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TEXPROCIL NEWS CLIPPINGS

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IBTEX No. 8 of 2019 January 10, 2019

USD 70.57| EUR 81.56 | GBP 90.21 | JPY 0.65

Cotton Market

Spot Price - Shankar 6 (Ex. Gin), 28.50-29 mm

Rs./Bale	Rs./Candy	USD Cent/lb
20622	43100	**78.07**

Domestic Futures Price (Ex. Warehouse Rajkot), January

Rs./Bale	Rs./Candy	USD Cent/lb
20920	43723	**79.20**

International Futures Price

NY ICE USD Cents/lb (March 2019)	73.13
ZCE Cotton: Yuan/MT (May 2019)	14,995
ZCE Cotton: USD Cents/lb	**99.76**
Cotlook A Index – Physical	**81.05**

Cotton Guide: It is important to note that Businesses are slowing down all over the world because of these trade tensions about which we have been discussing for months now. The World Bank has already forewarned of “darkening skies” for the world economy, leading it to cut its growth forecast from three percent to 2.9 percent for 2019.

The US China trade outcome seems to have made both the sides to pledge to each other – where China pledges to buy “substantial amount” of agriculture, energy, manufactured goods and Services from the United States. We have only been witnessing exchange of words or rather to put in a “good sense” – a promise given and taken.

Will these pledges be able to find credence among market participants? Will the Duo adhere to the pledges made to each other? Will the market see a boost of demand in the upcoming days? All of these unanswered questions will still linger around if nothing concrete is seen on paper and action. For Cotton, China needs to start immediately buying upland and pima varieties which in-turn will be beneficial to the Global cotton trade as a whole.

Yesterday, ICE March settled 73.13 cents/lb with a massive change of +146 points. Similarly the ICE May and ICE July Contract ended up in triple digit settlement figures of +145 and +126 points respectively at 74.52 cents/lb and 75.66 cents/lb. The total open interest declined after eight sessions, losing 139 contracts to 224,007. The March and May open interest decreased by 1,005 and 1,263 contracts respectively, with figures of 127,179 and 38,426, whereas the July open interest increased by 1926 contract to 22,435 contracts. We expect prices to be show an upward movement today.

The MCX contracts were settled with positive figures of +30, +50 and +10 for January, February and March Contracts respectively. Whereas the MCX April contract declined by (-50) Rs. January contract settled at 20920 Rs/Bale, February contract settled at 21180 Rs/Bale whereas March contract settled at 21430 Rs/Bale. We presume the market now is in a bullish tone.

Cotlook Index A has been adjusted to 81.05 which amounts to a decline (-0.85). Arrival figures are estimated to be around 165,000 lint equivalent bales. Shankar 6 is priced at an average of 43,100 Rs/Candy.

On the technical front ICE March cotton prices made a bullish pattern (Morning star) accompanied with the RSI above 40 suggest a short term pullback in the price. Sustainable trades below 70.50 will only resume the downtrend while the immediate resistance is at around 74.50.

From the above we expect prices to trade in the range of 71.50-74.60 with sideways to positive bias. Above 74.60, 75.35 and 76.20 exits as immediate resistance levels. In the domestic markets trading range for Jan future will be 20700-21160 Rs/Bale.

Currency Guide

Indian rupee may trade with a negative bias against the US dollar. Weighing on rupee is recent rise in crude oil price which has refueled trade deficit concerns. Brent crude rallied 4.6% yesterday but has eased a bit today to trade near $61 per barrel. Crude remains supported by OPEC and allies confidence that production cuts will rebalance global market.

Rupee will also be pressurized by stall in recent gains in global equity market. Asian equity markets are trading largely lower today as initial optimism about US-China trade talks waned. US-China three day trade talks ended on an optimistic note however it will be a long time before trade disputes are resolved.

Also weighing on market sentiment are concerns about Chinese economy amid disappointing inflation data. Brexit uncertainty rose as British parliament demanded the government come up with a plan-B within days if it loses a vote on the deal to leave the European Union.

However, the US dollar will remain pressurized by Fed's patient stance on interest rate hikes. FOMC minutes and comments from Fed officials showed that the central bank wants more clarity before considering next rate hike. Rupee may witness choppy trade as market players assess US-China trade talks however general bias may be on the weaker side due to higher crude oil price. USDINR may trade in a range of 70.25-71 and bias may be on the upside.

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

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INTERNATIONAL NEWS

World Bank expects global economy to slow to 2.9% in 2019

Global economic growth is projected to soften from a downwardly revised 3 per cent in 2018 to 2.9 per cent in 2019 amid rising downside risks to the outlook, the World Bank has said. International trade and manufacturing activity have softened, trade tensions remain elevated, and some large emerging markets have experienced financial market pressures.

Growth among advanced economies is forecast to drop to 2 per cent this year, according to the January 2019 Global Economic Prospects released by the World Bank.

“Slowing external demand, rising borrowing costs, and persistent policy uncertainties are expected to weigh on the outlook for emerging market and developing economies. Growth for this group is anticipated to hold steady at a weaker-than-expected 4.2 per cent this year,” the report said.

“At the beginning of 2018 the global economy was firing on all cylinders, but it lost speed during the year and the ride could get even bumpier in the year ahead,” said World Bank chief executive officer Kristalina Georgieva. “As economic and financial headwinds intensify for emerging and developing countries, the world’s progress in reducing extreme poverty could be jeopardised. To keep the momentum, countries need to invest in people, foster inclusive growth, and build resilient societies.”

“Robust economic growth is essential to reducing poverty and boosting shared prosperity,” said World Bank group vice president for Equitable Growth, Finance and Institutions, Ceyla Pazarbasioglu. “As the outlook for the global economy has darkened, strengthening contingency planning, facilitating trade, and improving access to finance will be crucial to navigate current uncertainties and invigorate growth.”

“Designing tax and social policies to level the playing field for formal and informal sectors as well as strengthening domestic revenue mobilisation and debt management will be important priorities for policymakers to overcome the challenges associated with informality in developing economies,” said World Bank prospects group director Ayhan Kose. “As the economic outlook dims, such efforts become even more important.”

In terms of regional outlooks, East Asia and Pacific remains one of the world's fastest-growing developing regions. Regional growth is expected to moderate to 6 per cent in 2019, assuming broadly stable commodity prices, a moderation in global demand and trade, and a gradual tightening of global financial conditions.

Growth in China is expected to slow to 6.2 per cent this year as domestic and external rebalancing continue. The rest of the region is expected to grow at 5.2 per cent in 2019 as resilient demand offsets the negative impact of slowing exports. Indonesia's growth is expected to hold steady at 5.2 per cent. The expansion of the Thai economy is expected to slow in 2019 to 3.8 per cent.

Regional growth in South Asia is expected to accelerate to 7.1 per cent in 2019, underpinned by strengthening investment and robust consumption. India is forecast to accelerate to 7.3 per cent in FY 2018-19 as consumption remains robust and investment growth continues.

Bangladesh is expected to slow to 7 per cent in FY2018-19 as activity is supported by strong private consumption and infrastructure spending.

Pakistan's growth is projected to decelerate to 3.7 per cent in FY2018-19, with financial conditions tightening to help counter rising inflation and external vulnerabilities.

Sri Lanka is anticipated to speed up slightly to 4 per cent in 2019, supported by robust domestic demand and investment boosted by infrastructure projects.

In Europe and Central Asia, the lingering effects of financial stress in Turkey are anticipated to weigh on regional growth this year, slowing it to 2.3 per cent in 2019.

Turkey is forecast to experience weak activity and slow to a 1.6 per cent pace due to high inflation, high interest rates, and low confidence, dampening consumption and investment.

Source: fibre2fashion.com - Jan 09, 2019

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Cotton price in Brazil market remains high in 2018

Cotton price in Brazil market remained high in the first half of 2018. Low domestic yield, positive exports parity, strikes by truckers, higher international price and depressed local economy against US dollar influenced the price.

In the second half of the year, however, the cotton price dropped for the arrival of new season batches of cotton. Also due to weak performance in the Brazilian market, said Center for Advanced Studies on Applied Economics (CEPEA) said in its latest report.

In 2018, the CEPEA/ESALQ cotton Index, with payment in 8 days, rose by 15.04%, closing at 3.0657 BRL per pound on December 28. In the first half (December 28, 2017, to June 29, 2018), the Index increased a staggering 35.2%.

In the second half of the year (June 30 to December 28), however, the Index dropped 15%. So, the annual cotton price average, at 3.1713 BRL per pound, was 21.5% higher than that in 2017.

In January to April of 2018, liquidity was high in the Brazilian market, since cotton processors and traders were active in the market, seeking cotton to meet immediate demands, restock inventories or for scheduled deliveries.

The May 2018 Brazil truck drivers' strike, also called the diesel crisis, hampered the cotton trade for quick delivery. As a result, Brazilian cotton prices, which had been increasing since November 2017, reached the highest level in the year on June 20, at 3.8079 BRL per pound.

Also, In September, as part of the cotton processed was allocated to scheduled deliveries, prices were underpinned in Brazil. In October, however, cotton sellers were more flexible, due to the low quality of cotton available. And buyers had difficulty finding the desired quality cotton. Which led to a decrease in buying.

The Brazilian 2017/18 cotton crop totaled 2.005 million tons, a record and 31.1% larger than the previous, according to the National Supply Company Conab.

The allocated cotton area increased 25.1%, influenced by both the higher return compared to the remaining rotating crops and expectations for higher cotton prices. The average productivity increased by 4.8% compared to the 2016-17 season.

Source: textiletoday.com.bd- Jan 09, 2019

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Study analyses impact of new US tariffs on textile-apparel

The recent US tariffs on Chinese imports seem to have direct implications for fabrics and yarns, says a Coresight Research study. Apparel and footwear are largely excluded from the tariffs, but they could be affected if those extend to additional categories.

For example, Chico's FAS and G-III Apparel Group, which source heavily from China, may be affected. The US fabrics industry is likely to benefit from the tariffs, given the steady stream of exports to China. Such exports increased from $351 mn in 2014 to $453 mn in 2017, according to the study.

Apparel accounted for three-fourths of the total imports in the apparel and textiles category in 2017, according to the International Trade Administration's Office of Textiles and Apparel (OTEXA).

That indicates that the apparel segment will be more impacted than the textiles segment, should the US proceed with levying tariffs on all Chinese imports.

Companies like The Children's Place, which uses the 'China plus Vietnam plus many' sourcing strategy, are better positioned to absorb any costs that may result from future tariffs, the company said citing the study. China is the United States' largest trading partner in the apparel and textiles category.

China accounted for 11-30 per cent of all apparel and footwear goods imported to the United States in 2018, down from 30- 50 per cent earlier, according to a survey conducted by the United States Fashion Industry Association (USFIA). US trade in apparel and textiles with China is gradually declining.

Given the new tariffs, Chinese imports of such products may decline further over the next few years as more US companies diversify their sourcing. Vietnam and Bangladesh have gained importance as sourcing destinations, with imports from both nations increasing since 2012, the study said. The US trade deficit with China in apparel is improving. It fell from $29.3 bn in 2016 to $28.4 bn in 2017.

The US has steadily increased its exports to China while reducing its import dependence on the country. The trend has been complemented by many US companies diversifying their sourcing to safeguard themselves. The company expects the US apparel and textiles trade deficit with China to narrow further.

The deficit was down 1 per cent year-on-year in July 2018. From 2013 to 2017, the United States increased its apparel exports to China from $47 mn to $89 mn. Over the longer term, US companies are expected to further diversify their sourcing among China's competitors. Among all apparel and textiles categories, the study expects yarn to be the most severely affected by the current tariffs.

Source: knittingviewsbd.com- Jan 09, 2019

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US Says China Willing to Buy More American as Trade Talks End

The Trump administration wrapped up the latest round of trade talks in Beijing, noting a commitment by China to buy more U.S. agricultural goods, energy and manufactured items.

China and the U.S. concluded three days of talks on Wednesday with a cautious sense of optimism that the world's two biggest economies might be able to reach a deal that ends their bruising trade war.

In a statement, the office of U.S. Trade Representative Robert Lighthizer said the two sides considered ways to "achieve fairness, reciprocity, and balance in trade relations." Officials discussed the need for any deal to include "ongoing verification and effective enforcement," USTR said. The U.S. will decide on the next steps after officials report back to Washington.

President Donald Trump and President Xi Jinping have given their officials until March 1 to reach an accord on "structural changes" to China's economy on issues such as the forced transfer of American technology, intellectual-property rights, and non-tariff barriers. The USTR statement didn't say whether progress had been achieved on its main concerns.

People familiar with the discussions said positions were closer on areas including energy and agriculture but further apart on harder issues.

China was believed to be preparing its own separate statement on the talks.

Stocks Up

Stocks rose globally after the U.S. and China concluded talks and appeared closer to an agreement, with all major U.S. equities benchmarks rising.

Chinese foreign ministry spokesman Lu Kang said a one-day extension in talks showed both sides are serious about the negotiations. Some disagreements remain on structural issues and they need to be addressed when more senior negotiators meet later on, according to Chinese officials involved in the discussions who asked not to be identified.

Later this month, Lighthizer is expected to meet with Vice Premier Liu He, Xi's top economic aide who is leading negotiations for China, a person familiar with the situation said last week. Liu made a brief appearance at the talks in Beijing on Monday, boosting optimism that China was serious about making progress on a deal.

Trump Said to Want Trade Deal With China to Boost Stock Market

The mid-level talks were the first face-to-face meeting between the two sides since their leaders met on Dec. 1. Prior to the meeting, China made a number of concessions to U.S. demands including temporarily cutting punitive tariffs on U.S.-made cars, resuming soybean purchases, promising to open up its markets for more foreign investment, and drafting a law to prevent forced technology transfers.

The negotiations were extended from the two days initially scheduled, according to the Chinese. Trump tweeted "Talks with China are going very well!" late on Tuesday in Beijing.

The U.S. president is increasingly eager to strike a deal with China soon in an effort to perk up financial markets that have slumped on concerns over the trade war, according to people familiar with internal White House deliberations. The S&P 500 Index has fallen about 7 percent since Trump and Xi agreed on a 90-day truce at their meeting in Argentina last month.

Source: sourcingjournal.com- Jan 09, 2019

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USA: Trade Tensions Grounded Air Freight Growth in November

Global air freight demand was flat in November compared a year earlier–the slowest rate of growth since March 2016–following 31 consecutive months of year-on-year increases, the International Air Transport Association (IATA) said Tuesday.

Freight capacity rose 4.3 percent year-on-year in November, the ninth straight month that capacity growth outstripped demand, according to IATA. The bottom line, the organization said, was that while international e-commerce continues to grow, overall demand faces significant headwinds.

These challenges for air freight include signs of weakness in global economic activity; a contraction in export orders in all major exporting nations, except the U.S.; shorter supplier delivery times in Asia and Europe, and weakened consumer confidence compared to high levels at the beginning of 2018.

"Normally the fourth quarter is a peak season for air cargo, so essentially flat growth in November is a big disappointment," said Alexandre de Juniac, IATA's director general and CEO.

"While our outlook is for 3.7 percent demand growth in 2019, downside risks are mounting. Trade tensions are cause for great concern. We need governments to focus on enabling growth through trade, not barricading their borders through punitive tariffs."

While North America the Middle East and Latin America reported year-on-year demand growth in November, Asia Pacific, Europe and Africa contracted.

Asia-Pacific airlines saw demand for air freight shrink 2.3 percent in November compared to the same period in 2017. This was the first time since May 2016 that monthly year-on-year demand declined.

Weaker manufacturing conditions for exporters and shorter supplier delivery times, particularly in China, impacted the demand, IATA noted.

European airlines saw a 0.2 percent decline in freight demand in the month year-to-year as soft manufacturing conditions for exporters and shorter supplier delivery times particularly in Germany, one of Europe's key export markets, hurt demand.

African carriers saw freight demand decrease 7.8 percent in November from a year earlier–the eighth time in nine months that demand contracted.

On the plus side, North American airlines posted the fastest growth of any region for the second consecutive month in November with an increase of 3.1 percent compared to a year earlier.

"The strength of the U.S. economy and consumer spending have helped support the demand for air cargo over the past year, benefiting U.S. carriers," IATA said.

Middle Eastern airlines' freight volumes grew 1.7 percent in the month compared to November 2017. IATA said, "Seasonally-adjusted international air cargo demand has now trended upwards for the past six months, helped by stronger trade to and from Europe and Asia."

Latin American airlines' freight demand rose 3.1 percent in November year-to-year, as international demand recovered. However, IATA said key markets to and from the region are showing signs of weakness, particularly South America and Europe.

Source: sourcingjournal.com- Jan 09, 2019

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US has a rethink, aims to join CPTPP

The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) has officially come into effect.

The 11-member agreement accounts for 13 per cent of global GDP and 14 per cent of world trade. CPTPP took shape after the US pulled out of the Trans-Pacific Partnership (TPP).

Now, it is possible the US will rejoin the new accord. The US' real income under the original TPP would have increased by 0.5 per cent of its GDP.

After the US pulled out, the country not only gave up those gains but also lost an additional $2 billion in income because US firms suffered a disadvantage in TPP markets.

A survey finds that 61 per cent of Americans want the US to participate in the CPTPP. The US will not be reluctant to participate in the free trade deal if the agreements benefit it the most.

The Trans-Pacific Partnership aimed to shape new rules for world trade excluding China.

To form an alternative to TPP, 16 countries, including China, Japan and Asean members, launched negotiations in 2012 on the Regional Comprehensive Economic Partnership (RCEP).

The talks are expected to make substantive progress in 2019. Once completed, the agreement will cover 3.4 billion people and about 32 per cent of the global economy.

Source: fashionatingworld.com- Jan 09, 2019

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Vietnam expects 14 per cent export growth from garments sector

Vietnam's garment exports are set to rise 14.8 per cent this year. Garment exports to the United States rose 12 per cent in the January-October period while exports to China surged 40 per cent.

US retailers are diversifying their product sourcing to keep costs under control amid an escalating trade dispute with China.

Vietnam is home to over 6,000 textile and garment factories which employ around three million people and these figures are likely to grow, thanks to a plethora of Vietnamese free trade agreements.

Vietnam has signed around a dozen free trade agreements that will remove or reduce taxes on several imports and exports. Among these are the CPTPP, EU-Vietnam FTA and Asean-Hong Kong FTA.

Foreign investors have come into Vietnam's garment and textile production in the first eight months of this year.

Most investors are from Japan, South Korea, Taiwan and China, and they have been upping their investment in Vietnam for years. It already attracts the highest consistent growth rates of foreign direct investment among Asean nations.

Vietnam could be one of the major beneficiaries of the escalating US-China trade spat.

The country will be the prime beneficiary of increased cross-border investment in the Asia Pacific. The country has had consistent positive growth over recent years.

Source: fashionatingworld.com- Jan 09, 2019

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Turkish clothing, textile sector eyes $29B in exports

Already one of the world's most prominent textile and clothing producers, Turkey this year is aiming higher to hit a sizeable rise in exports.

According to an Anadolu Agency analysis of Turkish Exporters Assembly (TİM) data, textile and ready-wear sector exports rose 3.8 percent in 2018 to reach $26.1 billion.

İsmail Gülle, TİM's chairman, told Anadolu Agency that the figure fell short of the sector's potential.

"Turkey's textile and apparel sector will turn our currency advantage to an opportunity in 2019 and work through their target thanks to Turkish brands [instead of contract manufacturing]," he said.

Gülle added that 500 shops featuring Turkish brands are set to open abroad this year.

He said that this year the textile and apparel sector aims to boost exports by around 10 percent to some $29 billion.

Ahmet Öksüz, head of the Istanbul Textile and Raw Materials Exporters Association (İTHİB), underlined that exporters are prioritizing getting a larger slice of the global market.

"One of our biggest targets is to make the sector, which is currently the seventh-biggest exporter globally, one of world's top five exporters by raising its share to 5 percent of the global market," he said.

Textile sector exports to Africa and the Americas picked up last year, along with the EU, Turkey's main trading partner, Öksüz pointed out.

"Our sector's exports to Africa hit an all-time high, topping last year's target of $1 billion, up 13.5 percent year-on-year," he said.

Calling Africa a strategic target market for the sector, Öksüz said South America and the Far East have been identified as this year's targets.

"We will carry out projects for the Japanese and South Korean markets," he said.

Mustafa Gültepe, head of the Istanbul Apparel Exporters' Association (İHKİB), said in the mid- and long-term, the ready-wear sector aims to export $33 billion in goods annually.

"We project that clothing sector exports will grow 10 percent on a yearly basis in 2019," Gültepe said.

Ready-wear exporters will focus on the U.S. market along with their biggest market, the EU, he said.

"Russia, the Middle East, and North Africa are also among our target markets," he added.

Gültepe said Turkey can do quick product turnaround thanks to its integrated facilities, strong design infrastructure, experience, know-how, and qualified labor force.

"Turkey has a great advantage for the European market in terms of its geographical location," he said.

In 2018 the textile and raw materials and ready-wear sectors combined constituted nearly 16 percent of Turkey's total exports.

Turkey's exports last year hit an all-time high of $168.1 billion, up from about $157 billion in 2017, Trade Minister Ruhsar Pekcan announced last week.

Exports in 2018 climbed 7.1 percent year-on-year, she said.

Source: hurriyetdailynews.com- Jan 09, 2019

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Vietnam sees export, trade opportunities in Cambodian market

Vietnam's exports to Cambodia exceeded 3 billion USD last year, setting a record high in a decade and opening up opportunities for local firms to capitalise on untapped potential of the neighbouring market, statistics show.

In the past three years, the value of Vietnamese shipments to Cambodia increased continuously from 2.2 billion USD in 2016 to 2.77 billion USD in 2017 and 3.4 billion USD in the first 11 months of 2018.

According to the General Department of Vietnam Customs, during the January-November period last year, the export of steel, petroleum, and garment-textile products to Cambodia recorded significant increases and together accounted for the lion's share of the country's total, at 49.63 percent.

Notably, 1.2 million tonnes of steel products were exported to the market for over 796 million USD, annual increases of 53.04 and 74.36 percent, respectively. Firms have been advised to continue coming up with business plans to boost construction material shipments to Cambodia.

Fruit export also soared to reel in 2.4 million USD in the period, indicating a rosy outlook for the sector. Material plastic and timber-woodwork products also joined the upward trend, bringing in 15 million USD and 9.98 million USD, up 110.99 and 44.37 percent on year, respectively.

Recently, upbeat signals have led to a forecast that Vietnamese enterprises will have more chances to make gains from the Cambodian market.

Last year, the Cambodian Government introduced the Rectangular Strategy-Phase 4 which covers a priority of boosting economic development via increasing business activities with major partners and foreign direct investments, as well as improving international trade. It means Vietnam has favorable conditions to invest in the economy.

At the Vietnam – Cambodia business forum held in Hanoi on December 6 last year, Cambodian Prime Minister Hun Sen said the local government has adjusted the investment law to facilitate foreign investors.

He added that it also put forth a series of measures to better the country's business climate, which simplifies and automates customs procedures, and cuts official and unofficial fees to boost import-export.

Official statistics announced at the forum showed that as of November 2018, Vietnam had 210 investment projects in Cambodia with a combined registered capital surpassing 3 billion USD. Among the 77 countries and territories worldwide, Vietnamese investors are pouring the third biggest sum of their capital in Cambodia.

Source: en.vietnamplus.vn- Jan 09, 2019

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Bangladesh biggest textile machinery market for China

Bangladesh will continue to grow as a major textile machinery market as local textile millers are expanding business riding on higher demand for garment items from international consumers, industry people said yesterday.

Local fabrics makers, textile milers, spinners and garment manufacturers spend a few billions of dollars every year to buy machinery.

"Bangladesh is the biggest machinery market for Chinese textile and garment machine manufacturers," said Chen Ji, secretary general of the China Sewing Machinery Association.

Ji said Chinese sewing machinery manufacturers exported equipment worth more than $1 billion to Bangladesh every year.

"The textile and garment business will continue to grow in Bangladesh over the next many years as the demand is increasing every year both in the international and local markets," Ji told The Daily Star at the 16th Dhaka International Textile & Garment Machinery Exhibition 2019, also known as DTG 2019.

The Bangladesh Textile Mills Association (BTMA) and Yorkers Trade & Marketing Services Co. Ltd, Hong Kong jointly organised the four-day exhibition at the International Convention City Bashundhara in Dhaka. This is the largest textile machinery exhibition in Southeast Asia, the organisers said.

This year 1,200 exhibitors from 37 countries are showcasing latest machinery in the textile and garment sectors at 1,650 booths set up at the venue. Last year, 1,100 exhibitors from 36 countries took part.

Judy Wang, president of Yorkers Trade & Marketing Services Co., said every year the number of participants was increasing as renowned textile and garment manufacturing companies in the world wanted to sell their goods in Bangladesh.

Local spinners can meet 80 percent of the demand of the knitwear sector, while only 35 -40 percent of the woven sectors' demand can be met by local suppliers, she said.

“So, there is room for further big investment in the woven sector where local entrepreneurs will need to install machinery worth of billions of US dollars,” she said.

Wang said the DTG was a very good platform to invite international buyers targeting the woven sector, which has immense potential to grow.

BTMA President Mohammad Ali Khokon, in his inaugural speech, said buyers of textile and apparel products now recognised Bangladesh as one of their major sourcing destinations.

“Textile machinery manufacturers value Bangladesh as the centre of textile and clothing machinery business hub,” he said.

Shafiul Islam Mohiuddin, president of the Federation of Bangladesh Chambers of Commerce and Industry, urged the government to continue policy support and political stability.

"We need predictable and consistent policies. We want to know what the price of energy would be in the next 10 years. We do not want any erratic policy in the financial sector.”

Source: thedailystar.net- Jan 09, 2019

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Ghana textile industry to grow with 3 years VAT exemption

The Ghana government's decision to zero-rate Value-Added Tax (VAT) on the supply of locally manufactured textiles for three years is a boost to the industry.

Albeit the policy is likely to cost the government around GH¢40.1 million annually, the announcement is a respite to the people dealing in the textiles business, awaiting the tax exemption since long.

Reducing the cost of production, the local textile industry will grow gradually, thus increasing employment opportunities in the country, Ghanaian media reports said.

By the end of three years, the local industry will be well-equipped to beat the competition from the international market.

The expected loss will be offset by the associated revenue from corporate profits, taxes from employees and other stakeholders in the supply chain of locally manufactured textiles.

Source: fibre2fashion.com- Jan 09, 2019

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Bangladesh: Textile machinery expo kicks off

Some 1,200 machinery manufacturing organizations from 37 countries are exhibiting their products

A four-day international textile and garment machinery exhibition began on Wednesday in the capital with an aim to attract both local and foreign investment in the textile and apparel sectors, and showcasing latest brands of textile machineries.

The exhibition styled “16th Dhaka International Textile and Garment Machinery Exhibition” (DTG 2019)’ is being held at the International Convention City Bashundhara (ICCB).

Bangladesh Textile Mills Association (BTMA), along with Hong Kong's Yorkers Trade and Marketing Service Company(YTMSC) Ltd, are jointly organizing the largest expo of textile and garment industry machineries.

Some 1,200 machinery manufacturing organizations from 37 countries are exhibiting their products.

Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) President Md Shafiul Islam (Mohiuddin) inaugurated the event while BTMA president Mohammad Ali Khokon and YTMSC president Judy Wang were also present at the ceremony.
Mohiuddin said, "We need consistent assistance from the government with ensuring predictable business environment to expand our businesses. There should be policy-centric stability for longer period of 8-10 years to draw more investments."

He also said the government should clear about the prices of gas and electricity to prevent confusions over the issue.

The FBCCI president also urged the banks to bring down interest rates to single digits.

Mohammad Ali Khokon said, "I request the government to take appropriate and adequate action with all seriousness to address all deficiencies for the greater interest of the country and the economy as a whole."

He also said, "We expect the government would come forward with more supportive policy with incentive for the development of the garments and textile industries."

Textile machinery manufacturers now regard Bangladesh as a hub for textile and clothing machinery sales, he remarked.

The BTMA president also said, "Over Tk70,000 crore has been invested in this sector, a record-high for a private sector industry." He also highlighted gas and electricity crisis as prime barrier to investment in the textile sector.

The countries participating the exhibition include Australia, Austria, Belgium, China, Czech Republic, Brazil, Croatia, Denmark, Finland, France, Germany, Greece, Hong Kong, Hungary, India, Indonesia, Italy, Japan, Korea, Malaysia, Netherlands, Pakistan, Poland, Portugal, Romania, Saudi Arabia, Singapore, Spain, Sri Lanka, Sweden, Switzerland, Taiwan, Thailand, Turkey, UK, UAE and USA.

The exhibition will remain open for all from 12 noon to 8 pm everyday, until the last day, January 12.

Source: dhakatribune.com- Jan 09, 2019

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APTMA urges Pakistan PM to chair textile industry meetings

Welcoming Prime Minister Imran Khan's efforts to provide affordable power to textile units, the All Pakistan Textile Mills Association (APTMA) has urged him to chair regular textile industry meetings to monitor policy implementation and performance in investment and exports. The industry is committed to earning $30 billion in exports, patron-in-chief Gohar Ejaz said.

The textile industry wants to undertake new investment initiatives and create millions of sustainable jobs, Ejaz said.

The immediate focus of the government should be to announce a long-term export-led growth policy and to raise cotton production by doubling cotton yield to 1,200 kg per hectare from 660 kg per hectare now, Pakistani media reports quoted him as saying.

The textile industry has set a target of producing 20 million bales of cotton and a million tonnes of polyester fibre; generating $28 billion in textile and clothing exports; cultivating $1.4 billion worth new investment every year; adding 6 million direct labour force, and raising the country's share in global textile exports by 3.5 per cent and apparel exports by 2.7 per cent by 2023-24, Ejaz added.

Source: fibre2fashion.com- Jan 09, 2019

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NATIONAL NEWS

World Bank retains India's FY19 growth forecast at 7.3%

India appears to be a bright spot on darkening skies

The World Bank has maintained its growth forecast for India at 7.3 per cent for the current fiscal year and 7.5 per cent for FY20.

This projection suggests India will continue to be the world's fastest growing major economy despite moderating activity and heightened risks clouding its economic prospects.

"Private consumption is projected to remain robust and investment growth is expected to continue as the benefits of recent policy reforms begin to materialise and credit rebounds," the bank said in its report on the global economy, 'Global Economic Prospects', released on Wednesday.

The report has lowered its global growth forecast to 2.9 per cent from 3 per cent. It said China's economic growth is projected to slow down to 6.2 per cent in 2019 and 2020 and 6 per cent in 2021.

China vs India

In 2018, the Chinese economy is estimated to have grown 6.5 per cent against India's 7.3 per cent. In 2017, it had been marginally ahead at 6.9 per cent, against India's 6.7 per cent, because of the slowdown in the Indian economy due to demonetisation and the GST rollout. The World Bank's growth projection for India is a notch lower than the RBI's 7.4 per cent but slightly higher than the Central Statistics Office's 7.2 per cent.

The projection of several independent agencies and economists range between 7 and 7.4 per cent. However, all of them agree that demonetisation and GST had some short-term impact and that the economy has now recovered.

The World Bank report further said strong domestic demand is seen to widen the current account deficit to 2.6 per cent of GDP next year. Inflation is projected to rise somewhat above the midpoint of the RBI's target range of 2 to 6 per cent, mainly owing to energy and food prices.

Source: thehindubusinessline.com- Jan 09, 2019

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Softening demand, spiralling cotton costs hit ginners hard

Faced with loan default, many players have closed shop

Cotton ginners across the country are going through tough times. Faced with poor viability following reduced demand for yarn, and price disparity, ginners are handing over the keys of their factories to the bankers, quite literally.

In Gujarat, which has the largest number of ginning units in the country, with 1,300 of 4,300 mills, ginners are among the few MSMEs with a high incidence of non-performing assets (NPAs), bankers said. Industry experts say the problem lies in the market dynamics and misplaced policy priorities.

A decade ago, when the ginning business was considered a promising and prestigious investment avenue, huge investments took place to add new capacities with subsidised bank borrowing.

"The main reason behind stress is the lack of price parity. Raw cotton — the raw material for ginners — is getting costlier, while yarn prices are not picking up due to lack of demand," said Bhupendrasingh Rajpal, President of the Maharashtra Cotton Association. "Despite lower yarn prices, cotton prices are not going down because the MSP is hiked to protect farmers' interests. Now the ginning business is suffering."

"Ginning capacities in the country are double the crop size. Due to this, the industry faces idle capacities, hence the losses," he added.

Ginned cotton fetches around ₹43,000 a candy (each of 356 kg), whereas the cost is around ₹44,000. Most units are operating at reduced capacities to meet the running expenses and pay for interest. Once this cycle goes beyond its bearing capacity, the ginner defaults on repayment.

New ginning clusters had come up in Saurashtra, North Gujarat and Central Gujarat. "Out of 1,300 mills, about one-fourth are operational, that too with reduced capacity utilisation. More units may shut down due to price disparity and losses," said Dilip Patel, a leading ginner at Kadi in North Gujarat.

The scene is no different in Karnataka and Telangana. The majority of the 350 units in Telangana are operating in a single shift and the lack of demand from textiles mills and MNCs has hit the payment cycles, triggering a liquidity crunch, said B Ravinder Reddy of the Telangana Cotton Association.

Ginners in the State plan to approach the government seeking sops such as the waiver of minimum fixed electricity charges, which works out to ₹1.75 lakh a mill a month, and has to be paid whether or not the mill is operational.

In Karnataka, about half the 300 mills have already shut down owing to lack of business. In Raichur, about a third of the 39 units have not started operations this year, said Ramanuj Das Boob, who exited ginning to become a sourcing agent for MNCs. "The situation is going to be very bad this year on lack of demand," he added.

Manubhai Agarwal, a ginner from Bodeli, said: "The ginning business is no longer remunerative. Profits are squeezed. I had two units of total capacity of 700 bales (each of 170 kg) a day. Now I am operating only one to process 200 bales."

The losses didn't come in a single season, most players believe. The accumulation of losses due to disparity in prices, coupled with inconsistencies in cotton export policy, made the ginning business unpredictable. This made the ginners vulnerable to losses and loan default.

Source: thehindubusinessline.com- Jan 09, 2019

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Women entrepreneurs are major beneficiaries of Mudra scheme

The scheme aims to strengthen forward and backward linkages for robust value chains

Textiles Minister Smriti Irani said on Wednesday that women entrepreneurs are the major beneficiaries of the Centre's Mudra scheme. This is because women have cornered about 75 per cent of the total disbursals.

She said through policy interventions, the Central Government is ensuring that more and more women would join the organised sector.

The Pradhan Mantri Mudra Yojana (PMMY) is a flagship scheme of the government to provide loans of up to Rs 10 lakh to small entrepreneurs. The loans are being given by banks, small finance banks, non-banking financial companies (NBFCs) and microfinance institutions.

The scheme aims to strengthen forward and backward linkages for robust value chains anchored by industries, aggregators, franchisors and associations.

The minister said there are 14 crore loans that have been processed. "Of these, 75 per cent have gone to female entrepreneurs. That speaks a lot about the latent entrepreneurial talent of Indian women and that is where the key lies for exponential growth," the minister said.

She was speaking at the Raisina Dialogue 2019 here.

Irani added that in the textiles sector, about 70-75 per cent of the workforce are women. She also said that people from the industry have realised more people would stay longer in a company as well as learn and enhance their skills if the girls are assured of a residence and education.

Regarding the delay in the passage of the Women Reservation Bill in Parliament, the minister stated, "We have time and again said that all political parties need to come to the forefront and help us pass this bill, that is an offer we have made time and again, we have not found many takers."

The bill was passed during the UPA rule in the Rajya Sabha in March 2010, but could not be passed in the Lok Sabha.

Source: thehindubusinessline.com- Jan 09, 2019

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Make GST input tax credit claims online: Prabhu to FinMin

Commerce minister Suresh Prabhu Wednesday urged the finance ministry to make the process of refund of GST input tax credit online.

Prabhu, along with commerce and revenue department officials, met exporters to discuss the problems faced by the sector.

Banking issues, like caution listing of exporters, third party/ third country exports and list of items to be traded with Iran, were also discussed. The finance ministry officials would discuss the issues which were flagged in a meeting with banks on January 22, an official statement said.

Prabhu also highlighted the declining trend of export credit in recent months and suggested that banks may be asked to encourage flow of credit to the export sector particularly to MSMEs for generating more employment.

"The commerce minister also urged to make input tax credit (ITC) refund online to ensure that the export refund is seamless and also transparent and accountable," the statement said.

As of November-end, Rs 91,149 crore has been issued to exporters as Goods and Services Tax (GST) refund, which was 93.77 per cent of total claims with the tax authorities.

While Integrated GST (IGST) refund process is online, claiming of ITC refund still requires manual intervention.

Representatives of the export sector highlighted the problems of pre-import under advance authorisation and requested the Commerce Minister to bring the notification deleting the condition with retrospective effect.

"Suresh Prabhu asked DGFT and Department of Revenue, Ministry of Finance, to look into it so that genuine exporters are not harassed," the statement added.

Representatives from Federation of Indian Export Organisations, Pharmexcil, Gems and Jewellery Export Promotion Council, Engineering Exports Promotion Council and Chemexcil attended the meeting.

Source: timesofindia.com- Jan 09, 2019

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Fall-out of trade spat

ASEAN could benefit at China's expense

At a recent ASEAN summit, it was observed that "perhaps one day ASEAN would have to choose between US or China."

ASEAN, with a population of 630 million having a combined GDP of $2.4 trillion, forms the fourth largest export market for the US. It could benefit from the trade dispute between the US and China.

The dispute, driven by US tariff measures, primarily targets intermediate goods in the electronic and machinery sectors. It favours the countries of ASEAN, which have strong regional trade ties in the form of free-trade agreements (FTAs) along with the recently agreed Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

The impact will be felt strongly in the sectors of information and communication technology (ICT), automotives and readymade garments (RMGs). These sectors also constitute major segments in US-China bilateral trade.

A report produced by the EIU on "Creative disruption: Asia's winners in the US-China Trade War", offers interesting insights into the effects of the trade dispute. The US has imposed tariffs on ICT, being its largest import from China, amounting to $150 billion.

The aim is two-fold: to cut the trade deficit with China; and to obstruct the Make in China development agenda of 2025, which formulated to enhance its key technological innovations. Malaysia and Vietnam will benefit most, especially in the manufacturing of consumer goods such as mobile phone and laptops.

Major ICT companies such as Dell, Sony, Panasonic, Samsung and Intel have their presence in these countries. The presence of strong trade infrastructure, corporate laws, and an SEZ environment makes Malaysia and Vietnam potential locations for the ICT industry. Benefits may accrue to India, Indonesia and Thailand, given their ICT exports-oriented market.

The US is the largest destination for auto parts and automotives. “International Trade Centre statistics indicate that finished vehicle exports accounted for only 0.3 per cent of China’s total exports in 2017, at a value of $7.2 billion. The impact of the trade war on Chinese auto-parts exports, which were worth $31 billion over 2017, will be greater”, the report observes.

Thailand and Malaysia will benefit most from the trade dislocation in automotives. In Thailand, trade links in the automotive sector are well diversified with exports to the US, Japan and other ASEAN counterparts. The medium term benefits will be reaped by India, Indonesia, the Philippines and Vietnam. Japan, Singapore, South Korea and Taiwan will be minimally impacted. For Asian markets, the bigger concern is tariffs on steel and aluminium and the Section 232 report of the US Department of Commerce.

Out of $257 billion annual Chinese textile and apparel exports, $38.7 billion went to the US market. As per WTO, in 2016, China accounted for 36.2 per cent of global textile and 34.5 per cent of clothing exports. Bangladesh, India and Vietnam will gain from the trade tension in RMGs. India has the potential to attract the apparel market. Mild benefits may go to Pakistan and Sri Lanka.

With rising concerns over land and labour in China, nations in South and South-East Asia are preferable markets for MNCs and private enterprises to establish their manufacturing base. The ongoing US-China trade conflict shifts the export manufacturing site from China to Asian markets. However, greater benefits to ASEAN may be expected only in 2020 or later.

Source: thehindubusinessline.com - Jan 09, 2019

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Strengthening the SME loan infrastructure in India

To address lender uncertainty around SMEs, the government can guarantee to repay a substantial portion of SME debt

From kirana stores to local businesses, small and medium-sized enterprises (SMEs) are central to the Indian economy. According to the ministry of micro, small and medium enterprises, these firms contribute about 30% to India's economic output and provide employment to over 111 million people. But despite this importance, India's small firms are starved of funds.

One way to address this, according to a new study by the Asian Development Bank (ADB), is to establish credit-information infrastructure for SMEs and provide credit guarantees to ease their access to finance.

In the study, Naoyuki Yoshino and Farhad Taghizadeh-Hesary say SMEs face difficulties in accessing cheap finance because creditors lack clarity about the financial health of SMEs.

Assessing financial health requires audited accounts and financial statements which SMEs often do not maintain. This increases collateral requirements for lending to SMEs and higher interest rates to compensate creditors for the increased risk.

The authors suggest that the development of SME credit risk databases, credit bureaus and credit ratings can help lenders gauge the risk associated with lending to small companies.

For instance, in Japan, the "credit risk database" association uses scoring models to evaluate creditworthiness of SMEs and align loan prices with credit risk. Similarly, in Thailand, a National Credit Bureau collects and processes credit information of financial institutions' clients.

While these may be long-term measures, the authors suggest there are short-term methods for analysing SME credit risk by using financial data which captures SME activity, profitability and liquidity.

The authors also highlight the importance of credit guarantee schemes for lowering credit risk. To address lender uncertainty around SMEs, the government can guarantee to repay a substantial portion of SME debt. This will ease lender concerns and attract more finance to the sector.

Source: livemint.com - Jan 10, 2019

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Monsanto Patent Victory Seen As A Boost For Biotech Investment In India

The Supreme Court ruled on Tuesday that Monsanto can claim patents on its genetically modified (GM) cotton seeds, a victory for the US company that is expected to encourage biotechnology firms to step up investment in India.

The decision on appeal overturns an earlier ruling by the Delhi High Court that Monsanto - the world's biggest seed maker, which has been bought by Germany's Bayer AG - could not claim patents on GM cotton seeds.

The outcome is positive for foreign agricultural companies such as Bayer, Dupont Pioneer and Syngenta which have been concerned they could lose patents on GM crops in India.

The ruling was criticised by a group, which has links to the ruling BJP and which favours non-GM technologies and "India first" economic policies, but it was welcomed by one of India's main farmers' associations.

"This is a very good move as most international companies have stopped releasing new technology in the Indian market due to the uncertainty over patent rule," said Ajit Narde, a leader of the Shetkari Sanghatana, a farmers' body, which has been demanding access to new technologies.

Access to advanced technology was important to help Indian farmers compete with rivals overseas, Mr Narde said.

New Delhi approved Monsanto's GM cotton seed trait, the only lab-altered crop allowed in India, in 2003 and an upgraded variety in 2006, helping transform India into the world's top cotton producer and second-largest exporter of the fibre.

Monsanto's GM cotton seed technology went on to dominate 90 percent of India's cotton acreage. But for the past few years Monsanto has been at loggerheads with Indian seed company Nuziveedu Seeds Ltd (NSL) over patents, drawing in the Indian and US governments.

The Delhi High Court ruling came after NSL argued that India's Patent Act does not allow Monsanto any patent cover for its genetically modified (GM) cotton seeds.

M Ramasami, chairman of the Federation of Seed Industry of India which represents foreign seed makers, said the Supreme Court ruling would encourage the development of new seed technologies and farm processes which in turn would benefit farmers and improve the competitiveness of India's farm economy.

Mahyco Monsanto Biotech (India) (MMB), a joint venture between Monsanto and Maharashtra Hybrid Seeds Co (Mahyco), sells GM cotton seeds under license to more than 40 Indian seed companies, which in turn sell product to retailers.

Monsanto's Indian joint venture had terminated its contract with NSL in 2015 after a royalty payment dispute, escalating tensions over seed technology.

The Supreme Court on Tuesday also said the Delhi High Court would examine Monsanto's claims that NSL infringed its intellectual property on Bt cotton seeds.

NSL said in a statement after the ruling that it stuck to its claim that India's Patent Act does not allow Monsanto any patent cover for its GM cotton seeds and that it was also "confident of succeeding" before the Delhi court.

After the court verdict, shares of Monsanto India Ltd climbed as much as 13.4 percent before paring most losses to close up 2.8 percent.

The nationalist group close to the BJP that opposes GM technology said it would seek a legislative amendment to the rules governing patents.

The government has not taken a stance on this case and a spokeswoman at the farm ministry did not immediately respond to an email seeking comment on the Supreme Court ruling.

The ministry has twice slashed royalties that local seed companies pay to Monsanto in the past two years. The ministry also cut cotton seed prices.

Monsanto has also been battling a proliferation of illegal planting of its herbicide-tolerant cotton varieties.

After a spate of unfavourable government orders and a tussle over royalty payments, Monsanto in 2016 withdrew an application seeking approval for its next generation of GM cotton seeds in India.

Source: ndtv.com - Jan 08, 2019

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