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US 71.38| EUR 77.31 | GBP 92.76| 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

Coronavirus could damage global economic growth in 2020: IMF

The coronavirus epidemic could damage global economic growth this year, the IMF head said Sunday, but a sharp and rapid economic rebound could follow. “There may be a cut that we are still hoping would be in the 0.1-0.2 percentage space,” the managing director of the International Monetary Fund, Kristalina Georgieva, told the Global Women’s Forum in Dubai. She said the full impact of the spreading disease that has already killed more than 1,600 people would depend on how quickly it was contained.

“I advise everybody not to jump to premature conclusions. There is still a great deal of uncertainty. We operate with scenarios, not yet with projections, ask me in 10 days,” Georgieva said. In its January update to the World Economic Outlook, the IMF lowered global economic growth forecast in 2020 by a 0.1 percentage point to 3.3 per cent, following a 2.9 per cent growth the previous year, the lowest in a decade.

Georgieva said it was “too early” to assess the full impact of the epidemic but acknowledged that it had already affected sectors such as tourism and transportation.

“It is too early to say because we don’t yet quite know what is the nature of this virus. We don’t know how quickly China will be able to contain it. We don’t know whether it will spread to the rest of the world,” she said.

If the disease is “contained rapidly, there can be a sharp drop and a very rapid rebound”, in what is known as the V-shaped impact, she said. Compared to the impact of the Severe Acute Respiratory Syndrome (SARS) in 2002, she said China’s economy then made up just 8.0 per cent of global economy. Now, that figure is 19 per cent.

She said the trade agreement between the United States and China, the world’s first and second economies, had reduced the disease’s impact on global economy. But the world should be concerned “about sluggish growth” impacted by uncertainty, said the IMF chief.

"We are now stuck with low productivity growth, low economic growth, low interest rates and low inflation," she told the Dubai forum, also attended by US President Donald Trump's daughter Ivanka and former British prime minister Theresa May.

Source: financialexpress.com- Feb 17, 2020

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Decline in global merchandise trade volumes to continue for now: WTO

Situation to worsen as estimates don't take into account coronavirus outbreak

The current decline in global merchandise trade volumes is expected to continue in the early months of 2020, as uncertain business conditions fueled by protectionism further reduce export orders in key sectors, the World Trade Organization (WTO) has said.

The global body's Goods Trade Barometer (GTB) on Monday signaled further weakening of trade volumes in fourth quarter of 2019 and first quarter of 2020.

"World merchandise trade volume was 0.2 per cent lower in Q3 2019, relative to the same quarter in 2018 in line with expectations from the barometer index of November 2019," the WTO said.

The GTB provides real-time information on the trajectory of world trade relative to recent trends. Its latest estimates showed a reading of 95.5, suggesting a further weakening after merchandise trade growth slowed during the first quarter of 2019. Readings of 100 indicate growth in line with medium-term trends, while readings greater than and below 100 indicate above-trend and below-trend growth, respectively. The direction of change reflects momentum compared to the previous month.

The latest barometer reading is driven by further drops in container shipping (94.8) and agricultural raw materials (90.9), as well as the plateauing of growth for automotive products.

However, the WTO said decline in export orders (98.5) and electronic components (92.8) appeared to be stabilising, and the weak performance of air freight (94.6) throughout 2019 seemed to have bottomed out.

Fall before revival

India's exports contracted 1.6 per cent in January, the sixth straight month of fall, as major foreign exchange earning sectors such as engineering goods, jewellery, and textiles continued to be plagued by broad-based contraction. This occurred despite India's biggest exports — petroleum — picking up. Exports have fallen in seven of the 10 months of financial year 2019-20 (FY20). Till January, cumulative exports stood at $265.3 billion, which is 1.9 per cent lower than in the corresponding period in the previous fiscal year.

The WTO said growth prospects for global trade remained shaky over the past two years, without even factoring in the latest coronavirus outbreak in manufacturing powerhouse China. As a result, the data of the goods trade barometer may actually show further decline.

However, other global bodies are betting on a sharp recovery. Last month, the International Monetary Fund lowered global economic growth forecast in 2020 to 3.3 per cent, following a 2.9 per cent growth the previous year, the lowest in a decade. But World Bank said despite persisting downward risks, global economic growth was forecast to edge up to 2.5 per cent in 2020 as investment and trade gradually recover from last year's significant weakness.

Corona hurdle severe

However, most of the latest macro estimations calculations do not account for recent developments such as the outbreak of COVID-19, the new coronavirus disease, which may dampen trade prospects further. Commentators have pointed out this will give a major blow to manufacturing in East Asia and trade patterns worldwide.

But China continues to insist the breakout, now officially classified as an epidemic by the World Health Organization, is on the verge of being completely stabilised and factories will open soon. Earlier this month, Chinese officials brought up the issue at a meeting of the WTO Special Committee on Customs Cooperation and Trade Facilitation.

They reportedly asked nations to respect the authority and professional advice from the World Health Organization (WHO), and to prevent excessive reactions by imposing unnecessary restrictions.

Recently, China asked the members of the WTO to abstain from implementing unnecessary restrictions to trade with the Asian country as a pretext to prevent the outbreak of the Covid-19 coronavirus.

Protectionism pangs

- WTO says trade-restrictive measures by G-20 nations remain at historic highs
- The same have shot up as the WTO's dispute settlement court has become defunct since Dec
- For 2019, merchandise trade volumes forecasts have been sharply cut to 1.2% from 2.6%
- Phase 1 of the US-China trade deal came into force on Friday with tariffs being cut on $195 bn of goods

Source: business-standard.com- Feb 17, 2020

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How Will Robots Transform The U.S. Textiles Industry?

US textile and apparel shipments totaled $76.8 billion in 2018. Automation continues to assist in the growth of U.S. manufacturing, and this is particularly the case in the textiles, clothing and footwear industries. From the intelligent harvesting of cotton to digital printing processes — a revival in the US textile industry is underway.

The geographical distribution of textiles production has seen a dramatic shift in the past 50 years, with manufacturers moving a proportion of their production facilities from Europe and North America, to Asia and other developing parts of the world. However, things are changing. According to the International Federation of Robotics (IFR) Executive Summary World Robotics 2019 report, there are five major markets for industrial robots — China, Japan, the United States, the Republic of Korea and Germany — which account for 74 percent of global robot installations.

In recent years, the increase in automation, coupled with the rapidly rising wages in Asia, has seen some manufacturers shun the offshore production business model. Instead, aided by good transportation infrastructure and a workforce that can handle new technologies, home soil offers new production draws.

According to the Washington-based National Council of Textile Organizations (NCTO), the U.S. textile industry invested $22.8 billion in new plants and equipment from 2006 to 2017. It’s clear that textile manufacturers are shifting priorities to increase productivity and boost efficiency.

The Challenges

The latest statistics from the IFR Executive Summary World Robotics 2019 Industrial Robots report shows the growing uptake of automation. However, compared with the success of automation in the automotive industry, which accounts for 30 percent of all robot installations worldwide; and the electrical industries, which has seen robot installations increase by 24 percent on average each year since 2013, the textile industry has seen a relatively lower rate of change.

During the early Industrial Revolution, entrepreneurs in the U.S. cotton textile industry began to use mechanized looms to keep up with production demands.

Fast-forward to the present day, and today’s technology objective hasn’t changed. Today, the textile industry aims to meet the demands of today’s consumer, who wants high-quality goods at reasonable price points delivered quickly.

Machines have played a role in textile manufacturing for centuries, but human workers have historically taken on the labor-intensive craft of garment assembly — sewing each piece of fabric together to create a finished product.

Largely because of the overarching properties of fabric, automated handling tasks such as the precise placement of parts becomes more difficult when dealing with flimsy and flexible materials. This could however be changing.

Speed And Efficiency

In the sewing process, automation traditionally has been limited because of the level of control and complex motions required. New robots are now using mapping technology, cameras and artificial intelligence to adjust fabric as needed in automated textile supply chains. The new automation possibilities could boost production volumes and save businesses money. Automation could produce results with higher accuracy than human workers, while needle placements can be tracked with variations less than half a millimeter. This improves consistency in size of product.

Even fabrics prone to folding and stretching are compatible with these new robots, which can detect fabric positioning and make the necessary adjustments without human input.

The production of more simple garments such as socks is already highly automated, but offers further scope for improvement. Machinery is becoming more flexible and could adapt to rapid alterations in patterns, personalization and design.

Quality Control

Another area of textiles manufacturing that can benefit from automation is quality control. Consider the following example. During the fabric dyeing process, it is essential that parameters such as the temperature, pressure, water level, water flow, time of treatment and formula all remain consistent to achieve a uniform shade. To ensure quality standards are met, a central computerized management system can control these processes extremely accurately.

A computerized color matching system (CCMS) can ensure accurate repeatability. After all, if a human worker accidentally altered a pigment measurement by as little as a milligram, this would result in a color variation and a defective product. Eliminating this human error may result in cost savings for manufacturers, by reducing product waste.

Automation in the textiles sector will have a massive impact on other jobs too. In fact, the U.S. government estimates that one textile manufacturing job in this country supports three other jobs. In 2018, the U.S. textile industry supply chain employed 594,147 workers.

In the years to come, we may see human workers removed entirely from the garment manufacturing process, in favor of automated sewing robots. However automated technologies will not replace jobs, they will simply create new roles demanding employees with an entirely different skill set, to implement, control and maintain new technology.

From spinning, knitting, weaving and dyeing to printing, gluing and bonding, automated technologies are having a profound impact on the textiles manufacturing process. Robots and automation are addressing the challenges of high labor costs in a commercial environment where consumers are expecting more.

Source: textileworld.com- Feb 17, 2020

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US producers to plant 13 million cotton acres in 2020: NCC

US cotton producers will plant 13 million cotton acres this spring, down 5.5 per cent from 2019 (based on USDA's February 2020 estimate), according to the National Cotton Council's (NCC) 39th annual early season planting intentions survey. NCC helps industry segments to compete profitably in the raw cotton, oilseeds, and US manufactured products market.

Upland cotton intentions are 12.8 million acres, down 5.6 per cent from 2019, while extra-long staple (ELS) intentions of 224,000 acres represent a 2.7 per cent decline. The survey results were announced at the recently held NCC's 2020 annual meeting in New Orleans, Louisiana, according to a press release.

The NCC questionnaire, mailed in mid-December 2019 to producers across the 17-state Cotton Belt, asked producers for the number of acres devoted to cotton and other crops in 2019 and the acres planned for the coming season. Survey responses were collected through mid-January 2020.

Southeast respondents indicate a 9.3 per cent decrease in the region's upland area to 2.7 million acres. All states in the Southeast show a decline in acreage. In Alabama, the survey responses indicate a 4.9 per cent decrease in cotton acreage.

In Florida, respondents indicated slightly less cotton due to a shift to corn. In Georgia, cotton acreage is expected to decline by 11.9 per cent as growers expect to plant more corn and peanuts. In North Carolina, an 8.4 per cent decline is expected. In South Carolina, cotton acreage is expected to decline by 10.7 per cent while acreage of corn and soybeans is expected in increase. Cotton acreage is expected to decline by 3.6 per cent in Virginia.

Mid-South growers intend to plant 2.2 million acres, a decline of 6.5 per cent from the previous year. Across the region, all states intend to decrease cotton acreage. Arkansas producers intend to plant 3.0 per cent less cotton acreage and increase corn acres. Louisiana producers expect to plant 6.4 per cent less cotton acreage in 2020 and plant more corn and soybeans. In Mississippi, cotton acreage is expected to decrease by 8.9 per cent due to a shift to corn and soybeans. Missouri growers expect to decrease cotton acres by 2.1 per cent and plant more corn. In Tennessee, cotton acreage is expected to decline by 11.8 per cent as land shifts to corn and soybeans.

Southwest growers intend to plant 7.6 million cotton acres, a 3.4 per cent decline. Increases in cotton area are expected in Kansas and Oklahoma, while a decrease is expected in Texas. In Kansas, producers intend to plant 5.1 per cent more cotton acres and reduce corn and soybean acreage. In Oklahoma, a 3.3 per cent increase in cotton acreage is expected.

Texas acreage is expected to decline by 4.2 per cent while corn and wheat acreage is expected to increase. Far West producers are expecting to plant 221,000 upland cotton acres – a 20.5 per cent decrease from 2019. Cotton acreage is expected to decrease in Arizona and California and increase slightly in New Mexico.

At current prices, many producers could continue to face difficult economic conditions in 2020. Production costs remain high, and unless producers have good yields, current prices may not be enough to cover all production expenses. NCC delegates were reminded the expectations are a snapshot of intentions based on market conditions at survey time with actual plantings influenced by changing market conditions/weather.

Source: fibre2fashion.com- Feb 17, 2020

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Turkey apparel exports up five per cent in January 2020

Turkey's apparel exports in January 2020 were up by 5.8 per cent compared to the same month last year. The share of apparel in Turkey's overall exports in January 2020 was 10.1 per cent. Turkey's garment exports are projected to rise by ten per cent due to the Coronavirus outbreak in China, which has delayed shipments from the mainland.

Turkey's apparel exports to the EU went up by 7.7 per cent in January 2020. Of total apparel exports in January 2020, 73.4 per cent were to EU countries with Germany and Spain being the main destinations

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Turkey is the seventh biggest cotton producer in the world. It has the biggest machinery park in the world. The Turkish textile sector has a very strong image in the global market. The sector stands out thanks to its state-of-the-art technology, flexible production ability, capability of producing special products and high-quality workforce.

It is the biggest textile manufacturer in Europe. It continues to make significant breakthroughs not only in design and fashion but also in technical textiles. The Turkish textile and readymade clothing sector as a whole has the highest foreign trade surplus. The sector ranks first in the country in terms of share in the gross domestic product and in terms of parameters such as domestic input use.

Source: fashionatingworld.com- Feb 17, 2020

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Vietnam produced over 2.5 mn tonnes yarn in 2019: VITAS

Vietnam produced over 2.5 million tonnes of yarn in 2019, of which over 1.5 million tonnes valued at $4 billion were exported, according to Vietnam Textile and Apparel Association (VITAS) vice president Truong Van Cam, who said fabric output also rose six times and export value was worth $2.1 billion. The sector is expected to make breakthroughs this year, he said.

The Fourth Industrial Revolution, free trade agreements (FTA) that will take effect in 2020 and the penetration of international brands like Zara, H&M and Mango will also favour the industry's growth, according to a report in a Vietnamese newspaper.

The sector has made significant progress, especially in yarn and dyeing, through IT applications, as reflected in improved productivity, accelerated production and reduced labour force.

Duc Quan Investment and Development JSC in the northern province of Thai Binh has doubled its yarn output to 17,000 tonnes per year through the application of big data in production and management. Garment 10 Corporation JSC has also used online business management software DIP BMS.NET to better monitor transactions of distribution chains.

Members of the Vietnam National Textile and Garment Group (Vinatex) such as Hoa Tho Textile-Garment Joint Stock Corporation, Viettien General Garment JSC and Nha Be Joint Stock Corporation have joined the trend as well.

Optimising the achievements of the Fourth Industrial Revolution has become an inevitable trend. However, this has met with a range of difficulties, especially a severe shortage of labourers who can use the new equipment.

The prime minister has also agreed to upgrade the Hanoi Industrial College for Textile, Garment and Fashion to the Hanoi Industrial Textile Garment University, creating a major personnel training channel for the sector.

Source: fibre2fashion.com- Feb 17, 2020

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US-China Phase 1 implementation brings new uncertainties

Economists from National Cotton Council (NCC), a central organisation for the US cotton industry, have pointed few key factors that will shape the US cotton industry's 2020 economic outlook.

According to the outlook, this past year can be characterised as a year with significant uncertainty and volatility in the global economy and the world cotton market.

On January 15, 2020, Trump signed the phase 1 trade agreement with China. As part of the agreement, China has agreed to purchase an average of $40 billion in US agricultural commodities, including cotton, over the next two years. However, the overall impact for cotton remains uncertain as commodity specific details have not been released.

While the phase 1 trade agreement provided some cautious optimism for an improvement in the cotton economic situation, the China coronavirus outbreak in the early weeks of 2020 could delay China's ability to increase purchases in the near-term. As a result, the potential impacts of the coronavirus represent a significant wildcard in the outlook for the world cotton market in the 2020 crop year.

In her analysis of the NCC Annual Planting Intentions survey results, Campiche said the NCC projects 2020 US cotton acreage to be 13 million acres, 5.5 percent less than 2019. The expected drop in acreage is the result of slightly weaker cotton prices relative to corn and soybeans. With abandonment assumed at 13.8 percent for the United States, Cotton Belt harvested area totals 11.2 million acres.

Using an average 2020 US yield per harvested acre of 848 pounds generates a cotton crop of 19.8 million bales, with 19.1 million upland bales and 675,000 extra-long staple bales. US cottonseed production is projected to decrease to 6.1 million tons in 2020.

Regarding domestic mill cotton use, the NCC is projecting a slight decline in US mill use to 2.85 million bales in the 2020 crop year. As one of largest markets for US cotton, US mills continue to be critically important to the health of the cotton industry. In the face of rising textile imports from Asian suppliers, the US textile industry has focused on new investment and technology adoption in order to remain competitive. The recently passed US-Mexico-Canada Agreement (USMCA) includes some important provisions that should help boost the US textile industry.

Campiche noted that export markets continue to be US raw fibre's primary outlet. World trade is estimated to be higher in the 2019 marketing year, but the retaliatory tariffs and increased competition from other major exporting countries has led to a sharp decline in the US trade share in China. Despite the continued US-China trade disruptions, US export sales to other markets have been very strong for the current crop year.

Sales reached the highest level in the marketing year during the week ending on February 6. While export competition from Brazil remains strong, the US has had increased opportunities for export sales to other markets in the 2019 crop year. Lower production in Australia, Pakistan, and Turkey has led to higher US export sales. As a result, the United States will remain the largest exporter of cotton in 2019 with 16.5 million bales.

Prior to the implementation of tariffs, the United States was in a prime position to capitalise on the increase in Chinese cotton imports. With the imposition of the 25 per cent tariff, China has turned to other suppliers during the 2018 and 2019 marketing years, allowing Brazil, Australia, and other countries to gain market share. Vietnam is currently the top export market for US cotton in the 2019 crop year, followed by China and Pakistan.

US exports are projected to drop slightly to 16.4 million bales in the 2020 marketing year. For this outlook, the US is assumed to export 2.5 million bales to China in the 2020 crop year as compared to an estimated 2 million bales in the 2019 crop year. However, with record stocks outside of China, increased production in Brazil, and a partial recovery in Australia's production, the US will continue to face strong export competition in 2020. When combined with US mill use, total offtake falls short of expected production, and ending stocks are projected at 5.9 million bales.

Campiche said, "World production is estimated to decline by 2.4 million bales in 2020 to 118.9 million as a result of lower cotton acreage. World mill use is projected to increase to 121.7 million bales in 2020."

Ending stocks are projected to decline by 2 million bales in the 2020 marketing year to 80.1 million bales, resulting in a stocks-to-use ratio of 66.4 per cent. Stocks outside of China are projected to increase to a record level in 2020.

Based on the underlying assumptions and resulting cotton balance sheet, stable stocks outside of China, increased export competition from Brazil, recovery in Australia's production, and low manmade fibre prices will have a bearish influence on cotton prices. A quick containment of the coronavirus and a successful implementation of the phase 1 trade agreement would provide support to prices.

As with any projections, there are uncertainties and unknowns that can change the outcome.

Source: fibre2fashion.com- Feb 17, 2020

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Bangladesh RMG exporters expect order shift from Cambodia

Bangladesh's readymade garment (RMG) exporters feel the suspension of the European Union's (EU) generalised scheme of preferences (GSP) to Cambodia may lead to a rise in export orders for their country in the EU market as RMG products produced by both are similar. Vietnam would solely benefit from the shifting of orders for high value-added products, they said.

Buyers may shift their sourcing from Cambodia to other countries due to the rise in the prices of products manufactured in the Southeast Asian country because of payment of duties due to the suspension of the GSP facility, exporters were quoted as saying by a Bangla newspaper.

The EU recently partly suspended the GSP facility for Cambodia. Bangladesh is the second largest exporter of RMG product to EU market with around $21 billion of annual shipments as it gets GSP facility in the EU market. According to Bangladesh Garments Manufacturers and Exporters Association (BGMEA) president Rubana Huq, her country has to prepare in the longer term so that it can continue to have its market access either through extension of Everything But Arms (EBA) negotiation or lobbying for the GSP plus, for which the labour narrative will be a predominant factor.

She said the GSP suspension would certainly put Cambodia's apparel industry in a challenging situation as they would now need to pay 9 to 12 per cent duty on their exports to the EU.

BGMEA data showed that the EU imported apparel worth $4.33 billion from Cambodia in 2018 while its total apparel exports to the world in the year stood at $7.83 billion.

Source: fibre2fashion.com- Feb 18, 2020

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Cambodia, China closer to FTA signing deal

Cambodia and China say they are now planning to sign a free-trade deal later this year.

The move came after the two countries wrapped up their first-round negotiations, which were held last month in Beijing, the Khmer Times reported on Monday.

The Ministry of Economy and Finance held a meeting discussing the result of the first-round of negotiations on the free-trade agreement between Cambodia and China, in which it said both parties noted and highly valued the first round of talks.

“This meeting has given guideline principles to the negotiating teams, so that this enables them to have a strong foundation for the next round of discussions aimed at reaching a conclusion,” the ministry said.

It noted the talks are planned to conclude in middle of this year and both sides will be then expected to sign the trade agreement by the end of the year.

If successfully concluded, the Cambodian-Chinese FTA would be a new mechanism that boosts and diversifies the economic potential and visions of the two nations, observers said.

“This trade agreement is established to expand trade, investment, services and a deeper cooperation between the two countries,” it said, adding that the agreement will enable Cambodia to export its “bountiful” products to the Chinese market.

“With regard to investment, the FTA will contribute to the convenience of existing investors, expanding their businesses while attracting more investment to Cambodia,” the ministry explained.

Chheang Vannarith, president of the Asian Vision Institute, said there will be a huge opportunity for Cambodia when it comes to increasing the amount of its products being sent to the world’s second largest economy and the world’s biggest population at 1.4 billion.

"Through the FTA, Cambodia will be able to boost further exports, especially agriculture products, to the market and it will also strengthen the Kingdom's value chain," he said, explaining that Cambodia will become a significant market for the largest companies in China.

He added that free trade will enable it to attract medium-sized Chinese manufacturers to invest in Cambodia, allowing those companies to supply their products to large-scale companies in China.

"This FTA will help increase the production network between the two countries," he emphasised.

The trade volume between the two countries has steadily increased from US$5.16 billion in 2016 to $6.04 billion in 2017 and $7.4 billion in 2018, according to government figures. The two countries aim to reach $10 billion in bilateral trade annually by 2023.

Source: bangkokpost.com- Feb 17, 2020

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Turkey: Apparel industry sets $19B export target amid coronavirus outbreak

Turkey's apparel sector seeks to further increase exports this year and expects a noteworthy surge due to the coronavirus outbreak in China, as a halt in operations in the mainland is expected to shift orders toward Turkey.

The industry, which sold goods worth $17.7 billion to foreign countries in 2019, looks to increase its exports to $19 billion this year, the head of a sector association said Monday.

The sector's share in the country's overall exports of $14.8 billion in January 2020 was 10.1%, Mustafa Gültepe, the head of the Istanbul Apparel Exporters Association (İHKİB), told Anadolu Agency (AA).

He said the apparel sector had made a "flying start" by reaching an export figure of $1.5 billion in January, up by 5.8% in the same month last year.

He added that the increase in exports was a success amid narrowing markets worldwide. "Increasing our exports by 7.7% to the EU, our biggest market raises our hopes." Gültepe said 73.4% of the country's total apparel exports in January went to EU countries, with Germany and Spain being the main destinations.

The apparel sector also exports goods valued around $700 million to the U.S. every year which, he said, could reach $5 billion.

Turkey's garment exports are projected to rise by 10% due to the coronavirus outbreak in China, which has delayed shipments from the mainland.

"However, if the crisis prolongs and global markets shrink, our exports could face a negative impact," the association said. Earlier this month, sector officials said several fashion retailers that manufacture clothing in coronavirus-hit China are in talks with Turkish firms about shifting production to Turkey.

China has some $170 billion ready-to-wear exports, Hadi Karasu, head of Turkish Clothing Manufacturers' Association (TGSD), said, predicting that some 1% of orders would be shifting to Turkey initially which could amount to $2 billion.
The virus outbreak prompted many factories to suspend operations as authorities try to contain its spread.

Polish fashion retailer LPP recently said it was in talks with factories in Turkey, Bangladesh and Vietnam as a backup plan if Chinese production delays continue.

Source: dailysabah.com-Feb 17, 2020

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Coronavirus: Singapore's economy reels from impact but will it boost India-Vietnam trade?

With the COVID0-19 novel coronavirus outbreak consuming news headlines in this part of the world, there appears to be little in the way of any positive news on the economic front.

Singapore's Prime Minister announced that the economic impact of the virus outbreak has already exceeded that of SARS in 2003 and warned that a recession is possible. Although official estimates are that tourism revenue will tumble between 25 to 30 percent, some airport workers observed that travellers arriving at Changi International Airport could have halved. This is not surprising considering that some countries have advised their citizens to be cautious if travelling to Singapore and in some cases, advising them against travelling here unless absolutely necessary.

That last major coronavirus outbreak reduced Singapore GDP by 0.5 percent. One week before the most recent comments by Singapore's PM, DBS Group Research had already downgraded its Singapore GDP growth projection from 1.4 percent to 0.9 percent.

With Singapore's COVID-19 cases approaching the 70s, a panic attack led to residents clearing out the shelves in supermarkets last week. Supermarkets took a few days to restore normalcy and calm because there were not enough delivery vehicles to re-stock the shelves and not because of a lack of supplies.

China, where the number of cases is fast approaching 70,000 and related fatalities is frighteningly close to 1,700, the economic impact is yet to be seen. Factories and offices are just beginning to re-start after the Chinese New Year break which was extended by a week to provide a buffer to curtail the virus spread.

Last year, the Chinese economy grew at its slowest pace in 30 years of 6 percent bogged down by the American tariff hikes. The hope that 2020 will be a better year has been somewhat dampened following the spread of the pathogen with economists now estimating a growth rate of around 5 percent.

Does this situation present an opportunity for other countries?

Vietnam is one that comes to mind. Vietnam's GDP grew at a rate of 7.1 percent in 2018, according to the World Bank. It is the fastest-growing major economy in Southeast Asia, and businesses there were recently buoyed by foreign investments and the migration of some manufacturers out of China due to US-China trade dispute. It has also started attracting the attention of Australian businesses like ANZ Bank, Austal (shipbuilding) and Linfox (logistics) in addition to construction firms.

The government has attracted foreign investments by offering tax breaks as well as making it easier to do business in the country.

Vietnam has also been climbing the manufacturing value chain. From textile and garment products more than ten years ago, it now has the skill and capabilities to produce more sophisticated electronic gadgets and components.

It seemingly has the potential to scale and take on more of the manufacturing slack that may result from Chinese workers being impacted by the virus outbreak. This depends on the availability of skilled manufacturing labour.

However, Vietnam is also feeling the negative impact of COVID-19.

China is Vietnam's largest trading partner with two-way trade standing at USD107.6 billion. A manufacturing ecosystem exists between the two countries and a reduction in capacity or demand in one country will have an impact on the other, especially if the reduction happens on the side of the larger partner. China also consumes a significant amount of what Vietnam produces.

Just last week, Vietnam sent a trade delegation to New Delhi to engage with Indian Importers Chambers of Commerce and Industry, the Indian Trade Promotion Council, and supermarket chains in working sessions to seek ways for India to absorb more Vietnamese products as demand for Vietnamese products from China dwindled due to the virus outbreak.

The visit was wrapped by talks between Vietnam's Deputy Minister of Industry and Trade, Cao Quoc Hung and Commerce Secretary Anup Wadhawan.

Mr Hung was persuading India to absorb such products as fresh fruits like lychee, longan, rambutan and dragon fruit, farmed fish and also garment-textile products

Vietnam is India's fourth-largest trading partner in the Association of South East Asian Nations (ASEAN) and among India's top ten trading partners.

Source: in.news.yahoo.com-Feb 17, 2020

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Vietnam winning greater share of US apparel imports

Vietnam's share of US apparel imports has benefited as China's share in the market is slipping in the wake of the Sino-US trade war.

According to the US Department of Commerce's Office of Textiles and Apparel, Vietnam's share increased to 14.26 per cent last year, up from just 7.72 per cent in 2010.

Michelle Russell, apparel correspondent at GlobalData, says Vietnam's garment sector has clearly benefited from the ongoing tit-for-tat trade spat between the US and China during the last two years as producers and buyers diversify their supply chains.

Brands have chosen Vietnam and Bangladesh as its alternative sources as additional tariffs are imposed on most garment imported from China.

China's share of the market slipped from 41.9 per cent in 2018 to 39.9 per cent last year, on top of a year-on-year decline in the unit prices of apparel imported into the US.

"Despite China remaining the cheapest of the top-10 garment supplier countries, the country's share of US imports declined last year. Meanwhile, Vietnam is becoming something of a global manufacturing powerhouse and has clearly reaped the benefits thanks to its younger and lower-wage workforce, its preferential trade policies and its logistics – the country boasts 14 major ports," said Russell.

The EU-Vietnam Free Trade Agreement (EVFTA) between Vietnam and the European Union, which will remove most tariffs between the two parties over the next 10 years, has been approved by the European Parliament this week. However, Vietnam still faces challenges ahead that will require Vietnam to gradually change the structure of its economy.

Source: insideretail.asia-Feb 18, 2020

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Pakistan: Textile exports up 3.7pc

Textile and clothing exports increased 3.68 per cent year-on-year to $8.099 billion during the first seven months of 2019-20, from $7.812bn in same period last year, showed Pakistan Bureau of Statistics data on Monday.

The July-January figures showed marginal growth in textile and clothing ex--ports emanated from the value-added sector.

This uptick in the value-added sector helped raise the overall exports by 2.2pc year-on-year to $13.05bn in 7MFY20, from $13.215bn in corresponding months the year before. In January, textile and clothing export proceeds were recorded at $1.19bn, higher by 2.25pc, from $1.16bn over similar month of 2019.

Product-wise details reveal exports of knitwear increased by 6.27pc in value and 4.57pc in quantity, followed by 2.77pc and 9.78pc in bedwear, respectively. Foreign sales of readymade garments rose by 10.84pc in value and 20.99pc in volume while those from towels dipped by 0.52pc in value but were up 6.3pc in quantity. Export of cotton yarn inched up 0.78pc during the period under review.

Moreover, export of cotton cloth lowered by 3.6pc, yarn other than cotton 8.44pc, and cotton carded 72pc while that of raw cotton rose by 9.99pc and art and silk 15.21pc

Oil imports: Meanwhile, the import bill of petroleum group plunged 17.91pc to $7.13bn during 7MFY20, with crude oil posting the largest drop of 11.32pc in total quantity to 4.56 million tonnes.

The cost of petroleum products declined 21.83pc with 10.52pc fall recorded in terms of quantity, bringing the total down to 5.49m tonnes. Liquefied natural gas imports decreased 6.26pc while those of liquefied petroleum gas rose 21.75pc.

Machinery imports inched up 0.66pc to $5.27bn, from $5.24bn last year led by electrical machinery, jumping by 36.64pc and telecom 31.36pc during the seven months.

In telecom sector, imports of mobile handsets soared 79.46pc to $760.58m while those of other apparatus plunged by 25.33pc to $268.54m. The increase in former was a result of crackdown on smuggling and doing away with free imports in baggage schemes.

Import of machineries related to agriculture, textile, construction among others declined. The overall transport group also witnessed a decrease of 44.95pc.

Meanwhile, food group imports fell by 11.81pc mainly due to imposition of regulatory duties on proceeds. The decline was noted in import of milk product, wheat, dry fruits, tea, soybean oil, palm oil, sugar, and pulses. On the flip side, foreign buying of spices increased by 6.15pc.

Source: dawn.com-Feb 18, 2020

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Bangladesh: The legal impacts of the coronavirus on RMG contracts

Novel Corona-virus was first identified in Wuhan, the capital of China's Hubei province, in early December 2019. The World Health Organisation (WHO) declared the virus a Public Health Emergency of International Concern (PHEIC) on January 30. However, the virus has not yet been declared a "pandemic"—a term used to describe an infectious disease which has spread globally—and the WHO has not recommended any trade or travel restrictions.

However, a number of countries have issued warnings against travelling to Hubei and elsewhere in China, as well as restrictions on entry of travellers from China. Some international commercial airlines have suspended flights to and from China and some vessels are also not calling at Chinese ports.

The Chinese government has imposed restrictions on movement within China in response to the outbreak. Manufacturing industries are on an extended holiday that began during Chinese New Year. The shutdown of Chinese manufacturing is likely to have an impact on the global supply chain, along with a consequential impact on construction projects and other downstream industries.

The final consequence of this is a slowdown of the "global factory" due to the coronavirus outbreak, through both the domestic markets of China and their involvement in the global supply chain. Chinese goods make up more than 26 percent of Bangladesh's total imports, which includes raw materials, finished products, machinery and consumer products worth around USD14 billion per annum. The consumer market in Bangladesh is also dependent on Chinese supply.

Though there have been no coronavirus cases detected in Bangladesh so far, the country's economy is now likely to face an adverse impact because it maintains close trade relations with China. Readymade garments (RMG) is a major sector of manufacturing and export for Bangladesh, and more than 50 percent of the raw materials used for this industry are brought from China. Due to the virus outbreak in China, disruptions in the supply chain could continue for several more months, leading to a financial loss worth BDT 14-15 billion for the garments accessories sector alone. The failure of delivery from Chinese exporters may compel buyers in other countries to claim compensations for a breach of contract with regard to timely delivery, and on the other hand, the overseas buyers of RMG from Bangladesh may also claim compensation from exporters in Bangladesh.

However, the contracting parties may be excused from this breach of contract by using the "force majeure" (FM) clause. Force majeure events are unexpected circumstances outside of a contracting party's reasonable control that, having arisen, prevent it from performing its contractual obligations. Usually, international sales contracts do not explicitly mention this clause. Affected parties should consider whether their contracts make provisions for force majeure clauses and whether the outbreak falls within the protection offered by the relevant clause.

Force majeure clauses can be relied upon only if all reasonable steps have been taken by a party to mitigate the effect of the event, so it is unclear whether Bangladesh can be excused by invoking this clause. The shortage of component materials may have an impact on pricing now and in future months, the scarcity of such parts may well drive prices upwards if demand remains stable. As a result, contracts should be reviewed to ensure that protection against price rises is also included, or whether they need to agree to new terms or "flex" other parts of their supply chains to ensure adequate provision of stocks at a commercially sensible price.

On the basis of the emergency declared by the WHO, force majeure provisions are likely to be increasingly relied upon and invoked by an affected party. The China Council for the Promotion of International Trade (CCPIT) announced that it would be offering "force majeure certificates" to businesses in China affected by the outbreak of the coronavirus in Wuhan.

Whether a Chinese exporter can successfully invoke FM, and/or rely on the CCPIT certificates to do so, will depend on the governing law of the contract and the terms of the relevant clause. The CCPIT has already issued its first force majeure certificate to a manufacturing company in Zhejiang province to help stem the firm's losses, arising from its inability to meet its contractual obligations with Peugeot's African plant, which potentially exposed it to a damages claim.

Release from performance as a result of force majeure is not recognised as a standalone principle in some countries, such as the UK. It is therefore a matter for parties to deal with expressly in their contracts and the protection afforded by the clause will depend on the precise drafting. In the event of a dispute as to the scope of the clause, the English courts will apply the usual principles of contractual interpretation.

According to global law firm Gibson, Dunn and Crutcher, "The usual rules of contractual interpretation under English law apply to the interpretation of force majeure clauses. The court must ascertain the objective meaning of the language which the parties have chosen to express their agreement, and consider not only the wording of the particular force majeure clause but must also consider the contract as a whole and, depending on the nature, formality and quality of drafting of the contract, give more or less weight to elements of the wider context in reaching its view as to that objective meaning. Market practice may also be relevant to the exercise of interpretation, provided that it is clearly evidenced. In practice, however, market practice may be difficult to prove and a recent English case has confirmed that evidence of market practice after a contract is concluded will not result in terms being implied into a contract."

The crisis along shipping lines are likely to be more acute, since the business is highly regulated by laws and protocols. The shipping industry is likely to be impacted in a number of ways—they are facing disruptions in voyages to and from China, but also from delays in other countries as a result of quarantine and port checks due to cases, or suspected cases, of the coronavirus amongst crew and passengers on board vessels. Delivery of cargo may be delayed, or cargo may need to be discharged at alternative or interim ports, with expensive consequences and significant logistical and insurance implications.

International law firm Morrison and Foerster LLP recently provided an overview of force majeure clauses under Chinese law and English law, noting that in relation to Chinese law, "Useful guidance in evaluating the applicability of force majeure to the coronavirus outbreak is a notice of the Supreme People's Court (SPC) issued in 2003 in relation to the SARS epidemic, which confirmed that force majeure would apply where the SARS epidemic or government measures adopted to combat it rendered a contract unable to be performed. It is not unreasonable to expect similar SPC guidance in response to the current outbreak, but even without that formal guidance, force majeure may be a useful doctrine for defaulting parties in appropriate circumstances."

As for the Hong Kong law, the authors examined the importance of the doctrine of frustration in circumstances where a contract does not contain a force majeure clause and, in relation to force majeure itself—"Whether the coronavirus outbreak qualifies as a force majeure event ultimately will depend on the construction of the contractual clause at issue. Some clauses may make it reasonably clear if they specifically identify "disease", "epidemic", or "quarantine" as force majeure events. Other clauses may include more general events such as "acts of God", "acts of government", "strikes", or "circumstances beyond the parties' control". The current outbreak could be a combination of more than one factor, the disease/epidemic itself and the government/public actions that ensue. Affected parties should carefully review the force majeure clauses in their contracts to determine whether they may apply."

Consequently, Bangladeshi exporters may evaluate their sales contracts and also the possible impacts of failure to export RMG on time, and figure out whether they can claim compensation from Chinese sources of raw materials. The Export Promotion Bureau and BGMEA should study the issue, evaluating the laws and practices related to force majeure of buyers' countries. This will be a new experience for buyers and sellers of Bangladesh and act as a good reference for trade law practitioners.

Source: thedailystar.net -Feb 18, 2020

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Bangladesh: FTA with Nepal in the final stage

Bangladesh is close to signing a free trade agreement (FTA) with Nepal, said Commerce Minister Tipu Munshi yesterday.

"We have reached a consensus with Nepal," the minister said in a meeting with visiting Nepalese Foreign Minister Pradeep Kumar Gyawali at the secretariat in Dhaka.

Bangladesh exported products -- mainly jute goods, battery, garment, toiletries and pharmaceuticals -- worth $38.05 million to Nepal in fiscal 2018-19 and imported goods worth $18.13 million.

Exports to Nepal to increase manifold in the near future after the signing of the FTA, Munshi said, adding that a secretary level meeting will be held on the signing of the FTA in Dhaka on March 3-4.

Some 26,255 Bangladeshis visited Nepal in 2018.

Bangladesh has given transit facilities to Nepal. Both the countries now use Banglabandha land port and Nepal also has the scope to use sea port of Bangladesh, the commerce minister said.

Work is now going on to increase communication through road, river and air with Nepal, Munshi added.

At the meeting, Gyawali expressed interest to use Syedpur airport and, in response, the Bangladeshi minister said they will consider the landlocked country's call.

Source: thedailystar.net -Feb 18, 2020

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NATIONAL NEWS

Piyush Goyal asks industry to expand export basket

Commerce and Industry Minister Piyush Goyal on Monday asked the industry to look for ways to expand the country's export basket by adding more value-added products and cut shipments of raw materials. He said the country's export basket is changing but it is not changing at fast pace. "We are moving from some raw materials to intermediates. Can we collectively look at changing basket of exports to do more value-added products? Can we reduce exports of, let's say, iron ore and export high-quality steel? Can we stop exporting alumina, and stop importing aluminium products?," he said here.

"Can we see how we can become value-added producers so that the indian basket of manufacturing changes," the minister questioned.

He said India's share in the world's trade is in single digit for many products.

"Our government has identified a few champion sectors, like textiles, fisheries and IT, to expand and become a world leader in exports. Our government is swadeshi and personally, I am swadeshi. Therefore, we want to encourage our domestic investors on priority. We will fight for their cause," Goyal said.

He also said any country, which does not allow equal and reciprocal access to our products and services in their country, by law "we will stop them from participating in government contracts in India".

Talking about scale of production, he said the Indian industry needs to boost its scale to take advantage of the China-US trade war.

"Now, with the China-US trade war, we were trying to see how we can get more Indian companies to benefit from it. The sad part is that we are not producing to scale in our country," he said.

Citing an example of retail giant Walmart, the minister said the company wanted 40,000 pieces of some footwear product.

On this, a big Indian company stated that they can give 20,000 pieces over the next year.

Walmart wanted 40,000 pieces every month without which they cannot place an order as they have 3,000-odd stores all over the world, the minister said.

"So, unless we start looking at scale, we are going to get out of the market very soon," he said.

He asked DPIIT and the department of commerce to identify sectors where India has competitive advantage and where the Indian industry can see business opportunities.

He also asked the industry to highlight their problems in terms of harassment by inspectors of any sort.

Further, Goyal added that although he does not differentiate between domestic and foreign investors, "given a choice, I would urge the domestic industry to invest more than FDI (foreign direct investment)" as " we want to encourage domestic investors".

The minister also asked the DPIIT to discuss with the cabinet secretariat about signing a legally binding agreement with states for abiding contractual obligations.

He said there are cases where states back out from their commitment, when there is a change in leadership.

He asked the industry to identify sectors where the government can promote assembling of products at a lower rate of duty and finished items at a higher rate of duty.

"In a phased manner, we will restrict products' import and ensure that domestic industry can achieve scale," he added.

Source: financialexpress.com- Feb 17, 2020

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Govt to address all structural issues in new national textile policy

The Union government would address all the structural issues in its national textile policy and the textile sector should diversify into polyester segment to boost exports, said Union textiles secretary Ravi Capoor at a meeting organised by the Confederation of Indian Textile Industry (CITI).

Addressing the representatives of 48 textile associations at Coimbatore recently, Capoor said the Centre would look into all the structural issues in its new national textile policy that might be announced in a couple of months. He also said the new policy would ensure basic raw materials are available at international price, encourage scale of operation by developing 10 mega textile parks with 1,000 acre closer to ports and give plug-and-play facilities, including the necessary safeguard measures in labour laws.

The textiles secretary also indicated the ministry would address the power cost, credit cost and its availability. The government would also make efforts to expedite conclusion of free trade agreements with the EU, the UK and Bangladesh, along with other countries to boost the exports.

Capoor also strongly advised the sector to grab opportunity of diversifying into polyester segment to boost exports.

While appreciating the Tirupur garment cluster for its sustainable initiatives including implementing zero liquid discharge to protect the environment, he advised the clusters to brand garments and products under sustainable programme that might fetch them larger margin globally and the government would extend all support.

T Rajkumar, chairman, CITI, said the country had been suffering with surplus production capacities across the value chain created during the past four years with huge investments that could be utilised for polyester textile manufacturers.

The government has identified the textile industry as the thrust area and in real terms encourages ‘Make in India’ initiative as without any imports, ensures inclusive growth by providing jobs to all skill levels especially the rural masses and women folks.

According to the CITI chairman, the government would also announce a scheme to set up dedicated textile parks for technical textiles, textile machinery manufacturing with the latest technology spares, accessories, parts to promote import substitution thereby reducing the capital cost substantially. The government was also exploring the possibilities of setting up R&D centres with facilities for each segment, he added.

Source: financialexpress.com- Feb 18, 2020

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Why COVID-19 is likely to impact India's trade in coming months

India's merchandise trade deficit widened unexpectedly to a seven-month high of $15.2 bn vs $11.3 bn in December (see graphic), above expectations (Consensus: $11 bn, Nomura: $9.7 bn). Much of the spike was due to import growth outperformance, which improved to -0.8% year-on-year (y-o-y) in January vs -8.8% in December (Nomura: -12%).

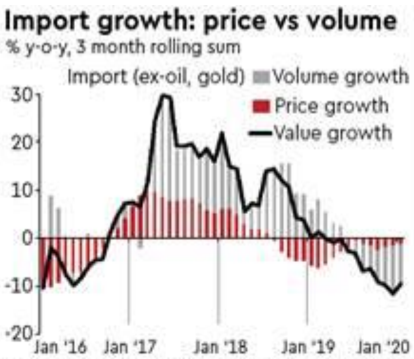
Oil import growth rose to 15.3% y-o-y vs -0.8% in December, partly reflecting the low base, but also possibly due to the lagged effects of higher oil prices in Q4 2019. Core import (imports ex-oil, gold) growth also improved to -4.7% y-o-y vs -12.2% in December, signalling incrementally stronger demand conditions in January.

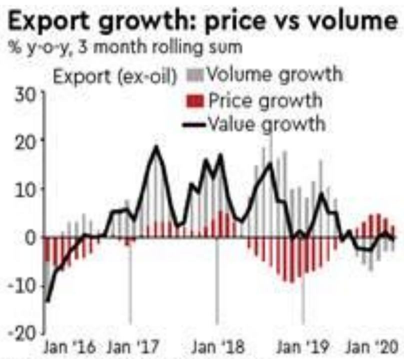
Our price-volume analysis also showed a smaller contraction in core import volumes (-8.4% y-o-y, 3-mma vs -10.1% in December) and prices (see graphic).

Merchandise trade snapshot

% y-o-y	Oct 2019	Nov 2019	Dec 2019	Jan 2020
Exports	**-0.6**	**-0.5**	**-1.6**	**-1.7**
Oil	-14.6	-13.1	-4.2	2.9
Non-oil	2.1	2.3	-1.2	-2.3
Imports	**-16.3**	**-12.7**	**-8.8**	**-0.8**
Oil	-31.4	-18.2	-0.8	15.3
Gold	4.7	6.6	-3.9	-31.5
Non-oil, non-gold	-10.2	-12	-12.2	-4.7
Trade balance ($ bn)	**-10.9**	**-12.2**	**-11.3**	**-15.2**

Source: CEIC and Nomura Global Economics





Source: The World Bank, Ministry of Commerce, CEIC and Nomura Global Economics

Within imports, there was an improvement in consumer goods' growth (though still in contractionary territory), and stable growth in agricommodities, and a sharp turnaround in non-agri commodities (driven by higher oil import growth). By contrast, contraction in investment goods' imports deepened in January.

Exports contracted by 1.7% y-o-y in January vs -1.6% in December, below expectations (Nomura: 1.5%). Our price-volume analysis shows that core export (non-oil) volumes contracted by 2.7% y-o-y (3-mma basis) in January vs -2.8% in December, and price pressures also eased (2.3% vs 3.9% in December).

The jump in core imports and PMI data suggests some signs of a pickup in domestic activity in January, although it could also be inventory restocking. Given the continued slump in investment goods' import growth, and the continued contraction in consumer goods, it is too early to conclude that the improvement in imports is due to durable domestic demand.

Disappointing export growth shows that India was clearly not benefiting from the export stabilisation witnessed in the rest of Asia before the COVID-19 outbreak—possibly because it was more tech-oriented.

The weak rupee has also not helped revive export growth much. We remain cautious on the export and import outlook, especially given the virus outbreak, though the full impact may not be reflected in the February data. In the case of imports, we foresee negative supply-side shocks from China, which accounts for ~14% of India's imports, and affects imports of electrical machinery & equipment, nuclear reactors & boilers, organic chemicals, plastic articles, and fertilisers.

The sharp correction in oil prices should also slowly begin reflecting in the import growth statistics. As for exports, while China accounts for relatively smaller proportion of the demand for Indian goods, the overall global growth risks will weigh on export growth. On balance, we envisage a smaller trade deficit in the coming months due to expectations of a sharper fall in import growth vs export growth.

Source: financialexpress.com- Feb 17, 2020

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'Proposed textile policy will support growth of knitting sector'

The soon-to-be-unveiled textile policy will support the growth of knitting and textile sector in the State, said M. Karunakaran, Director of Handlooms and Textiles, here on Monday.

Inaugurating the 47th edition of the India International Knit Fair here, Mr. Karunakaran recalled the recommendations made in the 2019 textile policy such as the incentives for processing, knitting and powerloom sectors and for setting up of industrial parks.

Apparel Export Promotion Council Chairman A. Sakthivel, who is also the chairman of India Knit Fair Association (IKFA) said that 40 buyers and about 100 buying agents are expected to visit the fair. “We hope that the [knitwear] exports will improve after this fair,” he said, acknowledging that there had been a three-year slump in knitwear exports.

In the future, overseas buyers will not only depend on China for textile imports but also India, he said.

The 40 stalls present in the fair had participants from Tiruppur and Chennai. The fair will conclude on Wednesday, according to the organisers. Tiruppur South MLA S. Gunasekaran also took part in the function.

Source: thehindu.com- Feb 17, 2020

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Piyush Goyal proposes to discontinue export incentives for services exports under SEIS

Commerce and Industry Minister Piyush Goyal on Monday proposed to discontinue export incentives under a scheme to the services sector as it has not helped India "increase shipments positively".

The foreign trade policy provides tax incentives under the Service Exports from India Scheme (SEIS) to several services industries.

Depending on the nature of services, the government gives duty credit scrips or certificates. The scheme offers reward at 5 per cent or 7 per cent of net foreign exchange earned and covers service providers located in India.

"So, I am proposing that from the earliest opportunity, (we should) discontinue this SEIS in its current form. It has not helped us to increase our exports positively," he said here at a function.

He said that industry has to get out of the mind set of subsidies as they are detrimental to India's long-term interests.

"For example, we now give subsidies on services exports. I have gone through the list in great details, barely 2,200 companies take that subsidy. Some of them are such large names, making 1000s of crores of rupees of profit, that there is no business of giving them a subsidy," he said.

The minister wondered that if those big companies do not get this subsidy, will they stop providing those services.

He suggested that the subsidy can be used to promote sectors like tourism.

"...tourism...has huge untapped potential... which are the areas where we need targeted support for a defined time frame to get better value addition," he added.

Further, Goyal said countries that do not provide reciprocal opportunities to Indian companies in their procurement programme, India would also not allow them.

"I would urge all to use this reciprocity clause and if you do not use, you are actually hurting India's interest," he said.

On the liquidity issue, the minister said there is a little bit of liquidity crisis because banks have become discerning in giving loans nowadays.

"Borrowers have become conscious that they have to repay.... Now, big people have to repay their money. You may be anybody, you may have any surname in this country, everybody is required to repay his loans," he said.

He also appealed to all large companies such as L&T and MarutiNSE -1.62 % to start a programme to pay their suppliers in time.

"Can I appeal to all large companies to start paying your suppliers within a week or 10 days," he said.

He asked his ministry to identify 100 public sector undertakings and 250 top Indian companies to monitor how many companies are taking this appeal forward.

Goyal also pitched for expanding India's exports basket and ship value-added goods.

"Today, we are not world leader in anything... can we identify certain manufacturing and services sectors, where we can take leadership roles," he said.

Source: economictimes.com- Feb 17, 2020

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India cotton imports halted as weak local prices make them unviable

India's cotton imports have come to a standstill as weak domestic prices have made overseas purchases economically unviable, trade officials said. Indian cotton currently sells at 75-76 cents a pound, 6-7 cents lower than that from West Africa and the US.

"Imports are currently muted as there is sufficient supply in the market due to bigger crop this year," said Nishant Asher, partner of Coimbatore-based R.S. Asher and Co. Since start of the season on Oct 1, traders have contracted 0.9-1.0 mln bales (1 bale = 170 kg) of cotton imports. Of the total contracts signed, 600,000-700,000 bales of extra long staple cotton have reached the Indian shores so far, according to trade estimates.

India typically imports 500,000-600,000 bales of extra long staple cotton from the US, west Africa or Australia as it is not produced locally. It also imports 500,000-700,000 bales of contamination-free cotton and both varieties are inelastic to prices.

"Mills in north India have contracted another 150,000 bales of Egyptian cotton, the consignments would arrive in Jun-Aug," said Gurusamy Rathakrishna, president of Coimbatore Cotton Association.

Indian mills are now waiting to see what Cotton Corp of India will do mid-March, which is the fag end of the season, when the supply actually gets constrained. Usually, imports start from Apr-Jun when domestic prices start moving upward because of hoarding and due to quality concerns.

If Cotton Corp keeps procuring and does not release cotton in a timely manner at a price equivalent to that prevailing in the market, Indian textile mills will have to look at other options as their profit margins are not that high, most traders said.

Procurement by the state-owned agency under minimum support price in the current 2019-20 (Oct-Sep) marketing year has exceeded 5.8 mln bales (1 bale = 170 kg). The agency aims to procure 6.5-7.0 mln bales this season. Last year, it had procured 1.1 mln bales, of which around 800,000 bales are yet to be sold.

In the daily auction, the agency is offering cotton at 46,500-46,900 rupees per candy (1 candy = 356 kg) procured in the current season, while the previous years crop is being sold at a discounted rate of around 44,000 rupees, Chairman and Managing Director P. Alli Rani said.

"Cotton Corp is a commercial body, why would I sell the fibre at lower price and suffer losses when prices actually start rising at the end of season. The existing offered prices are not profitable at all," Rani said.

She added that the quality of the fibre procured is of high quality, which will also lead to lower processing cost.

In the domestic market, cotton is currently being sold in the range of 38,500-40,000 rupees per candy.

The Cotton Association of India has pegged country's cotton imports at 2.5 mln bales in the current season, compared with 3.2 mln bales last year.

Source: cogencis.com- Feb 17, 2020

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CBIC notifies Customs Duty Exemption against Scrips issued under RoSCTL Scheme

The Central Board of Indirect Taxes and Customs (CBIC) has notified that the customs duty exemption against Scrips issued under Regional Authority under the Scheme for Rebate of State and Central Taxes and Levies (RoSCTL) Scheme.

In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 the Central Government, had satisfied that it is necessary to do for the public interest, to exempts goods, when imported into India against a duty credit scrip issued by the Regional Authority under the Scheme for Rebate of State and Central Taxes and Levies (RoSCTL).

The scrip, against which goods, when imported into India, are exempted from duties mentioned in clauses (a) and (b) below, may include duty credit provided under the Additional Ad Hoc Incentive.

(a) The whole of the duty of customs leviable thereon under the First Schedule to the Customs Tariff Act, 1975 and

(b) The whole of additional duty leviable thereon under subsections (1), (3) and (5) of section 3 of the said Customs Tariff Act.

The exemption shall be subject to the following conditions, namely: The duty credit in the said scrip is issued against exports of garments and made-ups and their respective rates and cap as listed in Schedules 1, 2, 3 and 4 to the notification of Government of India, Ministry of Textiles notified vide notification for the RoSCTL scheme and made in terms of the Foreign Trade Policy And also permitting clearance and loading of goods for exportation against the export of garments and made-ups under the RoSCTL scheme has been made on or after the 7th March 2019 and till 31st March 2020.

The imports and exports are undertaken through the seaports, airports or through the inland container depots or through the land customs stations as mentioned in the notification of the Government of India, Ministry of Finance, Department of Revenue as amended.

Provided that the Principal Commissioner of Customs or the Commissioner of Customs may within his jurisdiction, by special order, or by a Public Notice, and subject to such conditions as may be specified by him, permit import and export through any other seaport, airport, inland container depot or through any land customs station within his jurisdiction.

The CBIC said that the exports of said goods transacted through e-commerce platform subject to the items listed in Appendix 3C of Appendices and Aayat Niryat Forms of the Foreign Trade Policy are undertaken either through international courier terminals or through such foreign post offices, as notified by the Foreign Trade Policy.

The scrip is produced before the proper officer of customs at the time of clearance for debit of the duties leviable on the goods and the proper officer of customs after taking into account the debits already made under this exemption and debits made under the notification of Government of India, dated on 14th February 2020 shall ensure the debit of the duties leviable on the goods, but for this exemption and the said scrip and goods imported against it shall be freely transferable.

If the importer does not claim exemption from the additional duty of customs leviable under subsections (1), (3) and (5) of section 3 of the said Customs Tariff Act, he shall be deemed not to have availed the exemption from the said duty for the purpose of calculation of the said additional duty of customs.

The importer shall be entitled to avail of the drawback of the duty of customs leviable under the First Schedule to the said Customs Tariff Act against the amount debited in the said scrip and also the importer shall be entitled to avail drawback or CENVAT credit of additional duty leviable under subsections (1), (3) and (5) of section 3 of the said Customs Tariff Act against the amount debited in the said scrip.

Source: taxscan.in- Feb 17, 2020

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CBIC starts capturing district-wise data on origin of export goods

Central Board of Indirect Taxes and Customs (CBIC) has started capturing district-wise data on origin of export goods that will feed into national level trade policy making. The move is aimed at turning districts into export hubs.

The additional information from the export declarations will provide a key statistical input to policy makers on the importance of each district for exports and will help in aligning the policies to enhance local capacity, the board said in a statement Monday.

Additionally, the export declarations would also capture declarations by exporters intending to avail free trade agreements or preferential trade agreements for exports to partner countries. "This would provide critical data on the gains being made by Indian exporters under FTAs/PTAs and help the government align India's foreign trade policy in nation's best interests," the board said.

Further, CBIC has now made it mandatory that every goods and services tax (GST) registered importer and exporter must declare their GSTIN on the import and export declarations. Not only will this help the taxpayers to claim the input tax credit and integrated GST refunds, it would also help in combating frauds.

The initiative, which will help policy makers take data-driven decisions, follows directives set by the Prime Minister, which was reiterated by the finance minister in her Budget speech earlier this month.

Source: economictimes.com- Feb 17, 2020

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UP Khadi likely to sign agreement to supply textile to retail major Raymond

In 2018, state had signed up Amazon for khadi

Uttar Pradesh government is likely to sign an agreement with textile major Raymonds to supply indigenous fabric for modern retail. The UP Khadi Board has already provided fabric samples to Raymonds, which is expected to procure 200,000 metres of UP Khadi annually.

“We will start the supply of khadi to Raymonds as soon as the samples given by the Khadi Board are approved,” UP Khadi principal secretary Navneet Sehgal, who is also the state trade facilitation commissioner, told Business Standard here. He informed that khadi to be supplied to Raymonds would be manufactured at the UP Khadi production centres situated at different places in the state.

Besides, the UP Khadi Board is looking to supply uniforms to the students of UP government-run primary schools made from fabric blended with cotton and khadi. At present, nearly 18 million students are enrolled in government-run schools and require 36 million pairs of uniforms every year. There is a proposal to mix 70 per cent and 30 per cent cotton and polykhadi to prepare the school uniforms.

“We have recently held a meeting with the basic education department and urged them to finalise the order by February so that the required uniforms could be supplied by July for the next academic session,” Sehgal added. The required fabric and uniforms would be prepared at the 6-7 khadi spinning institutions in the state, although it would be an uphill task to undertake such a high-volume order within the next few months.

He said these two initiatives would give a major push to UP Khadi and generate nearly 100,000 fresh job opportunities. Last year, the Adityanath government had introduced similar khadi uniforms, as a pilot project, in the primary schools of select blocks across four districts - Lucknow, Sitapur, Bahraich and Mirzapur.

To showcase UP Khadi, the government is also giving due importance to contemporary designs and packaging and arranging for the training and mentoring of the state khadi artisans and designers. The state has engaged

National Institute of Fashion Technology (NIFT), Rae Bareli for the training of artisans and dress designers. Besides, the state is setting up modern UP Khadi retail outlets under the public-private partnership (PPP) model. In February 2018, the state had signed a Memorandum of Understanding (MoU) with e-commerce giant Amazon to promote 'UP Khadi' over its online marketplace, apart from the training and handholding of entrepreneurs.

Now, the government is looking to firm up similar alliances with other e-commerce majors as well, including Alibaba and Flipkart. In fact, the state had earlier also proposed to set up Khadi Parks. At the UP Investors Summit 2018, the state had signed MoUs to the tune of Rs 30,000 crore with Indian and foreign companies across the entire khadi value chain.

Source: business-standard.com- Feb 17, 2020

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Vietnam boosts bilateral trade with India

Vietnam and India hope to boost bilateral trade of strong commodities. The two countries hope to boost trade and step up trade promotion activities and business exchanges, especially in 2020 – the year Vietnam and India mark the 48th anniversary of their diplomatic ties. India's share in Vietnam's imports of manmade fiber textile is 3.34 per cent.

Of Vietnam's total textile imports, India has a 2.29 per cent share. There is significant untapped potential for trade in the area of textiles between the two countries. India is one of the major material suppliers of Vietnam's garment and textile sector. India hopes to be a reliable partner for supplying yarn, fabrics, and machinery at competitive prices. Under the India-Asean FTA most types of yarns, woven and knit fabrics can be imported duty-free from India.

Vietnam has high quality and competitive products such as agro-fishery and fresh fruits, especially dragon fruit and basa fish, which it hopes to export to Indian businesses and consumers. Besides agro-fishery products, Vietnam also has a developed garment-textile industry. However, in the context that China is suspending the operation of many manufacturing factories, Vietnam is facing difficulties in material supply for the apparel sector and has asked for India's assistance in this field.

Source: fashionatingworld.com- Feb 17, 2020

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Coronavirus impact: Tirupur struggles as cost of synthetic dyes increase 5 to 15 per cent

Doyens of textile sector foresee a not-so-colourful future as the price of synthetic dyes has increased by 5 to 15 per cent within a few weeks after import of raw materials from China was stopped due to Coronavirus outbreak. If this situation continues, traders and industrialists fear that they will go out of business by April 2020.

Although chemical industries in Gujarat and Maharashtra meet nearly 80 per cent of Tirupur's demand for synthetic dyes and chemicals, it is China that supplies them with the raw materials. However, pigment production in these states has taken a hit as shipping from Chinese ports slowed down in the past four weeks, says former president of Tirupur Dye Chemicals Merchants Association K Nakesh.

'Natural dyes, not an option'

"On an average, over 470 units in Tirupur require 500 tonnes of synthetic dyes every month. Now, its unavailability has forced traders to look for alternatives -- natural dyes. However, it is not possible to procure them in such huge quantities, considering their limited sources. Besides, when a unit uses synthetic dyes on fabric, it is not practically feasible to make a switch to, or experiment with, natural dyes," Nakesh explains.

'No scarcity of dyes yet'

Explaining the extent to which the viral outbreak has had an impact on Tirupur's textile business, dye trader Raju Iyer says, "In the past one month, local availability of dyes and pigments has decreased by 20 per cent.

Though there is no scarcity for dyes as such, its price has risen by 5 to 15 per cent from February 15. In this scenario, there will be a huge scarcity for raw materials in April 2020."

Hike in garment price

A hike in the price of pigments is sure to increase the fabric's rate as well, says Secretary of Dyers Association, Tirupur, S Murugsasamy. "There will be a 15-20 per cent increase in the cloth's price.

However, the difference in the rates will reflect on the garment orders, both domestic and export, only in the next financial year. By the end of March, traders will have a fair idea of what is coming their way," he adds.

Source: newindianexpress.com- Feb 17, 2020

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Namaste Trump: India and US to ink $ 2.5 billion deal during Donald Trump's visit

India's leading gas importer Petronet and the US LNG Tellurian will be converting the $ 2.5 billion MoU into an agreement on the sidelines of the bilateral talks between Prime Minister Narendra Modi and the US President Donald Trump on. Highly placed sources have confirmed that the talks between the two leaders will also be on India's Energy Trade including the signing of the agreement between Petronet and the US-based Tellurian.

The CEO of the company is travelling with the US President and on the sidelines of the bilateral talks the two sides will convert the MoU which was inked last year in September into an agreement. The Driftwood project of Tellurian is a proposed LNG terminal for Bechtel has been identified as the engineering, procurement and construction (EPC) partner for the project. Once the investments start coming from partners then only the construction will start. So far the French Company Total has committed investment of $ 500 in the project for 2 mtpa of LNG. The whole project costs around $ 18 billion.

Once concluded this will be first long term LNG deal under the Modi government since 2014.

India-US Energy Ties : Besides defence, this is another important aspect of the Indo-US trade mix. India is already importing more than $ 4 billion worth of oil and gas from the US. Due to the US sanctions on Iran, India already has plans to increase its imports.

Both sides will talk about the increase in the imports and new technologies that the US can share with the Indian Oil companies. According to sources, the Indian side is keen on getting concessional freight rates for importing from the US and also get higher credit period of 60-90 days. “This would be on par with the rates India used to get from Iran.”

Source: financialexpress.com- Feb 17, 2020

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Bangalore Apparel Manufacturers Association to organise 3rd edition of The TEXSTYL Show

62 fabric and accessories supplier will participate showcasing AW2020 collection. With focus on men’s suiting, shirting and denim fabrics, this would be one of the prominent B2B exhibition in textile supply domain. Suppliers from Mumbai, Ahmedabad, Delhi, Bangalore will participate. Close to 1,000+ organised manufacturers, brands, exporters, buying houses and stakeholders are expected to visit this event.

BAMA is an alliance of Bengaluru’s top organized manufacturers of fashion apparel. Together this group represents a significant branded manufacturing activity out of this region. Together this group represents GMV of more than Rs 2,000 crore, generating direct and indirect employment for more than 15,000 people and trade spanning all over India.

The plan of BAMA is to affiliate with relevant trade bodies, government entities, big retail corporates and secondary members all over India.

Going forward BAMA has planned a series of events which members can participate and benefit from, some of them being Sourcing Fair, Educational and Training Seminars, Campus and Group Placements, Fashion Trade Fair, Grievances Redressal Mechanism, International Trade Fair Trips etc.

Source: indiaretailing.com- Feb 17, 2020

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