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INTERNATIONAL NEWS

USA: Lingering trade dispute, demand worries hit cotton

Doubts about a quick resolution of the U.S.-China trade dispute amid worries about cotton demand weighed on cotton futures.

Spot December lost 276 points to close at 76.25 cents for the marketing week ended Thursday. It closed in the lower quarter of its 357-point trading range from 79.19 on Nov. 5 to 75.62 cents on Tuesday, just 25 points from the Oct. 1 low.

December closed right back below its 50-day moving average to start the marketing week after a one-day stand above it and remained below it. Then a sharp break and close below the prior-week low of 76.83 on Monday inspired technically oriented bears. March fell 226 points to settle at 78.28 cents and December 2019 shed 121 points to close at 77.75 cents.

With first notice day for December deliveries looming five trading sessions ahead, stocks in deliverable position have grown 64,524 bales from a week ago to 106,083. The December-March switch widened to a settlement premium on March beyond full carry of 203 points.

Open interest fell 19,536 lots on the week to 246,054 coming into Thursday, with December's down 53,921 lots to 40,665 and March's up 23,872 lots to 125,130. The big Goldman Sachs index fund scheduled roll forward of longs, selling December and buying March, ended at midweek.

Cash online trading slowed to 5,510 bales from 7,100 bales on The Seam. Prices fell to an average of 69.84 cents per pound from 73.28 cents, with daily averages ranging between 71.60 and 67.89 cents. Loan values averaged 52.15 cents, ranging from 50.80 to 53.44 cents.

Mills' unpriced on-call sales based in December fell 4,006 lots to 14,125 during the week ended Nov. 9, data reported by the Commodity Futures Trading Commission showed. Producers' unfixed position declined 1,345 lots to 13,848, narrowing the net call difference 2,661 lots to 277. The difference was only 0.43 percent of the declining open interest, down from 2.52 percent. Mills' share of the remaining December OI rose to 21.8 percent from 15.6 percent.

Across the board, mills priced a net 151 lots to trim their total unpriced sales to 133,894, which represented 53.4 percent of the declining OI, up from 50.3 percent.

On the crop scene, U.S. cotton harvesting progressed five percentage points to 54 percent complete during the week ended last Sunday, USDA reported, widening lags to nine points behind last year and seven points behind the five-year average.

Boll opening at 96 percent lagged two points behind last year and the average. Only three of 15 reporting states showed bolls below 100 percent open: Texas (93 percent), Kansas (97 percent) and California (98 percent). Growers had harvested 42 percent of the crop in Texas, 11 points behind last year and six points behind average, and 61 percent in Georgia, behind by six points and three points, respectively.

With more than half the crop harvested, USDA has ceased reporting conditions nationally of cotton still in the field. In Texas, cotton rated good to excellent was unchanged at 22 percent and poor to very poor dipped a point to 45 percent. Producers on the High Plains, who have much of the cotton still on the stalk, were anxious to finish the harvest, but fields again were too wet late in the reporting week.

Upland growers had contracted 12 percent of their acreage by Nov. 1, up from 10 percent last year, the Agricultural Marketing Service cotton division reported. Bookings included 24 percent in the Southeast, up from 14 percent a year ago; 18 percent in the Mid-South, up from 15 percent; and 4 percent in the Southwest and West, down from 7 percent and 6 percent, respectively. Those estimates don’t include cotton consigned to marketing organizations but do include cotton contracted with them.

Upland loans outstanding rose by 118,174 running bales to 1.325 million during the week ended Nov. 5. Entries were 125,872 RB and repayments totaled 7,698 RB. Cotton under loan included 164,099 RB of Form A loans issued to individual growers and 1.161 million of Form G issued to marketing cooperatives or a loan servicing agent.

Meanwhile, trend-following funds reduced their net longs by 1,519 lots to 22,972 in cotton futures-options combined during the week ended Nov. 6, according to the latest CFTC traders-commitments data.

The reduction stemmed mostly from the addition of new shorts, which rose by 1,265 lots to 23,810, rather than the liquidation of longs, which dipped 254 lots to 46,782. Those funds have reduced their net longs 14 consecutive weeks to the smallest since Aug. 22, 2017.

Index funds hiked their net longs 377 lots to 80,508, while non-reportable traders raised theirs 708 lots to 2,601. Commercials bought a net 433 lots, adding 5,846 longs and covering 4,613 shorts, to shave their net shorts to 106,081 lots.

On the international front, India has paid out far more in cotton subsidies than is allowed by the World Trade Organization, with actual payments "vastly in excess" of what it had officially declared, Reuters quoted the United States in a filing to the Geneva-based watchdog.

The filing, which covered the 2010-11 through 2016-17 marketing years, said that India was allowed to pay up to 10 percent of the value of cotton production but payments under the minimum price support program actually ranged from 53 percent to 81 percent.

The National Cotton Council hailed the U.S. action and also applauded the U.S. Trade Representative's office and USDA for seeking transparency in supports provided cotton producers in other countries. No country devotes more area to cotton production than India.

The NCC thanked the administration for pushing for transparency to India's support programs, which it said is important to understanding the wide-ranging impact they have on global cotton and fiber markets.

Elsewhere, Beijing Cotton Outlook cut its November estimate of China's 2018-19 cotton consumption to the equivalent of 39.96 million statistical bales, sources said. That compares with 42.5 million bales projected by USDA.

Source: lubbockonline.com - Nov 20, 2018

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UK Fashion Brands Are Stockpiling Raw Materials Ahead of Next Trade Threat

Warehouses are filling up with goods as Brits attempt to stockpile against the threat of an exit from the EU without a free trade agreement in place—and fashion firms are among those bracing for a logistical nightmare.

As Brexit instability reached new peaks last week, three different members of the Cabinet tendered their resignation and critics questioned whether Theresa May would last the month. The cause of all this chaos? May releasing her plan for leaving the EU, which has the dubious accolade of displeasing almost everyone.

May's Brexit plan is a lot softer than many people expected—and nobody is happy. Remainers say it is an entirely pointless exercise, leaving the nation greatly devalued on the world stage for no reason, while Leavers believe it offers only a bastardized form of Brexit, turning the U.K. into rule-takers rather than rule-makers. This universal distaste for her blueprint—at a time in negotiations when it is simply too late to try again—has increased the possibility of a no-deal Brexit, as parliament could well vote May's plan down.

An exit from the EU without a deal would be catastrophic for the U.K. economy, and would irrevocably harm the future of the British fashion industry. A no-deal Brexit means Britain will resort to World Trade Organization rules from March next year, which will lead to months of export and import chaos. There will be delays to the supply chain and ports and airports will need to be entirely updated.

"The World Trade Organization defines how countries trade outside of specific trade deals and Britain would be subject to these terms, albeit on an unformalized basis," said Tamara Cincik of fashion advocacy group Fashion Roundtable. "Our application to fast track our application onto WTO terms was rejected only recently which means fashion brands will have major difficulties importing any goods into the U.K.—no matter where they were made."

Britain is running out of warehousing space as retailers rush to fill them with goods in the event of no-deal. And while stockpiling food and medicine is more urgent than clothing, brands are under pressure too.

Three quarters of materials used in the U.K. are imported. If there is no deal, U.K. manufacturers will be subject to a terrifying array of tariffs. Because there aren't any cotton fields in Hampshire and only a handful of factories in the entire country, brands are banking up their stocks of raw material and finished product for a worst-case scenario come March.

"Manufacturers will face reams of paperwork for each component part," said Anna Tobin of Ready for Brexit, a group of import/export experts focused on this topic. "Plus, there are possible technical barriers to trade—if a country decides a British clothing firm's standards aren't high enough, it could be barred and that takes months to solve. Then there's the possible port queues delaying shipments, new VAT rules that mean importers will have to pay their 20 percent upfront, and potential delays at immigration for foreign buyers.

"Business that's done unthinkingly now—shipping in cloth from Italian mills, sourcing components from China, Turkey and India, transporting finished clothes and models over to Paris or Milan for the shows, and product lines into stores in Europe—will entail many more additional steps. It will be a logistical nightmare. And that's why brands are trying to plan ahead."

One such company is ABF, which operates five businesses, including fast-fashion brand Primark, and which has been stockpiling goods in the north of England. Another is Next. The high street chain—led by chief executive Lord Wolfson—said it was "well advanced" in its preparations in case a free-trade agreement is not in place by next March.

In a press conference, Wolfson warned that the biggest risk to the business was the likelihood of queues and delays at U.K. and EU ports, while it added that a sharp fall in the value of the pound and increased tariffs also posed a threat.

He said in the "unlikely event" that free-trade agreements were not put in place by March, it could send the cost of goods soaring by up to around 20 million pounds ($25.6 million), which would add less than 0.5 percent to its prices.

To plan ahead, the retail giant has been stockpiling some goods in its Irish warehouses, which will be safe to travel to the U.K. in the event of no deal, thanks to the Common Travel Agreement between the two countries.

However, given the rapidity of the fashion calendar and the speed at which trends change and collections are updated, even the best prepared brands cannot stockpile for more than a few months.

Wolfson went on to say that there are "significant challenges" in preparing for a no-deal scenario but said the risks do not pose a "material threat to the ongoing operations and profitability of Next's business here in the U.K. or to our £190 million [$243 million] turnover business in the EU."

Whether that is wishful thinking remains to be seen. Other fashion retailers have yet to publish their stockpiling plans—but if May's deal fails to pass through Parliament in the next few weeks, warehouse managers are set to have a busy Christmas.

Source: sourcingjournal.com- Nov 21, 2018

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Economic Group Suggests New US Approach for Tackling China's Trade Policies

While the U.S. has taken a series of aggressive actions against China's trade practices this year, with China retaliating against U.S. enforcement actions with reciprocal tariffs, they have not had the desired results, a new report to Congress contends.

The U.S.-China Economic and Security Review Commission's annual report to Congress recommends more creative, but unified approaches to challenge China's trade and economic practices.

In all, more than $250 billion worth of U.S. imports from China and $110 billion worth of U.S. exports to China are subject to tariffs initiated in 2018. The commission's report said the results have been difficult to measure and have not achieved the goal of the call for China to "level the playing field" and to not unfairly support its industry with an attempt to undercut U.S. manufacturers.

On the plus side, the report noted, "The Chinese government continues to focus on sustaining domestic economic growth, a goal made more difficult by rising trade tensions with the United States and efforts to reduce debt levels. These challenges have already begun to weigh on China's overall economic performance as investment, consumption and business activity growth fell in the second quarter of 2018. Early indicators suggest China's economy will slow further in the second half of 2018, threatening progress on the Chinese Communist Party policy priorities, such as deleveraging, controlling pollution, and reducing poverty."

However, the report said the Chinese government continues to exercise direct and indirect control over key sectors of the economy, putting U.S. companies at a disadvantage. Government promises to allow greater market access for foreign firms remain unfulfilled, according to the report, and instead, Beijing has consolidated control over economic policymaking.

While some methods the U.S. has used have been successful at targeting aspects of China's industrial policies—such as individual subsidy programs or tariffs—U.S. policy makers generally feel antidumping and countervailing duty actions and import restrictions have "proven limited when set against a vast array of industrial policies viewed as a political and economic imperative by Chinese leadership."

In a broad sense, the commission said Beijing "has abandoned any inclination for economic and political liberalization." Instead of promoting fair trade and investment, the report said China engages in "predatory economic practices." And rather than providing financing for development that's in line with already established rules, China opts for nontransparent ways to provide loans and investment that aren't always in line with global governance standards or commercial viability.

"For several decades, U.S. policy toward China was rooted in hopes that economic, diplomatic and security engagement would lay the foundation for a more open, liberal and responsible China," the commission said. "Those hopes have, so far, proven futile.

Members of Congress, the administration and the business community have already begun taking bipartisan steps to address China's subversion of international order. Washington now appears to be calling with a unified voice for a firmer U.S. response to China's disruptive actions… As a new approach takes shape, U.S. policy makers have difficult decisions to make, but one choice is easy: reality, not hope, should drive U.S. policy toward China."

Now the commission wants Congress to take a number of actions, including the U.S. Trade Representative (USTR) bringing a rarely-used “non-violation nullification or impairment” case against China regarding the World Trade Organization’s (WTO) General Agreement on Tariffs and Trade.

This action allows WTO members to dispute measures that are seen nullifying or impairing an expected benefit, since China’s WTO accession called for it to participate in the multilateral trading system on open, market-oriented terms. However, the report said such cases have been rare and narrow in scope, so the outcome is unsure.

The report also suggested Congress take actions such as directing the Government Accountability Office to conduct an assessment of U.S.-China collaborative initiatives in technical cooperation that consider whether the intellectual property rights of U.S. researchers and companies are being adequately protected. It should also investigate whether any U.S. companies, universities or labs participating in U.S. government-led collaboration with China have been subject to cyber penetration originating in China.

According to the commission, Congress should also direct the U.S. Department of Agriculture (USDA) to identify how China’s subsidy approval system for agricultural products adversely effects U.S. industry and work with USTR to seek bilateral or multilateral measures to address these impacts.

Turning to China’s Belt and Road Initiative (BRI)—aimed at expanding Chinese influence through financing and building infrastructure around the world, with a focus on Asia, the Middle East, Africa and Europe—the report said much of what Beijing has invested in remains in the planning phase and will take years to complete.

Countries are, however, starting to compare their experiences with BRI projects to China’s early promises of easy infrastructure financing and have begun to voice concerns about “BRI projects creating unsustainable debt levels, fueling corruption and undermining sovereignty.”

Meanwhile, major powers such as the U.S., Japan, India, European states and Russia “acknowledge BRI as one means for meeting global infrastructure needs.” At the same time, these countries are advancing their own plans for financing connectivity that variously compete and collaborate with BRI, the report said.

To better establish an actual level playing field, the report suggested Congress should create a fund to provide additional bilateral assistance for countries that are a target of or vulnerable to Chinese economic or diplomatic pressure, especially in the Indo-Pacific region. The fund should primarily be used to promote digital connectivity, infrastructure and energy access.

Source: sourcingjournal.com - Nov 21, 2018

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Is China's loss, India's gain? An examination of the US tariff war

The unilateral tariff imposition by the United States on various countries has started a trade war that threatens to adversely affect the world's major economies. This paper finds that no country, including the US itself, is likely to benefit from a tariff war. In India, some analysts had expected that the country's export penetration in the US and elsewhere will increase, as China loses out. An analysis of trade data, however, shows that while China's export basket is more advanced and consists of more finished manufacturing goods, India's consists more of raw materials and semi-finished goods. As the tariff war continues, therefore, it is unlikely that India will gain significantly in the international market at the expense of China.

Introduction

During his 2016 election campaign, US President Donald Trump made promises to "protect" American jobs and "wipe out" US trade deficits with countries around the world by renegotiating trade arrangement. [i] Later he would be quoted as saying, "We're like the piggybank that everybody is robbing." [ii] In reality, what he had called "renegotiation" of trade turned out to be unilateral tariff impositions directed at various countries including China. These impositions have resulted in counter-tariff measures from other countries, with China expectedly leading the way. It remains to be seen whether or not these developments will escalate into a full-fledged tariff war across the world in the near future.

What is clear is that following the string of tariff and counter-tariff announcements, world trade patterns are showing a distinctly decelerating trend. There is little overall expectation of global trade expansion in the near future.

After a prolonged period of relatively free trade in the past few decades — with some analysts calling this period "the golden age of trade"— the emerging inward-looking, protectionist trend is likely to dent the spirit of multilateralism in world trade. Unilateral tariff impositions by the two largest economies of the world, followed by a few other countries, represent a sufficient threat to the existence of the rules-based multilateral trading system under the World Trade Organization (WTO).

Does trade protectionism, in general, help any nation to prosper economically? How do the basic trade theories view protectionism? This paper attempts to address these questions with the help of current world trade data trends and some elementary but crucial trade theorisations of "free trade regime."

President Trump has been repeatedly bringing up the issue of India imposing high import duties on "many" American products, including the iconic Harley-Davidson motorcycles. [iii]He has also, on record, threatened to raise import tariff on "thousands and thousands" of Indian motorcycles exported to the US. [iv] Despite these developments, a section of commentators in India have also tried to portray an optimistic view of this potential "trade war" situation — with the hope that the US tariff imposition targeted at Chinese products will ultimately help India increase its export penetration in the US and some other export markets. How realistic are these expectations? Does India's export basket have the capability to match the now-fabled advanced manufacturing export basket of China? These are the questions that will be addressed in the subsequent part of this paper, based on the latest available data on the export baskets of India and China.

A slowing down in world trade expansion

According to the WTO's latest World Trade Outlook Indicator (WTOI) released in August 2018, trade volume growth is likely to decelerate further in the third quarter of the year. The WTOI reading is at 100.3, which is barely above the baseline value of 100 for the index and below the previous value of 101.8. Most of the drivers of trade are showing a downward trend except for agricultural raw material trade, which is the only one increasing. [v] Drivers like automobile production and sales, as well as overall merchandise trade volume remain largely at the same level. What is alarming is that export orders are in the red all over the world; this brings down the projection for overall trade volume growth in the near future (see Figure 1).

To be sure, these trends are initial and may vary in the coming quarters. They are worrisome, nonetheless, as only agricultural raw material trade (which is a kind of "wage good" in the classical economic exposition of theories of values and distribution) goes up while other merchandise trades including automobile production (which broadly represents "capital goods") are all down. This gives rise to the expectation of decelerating and/or stagnating trends in industrial production all over the world in the near future, which will not bode well for global economic growth.

WTOI opines: "This loss of momentum reflects weakness in component indices including export orders and automobile production and sales, which may be responding to the ratcheting up of trade tensions." [vi] It seems that overall trade expansion is getting adversely affected by an expectation of a deteriorating US-China tariff war and the subsequent involvement of other countries.

It was in early March 2018 when the US fired the first salvo, raising tariffs on US$92 billion worth of imports covering steel and aluminium products, washing machines, and solar panels, among others, in which China holds substantial export shares in the US. Apart from China, the countries affected by this set of tariffs include Brazil, Korea, Argentina, India and the European Union (EU). The second dimension, unveiled in end-March, was President Trump's directive to the United States Trade Representative (USTR) to take all possible actions against China, including using penal tariffs on its exports, for "harming American intellectual property rights, innovation, or technology development." [vii]

Subsequently, the US imposed a 25-percent tax on a second tranche of goods worth US$16 billion in August 2018. These goods include motorcycles, aerials, and optical fibres. [viii] The measures are part of Trump's broader "America First" approach. In what was an expected reaction, the affected countries retaliated with counter tariffs.

The EU, for one, announced "rebalancing measures" targeting 340 American export items valued at US$7.2 billion, roughly equivalent to the amount of its steel and aluminium exports adversely affected by the US tariff. Canada, for its part, announced retaliatory tariffs of up to 25 percent on the US imports of steel and aluminium, orange juice, whiskey and other food products — having a value of around 16.6 billion Canadian dollars which is the value of targeted Canadian steel exports to the US.

Meanwhile, Mexico announced similar measures on a number of products, including dairy, horticulture and meat products, "up to an amount comparable to the damage caused by the US action." [ix]

In early April, China decided to retaliate against the US by imposing tariffs on 128 products, which accounted for US$3 billion worth of US exports to China in 2017. China proposed the imposition of a 15 percent tariff on the first set of products, including fresh fruits, dried fruits and nuts, wines, modified ethanol, American ginseng, and seamless steel pipes. On a second set of products, including pork and its products, and recycled aluminium, 25 percent tariff imposition was proposed. Continuing the tit-for-tat, China decided to impose additional tariffs of 25 percent on chemical products, medical equipment and energy imported from the US. [x]

The Chinese government on 8 August signalled its willingness to impose retaliatory tariffs on US goods — just ahead of the annual summit of China's top leaders. This is reportedly in retaliation for the "Trump administration's publishing a list of Chinese products that will confront 25 percent duties starting on 23 August" — raising the value of tariffs to US$50 billion, up from the current US$34 billion.[xi]

This willingness later translated to additional tariffs on US$60 billion worth of imports from the US. The Customs Tariff Commission of the State Council unveiled lists of 5,207 American products which will face additional tariffs of five to 25 percent. The effect of this set of tariffs can be quite significant in the near future. [xii]

click here more details

Source: orfonline.org- Nov 20, 2018

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US-China trade war a blessing for Bangladesh: study

The US-China trade war has been a blessing for Bangladesh as local garment manufacturers have been receiving a lot of work orders from both the countries, says a study by the Bangladesh Foreign Trade Institute (BFTI).

Bangladesh's share in the US garment market rose by 6.46 per cent in the first nine months of 2018, said the study's author BFTI CEO Ali Ahmed.

Bangladesh will also gain in its cotton purchase as China, which used to buy cotton worth a little more than $1 billion from the United States, has stopped that purchase, according to the study.

The cotton price fell 10 per cent year-on-year in the October-November period due to oversupply, Bangladesh media reports quoted Ahmed as saying at a recent seminar.

Bangladesh will also receive a lot of investment as the owners of the Chinese sunset industries are looking for new destinations as production costs in China increased due to higher US tariffs and shortage of skilled workforce, the study found.

Humayun Rashid, former senior vice president of the Dhaka Chamber of Commerce and Industry, however, felt the country is not yet ready to exploit the benefits of the opportunities arising out of the trade war.

Source: fibre2fashion.com- Nov 22, 2018

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Vietnam: Textile expo opens in HCM City

A wide range of technologies, equipment, products, and services used in the textile and garment industry are on display at the 18th Vietnam International Textile & Garment Industry Exhibition (VTG 2018) and the Vietnam International Textile and Apparel Accessories Exhibition (VitaTex), which opened on Wednesday in HCM City.

They feature more than 500 exhibitors, including 100 brands from 13 countries and territories: Bangladesh, mainland China, Germany, Hong Kong, India, Indonesia, Japan, South Korea, Malaysia, Singapore, Taiwan, Turkey and Việt Nam.

Bao Lun, Hefeng, Richpeace, Sanxin, Tajima, and ZSK are displaying their latest embroidery machines, Bihong, Grafica, Han-Bond, Heinz Walz, Sansin, and Sulfet their printing machines, Beworth and Silk Road their latest flat knitting machines, and Vạn Sự Lợi its laser machine.

Many sewing machines brands from mainland China and Hong Kong such as Adler, Leman, Siruba and others are also present at the expo.

A number of seminars will be held on the sidelines on issues like the US - China trade war, a study of effective competitive strategy of garment company in Việt Nam, solutions for saving energy in the textile industry, automation, digitalization, and challenges facing the Việt Nam textile and garment industry.

VTG 2018 and VitaTex are being held concurrently with the Vietnam International Footwear Machinery and Material Exhibition and the 8th Asia International Dye Industry, Pigments and Textile Chemicals Exhibition (InterDye Asia 2018) at the Saigon Exhibition and Convention Centre until Saturday.

According to the organisers, the garment and textile and footwear industries are two major export earners of Việt Nam and have great potential for further development thanks to the nation’s participation in many FTAs and advantages in terms of manufacturing and labour.

Việt Nam earned US$19.4 billion from garment and textile exports in the first nine months of this year, a year-on-year increase of 15 per cent, with the US, Japan, South Korea and China being the biggest markets.

Nguyễn Văn Khánh, deputy chairman of the HCM City Footwear Association, said: “Leather and footwear exports are expected to increase by 10-14 per cent this year to over $16 billion, meeting the export target.”

Businesses in the field have full order books for this year, he said.

Many companies from China, Japan and South Korea want to invest in the leather and footwear industry in Việt Nam, he said.

The expos are organised by Vinexad National Trade Fair & Advertising JSC, Yorkers Trade & Marketing Service Co Ltd, Guangdong Sewing Equipment Chamber Commerce and Paper Communication Exhibition Services, and the Hong Kong Apparel Machinery Association.

Source: vietnamnews.vn - Nov 22, 2018

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Tehran to host Intl. apparel expo in early Dec.

The 6th edition of Iran’s International Apparel Exhibition (Iran Mode 2018) is due to be held during December 2 – 5 at Tehran Permanent International Fairgrounds, IRIB reported.

As reported, during this exhibition the Iranian participants will present their latest collections and productions to introduce the most up-to-date designs based on Iranian and Islamic culture.

Creating competition and exchanging information between manufacturers and exporters, improving domestic production, developing domestic designs, helping development of employment, marketing and increasing exports, and increasing efficiency have been mentioned as some of this event’s main goals.

Source: tehrantimes.com- Nov 22, 2018

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Digital textile printing grows at 16 per cent

The global digital textile printing market is projected to expand at a compound annual growth rate of 16.3 per cent during 2018-2027.

Taking the lead will be the Asia Pacific region (excluding Japan), whose growth will be mainly attributed to contributions from emerging economies, such as India and China.

This region is characterized by a robust political, demographic, and economic ecosystem of the leading emerging economies; and a rapidly growing digital textile printing industry in the region will lead to optimum growth levels in the coming decade.

China is expected to be at the forefront, spearheading the growth. The Chinese digital textile printing market has witnessed rapid growth in the past couple of decades.

End user sectors of digital textile printing, such as food and beverage, personal care, pharmaceuticals and automotive, are increasingly adopting digital textile printing on their sales promotion devices.

Growing promotional activity has increased the growth of the digital textile printing market.

Revenue from digital textile printing in North America is estimated to account for over 43 per cent of the global digital textile printing market revenue in 2018. Key players in this market include Durst, Seiko Epson, Roq, Konica Minolta, Kornit Digital, Mimaki, Sawgrass Technologies and the M&R companies.

Source: fashionatingworld.com- Nov 22, 2018

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'Bangladesh garment industry faces squeeze if safety push blocked'

A group set up to improve safety in Bangladesh's garment industry after the Rana Plaza disaster in 2013 is warning global fashion firms that they will have to stop sourcing from some factories if the watchdog is forced to close next week.

The threat to the apparel sector, which accounts for the bulk of Bangladesh's exports, comes at a precarious time for the country ahead of a bitterly contested election in December, when Prime Minister Sheikh Hasina is seeking another term.

"The consequences of a closure of the Accord liaison office in Bangladesh will be significant, immediate, and damaging," said Joris Oldenziel, the deputy director of the Accord on Fire and Building Safety in Bangladesh.

More than 200 firms - including the world's top fashion retailers like Zara-owner Inditex and H&M - signed the legally-binding, five-year Accord after at least 1,100 people were killed when the Rana Plaza complex collapsed.

Bangladesh's government had agreed to allow the body an extension to complete remaining safety fixes and help build up a national regulatory body to take over the Accord's work. However, the High Court ordered it to close on Nov. 30

"The premature shut down of the Accord, leaving workers in unsafe circumstances, would jeopardize the brands' ability to source from a safe industry," Oldenziel told Reuters.

Low wages have helped Bangladesh build the world's second-largest garment industry after China, with 4,000 factories employing about 4 million workers. The sector exports more than $30 billion worth of clothes a year, mainly to the United States and Europe.

Fashion group Esprit, which produces about a third of its garments in Bangladesh, has written to its factories in the country to say that the closure of the Accord's office in Dhaka will undermine the reputation of the textile industry.

"Activism in key market countries could make the Bangladesh brand toxic to consumers in spite of the tremendous improvements that we have achieved in recent years," Luis Gonzaga, Esprit's head of global supply, said in the letter to suppliers.

FACTORIES AT RISK

The Accord has inspected more than 2,000 factories in Bangladesh and helped draw up plans to fix 150,000 structural and fire hazards. Some 90 per cent of those issues have since been addressed, although many that remain are major problems.

The Bangladeshi High Court has ordered the Accord's Dhaka office to close due to a complaint from a factory owner who was prevented from working with Accord brands after he was accused of falsifying test results on concrete strength in his building.

The Accord will keep operating from the Netherlands and remains legally binding on its member companies, but it has warned signatories they may have to stop sourcing from about 500 factories with safety problems if it can no longer inspect them.

The Accord and its signatory firms, along with European politicians and campaign groups, have been lobbying the Bangladesh government for help to lift the court order, but with little effect so far.

"We don’t need them anymore," said Bangladesh’s Commerce Minister Tofail Ahmed, adding that the government is capable of monitoring factories itself and noting that there is no such international oversight in countries like China or India.

However, many experts and campaigners say the Bangladesh regulatory body is not yet ready to take over. Some question whether it will ever be effective given endemic corruption in a country where many politicians also own garment factories.

"If they go, Bangladesh’s garment industry will go back to square one. Workers’ rights and safety will not be protected," said Babul Akhter, president of the Bangladesh Garment and Industrial Workers Federation.

Paul Barrett, deputy director for the Centre for Business and Human Rights at the NYU Stern School of Business, said threats by retailers to move elsewhere might not be credible.

"I don't think the big Western brands want to leave. They've committed themselves to improving safety," he said. "Various brands are exploring Ethiopia but there isn't the capacity to rival what goes on in Bangladesh."

Sweden's H&M, one of the biggest buyers of garments in Bangladesh and the first Accord signatory, said it will keep up efforts to improve factory safety but will not pull out if the Accord has to close in Dhaka.

"We believe any sudden withdrawal from the Bangladesh market would negatively impact the livelihood of the families that depend on the textile industry," a spokesman said.

Source: en.prothomalo.com- Nov 21, 2018

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NATIONAL NEWS

In a post-Brexit scenario, EU may rework FTA with India

EU hints at negotiating balanced, ambitious and mutually beneficial agreements on trade, investment

The European Union (EU) may be looking at reworking the proposed free trade pact with India —called the Broad Based Bilateral Trade and Investment Agreement (BTIA)—in a post-Brexit scenario, negotiations for which have dragged on for 11 years with little progress.

In a strategy paper for India released on Tuesday, the EU did not mention BTIA, but sought to negotiate a "balanced, ambitious and mutually beneficial" free trade agreement (FTA) with sufficient level of ambition to respond to each side's key interests in trade and investment.

"In particular, the EU will continue to engage with India to ensure that such an agreement will be economically meaningful, delivering real new market openings in all sectors to both sides, and contain a solid rules-based component," it said in the paper released on Tuesday by the EU's ambassador to India Tomasz Kozlowski.

The EU, however, is adamant on having a comprehensive trade and sustainable development chapter, notably in order to deal with social and environmental impacts.

Negotiations on the India-EU FTA started back in 2007 and 16 rounds have been held since then —the last in 2013, before negotiations were suspended. Both sides have explored restarting negotiations after the Bharatiya Janata Party-led government assumed power in May 2014, but uncertainties over Brexit and inflexibility on both sides have prevented a formal resumption.

The EU in its strategy paper said it wants the investment deal to be negotiated along with the trade agreement including a contentious dispute settlement mechanism which India is reluctant to sign it as it allows private foreign investors to sue the local government for unanticipated policy changes. "Ensuring a high level of investment protection in order to remain an attractive destination for new investments is also a key dimension of the EU-India partnership,"it said.

After India unilaterally terminated its current bilateral investment treaties last year with 57 countries, including with EU member countries, to negotiate fresh deals based on a new model, the EU had raised strong objection.

India brought out a new model BIT in December 2015, intending to replace its existing BITs and future investment treaties, after being dragged into international arbitration by foreign investors who sued for discrimination, citing commitments made by India to other countries in bilateral treaties.

The EU also expressed discomfort with India's reluctance to "open up to imports" and its strong reliance on exports and inward investment. "The EU will continue to encourage India to open up its economy to strengthen its international competitiveness, benefit from a better integration into global value chains, and increase its share in global trade, to bring it more in line with its growing share of global GDP," it added.

The EU also sought India's constructive engagement in addressing global trade challenges in the World Trade Organization (WTO) to fight protectionism. "While the multilateral trading system has been instrumental in integrating the global economy and helping to prevent protectionism, it is confronted with a serious crisis.

The EU wants to work with India to develop a common understanding on the issues to be addressed in the WTO and its modernization and to advance rulemaking on fundamental global trade issues," the strategy paper added. The EU also proposed to establish a regular ministerial high-level dialogue to strengthen engagement with India at a strategic level and to identify shared interests on economic, trade and investment issues.

India had expressed reluctance to agree to a similar proposal by EU made earlier, holding that the existing mechanism is sufficient to address contentious issues on both sides. The EU is India's largest trading partner accounting for 14% of its total trade in goods in 2017, while India is the EU's 9th largest trading partner.

Source: livemint.com- Nov 22, 2018

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MSMEs may get Rs 6-7 lakh crore a year in digital lending alone; may cross this major hurdle

With more and more micro, small and medium enterprises (MSMEs) in India adopting new technologies to grow their businesses, there is a golden opportunity for the sector as it may get as much as Rs 6-7 lakh crore annually from digital lenders alone by 2023, according to a new report.

The report titled “Credit Disrupted: Digital MSME Lending in India”, by impact investment firm Omidyar Network and the Boston Consulting Group, surveyed 1,500 MSME owners with annual business revenue between Rs 3 lakh and Rs 75 crore also pointed out key challenges for the sector. There are about 6 crore small business units (MSMEs) in India, and lack of formal credit is one of the major hurdles for them.

MSMEs are considered as the backbone of the Indian economy, given their contribution of about 30% of the gross domestic product and 49% of the country’s exports. MSMEs also make an enormous contribution to employment in the country as they the second largest employers, after agriculture.

Still, MSMEs contribution to the GDP of India is as much as 10% lower than in the US and 23% than in China. Unavailability of access to formal credit sources is one of the primary reasons for this gap. Therefore, about 40% of the Indian MSMEs borrow from informal sources and end up paying an interest rate that averages 2.5 times higher than the ranges charged in the formal sector.

The report, however, showed that more than 40% MSMEs in the country are now more receptive to digital lending, primarily after the introduction of goods and service tax (GST) as about 9.2 million MSMEs are now GST registered, an increase of 50% from the previous tax regime.

Also, factors such as the launch of the unified payments interface (UPI) and the decline in mobile data and mobile phones cost as there is a 100% increase in MSME mobile phone adoption have led to a significant number of MSMEs to digitise their businesses.

"Easier and cheaper credit through digital lending has the potential to trigger a virtuous cycle for formalization: up to 85 per cent of MSMEs could be formal by 2023," said Saurabh Tripathi, senior partner and director and Asia-Pacific leader, Financial Institutions Practice at BCG.

According to the survey, approximately 50% of MSMEs in the country are expected to use WhatsApp payments once it is fully rolled out. It may be noted that WhatsApp Pay was rolled out in the beta stage earlier this year.

Established in 2004 by Pierre Omidyar, the founder of eBay and his wife Pam, Omidyar Network has committed over $1.3 billion to for-profit and non-profit organizations that are engaged in initiatives like financial inclusion, education, digital identity and emerging tech.

Source: financialexpress.com- Nov 21, 2018

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India push for free trade pact with Britain

Brexit battle being watched closely, as 800 Indian companies use Britain as gateway to EU

Trade talks with the UK are scheduled next month that will give impetus to a free trade pact even as the Theresa May-government grapples with the complexities of Brexit that is being keenly watched by India Inc, which has a sizeable interest in the island nation.

"India and Britain are expected to hold unofficial talks on free trade agreement and discuss the issues that need to be incorporated and areas of sensitivity in the post Brexit trade relations next month," a senior commerce ministry official said.

Commerce minister Suresh Prabhu is expected to hold discussions with UK Secretary of State for International Trade Liam Fox, who is due to visit the country in December.

Officials said the two leaders were expected to lay the broad contours of the trade talks during their discussions so that negotiators can take them forward.

About 800 Indian companies use Britain as a gateway for entry into the European Union and would be keen to continue their relations as Brexit unfolds.

Indian firms employ more than 1.1 lakh people in the UK and account for more than $68 billion in revenues. Roughly half of India's investments to the European Union go to the UK and about three-fourths of that from London.

"India and the UK have always shared a close economic relation. It has been the second largest trade partner for India in the EU after Germany. It is in the interest of both countries to work towards intensifying the relations," the official said.

UK's official exit from the EU will take place in March 2019, but the old rules and regulations will continue till December 2020.

Trade between India and the UK stands at $24 billion a year, and analysts believe this can be easily ratcheted up to $30 billion by 2020, even without a trade pact. However, a formal deal can increase trade manifold.

India is keen on deals to ease the export of software as well as the movement of IT and healthcare professionals. New Delhi also wants a greater access for generic drugs and pharma firms.

India's textile and garment sectors are also extremely keen on a trade pact. They are the country's biggest forex earners after software and gems and jewellery.

India has been getting a raw deal in garments over its main competitors — Bangladesh, Cambodia, Vietnam and Pakistan — which have the advantage of either preferential agreements or quotas.

Indian export of garments to Europe on the other hand attracts a 9.6 per cent duty, making such products uncompetitive.

Source: telegraphindia.com- Nov 21, 2018

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How PM Narendra Modi has helped Khadi industry's turnaround in India

Ever since being elected as the prime minister, Narendra Modi has been promoting Khadi and mentioned it in his radio address multiple times. He even talked about the growth of the Khadi industry in this year's Independence Day address.

Last year, in his 36th monthly radio address – Mann Ki Baat, prime minister Narendra Modi had urged people to come forward and promote Khadi. He had said that poor are getting jobs because the sales of Khadi have increased and the recent data revealed by Khadi and Village Industries Commission (KVIC) backs the claim. KVIC Chairman Vinai Kumar Saxena told PTI that 18,39,887 jobs were created by KVIC till September 2018.

Ever since being elected as the prime minister, Narendra Modi has been promoting Khadi and mentioned it in his radio address multiple times. He even talked about the growth of the Khadi industry in this year's Independence Day address.

In September 2017, he had said that Khadi is not just a piece of cloth but an idea. "I am not asking people to only wear Khadi but since there are so many fabrics with people, why not one of Khadi as well? Youth is also getting attracted to Khadi. The sale of Khadi has increased because of which poor are getting jobs," PM Modi had said.

In its progress report, KVIC has acknowledged the attention it has got from the prime minister.

"KVIC has also benefitted from the personal attention and commitment provided by the prime minister towards the promotion of Khadi and Village Industries Commission and accomplished many firsts and feats," it said.

The average sales of Khadi sector stood at Rs 914.07 crore between 2004 and 2014. This increased by a whopping 100.02% between 2015 and 2018 to Rs 1828.30 crore. The average export of Khadi and village industries products also increased from Rs 87.77 crore between 2004 and 2014 to Rs 204.75 crore between 2015 and 2018.

Saxena said that the commission plans to create another 13,83,130 jobs from November 2018 to March 2020. According to KVIC's vision document presented to the MSME ministry, over 11.3 lakh jobs will be created under PMEGP between November 2018 and March 2020. Another 48,222 jobs shall be generated by Khadi and 24,000 jobs by the 'Solar Vastra' during the period.

"Thanks to the ministry's timely approvals, in the last four years, while the total employment created by KVIC till September 2018 is 18,39,887; we have planned to create another 13,83,130 jobs during November 2018 to March 2020," Saxena said.

Apart from this, KVIC has estimated that 44,029 jobs would be created through other village industries, 20,285 jobs through the Honey Mission and 1,09,200 jobs from the Kumbhar Sashaktikaran Mission by March 2020.

Source: financialexpress.com- Nov 21, 2018

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Cotton prices to trade sideways to lower: Angel Commodities

According to Angel Commodities, MCX Nov cotton slump to 7 - week lower on Tuesday tracking weakness in international prices and balanced demand - supply situation in domestic market.

MCX Nov cotton slump to 7 - week lower on Tuesday tracking weakness in international prices and balanced demand - supply situation in domestic market. The Indian Cotton Federation (ICF) has estimated cotton crop for 2018 - 19 in the country to be 373 lakh bales of 170 kg a bale.

Uneven distribution and lower rains in cotton growing regions going to hamper the yield for the kharif 2018 - 19 season will result in to lower overall output. Farmers in Gujarat - the largest grower - fear picking may come down from normal 4 - 5 to merely one or two this year.

The CAI has revised downward the cotton production estimate for the country by 4.75 lakh bales, pegging it at 343.25 lakh bales of 170 kg for the current season 2018 - 19 (Oct - Sep).

Outlook

Cotton futures expected to trade sideways to lower on steady demand but expectation of higher arrivals may keep prices under pressure in coming weeks. Moreover, export demand from China, Bangladesh, Vietnam & opening up of Pakistan market to keep prices high this season.

Source: moneycontrol.com- Nov 21, 2018

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Agro exports can grow to USD 100 billion by 2022

Indian agro-exports valued $38.74 billion have a potential to grow to $100 billion by 2022 — if the export sector capitalises the opportunity opened up with the trade war between the US and China and SMEs start exporting directly to the overseas buyers.

While increasing the import tariffs for products from the US, China has reduced tariffs on many agricultural products from its Asia Pacific Trade Agreement partners comprising India, Sri Lanka, Bangladesh, South Korea and Laos. This could result in increasing the agro exports from India.

According to a study by the commerce ministry, the ongoing trade war has opened a window of opportunity for India to push for higher exports in 171 items, ranging from textiles to marine products. This opens up an additional outbound shipment potential of up to $8.7 billion a year. A large chunk of this export revenue can come from agri commodities and agro-based products.

"China has imposed a 25 per cent tariff on US produced soybean, while removing all tariffs on imports through APTA countries. China's annual soybean import is of around 100 million tonnes. This presents opportunity for Indian soybean producers to export to China. Similarly, China is world's biggest importer of rice with import of more than five million tonne per year.

Recently, it has allowed exporting of non basmati rice from India. Total of 24 rice mills have been cleared for exporting rice. India is the world's top rice exporter with 12.7 million tonne export last fiscal. So, the potential to export rice to China is huge,' said Pawan Gupta, founder of Connect2India.

The agro-products items that will help India make inroads into the American market include shrimps and prawns, yarn, fabrics, garlic, berries, sugar confections, oilcake, leather, rubber and wooden products.

Further, there are products like fresh grapes which were being exported to China. After China increased its tariffs for such products from US, our exports stand to gain significantly. Products such as fresh and dried oranges, corn, durum wheat and grain sorghum are not currently exported to China. India can grab a good share of the $10 million US exports of these products.

“In the short to medium term, trade war opens up an opportunity. Besides capitalising this opportunity, if our small and medium enterprises start exporting directly to overseas customers, our $38.74 billion agri-exports can grow to $100 billion by 2022,” said Gupta.

According to him, only one per cent of the 65 million SMEs are exporting directly to buyers abroad. They lack global visibility, awareness and competitiveness and hence end up selling their products to merchant exporters.

“They have to share a good portion of the profits with the merchant exporters and so they cannot become competitive in the market. They also are not aware of the demand in the international market nor can they plan production according to the demand. Once they get directly in touch with the buyers, their margins will improve, their visibility in the global market will become better and awareness levels also will increase. This will help them double their exports,” he said.

Connect2India is currently serving as a platform for the SMEs to reach out to their overseas buyers. Among the SMEs who have come on board largely deal with agro commodities and products.

“If India has to touch $2 trillion trade by 2025 as envisaged by the government, the direct exports by SMEs will have to grow to at least 10 per cent from the current one per cent,’ he added.

Source: asianage.com- Nov 21, 2018

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Lower crude prices could slow down exports

Maintaining export growth from November to be a challenge, says FIEO

Softening of global crude prices could have an impact on export growth and the country may find it difficult to reach the $350-billion shipment target set for 2018-19.

Crude prices are like a double edged sword as its spike impacts imports and the current account deficit. However, the softening of fuel prices affects shipments as it is a major contributor to the export basket.

DIP DATA

Exports (Figures in $bn)

April 2018	25.9
May	28.8
June	27.7
July	25.7
August	27.8
September	27.9
October	26.9

"Maintaining export growth from November onwards will be a challenge. We expect the import bill to come down, but the bigger challenge is that the base effect of crude price will kick in along with lower crude prices and so maintaining a strong export growth will be a challenge," Ajay Sahai, director-general and CEO of the Federation of Indian Export Organisations (FIEO), said.

India imports over 80 per cent of its crude needs. Oil imports in October totalled $14.21 billion, up 52.64 per cent from a year earlier, the data showed. Brent crude prices increased 39.66 per cent in October from the same period last year.

Petroleum exports contribute over 17 per cent of the country's overall trade basket. The trade deficit related to fuel items widened to $9.7 billion in October 2018 from $6.5 billion in September 2018.

Sahai said: "In the 17.86 per cent growth in exports in October, the net export, or the value of exports, is much less than the value in September, which was negative. In September, we suffered a negative growth. In October, we have a growth of around 17 per cent but still the value of exports in October is less than September". The October trade numbers showed that exports jumped over 17 per cent to $26.98 billion compared with $22.89 billion last year. However, when compared with September, the month-on-month dip was 3.47 per cent in October, down from $27.95 billion.

Analysts expect crude prices to moderate in the coming months and are likely to remain below $70 a barrel and exports could be in the region of 10-12 per cent. However, the silver lining is the trade war between the US and China, which will provide a window of opportunity for Indian goods.

Sahai said: “Reaching the $350-billion target would be difficult, but the trade war provides a glimmer of hope. It is allowing new markets for Indian products and opening up Chinese markets for products such as sugar and non-basmati rice.”

Last fiscal, exports grew 9.8 per cent to $303 billion. In the April-October period this year, exports grew 13.27 per cent to $191 billion. Imports were up 16.37 per cent to $302.47 billion.

Source: telegraphindia.com- Nov 21, 2018

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Launch e-com marketplace for traders: India's CAIT

The Confederation of All India Traders (CAIT) recently urged commerce minister Suresh Prabhu to launch an e-commerce marketplace portal in partnership with trade associations where small traders, artisans and women entrepreneurs can sell their products in a fair and transparent manner. It also demanded an early announcement of an e-commerce policy.

In letter to Prabhu, CAIT demanded formation of a regulatory authority to monitor the e-commerce business, which, it alleged, is highly vitiated and has been gripped by a few big online companies indulging in predatory pricing, deep discounting and loss funding against India’s foreign direct investment guidelines, according to Indian media reports.

The commerce and industry ministry notifies FDI policies through press notes. Press Note 3, which was released in 2016, enlists guidelines for foreign direct investment in e-commerce sector.

Source: fibre2fashion.com- Nov 22, 2018

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