seller Services.

However, the company along with rival Flipkart has been going through severe criticism from 70 million Indian traders for alleged unfair business means including deep discounting, predatory pricing, violating FDI policy etc. leading to an uneven level playing field for offline businesses. Amazon and Flipkart, nonetheless, have claimed compliance with the requisite Indian laws governing e-commerce. India's e-commerce policy, for which the draft was introduced in February this year, is likely to come out early next year.

Source: financialexpress.com– Dec 05, 2019

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Textile exports up 6.3% post-GST

Textiles minister Smriti Zubin Irani on Thursday told Parliament said textile exports have increased 6.2% post-Goods and Services Tax (GST) as compared with corresponding period pre-GST.
"India faces competition from countries like Vietnam, Bangladesh and Sri Lanka which enjoy duty free access to key markets while India faces a duty disadvantage," she said in reply to a question in Rajya Sabha.

Besides, Bangladesh and Vietnam have the benefit of scale in apparel manufacturing and a large and productive labour force.

In a separate reply to a question on decline in export of cotton yarn, she said: "There is no information regarding closure of spinning units due to decline in exports of cotton yarn".

Citing data from Directorate General of Commercial Intelligence and Statistics, she said cotton yarn exports from India is reported at 226 million kg during April-September 2019 as compared with 338 million kg during April-September 2018.

Source: economictimes.indiatimes.com - Dec 05, 2019

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NGOs, activists slam brands, seek 6-fold hike in MSP for cotton

Activists came down on companies advocating organic cotton saying that the rates — after adding the premium — the brands give on the organic variety to the growers are below the minimum support price (MSP). NGOs and farm activists sought a straight hike of three times than the current (MSP) for cotton at Rs15,000 a quintal. For organic cotton, they pressed for a rate of Rs30,000 a quintal at the the Cotton Trailblazers — Organic Cotton Summit held in the city on Thursday. The MSP for the current Kharif season is Rs5,550.

The activists said the case was worse for growers of organic cotton. The textile brands encourage them to go for organic by offering a premium over and above the market rates. However, even with the premium added, the amount they get is less than the MSP fixed for conventionally grown cotton. The contentious issue came to fore during the panel discussion on 'Spotlight on local handloom enterprises engaging directly with farmers of their own state and paying a premium price for cotton in-transition towards organic".

Taking potshots at the manufacturers, Kisan Seva Sangh president Avinash Kakde alleged that the premium on organic cotton is a sham. "The garment companies are fooling the farmers. They are buying cotton at low prices and selling finished products at an exorbitant cost. If you consider how much cotton a shirt requires, then their per quintal income stands at Rs30lakh in the country and Rs3crore in international market," he said.

Kakde said even leaving out making, processing and other charges, the ultimate profits are too high for textiles and companies. "Farmers are getting just 0.5% of the profit. Chemical farmers must get thrice more than MSP while organic growers must get six times more rates," he said. The GM crops yield around 15 to 30 quintals of cotton on one acre while it is just 2.5 quintals per acre through organic farming. "If you want organic, then be ready to pay more," he said.

Tinni Sawhney, CEO of NGO Aga Khan Foundation, said brands could think of announcing a fixed amount. "Farmers don't get premium on MSP. Why brands do not make MSP as the base? They give premium at the market rate," she said.

She said there should be greater transparency in full value chain. "The farmer must know how much his cotton is selling at to the brands," she said.

Source: timesofindia.indiatimes.com- Dec 06, 2019

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