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US 71.53| EUR 77.48 | GBP 93.32| JPY 0.65

Cotton Market (Feb 13, 2020)		
Spot Price - Shankar 6 (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
18900	39500	**70.40**
Domestic Futures Price (Ex. Warehouse Rajkot), February		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
19520	40797	**72.71**
International Futures Price		
NY ICE USD Cents/lb (March 2020)	69.24	
ZCE Cotton: Yuan/MT (May 2020)	13,025	
ZCE Cotton: USD Cents/lb	84.74	
Cotlook A Index – Physical	**77.20**	

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

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

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

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

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

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

On the fundamental front we expect prices to remain consolidated for both ICE and MCX. On the technical front, in daily chart, ICE Cotton May is moving towards the higher band of the downward sloping channel, which coincides with the lower bound of the rising channel near 69.90. Cotton m ay future has crucial resistance near 70(38.2% Fibonacci retracement level), where price would look to complete a pullback before it resumes it bearish bias. Meanwhile price is moving around the 5 & 9 day EMA at 68.93, 68.92, along with RSI at 48 suggesting for the sideways bias in the market. However, the next support for the price would be 68.01 recent low & 66.82 (76.4% Fibonacci retracement level) & the immediate resistance is around 69.90, which is 38.2% Fibonacci retracement level. Thus for the day we expect price to hold the range of 68.00-69.90 with a sideways bias. In MCX Feb Cotton, we expect the price to trade within the range of 18900-19350 with a sideways bias.

Compiled By Kotak Commodities Research Desk , contact us : mailto:research@kotakcommodities.com or can contact: allwyn.stewart@kotakcommodities.com, Source: Reuters, MCX, Market source

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INTERNATIONAL NEWS

USA: Cotton Shipments Strong in the Face of Coronavirus "What Ifs"

Cotton prices came under pressure after old crop futures traded up to 70 cents at midweek. Despite exceptional export sales and shipments, world concerns of China's inability to control the coronavirus pressured the market the remainder of the week, as the old crop May futures contract fell back to 68 cents.

As March futures nears First Notice Day (February 24) and the beginning of its expiry period, the May contract becomes the de-facto lead month. Too, May now commands the greatest open interest.

The financial world has become dominated by the "what if and ifs" of the news, speculation and rumors surrounding the coronavirus. The coronavirus outbreak is dwarfed in numbers by the western world's type A and type B flu viruses, yet, those are a known entity with a long history.

The coronavirus is all but unknown. Thus, its negative public perception has taken control of commodity and financial markets (perception is reality in the marketplace). Thus, as the commodity markets enter a three-day weekend, the price risk has become more substantial and pressured commodities.

Cotton has continued to be in strong demand across China, Southeast Asia and the Subcontinent. Weekly net sales of U.S. upland cotton totaled 350,900 bales, another 57,300 bales for marketing year 2020-21, as well as another 10,900 bales of Pima.

The 350,900 bales for the 2019-20 marketing year were a marketing year high. Thus, weekly net sales of all cotton totaled 419,100 – a very exceptional level.

Further, for the second consecutive week, the export sales report shows that shipments reached the level necessary to maintain the pace needed to reach USDA's annual export estimate of 16.5 million bales.

Upland shipments totaled 400,500 bales, while Pima shipments were 10,900 bales. Thus, shipments were actually slightly ahead of the pace needed to reach the USDA annual estimate. Vietnam, Turkey, Pakistan, Bangladesh and Indonesia were the principal buyers. China did buy 92,500 bales but had cancellations of 140,800 bales.

It is noted that actual net sales to China over the past two weeks remain negative. The combination of Chinese purchases and cancellations implies there are concerns about the coronavirus within the Chinese textile sector. Yet, additional mill purchases by China will continue and they seek bids daily. Weekly shipments to China did climb to 52,200 bales.

U.S. ginning records show some 18.9 million bales of cotton have been ginned to date – slightly ahead of the prior year's pace. However, ginning was very active in February and into March in 2019. Such is not the case this season. Thus, the USDA crop estimate could yet be revised as much as 400,000 bales lower.

This implies that the domestic supply demand ratio is much tighter than expected. U.S. carryover could slip as low as 5.1 million bales, or only some 500,000 bales higher than last year's level. This would be supportive of prices.

However, concerns surrounding the coronavirus still dominate speculative activity and keep the market under slight pressure. We retain our pricing posture with respect to a return to the low 70s.

Source: cottongrower.com- Feb 14, 2020

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US removes 25 countries from developing nations list

Preferential treatment in trade would no more be available to 25 countries as the US has removed them from its list of developing nations. US has ended the special preference for countries that are either members of G-20, Organisation for Economic Cooperation and Development (OECD), and are categorised as high-income nations by the World Bank.

The countries for which the US has abolished its special preferences are Albania, Argentina, Armenia, Brazil, Bulgaria, China, Colombia, Costa Rica, Georgia, Hong Kong, India, Indonesia, Kazakhstan, the Kyrgyz Republic, Malaysia, Moldova, Montenegro, North Macedonia, Romania, Singapore, South Africa, South Korea, Thailand, Ukraine, and Vietnam.

According to the office of the US Trade Representative (USTR) the narrow down on the list of developing countries was taken to reduce the threshold for an investigation into whether nations are harming US industries with unfairly subsidised exports.

As per the USTR, the step to narrow down on the list was part of the decision to revise the developing country methodology for countervailing duty investigations, whcih was needed as America's previous guidance is now “obsolete”.

Last month, addressing at the World Economic Forum 2020 in Davos, US President Donald Trump had made it clear that economies like China and India should not be considered developing nations by the World Trade Organization.

Source: fibre2fashion.com- Feb 14, 2020

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Morocco to revise FTA with Turkey

Turkey has agreed to review its free trade agreement (FTA) with Morocco, the latter's trade minister Moulay Hafid Elalamy announced recently. Signed in 2004, the agreement aimed at giving Moroccan companies duty-free customs access to the Turkish market and in return, Turkish goods would benefit from a gradual reduction in customs duties in the Moroccan market. The agreement covered textiles, steel and household appliances.

However, Morocco has been struggling to achieve the objective due to red tape and laws hampering the entry of Moroccan products into the Turkish market, according to a news agency report.

In 2018, Morocco recorded a trade deficit of MAD18 billion (about $1.8 billion) with Turkey. The textile sector has suffered a heavy loss with the number of job losses growing from 19,000 in 2014 to 44,000 in 2017.

Source: fibre2fashion.com- Feb 15, 2020

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Trade war knocks-on fashion: exports from China to the US drop by 22%

Vietnam recorded a 9.6% increase in its fashion exports to North America while Bangladesh's sales to the US market plummeted by 1.8% in the last year.

China loses shares rate as the largest fashion supplier for the United States. Chinese textile exports to the North America registered a 22% drop in 2019 amid trade war, according to data from the Department of Commerce's Office of Textiles and Apparel (Otexa).

Vietnam, on the other hand, registered a 9.6% increase in its fashion exports to the North American country, while Bangladesh's sales to the US market fell 1.8% in the last year.

In 2019, imports of clothing and textile products to the United States registered an increase of 1.94%. In December, fashion imports to the North America rose 5.6%.

The trade tension between China and the United States have been several months of tug of war. In January, both powers signed the first phase of the trade agreement. The new agreement addresses issues such as technology transfers, financial services and intellectual property protection.

Source: themds.com- Feb 14, 2020

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Vietnam: Enterprises need to stand ready to benefit from EVFTA

The EU-Vietnam Free Trade Agreement (EVFTA) was officially ratified by the European Parliament with 401 votes for (accounting for 63.33%) and the EVFTA dossier is being completed to be submitted to the Vietnamese President and the National Assembly (NA) for approval at the upcoming NA meeting in May. According to the progress, EVFTA may officially come into force in July this year. Time is running out and Vietnamese businesses need to be ready to overcome difficulties as well as taking advantage of the opportunities from the agreement.

Taking advantage of opportunities and dominating market share

EVFTA is opening up a great opportunity for Vietnamese enterprises to enter a potential market of 508 million people and a gross domestic product of US$18 trillion. Many products that Vietnam has already exported to this market including garments and textiles, coffee, and footwear still have huge room to expand to this market.

Executive Director of Vietnam Textile and Garment Group (Vinatex) Cao Huu Hieu said that Vietnam's textile and garment export turnover to the EU market reached about US$4.5 billion in 2019, up 2.23% compared to 2018.

The EU is spending approximately US$280 billion annually on importing textiles and garments from suppliers across the world while Vietnam's market share occupies less than 2% of EU's total textile and garment imports. Thus, there is still lots of room for Vietnam's garment and textile sector to grow.

Notably, when EVFTA comes into effect, 42.5% of tariff lines imposed on Vietnam's textiles and garments will be abolished and the rest will be eliminated after three to seven years, which will almost certainly create a push for businesses to promote exports.

Seeing those opportunities, many textile and garment enterprises have made careful preparations to be able to benefit from the agreement. Chairman of the Board of Directors of TNG Investment and Trading JSC Nguyen Van Thoi said that enterprises who have the ability to use materials from fabric onward to meet the rules of origin of EVFTA will have great advantages to enjoy tax incentives and boost exports. He noted that TNG exports more than US$100 million worth of garments to the EU market each year and the company will continue to expand its exports to this potential market.

Regarding footwear, Director of Tuan Viet Shoes Co., Ltd, Tran Van Tac, said that the approval of EVFTA will offer a great benefit to enterprises as the tax on canvas shoes will immediately be cut to 0% while the tax on several types of shoes will be eliminated as scheduled. He said that the agreement will bring about huge opportunities for his company as it exports 70% of canvas shoes to the EU.

Vietnam’s timber sector is also expected to benefit from EVFTA which is estimated to reach an export revenue of US$1 billion after the deal comes into force (Vietnam’s current timber export revenue to the EU is about US$700 – US$750 million per year).

It can be affirmed that Vietnamese goods will enjoy big incentives from EVFTA, especially garments and textiles, footwear, electronics, and wood products. However, the agreement also sets very high requirements relating to origin, certification of origin, food safety, information transparency, production environment and others.

Therefore, if businesses lack thorough preparations and long-term strategies, they will face difficulties to take advantage of the opportunities provided by the agreement while facing fierce competition from goods imported from the EU.

Vice Chairman of the Vietnam Textile and Apparel Association (Vitas) Truong Van Cam said that the EU is a potential market for Vietnamese textile and garment enterprises with a demand of about US$250 billion per year, doubling the US market. In order to expand exports to this market and benefit from EVFTA, Vietnam must build a complete supply chain and self-control its input materials to meet the rules of origin of fabrics onwards. Although Vietnam can produce yarns, it has yet to meet the requirements set in new generation FTAs.

The Ministry of Industry and Trade said that mechanisms and policies on the development of supporting industries will continue to be reviewed in accordance with the contents of EVFTA to facilitate sectors that will benefit the most from the agreement such as garment and textile, footwear, automotive industry, electronics, mechanical and processing industries.

Director of the Research Institute for Brand Strategy and Competition, Vo Tri Thanh said that the ratification of EVFTA is good news for Vietnam because of its positive prospects.

Impacts of the acute respiratory infections - Covid-19 epidemic are gradually disclosing our limitations and shortcomings in market development and competitiveness. In this context, EVFTA is forecast to create a big push for Vietnam's exports, especially when Vietnam’s exports the Chinese market are facing many difficulties. The agreement is the "key" to help open the door for Vietnamese businesses to penetrate into the potential market with a gross domestic product up to US$18 trillion.

With high quality and high scientific and technical content, EU goods imported to Vietnam will certainly be an important supply to meet Vietnam’s social and economic development demand.

Vietnam needs to continue promoting the restructuring and facilitating businesses to help them compete more effectively and taking advantage of more opportunities from EVFTA.

Source: en.nhandan.org.vn- Feb 14, 2020

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Chinese companies account for largest number of new companies in Uzbekistan in January

Thirty-eight new Chinese companies were established in Uzbekistan in January, accounting for the largest number of new companies in the country, according to information published by the Uzbek State Statistic Committee on Friday.

The total number of Chinese companies operating in Uzbekistan has reached 1,690 by the end of last month, second only to Russia in the number of foreign entities in the Central Asian country.

Chinese companies are involved in the areas of oil and gas exploration, pipeline transport, infrastructure building, telecommunications, textiles, chemicals, logistics and agriculture, according to the statistics committee.

China is one of Uzbekistan's largest trading partners. In 2018, China-Uzbekistan trade surged 48.4 percent year-on-year, reaching 6.26 billion U.S. dollars.

Statistics show that enterprises operating with foreign capital in Uzbekistan are mostly from Russia, China, Turkey, South Korea, Kazakhstan and other countries.

Since Shavkat Mirziyoyev was elected president in 2016, Uzbekistan has taken a series of measures to promote economic reforms, including the elimination of foreign exchange controls, the reduction of tax burdens, and preferential treatment for foreign investment.

Source: xinhuanet.com- Feb 14, 2020

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China's coronavirus hits Myanmar economy

China's coronavirus epidemic is hitting Myanmar's important manufacturing and tourism industries as well as disrupting border trade, but in the longer term the crisis could encourage more supply chain factories to relocate from its giant neighbour.

"We have lost all our customers," said Ma Khin Khin Win, director of tourist agency Myanmar YoYo Travels and Tours which focuses on Chinese tourists. The outbreak of the novel coronavirus in the central Chinese city of Wuhan came at the worst possible time for Myanmar's tourism industry, with the peak season lasting from October to March.

The epidemic has been declared a global emergency by the World Health Organization and is having an economic impact well beyond China where economic growth is forecast by the Economist Intelligence Unit (EIU) to fall to 5.4 percent from 5.9pc in 2020.

Fitch Solutions Macro Research this month lowered its forecast for Myanmar's real GDP growth for the financial year 2019-20 to 6.3pc from 6.5pc, down from an actual 6.8pc in 2018-19. It expects the slowdown in tourism activity to account for most of the impact as Chinese nationals accounted for nearly a third of over two million foreign tourists last year.

But the impact of the virus outbreak goes beyond a drop in Chinese travellers. Crude oil prices have lost around US$10 per barrel since mid-January on coronavirus-related fears. China is the biggest oil importer and if economic activity slows further then analysts say benchmark oil prices could dip by another US$3-5 per barrel.

Oil and gas exports account for roughly half of Myanmar's total export revenues and a drop in price will affect the government's efforts to attract foreign investment in the upcoming bidding round. The energy ministry is expected to release 15 offshore and 18 onshore blocks to international bidders later this year.

The EIU's global trade lead Nick Marro expects much of the economic shock to hit China in the first quarter, which he says will have consequences for ASEAN over that same period.

"In addition, the effects of weaker economic activity in China will reverberate out into regional supply chains. Pain will derive not only from quarantine measures and factory closures, but also the suspension of key port and logistics networks," Mr Marro explained.

Myanmar has to date not closed its borders to Chinese travellers and most flights have continued. Wa authorities in eastern Shan State have shut down casinos and nightclubs in their territory.

No cases have been detected so far, according to the government. Health minister U Myint Htwe told parliament that the authorities would only be able to test and verify the virus in Myanmar facilities next week. At present the ministry has to send the samples of suspected patients to Bangkok to be tested.

On February 2, a chartered flight evacuated 59 of 63 Myanmar students stranded in Wuhan to Mandalay, where they are currently quarantined for two weeks. But the long, porous border with China, stretching for more than 2200 kilometres, remains unrestricted and open to movements of people on both sides.

Mr Marro warned that closing borders could cause some diplomatic blowback. "China has already responded very angrily to the US for imposing its own travel restrictions, likely in part to dissuade other countries from following suit. A worst-case scenario would be if countries began enacting blanket bans on imported Chinese goods, which could be destabilising for the [Southeast Asian] region," he told The Myanmar Times.

Trade is another casualty.

Border trade between China and Myanmar is looking at possibly a 50pc reduction from the usual US$400 million per month, said U Khin Maung Lwin, commerce ministry assistant secretary. "Around US$200 million worth of border trade volume could be affected," he told this newspaper.

The Ruili-Muse border checkpoint has been closed since late January and this severely affected trade, according to industry sources. No timeline for the reopening has been announced.

During the last financial year, formal trade between Myanmar and China exceeded $11.3 billion as Myanmar exported more than $5 billion worth of goods to China and imported $6.3 billion.

Exports to China are mostly agricultural products such as rice, melons and sugar. However, most trade is now halted at the border checkpoints, with fresh produce rotting because of the delays.

The Myanmar government is arranging for melons and other products to be redirected to the domestic market and other foreign destinations, according to deputy commerce minister U Aung Htoo.

Manufacturers, meanwhile, have been hit by the halt of imports of raw materials from China due to the suspension imposed on Chinese factories by the authorities trying to curb the spread of the virus.

Import licences for raw materials in the textile industry have fallen about 20-30pc, according to Myanmar Garment Manufacturers Association (MGMA). "I have seen two or three [garment] factories shut down because of the lack of raw materials mostly from China," commented U Min Soe Han, label officer of MGMA.

But garment exports to major markets in Europe have not been affected so far and some industrialists are hoping that China's troubles could benefit Myanmar in the long run.

"With the current epidemic, it might present a new [business] opportunity for Myanmar," said William Wang, manager of Mingtex Myanmar Industrial Co, which has a manufacturing base in Yangon's Hlaingtharyar industrial zone. Mingtex is a subsidiary of the world's largest lacemaker.

The virus and disruption to industrial production in China have alarmed many retailers and manufacturers who depend on Chinese imports. Mr Wang believes Myanmar could capitalise on the disruption to attract manufacturers who are relocating out of China. "It all depends on whether the Myanmar government can propose attractive investment incentives, business-friendly regulations and improve the frequent strikes by Myanmar workers."

Mr Marro of the EIU also said the virus, in the long-term, could speed up the supply chain shifts that are already unfolding in Southeast Asia. Diversification by multinationals into Myanmar and the rest of the region has been ongoing for years and has accelerated owing to the US-China trade war.

"With companies forced to close their factories or evacuate staff from the Chinese mainland, their most immediate concern will be business continuity: how can I keep my operations online amid all of this?" he added. "Southeast Asia might look very attractive as a result, especially for any companies who were on the fence."

Source: mmtimes.com -Feb 14, 2020

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Adidas Jumps to Top of Sustainable Cotton Sourcing Ranks

Adidas has become a global leader in sourcing sustainable cotton.

In "The Cotton Ranking 2020," published by NGOs the Pesticide Action Network (PAN) UK, Solidaridad and the World Wildlife Fund (WWF), the athletic wear retailer moved from its sixth place spot on last year's list to the top of this one.

Adidas now sources 100 percent of its cotton from sustainable sources and leads the Cotton Ranking 2020 as the most established brand for sustainable cotton, with IKEA and H&M Group following second and third. C&A, Otto Group, Marks & Spencer, Levi Strauss, Tchibo, Nike and Decathlon rounding out the top 10.

Overall, big brands are showing sizable progress when it comes to their uptake of the more sustainable commodity. But the report did reveal that the divide between companies that take their environmental responsibilities seriously and those that do not, is widening.

What's more, the study uncovered that while 21 percent of global cotton production is now more sustainable in how its grown and cultivated, only 5 percent of global production is actively purchased as sustainable by retailers and brands. The rest has to be sold as conventional cotton because not enough of the big brands explicitly shop for more sustainable cotton.

“Shockingly, three quarters of sustainable cotton is still sold as conventional cotton,” Isabelle Roger, global cotton program manager at Solidaridad Network, said. “Farmer groups end up selling the majority of their more sustainable produce as conventional cotton due to lack of demand. If the failing brands took their responsibilities seriously, this wouldn’t be an issue.”

The report assessed 77 cotton-using companies estimated to use more than 10,000 metric tons of cotton annually on their public policies and commitments, how much of the cotton they use is actually from sustainable sources and on how open they are with their supply chain traceability.

Companies like Bestseller and Decathlon, which in 2017 were ranked as “starting the journey,” are now “‘leading the way,” according to the report, thanks to the sharp increase in sustainable cotton use. Nearly all companies that made public commitments have made substantial improvements, the report noted.

The number of companies lagging behind is largely unchanged since 2017, with roughly one-third—including global names like Amazon, Footlocker, Giorgio Armani and Forever 21—scoring zero in the ranking, despite increasing global concerns about worsening water scarcity, pollution, land degradation and biodiversity loss.

“The ranking reveals that there is a small but growing group of frontrunners who are leading the way toward a more sustainable cotton sector, with their commitment over the last few years paying off,” WWF global water stewardship lead Alexis Morgan, said.

“The report gives plenty of evidence that public commitments lead to results, however many companies have still not taken the necessary steps. CEOs of these laggard companies must change course and make time-bound commitments to use more sustainable cotton.”

While there’s more that could be done, the report noted that for the first time, more than 50 percent of ranked companies now have commitments to use sustainable cotton.

Eleven big brands, including Nike, H&M and C&A, have committed to sourcing 100 percent of their cotton from more sustainable sources by the end of this year. And that companies like IKEA, Adidas and Marks & Spencer, are aiming to maintain their 100 percent sustainable sourcing track records.

Companies, the report authors urged, should not only meet and sustain their target over time, but also uphold their commitment to making the global cotton sector more sustainable, and have a deeper positive impact on cotton farming communities and their environment.

Brands that are "leading the way" perform better than the rest in all areas, according to the report, but the difference is most marked in how much cotton they source is from more sustainable sources. Only 23 companies report on the absolute volume of more sustainable cotton they source and most have shared this in confidence with the researchers. Only 11 companies publish how much cotton lint they source in total.

"Companies are not transparent enough about their supply chains and purchasing practices," Keith Tyrell, director of PAN UK, said. "We need to see more time-bound targets, higher proportions of more sustainable cotton being sourced and transparency on where their cotton really comes from."

Source: sourcingjournal.com -Feb 14, 2020

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Dhaka seeks US duty benefits for apparel made of US cotton

Bangladeshi apparel products made of raw materials, including cotton, imported from the United States should be exempted from import duty by importers there, according to foreign minister AK Abdul Momen, who recently floated the idea to strike a deal on purchasing cotton from the United States in exchange of getting duty-free market access.

He was speaking at a luncheon meeting organised by the American Chamber of Commerce (AmCham) in Bangladesh with the theme 'Strengthening Bangladesh-USA economic relationship'.

On an average, Bangladeshi products attract 15.6 per cent import duty in the US market, which is unfortunate for a least developed country as French products face only 0.5 per cent duty, he said.

There also must not be any requirement for further testing of the products at Bangladesh ports, he added.

The foreign minister said that the United States offers similar benefits to Sub-Saharan African countries and Caribbean countries under the African Growth and Opportunity Act (AGOA) and the Caribbean Initiative.

Momen urged US companies to invest more in Bangladesh to assist the country to achieve its aspiration for becoming a developed country by 2041.

Source: fibre2fashion.com-Feb 14, 2020

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Vietnam's FTA with EU may hurt Bangladesh

The EU-Vietnam free trade agreement is set to come into force this year. The trade agreement would eliminate virtually all tariffs on goods traded between the two sides.

However the agreement might pose a challenge to Bangladesh's struggling readymade garment export business. It would eliminate the existing disadvantage of Vietnam in the EU market.

Bangladesh might lose its competitiveness in the EU market by 12 to 15 per cent as Vietnam would get the same percentage of duty benefit in the market.

The EU is the largest export destination for Bangladesh and the country enjoys generalised scheme of preferences in the economic bloc. Bangladesh's readymade garment exports have been struggling for the last few months due to a global slowdown in demand and fall in prices.

Although, Bangladesh is the second largest readymade garment exporter in the world, the country's global market share has been reducing for the last few months while Vietnam has been grabbing a bigger share.

Bangladesh's share in the global clothing market decreased by 0.1 percentage point to 6.4 per cent in 2018, which was 6.5 per cent in 2017. While Vietnam narrowed the gap by 0.3 percentage points to 6.2 per cent in 2018 from 5.9 per cent in 2017.

Source: fashionatingworld.com-Feb 14, 2020

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Pakistan: Restricted buying on cotton market

Cotton expert Syed Muddabir Shah said that reduction was witnessed in net sale of US and Indian cotton to China, with prices of the commodity declining in India.

Locally, he said, spinners are not ready to pay high prices to ginners who are in no mood to reduce the prices.

Cotton analyst Naseem Usman said that textile mill owners are worried after receiving electricity bills of current months. The government has withdrawn the subsidy and imposed surcharge which is contrary to the announcement made by Prime Minister Imran Khan that electricity charges will not increase for three year, he said.

The government has also announced that surcharge will not be imposed on export sector, he recalled. This situation will affect the country's exports as exporters will not be able even fulfill the orders they won last month at the Heimtextil fair in Germany.

The prices of phutti (seed cotton) in both Sindh and Punjab remained between Rs3,200-4,700.

The following deals were reported to have changed hands on ready counter: 400 bales, station Rahim Yar Khan, at Rs9,150; 200 bales, Haroonabad, at Rs8,550; 200 bales, Faqirwali, at Rs8,575; 200 bales, Layyah, at Rs8,150; and 200 bales, Alipur at Rs8,700.

Source: dawn.com-Feb 15, 2020

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NATIONAL NEWS

Goods exports dip 1.6% to $25.97 b in Jan; trade deficit at $15.17 billion

The country's goods exports posted a decline for the sixth consecutive month falling 1.66 per cent to $25.97 billion in January with high-value items such as ready-made garments and gems & jewellery continuing to slide.

Imports for the month was a tad lower at $ 41.14 billion due to fall in gold and silver, coal and iron & steel imports.

The trade deficit in January was at $15.17 billion, almost at the same level as in January 2019, according to an official release circulated by the Commerce & Industry Ministry on Friday.

Exporters' body FIEO said the slowing down of the Chinese economy due to the coronavirus outbreak in that country added to persisting protectionism in most nations and liquidity concerns increased their troubles.

"Only 10 out of the 30 major product groups were in the positive territory in January and this included electronic goods, drugs & pharmaceuticals and organic & inorganic chemicals. However, all other major sectors of exports, including almost all labour-intensive sectors, are still in negative territory," a statement from FIEO said.

The country's total goods exports in April-January 2019-20 was at $265.26 billion, 1.93 per cent lower than exports in the same period last fiscal. Imports in the April-January 2019-20 period was 8.12 per cent lower at $398.53 billion.

India's exports touched a high of $331 billion last year posting a 9 per cent growth. The previous high was in 2013-14 at $314 billion. Since then exports have been fluctuating in response to a global slowdown.

Source: thehindubusinessline.com- Feb 14, 2020

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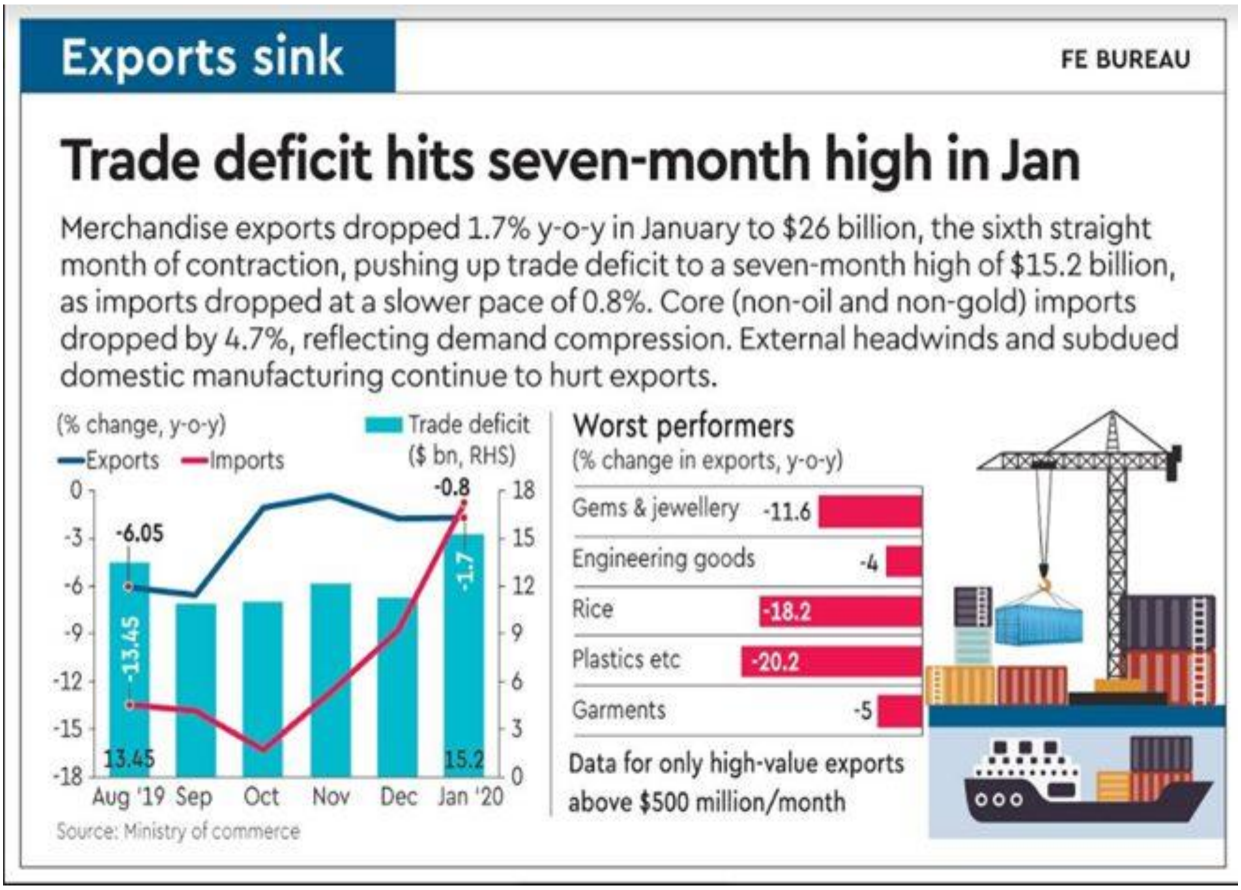
Exports sink: Trade deficit hits seven-month high in January

Merchandise exports dropped 1.7% y-o-y in January to $26 billion, the sixth straight month of contraction, pushing up trade deficit to a seven-month high of $15.2 billion, as imports dropped at a slower pace of 0.8%.



Core (non-oil and non-gold) imports dropped by 4.7%, reflecting demand compression. External headwinds and subdued domestic manufacturing continue to hurt exports.

Source: financialexpress.com- Feb 14, 2020

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January 2020 Trade Data: Exports down for sixth month, oil import increases;

India's merchandise exports fell for the sixth consecutive month in January 2020. The exports for the month were down by 1.66 per cent to $25.97 billion as compared to $26.41 billion in January 2019, said Ministry of Commerce and Industry in a release. The exports for major commodity groups, on the other hand, showed a positive growth last month. Among these, electronic goods showed an uptick of 32.81 per cent followed by drugs and pharmaceuticals with an increase of 12.37 per cent. In the first eleven months,

Ministry of Commerce and Industry release said that the cumulative value of exports for the period between April and January 2019-20 was $265.26 billion. In comparison, during the period between April and January in FY19, this figure stood at $270.49 billion, which is a negative growth of 1.93 per cent. However, among major import products, coal fell by 24.4 per cent, chemicals were down by 12 per cent and gold shrank by 31.5 per cent. Machinery and transport imports were up by 4 per cent and 2 per cent, respectively.

Overall imports witnessed a marginal decline of 0.74 per cent in the month under review. The imports stood at $41.14 billion in January 2020. As a result, the trade deficit was recorded at $15.17 billion last month which is slightly higher than the trade deficit of $15.05 billion in January 2019. The overall trade deficit for current fiscal till January 2020 is accounted at $ 133.27 billion.

Meanwhile, oil imports have increased by 15.27 per cent last month to $12.97 billion as compared to oil import worth $1.25 billion in the same month last year. After many statements, the government is unable to reduce its dependence on oil imports. The country's dependence on oil imports has been increasing since FY15. Dharmendra Pradhan, Minister of Petroleum and Natural Gas had recently provided data in Lok Sabha which revealed that dependence on crude oil has increased from 78.3 per cent in FY15 to 83.8 per cent in FY19.

Source: financialexpress.com- Feb 14, 2020

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E-tailers must work within laws of the land: Piyush Goyal

At a time when ecommerce giants Amazon and Walmart-owned Flipkart are under investigation for alleged violations of the country's competition law, Union commerce and industry minister Piyush Goyal on Thursday took a tough stance against global e-tailers.

"Promises of a certain number of people benefiting from e-commerce are very attractive but it cannot be at the cost of a 10x number of people suffering the consequences of practices that are not allowed and certainly a trillion-dollar firm competing with a small retailer whose total capital may be a lakh or two lakh of rupees is a very unfair competition," Goyal said at the first Times Now summit in the Capital.

The minister had earlier, during a visit by Amazon founder Jeff Bezos, said that the online giant had not done any favour by announcing a $1 billion investment. On Thursday, Goyal also had some tough words. "When a certain e-commerce company makes a loss of Rs 6,000 crore on a turnover of Rs 5,000 crore it certainly doesn't look, feel and smell right. Obviously, when a company makes a loss of Rs 6,000 crore it will bring in money to pay for that loss," he said.

Goyal, however, said that the government would welcome e-commerce to work within the framework and the laws of the land. "I appeal to all stakeholders in the ecommerce industry to work within the letter and the spirit of the law," he said.

Talking about how the government has been working since 2014 to correct the economic mismanagement by the UPA dispensation, he said the absolute mismanagement started in 2008-09, which had brought India to its knees. He said the NDA government had repaired the damage done to the economy. "There continue to be large investments. Fifty percent of India's FDI came in the last five years," Goyal said.

"Investments come in as old capacities get used up. Capacity utilisation currently is in the high 70s to mid-80s. Despite the global challenges the world is facing, including the coronavirus issue, India is holding up reasonably well," he said.

Goyal said that his ministry is focusing on several sectors such as textiles where India has a competitive edge to boost exports. He said India has always focused on cotton textiles compared to the world that has moved on to man-made textiles. The textiles sector has the potential to increase exports to $100 billion in the next 10 years from the current level of about $37 billion.

Source: timesofindia.com- Feb 14, 2020

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WPI inflation for apparel dips 0.8% in January 2020

India's annual rate of inflation, based on monthly wholesale price index (WPI), for January 2020, stood at 3.1 per cent over January 2019. The index for textiles dipped 0.4 per cent while for apparel it was down 0.8 per cent in January, according to the provisional data released by the Office of the Economic Adviser, ministry of commerce and industry.

The official WPI for all commodities (Base: 2011-12 = 100) for the month of January 2020 rose by 0.1 per cent to 122.9 from the previous month's level of 122.8, the data showed.

The index for manufactured products (weight 64.23 per cent) for January 2020 rose by 0.4 per cent to 118.5 from the previous month level of 118.0. The index for 'Manufacture of Wearing Apparel' sub-group declined by 0.8 per cent to 138.0 from 139.1 for the previous month due to lower price of manufacture of wearing apparel (woven), except fur apparel (1 per cent).

The index for 'Manufacture of Textiles' sub-group also declined by 0.4 per cent to 116.4 from 116.9 for the previous month due to lower price of cotton yarn and manufacture of other textiles (1 per cent each). However, the price of woollen yarn moved up by 1 per cent.

The index for primary articles (weight 22.62 per cent) dropped by 1.1 per cent to 147.2 from 148.8 for the previous month. The index for fuel and power (weight 13.15 per cent), however, rose by 1.4 per cent to 102.7 from 101.3 for the previous month. While prices of furnace oil, naphtha, ATF, LPG, HSD and kerosene increased, price of bitumen declined.

Meanwhile, the all-India consumer price index (CPI) on base 2012=100 stood at 7.59 (provisional) in January 2020 compared to 7.35 (final) in December 2019 and 1.97 in January 2019, according to the Central Statistics Office, ministry of statistics and programme implementation.

Source: fibre2fashion.com- Feb 14, 2020

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Cotton Corp starts commercial purchases as cotton prices low

Cotton Corp of India has started purchasing cotton for its commercial account over the past few days due to low prices, said Chairman and Managing Director P. Alli Rani said.

"In the current season, so far around 7,000 bales of cotton have been purchased on commercial accounts, compared with 700,000 bales in the (whole of) previous year," Rani said.

The state-owned company is also the government's nodal agency for purchases under the minimum support price scheme.

"Usually, I don't execute commercial buying simultaneously with the MSP operation, as I don't have that much infrastructure but because of lower prices this year I have floated a tender for the same," she said.

Last year, the agency had commenced commercial operations during end of March.

The agency has floated a tender to purchase cotton at 39,400-39,500 rupees per candy (1 candy = 356 kg) from the open market through an electronic auction.

Procurement under MSP in the current 2019-20 (Oct-Sep) marketing year has exceeded 5.8 mln bales (1 bale = 170 kg), of which 53% was bought from Telangana.

Gujarat, Maharashtra and Telangana are the top three cotton growing states in the country.

The minimum support price for medium-staple variety of cotton is at 5,255 rupees per 100 kg, and that for long staple at 5,550 rupees per 100 kg.

Cotton Corp aims to procure 6.5-7.0 mln bales of the crop under MSP in the current year. The estimated procurement is over sixfold higher than 1.1 mln bales procured the previous year.

The Cotton Association of India has pegged 2019-20 crop at 35.45 mln bales, compared with 31.2 mln bales last year.

Source: cogencis.com- Feb 14, 2020

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TN budget: Tiruppur Export Association welcomes allocation of Rs 1,224 crore to enhance handlooms, textiles businesses

The Tiruppur Export Association (TEA) on Friday welcomed the budget allocation of Rs 1,224 crore to the development of handlooms and textiles businesses in Tamil Nadu.

Deputy chief minister and finance minister of finance minister O Panneerselvam presented the budget in the assembly in on Friday.

Speaking on how this budget allocation could encourage and benefit thousands of budding entrepreneurs, TEA president Raja M Shanmugham said, “We welcome the expanding benefits available under Prime Minister’s Employment Generation Programme (PMEGP) and the Unemployed Youth Employment Generation Programme (UYEGP), the existing project size limit of Rs 10 lakh will be enhanced to Rs 15 lakh and eligible subsidy under the scheme will be enhanced from Rs 1.25 lakh to Rs 2.5 lakh.

This will encourage thousands of budding entrepreneurs. The provision for this scheme has been enhanced to Rs 33 crore in the Budget Estimates 2020-21.” The budget also allocated Rs 500crore fund allocation for environmental clearance under the Athikadavu-Avinashi irrigation scheme. Interest subvention under the Technology Upgradation Scheme and the Credit Guarantee Fund Trust scheme has been increased from 3% to 5%.

He appreciated enhancing of the maximum capital subsidy under the NEEDS scheme from Rs 30 lakh to Rs 50 lakh and the Rs 100 crore fund allocation for this scheme in the Budget Estimates 2020-21.

Reduction in Stamp Duty for rental agreements under the new Tenancy Act to 0.25% from 1% and registration charges on such agreements to 0.25% from 1% subject to a maximum of Rs 5,000 was also seen as a welcome move.

Source: timesofindia.com- Feb 14, 2020

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Nirmala Sitharaman to meet industry bodies to assess coronavirus impact

Finance Minister Nirmala Sitharaman will meet industry bodies on Tuesday to asses the impact of the coronavirus outbreak on Indian trade and businesses.

The virus outbreak in China has claimed nearly 1,500 lives and infected over 60,000. The deadly virus has spread to many countries, including India.

"To assess impact of Coronavirus, presently endemic in China, on Indian trade & industry, Finance Minister Smt. @nsitharaman would be meeting Industry associations on Tuesday along with Secretaries in the Ministry," the finance ministry said in a tweet.

Several sectors, specially electronics, mobile and textiles, are expected to be hit due to supply restraints in China in the wake of the coronavirus epidemic.

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

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Toray Ind unit in Sri City to make technical textile, auto parts

AP Minister promises single desk exclusively for Japanese investors

Toray Industries (India), a subsidiary of Toray Industries Inc of Japan, commissioned its ₹1,000-crore plant in Sri City in Andhra Pradesh to produce meditech technical textile materials and auto components.

Mekapati Goutham Reddy, AP Industries Minister, unveiled the plaque marking the inauguration of the plant in the presence of Kojiro Uchiyama, Consul-General of Japan in Chennai.

Toray is the 20th Japanese company to start operations at Sri City. Five more Japanese companies are in the construction phase.

The unit, which was built on a 85-acre site at an initial investment of around ₹1,000 crore, has units for manufacture of PolyPropylene (PP) Spun Bond and Engineering Plastics Resin Compounds, an Environment Treatment Plant, power utilities, along with related infrastructure.

The PP Spun Bond plant is to produce meditech technical textile material and will start commercial production in March. These products are used in diapers and sanitary napkins, which take advantage of the material's combination of wicking, softness, high uniformity and light weight.

The products made at the Engineered Plastics Resins plant are used as raw materials for making automobile electrical components and electrical and electronic connectors. The plants will supply their products to both Indian and cater to exports.

Both plants put together will initially generate jobs for over 400 people, and this number will go up in subsequent phases.

The Minister said because of ease of doing business in the State, several Japanese companies prefer AP, particularly Sri City.

"For expediting speedy process and clearance, soon we will introduce a special desk for Japanese investors," he said.

Kojiro Uchiyama said that “Toray’s presence will make a significant impact on Indian market with its innovative products.”

Source: thehindubusinessline.com- Feb 14, 2020

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Textile industry told to diversify to polyester to boost exports

Ravi Capoor, Secretary (Textiles), has urged the industry to diversify to polyester textile products to boost exports.

His advice follows the government’s decision to abolish anti-dumping duty on Purified Terephthalic Acid (PTA), a key raw material for polyester textiles, in the recent Budget.

With the global textile market for man-made fibre on the rise, it would make sense only if India moved in that direction.

A level playing field has been created by abolishing the anti-dumping duty on PTA, Capoor said, at an interactive meeting organised by the Confederation of Indian Textile Industry (CITI).
Office bearers of 48 textile associations in South India participated in the discussion.

Besides appreciating the sustainable initiatives taken by Tirupur and Coimbatore by implementing zero liquid discharge, Capoor advised the Tirupur Knitwear Cluster to brand its garments and products under sustainable programme as this would help fetch larger margins globally. The Government would extend all necessary support to promote the brand, he added.

Capoor also hinted that the Government would address all the structural issues in its new National Textile Policy and initiate efforts to expedite conclusion of FTAs with EU, UK and other countries to boost the exports.

CITI Chairman T Rajkumar, in a release, pointed out that the industry has been facing severe challenges in the aftermath of demonetisation, GST implementation, economic slowdown across the globe, US-China trade war and more recently the coronavirus outbreak in China.

“The domestic market recorded a steady growth, but exports stagnated — registered 4 per cent negative growth during the last four years. China has started cutting down its production, outsourcing and created a huge space in the international market.

This opportunity has been fully exploited by small countries like Bangladesh and Vietnam pushing India to the 5th position in the global textile trade, from the 2nd position that it had held for several years,” he said.

Source: thehindubusinessline.com- Feb 14, 2020

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Textile policy to be rolled out by mid 2020

Mega parks will help country scale, spurring cost effectiveness: Textiles Secretary

The Central Government is expected to roll out a Textile Policy by the middle of this year, according to Ravi Capoor, Secretary of the Union Ministry of Textiles.

“We are working on a policy. Two rounds of consultatations have been held with the stakeholders. Hopefully by mid-year we should have the new policy,” Mr. Capoor told The Hindu on Thursday.

On the measures to be taken to attract investments in textiles and clothing, he said the need for cost effectiveness is a major challenge.

One factor affecting cost effectiveness is lack of scale. “New industries should look at scale. The Ministry plans to develop 10 mega textile parks. Each one will be an integrated park.

We hope to bring some economies of scale with this. India should be a destination for Foreign Direct Investment in textiles. We need good infrastructure for it.” The Ministry is talking to the States and a meeting will be held on Monday too. Any State which has minimum 1,000 acres ready for the park will be supported to develop it, he said.

The Secretary was hopeful of textile and garment exports increasing this financial year compared to last year, when it was roughly $38 billion. Indian exporters are largely cotton based. “We should move to MMF (manmade fibre). If Indian exports in MMF grow to the level of cotton (ie, the share of Indian cotton product exports in global trade) the overall exports will increase by $20-25 billion,” he said.

Another thrust area will be technical textiles. The Cabinet is expected to approve the National Technical Textiles Mission, announced in the Budget, soon. It will be rolled out in a couple of months. “We are going to spend ₹1,000 crore in developing raw materials for technical textiles; research associations will be asked to produce applications for these.”

Source: thehindu.com- Feb 14, 2020

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Knit Fair to be held from February 17 to 19

India International Knit Fair, to be held in Tiruppur from February 17 to 19, will have more than 50 buyers and over 100 buying agents visiting the event.

A. Sakthivel, chairman of Apparel Export Promotion Council, said the event was organised by India Knit Fair Association and would have a wide variety of knitted cotton and blended products.

The demand was more for organic cotton and the manufacturers had also shifted to medium and high budget garments, he said.

The Association had tied up with the Buying Agents Association, New Delhi, so that more agents visited the fair.

“We are expecting serious buyers from Japan, Australia, Singapore, the UK, the US, Canada, and South Africa for this 47th fair,” he said.

The India Knit Fair Association was extending logistics support to buyers and buying agents who had confirmed their visit and provided the required details. A help desk would be set up at Coimbatore International Airport to ensure smooth passage of out-station participants and all visiting delegates to the fair. O.S. Manian, Minister for Handlooms and Textiles, Government of Tamil Nadu, would inaugurate the fair on February 17.

Regarding apparel exports, Mr. Sakthivel said that in EU, Bangladesh exports entered mostly duty free as it was a less developed country. Vietnam and Cambodia also attracted zero tariff.

But, Indian apparel exports attracted 9.1 % duty. Further, European Union recently extended special status to Sri Lanka as a preferential country. Garment exporters had appealed to the Centre to expedite free trade agreements, especially with Europe.

Committee formed

The AEPC had formed a committee to study the markets and products that countries such as Bangladesh, Cambodia and Vietnam were strong in. This would help the exporters plan their focus markets and products.

Source: thehindu.com- Feb 14, 2020

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