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IBTEX No. 50 of 2020 March 07, 2020

US 74.01| EUR 83.54 | GBP 96.56| JPY 0.70

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INTERNATIONAL NEWS

Central America Manufacturers Eye Apparel Delays as Colombia, Brazil Rush to Replace China

As the coronavirus epidemic continues to whipsaw global supply chains, Central American suppliers have conceded they will have to delay apparel deliveries this month as key Chinese feedstocks are not arriving on time.

But as manufacturers in Guatemala and elsewhere in the region scramble to find ways to deliver merchandise to the likes of VF Corp. and Walmart Inc., their competitors in Colombia and Brazil are rushing to market their products to U.S. buyers struggling to find sourcing alternatives outside of China where the cancellation of the key Canton Fair has left many brands wondering where they will source apparel for delivery in 2021, according to U.S. trade executives.

Meanwhile, Latin America's biggest fashion week, São Paulo Fashion Week, is still expected to take place from April 24 to 28, said sources close to the organizers, even as a string of global fashion shows have been scrapped. The annual Apparel Show sourcing fair in Guatemala, however, will likely be canceled.

"This is getting very serious," conceded Alejandro Ceballos, president of the main Guatemalan apparel lobby Vestex, adding that up to 70 percent of apparel shipments could be postponed in the next 30 days amid a critical shortage of cotton and synthetic yarn and thread to assemble garments for U.S. sale.

"This week, we could see 20 percent of merchandise delayed, next week 40 percent and in a month, it could be 70 percent. Unless U.S. brands are more flexible [including with their sourcing rules], the industry will not be able to cope."

Ceballos claimed Guatemalan mills are also rushing to find enough accessories to finish products, notably labels, buttons, dyes, etc., while factory machinery and equipment are also under pressure, unnerving factory owners that won't have parts to fix machines that could suddenly go down.

While China has said the COVID-19 outbreak has been contained, Vestex claimed the factories from which it sources remain critically understaffed as many operators have failed to return to their posts due to transport restrictions. “A lot of people who traveled for the Chinese New Year have not been able to go back to work,” Ceballos continued. “There is a very big mobility problem.”

Specifically, 54 percent of Chinese manufacturers say less than 50 percent of workers have returned to work, according to a recent survey from Chinese trade associations querying 294 firms which Vestex used in a presentation this week. “The lack of workers is a very urgent problem for small companies because 80 percent of them have 50 percent of workers that have not returned,” Vestex said.

More than 68 percent of garment manufacturers in China have resumed production and expect output to reach 50 percent capacity later this month, completely recovering in April if the situation stabilize, according to the Vestex presentation.

Ilse Metchek, president of the California Fashion Association, countered that things in China are not as bad as people think — factories in Guangzhou, the country’s third-largest textiles pole, are quickly ramping up production.

“Most of my manufacturers said they are working and were only down 30 percent,” said Metchek. “Guangzhou is the third-largest apparel producer in China after Beijing and Shanghai and they have not shut down.”

The executive acknowledged that garment makers are facing raw-material shortages all over the world — a phenomenon that might usher a return to more natural materials such as cotton, silk and linen to make clothes as opposed to synthetic and more man-made fabrics such as those made in the world’s largest clothing manufacturer.

Metchek said current supply bottlenecks, coupled with the cancellation of the Canton Fair, have left many fashion brands scrambling to find sourcing alternatives. “That is the fair where many intra-Asia deals [for next year’s sourcing] were being made — it’s enormous,” Metchek noted.

“So that has left many people wondering where they will make clothes for 2021. There is an assumption that things [sourcing wise] won’t be the same, at least throughout this year. There is going to be a very tough back-to-school situation but the main question now is what will we do in 2021?”

As U.S. brands and retailers fret, the California Fashion Association has invited manufacturers from Colombia as well as Turkey and Portugal and elsewhere to panels exploring alternatives to China. “We can get fibers from South America and yarn from Turkey and Portugal. All of them see this [the crisis] as an opportunity to market their product,” she said.

Metchek said Colombia could step up its knits and cotton product offering that benefits from U.S. duty-free access. “The best country for product in South America is Colombia and they are really intensifying their marketing and outreach. They are very good at denim. They have 20,000 machines going.”

Peru is also a good option for luxury fabrics such as pima cotton and alpaca. Some Central American executives said while the coronavirus is a growing threat to their supply chains, they still plan to deliver garments on schedule. “We have not had problems because of coronavirus,” said Dean Garcia, executive director at leading Nicaragua trade lobby Anitec. “We are monitoring the situation and planning a response strategy.”

Garcia said he and other Central American executives will meet with the National Council of Textile Organizations in early April to assess how to best tackle the coronavirus threat. One strategy being discussed is having U.S. cotton and yarn makers sharply boost production, but at prices Central American producers can afford. “We need to look at how they can reconvert and produce more and at what price,” said Garcia, adding that U.S. feedstock prices are at least 40 percent higher than China’s.

Even though Nicaragua, which churns out apparel for the likes of Under Armour, Adidas or Walt Disney, buys polyester fabric from China, it has enough reserve stocks to deal with shortages, Garcia claimed. The nation imports less cotton fabric to make knits than its Guatemala or other Central American neighbors, he added. And the majority of Nicaragua’s key woven and twill fabric inputs come from Cambodia, Pakistan and Singapore, according to Garcia.

Brazilian executives, meanwhile, stuck to positive views about the outlook, noting that it has not yet hit manufacturers making fashion for the U.S.

“So far production is normal,” said a top Brazilian apparel executive, adding that international labels are calling main trade federation Abit to inquire about sourcing opportunities.

Abit's President Fernando Pimentel added: "We don't have raw material shortages to attend the industry's needs so far. But if this crisis continues, we could start seeing problems in three months or so."

Brazil's local retailers — which were starting to see sales firm up amid an economic recovery — are facing some disruptions, however, as roughly 35 percent of them buy apparel from China, Pimentel conceded.

Luminosidade, the events firm behind São Paulo Fashion Week, did not return calls seeking comment about whether it will postpone the event.

"The show is still expected to happen," said a source close to the organizers. "People are not that worried about the virus," said the source. "We are just trying to live life here in Brazil."

Source: wwd.com -Mar 06, 2020

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Inside a Chinese manufacturing hub's return to normalcy as coronavirus spread slows

The impact of the coronavirus has so thoroughly disrupted supply chains that some brands are chalking up the entire spring season as a loss, according to Chinese garment manufacturer Vincent Djen. Djen said that many of the brand executives he's worked with are instead turning their focus to the fall season, with the expectation that pent-up demand will lead to bigger sales.

Djen, who runs Shanghai-based apparel manufacturer Cheng Kung Garments that works with fashion brands like Gant and Bruuns Bazaar, has spent the last month alternating between communicating with his European clients on delays in manufacturing and looking for ways to get his own factory back up and running, as the coronavirus increasingly impacted the business of fashion in China and the rest of the world.

As a major manufacturing hub for a vast number of fashion brands, what happens in China reverberates through the rest of the industry. And there are already some clear effects that could affect the way the industry works permanently.

"In manufacturing, we've seen a lot of delays, especially from the fabric suppliers," Djen said, noting that Shanghai is one of the largest textile hubs in the world. "Personally, I'm seeing about two- to three-week delays on fabrics coming in from suppliers. Luckily, most of our factories have about 50% to 80% of their staff returned to work, but our factories in Shenzhen and Guangzhou are only at 30%. Those areas have a lot of workers from Wuhan [the most heavily quarantined province in China and where the first outbreak occurred], so they've been hit pretty hard. You're lucky to be running at 30% there."

Djen said he's seen a massive rethinking of how businesses are run. For example, after several European clients who were supposed to visit his factory in Shanghai cancelled, Djen, like many others, shifted many of those meetings to video calls.

Djen said he expects the shift to video conferencing to be far more useful and long lasting for local partners in China, rather than international partners. Djen meets with his local partners, like textile suppliers, multiple times per week, while partners in Europe and other countries come to China only a few times per year. Djen also said that English is the primary language for his team in China when communicating with partners outside of China, and if a partner's English isn't so good, an in-person meeting is much easier.

Outside of manufacturing, Djen said the mood in the Chinese fashion and apparel world is one of cautious optimism. While the early days of the outbreak in late January and early February were hectic (Djen said he and his family stayed home for an entire month), things have recently started to inch back to normal.

"The wholesale markets in Wuhan are completely shut down," Djen said. "In Hangzhou, some of the retailers are open, but foot traffic is really low. In some places, you are only allowed to have one person in the store at a time. You can't have two employees in one store, because they want to limit the flow of people. The Shanghai subway typically has about 10 million passengers per day, but now it's only about 4 million."

On Wednesday, China's National Health Commission reported 139 new cases of coronavirus in the Wuhan province where the outbreak began, and 119 new cases the day before that. This is a sharp decline from the peaks in February where there were thousands of new cases each day. While the rest of the world is still dealing with the effects of the outbreak, particularly on travel and long-term sales, things within China are slowly settling down.

"It's still up in the air how long this will be an issue, but the rate at which [people] are catching new cases is a lot lower," Djen said. "Some cities are already lowering their emergency level. Very slowly, things are starting to get better."

Source: glossy.co - Mar 06, 2020

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USA: Dramatic Apparel Sourcing Shifts Marked 2020's Arrival

Sourcing of apparel started the year with the familiar theme of volatility and rapid change among major suppliers for U.S. brands and retailers, but new patterns began to emerge.

China's unquestioned dominance as an apparel supplier looks to be fading, and its top spot is being seriously challenged by smaller rival Vietnam, whose capacity constraints are started to be exposed, as experts have warned. That could be why established players like Bangladesh and Cambodia, with labor and safety problems of their own, saw shipments jump as the year began.

U.S. imports of apparel from China, somewhat skewed by a combination of the end-of-month Lunar New Year factory closing and the onset of the coronavirus epidemic, dropped 36.09 percent in January compared to a year earlier to a value of $1.62 billion, according to the Commerce Department's Office of Textiles & Apparel (OTEXA). This gave China, which saw its shipments decline consistently during 2019 amid the U.S.-China trade war, an import market share of 28.9 percent compared to 33 percent share a year earlier.

Tim Boyle, chairman, president and CEO of Columbia Sportswear, said last week that temporary factory closures and the pace of workers returning to work have impacted the ability of the company's contract manufacturers to source certain raw materials and to produce and fulfill finished goods as expected.

"The outbreak is also impacting distribution and logistics providers' ability to operate in the normal course of business," Boyle said. "These supply chain impacts will likely affect our ability to timely fulfill orders and meet consumer demand."

Apparel imports from second-place supplier Vietnam increased in value a modest 4.12 percent in January to $1.32 billion, according to OTEXA data. Sourcing executives have questioned whether Vietnam, a relatively small country with a limited labor pool, could maintain its dramatic increases and ascend up the supply chain ladder. Vietnam's market share rose to 16.4 percent for the year ending Jan. 31 compared to 14.8 percent share a year earlier.

No. 3 supplier Bangladesh started the year with a 17.03 percent increase in shipments to reach $622 million in value, while sixth-place Cambodia's imports jumped 19.91 percent to $277 million.

In between, Indonesia's shipments rose 1.45 percent to $413 million, while imports from India, which had grown up the ladder for a 4.84 percent market share in 2019, were down 2.81 percent in January to a value of $371 million.

Rounding out the Top 10, Western Hemisphere countries Honduras, Mexico and El Salvador had mixed results. Imports from Honduras were up 0.87 percent in the month to $154 million, as Mexico's shipments fell 14.79 percent to $205 million and El Salvador's declined 3.08 percent to $118 million.

Imports from No. 10 supplier Pakistan inched up 0.36 percent to 131 million. This came as overall U.S. apparel imports declined 10.72 percent in January to a value of $6.76 billion.

The U.S. monthly international trade deficit decreased in January, according to the Bureau of Economic Analysis (BEA) and the U.S. Census Bureau. The deficit decreased to $45.3 billion in the first month of the year from a revised $48.6 billion in December, as imports decreased more than exports.

The goods deficit decreased $2.6 billion in January to $67 billion. The goods deficit with China decreased $2.1 billion to $23.7 billion in January. Exports increased $2 million to $7.7 billion and imports decreased $1.8 billion to $31.4 billion.

Source: sourcingjournal.com- Mar 06, 2020

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Coronavirus: Cotton industry suffers as China accounted for one-third of exports

The coronavirus outbreak in China has not spared India's cotton yarn exports either and has started exerting pressure on yarn realisations, which have corrected by 2-3 percent since the beginning of February 2020.

The domestic cotton spinning industry is highly dependent on exports, particularly to China, with 30 percent of the cotton yarn produced in the country being exported, and China accounting for nearly one-third of the exports in recent years.

This follows a brief recovery seen in India's cotton yarn exports in the month of January 2020 when the exports touched an estimated 100 million kgs, in line with India's historical monthly average, following a weak performance for nine consecutive months earlier.

The outbreak of the coronavirus in China and the consequent lockout in parts of China has resulted in a shutdown of production units in the country, trickling down to lower demand for the yarn.

The resultant correction in realisations, even as cotton prices have remained relatively stable on the back of scaled- up market interventions by the Cotton Corporation of India Limited (CCI), are expected to contract spinners' contribution margins again, vis-a-vis the previous three months.

Movement in domestic cotton prices contrasts with the international trend wherein uncertainties on demand have resulted in a sharper correction in cotton fibre prices in recent weeks.

Jayanta Roy, senior vice-president and group head, Corporate Sector Ratings, ICRA, said, "Even though domestic cotton fibre prices continue to be competitive vis-a-vis international cotton prices at present with a price spread of 4 percent (reduced from 9 percent in Feb-20), a further correction in international cotton prices amid demand-side uncertainties could render domestic spinners uncompetitive in the international markets, similar to the situation which was witnessed in H1 FY2020."

As for the performance of the Indian cotton spinning industry, it has already been severely constrained in the current fiscal amid multiple headwinds including a demand slowdown in the domestic as well as export markets and unfavourable raw material prices. While the industry was pinning hopes on a gradual recovery in cotton yarn exports from Q4 FY2020 onwards, aided by the softening of domestic cotton prices, the recent developments could prolong tough times for the domestic spinners.

“With no meaningful recovery in sight and continued uncertainty on the extent and duration of the impact of the coronavirus outbreak, ICRA is maintaining the ‘Negative’ outlook on the cotton spinning sector assigned in August 2019. There has been a visible weakening in credit profile of domestic cotton spinners in the current fiscal, corroborated by a credit ratio (upgrade to downgrade) of 0.6 times in YTD FY2020,” Roy added.

The impact on contribution margins over the next few months could be lower for companies that have built-up adequate cotton reserves at low prices in the recent months, have a wider geographical presence in markets

other than China and a focus on non-commodity, value-added products. Having said that, as per ICRA estimates, operating profitability for the domestic spinning sector in FY2020 is expected at multi-year lows, closer to the level last witnessed in FY2012, when most players suffered sizeable losses on inventory due to a steep unexpected correction in cotton prices.

In contrast to the spinning segment, other segments of the domestic textile value chain are not highly dependent on China and other affected regions, for export demand. Nevertheless, some impact on production could be seen in segments such as fabric and apparels that are dependent on these affected regions for getting raw material supplies such as man-made fibres/ yarns, colours and dyes, chemicals and trims/ accessories such as zippers, buttons and needles.

Besides potentially affecting production for companies that do not maintain sizeable inventories, this could exert cost-side pressures with companies having limited flexibility to pass-on increases, amid a subdued demand scenario.

Having said that, the downstream segments, particularly apparels could, in fact, benefit from the increased demand in the export market over the medium to long term, as large customers look at geographically diversifying their supply base. No immediate benefit is, however, expected to owe to the time required to scale up capacities and get approvals, as well as liquidity crunch which the sector is currently experiencing amid delays in clearance of export incentives.

Source: itln.in- Mar 06, 2020

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Coronavirus: Turkey rises prices and threatens the profit margins of fashion in 2020

The movement of orders to countries of the Euro-Mediterranean pool is triggering a rise in prices from the part of suppliers.

Not only does ecommerce threaten the margins of the fashion industry. A new supervening element pushes down the margins of the sector. The sudden transfer of productions to Turkey is leading to a price increase and the giants are already preparing for a cut in their margins in 2020.

“There is a collapse of capacity: those who were already there have secured space, but those who have arrived late have no other choice but to pay more,” says an executive of the sector.

The situation is repeated in Morocco, Tunisia, Romania, and Portugal, although Turkey is the market for which fashion groups are venturing more into to deal with the breakdown of the supply chain by the paralysis of factories in China and the affectation of ports and airports.

There are several executives in the sector who already warn of a price increase, mainly in Turkey. The impact of this movement of Turkish suppliers will be noticed, especially in the autumn-winter 2020 season, although the profit margins for the entire year are already compromised.

In addition to the proximity to the European consumer market, one of Turkey’s advantages as a supply hub for the fashion sector is the development of the entire value chain in the country, from the production of raw materials (Turkey is the seventh world cotton producer and one of the largest consumers of this raw material) until manufacturing. This structure gives the country speed in the response.

Turkey is currently the sixth-largest textile exporter in the world, with 3.1% of the total in 2018. The ranking is led by China, which in 2018 recorded 37.6% of total textile exports and 31.3% of clothing exports, followed at a great distance by the European Union, Bangladesh, Vietnam, and India.

Over the last few years, an increasing amount of companies are betting on Turkey as a supply hub, a movement that is now accelerating. Inditex is one of the groups that is betting more on Turkey as a backup in the middle of the Chinese crisis.

The Spanish giant already had its main supply hub in Turkey nearby. At the end of the last financial year, Zara's parent company had 198 suppliers in the country, which added a workforce of 251,277 people.

C&A, H&M or Gap are other international companies in the sector that are provisioned in the country. The Dutch company works with 132 factories in Turkey, while Gap has eight suppliers in the country and H&M, three.

"The truth is that China was already ceasing to be competitive in prices in recent years and we were already looking for other places to stock up: the current situation does nothing but fill us with reasons to return to proximity," explains an industry executive. He adds that "the evolution of the currency has made Turkey a hypercompetitive market."

Turkey has gone through one of its worst economic moments following the lira fiasco in 2018 after the United States announced that it doubled import tariffs on steel and aluminum from that country.

In August 2018, the Turkish lira lost 25% of its value, accumulating a 40% devaluation since the beginning of the year. After this situation, in Central Bank of Turkey was injected 6 billion dollars into the financial system and decided to reduce the limits of foreign exchange reserves allowed to Turkish banks in order to remove the lira from the market, give liquidity to the system and stabilize the value of the lira. At the end of this edition, the lira was trading at $ 0.16.

Textiles, which are very sensitive to production costs, made the point of this devaluation to accelerate purchases in the country.

In 2018, the European Union increased its purchases by 2% to the Turkish textile industry, which is established as the third-largest hub in the European zone, according to data from Icex Spain Export and Investment.

In 2019, Turkish fashion exports recorded an increase of only 0.4%, to 17.7 billion dollars. Before the coronavirus crisis outbreak, the Istanbul Clothing Exporters Association predicted that the country's fashion exports will exceed $19 billion in 2020.

Turkey's textile industry is made up of 89,085 companies specializing in both textile, clothing, and leather and footwear, according to the country's statistical institute.

The sector also employs thirteen million people. Turkey's interprofessional minimum wage (SMIC) has increased by 55.3% between 2016 and 2019, from 1,647 lire to 2,558.4 lire per month.

The global economic slowdown has also affected Turkey. In 2018, the country's Gross Domestic Product (GDP) grew by 2.8%. In 2019, the Turkish economy reduced its pace, registering an evolution of only 0.2%, according to data from the International Monetary Fund (IMF).

Source: themds.com - Mar 06, 2020

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Firms to invest $24 mn in garment, bag making in Yangon

Companies from Myanmar, Hong Kong, China, Estonia and Taiwan will invest nearly $24 million in businesses in industrial zones in the Yangon region, including the Thilawa Special Economic Zone (SEZ), to manufacture garments and bags, according to the Yangon Region Investment Committee. The latest investment approved by the committee is likely to create 8,920 jobs.

Follow below are some of the prominent companies and their investment details, as per a report in a Myanmarese newspaper:

(1) Fineline Company Limited (Hong Kong), $2.087 million in bag making in the Thilawa SEZ
(2) Genesis Myanmar Garment Co Ltd, $4.285 million in bag making in the East Dagon Industrial Zone
(3) South Frame Myanmar Limited, (Estonia), $0.852 million in making photo frames
(4) Myanmar Journey Bags Co Ltd (Hong Kong), $1.622 million in bag making in the Wataya Industrial Zone
(5) Kai Sheng (Myanmar) Industrial of Taiwan, $0.911 million in bag making in Shwepyitha township
(6) Jiangsu Soho (Myanmar) Garment Company Ltd (China), $1.2 million in garment business

(7) Si Yuan (Myanmar) Co Ltd (Hong Kong), $0.906 million in a garment unit in Hlinethaya township
(8) Sunrise (Myanmar) Fashion Co Ltd (China), $4.5 million in garment business in the Thadukan Industrial Zone
(9) Ziran Non-Woven (Myanmar) Company Limited (Hong Kong), $2.9 million in producing and exporting polyester fibres in Industrial Zone (4) in Shwepyitha township
(10) Allland Fashion Limited (China), $1.002 million in garment business in the Hlinethaya Industrial Zone

The Confederation of Trade Unions of Myanmar (CTUM) estimates that more than 500,000 people work in the apparel sector in the Yangon region, with nearly 300,000 employed in 500 to 600 garment factories in Hlaing Tharyar town alone.

Source: fibre2fashion.com - Mar 07, 2020

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The Home Depot posts FY19 net sales of $110 billion

The Home Depot, the world's largest home improvement retailer, posted 2.7 per cent decline in net sales to $25.8 billion in fourth quarter (Q4) FY19 compared to $26.5 billion in same period prior year. While sales for full FY19 ended on February 2, 2019 rose 1.7 per cent to $110.2 billion compared to $108.2 billion in same period prior year.

"Fiscal 2019 was a record year for our business and one marked by significant progress as we invest to transform ourselves into The Home Depot of the future. We had a strong finish to the year as our fourth quarter results reflect strength in our core business, solid execution around our holiday events and the overall health of the consumer," Craig Menear, chairman, CEO and president, The Home Depot, said in a press release.

The company reported that the fiscal 2018 included an extra week of operations compared to fiscal 2019. The extra week of operations added approximately $1.7 billion of sales to the fourth quarter of fiscal 2018. Net earnings in Q4 FY19 were $2.5 billion compared to $2.3 billion in same quarter prior year.

Net earnings in FY19 grew marginally to $11.2 billion compared to $11.1 billion in prior fiscal. Operating income in Q4 FY19 grew 0.7 per cent to $3.4 billion (Q4 FY18: $3.3 billion).

The company in its guidance for fiscal 2020 expects: total sales growth of approximately 3.5 per cent to 4.0 per cent; comparable sales growth of approximately 3.5 per cent to 4.0 per cent; six new stores; and operating margin of approximately 14.0 per cent.

Source: fibre2fashion.com - Mar 07, 2020

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Flow of materials into Myanmar expected to resume soon from China

Garment industry leaders said the flow of raw materials from China could begin returning to normal next month, as factories in the virus-plagued country slowly resume operations.

U Myint Soe, chair of the Myanmar Garment Entrepreneurs Association, said the local garment industry needs to be patient a while longer, as the rate of COVID-19 infections in China appears to be ebbing.

“The situation is bouncing back. We’ve seen the closures of temporary hospitals in Wuhan,” he said, referring to the city in Hubei province where the outbreak of the virus was first reported on December 31.

“Buyers said the factories started operating this week. We estimate textile supplies will resume during or after the Thingyan Festival,” he said.

Factories in Myanmar rely on China for about 90 percent of their raw materials, which were cut off by travel restrictions enforced by Beijing at the height of the outbreak.

“We have to endure until March or April, and will be able to operate again in May. Factories need to have contingency plans for such emergencies,” U Myint Soe said.

Local garments and electronic parts manufacturers may run out of raw materials before the end of March, said Ko Aung Myo Hein a leader of a local business association.

In the face of the shortages, factories have limited workers to eight-hour work days. Some plan lay-offs and a temporary shutdown of operations if the supply shortages continue beyond May.

One of the border gates in Muse township, Shan State, has reopened and is operating at 80 percent capacity due to the high demand for Chinese products.

Source: mmtimes.com - Mar 06, 2020

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US: Coronavirus: Trade slowdown signals shortages ahead

UK ports are starting to see significant gaps in their schedules as the large container vessels that usually ferry goods from China and the rest of Asia fail to arrive.

According to one industry source, the industry is seeing 20-25 so-called "blanks" over a two week period.

Based on the usual number of container vessels visiting the UK's biggest ports like Southampton and Felixstowe, that represents about 30% to 35% of the usual inbound capacity.

Other sources agreed that there had been a significant drop in arrivals, and said that arriving ships were also carrying less cargo than usual.

But some cautioned that volumes usually fell around Chinese New Year in January which made it harder to assess the direct impact of the coronavirus, now called Covid19.

Large container ships take around 6-8 weeks to sail from China to the UK, so the impact of the shutdown of factories in China will start to be felt more keenly in the coming weeks.

The Chinese authorities shut down Wuhan, the centre of the outbreak and a major manufacturing hub, in late January.

These big vessels can also make other stops, some said, raising the prospect of shortfalls of goods coming from other countries in Asia like Japan and South Korea.

Manufacturers in other countries can themselves also rely on parts that are imported from China.

A wide range of goods could be affected by the disruption to global trade, including electronics components and devices, automotive parts, textiles and clothing.

Businesses can try to find alternative suppliers of goods, albeit at a higher cost, although that may also become more challenging as the impact of coronavirus spreads.

Air freight, which accounts for about 40% of the UK's imports and exports, has also been severely disrupted after airlines like British Airways cancelled flights from and from mainland China in late January.

Passenger flights carry cargo in the bellyhold, which accounts for a large portion of overall cargo volumes.

Heathrow, where 95% of the cargo is carried in the bellyhold of passenger aircraft, says it it accounts for 40% of the UK's non-EU and Swiss exports, for example.

Prices for air freight have spiked, with two industry bodies telling Newsnight that their members were being offered air freight at between five and 10 times the normal price, a situation that had worsened over the past month.

Companies and business groups said they were expecting to see shortages of some parts and products show up in the coming weeks, though it remained hard to predict where the pressure would be most acute.

Source: bbc.com - Mar 07, 2020

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Organic bedding market to gain steady profits: study

The global organic bedding market is picking up pace and is set to rise at a compounded annual growth rate (CAGR) of nearly 4.7 per cent by the end of 2029—a trend that is expected to continue in the foreseeable future, according to a study by Ireland-based market research firm Fact.MR.

The rise can be attributed to the increased importance being given to sustainability and eco-friendly materials, and the higher investments being made for sleep aids, the study found.

Numerous people from around the world suffer from lifestyle based ailments like insomnia, asthma, and fibromyalgia, and the development of new organic bedding materials in variants of mattresses, bed linen, pillows, are anticipated to generate additional demand for organic bedding, it said.

Bed linen accounts for the largest segment in this market, reaching more than 33 per cent of the overall value, owing to the high demand for eco-friendly and sustainable goods.

Novel materials like bamboo and design innovations involving lower thread counts are gaining popularity and are driving the demand for organic bedding.

East Asia, South Asia and Oceania will account for the largest and fastest growing segments in the organic bedding industry with CAGRs of more than 5 per cent.

Such growth will rise from factors like a growing spending power of the working class, issues with sensitivity of the skin and the rising importance of sleep postures among consumers in such countries, Fact.MR said in a press release citing the study.

Source: fibre2fashion.com - Mar 06, 2020

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Cambodia's garment industry hangs by a thread

Cambodia's garment industry faces widespread shutdowns by the end of March as the new coronavirus keeps textile suppliers in China shuttered, cutting off procurement of raw materials.

Ten factories in the Southeast Asian country suspended operations by the end of February.

"In March, we could see as many as 200 factories and enterprises running out of raw materials," Heng Sour, a spokesperson for Cambodia's labor ministry, told reporters on Feb. 27. "The worst-case scenario is that about 160,000 workers will be affected."

Cambodia's garment industry employs about one million workers on a full-time basis.

China is the world's biggest textile producer, but many of those factories have been unable to resume operation after the Lunar New Year holidays due to the spread of the new coronavirus.

Cambodia procures more than 60% of its textiles from China, said Ken Loo, secretary-general of the Garment Manufacturers Association of Cambodia. Shifting to India and other countries for sourcing much of this material cannot be done quickly, he said.

The stalled supply of raw materials also concerns the garment industry in neighboring Vietnam.

"It is true that some production is delayed," Osamu Ikezoe, chief operating officer of Uniqlo Vietnam, told reporters Thursday. Uniqlo, operated by Japan's Fast Retailing, opened its first store in Hanoi on Friday.

Negotiations with Chinese suppliers of raw materials have ensured that no shortage will occur when the store opens, Ikezoe said. But "as for the future, the production schedule in March and April is partly delayed."

Though evidence suggests the rate of infections in China may have peaked, workers there remain subject to transport restrictions and the recovery of logistics in the country has been slow.

Major European apparel brands, including Spain's Zara and Sweden's H&M Hennes & Mauritz, are outsourcing production to Cambodian makers. As apparel companies sell seasonal items, a delay in product supplies could lead to missed sales opportunities and damaged earnings.

Cambodia's garment industry already was ripped by the recent withdrawal of certain trade privileges by the European Union. Since 2001, the country has increased exports to the EU under the "Everything But Arms" scheme, which grants a list of least-developed nations zero-tariff and quota-free access to the union's single market for almost all exports.

The country's exports to the EU have soared nearly tenfold, accounting for about 45% of Cambodia's total in 2018.

But the EU has intensified its criticism of the government and authoritarian Prime Minister Hun Sen. The issues include the effective exile of opposition leader Sam Rainsy and the dissolution of the Cambodia National Rescue Party, the country's largest opposition party.

After a yearlong review, the EU decided on Feb. 12 to withdraw some of the tariff preferences granted to Cambodia under its EBA trade scheme. The withdrawal, taking effect in August, covers clothing as well as travel gear, sugar and other products valued around 1 billion euros ($1.11 billion) per year -- one-fifth of Cambodia's total exports.

Cambodia avoided the worst-case scenario of end-to-end sanctions, said Hiroshi Suzuki, CEO and chief economist at the Business Research Institute for Cambodia, a think tank in Phnom Penh.

Yet the stresses are mounting, and garment jobs are being lost gradually.

Cambodia's government has pledged to compensate workers for more than 60% of minimum wages if they lose employment. Under the policy, employers pay for around 40% of minimum wages while the government covers about 20%.

But as Chinese textile factories appear unlikely to return to full operation anytime soon, labor unions are expressing skepticism about the ability of companies to continue providing this compensation for unemployment.

Cambodia has maintained high economic growth of around 7% under Hun Sen, as his administration actively accepts investment from Chinese companies. But this huge Chinese presence has made Cambodia more vulnerable than its neighbors to supply chain disruptions.

Integrated production from thread to textiles to finished products is an ideal form of business for the garment industry. But the upstream process of making threads and textiles requires heavy investment. Cambodia's garment industry faces a tough task if it works to reduce excess reliance on China.

Source: asia.nikkei.com - Mar 06, 2020

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Coronavirus Spins Trouble for Bangladeshi Garments

Bangladesh's garment industry, the engine of the South Asian nation's economy, has suffered huge losses with disruptions in the supply chain of fabrics imported from China as a result of the novel coronavirus outbreak, factory owners and economists said Thursday.

The epidemic has claimed more than 3,000 lives worldwide in less than three months, although no cases have been confirmed yet on Bangladeshi soil. The virus was first detected in Wuhan, a city in central China, the main supplier of yarn, cotton and other raw materials for Bangladesh's ready-made garment (RMG) industry, which employs about 4 million, mostly women.

"The coronavirus epidemic in China has hugely impacted the supply line of raw materials for Bangladesh's RMG sector," Siddiqur Rahman, former president of the Bangladesh Garment Manufacturers and Exporters Association, told BenarNews, an RFA-affiliated online news service. The BGMEA, the industry's most powerful trade group, represents factory owners across Bangladesh.

"Our ready-made garment industry has been hit by the coronavirus," he said. "But we cannot provide any figures at this stage."

Procuring raw materials from other countries has proven difficult, Rahman said, after the viral outbreak hammered the capacity of China to supply goods as swathes of factories remain shuttered.

"We can find a market for raw material supplies as an alternative to China," he said, "but what is the benefit of producing when there is no customer and demand?"

The sector generated $34.1 billion in 2019, according to the BGMEA. Since 2014, the garment sector has also registered more than 80 percent annually of the gross domestic product (GDP) for Bangladesh, the world's second-largest apparel exporter of fashion brands after China, according to the World Bank.

Britain - which gives preferential access to Bangladeshi garments and is one of the main destinations of clothing made in Dhaka - on Thursday moved into the second of four phases in its battle plans to tackle the spread of the virus after registering 90 confirmed cases, officials in London said.

At high risk

But Bangladesh has not yet reported a case of the COVID-19 illness, which currently has no approved vaccines and has infected more than 93,000 people in 77 countries, according to the latest information from the World Health Organization (WHO).

Bangladesh, however, remains at high risk of experiencing the virus because of the nation's connectivity with nations where cases of the epidemic have been confirmed, authorities said.

In 2015, the United States, Britain, Germany and France were Bangladesh's top textiles trading partners, according to the World Bank, which has repeatedly pushed Dhaka to diversify its economy beyond garment exports and remittances to sustain growth.

"We are at high risk of the coronavirus spread, which has compelled us to urgently act to take preventive measures," Meerjady Sabrina Flora, director for disease control and research at the nation's Institute of Epidemiology, told reporters Wednesday.

Bangladeshi Commerce Minister Tipu Munshi told BenarNews that the virus would be expected to deliver an "adverse impact" to the garments industry, but authorities could only decipher its economic impact in May this year.

"We do not know how long coronavirus situation in China will continue," he said, as he expressed hope that the supply chain could be restored soon.

It would be difficult for Bangladesh to immediately gauge the economic loss inflicted by the viral outbreak, Ahsan Mansur, executive director of the Dhaka-based nonprofit Policy Research Institute, told BenarNews.

"Actually, the RMG factories have been preparing the orders placed for the summer season in the Western countries. But they will see orders crunch for the next fall," he said. "Then we can understand the loss."

Bangladesh factories order about $5 billion of raw materials, mainly from China each year, Mansur said. "So, it is very difficult to import those items from other countries," he said.

'We can seize the opportunity'

But the virus might also have opened up a silver lining for Bangladesh.

"The whole world suffers from the lockdown in China. So, a majority of the investors will now try to relocate their factories from China," he said. "We can seize the opportunity."

Abdul Wadud, owner of Knitvalley Ltd. in Dhaka, told BenarNews that production of knitted clothing at his factory went down by 20 percent, while production of other garments has so far suffered a 40-percent loss.

The factory imports at least 50 percent of yarn, cotton, chemicals and other raw materials from China, Wadud said.

"First of all, some buyers would not buy apparel made of yarn and cotton from China," he said. "At the same time, Bangladesh government has imposed some restriction on imports from China."

But, he said, the epidemic would unlikely be so severe in Europe and in the United States, the main markets of Bangladesh's ready-made garments,

"This is because the U.S. and European countries have better capacity than the Chinese to deal with the coronavirus epidemic," he said.

Source: malaysiasun.com - Mar 06, 2020

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Vietnam: Ministry will continue support for businesses after epidemic

The Ministry of Industry and Trade will continue to support local businesses after the coronavirus epidemic ends, a top official has said.

Minister of Industry and Trade Trần Tuấn Anh made the statement after visits to the Hà Tây Chemical-Weave Co, Ltd, Ltd and the Garment 10 Corporation on Thursday in Hà Nội to study difficulties at local businesses during the novel coronavirus (COVID-19) epidemic.

If the epidemic is controlled in the second quarter, local businesses should take advantage from Q3 at home and abroad and focus resources to resume their business, he said. He added that the ministry would work to create favourable conditions for local firms.

Since the coronavirus outbreak started, the ministry had evaluated the impacts of the disease on Việt Nam's economic and trade activities and had proposed solutions to other Government bodies to help businesses, he said.

During the ministry's visit to Garment 10 Corporation, Thân Đức Việt, the company's general director, said the corporation's major products were shirts, suits and trousers. The epidemic had caused a lack of raw material for those products. This had led to an interruption in production, he said. Therefore, the corporation's total revenue this year was expected to fall by 10 per cent against last year while revenue in the first quarter was also estimated to drop by 10 per cent year-on-year.

Nguyễn Thanh Tùng, general director of the Hà Tây Chemical-Weave Co, Ltd, said his company's main products were vulcanised shoes with a localisation rate of more than 70 per cent, with the remaining raw materials imported mainly from China. The epidemic had forced the company to seek other suppliers at home and abroad.

If the epidemic was prolonged, the firm might run out of material for production, he said. The minister said, in the long term, Việt Nam needed to develop the support industry for the textile, garment, leather and footwear industries. Local enterprises could not depend solely on raw material imports.

Industrial growth in first quarter

The General Statistics Office (GSO) forecasts if the coronavirus epidemic ends in the first quarter this year, Việt Nam's industrial production value in the first quarter would increase by 2.68 per cent year-on-year, lower than growth rate of 9 per cent in the first quarter of 2019 and 10.45 per cent in the first quarter of 2018.

Production value of the manufacturing and processing sector, accounting for a large segment in the domestic industrial production, is estimated to increase only 2.38 per cent. If there had been no epidemic, the processing and manufacturing sector was expected to surge by 10.47 per cent.

In addition, other industrial products would also lose production value due to an extended epidemic including textiles, garment, leather and shoes that need imports of raw materials from China such as yarn, fabric, cotton, thread, needle, leather, and other equipment and accessories for the textile, leather and garment sectors.

To stabilise domestic production, GSO director Nguyễn Bích Lâm said the GSO had proposed the Government monitor trade activities, especially key export products and markets, and then solve problems of producers and traders of those products.

In addition, the Government and ministries should support businesses in sectors that had suffered losses from the coronavirus epidemic, especially the textile, leather, electronics, automotive, steel and food processing sectors.

The State should support businesses in getting loans, training workers and expanding distribution systems. Meanwhile, localities should take recommendations from enterprises to help them during the current difficult time.

According to Minister of Planning and Investment Nguyễn Chí Dũng, localities should implement important public investment projects for local socio-economic development. The State should focus on improving the business environment to encourage private economic development, he said.

Source: vietnamnews.vn- Mar 07, 2020

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NATIONAL NEWS

Cotton remains under pressure as coronavirus scare disrupts trade

Weak demand and high output drive prices down

Weak overseas demand and continued trade disruptions caused by the coronavirus scare are putting pressure on cotton prices in the international and domestic markets.

Trade insiders believe that the global factors coupled with increased arrivals in the domestic markets will put more pressure on prices, which have already corrected by about 8-10 per cent in the past one month to touch ₹38,500 a candy (each of 356 kg of ginned cotton of 29 mm variety).

Crop outlook

Notably, international cotton futures have corrected from 70.69 cents for ICE May contract on January 29, to 62.43 cents on March 6, indicating a fall of about 12 per cent.

The Cotton Association of India (CAI), the apex trade body, on Friday retained its crop outlook at 354.5 lakh bales (each of 170 kg) for 2019-20.

Arun Sekhsaria, Managing Director of DD Cotton, which is a leading cotton exporter, told BusinessLine that from a trade point of view, coronavirus has caused some dent in the business. "Travelling (overseas) has come to a standstill due to the virus scare.

Without mobility, it is difficult to make shipments. Secondly, there are hardly any buyers in the overseas markets, except Bangladesh. So, not much buying is happening at international level. In addition to that, yarn sales are not moving, while garment trade has also taken a hit."

Market arrivals

On the other hand, daily arrivals in the domestic market have peaked and now started tapering off from earlier 2.4 lakh bales per day till last month to about 1.3-1.4 lakh bales per day now.

As per the CAI data, cotton arrivals during the months of October 2019 to February 2020 are estimated at 254.43 lakh bales, which was 213.42 lakh bales last year around the same time. This means roughly about 100 lakh bales are yet to arrive to the markets, which traders expect to happen by the end of March or early April.

Meanwhile, the Cotton Corporation of India (CCI) is learnt to have continued its purchases from the farmers, to support them from falling raw cotton prices. CCI has already bought about 75 lakh bales so far for the year, Bloomberg reported on Friday. “This is a beneficial proposition for farmers as they get about ₹500-700 more from the private trade. So we are seeing huge quantities being brought by farmers,” Sekhsaria said.

However, an Ahmedabad-based cotton exporter maintained that while the global cotton outlook remains bleak, Indian cotton has good prospects in Vietnam, Turkey and Far Eastern Countries besides Bangladesh. "Indian cotton market is not much affected due to coronavirus. The domestic cotton prices have not fallen as sharply as ICE Futures because there are other markets available to India that can be explored," added the official.

Source: thehindubusinessline.com- Mar 06, 2020

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India and Chile set to have another round of trade talks next month

India and Chile get ready to hold the second round of negotiations for the expansion of trade basket. The talks will take place in New Delhi between April 26-27 where the focus is expected to be on liberalising around 90 per cent tariff lines.

As has been reported by the Financial Express Online earlier, in the first round of the expansion talks on the existing Preferential Trade Agreement (PTA) which had taken place in December 2019, both sides had agreed to exchange their wish lists.

Speaking on condition of anonymity, a senior official confirmed that the talks are on track and the Chilean side has shared their List of 1523 tariff lines at 8-digit HS Code.

The two countries are holding talks to further expand the existing PTA which has been operational since 2017 and further expansion is to add more products.

The expansion of the existing PTA with Chile is expected to help India as it is a member of the Pacific Alliance, where New Delhi is an observer. After the expansion of the PTA, the trade basket will grow and the cooperation with the emerging bloc will deepen.

So what is the existing PTA?

In the already operational PTA India has increased concession to Chile from 178 to 1031 tariff lines. And the South American nation on its part has given 1784 tariff lines at 8-digit HS code.

In the wish list the Chilean side has submitted it has sought further enhancement of the MoP for around 600 items. And it has requested for MoP on 922 tariff lines at 8-digit HS Codes which are currently not covered under existing PTA.

Besides the rare mineral Lithium which India has been keen to import for batteries for e-vehicles, there is also interest in copper and gold from there. Right now Chile is exporting fresh fruits including apples, blueberries, grapes, pears, etc., and copper ores, and Molybdenum ores.

And India has been selling diverse products including leather, textiles, automobiles, pharmaceuticals, chemicals, and other products.

The journey so far

The first trade agreement between the two countries was inked in 2006 and it became operational and it offered tariff concessions on a limited number of products.

Then the two countries decided to go in for expanding the trade agreement, which took almost a decade and became operational in 2017. This helped in further increasing the bilateral trade between the two countries.

Source: financialexpress.com- Mar 06, 2020

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Indian-American Sonia Syngal becomes CEO of GAP Inc

On a day the US Presidential election field was reduced to three old white men, America's largest apparel retailer Gap Inc named Indian-American Sonia Syngal as its new CEO, marking a rare elevation of a woman – and a woman of color at that -- in the white male-dominated corporate world.

The India-born Syngal, who moved to Canada and later to the US with her family when she was a child, is the highest ranked Indian-American female CEO of a Fortune 500 company after Indra Nooyi stepped down as PepsiCo head in 2018. Gap Inc, which has revenues of $18 billon, is ranked 186th in the Fortune 500 list. It is currently largest specialty retailer in the United States, with approximately 135,000 employees and 3,727 stores worldwide, including 2400 in the U.S.

Syngal, 49, has worked in several Fortune 500 companies, including 10 years at Sun Microsystems and six years at Ford Motor Co. before she joined Gap Inc. in 2004. She went on to become CEO of Old Navy, Gap's value chain, after leading the portfolio's global supply chain and product-to-market model, and serving as Managing Director of Gap Inc. Europe.

Robert Fisher, the son of Gap's founders who has served as interim CEO while the company looked for a permanent replacement, said that Syngal will "deliver value from our portfolio of brands over the long term." GAP owned brands include Old Navy, Banana Republic, Athleta, and Hill City. She once boasted that Gap has "put more slogans on people's chests than any other company."

Syngal's elevation at this time was particularly striking, coming amid a vigorous debate over diversity and gender issues after an assorted Democratic field vying for the White House in 2020 was whittled down to two old white men (Joe Biden and Bernie Sanders) duking it out to challenge another old white man (Donald Trump) in a country that has become increasingly multi-cultural and multi-racial.

Although the number of women heading of Fortune500 companies is now at a record high at 33, they constitute less only around 6 per cent of female CEOs. The list is headed by General Motors' Mary Barra, the first female CEO of a major automaker. IBM's Ginni Rometty, who was # 3 on the list, recently made way for Indian-American Arvind Krishna.

Female CEOs of immigrant origin are even rarer. From Adobe to WeWork, with Mastercard, Micron, and Microsoft in between, there are now some two dozen CEOs of Indian-origin in global companies with over $ 5 b in revenues. But they are mostly men.

Syngal, who earned her Bachelor's Degree in Mechanical Engineering from Kettering University in 1993 and her Master's in Manufacturing Systems Engineering from Stanford University in 1995, is also the mother of two kids, now 17 and 20. "I like to think that how I've learned to care as a mom has helped me approach my work with the same heart," she said in a recent interview on working moms.

Source: timesofindia.com- Mar 07, 2020

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Yarn prices fall as coronavirus hits export of Andhra Pradesh cotton goods

The coronavirus outbreak has dealt a heavy blow to cotton-product traders in Andhra Pradesh, as exports to China have come to a standstill for about a month now.

Approximately 200 containers (25 metric tonnes each) used to be sent from Amdhra Pradesh to the neighbouring country each month, but China’s trade war with the United States brought this number down to just about 25 during the last four to five months. Now, it has touched zero, and caused the prices of yarn to drop by at least 10 per cent, sources said.

India’s has a high capacity for spinning, but not for weaving and garment-making. This forces it to depend on exporting yarn to China, which makes garments and exports them to the US and Europe, said All India Cottonseed Crushers Association (Mumbai) secretary and AP Chambers Federation (Vijayawada) vice president P Koti Rao.

The spinning industry is dependent on other nations as 30-35 per cent of yarn is exported, mostly to China, he added, explaining that the drop in quantity of exports and subsequent overproduction resulted in a drop in prices over the last four weeks.

“We process only 12 lakh tonnes of cottonseed, from which we extract about 50,000 metric tonnes of cotton linters. Linters have 70 to 80 per cent cellulose content, and has many applications in day to day life. When processed, they can be used as raw material to make bank notes and paper for documentation, ignition material for weapons, and material for some medicines,” Rao said.

“For this too, we depend on China, and small quantities are exported to Japan. We don’t export to the US due to the cost for logistics. Now, due to coronavirus, buyers are not able to reach us for quality checks, and business has come to a standstill.

We are forced to reduce the production of linters, and ultimately, cotton and cottonseed costs are dropping, having a negative impact on farmer support prices,” he added.

Rao underscored the need to develop a facility to process linters in India, but said 50 kilolitres of water are required to process one metric tonne, and disposal of the effluent and treatment too is costly.

Stating coronavirus is a global issue and its impact cannot be known immediately, Handlooms and Textiles director and APCO managing director Himanshu Shukla said the government is taking all necessary steps. “We have been planning for diversification of exports and imports for a while.

China is not the only market for us. We have markets in East Asian countries too. We import goods from China, and are now looking for different markets from where we can get the required raw material and for value addition as well,” Shukla told TNIE.

There is no problem at present and the government is taking steps to ensure there is no long-term impact, he said, adding that there is a huge demand for cotton in India.

“But, for reasons like better prices, it is exported to China and other countries. The surplus stock can be utilised to cater to the cotton demand in India,” he added.

Source: newindianexpress.com- Mar 06, 2020

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Prevent hoarding of cotton, spinners urge government

The South India Spinners Association (SISPA) has urged the Centre and state government to prevent hoarding of cotton stock by traders and middlemen.

The association also wants the government to ensure that the discounted cotton sold by the Cotton Corporation of India (CCI) does not land in the hands of traders. "The government should ensure that cotton from CCI is sold only to the mills and not to traders," SISPA president N Murugesan said.

In a statement, Murugesan said that after repeated requests from cotton mills, CCI has announced sale of cotton stock at a discounted price. "Small scale mills would purchase 200 bales of cotton a month while medium scale units would utilise up to 1,000 bales a month. Such units can purchase and hold only a maximum of two month's stock.

However, big traders and international buyers would purchase lakhs of bales and hoard them. This practice would create a artificial shortage of cotton in the market and eventually lead to skyrocketing of prices," Murugesan said.

Source: timesofindia.com- Mar 06, 2020

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We are missing the coronavirus bus

India has to work to seize the opportunity thrown up by the virus-induced disruption

Addressing his party's MPs this Tuesday, Prime Minister Narendra Modi reportedly urged them to commit themselves to 'peace, harmony and unity' and reminded them once again of his poll promise to the people of India – "sabka saath, sabka vikas, sabka vishwas" (With all, development for all, the trust of all) – which was a clear signal to his partymen to stop fanning communal tension with incendiary speeches and slogans and focus on the larger national goal of development.

This was an important course correction by the Prime Minister, and one which was urgently needed. While the world is grappling with the twin threats of the novel coronavirus (Covid-19) — which is threatening to assume the proportions of a global pandemic, with the global death toll crossing the

3,200-mark — and the virus-induced supply chain disruptions originating from China — which may peg global growth back by 0.1-0.5 per cent this year alone — the bandwidth in India has been occupied by Article 370, Kashmir, riots in Delhi and a widening protest against the CAA-NRC combine.

CAA debate

So, the course correction and the re-focus on growth and development were very much needed. The question is, whether this has come about a bit too late. The riots in Delhi came at the worst possible time, during the high-profile visit of US President Donald Trump. And, despite the pomp and pageantry of the 'Namaste Trump' show in Ahmedabad, the attendant global media was quick to focus on the rioting in Delhi.

It is a measure of how far India has lost the global PR battle that a UN body sought to implead itself in the ongoing legal fracas in the Supreme Court. The office of the Geneva-based UN High Commissioner for Human Rights has said it intends to move the Supreme Court to be made a part of the many petitions challenging the CAA. India's Foreign Ministry has rightly said that the UN or any other international third party has no business meddling in India's internal affairs, but the damage has been done. It's a moot point whether global businesses take investment calls based on what the UN thinks, but it can hardly be anyone's case that such negative publicity will be positive for investor sentiment.

Global supply chains

Meanwhile, we are missing what might be a historic opportunity to grab some of the global supply space that China has been forced to vacate because of the virus outbreak. Of course, India is also going to feel the pinch. China is India's third-biggest customer for merchandise goods. It is also one of the principal suppliers for active pharmaceutical ingredients and pharma intermediaries, electronics and telecommunications (particularly mobile phones), capital goods, automobile accessories, electrical machinery, power plant equipment and steel products.

But India is well equipped to manufacture all these items. In some sectors like textiles, it even enjoys a distinct advantage. India's apparel and textile sector is over $57 billion in size — and China has just vacated a $20 billion space in this market. India is also the world's second-largest producer of cotton, with 16 per cent of global stocks. It is also a significant player in leather, has a sizeable capital goods industry of its own and is also the world's largest producer of fruits and vegetables.

The trouble is, that India's potential has largely remained on paper, due to a combination of bureaucratic roadblocks, lack of scale players, high tax and transaction costs, and severe logistics bottlenecks. This is why, even the US-China trade war, which preceded the Covid-19 crisis, failed to create much space for India.

Global businesses are looking to de-risk their supply chains by diversifying their sourcing markets both geographically and geo-politically. India is ideally placed to cash in this, but a leaden-footed response has meant that nimbler countries like Vietnam and the Philippines have managed to grab a bigger slice of the opportunity.

Ease of doing business

This is not to say that India has done nothing. One of the most significant reforms in recent times has been the cut in corporate tax rates, with rates as low as 15 per cent for some greenfield enterprises. But taxes are only part of the reason why foreign investors move to a particular geography. The ease of starting and operating a business are also equally significant factors.

Here, we have miles to go. Land acquisition is still largely a no-no. Environmental clearances can take years. In addition, we have complex regulations on standards and certifications, which also significantly lengthen the time gap between shovel-in-the-ground and product-in-market.

Take the chemicals sector, particularly the organic chemicals which go into the final making of bulk drugs and generics. A draft pharma policy in 2017 mooted the setting up of mega pharma chemical parks with common waste disposal and effluent treatment facilities, assured cheap power and logistics connectivity, all of which are needed if one were to compete at China's scale. That proposal is yet to get off the ground.

In steel, the domestic players have managed to stave off the dragon's threat thanks to countervailing duties. Such help will not be available in global markets, and they will have to find a way to get more competitive globally. China's crude steel production, at nearly 871 million tonnes in 2019, was more than eight times India's. Indian steel simply does not have the capacity to meet the supply gap left by China, and would need at least five years or more to even start adding capacity.

Nevertheless, there are a number of things the government can do to encourage both domestic and foreign businesses to seize the Covid-19 opportunity. This could include accelerated clearances for export-oriented projects, specific tax holidays or other incentives and focus on de-bottlenecking at least a few key logistics points to facilitate smoother and faster movement of exports.

India Inc also has to do its bit. No amount of government incentives can help if players don't invest in technology and product development, focus on quality standards and adhere to manufacturing and supply disciplines. That may well prove a bigger ask than merely cutting some bureaucratic red tape.

Source: thehindubusinessline.com- Mar 06, 2020

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Textile park to come up at Karkala

Several announcements were made for Udupi district in the Karnataka State Budget 2020. One of the key announcements was setting of a new textile park at Karkala in Udupi district, which aims to generate 3,000 jobs.

"I have thanked chief minister B S Yediyurappa for announcing a textile park in my constituency. It is a big announcement which will not only generate revenue but also employment for locals," expressed Karkala MLA V Sunil Kumar.

Other big announcements for the district in the budget aim to bolster fishing activities. The state government has proposed to construct a fishing harbour in Hejamadikodi in partnership with the Union government at a cost of Rs 181 crore. Apart from it, the government will develop Hangarakatte harbour at a cost of Rs 130 crore.

The government has earmarked Rs 85 crore for second phase work of the outer harbour, which is under construction at Maravanthe in Byndoor taluk. In order to encourage Scouts and Guides activities, Rs 4 crore has been provided to build a Scouts and Guides Centre in Udupi.

Source: timesofindia.com- Mar 06, 2020

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Cotton Association retains its 2019-20 cotton crop estimate at 354.5 lakh bales in Feb estimate

The Cotton Association of India (CAI) has released its February estimate of the cotton crop for the season 2019-20 beginning from 1st October 2019. The CAI has retained its cotton crop estimate for 2019-20 at 354.50 lakh bales of 170 kgs. each i.e. at the same level as in the previous estimate.

Total cotton supply estimated by the CAI during the months of October 2019 to February 2020 is 298.43 lakh bales of 170 kgs. each which consists of the arrivals of 254.43 lakh bales upto 29th February 2020, imports of 12 lakh bales up to 29th February 2020 and the opening stock estimated by the CAI at 32.00 lakh bales at the beginning of the season.

Further, the CAI has estimated cotton consumption during the months of October 2019 to February 2020 at 133 lakh bales of 170 kgs. each while the export shipment of cotton estimated by the CAI up to 29thFebruary 2020 is 27.50 lakh bales of 170 kgs. each. Stock at the end of February 2020 is estimated by the CAI at 137.93 lakh bales including 40 lakh bales with textile mills and remaining 97.93 lakh bales with CCI and others (MNCs, Traders, Ginners, etc.).

The yearly Balance Sheet projected by the CAI estimated total cotton supply till end of the cotton season i.e. upto 30th September 2020 at 411.50 lakh bales of 170 kgs. each (i.e. at the same level as estimated in the previous month). Total cotton supply consists of the Opening Stock of 32.00 lakh bales at the beginning of the cotton season on 1st October 2019, crop for the season estimated at 354.50 lakh bales and imports estimated by the CAI at 25.00 lakh bales, which are lower by 7.00 lakh bales compared to the previous year's estimate of 32.00 lakh bales.

Domestic consumption estimated by the CAI for the entire crop year i.e. upto 30th September 2020 is 331 lakh bales i.e. at the same level as estimated by the Cotton Advisory Board at their meeting held on 28th November 2019. The CAI has estimated exports for the season at 42 lakh bales i.e. at the same level as estimated in the previous year. The carryover stock estimated at the end of the season is 38.50 lakh bales.

Source: economictimes.com- Mar 06, 2020

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Switching over to 'swadeshi' can transform Indian economy: Goyal

Eliminating unnecessary imports and substituting them with products made in India will transform India and provide jobs to lakhs of people, said Commerce and Industry Minister Piyush Goyal.

"If we opt for made in India products made by tribals, masons, carpenters... 130 crore Indians will become changemakers to make India a better place," said Goyal speaking at the third edition of the BL Changemaker Awards on Friday. The Minister was in conversation with BusinessLine Editor Raghavan Srinivasan.

The Minister made a case for embracing 'Swadeshi' and said that it is not anti-modern.

"When we talk about Swadeshi, it is just a matter of recognising what is available in the country. Can't we make something as simple as a toy in India? Think of the lakhs of people who will get livelihood if we use items such as carpets, furniture, sports goods made in India," he said.

The Centre has already taken a step in the direction by raising import duties on more than 100 such items in this year's Union Budget that accounted for inflow of goods worth $9 billion last year, as per a government calculation. Diverse goods, ranging from footwear and furniture to locks and blowers, were covered.

Goyal said that it was important for the people of the country to make a conscious choice to buy what was made in India. "We have the skilled manpower and the required technology. We just need the right mindset," he said.

He gave the example of agarbattis, where import restrictions have been imposed, to give a boost to domestic manufacturers. Embracing Indian-made goods could transform India and take it towards the goal of being a $5-trillion economy, the Minister said.

The Modi government has been implementing a large number of successful projects such as the insurance scheme for farmers and the Ayushman Bharat Programme, the Minister pointed out.

The government is now focussing on sanitary pads through the 6,200 Jana Aushadhi Kendras. “At the Jan Aushadhi Kendra we are providing generic medicines at affordable prices. Through the Jan Aushadhi Kendras, now sanitary pads at just ₹1 will be distributed. Every woman in the country will have access to sanitary pads,” Goyal said.

Appreciation for pad man

The Minister appreciated the fact that BusinessLine had recognised the ‘pad-man of India’ Arunachalam Muruganantham as a changemaker and said that he idolised Muruganantham’s spirits. On a lighter note, Goyal said that he watched the movie ‘Pad Man’ thrice.

Goyal said that quality and honesty were very important for success of entrepreneurship and business. “I tell the representatives from the MSME sector who come to meet me to inculcate the habit of quality consciousness. We should focus on quality. It should be buzz word,” he said.

He also said that giving bribes and rent seeking was something that the industry should actively avoid. Highlighting the ‘vivad se vishwaas’ scheme, he said it was an opportunity for people to correct their past mistakes. “Rid ourselves of the past. Let us engage in bright future. Ensure we will stay on the right track,” he said.

Goyal said the LED programme was a big success story where the private sector also chipped in. “We were able to bring down costs of LED bulb by 60-70 per cent, he said.

Source: thehindubusinessline.com- Mar 06, 2020

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Maharashtra economy to grow at 5.7% in 2019-20: Economic Survey

Maharashtra's economy is expected to grow at 5.7 per cent during 2019-20, marginally down from the last fiscal's projection of six per cent, the Economic Survey presented in the state Legislature on Thursday said. The agriculture and allied activities are expected to grow at 3.1 per cent in 2019-20, it said. The survey said the industry and services sectors are expected to grow at 3.3 per cent and 7.6 per cent in 2019-20, slower than the previous fiscal's 5.5 per cent and 8.1 per cent respectively.

The average share of the state's contribution is 14.3 per cent among all the states in the All India nominal GDP, it said. Nominal GSDP is expected to increase by Rs 2,45,791 crore in 2019-20 as compared to 2018-19. The per capita state income in 2019-20 is expected to be Rs 2,07,727.

The GSDP in 2019-20 is expected to be Rs 28,78,583 crore, it added. The growth rate of the agriculture and allied sector in 2018-19 was negative (-2.2) per cent. In 2017-18, the growth rate was -0.7 per cent. The revenue deficit in 2019-20 is Rs 20,293 crore, fiscal deficit Rs 61,670 crore and the debt stock was Rs 4,71,642 crore, the report said. The percentage of fiscal deficit to GSDP s 2.1 per cent and debt stock to GSDP is 16.4 per cent.

Both the indicators are within the fiscal limits prescribed by the 14th Finance Commission. The state witnessed average rainfall of 73.6 per cent of the average during 2018-19, less by 10.7 per cent in 2017-18. In2018-19,the production of food grains and fruits, and vegetables decreased by 27.3 per cent and 10.1 per cent respectively, whereas sugarcane, oilseeds and cotton increased by 8 per cent, 16.1 per cent and 8.2 per cent respectively over the previous year.

The survey said the unemployment rate in January to March 2019 was 8.3 per cent as compared to 9.6 per cent in October to December 2018. Total 37,567 offences were reported in the state in 2019, in which women were victims, as compared to 35,497 in 2018 and 31,997 in 2017, the report noted. FDI inflows in 2019-20 was Rs 25,316 crore, which is less as compared to Rs 80,013 crore in 2018-19 and Rs 86,244 crore in 2017-18.

Maharashtra was second in the country after Karnataka in terms of FDI in 2019-20, it said. The state received 112.6 per cent rainfall during the monsoon of 2019. Of the 355 talukas, excluding Mumbai city and suburbs, 152 talukas received excess rainfall, 182 got normal rainfall and 21 received deficient rainfall, the survey report said.

During the kharif season of 2019-20, sowing was completed on 149.61 lakh hectare area. Production of cereals, pulses, oilseeds and cotton is expected to increase by nine per cent, three per cent, one per cent and 24 per cent respectively, while the production of sugarcane is expected to go down by 36 per cent as compared to the previous fiscal. During 2019-20, the area under rabi crops is 50.87 lakh hectares, which is 5.6 per cent more as compared to previous year.

The production of cereals and pulses is expected to go up by 43 per cent and 23 per cent respectively, while the production of oilseeds is expected to decrease by 24 per cent. The survey said that Mahatma Jyotirao Phule Farm Waiver Scheme 2019 has been approved (by the MVA government) to waive overdue loans borrowed between April 1, 2015 and March 31, 2019 up to Rs two lakh, including the principal amount and the interest, as on September 30, 2019.

The state government has provided Rs 15,000 crore during 2019-20 for its implementation. Irrigation potential created as one June 30, 2019 by major, medium and minor irrigation (state projects) was 51.23 lakh hectares and the actual irrigated area was 35.97 lakh hectares (70.2 per cent) during 2018-19, it said.

The irrigation potential created as on June 30, 2019 by minor irrigation (local sector) projects was 18.96 lakh hectares and the potential utilised was 8.49 lakh hectares (44.8 per cent) during 2018-19. Unseasonal rains during October-November 2019 due to cyclones Kyarr and Maha, affected agriculture and horticulture crops from 349 talukas in 34 districts, the report said. Compensation for Rs 8,000 per hectare for agriculture crops and Rs 18,000 per hectare for horticulture crops was sanctioned, the report said.

Source: financialexpress.com- Mar 06, 2020

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