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IBTEX No. 34 of 2020 — February 13, 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	**70.40**
Domestic Futures Price (Ex. Warehouse Rajkot), February		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
19520	40797	**72.71**
International Futures Price		
NY ICE USD Cents/lb (March 2020)	69.24	
ZCE Cotton: Yuan/MT (May 2020)	13,025	
ZCE Cotton: USD Cents/lb	84.74	
Cotlook A Index – Physical	**77.20**	

Cotton Guide- The Financial and the Commodity markets are slightly positive. The reason attributed to this is positive news coming in from China that the number of newly infected Coronavirus victims has declined during the last 3 days. The Dow Jones Industrial Average is High, WTI Crude Oil Prices have moved north by around 1.5 $ per Barrel and Cotton consequently followed the positive news thus registering positive gains.

The market seems to follow the current short term happenings. However, we continue to remain biased towards the bearish to sideways trend. The reason why we give a consolidated stance is –there is news that the vaccination will take almost a year to be developed with proper scientific research. Currently the Corona virus which is now named

COVID-19 is being contained by various measures and not eradicated. This implies that a threat of it becoming a pandemic still looms at large.

While speaking about the ICE futures contracts, we need to make an important note that the volumes and open interest have now shifted from the ICE March contract to the ICE May contract. ICE March contract grabbed 24,948 contracts as volumes and 48,453 contracts as Open Interest whereas the ICE May contract grabbed 27,784 contracts as volumes and 94,817 contracts as Open Interest. The ICE March contract settled at 68.58 cents per pound with a change of +35 points whereas the ICE May contract settled at 69.24 cents per pound with a change of +50 points.

The MCX contracts on the other hand remained consolidated yesterday; we expect the same trend to continue. The MCX February contract settled at 19,170 Rs per Bale with a change of +10 Rs. The MCX March contract settled at 19,430 Rs per Bale with a change of -10 Rs. The volumes were double as compared to the previous figure; they were registered at 1413 lots.

The Cotlook Index A has been kept unchanged at 77.20 cents per pound. While speaking about the average prices of Shankar 6, it is available to exchange hands at 39,500 Rs per Candy. Punjab J-34 is quoted at 4,040 per maund. Arrivals of Cotton in India is still above the 2 lakh Bales mark.

On the fundamental front we expect prices to remain consolidated for both ICE and MCX. On the technical front, in daily chart, ICE Cotton May is moving towards the higher band of the downward sloping channel, which coincides with the lower bound of the rising channel near 69.90. Cotton m ay future has crucial resistance near 70(38.2% Fibonacci retracement level), where price would look to complete a pullback before it resumes it bearish bias. Meanwhile price is moving around the 5 & 9 day EMA at 68.93, 68.92, along with RSI at 48 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 69.90, which is 38.2% Fibonacci retracement level. Thus for the day we expect price to hold the range of 68.00-69.90 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

US jeans imports fall three per cent in 2019

In 2019, US jeans imports declined 3.16 per cent. The balance of power in denim 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.

US denim imports from China plummeted 25.87 per cent in volume in 2019. The fall in value was 25.68 per cent. Mexico's denim shipments to the US fell 1.84 per cent in value in 2019.

The fall in volume was 6.78 per cent. Denim shipments from Bangladesh posted a 3.5 per cent increase in value in the year, but saw volumes fall 2.49 per cent. Jeans imports from Vietnam jumped 25.6 per cent in value in 2019.

In volume, the country shipped 28.62 per cent more merchandise for the year. Denim imports from Pakistan rose 8.69 per cent in volume while increasing 5.13 per cent in value.

Imports from Egypt rose 12.7 per cent in value and increased 8.96 per cent in volume.

Denim imports from Nicaragua were up 16.91 per cent in value terms while volume was down 3.73 per cent.

And denim imports from Cambodia increased 11.8 per cent in value as volume decreased 0.49 per cent in the year.

Source: fashionatingworld.com- Feb 12, 2020

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Coronavirus: Not just China, global textiles and apparels sector feels the heat

While the US-China trade war has negatively affected Chinese textile and apparel industry, the latest Coronavirus threat is sparking even more uncertainty in supply chains. The unpredictability surrounding the extent to which this virus is likely to spread, coupled with government-mandated production delays in select provinces and cities, is leading to an uncertainty over how it is likely to impact global manufacturing across sectors. It is likely to put export growth on hold, prolonging uncertainty regarding how motivating the phase one may be for US cotton exports.

Demand for textile fibers to fall

As data from the firm Wood Mackenzie reveals, one impact of the virus outbreak is likely to be the weakening demand for textile fibers like polyester as business activities may stall. Due to weak demand, producers, spinners and weavers are likely to return to their hometowns, which could lead to further faltering of the polyester chain. Besides polyester, other related industries like paraxylene industry are also likely to suffer.

Global cotton consumption is likely to dip by least 500,000 bales, thus increasing world carryover and reducing US exports. This could increase US cotton inventory by over a million bales over the past year to 5.9-6.0 million bales. Following prolonged decline in the US cotton exports, China recently made its strongest purchases of cotton in nearly two years. The country has been a key engine of economic growth for the past several decades.

Brands closing stores to prevent losses

Besides textile players, many brands and fashion houses in China are also reeling under the impact of coronavirus on their businesses. Some brands that have shut stores are: Nike, Adidas,and Capri Holdings, which owns Versace, Jimmy Choo and Michael Kors. These brands have warned investors of sales taking a hit if the virus continues to spread across China. To prevent this from happening, Capri has closed around 150 of its stores in mainland China while Nike has down shutters on about half of the stores. Adidas too has shut a significant number of shops alongwith Ralph Lauren Corp and Tiffany & Co.

As a result of this epidemic, Levi Strauss & Co, which has shut about half of its stores in China due to Coronavirus, has taken a near-term financial hit. The virus outbreak is also impacting the assessment of world's leading luxury groups. For instance, LVMH and Kering have lost their shares by around 5 per cent and 6 per cent. The epidemic has also put expenditures worth $149 billion at risk. As global newswires have revealed, Chinese stock markets have plunged by around 8 per cent since the outbreak of the virus.

Fashion events, fairs across the world being deferred

As the epidemic intensifies, the National Chamber of Italian Fashion has declared its solidarity with China. At the Milan Fashion Week, the chamber will introduce a twofold campaign, with a special event and multiple video conferences. In its 2020/21 season, it will organise 56 runways dedicated to ready-to-wear for fall-winter.

The opening of the fashion week will take place on February 18, with the Chinese solidarity campaign. The opening of the Fashion Hub Market, a space dedicated to emerging creators, will serve as the backdrop for the event. Some Chinese designers based in Italy and Europe who typically show at Milan Fashion Week, will not participate this time around due to late shipments from China.

Meanwhile American Events suspended the NE Materials Show, scheduled for February 5 and 6 in Boston, as well as the NW Materials Show, scheduled for February 12 and 13 in Portland, OR. Organisers from Hong Kong-based Asia Pacific Leather Fair said they were considering postponing their event, set for the end of March. Major technology shows in Bangladesh, namely Dhaka International & Garment Machinery (DTG), has also been postponed.

The Première Vision Sports Show, Portland will be held as planned on February 12 and 13 but will not host attendees and partners from China.

Sourcing delays

With long business closures and manufacturers in Hubei – the epicentre of the virus –closed until February 13. Many companies have informed their stakeholders about the delay in deliveries, while some are planning to shift their orders. As the disease continues to spread, there are concerns about sourcing from China.

While factories in China are scheduled to reopen, numerous big cities in the country have been locked down, making it impossible for workers to return to their job. Further, it is hard to predict how long such an unprecedented large-scale lockdown will last.

Global fashion companies are at the moment following a 'wait and watch' policy. However, some delays in orders are unavoidable. At the same time, shifting orders to other countries is not a quick solution at this point either because, China remains the single largest textile and apparel supplier with no alternatives; other apparel exporting countries (especially those in Asia) rely heavily on textile raw material, such as yarns and fabrics from China; in many apparel factories in Asia and Africa, the management team is from China. And, many countries around the world have imposed travel restrictions on Chinese travelers at the moment. Indeed, the present situation could push more companies to look for new sourcing destinations. Moreover, for global fashion brands and retailers sourcing cost could rise as it requires more resources to move products around and build new supply chains

Source: fashionatingworld.com- Feb 12, 2020

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China's apparel makers shifts gear for medical suits, masks

Tweaking production lines and building new workshops, China's apparel companies have stepped up to help mitigate the acute shortage in medical protective outfits and face masks amid the novel coronavirus outbreak.

Challenge, a Shanghai-based fabric company, converted a three-story workshop to produce protective outfits from Feb. 4, while fashion company Dishang Group in eastern China's Shandong Province started prototyping the outfit in its refurbished germ-free workshop.

Daily output is pushing toward 6,000 items at Challenge, said Yang Shibin, president of the company. In the city of Ningbo in eastern China's Zhejiang Province, 14 garment manufacturers including the well-known brand Peacebird and a raw and auxiliary material producer are expected to produce 1 million masks within 20 days, according to Fashion Ningbo, the city's self-governed fashion industry association.

Local governments have fast-tracked approval for these companies to shift to producing medical gear, which took Dishang a mere 30 minutes in the city of Weihai.

China has rolled out a raft of measures to help boost the production of medical supplies including cutting red tape, tax relief and rent subsidies, as a further rise is expected in the already strong demand for protective gear with millions of people gradually returning to work this week.

More than 60 percent of medical supplies manufacturers in the textile industry have resumed production, said the China National Textile and Apparel Council.

Official data showed more than 76 percent of mask production capacity and 77 percent of protective suit capacity in China's 22 provincial regions had been resumed by Monday.

To encourage the production of key medical supplies including masks, Chinese authorities have pledged that the government would be the ultimate buyer if the market could not consume all the products, calling on manufacturers to put aside overcapacity concerns and work at maximum strength.

Source: xinhuanet.com- Feb 12, 2020

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Chinese envoy sees no trade disruption with Bangladesh

Chinese ambassador to Dhaka Li Jiming on Wednesday assured that Bangladeshi industries, especially textile and readymade garment, and the construction of mega projects in Bangladesh would not be affected due to the outbreak of novel coronavirus in China.

‘I have learnt that Chinese people have now come back to businesses in most cities, except Wuhan, and so, there is hardly any possibility of major impact on bilateral trade between the two countries due to the outbreak,’ he said at a meet-the-press programme held in Dhaka.

Wuhan, which is still going through a tough situation as the epicentre of the virus, will not affect the fundamental picture of supply chain of Bangladeshi industries like RMG as the city having population of only 10 million is not a production centre for textile or apparel products, he said.

China embassy and Bangladesh China Chamber of Commerce and Industry jointly organised the programme at the National Press Club to discuss coronavirus and overall situation of the country.

He agreed that now the biggest concern of Bangladeshi businesses was whether there was any necessity to shift supply chain from China to other countries in the current situation.

‘But the answer is definitely “no” and it will be a “stupid decision” to think of shifting the supply chain,’ he said.

Bangladeshi traders, who import more than 70 per cent of textile materials from China, have been experiencing a little bit disruption in supply chain as people went into Chinese New Year vacation which was extended up to several weeks due to the coronavirus outbreak, he said.

So, there is no need to be worried as business activities have started becoming normal and suppliers started shipments of products, he added.

According to the BCCCI, Bangladesh imported goods worth $13.64 billion from China, more than 26 per cent of the Bangladesh’s global import, in the last fiscal year 2018-2019 and exported goods worth only $831 million to the world’s second largest economy in the year.

According to the National Board of Revenue data, Bangladesh’s import from China fell by 22 per cent year-on-year in January.

Li said that the Chinese government had also decided not to adjust the economic growth target and other the targets would not be revised.

‘The Chinese government has full confidence, capabilities and determination to win the battle and urged people not to be panicked with spread of inaccurate and unscientific information,’ he said.

The ambassador said that China was handling the situation with efficiency and the rate of new suspect started coming down.

He also said that construction works of mega projects would not be affected as only 10 per cent of the Chinese people working in the projects went to China to enjoy New Year vacation.

The construction works may be affected if the government imposes ban on import of goods and equipment from China, he said.

BCCCI president Gazi Golam Mortuza claimed that Bangladesh's import from the country had not so far affected much due to the coronavirus as businesses imported adequate raw materials and other goods before beginning the New Year vacation.

'We will have to wait few more weeks to understand the actual situation,' he said.

He also said that it would put a negative impact if the coronavirus situation continued worsening.

BCCCI secretary general Md Shahjahan Mridha Benu, joint secretary general Al Mamn Mridha, Chinese commercial counsellor Liu Zhenhua, among others, were present at the programme.

Source: newagebd.net- Feb 12, 2020

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No more textile benefits for Cambodia: EU cuts tariff privileges

No more textile benefits for Cambodia. The European Commission has decided to partially withdraw tariff preferences to the Asian country. The measure responds to the conclusions of a Brussels delegation sent to the country, that determined that the current ruling party in Cambodia outlawed the opposition just before the celebration of elections.

Starting in mid-August, the country will have to pay tariffs on exports of certain types of clothing and footwear. Until now, Cambodia enjoyed a zero tariff under the Everything but Arms (EBA) program. The measure will impact Cambodian exports of one billion euros and will be effective on August 12.

Josep Borrell, a high representative of the Commission for foreign policy said that "the duration, scale and impact of violations of rights to political participation and freedom of expression in Cambodia have left the European Union with the only option to partially withdraw the preferences".

"The European Union will not stand still observing how democracy has been corroded, human rights restricted, and free debate silenced; for preferences to be reinstated, Cambodian authorities must take the necessary measures", he added.

Europe has also considered strikes against labor rights. Earlier this year, companies such as Adidas, Levi Strauss, Ralph Lauren or Under Armor sent a letter to the country's government to demand the alignment of labor rights with international standards to avoid losing trade preferences.

Cambodia's Prime Minister, Hun Sen, responded by saying that the country will not "bow down" to foreign demands, according to Reuters. "We want to be friends and partners of all the countries in the world but if they don't understand us and want to force us, we don't agree", Hun Sen continued.

Source: themds.com- Feb 12, 2020

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Vietnam's textile industry urged to source for raw materials from Malaysia and India

Vietnam's textile industry has been urged to source for raw materials from Malaysia and India while its main supplier China rides out the storm created by the outbreak of Covid-19.

Phạm Xuân Hồng, president of HCM City's textile association said textile firms might start experiencing a shortage of raw materials by the second quarter, as Chinese firms have said there would be no outgoing shipments before the end of February.

As Vietnamese firms rely on China for 30 to 40 per cent of input materials, production would likely be hampered.

Hồng thus advised firms to pool their resources to keep their workshops running through March and April while talking to suppliers in Malaysia and India.

“This is, however, is only a temporary solution as it will be extremely difficult to replace China as our main supplier of raw input materials, ” he said.

Industry leaders and economic experts warned that although some firms may still have some breathing space having stocked up before the Lunar New Year holidays, things could get tricky soon.

The rubber and plastic industries too will face severe shortages as some 80 per cent of Vietnam's raw materials are imported from China, said president of HCM City's rubber and plastic association, Nguyễn Quốc Anh.

If China's industries cannot resume operations by the end of February, firms must start looking to alternative sources, possibly South Korea and the EU.

Longer transport distances and higher prices, however, would likely result in higher costs and massive disruption to operations.

Anh said the outbreak had already started hurting a number of Vietnamese firms such as automakers Hyundai and Kia.

Anh said looking for other partners at this point was near impossible as firms would be unable to negotiate new contracts within a short amount of time due to the auto industry's complexity and numerous technical barriers.

Source: thestar.com.my- Feb 12, 2020

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Vietnam: Textile, rubber-plastic brace for raw material shortage

Vietnam's key industries such as textiles, rubber and plastic must take measures to prepare for a shortage of raw materials as a result of the outbreak of the novel coronavirus in China, warned industry leaders and economic experts.

Firms may still have some breathing space having stocked up before the Lunar New Year holidays, but things could get tricky soon. Some 80 percent of raw materials used in Vietnam's rubber and plastic industry were imported from China, said president of Ho Chi Minh City's rubber and plastic association, Nguyen Quoc Anh.

If China's industries could not resume operations by the end of February, firms must start looking to alternative sources, possibly the Republic of Korea and the EU. Longer transport distances and higher prices, however, would likely result in higher costs and massive disruption to operations.

Anh said the outbreak had already started hurting a number of Vietnamese firms such as automakers Hyundai and Kia.

Anh said looking for other partners at this point was near impossible as firms would be unable to negotiate new contracts within a short amount of time due to the auto industry's complexity and numerous technical barriers.

Similarly, textile firms might start experiencing a shortage of raw materials by the second quarter, said Pham Xuan Hong, president of HCM City's textile association.

Chinese firms had already said there would be no outgoing shipments before the end of February. As Vietnamese firms rely on China for 30 to 40 percent of input materials, production would likely be hampered.

Hong advised firms to pool their resources to keep their workshops running through March and April while talking to suppliers in Malaysia and India.

"This is, however, only a temporary solution as it will be extremely difficult to replace China as our main supplier of raw input materials," he said.

The Vietnam Textile and Apparel Association has urged members to compile reports on the impact of the virus outbreak on their operations and to keep up to date with the latest developments.

Source: en.vietnamplus.vn- Feb 12, 2020

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Myanmar takes steps to improve trade strategies

Myanmar will take measures to ensure that overseas demand for locally made goods remains elevated even as cheaper imports from the region are expected to rise now that the country will participate further in the ASEAN Free Trade Area (AFTA).

This should also keep the country's trade deficit, which was down to US$627 million in fiscal 2019-20 from US$5.2 billion in fiscal 2016-17, stable.

Under AFTA, Myanmar is expected to substantially lower the import duties for a list of goods to as little as zero and no more than 5 percent.

"Custom duties will be nearly zero due to AFTA and ASEAN countries are already taking advantage of the opportunity to export more goods to Myanmar. We have in place the Import Protection Law to ensure local manufacturers are not threatened," said U Aung Htoo, deputy commerce minister.

The Import Protection Law gives Myanmar the right to raise duties for a period of three years on imported goods that severely affect or threaten local manufacturer. The law also covers trade under AFTA, the Myanmar Times understands.

Some traders have voiced their approval over the changing trade environment. Daw Yin Yin Moe, CEO of Hla Yin Moe, a textile and garment company, said that over the past five years her company was able to import industrial apparatus and machineries.

"With lower duties, it was easier to import more modern machineries to upgrade our operations," she said, adding that her factory now produces 100,000 pieces of clothing a month compared to 30,000 before the new machineries were brought in.

On the other hand, Myanmar will also receive benefits from AFTA, as it will enjoy lower duties when exporting within ASEAN, U Aung Htoo said.

To leverage on that environment, Myanmar has launched its second five-year National Export Strategy (NES) for the period between 2020 and 2025.

Under the second NES, six sectors - gems and jewellery, agriculture-based food products, textiles and garments, machinery and electrical equipment, fisheries and forestry and digital -have been added on as priority sectors.

Five other support services sectors - digital products, logistics, quality control, trade information and innovation and entrepreneurship - will also be implemented under a framework to be set up within the next five years, said U Aung Htoo.

U Aung Soe, director general for the Department of Trade Promotion, said more still needs to be done to improve manufacturing and raise exports in the private sector.

Mass manufacturing is the lifeblood for exports and local factories and the private sector's operational skills, technology and cooperation needs to improve to support this.

"In the next five years, we will make action plans for exporters and make arrangements to cooperate, especially on the financing," he said.

He added that for exports to continue rising, production levels need to be scaled up. For that to be possible, better logistics and infrastructure is needed. “If there are no roads, no cars or no warehouses to carry and store the produce from the farms, production will be affected and prices will be high. That will impact our competitiveness. The logistics issue must be solved,” he said.

Meanwhile, U Aung Htoo said more efforts must taken to channel Myanmar’s main agricultural exports into the region, as the bulk of rice, beans, corn and sugar is now exported to China and India.

He added that the government must invest more in providing sufficient electricity and financing to manufacturers while ensuring that the trade policy flaws of NES 2015-2019 are not repeated in the next five years.

Source: mmtimes.com- Feb 12, 2020

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Retail trade volume fell by 1.3% in EU27 in Dec 2019

The seasonally adjusted volume of retail trade decreased by 1.6 per cent in the Euro Area (EA19) and by 1.3 per cent in the EU27 zone in December 2019 compared to figures in the previous month, according to estimates from Eurostat, the statistical office of the European Union (EU). In November last year, the volume rose by 0.8 per cent in EA19 and by 0.9 per cent in EU27.

In December 2019 compared with December 2018, the calendar adjusted retail sales index increased by 1.3 per cent in EA19 and by 1.9 per cent in EU27, according to an official press release.

The average retail trade for the year 2019, compared with 2018, rose by 2.2 per cent in EA19 and by 2.4 per cent in EU27.

The largest falls in the total retail trade volume were registered in Germany (3.3 per cent), Slovenia (2.8 per cent) and Finland (-2.3 per cent). The highest increases were observed in Ireland (2.7 per cent), Malta (1.3 per cent) and Romania (0.8 per cent).

In EA19, the volume of retail trade increased by 3.6 per cent in December 2019 compared with December 2018 figures.

Source: fibre2fashion.com- Feb 13, 2020

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Rising dispute in Indo-Bangla trade

After a big jump in the bilateral trade in goods between Bangladesh and India, the total trade dropped moderately in the past fiscal year mainly due to a big decline in import from India. At the same time, exports of Bangladeshi goods to India registered robust growth and for the first time crossed $1.0 billion level. As a result, bilateral trade deficit declined by around $1.30 billion to 6.40 billion in FY19 from $7.74 billion in FY18. As export of clothing doubled in the past fiscal year, it contributed significantly to fetch $1.25 billion export earnings from India in FY19. Some 40 per cent of the total exports to India come from readymade garments (RMG).

Being the second largest exporter of clothing globally, it is not very surprising that RMG export from Bangladesh has also been rising in India. The phenomenal increase in export of Bangladeshi RMG in India, however, irks Indian textile and clothing manufacturers. It appears that they are sceptical about the strength and capacity of Bangladeshi clothing industry. That's why they have asked the Indian government to take some measures to curb the import of Bangladeshi apparel items. They allege that Chinese clothing is entering into India through Bangladesh.

Responding to Indian textile lobby, the Indian government has decided to review the provisions of 'rules of origin' under the Customs Act to 'check misuse of FTA route and strengthening provisions relating to safeguard duty,' according to a news published by The Hindu Business Line (HBL).

Indian textile lobby argued that by taking the advantage of some flaws in South Asia Free Trade Area (SAFTA) agreement, Chinese RMG is being diverted to India causing the rise in Bangladeshi RMG. HBL report said: "What particularly drew the attention of the Indian textile industry was the absence of the minimum value addition criteria in SAFT. ...Confederation of Indian Textile Industry (CITI) was apprehensive that the loophole might be used for diversion of Chinese man-made fibre-based garments through Bangladesh."

MISINTERPETATION: Allegation of diverting Chinese RMG items due to no value addition criteria in SAFTA is not only misleading but also misinterpretation of relevant provisions in SAFTA agreement. ANNEX-IV of the SAFTA agreement clearly outlined the rules of origin applicable for SAFTA trade. Rule-6 provides the direction regarding 'Not wholly produced or obtained' products. These types of products of any SAFTA member country is eligible for preferential treatment subject to full-filing of certain conditions outlined in Rule-7 and any of the conditions prescribed under Rule-8, Rule-9 or Rule-10.

Clause-i of paragraph-a under Rule-8 allows change in tariff heading (CTH) for non-originating products. Clause-ii of paragraph-a under Rule-8 clearly mentioned the value addition criteria for products. It says: "Products worked on or processed as a result of which the total value of the materials, parts or produce originating from other countries or of undetermined origin used does not exceed 60% of the FOB value of the products produced or obtained and the final process of manufacture is performed within the territory of the exporting Contracting State."

It means local value addition requirement for a non-originating product is 40 per cent. Again Rule-10 clearly makes it 30 per cent in case of Least Developed Countries (LDCs). The basic rules of origin for Bangladeshi RMG product is thus CTH-plus 30 per cent DVA or direct value addition. Unless included in the list of 'product specific rules' under SAFTA rules of origin all other products (except included in the negative list) of Bangladesh are eligible for preferential market access subject to CTH-plus 30 per cent DVA. Thus the allegation, as reported in Indian newspapers, that there is no value addition criteria in SAFTA is wrong and misleading.

Bangladeshi RMG was under the original sensitive list of India where a total of 480 products were included. For non-LDC, the number of products in the list was 848. During the second phase of trade liberalisation programme, India cut down the number of products to only 25 in the revised sensitive list for LDC. These 25 products include alcoholic and tobacco items. Thus, India allowed tariff-free access to Bangladeshi RMG products.

As a matter of fact, India allowed tariff-free market access to all but 25 Bangladeshi products in 2011. Since then, export of Bangladeshi products to India has increased with a gross fluctuation. One year it increased while another year it dropped.

A major reason for increase in Bangladeshi RMG in India is replacing 12.0 per cent countervailing duty with Goods and Services Tax (GST). The GST rate applicable on most of the apparel clothing items is 5.0 per cent. For the rest of the items, it is 12.0 per cent.

Against this backdrop, Indian government's move to restrain the incremental import of Bangladeshi RMG has a trade implication for Bangladesh. So far, there is no scope to make any revision in SAFTA agreement in terms of alleged value addition criteria as well as rules of origin. Indian textile lobby has, however, suggested imposition of safeguard duty on Bangladeshi RMG. Article-16 of SAFTA agreement outlines the requirements and steps on safeguard measures.

It is to be noted that in last year, Indian authorities have informed Bangladesh regarding some 'discrepancies' in the process of exporting RMG. These were: discrepancies between Free On Board (FOB) value and SAFTA value, re-issuance of country of origin (CoO) certificate after one year of shipment and issuance of dual CoO certificates by the Export Promotion Bureau (EPB).

Indo-Bangla Bilateral Trade
(in million US$)

	BD Export to India	Import from India
FY'10	305	3202.1
FY'11	512.5	4560
FY'12	498.5	4758.89
FY'13	563.9	4776.9
FY'14	456.6	6035.5
FY'15	527.16	5827.7
FY16	689.62	5450.7
FY17	672.4	6146.2
FY18	873.27	8621.5
FY19	1248.05	7647.5

Source: BB, EPB

Thus, it is not possible to entirely rule out the Indian allegations regarding some faulty procedure of Bangladeshi RMG export. Though there is little room to manipulate value addition criteria, procedural flaws is there due to negligence of EPB. In this connection, India may tighten its procedural mechanism by taking some non-tariff measures (NTMs). RMG exporters as well as relevant government bodies have to be more active to contain any flaws to avoid any undue trade restriction.

ANTI-DUMPING DUTY: With rise in export to India, bilateral trade tension has also risen slowly. It is reflected in Indian anti-dumping measures. India slapped the anti-dumping duty on Bangladesh's jute yarn, hessian, and bags back in January 2017 ranging from $19 and $352 a tonne. A similar duty was imposed on the exports of hydrogen peroxide to India, in the range of $27.81-$91.47 per tonne in April the same year. One year later, India imposed anti-dumping duty, at $2.69 per kilogramme, on the shipments of fishing net from Bangladesh.

At a commerce-secretary level trade talk in New Delhi a few months back, Bangladesh requested India to withdraw the anti-dumping duties. Indian side, however, made it clear that there was no scope to do so. For the last two years, India made similar response to a number of requests of Bangladesh on withdrawing anti-dumping duties especially on jute goods. India argued that anti-dumping duty has been imposed through a quasi-judicial process and the government has nothing to do with this.

Bangladesh at one stage decided to move to the dispute settlement body of the World Trade Organisation (WTO) to challenge the India anti-dumping duties. The Ministry of Commerce has of late asked the WTO cell to recourse to the WTO's dispute settlement procedure following suggestion from the Bangladesh Tariff Commission which earlier said India imposed the anti-dumping duties 'violating the WTO rules'. In fact, without taking legal steps through the WTO, it is impossible to get rid of the anti-dumping duties.

There is, however, a catch. Businesses have to extend their cooperation to the government. It appears that jute industry has some interest to make the legal fight as India is a big market. For the manufacturers of hydrogen peroxide and fishing nets, the trade volume is so small that they do not find it worthy to spend time and money on WTO dispute mechanism.

Nevertheless, the government needs to move ahead considering the country's long-term trade interest. As Bangladesh is in the final phase of graduation from the LDC status, trade partners will try to put more restrictive measures. To fight and overcome such measures, the country needs to strengthen its capacity on the settlement of trade dispute.

Source: thefinancialexpress.com.bd-Feb 12, 2020

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Bangladesh: Is the RMG sector ready for the future?

The answer may surprise you

The Bangladesh garment sector has undoubtedly been the backbone of the country's export earnings with 84% of the total export earnings contributed only through the RMG sector, Bangladesh's balance-of-payment is outright reliant on this mega-industry.

But what if this backbone plunges into the dust and renders the country vulnerable on international grounds? Beyond the shadow of a doubt, the growth of the garment-manufacturing sector in Bangladesh has escalated rapidly.

This is mainly because of competitive labour wages which function as an attractive investment haven for western clothing brands, markedly as China's labour cost rises in the garments export centre. However, there are significant threats to our sole-treasured industry.

Educational equity and women empowerment

The country is evolving both economically and socially, and through this literacy rates have elevated to 73% in 2019 according to UNESCO.

As studies have concluded a positive correlation between education and earnings, the educational rise in the country will also lead to demand for higher wages.

This will certainly make the garment labour costs rise and will eventually revamp Bangladesh's image of supplying "cheap labour." This will likely cut down investments in Bangladesh and will contribute to the fall of the industry.

Moreover, as women empowerment rises, the Bangladeshi women will become more aware of their rights and may engage in protests to counter the common exploitation they face by their employers.

Hence labour unrest might come into action and further destabilize the industry.

Looming automation

Till now we have been observing the industry dependent on human capital; now bring in the inevitable epoch ahead of us where automation, robotics, and artificial intelligence will revolutionize the global industries.

Emerging automation and augmentation of AI will beget a paradigm shift in the traditional labour-intensive production model. Sewing is the costliest and labour intensive process in the business, and it accounts for more than half of the total labour input per attire.

However, sewing yet remains the most intricate function for a machine to operate given dynamic changes in fashion that require frequent changes in the algorithm of the machinery.

However, with the current advancement of automation, The Wall Street Journal reported sewing may make an entry in places with more-expensive labour, including the US.

They also reported Yuho Sewing Machine and Co is automating long-winded and convoluted sewing tasks. Though the perceptible effect may take more than a decade to emerge in the country, it still holds a potential threat to the existing firms who are planning to be dependent on labours.

Besides, new technologies like gluing as a substitute for stitching fabrics are also progressing quickly; once the technology is finessed automotive manufacturing of garments will leap forward.

If someday automation reduces production costs, nearshoring will be the most likely resolution of the global clothing brands.

This might gradually divert the whole industry to the homeland of the respective brands. Local entrepreneurs should take the breakneck speed of innovation more seriously to thrive in the global market.

Strategic incompetence and low labour productivity

With China losing market share, Bangladesh had a scope to expand its share in the international market. However, countries like Vietnam, Cambodia, Myanmar, and Indonesia have grabbed the stakes.

This is mainly due to Bangladesh concentrating only on a few items that China used to produce. Bangladesh produces mainly cotton-based products with low diversity whereas China dominated manmade fibres.

Secondly, Bangladesh has a strong currency against the US dollar which is another reason for its low international price competitiveness.

To add further, Bangladesh lags behind all garments producing country in terms of labour productivity per hour except for Cambodia according to APO database 2018.

So, what are the likely consequences of the downfall of the industry?

With Bangladesh fully dependent on RMG for its export earnings, the GDP of the country is also dependent to a great extent on our country's RMG. Hence the downfall of the RMG sector will directly affect the country's economic growth.

This might result in a cut down in FDI in the country and foreign investors taking back their investments. However, the most striking sequel would be the large structural unemployment that would take place in the country.

Either way, even if the RMG sector doesn't debacle, the structural unemployment of nearly 45% of the domestic industrial workers is still a matter of great concern due to rising automation in this globalized world.

If Bangladesh cannot find plausible alternatives to reallocate the excess unemployed labours, the country might have to go through huge geopolitical and economic repercussions.

Source: dhakatribune.com -Feb 11, 2020

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Pakistan: Cotton prices steady

Cotton analyst Naseem Usman said that though ginners are worried by the absence of buyers, they are not ready to slash prices of the commodity. “Millers are more focused on cotton imports and this is a matter of grave concern for the ginners,” he added.

Cotton expert Syed Muzaddir Shah said ginners are confident that local cotton will be mix with imported cotton and hence demand will arise sooner or later. “Ginners will succeed in getting a price of their choice and are not in a hurry,” he added.

He said that although there are vacations in China, there are queries from Chinese for siro cotton yarn from Pakistan.

Phutti (seed cotton) prices in Sindh and Punjab remained between Rs3,200-4,800. The following deals were reported to have changed hands on ready counter:

1,000 bales, station Rahim Yar Khan, at Rs9,375 and at Rs9,175 (600 and 400 bales respectively); 200 bales, Fort Abbas, at Rs9,000; 200 bales, Khanewal, at Rs8700; 200 bales, Ahmedpur East, at Rs8,675; 400 bales, Chichawatni, at Rs9,300; and 400 bales, Khanewal, at Rs8,900.

Source: dawn.com -Feb 13, 2020

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Coronavirus: Cotton exports to China expected to normalise in 15 days, says CAI

Cotton prices have declined by around 4 percent in the past 10 days and the yarn prices have also been sliding down owing to the outbreak of coronavirus in China.

India exports cotton yarn and a big chunk of it goes to China. A lot of deals that were done in January are being renegotiated or rescheduled.

Atul Ganatra, President of the Cotton Association of India (CAI), said though the export to China had slowed down, it should pick up in another 15 days.

“But exports to other countries such as Bangladesh, Vietnam and Indonesia are not affected. Per day we are doing export of 20,000-30,000 bales and there is no problem as such,” he said.

Ganatra further noted that it is incorrect to say that half of India's exports are going to China. “This year around 42 lakh bales will be exported from India and out of that 50 percent will be to Bangladesh. Only around 20 percent exports are going to China,” he said.

On cotton prices, Ganatra said, “In January, February and March, Indian prices were at Rs 47,000 spot level and in the second half, prices were under pressure and it has come down to Rs 40,000-42,000.

However, this year, in the first half our prices are under pressure and today market is around Rs 39,500 spot. So, it looks like it is the bottom rate. Indian cotton is the cheapest in the world today. So, I do not see any further decline in prices.”

Source: cnbctv18.com- Feb 12, 2020

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How Budget counters 'origin fraud' in FTAs

It puts the onus of verifying 'country of origin' of goods on importers. Banking on official processes can be a lengthy affair

Free Trade Agreements (FTAs) signed by India with any country or group of countries entitle exports from such countries to India to a preferential customs duty rate, often nil rate. Budget 2020-21 has proposed a change in the Customs Act that places the onus on the importer to verify the origin of goods being imported into India using the FTA route.

Some experts have argued that this is a protectionist measure. Arvind Panagariya, professor of economics at the Columbia University, has equated the proposal with provisions during the licence-permit era. The proposal, however, is a much needed trade defence measure to protect domestic industry against unfair trade practices and origin fraud.

Goods from an FTA partner are eligible for benefits only if it is the country of origin (COO) of such goods. A COO is one in which at least 35 per cent value addition of the good has happened. But it is difficult for India to find out how much of a good coming to Indian shores has been developed in the FTA partner country. This constraint is often exploited to commit origin frauds.

Origin frauds are of two types — transshipment and general assembly. Under transshipment, goods originating from a third country are routed through an FTA partner into India, to take advantage of low duty rates.

Under general assembly, parts are separately exported from the third country to the FTA partner, where assembling happens before despatch of the goods to India. In both cases, fraudsters manage to get COO certificates from the FTA partner country.

For instance, the import of stainless steel from Indonesia grew from about 8,000 tonnes in year ending March 2018 to 67,000 tonnes in year ending March 2019: a spike of over 700 per cent in a single year. Indonesia cannot add this much additional production capacity in a single year.

The Indian Stainless Steel Development Association (ISSDA) claimed that these goods are of Chinese origin. They were routed through Indonesia because China has an FTA with ASEAN (which includes Indonesia), and ASEAN has an FTA with India. India imposes customs and countervailing duty on direct import of stainless steel from China.

Artificially low prices

Prices of Chinese goods are artificially low, as pointed out by Parliamentary Standing Committee on Commerce of the Rajya Sabha in a report tabled in 2018. The report has pointed out that China has been found guilty of unfair trade practices like export incentives and deep subsidies in contravention of WTO regulations. China has also been long accused of manipulating its currency to maintain export competitiveness. The report mentions that maximum anti-dumping measures world over have been imposed on China.

When cheap goods from China do not face duties, they can flood the Indian market. Dumping of artificially priced goods has a disastrous impact on domestic industry. It leads to under-utilisation of existing capacity and unforeseen crisis for domestic entrepreneurs. Origin frauds circumvent the country's trade defence measures by routing Chinese goods through India's FTA partners.

The problem has become especially acute in recent times due to two events: the US-China trade war and the Belt and Road Initiative (BRI) of China.

The US-China trade war started in March 2018 with US imposing tariffs of 25 per cent on import of steel products. Since then, the US has been levying specific tariffs on Chinese exports. This initially led to a surge of transshipment of Chinese goods through Vietnam to the US (in some cases, 'Made in China' tags on Chinese goods were replaced by 'Made in Vietnam' tags in Vietnam and re-exported, while in some cases assembling of parts happened in Vietnam). But the US and Vietnam together clamped down on the fraud.

The US could influence other countries to go after origin frauds because of its economic might. Now there are exporters in China who are in search of markets to dump the excess production in China. They may try to utilise FTAs to reach out to new markets and dump their goods. The problem assumes alarming proportion for large markets in the vicinity of China.

Secondly, the Belt and Road Initiative gives China logistics access to many countries along the old Silk Route and the so-called maritime Silk Route. Chinese exporters can use the logistics and port infrastructure in any of these countries to export Chinese goods to India. It will be extremely difficult for India to verify the country of origin.

In June 2019, US customs authorities found that Chinese goods were re-routed into the US through the Sihanoukville Special Economic Zone (SEZ) in Cambodia to escape the tariffs imposed on Chinese goods. Sihanoukville SEZ is jointly owned by the government of China and government of Cambodia, and was started as part of BRI. Many countries in the extended neighbourhood of India are part of BRI and house joint venture infrastructure projects — that could be used to re-route artificially priced Chinese goods into India.

Preventing abuse

There is zero deterrence on origin frauds, because India cannot go after foreign suppliers. As per Section 9A of Customs Tariff Act 1975, India can impose anti-circumvention duties on conduit countries. However, investigations by following due process have proved to be quite lengthy. Impact of origin fraud on domestic industry can be dramatic in the short-term. Hence, there is a need to implement anti-abuse checks at the point of entry.

Placing the onus of proof of ‘country of origin’ on the importer is normally not a sensible approach. Buyers and sellers in an open market interact on a contingent basis, and cannot be expected to know each other’s affairs. But this is not an ideal situation, and this is perhaps the best action that can be taken by a destination nation to prevent abuse of free trade agreements.

Further, in contemporary times, production process is highly technology driven. Goods differ widely on technical specifications. Volume importers generally inspect the factories of their suppliers, and appoint sourcing agents for quality control. They would normally be aware of the value addition to their goods in various territories. Placing an onus on importers will deter them from purchasing transshipped goods.

Source: thehindubusinessline.com- Feb 12, 2020

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Coronavirus outbreak: China urges WTO members not to impose trade curbs

India taking steps to help the country by allowing export of protective masks: official

China has urged the World Trade Organisation (WTO) members to refrain from imposing unnecessary trade restrictions in response to the coronavirus outbreak.

"India, like most other member countries, did not officially respond to the submission made by China at the recent meeting of the WTO Committee on Trade Facilitation in Geneva," according to a Geneva-based trade official.

New Delhi, however, has no plans to place restrictions on trade with China due to fear of the virus, another official in the Commerce and Industry Ministry told BusinessLine.

On the contrary, India is taking steps to assist the neighbouring country by exporting protective clothing, including masks, the official added.

"At the WTO meeting, China said it hopes members will abide by the WTO rules, respect the authority and professional advice of the World Health Organisation, and refrain from overreacting and imposing unnecessary trade restrictions," the Geneva-based official said.

Call for solidarity

China contributes in a big way to global economic output and growth, and if its economy is impacted by 'overreaction', there will be an inevitable spillover on the world economy, the Chinese representative warned. Members should work together to safeguard the normal conduct of global trade and economic growth in the interest of all, he added.

Prime Minister Narendra Modi, in a letter to Chinese President Xi Jinping last week, expressed solidarity with the Chinese people in the ongoing epidemic that has claimed over 1,100 lives. He offered New Delhi's assistance to deal with the serious health emergency.

At a press conference on Monday, the Chinese Foreign Ministry spokesperson Geng Shuang said that India's acts of goodwill fully demonstrate its friendship with China.

Officials said that ports in India need to be careful to ensure that shipments from China are handled with care and all sanitary and phytosanitary norms and conditions are adhered to.

Trade imbalance

China is one of India's leading trading partners.

However, the big trade surplus that China enjoys with India is a source of concern for the country. While India's exports stood at only $16.75 billion in 2018-19, imports were at $70.31 billion, leading to a trade imbalance of $53.57 billion.

Source: thehindubusinessline.com- Feb 12, 2020

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Industrial output disappoints again; IIP contracts even as govt points to green shoots of revival

The factory output in the month of December contracted again after a mild uptick in November 2019. The index of industrial production (IIP) shrunk by 0.3 per cent in the last month of 2019. While the street estimated the factory production to expand on the backdrop of green shoots of economic revival, the contraction may once again bring back the cloud of pessimism. The manufacturing output expanded by 2.9 per cent in December 2018, which shrunk by 1.2 per cent in December 2019.

India's businesses and industries showed subdued growth in the last calendar year, on the back of a major economic crisis. Consequently, the GVA growth rate of the industry has been hit much more severely than the overall economy. Going by the February's bulletin of RBI, the GVA growth rate of industry dramatically fell from 9.9 per cent in Q1 FY19 to 6.1 per cent in Q2 FY19; 1.7 per cent in Q1 FY20; and -0.5 per cent in Q2 FY20. Industries include mining, food processing, beverage & tobacco, textiles, leather, petroleum, chemicals, etc.

The growth rates in the indices of Industrial Production for the mining and electricity sectors for the month of December 2019 stood at 5.4 per cent and (-) 0.1 per cent, compared to December 2018. The cumulative growth in the three sectors, mining, manufacturing, and electricity, during April-December 2019 over the corresponding period of 2018 has been 0.6 per cent, 0.5 per cent, and 0.8 per cent respectively, according to the Ministry of Statistics & Programme Implementation. In terms of industries, sixteen out of the twenty three industry groups in the manufacturing sector have shown negative growth during the month of December 2019.

“The contraction in the IIP in December raises concerns about the sustainability of the green shoots in industrial activities that were visible until last month. This does not bode well for the overall economy as global headwinds already pose significant challenges to overall industries,” said Rumki Majumdar, Economist, Deloitte India.

The large outbreak of the coronavirus in China can adversely impact India as China is one of the largest trading partners and with several factories being closed down in China temporarily, the electronics and auto industry in India will likely be hit because of their dependence on Chinese imports of components and raw materials, Rumki Majumdar added.

Meanwhile, the output of core industries returned to positive territory in December after four months of contraction, buoyed by five out of eight of its constituents – coal; refinery products; fertilizers; steel; and cement. Capacity utilisation (CU) in the manufacturing sector, measured by the Reserve Bank’s order books, inventory and capacity utilisation survey (OBICUS), fell to 69.1 per cent in Q2 from 73.6 per cent in the first quarter.

Source: financialexpress.com- Feb 12, 2020

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Can push exports, assemble in India: CEA

Chief economic adviser (CEA) Krishnamurthy V Subramanian on Wednesday said that amid the uncertainties in China owing to the novel Coronavirus outbreak, there is an "actual opportunity" for India to push its exports. He also mentioned an "Assemble-in-India" model.

"If you go by episodes like these, it is very hard to say what exactly it will manifest in terms of India's trade relations with China. For economists, it is 'unknown unknowns'. The 2002 SARS virus outbreak in China, for instance, did not impact India that much. Because of the uncertainties faced by China, it's actually a good opportunity for our country to utilise the time (for exports expansion)," Subramanian said on the sidelines of a lecture on 'Wealth Creation' at the IIM-Calcutta.

The CEA was replying to a query on China's current halt in the exports market of networked products like cellphones, automobiles, white goods, apparel and textiles.

India is one of China's leading trade partners in Asia and has a huge trade deficit with that country. "China itself imports components from the rest of the world, assembles them in their country and exports them. In mobile handset manufacturing, India is following the same model. So, if one looks from this perspective, it provides a scope for us," he said.

The CEA referred to the latest Economic Survey and prescribed how India could integrate assemble-in-India and export-driven models. On sagging IIP numbers, the CEA said: "When you are getting out of a phase of deceleration in growth these kinds of phenomenon are anticipated. Some will volatility in the numbers will be there."

According to him, it is high time that the Essential Commodities Act, 1955 be withdrawn as it was an "anachronistic piece of legislation". "That act was needed when there was ravaging famines and foodgrain production was low. This act is now anachronistic," the CEA said.

On the probable timeframe to arrest the demand slump despite short- and long-term measures taken by the government since August last year, Subramanian said: "We all know how tough it is to control temperature in an AC room. Imagine, how tough it could be for a complex economy. Going forward, the real growth should be higher at 6-6.5% in the next financial year from 5% as projected for the current fiscal. We have focussed a lot on rural consumption, the 16-point agenda that we announced and the steps on capital expenditure side."

On the need for fixing the fiscal deficit budget, "The FRBM Act specifies limit for the fiscal deficit and also provides the escape clause within 50 basis points. In this delicate balancing situation between spurt in growth and fiscal prudence, we need to lean on growth and not to put all the weight on growth."

Source: timesofindia.com- Feb 13, 2020

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These 6 sectors likely to benefit from fast-spreading Coronavirus

The fast-spreading Coronavirus not only hit the world's second-largest economy China but also rattled nearby countries including Taiwan, Hong Kong, Philippines etc.

The disease has now claimed over 1,100 lives and total confirmed infected cases have crossed the 44,000 mark in China.

As a result, the Chinese government gradually shut down public services, schools and several manufacturing plants since the mid of January, which prompted rating agencies and research firms to cut the first quarter growth forecast of the country.

But as a rule, one country's loss is another's gain.

China is the largest consumer and supplier of many products in the world, be it spare parts, chemical, toys, lighting, base metals or oil. Many countries including the US and European Union which imported good from China have reached out to other countries to fulfil the rising demand.

India is one such country which has seen heightened demand for its product in the wake of Coronavirus.

We spoke to analysts to know what are sectors will benefit from China's temporary lockdown.

According to them, the chemical sector will be the biggest beneficiary. Other sectors that will flourish include textiles, ceramics, sanitary ware, homeware and engineering goods.

"Chemicals would be the obvious choice but the relationship is not so simple. China is a big consumer and also a supplier of raw materials and intermediates. Hence one will have to go company by company based on publicly available information to deduce the real beneficiaries of the scare (and that too if it lasts beyond mid-February)," Deepak Jasani, Head Retail Research at HDFC Securities told Moneycontrol.

As China is the largest consumer, the wide-spreading Coronavirus has impacted several commodities prices including base metals, oil etc, which ultimately helped many companies in their earnings.

International benchmark Brent crude futures itself fell $10/barrel since the China's shutdown, while base metals also corrected in double-digits.

"While the exact impact of the Coronavirus on Indian sectors and stocks is difficult to assess, the decline in commodity prices could positively impact the profitability of sectors like auto, capital goods and other industries in which commodity (steel, aluminium, copper) constitute a substantial part of the raw material," Ajit Mishra, VP – Research at Religare Broking said.

"Also, sectors like textiles, sanitary ware and ceramics players may benefit as India's exports in this space may increase due to supply constraints in China. Also, a decline in oil prices due to the outbreak of the virus will benefit India's oil marketing, paints and aviation companies as it brings down their input cost," he added.

Source: moneycontrol.com- Feb 12, 2020

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Anti-dumping duty on nylon yarn: '1L may lose job'

The powerloom weavers manufacturing nylon fabrics have represented to the additional director general of trade remedies (DGTR) on Wednesday stating that the anti-dumping duty on the nylon filament yarn would render about 1 lakh powerloom workers jobless.

Powerloom weavers met additional DGTR, Mithilesh Thakur in New Delhi and submitted their reply at the ongoing hearing on imposing anti-dumping duty on nylon filament yarn on Wednesday. The weavers stated that the anti-dumping duty of $1 on the imported nylon yarn would increase the yarn prices by Rs 90 per kilogram in the domestic market.

Weavers stated about 6,500 powerloom units are manufacturing nylon yarn employing more than one lakh workers. The hike in the prices of nylon yarn would force the weavers to shut their units thereby rendering the workers jobless.

Senior office-bearer of Federation of Gujarat Weavers Association (FOGWA), Mayur Golwala said, "The DGTR is running the anti-dumping case of nylon yarn from the last four months. The import duty on yarn will ruin the nylon weavers in the city as the yarn prices will go up by more than Rs 90 per kilogram."

Chairman of the Federation of Indian Art Silk Weaving Industry (FIASWI), Bharat Gandhi said, "Against the claim of the yarn spinner, the import of nylon yarn in the country has gone down from 25,000 metric tones in 2015-16 to 21,000 metric tonnes in 2018-19. Till now, the imported yarn has protected the domestic industry's survival."

Source: timesofindia.com- Feb 13, 2020

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Resilient Tirupur brainstorms current opportunities

The 5th edition of Resilient Tirupur, organised by Tiruppur Exporters Association (TEA) and NIFT TEA Institute in association with Sripuram Trust and TTPK, was attended by over 1,000 participants including factory owners, supply chain partners, senior professionals and students from textile/fashion institutes. The event was held on February 8 in Tiruppur.

As the name suggests, Resilient Tirupur is a testimony of the resilience of people of the knits capital of India. It was started in 2012 bringing together the apparel industry players to get inspired, learn from leading experts and renew their commitment to achieving business growth and well-being of millions of people associated with the industry.

Speaking at the event Surinder Jain, business director of Wazir Advisors, emphasised on the need to increase India's share of exports to the US and EU. He said Chinese exporters have an advantage over India in terms of lower interest costs, lower overheads due to economies of scale and high efficiencies. He spoke of a Virtual Integration model practised by Chinese groups. He gave example of GTT group, where a core group of companies does all customer facing functions like marketing, merchandising, design, product development and approvals, whereas the order execution functions like fabric trims and garment production are conducted by other factories located nearby and profits get shared by the entire group. The group has a $4 billion turnover. Due to such reasons, China is competitive in spite of higher labour cost compared to India.

In his address on 'Recipe for Resilience: Manufacturing Efficiency and Supply Chain Management', Rajesh Bheda, MD, Rajesh Bheda Consulting, said, "Lord Hanuman had to be reminded of his powers by Jambwan, at the time of a need of flying to Lanka. Upon the reminder, Hanuman regained his powers and took the flight to Lanka and rest is known to all of us.

Similarly, all of us have powers to do extraordinary things, but the Hanuman in us needs to be invoked." With case studies, he demonstrated how the factories in Tiruppur can and have improved productivity by 25 per cent to 30 per cent. He also shared cases of factories of leading international groups achieving benchmarks productivity of 75+ per cent efficiency in Ethiopia with the application of best practices, against most factories struggling with low productivity there.

Emphasising the need for creating agile supply chains to reduce lead-times and on-time delivery, he stated that factories in Tiruppur must target 45-day lead time than continuing with 75- or 60-day lead time. He asked how many factories in Tiruppur are capable of virtual prototyping, which is the need of the hour for speed in the fashion business.

Speaking about the Priority Management System based on Theory of Constraints of Dr. Eliyahu Goldratt, Bheda demonstrated how factories can ensure synchronisation between fabric as well as trim sourcing and production to ensure on-time delivery in much shorter lead time. The presented case study showed how a leading Tiruppur based group was able reduce lead time by 30 per cent, reduce working capital needs by over 20 per cent and increase the sales turnover by 40 per cent with same resources, by application of Priority Management System for synchronising sourcing and Lean management principles in manufacturing.

He urged the industry colleagues to work on developing young leaders in the organisations as well as industry associations. He said that the factory owners are walking around with a hole in their pocket and are losing money on various accounts like cost of poor quality, delayed shipments, low efficiency, etc. Quoting his buyer friend, he said that large exporters in Tiruppur have excellent credentials in terms of sustainability, product capability and acceptable quality. "Smaller companies need to improve but, none of them can remain in basic products. The factories must develop capabilities to deliver high value fashion products of small quantity and shorter lead time so that they are able to snatch the orders from the Dragon's mouth."

Subhash Dhananjayan, MD of Sting Sourcing and Production-India and South Asia while speaking about 'Shorter deliveries and Smart Marketing,' emphasised on speed to the market. He explained the benefits of shorter lead-time for manufacturers such as, better cash cycle, lower overheads and higher turnover leading to higher profitability.

He also emphasised on the role of product development and citing the example of several of his suppliers who are able to book 65 per cent of orders based on their own design developments and remaining 35 per cent orders based on customer Tech Packs.

Other speakers included Sabhari Girish, who spoke about importance of original design development; Prashant Palsule, regional head South India Polyester from Reliance talked about the possibilities using Recron fibre for product diversification specially in performance apparel. M Natarajan, VP Sales and Marketing – South from Birla Cellulose spoke about utilising viscose yarn for promoting sustainability.

Speaking at the event, TEA president Raja Shanmugham explained how the business in Tiruppur has grown three-fold in last 6 years with the hard work of entrepreneurs and all the stakeholders. He said that instead of spreading negativity, it was time to look at the opportunities to improve as explained by Bheda in terms of efficiency and supply chain management. “This is the time for the realisation. If we don’t realise, we will lose all the opportunities.”

Citing a buyer’s feedback, Shanmugham said that workers in Tiruppur are far superior, but the overall control of raw material sourcing and coordination between the supply chain partners in Tiruppur is very low. In Bangladesh, leading factories ensure that all inputs are in the factory before starting production and this helps in achieving high productivity. He also emphasised on the need for developing mid management.

Source: fibre2fashion.com- Feb 12, 2020

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ITF, TEA to organise brands-SMEs meet in Coimbatore

Indian Texpreneurs Federation (ITF) and Tiruppur Exporters' Association (TEA) will jointly organise an engagement meet for brands and SME manufacturing units in Tamil Nadu. This was disclosed after a meeting of brands and retailers with industry representatives organised by the ministry of textiles this week. Textiles minister Smriti Irani attended the meeting.

"The meeting was well attended by 30 brands and retailers and was hugely successful. Industry representatives from across India attended the meeting and four apparel entrepreneurs from ITF also attended the meet. There was a good exchange of views regarding the challenges and opportunities," ITF convenor Prabhu Dhamodharan said in a press release.

"Our sincere thanks to Union textiles minister for this great effort. This will strengthen the brands and SME connect and it will help to improve domestic sourcing, and in turn help the sector to create more jobs," Dhamodharan added.

There are several textile and apparel hubs spread across India. In Tamil Nadu only, there are four apparel clusters, viz Coimbatore, Tiruppur, Erode and Karur, which are suppliers of apparel to global brands and are capable of delivering best products at best prices.

However, due to lack of professional connect between SME manufacturers and brands, India imported more than ₹6,500 crore of apparel last year from a single country. If these apparel were sourced locally from India, it would have resulted in creation of around 1.5 lakh direct jobs, according to Dhamodharan. "So, industry had appealed to the Union textiles ministry to help it connect with MNCs, domestic brands, and organised retailers to create one nationwide engagement platform with SME textile and apparel manufacturing units."

Source: fibre2fashion.com- Feb 12, 2020

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Centre cancels Rs 52 crore Gulbarga Textile Park

The union government which has been dragging its feet in establishing a Railway Division Office in Kalaburagi, sanctioned by Mallikarjun Kharge when he was the Minister of Railways, has given a shock to the people of Kalyana Karnataka by cancelling a Rs 52-crore Gulbarga Textile Park sanctioned in November 8, 2011, under the Scheme for Integrated Textile Park.

Gururaj BR Gururaj BR, DHNS, Kalaburagi, Feb 12 2020, 22:41pm ist updated: Feb 13 2020, 00:36am ist Railway Division Office in Kalaburagi was sanctioned by Mallikarjun Kharge. (DH Photo)Railway Division Office in Kalaburagi was sanctioned by Mallikarjun Kharge when he was the Minister of Railways, has given a shock to the people of Kalyana Karnataka by cancelling a Rs 52-crore Gulbarga Textile Park sanctioned in November 8, 2011, under the Scheme for Integrated Textile Park.

If the park had been established, it would have generated 4,315 jobs. Replying to a question by KC Ramamurthy on the establishment of the textile park in Rajya Sabha, the textile minister has clarified that this project has been dropped. The issue has also been discussed at length at the Project Approval Committee meeting on December 3, 2019. The slow pace of work resulted in the cancellation of the project, the minister explained.

Out of 50 acres of land purchased for this purpose, it was proposed to establish the park on 47 acres at Nandur-Kesaragi Industrial Area. A total of 47 members were registered under the Special Purpose Vehicle (SPV), under which the park was to be developed. When the park was sanctioned, it was proposed to establish about 100 units, but later it was brought down to 50 units.

DPR revised

According to the sources, the revision of the Detailed Project Report (DPR) is said to be the main reason for cancellation of the project. As per an inquiry report which DH has in its possession, the total project cost proposed in 2009 was Rs 52.10 crore, whereas the revised project cost submitted in 2014 was Rs 83.04 crore. Without following rules, tender has been awarded for a higher rate. Instead of Rs 6.2 crore initial project cost, work order has been given for Rs 8.87 crore, the report said.

An inquiry team that probed into the irregularities in the management of Gulbarga Textile Park found that Gulbarga Textile Park Private Limited has failed to collect equity share of Rs 7.85 crore (15%) so far from the members. Gulbarga Textile Park Private Limited Managing Director Subhash Kamalapure told DH that the government has cancelled the project as they failed to collect equity share.

"We will approach the Centre seeking time to collect the same and to withdraw the cancellation order," Kamalapure said. Regarding the revision of the DPR, he said, as per the original DPR, the project cost was Rs 52 crore. In the revised report, we have brought down it to Rs 48 crore, he explained.

Source: deccanherald.com- Feb 12, 2020

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Surabhi yields rich dividend for cotton farmers

Sale of cotton in Thuraiyur regulatory market crossed the Rs 1 crore mark this year, the highest in the last four seasons. Those who opted for the native Surabhi breed of seeds, are laughing their way to the banks as there has been a bumper harvest. Surabhi variety was sold for 64 per kg, while others were sold for 56.20 per kg.

Cotton, largely cultivated next to paddy and banana, is cultivated in about 13,500 hectares in the district. 1,000 of the total 13,770 hectares were used for cultivating Surabhi.

A senior official from Agriculture Marketing department told TNIE, "The arrival and sale of cotton is more this year compared to previous year. Farmers are interested in selling the produce through regulatory market. So far, as much as 3447.75 quintals of cotton was sold for Rs 1.783 crores.

Last season, the entire sale was just around Rs 40 lakhs. With few more days left for winding up the sales, we expect the trade value to cross 2 crore rupees, which will be the largest amount sold in the district over the past five seasons."

K Subramanian, a cotton farmer from Thottiam said, "Based on guidelines/advise by agriculture department, we opted for Surabhi cultivation. As there is huge demand for Surabhi more than any other variety, it is a big success for us. However, the slight drop in price is disappointing."

As the demand for Surabhi rose in the market, farmers are expected to shift to Surabhi cultivation next season.

Source: newindianexpress.com- Feb 12, 2020

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