TEXPROCIL NEWS CLIPPINGS

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IBTEX No. 16 of 2020 January 21, 2020

US 71.15| EUR 78.95 | GBP 92.60| JPY 0.65

Cotton Market		
Spot Price - Shankar 6 (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
19378	40500	**72.50**
Domestic Futures Price (Ex. Warehouse Rajkot), January		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
19710	41194	**73.74**

International Futures Price	
NY ICE USD Cents/lb (March 2020)	71.25
ZCE Cotton: Yuan/MT (May 2020)	14,075
ZCE Cotton: USD Cents/lb	92.97
Cotlook A Index – Physical	**80.20**

Cotton Guide- The ICE cotton futures were closed yesterday due to a national holiday observed in the USA. This morning at its start the ICE Futures have measured a massive drop amounting to more than 80 points. There seems to be some correction happening after a massive +103 point increase in the ICE March contract. The ICE March contract is now trading at 70.48 cents per pound.

The MCX contracts on the other hand took a negative turn in almost equal proportions as compared to the previous sessions. The MCX January contract settled at 19,710 Rs per Bale with a change of -180 Rs. The MCX February contract settled at 20,000 Rs per Bale with a change of -160 Rs. Volumes almost touched 20K at 1955 lots.

The Cotlook index A has been updated at 80.20 cents per pound with a change of +100 points. The prices of Indian Shankar 6 are averaged at 40,500 Rs per Candy which is a 200 Rs decline as compared to the figure seen yesterday.

While speaking about long term prospects for cotton based on fundamentals, the prices of Cotton for the Next 3 months is expected to be in the range of 73-77 cents per pound [with an assumption that no major geopolitical distorting situations happening]. On the other hand, while analysing cotton crop sowing intentions, with history speaking, it is noticed that farmers intend to sow cotton for a year and for the next year shift to another crop.

This means we can witness crop rotation throughout the world. This further implies- we would enter the next marketing year with higher prices as we expect supplies to see a decline. Supporting this factor is the abundance of water available throughout the world [due to record rainfall] which gives farmers an advantage to shift to alternatives such as Soybeans which has given better realization than cotton.

On the fundamental front, we are of the view that prices would show marginal rise with 68 as the downward figure and a huge potential to reach 77 cents per pound in the next three months. It's a bit early to mention about prices for the whole year but we foresee prices to be in the range of 78-85 cents per pound for the month of December 2020 with a plethora of positive factors. The important factors that should be kept in mind should be the Phase 2 deal between US and China and the US Presidential Elections.

On the technical front, In daily chart, ICE Cotton March price has bounced from the support of the lower end of an upward sloping channel. Meanwhile, price is hovering around the 5 & 9 day EMA at 70.70, 70.50, with RSI reversing from the overbought zone suggest a phase of sideways trend in the market.

The immediate resistance for the price is the previous high ($71.96) which coincides with the higher end of the channel, the immediate support for the price would be 69.70-69.50 which is the recent low with the 61.8% Fibonacci retracement level. Thus for the day we expect price to trade in the range of 69.60-71.96 with a sideways bias. In MCX Jan Cotton, we expect the price to trade within the range of 19860-19500 with a sideways bias.

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

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INTERNATIONAL NEWS

China Phase 1 Trade Deal Holds Promise for U.S. Cotton

According to the National Cotton Council (NCC), the Phase 1 trade deal with China signed February 15 by President Trump could provide a much-needed boost to U.S. cotton exports.

The Phase 1 agreement includes a chapter on agriculture, with Chinese purchases of U.S. products intended to reach at least $40 billion per year starting in 2020. However, the overall impact for cotton remains uncertain as commodity-specific details have not been released.

NCC Chairman Mike Tate, an Alabama cotton producer who attended the signing, said, "While we welcome Phase 1 and are hopeful about the potential for future increased sales to China, U.S. cotton producers continue to face a challenging economic climate. As such, we encourage President Trump and USDA to follow through with the third tranche of MFP payments as quickly as possible."

Tate was referring to the Administration's $16 billion trade assistance package through the Market Facilitation Program to help mitigate China's retaliatory tariffs. He said this assistance, administered by USDA, has been very timely with U.S. cotton's economic health deteriorating as market share in China is being lost to Brazil and Australia.

The first MFP tranche of payments came in August and the second tranche in November. "Since the middle of 2018, the ongoing trade dispute between the United States and China has been front and center in any discussion of the cotton market," Tate said.

"Cotton prices remain well below pre-dispute levels due to China's imposition of a 25% retaliatory tariff. That's why removal of these tariffs should be a high priority for any upcoming dialogue between the two countries."

Source: cottongrower.com - Jan 20, 2020

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USA: These Consumer Shifts and Trends Will Impact Textiles in 2020-21

The new decade already has a lot on its plate: global political turmoil, a climate crisis, trade tensions and a general instability that has given fodder for uncertainty.

And in line with art mimicking life, textiles have taken cues from the market's current state, contributing to emerging trends that will define home and apparel textiles in the 2020-21 season.

"The aesthetic approach is very much influenced by this instability," Anja Bisgaard Gaede of Denmark's SPOTT trends consultancy, said at the recent Heimtextil trade show in Frankfurt. What's more, she added, "Designers are turning to making things in a new way."

Redefinition

One trend that has already had its effect is redefinition—a redefinition of materials, of how they're made and of how they find their way into modern design.

Companies will continue to make textiles out of things like marine waste and other bio-based raw materials. In the Netherlands, Eric Klarenbeek and Maartje Dros are converting algae into bioplastic for 3D printing. While the team is so far focused on printing things like bottles and tableware, others are using algae for fabric dyes and chairs.

"It's redefining how we are thinking of materials as resources," Gaede said.
Digitization is also reshaping fashion, with digital clothing helping companies test the market before buying into fabric or overbuying (which could begin to help the sector's excess inventory problem), and digital avatars are bringing brands into the gaming world and opening up a new way for brand discovery and the path to purchase.

"We're redefining how we are viewing e-shopping," Gaede said, adding that, beyond a company's e-commerce site, consumers will be shopping through games, social media and on influencer-curated sites and pages.

And as material resources change, so do the expectations for garments. Whereas perfection was prized in years past, now there's appeal in imperfections or the aesthetic created from repurposed materials.

"We are looking at garments in a different way," Gaede said. "We can highlight or emphasize that they are a little bit broken. If there's a hole, maybe we can do a beautiful stitch around it so it can still be used. It's a redefinition of how we're viewing our clothing and also our behavior towards fashion."

Emotional satisfaction

As consumers grow increasingly dissatisfied with what's happening in the world, they are carving out spaces and practices that inspire wellness—and that means they're buying better products that serve an emotional need, plus, they're buying less.

"Immaterial emotional satisfaction is really, really important," Gaede said. "Emotional transformation is what it is that we're actually seeking as consumers. As a result of that, we are having all the products that we need. Maybe we don't need more products, but we need some kind of emotional connection."

The charge for companies, she explained, will be to make material emotional satisfaction first and then add the product to that.

So far, immersion has proved the most popular for creating that connection. That's why festival culture has gained interest and attention in recent years—festival goers are diving into the experience. More and more, restaurants are creating immersive experiences that give diners a sense that they've escaped from all else around them. B&Binge, for one, has tapped into binge-watchers' desire to dive into the programs they're watching by recreating sets that, in effect, allow viewers to watch their favorite shows from 'inside' their favorite shows.

In a similar vein, consumers will continue to find satisfaction by making concerted efforts to lessen their footprints, and they're buying—or not buying—accordingly.

"Climate consumerism is definitely going to be on the rise from now on and moving forward," Gaede said. Now, she added, "Some of the products are being developed from an agenda that is more climate oriented."

And the businesses that can deliver on this will win big favor with buyers.

At Arctic Blue Resort in Finland, guests who are going green, like watching their water consumption, food choices or use of electricity, will pay less for a night's stay.

"Your price depends on how carbon neutral you are in your lifestyle," Gaede explained. "I think this is a direction we're going to view more and more…like social credits."

Craft spirituality

The craft movement has seen success in recent years, and it answers a similar need for emotional satisfaction as consumers focus on creativity and adding beauty back into the world.

"We're seeing that the craft movement is, of course, very, very big," Gaede said. "Craft has become a spiritual experience for people."

As evidence of the trend, she pointed out that 5-Minute Crafts ranks No. 4 on YouTube's top subscribers list, according to G2.

The interest in craft has influenced home textile trends like Maximum Glam, which draws on collaged textiles, juxtaposed patterns, beading and embroidering to create a modern 'more is more' look.

Textiles and apparel will be created with an artistic approach, according to Gaede.

"Sometimes it's within artists' works that we find inspiration…it's almost like an abstract painting whose patterns that we want to see in the interior textiles," she explained. "It's very handmade, nothing that is standard, nothing that is put in a box, it's different patterns, different textures, different colors put into this more eclectic style."

Here, handwritten patterns, lines that aren't completely solid, colors that come together, and textiles applied on top of one another, will be a key look.

Home and heritage

With everything coming at them, consumers who are looking in and focusing more on wellness in their lives are also naturally drawing on home as a cocoon of comfort, and heritage as a reflection of better days.

"It has to do with longing back, escapism giving us that comfort that we need," Gaede said. "Going into décor, we also really want to exhibit our history. We want to exhibit our heritage, but in an old-fashioned way."

As such, storytelling comes into play, both as a way consumers want to be addressed by the brands they buy from—they want to understand the history and ethos behind the company and the product—and how they want to present themselves to the world.

"It's exhibiting different ornaments and building up stories of that," she said. "It's storytelling that we can launch ourselves into, emotional satisfaction."

Textiles will come with homemade elements, channel heritage paintings and patterns, like vintage florals, and call on Roman antique styling or floor and wall coverings from ancient structures.

"There is an importance and a very inline focus right now on heritage and culture," Gaede said.

Source: sourcingjournal.com- Jan 20, 2020

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China in pursuit of the metal rat: sixty more years for fashion's biggest market

The country defines a new phase past double digit growth and its role as a world factory. Now that its economic objectives have been achieved, what happens now?

Pure Casualty has made that, for once, horoscopes and economists coincide in a forecast. China will begin on Sunday the year of the metal rat, which marks the beginning of a new cycle for sixty years and promises, according to experts, it's a radical change. The world's second largest economy leaves behind decades of unstoppable growth at any price to embrace a new stage in which it will have to digest that progress and define its role on a global scale.

Fashion has been the first witness of China's transformation in recent years and will also occupy a leading role in its next stage. If in 2005, with its entry into the World Trade Organization (WTO), China became the fashion factory, in 2022 it will become the largest consumer market, according to data from Euromonitor International.

Between 2018 and 2022, fashion sales in the country will amount to 10.2%. In 2024, the revenue of the sector in the country will total to 435 billion dollars, compared to 384 billion in the United States and four times more than what India will generate, with 100,000 dollars, according to Euromonitor.

The country will continue to be an important pole for the supply of textiles and clothing, although in recent years it has begun to shift its focus towards products with greater added value and outsourcing the rest to surrounding countries such as Bangladesh. China is also one of the main foreign investors in Ethiopian textile, considered the next hub in the sector.

China is the largest textile exporter, accounting for 37.6% of global sales, compared to 10.3% in 2000. Chinese exports of this product category amounted to 119 billion euros (133 billion dollars) in 2018, according to the latest data from the World Trade Organization (WTO). The country is also the third largest importer of textiles, after the European Union and the United States.

In clothing, the country covers 31.3% of exports but still has a small market share in purchases, with a 1.6% share (excluding Hong Kong). In 2018, the country exported ready-made clothing worth 158 billion dollars, in line with the previous year. In fact, overseas sales specific to this sector have been growing for four years now, after ending 2016 with a 9% drop; 2017 with a decrease of 1% and 2018 in flat.

2020 is also marked in red on the country's calendar, which had set several economic goals for 2020 at the gates of the centenary of the Communist Party, which will be held next year.

One of the goals was to double its Gross Domestic Product (GDP) between 2010 and this year. China is already the world's largest economy in terms of GDP at purchasing power parity values (PPP) and all projections suggest that it will meet that goal this year, even though the economy is slowing down.

To achieve the goal, the country should have grown on average of 7.5% a year since 2010. The decade started strong, with a rise of 10.3% in 2010, but since then the country has lost its momentum. In the third quarter of 2019, China grew 6%, its lowest rise in thirty years. To achieve the goal set by the previous president, Hu Jintao, China should grow at least 6%, a goal that seems realistic.

Similarly, its GDP per capita has skyrocketed in recent years, from 3,468 dollars in 2008 to 9,770 in 2018 dollars. In 2015, with Xi Jinping at its front, the country set itself the goal of eliminating extreme poverty, defined as the number of people with an annual income of less than 2,300 yuan (334 dollars). In 2015, there were more than 50 million people in that category, in 2018 the 20 million barrier was lowered for the first time and this year's goal is to reduce the data to zero.

In the recent decades, China has become the largest factory in the world, it has industrialized at a hectic speed and has climbed from the tenth to becoming the second-largest world power in just twenty years. A process that took Europe centuries has been achieved in a generation by China. So what is its next step?

The country has been immersed in a process of transformation of its economic model for several years, with the aim of shifting from being a country backed by industry, with hardly any social guarantees or environmental regulation, to a consumer economy, open to the world and following Global standards.

Click here for more details

Source: themds.com- Jan 20, 2020

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Lankan Apparel exporters want greater access to Indian market

Sri Lanka's leading apparel exporters said that they want to enhance the access for the Sri Lankan apparel products to the Indian market.

Exporters expressed these views to the newly appointed Chairman of the Sri Lanka Export Development Board (EDB), Prabhash Subasinghe and sought the assistance of the EDB for the removal of Indo-Sri Lanka Free Trade Agreement's quota restrictions on Sri Lankan-made garments.

Subasinghe who met with the nation's leading apparel exporters last Friday (17) at the Board premises stated that he has already discussed this with the Department of Commerce and EDB will follow up with them on the future cause of action.

Furthermore, the industry stake holders also pointed out the significance of developing a local fabric base for the apparel industry and highlighted the importance in expediting the proposed dedicated manufacturing zone in Eravur, which intends to attract manufacturers of textiles.

The industry stressed the importance of creating an enabling environment to make Sri Lanka the hub for Global apparel industry by managing front office operations as the apparel industry in Sri Lanka has more or less reached its full capacity.

The industry representatives elaborated on their plans to project Sri Lanka as a sustainable manufacturing destination for apparel by highlighting the industry's excellent labour practices and carbon-neutrality in order to strengthen the competitiveness of the Sri Lankan apparel industry in the global marketplace. They sought the support of the EDB in this regard.

The delegation also praised the efforts of the EDB in supporting the country's SME apparel exporters in respect of compliance improvement and market penetration.

Subasinghe also expressed his gratitude to the Sri Lankan apparel exporter community for their contribution and commitment towards the country's economic development and shared his satisfaction with the noteworthy performance of the sector during 2019 in spite of the challenges faced.The delegation included Chairman and Secretary General of the Joint Apparel Association Forum (JAAF), MAS, Brandix, Hirdaramani, EAM Maliban Textiles and Star Garments, Original Apparel.

Source: dailynews.lk- Jan 21, 2020

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New fabric factory to be set up in Vietnam

The Viet Tien Garment Joint Stock Corporation (VGG) recently signed up with Luenthai and Newtech to establish the Viet Thai Tech fabric factory to supply fabric for the garment and textile industry. With a total investment of $20 million, the project's first phase will involve $12 million and the second, $8 million. It is expected to turn operational in June.

Chairman of the Vietnam Textile and Apparel Association Vu Duc Giang said the project aims at proactively sourcing raw materials, shortening production and delivery time and meeting strict quality requirements from customers in the garment industry.

Giang, who is also chairman of VGG, said the factory will contribute to solving the shortage of fabric resources that is now a big obstacle for the domestic garment and textile industry, according to a report in a Vietnamese newspaper.

The factory will be built according to US green standards and will be the first green standard fabric factory in the country.

Source: fibre2fashion.com- Jan 21, 2020

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China firm to invest 'millions of dollars' in Cambodia's cotton industry

A Chinese company is eyeing an investment of "millions of dollars" in Kampong Speu province's cotton industry, governor Vei Samnang told The Post on Sunday (Jan 19).

He said he met representatives of the firm on Friday at Kampong Speu provincial hall. "It's a big firm from China that has already conducted a study on the potential for investment in my province, " he said, noting that it is interested in growing and processing the crop.

"They will invest millions of dollars on 30,000ha in the province, " he said. Samnang said the project will attract other Chinese investors to the province. "It is a big project for the agriculture industry in Kampong Speu."

He did not reveal the company's name or provide concrete figures on the capital that will be invested. "The provincial authorities will help the firm buy land by connecting them with landowners and facilitating the paperwork, " he said.

Samnang pointed out that available farming land in the province is scarce, with rice plantations, owned by private companies and families, occupying around 110,000ha. The province also has around 45,000ha dedicated to sugarcane and another 45,000ha to mango.

The General Department of Agriculture's director-general Ngin Chhay could not be reached for comment on Sunday. In July last year, a Chinese firm called Jiangsu Lianfa Textile Co Ltd announced plans to invest in growing and processing cotton in Pursat province to supply garment factories.

The company has successfully conducted a preliminary test on the crop and is preparing a second test on 180ha in Bakan district. Established by the French, the cotton industry in Cambodia thrived between 1965 and 1975, with thousands of hectares of the crop harvested each year.

However, the industry declined during the Khmer Rouge years when nearly all agricultural resources were allocated to rice production. Although cotton production continued under the Pol Pot regime, a lack of a market and years of insect infestation led Cambodian farmers to all but give up on it by 1985.

Source: thestar.com.my- Jan 20, 2020

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US-China Phase I trade deal to boost US cotton exports

The National Cotton Council (NCC) has announced that the Phase 1 trade deal with China, recently signed by President Donald Trump, could provide a much-needed boost to US cotton exports. The Phase 1 agreement includes a chapter on agriculture with Chinese purchases of US products intended to reach at least $40 billion per year starting in 2020.

However, the overall impact for cotton remains uncertain as commodity-specific details have not been released, according to a press release by NCC.

"While we welcome Phase I and are hopeful about the potential for future increased sales to China, US cotton producers continue to face a challenging economic climate. As such, we encourage President Trump and USDA to follow through with the third tranche of MFP payments as quickly as possible," NCC chairman Mike Tate, an Alabama cotton producer said.

Tate was referring to the administration's $16 billion trade assistance package through the market facilitation programme to help mitigate China's retaliatory tariffs. According to him, this assistance, administered by USDA, has been very timely with US cotton's economic health deteriorating as market share in China is being lost to Brazil and Australia. The first MFP tranche of payments came in August 2019 and the second tranche in November 2019.

"Since the middle of 2018, the ongoing trade dispute between the US and China has been front and centre in any discussion of the cotton market. Cotton prices remain well below pre-dispute levels due to China's imposition of a 25 per cent retaliatory tariff. That's why removal of these tariffs should be a high priority for any upcoming dialogue between the two countries," Tate said.

Source: fibre2fashion.com- Jan 20, 2020

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Indonesia to import more than $65 million worth US Cotton

The Cotton Council International (CCI) has announced that Indonesian textile mills are set to purchase an additional 194,000 US cotton bales, worth more than $65 million, thanks to CCI's 2019 Special Trade Mission (STM) from Indonesia to the US, sponsored by FMD funding. CCI is the export promotion arm of the National Cotton Council of America (NCC).

Eighteen cotton buyers from Indonesian textile mills, as well as two members of the Indonesian Textile Association, attended the STM to learn more about the benefits of US cotton. Indonesia is the fifth largest cotton fibre-importing country, and mills in Indonesia were expected to import a total of 3.1 million bales in 2018/19.

The companies that participated in the STM represented some of the largest textile mills in Indonesia. Their companies consume around 2.1 million bales, representing roughly two-thirds of total cotton consumption in Indonesia in 2018/19. Prior to the STM, US market share with these mills was estimated at 40 per cent, according to CCI.

The STM visited six cities throughout the Cotton Belt in July 2019. The STM provided participants with a better understanding of the many elements that make up the seven segments of the US cotton industry. These meetings assisted in educating the foreign trade, as well as encouraged business relationships with the intention of increasing US cotton exports in the future.

One of the purposes of the STM is to provide participants with a better understanding of the US cotton industry, and 87 per cent of the participants stated their main objective in participating was to learn more about US cotton. To meet that goal, prior to the tour, CCI asked the participants which topics they would most like to have addressed by the US cotton industry. CCI also arranged a pre- and post-survey to capture the group's change in knowledge and purchase intent.

The Indonesian participants were concerned about US cotton quality and the steps being taken to improve contamination from bale packaging. They were interested in sustainability and how US cotton producers were implementing sustainable practices on their farms. They were also looking to learn about trends and innovations in cotton products that would help them in their business with brands and retailers.

Overall, 100 per cent of the participants stated they were able to meet their objective of learning more about the U.S. cotton industry by participating in the STM, and 100 per cent stated they learned a lot about US cotton during the STM. Furthermore, all of the participants were satisfied with the STM and all were likely to recommend it to a colleague.

A second goal of the STM was to encourage business relationships with the intention of increasing future US cotton exports. Around 94 per cent of the participants stated that their participation in the STM provided them opportunities to develop new business relationships and contacts, and 82 per cent believe they will purchase more US cotton in the future.

Source: fibre2fashion.com- Jan 20, 2020

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H&M Group expands to Central America

H&M Group has signed a franchise agreement with Hola Moda SA in Central America. The first H&M store is set to open in Panama at end of 2020. Hola Moda is a privately-owned company founded by Phoenix Group and Dorben Group, which with their extensive retail experience and market knowhow operate international fashion brands in 15 countries across the region.

“Central America holds great potential and we are looking forward to opening our first H&M store in Panama at the end of 2020,” said Karl-Johan Persson, CEO H & M AB.

“We are honoured and thrilled by the opportunity to bring H&M to Central America, providing the communities we serve with unmatched fashion and quality at the best price. This alliance is especially important for us, as it gives our team the opportunity to work together with H&M in promoting sustainability in our industry and region,” said Mehdi Beneddine, president of Hola Moda.

Source: fibre2fashion. com - Jan 20, 2020

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EU's tax concessions to Sri Lanka to continue

Following a meeting with Thorsten Bargfrede, Head of Political, Trade and Communications Section of the delegation of the European Union to Sri Lanka and Maldives and EU representatives, Prasanna Ranatunga, Minister of Industry, Export, Investment Promotion, Tourism and Aviation, claimed that the European Union's Generalised Scheme of Preferences Plus tax concessions to Sri Lanka will continue until 2023 and there would be no change to the related observation process.

GSP+ tax concession is mostly granted to the garment industry in the country and 60 percent of Sri Lanka's garment exports go to EU member countries. The garment industry represents about 43 per cent of the country's total exports and earns around $5 billion to the country annually. Noting that EU investors were keen on investing in Sri Lanka, Bargfrede requested for a resumption of flight services by the Sri Lankan Airlines to EU countries.

Source: fashionatingworld. com - Jan 20, 2020

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Foreign brands plan to expand in Bangladesh

Many multinational clothing brands, which source billions of dollars worth of garment from Bangladesh, have contacted BGMEA to open their outlets in the country with a burgeoning economy.

The BGMEA on its part plans to urge the government to make it mandatory for all global brands to source all the garment items from local manufacturers if they want to open retail outlets here.

However, a number of foreign retailers have recently complained that the complex local tariff structure is holding them back. For instance, a French company has to pay 130 per cent customs duty for many of the garments and shoes it imports, even for those made in Bangladesh.

The tariff structure and the process the company follows to remain compliant in Bangladesh are restricting it to offer a reasonable price-quality ratio and support its endeavour to protect the environment, according to the letter.

Over the past 10 years, the company has opened 60 big-box stores in India and over 50 per cent of the items it sells in the Indian stores are 'Made in India.'

A footwear supplier and a tent supplier of an European company located inside the export processing zone in Chattogram have already received regulatory approval to sell 10 per cent of last year's unsold inventory to the local market.

This allows the company to reduce the price of our items by approximately 50 per cent and make them accessible to more Bangladeshi sportspeople. The company plans to seek BGMEA's support for research and find legal possibilities to get similar permissions for its garment suppliers.

Source: fashionatingworld.com- Jan 20, 2020

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H&M's online sales up 30 per cent in 2019

H&M's online sales increased 30 per cent in 2019 thanks to a strategy of integrating online and in-store experiences. Over the past couple of years, the fashion retailer has been slowing down its physical store expansion strategy.

Profit has been negatively affected by a weak sales development in the physical stores of the H&M brand. H&M has a physical store presence in 71 markets worldwide, but it only sells online in 47 of those, four of which were added in 2018. This suggests that improving its online presence has been a real focus for H&M.

The threat from rival retailers, both online and offline, is partly responsible for H&M's change of strategy. Over the last ten to fifteen years H&M and other fast-fashion brands have enjoyed great success in the fashion sector thanks to trend-led products, a speedy production process and large store networks.

Now, the disruption is happening online, and H&M has been relatively slow to adapt.

Mobile is especially important, as H&M's target market of under 25s are heavy mobile users. H&M only started selling online in 2010. Apparently the retailer was slow to see the opportunity that e-commerce presented, or else thought that its store network was enough to see off online competition.

Source: fashionatingworld.com- Jan 20, 2020

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US-China tariff war boosts Sri Lanka's apparel exports which grow 2.8 per cent

As the per recent SLAEA data, Sri Lanka's apparel exports grew by 2.8 percent to $459 million in November 2019 due to an increase in production capacity and re-routing of supply chains amid the US-China trade war. Its total apparel exports from January to November 2019 grew by 5.8 percent to $4.85 billion.

Sri Lanka's total apparel exports to the EU grew by 10.99 percent to $191.0 million in November 2019 compared to the same period in 2018. The total exports to EU from January to November in 2019 grew by 5.7 per cent to $2.03 billion.

These exports increased on account of the continued leverage of GSP Plus preferential tariff benefits and market certainty with Brexit coming to a conclusion.

However, the country's exports to the US declined by 4.8 per cent to $208 million in November 2019. This decline was mainly on account of a continuous slowdown in sales of Victoria Secret, which is a large customer of Sri Lanka.

Victoria's Secret posted a 7 percent fall in same-store sales in the US and Canada in the third quarter ending November 02. Its parent company L Brands posted a loss of $0.91 per share, dragged down by Victoria's Secret's performance.

Source: fashionatingworld.com- Jan 20, 2020

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Vietnam faces fabric and fiber deficit

Despite recording impressive growth figures in recent years, Vietnam's textile and apparel sector has failed to become deeply involved in the global supply chain. Most domestic businesses in the sector outsource to foreign businesses.

Although the nation has recorded a trade surplus in yarn and garments, it has suffered a hefty trade deficit in fabric and fiber. Domestic fabrics meet less than 50 per cent of the sector's demand, forcing the country to import huge amounts of fabrics every year.

Yarn output over the last 20 years has grown 12-fold. Local firms during 2019 produced over 2.5 million tons of yarn, of which exports reached more than 1.5 million tons, while fabric output also soared by six times.

In spite of these strong figures, products supporting the garment and textile sector failed to meet demand, especially garment products for exports. The supporting industry has been unable to produce fabrics and raw materials that meet requirements regarding quality and diversification of goods.

If Vietnam is unable to meet the goods origin requirements under the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, and the EU-Vietnam Free Trade Agreement, then it will face challenges when it comes to enjoying the preferential treatment from these free trade agreements.

Source: fashionatingworld.com- Jan 20, 2020

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NATIONAL NEWS

TEXPROCIL members exported US$ 11.5 billion worth of cotton textiles during 2018-19

The Cotton Textiles Export Promotion Council (TEXPROCIL), the first Export Promotion Council set up in India in the year 1954 and responsible for promoting exports of cotton textile celebrated the achievements of its member exporters at the Annual Awards function held at the ITC Hotel Grand.

Every year the Council recognizes the role played by exporters by giving out awards in different categories. This year the Council distributed fifty eight awards in thirty two different categories, including the coveted Platinum trophy for the highest global exports. Recognising the role played by MSME units in India and given that the growth of MSMEs is one of the many thrust areas of the government, Texprocil also added an Award for the highest employment generated by MSME units this year.

Smriti Zubin Irani, Hon'ble Minister of Textiles and Women and Child Development, was the Chief Guest at the TEXPROCIL Annual Export Award function held on January 16, 2020 in Mumbai.

While congratulating the Award winners, Dr K V Srinivasan, Chairman, Texprocil in his opening remarks stated that the exports of textiles and clothing were severely affected by the global situations like the trade conflict of US with China, EU's struggle with Brexit, the growing geo-political tensions in the Middle East and the removal of GSP benefits to India by US.

In the backdrop of these challenges the Chairman thanked the government for taking the initiative in recognising the incidence of state and central tax levies and their impact on the competitiveness of exported textile goods by announcing the new Scheme of the Remission of Duties or Taxes on Export Products i.e. RoDTEP, which he hoped will address the issues of duties and taxes suffered by the entire value chain.

The Chairman also lauded the Hon'ble Minister for her personal efforts to get the Gazette Notification of March 7, 2019, announcing RoSCTL for Garments & Made-ups implemented vide Notification dated 14 January 2020.

Dr Srinivasan also requested the Hon'ble Minister to consider the cotton textiles sector as a value chain in continuum mentioning that any attempt to selectively grant incentives to certain segments of the value chain leads to unintended distortions and consequences.

A case in point is the systematic exclusion of cotton yarn from the package of incentives since 2014, he added. He further reiterated that Cotton yarn also bears the same incidence of state and central levies as in the case of made ups and garments. He said that cotton yarn should be covered under the RoSCTL scheme and the MEIS and should also be covered under the 3 percent Interest Equalization scheme.

The Chairman finally concluded by thanking the Hon'ble Minister for her personal intervention in various matters relating to the progress and growth of the industry.

The General Manager (SME), State Bank of India S Kalyanram then addressed the gathering on the significance and importance of the relationship between the banks and the exporters and highlighted the facilities provided for MSMEs.

The Chief Guest, Smriti Zubin Irani then distributed the Texprocil Awards.

In her address, the Hon'ble Minister said that with the growth of textile industry lies the growth of India and also thanked SBI for being part of the ceremony and supporting the industry as bankers play an important role in textile and clothing exports. She said that the textile industry has made India proud through its achievements only because of the commitment and dedication of the current and earlier generations.

The Hon'ble Minister was also in agreement with the many issues pointed out by the Chairman Texprocil in his welcome address.

Coming to the cotton procurement and auction process, the Minister promised speedy resolutions in honoring commitments and selling the fibre at competitive prices rather than being purchased and then stocked by CCI.

Irani also assured the industry that she will continue to pursue in bringing the hank yarn obligation down further from the current percentage of production.

The Minister also mentioned that in the new Mission on Cotton she will explore ways of replicating the success of CDRA which is presently benefiting about 170,000 farmers. She said that the industry should make farmers partners and along with gainful employment for women the sector should look at quadrupling its exports and assured that the Ministry will also stand shoulder to shoulder with the industry in these efforts.

Irani requested the Chairman Texprocil to handhold small companies and take them along so that they may reach the level of a medium sized companies.

Finally appreciating the efforts of Texprocil for leading from the front she requested CCI, Texprocil and the Skill Development Ministry to come together and prepare a paper on mechanizing the cotton picking methods to reduce contamination and assured the full support of the Ministry of Textiles towards this effort.

Source: indiaretailing.com- Jan 20, 2020

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IMF cuts India's FY20 growth forecast to 4.8%

The International Monetary Fund has slashed its estimate on India's 2019 economic growth to 4.8% from the 6.1% expansion it projected in October, citing a sharper-than-expected slowdown in local demand and stress in the non-bank financial sector.

The steep cut in India's growth rate has weighed on IMF's projection on the world economy, which it now expects to have expanded 2.9% in 2019 compared with the previous forecast of 3.0%.

The IMF's World Economic Outlook (WEO) Update revised India's 2020 growth forecast to 5.8%, down 0.9 percentage point from the previous estimate. For 2021, the estimate is 6.5%.

The markdown has been the highest for India in the latest WEO projections.

The report cited monetary and fiscal stimulus, along with its expectation of subdued oil prices, for the projected improvement in India's growth this year and the next.

Globally, growth is expected to accelerate to 3.3% in 2020 from 2.9% in 2019 and further to 3.4% in 2021. The IMF has trimmed its estimate on the world economy by 0.1 point each for 2019 and 2020 and by 0.2 percentage point for 2021 from the earlier forecasts.

The WEO estimates China to have grown 6.1% in 2019. For the current year, the forecast is for 6% growth.

“A more subdued growth forecast for India accounts for the lion’s share of the downward revisions,” the IMF said.

IMF’s chief economist, Gita Gopinath, had in December said India’s growth forecast was likely to be revised down “significantly” in the upcoming January review.

Other agencies have also slashed the growth forecast for India.

Last week, the United Nations cut India’s FY20 growth forecast to 5% from 5.7, in line with the estimate of the government’s statistics office. The World Bank too has cut its estimate to 5% from the previous forecast of 6%.

“In the third quarter of 2019, growth across emerging market economies (including India, Mexico, and South Africa) was weaker than expected at the time of the October WEO, largely due to country-specific shocks weighing on domestic demand,” the IMF said.

On the upside, the effects of monetary easing and improved sentiment resulting from phase one of the US-China trade deal are likely to improve prospects of a global recovery. However, downside risks like rising US-Iran tensions could disrupt oil supply and weaken investment, said the report.

For the emerging markets, the report cautioned that improvement from reform efforts could fail to materialise in the face of intensifying social unrest that reflect the erosion of trust in established institutions and lack of representation in governance structures.

In terms of policy, the report suggested governments to enhance inclusiveness and build governance structures that strengthen social cohesion and ensure adequate safety nets to protect the vulnerable.

The government has over the past few months taken several steps to lift growth, including a cut in corporate tax rates, a real estate fund for stressed housing projects and a national infrastructure pipeline. It is expected to announce another set of measures to arrest the slowdown in the upcoming budget, to be presented on February 1.

Source: economictimes.com- Jan 20, 2020

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Cotton yarn spinners may see margin squeeze on lower exports

Cotton yarn spinners may find their operating margins in a squeeze with a drop in exports to China and Pakistan. The consequent oversupply in the domestic market as well as the narrowing gap between cotton and yarn prices are likely to reduce the margin of spinning mills by 2-4% in 2019-20.

US-China trade war has impacted demand for yarn in China, while the Indian government banned yarn exports to Pakistan. China accounted for 35% and Pakistan 5% of India's yarn exports in fiscal 2019.

"Cotton yarn exports from Gujarat to China has declined noticeably in the wake of US-China trade war. Margins are under pressure. Hence, mills are suffering.

Cotton yarn spinning is already a low margin business and reduction in exports has added to the woes of the industry," said Dilip Patel, vice-chairman, Spinners Association Gujarat (SGA).

The difference between the prices of cotton and yarn has narrowed, making spinning a low-margin business. International cotton prices declined 15% between April and October 2019, while domestic prices fell only 10% during this period because of an increase in minimum support price (MSP), which rendered India's cotton yarn exports uncompetitive.

Recently, CRISIL Ratings stated that China and Pakistan have reduced imports from India by 50-60% this fiscal. As a result, exports in the first seven months of fiscal 2020 were lower by 38%.

An analysis by the rating agency suggests that the operating margins for large spinners having spinning capacity of 50,000 and more spindles could lower by 2% in fiscal 2020. The small-size mills' operating margins could reduce by 4%.

"Although the demand has improved in last one and a half month, the spinners had to face a tough time before that. Spinners' margins are declining due to lower exports," agreed Bharat Boghra, chairman, SGA.

Medium- and small-sized spinners (having spindles less than 20,000) are likely to be impacted the most, as shrinking revenue and lower margin will impact cash generation.

Considering recent reduction in domestic cotton prices and stable international cotton prices, profitability of spinners in second half of fiscal 2020 should be higher than in the first half. However, this may not be sufficient to offset the steep negative impact on profitability seen in the first half.

"We should focus on value addition as it will benefit everyone in the value chain. India produces around 4 crore bales of cotton and all this should be used to make garments locally. I strongly believe that government should encourage establishment of more garmenting units and exports of garments rather than raw cotton or yarn," Patel added.

"Government should promote manufacturing of garments locally. I believe rather than exporting yarns, we should export garments," Dilip Patel, vice-chairman, SAG

Although the demand has improved in last one and a half months, the spinners had to face tough time before that. Spinners' margins are declining due to lower exports," Bharat Boghra, chairman, SGA.

Source: timesofindia.com- Jan 19, 2020

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India attracted $49 billion FDI in 2019, among top 10 recipients of overseas investment: UNCTAD

The United Nations Conference on Trade and Development (UNCTAD) on Monday said that India was among the top 10 recipients of Foreign Direct Investment (FDI) in 2019, attracting $49 billion in inflows, a 16% increase from the previous year, driving the FDI growth in South Asia. The majority went into services industries, including information technology.

UNCTAD, in its Global Investment Trend Monitor report said that the global foreign direct investment remained flat in 2019 at $1.39 trillion, a 1% decline from a revised $1.41 trillion in 2018.

"South Asia recorded a 10% increase in FDI to $60 billion. The growth was driven by India, with a 16% increase in inflows to an estimated $49 billion. The majority went into services industries, including information technology," it said.

Inflows into Bangladesh and Pakistan declined by 6% and 20%, respectively, to $3.4 billion and $1.9 billion.

"This is against the backdrop of weaker macroeconomic performance and policy uncertainty for investors, including trade tensions," it said.

According to the report, flows of FDI to developing economies remained unchanged at an estimated $695 billion.

It also showed that FDI rose 16% in Latin America and the Caribbean and 3% in Africa.

As per the multilateral agency, FDI flows to developed countries remained at a historically low level, decreasing by a further 6% per cent to an estimated $643 billion.

FDI to the European Union fell 15% to $305 billion while flows to the United States-the largest recipient of FDI- remained stable at $251 billion.

China, the second largest recipient, saw zero-growth in FDI inflows. Its FDI inflows in 2018 were $139 billion and $140 billion in 2019. The FDI in the UK was down 6% as Brexit unfolded.

Slow M&A activity

The report showed that cross-border M&As declined 40% in 2019 to $490 billion – the lowest level since 2014. The fall in global cross-border M&As sales was deepest in the services sector which declined 56% to $207 billion, followed by a 19% fall in manufacturing to $249 billion and a 14% decrease in primary sector to $34 billion.

The decline in M&A values was driven also by a lower number of mega deals. In 2019, there were 30 mega deals above $5 billion compared to 39 in 2018.

Future bright

Going ahead, UNCTAD expects FDI flows to rise moderately in 2020, as current projections show the global economy to improve somewhat from its weakest performance since the global financial crisis in 2009.

It said that GDP growth, gross fixed capital formation and trade are projected to rise, both at the global level and, especially, in several large emerging markets.

Such an improvement in macroeconomic conditions could prompt MNEs to resume investments in productive assets, given also their easy access to cheap money, the fact that corporate profits are expected to remain solid in 2020, and hopes for waning trade tensions between the United States and China, it said.

However, it highlighted that significant risks persist, including high debt accumulation among emerging and developing economies, geopolitical risks and concerns about a further shift towards protectionist policies.

Source: economictimes.com - Jan 20, 2020

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Budget 2020: DPIIT seeks more funds to boost infrastructure in hinterland

A year after its Budget allocation was slashed, the Department for Promotion of Industry and Internal Trade (DPIIT) has argued for bigger funds in the upcoming Union Budget as it plans to boost industrial development in backward areas.

The department got Rs 5,674.51 crore for 2019-20, from the Revised Estimate (RE) of Rs 6,140.23 crore in 2018-19. Allocations have been volatile over the past five years, rising or falling almost every alternate year. But after focusing on issues like e-commerce, retail, and initiatives like the ease of doing business and Startup India, the DPIIT plans to return to its core mandated objective of providing uniform industrial development nationwide, especially to backward and remote areas.

"The initial groundwork for the government's flagship initiatives like Startup India and ease of doing business and Make In India has been laid and work in these areas would continue. But we need to go back to the basic agenda of providing more jobs through industry in the hinterland," said a senior source.

The government had severely cut down on expenditure in this area, with the 2019-20 (FY20) Budget providing Rs 909 crore, down from the RE of Rs 1,707 crore in the earlier one.

As this again becomes a prime focus, the department has argued for major fund infusion that will be needed for creating infrastructure at the ground level, said a senior official. He added that the DPIIT has also pushed hard for more funds to be made available for industrial promotion and the Make In India scheme, which was allocated Rs 473 crore in FY20.

Also, officials expect the DPIIT to see growth in allocations for refund of central and integrated goods and services tax to industrial units in the Northeastern region and Himalayan states, pegged at a significant Rs 1,700 crore for FY20.

Also, in line with previous years, the department hopes to increase its allocations on the ease of doing business, which saw an additional Rs 100 crore through the eBiz project and Startup India.

As of December, the government estimates the Startup India initiative to have created 285,890 direct jobs since its inception in 2016. More than 25,000 start-ups have been recognised by Startup India. The government data suggests that slightly more than 11 direct jobs are created per start-up.

"We have seen that each direct job leads to 3x indirect jobs, and as a result, the total jobs created by these start-ups are estimated at more than 560,000," said a senior official. However, the figures are self-reported by start-ups and not verified by the government.

This job growth has come at a rough cost of more than Rs 3,000 crore disbursed by the government to fund start-ups as of November 2019.

In 2016, the Centre had established a Rs 10,000-crore fund of funds under the Small Industries Development Bank of India to meet the financial needs of start-ups.

However, the finance ministry is unlikely to ramp up disbursements to the national industrial corridor projects as well as the new ambitious exhibition-cum-convention centre coming up in the suburb of Dwarka in Delhi, said sources. The centre is expected to be completed by 2025, with trunk infrastructure along with portions of the main project likely to be operational in the current year.

Source: business-standard.com - Jan 19, 2020

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India's cotton production may see 16% growth in CS 2019-20

After registering a fall of 9 per cent in cotton season (CS) 2018-19, India's cotton production is likely to witness a double-digit growth of about 16 per cent in CS 2019-20, with production at 6.6 billion kg during the year on back of favourable monsoon and increased minimum support price (MSP) that led to increased cotton crop sowing, according to Care Ratings.

For CS20, the acreage under cotton is estimated to have marginally increased by about 1.3 per cent to 12.8 million hectares, the agency reported after a recent analysis.

Cotton prices (S-6 & J34) during the year remained largely stable witnessing an increase of about 2-4 per cent on back of increased MSP despite weak demand after remaining range bound during domestic CS18 at about ₹118 per kg on account of subdued demand from spinners.

Also, low and uneven rainfall along with loss of crop due to pink bollworm attacks in Maharashtra and Karnataka kept the supply in the domestic market tight during the year.

Domestic cotton consumption increased only marginally by about 1 per cent year on year (YoY), primarily by mills. In fiscal 2018-19, however, exports demand witnessed an improvement led by demand from Bangladesh, Vietnam, Pakistan and Sri Lanka. Exports to China remained strong as well.

As per International Cotton Advisory committee (ICAC), on back of falling stockpiles in China despite marginally higher production in CS20, cotton imports are expected to witness a marginal uptick from China during the year.

However, China's cotton and cotton yarn imports from India are expected to remain under pressure as China has entered phase II of free trade agreement with Pakistan, which competes directly with Indian yarns and fibres.

Cotton yarn production is expected to remain largely stable at current levels and increase only marginally by about 1.5-2.5 per cent to reach 4,200-4,250 million kg in 2019-20, on back of increased availability of cotton at lower prices and higher demand from Bangladesh and Vietnam despite subdued domestic demand.

Also, 100 per cent blended and non-cotton yarn production is expected to witness a stable growth of only about 2-4 per cent to 1,710-1,740 million kgs on the back of expectations of YoY lower crude oil as well as substitute cotton prices in the domestic market.

Source: fibre2fashion.com- Jan 20, 2020

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India, Uzbekistan explore preferential trade agreement

India and Uzbekistan recently agreed to conclude early a joint feasibility study to start negotiations for a preferential trade agreement (PTA). This was agreed to during a meeting of Uzbek foreign minister Abdulaziz Kamilov and his Indian counterpart S Jaishankar in New Delhi. Both agreed to strengthen cooperation in various fields and development partnerships.

Jaishankar reiterated the need for early operationalisation of a $200-million line of credit extended by India to Uzbekistan for which the Uzbek side is in the process of finalising project details.

Kamilov briefed Jaishankar on his country's efforts to liberalize the economy, create business-friendly conditions and attract foreign investment, according to a report in a top business daily.

Both evaluated the initiative of the India-Central Asia Dialogue at the level of foreign ministers with the participation of Afghanistan that was held in Samarkand in January 2019. The next dialogue will be held in India this year.

Source: fibre2fashion.com- Jan 20, 2020

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