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IBTEX No. 40 of 2019 February 22, 2019

USD 71.16| EUR 80.65 | GBP 92.69 | JPY 0.64

Cotton Market		
Spot Price - Shankar 6 (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
20048	41900	**75.03**
Domestic Futures Price (Ex. Warehouse Rajkot), March		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
20540	42929	**76.88**
International Futures Price		
NY ICE USD Cents/lb (May 2019)	74.01	
ZCE Cotton: Yuan/MT (May 2019)	15,355	
ZCE Cotton: USD Cents/lb	103.61	
Cotlook A Index – Physical	**80.30**	

Cotton Guide: A few words of US President Mr. Trump "agriculture will do very, very well", has taken the International Cotton Futures to another level with changes of almost +2 cents/lb for the nearby months. The May Contract settled at 74.01 cents/lb with a change of +185 points. It settled near the high figure of 74.35 cents/lb.

The July contract settled with a change of +165 at 74.99 cents/lb. The difference between the May and the July contracts stands at a 0.98 cents/lb. The volume on the other hand was estimated to be higher at 48,700 contracts as compared to the previous 35,622 contracts. ICE March is set to see it's first notice day today. The Open interest for March was reported to be at 4,926 contracts. The total open interest decreased by 6,618 contracts to 223,795 contracts. The MCX contracts on the other hand also settled with positive numbers. The MCX February contract settled at 20,230 Rs/bale with a positive change of +150 Rs. The MCX March contract settled at 20,540 Rs/Bale with a change of +170 Rs. whereas the MCX April Contract settled at 20,810 Rs/bale with a positive climb of +140 Rs. The focus has now shifted to the MCX March Contract for which volumes were reported to be 3429 lots as compared to the previous figure of 2606 lots. The Open interest for the MCX March contract also increased by 15 % to 8997 from the previous figure of 7773 lots.

Arrivals in India are India are estimated to be 140,500 lint equivalent bales (170 kg), including 41,000 registered in Maharashtra, 39,000 in Gujarat and 28,000 in Andhra Pradesh. The gain witnessed in ICE has not been completely reflected on the Indian cotton prices. Shankar 6 is steady with prices of Rs 41,900 per candy. Cotlook Index A is unchanged at 80.30 cents/lb CFR main Far Eastern Ports.

Cotton has been insulated to Macro factors rather than its own fundamentals. The other agriculture commodities like soybean, oil and corn prices too moved higher amid stronger USD. The consolidated weekly export sales report of last 6 weeks will be released by USDA today and other regular CFTC report will also be published.

As far as Indian Cotton Futures is concerned it held steady around Rs 20,300 for March which moved higher along with ICE's positive trend and settled at Rs 20,500. Since that market is making a base near Rs 20,000 at futures, spot is holding up near Rs 42,000 and the MSP has the support to the trend, we think buying slowly on cotton is recommended.

On the technical front, ICE cotton May futures witnessed sharp recovery and moved above the 13 day EMA at 72.60. Price got support from the oversold momentum indicator (stochastic), which has reversed from the 20 zones towards 36 with positive divergence. More over price closed above the 26 day EMA at 73.77, supporting recovery in prices. So for the day price is expected to remain in the range of 73.10-75.68 with sideways bias. In the near term strong supports exists around 71.90, followed by 70.50 levels. Likewise crucial resistance seen around 75.68 and 76.40 levels. In the domestic markets trading range for Feb futures contract will be 20050-20440 Rs/Bale.

Currency Guide

Indian rupee may witness mixed trade against the US dollar but overall bias remains weak. Weighing on rupee is higher crude oil price, choppiness in global equity markets and increased geopolitical tensions. Brent crude has come off recent highs but continues to trade near $67 per barrel supported by OPEC's production cut pledge. Asian equity markets trade largely lower after losses in US equity market. Risk sentiment has weakened amid disappointing economic data from major economies, ECB's cautions tone on economy and Fed's not so dovish tilt. Fed maintained upbeat outlook for US economy keeping door open for another rate hike. Tensions between India and Pakistan are high post recent terror attack in Kashmir and market players fear further flare up. Adding to political uncertainty, Fitch Solutions says in a report said that Prime Minister Narendra Modi's party may struggle to win a simple majority in polls. Rupee and other emerging market currencies have however benefitted from signs of progress in US-China trade talks. As per reports, President Donald Trump is said to plan a meeting with China's top trade negotiator Friday. Meanwhile, Reuters reported that the two sides were drafting language for six memorandums of understanding on proposed Chinese reforms. Rupee may witness choppy trade as market players await more clarity on US-China trade talks however bias may remain weak amid higher crude price and weaker risk sentiment. USDINR may trade in a range of 71-71.4 and bias may be on the upside.

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

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INTERNATIONAL NEWS

USA: Apparel Price Climate Stabilizing, But Volatility Still in the Air

In the midst of trade uncertainties and retail and technology disruptions, there could be some good news in the supply chain, as raw material prices have shown recent stability.

While cotton prices continue to feel some pressure over concerns about global economic growth, they should remain steady thanks to solid fundamentals, according to a new report from the International Cotton Advisory Committee (ICAC).

The Cotlook A Index average of global prices is projected to have a mean of 87 cents per pound in 2018-2019 season compared to 88 cents per pound in 2017-2018, the ICAC noted.

Spot prices for U.S. cotton averaged 68.68 cents per pound for the week ended Feb. 7, according to the U.S. Department of Agriculture. This was down from 69.81 per pound the prior week and from 74.02 cents per pound a year earlier.

From fiber firms to apparel manufacturers, executives have noted an easing off of raw material price inflation that cut into their bottom lines. They remain wary, however, of ongoing volatilities, such as tariffs and increases in related commodities.

Unifi Inc. chairman and CEO Kevin Hall, commenting on a recent conference call with analysts, said, “The spike in polyester raw material costs in September and October of 2018 and the resulting demand disruption created an even more challenging environment for our regional business and our performance missed expectations. External pressures in the regional business included elevated raw material costs and suppressed demand for certain textured and covered yarns.”

This creates internal pressures to implement selling price increases that, according to Hall, “left us less competitive, elevated inventory levels” and resulted in “weaker leverage of our cost structure.” By November, he noted, “we had begun to see a pullback in those costs, but we had already experienced a meaningful short term impact on our gross margin performance."

Chis Smosna, interim CFO at Unifi, said, "for the first time in a long time we're not chasing increasing costs," although he added, "we're not out of an elevated cost environment," but the costs have come back to a more manageable level.

HanesBrands CEO Gerald W. Evans Jr. told analysts that last year the company incurred $40 million of input costs inflation, causing a "conservative view on elasticity." The company has now been able to integrate those increases into its price structure and will be able to recoup the costs and improve margins.

"We've seen that many consumer goods or companies are also implementing price increases and so we all know that we're dealing with input costs," Evans said. "We have seen some of our competitors in some of our other businesses, like printwear, take price increases and they too are incurring input costs increases, and I'm sure that they will have to deal with those as we go forward, but that's yet to be seen."

Deb Merrill, CFO at Delta Apparel, said margins have been negatively impacted by higher cost raw materials and "other inflationary costs" over the last year and a half. "Now, we are offsetting a lot of that with different price increases, but those don't always match up on a quarter-to-quarter basis," Merrill said.

Lifted by higher prices on women's and children's wear, retail apparel prices rose a seasonally adjusted 1.1 percent in January amid clearance sales, the U.S. Bureau of Labor Statistics (BLS) reported in its most recent Consumer Price Index. The January increase for apparel was the largest since February 2018, according to BLS.

There are other cost factors for manufacturers to consider in their margins and pricing, including investment in infrastructure to meet speed-to-market and logistics demands from e-commerce.

Harmit J. Singh, CFO and executive vice president at Levi Strauss & Co., said as the company has grown its direct-to-consumer business, it continues to invest in new stores and e-commerce technology. In addition, higher distribution costs, primarily in the Americas, were incurred to support the high growth.

"We had a bang up quarter and so that required us to staff up, for example, our [distribution centers] to make sure we were able to service the demand," Singh said. "We don't expect these headwinds to continue, as we step into 2019." Looking further at logistics costs, Ralph Lauren Corp. CEO and president Patrice Louvet said, "We are also utilizing significantly less airfreight this year in order to reduce shipment costs."

Louvet added that, "Over the past several months, we have seen increased volatility in the market from macroeconomic and geopolitical events, and we continue to monitor the trade environment closely. While we're not immune to pressure in the broader environment, our teams are prepared for multiple scenarios."

Importers and exporters can expect to pay higher ocean freight rates this year, as carriers pass along increased fuel costs, experts at maritime and shipping industry research and consulting firm Drewry forecast.

Simon Heaney, senior manager for container research at Drewry, said, "Expect volatile and most likely 30 percent higher bunker charges" by the end of the year, especially as the sector gets ready for 2020 mandated low-sulfur fuel to enter the price equation.

Carriers have already started and will continue to impose higher fuel surcharges to pass along the increased costs to shippers, according to Heaney. However, with contract rates set only marginally higher and "better carrier discipline" in fleet management, Heaney sees global freight rates rising by roughly 6 percent this year after having risen an average of 2.5 percent in 2018.

The World Container Index assessed by Drewry, a composite of container freight rates on eight major routes to and from the U.S., Europe and Asia was up 1.1 percent to $1,682.67 per 40-foot container for the week ended Feb. 14, and was up 11.6 percent compared with same period in 2018.

Source: sourcingjournal.com- Feb 21, 2019

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EU Trade Chief Malmstrom Signals Optimism About US Trade Deal

European Union Trade Commissioner Cecilia Malmstrom sounded an upbeat note about the prospect of a trans-Atlantic trade deal as the bloc tries to keep at bay the threat of much-dreaded U.S. automotive tariffs.

Malmstrom, seeking a green light from EU governments for negotiations with the U.S. to cut tariffs on industrial goods, said such a limited accord would be less politically controversial than any sweeping agreement.

A plan before the 2016 election of U.S. President Donald Trump for a broad trans-Atlantic trade pact remains in the "freezer," she said on Thursday.

"A smaller trade agreement that would only focus on industrial goods—that, I think, would be feasible," Malmstrom told an audience in Bucharest, where the 28-nation EU's trade ministers are due to discuss the matter on Friday. "It's a limited agreement that we could do quite quickly if member states agree on that."

Europe is rushing to show progress in enacting a political accord reached at the White House seven months ago to work toward reducing trans-Atlantic market barriers including industrial tariffs.

The pact last July put on hold the threat of U.S. tariffs on EU cars and auto parts based on the same national-security grounds that Trump invoked to hit foreign steel and aluminum with duties.

Those levies prompted tit-for-tat retaliation by the EU, which has vowed to act in a similar fashion should the U.S. apply automotive levies.

Last month, Malmstrom unveiled a blueprint for a free-trade deal with the U.S. that would cut tariffs on a wide range of industrial goods including cars. It is that proposal that EU trade ministers will debate on Friday in the Romanian capital.

Source: sourcingjournal.com- Feb 21, 2019

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Global fiber production up four million tons

World fiber production in 2018 rose by four million tons over previous year. The share of natural fibers in world fiber production fell from 41 per cent in 2008 to less than 30 per cent in 2018.

Jute markets in Bangladesh and India increased in value and decreased in volumes terms in 2018.

Lower jute production caused by poor weather means consumption exceeds production, and stocks are being reduced. It is likely that prices could continue to increase during 2019.

Prices for sisal have shown a downward trend since the last quarter of 2017 with lowest price level from July onwards.

Production of wool fell in 2018 because of drought in sheep-raising areas of the southern hemisphere.

Wool production has been on the decline since 2000, with global warming and lower rainfall patterns causing the lowest wool sheep numbers since 1920.

Global wool production is expected to remain stable or contract slightly during 2019.

The fine wool price has been on a constant upward trend during the past five years. The opposite remains true of the strong wool sector, with prices still well below average and stocks remaining high.

World production of synthetic filament is 50 million tons; of this polyester filament alone is about 45 million tons.

Source: fashionatingworld.com- Feb 21, 2019

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E-commerce sales at Walmart US hike 40% in FY19

The e-commerce sales during fiscal 2019 at Walmart US soared 40 per cent, driven by Net Promoter Score and the continuous improvement in Customer Value Index. For full-year 2019, total revenue was $514.4 billion, an increase of $14.1 billion, or 2.8 per cent. Excluding currency, total revenue was $515.1 billion, a rise of $14.8 billion, or 3 per cent.

During the fourth quarter of fiscal 2019, total revenue was $138.8 billion, an increase of $2.5 billion, or 1.9 per cent. Excluding currency, total revenue was $140.5 billion, an increase of $4.2 billion, or 3.1 per cent. Net sales at Walmart International were $32.3 billion, a decline of 2.3 per cent. Excluding currency, net sales were $34.0 billion, an increase of 2.7 per cent. Walmart US comp sales was on a two-year stack of 6.8 per cent, strongest growth in 9 years.

"We had a good year, and I want to thank our associates for their great work and openness to change. They continue to inspire us as we strive our customers better every day. Progress on initiatives to accelerate growth, along with a favourable economic environment, helped us deliver strong comp sales and gain market share. We're excited about the work we are doing to reach customers in a more digitally-connected way. Our commitment to the customer is clear- we'll be there when, where and how they want to shop and deliver new, convenient experiences that are uniquely Walmart," Doug McMilon, Walmart CEO and president.

For fiscal 2020, the company sees comp sales growth between 2.5 per cent to 3 per cent. With the acquisition of Flipkart, Walmart expects 3 per cent rise in its consolidated net sales in constant currency. Walmart US e-commerce net sales is likely to grow at around 35 per cent.

In FY19, the company launched new features for the Walmart.com Marketplace, including free two-day shipping on millions of new items and the ability to return marketplace items in stores. It also acquired majority stake in Flipkart Group, India's leading e-commerce business.

Source: fibre2fashion.com- Feb 21, 2019

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Cambodia hopes for seven per cent growth this year

Cambodia is expected to grow by seven per cent in 2019. Growth will be driven by garment exports, tourism, construction and real estate and agriculture.

However, the country faces a threat of trade sanctions from the European Union. This could lead to the suspension of Cambodia's duty-free trading access to the EU market.

If this happens, Cambodia is contemplating steps including the cancellation of various fees and reduction of electricity tariffs to support exporters.

These measures are expected to help reduce operating costs for exporters by about 200 million dollars a year.

The EU is a key trading partner for Cambodia, especially for garments and footwear. As a least developed country, Cambodia has enjoyed exports of all products, except arms and ammunition, to the EU market with zero per cent tariff since 2001.

The Southeast Asian nation exported products worth $18 billion in 2017, of which $7 billion, or nearly 40 per cent of the total amount, went to the EU market.

The EU has started the 18-month process that could lead to the temporary suspension of Cambodia's duty-free trading access to the EU market due to concerns over human rights and labor rights in the kingdom.

Source: fashionatingworld.com - Feb 21, 2019

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Bangladesh: Textile stocks fail to bring cheer

More than 40 percent listed textile mills' profits declined in the second half of 2018 thanks to the slide in prices of garment items and stockpiling of yarn for invasion of cheaper alternatives from India and China.

COMPANIES THAT INCURRED LOSSES (JULY-DEC 2018)

COMPANY	EPS (TK)
Alltex Industries	-2.99
Dulamia Cotton	-2.28
Mithun Knitting	-0.74
Tallu Spinning	-0.62
Zahintex Industries	-0.51
Al-Haj Textile	-0.32
Mozaffar Hossain Spinning Mills	-0.27
Metro Spinning	-0.06
Maksons Spinning	-0.05

COMPANIES WITH NEGATIVE EARNINGS (JULY-DEC 2018)

COMPANY	GROWTH OF EPS (IN PERCENT)
Safko Spinnings	-64.29
Tosrifa Industries	-57.63
Anlimayarn	-56.76
Zaheen Spinning	-37.80
Hamid Fabrics	-34.31
Matin Spinning	-20.83
RN Spinning	-19.44
Far East Knitting	-16
Evince Textile	-11.39
Generation Next Fashion	-8.16
Argon Denims	-7.18
Shasha Denims	-4.89

SOURCE: DSE

Of the total 53 listed textile, spinning and garment factories on the Dhaka Stock Exchange (DSE), nine companies logged in losses and 12 registered lower profits than a year earlier.

Those who saw their profits rise between the months of July and December last year logged in marginal increases.

Investors on the stock market have long been complaining that the textile, spinning mills and garment companies were not paying handsome dividend using the excuse of lower profits or losses -- although the size of those companies is bigger than in other sectors.

Take the case of Hossain Chisty Shiplu, who bought some textile and spinning companies' stocks expecting high dividends.

“I had thought that the textile, spinning and garment companies would make hefty profit since garment exports are increasing. But I am disappointed,” he added.

Some of the companies though are making good profit thanks to expansion of production capacity, installation of modern machinery, improvement in product quality and product diversification, industry insiders said.

Envoy Textiles is one such company. The company got listed in December 2012 and began paying cash dividend from 2015, when it gave its shareholders 17 percent cash dividend and 5 percent stock dividend.

In 2018 it gave 10 percent cash dividend and 2 percent stock dividend. The previous year, it handed out 7 percent cash dividend and 5 percent stock dividend.

“We have taken so many initiatives from product diversification and investment to recruiting new designers for keeping up with the latest market trends,” said Kutubuddin Ahmed, chairman of Envoy Textiles.

The company has taken a lot of initiatives to reduce the cost of operations like reducing water consumption, energy and wastage. It is the world's first platinum rated LEED certified company for its green operations.

“We have recruited Chinese, Italian and Turkish designers so that we can manufacture different varieties of yarn and denim fabrics,” Ahmed added.

A spinning mills owner whose company failed to make any profit between July and December last year said the yarn price has been on the slide in the last few months due to availability of cheap yarn from China and India.

The widely consumed 30-carded cotton yarn is now selling for $2.90 to $2.95 a kg, down from $3.05 to $3.10 a kg before November last year.

“Besides, the demand for cotton-made yarn is also falling as the demand for man-made fibres is rising worldwide,” the miller said.

In Bangladesh, the majority of the spinning mills produce cotton yarn, he added.

Jahangir Alamin, former president of the Bangladesh Textile Mills Association, the platform of spinning, weaving and dyeing mills owners, echoed the same. “Various problems are afflicting the primary textile sector,” he added.

The exact amount of profits made by a company is not reflected due to faulty audit reports, said the managing director of a spinning mill listed on the DSE upon condition of anonymity to speak candidly on the matter.

Source: thedailystar.net - Feb 22, 2019

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Cambodia's Democracy and EU Trade Privileges: Taking a Long-Term View

Withdrawing Cambodia's EBA privileges might not do more harm than good.

EU-Cambodia relations continued their downward spiral following the official announcement that the European Union (EU) would begin the process of suspending the Everything but Arms (EBA) trade scheme with Cambodia, highlighting the deterioration of democracy, respect for human rights, and the rule of law in Cambodia. Despite improvements by the Cambodian government over the past few months in response to the EU's concerns, the EU's strong-handed approach in reprimanding Cambodia is unlikely to improve the current political situation.

The EBA trade scheme allows Cambodia to export products other than weapons to the EU duty-free and quota-free. In 2017, Cambodia exported roughly $5.8 billion worth of goods to the EU, accounting for around 40 percent of Cambodia's exports. Over 99 percent of Cambodian exports to the EU, Cambodia's largest export market, were eligible for EBA preferential duties, which included textiles, footwear, and agricultural products, such as rice. Since joining the trading scheme in 2001, the textile industry in Cambodia has experienced tremendous growth, and today employs around 700,000 workers.

Prior to the 2018 election, the EU expressed concerns over the deterioration of Cambodia's democracy following the dissolution of the main opposition, the Cambodian National Rescue Party (CNRP), by the Supreme Court and the arrest of its leader Kem Sokha on charges of treason. That concern led to the EU withdrawing financial assistance for the election.

Although 19 other political parties ran against the incumbent Cambodian People's Party (CPP) in the July 2019 general election, the CPP won all 125 parliamentary seats, extending Prime Minister Hun Sen's mandate for another term. By September, the European Parliament had adopted a 13-point resolution "recall[ing] that in accordance with EBA requirements, trade preferences should be suspended if Cambodia is in violation of its human rights obligations."

In response to the EU's decision, the Cambodian government blasted the move as an "extreme injustice," highlighting that the CPP had strengthened political and civil society spaces, promoted labor rights, and addressed land issues and economic land concessions over the last eight months.

There have been improvements within Cambodia's political landscape. Following the election, the Cambodian government established the Consultation Forum, a 30-member group that would provide advice on and draft policies as well as monitor the implementation of laws at the national and subnational levels.

Moreover, more than 19 political activists have received a royal pardon and were released, including land right activist Tep Vanny, political activist Meach Sovannara, political commentator Kim Sok, and Radio Free Asia reporters Uon Chhin and Yoeung Sothearin. As for the CNRP's Kem Sokha, he was released on bail after spending a year in prison on charges of treason.

By January 2019, an amendment made to Article 45 of the Law on Political Parties paved the way for the 118 CNRP politicians to have their political rights returned more than a year after their party was dissolved. Since the amendment, former CNRP opposition member Kong Korm has had his political rights rehabilitated in a royal decree by the King Norodom Sihamoni.

Recently, in response to requests by 19 civil society organizations, a draft Law on Access to Information will be tabled to Cambodian lawmakers in an effort for the Cambodian government to become more transparent and accountable. To add to the number of political parties, founder and president Ith Sarum launched the "People Purpose Party."

Democracy faces many challenges throughout the world. Some even argue that democracy has been in a global recession for most of the last decade. Since the promulgation of Cambodia's constitution in 1993, which proclaims Cambodia as a liberal, multiparty democracy, the international community has aided Cambodia in defining, promoting, and monitoring its democratic norms. However, concerns over Cambodia's democratic health raise an essential question in the efficacy of international democracy-building efforts: how can the international community continue to support Cambodia given these recent democratic setbacks?

Although the EU intends to safeguard Cambodia's democracy with its own models, it's crucial to allow Cambodia to develop its democratic norms and values organically – from the people and by the people. If the EBA is designed to encourage impoverished countries to adopt democratic and social reforms attuned with European standards, this is highly problematic; local context matters.

Further, the move to withdraw EBA privileges jeopardizes any possible future long-term efforts by the EU to build local capacities for safeguarding Cambodia's democracy. Will the Cambodian government want to work with the EU given the negative consequences an EBA withdrawal could have on its people?

The EU Commissioner for Trade Cecilia Malmstrom emphasized the "move is neither a final decision nor the end of the process;" but noted "the clock is officially ticking" and the EU needs to "see real action soon." Given the improvements made by the Cambodian government thus far, it may be helpful to understand what the EU deems as "real action."

In particular, is it the overall improvement of Cambodia's political environment, or specifically, the release of CNRP president Kem Sokha, the political clemency of self-exiled interim president Sam Rainsy, the reinstatement of the dissolved CNRP, or a new election? Although dialogue will continue between the EU and the Cambodian government, the uncertainty surrounding the EU's expectations can lead to economic and social instability within the country given that the decision to withdraw the privileges could be decided upon in a year.

Within the next six months, Cambodia will undergo "intensive monitoring and engagement" with the EU. It is still unclear as to how this will unfold with Cambodian authorities –will there be more bilateral meetings between senior Cambodian and EU officials, or will engagement also extend to industry, civil society, and ordinary Cambodians, especially women in the garment industry, who will also be affected by the EU's decision?

An open, inclusive, and transparent engagement monitoring and engagement process will be fundamental to determining whether a withdrawal of tariff preferences will be beneficial or harmful to Cambodia's democracy in the long term.

The question remains as to whether this is the best path forward in addressing concerns about Cambodia's democratic health. Like many other post-colonial countries that have gone through years of civil wars, the development of Cambodia's democratic norms takes time. The EU should acknowledge that and support Cambodia in the long-term.

Source: thediplomat.com- Feb 22, 2019

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Digital Map of Bangladesh's RMG Factories Sets Milestone for Transparency

An interactive platform that plots every export-oriented ready-made garment (RMG) factory in Bangladesh's Dhaka district will establish a new standard for ethics and transparency in the apparel industry, its creators say.

By compiling baseline information such as factory names, postal addresses, GPS coordinates, registration statuses, major clients, worker numbers, certifications and affiliations in a publicly available database, Mapped in Bangladesh (MiB) can help brands make better-informed business decisions with unprecedented ease and clarity, according to the Centre for Entrepreneurship Development of Brac University, which spearheaded the project with funding from C&A Foundation.

And it's not just handy for buyers, MiB's developers claim. Factories can employ the Google Maps-based tool to identify and learn from best practices in the sector to increase competitiveness in the market, boost internal accountability and highlight specialized products to gain new business. Worker-advocacy groups can use it to highlight challenges around specific aspects of the sector, such as worker participation or safety committees. Even government actors can leverage the platform to ensure compliance of existing legislation, assist inspection teams with locating factories or shape policy reform.

"The objective of MiB is to provide accurate, credible and updated RMG factory information to all industry stakeholders in a manner that enables greater efficiency, productivity, accountability and transparency," Brac University noted in a statement. "Designed and built in Bangladesh, this powerful tool serves as a home-grown solution that further strengthens the country's significant and thriving RMG industry."

Enumerators gleaned their data the old-fashioned way: by going door to door. To ensure its figures are accurate and up to date, the MiB team will seek input through public crowd-sourcing. The project is a collaborative effort behind the scenes, too: The Department of Inspection for Factories and Establishments under the Ministry of Labour and Employment is a strategic partner, as are the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and the Bangladesh Knitwear Manufacturers and Exporters Association.

“MiB enables a collective action approach to advancements in the garment sector by bringing together key industry stakeholders,” said Linda Patentas, program manager for cities, supply chains and migration at Brac U.S.A., the American arm of the international development organization behind the university. “Transparency tools like MiB can continue to strengthen improvements and facilitate growth in the RMG industry.”

As a transparency-buttressing mechanism, the platform will serve as a launching point for rebranding Bangladesh’s garment industry, said Siddiqur Rahman, president of the BGMEA, alluding to tragedies like the 2013 Rana Plaza collapse, which nearly sounded the death knell for sourcing in the South Asian nation.

“We have made tremendous progress in safety and sustainability of the industry in recent years,” he said. “We believe the digital map will empower stakeholders across the industry, including factories, brands and retailers and government through establishing a better understanding about the industry and will help the users with correct and real-time information. This will strengthen the effectiveness of improvements already underway.”

An expanded map incorporating factories from across the country is set to be completed in 2021. Bangladesh’s chief economic driver, the garment industry employs 3.5 million people, generates roughly $30 billion in exports per year and accounts for 80 percent of the country’s merchandise export earnings. The Bangladeshi government has said it wants to double the value of the RMG sector to $50 billion by 2030, in part by increasing market competition through digital technology.

Source: sourcingjournal.com- Feb 21, 2019

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Bangladesh earnings from sweater exports up 18 per cent

Bangladesh's export earnings from sweaters rose by 18.57 per cent in the first seven months of the current fiscal year. This was possible due to improvements in production quality and the introduction of upgraded technology.

Shipments from November to January picked up, contributing to an additional rise in export earnings. Bangladesh offers quality products at comparatively reasonable prices.

Manufacturers have also introduced new technology to improve the quality of goods, so production capacity and the standard of goods have also increased. Since Bangladesh has the capacity to execute bulk work orders, buyers are placing more orders.

Relocation of businesses from China as a fallout of the US-China trade war has also played a major role in increasing export earnings. As a spillover effect of the trade war, companies have shifted their sourcing from China to Bangladesh.

China is moving towards higher-end goods and tech-based production and leaving low-cost products—which is another positive advantage for Bangladesh in attracting more buyers.

But despite the growth, the apparel sector has some serious challenges ahead as manufacturers have to implement the new wage structure, although buyers are unwilling to pay more.

Additionally, Bangladesh is losing its competitive edge to the global market due to the appreciation of the currency against the dollar, while its competitors are devaluing their currencies.

Source: fashionatingworld.com- Feb 21, 2019

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Vietnam, Argentina seek ways to cement economic partnerships

A Vietnam-Argentina business forum took place in Hanoi on February 21 with a view to promoting cooperation between the countries' enterprises.

The event, held by the Vietnam Chamber of Commerce and Industry (VCCI), was part of the State visit by Argentine President Mauricio Macri. It attracted representatives of more than 300 businesses of the two sides.

Vietnamese Deputy Prime Minister Vu Duc Dam said since their diplomatic ties were set up in 1973, the countries' cooperation has continually been strengthened in almost all fields, especially economy. Bilateral trade approximated 2.9 billion USD in 2018 with Argentina the second biggest destination of Vietnamese goods in Latin America.

They have complementary export structures when Vietnam has strengths in footwear and textile-garment while Argentina's strong products include plant oil, animal fat, and animal feed.

Vietnam has been an important partner of Argentina in Southeast Asia, and it is making efforts to become the most important partner of the Latin America nation, he stressed.

The Deputy PM noted Argentina's investment in Vietnam remains modest with only four projects, adding that the Vietnamese Government highly values these pioneer investors and hopes for more investment projects from the country.

Vietnam pledges to create favourable conditions for foreign investors, including those from Argentina, to do long-term business, Dam said.

Highlighting Vietnam's economic development, he said the country is located in a dynamic region and has stable politics and society, young and abundant human resources, and a market of nearly 100 million people. It is also a gateway to the 650 million-strong Association of Southeast Asian Nations (ASEAN).

The economy has sustained fast growth for many years, reaching 7.08 percent in 2018. Its total trade revenue topped 482 billion USD last year. At present, 130 countries and territories are investing over 340 billion USD in over 27,000 projects in Vietnam. Each year, the country welcomes over 15 million foreign tourists, while nearly 8 million Vietnamese visit foreign destinations.

Dam expressed his belief that with the two governments' attention and the two business circles' dynamism, bilateral economic links will develop strongly, thus contributing to the countries' sustainable relations.

The official also asked the Government and businesses of Argentina to provide optimal conditions for Vietnamese firms to invest in their country.

At the forum, President Macri said Argentine businesses want to partner with Vietnamese firms to share common interests. Like Vietnam, Argentina has been integrating extensively into the world. In a short period of time, it has won the recognition of the international community as seen in its election as President of the G20.

He emphasised that Vietnam is an increasingly important partner of Argentina, congratulating it on the substantial achievements in the change of the economic model and the international integration.

Argentina not only wants to export agricultural products to Vietnam but is also looking for ways to cooperate in agricultural technology development, telecommunications, use of atomic energy for peaceful purposes, and football development, the leader added.

At the forum, representatives of the countries' ministries, agencies and businesses discussed the advantages and potential of the two economies, along with measures to boost business-to-business connections.

On this occasion, the VCCI inked a cooperation document with the Argentine Chamber of Commerce and Services.

Source: en.vietnamplus.vn- Feb 21, 2019

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Pakistan: Govt urged to enforce subsidised electricity tariffs

Textile exporters on Wednesday urged the government to bound electricity distributors to charge up to 7.5 cents/kilowatt hour (kWh) from the zero-rated industrial consumers.

Jawed Bilwani, chairman of Pakistan Hosiery Manufacturers and Exporters Association (PHMA) said electricity providers across Pakistan are charging around 8.7 to 9.1 cents/kWh from the industrial consumers "in contravention to the government's approved policy and subsidised electricity tariff net rate of 7.5 cents/kWh".

In January, the power division of the ministry energy revised down electricity tariffs for zero-rated industrial consumers up to 7.5 cents/kWh to facilitate exports. In March last year, the federal government notified the electricity tariff for ex-Water and Power Development Authority distribution companies (XWDISCOs), including fuel price adjustment mechanism.

"In order to further rationalise the payments for zero rated industrial consumer, XWDISCOs and K-Electric are to receive from such zero rated industrial consumer per above, it is hereby notified that payment from such zero rated industrial consumer shall be reduced up to the rate of 7.5 cent /kWh (inclusive of abovementioned special relief package)," the division said.

"For billing purpose of zero rated industrial consumer the dollar exchange rate will be considered as the National Bank day-end dollar sale rate on the last working day of preceding month.

The difference between the relevant payment due from such zero-rated industrial consumer… shall be paid to XWDISCOs and K-Electric by the federal government per the notification for rationalisation of process of payment of subsidy."

Faisalabad Electric Supply Company (FESCO) charged the highest $0.091/unit from industrial consumers in January bill, according to PHMA's calculation. That was followed by K-Electric and Lahore Electric Supply Company ($0.087) and Gujranwala Electric Supply Company ($0.086).

Bilwani urged Adviser to the Prime Minister on Commerce and Textile Industry to intervene in the matter, take it up with the power division for compliance and enforce the subsidised rates for five zero-rated export sectors up to 7.5 cents/kWh.

Source: thenews.com.pk - Feb 21, 2019

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Pakistan: Cotton prices under pressure

Cotton prices came under pressure in line with world markets on Thursday.

The following are Thursday's Karachi Cotton Association (KCA) official spot rates for the crop (2018-19) local dealings in Pak rupees for base grade 3 staple length 1-1/16" micro-nair value between 3.8 to 4.9 NCL.

Rate for	Ex-Gin Price	Upcountry Expenses	Spot rate Ex-Karachi
37.324kg	8,500	160	8,660
Equivalent 40kg	9,109	171	9,280

The world leading cotton markets including New York reeled back amid slow buying.

The slow demand for cotton yarn kept spinners away from the proceedings and only some needy small units were seen in the trading ring. As a result, the official rates were lowered by Rs100 per maund.

The sudden fall in Indian exports seems to have inhibited policymakers to include cotton exports in banned items list. On domestic front current spell of rains in Punjab and upper Sindh is taken as a blessing.

The Karachi Cotton Association spot rates were lowered by Rs100 to Rs8,500 per maund.

Trading volume once again remained extremely low on ready counter where only two deals transpired: 400 bales from Sui, done at Rs8,450 and 1,000 bales, Lodhran, at Rs8,550.

Source: dawn.com - Feb 22, 2019

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NATIONAL NEWS

Cotton prices to rise marginally on rising demand, weak rupee

Cotton prices are expected to rise marginally and remain strong for 2019 after rising substantially in 2018. The current weakness is also seasonal in nature. The prices are expected to average at `125-127 per kg for cotton season (CS) 2018-19.

Further, prices are also expected to be supported by weakened rupee and rising consumption in both the domestic and overseas markets. Prices would also be affected by the ongoing trade talks between the US and China, CARE Ratings said in a note.

In view of high cotton prices and competition from lower-priced Bangladesh yarn, domestic manufacturers, especially the smaller yarn ones, are expected to be affected. However, the medium to long-term decrease in yarn demand from China is expected to be offset by improvement in the demand from other nations, the note added.

Early in February 2019, the Cotton Advisory Board (CAB) revised its cotton output estimate to 330 lakh bales (1 bale=170 kgs) from the previous estimate of 335 lakh bales for CS 2019, beginning October 1, 2018, for the third time.

This downward revision in production was largely attributed to the water shortage faced by cotton crop in southern states, including Telangana, Andhra Pradesh and Karnataka, and pink bollworm attack.

There are reports that farmers had already uprooted their crop, denying a chance for additional pickings. The current year's output estimate is lower by 9.5% year-on-year, against the output in CS 2018 which was 365 lakh bales.

According to the CARE Ratings' note, cotton prices have come off last season's high and are trending lower at `125 per kg for Shankar-6/Shankar-4 and `117.8 for J-34(Sg) on a month-on-month basis but are still higher y-o-y. Spot prices on the Multi Commodity Exchange of India (MCX) have also softened.

Lower prices have been attributed to poor offtake by mills, which have excess yarn stocks, amid rising arrivals and sluggish exports due to slower demand from China.

Further, as indicated by the Cotlook A index, international prices have also softened. However, this decline has negatively affected sentiment as there are reports of the Cotton Corporation of India having procured 8.5 lakh bales of cotton, against 3.6 lakh bales bought in the similar period last year.

In line with the prices, cotton yarn prices have also witnessed sluggishness during the period.

Source: financialexpress.com- Feb 21, 2019

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Govt may bring mandatory standards for technical items: Textiles Secretary

Raghvendra Singh, Secretary, Ministry of Textiles, Govt of India on Thursday said that the government is likely to consider bringing mandatory standards for technical textiles items where Indian standards are available.

This will not only provide fillip to Make in India in technical textiles but will also improve the quality in areas like health, environment, security and safety.

Speaking at the 4th National Conclave on Standards for Technical Textiles, organized by FICCI jointly with the Bureau of Indian Standards (BIS) and Ministry of Textiles, Singh said that India needs to develop its own industry for the growing market of technical textiles. India is going to have a very robust market for technical textiles in the years to come.

He further added that the government is committed to standardisation and evaluating the items from which mandatory quality control orders could be removed. Singh also stated that currently, there are over 300 items of technical textiles where BIS standards are available, some of these could be the potential items for mandating.

He further added that government is looking at inviting international companies to set up joint- venture in high value-added items where the technologies are licensed and manufactured by very few in the world. R K Bajaj, Deputy Director General (Standardisation), BIS, said that BIS's focus is on developing standards for sustainability and smart technologies in various sectors.

Currently, India is least regulated in terms of Technical Barriers to trade as per WTO measures. While BIS was focusing earlier on product standards primarily, it is also focusing on standards for the services sector now.

Shishir Jaipuria, Chairman, FICCI Textiles Committee said that the notification of the HS Codes for 207 technical textiles items last month was a major step that would help in effective targeting of policy measures for the industry. He further added that the government should look at additional items of technical textiles for notification of HS Codes.

Source: millenniumpost.in- Feb 21, 2019

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Govt targets $50-b trade with Russia

Union Minister of State for Commerce and Industry CR Chaudhary has set an ambitious $50-billion target for bilateral trade between India and Russia over the next seven years.

As of end-2018, trade between the two countries stood at $30 billion.

“Our two-way trade have already crossed the $30-billion mark, which we had set for 2025.

We, therefore, propose that we enhance this to $50 billion by 2025,” Chaudhary said at the Indo-Russian forum organised by the industry lobby CII here Thursday.

Source: thehindubusinessline.com- Feb 21, 2019

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We should all work towards early conclusion of RCEP talks: Prabhu

India Thursday called upon all the members of RCEP, a proposed mega trade deal, to work towards early conclusion of the agreement to boost economic ties.

The Regional Comprehensive Economic Partnership (RCEP) is a mega trade agreement being negotiated by 10 ASEAN members (Brunei, Cambodia, Indonesia, Malaysia, Myanmar, Singapore, Thailand, the Philippines, Laos and Vietnam) and their six free trade pact partners - India, China, Japan, South Korea, Australia and New Zealand.

Commerce and Industry Minister Suresh Prabhu said a successful conclusion of RCEP will help deal with the challenges of global trade in terms of increasing trade tensions and protectionism.

"India is constructively engaged in RCEP negotiations and the country believes that ASEAN will remain central to the economic integration of the Indo-Pacific region through RCEP," he said.

"As negotiations are intensifying, members are now engaged in bilateral pairing to achieve mutually satisfactory and balanced outcome keeping in view each other's sensitivities and aspirations," the minister said.

The minister was speaking at the inauguration of the fourth India-ASEAN Export and Summit 2019 here.

He said that as directed by the leaders of the 16 countries, "we should all work towards early conclusion of RCEP and create a win-win situation for better prosperity of the people of the region".

Negotiations for the mega-trade deal RCEP need more rounds of talks to sort out issues pertaining to goods and services, Prabhu had said Tuesday.

The agreement aims to cover goods, services, investments, economic and technical cooperation, competition and intellectual property rights.

The talks are stretched as the member countries have yet to agree on major issues including finalising the number of goods on which duties would be eliminated.

Speaking at the event, Indonesian Trade Minister Enggartiasto Lukita said all the members need to work together to conclude the negotiations this year.

Sharing similar views, Cambodian Commerce Minister Pan Sorasak also said the agreement is important and "I hope to see this concluding this year".

Further, Prabhu urged the ASEAN members to engage in the review of free trade agreement with India to resolve implementation issues being faced by business of either side.

The bilateral trade between India and ASEAN increased from USD 65 billion in 2015-16 to USD 81.33 billion in 2017-18.

Source: business-standard.com- Feb 21, 2019

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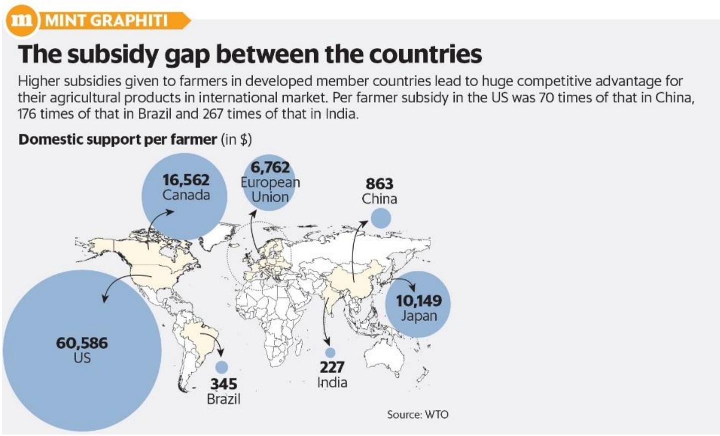
India, EMs make case for special treatment at WTO

India, along with China, South Africa and Venezuela, has insisted on continuing with the special and differential (S&D) treatment for developing countries at the World Trade Organization (WTO), countering efforts of the US, which is seeking equal treatment for all members at the multilateral trade body.

In a paper submitted to the WTO on Monday, the four countries said self-declaration of developing member status had been a long-standing practice and best serves the WTO objectives.

The paper said the persistence of the enormous development divide between the developing and developed members of the WTO is reflected on a wide range of indicators such as levels of economic development, GDP per capita, poverty levels, levels of under-nourishment, production and employment in the agriculture sector, among others.

“Against this background, recent attempts by some members to selectively employ certain economic and trade data to deny the persistence of the divide between developing and developed members, and to demand the former to abide by absolute “reciprocity" in the interest of “fairness" are profoundly disingenuous," it added.



Under the S&D provisions, developing countries get longer time periods for implementing WTO agreements and commitments.

At the mini-ministerial of trade ministers, on the sidelines of the World Economic Forum at Davos in January, India’s commerce secretary Anup Wadhawan made a strong case for continuing with the S&D measures for developing countries. “The (WTO) reform process must fully take into account the reality that despite some significant success stories in developing countries, on the average, they continue to lag far behind developed countries. Consequently, developing countries should not be expected to take the same obligations as the developed countries."

In his speech at the WTO Ministerial in Buenos Aires in December 2017, United States Trade Representative (USTR) Robert Lighthizer had criticized the S&D treatment enjoyed by large developing countries like India. “We cannot sustain a situation in which new rules can only apply to the few, and that others will be given a pass in the name of self-proclaimed development status. There is something wrong, in our view, when five of the six richest countries in the world presently claim developing country status," he added.

However, India’s trade minister Suresh Prabhu had retorted that the discourse on development at the WTO is sought to be deflected by specious arguments based on aggregate GDP figures. “While in India we are proud of our GDP and growth rates in recent years, propelled by innovative economic policies of my government, we cannot ignore that India is home to more than 600 million poor people," he said.

"Therefore, we are legitimate demanders for special and differential treatment for developing countries. It is also noteworthy that many developed countries of today have benefitted from long periods of derogation from GATT (General Agreement on Tariffs and Trade) rules in the area of agriculture and textiles," he added.

Source: livemint.com- Feb 22, 2019

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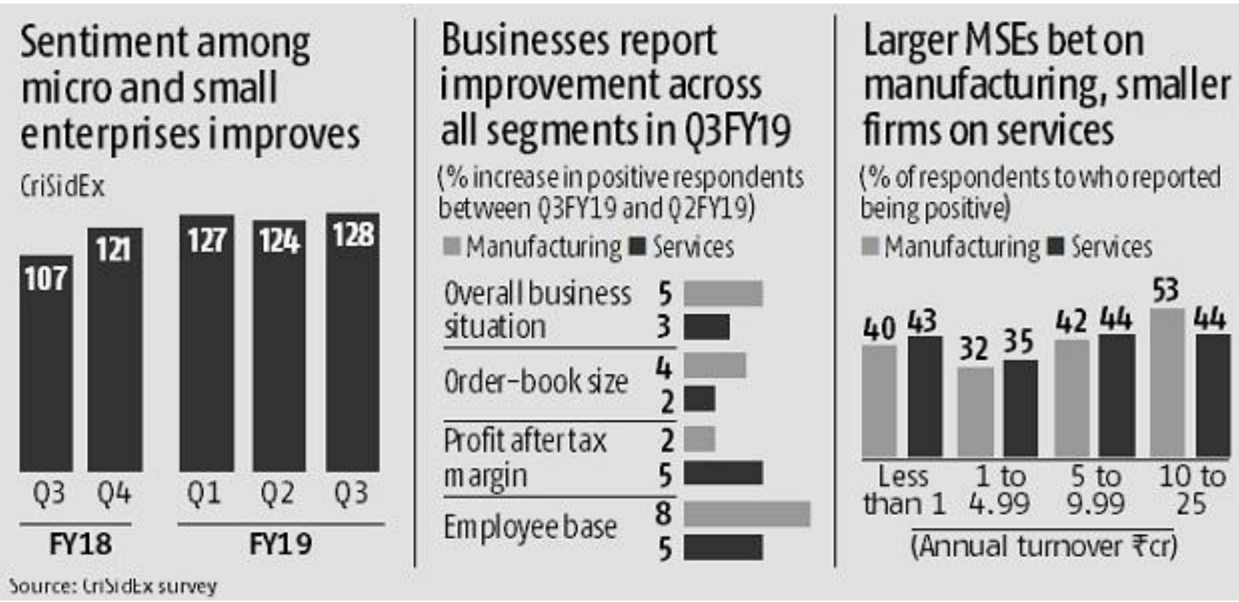
MSEs are becoming more optimistic about their business prospects: Survey

Firms also appear to be optimistic about their prospects in Q4FY19

Micro and small enterprises (MSEs) are becoming more optimistic about their business prospects, shows the latest round of the CriSidEx survey.

The CriSidEx index rose to 128 in Q3FY19, the highest score since its inception. In comparison, the index was at 107 in Q3FY18.

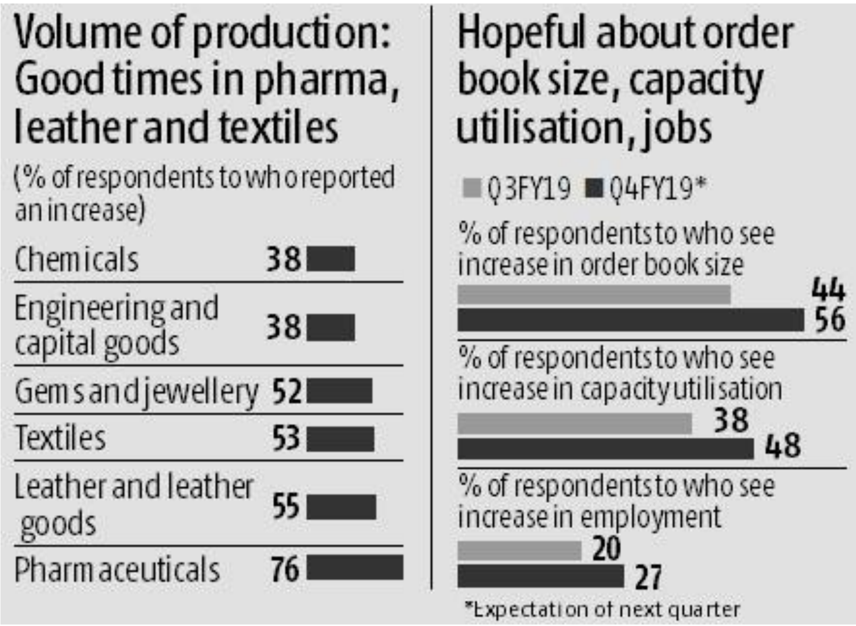
The improvement in the index over the previous quarter was on account of an improvement "in the order book size and employee base for manufacturing MSEs and an increase in profit after tax margin and employee base for services MSEs," states the report prepared by Crisil and Sidbi.



Firms in both manufacturing and services sector indicated an improvement, shows the survey. Among manufacturers, 42 per cent reported a "good quarter"; in the services sector 41 per cent claimed a "good quarter".

"Export-oriented MSEs fared better than their domestic peers, with 48 per cent reporting an increase in order book as against 41 per cent of domestic peers," says the report. This is the first time in the survey rounds that exporters have reported better quarters than domestic market-oriented units.

Firms also appear to be optimistic about their prospects in Q4FY19.



"For January-March, both manufacturing and services MSEs were optimistic of good business performance. Over 50 per cent of the respondents each from manufacturing and services expected the positive momentum to continue. In the manufacturing space, pharmaceuticals, gems & jewellery, and chemicals, and in services, professional services, traders, logistics and power & power utilities are the most optimistic," says Mohammad Mustafa, chairman and managing director, Sidbi.

In the manufacturing sector, segments like pharmaceuticals, gems and jewellery, textiles and leather had a higher share of respondents reporting a good quarter; more respondents in the food products and auto components segments reported a subdued quarter.

In the services sector, power and utilities, professional services and logistics had a higher share of respondents reporting positive performance, while construction, real estate and human resources had a greater share reporting a subdued quarter.

Source: business-standard.com- Feb 21, 2019

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Import duty hike on Pakistani goods hits Indian traders

Consignments stuck at Attari border had mostly been paid for by importers here before duties were increased

The sharp increase in import duties on all goods from Pakistan last week by India in response to the Pulwama terror attack has claimed an unintended victim — the Indian importer.

Truck loads of cement, dates and some other items from Pakistan are languishing at the Attari border since February 16 when import duties increased to 200 per cent by India.Indian importers have paid for these goods mostly, but they find it impossible to take delivery because of the duty hike.

“The ban is a welcome step and in the interest of the nation. But importers should not be made to suffer. The consignments that are already in India belong here. At least the ones where the bills-of-entry have been filed should be released without imposition of 200 per cent duty,” said Suneed Kochhar, Chairman, Assocham, Punjab.

The 70 trucks that are parked at Attari, with goods estimated at ₹25 crore, have already been paid for by importers. The exporters are not willing to take back the goods and at 200 per cent duty it is not possible for traders to claim it.

Vendors move SC

“If customs officials do not sort out the matter, the Supreme Court will have to decide on it. The local vendors have filed a case,” Kochhar said.

The vendors want all goods that are at Attari and have been paid for to be cleared at the older rates of duties without imposition of the additional duties.

The Federation of Indian Export Organisations (FIEO) has also raised the matter with the Land Port Authority. "In case of many of the consignments, the bill-of-entry was filed before customs duty was raised. So, ideally the higher customs duties should not be imposed on it.

FIEO has raised the matter with the authorities and hopefully it should be sorted out soon," Ajay Sahai, Director General, FIEO, told BusinessLine.

India withdrew the Most Favoured Nation (MFN) status from Pakistan last week under which it is obligated to treat all member countries of the World Trade Organization (WTO) alike and impose the same customs duty on all. Following MFN withdrawal, it imposed the higher import duties on goods from Pakistan as an economic sanction on the country for supporting terror activities against India.

Kochhar pointed out that while there was a crackdown at Attari, two barter trade routes operated between Pak-Occupied-Kashmir and J&K were operational.

"About 32 trucks of dry dates have crossed over to India in two days via trade routes of J&K. While the import duty on such a truck via ICP Attari is about ₹25 lakh, via the trade route it is nil. These barter routes should be immediately stopped," he added.

Pakistan exports goods worth $500 million to India every year against $2 billion exported by India. "We haven't yet got any notification by Pakistan on restrictions on India's exports to the country," a government official said.

Source: thehindubusinessline.com- Feb 21, 2019

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