



IBTEX No. 34 of 2019

February 14, 2019

USD 70.82 | EUR 79.91 | GBP 91.15 | JPY 0.64

Cotton Market		
Spot Price - Shankar 6 (Ex. Gin), 28.50-29 mm		
Rs./Bale	Rs./Candy	USD Cent/lb
19904	41600	74.80
Domestic Futures Price (Ex. Warehouse Rajkot), February		
Rs./Bale	Rs./Candy	USD Cent/lb
20150	42114	75.72
International Futures Price		
NY ICE USD Cents/lb (March 2019)		69.86
ZCE Cotton: Yuan/MT (May 2019)		15,115
ZCE Cotton: USD Cents/lb		101.42
Cotlook A Index – Physical		79.40
<p>Cotton Guide: The ICE March futures ended almost neutral with a positive uplift of just +8 points. Infact all the other ICE contracts ended with the bulls showing a marginal victory. The ICE May and the ICE July contract ended with a slight change towards north at 71.40 and 72.74 cent/lb respectively. The Change that was noted was +29 and +30 cents for the two contracts respectively.</p> <p>Total volume seen in the ICE contracts were 64,956 contracts, with May contract having the lead in the volumes 29,037 contracts and March having the volumes at 21,657 contracts. We expect the prices to show a downward trend. Today is the last day where the largest long only spec fund will roll positions from March to May.</p>		

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The MCX contracts on the other hand ended with negative numbers even further. The MCX February, MCX March and MCX April contract all ended with the same change of -110 Rs/bale at 20,150 Rs/Bale, 20,430 Rs/Bale, 20,720 Rs/Bale respectively. The total volume at MCX was at 2663 lots which is a decline of (-123) lots whereas the total open interest is at 9517 lots with a decline of (-168).

Arrival figures in India are estimated to be around 161,000 lint equivalent bales (1 Bale=170Kg) (source cotlook) including 49,000 registered in Maharashtra, 44,000 in Gujarat, 28,000 Andhra Pradesh. We need to note that the arrivals this year have still not yet crossed 200,000 bales. Prices of Shankar 6 are now at 41,600 Rs/Candy. Further price reduction in the domestic spot market seems to be difficult or it may take a dip, but not too deep. Cotlook Index A has been further readjusted to 79.40 cents/lb with a negative decline of -0.50.

There is this fear looming amongst market participants about the results that the talks between the US-China bring. We need to take note, that when there is fear about results going either ways, the bears usually take the victory. On the other hand both the US and Chinese representatives want a trade settlement soon as the deadline of March 1, 2019 is nearing.

As shown price is moving towards the 100% Fibonacci extension as it failed to hold the crucial support at 70.60-70.00 zones. The RSI in daily charts continued to trade below 50 at 31 suggesting momentum is still missing for price to move above the 21 day EMA at 71.12. In the near term strong supports exists around 69.00-68.80, followed by 68.00 levels in March futures. Likewise crucial resistance seen around 70.90, 71.80, followed by 74.60 levels. For the day price is expected to consolidate in the range of 69.20-70.90 range with downside bias. Only a close below 69.60 would push price further towards 69, 68.80 levels. In the domestic markets trading range for Feb futures contract will be 20050-20300 Rs/Bale.

Currency Guide

Indian rupee may witness choppy trade amid mixed cues but general bias remains weak. Weighing on rupee is firmness in crude oil price and general strength in US dollar. Brent crude trades higher above \$63 per barrel supported by Saudi's pledge to deepen production cuts. The US dollar index rose 0.4% as Fed's dovish stance and downbeat inflation data was countered by weaker European economic data and higher bond yields. However, supporting rupee is upbeat economic data and general strength in global equity markets.

Hopes of US-China trade deal has improved risk sentiment. US President Trump told Wednesday that talks to resolve the US trade war with China are making good progress. Earlier this week, President Trump also indicated that he is willing to extend the March 1 deadline if talks progress well. Rupee appreciated sharply in last few days however the rally is faltering. General strength in US dollar and firmness in crude oil will weigh on Indian currency. USDINR may trade in a range of 70.5-71 and bias may be on the upside.

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INTERNATIONAL NEWS

China Tariff Increase Could be Pushed Back, Trump Says

President Trump said Feb. 12 that he might postpone a planned tariff increase on \$200 billion worth of imports from China if the two sides are “close to a deal.”

The so-called List 3 goods were hit with an additional 10 percent tariff as of Sept. 24, 2018, as part of the Trump administration’s response to a Section 301 determination that China’s acts, policies, and practices related to technology transfer, intellectual property, and innovation are unreasonable and discriminatory.

This tariff was scheduled to increase to 25 percent on Jan. 1, but the U.S. agreed to postpone it to March 2 while the two sides work toward an agreement on issues such as forced technology transfer, intellectual property protection, non-tariff barriers, cyber intrusions and cyber theft, services, and agriculture. Several rounds of negotiations have been held to date, and senior officials are meeting in Beijing this week in an effort to make further progress.

According to press sources, Trump told reporters Feb. 12 that talks “are going well” and that “at some point” (though likely not until next month) he plans to meet with Chinese President Xi Jinping “and make the parts of the deal that the group is unable to make.”

Trump added that if the talks progress to the point that “we think we can make a real deal, and it’s going to get done,” the planned tariff increase could “slide for a little while.”

However, he added that in general he is “not inclined to do that.”

Source: strtrade.com- Feb 14, 2019

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Eurozone recession talk mounts as industry slumps

Slumping industrial output across the 19-country eurozone is stoking talk of a possible recession this year, even before any additional damage from Brexit.

Official figures on Wednesday showed that industrial output in the eurozone was 4.2 percent lower in December than the year before, increasing concerns about the economy just at a time when the bloc is facing the prospect of Britain crashing out of the European Union without a deal.

The annual rate of decline in industrial production was the worst since November 2009 and has ratcheted up expectations that eurozone economic growth in the fourth quarter may be revised down from an already paltry quarterly rate of 0.2 percent.

Compared with the previous month, output was down 0.9 percent December against expectations for a 0.4 percent fall. The fall was not confined to one sector or one country — it was broad-based.

“The downturn will serve to keep worries about a possible eurozone recession alive,” said Andrew Kenningham, chief European economist at Capital Economics. “The risk of an outright recession has clearly risen.”

The outlook for the eurozone has turned gloomier in recent months. As well as growing worries over the global economy due to trade tensions between the United States and key trading partners, including Europe, and new emissions standards for cars, the eurozone has to deal with the fear that Britain could crash out of the EU without a deal.

Though that would hit Britain’s economy harder, the eurozone would also be affected by the return of tariffs and other barriers on the flow of goods with one of its biggest trading partners.

In a study published Wednesday, research group Oxford Economics said consumer-facing industries that rely heavily on trade with the U.K., such as the German automotive sector, are “particularly vulnerable” to the prospect of Britain crashing out of the EU without a deal and without a transition to new arrangements.

“Hardest hit would be small, open economies such as Ireland, and high-tariff consumer goods industries such as the automotive, textiles & clothing, and food & beverages sectors,” said Stephen Foreman, senior economist at the consultancy.

A disorderly Brexit, he said, would shave 0.3 percentage points off eurozone manufacturing by the end of 2020 compared with the baseline predictions. But those industries at the front-line would “face considerable strain” and a more pronounced downturn.

Source: tribtown.com- Feb 13, 2019

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US registers double digit import growth in blue denim apparel

Latest data from the US Commerce Department’s Office of Textiles & Apparel (OTEXA), reveals Asian sourcing powerhouses Bangladesh, Vietnam, Cambodia and India posted double-digit percentage gains for import of blue denim apparel to US in uptill November 2018.

The report revealed imports in the category– 95 per cent of which are jeans– from China increased 1.4 per cent in value to \$871.97 million in the first 11 months of 2018. This keeps China in the top supplier slot, but leaves many countries quickly gaining ground.

In the same period, denim apparel imports from Vietnam jumped 44.53 per cent to \$277.37 million, while Bangladesh’s shipments rose 12.34 per cent to \$536.54 million.

Imports from Pakistan gained 12.18 per cent to \$227.6 million, Cambodia’s shipments increased by 23.65 per cent and imports from India rose by 45.58 per cent to \$34.01 million. Imports from high-end supplier Japan were up 13.16 per cent for a value of \$18.66 million.

While the mill’s European customers are still buying textiles from China, prices for packaging and manufacturing in China are getting too high for most, so House of Gold is looking outside of China for large-scale production in countries like Pakistan, Bangladesh, Vietnam and Mauritius.

Source: fashionatingworld.com- Feb 13, 2019

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USA: Retail Apparel Prices Jump in January for Largest Hike in 11 Months

Lifted by higher prices on women's and children's wear, retail apparel prices rose a seasonally adjusted 1.1 percent in January amid clearance sales.

The January increase for apparel was the largest since February 2018, the U.S. Bureau of Labor Statistics (BLS) reported Wednesday in its Consumer Price Index (CPI). Companies had noted increases in raw material prices, such as for cotton and polyester, in much of 2018, though executives have cited an easing of late.

Women's apparel prices increased 1.6 percent for the month compared to December. Prices on outerwear jumped 4.2 percent in the month, while suits and separates were up 3 percent and the underwear, nightwear, swimwear and accessories group rose 0.6 percent. Bucking the trend in women's was dresses, with prices down 1.4 percent.

Girls' apparel prices were up 1.3 percent last month, while boys' clothing cost 3.1 percent more.

Holding down the overall increase was men's wear, which saw prices fall 0.7 percent in January. Leading the falloff was a 3.1 percent decline in the underwear, nightwear, swimwear and accessories group.

Prices on suits, sport coats and outerwear rose 1 percent, shirts and sweaters cost 0.6 percent more, and prices on pants and shorts inched up 0.4 percent. Prices were also down on infants' and toddlers' apparel, with a 2.1 percent decline for the month.

Footwear prices increased 2.5 percent in January from the previous month. Men's footwear prices were up 2.8 percent, women's rose 2 percent and boys' and girls' stepped up 4.5 percent.

The overall CPI was unchanged in January on a seasonally adjusted basis, BLS reported. Over the last 12 months, the index increased 1.6 percent before seasonal adjustment. The energy index declined for the third consecutive month, with all the major energy component indexes down in January.

The so-called core index, which excludes the volatile, food and energy sectors, increased 0.2 percent in January for the fourth consecutive month. Driving this up were increases for shelter, apparel, medical care, recreation, and household furnishings and operations, while the indexes for airline fares and motor vehicle insurance declined.

The core index rose 2.2 percent over the last 12 months, the same increase as the 12 months ending November and December 2018.

Source: sourcingjournal.com- Feb 13, 2019

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Cambodia may lose trade benefits from EU

The European Union may suspend trade privileges for its imports from Cambodia. Right now Cambodian exports to the EU are duty-free.

The EU had announced in October last year that Cambodia could lose its special trade access to European markets under the EBA preferences, citing concerns over human rights and labor rights issues in the country.

The process consists of a six-month period of intensive monitoring and engagement with the Cambodian authorities, followed by another three-month period for the EU to produce a report based on the findings.

After 12 twelve months, the European Commission will conclude the procedure with a final decision on whether or not to withdraw tariff preferences.

Any withdrawal would come into effect after a further six-month period. The EU is a major trading partner of Cambodia, especially for the textile and footwear sector. As a Least Developed Country, Cambodia has enjoyed duty free exports of products, except arms and ammunition, to European markets for decades.

Cambodia exported products to the EU bloc worth €4.9 billion in 2018. Over 46 per cent of Cambodia's total exports of apparel and footwear are to the EU.

Source: fashionatingworld.com- Feb 13, 2019

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Alibaba Says China's Slowdown Isn't Hurting It All That Much

Alibaba Group Holding Ltd. Vice Chairman Joseph Tsai said the e-commerce giant has experienced limited impact from China's broader economic slowdown as more and more business moves to the internet.

"Our business is delinked" from the Chinese economy because "we're in e-commerce and we're digitizing the whole sector," Tsai said Tuesday at the Goldman Sachs Group Inc. technology conference in San Francisco. Tsai said the company's growth would continue to outpace the broader economy as digital commerce expands faster than the traditional retail business.

China's economy expanded 6.4 percent in the last three months of 2018 from a year earlier, according to the country's National Bureau of Statistics. Alibaba's revenue rose 41 percent to 117.3 billion yuan (\$17.3 billion), though that was the slowest pace in more than two years.

While the Chinese economic deceleration is depressing the consumer demand it relies on, the company's been spearheading a drive into lucrative new spheres such as cloud services and entertainment, while helping modernize physical retailers.

Tsai compared Alibaba's situation with Amazon.com Inc.'s ability to achieve consistent double-digit sales growth while U.S. economic expansion is projected to slow to about 2.5 percent this year.

He also praised China's decision to reduce the tax burden for small and micro-sized companies by 200 billion yuan per year for the next three years, to boost those businesses amid the economic downturn.

“In prior cycles the Chinese government would use monetary policy to pump a lot of liquidity into the system,” Tsai said. Now, the government needs to “use fiscal policy, i.e. reducing taxes.” he added, “These SMEs, with more money in their pockets, will be growing their businesses.”

Source: sourcingjournal.com- Feb 13, 2019

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Myanmar: Garment industry creates most job opportunities : Minister

The garment industry is the livelihood that can create job opportunities the most, said Thein Swe, Union Minister for Labour, Immigration and Population at a ceremony to present the wards to the most outstanding trainees from the garment training schools and the best garment factories at the UMFCCI on February 9.

As the garment industry can create most job opportunities for Myanmar citizens and produce many skilled workers, it can bring about the win-win-win situation for those who place orders in addition to the government, employers and employees.

For the development of local garment sector, entrepreneurs including Myanmar Garment Entrepreneurs Association should cooperate, the minister said.

The garment industry has got the GSP rights. In 2016, the garment export increased by 28 per cent, and export earnings hit over Ks two billion.

Until December, 2018, there are 356 garment factories and 217,787 garment workers, with Yangon topping the list with 310 garment factories and 179,152 garment workers.

According to the estimation of Myanmar Garment Entrepreneurs Association, the garment industry has been on the upward trend. In 2022, the export earnings from the garment industry is projected to reach eight to ten billion USD. The industry is expected to create 1.5 million jobs. Most of workers will be female, he said.

With the aim of turning out more skilled workers, educative talks were conducted in Hlaingthayar, Shwepyithar, Mingaladon and South Dagon Industrial Zones in Yangon.

Source: elevenmyanmar.com- Feb 13, 2019

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Bangladesh: Creating a new economic zone for apparel

Things we should keep in mind for it to work out in the long run

The signing of a Mem-orandum of Understanding (MOU) early last year between the BGMEA and the Bangladesh Economic Zones Authority (BEZA) was, quite rightly, much applauded by the national press.

Work on the 500-acre zone, dedicated for the industry in Mirsarai, is underway, promising to attract local and international investments and generate some 150,000 new jobs over the next two years.

This initiative, and others like it, should be heartily encouraged by the government and the ready-made garment (RMG) industry of Bangladesh as a whole. Yet, we need to ensure that we maximise the potential of these endeavours, their appeal to international customers and the future success of this and other planned economic zones.

It goes without saying that the zone needs to have access to a guaranteed, uninterrupted supply of power and other utilities including gas, water, and construction of the site needs to follow the highest possible international standard.

It should be taken as read that any company taking over a plot within the zone must abide by the highest ethical norms and environmental standards.

Over and above these fundamental principles, time is also ripe to consider facilities that can be developed and offered to all residents of the zone ensuring that the construction of the special economic zone at Mirsarai is future-proofed to increase its appeal to investors and international apparel buyers alike.

Infrastructure in and around the facility needs to be carefully planned. We are all well aware of the problems regarding the road network in Bangladesh. With the building of the new zone, we need to ensure that it is serviced by the best possible multi-modal transport network. That is, both in the site and also to and from the zone, in particular to key transport and port facilities.

Alongside the supply of the regular facilities, when building the zone, we also must seize the opportunity to develop the entire zone, the facilities and plants as at least a carbon-neutral place. There is the potential to build a centralised solar powered supply centre which could supply, at the very least, a percentage of the electricity used by the zone.

More ambitious perhaps, but given the zone's location, an approach worth considering, is the opportunity to utilise the nearby tidal system and establish a hydro power source, or even introduction of a more adventurous wind-power facility.

The RMG industry has an ill-fame for its pollution of water. As we are blessed by an abundance of natural rainwater, a zone-wide integrated rainwater harvesting system can be integrated into the development of the zone and construction of buildings within the zone—so that the water feeds into a central reservoir that could be used by all of the facilities within the area.

Alongside rainwater harvesting, we also need to get it right that the RMG factories do not contribute to the pollution of water, e.g. through effluents produced through processing of yarns, dyeing of fabrics or laundering of garments.

The establishment of a centralised effluent treatment plant (ETP) servicing the whole zone would alleviate the financial burden passed on to individual manufacturers who otherwise should be responsible for building their own ETPs. Furthermore, centralised effluent disposal would also increase the appeal of the entire zone to the international crowd. A similar approach calls for disposal of all garbage out of the zone in the most responsible manner.

Another aspect that should attract our target audience is the establishment of a centralised research and development facility, servicing the needs of the zone's RMG community. Styled as the R&D and Innovation centre, it would offer a wide spectrum of services covering the whole gamut of the zone's RMG companies' services, from fabric development, process engineering,

managerial practices to garment design, garment construction and garment processing. The centre would need to be equipped with state-of-the-art facilities and be able to offer a one-stop shop for customers' development requirements, offering the opportunity to develop products in the most environmentally and sustainably responsive manner.

For the skill development of the new and non-technical workers, a skill development and training centre should also be established.

Hand-in-hand with the centres there is the need for a sound technology base across the entire zone. Technology will play a significant role in the RMG sector in the years to come; and we need to embrace technology from top-to-toe in the garment cycle, i.e. from fabric development, concept design, through to cutting and sewing technology, adoption of technology-aided washing and finishing machinery, to purchasing and delivery systems, etc. All of these will improve our efficiency and competitiveness in terms of price, will greatly improve the overall quality of products being made and will result in a reduction in lead-times to customers.

By investigating every possible angle during the construction of the zone, we have the opportunity to establish a standalone RMG facility that the world should envy. As a humble manufacturer, I would plea the government to not only encourage quality and responsible investments in the zone, but also to explore and implement the latest technologically-enhanced, environmentally-sound, sustainable practices during the construction process of the zone and the factories.

As the location is quite far from the city, it would be good to have a place like "Investors' Club" with multiple restaurants so there is competition as well as a wide range of choices. Hotels, residential apartments and service apartments need to be built so that people who will invest in this zone, especially foreigners, can find accommodation easily. And a few good hotels would also mean essential entertainment facilities such as gym, sports complex, etc.

The final aspect of the establishment of the economic zone I would like to highlight is the public relations potential that this enterprise offers. We will have the opportunity to promote this initiative to the global audience who are still, unfortunately, overly sceptical or, at least, cautious when considering Bangladesh as a source for the production of garments.

The establishment of the new economic zone at Mirsarai is indeed a great initiative, offering our RMG industry the opportunity to present itself in a new light to our customers and to show the world that Bangladesh is a world-leading garment resource to be reckoned with.

Source: thedailystar.net- Feb 14, 2019

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Bangladesh: Garment makers getting new buyers

Bangladeshi textile and garment manufacturers received positive response from international retailers at the Texworld exhibition currently taking place in the French capital, in what can be viewed as further encouragement for the country's apparel exporters.

Texworld is an international trade fair of the clothing and textile industry that takes place every six months in Le Bourget near Paris. It is one of the biggest exhibitions in the world where hundreds of buyers, manufacturers, suppliers and brands exhibit their products in Paris in France. The four-day mega event will end today.

"At least 35 new buyers came to me to place work orders in the first day of the fair," said Mohammad Abdullah Zaber, deputy managing director of Noman Group, the mother company of Zaber and Zubair, a leading local fabrics manufacturer and garment exporter.

Noman Group is the only apparel and fabrics manufacturing company in Bangladesh which crossed the one billion dollar mark in exports from the country four years ago.

"We have been getting more work orders for some reasons like we have new and diversified goods, new designs and our stall is located at the elite zone of the fair. Elite zone is allocated to select manufacturers," Zaber told The Daily Star at his stall in Texworld in Paris on Tuesday.

Another important reason for higher responses is the shorter lead time in the era of fast fashion. For example, the buyers want to use local fabrics so that the work orders can be catered very fast.

The Zaber and Zubair has its own fabrics so it does not need to import fabrics from China, India, Turkey or Pakistan to stitch as garment.

It takes four weeks to bring fabrics from China which also lengthens the lead time. If the factories can make garment items from local fabrics it takes a shorter lead time, he said.

Now the buyers are booking the work orders for next summer's sales which will start from the first of January next year, said Zaber.

The US-China trade war has also been playing a significant role for more work orders being grabbed from buyers by Bangladeshi garment exporters, said Zaber who is investing more than Tk 1,000 crore in his four new projects at Bhaluka to produce synthetic fabrics as per the demand from the buyers.

"Now many Bangladeshi garment factories import the synthetic fabrics mainly from China. If we can set up the new units, we can supply this item locally," he added.

He is also going to produce fabrics for sports garment items and outerwear. So the total workforce under the Noman Group will be 110,000 when the four new units go into operation by next two years. Currently the group has 80,000 workers.

Buyers are demanding sustainable goods made from recycled yarn and fabrics made through less water consumption, Zaber said.

"We need to bring in more companies from Bangladesh to Texworld so that the buyers can know more about us," said Md Shahidul Haque Mukul, managing director of Adams Styles Ltd sitting in his stall at Texworld in Paris. Some 29 garment and fabrics manufacturers have participated in the Texworld this time.

Bangladesh is quite a matured country in garment and fabrics as the country is very much capable of producing diversified products.

But people of the world are not aware of this diversification. For instance, denim is a very good success case story for Bangladesh in recent times, he said.

Among the diversified garment products, denim could show its strength. Now people know about the strength of Bangladeshi denim products, he said.

"We need ease in obtaining visas so that many representatives from many companies can participate in this unique exhibition," Mukul said.

Some participants could not come here due to visa problems although stalls were allocated for them, he said.

"I got 25 old and new buyers in the first two days of the fair. We are happy with the responses from the buyers," said Mohammad Robayed Suddique, deputy general manager (sales and marketing) of Argon Denims Limited and Evinco Textiles Limited, two leading fabrics manufacturers.

"We have been receiving an increased number of work orders from our buyers over the last six months which indicates that Bangladesh is becoming a beneficiary of the US-China trade war," said Siddique.

"The European markets are major ones for us. Nearly the full production of my factory is shipped to the European markets. So, I am satisfied with the responses from the buyers," he said.

Source: thedailystar.net- Feb 14, 2019

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Pakistan: Reduction in trade deficit

Advisor to the Prime Minister on Commerce, Textiles, Industry, Production and Investment, Razzak Dawood claimed at a press conference that the trade deficit declined by 2 billion dollars during the first seven months of the current fiscal year and attributed it to regulatory duties on furnace oil, and other luxury items (food and automobiles).

The Pakistan Bureau of Statistics (PBS) website notes that imports declined from 34.2 billion dollars July-January 2018 to 32.49 billion dollars in the comparable period of 2019 showing a decline of 5.17 percent. The decline is much more dramatic when January 2018 is compared to January 2019 with imports declining from 5.57 billion dollars to 4.5 billion dollars - a decline of 19.14 percent.

Detailed supporting data on the PBS website for January 2019 has yet to be uploaded; however, the website notes that food imports declined from 521.6 million dollars in December 2017 to 498.8 million dollars in December 2018 - a decline of 22.8 million dollars. Palm oil imports accounted for the decline - from 171.5 million dollars in December 2017 to 144.9 million dollars in December 2018 - a decline of 26.6 million dollars.

Machinery imports, considered to be a reflection of the bulk of the rise in imports from China under the China Pakistan Economic Corridor were 965.3 million dollars in December 2017 declining to 751.4 million dollars in December 2018 raising concerns that the decline in imports may reflect a decline in the pace of implementation of CPEC projects, considered to be the major engine of growth through foreign investment/loans to Pakistan - a view reiterated by the Prime Minister as well as members of his cabinet.

Additionally, petroleum group imports rose from 1.19 billion dollars in December 2017 to 1.13 billion dollars in December 2018, however, others (furnace oil not shown separately and probably indicated under this head) showed zero imports in December 2017 and 135,000 dollars imports in November 2018 and again zero in December 2018.

Exports rose from 1.96 billion dollars in January 2018 to 2 billion dollars in January 2019 and from 12.9 billion dollars during July-January 2019 to 13.2 billion dollars in the comparable period of 2019. In this context, it is relevant to note that Dr Ishrat Husain, Advisor to the Prime Minister on Institutional Reforms and Austerity, reportedly stated that the rupee depreciation, estimated at around 35 percent, has not contributed to a phenomenal increase in exports as exporters' foreign clients demand enhanced rebate and thus the benefit of depreciation has not accrued to the exporters.

Detailed supporting data on the PBS website indicates that exports in December 2017 compared to December 2018 were as follows: (i) food group rose from 439.9 million dollars to 482.3 million dollars; (ii) textile group rose marginally from 1.131 billion dollars to 1.139 billion dollars with yarn exports declining from 107.8 million dollars to 75.76 million dollars due to a fall in the international price of yarn; however, State Bank of Pakistan data reflects a different scenario with cotton yarn exports rising from 605.4 million dollars during July-December 2018 to 686.5 million dollars during the comparable period of 2019; (iii) carpets worth 6.6 million dollars rose to 7.49 million dollars with sports goods declining from 26 million dollars to 23.9

million dollars; and (iv) leather declining from 54.5 million dollars to 42.8 million dollars.

The Cabinet was recently informed by PBS officials that during the first six months of Pakistan Muslim League-Nawaz government, prices of daily use commodities registered a 6.5 percent increase, whereas in the first six months of the PTI government only 1.4 percent increase was witnessed.

Careful examination of December 2013 and January 2019 data uploaded on the PBS website and subsequent to queries put to PBS officials by Business Recorder seeking clarification on how this calculation was made, a question which was not answered, compels one to conclude that this claim is not backed by supporting data and is merely a reflection of the PBS officials currying favour with the PTI administration.

One would therefore urge the economic team, including Razzak Dawood, to take cognizance of the data released by PBS - data that during the previous administration was constantly challenged by Business Recorder and independent economists and repeated requests for clarification were simply ignored by the Bureau.

Source: fp.brecorder.com- Feb 14, 2019

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South Vietnam eyes increased FDI in manufacturing

Foreign direct investment (FDI) in manufacturing in the Southern Key Economic Zone last year exceeded the target, and authorities in the provinces and cities comprising the zone are hoping the trend will continue.

“In 2018 Binh Duong Province focused on attracting FDI in processing and manufacturing, trade, services and technology,” Nguyen Thanh Truc, director of the provincial Department of Planning and Investment, told Dau Tu (Viet Nam Investment Review) newspaper.

Binh Duong was the fourth biggest recipient of FDI in the country with US\$2.2 billion.

“There were a number of large projects getting licences,” Truc said.

They included two logistics and industrial real estate projects by the US-based Warburg Pincus in joint venture with Becamex IDC Corporation at Bau Bang and My Phuoc 3 Industrial Parks with total capital of \$135 million.

Japan's Gunze Plastics & Engineering set up a plastics project worth \$40 million.

"This year, Binh Duong will promote FDI in high-quality services, industrial development support services, environment-friendly industries, and industries that are not labour-intensive," Truc said.

"We will co-operate with industrial parks to promote infrastructure and trade promotion and review and support those seeking to expand production."

According to a master plan for industrial parks for the period up to 2020, the 600-hectare Lai Hung Industrial Park in Bau Bang District will be used for science and technology enterprises.

The province has worked with a Dutch partner since early last year to promote the park. At the end of last year the \$1 billion packaging project of Taiwan's Cheng Loong Binh Duong Paper company completed the first stage of construction and began operations.

It received a licence in 2015 and is expected to invest a further \$700 million.

The planning and investment department of neighbouring Dong Nai revealed that the province attracted nearly \$1.9 billion worth of FDI, 91 per cent higher than targeted.

They included 33 projects with investment capital of over \$10 million each.

Le Hoai Quoc, head of the Sai Gon High-Tech Park management, reported late last year that US electric car manufacturer is considering putting up a \$500 million plant to produce batteries.

Viet Nam has signed off on many new-version free trade agreements, which is thought to be the most important factor in attracting FDI in manufacturing, especially in industries like textile and garment, furniture, food processing, and electronics accessories.

“It is hoped that more large FDI projects will arrive in the Southern Key Economic Zone this year,” Truc added.

Source: english.vietnamnet.vn- Feb 13, 2019

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Pakistan: Sharp fall in cotton trading

The cotton market remained listless on Wednesday as buyers stayed away from the trading ring.

Due to absence of buying interest, the undertone turned easy and outlook, uncertain.

The Karachi Cotton Association spot rates remained firm at Rs8,600 per maund and no deals were reported to have transpired on the ready counter.

Cotton traders have generally showed their satisfaction over the government's move to enhance cotton crop size and seek assistance from China in research.

However, the sentiment remained depressed due to global cotton market slump.

The world leading cotton markets remained under pressure with New York cotton closing at 69.78 cents per lb with fresh losses, the lowest rate of the season.

Meanwhile, developments on the domestic front are not encouraging either.

Market reports suggest that spinners are currently worried due to their huge inventories of cotton yarn with little demand is emerging from the value-added textile sector.

The open-end weaving sector is also currently working below its usual capacity as fabric demand is low.

Source: dawn.com- Feb 14, 2019

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Pakistan: Textile sector gets Rs14bn in seven months under PM's export package

The textile industry received Rs14 billion during the first seven months of the current fiscal year under the prime minister's exports enhancement package.

"The sector would get an additional Rs115 billion through the package in the next five years," said Textile and Industry Secretary Iftikhar Babar on Tuesday.

"For the promotion of textile sector and textile-led exports, the government has rationalized the price of energy, including electricity and gas, so as to help the industry grow."

He said that it was among the top priorities of the government to create a conducive business environment for the textile sector which would subsequently enhance external trade and earn foreign exchange reserves.

Iftikhar, replying to a question, said the government had planned to expand coverage areas under the Export Enhancement Package to other industrial sectors including pharmaceuticals.

He said that the government had also given relaxation on the import of textile machinery in order to bring about modernization and to enhance the production capacity of this particular industry.

Through this package, he added, the cost of doing business would come down which would benefit industrialists, exporters as well as the common people.

Source: arynews.tv- Feb 13, 2019

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NATIONAL NEWS

Govt to start textiles trend forecasting this month

The government will start "trend forecasting" for textiles sector this month, using commercial intelligence to determine what could be in vogue in near future, as India gears up to influence global fashion trends, a top official said Wednesday.

Textiles Secretary Raghvendra Singh also said the ministry along with export promotion councils was firming up schemes for apparel and made-ups sectors which are WTO-compliant.

"This project has been sanctioned and will be set up around February 26, which basically means that all the commercial intelligence in this sector can be used for forecast the trends in 6 months or a year. This will lead to a big change which is the need of the hour," he told reporters.

"We are actually getting influenced by international trends. The kind of punch we have in the textiles sector, it is high time that we became influencers," he added.

Singh pointed out that India was unable to compete in apparel exports because of zero duty access in countries like Bangladesh and Vietnam.

"In the past 1-2 months, we have managed to with the help of the Ministry of Commerce and Industry and Revenue (Department). We are trying to take care of WTO-compliance, which is obviously an issue now.

"These things will obviously be added incentives for the exporters which will allow them to compete with the EU and other countries also," he said.

Asked if he was referring to more incentives in the pipeline for apparel sector under the MEIS (Merchandise Exports from India Scheme), the secretary quipped "absolutely".

Besides, he said, an innovation and incubation centre is also being set up which will incubate startups in the sector and handhold them to move forward.

Singh said a repository of various indigenous crafts will also be prepared.

On technical textiles sector and speciality fibres, he said the ministry was thinking in terms of joint ventures with other countries, and government to government talks are on.

He said the government will make more announcements in a week's time for the technical textiles sector.

The secretary also said the Remission of State Levies Scheme was being examined for changes and hinted towards a hike in rebates.

Source: business-standard.com- Feb 13, 2019

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Measures soon to boost textiles exports: Official

The Centre will soon announce measures to boost exports of apparels and textiles which will be compliant with the World Trade Organization norms and help exporters meet competition from countries such as Bangladesh and Vietnam.

“Our exporters of apparels and made-ups have been finding it difficult to compete with countries such as Bangladesh and Vietnam, which get zero-duty access to markets such as the EU.

Over the last few months, we have held discussions with the Departments of Commerce and Revenue and we will shortly come up with some measures for the sector which would also be WTO-compliant,” Raghvendra Singh, Secretary, Ministry of Textiles, said at a press conference on Wednesday.

Singh said ensuring that export schemes were WTO-compliant was an important issue now and the Ministry was working on the recommendations of the committees set up to examine WTO compatibility of schemes.

The Textiles Secretary, however, did not clarify on how long the popular Merchandise Export from India Scheme (MEIS), which is one of the five schemes challenged by the US at the WTO, will continue.

The US wants India to do away with the scheme as the country had crossed the average per capita income level of \$1,000 some time back and was no longer eligible to give export sops.

Singh also indicated that the Rebate of State Levies (RoSL) scheme could be expanded to increase the level of benefits to exporters. The RoSL does not flout global trade rules as it involves refund of taxes and levies paid by exporters and is not a subsidy.

Source: thehindubusinessline.com- Feb 13, 2019

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Textiles ministry aims to achieve multiple targets: Secy

The Ministry of Textiles, in close collaboration with state Governments and district administration, strove to achieve the targets in respect of various deliverables, said Secretary Textiles, Raghvendra Singh.

Weavers' Service Centres (Field Office for Handlooms) was designated as supervising agency for effective coordination with banks, district administration and weavers, he added.

Addressing a press conference in New Delhi, Singh, said that special focus was deliverables in the districts of Arunachal Pradesh, Assam, Mizoram and Manipur.

In several districts, the deliverables were substantial, for example coverage of almost cent percent in each district.

Specially for the weavers, yarn-passbooks have been distributed which make available the required yarn to them at subsidies rates.

The marketing events organised in these districts generated substantial sales during the 100-day period for the artisans and weavers.

Raghvendra Singh told media persons that quality certification is a requirement before e- commerce. Apart from the awareness campaign, around 53,000 labels were issued, applications received and registrations done under the Handloom Brand.

Similarly, weavers and artisans were also enrolled under the social security insurance scheme.

To increase the earnings of the weavers and artisans the Promotion Council for Handlooms and Handicrafts signed MOUs with Weavers' Societies and artisans from amongst the focus district of MSME outreach programme for promoting exports through design, skill and such other interventions.

Textiles Secretary informed that Centres of Excellence, comprising 55 display outlets have been set up in Varanasi for the sale of products which are G.I. tagged.

Similarly, children have been facilitated in various districts to avail of the learning opportunities through IGNOU and NIOS wherein the Textile Ministry provide 75% of the cost for girls and children belonging to SC,ST and BPL categories.

Tufting frames and carpet looms have been provided to Carpet weavers of Bhadohi in UP.

Source: smetimes.in- Feb 13, 2019

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MSME loan bonanza! Rs 20,900 crore loans in just 100 days under outreach scheme

Loans to the tune of Rs 20,900 crore have been sanctioned under the 100-day outreach programme for MSMEs across 104 districts announced in November, a top official said Wednesday.

Secretary in the Department of Financial Services Rajeew Kumar said 33 lakh MSMEs have been provided facilities under the 100-day outreach programme.

Out of these, 6.36 lakh MSMEs in 39 districts are under the textiles sector. "Loans to the tune of Rs 20,900 crore have been provided to MSMEs in 104 districts, including Rs 6,500 crore for the textiles sector enterprises," Kumar said at an outreach event for MSMEs in the textiles sector.

In November last year, Prime Minister Narendra Modi had announced a slew of measures, including sanction of loans of up to Rs 1 crore to small and medium enterprises in 59 minutes through a special portal and 2 per cent interest subvention or rebate for GST-registered MSMEs on incremental loan of up to Rs 1 crore, among others.

He had also launched the 100 days programme for support and outreach to micro, small and medium enterprises (MSMEs), identifying 100 districts across the country.

Textile Minister Smriti Irani said as many as 21 crore Indians are linked to the Pradhan Mantri Jeevan Jyoti Bima Yojana and Pradhan Mantri Suraksha Bima Yojana, while Rs 3,000 crore has been disbursed as claim amount. “Whether it be Jeevan Jyoti Bima Yojana or Suraksha Bima Yojana, today 21 crore Indians are linked to these two schemes and money is disbursed as soon as the claim is filed.

Till today Rs 3,000 crore has been given under these two schemes,” Irani said. Kumar said the Department of Financial Services is ensuring that claims filed under the two insurance schemes are processed in a timely fashion.

Source: financialexpress.com- Feb 13, 2019

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U.S. to discuss trade, e-com rules with India

Review of India’s eligibility for GSP may figure in talks between Ambassador Juster, Minister Prabhu

U.S. Ambassador Kenneth I. Juster will lead a delegation of officials to hold talks with Union Commerce Minister Suresh Prabhu on Thursday to resolve several sore trade points, including the concerns of American CEOs regarding doing business in India and bilateral trade imbalance.

The status of the review of India’s eligibility for the Generalised System of Preferences (GSP) is also likely to come up in the light of recent developments where the U.S. has again threatened to withdraw the export exemptions for India. U.S. Commerce Secretary Wilbur Ross will participate

via video conferencing. Other issues that had particularly incensed American businesses are India's new data localisation rules that force foreign companies to store Indians' data within the country, and rules amending FDI rules in e-commerce that had hurt American giants like Amazon and Walmart. These are likely to be high on the agenda of Thursday's Indo-U.S. CEO Forum.

Higher import tariffs

Trade tensions between the two countries rose last March when U.S. President Donald Trump notified the imposition of higher import tariffs on steel and aluminium, which affected several countries, including India. In retaliation, India announced counter-tariffs on 29 American goods, worth about \$235 million, but has delayed implementing them in the hope of resolving the matter.

President Trump's order was followed closely by the office of the U.S. Trade Representative (USTR) announcing that it was putting India's eligibility for GSP — under which India is allowed duty-free exports to the U.S. for about 2,000 product lines — under review. While the move was protested by the Indian government and industry chambers alike, the review was still in progress.

"GSP boosts the competitiveness of American manufacturers by lowering their costs," Sanjay Budhia, chairman, CII National Committee on EXIM, said. "Approximately two-thirds of U.S. imports under GSP are raw materials, components, or machinery and equipment used by U.S. companies to manufacture goods in the U.S. for domestic consumption or for export. These benefits are real."

The USTR received applications to review India's GSP eligibility from the National Milk Producers Federation and the US Dairy Export Council, and the another from the Advanced Medical Technology Association.

"As described in the India Chapter of the 2018 National Trade Estimate Report on Foreign Trade Barriers, India has implemented a wide array of trade barriers that create serious negative effects on U.S. commerce," the USTR notice document said. Mr. Ross will also try to resolve trade imbalance between India and the U.S., a sore point raised by President Trump. India's exports to the U.S. in 2017-18 stood at \$47.9 billion, while imports were

\$26.7 billion. He had earlier raised the issue of unequal trade and tariffs between the two countries, especially India's seemingly high import tariffs on Harley Davidson motorcycles.

Source: thehindu.com- Feb 13, 2019

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Govt approves extension of CLCS-TUS scheme for MSMEs with 2,900cr outlay

The government Wednesday approved a three-year extension of the Credit Linked Capital Subsidy and Technology Up-gradation Scheme for MSMEs with total outlay of 2,900 crore.

The scheme has been approved for continuation beyond the 12th five-year Plan for three years from 2017-18 to 2019-20.

The decision was taken at a meeting of the Cabinet Committee on Economic Affairs (CCEA).

"The scheme would be demand driven. But its coverage has been made more inclusive," an official statement said.

It will facilitate technology upgradation to MSMEs, improvement in quality of products, enhancement in productivity, reduction in waste, and it will promote a culture of continuous improvement.

The scheme aims at improving competitiveness of MSMEs by integrating various current schematic interventions aimed at up-grading technology through Credit Linked Capital Subsidy, hand holding for zero defect zero effect manufacturing, increasing productivity through waste reduction, design intervention, cloud computing, facilitation of intellectual property and nurturing new ideas.

Special provisions have been made in the scheme to promote entrepreneurship for SC/STs, women, hill states (Jammu & Kashmir, Himachal Pradesh & Uttarakhand), island territories (Andaman & Nicobar and Lakshadweep) and the aspirational districts/ LWE (Left-wing extremism) districts, as in these cases the subsidy will be admissible also for investment in acquisition /replacement of plant & machinery/equipment & technology up-gradation of any kind.

The objective of the scheme is to facilitate technology up-gradation in MSEs by providing an upfront capital subsidy of 15 per cent (on institutional finance of up to Rs 1 crore availed by them) for induction of well-established and improved technology in the specified 51 sub-sectors/products approved.

Source: timesofindia.com- Feb 14, 2019

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A fatal blow to manufacturing jobs

No one can deny that there are net gains from free trade (FT). If the most efficient producers are provided access without artificial restrictions (political boundaries), it would optimise the costs for a given level of consumption.

But, how those gains are distributed is an unsettled question. We can have examples of countries losing out due to FT and others gaining at their expense. It is not even difficult to find examples of just one country garnering all the gains and all the others losing.

It is also possible that some gainer(s) gain disproportionately from free trade than others (making the diminished gain a loss). Unless a country is careful about what to avoid, it may end up a heavy loser.

An illustration of this (see graphic) seeks to break up the supply curve in the standard demand-supply analysis of microeconomics. The supplying units are arranged from the most efficient to least efficient from left to right. Efficiency is measured by how low the total variable cost is. The thick ridge line running over the top of various bars representing individual units comprises the supply curve.

Those to the left of where the demand-curve meets the supply-curve get to supply the market. Those to the right will incur losses since market-price is less than their variable cost. This illustration studies the impact of removal of import duties after FTAs.

After removal of import duties, the supply curve accommodates more overseas players to the left and pushes out some domestic suppliers to the right of equilibrium pricing which thus face closure.

The net impact (the 'before' and 'after' scenarios) in the illustration is as follows:

- > The government has lost whatever import duties it was getting from suppliers already competitive in the market. The entire amount accrued to these suppliers.
- > The domestic consumers have benefited from a price reduction of less than 1%. This is most likely from better efficiencies of the overseas suppliers.
- > There is a net loss in domestic employment (9%) translating into better employment or capacity utilisation overseas.

This kind of relatively flat demand or supply curves prevail in commodity industries where consumers don't pay much premiums for brand and supply efficiencies come from factor cost differences, scale economies, cheap labour, patents, etc.

Larger concentration of capacities enabled by FT facilitates mechanisation and results in net loss of employment. These net losses in employment have also to be distributed, and one can end up with a disproportionate share of this unemployment as in the above case where the host country ends up with all the employment loss.

One of the methods oft-used by trade economists to identify industries with export or import competitiveness is the Revealed Comparative Advantage (RCA) and its variants.

Essentially, this method calculates the ratio of (i) % of a particular commodity in a country's exports to (ii) the % of global exports of the commodity in world exports. If the ratio is more than 1, then the country is supposedly export competitive. Instead of global %, one may use specific country %, regional %, or host country's %, to identify export competitiveness or import vulnerabilities.

But, it is terribly reliant on the past. What is important is the current competitiveness in an ever dynamic world, where the steep price fluctuations in some key inputs like oil, metals, interest rates, etc, can vastly change the fate of several players' competitiveness.

As can be seen from the illustration, the units around the equilibrium price—may be 20-30% on either side—would largely decide the gains or losses from trade. Units which are highly competitive (left-most) or least competitive (right-most ones) will hardly matter. For example, ASEAN units, despite a duty reduction, do not enter the Indian market. There may not be much gain in negotiating access in such a commodity if we are in a similar situation.

In the case of Regional Comprehensive Economic Partnership (RCEP), this kind of analysis should be done for commodities where we have some strength and where we would like to invite competition. Using elasticities alone may not suffice as much depends on capacities of individual players around the equilibrium price. ASEAN FTA has not resulted in much gain or loss over the five years since it has been in full operation.

Many Chinese commodity players have huge capacities—in some cases, a single unit/player has enough capacity to supply the entire Indian market. If an import facilitating measure or cut in duties make them competitive in India, then the entire Indian domestic manufacturing can get wiped out, resulting in loss of employment.

India's strength is its low-cost labour, largely untrained and low-skilled. In most manufacturing units, the wages account for 8-12% of the cost and even this proportion is dwindling by the day.

Even 30-40% cheaper labour translates to only a 3-5% overall advantage, not even sufficient to counter high real interest rates. But, where wages constitute 40-50%, like in many services—IT, design, etc—30-40% cheaper labour can give a 10-20% advantage. These are also less capital- and machine-intensive, and interest rates have a lower impact.

India's negotiation in trade agreements has not been stellar. Opening up manufacturing without proper impact assessment might prove disastrous with RCEP. Even if services are negotiated well, it will open up opportunities for the highly skilled, but the low-skilled labour, newly transferred from agriculture, may be left in the lurch.

Source: financialexpress.com- Feb 14, 2019

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Local sourcing rule may be eased for FDI in single-brand retail

Depending on the amount of investment, the retailer can get up to 10 years over which it can scale up sourcing to the required level.

The government is considering a relaxation in mandatory 30% local sourcing norm for foreign direct investment (FDI) in single-brand retail in a bid to draw companies such as Apple looking to set up their own stores in India.

Depending on the amount of investment, the retailer can get up to 10 years over which it can scale up sourcing to the required level. The Department for Promotion of Investment and Internal Trade (DPIIT) has issued a cabinet note proposing this.

Currently, such an adjustment is available only for the first five years. The suggestion will be sent to the cabinet for approval after seeking inputs from the relevant ministries and departments.

The FDI policy allows 100% foreign investment in single-brand retail under the automatic route but requires the investor to source 30% of the value of goods sold from India.

This sourcing requirement has to be met, in the first instance, as an average of five years' total value of the goods purchased, beginning April 1 of the year of opening of the first store. Thereafter, it needs to be met on an annual basis.

The policy also allows investors to set off incremental sourcing from India for its global operations against this 30% requirement for local outlets. However, this is available only for the first five years and subsequently 30% sourcing has to be entirely for India operations.

Under the proposal, retailers that invest up to \$100 million in the sector will get six years to meet the norm. Those that invest over \$200 million will get eight years while those putting in over \$300 million will have 10 years. "We have tweaked some norms to help the single brand retailers," said an official aware of the proposed details.

The department wants the investor to set up their first physical store in two years as the condition was not being meaningfully implemented.

ONLINE OPTION

The proposal also seeks to allow singlebrand retail firms to open online stores before setting up brick-and-mortar shops if they invest more than \$200 million, said another official. They will be need to open physical stores within two years of such a launch.

“It is more of a clarification. A dignified amount of time needs to be given to set up stores because the extant condition can be construed that an investor can open a small store only to comply with conditions. Also, there was no stopping the investor from selling on other online marketplaces,” said the person. “So, in that context, it is not a relaxation.” However, the first official wasn’t aware of any proposal related to online sales.

Source: economictimes.com- Feb 14, 2019

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Probe into fall in sales of cotton to CCI

A team of officials from the Vigilance Department, Karimnagar, conducted inquiries in the Adilabad Agriculture Market yard in order to ascertain the reasons for farmers not selling cotton to Cotton Corporation of India though the market rate of the commercial crop was falling below the minimum support price of ₹ 5,450.

The CCI was making purchases in the market at the MSP as per the inherent regulations with regard to moisture content.

The team consisted of two officials of inspector of police rank who interacted with the farmers asking them for reasons. They, however, did not wish to be identified and said they will submit a report after the exercise to their department.

It may be stated here that the price of cotton has been falling consistently in markets across the district. It had fallen from ₹ 5,130 per quintal on Tuesday to ₹ 5,115 on Wednesday in Adilabad market.

The Vigilance officials also inquired about the role of middlemen in the trading process.

Apparently suspecting that many of those who brought the produce to the market were not bonafide farmers, they asked some of them for documents supporting their identity.

The officials also identified vehicles with Maharashtra registration plates and isolated them so that they could carry out their inquiries.

They were wary of the fact that middlemen and other outsiders were purchasing cotton for low price and selling it off at a higher price in the market.

Source: thehindu.com- Feb 13, 2019

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