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IBTEX No. 33 of 2020 — February 12, 2020

US 71.21| EUR 77.74 | GBP 92.32| JPY 0.65

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
18900	39500	**70.64**

Domestic Futures Price (Ex. Warehouse Rajkot), February

Rs./Bale	Rs./Candy	USD Cent/lb
19520	40797	**72.96**

International Futures Price

NY ICE USD Cents/lb (March 2020)	68.23
ZCE Cotton: Yuan/MT (May 2020)	13,130
ZCE Cotton: USD Cents/lb	85.50
Cotlook A Index – Physical	**77.20**

Cotton Guide- Yesteday's WASDE report release has not had a huge impact on cotton as was expected. The figures turned out to be inclining more towards a sideways trend. The overview as given by USDA is - For 2019/20, the February forecast shows higher production and beginning stocks. Production is raised for Pakistan, Brazil, and Tanzania.

Consumption is lowered slightly due to weaker demand in China and Vietnam. Global trade is down with lower imports by Vietnam, Pakistan, and South Korea coupled with lower exports from India and Malaysia. The U.S. forecast is unchanged from last month and the U.S. season-average farm price is lowered 1 cent to 62 cents per pound.

2019/2020 Trade Outlook

Major Importers				
	Feb 2020	Jan 2020	Change	Reason
WORLD	43548	43833	-285	
Vietnam	6,800	7,100	-300	Weaker import pace and lower consumption
Malaysia	1,000	750	+250	Increase in consignment stocks
South Korea	7,200	7,300	-100	Weaker import pace and lower consumption
Pakistan	4,200	4,300	-100	Larger crop
India	2,300	2,200	+100	Lower world prices
Major Exporters				
WORLD	43,544	43,848	-304	
BRAZIL	8,900	8,800	+100	Larger crop
India	3,600	3,800	-200	Slower-than expected pace
Malaysia	450	550	-100	Increase in consignment stocks

Note: 1000 Bales of 480 lbs; Source - USDA

USDA is seen to have increased global production while subsequently decreasing global consumption. In other words, it raised production for Pakistan, Brazil and other South American Countries.

The ICE futures contract however saw equal strength from both bulls and the bears the whole day even after the release of the WASDE report. The ICE March contract settled at 68.23 cents per pound with a diminutive change of +4 points, whereas the ICE May contract remained unchanged. The volumes were huge as is seen in the recent fortnight; to be precise the volumes were at 63,218 contracts.

The MCX contracts on the other hand, took a positive stance with the major active contracts showing gains in triple digit figures. The MCX February contract settled at 19,160 Rs per Bale with a change of +140 Rs. The MCX March and MCX April contract settled at 19,440 Rs per Bale and 19,630 Rs per Bale respectively with a change of +150 Rs and +80 Rs. The volumes were however lower at 773 lots.

The cotlook Index A has been updated at 77.20 cents per pound with a change of +45 points. While speaking about S6 prices in India, the average price has shown a slight increase of +100 Rs and is available to exchange hands at 39,500 Rs per Bale.

On the fundamental front, for ICE contracts and MCX contracts we foresee a period of consolidation with a bearish stance. The Bearishness might rise with the increase Number of fatalities seen throughout the world due to Corona virus.

On the technical front, in daily chart, ICE Cotton May broke down from an upward sloping channel along with the support of 61.8% Fibonacci retracement level of the recent up move. However price would look to complete a pullback towards the lower end of channel before it resumes it bearish bias. Meanwhile price is moving around the 5 & 9 day EMA at 68.63, 68.76, along with RSI at 45 suggesting for the sideways bias in the market. However, the next support for the price would be 68.01 recent low & 66.82 (76.4% Fibonacci retracement level) & the immediate resistance is around 69.0, which is 38.2% Fibonacci retracement level. Thus for the day we expect price to hold the range of 68.00-69.60 with a sideways bias. In MCX Feb Cotton, we expect the price to trade within the range of 18900-19350 with a sideways bias.
Compiled By Kotak Commodities Research Desk , contact us : mailto:research@kotakcommodities.com or can contact: allwyn.stewart@kotakcommodities.com, Source: Reuters, MCX, Market source

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INTERNATIONAL NEWS

USA: Coronavirus Outbreak Sends February Cargo Import Forecast Down

Cargo imports at U.S. container ports most commonly used by retailers are expected to see a sharper-than-usual drop in February, with the coronavirus causing longer factory shutdowns for China's Lunar New Year.

"February is historically a slow month for imports because of Lunar New Year and the lull between retailers' holiday season and summer, but this is an unusual situation," said Jonathan Gold, vice president for supply chain and customs policy at NRF.

"Many Chinese factories have already stayed closed longer than usual and we don't know how soon they will reopen. U.S. retailers were already beginning to shift some sourcing to other countries because of the trade war, but if shutdowns continue, we could see an impact on supply chains."

The Chinese government had already extended the official Lunar New Year by an extra week to Feb. 2. For factories, workers were set to be back at their posts from Monday, but there have been reports that the holiday extension could last longer still to help quell further spread of the virus.

"Projecting container volume for the next year has become even more challenging with the outbreak of the coronavirus in China and its spread," Hackett Associates founder Ben Hackett said. "It's questionable how soon manufacturing will return to normal, and following the extension of the Lunar New Year break, all eyes are on what further decisions China will make to control the outbreak."

U.S. ports covered by Global Port Tracker handled 1.72 million 20-foot equivalent units (TEU) in December, a 1.8 percent increase from November, but down 12.4 percent from unusually high numbers at the end of 2018 ahead of a scheduled tariff increase that was ultimately postponed, the Global Port Tracker report released Monday by the National Retail Federation (NRF) and Hackett Associates, said. A TEU is one 20-foot-long cargo container or its equivalent.

December's numbers brought 2019 to a total of 21.6 million TEU, a 0.8 percent decrease from 2018 amid the ongoing trade war, but still the second-highest year on record. January container deliveries were estimated at 1.82 million TEU, down 3.8 percent from a year earlier.

February shipments are forecast to be down 12.9 percent year-over-year at 1.41 million TEU and March is expected to be 9.5 percent below year-ago levels at 1.46 million TEU.

Several major ocean freight carriers have reported "blank sailings"—or sailings that have been cancelled by the carrier—from China. Before the coronavirus outbreak, Global Port Tracker had forecast February at 1.54 million TEU and March at 1.7 million TEU, putting the impact at 8.4 percent for February and 14.1 percent for March.

While the duration and impact of the coronavirus outbreak remain unknown, April industry cargo reaching U.S. ports is, for now, forecast to be up 4.5 percent to 1.82 million TEU, May is seen rising 8.3 percent to 2 million TEU and June shipments are projected to be ahead 8.5 percent to 1.95 million TEU. Those numbers would bring the first half of 2020 to 10.47 million TEU, down 0.4 percent year-over-year.

Global Port Tracker provides historical data and forecasts for the U.S. ports of Los Angeles-Long Beach and Oakland, Calif., and Seattle and Tacoma, Wash., on the West Coast; New York-New Jersey; Port of Virginia; Charleston, S.C.; Savannah, Ga., and Port Everglades, Miami and Jacksonville, Fla., on the East Coast, and Houston on the Gulf Coast.

Source: sourcingjournal.com- Feb 11, 2020

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USA: In Jeans sourcing, the mighty are falling and the upstarts are rising

The balance of power in denim jeans manufacturing took a dramatic turn in 2019, leading to a decline in volume and value for the top three suppliers–China, Mexico and Bangladesh–and strong upswings for the next three–Vietnam, Pakistan and Egypt.

The reasons and issues are many, executives have said, ranging from the U.S.-China trade war, rising costs and unstable economic and labor conditions, to capacity building, experience and quality.

U.S. imports of blue denim apparel, 97 percent of which are jeans, from top volume supplier China plummeted 25.87 percent in volume to 7.28 million dozen in 2019, while similarly falling 25.68 percent in value to $696.55 million.

The overriding theme in sourcing today is diversification to limit risk. Nesli Danisman, president of Angora Group, a strategic product management consulting firm, said at the recent Texworld USA show that the trade war has resulted in the company "being more open-minded and nimble, and also less focused on our base of factories."

"It's been about taking more trips, seeing what's out there and having more options on the table for different product categories and different regions," Danisman said. "We've really been building our database. That's because we work with some brands that are in China and want to diversity and shift some of their production base."

Mexico, the No. 1 supplier in value terms, saw its shipments to the U.S. dip 1.84 percent to $802.55 million for the year. Volume from Mexico in 2019 fell 6.78 percent to 71.60 million dozen in the 12 months.

It was more of a mixed but unimpressive performance from Bangladesh, which posted a 3.5 percent increase in value to $585.92 million in the year, but saw volume fall 2.49 percent to 72.08 million dozen.

In a year that saw U.S. jeans imports decline 3.16 percent to $3.73 billion–clearly attributable in great part to store closings and overall retail malaise–the gains made by Vietnam, Pakistan and Egypt were notable.

Jeans imports from Vietnam jumped 25.6 percent in value to $372.34 million in 2019. In volume, the country shipped 28.62 percent more merchandise for the year to reach 3.69 million dozen.

With strong vertical manufacturing structures, Pakistan and Egypt both solidified their positions as important denim apparel suppliers. Imports from Pakistan rose 8.69 percent in volume to 2.85 million dozen, while increasing 5.13 percent in value to $259.10 million. Imports from Egypt rose 12.7 percent in value to $173.76 million and increased 8.96 percent in volume to 1.51 million dozen.

Nicaragua and Cambodia both posted substantial increases in value for the year, while volume dipped, meaning the countries were making more expensive jeans for U.S. consumption, taking business from major manufacturing neighbors.

In the case of Nicaragua, companies have reported moving business out of Mexico to get the same Western Hemisphere logistical advantages at lower costs. Imports from Nicaragua were up 16.91 percent in value terms in 2019 to $131.01 million, while volume was down 3.73 percent to 1.43 million dozen.

For Cambodia, a large portion of business was switched from China to avoid tariff costs, although the country has its own problems in labor that could result in its losing preferential trade treatment from the European Union.

Imports from the Southeast Asian country increased 11.8 percent in value to 126.19 million, as volume decreased 0.49 percent in the year to 1.22 million dozen.

Source: sourcingjournal.com- Feb 11, 2020

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Messe Frankfurt's upcoming Shanghai textile fairs to be postponed

The company announced that its three textile fairs in Shanghai will be postponed from March to a later date due to the Novel Coronavirus outbreak.

This includes Intertextile Shanghai Apparel Fabrics – Spring Edition, Yarn Expo Spring and Intertextile Shanghai Home Textiles – Spring Edition which were due to be held in Shanghai from 11 – 13 March at the National Exhibition and Convention Center.

This follows the recent announcement that the company's other fairs to be held in China in the coming two months – Prolight + Sound Guangzhou, SPS – Industrial Automation Fair Guangzhou (SIAF) and Asiamold in Guangzhou, and Toy & Edu, Baby & Stroller and Licensing China in Shenzhen – have also been postponed until later in the year.

"Messe Frankfurt has been an active player in the China market for over 30 years now, so we stand fully behind the government's efforts to control the outbreak," Ms. Wendy Wen, Senior General Manager of Messe Frankfurt (HK) Ltd outlined.

"This includes the recent suspension of large-scale trade and economic events in a number of cities, so with this and the wellbeing of all our stakeholders in mind, we have made the decision to reschedule our upcoming textile fairs in Shanghai to a later date.

Our teams are making every effort to find suitable alternatives, but we will only make the decision to go ahead with these fairs when it is deemed safe to do so."

Source: fashionatingworld.com- Feb 11, 2020

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Cotton Highlights from February WASDE Report

The February 2020 World Agricultural Supply and Demand Estimates (WASDE) report has been released by USDA. Here's the monthly cotton summary:

The U.S. cotton estimates for 2019/20 are unchanged, except for a 1 cent-per pound reduction in the season-average upland farm price to 62 cents, 8.3 cents lower than in 2018/19.

The 2019/20 world cotton forecasts include a 2.5 million bale increase in ending stocks, driven by both larger production and lower consumption. A 1 million bale decline in China's expected consumption is the largest single change this month – consumption is lower despite the positive impact of the U.S.-China trade agreement, due in part to the negative economic effects of the novel coronavirus outbreak.

Consumption is also projected lower in Vietnam but higher in Pakistan and Turkey.

Production in Brazil in 2018/19 is revised upward by 480,000 bales, reflecting higher production in Mato Grosso.

Pakistan, Brazil and Tanzania production in 2019/20 is revised upward.

Total production changes this month come to a 1.3 million bale global increase, while total consumption changes net to a 1.2 million bale reduction.

Source: cottongrower.com- Feb 11, 2020

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Lanka's exports to EU reaches EURO 4.4 bn in 2018

The new Ambassador of the EU Delegation in Sri Lanka Denis Chaibi, Ambassador said that Sri with a trade surplus of EURO 1.3bn in favor of Sri Lanka.

"However, Garments and Articles of Textiles accounted for over 58% of exports to the EU in 2018. He added that not all Tariff lines in the Garment Sector were accommodated under the GSP+ facility, while the Sri Lankan Garment Sector in general had a relatively high import content of inputs in the case of many Tariff Lines. In this context the potential for Sri Lanka to diversify and expand exports to the EU was very high."

He made these comments at the Annual General Meeting of the National Chamber of Exporters (NCE) held on January 28, at the Hotel Galadari in Colombo. The NCE has been working closely with the previous Ambassador of the EU in Sri Lanka as well, who in fact was the Chief Guest at the AGM of the Chamber last year.

He was supportive of the Chamber, regarding its initiative to introduce a Certificate of Conformity (COC). The NCE is also grateful for the assistance received from the EU under its Trade Facilitation Project, wherein the Chamber has been working closely to implement activities, in collaboration with the International Trade Centre in Geneva.

The Chamber will continue to work closely with the new Ambassador as well in all these endeavours which have been very beneficial to Sri Lankan Exporters.

The Ambassador pointed out that, with Sri Lanka becoming an Upper Middle Income Country in 2019 according to the World Bank definition, a three year transition period has been triggered from January 1st 2020 wherein the GSP+ concessions hitherto enjoyed by Sri Lanka for exports to the EU Market will expire in 2023, subject to Labour and Human Rights conditions being met to enjoy the concessions in the interim period.

He added that Sri Lanka's Trade with the EU will face challenges due to the expiration of GSP+ and also due to BREXIT, compounded by increasing competition from countries such as Bangladesh and Vietnam, who have adopted more open Trade Policies compared to Sri Lanka.

In this regard he pointed out that during the period 2013 – 2018 Bangladesh and Vietnam have been able to increase their exports to the EU by 70% and 80% respectively, while Sri Lanka's exports have increased only by 20%, mostly due to the GSP+ facility. Further according to the Ambassador the strategic location of Sri Lanka although an advantage will not be sufficient to overcome future challenges in the EU Market, vis-vis competitors unless a more open Trade Policy is adopted.

In this regard it was further stated that although there was great movement in the 1980s to reduce trade barriers in Sri Lanka, by 2010 the level of protection was back to the levels that prevailed in the pre-1908 period, with the inclusion of Non-Tariff Barriers.

However, it is the view of the Chamber that in the preceding one or two years, Sri Lanka has proceeded to remove progressively prevailing Non-Tariff Barriers in the form of CESSES and other Levies, moving towards a more open Trade Regime.

In regard to the aspiration of Sri Lanka to be a Trading Hub, the Ambassador stressed that Trade openness is a precondition for the Country to position itself as a Trading Hub since the strategic location of the Country alone would not be sufficient to transform Sri Lanka to a Hub.

This is because the trading activities related to a Hub involves importation of inputs required for international trading without hindrance, as well as coordinated trans-shipment activities. He added that the below par export performance of Sri Lanka was probably due to Protectionist Trade Measures, while competitor countries such as Bangladesh and Vietnam have been able to increase their exports due to a more liberalized Trade Regime.

The Chamber while appreciating this position, supports in Principle a Liberalized Trade Regime, but would at the same time like policy makers to be conscious of the fact that Sri Lankan Export Oriented Enterprises, especially in the Small and Medium Category, would need a certain amount of protection in the interim period, while a more liberalized Trade Regime is implemented in stages, to enable them to adjust to the competition. Such adjustment is desirable through suitable incentive packages that should be provided to the export sector, which the Chamber has requested from the Authorities.

The EU Ambassador urged Sri Lanka to retain access to the EU Market, since the EU has the biggest network of Preferential Trade Pacts with other countries, with access to Global Value Chains. In this context the EU was entering into a number of Bilateral Trade Agreements with countries such as Indonesia, Canada, Mexico, Australia, Chile, and New Zealand while finalizing a historical Agreement with Japan as well. Further Sri Lanka was advised to enter into a Trade Deal with the UK, post BREXIT, since the UK is an important market for Sri Lanka.

Further, since the EU was adopting a 'Green New Deal', with the objective of becoming Climate Neutral by 2050, the Ambassador urged Sri Lankan Exporters to familiarize themselves with the new Environmental Standards of the EU. He warned that Exports which do not meet EU Standards could be imposed Tariffs. In this regard the Chamber states that it has already implemented a program to confer a Certificate of Conformity (COC), stated above exclusively for the benefit of Member Export Companies which implements in their Enterprises criteria related to 8 Ethical Business Practices to ensure Good Governance for Sustainability.

This Certificate is expected to give Member Exporters an edge over their competitors in the international market place.

The Chamber also states that it proposes to implement a separate scheme this year specifically related to Environmental Standards, through which the Chamber expect to address, the observations made by the Ambassador regarding the "Green New Deal" to be adopted by the EU Countries.

The EU Ambassador in his closing remarks also noted the use of renewable energy, as well as recycling measures adopted in production activities, would be crucial for Exporters to access the EU Market in the future, since the European Commission proposes to impose a 'Carbon Border' Tax to address ambitious climate targets.

In this regard the Chamber states that it has already focused its attention to such aspects, through collaborative activities with its affiliate "The National Cleaner Production Centre".

Source: dailynews.lk - Feb 12, 2020

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Vietnam moves ahead in yarn and dyeing

Vietnam's garment-textile sector has made significant progress, especially in yarn and dyeing. More than 2.5 million tons of yarn were produced in 2019, of which over 1.5 million tons were exported. Fabric output also increased six times.

Technological applications are reflected in improved productivity, accelerated production and reduced labor force and offer workers stable jobs with higher incomes while helping companies double profits.

The textile and garment industry is stepping up its sustainable development strategy implementation to meet the requirements of major foreign markets. Manufacturers in the sector have applied advanced science and technology to green the industry, apart from training human resources.

Vietnam's earnings from textile and garment exports have risen 10.19 per cent. Vietnam is the biggest textile and garment exporter in Asean (the Association of Southeast Asian Nations).

The US is the largest importer of Vietnamese textiles and garments, followed by the EU and China.

Free trade agreements that will take effect in 2020 and the penetration of international brands are also expected to favor the industry's growth. By signing a series of free trade agreements, Vietnam hopes to create a large playing field for its textile and garment enterprises.

Among these are the EU-Vietnam Free Trade Agreement (EVFTA) and the CPTPP (Comprehensive and Progressive Agreement for Trans-Pacific Partnership) bloc.

Source: fashionatingworld.com- Feb 11, 2020

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Egypt approves $592 mn loan for cotton, textile sector

Egypt's parliament recently approved a draft law submitted by the government to authorise the minister of finance to guarantee that the state-run Cotton & Textile Industries Holding Co would fulfil its financial obligations to the Swiss SERY and the Italian SACE agencies. The approval allows the firm to receive a €540-million funding to buy equipment.

In return, the company will provide the ministry with vacant land plots as a property guarantee at a value equivalent to the financial guarantee, according to a report in an Egyptian newspaper.

Source: fibre2fashion.com- Feb 11, 2020

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Myanmar's garment industry finishes wage survey

Garment manufacturers in Myanmar have completed collecting data to help them decide on a new minimum wage for workers, according to Daw Nwe Nwe Oo, who led the team that conducted the survey.

The survey results would be submitted next month to the Myanmar Garment Manufacturers Association, which would tabulate and interpret the findings, she said.

Data was collected from 100 of the more than 160 factories, she said. Some have not responded yet, as their owners have not returned from the Chinese New year holiday.

The survey focused on garment manufacturers' performance and difficulties in the past year. It looked at owners' investments, number of employees, workers' wages, holidays and production, operating and miscellaneous costs.

The results will also be submitted to the Union of Myanmar Federation of Chambers of Commerce and Industry and labour groups on the National Minimum Wage Committee, according to a report in a Myanmarese newspaper.

The daily minimum wage of K4,800 ($3.30) is up for review in May. Some labour groups say they want the wage raised to K9,800 a day due to a higher cost of living.

Under the minimum wage law enacted in 2013, Myanmar's minimum wage must be reviewed every two years, but the government has submitted a proposal to the Amyotha Hluttaw (upper house) to amend the law to remove the requirement.

Under the amendment, ministries would continue to review the minimum wage and change it if the country's economic performance warrants.

Other proposals include revising the composition of the minimum wage committee to include labour and employment experts. At present the committee is comprised of representatives from the government, labour and employers.

Source: fibre2fashion.com- Feb 11, 2020

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Coronavirus leads to rescheduling of DTG 2020 in Bangladesh

The schedule for largest textile machinery trade fair in Bangladesh 'Dhaka International Textile and Garment Machinery' (DTG) has been changed from February 20-23, 2020 due to Coronavirus outbreak.

The new schedule is for the trade fair to be held from June 11 to 14, 2020. This exhibition will connect local apparel and textiles manufacturers and exporters with global manufacturers, dealers and suppliers. It will also focus on the untapped markets that are flexible and important for Bangladesh.

DTG visitors can access diverse distinct exhibits and strong offerings from around the world, while also enjoying one-stop procurement exchanges at the best platform for seeking ideal suppliers on a comparison basis.

DTG has annually kept bringing world-class professional brand suppliers for Bangladesh's textile and garment industries and has been likened to a 'mini ITMA.'

Leading exhibitors ranging from textile machinery, auxiliary equipment, accessories for textile machinery, bleaching and washing machinery, chemicals and dyes, cloth processing machinery and accessories, embroidery equipment, felting needles inspecting, measuring and folding machinery, knitting machinery, laundry equipment looms, spinning machinery and accessories will participate at the exhibition and showcase their latest technologies for the textile industry.

Many participants in the fair will showcase their latest tech solutions for the first time. The estimated participation would about 36,000 visitors.

Source: fashionatingworld.com- Feb 10, 2020

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Bangladesh: Now there's a portal to monitor resource usage in garment sector

IFC, a member of the World Bank Group, has developed a web tool, PaCT Portal, to help calculate resource consumption in the country's readymade garments industry.

The data-driven monitoring software will provide real-time analytics for readymade garment factories, helping them in their efforts to improve use of resources, such as water and energy, according to a statement.

The initiative comes as IFC-led Partnership for Cleaner Textile (PaCT II) enters its third year with eight partners working together to reduce the environmental impact of the export-oriented sector. Bangladesh is the second largest apparel exporter in the world, next only to China, according to the World Trade Organisation. Apparel accounts for more than 80 per cent of the country's exports.

The portal was launched at the PaCT annual meet held in Dhaka yesterday, where panel discussions focused on issues such as low-carbon opportunities in the textile industry. Panellists also highlighted how emerging consumer behaviour and choice are now shaping the global apparel market.

This monitoring tool will work as an analytical information exchange platform to help with users' decision-making regarding water and energy consumption, said Nishat Chowdhury, programme manager for PaCT.

"It can play a big role in leading the industry towards sustainability and achieve results that are right for the industry, the planet, and our future generation," Chowdhury added.

In a video message, Rubana Huq, president of the Bangladesh Garment Manufacturers and Exporters Association, said: "The industry has saved a huge amount of water and energy through the collaborative partnership with PaCT. We would like to think and shape tomorrow for the better and we can only do that by being the best of partners in the days to come."

Supported by Denmark, Australia, and the Netherlands, PaCT's multi-stakeholder partnership has already helped the industry save 25 billion litres of water and 2.5 million megawatt hours of energy annually.

Launched in 2018, PaCT II works with 132 factories to adopt state-of-the-art efficiency and reduce water, energy and chemical use to meet global standards, the statement added.

Five textile brands -- VF Corp., Puma, Levi Strauss & Co, Tesco and GAP Inc. -- have partnered with the PaCT programme.

Jeanologia, Radiant Alliance and EMKAY are the technology providers, while the BGMEA is the implementing partner.

Source: thedailystar.net -Feb 12, 2020

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Cambodia vows to hit back if EU revokes EBA trade status

Cambodia's Prime Minister Samdech Techo Hun Sen on February 10 vowed to hit back if the EU decides to revoke the Everything But Arms (EBA) trade preference scheme at the upcoming European Commission meeting on February 12.

He issued the warning when addressing a meeting between Cambodian People's Party (CPP) members and representatives of the Lao People's Revolutionary Party in Phnom Penh.

The meeting was held as part of Lao Party General Secretary and President Bounnhang Vorachith's two-day official visit to Cambodia, which began on February 9.

The biggest challenge to Cambodia is the EU's decision on the EBA that it will issue on February 12, Hun Sen said, adding that Cambodia is waiting to see whether the country will completely lose the trade preference scheme or lose some parts of it.

Cambodian goods accounted for 18 percent of all imports coming into the EU market under the EBA scheme last year. Cambodia's exports to the EU under EBA, which included clothes and textile products, were worth about 6 billion USD in 2018.

The EBA scheme allows Cambodian goods to enter the EU market 99 percent tariff-free. The loss of the EBA is predicted to cost Cambodia millions of dollars, along with risking the jobs of 800,000 people employed in the country's garment and textile manufacturing sector.

Earlier, Hun Sen said Cambodia has also made alternative plans to continue trading with EU countries if the EBA is dropped.

Cambodian rice still has a high demand in the EU's market, even after being taxed if the EU removes the EBA, he added.

Cambodia exported 300,000 tonnes of rice to the EU last year.

Source: en.vietnamplus.vn-Feb 11, 2020

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NATIONAL NEWS

India out of US' developing nations list for trade benefits

Ahead of President Donald Trump's visit on February 24-25, the US on Monday removed India from its list of developing countries that are exempt from investigations into whether they harm American industry with unfairly subsidised exports.

The United States Trade Representative (USTR) eliminated a host of countries including Brazil, Indonesia, Hong Kong, South Africa and Argentina from getting special preferences under the methodology for countervailing duty (CVD) investigations, stating that the previous guidance that dated back to 1998 "is now obsolete".

The US removed India from the list on account of it being a G-20 member and having a share of 0.5% or more of world trade. The move has cast a shadow on India being able to restore preferential benefits under the Generalised System of Preference (GSP) as part of its trade talks with the US, as only developing countries are eligible for it.

"For purposes of US CVD law, the USTR therefore considers countries with a share of 0.5% or more of world trade to be developed countries," the USTR said in a federal notice. India's share in global exports was 1.67% in 2018. In global imports, it was 2.57%.

In July last year, Trump directed his administration to change rules to prevent "self-declared developing countries from availing themselves of flexibilities" in global trade, saying that nearly two-thirds of World Trade Organization members had been able to avail themselves of special treatment and take on weaker commitments by designating themselves as developing countries.

“Thus, Brazil, India, Indonesia, Malaysia, Thai-land, and Vietnam are ineligible for the 2% de minimis standard, notwithstanding that, based on the most recent World Bank data, each country has a per capita GNI below $12,375,” the USTR said in the notice. Developing countries are permitted up to 2% of export or production subsidies.

The US had in January last year proposed withdrawal of special rights and exemptions for emerging economies such as India and China, which are members of the Organisation for Economic Cooperation and Development (OECD), G20, classified as “high income” by the World Bank or account for more than 0.5% of global merchandise trade.

The move has jeopardised India’s ability to restore GSP benefits under the trade deal that the two countries are negotiating, experts said. “According to this notice, India is no longer a developing country and its hopes of getting GSP may not materialise as it doesn’t qualify to get the benefits,” said a Delhi-based expert on trade issues.

In 2018, India exported goods worth $6.3 billion (as per USTR figures) to the US under the GSP, accounting for around 12.1% of India’s total export to that country. The average duty concession accruing on account of GSP was almost $240 million in 2018. The two sides are likely to announce a trade deal during Trump’s visit.

As per a White House statement, President Trump would visit India on February 24-25. “The trip will further strengthen the United States-India strategic partnership and highlight the strong and enduring bonds between the American and Indian people,” it said. The Trump administration has yet to announce the dates for the visit of USTR Robert Lighthizer, who was expected to travel to India to finalise the trade deal.

While India wants restoration of benefits under the GSP and more access for its products in the US, Washington has sought doing away with duty on American information and communication technology goods along with market access for its dairy products and duty cuts on Harley-Davidson motorcycles. The US is also keen to sell more almonds to India.

Source: economictimes.com- Feb 11, 2020

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Government has taken specific steps to boost exports: Nirmala Sitharaman

The government has taken several steps, including tax refund scheme and enhanced credit to exporters, to boost outbound shipments, Finance Minister Nirmala Sitharaman said on Tuesday. Replying to a debate on the Union Budget, Sitharaman mentioned six specific steps taken for improving the country's exports.

She said that Remission of Duties or Taxes on Export Product (RoDTEP) scheme will replace the existing Merchandise from India Scheme (MEIS), which is considered as non-compliant to global trade rules. The minister said textiles and all other sectors, which currently enjoy incentives up to 2 per cent over MEIS, will transit to RoDTEP.

"In effect, RoDTEP will more than adequately incentivise exporters than the existing schemes all put together," Sitharaman said, adding that now the concerns raised over withdrawal of MEIS is addressed.

"I am making it plain that RoDTEP, which is now coming in, will more than adequately compensate and incentivise exporters than all the existing schemes put together," she added. Under the Foreign Trade Policy, MEIS was introduced in 2015. This incentivises merchandise/goods exports of over 8,000 items and it was the biggest scheme of its kind.

Exporters get duty credits at fixed rates of 2 per cent, 3 per cent, and 5 per cent, depending upon the product and target country. The finance minister also said that in order to boost credit to export sectors, the RBI has enhanced the sanctioned limit to the eligible under priority lending norms.

"The limit has been raised from Rs 25 crore to Rs 40 crore per borrower. Furthermore, the existing criterion of units having a turnover of up to Rs 100 crore has been totally removed. So, it is applicable to anybody who wants to approach and take this priority sector lending," she said.

The government has also announced Nirvik (Niryat Rin Vikas Yojana) scheme to provide enhanced insurance cover and reduce premium for small exporters.

She said this scheme will expand the scope of export credit and it will offer high insurance cover. "This will enable reduction in overerall cost of export credit, including interest rates speciality to the MSMEs," the minister said.

Further, Sitharaman said that the government has approved a sugar export policy for evacuation of surplus stocks during the sugar season 2019-20. "This shall involve providing lump sum export subsidy of Rs 10,448 crore per tonne to sugar mills. The total estimated expenditure is about Rs 6,268 crore that will be incurred for this purpose," she said.

The minister also said that to enable handicraft industry to effectively harness e-commerce for exports, mass enrolment of artisans across India will be carried out in collaboration with the textiles ministry. She informed that the government has also amended SEZ law under which trusts are allowed to set up units in special economic zones.

The country's exports contracted for a fifth month in a row by 1.8 per cent in December 2019 to USD 27.36 billion. During April-December 2019-20, exports slipped 1.96 per cent to USD 239.29 billion, imports declined 8.9 per cent to USD 357.39 billion, leaving a trade deficit of USD 118.10 billion.

Source: economictimes.com- Feb 11, 2020

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Textile export industry takes brunt of coronavirus outbreak

K V Srinivasan, Chairman of Cotton Textile Exports Promotion Council, told ANI, "Coronavirus was unexpected. We are yet to judge the full extent of the problem as the Chinese markets were closed for the Chinese New Year. They were supposed to have had opened now during this week. The latest information we got is that they have been asked to close for another 10 days."

"We are also trying to understand the full implication of the coronavirus in the industrial activity in China because people are saying that a lot of factories have closed down," he added.

China is an important market for Indian textile export, particularly for raw cotton and yarn. In cotton yarn, India's monthly export is around 90 million kg, of which 30 per cent is exported to China.

Srinivasan said Indian textile exports are re-exported by China as finished goods to the US. "With the coronavirus scare affecting the trade between US and China, India's export industry has also been affected," he said.

He further added that the forecast of the textile export industry is not very optimistic. "If the virus is going to affect the industrial activity in China then definitely our textile exports will take a beating.

However, in next two to three weeks, we will know the extent of impact and if it continues for a very long period then there will be a very big implication on the Indian textile industry as we depend a lot on the exports to China," Srinivasan said.

Meanwhile, the chairman also said in the present situation scope of the Indian textile industry getting more orders from other foreign countries is set to increase.

Source: newkerala.com- Feb 11, 2020

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Coronavirus hurts cotton, yarn and rajma trade

“The markets are going to remain dull with weak demand from the biggest buyer in the world. Buyers in China have requested for delay in shipments,” said Sharda.
Cotton and yarn prices have fallen by 4 per cent while rajma prices have increased by 8 per cent in the past 10 days because of market uncertainty after the outbreak of coronavirus in China.

Prices are expected to remain volatile in the short term before a clear picture emerges, industry bodies and traders said. As per industry estimates, India annually imports 50 per cent of its rajma requirement from China. Also, 25 per cent of its annual export of cotton and cotton yarn is to China.

“There has been an 8 per cent increase in rajma prices at $1,100 a tonne in the global market due to no shipment from the Port of Dalian in China,” said Pradeep Kumar Runwal of Bherulal Radheshyam Bhandari, a rajma importer based out of Naya Bazaar in Delhi.

"The shutdown continues in China and 300 containers of 24 tonne for India are stuck up at the port. In the domestic market, prices will increase in a month's times, once the cargo reaches India."

Cotton yarn prices have fallen 3 per cent to 4 per cent to ₹185-200 per kg for export quality '30s carded yarn' in the past 10 days, said exporters. Similarly, cotton prices have fallen 4 per cent to ₹39,500 per candy of 356 kg, they said. India's total cotton yarn exports to China are 1,100 to 1,200 million kg out of a total production of 4,100 million kg.

"There has been a sentimental correction due the shutdown in China. We will get to know the real impact this week or by next week," said Sanjay Jain, MD at TT Ltd.

Jain added that everyone was holding purchases as buyers expect prices to fall. "With exports to China stopped, we have not seen any increase in demand from Bangladesh and Vietnam. Everyone is waiting and watching the situation," he said.

Mahesh Sharda, president at Indian Cotton Association, said the virus outbreak in China along with Chinese New Year holidays has disturbed the global markets for the next fortnight and they expect clarity on export orders only by mid-February.

Cotton shipments of over 300,000 bales of 170 kg each have been delayed in the past fortnight, said Sharda, adding that the effect of the coronavirus has been partial. However, if the virus is not contained, it will majorly influence cotton and yarn prices, he said.

"The markets are going to remain dull with weak demand from the biggest buyer in the world. Buyers in China have requested for delay in shipments," said Sharda.

Source: economictimes.com- Feb 11, 2020

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Post-RCEP Retreat: India likely to sign clutch of FTAs in FY21

In a move that could disprove the perception that India's trade policy has lately tilted towards protectionism, the government has stepped up efforts to forge "balanced" bilateral free trade agreements (FTAs) with some of its major and potentially growing trading partners.

New Delhi is planning to launch or fast-track bilateral talks with countries, including South Africa, Australia and Mexico, to firm up FTAs, senior government officials told FE. Talks with the EU will be revived too and a limited trade deal with the US is expected to be clinched this month when President Donald Trump visits India; a broader deal with the world's largest economy could be hammered out later. Besides, with Brexit now over, formal talks with the UK for a trade agreement could be launched soon.

India's refusal to join the 16-nation Regional Comprehensive Economic Partnership (RCEP), the recent spikes in import duties on a host of items, and the rhetoric of some senior government functionaries raised doubts that the country may have become more circumspect, if not protectionist, when it comes to trading with other countries.

According to the sources, as the appellate body of the World Trade Organization (WTO) remains dysfunctional and chances of its early return to RCEP talks appear remote, India, an ardent advocate of the multilateral trading system, would use "balanced" bilateral FTAs to deepen its economic engagement with select countries.

Australian trade minister Simon Birmingham will likely visit India later this month and meet commerce and industry minister Piyush Goyal to boost talks for an FTA, which is at an advanced stage of negotiations and could be clinched in the next 6-9 months, according to one of the sources. Similarly, India will speed up talks with European Free Trade Association members — Switzerland, Norway, Iceland and Liechtenstein — for a separate trade pact in parallel to its discussions with the EU.

However, sticking to its stance, New Delhi aims to ensure "enhanced trade and better trade balance" through these agreements, in contrast with earlier FTAs that "worsened India's trade deficit", according to one of the sources. It's also seeking to rework its existing FTAs with Asean, Japan, Malaysia and South Korea to trim its trade deficit with these nations.

Importantly, the Economic Survey for 2019-20 has pointed out that generally FTAs have been beneficial for India. Between 1993 and 2018, India's exports of manufactured products grew at an annual average of 13.4% and such imports grew 12.7%. In comparison, its overall goods exports grew at an average of 10.9% and imports 8.6% during this period.

Already, on the sidelines of the World Economic Forum summit in Davos last month, Goyal held bilateral meetings with EU trade commissioner Phil Hogan, Mexico's secretary of economy Graciela Márquez Colín, South African trade minister Ebrahim Patel and Japan's state minister of economy, trade and industry Makihara Hideki to boost prospects of bilateral trade through enhanced cooperation.

India's tactical shift from multilateralism to bilateral engagements comes at a time of heightened uncertainties in global trade, as countries world-over increasingly resort to protectionism to help local industries. This has manifest in a trade war between the US and China that is still not over despite a temporary thaw, and the WTO's dispute appellate system has collapsed, as the Trump administration has blocked the appointment of judges to it.

India, too, has proposed to raise imposed duties on a host of products — including shoes, toys, wooden furniture, kitchenware, appliances and certain food items — which will only increase its average import duty from the already-elevated level of 17.1%.

Although some other countries, including China, Japan and South Korea, boast of lower tariffs than India, they have erected massive non-tariff barriers to discourage imports that they deem non-essential. The country's merchandise exports have remained in the negative zone, having contracted for a fifth straight month through December, as external headwinds, on top of subdued domestic manufacturing, continue to hurt. Exports have barely risen in recent years. In real term, the share of exports of goods and services in the country's GDP shrank from 25.2% in FY14 to just 20.8% in FY19. In the current fiscal, it's all set to drop even further.

Already, India had pulled out of the RCEP talks in Bangkok on November 4 last year on ground that its key issues–including extra safeguard mechanism to curb irrational spike in imports, mainly from China, and tougher rules on the origin of imported products — were not addressed adequately.

Even without RCEP, India's merchandise trade deficit with China stood at $53.6 billion in FY19, or nearly a third of its total deficit, even without factoring in the deficit with Beijing-proxy Hong Kong. Its deficit with potential RCEP members (including China) was as much as $105 billion in FY19.

Source: financialexpress.com- Feb 12, 2020

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Coronavirus hits cotton rates in Vidarbha

Coronavirus outbreak in China is having an effect on the cotton growers of Vidarbha too. Rates of cotton — the mainstay crop of Vidarbha, have remained bearish, and farmers are now largely depending on the government purchase at minimum support price (MSP) of Rs5,550 a quintal.

As private traders continue to buy at lower rates, chances of open market rates crossing MSP are slim due to absence of Chinese buying, which has been hit by the coronavirus outbreak.

China is one of the major buyers in international market. The virus outbreak has hit logistics in China, even blocking exports of cotton consignments from India.

This has in turn further dampened the rates in India. Traders said Chinese demand could have taken the rates up, at least crossing the MSP in the private market.

A major chunk of cotton supply has been taken away by the government procurement mechanism, which is still not being offloaded in the open market. Though sizeable supplies have been sucked out of the market, rates of raw cotton have not inched up, leaving the farmers to settle at MSP.

The price is even less if a farmer goes to private traders who are not offering more than Rs5,200-5,300 a quintal, said sources in the business. “At present, CCI has at least 65 lakh quintals of cotton in its stock. Normally even 20 lakh quintals getting mopped up by a single player can move the prices. However, the rates are stagnant this time.

It is mainly because of China. Despite supply being affected, there is no proportionate demand to take the prices up. This demand could have come from China, where business has come to a standstill,” said Roshan Kothari, director at the Agriculture Produce Marketing Committee (APMC), at Wani in Yavatmal district.

Pawan Singhania, a cotton trader from Wardha, agreed, saying that demand from China could have provided some push in the rates a farmer would have got. There is an overall slump in the country, even the power looms at Ichalkaranji have shut down since a week due to problems dogging the industry, he said. Farm activist Vijay Jawandhia says Chinese demand may indeed pull the prices up, but it would only be a saving grace, because of a global slump in the market, and the government needs to intervene.

Last year, cotton prices were higher because of a demand for cotton seed, which is used as cattle feed. Last year, cotton seed fetched nearly Rs4,000 a quintal which is half now. I have written to chief minister Uddhav Thackrey to grant a Rs1,000 per quintal bonus to cotton growers in line with paddy,” he said.

Sudhir Kothari, chairman of Hinganghat APMC said, the CCI purchases have not helped in buoying the market, and China is one of the factors.

Source: timesofindia.com- Feb 10, 2020

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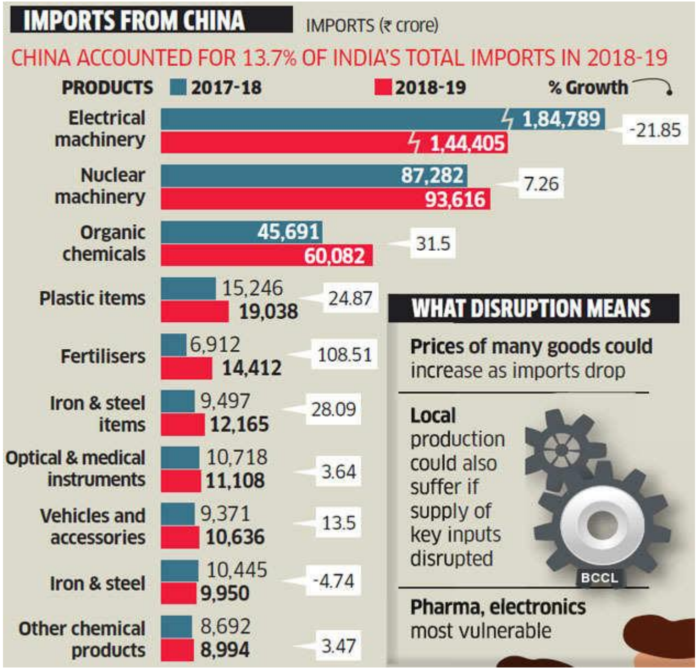
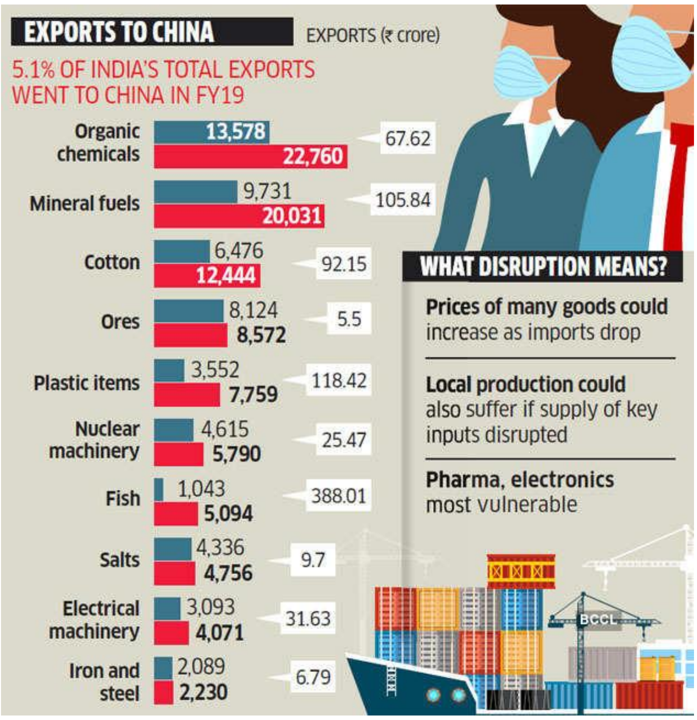
Coronavirus and Indo-China trade



China is India's second biggest trade partner behind the United States, supplying some critical inputs and absorbing some of the country's agricultural exports.

There could be a shortage of critical inputs should coronavirus cause more disruption in China and its economy slows. ET looks at the trade between the two nations.



Source: economictimes.com- Feb 11, 2020

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₹6,700 cr released under ATUFS between 2015-16, 2019-20

India has released ₹6,717.18 crore under the Amended Technology Upgradation Fund Scheme (ATUFS) between fiscals 2015-16 and 2019-20, textiles minister Smriti Irani informed parliament upper house recently.

“A total of 9,641 applications, covering employment of 2.86 lakh persons and investment of ₹40,026.5 crore submitted by textile units, have been issued...till January 2020,” she said.

ATUFS, implemented with effect from January 13, 2016, has a provision to meet the committed liabilities of its previous scheme versions in addition to the new sanctions.

Irani said the Indian textile sector faces competition from Bangladesh and Vietnam, which enjoy duty free access to key markets like the European Union, while India’s exports face a duty disadvantage, according to Indian media reports.

Besides, Bangladesh and Vietnam have the benefit of economies of scale in textile manufacturing and a large and productive labour force, she added.

Source: fibre2fashion.com- Feb 12, 2020

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India Inc's foreign investment jumps 40% to USD 2.10 bn in January

Investments by Indian firms in foreign countries in January 2020 rose by nearly 40 per cent to USD 2.10 billion on a yearly basis, according to data by the Reserve Bank.

Indian companies had invested USD 1.47 billion in their overseas ventures in the same month a year ago.

Compared monthly, January investments were higher than USD 1.99 billion in December 2019, showed the RBI data on 'Outward Foreign Direct Investment (OFDI)'.

Of the total capital invested by the India Inc in January this year, USD 793.82 million was in the form of equity capital, USD 368.55 came in as debt capital, while the rest USD 890.75 million was through the issuance of guarantee.

Among the major investors were Bharti Airtel Ltd which pumped in USD 247.5 million in its wholly owned subsidiary (WoS) in Mauritius; Serum Institute of India USD 226.07 million in a WoS in the Netherlands and Allcargo Logistics USD 88.08 million in a wholly owned unit in Belgium.

Source: economictimes.com- Feb 11, 2020

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Gujarat weavers oppose planned ADD on nylon yarn

While anti-dumping duty (ADD) on purified terephthalic acid (PTA), a key raw material for yarn production, was abolished recently by the Indian government, power loom weavers in Gujarat are upset with the Directorate General of Trade Remedies (DGTR), which has issued a disclosure statement on the anti-dumping investigation on the import of nylon filament.

The DGTR has invited objections from concerned parties for fixing the duty on nylon filament yarn imported from China, Korea, Taiwan and Thailand, according to a report in a top English-language daily.

Nylon yarn consumption per annum is pegged at 1.50 lakh tonnes and that it is mostly used in wrap and knitting of fabrics. Anti-dumping duty on such yarn will allow yarn spinners to hike yarn prices in the domestic market.

China and other countries are manufacturing new yarns to meet the growing demand. Imposing anti-dumping duty on such yarns keeps power loom weavers away from getting quality yarn, which ultimately leads to rise in import of fabrics and garments in India, according to the weavers.

Power loom industry leader Mayur Golwala said anti-dumping duty on nylon yarn will not offer any direct benefit to weavers, who were expecting the prices to come down by ₹8 per kilogram.

Source: fibre2fashion.com- Feb 11, 2020

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