US 70.93 | EUR 78.94 | GBP 92.81 | JPY 0.65

Cotton Market

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

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<tr>
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<th>Rs./Bale</th>
<th>Rs./Candy</th>
<th>USD Cent/lb</th>
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<td></td>
<td>18565</td>
<td>38800</td>
<td>69.73</td>
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Domestic Futures Price (Ex. Warehouse Rajkot), December

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<th>Rs./Bale</th>
<th>Rs./Candy</th>
<th>USD Cent/lb</th>
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<td></td>
<td>19060</td>
<td>39835</td>
<td>71.59</td>
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International Futures Price

- NY ICE USD Cents/lb (March 2020) 66.74
- ZCE Cotton: Yuan/MT (May 2020) 13,370
- ZCE Cotton: USD Cents/lb 86.60
- Cotlook A Index – Physical 75.50

Cotton Guide

BREAKING NEWS: THE PRESIDENT OF THE USA IS IMPEACHED

The US President Donald Trump has been impeached and the trial is expected to be in January as the Country is approaching holidays. For President Trump to be impeached from office, two-thirds of the US Senate - 67 members must vote to convict him on the articles of impeachment. Now, the senate consists of 53 Republicans, 45 Democrats, and two independents with Democrats which implies that Trump is unlikely to be removed from office.

If President Trump is not convicted in the Senate then he will stay in office and nothing changes. The only way then to remove him from his office is that he does not get re-elected by the American Citizenry.
The Cotton futures have not yet reacted to the aforementioned news. The ICE March contracts settled at 66.74 cents per pound with a change of +30 points. The ICE May contract settled at 67.83 cents per pound with a change of +22 points. The spread is yet hovering in and around the 100 point mark. Volumes were again lower at 21,779. In a nutshell, when we see marginal increments before a US Export Sale release, we can imply that the sentiments are positive which would be emanated from the data scheduled for a release this evening.

The MCX contracts on the other hand succumbed to the tremendous arrival pressure. The MCX Contracts were seen to show triple digit losses. The MCX December contract settled at 19,060 Rs per Bale with a change of -110 Rs. The MCX January contract settled at 19,270 Rs per Bale with a change of -100 Rs. Volumes were decent at 1080 lots.

The Cotlook Index A has been updated at 75.70 cents per pound with a change of -50 points. The Spot rates of cotton have been reducing drastically which can be seen in the new figures displayed on CAI's Website today at 38,900 Rs per Candy. This amounts to a reduction of -200 Rs. In the last 5 working days, we have seen an immense reduction of Indian Cotton Prices.

On the Fundamental front, we are of the view [for a couple of fortnights] the world will wait and watch for the latest news coming in from the United States. If the USA gets a new president, the ICE Prices may skyrocket. If not, the prices will remain consolidated. For the short term, expect an increase in ICE and then consolidation. On the MCX front, the prices of may experience a sideways movement.

On the Technical front, in daily chart, ICE Cotton March, retraced from the support of the breakout level of Double Bottom formation. However, price has the immediate resistance as 67.13 / 67.90 (61.8% Fibonacci extension level). Meanwhile, price is above the daily EMA (5, 9) at 66.66, 66.43 with a positive crossover acting as an immediate support for the price. The momentum indicator RSI is at 57, also supports sideways to bullish bias.

The immediate support would at 66.30/66.00 (38.2% Fibonacci extension level & breakout of double bottom). Thus for the day we expect price to trade in the range of 67.50-66.00 with a sideways to positive bias. In MCX Dec Cotton, we expect the price to trade within the range of 18900-19200 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
### INTERNATIONAL NEWS

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INTERNATIONAL NEWS

USA: 2019: The Costs of Continued Frustration for Cotton

No one can say we weren’t warned.

Roll back to the 2019 Mid-South Farm and Gin Show in early March. In his annual Ag Update presentation, Joe Nicosia of Louis Dreyfus Company bemoaned eight months of the U.S.-China trade dispute, noting that “There’s plenty of pain to go around – a little bit everywhere.”

Fast forward to now. Hopes of a quick resolution to the trade dispute have, to date, been buried in increased tariffs, broken promises, trade disruptions and shrinking demand. Add untimely rainfall, delayed planting, drought and extreme heat, and unseasonably cold harvest conditions to the mix, and 2019 has defined the U.S. cotton industry and its growers as – according to a recent Bloomberg article – “the unsung victims of the tit-for-tat tariff battle.”

Although word of a pending phase one agreement in December offers some hope for lowered tariffs and greater agricultural trade, Nicosia’s March prognostications still seem prophetic. “We’re going to end up with a price of about 55 to 65 cents, and that might be optimistic,” he stated. “If that happens with China, they’ll get half of nothing, we’ll get half of nothing and – as Foghorn Leghorn once said – two halves of nothing equals a whole nothing.”

How Did We Get Here?

Dr. Jody Campiche, vice president, Economics & Policy Analysis for the National Cotton Council, said the application of the 25% retaliatory tariff on U.S. cotton has significantly affected the U.S. cotton market over the last year.

“For more than a decade, China has been a key market for U.S. cotton fiber exports, and currently ranks as U.S. cotton’s second largest export destination,” she said. “For the 2018 and 2019 crop years, U.S.-origin cotton has been less competitive relative to growths from countries such as Australia, Brazil and India due to the tariff’s imposition.”
“The current trade dispute with China and the resulting retaliatory tariffs on U.S. cotton and cotton yarn are increasingly harming the U.S. cotton industry and our long-term market share in China,” she continued.

“The immediate impact has been a decline in market share of China’s cotton imports from 45% in 2017 to 18% percent in 2018, while Brazil’s market share increased from 7% in 2017 to 23% in 2018.

“This lost market share has reduced overall export sales and shipments, further depressing U.S. cotton prices.”

U.S. cotton’s uncompetitive position in the Chinese market has led to direct impacts on trade flows and market prices, with U.S. cotton growers feeling the impact in terms of lower prices.

Before the U.S.-China trade dispute began in June 2018, producers could price cotton off a futures market trading in a range between 85-95 cents. Prices now sit in the low 60s – a direct result of the U.S.-China trade tensions.

Put simply, explained Campiche, “The retaliatory tariffs and the uncertainty facing the textile supply chain have reduced expectations for global cotton demand.”

U.S. cotton merchandising firms also faced increased cancellations of sales to international customers during the 2018 marketing year. And, without a resolution to the U.S.-China trade dispute soon, merchants could be facing additional cancellations and defaults for the 2019 marketing year, pointed out Campiche.

Certainly, as Chinese mills continue to source from other cotton-exporting countries, U.S. cotton will have an opportunity to gain some traction in other markets. However, that shifting of trade comes with additional costs, and those sales likely will be secured at lower prices.

“For U.S. merchandisers, that likely means increased transportation and storage costs as they seek new markets,” said Campiche. “In addition, financing costs for export sales to key markets such as Bangladesh and Pakistan can be greater than those for sales to Chinese mills.”
Promise Turns to More Frustration

As growers were finalizing their 2019 plans, cotton prices were in the lower to mid-70s. And, in most parts of the Cotton Belt – including Texas – there was adequate soil moisture in place to help ensure a quick start after planting. A USDA-confirmed 13.7 million acres were planted in anticipation of a good year. Then early season weather issues and additional tariffs took the wind out of the market.

“It’s been another frustrating year on the farm,” said Dr. John Robinson, professor and Extension economist with Texas A&M University. “Growers have been looking for a home run for the last 3-4 years, and this year had a lot of promise. It was the year when they felt like they could make good yields with low abandonment at a good price – and hopefully not have a tropical storm show up at harvest time.

“Some people were able to get that,” he added. “But now, unless a grower forward priced, they’re still selling good cotton at a low price. It’s yet another disappointment.”

Using Texas as an example, Robinson said the limited potential for grain crops in the state – particularly sorghum and wheat – keep growers gambling with cotton.

He noted that planting delays turned some potential cotton acres in the Panhandle back to corn this year, and current prices may keep those growers in corn for 2020.

“But as we’ve seen before, when cotton growers have to dig themselves out of a hole, they roll the dice and plant cotton and hope for a home run,” he said. “That’s what keeps cotton acreage from dropping so much across most of the state.”

Then there’s the residual impact on local farm economies. Robinson recalled the end of a recent cotton-focused interview he did with Texas National Public Radio, when he was asked “Is there anything else the people of Texas need to know?”
“By ‘the people of Texas,’ I knew he really meant the 80% of urban Texans,” he said. “I told him in terms of crops, there’s more business to business activity upstream and downstream, there’s more infrastructure, there’s more people involved, there’s more revenue, there’s more influence on land values, there’s more tax base, and everything that’s important is reflected in cotton. If we lose cotton acres statewide, the alternatives are weak and there’s not a lot of economic activity associated with them.”

**Brighter Days Ahead?**

USDA threw the cotton market a curveball in its November World Agricultural Supply and Demand Estimate (WASDE) report, reducing U.S. production by 900,000 bales and cutting U.S. ending stocks from 7 million to 6.1 million. The news prompted Mississippi State University Economist Dr. O.A. Cleveland to proclaim the market bear dead and create a path for higher prices (70s anyone?).

**Robinson concurs – to a point.**

“This WASDE doesn’t solve the problem of increasing ending stocks year over year, but it does take the edge off of it,” he said. “Maybe we’ve seen the worst of the weaker prices.

Fundamentally, I wouldn’t expect that we are headed back below 60 cents. If there’s an announcement or movement on rescinding some of the tariffs – and if it’s confirmed that cotton will be part of that – we may see another short covering rally.

“But there’s still a healthy world supply of cotton. We just have to be able to work through that.”

Source: cottongrower.com - Dec 18, 2019
EU Could be Next Trade War Target

Recent agreements resolving trade concerns with China, Canada, and Mexico could leave the U.S. free to expand its trade war to the European Union in 2020, U.S. Trade Representative Robert Lighthizer suggested this week. However, new EU leaders are moving to strengthen the bloc’s ability to respond to any U.S. offensive.

Lighthizer said during a TV interview that the U.S. has “a very unbalanced” trade relationship with the EU, citing a bilateral trade deficit that could hit $180 billion for 2019. President Trump has said lowering the U.S. trade deficit is a key objective, and the deficit with the EU is typically the U.S.’ second-highest each month, about half that of China and twice that of Mexico.

Trump recently concluded agreements that could bring down the U.S. trade deficits with those two partners, and Lighthizer asserted that “you can’t get the global trade deficit down without getting the trade deficit down with Europe.”

To do that, Lighthizer indicated that the U.S. will use the threat of higher import tariffs as it has with China. “There are a lot of barriers to trade” in the EU as well as “a lot of other problems we have to address,” he said, including figuring out “a way to sell more” to European countries. As part of that effort the U.S. will “continue to focus” on its utilization of tariffs on EU goods.

In October 2019 the U.S. hiked tariffs on more than 150 products from the EU an additional 25 percent in a long-running World Trade Organization dispute over aircraft production subsidies, and a further increase in those tariffs to 100 percent is under consideration as part of an effort to secure what Lighthizer called “some kind of negotiated solution.”

The U.S. has also threatened a 25 percent increase in tariffs on EU automobiles and auto parts after determining that imports of such goods threaten U.S. national security. Lighthizer did not indicate whether other potential tariff increases could come as part of either of those initiatives or via a separate route, such as the broad new Section 301 investigation against the EU that some observers say the White House is considering.
In the meantime, the EU is preparing to strengthen its ability to counter any such U.S. moves. The European Commission recently created a new chief trade enforcement officer position, and new EU Trade Commissioner Phil Hogan has proposed to give the bloc more freedom to impose countermeasures “whenever our trade partners do not play by the rules,” an accusation frequently leveled against the Trump administration’s tariff increases.

Specifically, this proposal would eliminate the requirement that a dispute go all the way through WTO proceedings before the EU can respond with steps such as increasing tariffs or imposing quantitative restrictions or public procurement restrictions. The WTO Appellate Body recently lost its ability to hear cases due to a lack of sufficient judges, a situation largely attributed to Washington’s refusal to consider appointing new ones for the past several years, and Hogan said the EU “cannot afford being defenseless” in this situation.

The proposal could take effect by mid-2020 if it is approved by the European Parliament and European Council.

Source: strtrade.com - Dec 19, 2019

Goal 2020, surviving cotton: a roller-coaster decade for raw materials

Cotton, one of the main raw materials of the fashion industry, reached record highs in 2011 and again hit lows just three years later.

The global raw materials market has lived one of its busiest decades. Cotton, one of the main raw materials of the fashion industry, reached record highs in 2011 and again hit lows just three years later.

The lesson that retailers took from these was that it is necessary to stabilize raw materials market and give it continuity over time. Part of the answer to this shift of paradigm is circularity.
Between 2010 and 2011, cotton was up the clouds. That year, prices of this raw material exceeded its historical highs, unbeaten since 1995. It was the spring of polyester and viscose: retailers designed collections based on these raw materials to help its margins before the rise of cotton prices.

Between December 2009 and the same month of 2010, the price of cotton increased by 140%. That increase drove up the prices of other raw materials. Wool increased its value by 40% in one year; silk, 100%; linen, another 40%, while manmade fibers increased it between 30% and 35%.

There was no specific cause explaining that escalation, but rather a set of events that pushed up its market value. Bad harvests in Pakistan, one of the cotton-producing countries, due to heavy rains that caused significant flooding in the country was perhaps the trigger.

Another reason that drove this inflation was the increase in the demand of textiles from countries such as India, China or Brazil, emerging economies that at that time were in full swing from their middle class and an internal consumer market. In this sense, India, then the world's second largest producer of this raw material, aggravated the crisis by restricting cotton exports to protect its textile industry.

The Asian country went from placing 1.4 million tons of cotton to 950,000 tons in the foreign market. This measure led several international organizations to raise their voice against the situation such as the American National Council of Textile Organizations (Ncto), Eurocotton, Istanbul Textile and Apparel Exporters (Itkib, in its acronym in Turkish) or Canaintex. Several governments also fought against this measure before the World Trade Organization (WTO).

China also stepped forward to defend against a shortage of product in the domestic market and initiated a policy of accumulating stocks intensively. Finally, at the beginning of 2011 India put an end to its restrictions on cotton exports, but the Asian giant kept its surplus retention strategy in place during the following years.

In March 2011, the price of cotton registered its highest rise, up 167.8% compared to the same month of the previous year, to reach the historical level of 229.7 cents per pound. In April 2011, prices began a new moderation period, with an interannual drop of 5.7%. The fall in demand and India’s
decision to remove export limitations on this raw material caused prices to decrease in following months as quickly as they had increased.

This excessive increase had a direct impact on the margins of fashion companies and, especially, those linked to cotton, such as those specialized in denim. The shock wave of that rise in cotton reached the stock market values of the fashion giants, impacting especially negatively on the fashion retailers immersed in the price war.

The turbulence in the price of this raw material continued to hit retailers in the stock market, which in their results strived to point out their new strategies in diversification of raw materials to reduce dependence on cotton. H&M, for example, ended 2011 with a 15% drop in its net profit. In its annual report, the company explained: “It has been a very complicated year in the markets where we provide ourselves, where the increase in prices, mainly as a result of the rise in cotton, has led to an increase in purchase prices.”

Gap, on the other hand, shrunk the net income of that year by 17%; Benetton, that year began the procedures to go private that year, went from earning 120 million euros in 2010 to seventy million euros in 2011, while Abercrombie&Fitch sank its net profit by 15%.

### Accumulation of inventory and falling prices

The consequences of that price escalation persisted in the following years. Uncertainty in the world cotton market was then generated by China. The Asian giant, which had initiated an inventory accumulation policy to protect its local textile industry, again distorted its price. The country also increased its imports to increase its reserves. In 2012, the US Ministry of Agriculture already warned that the global stock of this raw material would reach its highest value at the end of the year in 25 years by Chinese policy.

In fact, India came to block its cotton exports for the second time due to the voracity of China’s purchases and the fear of leaving the local textile industry out of supply. The massive accumulation of cotton by the Beijing Government made it the owner of a quarter of the world’s reserves, which accounted for the equivalent of 60% of annual consumption.
This accumulation of stocks alerted the sector that was contemplating the possible sale of these reserves, which would curb international trade in this raw material and stir its value again. Cotton, unlike other raw materials, has an expiration date and, the longer it is used, the more likely it is to be spoiled. Professionals in this field began to glimpse a new era of low prices.

**Evolution of the price of cotton in the last decade**

At the end of 2013, China began to release its cotton inventory and, in 2014, ended its policy of swelling its reserves. The volume that the Asian country accumulated became such that it was sufficient to supply the entire Chinese textile industry for more than a year.

At that time, the country already had more than half of the world’s total cotton reserves. The consequence of this new scenario was a sharp drop in production and a break in international trade. Another element that helped to push down the price of cotton was polyester, the synthetic fiber derived from the most abundant and economical oil, which was gaining prominence in fashion collections.

The next twist to the global cotton market was returned to China by increasing import tariffs to protect its cotton and introducing additional quotas. Stock accumulation policy and local production subsidies had pushed prices up, favoring cheaper and higher quality cotton imports. However, the measure was not enough to maintain local production and, in 2014, India took away the leadership as the world's leading producer of this raw material.

**Sustainable cotton and other raw materials**

In parallel to the roller coaster lived in the traditional cotton market, sustainable cotton began to gain strength in 2010. That year, worldwide sales from sustainable crops of this raw material reached 5.2 billion dollars, according to the Textile Exchange.

A year later, sustainable cotton business generated 6.2 billion dollars. For the first time, fashion distribution giants were betting strongly on this type of cotton. In 2011, the main consumers of sustainable cotton on the planet were already H&M, C&A, Nike, Inditex and Adidas.
The largest manufacturers of synthetic fibers

As of 2015, fashion giants began to look for synergies to speed up in this regard. Kering and H&M acquired a stake in British startup Worn Again to accelerate the development of their technology for textile recycling and circularity. In fact, the trigger for textile research and innovation in the field of raw materials has taken a radical turn.

In a first phase, all the development in smart fabrics, conductive threads and technology applied to textile was paralyzed to overturn it in the search for new substitutes for natural and synthetic raw materials.

However, in 2016 and 2017, sustainability addressed a second stage: circularity. The large distribution embraced this new system of the economy to reduce dependence on raw materials from natural crops and those derived from oil. Thus, in 2017, about 19% of the cotton used in the textile industry came from sustainable sources.

In the case of polyester, 14% that went to the sector was already recycled, and in viscose, 4.5% was lyocell, the most sustainable version in the production of cellulose textile fibers, according to a study by Textiles Exchange. Regarding polyester, the queen fiber of the fashion industry, in 2017 it reached a record production of 53 million metric tons.

Of these, 7.42 metric tons were already made of recycled polyester. The bulk of this type of fiber comes from plastic bottles and the polyester itself for textile use.

Source: themds.com- Dec 18, 2019
Bangladesh: $50b export not achievable by 2021: BGMEA president

Bangladesh will not be able to export $50 billion-worth apparel products by 2021 because of low valuation and declining global trade, according to Rubana Huq, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), yesterday.

“We should concentrate more on value addition rather than setting numbers (export target),” she told a programme on the resilience of the RMG sector’s supply chain organised by the Planning Commission at Bangabandhu International Conference Center.

She said the target was set in 2014, just one year after the Rana Plaza collapse, but the world market now was going down because of declining trade and consumption.

According to World Trade Organisation, the world trade forecast took a downward turn to 1.2 percent for 2019 from a previous 2.6 percent.

She questioned why this target had been set as there was no significant value addition occurring in the garment industry. “Our target should be on adding more value, not just a number,” said Huq.

She said RMG’s contribution to the GDP was only 11 percent, which clearly indicated that the value addition was very little. Huq said the garment sector was going through a very bad time as exports had witnessed negative growth of over 6 percent in the past five months of the fiscal year.

She pointed out some reasons behind the RMG’s lower growth including economic recession around the world and pressure from the nation’s currency.

The BGMEA president stressed on having a plan for diversification of industries. She said the Accord and Alliance came in 2013 with some prescriptions where the national context was missing.

One example is that fire alarm systems were imported follow their prescription but those did not work in Bangladesh for inconsistencies with the country’s humidity patterns.
“We have spent $1.5 billion in the process. Is this a joke?”

Source: thedailystar.net- Dec 19, 2019

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**Bangladesh: Should we be wary of Ethiopia?**

There is much talk of Ethiopia as the next “go to” apparel sourcing location right now, but how much is hearsay and how much should the Bangladesh Ready-Made Garment (RMG) industry fear this new rival needs scrutiny.

The international apparel community is flooded with talk of the growing prowess of Ethiopia as the “new kid” on the apparel sourcing block. But what is the reality of the situation and what can the Bangladesh RMG industry learn from and, indeed, do about this new challenger to the sector, are questions we must consider.

The efforts of the Ethiopian government to promote the nation’s apparel industry cannot be denied. They have invested in a range of economic incentives including the construction of freshly built industrial parks for garment manufacturing, with the explicit goal of positioning Ethiopia as one of the world’s top exporters of textile and garments.

These efforts have been rewarded, with the East African country opening its doors over the past years to a range of international apparel brands including H&M, Calvin Klein and Tommy Hilfiger, allowing access to factories for production of low-cost garments in the aforementioned industrial parks.

This enviable uptake from leading brands has led the country’s authorities to predict that they can boost their clothing exports to a total of USD 30 billion a year from its current USD 145 million.

However, “all that glistens is not gold” as the old saying goes and, as a recent report from May 2019, “Made in Ethiopia: Challenges in the Garment Industry’s New Frontier” by the New York University Stern Centre for Business and Human Rights explains, “For all of its potential, the apparel industry in Ethiopia has already encountered difficulties. The government’s eagerness to attract foreign investment led it to promote the lowest base
wage in any garment-producing country—now set at the equivalent of USD 26 a month.”

Therein, I feel, lies the crux of the matter: has the recent upsurge in interest in Ethiopia as a sourcing hub been driven purely by workers’ salaries? If so, surely this flies in the face of the principles the Bangladesh RMG industry are trying to establish for a sustainable apparel industry and is, surely, not a path that we can dare follow or challenge!

Admittedly, the upturn in Ethiopia’s apparel producing fortunes should be applauded as it has offered an abundance of opportunities to the 105 million populace of the land-locked nation that has been wrecked by much publicised civil war, famines and droughts over the last 40 years.

In many respects, the emergence of the Ethiopian apparel industry bears similarities to the nascent Bangladesh RMG industry some 40 years ago and this, I feel, is what we need to bear in mind when considering Ethiopia as so called “competition”.

Since its inception in the 1980’s, the Bangladesh RMG industry has seen significant growth and is now established as the second largest supplier of apparel globally. We have trodden a long path to attain this status; this is a road that countries like Ethiopia are just starting along and, in that respect, I question whether any parallels should be drawn between the two.

Yes, we are both apparel producing hubs and, yes, we have lower wage strata than other parts of the world but there I feel all similarities end. As should the ongoing rhetoric about the threat that Ethiopia poses to the RMG industry of the nation.

First, and foremost, amongst all of the factors for us to consider are the advances that our country has made in producing ethical, sustainable, environmentally sound apparel products.

In reaching this the industry has had to go through a steep learning curve. We must not ignore the investments that have been made in the sector over recent years, the rise in wages and the increase in the cost of raw materials and services (gas and electricity).
We have now reached a stage where we no longer have to chase the “bottom dollar” on product as the viability of that approach is not sustainable in the long term and the industry should be gearing up to produce product with integrity.

Chasing the “race to the bottom” is a race that Bangladesh will lose, so let us in the RMG industry be bold enough to not don our running shoes, and instead choose another discipline to participate.

To my mind, the rising interest in Ethiopia from brands and retailers should summon a sea-change in attitude which the Bangladesh apparel industry should embrace. The western world, which constitutes the biggest apparel export market for Bangladesh is moving away from the “race to the bottom” model which Ethiopia is currently pursing. Indeed, Bangladesh itself has been trying to move away from such a model, which many believe is losing relevance in a world where sourcing hubs are under such great scrutiny, particularly regarding workers’ rights, safety and well-being.

To put it another way, a garment sourcing destination can no longer compete simply by telling brands and retailers that it has extremely cheap labour. There has to be more depth in what is being offered, whether it be product integrity, sustainability, environmental credentials, great logistics or brilliant infrastructure.

It is these factors that we in the Bangladesh RMG industry should be promoting to our customers and we should not be fixating on workers’ salaries and, indeed, should be moving away from the mass volume commodity apparel items that we have previously been renowned for producing. There is nothing wrong with walking away from a fight that we cannot win—rather we risk damaging the long-term welfare of the sector if we do try and compete at the base level.

The next pieces in the jigsaw to consider are the actual level of success achieved by the Ethiopian apparel industry and the actual size of the threat that it poses to the Bangladesh RMG sector.

The New York University’s report highlights four important factors that we should consider when regarding Ethiopia as a contender on the apparel manufacturing circuit.
The first are the most recent figures showing that Ethiopia’s garment exports are worth around USD 145 million, some considerable way short of the estimated USD 30 billion being touted by government figures. It has taken the country several years of extremely hard promotion of its textile industry to reach such a figure and there have been plenty of ups and downs along the way. Figures for garment exports have consistently fallen way short of government forecasts over the past five years.

The second is, ironically, the low labour cost in the Ethiopian apparel sector. Despite the fact that these may have appealed to certain buyers, the reality is somewhat different, with disenchanted workers not performing effectively and with alarmingly low levels of efficiency. As the report states, “Rather than the compliant, cheap workforce they may have assumed they would hire in Ethiopia, the foreign-based suppliers have encountered employees who are unhappy with their compensation and living conditions and increasingly willing to protest by stopping work or even quitting.”

Let me be clear here: Bangladesh is by no means perfect on these issues and we all know workers in the RMG sector of our country should be paid more. But if, we are making a comparison with Ethiopia, there simply is none. Wages here, and associated job opportunities and career progression, are now that much greater. Bangladesh has progressed, slowly but surely on these issues despite significant teething issues along the way.

The third factor concerns raw materials, almost all of which, at the current time, need to be imported into Ethiopia. The government promoted the availability of more than three million acres for cotton cultivation, whereas only 148,000 acres are being used as local farmers switch to sugar, sesame, and other crops with a higher cash yield. As a consequence, local manufacturers still have to import nearly everything they need to make finished apparel.

The final factor concerns bureaucratic red tape, which was supposed to be untangled at the manufacturing parks in the country but still remains very much in evidence based on the most up-to-date reports, which also suggest exporters aren’t allowed to consolidate smaller orders into one shipping container, resulting in the shipment of partially full containers and a rise in transport costs. In short, getting shipments in and out of Ethiopia is not a straightforward task.
Again, while Bangladesh might not have got everything right, its logistics, including ports and associated infrastructure are exemplary, while much has been done to reduce burdensome red tape in recent years. We are all, in Bangladesh, on the same page when it comes to such issues.

With all of this considered I question the threat that the Ethiopian apparel industry poses to the Bangladesh RMG sector. If we ignore the like-for-like wage comparisons and the urge to chase volume of commodity apparel products, we can continue to develop the industry in a sustainable, responsible manner for the years to come.

Source: thedailystar.net- Dec 19, 2019

HSBC to Help Boost Sustainability in Sri Lanka’s Apparel Sector

HSBC Sri Lanka, Sri Lanka’s largest bank, and the environmental group International Union for Conservation of Nature (IUCN) are working together to create a “cohesive low-carbon development transition strategy” for the South Asian country’s garment industry.

The project, which was announced earlier this month, will draw on the expertise of the Joint Apparel Association Forum of Sri Lanka, the National Cleaner Production Centre and the Board of Investment, as well as research conducted by IUCN.

Stakeholders will also enlist the help of regulatory agencies, apparel industry management and environment auditors “who are familiar with the industry operations and processes,” Ananda Mallawatantri, country representative of IUCN Sri Lanka, said.

Mark Prothero, CEO of HSBC Sri Lanka and Maldives, said he believed that “knowledge-based intervention” is the best way of ensuring “impactful and sustainable change” in the long term.

“The apparel industry is a critical income earner for Sri Lanka, and supporting its transition into greener development is imperative for the growth and long-term stability of the industry,” he said in a statement. “With
this project, HSBC is moving beyond transactional corporate social responsibility to more [of] a knowledge-based contribution that benefits the communities, the environment and the country at large.”

The project is part of a pledge by HSBC Sri Lanka’s parent group to provide $100 billion in “sustainable financing and investment” by 2025.

“The $100 billion commitment...acknowledges the scale of the challenge in making a transition to a low-carbon future,” Stuart Gulliver, group chief executive at HSBC, said in 2017. “We are committed to being a leading global partner to the public and private sectors as they make that transition.”

Garments are currently Sri Lanka’s leading export. In 2018, earnings from apparel exports topped $4.9 billion, a 3.6 percent uptick from the year before. Roughly 80 percent of its production ships to Europe, with the remainder to the United States, though interest from American buyers may be growing as a result of the trade war with China.

Source: sourcingjournal.com - Dec 18, 2019

Japan's exports shrink for 12th month as US, China demand falls

Japan's exports slipped for a 12th straight month in November, as declining shipments to the United States and China hit the trade-reliant economy, raising the risk of a fourth-quarter contraction.

Official data released on Wednesday showed Japan's exports fell 7.9% year-on-year in November, a smaller decline than the 8.6% decline expected by economists in a Reuters poll.

However, it was the longest run of declines in exports since a 14-month stretch to November 2016 as shipments of cars and construction machinery to the United States and chemical products to China fell.

"Exports are quite weak. A recovery remained out in November even when looking at it on a volume basis," said Atsushi Takeda, chief economist at Itochu Economic Research Institute.
Exports in volume terms, which exclude the exchange rate impact, dropped 5.0% in the year to November, the largest fall since August and the fourth consecutive month of declines.

Japan's economy grew at a much faster pace than initially reported in the third quarter, data showed last week, thanks largely to improvements in business spending and private consumption.

But there are worries the third-quarter strength is masking widening cracks in the economy after the government went ahead with a nationwide tax hike in October, giving a big hit to corporate and household sentiment.

Japan's economy has been caught in the crossfire of the trade war between the United States and China this year, with increased protectionism and a related global slowdown hurting output and exports from the country.

Industrial output slipped at the fastest pace in nearly two years in October while retail sales and household spending slumped after consumers tightened their purse strings following the sales tax hike.

The Bank of Japan, however, is seen keeping monetary policy on hold at its two-day policy meeting ending on Thursday as progress in U.S.-China talks and a $122 billion fiscal package at home take some pressure off the central bank to support growth.

By region, exports to China, Japan's biggest trading partner, lost 5.4% year-on-year in November, down for the ninth month as shipments of chemicals and car parts declined. Exports to Asia, which account for more than half of Japan's overall exports, dropped 5.7% in the year to November largely due to declining shipments of flat rollers to Thailand.

Japan's shipments to the United States declined for the fourth straight month, falling 12.9% in the year to November, hurt by reduced shipments of cars, construction machinery and car parts.

The weakness in U.S.-bound shipments is largely thanks to weak car sales as car and car parts, which account for about half of the exports to the United States, even as consumption and the world's top economy overall are doing well, said Itochu's Takeda.
"The U.S. and China have agreed on a Phase One Trade deal so it's likely tariffs will be reduced and a worsening of tensions has been stopped," Takeda said.

He expects Japanese exports to the United States to stage a recovery in the coming months with U.S. capital spending set to rebound.

Under the trade agreement announced last week, Washington will reduce some tariffs on Chinese imports in exchange for Chinese purchases of agricultural, manufactured and energy products increasing by about $200 billion over the next two years.

Japanese Prime Minister Shinzo Abe previously agreed his own limited trade deal with the United States, which was approved by Japan's parliament this month, clearing the way for tariff cuts next year on items including U.S. farm goods and Japanese machine tools.

The nation's overall imports sank 15.7% year-on-year, marking their biggest decline since Oct. 2016, and a larger fall than the median estimate for a 12.7% decrease. That was partly due to weakened consumption after October's sales tax hike, economists said.

That decline in imports led to a 82.1 billion yen trade deficit, smaller than the 369.0 billion yen shortfall seen by economists.

Source: economictimes.com - Dec 18, 2019
Vietnam Keen To Improve Trade, Investment Cooperation With Pakistan

Vietnam's global trade turnover this year is more than Dollars 500 billion, of which Pakistan-Vietnam trade volume is around $600 million only which is too low against the expectations and existing potentials.

This was stated by Deputy Director General of Vietnam's Ministry of Industry and Trade, Do Quoc Hung, who was leading a high-level Vietnamese delegation during their visit to Karachi Chamber of Commerce and Industry (KCCI), said a press release on Wednesday.

Commercial Counselor of Vietnam Nguyen Hong Tien, Acting President KCCI Arshad Islam, Vice President KCCI Shahid Ismail, Chairman of KCCI's Sub-Committee for Liaison with Diplomatic Missions, Shamoon Zaki, Chairman Fairs, Exhibitions and Trade Delegations Subcommittee Haroon Qaiser, Managing Committee members and others were also present.

Do Quoc Hung said the very low bilateral trade volume could certainly be improved as both countries have many advantages and potentials. Vietnamese government was keen to improve trade and investment cooperation with Pakistan, he said.

Highlighting some of the advantages and potential for developing trade and investment cooperation, the Deputy DG of Vietnam's Ministry of Industry and Trade said Vietnam and Pakistan had been enjoying very good political and friendly relations while the two countries were huge markets as Vietnam's population is roughly around 100 million. While, he continued, Pakistan's population is double than that of Vietnam's; hence there was a great demand for numerous commodities on both sides.

"Moreover, Pakistan's business community can consider Vietnam as gateway to ASEAN (Association of South East Asian Nations) region and can also benefit from the free trade agreements which have been signed by Vietnam with many countries around the world", he added.

He said that Vietnamese government was keen to develop trade and investment cooperation with Pakistan. This trade delegation comprised of manufacturers and suppliers of spices, health supplement, herbal drinks,
rice, wheat, coffee, animal feed, frozen seafood, confectionery and beverage, biological products, agricultural products and frozen seafood etc.

Vietnamese Deputy DG said that Karachi Chamber with a strong membership base of 23,000 direct and more than 55,000 indirect members was the right platform which could bridge and connect the business communities of the two countries.

He hoped that today's business-to-business event organized by KCCI would pave way and would present good opportunity to Vietnamese companies to get connected with Pakistan companies.

He also requested Karachi Chamber to arrange a similar delegation to Vietnam next year which will be fully assisted and facilitated by the Vietnamese Government.

Earlier, Acting President KCCI Arshad islam pointed out that during 2018 Pakistan exported goods to Vietnam worth $282.25 million and the imports from Vietnam stood at $412.37 million which was way too low as compared to the potential. Hence, the business communities would have to enhance linkages to improve the meager trade volume between the two countries.

He emphasized the need for seeking Vietnam's help in accessing economic communities of ASEAN for greater market share and that Vietnamese investors could invest in energy, electricity, textile material, vehicle component and agricultural goods processing units.

Source: urdupoint.com - Dec 18, 2019
Philippines foresees 45% rise in garment-textile exports

The Philippines garment and textiles industry roadmap, launched recently at an industry forum, foresees the country becoming one of the top ten global players with annual exports growth of 45 per cent if it implements some recommendations, including elimination of the popular ‘ukay-ukay’ (used imported clothing) and the utilisation of natural fibres.

The plan covering 2020-2029 was divided into three milestones: short-term (2020-2022), medium term (2023-2025) and long-term (2026-2029).

Under the short term milestones, the Philippines should already be among the top 20 garment exporters with annual growth of 12.3 per cent in garment exports and 3-5 per cent increase in textile exports.

This should be made possible with the increase in the utilisation of natural and synthetic textile fibre by 5-10 per cent, according to media reports in the Philippines. Under this milestone, the government was urged to address smuggling and proliferation of ukay-ukay.

Incentives to the industry was also pushed in the short term for the innovative product processing that promotes sustainability and green environment. Reduction of the 12 per cent value added tax was also pushed.

For the short term milestone, the roadmap forecasts the Philippines to improve its world ranking in garment exports into the top 15 largest globally. It is expected to increase its garments by 21.7 per cent annually and 10 per cent increase in natural and synthetic textile fibre.

This milestone has called for the government to address infrastructure gaps and logistical bottlenecks. It also urged for production efficiency, transportation, communication and distribution through high-quality infrastructure and logistical services.

Export market diversification must also be pursued with more bilateral free trade agreements with emerging markets to reduce dependency on the US and European Union markets. Improved research and development must be pursued to come up with innovative products.
For the long-term, the roadmap said that an annual 45.8 per cent increase in the exports of garments is attainable by 2026-2029. This milestone has foreseen the Philippines already at the top ten of the world’s biggest garment exporters.

Source: fibre2fashion.com - Dec 18, 2019

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Pakistan: Buzz continues on cotton market

Revival of buying interest from leading spinners generated activity on the cotton market on Wednesday as prices generally remained stable.

However, slowdown in phutti (seed cotton) picking owing to dense fog in Punjab and shortage of quality lint restricted trading activity. Buyers mostly indulged in short covering. Barring a big lot deal of over 5,000 bales from station Khanpur much of the trading remained moderate to active. The latest cotton production figures continue to paint a picture as brokers fear low crop size.

It is encouraging to note that demand for cotton yarn is increasing as the value-added textile sector exports also improved. If government timely pays sales tax refund amount, textile exports could improve a lot, observed cotton analyst Naseem Usman.

On the global front, New York cotton continued to give erratic behavior owing to shifting of position in US-China trade talks. Indian and Chinese cotton markets were mixed to easy. The Karachi Cotton Association (KCA) spot rates were firm at overnight level at Rs8,750 per maund.

The following deals were reported to have transpired on ready counter: 1,400 bales, station Ghotki, at Rs8,900-8,975; 5,200 bales, Khanpur, at Rs8,850-9,080; 1,400 bales, Fort Abbas, at Rs8,350; 1,000 bales, Yazman Mandi, at Rs8,150; 400 bales, Dera Ghazi Khan, at Rs8,900; 400 bales, Hasilpur, at Rs8,000; 200 bales, Bahawalnagar, at Rs8,000; 600 bales, Haroonabad, at Rs8,000-8,050; and 400 bales, Faqirwali, at Rs8,000-8,050.

Source: dawn.com - Dec 19, 2019

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NATIONAL NEWS

**MSP hike hits exports, only 600,000 bales shipped so far**

India's cotton exports have slowed down in the current marketing year that began on Oct 1 due to higher domestic prices following a hike in the minimum support price and in view of the depressed global prices, market experts said.

The ongoing procurement by state-owned Cotton Corp of India lifted the price floor to around 38,500 rupees a candy (1 candy = 356 kg) or 74 cents a pound, while global prices are hovering around 72 cents, making exports largely unviable barring some grades of cotton.

So far only 600,000-700,000 bales (1 bale = 170 kg) have been shipped out, and the total export contracts are yet to hit the 1-mln-bale mark, said Manish Daga of Cotton Guru. The number is just about 50-60% of the normal export contracts this time than in the past few years.

These export contracts were struck at 73-74 cents per pound, of which 75% were from Bangladesh, and the rest from China and Vietnam.

Government procurement may gain pace later this month when good quality cotton crop enter the markets. This could tighten prices further and halt exports, unless global prices recover and make exports competitive, trade officials said.

"Cotton exports are not that viable as Indian cotton is being offered at 74 cents a pound, around 2 cents higher compared with the global market," said Dharmendra Jain, director of Ahmedabad-based DP Cotton.

The Cotton Association of India has pegged annual exports at 4.2 mln bales, while the Cotton Advisory Board and trade officials have estimated the exports at around 5.0 mln bales. The association has estimated exports until November at 500,000 bales.

Cotton exports are also lower due to poor quality in the wake of excessive and prolonged rains, and trade ban between India and Pakistan, said a prominent Mumbai-based exporter.
Abnormally high rainfall in October in cotton growing states led to germination and waterlogging, which affected the yields and quality of the standing crop.

The Cotton Association of India has projected the country's production at 35.45 mln bales in the current season, up 13.6% from the previous year.

Source: cogencis.com- Dec 18, 2019

Exporters call for development fund for MSME exporters

In a pre-Budget meeting with Finance Minister Nirmala Sitharaman on Tuesday, representatives of Indian exports sector demanded introduction of an Exports Development Fund.

Sitharaman on Tuesday held pre-Budget consultation with the representatives of industry, services and trade groups in connection with the forthcoming General Budget 2020-21.

The main areas of discussion during the meeting included regulatory environment impacting private investment, measures for promotion of exports amidst rising protectionist tendencies, Industrial production, logistics, Media & Entertainment services & IT & IT enabled services among others.

Ajay Sahai, President Federation of Indian Exports (FIEO) said, "we need to bring 'Double Tax Deduction Scheme for Internationalization of MSMEs' to allow MSMEs to deduct against their taxable income, twice the qualifying expenses incurred for approved overseas activities including market preparation, market exploration, market promotion and market presence."

A ceiling of $2,00,000 may be put under the Scheme so that the investment and tax deduction are limited, he said. He also called for an Exports Development Fund.

The meeting was attended by Anurag Thakur, Minister of State for Finance and Corporate Affairs, Finance Secretary, Rajeev Kumar, Atanu Chakraborty, Secretary, Economic Affairs, Shri Ajay Bhushan Pandey,
Revenue Secretary, Yogendra Tripathi, Secretary, Ministry of Tourism, Guruprasad Mohapatra, Secretary, Department for Promotion of Industry and Internal Trade (DPIIT), Anup Wadhanwan, Secretary Department of Commerce and CBDT, CBIC chairmen including CEA K.V. Subramanian.

With a view to give boost to Indian economy, the representatives of Industry, Services and Trade Sectors submitted several suggestions concerning Ease of doing business for going concern by reduction of compliance burden, reduction of tax litigation, allowing self-certification in low risk industry, decriminalisation of Tax and Company Laws, reduction of cost of equity capital.

They also called for simplification and rationalisation with regards to duties and labour laws, adoption of international standards of Alternative Dispute Resolution, Export Development funds for helping MSME exporters, ease of investment flow into manufacturing sector.

Representatives of Industry, Services and trade Sectors included Vikram Kirloskar, Sandip Somany, President, Federation of Indian Chambers of Commerce and Industry, Deepak Sood, Secretary General ASSOCHAM; Ajay Sahai, DG & CEO, FIEO among others.

Source: smetimes.in- Dec 19, 2019

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**Demand slowdown, costly raw materials to hit local spinners: Icra survey**

Domestic spinners’ performance in the first half of current fiscal (H1 FY2020) is expected to weigh on full year’s performance. Despite industry’s gradual recovery, most spinners expect revenues to fall by more than 5% and operating profitability to contract by around 3% for FY2020, said an Icra survey on Tuesday.

Though the industry is gradually recovering from the slowdown, the domestic spinners expect the overall FY2020 performance will be weighed down by the tepid volumes and weak earnings seen in the first half of the fiscal.
Some of the key reasons include weak export demand amid increasing competition from other producing countries and sluggishness in domestic consumption levels. Higher domestic raw material costs, with Indian cotton prices trading at a premium to international cotton also contributed to the loss of export competitiveness.

Buoyed by the improvement in exports witnessed since October 2019, the survey indicates that the industry pins its hopes on a continued gradual recovery in cotton yarn exports over the coming quarters, aided by the softening of domestic cotton prices, Icra said.

The other survey findings include: the likelihood of cotton prices to remain below the minimum support price level till March 2020 on expectations of a bumper crop production in CY20; yarn prices and contribution levels to continue to tread lower than the FY2019 levels even though yarn prices have started moving up; increase in working capital debt levels by 15% y-o-y, reflecting the inventory build-up amid shortfall in earnings; and limited capacity additions are envisaged over the next 12 months.

While most industry participants expect operating profitability to contract by around 300 bps in the current fiscal, some respondents anticipate higher correction reflective of the difficult times being faced by the sector. The fall so far has been steeper for companies which had stocked and carried over higher-cost cotton (at around Rs. 130/kg) into the current fiscal.

While the domestic cotton prices have reduced from July 2019, the decline in yarn prices has been sharper, resulting in contribution levels adjusted for cotton stock held falling to around Rs. 75/kg in Q2 FY2020. Even though yarn realisations have improved in recent weeks, the respondents do not expect any major uptick in yarn prices, given the low cotton prices witnessed as the industry expects the crop output in the current season to be healthy at more than 375 lakh bales.

According to the survey, cotton and yarn prices are likely to remain range-bound at around Rs. 110-115/kg and Rs. 195-205/kg, respectively in H2 FY2020. As a result, the spinners expect average contribution levels for the fiscal to be at Rs. 80/kg (with contribution likely to improve to around Rs. 82-85/kg in H2 FY2020 as against FY2019 levels of Rs. 95/kg).
The survey findings also highlight that the working-capital debt levels of spinners have increased, because of a pile-up in yarn stocks and some elongation in the receivables cycle owing to the tepid demand conditions. Respondents expect average utilisation of fund-based limits to be at around 90% in FY2020, higher from the 75% levels seen in the last fiscal.

On the back of these adverse developments, coupled with average capacity utilisation levels in the industry falling by around 500 bps to 82% in H1 FY2020, a vast majority of the respondents have indicated that no capacity expansion is being planned over the next 12 months.

Jayanta Roy, senior vice-president and group head, corporate sector ratings, Icra, said: “The Indian cotton spinning industry’s performance has been severely constrained in the current fiscal, being adversely impacted by the demand slowdown, unfavourable raw material prices and rising funding requirements. While export volumes have seen some uptick in recent months, as against the sharp degrowth witnessed between May-September 2019, they remain lower than the levels seen in the preceding fiscal.”

Source: financialexpress.com – Dec 18, 2019

Tripura SEZ with investment of Rs 1550 crore to create 12,000 jobs

The Ministry of Commerce and Industry has notified the setting up of the first-ever SEZ in the state.

Tripura's first special economic zone (SEZ) with an estimated investment of Rs 1,550 crore, which will generate 12,000 skilled jobs, will come up at Paschim Jalefa, Sabroom, the central government said on Wednesday.

The Ministry of Commerce and Industry has notified the setting up of the first-ever SEZ in the state.

The sector-specific economic zone for agro-based food processing is being set up at Paschim Jalefa, Sabroom, South Tripura District, which is 130 km away from Agartala.
"The estimated investment in the project will be around Rs 1,550 crore," the government said.

The developer of the SEZ will be Tripura Industrial Development Corporation.

Rubber-based industries, textile and apparel sectors, bamboo and agri-food processing industries will be set up in the SEZ.

Setting up of the SEZ in Sabroom will open up new avenues to attract private investment considering the proximity of the Chittagong Port and construction of the bridge across Feni River in South Tripura that is underway, it added.

After it is set up, 100 per cent income tax exemption will be provided on export income for SEZ units for the first 5 years.

Also, 50 per cent exemption will be provided for the next 5 years and 50 per cent of the ploughed-back export profit for another 5 years.

Source: business-standard.com– Dec 18, 2019

GST Council’s decisions on Rate Changes

The 38th meeting of the GST Council met under the Chairmanship of the Union Minister for Finance & Corporate Affairs Smt. Nirmala Sitharaman here today. The meeting was also attended by the Union Minister of State for Finance & Corporate Affairs Shri Anurag Thakur besides Finance Ministers of States & UTs and senior officers of Ministry of Finance.

The GST Council recommended the following relating to changes in GST rates, exemptions.

- To exempt upfront amount payable for long term lease of industrial/financial infrastructure plots by an entity having 20% or more ownership of Central or State Government. Presently, the exemption is available to an entity having 50% or more ownership of the Central or
State Government. This change shall become effective from 1st January 2020.

- To levy a single rate of GST @ 28% on both State-run and State-authorized lottery. This change shall become effective from 1st March 2020.

- The Council also considered the rate of GST rate on Woven and Non-Woven Bags and sacks of polyethene or polypropylene strips or the like, whether or not laminated, of a kind used for packing of goods (HS code 3923/6305) in view of the requests received post the changes recommended on such goods in last meeting and recommended to raise the GST to a uniform rate of 18% (from 12%) on all such bags falling under HS 3923/6305 including Flexible Intermediate Bulk Containers (FIBC). This change shall become effective from 1st January, 2020.

Source: taxscan.in – Dec 18, 2019

Piyush Goyal to meet 4 state industry ministers

In the runup to the budget, commerce and industry minister Piyush Goyal will meet trade ministers of four states on Thursday to prepare a roadmap to make every district in the country a hub of exports.

The meeting follows Goyal’s consultation with industry captains, including Bharti Airtel chairman Sunil Bharti Mittal on Wednesday and Tata Group chairman N Chandrasekaran on Tuesday on their respective groups’ investment plans and the issues they face.

Industry ministers of Haryana, Gujarat, Uttar Pradesh and Telangana will put a framework in place to promote industry and exports through their districts, sources said.

While the Tata Group made presentation about its investment plans and the hurdles in being able to meet those, as per sources, Mittal said he discussed the Bharti Group’s matters mainly on the infrastructure side as it has large investment plans for telecom towers, solar and real estate.
“We discussed what all areas we are investing in, what are the bottlenecks and where all we need his help,” Mittal said, adding that the group wants faster clearances, and has asked support in declaring tower industry as infrastructure. “We need his help in clearance from aviation authority, real estate side, solar, there are issues around larger bids for solar parks,” he said.

He said his group spends Rs 15,000-20,000 crore each year on telecom and wants to achieve 20 GW of capacity in solar.

The 2020-21 budget is likely to touch upon the issue of districts being made export hubs on the lines of Prime Minister Narendra Modi’s Independence Day speech in which he urged each district to think of becoming an export hub. “The states have to put together a framework that includes a nodal officer, who will be a link between the district, Centre and respective state,” said an official.

The government wants every district to have an export profile and an action plan, and it will circulate a guidance note in every district on the concept of export hub and the outcomes targeted with details on relevant government schemes for export facilitation, credit provisioning and MSMEs.

The consultations come at a time when the government is trying to boost investment, both domestic and foreign, amid a slowing economy.

Goyal also met Confederation of Indian Industry (CII) president Vikram Kirloskar, and is also likely to meet various export promotion councils this week to discuss the upcoming foreign trade policy as the country’s outward shipments contracted for the third month in a row in November.
November exports were down 0.34% to $25.98 billion from a year earlier and imports fell 12.7% to $38.11 billion.

Source: economictimes.com – Dec 17, 2019

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Telangana: 11,500 industrial units got approval in 5 years, says KT Rama Rao

Claiming that the Telangana government’s industrial policy ha-s played a big part in attracting investors from across the world, industries minister KT Rama Rao said TS-iPASS has granted approvals to 11,569 industries in the past five years. He said 80% of these firms have already started functioning and generated six lakh jobs.

He said foreign investors from textiles and electronics sector were keen to invest in Telangana and instructed officials of industries and IT departments to set targets towards attracting bigger investments to generate more employment opportunities.

At a meeting with senior officials at Pragathi Bhavan on Tuesday, the minister said the TRS government would get more textile, electronics and food processing units in the state.

“We have created favourable conditions for the textile industry. The state houses the country’s largest textile park, Kakatiya Mega Textile Park, in Warangal, which has recently signed an agreement with Korean firm Youngone Corporation,” the minister said.

To boost the electronics manufacturing sector, KTR held a series of meetings with industry representatives in Bengaluru. The minister recalled that firms like OnePlus and Skyworth have already set up facilities in Hyderabad and said efforts were being made to get electric vehicle and battery manufacturing units in Telangana.

The government is also giving priority to the agriculture and irrigation sectors. “Increase in crop production has given a huge potential for the growth of the food processing industry,” he said, adding that these units will create more employment opportunities in the rural areas.
Companies seek steps to push exports, easy labour laws

Finance minister Nirmala Sitharaman on Tuesday held discussions on regulatory environment impacting private investment and measures for promoting exports in a pre-budget consultation with stakeholder groups from industry, trade and services sectors.

The representatives submitted suggestions concerning reduction of compliance burden and tax litigation, allowing self-certification in low risk industry, decriminalisation of tax and company laws.

Besides, they demanded reduction of cost of equity capital, simplification and rationalisation of duties and labour laws, adoption of international standards of alternative dispute resolution, export development funds for helping MSME exporters and ease of investment flow into manufacturing sector.

“The main areas of discussion during the aforesaid meeting included regulatory environment impacting private investment, measures for promotion of exports amidst rising protectionist tendencies, industrial production, logistics, media & entertainment services & IT & IT enabled services among others,” an official statement said.

Speaking to reporters after the meeting, CII president Vikram Kirloskar said: “They (ministers and government officials) have understood the situation, the headwinds in the economy and they have looked at all the possible suggestions whether it is to have fiscal easing which is what we have suggested, various ways to improve tax collection, improve demand”.

Ficci president Sandip Somany said the meeting delved into infrastructure bottlenecks in terms of the rules, regulations which can help free up business. Assocham secretary general Deepak Sood said a common suggestion was how to increase the demand side of the economy and inject liquidity into the system.
PHD Chamber of Commerce and Industry president D K Aggarwal said the chamber has sought creation of a Rs 25,000 crore fund for stressed micro, small and medium enterprises sector, which faces difficulty in availing funds from banks and NBFCs.

Source: timesofindia.com– Dec 18, 2019

“Investments from India would add value to our operations”

This year, Tanzania Cotton Association (TCA) produced 600,000 bales of ginned cotton. This group of 45 cotton stakeholders is involved in buying cotton, cleaning it and exporting this ginned cotton to the above mentioned countries through its agents.

“Our main job involves cotton ginning,” says Boaz Ogola, General Secretary. “For this, we form a public-private partnership with our government and the private sector,” he adds.

TCA also works with research centers, and import and export agencies. “Around 75 per cent of the cotton produced by us is exported. The rest is consumed by the domestic industry,” expounds Ogola further.

The textile industry of Tanzania covers the spinning, knitting, weaving and fabrics segments. The country grows most of its cotton organically. Since this cotton is handpicked, it is not contaminated.

“About 60 percent of this cotton is roller ginned which helps us to maintain its fiber length and strength,” adds Ogola.

TCA also adheres to strict working conditions. Its ginning facilities are free of forced and child labor. “Our companies have been certified by Cotton Made in Africa, and we now aim for the Best Cotton Initiative (BCI) certificate,” notes Ogola.

The organic cotton produced by TCA is also exported to countries like Switzerland and Turkey. The country now sets its sights on the Indian market. “Investments from India would add value to our operations. We can create new jobs and offer better prices to our farmers,” avers Ogola.
Though Tanzania’s official currency is the shilling, TCA uses the dollar for its exports.

“We have a politically stable environment which helps us to move towards an industrialised economy.

It also helps our government to attract investments from the global textile leaders,” alludes Ogola.

Source: fashionatingworld.com– Dec 18, 2019

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**India’s November RMG exports down six per cent**

Indian readymade garment exports fell more than six per cent in November 2019 as compared to the previous year. This was due to the delay in disbursements under the Rebate of State and Central Taxes and Levies Scheme ((ROSCTL) and the Merchandise Exports from India Scheme (MEIS), exporters are facing a severe cash crunch and are not able to compete with garment manufacturers of other countries who have various advantages. Reimbursements worth over Rs 5,000 crores are pending.

Indian exports are not competitive. Textiles from India are around 10 per cent costlier than textiles from other countries. Also Bangladesh, Sri Lanka and Vietnam have low production costs and their exporters enjoy preferential duty access to key markets. In comparison Indian exporters face higher trade barriers in the US and the European Union.

Bangladesh’s exports to the EU face zero per cent tariff and exports to the US face 3.9 per cent tariff. Indian textile exports face six per cent tariff in the EU and 6.2 per cent tariff in the US. In an attempt to counter subdued exports, Indian readymade garment exporters are creating modalities to make a portal or a central database, where they can list their products according to categories to assist buyers.

Source: fashionatingworld.com– Dec 18, 2019