



**IBTEX No. 35 of 2019**

**February 15, 2019**

USD 71.32 | EUR 80.54 | GBP 91.42 | JPY 0.65

Cotton Market		
<b>Spot Price - Shankar 6 ( Ex. Gin), 28.50-29 mm</b>		
Rs./Bale	Rs./Candy	USD Cent/lb
19904	41600	<b>74.40</b>
<b>Domestic Futures Price (Ex. Warehouse Rajkot), February</b>		
Rs./Bale	Rs./Candy	USD Cent/lb
20160	42134	<b>75.36</b>
<b>International Futures Price</b>		
NY ICE USD Cents/lb ( March 2019)		70.13
ZCE Cotton: Yuan/MT ( May 2019)		15,025
ZCE Cotton: USD Cents/lb		100.64
<b>Cotlook A Index – Physical</b>		<b>79.65</b>
<p><b>Cotton Guide:</b> The nearby ICE futures settled between +27 and +33 points. The focus has now shifted to the ICE May futures which settled at 71.71 cents/lb with a positive change of +31 points. The high figure for ICE May was 71.95 cents/lb whereas the low figure was 69.53 cents/lb, settling higher with the help of the bulls. Resistance was met after the release of the US export sales report.</p> <p>For the week ending January 3, the US export sales for upland cotton during the current 2018/19 crop year amounted to 299,800 running bales whereas sales for the 2019/20 crop year amounted to 19,400 running bales. On the other hand, US export shipments were reported at 181,100 running bales.</p>		

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On the other hand the MCX contracts ended almost neutral with figures of +10 and +20. The most active MCX February contract ended at 20,160 Rs/bale with a positive change of +10 Rs. The MCX March contract ended with positive changes of 20,450 Rs/Bale with a positive change of +20 Rs, whereas the MCX April contract ended with positive change of +20 Rs.

Till February 8, according to the Cotton Corporation of India (CCI), total arrivals from the 2018/19 crop amounted to the lint equivalent of 17,884,140 bales (of 170 kilos)(source cotlook). This represents an increase of 1,573,930 bales since January 31, and suggests that the pace of arrivals may now be slowing (the previous week's increase was 2,078,253 bales). Today's arrivals are estimated to be at around 160,000 lint equivalent bales (private estimates). Shankar 6 was able to exchange hands at Rs 41,600 per candy. Cotlook Index A has been adjusted to 79.65 cents/lb with a positive change of +0.25 cents.

Today is the last day of the US China trade talks ahead of the tariff deadline on March 1, 2019. Market participants are still in the fear that the results could go either way i.e. a trade deal or a no deal with the third option also emerging - of extending the tariff deadline.

On the other hand the cotton futures are showing a bit of modest increase with higher oil prices and weakening dollar. The dollar index was down 0.2 percent. We expect the market to still show signs of consolidation with a bias towards the bears.

On the technical front, 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 71.80 . 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 trade with a weaker bias against the US dollar. Weighing on rupee is higher crude oil price and choppiness in global equity market. Brent crude has topped \$65 per barrel supported by Saudi Arabia and Russia's pledge to deepen production cuts. Asian equity markets trade mixed to negative amid disappointing US retail sales and Chinese inflation data and uncertainty about US-China trade talks. US-China trade talks are continuing today however news sources reported that both sides remained deadlocked on key issues. Concerns about Brexit also rose after Prime Minister Theresa May lost another round of Brexit voting in Parliament. Rupee may also be affected by outlook for Indian economy in the wake of the terror attack on Indian security forces in Kashmir. As per reports, at least 40 Indian personnel died and many more were injured in an assault on

their convoy in the Indian-controlled district of Pulwama. The US dollar index trades little changed near 97 levels holding on to its recent gains however the upside will be limited by disappointing US economic data and Fed's dovish stance. Fed Governor Lael Brainard said she favors ending the process of shrinking the US central bank's balance sheet in 2019. Rupee may remain under pressure amid higher crude price and choppy equity markets. USDINR may trade in a range of 70.75-71.4 and bias may be on the upside.

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## INTERNATIONAL NEWS

### **Xinhua Headlines: Through industrial upgrading, China's textile hub spins success story**

Over the past six years, Fu Shuangli, chairman of textile manufacturer Yingfeng, has made a big gamble: spending on more advanced equipment and training a group of innovative young designers.

The make-or-break move greatly increased the production efficiency of the company and churned out products that have been welcomed by overseas customers. Last year, the revenue of the company surpassed 1.2 billion yuan (176 million U.S. dollars).

"Nearly six years after Yingfeng moved to the current plant, we have more than doubled our production value," said Fu.

Yingfeng is just one of the success stories in Keqiao district in the city of Shaoxing in eastern China's Zhejiang Province. Through determined efforts on industrial upgrading, manufacturers in Keqiao have over the past years overcome tough situations in global trade and restored the district's traditional status of being a leading textile manufacturing powerhouse in China.

For two consecutive years since 2017, the regional economic output of Keqiao registered a 7 percent growth, a stellar performance compared with that of a few years ago.

As a sign of confidence in Keqiao's growth, in January this year, 16 financial institutions in Zhejiang signed a credit deal worth 150 billion yuan (about 22 billion U.S. dollars) with local textile manufacturers.

In Keqiao's "China Textile City," the world's largest textile distribution center, business is booming again. Today, the center receives more than 5,000 overseas buyers and some 100,000 customer visits every day. It boasts a sales network covering 197 countries and regions.

Back in 2008, it was a completely different story. Due to the aftermath of the global financial crisis, demands from overseas markets shrank rapidly. It dealt a huge blow to Keqiao, which relied heavily on foreign trade.

"Many leading textile manufacturers went bankrupt, and 2008 was a lesson for all of us in Keqiao," said Li Chuanhai, head of the local dyeing and printing association. "We realized we needed to pursue high-quality growth from then on."

The local government immediately spearheaded a campaign to shut down high-pollutant dyeing and printing companies, and moved the rest, including Yingfeng, to a newly-built industrial zone. The government also encouraged manufacturers to boost production efficiency and make high-quality products with more added-value.

The transformation process proved too painful for some companies. "Many entrepreneurs came to my office for help, often with tears in their eyes," recalled Shen Zhijiang, Keqiao's party chief. "But for a better tomorrow, we must have the resolve for reform."

To boost their competitiveness, many textile manufacturers in Keqiao sought to move up the value chain. They spent big on designing and producing ready-made clothing and sent their sales teams on world tours.

"In 2018, design companies of Keqiao held a press conference in Milano to establish direct ties with Italian clothing brands. It attracted many Italian companies to invest in Keqiao," said Huang Yanting, a Chinese-Italian designer.

In addition to upgrading its traditional textile industry, Keqiao has also embraced emerging and high-tech industries to diversify its economic structure, such as new energy, new material, chip making and artificial intelligence. "We have made great efforts to cut red tape to improve the business environment and attract investment," said Zhao Rulang, head of the district government. A construction project that in the past took up to a year for government approval can now start operation in months, according to Zhao. "With the better business environment, large investments have been pouring in in recent years, and the district has become a top destination for investments in the province," Zhao said.

Source: xinhuanet.com- Feb 14, 2019

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## **Pak to seek preferential trade agreement with S Arabia during Prince Salman's visit**

ISLAMABAD: Pakistan will formally propose to Saudi Arabia for initiation of a dialogue on preferential trade agreement (PTA) to promote bilateral trade and investment.

The proposal will be raised among other issues during the Saudi Crown Prince Mohammad bin Salman's two-day visit to Pakistan.

The crown prince will reach the country on February 16, accompanied by a high-powered business delegation.

Official sources told Dawn that the preferential treaty will cover tariff and non-tariff barriers (NTBs) which will help diversify Pakistan's export basket to the kingdom.

Since 2006, there is a complete deadlock in negotiations on the proposed free trade agreement (FTA) with the Gulf Cooperation Council. So far only two rounds of negotiations have been held on it.

Officials believe that this issue will be raised during the crown prince's visit. Pakistan's bilateral trade with Saudi Arabia has posted a consistent decline, dropping by a half to \$2.5 billion in 2016-17 from \$5.08bn in 2013-14. One reason behind this is the falling value of petroleum products which constitute 50pc of total imports.

The country's exports to the kingdom are decreasing as well mainly due to a drop in proceeds of rice, fruits, vegetable preparations, apparel and clothing and made-up articles of textile material.

Rice is one of the major export items to Saudi Arabia but now the commodity's market is being captured by other countries, particularly India. If an agreement is reached on PTA, Saudi Arabia will become the second country after Iran with which Pakistan will have a bilateral preferential arrangement.

Other issues that will be discussed include easing of procedures for business visa which currently involves multiple departments and takes at least six weeks. Saudi Arabia has also increased the business visa fee to Rs74,000 per

person for attending any business activity in the kingdom and Pakistan will be looking for a fee waiver .

The Pak-Saudi Joint Business Council was formulated in 2000 to enhance interaction between top chambers of the two countries. The body has met thrice in the last 18 years, which shows its seriousness in promoting trade.

Pakistan is likely to raise the issue of removing ban on its shrimp exports to Saudi Arabia as well as seeking licence for State Life Insurance to do business in the kingdom, besides holding single-country exhibitions to promote market access for its products.

Possible areas for investment with Saudi Arabia include the halal food sector, cattle farming, milk, fisheries and other agro industry projects.

For resolving NTB, two important issues will be discussed; mutual recognition agreement to avoid delay in customs and clearance of Pakistan's export shipments at the kingdom's ports and quality assurance certificates to be recognised by Saudi Food and Drug

Source: business-standard.com- Feb 14, 2019

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## **Mexico factory exports seen slowing in 2019 amid trade wars, labor strikes**

MEXICO CITY (Reuters) - Mexico's manufacturing industry expects to export less in 2019 because of uncertainty around delayed ratification of the new U.S.-Mexico-Canada trade deal, global trade tensions and the effects of domestic labor strikes.

The maquiladora and export manufacturing industry, which includes the automotive, aerospace, electrical components, medical equipment and household appliances sectors, exported goods worth \$280 billion and grew between 10-12 percent last year, according to industry group INDEX.

But INDEX, the National Council of Maquiladora and Export Manufacturing Industry, projects growth in 2019 of between 5-7 percent for this year, according to its president, Luis Aguirre.



The industry accounted for about 67 percent of non-oil total exports in 2018 and employs almost two out of every 10 working Mexicans, according to government figures.

The forecast growth reflects a trade war between the United States and China and the impact of U.S. restrictions on steel and aluminum products imported from Mexico, Aguirre said in a telephone news conference.

Concerns about a possible delay in the ratification of the U.S.-Mexico-Canada Agreement, meant to replace the North American Free Trade Agreement, weighed on the view for export growth this year, Aguirre added.

In the border city of Matamoros, in Tamaulipas state, a strike at 48 maquiladora plants that began on Jan. 25 led to daily losses of up to \$50 million for breaches of international contracts.

A union representing the factory workers ended the strike last weekend, but new strikes broke out in other plants in Tamaulipas and the INDEX fears they may be replicated in other states.

Urging a resolution, INDEX called for President Andres Manuel Lopez Obrador and other authorities to “immediately intervene.”

Source: reuters.com- Feb 15, 2019

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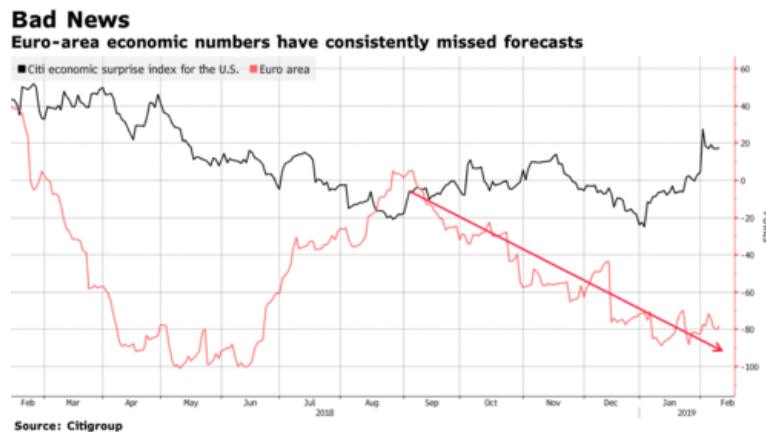
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## **Europe Looks Like the Real Weak Link in the Global Economy**

For all the palpitations that the trade war between the U.S. and China will knock out their economies, it is Europe that increasingly looks like the biggest threat to global growth.

Industrial production across the 19-nation euro area is falling at the fastest pace since the financial crisis, and deteriorating demand is evident as the region finds itself squeezed between international and domestic pressures. That leaves expansion at risk of barely topping 1 percent this year, a sharp

slowdown from 2018, with even continental powerhouse Germany in trouble.



Investors are tuning in. The Bloomberg euro index is near its lowest since mid-2017 and European stocks have never been cheaper relative to bonds in terms of yield gap.

“The concern I have right now is in Europe,” said Salman Ahmed, chief investment strategist at Lombard Odier. “It’s clear China is going through a slowdown, but there’s also a strong amount of stimulus in the pipeline. However, in Europe, things are deteriorating quite fast.”

The extent and surprising suddenness of the weakness reflects that the slowdown is hitting the core of the region. While the likes of Greece were at the root of past sluggishness, this time Germany’s prospects are crumbling after a protracted slump in manufacturing. Household spending has also ground to a halt in France, which is beset by the Yellow Vest protests. Together those two countries account for about half the euro-area economy. “If France stops consuming and Germany stops producing you have a major problem in the euro zone,” said Ludovic Subran, deputy chief economist at Allianz.

The problems don’t stop there. Italian bond yields have started to creep higher again amid doubts over fiscal management, the health of banks is questionable and Brexit remains unresolved. European elections in May could see gains for anti-EU parties, something that’s already worrying some companies, and there’s now a risk of an early national vote in Spain.

Deutsche Bank chief economist David Folkerts-Landau said this month that “downside risks have risen sharply in Europe.”

Softer growth in China is pinching, with automakers such as Fiat citing weaker demand in the world's second-largest economy. That's filtering through to other companies, with Brussels-based Umicore saying last week that profit will be held back by the global automotive slowdown.

Even companies reporting resilience in China are wary. L'Oreal chief Jean-Paul Agon said this month the economic backdrop will remain "volatile and unpredictable," though the French cosmetics giant also posted forecast-beating sales helped by the "dynamism of Chinese consumers."

#### What Our Economists Say:

"Business surveys have deteriorated and growth has slowed in the euro area. But, so far, this appears to reflect a series of country-specific shocks -- supporting the case that the rate of expansion will pick up as those influences fade... Still, financial markets are acutely aware of the risks, and there's little doubt that those are now skewed to the downside."

If it does get worse, there's a question over how authorities could respond, and the European Central Bank has little left in the tank.

Dramatic action may still not be needed. Germany's downside may be limited by record-low unemployment along with modest fiscal stimulus.

And Bloomberg Economics research suggests that spillovers from Germany to other euro nations is usually containable. That's partly because it has a different structure and its shocks are country-specific.

Goldman Sachs has downgraded its near-term euro-area expectations, though it sees an improvement later this year, citing a boost from lower oil prices and fiscal policy.

"The domestic economy is quite resilient," said Aline Schuiling, economist at ABN Amro. "You could very well have a negative first quarter and a weakish second, but after that it should pick up again. I don't expect a deep or prolonged recession."

Source: bloomberg.com- Feb 13, 2019

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## **Tunisia: Trade deficit stands at more than 1.5 billion dinars in January**

Tunisia's trade deficit has worsened by more than 355 million dinars compared to January 2018 to 1.57 billion dinars, according to data from the National Institute of Statistics (INS).

The figures of the INS show that exports grew by 21.9% last January, against 38.9% in January 2018 to 3.81 billion dinars, against 3.13 billion a year rather.

As for imports, they posted a rise of 24%, against 25% during the month of January 2018 to 5.38 billion dinars, against 4.34 billion dinars in January 2018.

For this purpose, the coverage rate decreased by 1.2 percentage points compared to January 2018 to 70.9%.

### **Imports maintain a high rate of growth**

The 24% increase in imports is due to the increase observed in all sectors. In fact, imports recorded increases by 38.8% for capital goods and 26.6% for energy products, as a result of the increase in the country's natural gas purchases (249.2 MD vs. 153.7 MD) and refined products (493.2 MD vs. 432.5 MD).

Similarly, imports of raw materials and semi-finished products went up 10.4%, those of basic agricultural and food products rose by 6%, and mines, phosphates and derivatives increased by 1.2%.

### **Export growth rate drops**

The increase observed in exports (21.9%) during the month of January 2019 concerned the majority of sectors but at a pace less accelerated than last year. Indeed, increases were recorded in the mining, phosphates and derivatives sector by 74%, the manufacturing sector by 46.6%, the mechanical and electrical industries sector by 29.6%, the mining and quarrying sector by 18.4% and the textiles and clothing and leather sector by 16.3%.

On the other hand, the agriculture and agribusiness sector recorded a decrease of 10.3%, following dropping olive oil sales (145.5 MD against 236.2 MD).

### **The deficit with China continues to widen**

The trade balance showed a deficit in January, following the imbalance recorded with some countries, such as China (-507 MD), Turkey (-250 MD), Algeria (-168.2 MD), Russia (-155.2 MD) and Italy (-95.4 MD).

On the other hand, the trade balance registered a surplus with other countries mainly with Tunisia's top partner France by 319.5 MD, Libya by 88.2 MD and Morocco by 39.1 MD.

By regimes, trade showed deficit under the general regime by 2.64 billion dinars (-1.96 billion in January 2018), and recorded surplus under the offshore regime by 1.07 billion dinars (+755.5 million dinars in January 2018).

Source: africanmanager.com- Feb 14, 2019

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### **Sweeten the China-Pakistan free trade agreement**

The Pakistan Business Council (PBC) recently sent a set of recommendations emphasizing the need for the government to focus on the 'Make in Pakistan' drive in order to improve the economy.

As part of its proposals, the advocacy group has pointed that there's a need to renegotiate the Free Trade Agreement (FTA) with China, not only to promote domestic manufacturing and employment but also to address Pakistan's mushrooming trade deficit with an indispensable strategic partner.

The flood of imported consumer goods and the non-availability of their local substitutes point to local SMEs [Small and Medium-sized Enterprises] losing ground in the domestic market.

Pakistan and China entered into trade relations in the 1950s. The start of this millennium witnessed a new era of trade relations, as both countries signed

multiple agreements and Memorandums of Understanding. As a result, the bilateral trade between the two countries increased from US\$ 1.07 billion in 1997 to US\$ 4.26 billion in 2005. In 2006 the two countries signed the China-Pakistan Free Trade Agreement (CPFTA), with the aim to further strengthening mutual friendship as well as expanding and diversifying trade.

Bilateral trade has subsequently expanded from US\$ 2.2 billion in FY05 to US\$ 13.8 billion in FY16. However, the balance is tilted in China's favor, as Pakistan's exports to China have not kept pace with its imports from the country. Pakistan's exports to China increased from US\$ 0.4 billion in FY05 to US\$ 1.7 billion in FY16. In comparison, imports from China have grown exponentially — increased from US\$ 1.8 billion in FY05 to US\$ 13.9 billion during July-May FY17. China now occupies the largest share in Pakistan's total imports (i.e. 29 percent), followed by the UAE (13 percent).

The rise in imports has been mainly attributed to a surge in machinery and equipment from China, as well as the diversion of imports from other trading partners towards China. There has also been a surge of import of low-cost consumer goods, which has not only boosted local retail businesses, but also benefited local consumers through the availability of items such as computers, medical equipment, consumer durables, mobile phones, automobile spare parts, toys, electrical goods and accessories, etc. — all at lower costs than before CPFTA.

However, the influx of cheap imports from China has also had some adverse effects, especially on the domestic manufacturing sector. Anecdotal evidence suggests that local manufacturers of ceramics, electric machinery, and equipment, chipboard, plywood, bicycles, etc., and a number of small scales industries have been affected by low-cost imports from China.

The items in which Pakistan lacks a competitive advantage—such as telephone sets, digital cameras, electrical machines, children toys, etc.— are included in the tariff elimination list of China.

The flood of imported consumer goods and the non-availability of their local substitutes point to local SMEs [Small and Medium-sized Enterprises] losing ground in the domestic market. The increasing trade gap poses a potential risk that may also be a reflection of a decrease or stagnancy in local production given the similar product composition of the two countries. Some other factors affecting local SMEs also remain in play, such as relatively



higher energy costs, less efficient governance, and most importantly poor human resources compared to competitor countries.

While Pakistan's exports to China have grown, the volumes relative to the imports remain small, as they have not gained much from tariff concessions under CPFTA. It also has to be acknowledged at the onset that Pakistan's export potential is limited given China's competitive advantage in most major producing sectors.

For instance, while the textile industry is the main pillar of Pakistan's exports, China is also a major and cheaper textile manufacturer for reasons already mentioned. In order to fully exploit the export potential to as large a market as China, Pakistani businesses need to take a more innovative export approach than they have tried so far, which could include diversification of their export base.

New opportunities, which will expand as the Chinese growth model shifts from one largely driven by exports to increasingly being dependent on domestic consumption, need to be explored by Pakistani businesses. Moreover, as Chinese Industries moves up the value chain, Pakistan should try to persuade Chinese businesses to relocate their declining industries to locations in Pakistan.

Pakistan also needs to do much more in terms of providing a conducive environment to attract Chinese manufacturing capacity to relocate to Pakistan.

As per the Tariff Reduction Modality (TRM) of China, some Pakistani products having relatively greater export potential are still facing high tariff rates, and have not been given concessions in China's offer list. China has provided Pakistan zero duty on only 75 percent of the total tariff lines, compared with over 90 percent to Malaysia, Indonesia, the Philippines, and Thailand, provided under ACFTA (ASEAN-China Free Trade Area). The items in which Pakistan lacks a competitive advantage—such as telephone sets, digital cameras, electrical machines, children toys, etc.—are included in the tariff elimination list of China.

Despite China's imports from the world rising, those from Pakistan have not shown a matching increase. The share of Pakistan's exports in China's imports from the world remains relatively insignificant. Pakistan should try

to seek further preferential concessions in areas where the country has consistently performed well with the rest of the world, and in which, China also trades with other countries.

However, none of the concessions would make much difference if Pakistani entrepreneurs do not gear up their quality to meet the high standards of the Chinese market. Pakistan also needs to do much more in terms of providing a conducive environment to attract Chinese manufacturing capacity to relocate to Pakistan.

Source: [globalvillagespace.com](http://globalvillagespace.com)- Feb 14, 2019

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### **Egyptian Cotton pilots BCI cotton project**

The Cotton Egypt Association is partnering with the United Nations Industrial Development Organisation (UNIDO) to boost sustainability.

Under a new pilot project called The Egyptian Cotton Project, the partners are launching the country's first Better Cotton Initiative (BCI) program. BCI connects people and organizations across the cotton sector – from field to store – to make global cotton production better for the people who produce it and the environment it grows in.

“The partnership with UNIDO to support the BCI pilot project is one of several initiatives we will be exploring in 2019, as we continue to bring the brand and the values of the world's finest cotton to meet the expectations of a modern consumer,” said Khaled Schuman, executive director of the Cotton Egypt Association.

The BCI is the largest cotton sustainability program in the world, educating farmers and granting the BCI standard to those who meet rigorous levels of sustainable production and employee welfare. Currently the organization licenses 1.3million farms in 21 countries and aims to bring 30% of global production up to BCI standard by 2020.

A UNIDO spokesman said: “The pilot project's vision is to pilot the BCI standard system in Egypt, through a multi stakeholder program jointly



coordinated by UNIDO, relevant governmental entities, farmers' cooperatives, cotton-textile associations and local/international private sector stakeholders.”

The sustainability drive is the latest move from Cotton Egypt Association to modernize and cement the Egyptian Cotton brand. It follows initiatives such as the introduction of a new accreditation process in partnership with Bureau Veritas, which uses DNA technology to root out counterfeit goods.

Source: hometextilestoday.com- Feb 14, 2019

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## **UK, Switzerland sign trade continuity agreement**

The United Kingdom and Switzerland recently signed in Bern an agreement to simplify trade and allow businesses to continue trading freely without additional tariffs. It continues the elimination of duties on most goods traded. Liam Fox, British secretary of state for international trade, signed the agreement with Swiss federal councillor Guy Parmelin.

British businesses and consumers will benefit from continued trade with Switzerland after the United Kingdom leaves the European Union, according to a UK Government press release.

Business groups, including the British Swiss Chamber of Commerce (BSCC), have welcomed the development, saying it will help support jobs and ensure businesses can keep trading without disruption.

Trading on these preferential terms rather than on World Trade Organization terms will deliver significant savings and help to safeguard British jobs, the UK Government feels.

Trade between both the countries was worth £32.1 billion in 2017. British consumers will continue to benefit from more choice and lower prices on goods imported from Switzerland, such as clocks, watches, and pharmaceutical products.

Source: fibre2fashion.com- Feb 15, 2019

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## **Germany-Ghana partnership to promote apparel sector**

Ghana recently launched a development partnership with Germany to build and sharpen vocational skills of managers and workers and drive the country's apparel manufacturing sector. Called 'Socially Responsible Jobs in Ghana's Emerging Apparel Sector', it is being championed through private sector expertise and the German Development Cooperation (GIZ).

The project, part of the German Government's develoPPP.de programme, is set up by the German ministry for economic cooperation and development (BMZ).

It is a partnership between Dignity Do the Right Thing (DTRT) Apparel, West Africa's largest apparel manufacturer and exporter of sports lifestyle apparels, the Ethical Apparel Africa, a profit sourcing company that provide apparel brands, and the GIZ, a German organisation providing international cooperation services for sustainable development.

Gerd Muller, Germany's minister for economic cooperation and development, launched the partnership at the DTRT premises in Accra. The German minister and his delegation also explored investment opportunities in Ghana's textile sector.

Source: fibre2fashion.com- Feb 15, 2019

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## NATIONAL NEWS

### **Modi to visit Korea, discuss bilateral issues**

Prime Minister Narendra Modi will hold talks with South Korean President Moon Jae-in on issues to strengthen economic and strategic ties in his visit to Seoul next week. Modi will also be awarded the Seoul Peace Prize announced last year.

The two sides are expected to discuss issues, including intensifying cooperation in defence, increasing trade and investments and easing visa rules.

“The Prime Minister will arrive in Seoul on February 21 on a visit that will provide an important occasion for the two leaders to review the recent developments in bilateral relations,” the Ministry of External Affairs said in a statement.

It will also provide an opportunity to exchange views on regional and international issues of common interest with the objective of further strengthening the special strategic partnership between the two countries based on shared values and interests, it said.

India is already working on providing the visa-on-arrival facility to tourists from South Korea and the move will enhance people to people contact between the two countries, said Vijay Thakur Singh, MEA Secretary (East).

The Prime Minister will participate in the India-Korea business symposium and will also inaugurate the India-Korea start-up hub, she said.

Moon will hold a private dinner for Modi on the first day of the visit and there will be a ceremonial welcome and official banquet for the Indian PM at the Blue House, the official residence of the South Korean head of state, on February 22.

The same day he will be conferred with the 2018 Seoul Peace Prize at a ceremony to be organised by the Seoul Peace Prize Cultural Foundation in recognition of his national and international contributions.

Source: thehindubusinessline.com- Feb 14, 2019

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## **India likely to gain \$11 billion in exports from US-China trade war: UNCTAD**

United Nations: There may be a golden lining for India in the dark clouds of the tariff war waged by US President Donald Trump against China, and it is likely to increase its exports by as much as \$11 billion if the proposed tariffs go into effect next month, according to the UN's trade arm. Statistics for India obtained by IANS from the UN Conference on Trade and Development (UNCTAD) show that the nation will benefit the most as a result of the tariffs proposed by the US on Chinese imports, increasing exports by \$8.3 billion.

It will gain \$2.65 billion from China's tariffs on US imports. Explaining the effect of the tariff war on other countries, Pamela Coke-Hamilton, the head of UNCTAD's international trade division said recently: "The US-China bilateral trade will decline and be replaced by trade originating in other countries."

"Our analysis shows that while bilateral tariffs are not very effective in protecting domestic firms, they are valid instruments to limit trade from the targeted country," she had said while launching a study, Key Statistics and Trends in Trade Policy 2018, earlier this month. As Trump announced a series of tariffs on imports totalling \$250 billion from China last year, Beijing retaliated with tariffs on imports worth \$110 billion from the US.

The two countries agreed in December to keep them in abeyance till March 1, while they try to negotiate a compromise that would bring down the US trade deficits. The trade negotiations are underway and could reduce the amount of tariffs and change the increases in exports projected for India and other countries. The breakdowns for India – that is not in the published study, which is an overview – was provided by UNCTAD to IANS and they showed that chemicals and plastics will be the top sector benefiting from Chinese tariffs on the US, gaining about \$1 billion, while on the US side it will be communications and office equipment with a gain for India of \$2.44 billion.

India's exports of machinery is expected to go up by \$2.4 billion because of US tariffs, and only \$714 million because of China's tariffs. Motor vehicles and transport equipment may benefit \$442 billion from US tariffs and only \$22 million from China's. In various other areas, India's exports are likely to go up by \$1.9 billion from US tariffs and \$222 million because of China's.

According to the World Bank, India's exports to the US in 2017 were \$46 billion, and to China the figure was \$12.5 billion. The study projected that European Union's exports will increase the most, capturing about \$70 billion of the US-China bilateral trade, while Japan, Mexico and Canada will each benefit by more than \$20 billion.

However, it warned that "while some countries will see a surge in their exports, negative global effects are likely to dominate" because of the "unavoidable impact that trade disputes will have on the still fragile global economy". It said that economic downturn will have an important effect on developing countries. Despite the assertions by Trump that the tariffs will reinvigorate domestic US manufacturing, the study estimated that of the \$250 billion in Chinese exports to be hit by US tariffs, only about 6 per cent will be captured by US firms, while about 82 per cent will go to businesses in other countries.

Similarly, of the \$110 billion US exports to be covered by China's tariffs, only about 5 per cent will be captured by Chinese businesses and about 85 per cent will go to firms in other countries, the study said.

Source: [indiatimes.com](http://indiatimes.com)- Feb 14, 2019

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### **Govt honours MSMEs in textiles sector & signs 15 MoUs to boost exports - 14th February 2019**

An exhibition showcasing achievements of MSMEs in the textiles sector was held in New Delhi on Wednesday, where 12 weavers and artisans from around the country were honoured for their work.

At the event 'National Conclave on Creating Synergy for MSMEs in Textiles Sector', the Ministry of Textiles also showcased its achievements.

Fifteen MoUs were signed at the event to boost foreign trade of textiles and handicrafts items. A short film on the outreach support programme of the textiles ministry was also screened. A booklet on 'Ease of Doing Business' was also released.

The push in the textiles sector comes a few months after Prime Minister Narendra Modi launched the 100 day-support and outreach programme for MSMEs. Hundred districts were identified in various sectors, and among these, 39 districts were identified for the textiles sector. Out of the 39, 12 were identified for handlooms, 19 for handicrafts, and eight for powerloom.

Smriti Zubin Irani, Minister of Textiles, said, “During the outreach programme, the government has ensured that the relevant information related to government schemes has reached beneficiaries. The Rs 6,500-crore Mudra loan was sanctioned to MSMEs in the textiles sector.” She added that 2.6 lakh weavers and craft-persons were brought under the social security network during the 100 days outreach programme.

She also described the Pradhan Mantri Shram Yogi Mandhan Yojana for providing pension of Rs 3,000 per month to people working in the unorganised sector. Thawar Chand Gehlot, Minister of Social Justice and Empowerment, said, “Seventy percent of people working in MSMEs of the Textile Ministry belong to SC/ ST and OBC categories. I urge the weavers and handicraft persons to avail the benefit of the schemes of the Ministry.

The availability of raw materials to entrepreneurs has increased and exports also went up in the past four years.”

Source: tea-india.org- Feb 13, 2019

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## **Farmers hold on to stock but cotton rates dip**

NAGPUR: Prime Minister Narendra Modi's visit to Pandharkawda, which is a major hub for cotton trade, coincides with a steep fall in price of the commodity, the main crop of the region. Hoping to get a higher rate, farmers were sitting on a major part of their produce even though the harvest was over in November. The rates have come down to the level of minimum support price (MSP) or even lower in some places.

The cultivators were banking on global trends hoping for a bumper price in the days to come. Cotton growers of Vidarbha had hopes on the US-China trade war which was expected to have a favourable tide for Indian farmers.

3Both US and China had imposed tariff barriers on each other which led to the scope of demand for cotton from India in both the countries. Aware of the developments, the farmers hoped that the rates would ultimately cross over Rs 6,000 a quintal in local markets.

However, the calculations have failed. An overall slump in the economy has hit the demand for cotton too. There are signs of the conflict easing with a series of negotiations taken up recently. In the last 20 days, the rates have slipped below the minimum support price (MSP) level of Rs5450 a quintal or are just at par in some of the pockets.

'A major dip of Rs500 was seen in the last fortnight,' said sources. The MSP was Rs4,500 earlier and it was raised to Rs5,450 recently by the central government last year.

The season began on a bullish note, followed by a dip. Last month the rates had again touched Rs5800-5900 a quintal and farmers were hoping for a further jump beyond Rs6000 level. However, the trend reversed instead. In Pandharkawda market cotton has touched Rs5450 to Rs5300, said Suresh Bolenwar a farm activist and a cotton grower himself. A little ahead in Telangana the rates are further down at Rs5115-5120 a quintal.

Sudhir Kothari, a member of agriculture produce marketing committee (APMC) at Hinganghat in Wardha district, said a large number of farmers had been waiting for the rates to improve. 'Now as the rates have touched the MSP, government procurement through cotton corporation of India (CCI) has also started,' he said.



Lorena Ruiz, an economist at International Cotton Advisory Committee (ICAC) in New York, said other cotton-growing countries too are expecting to benefit from the US-China trade war. 'But there needs to be an overall situation which can create a demand for the commodity,' she said.

The IMF has cut its growth forecast for China to 3.7% from 3.8%. The consumption estimates for China, from where buying was expected, has also been lowered.

Keshav Kranti, who heads the technical coordination section of ICAC, said that the rates had touched 100 cents a pound in July a 10-year high. 'However, the rates have come down to 80 cents now. At this level, experts see little chance of rates further going down. Rather, the bearish trend can increase the demand eventually,' he said.

Source: indiatimes.com- Feb 15, 2019

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## **Textiles Ministry sets up Centres of Excellence for G.I. Products**

The Ministry of Textiles, in close collaboration with state Governments and district administration, strove to achieve the targets in respect of various deliverables. Weavers' Service Centres (Field Office for Handlooms) was designated as the supervising agency for effective coordination with banks, district administration and weavers.

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: scconline.com- Feb 14, 2019

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## **Silver Crest Clothing to invest Rs 100 crore in garmenting unit in AP**

The Andhra Pradesh Economic Development Board (APEDB) on Wednesday said Bengaluru-based garments manufacturer Silver Crest Clothing Private Limited is planning to invest Rs 100 crore in setting up a 20.4 million garments per annum facility in Andhra Pradesh.

The plant, for which the company inked an MoU with APEDB in Vijayawada on Wednesday, is expected to create about 2250 direct jobs and another 250 indirect jobs, APEDB said in a release.

According to sources, Silver Crest is eyeing around 10 acres land for the greenfield project, which is expected to come up either in Anantapur or Chittoor district.

Silver Crest, which is the largest manufacturer of fine tailored clothing in South Asia and manufactures high quality suits for leading brands across US, has a total manufacturing capacity of over 4 million garments per annum across four independent facilities in the Bangalore area and currently employs 7700 workers, APEDB said in a release.

The MoU was signed by APEDB CEO J Krishna Kishore and Silver Crest Clothing Pvt Ltd director Jeet Golcha in the presence AP chief secretary Anil Chandra Punetha.

Pointing out that AP's new textile policy 2018-23 aims to attract investments worth Rs 15,000 crore and create 2.5 lakh jobs, APEDB's Krishna Kishore said the MoU is a step in the right direction as textiles is a priority sector for AP, which envisages increasing productivity and efficiency in the cotton-to-garment value chain.

'With the advent of fast fashion with reduced lifecycle times, the textile players are integrating their manufacturing operations from fiber to fashion. These changes coupled with the focus on the textile and apparel sector provides a huge opportunity for India, and Andhra Pradesh in particular,' APEDB said.

Source: cottonyarnmarket.net- Feb 15, 2019

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