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IBTEX No. 248 of 2019 — December 20, 2019

US 71.14 | EUR 79.09 | GBP 92.63| JPY 0.65

Cotton Market (Dec 19, 2019)		
Spot Price - Shankar 6 (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
18565	38800	**69.73**
Domestic Futures Price (Ex. Warehouse Rajkot), December		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
19060	39835	**71.59**
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

NEWS CLIPPINGS

INTERNATIONAL NEWS

US Companies, Consumers Paid $42 Billion More in Duties Since China Trade War Started

Looking back at 2019, there are two words to sum up the roller coaster ride: disruption and uncertainty.

Sourcing strategies are under constant review, production and sourcing costs are increasing, and supply chain executives continue to feel the impact of the U.S.-China trade war. The announcement of a phase one U.S.-China trade deal marks a step in the right direction as we get ready to celebrate the holidays. The Section 301 tariffs on products imported from China are having a direct impact on American fashion brands and retailers, and also on customers.

The United States Fashion Industry Association (USFIA) welcomes the announcement of a phase one deal, however, uncertainty still looms and we continue to urge the Trump Administration to end the trade war with China.

While some felt the initial trade deal news meant that the tariff war was over, it's really far from it–it continues to hurt brands, retailers, logistics providers and companies throughout the supply chain. The suspension of higher tariffs scheduled for Dec. 15 may come as a welcome relief, but duties remain in effect for many consumer products and inputs.

The industry is still in the middle of a crisis.

The latest data available from Tariffs Hurt the Heartland, a nationwide campaign against tariffs that damage American families and communities, shows American consumers and businesses have paid an additional $42 billion since the trade war began in February 2018 through October 2019. In October alone, Americans paid $7.2 billion in tariffs, more than any amount in U.S. history. And that's $1 billion higher than in October 2018.

The analysis also demonstrates the impact of retaliatory tariffs on U.S. exports. Chinese tariffs on American exports totaled $12 billion since the start of the trade war and topped $1.3 billion in October alone as China further raised tariffs in retaliation for U.S. List 4A tariffs that rolled out in September.

Companies like Columbia Sportswear are still considering whether the best play would be to move manufacturing out of China, raise prices for consumers or make adjustments to products.

“You can try to engineer some products different,” Columbia vice president Peter Bragdon told the Washington Post, “but you can’t engineer your way around chaos.”

The U.S and China reaching a phase one trade deal is only the first step toward a long-term solution.

American companies and businesses continue to work to shift supply chains and continue to feel the pressure of the negotiations when policy can change with a tweet. The focus now should be on conveying to Congress and the Trump Administration the damage this tariff battle is doing to the industry.

The best New Year’s resolution is a solution to the trade war and a recognition by the Trump Administration that uncertainty and unpredictability in trade policy hurt American companies, employees and customers.

Source: sourcingjournal.com - Dec 19, 2019

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China aims to double 2010 GDP figures by 2020 end

China's top economic priority in 2020 is to build a moderately prosperous society in all respects with regulatory support, policymakers and analysts said recently. A key task is to double 2010's gross domestic product (GDP) by the end of 2020, the closing year of the 13th five-year plan, officials said after the annual Central Economic Work Conference.

That will require an economy operating within a reasonable range, including maintaining an appropriate growth speed, stabilising prices, keeping unemployment low and maintaining equilibrium in the international balance of payments, the experts were quoted as saying by a Chinese government website.

"The quantitative targets will be made clear at the National People's Congress in March," Han Wenxiu, deputy head of the office of the Central Commission for Financial and Economic Affairs, said at a forum this month. The forum was hosted by the China Centre for International Economic Exchanges.

Because the situation in different regions varies, local authorities should set their own targets based on those conditions, Han said. China should be fully prepared to overcome the difficulties that lead to economic downward pressure, he said, adding that the country is at a critical moment in transforming its development model, optimizing the economic structure and identifying the driving forces of growth.

The ‘three tough battles’—poverty reduction, effective prevention and control of financial risks and environmental protection—are also key tasks for 2020 that should be carried out, Han said. To achieve next year's targets, China will make economic stability its top priority. Measures will be taken to encourage supply-side structural reform and strike a ‘dynamic balance’ between supply and demand, said Ning Jizhe, vice-minister of the National Development and Reform Commission.

"China will continue to implement its proactive fiscal policy and prudent monetary policy, and strengthen its countercyclical adjustments. Both industrial production and consumption should be further upgraded and boosted," Ning said.

The three-day annual Central Economic Work Conference concluded that the policy framework of stable macro policies and flexible micro measures must be upheld to ensure that key tasks are met next year. The meeting also emphasized that the small and medium enterprises (SME) financing guarantee system should be improved, and the building of an SME credit information platform should be accelerated.

The meeting encouraged technology-driven SMEs to go public, as a way to reduce their financing costs. It also reinforced the principle of protecting SME property rights and intellectual property, saying those will be improved, according to the statement.

Source: fibre2fashion.com- Dec 20, 2019

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Offshoring slows as wages rise in some emerging economies

Narrowing pay gaps are reducing competitive advantage for traditional destinations

Back in 2010, a company could employ 8.3 Chinese manufacturing workers for the same price as one American worker. By 2018, the figure had plummeted to just 2.9, according to calculations based on the two countries' statistical bureaux.

Real average wages in the advanced-country constituents of the G20 rose just 9 per cent between 1999 and 2017. In emerging G20 states, meanwhile, they tripled, according to the International Labor Organization.

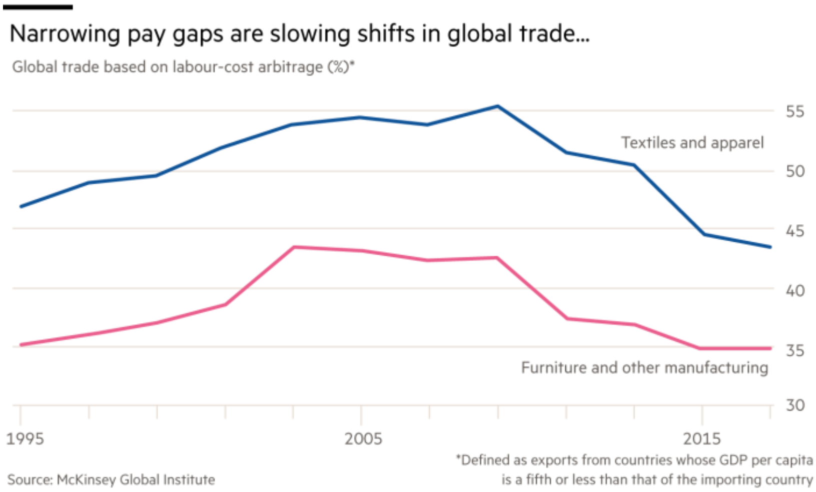
Given this trend, it is unsurprising that the offshoring of jobs from high-wage countries to what were far cheaper emerging economies is no longer the contentious political issue it once was in some parts of the world.

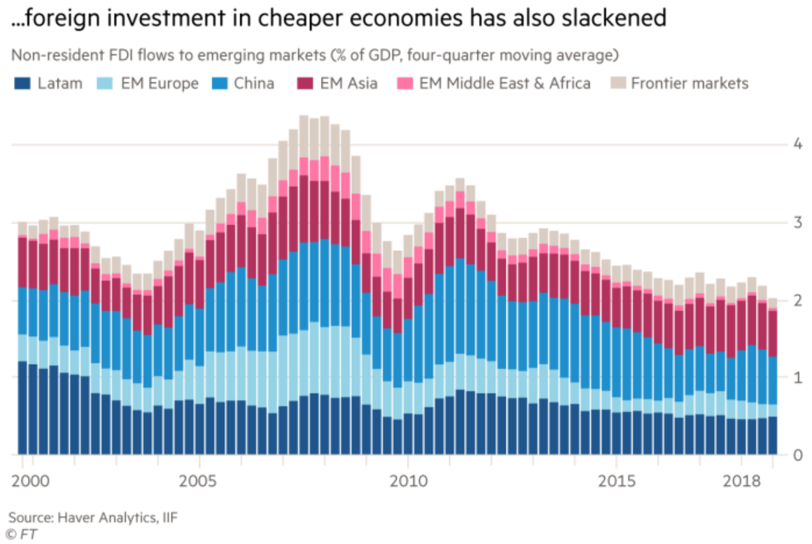
"Asia is growing richer quicker than everybody else. That means that their competitive advantage is diminishing very quickly," says Gabriel Sterne, head of global macro research at Oxford Economics.

While lower-wage alternatives to traditional offshoring destinations are available, for example in sub-Saharan Africa, they are often undermined by poor infrastructure and governance, adds Mr Sterne, as well as lower education and skill levels.

There is little reliable data that directly quantifies the transfer of jobs to lower-wage economies over time, but proxies point to a diminution of this trend.

The volume of foreign direct investment — capital used for buying companies and building new facilities — in emerging markets has plunged to just 2 per cent of gross domestic product, the lowest level this century, from a peak of 4.4 per cent in 2007 immediately prior to the global financial crisis, according to the Institute of International Finance, which tracks cross-border capital flows.





The rate of return on FDI into the emerging world has also fallen faster than in developed markets, according to data from Unctad, the UN's trade and development arm, even if returns remain higher in EMs in absolute terms.

Weak growth in global trade also attests to a slowdown in offshoring, a process that had led to a marked lengthening of global supply chains in the past two decades. More importantly, of the merchandise trade that is still happening, a declining proportion appears to be driven by companies engaging in offshoring in order to benefit from lower labour costs.

The McKinsey Global Institute, a think-tank, reported this year that in 2017, 43 per cent of trade in textiles and clothing was based on labour-cost arbitrage — defined as exports from countries whose GDP per capita is a fifth or less than that of the importing country. This is compared with 55 per cent in 2009.

For furniture, toys and other labour-intensive goods, the corresponding figure fell from 43 per cent to 35 per cent over the same period.

"The image of globalisation as companies searching for the lowest labour cost around the world is increasingly outdated," says Susan Lund, co-author of the McKinsey report. "Companies are looking at a whole range of factors, like the talent base and workforce, the quality of the infrastructure and logistics, the ability to tap into innovation ecosystems," adds Ms Lund, who also cites the growing importance of speed to market as consumer tastes change rapidly.

Peter Colson, assistant economist at consultancy Oxford Economics, says "the tables have turned", in terms of US manufacturers' desire to shift production to China, with "reshoring" activity in the opposite direction starting to pick up. He notes that the gap in unit labour costs between the US and China will be even smaller than the hourly wage gap suggests, given higher US productivity.

Citing data from The Reshoring Initiative, an advocacy group, he points to a range of other factors driving the relocation of jobs back to richer home economies, including rising shipping costs, a desire to be closer to customers, rising government incentives and a desire to protect or enhance the image of a brand.

In addition, there has been something of a backlash from consumers against offshoring, particularly when it comes to call centres and back-office support staff being located in far-flung climes, argues Mr Robertson.

More recently, a push by President Donald Trump to overturn decades of offshoring by US companies also appears to be bearing fruit — at least in terms of deterring companies from offshoring yet more jobs, as they seek to avoid trade tariffs and remain in Mr Trump's good books.

The offshoring trend has not ground to a complete halt, however. Morocco is still attracting foreign automotive companies, while Vietnam — where manufacturing wages are less than a third of those in China — and some of its south-east Asian neighbours are also enjoying a wave of investment.

The latter trend has been influenced by multinationals shifting production from China in order to escape being caught up in Mr Trump's tariff regime.

Mr Robertson believes deeper economic forces are at play, however, with rapid wage growth in eastern Europe and China encouraging manufacturers to look for opportunities in lower-wage economies in north Africa and south-east Asia.

"Maybe now the new trend is offshoring from higher-wage emerging markets to lower-wage ones," he adds.

Source: ft.com - Dec 18, 2019

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Ethiopia earns 47 mln USD in exports from industrial parks: report

Ethiopia has earned more than 47 million U.S. dollars in export value from public and private industrial parks during the first quarter of the Ethiopian fiscal year that started on July 8, the Ethiopian Investment Commission (EIC) disclosed on Thursday.

The East African country has generated the reported about 47.4 million U.S. dollars in exports from nine public and private industrial parks that are operational across the country during the first quarter of the Ethiopian 2019-2020 fiscal year that started on July 8, state-affiliated Fana Broadcasting Corporate (FBC) quoted Neway Tedla, Planning and Evaluation Director at the EIC, as saying on Thursday.

Figures from the Ethiopian Investment Commission also show that the stated amount of export earning has accounted for 71 percent of the initial target.

The 47.4 million U.S. dollars quarterly exports revenue is also said to have an 88 percent increase as compared to the same period of the previous Ethiopia fiscal year, according to Tedla.

The EIC had previously disclosed that the East African country had earned about 142 million U.S. dollars in export value during the Ethiopian 2018-2019 fiscal year that ended on July 7, 2019.

According to Hana Arayaselassie, Deputy EIC Commissioner, the construction and commissioning of the Chinese built Ethiopia-Djibouti electrified rail line in January 2018 has contributed to boosting landlocked Ethiopia's export ambitions, by transporting speedily and efficiently cargo from industrial parks in mainland Ethiopia to ports in Djibouti.

Ethiopia is constructing or has commissioned around 12 industrial parks across the country, part of a broad economic strategy to make the country a light manufacturing hub in Africa by 2025.

Nine of the industrial parks are located in close proximity to the 756-kms Ethiopia-Djibouti electrified rail line, which since being commissioned in January 2018 has been hailed for boosting landlocked Ethiopia's foreign trade.

Contracted by two Chinese companies, the first 320 km of the rail project from Sebeta to Mieso was carried out by the China Rail Engineering Corporation, while the remaining 436 km from Mieso to Djibouti port section was built by the China Civil Engineering Construction Corporation.

With Ethiopia attracting large-scale investment in the export-oriented manufacturing sector, especially from Chinese firms, the country sees improving the efficiency and speed of the logistics sector as key to meeting national manufacturing revenue goals in the export sector.

Source: xinhuanet.com - Dec 19, 2019

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Myanmar plans to raise apparel exports to Turkey

Myanmar is now planning to hike apparel exports to the Turkish market to further boost investments in education, insurances and airlines, according to the country's ministry of commerce, which said Myanmar's exports of cut-make-pack (CMP) garments and textiles rose up to four times within five years along with exports of rice, beans and corn.

The deputy commerce minister Aung Htoo and Turkish Ambassador to Myanmar Kerem Divanlioglu recently met to discuss conducting capacity building training courses for workers, creating job opportunities in the investment and trading sectors, holding of trade fairs between the two countries and boosting trading sector, according to a report in an English-language daily in the country.

Source: fibre2fashion.com - Dec 20, 2019

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Walmart, BGMEA discuss safety, business potential

The Bangladesh Garments Manufacturers and Exporters Association (BGMEA) and Walmart recently discussed industry issues, primarily safety and business potential, in Dhaka. Building on what has been achieved so far, Walmart has committed to work on the challenges to continue the growth rate and sustainability of the sector, BGMEA said in a statement.

BGMEA president Rubana Huq, director Sharif Zahir, senior vice president Faisal Samad and Paul Dyck, vice president, global public policy and government affairs of Walmart were among those who attended the meeting.

Source: fibre2fashion.com - Dec 19, 2019

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Pakistan: Readymade garments worth $1.156 billion exported in five months

Readymade garments exports from the country during first five months of current financial year increased by 13.19% as compared the exports of the corresponding period of last year.

During the period from July-November, 2019-20, the country fetched $1.156 billion by exporting about 26,181 thousand dozen of readymade garments as compared the exports of 19,225 thousand dozen valuing $1.021 billion of same period of last year.

During the period under review, textile group exports from the country increased by 4.68% as against the exports of the corresponding period of last year.

Textile products worth over $5.763 billion were exported as compared to exports of $5.506 billion of same period of last year, according the latest trade data released by the Pakistan Bureau of Statistics.

Meanwhile, on month on month basis, textile exports from the country also grew by 7.03% in November, 2019 as it was recoded at $1.177 billion as against the exports of $1.099 billion of same month of last year.

However, it was down by 3.10 % as compared with the month of October, 2019 as textile products worth $1.214 billion exported in previous month, the data reveled.

Meanwhile, about 51,240 thousand dozen knitwear worth $1.320 billion were also exported during five months of current financial year as compared the exports of 48,315 thousand dozen valuing $1.215 billion of same period of last year,it added.

During the period under review 206,971 metric tons of bed wear worth $1.013 billion exported as against the exports of 180,960 metric tons valuing $968.151 million of same period of last year.

Where as about 76,210 metric tons tons of towels worth $317.484 million also exported during the period under review as against the exports of 74,657 metric tons valuing $314.348 million of same period of last year, it added.

In last five months, cotton cloth valuing $847.106 million exported as compared the exports of $880.050 million of same period of last year, it was decrease by 3.74%.

The other textile commodities which witnessed increase in their respective exports included raw cotton 3.67%, cotton yarn 2.87%, cotton carded or combed 100% and yarn other then cotton 2.81%.

The textile products that observed negative trend in their exports during the period under review included cotton cloth 3.74%, tents and canvas 1.41% and made up articles decreased by 6.25%.

Source: app.com.pk- Dec 18, 2019

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Sri Lanka apparel earnings up three per cent

In 2018, Sri Lanka's earnings from apparel exports grew 3.6 per cent from the year before. About 80 per cent of its production is shipped to Europe, and the remainder to the United States. Garments are currently Sri Lanka's leading exports.

HSBC, 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 country's garment industry. 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 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. Sri Lanka's apparel exports have made a significant impact on American, European and other major export markets around the globe.

The country's target is to reach $ 8 billion in exports by 2025. Apparels are Sri Lanka's biggest exports to the EU. Almost 90 per cent of Sri Lankan exports to the EU are exported under GSP Plus or with zero duty.

The GSP Plus scheme encourages increased value addition within Sri Lanka and thereby promotes backward integration, resulting in the setting up of new industries, and creating new employment opportunities in the country.

Source: fashionatingworld.com- Dec 19, 2019

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Bangladesh: Govt drafts rules for DoT registration of textile, RMG factories

The government has taken an initiative to formulate the textile (industry registration) rules under the Textile Act 2018 in an effort to bring the country's textile and clothing industries under the regulation of the Department of Textile.

The textile and jute ministry has prepared a draft guideline for the registration of all types of clothing and textile factories and has sought recommendations from stakeholders on the draft.

As per the draft, the apparel and textile industries would have to fulfil a number of criteria, including environmental and workplace related compliances, to obtain licence from the DoT.

It said that the factories would have to submit updated versions of all the required documents, install fire extinguishers in premises while discharge of industrial wastage into rivers or other water bodies has been disallowed.

The draft also said that factory authorities were not allowed to employ child workers and were required to provide for day care centres and maternity leaves with benefits to female workers to ensure a decent work environment.

In order to obtain licence, establishments would have to harvest rain water to reduce the use of ground water, the draft added.

The textile ministry sent the draft rule to the respective trade bodies on November 25 and will hold a meeting with the stakeholders on it on December 23.

In the draft, the ministry has proposed a registration fee for the factories based on their investments.

According to the draft, a licence fee of Tk 5,000 has been proposed for factories with investments of Tk 1-10 crore, Tk 10,000 for factories with investments of Tk 10-25 crore, Tk 25,000 for factories with investment of Tk 25-50 crore, Tk 50,000 for factories with investment Tk 50-100 crore and Tk 1,00,000 for factories with investments of above Tk 100 crore.

DoT director general Dilip Kumar Saha told New Age on Thursday that the ministry had initiated the move as all textile and apparel companies were required to obtain registration with the department under the Textile Act 2018.

He said that although the provision to become registered had been there for a long time, the formulation of the rule would ensure maintenance of regulation in all sub-sectors of the textile industries, including primary textile, readymade garment, allied textile, packaging and accessories manufacturers.

According to the draft, entrepreneurs needed to file applications with the DoT along with the documents of the updated trade licence, income tax certificate, certificate of incorporation as limited company and bank solvency certificate, factory layout plan approved by the Department of Inspection for Factories and Establishments, fire licence and environmental clearance.

After the application is filed, the registrar would issue an inspection order within three days following which the inspector would submit his report within 10 days.

The registrar would issue a registration certificate to the entity a period of three years based on the eligibility criteria fulfilled during inspection, the draft said.

Source: newagebd.net- Dec 20, 2019

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Pakistan: Yarn demand rises on cotton market

Yarn demand picked up on the cotton market on Thursday in the process of modest trading session, dealers said.

The official spot rate was unchanged at Rs8750, they added. In ready session, over 9,000 bales of cotton changed hands between Rs8050-9100, they said.

Rate of seed cotton per 40kg in Sindh low quality was at Rs3200, while the best quality was available at Rs4100, and in the Punjab prices were at Rs3500-4300, they said.

In Sindh, Binola prices per maund were at Rs1400-1800, in Punjab rates were at Rs1650-1800, they said and adding that polyester fibre was available at Rs179 per kg.

According to the market sources, demand for yarn improved which is an encouraging factor for the traders. It is surprising to note that exports of textile products picked up, this factor would help the basic fundamentals, they added.

Commenting on the market trend in the near future, cotton analyst, Naseem Usman said that trading activity likely to maintain present trend owing to short supply of fine quality cotton.

Adds Reuters: Cotton futures gained nearly 1% on Wednesday as prospects of a “phase one" US-China trade deal boosted investor sentiment ahead of weekly federal export sales data from the US Department of Agriculture (USDA).

Cotton contracts for March rose 0.50 cent, or 0.75%, at 66.94 cents per lb by 01:00 p.m. EST (1800 GMT).

Total futures market volume fell by 6,469 to 15,616 lots. Data showed total open interest gained 1,097 to 206,101 contracts in the previous session.

The following deals reported: 1400 bales from Ghotki at Rs9100 (Prime cotton), 1600 bales from Dharki at the same rate, 1000 bales from Salah Pat at Rs8200, 600 bales from Sadiqabad at Rs8900, 1600 bales from Rahim Yar Khan at Rs8300-8900, 800 bales from Haroonabad at Rs8050-8100, 600 bales from Faqeerwali at Rs8100, 600 bales from Bahawal Nagar at Rs8050, 400 bales from Donga Bonga at Rs8100 and same figure from Fort Abbas at Rs8900 (seed), they said.

The KCA Official Spot Rate for Local Dealings in Pakistan Rupees

FOR BASE GRADE 3 STAPLE LENGTH 1-1/16"
MICRONAIRE VALUE BETWEEN 3.8 TO 4.9 NCL

Rate	Ex-Gin For	Upcountry Price	Spot Rate Ex-Karachi	Spot Rate Ex. KHI. As on 18-12-2019	Difference Ex-Karachi
37.324 kg	8,750	160	8,910	8,910	NIL
Equivalent 40 kgs	9,377	171	9,548	9,548	NIL

Source: brecorder.com- Dec 20, 2019

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NATIONAL NEWS

New textiles policy to help India emerge as manufacturing and exporting hub: Govt

The government on Thursday said the new Textiles Policy 2020 being formulated by the Centre is aimed at developing in the country a competitive textile sector which is modern, sustainable and inclusive. This new policy will have a special focus on manufacturing of apparel and garment, technical textiles, man-made fibre products and exports.

The Textiles Ministry has sought suggestions for formulating the much-awaited new Textiles Policy for the next 10 years, which will envisage positioning India as a fully integrated, globally-competitive manufacturing and exporting hub.

The policy will entail the strategy and action plan for the country's textile and apparel segments, while maintaining pre-eminent position in handicraft and handloom sectors.

"The entire effort is being made to realise the Prime Minister's vision of 'Make in India' for the country and for identifying one strong product with export potential from every district and cluster," the Textiles Ministry said.

In the statement, the Textiles Ministry said it is requesting substantive inputs and suggestions from all stake-holders including individuals and associations on various topics like wool, cotton, silk, jute, man-made fibre, handloom, handicraft, powerloom, infrastructure, investment, apparel, exports, branding and quality control, technical textiles, human resource, technology and machinery up-gradation to take forward various sub sectors of Textiles Industry to a level where production, exports and employment grows at faster pace.

Inputs and suggestions for the New Textiles Policy 2020 may be given on the Textiles Ministry's website till January 15, 2020.

Last month, Textiles Minister Smriti Irani said in the Rajya Sabha that the Centre is considering formulation of the National Textiles Policy after consultations with states.

The formulation of the new policy has been under consideration for some time now. In 2016, then textiles minister Santosh Gangwar had said the new policy will envisage creation of additional 35 million jobs.

The existing National Textile Policy 2000 was framed about 13 years ago. Since then, the industry has undergone various changes on the domestic and international front. The domestic textile industry has seen large-scale modernisation and technological up-gradation in the last decade and faces new challenges.

Source: financialexpress.com- Dec 19, 2019

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Relief for textile units in Maharashtra as state govt offers power subsidy

Textile units, mostly small and medium, are struggling to raise working capital owing to weak balance sheets

In a major relief to textile units in Maharashtra, the state government has started disbursing power subsidy of up to

Rs 3.77 per unit to powerlooms, spinning mills, and garment units in the state.

Textile units, mostly small and medium, are struggling to raise working capital owing to weak balance sheets. Many of them had shut down part of their operating capacity due to weak demand from domestic markets and sharp fall in exports. Energy accounts for nearly half the production cost in the textile value chain.

While spinning mills across India are struggling to pass on the elevated cotton prices to consumers, textile manufacturers are facing falling exports.

The ongoing economic slowdown in the country has lowered the domestic demand of fabric and readymade garments, resulting in a continuous squeeze in profit margins.

"We have started releasing up to Rs 3.77 per unit of power subsidy to powerlooms and also to other units in the textile value chain as announced by the government. The release of funds would certainly benefit textile and garment units in the state," said Madhvi Khode Chaware, commissioner of textiles, Government of Maharashtra, on the sidelines of a garment and fabric manufacturers' fair.

"Solapur in Maharashtra has emerged as the world's only uniform hub. But, manufacturing units in this hub need to focus on exports," said Ajit Chavan, additional commissioner, textiles ministry, government of India.

Amit Kumar Jain, director, Solapur Garment Manu-facturers Association (SGMA), said: "The uniform manufacturing industry is growing at a faster pace and may become a Rs 25,000-crore sector by 2024 from Rs 18,000 crore now."

With a budget provision of Rs 150 crore, the state government has announced Rs 3 per unit of power subsidy for cooperative spinning mills and Rs 2 per unit for large knitting, garment, and hosiery units in the state.

Meanwhile, an ICRA study said spinners were likely to register revenue de-growth of ar-ound 6 per cent, with both volumes and realisations having come under pressure in the first half of FY20 due to weak export demand amid increasing competition from other producing countries and sluggishness in domestic consumption levels.

Higher domestic raw material cost, 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 industry is hoping for a gradual recovery in cotton yarn exports over the coming quarters, aided by the softening of domestic cotton prices.

Domestic spinners expect performance in FY20 will be affected by tepid volumes and weak earnings in the first half of the financial year. According to the findings of a recent ICRA survey on the domestic cotton spinning industry, this is the likely scenario even though the industry is recovering from the slowdown.

"While export volumes have seen some uptick in recent months, as against the sharp de-growth witnessed in May-September 2019, they remain lower than the levels seen in the preceding fiscal year. The survey participants expect revenues to fall by more than 5 per cent and operating profitability to contract by around 3 per cent for FY2020," said Jayanta Roy, senior vice-president and group head, Corporate Sector Ratings, ICRA.

He said the spinners' performance was likely to improve gradually in the coming quarters, driven by an uptick in exports and favourable cotton prices with the onset of the new season.

Source: business-standard.com- Dec 20, 2019

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Govt begins industry consultations

The government has set the ball rolling to bring back the lost glory of one of India's largest employers - the textile sector – with an emphasis on generating jobs.

The textiles ministry has started consultations on the New Textiles Policy, which will include a vision to position India as a "fully integrated, globally competitive manufacturing and exporting hub" and an action plan for the country's textile and apparel sector.

One round of consultations on manmade fibre has been held and the next round will begin soon, industry officials said.

The country's textile sector is under stress and the domestic industry faces competition from Bangladesh, Vietnam and Pakistan, among other countries.

Exports of cotton yarn, made-up textile articles and handloom products declined 3.65% on year in November, while those of readymade garments fell 6.5%.

"The second round of consultations will begin soon. The government plans to roll out the policy early next year," an industry representative said.

The ministry has sought suggestions for the policy. “The policy will be all-encompassing, looking at the entire spectrum of textiles, silk, handloom and exports but the focus is on employment generation and environment,” said another person aware of the development.

Source: economictimes.com– Dec 20, 2019

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Cotton ginners in Maharashtra may soon be able to export directly to Bangladesh

The higher price of Indian produce, traders say, is mainly due to the higher Minimum Support Price (MSP) of Rs 5,500 per quintal associated with the fibre crop in the country.

Cotton ginners in Maharashtra will soon be able to export their produce directly to Bangladesh.

Pradeep Jain, founder president of Khandesh Gin/Press Owners and Traders Development Association, said a delegation of cotton ginners and yarn makers met a high-level delegation from Bangladesh at a meeting in Gurugram recently. The Bangladeshi side had expressed interest in directly importing cotton bales from Maharashtra.

This, Jain said, will enable better realisation for farmers in the region. “At present, a majority of the exports are done via export-import houses. Since the start of a direct air connection between Jalgaon and Mumbai, we will be able to export our products directly to Bangladesh,” he said.

Bangladesh imports at least 35 lakh bales (170 kg cotton per bale) of Indian cotton every year. Jain said the Bangladeshi delegation is expected to visit Jalgaon on January 12, where a team of ginners will interact with them.

“The Association plans to ensure quality and reliability of produce. So, only ginners with proven track record will be invited to interact with the team,” he said.

Lalit Bhurat, vice president of the Association, said if direct exports are opened up, realisation of farmers will increase by at least Rs 200 per quintal.

"As against the Rs 5,100 per quintal average price they are receiving for their kapas (raw or seed cotton), they will get at least Rs 5,300 per quintal," he said.

However, traders and ginners are not very optimistic about India's export options this year.

"Internationally, cotton candy (356 kg of ginned cotton) is available at Rs 38,000, while domestically produced candy is available at Rs 40,000. So, Indian cotton is finding it difficult to compete in international markets," said Bhurat.

The higher price of Indian produce, traders say, is mainly due to the higher Minimum Support Price (MSP) of Rs 5,500 per quintal associated with the fibre crop in the country.

Over the last three months, at least 5 lakh bales of cotton was exported while an almost equal quantity was imported in the country. India is expected to produce 354 lakh bales this season.

The Cotton Association of India has predicted export of 42 lakh bales and import of 25 lakh bales this year. In the cotton year (October- September) 2019-20, India had exported 42 lakh bales of cotton and imported 32 lakh bales.

A higher demand for cotton seed cake (the solid mass left after oil is extracted from the seed), which is used as animal feed, has recently seen a slight rally in prices of kapas to the present Rs 5,100 per quintal.

The Cotton Corporation of India, under its MSP operations, is reported to have procured at least 22 lakh bales of cotton, which has also caused markets to stabilise.

"Higher moisture content of the fibre in early years had seen prices being low with most farmers preferring to sell their premium crop at government-run centres at MSP," said Jain.

Source: indianexpress.com– Dec 20, 2019

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New Foreign Trade Policy will come into effect from April 1: DGFT official

The New Foreign Trade Policy will come into effect by April 1, 2020, a senior official from the Directorate General of Foreign Trade (DGFT) said.

At a conference hosted by CII Telangana on ‘Managing enterprises and Capitalizing on FTAs & TFA in today’s challenging economy’ here on Thursday, G Seetharam Reddy, Additional DGFT and Development Commissioner, AP Special Economic Zone, Visakhapatnam, requested industry to give suggestions which will help the government formulate the policy.

He said the DGFT was committed to help industry in the ease of doing business. There are several export promotion schemes and the exporters must reap the benefit out of them.

Highlighting the importance of the Trade Facilitation Agreement, Reddy said it is a facilitation agreement and will help exporters improve their supply chain management. Exporters should also capitalise on Free Trade Agreements (FTAs).

The DGFT is committed to multi-lateral trading system and is currently reworking on making the schemes compliant with the WTO guidelines.

In his keynote address, Bipin Menon, Additional DGFT, Department of Commerce, said trade agreements are inevitable but it is important to strategically look at agreements that are useful.

Today, over 50-60 per cent of the imports into the country under FTAs are raw materials for the industries. He urged industry to engage in trade agreements so that it can reap the benefits of incentives and leverage the opportunities.

Automation, digitisation, innovation and branding are imperative for the industries and the industries must adopt them to thrive and grow. Yerram Raju, Advisor, Telangana Industrial Health Clinic Ltd (TIHCL), said: “the economy is currently facing a downturn but industry must turn it into an opportunity. When challenges are converted in opportunities, businesses grow.”

Given the uncertain economic scenario, it is necessary to handhold, mentor and counsel MSMEs, he said.

Source: thehindubusinessline.com– Dec 20, 2019

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To avoid RCEP-like stalemate, India to go slow on FTAs

India will not sign any free trade agreement (FTA) in a hurry or to the disadvantage of the industry and exporters, according to commerce and industry minister Piyush Goyal, who recently told the Confederation of Indian Industry (CII) Exports Summit that New Delhi is talking to the European Union (EU) and the United Kingdom regarding trade pacts.

“I can assure all of you that going forward, none of the FTAs will be settled in a hurry or will be settled to the disadvantage of Indian industry and exporters,” he said.
Even the first leg of India’s trade deal with the United States is for the benefit of both sides equitably, he was quoted as saying by a news agency.

As the Regional Comprehensive Economic Partnership (RCEP) agreement, which India opted out of last month after negotiating it for seven years, has been reduced to an India-China FTA, nobody wants it, he said.

He clarified that walking out of the RCEP does not mean that India does not want to be a part of the global value chain. He urged the industry to focus on becoming part of the value chain with Europe, the United States, ASEAN nations, Japan and Korea.

Goyal said that Indian business and industry have been put to disadvantage over the years and instead of addressing some of the real issues that industries face, more and more distress was caused to them.

Simultaneously, India's export faced huge trade barriers in other countries, he said.

After 2011 when FTAs were finalised, India's exports barely inched up while imports shot up drastically and therefore the country's trade imbalance became manifold, he added.

CII has identified 18 developing economies that hold the promise of sustained growth over the coming few decades based on current gross domestic product (GDP) levels and population indicators. These are: Brazil, Mexico, Indonesia, Turkey, Thailand, South Africa, Malaysia, Philippines, Egypt, Vietnam, Ethiopia, Myanmar, Ghana, Tanzania, Uzbekistan, Cote D'Ivoire, Cambodia and Guinea.

The report titled 'India's Exports to Emerging Economies: Targeting Prospects and Chasing Opportunity' was released by Goyal.

CII's research also pinpoints to 53 products at the 4-digit HS code level which hold strong prospects for greater inroads into the identified emerging economies. These products were identified based on a multi-tier analysis including the top imports of the identified countries, India's current export competitiveness in each of the products (revealed comparative advantage) and current global export volumes.

Of this list, the products have been further sub-divided into three lists to indicate levels of export potential from India based on existing competitiveness and other factors.

Source: fibre2fashion.com– Dec 19, 2019

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Cotton produce in Punjab jumps 49% to 18 lakh bales

Claiming that there had been record production of cotton, Punjab chief minister Amarinder Singh on Thursday said this season's expected cotton production was 18.20 lakh bales (1 bale =170kg), about 48.8% more than 12.23 lakh bales last year, with average production per acre crossing the 10 quintal per acre mark as against last year's 9.31 quintal per acre.

He said production had been particularly high in the Malwa belt and congratulated the farmers for it. Meanwhile, the agriculture department has been directed to ensure timely advance support for cotton growers for the next kharif season. There has been an increase in the area under cotton cultivation from 6.70 lakh acres in 2018 to 9.80 lakh acres this year.

Amarinder, who also holds the agriculture portfolio, lauded the agriculture department for this, especially the field staff, in motivating the farmers to shift to cotton cultivation as part of the state government's crop diversification focus.

Intervention by the Cotton Corporation of India has so far led to the purchase of 4.36 lakh quintal of cotton, which is about 20% of the total arrival of the produce in the state mandis. The purchase has been done at MSP of Rs 5,450 per quintal, fixed by the government of India for American cotton, said the spokesperson.

Punjab Agricultural University (PAU), Ludhiana, he said, worked closely with the agriculture department to ensure availability of high quality seeds and pesticides as well as timely advice and extension services to farmers.

Amarinder has also directed the agriculture department to ensure all these provisions to farmers in advance, to enable expansion of cotton cultivation to the targeted 12.50 lakh acres in the next kharif season.

State's secretary, agriculture, Kahan Singh Pannu said the favourable climate had also contributed to the bumper production of the 'white gold' with the drip irrigation concept introduced by the state government helping boost yield and lower cost of cultivation.

The decline in cost of production due to decreased use of pesticides had also proved beneficial for the farmers, he added.

Source: timesofindia.indiatimes.com– Dec 20, 2019

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Farm services advisory claim to have identifies 'Boll Rot' disease in Maharashtra, Gujarat cotton crop

Cotton Guru, a cotton advisory services group for farmers claims to have identified a new disease in cotton called 'Boll Rot' along with a progressive farmer Amrut Deshmukh. The finding came through a farm survey conducted by the group in Maharashtra.

Boll Rot is a disease in which the cotton boll rots first and then the Pink Bollworm develops inside the boll and eats the fibre inside.

Between November 2017 and September 2018, a team from Cotton Guru had visited over 600 villages meeting over 50,000 farmers. We had shown the damaged plants to several research associations, scientists and officers from the agriculture department, said Manish Daga, founder of Cotton Guru.

Both the research institutes and agriculture officers told us that there has been no such history of this disease and therefore they cannot accept it and will have to continue research to arrive at a conclusion, he said. Nearly 5% of the cotton crop in Maharashtra has been affected by Pink Bollworm, he said.

It remains to be seen how much of this is caused by Boll Rot, he added. A similar disease in cotton crop has been observed in the US and has been called Boll Rot as well but there has been no such history of this disease in India, he said.

The disease has been seen affecting cotton crop in Vidarbha, Arvi, Marathwada, Amravati, Wani and Kharanja, among other areas. The farm advisory intends to conduct more such farm survey to identify more such crop in the state.

The question is if Cotton Boll rot is leading to Pink bollworm or Pink bollworm leads to Boll Rot, he said. A recent video sent by Gujarat's highest yield taking farmer from Patan shows similar symptoms, he said, appealing to government authorities, research associations and textile industry to wake up to the serious situation and find solutions.

Farmers in Maharashtra have reported yield loss both due to moisture stress in the growing phase as well as heavy rains just before the picking stages. Maharashtra has around 43 lakh hectare under cotton — the highest reported in the past few years.

Meanwhile, a large part of the cotton growing region in Gujarat faces pink bollworm infestation, casting a shadow on the crop outlook. The improved prospects in Maharashtra and Telangana, are expected to help India retain its overall cotton output for the 2019-20 season at 354.5 lakh bales (each of 170 kg), according to Cotton Association of India (CAI).

The cotton trade body has retained its crop estimate in its November forecast. "The crop estimate for Gujarat, the top domestic producer, has been reduced by 4 lakh bales on account of crop damage due to heavy rains and pink bollworm infestation. About 10% of the cotton farmers in the state have uprooted their cotton plants and wish to migrate to other competing crops," Atul Ganatra, President, CAI stated recently.

According to CAI estimates, Gujarat's cotton crop, earlier estimated at 100 lakh bales, has now been cut to 96 lakh bales. There is also a dip in the production estimated from North India, including Rajasthan and Punjab. On the other hand, the output in Maharashtra and Telangana has been raised higher by 3 lakh bales each, to 83 lakh bales and 51 lakh bales, respectively.

Source: financialexpress.com– Dec 20, 2019

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Business fears hit to cash flow from new GST input tax credit restriction

Industry fears that the Goods and Services Tax (GST) Council's decision to further restrict input tax credit (ITC) on invoices not uploaded in the relevant form would block the cash flow of businesses, says the latter, at a time when they're struggling on finances due to economic slowdown.

On Wednesday, the Council approved a proposal to restrict ITC to 10 per cent of eligible credit, against the current 20 per cent, for such invoices.

The mechanism works this way: Suppose you paid Rs 1,000 as taxes to your suppliers and claimed this as ITC on your summary input-output form, GSTR 3B. You have to also ensure all your suppliers upload these invoices in their supply-side return, GSTR 2A. Now, if invoices amounting to 20 per cent of the ITC claimed are not so uploaded by your vendors, then your eligible credit would be only Rs 800. You can claim further ITC of Rs 80 (10 per cent of Rs 800) after the GST Council’s decision is notified. Earlier, you could have done so for Rs 160.

In fact, before October, whatever was claimed as ITC in GSTR 3B, was being released by the authorities. In October, the government restricted this to 20 per cent of eligible credit. And, now, to 10 per cent.

Archit Gupta, chief executive at fintech service platform ClearTax, says the new restriction will be challenging for businesses. "They will have to do regular follow-ups with their suppliers." M S Mani, partner at consultants Deloitte India, said the restrictions on ITC increase the blockages of working capital.

Rule 36 (4) under the Central GST Act, which enables such restrictions, is already under challenge at the Delhi high court.

"Businesses would welcome the elimination of such restrictions which are not in consonance with key GST principles which mandate seamless credits across the value chain," said Mani.

Abhishek Rastogi, partner at Khaitan & Co., said the restriction on credits due to the fault of the vendors will have to cross the constitutional test. "Further, even the percentage of either 10 or 20 per cent is not based on any logic and hence is completely arbitrary," he said.

Harpreet Singh, partner at consultancy KPMG. He says many multinational companies have completely forgone the 20 per cent or 10 per cent credit, on account of the hassle of month-on-month reconciling of credit. Abhishek Jain, tax partner at consultancy EY, says the new restrictions are due to falling tax collections and to plug fraudulent credits.

"It is imperative for businesses to ensure timely credit reconciliation, including follow-up with vendors, timely correction and maintaining of adequate date for the said compliance. Wherever proper reconciliations are not done, it may lead to cash flow issues," he said.

Gupta of ClearTax feels further reduction in credit could have been considered later, with the new return filing process. In the latter, there is the concept of invoice matching — ITC cannot be claimed on invoices not reconciled. These returns would come into effect from April 1.

Source: business-standard.com – Dec 20, 2019

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Bangladesh to allow transhipment of Indian goods from January sans custom duties, transit fees

Bangladesh, notwithstanding its decision to cancel visits by foreign and home ministers to India last week in the aftermath of Citizenship (Amendment) Bill controversy, will allow transhipment of Indian goods via Chittagong and Mongla sea ports from January without charging customs duties and transit fees.

The decision, considered a new phase in connectivity between the two countries, was agreed upon when Bangladesh shipping secretary Md. Abdus Samad met his Indian counterpart Gopal Krishna at the shipping secretary-level talks in Dhaka last week, officials told ET.

Earlier, the Standard Operating Procedures to allow transhipment of Indian goods to and fro from landlocked north-eastern states was agreed upon during Prime Minister Sheikh Hasina's visit to Delhi in October. The move will give further push to India's Act East policy by connecting north-eastern states with SE Asia.

Bangladesh expects that such connectivity between the countries will open up greater economic opportunities, strengthen infrastructure and boost business, according to Dhaka-based officials.

"We are yet to decide the date of the first trial run, but it is likely to be in January next year. A container cargo is likely to operate either through Chittagong Port or Mongla Port to the Indian state of Tripura through the Agartala and Akhaura river routes," said Abdus Samad.

Customs fees are not applicable as it is a bilateral agreement between the two countries. But India will pay duties and taxes as per Bangladesh's tariff schedule for ports. It will also pay fees for using roads in line with the policy of the Bangladesh Road and Highways Division, officials said.

Seven routes have been suggested for the movement of goods and passenger vessels between north-eastern states and two ports. These include Chittagong Port or Mongla Port to Agartala via Akhaura; Chittagong or Mongla port to Dawki via Tamabil; Chittagong or Mongla port to Sutarkandi via Sheola; and Chittagong or Mongla to Bibekbazar via Simantapur.

Meanwhile, passengers travelling on cruise ships to India and Bangladesh will get on-arrival visas at the ports. It may be recalled that operations of cruise ships from Narayanganj (Bangladesh) to Kolkata began on a trial basis in March this year.

Source: economictimes.com– Dec 19, 2019

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Apparel exporters await Rs 5,000 crore refunds

Apparel and made-up exporters are facing a huge working capital crunch for the past few months, as refunds of over Rs 5,000 crore under the MEIS scheme have been blocked. This could continue to pull down apparel exports in the coming months as well.

The Merchandise Exports from India Scheme (MEIS) was discontinued from August 1. Though it was reinstated later for other export sectors, it is still not available for apparels and made-ups. In March, the government had announced that Rebate of State and Central Taxes and Levies (RoSCTL) scheme will soon be available for the segments. However, this has not been made available till now.

"Around Rs 5,000 crore of refunds are blocked and this would come to around 6 to 7 per cent margins of the industry. This, in turn, has led to a serious working capital crunch among apparel and made-up exporters," said Chandrima Chatterjee, advisor, Apparel Export Promotion Council.

According to her, more than 8,000 exporters are facing this working capital crunch. Most of these exporters are small and medium enterprises.

Apart from working capital issues, there is no clarity on the rate at which they have to book orders, as the rate of duty refund under RoSCTL has not been announced. A 4 per cent incentive was available for garments under MEIS. Apparel exporters work under thin margins due to the heavy competition from countries like Bangladesh, Vietnam and the Philippines.

"We were expecting a smooth transition from the earlier scheme to the new scheme. But abrupt ending of the earlier scheme without starting the new one has put the industry into a lot of hardship," said Chatterjee.

The AEPC had made representations to different ministries about the situation, but is still waiting for clarity on the issues.

The industry fears that the working capital crunch will further worsen the export situation.

Apparel exports had declined 6.5 per cent to $1,055.82 million in November 2019 against $1,129.5 million in the year-ago month. In rupee terms the decline has been 7.05 per cent.

Source: asianage.com– Dec 19, 2019

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IHGF Delhi Fair sets new dates spring 2020 event

The IHGF Delhi Fair is gearing up for its 2020 edition, scheduled for later in the spring than its previous February dates and set for April 15-19, 2020, at the India Expo Centre & Mart in Delhi.

Many international patrons welcome the new dates as a better fit with their Asia sourcing itinerary.

Over the past two and a half decades, the Indian Handcrafts and Gift Fair has become a key event for India's leading manufacturers of home, lifestyle, fashion and textile products.

With focus on sustainability, fair trade and innovations, IHGF Delhi Fair 2020 will present more than 3,200 exhibitors across 15 halls and 900 showrooms. More than 2,000 products and 300 trend-specific design developments will be showcased over an area of 197,000 square meters.

The display categories range from art metalware and wood carvings to furniture and accessories, along with all types of gifts, houseware and hand-crafted items.

Along with Theme Pavilions and collective representation of regional artisan crafts, the IHGF will feature Integrated Design Development Projects from show organizer Export Promotion Council for Handicrafts, as well as Knowledge and Ramp Presentations.

IHGF Delhi Fair is presented in the spring and fall each year, organized by EPCH, the apex organization representing handicraft manufacturers and exporters in India. For more information, visit http://ihgfdelhifair.epch.in/

Source: furnituretoday.com– Dec 18, 2019

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