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IBTEX No. 11 of 2020 **January 15, 2020**

US 70.88| EUR 78.93 | GBP 92.37| JPY 0.65

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
19378	40500	**72.78**

Domestic Futures Price (Ex. Warehouse Rajkot), January

Rs./Bale	Rs./Candy	USD Cent/lb
19930	41654	**74.86**

International Futures Price

NY ICE USD Cents/lb (March 2020)	71.38
ZCE Cotton: Yuan/MT (May 2020)	14,240
ZCE Cotton: USD Cents/lb	93.82
Cotlook A Index – Physical	**82.20**

Cotton Guide- The volumes were again in the 30K range at 37,641 contracts. On the other hand, the TOI – Total Open Interest is on a continuous movement towards north and the last figure seen was at 247,730 contracts which is an increase of 2,693 as compared to the previous figure.

This TOI is considered to be the highest since November. While breaking things up, the March 2020 OI decreased by 541 contracts to 126,507, the May 2020 OI increased by 1,132 to 53,834 contracts and the July 2020 OI increased from 1,278 contracts to 33,274 contracts.

The MCX contract on the other hand, remained volatile yesterday. The future prices settled downward, at 19,930 Rs per Bale at -40 Rs for the MCX Jan contract. The February contract settled at 20,220 Rs per Bale with a change of -30 Rs. The volumes were seen at 1,646 contracts.

The Cotlook Index A has been updated at 80.20 cents per pound with a change of +30 points. The prices of Shankar 6 are at 40,500 Rs per candy which is revised down by 200 Rs. Indian prices still remain the cheapest in the world, attracting enquiries majorly from China and Bangladesh. Chinese buyers are purchasing huge quantities from India [500 MT and above].

Cotlook Index A	80.20
Indian Medium Grade	76.00
Brazilian	81.00
Memphis/Orleans/Texas	81.00
Memphis/Eastern	81.50
Ivory Coast BEMA	81.50

Table 1: Cotlook Indices in cents per pound, Source Cotlook

On the Fundamental front, we presume prices will move forward for Both the ICE and MCX contracts. Also, today with the official signing of the trade deal, it will be interesting to observe, the price movements after today. Will China honour the agreement, is a matter of concern. Also, with the Chinese New Year approaching, we can expect a sideway trend from now on in the short term. But the overall long term trend is presumed to remain positive.

On the technical front, In daily chart, ICE Cotton March price moved higher as it breached the psychological mark of 70, in last week. Price also breached 76.4% Fibonacci extension level at 70.94 and most likely approaching the 100% Fibonacci extension at 73.18. As per the daily charts price is moving in the upward sloping channel after breakout of the bullish inverted HNS pattern.

For near term support exists around 5 day EMA at 71.08 followed by 9 day EMA at 70.63. The momentum indicator RSI at 72, suggesting firmness in the trend, implies rally in price. The immediate resistance for the price is at (73.18) 100% Fibonacci extension level. Thus for the day we expect price to trade in the range of 70.60-73.18 with a sideways bias. In MCX Jan Cotton, we expect the price to trade within the range of 19820-20200 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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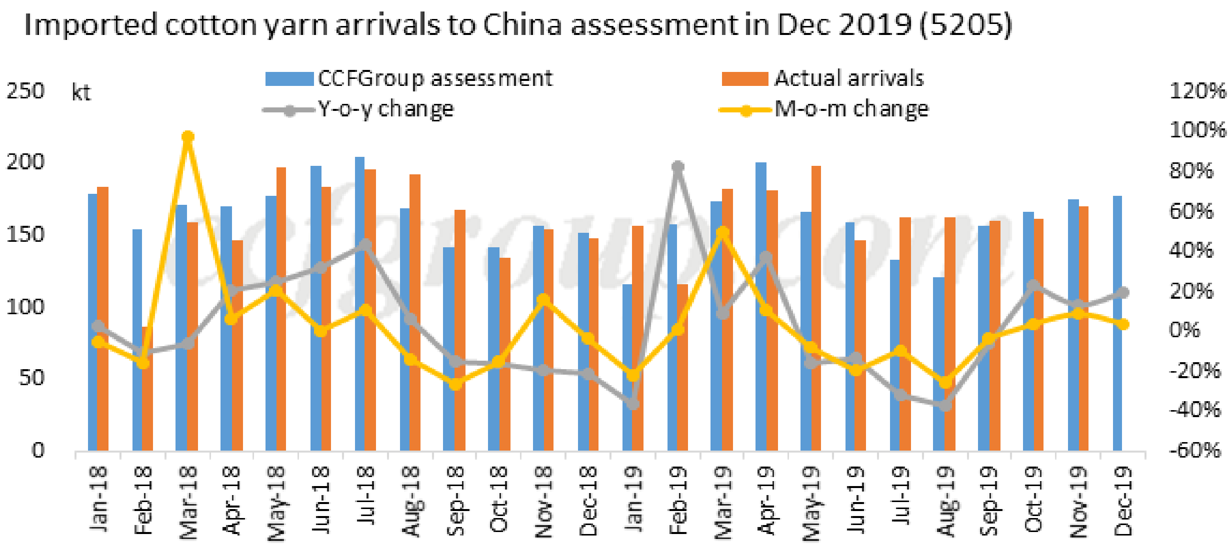
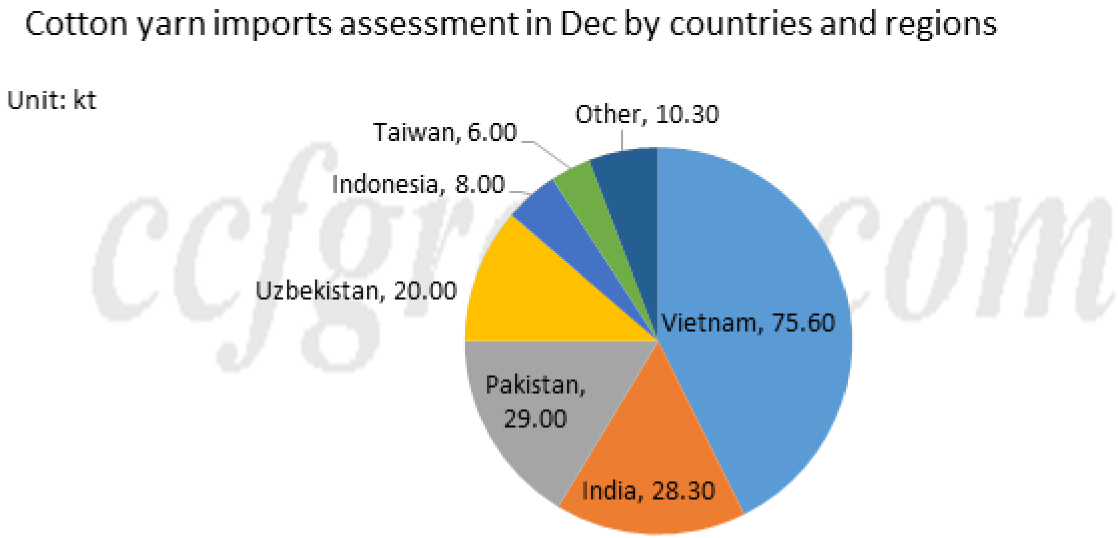
INTERNATIONAL NEWS

China: December cotton yarn imports may rise 3.81% m-o-m to 177kt

1. Imported cotton yarn arrivals to China assessment



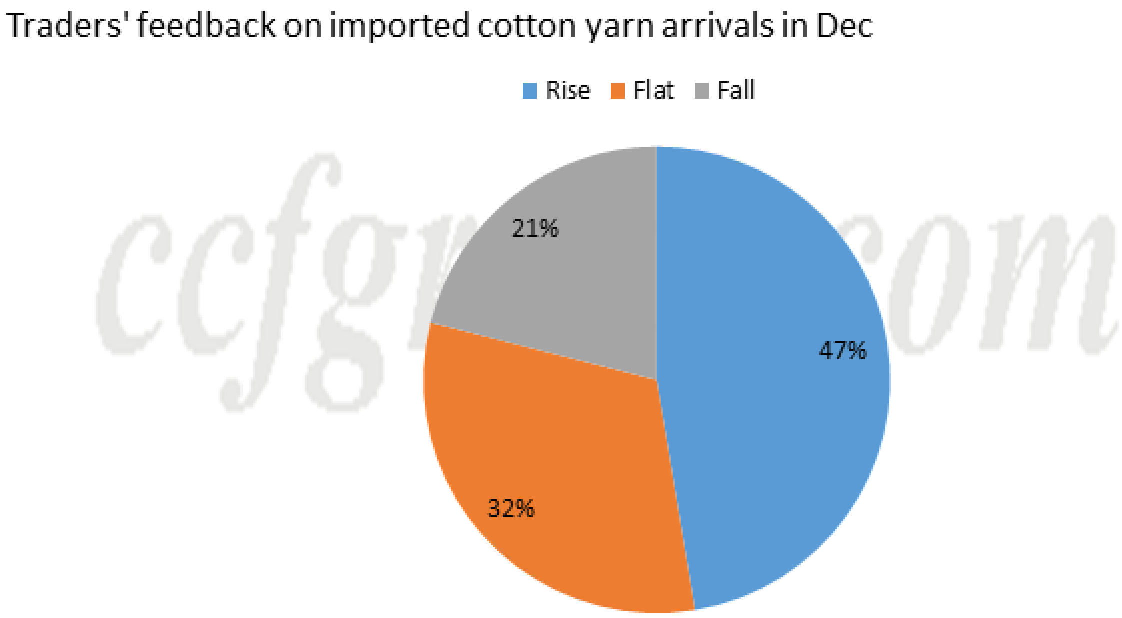
Cotton yarn imports to China in Dec are estimated at 177kt, up 19.33% y-o-y and 3.81% m-o-m. Considering that some Pakistani cotton yarn is not calculated into the customs' data, the cotton yarn imports shown by the customs may be 20kt less than actual imports, and the cotton yarn imports of China customs is predicted at about 15.7kt.



According to foreign shipment data in Nov, arrivals of Vietnamese cotton yarn are estimated less at 75.6kt in Dec; that of Indian cotton yarn at 28.3kt; Pakistani cotton yarn at 29kt, Uzbekistani cotton yarn at 20kt; Indonesian cotton yarn at 8kt, Taiwanese cotton yarn at 6kt and that of other regions and countries at 10.3kt.

Major traders and L/C issuing companies expected much more arrivals of imported cotton yarn in Dec.

2. Traders' reflection



Note: Over 30 enterprises are surveyed, covering over 50% of cotton yarn imports.

3. Imported yarn stocks and supply and demand outlook in Jan

In Dec, arrivals of imported cotton yarn are estimated at 177kt or so. Cotton yarn price kept stable in Dec, as market confidence recovered amid low inventory.

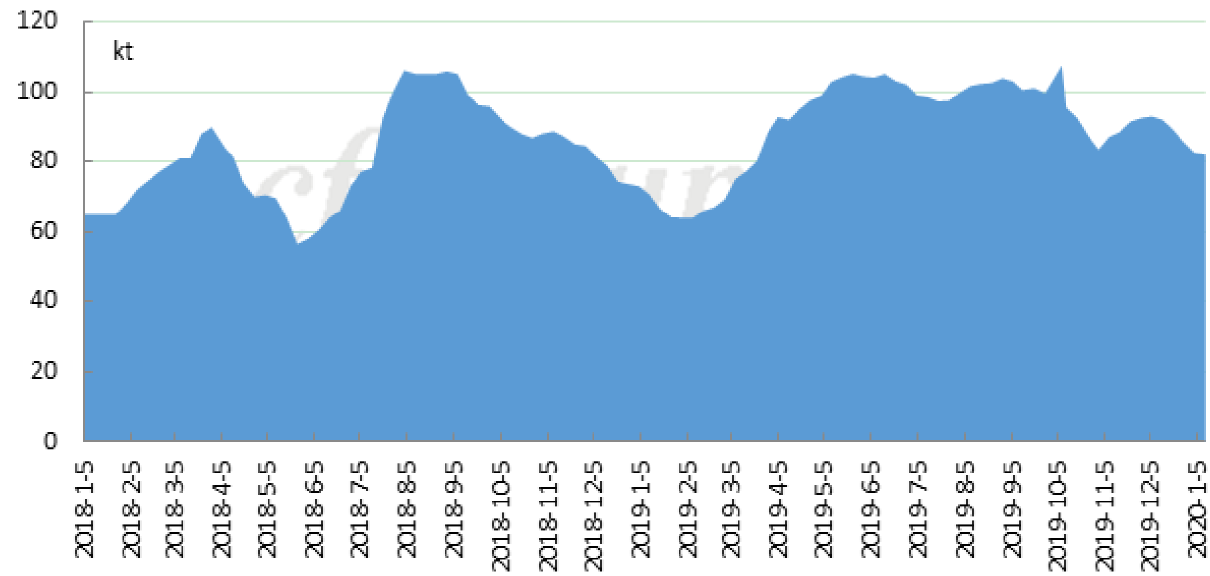
Especially cotton price moved up in the end of Dec, market sentiment turned bullish and restocking for rigid demand and for speculation both appeared. The sales of traders improved and inventory declined.

In terms of supply and demand, cotton yarn market in Dec still saw surplus. The sources were adequate and the prices were hard to move up.

Offers of traders increased 500yuan/mt, but in fact the trading price only rose 100-300yuan/mt. As spot cotton yarn price climbed up, traders gained more profits.

However, the forward imported cotton yarn price was higher than spot one after rising 5-10cents/kg, and Chinese traders were difficult to place orders. In addition, the cotton yarn spinners were in poor situation.

Imported cotton yarn stocks in China



Cotton futures rebounded about 1500yuan/mt, but cotton yarn spot price only increased 200-500yuan/mt, which meant poorer profits of spinners.

Foreign spinners, taking those in Vietnam as an example, raised prices continually as US cotton price moved up, and the sales were still under pressure. If cotton yarn price cannot increase following cotton, spinners will stay burdened.

Source: ccfgroup.com - Jan 14, 2020

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USA: Consumers Will Dictate Where the Economy Goes in 2020

Global growth and trade uncertainty held back the U.S. economy in 2019, but so far wage growth and a tight labor market have helped keep consumer spending at a steady pace.

"The consumer remains the linchpin to growth," Jack Kleinhenz, National Retail Federation's chief economist, said last week.

The trade dispute with China created a bit of uncertainty that held back business investment spending, which slowed with two back-to-back quarters of negative growth. And while the trade truce with China resulting in a "Phase One" agreement has been well received, uncertainty prevails, the NRF economist said.

"Looking forward, it is still very difficult to plan for capital spending," Kleinhenz said. "When will there be a substantive trade agreement? Moreover, political uncertainties are adding to the challenge as decision makers may wait to see the outcome of the 2020 election."

That said, NRF still expects steady growth going forward. The retail industry's trade organization is still finalizing its forecasts for 2020. It expects to complete that task by the end of the month, after data from the U.S. Census Bureau comes in detailing holiday sales in December.

"There is no sign of a downturn momentum from 2019 carrying into 2020. The consumer continues to be the driver," Kleinhenz said Monday at NRF's Big Show, adding that the "labor market has been impressive." He believes that wage growth in some sectors has risen 3 percent to 4 percent.

"People have confidence in their jobs, which is important to feeling secure about jobs and secure about their income," Kleinhenz said, adding that the "consumer has the ability to spend vis-a-vis their income."

The U.S. economy is still feeling the lagging impact of headwinds entering 2020. But there's a chance those headwinds could turn into tailwinds later in the year, according to Steven Blitz, investment strategist at TS Lombard. "I think the second half of this year will be much stronger than the first half," he said.

Blitz believes the surprise will come later in the year because of the end of "overt hostility" from China and the signing of the U.S.-Mexico-Canada trade agreement. "Wage growth will accelerate much faster than last year," he predicted.

"If the [Federal Reserve] lowers interest rates, we've sunk into a recession," Blitz said, but he doesn't foresee that happening. Traditionally, tightening of rates going into the election in November is good for the incumbent president because it means the economy is strong, while an easing would have the opposite effect.

How well the economy is doing during the middle of the year could foretell the outcome of the election.

"How we do in July will indicate who wins the election. Where [the economy] sits in July is how people will vote in November," Blitz said.

Source: sourcingjournal.com- Jan 14, 2020

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What Chinese brands dominating apparel sales on Amazon means for the US market

With the barrier to entry lower than ever for launching a brand online, Chinese manufacturers are eyeing the U.S. market to sell products directly to U.S. consumers, and largely through Amazon.

Perhaps the best example of strong competition coming into the U.S. market is Orolay, the brand behind the massively successful "Amazon Coat." Orolay is owned by Jiaxing Zichi Trade Co., a Chinese trading company that manufactures and exports mainly to North America and Europe.

The company sells its coats through the Amazon marketplace, as well as directly through its own e-commerce platform. The manufacturer had not historically produced for fashion brands, until starting Orolay in 2006 and selling the brand online in 2010. Orolay did not respond to Glossy's request for comment.

In January 2019, its popular $139 coat brought in $5 million in sales and was projected to do between $30 million and $40 million in sales for the year, according to Reuters. Seventy percent of the company's overall revenue for 2018 came from U.S. sales, and most of those came through Amazon, Reuters said. The success of a brand like this just goes to show the power of these manufacturer-led brands and the appeal that a fair-priced, quality garment has to U.S. consumers.

But the question remains whether these brands funneling out of Chinese factories will be able to compete with U.S. brands, especially those in the direct-to-consumer space, and whether U.S. companies should be worried about losing market share.

A recent report from global consulting company McKinsey & Company on the state of fashion in 2020 predicted greater competition for U.S. brands brought by "unknown players in the Asian supply chain." According the the report, the number of Chinese sellers making over $1 million in revenue by selling through Amazon rose from 23% to 45% in the last three years.

"Chinese-owned brands are becoming more and more important," said Daniel Binder, partner at Columbus Consulting. "Ultimately, it's up to the brand and a unique way of marketing that will bring awareness into the U.S. That's a trend that's not going away. As long as they can build the direct-to-consumer component, then they'll scale in-country. They'll probably do it better than brands in the U.S. have done it because they're starting from nothing, and they know how to grow pretty fast."

However, Jeff Unze, president of strategic partnerships for BorderX Lab, said it won't be easy for all of these players to break into the U.S. market. Unze said he sees marketing as the biggest hurdle when entering the U.S. market, especially those not leveraging Amazon.

So many DTC brands have a sleek design online and in their marketing, with whimsical logos and a clean photography. Orolay, and some of the other Chinese brands sold direct-to-consumer from the manufacturer, do not have that aesthetic, Unze said.

The key, according to Binder, is attaching key influencers to these products or brands. That, or creating a product that resonates with U.S. consumers and selling it on Amazon.

"Certainly the product has to be sustainable. A younger consumer expects that," said Binder. "It doesn't matter if the consumer is from China or if the consumer is from America. If the product is coming into the States, it has to abide by the reality of no child labor disputes or issues, and calling out country of origin, and all the requirements for regulatory purposes, as well."

As many of these brands continue to grow in the Chinese market, more are looking for help to launch in the U.S. New York Fashion Week has recently become a popular channel to introduce these companies to a Western consumer, through a partnership with e-commerce giant Tmall.

While the model of manufacturer-to-consumer is picking up steam in China, there are other variations on this popping up in the U.S. For example, Italic, a Los Angeles-based company works directly with manufacturers behind some of the biggest names in fashion from Prada to Burberry. Rather than being a strictly manufacturer-to-consumer model, Italic works in partnership with the manufacturers to create exclusive products, from handbags to cashmere sweaters.

Source: glossy.co - Jan 14, 2020

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USA: Apparel Prices Crept Up in December, and Tariffs Might Explain Why

Likely feeling the effect of tariffs on imports from China, retail apparel prices increased 0.4 percent in December compared to November in what is normally a highly promotional environment, according to the Consumer Price Index (CPI) released Tuesday by the U.S. Bureau of Labor Statistics (BLS).

Prices on apparel for women, girls, boys, and infants and toddlers were all up, with men's wear the only sector to see a decrease.

Tariffs on apparel imported from China rose 15 percent on Sept. 1, and many companies said they would be able to limit the impact on prices, but they would need to increase them somewhat for the sake of profitability.

Raw materials have been working in favor of keeping prices down. U.S. spot cotton prices averaged 65.48 cents per pound for the week ended Jan. 9. That was up from 64.74 cents the prior week, but down from 68.16 cents a year ago.

Women's clothing prices were up 0.9 percent in the month, led by a 2.1 percent increase in dresses, a 2 percent rise in suits and separates, and a 0.7 percent hike in outerwear. Bucking the trend was the underwear, nightwear, swimwear and accessories group, with a decline of 1 percent.

Girls' apparel prices rose 3.2 percent, while boys' clothing cost 0.9 percent mors and infants' and toddlers' clothing prices inched up 0.4 percent.

Men's wear prices fell 0.7 percent, led by a steep decline in suits, sport coats and outerwear of 6.5 percent, likely a victim of seasonal discounting. The cost of underwear, nightwear, swimwear and accessories was down 0.6 percent, while prices for shirts and sweaters rose 1.1 percent, and pants and shorts cost 0.4 percent more.

Footwear prices dipped 0.1 percent in December, with a 1.8 percent drop for men's and a 0.2 percent falloff for boys' and girls. Women's footwear prices were flat in the month.

The overall CPI rose 0.2 percent in December on a seasonally adjusted basis after rising 0.3 percent in November, BLS reported. Over the past 12 months, the all items index increased 2.3 percent before seasonal adjustment.

The so-called core index, minus food and energy, was up 0.1 percent in December after increasing 0.2 percent in November. In addition to apparel, the indexes for shelter, medical care, motor vehicle insurance, recreation, and new vehicles all increased in December. The indexes for used cars and trucks, household furnishings and operations, and airline fares were among those to decline.

The all items index increased 2.3 percent for the 12 months ending December, the largest 12-month increase since the period ending October 2018. The core also rose 2.3 percent for the year, the same increase as the periods ending October and November.

The energy index, important for business operations and logistics, increased 1.4 percent in December, its third consecutive monthly increase. The gasoline index rose 2.8 percent, while the electricity index declined 0.5 percent and the index for natural gas increased 0.3 percent in December, its third straight monthly increase.

The overall CPI rose 2.3 percent in 2019, BLS said. This was larger than the 2018 increase of 1.9 percent and the largest advance since the 3 percent rise in 2011. The index rose at a 1.8 percent average annual rate over the past 10 years.

The core index increased 2.3 percent over the past 12 months. The shelter index rose 3.2 percent over the 12-month span and the medical care index rose 4.6 percent. Apparel, down 1.2 percent, and used cars and trucks, off -0.7 percent, were among the few indexes to decline over the past year, BLS noted.

Source: sourcingjournal.com - Jan 14, 2020

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Trade war affect, Sri Lanka's apparel exports up two per cent in November

Sri Lanka's apparel exports grew 2.8 per cent in November 2019. This is due to an increase in production capacity and a re-routing of supply chains amid the US-China trade war.

The trade war to some extent helped with orders diverted to Sri Lanka. Apparel exports to the European Union grew 10.99 per cent in November 2019 compared to the same period in 2018.

Sri Lanka's total apparel exports from January to November 2019 grew 5.8 per cent. Apparel exports to the EU from January to November 2019 rose 5.7 per cent.

Exports to the EU have increased with continued leverage of GSP Plus preferential tariff benefits and market certainty with Brexit coming to a conclusion.

However, Sri Lanka's exports to the US in November fell 4.8 per cent though exports to the US for the period January to November 2019 recorded a growth of 3.7 per cent.

The fall in exports to the US in November was due to continuous slowdown in sales of Victoria's Secret, which is a large customer of Sri Lanka. Victoria's Secret posted a seven per cent fall in same-store sales in the US and Canada in the third quarter. Victoria's Secret has been bleeding sales and divesting its brand portfolio due to changing consumer tastes.

Source: fashionatingworld.com - Jan 14, 2020

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US, Japan and European Union seek stronger global rules on subsidies

Washington, Tokyo and Brussels on Tuesday joined forces in calling for stronger global rules against government subsidies that distort trade, a practice China has long been accused of exploiting.

The governments called on the World Trade Organization to beef up existing regulations, which they said in a statement are "insufficient to tackle market and trade distorting subsidisation." But they refrained from naming China directly.

US Trade Representative Robert Lighthizer met Tuesday with Japan's Economy, Trade and Industry Minister Kajiyama Hiroshi, and European Trade Commissioner Phil Hogan, and also discussed the need to prevent forced technology transfers -- an issue at the heart of the US-China trade conflict.

"These unfair practices are inconsistent with an international trading system based on market principles" and undermine "growth and development," the statement said.

The latest statement came after many months of trilateral meetings, a rare display of multilateral cooperation by the administration of President Donald Trump, who has launched multi-front trade wars and crippled the WTO's dispute settlement function.

The three sides called on the WTO to ban govenment support that is unlimited, or that is given to insolvent or ailing enterprises with no "credible restructuring plan," companies that cannot get long-term financing or investment on their own, or for debt forgiveness.

They also called for a ban on subsidies for industries that are over capacity. This is another issue behind long-standing complaints against China in industries like steel and aluminum, where the markets have been flooded with supply, driving down prices and pushing some firms out of business.

The officials also want to make it easier for WTO members to file complaints against other harmful subsidies, including those supporting uncompetitive firms.

Such subsidies can create massive manufacturing capacity "without private commercial participation" or lower domestic input prices in comparison to the prices of the same goods when they are export bound, the statement said.

Source: business-standard.com- Jan 15, 2020

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Cambodia: Textile factories to enter 4.0 era

Global fashion-technology platform Zilingo has collaborated with the Garment Manufacturers Association in Cambodia (GMAC) and the Cambodia Garment Training Institute (CGTI) to bring a new form of digitisation to Cambodia’s garment factories.

Zilingo, an India based firm provides global fashion-technology production software and technology. Leading solutions that allow factories to maintain their position as major players in the fashion industry.

Zilingo’s presence in Cambodia is to introduce proprietary production software which will help Cambodia’s garment factories increase efficiency and reduce defects. The software allows factories to use real-time production data to produce actionable performance reports that will help factories improve efficiency and productivity.

The software is stated to increase a factory's production efficiency by 10 to 12 percent, by giving management real-time access to data on a smartphone, laptop or tablet, said Sosakol Yin, business development manager of Zilingo.

"We are excited that the GMAC has provided us with a platform and opportunity to showcase our solutions and engage with Cambodian businesses and key stakeholders to share how Zilingo can help them increase their production efficiency by automating operations on the factory floor," said Yin.

He said that the software will assist in removing pen and paper from the production line as the software automatically records production data and generates actionable reports. Yin added that it also allows for quality control and production staff to identify garment defects abd other faults.

"If customers want our system, we can sell to them for $50 a month per garment line, but they will have to buy the equipment to connect with the software such as monitor screens and tablets. We can also provide this as whole package, but the factory will pay us $70 a month," Yin added.

The GMAC operations manager Ly Tek Heng, said that the GMAC has invited Zilingo to share its new technology system in garment, shoe and bag factories. He said that when the GMAC's 600 members use this technology, it will help with competitiveness and productivity.

"We do not have the detail on how many percent benefits will be added from this technology as it is new and we have to use the system first. However, this system has been used by India, Sri Lanka, Indonesia, Vietnam and Bangladesh," Mr Ly said.

He is optimistic that when companies use this technology for at least two years, they will get to a breakeven point and cover the initial cost of the technology investment. He added that if one factory has 10 production lines, they will pay about $500 per month. "It is a good start," he added.

Zilingo has enjoyed strong ties with the GMAC and was invited by Kaing Monika, the GMAC's deputy secretary general, to show how to harness the technology to bring factories in Cambodia onboard the digital revolution and maintain their position as major players in the fashion industry.

“In the Industry 4.0 era, we are observing the progressive pace of automation and digitisation across our factories. Automated machines are increasingly being used in most factory processes, including designing, pattern making, cutting, printing, embroidery, sewing and quality control,” said Kaing.

He stressed that digitisation is essential across the garment industry. Cambodia must respond to this challenge at a faster pace to transform the workplace and workforce.

The introduction of the software is part of Zilingo’s plans to launch in Cambodia as a key market, with a vision to empower fashion businesses with unprecedented access to a transparent supply chain solution.

Source: khmertimeskh.com- Jan 14, 2020

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CPTPP not proving a hit across the board for Vietnam

Vietnam has been unable to gain export growth to all Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) member countries, the Ministry of Industry and Trade has said.

A year since the CPTPP came into effect, Vietnam had seen strong growth in exports to some CPTPP member countries, but not all.

Last year, export value surged by 28.2 per cent year-on-year to $3.86 billion to Canada, 26.8 per cent to $2.84 billion to Mexico, 20.5 per cent to $1 billion to Chile and 40 per cent to $350 million to Peru.

Vietnam had a slight increase at 1.1 per cent in export value to Singapore and faced export value reduction to some other CPTPP countries, such as Australia (down 12 per cent to $3.5 billion) and Malaysia (down three per cent to $3.3 billion).

Vietnam Chamber of Commerce and Industry (VCCI) chairman Vu Tien Loc said the first impact of the CPTPP for Vietnam was to accelerate reform in institutions, meeting requirements of the global economy and trade.

However, in a VCCI survey of 8,600 local enterprises, up to 70 per cent of them had little knowledge of the CPTPP.

This survey has also pointed out that 84 per cent of the enterprises lacked information about the commitments in the free trade agreement.

Meanwhile, textile, footwear, fisheries and wooden products were considered commodities that would have a lot of opportunities to boost exports thanks to tariff rules in the agreement, but it hasn't turned out that way.

Vietnam National Textile and Garment Group director-general Le Tien Truong said the textile and garment industry has not taken full advantages from the CPTPP to increase exports because of issues meeting rules of origin in the agreement.

This agreement requires certification on local origin from yarn onward to enjoy preferential tariffs, while the domestic textile and garment industry annually imports about 99 per cent of cotton and 80 per cent of fabric for its production, he said.

Last year, the textile and garment industry spent $13.3 billion on fabric imports, up four per cent year-on-year, $2.4 billion on yarn imports and $2.6 billion on cotton imports, Import-Export Department data shows.

The industry achieved a total export value of $39 billion last year, lower than expected. Vietnam Textile and Apparel Association chairman Vu Duc Giang admitted that importing input materials has made local producers struggle to take advantage of free trade agreements like the CPTPP.

Giang was quoted by the Dau tu (Investment) newspaper as saying that the biggest challenge for the textile industry was input materials, because it still has to import materials for annual production.

The industry needs the government's help to build industrial clusters on production of materials for the textile and garment industry, he said.

Source: phnompenhpost.com- Jan 14, 2020

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ASIA APPAREL EXPO Returns to Berlin in February 2020

ASIA APPAREL EXPO is the important sourcing meeting place in Europe for Asian clothing manufacturers and fabric suppliers to connect with European brands and will once again take place at the BERLIN MESSE in Hall 26, opening on TUESDAY 18 FEBRUARY through to THURSDAY 20 FEBRUARY 2020.

Now in its 9th edition, European sourcing professionals have confirmed that the expo provides an ideal platform to stay informed of industry sourcing issues and innovations, meet with potential new suppliers and discover new sourcing options and solutions.

Over 450 companies are participating in 2020, particularly from HONG KONG and CHINA, as well as the other major apparel export producing countries of BANGLADESH, PAKISTAN, INDIA, THAILAND, TURKEY and TAIWAN meeting the demand from European customers for finished garments, contract manufacturing and private label development. Apparel products will be on show covering mens, womens and childrenswear, denim, knitwear, fabrics and textiles, as well as trimmings and accessories from the carefully-selected factories.

Showing zones include:

APPAREL FOR MEN, WOMEN & CHILDREN

KNITWEAR STUDIO

ASIAN DESIGN

FASHION ACCESSORIES

BLUEPRINT -- DENIM

GARMENT ACCESSORIES & TRIMMINGS

Over 1800 trade professionals are expected to attend reinforcing that the well-edited selection and variety of factories and suppliers from Asia under one roof at the expo provides a very convenient sourcing marketplace for apparel buyers looking to capitalise on the high productivity and speed to market demonstrated by Asian apparel factories.

European apparel buyers have benefitted from the movement of production activities to low-cost countries in the Far East, which reflects the significant advantages due to efficient infrastructure, low production costs, easy access to an array of raw materials, supply chain concentration and benefits of scale, plus the large and flexible labor pool to meet seasonal demand, which has accumulated over the past thirty years.

Registration for trade professionals to attend is now open and the full list of participants is available online at www.asiaapparelexpo.com

Source: vietnamnews.vn- Jan 14, 2020

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1,038 tonnes of Indian cotton yarn reaches Pakistan via Oman

Despite Pakistan's decision to ban bilateral trade ties with India on August 10 last year, around 1,038 tonnes of Indian cotton yarn reached Pakistan via Oman till December as imports from Oman.

According to figures available with this scribe, India exported 1,417 tonnes of cotton yarn to Oman by November 2019, of which 1,038 tonnes of yarn reached Pakistan as "imports from Oman". India's export of cotton yarn to Oman remained at a negligible 0.77 tonnes during FY18-19.

Soon after the cabinet meeting, the commerce ministry issued two notifications for the implementation of the decision. As per notification SRO928 of 2019, all kinds of exports to India had been suspended through amendments in the Export Policy Order 2016.

Source: defence.pk- Jan 14, 2020

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Bangladesh: BGMEA identifies 51 products for export diversification

The Bangladesh Garment Manufacturers and Exporters Association has identified 51 readymade garment products for export diversification within the sector, saying that the items have potential for an export boost.

According to the sources, the trade body would focus on 31 products for five years and on the rest 20 products for 10 years to increase export of the products significantly.

The apparel trade body has recently prepared the list of the products.

It said entrepreneurs could focus on the items for value addition and diversification within the sector in next five and 10 years.

The products include cotton made babies' garments, women's or girls' briefs and panties, men's or boys' underpants, and trousers, women's or girls' blouses, shirt, brassires, t-shirts, singlets, men's or boys' anoraks, women's or girls' jackets and blazers of synthetic, men's or boys' overcoats, of man-made fibres and full-length or knee-length stockings, socks and other hosiery.

According to a BGMEA research, there is huge demand for the items on the global market where Bangladesh has less portion of share.

The products on the list have annual export earning worth less than $500 million.

The BGMEA expects that the boosting of the products might help the sector reduce dependency on a few products.

The association also identified 10 potential items for the US and two items for the European Union markets where Bangladesh could enhance its effort to boost export.

The 31 items that require entrepreneurs' attention for five years for export growth are either made of cotton where Bangladesh has strength, or non-cotton items having similar features of the traditional items, said the BGMEA report.

It said that the products were relatively less complicated to manufacture, so the cost of diversification would be less.

The global market size of the 31 products is $132 billion and Bangladesh earned $7.16 billion by exporting the items in 2018.

The global market size of the rest 20 items that require entrepreneurs' attention for 10 years for export growth is $54 billion and Bangladesh earned only $1.2 billion by exporting the items in 2018, according to the BGMEA.

BGMEA president Rubana Huq said that value addition and product divarication were a must to remain competitive on the global market as the prices of traditional products were decreasing gradually.

According to the BGMEA data, about 73 per cent of the country's total $34.13 billion RMG export earnings in the last fiscal year came from five items.

The products are t-shirt, sweater, trouser, jacket and shirt.
Rubana said that the product concentration signified lack of capacity of Bangladesh in value addition.

She said that Bangladesh lost 1.61 per cent unit value of RMG products on the global market in last four years.

The BGMEA in its report sought cooperation and support from the government to conduct study on product diversification to identify potential products depending on their nature of complexity and industry's readiness to expand in those categories, and progression towards up-market.

Considering the changing global fashion scenario, Rubana demanded a strong support from the government for the future expansion in the area of non-cotton, women/girls' clothing and outerwear/athleisure.

'It is important for Bangladesh to consider more investments in primary textiles, especially in woven and non-cotton sectors as preferential regime by the EU for the middle-income countries require "double transformation" process as per its GSP rules of origin,' she said.

Source: newagebd.net - Jan 15, 2020

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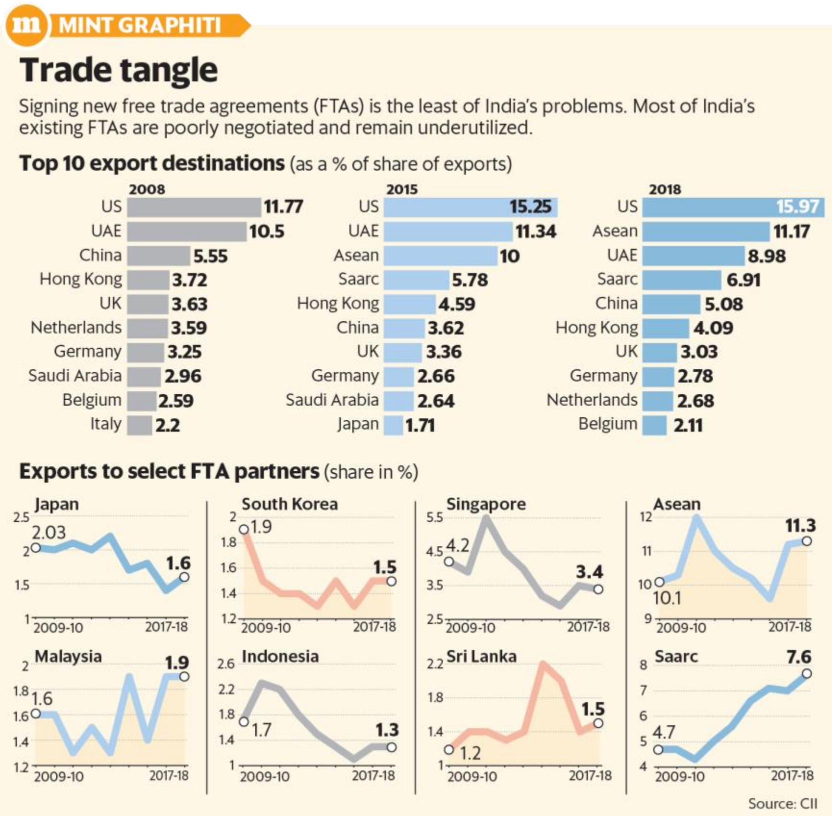
NATIONAL NEWS

How India is resetting its trade ties with the world

India's shift in trade strategy is evident from its decision to opt out of RCEP and the increasing engagement with the US and EU

A day after Prime Minister Narendra Modi dramatically announced India's exit from the China-led Regional Comprehensive Economic Partnership (RCEP) deal at the Bangkok summit on 4 November, trade minister Piyush Goyal addressed a packed house of journalists in the National Media Centre, reflecting on the lessons learnt from the prolonged trade negotiations where India was always a reluctant participant.



Goyal said India should never finalize a trade agreement in a hurry, citing the examples of the 2009 and 2011 pacts with Japan, South Korea, Malaysia and with Asean countries. "Trade discussions and negotiations should allow enough time and enough considerations so that they are done carefully keeping the best interest of our people and our national interest in mind," he added.

While countries like Japan are still trying to woo India back to the RCEP fold, India has now signalled a shift in strategy when it comes to signing free trade agreements. It is now showing readiness to renew negotiations on the long-pending free trade agreement (FTA) with the European Union as well as with Britain after the impending Brexit deal is signed.

India is currently negotiating a limited trade package with the US after which both sides may sit down for a comprehensive FTA negotiation.

“I have started talking to EU on a very informal basis. Barely a few days ago, their trade commissioner has been appointed and over the next few months, we will start a dialogue with the EU. Hopefully, Brexit should be done by January. We already have some preliminary exchange of dialogue with Great Britain.

I hope to take that forward on a fast-track basis. With the US, we had several rounds of engagement; we are ensuring that even the first leg of our trade deal with them is for the benefit of both countries equitably. I can assure all of you going forward none of these FTAs will be settled in a hurry or will be settled to the disadvantage of Indian industry and Indian exporters," Goyal said last month.

The shift in strategy is deliberate. “While we realize that India needs to integrate more with Asean economies to be part of the regional value chain, that strategy has inherent weaknesses. India and Asean often compete on the same products at the global stage due to the labour-intensive nature of their export basket. On the other hand, with the US, EU and Britain, we will have many complementarities," a commerce ministry official said on condition of anonymity.

Negotiations for the proposed India-EU FTA started in 2007 but talks were suspended in 2013 due to differences. Both sides explored restarting negotiations after the Bharatiya Janata Party-led government assumed power in May 2014, but uncertainties over Brexit and inflexibility on both sides have prevented a formal resumption.

Though both sides may resume talks once Brexit formalities are over, it may not be a cakewalk. EU has always been particular about including non-trade issues such as labour and environmental standards in the FTA, which India has been opposed to.

Similarly, the US may seek stringent intellectual property rights and higher product standards which a developing country like India may find difficult to match. The unexpectedly long time that the limited trade package under negotiation between the two countries is taking is proof of the tougher road ahead for a full-fledged FTA between India and the US.

Click here for more details

Source: livemint.com - Jan 13, 2020

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CCI will not sell cotton at loss, says chairman P Alli Rani

CCI has so far bought 25% of the cotton that has arrived in the markets this year since the beginning of the cotton year on October 1.

Cotton Corporation of India (CCI) chairman P Alii Rani has said the textile industry should not expect the company to sell cotton at a loss just because it is a government enterprise. CCI has so far bought 25% of the cotton that has arrived in the markets this year since the beginning of the cotton year on October 1.

The remark comes after South Indian Mills Association (SIMA) urged the textile minister to instruct CCI to sell the cotton at market price so that spinning mills can procure the cotton at a competitive rate. Mill owners have complained that the price of Rs 46,000 per candy (of 356 kg each) quoted by the CCI is too high.

"As CCI has bought most of the best quality cotton that has arrived in the market, the present ruling market price is that of the second-grade cotton, which cannot be compared with CCI's best quality cotton," Rani said, referring to the market price of Rs 40,000 per candy.

According to Rani, CCI has been buying the best quality cotton. "Currently, we are buying about 50% of the cotton arriving in the market. Naturally, our pricing is based on value.

It will be unfair for the industry to expect that the best quality cotton should become available to them at the price of the second-grade cotton just because we are a government company. We do not want to sell the cotton at a loss and burden the taxpayers."

Ashwin Chandran, chairman of SIMA, alleged that the trading policy of CCI often aggravates a bad market condition.

However, CCI has denied this. "CCI has not been hoarding cotton. We have been auctioning cotton on a daily basis. However, the industry has come together and decided not to participate in our tendering process as they do NOT want to pay the price that we have set," said Rani.

According to her, the small and cooperative mills have been buying from CCI, but the big mills have not been participating in CCI's tenders. CCI could sell only 200,000 bales of the 1.1 million bales it had procured in the previous cotton year.

This year, it has so far procured 3.8 million bales of 170 kg each from markets, where the prices were ruling below the minimum support price (MSP). CCI has not conducted any commercial operations this year and has restricted to only MSP operations.

Mill operators are of the view that if exports continue to increase, it can create a panic-like situation in the domestic market. "The China-US trade war is likely to end. China had depleted its cotton reserves significantly during the last few years.

China has geared up to import huge volumes of cotton from USA and India (the largest cotton producing countries in the world).

As per market information, over 20 lakh bales of cotton have already been exported from the current cotton crop and export might reach the level of 60 lakh bales, as against 50 lakh bales estimated by CAB. If the trend continues, it may result in panic situation in the Indian cotton market," said Ashwin.

Source: economictimes.com - Jan 15, 2020

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India-China trade dips by nearly $3 billion in 2019

The bilateral trade between India and China declined by about $3 billion last year while India's trade deficit continues to be high amounting to $56.77 billion as both countries experienced economic slowdown.

The trade figures released by the General Administration of Customs of China (GACC) on Tuesday projected the total trade in Chinese currency RMB-Yuan terms registered a marginal increase of 1.6% year on year but in dollar terms it was down by about $3 billion.

GACC Vice Minister Zou Zhiwu, who released the annual trade figures to the media, said China-India bilateral trade totalled to 639.52 billion yuan (about $92.68) which is 1.6 per cent increase year on year.

China's exports to India increased by 2.1 per cent last year totalling to 515.63 billion yuan while India's imports to China decreased by 0.2% totalling to 123.89 billion yuan, he said. The trade deficit for India in 2019 was $391.74 billion yuan, he said. However, in dollar terms the trade has declined.

The bilateral trade in 2018 totalled to $95.7 billion raising hopes of India-China trade touching the landmark $100 billion in 2019. But the total trade amounted to $92.68 billion last year about $3 billion less than 2018.

The Chinese exports in dollar terms to India last year amounted to $74.72 billion compared to $76.87 in 2018. India's exports to China amounted to $17.95 billion against $18.83 billion last year.

In the face of slacking trade, the trade deficit also declined from $58.04 in 2018 to $56.77 billion.

The declining trade was largely attributed to the slowdown of the economies of the two countries.

According to the figures posted on the website of the Indian Embassy here, from January to November 2019 the total trade between the two neighbours in the 11 months last year was declined by 3.72 per cent amounting to $84.32 and the trade deficit for the 11 months stood at $51.68.

Trade deficit has become a major irritant in India-China bilateral relations figuring high in the bilateral discourse. India has been demanding China to open up its IT and pharmaceutical sectors to enable it to increase its exports.

While China continue to promise to address the concerns, the two countries discussed initiatives in this regard at various levels last year.

The issue figured in the talks between Prime Minister Narendra Modi and President Xi Jinping during their 2nd informal summit at Mamallapuram in October last year where the two leaders have agreed to set up new mechanism led by Finance Minister Nirmala Sitharaman and Chinese Vice-Premier Hu Chunhua to discuss trade, investment and services.

The meeting under the new mechanism was expected to held this year. Highlighting India’s concerns over the trade deficit, a note posted on the Indian Embassy here said while flourishing trade has brought with it all the advantages, “it has also led to the biggest single trade deficit we are running with any country".

“Our trade deficit concerns are two-pronged. One is the actual size of the deficit. Two is the fact that the imbalance has continuously been widening year after year to reach $58.04 billion in 2018," it said. The note also said “growth in bilateral investment has not kept pace with the expansion in trading volumes between the two countries".

"While both countries have emerged as top investment destinations for the rest of the world, mutual investment flows are yet to catch up. According to the Ministry of Commerce of China, Chinese investments in India between January-September 2019 were to the tune of $0.19 billion and cumulative Chinese investment in India till the end of September 2019 amounted to $5.08 billion".

Cumulative Indian investment in China until September 2019 is $0.92 billion, it said. “However, these figures do not capture investment routed through third countries like Singapore, Hong Kong, etc. especially in sectors such as start-ups etc. which has seen significant growth in Chinese investment," it said.

Source: livemint.com - Jan 15, 2020

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India, Uzbekistan explore PTA to push bilateral trade and business with Central Asia

India and Uzbekistan on Tuesday agreed to work towards early conclusion of the Feasibility Study to be jointly conducted by the two sides to begin negotiations for a Preferential Trade Agreement. This was agreed when Abdulaziz Kamilov, Uzbekistan Foreign Minister met his Indian counterpart here.

External Affairs Minister S Jaishankar reiterated the need for early operationalization of $ 200 million of Line of Credit extended by India to Uzbekistan for which Uzbek side is in the process of finalizing necessary details of the identified projects.

Kamilov reiterated the invitation extended by President of Uzbekistan to Prime Minister to visit Uzbekistan. Foreign Minister Kamilov briefed EAM on Uzbekistan's efforts to liberalize its economy, create business friendly conditions and attract foreign investment including that from Indian companies.

The Ministers agreed to strengthen cooperation in the fields of defence, counter-terrorism and security, information and communication technology, development partnership and promote cultural exchanges.

Jaishankar and Kamilov evaluated the initiative of the India-Central Asia Dialogue at the level of Foreign Ministers with the participation of Afghanistan which was held in Samarkand, Uzbekistan in January 2019. The next Dialogue will be held in India in 2020. Kamilov stated that he looks forward to participating in it.

Cooperation in the multilateral fora including the United Nations and the Shanghai Cooperation Organization (SCO) was also discussed. Kamilov extended an invitation to External Affairs Minister to visit Uzbekistan. Dates of the visit will be decided in due course. During his visit, Kamilov will give an address at the Raisina Dialogue and is expected to call on the Prime Minister Narendra Modi on 15 January.

Source: economictimes.com - Jan 14, 2020

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Economic slowdown hits jobs sector: SBI report

India is projected to create 16 lakh less jobs in FY20, according to a SBI research report.

The report also pointed to evidence of a decline in remittances by labourers in states such as Uttar Pradesh, Bihar, Assam, Rajasthan, Odisha and Assam during the last one year.

The economic slowdown has adversely impacted employment generation in the country as nearly 16 lakh less jobs are projected to be created in FY20 compared to 89.7 lakh fresh jobs in FY19, a report said.

According to the SBI research report- Ecowrap, there is a decline in remittances in a few states like Assam and Rajasthan, reflecting downsizing of contractual labourers.

"In FY19, India had created 89.7 lakh new payrolls as per the EPFO data. In FY20, as per current projected this number could be at least 15.8 lakh lower," the report said.

The EPFO data primarily covers low paid jobs as the salary is capped at Rs 15,000 per month. As per the calculation done by the report, during April-October 2019, the actual net new payroll was 43.1 lakh which annualised comes out to be 73.9 lakh for FY20.

The EPFO data does not cover government jobs, state government jobs and private jobs as such data have moved to National Pension Scheme (NPS), beginning 2004.

"Interestingly, even in the NPS category, state and central government are supposed to create close to 39,000 jobs less in FY20 as per current trends," the report said.

It said a sample of data on remittances by migrant labourers to selected states in the last one year showed that there is a decline in remittances in states like Assam, Bihar, Rajasthan, Odisha and UP.

"The delay in resolution of cases under bankruptcy proceedings may have prompted companies to downsize their contractual labourers," it said.

Over the years, migration has been an important livelihood option for both the poor and the non-poor in the country.

As a result of unequal growth, people from agriculturally and industrially less-developed states migrate to more developed states in search of job opportunities - for example from Uttar Pradesh, Bihar, the southern part of Madhya Pradesh, Odisha, and Rajasthan to states like Punjab, Gujarat, and Maharashtra.

For a large number of migrants, New Delhi is a much-favoured destination due to the abundance of job opportunities, the report said.

"These migrants have been making significant financial contributions to their families in their places of origin," it said.

The report further said in the last five years, the overall productivity growth has remained relatively stagnant between 9.4 per cent to 9.9 per cent.

This slow growth in productivity manifests in low wage growth, it said.

The report also cautioned the policymakers of such slower productivity growth as it could encourage over-borrowing by corporations and households, which can create a big risk to economies and fiscal systems.

Source: economictimes.com - Jan 13, 2020

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Exports succumb to slowdown despite ‘Make in India’ campaign; RBI shows more hurdles ahead

Even as the Narendra-Modi led government aimed to boost exports with its flagship scheme ‘Make in India’, the country’s exports succumbed to the prolonged slowdown in the current fiscal year.

The government is expected to release the trade statistics for December month tomorrow, which will show how India fared on the trade front in the first nine months of FY20.

However, much damage has already been done as India's merchandise exports have contracted by around 2 per cent on-year till November, which rose by 10.9 per cent in the corresponding period of the previous year. Even imports suffered a contraction of 5.3 per cent in the same duration, driven by subdued factory demand.

The projections for India's exports in the near term is also not much optimistic. "With global growth and trade projected to slow down further, India's exports could face challenging demand conditions going forward," RBI said in its financial stability report.

Non-petroleum and non-gems and jewellery exports in April-November FY20 increased by 0.17 per cent, while India's largest import component, oil imports fell by nearly 13 per cent, according to the Ministry of Commerce & Industry. Also, the cumulative value of imports for the same duration contracted by 8.91 per cent.

Low imports, driven by low demand in the market, has kept the trade deficit benign. Taking merchandise and services together, the overall trade deficit for April-November FY is estimated at USD 54.06 billion, compared to USD 82.47 billion in the same duration a year ago.

Meanwhile, the export credit, which is a government financial support to direct financing, guarantees, insurance or interest rate support to foreign buyers to assist in the financing of the purchase of goods from national exporters, has also fallen by a huge margin. Export credit contracted 15.1 per cent in the financial year so far and 28.7 per cent in the calendar year 2019, according to RBI.

Source: financialexpress.com - Jan 14, 2020

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Coimbatore industries seek measures to boost demand

Submit demands and expectations to the Government, ahead of the Union Budget

With the Union Budget nearing, the industry associations here have submitted their demands and expectations to the Government.

The Southern India Mills' Association has sought efforts to improve competitiveness of the industry, both, in the domestic and international markets. It should focus on the entire textile value chain so that imports are controlled, exports pick up, and the domestic market revives.

Import duty

The man-made fibre sector should be competitive in the international market. For this the Government should look at several measures. It should remove the 5 % import duty on man-made fibres. The MEIS (Merchandise Exports from India Scheme) is extended till the end of March and the exporters should be paid the benefits immediately.

The Government should also form a committee soon to finalise details of the Rebate of State and Central Taxes and Levies schemes. The Government should release immediately all the benefits due under the Government schemes, the Association said.

According to the Tiruppur Exporters' Association, clusters such as Tiruppur face acute shortage of skilled labour. Workers need to be provided accommodation facilities to retain them.

Some of the units construct houses for the workers. While welcoming the housing facilities being executed under Pradhan Mantri Awas Yojana (PMAY) Scheme, the Association said that where the units contribute the amount voluntarily for construction of houses to its workforce, the contribution has to be treated as allowable business expenditure similar to Section 37 of the Income tax Act, 1961, preferably providing weighted deduction or at least deduction. It also sought formation of Knitwear Board that would function out of Tiruppur. The Board can handhold the industries in their growth journey.

Stability of cotton prices

The South India Hosiery Manufacturers' Association, which has members catering to the domestic knitwear market, appealed to the Government to come out with a system that will stabilise cotton prices. This will ensure stability of cotton yarn prices and help the manufacturers plan the production cost. The tax for machinery made indigenously, the tax rate should be reduced to 5 % from 18 % or the rate should be brought under refundable system.

There should be mini knitwear garment manufacturing parks to generate more employment in rural areas in Tiruppur.

In the engineering sector, the Southern India Engineering Manufacturers Association has demanded preference for Micro, Small and Medium-scale Enterprises in government tenders. The conditions in the tenders deprive the MSMEs of opportunities.

Both, the Bureau of Indian Standards and Bureau of Energy Efficiency, have increased the marking fees. The MSMEs should spared from the hike as it will lead to higher production cost.

Farmers should be supported to invest in equipment and pumpsets and this will, in turn, give a boost to the domestic machinery and pumpset manufacturers, the Association said.

Source: thehindu.com - Jan 15, 2020

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