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IBTEX No. 227 of 2019 November 22, 2019

US 71.74 | EUR 79.37 | GBP 92.67| JPY 0.66

Cotton Market		
Spot Price - Shankar 6 (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
19234	40200	**71.42**
Domestic Futures Price (Ex. Warehouse Rajkot), December		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
19110	39940	**70.95**

International Futures Price	
NY ICE USD Cents/lb (March 2020)	64.01
ZCE Cotton: Yuan/MT (January 2020)	12,725
ZCE Cotton: USD Cents/lb	82.12
Cotlook A Index – Physical	**73.40**

Cotton Guide: As expected the volumes were lower due to position liquidations and rollover. The volumes were seen at 41,104 contracts. Volumes for the December future were 7,354 contracts whereas the volumes for the March contract were 25,304 contracts. While speaking about the open interest December 2019 futures has its first notice day today.

Total Open Interest decreased by 13,842 contracts to 206,230 contracts. The ICE December open interest declined by 10,453 contracts to 7,524 contracts. The ICE March and ICE May OI also emanated a decline of 2,680 and 604 contracts respectively to 124,913 and 31,141 contracts.

The ICE December contract settled at 61.84 cents per pound with a change of -40 points. The ICE March contract settled at 64.01cents per pound with a change of -27 points whereas the ICE May contract settled at 65.14 cents per pound with a change of -34 points. It has been a bearish to a sideways trend since the last few days.

Despite Good Export sale figures, the ICE contracts moved downwards. Let's have a look at the export sale figures.

Upland Sales: Net sales of 227,600 Running Bales were noted for 2019/2020 (for the week ending November 14, 2019) but low by 34 percent as compared to the last week's data.

Country	Increases in Running Bales
Vietnam	95,600
Pakistan	40,100
Bangladesh	31,200
Turkey	28,200
Japan	14,300

Table 1: Upland Sales

The above were offset by cancellations seen for China at 24,200 Running Bales.

For 2020/2021, net sales of 58,200 were seen for China 39,600 Running Bales, Guatemala 15,800 and India 1,800 Running Bales.

Upland Exports: Exports were seen at 137,900 Running Bales up 9 percent from the previous week.

Country	Exports in Running Bales
Pakistan	28,800
Vietnam	27,300
China	22,000
Mexico	18,400
Bangladesh	9,600

Table 2: Upland Exports

Net sales of Pima summed up to 7,100 Running Bales which was seen to show a decline of 41 percent from the previous figure. Increases were for Vietnam 2,200 RB, El Salvador 1,100 RB, Bangladesh 1,000 Running Bales, Peru 800 RB and Pakistan 600 RB.

Despite the aforementioned decent figures, the Bulls could not push the prices higher.

The MCX contracts, on the other hand followed the direction put forth by ICE. The MCX November contract settled at 19,020 Rs per Bale with a change of -130 Rs. The MCX December contract settled at 19,110 Rs per Bale with a change of -100 Rs, whereas the MCX January contracts bagged some volumes of 138 lots and settled at 19,220 Rs per Bale with a change of -90 Rs.

The Cotlook Index A has been updated at 73.40 cents per pound with a change of -100 points. The prices of Shankar 6 have been updated and unchanged at 40,200 Rs per Candy.

On the fundamental front, we expect the prices to show a sideways trend on ICE whereas MCX contracts are expected to show the same sideways trend with a hint of positivity.

On the technical front, in daily chart, ICE Cotton has broken the support of upward sloping channel, after an Inverse Head & Shoulder pattern breakout. However, price have sustained at the support of 50% Fibonacci retracement level (61.29) of an intermediate up move.

Meanwhile, the daily EMA (5, 9) at 63.07, 63.40, having a negative crossover along with the momentum indicator RSI is at 48, suggesting sideways to negative bias for the price. The immediate resistance for the price would be at 63.80 (23.6% Fibonacci retracement level). Thus for the day we expect price to trade in the range of 61.30-63.80 with sideways to negative bias. In MCX Nov Cotton, we expect the price to trade within the range of 18950-19150 with a sideways bias.

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

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INTERNATIONAL NEWS

OECD trims global 2020 economic growth forecast

The OECD trimmed Thursday its 2020 global economic growth forecast and said it did not see a strong rebound in 2021 owing to risks stemming from trade tensions. The Paris-based Organisation for Economic Co-operation and Development now estimates that business activity around the world will expand by 2.9 per cent next year, a decline of 0.1 percentage points from a previous forecast issued in September.

In 2021, the OECD, which groups the world's wealthiest nations, sees global economic growth edging back up to 3.0 per cent, according to its November 2019 Economic Outlook.

OECD chief economist Laurence Boone noted that "for the past two years, global growth outcomes and prospects have steadily deteriorated, amidst persistent policy uncertainty and weak trade and investment flows."

She said that while central banks had taken decisive and timely monetary decisions that partly offset negative effects of trade tensions, most governments had not done so on a fiscal level, for example by investing in long-term projects to improve infrastructure, advance digitalisation of their economies and limit climate change.

Owing to "persistent policy uncertainty and weak trade and investment flows," she said the OECD now saw the global economy expanding at "the weakest rate since the global financial crisis" erupted in 2007. The US economy, the world's biggest, "is expected to slow to 2.0 percent by 2021, while growth in Japan and the euro area is expected to be around 0.7 and 1.2 percent respectively."

In China, the second biggest economy worldwide, growth was forecast to "continue to edge down, to around 5.5 percent by 2021", Boone said. Other emerging-market economies are expected to recover "only modestly," she added.

Source: financialexpress.com- Nov 21, 2019

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Singapore sees economic recovery in 2020 as growth rebounds

Singapores economy expanded at a faster pace in the third quarter than earlier estimated, with the city state projecting the recovery will take hold next year.

The final reading of gross domestic product showed the economy grew an annualised 2.1% in the third quarter from the previous three months, versus a previous projection of 0.6%, the Ministry of Trade & Industry said in a report Thursday. The economy is set to expand 0.5%-2.5% next year, compared with 0.5%-1% this year, it said.

Compared with a year ago, GDP rose 0.5% in the third quarter, up from an initial estimate of 0.1%. The median forecast in a Bloomberg survey was for growth of 0.4%.

Given the growth outlook for Singapore's key final demand markets, and the projected recovery in the global electronics cycle in the year ahead, MTI expects growth in the Singapore economy to pick up modestly in 2020 as compared to 2019, the ministry said.

With no clarity about whether US-China trade tensions will be resolved soon, Singapore's trade-reliant economy is showing mixed signs, with the electronics industry experiencing a tentative rebound and exports still contracting.

Non-oil export growth

In a separate report Thursday, Enterprise Singapore sees non-oil export growth of 0%-2% in 2020, compared with a contraction of 9.5% to 10% this year.

Prospects for 2020 tilt toward stabilisation, said Selena Ling, an economist at Oversea-Chinese Banking Corp in Singapore. OCBC sees growth of 1%-2% in 2020, with non-oil exports likely to recover if there is no further escalation of US-China trade tensions in the form of fresh tariffs/hikes, she said.

Singapore's currency was little changed at 1.3626 per dollar in early Asian trading Thursday.

The central bank, which eased monetary policy for the first time since 2016, said last month it expects a turnaround in the economy toward years end, with a modest improvement next year alongside stable global prospects.

Edward Robinson, chief economist of the Monetary Authority of Singapore, told reporters Thursday that policy is assessed to remain appropriate at this point in time and the policy stance then will depend on how the economy evolves.

Modest pickup

The MTI said there were signs of stabilisation in the global economy even though global growth remains weak. World growth is projected to see a modest pickup in 2020 led by emerging markets, while growth in Singapore's main markets of the US and China will likely ease, it said.

Manufacturing rebounded from a recession to grow an annualised 7.6% in the third quarter from the previous three months. Services rose 0.4%, while construction contracted 0.1%. For a more detailed breakdown of the sectors, click on this table.

Source: thehindubusinessline.com - Nov 21, 2019

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US cotton industry sets sustainable production goals

The company founded by an association of American cotton growers has set six sustainable goals to implement in its production methods over the next decade.

The US cotton industry wants to become more sustainable. The company founded by an association of American cotton growers has set six sustainable goals that target areas for each pound of cotton. The goals are set to be implemented over the next decade.

The first one is to increase soil carbon by 30%, reducing tillage and using cover crops. The second goal is to increase land-use efficiency by 13%, to fight the lack of new available land.

The third goal is to decrease greenhouse gas emissions by 39% using new methods to lower levels through Nitrogen use.

The fourth sustainable goal set by the association is to decrease soil loss per acre by 50%. The fifth goal is to decrease water use by 15% and improve yields and crops without increasing water use. The sixth and final goals is to decrease energy use by 15%.

"These goals aren't arbitrary numbers, they are real and realistic, we can continue to set the standard of quality cotton production worldwide by defining, implementing and measuring our efforts," stated the company in a press release.

Source: themds.com - Nov 21, 2019

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USA: Outdoor Brands 'Buried' by 'Avalanche' of September Tariffs, OIA Says

The outdoor industry has been hit by an "avalanche" of crippling tariffs, totaling more than $1 billion for the first time ever during the month of September.

New data from the Outdoor Industry Association (OIA) shows that American outdoor brands and retailers have paid an astounding $2.6 billion more in tariffs this year than in 2018.

On Sept. 1, the Trump administration implemented a 15 percent punitive Section 301 tariff on a number of outdoor goods, including hiking boots, ski jackets and tents—more than tripling the value of impacted products month over month. Impacted goods totaled $1.3 billion in August, but that number ballooned to $4.1 billion in September.

The Washington, D.C.-based trade organization's data reveals astronomical tariff hikes on specific categories year over year. Tariffs on outdoor apparel jumped more than $100 million alone in September 2019 compared with the prior year, and outdoor equipment suffered a nearly identical blow. Outdoor footwear has weathered nearly $60 million in additional tariffs compared with last year.

The most recent round of tariffs has kneecapped an industry that already faces some of the highest tax rates on imports from China. Before September, for example, a pair of hiking boots faced a tariff rate of 37.5 percent. That rate has risen to 52.5 percent.

Now, the outdoor industry is bracing for yet another round of potentially devastating tariff increases, set to go into effect on Dec. 15. The new 15 percent increase would impact an expanded range of products, like sleeping bags, more outdoor footwear and apparel.

“America’s outdoor businesses are being buried by additional tariffs,” Patricia Rojas-Ungar, OIA’s vice president of government affairs, said on a call with media on Tuesday.

As these punitive tariffs continue to grow, some brands are being forced to consider price increases on products, she added. Because consumers are price sensitive, she said, “our fear is that price increases will turn consumers away from our gear and the benefits of spending time outdoors.”

Sara Bowersox, global trade compliance manager for OIA member Keen Footwear, told reporters that the biggest impact of the September tariff increases has been on the company’s domestic production. The footwear brand’s hometown factory in Portland, Ore., has faced significant challenges due to the increased duties on imported items used to make its shoes.

“List 4A drove a significant duty cost spike for that site’s American-built program,” Bowersox explained, adding that the tariffs on components used in the brand’s Portland factory jumped from rates below 6 percent to nearly 20 percent, factoring in the additional 15 percent duty.

“This exercise proved that U.S. production is not the ultimate solution,” she said. “U.S. production uses input from other parts of the world, and is therefore not insulated from trade war fallout.”

Vista Outdoors vice president of public affairs Fred Ferguson said the company, which owns 40 brands and employs around 3,700 employees across the U.S., has faced massive headwinds due to the latest round of tariffs.

Safety helmets have been disproportionately impacted, he said, having been excluded from List 3 but curiously included on List 4. "Helmets have been whipsawed by the China 301 tariffs. They have been listed, de-listed, and listed again," Ferguson said.

"Vista, our coalition of supporters on Capitol Hill, and other trade groups believe that safety helmets should not be a part of the list," he added, explaining that products that promote health and safety were supposed to be considered for exemption.

Ferguson went on to tell reporters that the impacts of tariffs—both implemented and proposed—are currently impacting the company's financial performance, stripping between $15 million to $20 million from the bottom line during the current financial year.

"The overall lack of certainty complicates all aspects of business operations," he said. "These supply chains have been established over long periods of time, and while we are developing mitigation strategies above and beyond political advocacy, simply relocating operations to meet the political challenges of today is not feasible or realistic in the short term," he added.

OIA is continuing to call on the president to finalize a phase one deal, OIA's Rojas-Ungar said on the call. That deal would include "a complete rollback on all existing punitive tariffs on outdoor gear and products, and prevent new ones from coming into effect," she said.

"Without this certainty, outdoor industry companies will continue to spend precious resources on managing the tariffs instead of their operations," she added.

Source: sourcingjournal.com- Nov 21, 2019

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The journey to a sustainable RMG industry in Bangladesh

Let me begin with a quote by Bengali poet and Nobel Prize Laureate Rabindranath Tagore. "You can't cross the sea merely by standing and staring at the water."

I want to use these words as an inspiration for the journey we have embarked upon across the Bangladesh garments industry. We all want to see a stronger, richer and developed Bangladesh crossing Tagore's sea with wind in its sails. To do so, we cannot merely stare at the water but venture the high seas, using sustainability as our tailwind.

Our age requires businesses to be compliant, flexible and innovative to play at the global level. They need to prepare for the challenges of tomorrow. But manufacturers shouldn't be left alone. This effort must be a concerted one, involving all levels of the supply chain.

Experience from Better Work across nine countries shows that improved working conditions across the garments sector benefit workers and their families and drive higher profitability for manufacturers.

What about Bangladesh?

The garments sector has played a pivotal role in uplifting the country's economy, creating numerous jobs, pushing down the number of people living in poverty, and fostering female labour participation. The USD 34 billion a year garments export industry is today the third largest in the world.

Following the Rana Plaza tragedy in 2013, the industry has seen tremendous improvements. Efforts that brought these incredible results to life are highly commendable.

Still, the future is stubbornly tapping its feet, asking us to do more.

Bangladesh still has some of the lowest wages among RMG producer countries. Freedom of association faces challenges. Meanwhile, part of the industry's "race to the bottom" on price at the lower-end of the market places a pressure down the supply chain. This poses further hurdles to the implementation of sustainable compliance across the factory floor.

Bangladesh will graduate to middle-income country status in 2024, which means it could lose EU trade preferences if it does not continue on the path of legislative reforms in compliance with international standards.

In parallel, Bangladesh needs to ward off competition. As the garments industry keeps searching for competitive production hubs worldwide, countries like Cambodia, Vietnam, Myanmar and now Ethiopia present new challenges for the local industry.

Sustainability, innovation and expertise development are thus not an option but a must to move to the next level, generate decent employment and cement Bangladesh's position as a preferred outsourcing hub contributing to the country's sustainable growth.

We at Better Work Bangladesh (BWB) are eager to offer our contribution to reach these goals. Our core ambition is to promote sustainable mechanisms for compliance which have an impact on productivity and efficiency. And this outreach extends far beyond the programme itself.

All actors must play their part.

Governments, employers and workers are elements of the same structure that sustains and improves compliance with the Labour Law and core labour standards through enforcement and industrial relations. This process must be supported by responsible business practices across the whole supply chain.

Global brands and retailers are critical to the success of this mission. Through their concern for customers' values and preferences for ethically sourced fashion, they help drive improvements across factories.

BWB's sustainability strategy sees stakeholders fully in the driver seat, equipped with the tools, framework and mind-set to ensure that good working conditions are standard in the industry. We see a role for BWB in forging a shared sense of purpose and implementing a joint roadmap to build a strong, self-reliant culture of compliance.

As part of the Sustainability Compact, which includes the European Union, the Government of Bangladesh, the United States, Canada and the ILO, alongside employers, trade unions and other key stakeholders, we aim to promote continuous improvements in labour rights and factory safety in the RMG industry.

We believe transparency is an essential requirement. The establishment of a platform for factories to exchange best practices is underway and will serve this purpose.

Five years into our existence, BWB's outreach spans more than 530,000 workers in 230 factories, working with 25 international brand partners. That is not yet enough.

We will expand to help drive lasting and sustainable change across the industry. Plans are in the pipeline to establish an office in Chittagong by 2020, where a growing number of BWB factories are located. We are also exploring opportunities to dialogue with the Export Processing Zones Authority, to contribute to continuous improvement of working conditions in the garments sector while maintaining the improvements already implemented.

We can proudly say that the longer a factory is engaged with BWB, the more notable its increase in compliance is. We also know that factories that have completed most of the required fire, electrical and structural safety remediation can now direct more resources to social compliance, including the protection of workers' rights, the promotion of social dialogue and gender equity, and the improvement of occupational health and safety.

Automation is in progress and Bangladesh has no other option but to embrace it. An ILO report on the transformation of the textile and clothing sector across the Association of Southeast Asian Nations (Asean) states that the textile, clothing and footwear sector is at the highest risk of losing jobs in the fourth industrial revolution.

Though automation will not affect the whole industry equally, it is time to increase investment in training and education.

A vast portion of the workers in the clothing industry remains unskilled. Without targeted learning programmes, those workers, particularly women, will lose out.

If we work together and concentrate our efforts in expanding labour market skills to ensure job retention, we won't only have averted an unimaginable employment crisis. We will have also instigated the process of creating a higher value-added industry that will further fuel economic growth, job creation and social progress.

We also cannot forget the importance of gender equality.

While their proportion has significantly decreased, women still make up the majority of garments workers. Empowering and training them ensures their voices are heard, they can progress up the career ladder, and combat harassment and violence in the workplace. Those are key elements of the Better Work strategy at the global and local level.

BWB partnered with IFC in the Gender Equality and Returns (Gear) programme to provide female factory operators with the necessary skills to become supervisors. We joined hands with UNICEF in the Mothers@Work initiative to promote maternity, breastfeeding and childcare protection in factories. This is an integral part of guaranteeing women's access to decent work and ensuring factories increase efficiency and productivity in their lines and keep skilled employees.

It is only through true sustainability and a compliant value chain that we can guarantee inclusion, growth and the retention of the industry's global heavyweight status in the decades to come. A sustainable garments industry will help shape up a sustainable society to be passed on to future generations.

So let's not just stand and stare at the water. Let's be bold, and make the journey together.

Source: thedailystar.net- Nov 22, 2019

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Cambodia: Garment, travel goods exports will stay strong, says minister

Minister of Commerce Pan Sorasak on Thursday expressed his optimism that garment, textile, footwear and travel goods exports will continue to enjoy strong growth over the next few years.

He cited better working conditions and labour compliance as the main drivers of the Kingdom's industrial success.

Sorasak was speaking at the signing of the renewal of a memorandum of understanding (MoU) between the Ministry of Labour and Vocational Training and the Ministry Commerce, the Garment Manufacturers Association in Cambodia (GMAC) and the International Labour Organisation's (ILO's) Better Factories Cambodia (BFC) programme.

The MoU is set to expand the coverage of the travel goods and bag sector for 2020-2022.

The relevant partners' commitment to improving working conditions, competitiveness and productivity in the textile and apparel sector, he said, will help attract investment and boost exports in the sector.

Since the BFC programme launched in 2001, Cambodia has linked trade policy with labour standards in the garment and textile sector to promote compliance with – and effective enforcement of – existing labour laws, and to promote labour rights pursuant to internationally recognised core labour standards, he said.

"Cambodia has been gaining a good reputation and is becoming a leading country in international trade policy and a role model for other countries," Sorasak said.

Linking trade policy with labour standards "helps buyers secure trusted sources of garments in Cambodia", attracts investment, generates jobs and increases income for workers, he said.

He noted that families' incomes have "contributed to the strong economic growth of seven per cent per annum over the past two decades".

ILO Country Office for Thailand, Cambodia and Lao PDR director Graeme Buckley said that over the past few years the organisation has seen a significant improvement in the Kingdom's overall compliance, partly due to the transparent reporting of the BFC on critical issues and low compliance factories.

"The number of low compliance factories has reduced substantially since the launch of transparent reporting in 2013. [That year] 10 per cent of the factory base was low compliance factories, whereas in 2018 the percentage was two per cent," Buckley said.

Minister of Labour and Vocational Training Ith Sam Heng, who presided over the signing ceremony, said his ministry has always considered the BFC and GMAC to be the main stakeholders in ensuring labour rights and working conditions, and improving competitiveness and productivity in the Kingdom's garment industry.

"The new MoU will also cover the travel goods and bags sector, and is another big step to expand its scope. "It showcases the government's commitment in its mission to promote working conditions in the textile, garment, travel goods and bags sector in line with the internationally recognised core labour standards and the Labour Law of Cambodia," he said.

GMAC president Van Sou Ieng claimed that the renewed MoU marks another milestone for Cambodia in terms of its continued commitment to improving working conditions for its workforce, ensuring a thriving market of ethically sourced products and protecting its brands.

"The renewed MoU does not serve to improve the perceived low labour compliance but to further improve the already recognised level of Cambodia's labour compliance.

"Moreover, it serves to sustain our 18-year achievement and to nobly move towards creating a 'culture of compliance' through knowledge and high moral standards.

"We look forward to celebrating the 20th anniversary of the ILO-BFC programme . . . and we call for the support from all stakeholders – especially our buyers – trade partner countries and the international community at large," he said.

US Embassy Deputy Chief of Mission Michael Newbill, who also attended the signing, said the MoU expands the BFC programme to Cambodia's travel goods manufacturing sector for the 2020-22 period.

"This is an important step to ensure that Cambodia maintains good working conditions and uphold workers' rights in the growing sector," Newbill said.

Cambodia's exports were worth a mere $1.188 billion in 2001 before soaring to $12.895 billion last year, said Sorasak, citing the US' and the EU's preferential trade schemes as main drivers of the growth.

Garment and textile exports noticeably boomed from just $828 million in 2001 to $7.779 billion last year, he said.

Cambodia exported more than $7.97 billion worth of garment, textile and footwear (GTF) products in the first nine months of this year, up 13.18 per cent year-on-year from $7.044 billion, a report from the Ministry of Economy and Finance's General Department of Customs and Excise said.

The US accounted for $2.5 billion of exports and the EU $2.4 billion – with $670 million going to the UK, Japan $711 million, Asean member states $121 million and other countries $1.5 billion, the report said.

Source: phnompenhpost.com- Nov 21, 2019

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Pakistan: Ready-made garments worth of $906.663 million exported in 4 months, increases 12%

The exports of ready-made garments during first four months of current financial year grew by 12% as compared to the exports of the corresponding period of last year.

During the period from July-October 2019, about 19.54 million dozens of ready made garments worth $906.663 million exported as compared to the exports of 15.119 million dozens valuing $809.520 million of same period of last year.

Meanwhile, the country exported about 40.246 million dozen of knit wear valuing $1.054 billion against the exports of 37.790 million dozen worth of US $ 962.862 million of same period of last year, which was up by 9.49 percent, according the data of Pakistan Bureau of Statistics.

During the period under review, 172,547 metric tons of bed wear worth $817.665 million also exported as compared to the exports of 144,574 metric tons valuing US $ 773.447 million of same period of last year.

The exports of above mentioned product witnessed 5.72 per cent growth in first four months of current financial year.

In first four months of current financial year, about 58,030 metric tons of towels worth $251.647 million exported as compared to the exports of 60,041 metric tons valuing US $ 249.651 million of same period of last year, it added.

According the data, textile group exports during first four months (July-October) of current financial year witnessed an increase of 4.10% as compared to the exports of the corresponding period of last year, where as textile sector exports witnessed about 7.44% growth in month of October, as against the exports of same month of last year.

During the period from July-October, 2019, textile products worth over US $ 4.586 billion exported as against the exports of US $ 4.406 billion of same period of last year, showing an increase of 4.10 percent, it said.

On month on month basis, the textile products over US $ 1.214 billion exported in month of October, as compared to the exports of US $ 1.130 billion of same month of the last year.

The exports of raw cotton during the period under review increased by 0.78 per cent, cotton carded or combed 100 per cent and yarn other then cotton yarn grew by 21.24 per cent respectively, the data revealed.

However, in last four months of current financial year, the exports of textile products observed decline in their respective exports included cotton yarn decreased by 2.14 per cent, cotton cloth 4.83 per cent, tents, canvas and tarpulin by 1.58 per cent, it said.

However, exports of raw cotton came down from US $ 392.948 million in first four months of last financial year to US $ 384.553 million in same period of current financial year.

It may be recalled here that country's merchandise trade deficit plunged by 33.52 percent during the first four months of the current fiscal year (2019-20) as compared to the deficit of the same month of last year.

According to the data the trade deficit during July-October 2019 was recorded at US $ 7.776 billion against the deficit of US $ 11.696 billion during July-October (2018-19).

The exports during the period increased from US $ 7.270 billion during last year to US $ 7.547 billion during the current fiscal year, showing growth of 3.81 percent.

On the other hand, the imports of the country witnessed decline of 19.21 percent by falling from US $ 18.966 billion last year to $15.323 billion during the current fiscal year, the data revealed.

Meanwhile, on year-on-year basis, the exports of the country increased by 6.75 percent by growing from US $ 1.896 billion during October 2018 to US $ 2.024 billion in October 2019.

On the other hand, the imports declined by 15.14 percent by going down from US $ 4.801 billion in October 2018 to $4.074billion in October 2019.

On month-on-month basis, the exports of the country increased by 14.41 percent in October 2019 when compared to the imports of US $ 1.769 billion in September 2019. On the other hand, the imports into the country witnessed increase of 7.64 percent.

Source: app.com.pk- Nov 21, 2019

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Pakistan: Improving export performance

Over the last 3 decades the export performance of Pakistan has remained abysmal as compared to other countries in the region with similar dynamics.

The economy faced many internal and external challenges like currency devaluation, high cost of doing business, energy crisis, inflated crude oil prices, internal political instability, and war on terror situation.

Required investment to stabilize economy and generate GDP growth was unavailable because the viability of economic outlook was not congenial for the fresh investment consequentially resulting in dismal trade performance.

The export performance comparison of Pakistan, Bangladesh, India and Vietnam for the year 2017-18 illustrates that our competitors have outperformed us.

Bangladesh exported goods worth $36.66 billion, Vietnam had total exports of $ 31.5 billion, and India's were US $ 302.84 Billion while Pakistan's exports were a meagre US $23.228 billion for the same year 2017-18.

The inability of Pakistani exports to tap some of the most dynamic world markets along with high product concentration and low-technological level is because of several reasons; firstly, lack of product diversity and low value added products; secondly, lack of market diversification; and thirdly, enormous unrealised SMEs' potential and low skill development.

However, fresh investment in the manufacturing sector is the prerequisite for all export enhancement initiatives. Pakistan's investment-to-gross domestic product (GDP) ratio has been hovering around 15% while other developing countries like China, India and South Korea have maintained the ratio above 30% putting their respective economies on a sustainable path.

Investment-to-GDP ratio should be raised to at least 20-25% to increase productivity and exports for a sustainable economic future.

Our economy relies heavily on cotton production and the textile sector. The cotton-processing units and textile industries make up almost half of the country's manufacturing base. This sector alone accounts for 11 percent of GDP and approximately 60 percent of export receipts, hence any investment/improvement in this sector has a potential to significantly increase country's exports.

However, withdrawal of zero-rated regime and imposition of 17% GST, along with steep depreciation of local currency together have squeezed the flow of money in exporting sectors.

The immediate impact of the withdrawal of SRO 1125 is the transfer of Rs. 300 billion float from industry to FBR for an extended period of time. By the collection of Rs. 300 billion from the exporting industry, the government has started another refund cycle soaking up market liquidity.

Over the last decade the liquidity squeeze in the textile sector has reduced investment in technical machinery to a dismal level of 44 percent of what it was in 2005-2006.

The textile sector has not been able to accumulate capital to invest in up-gradation of the industry due to slim margins, liquidity crunch owing to stuck refunds and lack of profitability over the last five to six years.

The government owes approximately Rs.200 billion of refunds to the exporting sector and the settlement of these refunds can bring about liquidity in the market for investment that would revive the textile units and hence exports.

In 2006, according to a survey carried out by International firm GHERZI Pakistan's industry had relatively new machinery and a technological edge over its competitors.

Over the last decade investment in the country's textile industry fallen because of high cost of doing business resulting in the industry losing its technological advantage over its competitors.

The 30% production capacity across spinning, weaving and processing sectors with export potential of $4 billion has closed down in Punjab in last 4 years due to inappropriate policies and the high cost of doing business.

With the government's determination to boost exports, textile sector investment in their manufacturing infrastructure and upgradation of their production units can deliver on the aim of enhanced exports because of its innate advantage of substantial infrastructure in the country. This sector has the potential to increase textile exports from $13.32 billion (FY 2018-19) to $25 billion in the next 5 years and to $50 billion in next 10 years.

Textile sector requires a total of 9.3 billion dollars additional investment to raise textile exports from $13billion to $29.15 billion in five years. In addition to $6.80 billion to raise exports, approximately $2 billion is also required for revival of closed industry that has a potential to increase exports by $4 billion and $0.5 billion for technology and skill development is required to be injected into the textile sector.

The government rationalized energy prices from January 1, 2019 for the exporting sector by fixing electricity tariff at 7.5 cents/kwh and RLNG price at $6.5/MMBTU.

This initiative has reduced cost of doing business restoring exports viability. Pakistan's textile and clothing exports grew by over four percent year-on-year during the first four months of 2019-20.

Furthermore, the US- China trade war has opened a window of opportunity for Pakistan resulting in export order books full of Pakistani textile exporters for this season but unfortunately the sector does not have the required capacity to meet these orders.

New investment is mandatory for the expansion of the existing production infrastructure and the up-gradation of technological capacity.

Nevertheless, targeted policy initiatives in the specific textile sector need to implement which will enhance exports within a few years but will also have a multiplier effect in the long term creating job opportunities, increasing GDP and stabilizing socio-economic outlook of the country.

For instance, setting up of 1000 garment plants with the total investment of US $ 7 billion will generate annual exports of $20 billion and will provide employment to 700,000 workers.

If each plant consists of 500 stitching machines for an investment of $7 million, it would be able to produce garments for exports of $20 million, while generating employment for 700 workers.

These 1000 garment plants can be established near major textile producing cities such as Lahore, Sheikhupura, Faisalabad, Kasur, Multan, Sialkot, Rawalpindi, Karachi and Peshawar.

To remain competitive in international market, necessary support is obligatory to attract further investment in new machinery and technology compared to the incentives given by our competitors like Vietnam, China, India and Bangladesh.

Investors are also reluctant to invest due to burden of taxes, regulatory procedures and unsustainable policies.

The $ 29 billion textile exports, 15 million bales of cotton production, revival of $ 4 billion closed potential; job creation and further investment in textile sector are all subject to a successful and fast track implementation of Prime Minister's Export Enhancement Vision and a long-term textile policy to back it up.

Source: brecorder.com - Nov 22, 2019

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NATIONAL NEWS

Govt considering formulation of National Textiles Policy: Smriti Irani

Replying to a supplementary question in the Upper House, Irani said in addition to existing markets, 12 new markets have been identified to boost opportunities in the export segment of textiles industry.

The Centre is considering formulation of the National Textiles Policy in consultation with states, Union Minister Smriti Irani said on November 21. "The National Textile Policy is currently under consideration due to our consultation with the states," she said while replying during Question Hour in the Rajya Sabha.

Replying to a supplementary question in the Upper House, Irani said in addition to existing markets, 12 new markets have been identified to boost opportunities in the export segment of textiles industry.

"We are also in the process of ensuring that the small exporters become mid-sized companies through interventions by various government ministries," the minister said.

She informed the House that under the ATUFS scheme, 1,868 applications have been received from various industry partners who have said that they have received a reported investment of Rs 13,612 crore post the Rs 6,000 package being announced.

Responding to a supplementary question on refunds of embedded taxes to exporters, Irani observed that taxation was not under the ambit of her ministry (textiles) but assured that the government is seized of the challenges.

"It is the first time in the history of textile industry in our country that embedded state and central taxes were refunded to our industry and the industry, in its conversation with not only my ministry (textiles) but ministry of finance, commerce and external affairs explores every possibility to strengthen possibilities of our industry," she said.

To another supplementary question on what would have been effect on textiles industry if India chose to sign Regional Comprehensive Economic Partnership (RCEP) mega trade deal, Irani complimented Prime Minister Narendra Modi, who was present in the House at the time, on behalf of the textiles industry, for taking such a strong stand to protect the interests of India's manufacturing sector.

"In fact we have been diligently trying to follow up FTA possibilities with nations which for years were never signed," the minister said.

She thanked the External Affairs Minister S Jaishankar for partnering with the Textile Ministry to explore such opportunities.

In a written reply, Irani stated the export of apparel under special package (October 2016 to August 2019) is Rs 3,27,895 crore which has increased by Rs 16,914 crore as compared with the previous corresponding period. No data on fixed term/direct jobs is available.

In another written reply, she said under comprehensive Integrated Skill Development Scheme (ISDS), a total of 11.14 lakh persons have been trained during FY 2010-11 to 2017-18, in various diverse segments of textiles covering textiles and apparel, jute, spinning, weaving, technical textiles, sericulture, handloom and handicrafts.

The training in ISDS also covered 33 states and Union Territories of the country, widely covering all sections such as women (71.27 per cent), Scheduled Castes (20.82 per cent), Scheduled Tribes (6.9 per cent) and divyang jan (0.28 per cent). Out of the 11.14 lakh persons trained so far, 8.43 lakh persons have been employed.

She said special emphasis is also being laid on upskilling in apparel and garment segment for increasing competitiveness in the industry in global market.

Source: moneycontrol.com - Nov 21, 2019

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Textiles ministry to ink MoU with lab for boosting exports

Rajasthan's Japanese connect is not limited to the dedicated industrial zone in Neemrana alone. The third largest importer of the world also gets 30% of its garments in womenswear segment from Jaipur. But that's a scratch compared to the potential, said a top official of the Union textiles ministry.

"Out of the $37 billion imports in textiles and garment, India accounts for only $500 million. On the other hand, exports to the US and Europe much bigger, at around $8-9 billion each. In the past one year we have been focusing on how to increase exports to Japan," said Ajit B Chavan, secretary of Textiles Committee, Ministry of Textiles at an event organised by the Garment Exporters Association of Rajasthan.

Chavan said that besides the barriers of language, quality is an issue with Japanese market. The issue also figured after the Prime Minister's Modi's visit to Japan in his first term where the top leadership directed ministries to find gaps and plug them for increasing exports to the country.

"In our studies, we found that understanding quality standards of Japan is a key missing piece. Now, we have that in place and have a special desk to help exporters. Similarly, we found that Japanese trust products certified their labs. To address this, we have been negotiating with a Japanese company which is already in Jaipur to set up labs for testing," said Chavan.

The textiles Committee is already at an advanced stage for signing an MoU with the company to have roll out the testing facility across its 18 labs in the country. "The certificates of the test labs will be co-branded and will live up to the trust of the Japanese clients," added Chavan.

GEAR president Rajeev Dewan and general secretary Aseem Kumar who recently visited the government testing lab in Jaipur said the machines in the government lab is of superior quality and the tie-up with Nissenken will certainly open more scope. Currently, Nissenken runs a lab in Jaipur to facilitate the exporters in the city for testing Japan bound shipments.

Source: timesofindia.com - Nov 22, 2019

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The myths around free trade agreements

FTAs can ensure market access to only the right quality products at competitive prices

India's decision not to join the Regional Comprehensive Economic Partnership (RCEP) has led to an avalanche of write-ups, editorials and interviews. Most looked at the effect of the decision around four issues: exports, investments, integration into the global value chain (GVC) and domestic industry. Let us use another source for insights — experiences countries have had with free trade agreements (FTAs).
Impact on exports

First, do FTAs lead to an increase in exports? Few economists have argued that by not signing the RCEP, Indian exporters would miss on exporting to RCEP countries. They forget that India has FTAs with the Association of Southeast Asian Nations (ASEAN), Japan, South Korea, and three-fourths of the bilateral trade already happens zero duty. India also has a small preferential trade agreement with China.

But the mere signing of an FTA does not guarantee an increase in exports. If import duty in the partner country is high, there is a likelihood of an increase in exports by 10% when this duty becomes zero. But chances of exports increasing are low if import duty of the partner country is low at 1-3%. From this count, FTAs are of no use for exporting to Singapore, Hong Kong, as regular (Most Favoured Nation) import duties are zero.

FTAs with Malaysia, Japan, Australia, New Zealand, Brunei, etc. benefit few product groups only as more than 60% of imports into these countries happen at zero duty for all countries. There is little additional market access. Most critics have missed this detail.

But even the high import duties coming down to zero through the FTAs do not guarantee exports. Japan reduced duty from 10% to zero for Indian apparels through an FTA in 2011. But India's apparel exports to Japan have nosedived from $255 million in 2010 to $152 million in 2018.

Blame it on Japanese non-tariff barriers to trade (NTBs) such as special sourcing requirements. But NTBs are generally not negotiated in FTAs.

Countries have to resolve these bilaterally. To summarise, FTAs cut import duties, but this is only one of many factors that decide if exports will increase.
Investment flow

*Does a lower import duty regime help in getting significant investments? Most experts have argued in its favour. Let us look at evidence from the automobile industry in Australia and India. Australia, in 1987, produced 89% of the cars it used. It protected the car industry through a high 45% import duty. But the share of locally produced vehicles came down as the duties were reduced. Today, Australia imports nearly all cars as tariffs came further down to a 5% level. Most manufacturers such as Nissan, Ford, General Motors, Toyota, Mitsubishi, etc. which produced cars in Australia shut shop.

But, India could attract significant investments in the car sector on account of high import duties. This resulted in the development of an indigenous car and auto component industry. Now, with the car industry maturing, India can think of lowering import duties to promote competition.

Most investments are a result of the package such as tax cuts, cheap land, power, etc. offered by the host country. If a country is not the most efficient economy, some level of an import wall helps in getting external investments.

Without an import wall, many firms may shift production to the more efficient FTA partner countries for exporting back to the home market. But the quality of investments increases as a country moves towards becoming a more efficient economy. Such countries are in an ideal position to become manufacturing and services hubs.

Third, do FTAs ease entry into GVCs? Most commentators have lamented that by not signing RCEP, India will miss becoming part of GVCs. It is not so simple.

Actual value chain activities are time critical. And a country cannot become a significant part of such value chains unless it has efficient ports, customs, shipping, roads and a regulatory compliance infrastructure. GVC production also requires harmonisation of product and quality standards.

For these reasons, FTAs alone do not make a country part of a value chain, which will be disrupted if a shipment is delayed or is of non-standard quality.

ASEAN, Japan and Korea constitute the core of the Asian regional value chain. But despite FTAs with these countries, India has a weak presence in the electronics, machinery or apparels value chains.

Four, is Indian industry protectionist? Consider the impact of reducing import duty on an engine from 20% to zero for an FTA partner. Cheaper imports may replace products from domestic industries.

But, if the duty on a product is low at say 3%, the local industry may not care much about the duty elimination through any FTA. Countries that have reached this stage are comfortable doing FTAs with fewer worries.
Steps to have an effect

An FTA's possible impact on the economy or exports is subject to many caveats. The FTAs can ensure market access to only the right quality products made at competitive prices. Improvement in firm-level competitiveness is a must.

The government can help by ensuring lower duties on raw materials and intermediates than on the concerned finished products. It can set up an elaborate quality and standards infrastructure for essential products. Most countries regulate imports through such requirements and not through tariffs.

Finally, about India turning inward. India ranks higher than the U.S., Japan, and China in the trade openness ratio, the globally accepted measure. The ratio is the sum of all imports and exports as % of GDP — India (43) is more open than the United States (27), Japan (35), and China (38).

Source: thehindu.com- Nov 21, 2019

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A path forward for US-India economic ties

The first step is to build on our areas of economic convergence, and then secure at least a partial trade deal in the near-term

The last few months have witnessed a rising tide of bipartisan support for US-India relations. The Howdy Modi summit in Houston, featuring President Trump and Prime Minister Modi, was attended by a number of top US lawmakers. House Speaker Nancy Pelosi, in her remarks on Mahatma Gandhi's 150th anniversary, categorised US-India relationship as "a shining example of mutual cooperation, prosperity, and respect." Beyond just optics, these reaffirm a new era of greater strategic and economic convergence.

However, since 2018, the Trump administration has criticised India as a "tariff king", increased duties on 14 per cent of India's exports, and withdrawn India from the Generalised System of Preferences (GSP) programme. India retaliated by slapping tariffs on about 6 per cent of US exports. On the strategic side, too, our "natural alliance" cannot be taken for granted. At a recent hearing on Capitol Hill, Democratic lawmakers questioned India's democratic credentials. None of these differences is new, but they show the cracks in the relationship and tell us that it cannot claim automatic support — even from the people who have built it.

The US needs a richer and more powerful India to drive economic opportunity for the US private sector across the region. For its part, India needs the US in its fight against terrorism, counter a hegemonic China, and sustaining economic conditions and technology investments for growth.

Areas of convergence

It is time we set a geo-economic direction to the bilateral relationship, with economic cooperation as the bedrock of the relationship. The first step is to build on our areas of economic convergence that can ultimately work in the national interest of both countries.

For instance, US energy exports to India have grown rapidly in the past few years. This helps both to meet India's growing energy demands, and to shrink the US trade deficit with India — a major concern for the Trump administration.

The US can support India's shift towards alternative energy source through exports of natural gas and bio-fuels, and investments in renewable energy technologies. Healthcare also stands to benefit from the US and India collaborating on innovative solutions to patient costs, regulatory, and access issues.

On defence cooperation, the US can help India meet its military modernisation goals. India has the world's fifth largest defence budget, and the US has become India's second largest defence supplier, following Russia.

As US companies expand manufacturing operations in India, this should create additional opportunities for US Tier 2 and Tier 3 suppliers, allowing India to grow its manufacturing capacity and reduce trade deficit with the US.

On the other side, US remains one of the top destinations for India's services exports. The US is still supply-constrained when it comes to technology, and India is helping to fix the gap. Indian companies provide world-class IT services to global companies, and are now deeply entrenched in the American ecosystem through local hiring, innovation centres, and facilitating STEM education opportunities for the communities they work in.

Second, it is necessary to set the foundation for growing bilateral trade by securing at least a partial trade deal in the near-term. Remarkably, even without any formal arrangements, US-India trade has been on the upswing. According to a USISPF study, US-India trade is projected to grow to $238 billion in 2025 from the current $143 billion if the 7.5 per cent average annual growth rate is maintained.

A partial deal would be a great start to lay the groundwork for a future free trade agreement, providing policymakers a platform for binding our economies more purposefully.

A US-India trade deal could also secure a political win for the Trump administration in an election year — especially if India's GSP benefits are reinstated, providing relief to American farmers and manufacturers to the tune of $250 million.

Trade matters

Finally, both Prime Minister Modi and President Trump need to "walk the talk" on free and fair trade. India needs to move forward on some much-needed market reforms, such as eliminating preferential market access and instilling regulatory coherence in the business environment. On the US side, actions like the Section 301 review of India's e-commerce policies or leaning hard on India to ban Chinese telecom giant Huawei from supplying equipment for 5G wireless technology deflects attention from current and future areas of economic collaboration.

The commitment to build a strong US-India bilateral economic relationship with an eye towards the future needs to start now. The stakes for this relationship are way too high — businesses and governments on both sides cannot afford complacency to set in.

Source: thehindubusinessline.com- Nov 22, 2019

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11.14 lakh people trained under skill development scheme for textiles: Govt

The government on Thursday informed Parliament that a total of 11.14 lakh persons have been trained from 2010-11 to 2017-18 under the Comprehensive Integrated Skill Development Scheme(ISDS) in various segments of textiles covering textiles and apparel, jute, spinning, weaving, technical textiles, sericulture, handloom and handicrafts.

The training in ISDS also covered 33 states and Union Territories of the country, widely covering all sections of the society such as women(71.27%), Scheduled Caste(20.82%), Schedule Tribes (6.9%) and Divyang Jan(0.28%).

"Out of the 11.14 lakh persons trained so far, 8.43 lakh persons have been employed," textiles minister Smriti Zubin Irani told Rajya Sabha in a written reply.

She also said the textiles ministry has expanded the skill development programme, called Samarth, for the entire value chain of the textiles sector except spinning and weaving in organized sector which are being trained under Pradhan Mantri Kaushal Vikas Yojana, with a target of 10 lakh persons at a totat outlay of Rs 1,300 crore.

The ministry has already partnered with 21 government agencies from 18 states and sectoral organisations covering nearly 4 lakh persons, for entry level training and job creation in both traditional and organized segments of textiles value chain.

Source: economictimes.com - Nov 21, 2019

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Top USTR team in India to finalise mini-trade package

Disproportionate demands made by Washington compared to what it is willing to offer remain a sticky issue, say officials

A high-level team of officials from the US Trade Representative's (USTR) office is in India to talk to its counterpart in the Commerce and Industry Ministry to try and conclude the on-going mini-trade package talks.

"The US Trade Representative and Commerce & Industry Minister Piyush Goyal could not finalise the trade package during the Indian Minister's recent visit to Washington due to some sticking issues related to market access for certain items for the US and restrictions on pricing for medical equipment. The USTR team that is visiting India this week will try to find a solution to these issues," a government official told BusinessLine.

The disagreement is likely to be over the disproportionate demands made by the US compared to what it wants to offer India in the package, the official added. The US wants India to lower import duties on items such as mobile phones, high-end motorbikes like Harley Davidsons, apples, almonds and dairy items and also lower pricing restrictions for medical equipment manufacturers.

India's demands are mostly defensive. It wants Washington to restore Generalised System of Preferences (GSP) benefits for its exporters that was withdrawn earlier this year and roll-back unilateral import duties imposed on aluminium and steel last year. It is also hopeful of getting increased market access for certain agricultural goods, including fruits and vegetables.

‘Optimistic of solution’

According to the Ministry of External Affairs (MEA), India is optimistic that a solution will be found soon to the complex issues being discussed as part of the mini-trade package with the US.

“There have been discussions between the two sides on trade since the two leaders (Prime Minister Narendra Modi and US President Donald Trump) met and instructed their officials to find a solution to the trade issues. There have been discussions since then. These matters are complex. We remain optimistic that a solution be be found soon,” said Raveesh Kumar, spokesperson, MEA.

The Trump government has been vocal in its disappointment over the high trade deficit it has with India and despite steps being taken by New Delhi to lower it over the last two years by importing more oil and gas and other items, Washington still remains dissatisfied.

Bilateral trade

The US is one of India’s largest trading partners and bilateral trade is projected to grow to $238 billon by 2025 from about $90 billion at present, acccording to the US-India Strategic Partnership Forum estimates.

Source: thehindubusinessline.com- Nov 21, 2019

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Branded apparel makers post higher Q2 profit on weaker raw material price

Many branded apparel players started with discounts and other promotional offers ahead of the Dussehra and Diwali consumer demand

Despite rural economic distress, branded apparel makers posted higher profits in the September quarter, due to reduced raw material prices and better cost management through closure of unprofitable points of sale (PoS).

Kewal Kiran Clothing (KKCL) had reported 10 per cent revenue growth, a positive sign in revival of demand for branded apparel. Its leading ‘Killer’ jean brand saw sales rise 24.2 per cent from a year before; those of its other brand, Easies by Killer, grew 11.4 per cent.

“These two brands cumulatively contributed about 70 per cent to the overall sales during the quarter. The brands also sustained their market share, led by the company’s focus on branding activities like organising various large scale autumn winter bookings at a mega event organised in Goa and via other promotional activities,” said Kewalchand P Jain, chairman.

Many branded apparel players started with discounts and other promotional offers ahead of the Dussehra and Diwali consumer demand.

These lured customers to increase their purchases; seasonal discount offers were also extended beyond the normal one-month period.

SMART GAINS

	Q2FY20		YoY % change	
Company	Net sales	Net profit	Net sales	Net profit
Grasim Industries	18,430.3	1,001.7	9.2	Loss to profit
S P Apparels	246.1	34.8	29.0	133.2
SRF	1,702.2	301.1	-1.1	99.2
Century Enka	334.4	46.0	-30.2	98.0
Lux Industries	348.1	40.6	26.8	95.0

Data in ₹crore; Compiled by *BS* Research Bureau Source: Capitaline

S P Apparel reported 133 per cent increase in net profit at Rs 34.8 crore for the quarter from a year before. Net profit at Welspun India jumped 73 per cent to Rs 198.5 crore. Kitex Garments saw 64.4 per cent growth to Rs 36.8 crore; Raymond’s rose 33.5 per cent to Rs 84 crore. Siyaram Silk also reported higher profit.

“The improvement in sales and net profit of branded apparel makers was led primarily by a decline in raw material prices. Prices of all raw materials — cotton, yarn, etc — declined,” said an analyst with a leading equity brokerage.

The benchmark MCX spot cotton (29 mm) price declined 8.5 per cent in the quarter to Rs 19,910 a bale (170 kg), from Rs 21,760 a bale in early July. Cotton prices fell in both October and November, too. Since October, these are down seven per cent, to trade currently at Rs 18,540 a bale.

With a fall in export, cotton yarn and manmade fibre prices also declined during the September quarter. “Cotton yarn continues to see reduced export, owing to lower demand and increased competition. Export fell by 40 per cent month-on-month during July, majorly due to the 80 per cent year-on-year fall in demand from China.

China has entered into the second phase of a free trade agreement with Pakistan on goods worth $64 billion, of which cotton yarn directly competes with India's," said Abhishek Rathi, senior analyst at India Ratings and Research.

Manmade fibre saw a consecutive month of stabilisation on stable crude oil prices in August. However, there was instability in prices during September with the attack on the Aramco refinery in Saudi Arabia.

Price have since fallen 20 per cent with the news of fast recovery of the attacked sites. While rural economic distress continues, apparel makers have consolidated their business, with focus on profitable ventures.

While analysing Page Industries' quarterly profit, Macquarie said: "The strong recovery in sales growth is positive but sustaining this will be key. The quarter was driven by early festivals and higher retail incentives, but there was margin pressure with this and inflation in operating cost."

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

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Viscose yarn imports soar on dumping

Import of viscose yarn has shot up close to 200 per cent since May as China and Indonesia are dumping cheaper yarn into the Indian market. The industry is in a catch-22 situation while demanding increase in duties to check heightened imports, as it would work against the competitiveness in the downstream segments.

Between May and September this year, the country has imported 14,510,000 kg of viscose yarn, 195 per cent higher than 4,920,000 kg imported in the same period last year. Since May, imports have been drastically going up, with July witnessing a 342 per cent growth in imports and August seeing an 816 per cent rise.

Since the US-China trade war started slowing down the demand for viscose yarn globally, India has been increasingly witnessing dumping of viscose yarn.

China and Indonesia have been dumping cheaper yarn into the country, thus ,affecting the spinning industry severely," said Sanjay Jain, former chairman of the Confederation of Indian Textile Industry (CITI)

According to Rakesh Mehra, Convenor, CITI's Sub-Committee on Man-Made Fibre & Yarn, the inverted duty structure in viscose yarn and fibre also has led to the situation. "For viscose fibre, India levies import duty as well as anti-dumping duty, which leads to a total tax incidence of around 20 per cent, whereas yarn attracts only 5.5 per cent import duty. This makes importing yarn cheaper than getting domestically produced costlier fibre," he said.

India is self-sufficient in yarn and it does not need imports. "While most of the spinning mills are running on lower capacity, some smaller mills in south India are facing a tough time," he said. Availability of cheaper viscose yarn will also affect cotton yarn demand as fabric-makers will use more viscose than cotton in their products.

The industry has requested the government to levy anti-dumping duty on yarn as well. "We want the total tax incidence to be 15 per cent or at least 10 per cent on yarn to deter increasing imports," said Jain.

But this has put the industry in a difficult situation. If the yarn duties are increased, either fabric imports will go up or the entire value chain will become costlier, affecting the competitiveness of Indian products in the global market. But if the duties remain the same, imports will continue to impact the domestic spinning industry.

"Ideally, there should not be anti-dumping duty in any segment to keep the prices under check down the value chain," said Mehra.

Source: asianage.com- Nov 22, 2019

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Govt mulls providing forex loan at cheaper rate to exporters: Goyal

The government is considering a proposal to provide foreign exchange loan at cheaper interest rate to exporters, Commerce and Industry Minister Piyush Goyal informed Parliament on Wednesday.

“The proposal is presently under consideration,” he said in a reply to a question whether the government proposes to provide foreign exchange loan at cheaper rate of interest to the exporters.

He said the government is considering a proposal to provide higher insurance coverage to the banks on their export-credit-disbursement.

It is expected that it will enable banks to revise their lending rate for export credit and to provide foreign exchange loan at cheaper rate of interest, the Minister added.

Replying to a separate question, he said the current trade standoff between the US and China and the slowdown in international market is likely to have its impact on the imports and exports of countries, including India, and may bring about a shift in the bilateral trading patterns.

“The retaliatory tariffs between US and China have provided a limited window of opportunity for enhancing India’s exports to China and US, particularly in products in which India is also competitive,” Goyal said in a written reply to the Lok Sabha.

He said that India’s exports to both the US and China have increased in 2018-19 as compared to 2017-18.

Source: thehindubusinessline.com- Nov 20, 2019

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Cotton procurement begins, huge quantities yet to arrive

23 centres established in the nine agriculture market committee limits of Siddipet district

The Cotton Corporation of India (CCI) has commenced the procurement of cotton in the district. Farmers are slowly bringing their produce to the procurement centres. They have been advised to bring cotton with moisture content not more than 12 per cent, stating that it would not be purchased by the CCI.

For BB variety, an amount of ₹ 5,550 per quintal is being offered as minimum support price followed by ₹ 5,450 for MECH variety. They were also informed that if moisture content is less than 8 per cent the rate would be reduced to ₹ 55.50 per one per cent of moisture content.

As many as 23 centres were established in the nine agriculture market committee (AMC) limits of Siddipet district for the procurement of cotton, according to K. Nagaraju, Additional Director, Marketing.

Farmers were directed to come with pattadar passbook and bank account details. A farmer was sent back at the procurement centre at Toguta when he arrived with a cotton load. He was asked to get the account linked to Aadhaar.

Cotton was cultivated in 74,085 hectares in Siddipet district and the estimated produce was 2.25 lakh metric tonnes.

In Sangareddy district cotton was cultivated in about 1.38 lakh hectares, more than any other crop. Officials are estimating that 27 lakh quintals of cotton would arrive in the market. As the first plucking of cotton is still taking place and there will be three pluckings, they are stating that procurement would continue till March, 2020.

In Medak district, cotton cultivation was taken up in a limited area and the officials are expecting that about six lakh quintals would arrive at procurement centres. "Farmers would take up collecting cotton balls depending on the availability of labour and various other issues. So this would continue till end of February or first week of March, 2019," said Narender, Additional Director, Marketing, Sangareddy.

Source: thehindu.com- Nov 21, 2019

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Increase in man-made fibre imports hurts domestic textile sector

As per CITI, the continuous increase of man-made fibre (MMF) imports is deeply hurting the domestic textile industry, especially after the implementation of GST. MMF has made considerable investment to enhance its capacity building to meet the desired target of reaching $350 billion market size by 2025. However, post GST, there was a rise in imports of all the MMF products. Imports of MMF yarn and apparel also rose by 83 and 84 per cent respectively.

The main reason for this was the removal of CVD after GST, which made imports 12 per cent cheaper, overnight. To control imports, the government subsequently increased import duties on fabrics and garments. Thus, there has been a relative control on the imports of fabrics, but, this measure could not control garments due to FTAs.

The highest share in Indian MMF textiles was of polyester bases products. Since 2014-15, import of polyester yarn has risen by a CAGR of around 13 per cent to hit $ 95 million. Imports from Indonesia increased exponentially at a CAGR of 59 per cent for 2018-19 and in this period, Indonesia has also been the biggest supplier of polyester yarn to India.

Source: fashionatingworld.com- Nov 21, 2019

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