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IBTEX No. 19 of 2019 **January 25, 2019**

USD 71.10| EUR 80.52 | GBP 93.37 | JPY 0.65

Cotton Market

Spot Price - Shankar 6 (Ex. Gin), 28.50-29 mm

Rs./Bale	Rs./Candy	USD Cent/lb
20431	42700	**76.65**

Domestic Futures Price (Ex. Warehouse Rajkot), February

Rs./Bale	Rs./Candy	USD Cent/lb
20940	43765	**78.56**

International Futures Price

NY ICE USD Cents/lb (March 2019)	73.14
ZCE Cotton: Yuan/MT (May 2019)	15,160
ZCE Cotton: USD Cents/lb	101.29
Cotlook A Index – Physical	**83.00**

Cotton Guide: ICE contracts settled with negative figures. The most active ICE March contract settled down (-38) points or 0.52 percent at 73.14 cents/lb. The trading range was seen to be 88 cents with a high figure of 73.91 and a low figure of 73.03 cents /lb. The May and July contract also ended with negative settlement Figures at 74.59 and 75.91 cents/lb with negative changes of (-26) and (-20) respectively. These negative changes were attributes to a strong dollar and weakness in the US equity markets.

The total volume at ICE was estimated to be 19,174 contracts. Volume for the month of March was estimated to be 10,445 contracts. For May and July volume was estimated to be 5,979 and 2,211 contracts respectively. Total open interest increased by 843 contracts to 231,651. The ICE March and ICE May interest increased by 279 and 239 contracts, respectively, to 119,756 and 43,798.

The MCX contracts on the other hand also ended with negative change figures. The MCX January contract settled at 20620 Rs/Bale with a change of (-60). The February contract ended with a figure of 20,940 Rs/Bale with a change of (-50). This change of (-50) was also noticed for the MCX March Contract at 21,210 Rs/Bale. The Volume traded for the January contract was noticed to be 2988 lots whereas the volume for the February contract is picking up and is now noticed at 2894 lots.

Arrivals in India are estimated to be around 160,000 lint equivalent bales (private estimates). Shankar 6 was available to change hands at a rate of 42,700 Rs/Candy whereas Punjab J-34 was available at 4,425 Rs/Maund. The positive price changes that we saw during the last few days has driven the Cotlook Index A at 83.00 which is a positive change of +45 points (These Prices are CFR Far Eastern Ports. We expect the market to show a positive change today due to the surge in crude prices.

ICE March cotton futures is continued to move in the range of 72.80-74.20 after last week's recovery rally week's recovery rally. Meanwhile price is moving in an intermediate upwards sloping channel, failure to hold the channel could witness sharp decline in prices. However RSI in the daily charts at 48 suggesting sideways trade for the day. Only a sustained move above range could bring further buying in cotton futures towards higher levels of 75.30, followed by 76.20. Likewise below 72.80 immediate support exists around 72.40 and 71.90 levels. In the domestic markets trading range for Jan future will be 20500-20840 Rs/Bale.

Currency Guide

Indian rupee may witness choppy trade against the US dollar but general bias is on the weaker side. Supporting rupee is gains in Asian equity markets amid upbeat US economic data and signs of progress relating to Brexit. Bloomberg reports noted that Northern Ireland's Democratic Unionist Party has privately agreed to back the Brexit deal. However, weighing on market sentiment is concerns about US government shutdown and uncertainty about US-China trade deal. The US Senate has voted down a measure Thursday that could have ended the partial government shutdown which has continued since Dec.22. Hopes of a deal dipped as Commerce Secretary Wilbur Ross said the US and China are eager to end their trade war, but the outcome will hinge on whether Beijing will deepen economic reforms and further open up its markets. The US dollar in general has strengthened against euro amid disappointing economic data and as ECB expressed concerns about downside risks to the economy. As per reports, the German government has dropped its economic growth forecast for 2019 to 1.0% from 1.8% due to slower global economic growth and uncertainty about Britain's exit from the European Union. Also weighing on rupee is rebound in crude oil price. Brent crude has risen more than 1% to trade above $61 per barrel on supply concerns as US threatens to impose fresh sanctions against Venezuela. Rupee has turned choppy after failing to breach the 71.5 levels however the general bias is still weak given global uncertainty and concerns about fiscal deficit ahead of Budget next week. USDINR may trade in a range of 70.8-71.4 and bias may be on the upside.

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

NEWS CLIPPINGS

	INTERNATIONAL NEWS
No	**Topics**
1	Shifts in China's Industrial Supply Chain and the US-China Trade War
2	China dominates US intimates imports
3	China exchange to launch cotton options on Jan. 28
4	Vietnam, India seek ways to remove obstacles to trade ties
5	EU-Singapore free trade deal gets green light in Trade Committee
6	Can the US and China Agree on Trade Before the 90-Day Tariff Truce is Over?
7	China's Market Share Loss in Intimate Apparel Sourcing Sees Shifts for the Category
8	UK online retail sales growth hit all-time low in Dec 2018
9	Sri Lanka's apparel industry eyes 8 bln USD exports by 2025
10	Turkish textiles sector wary of no-deal Brexit
11	Cambodia urges for a FTA with China
12	Bangladesh: Bangladesh: Fabric makers look to expand global footprint

	NATIONAL NEWS
1	India, China review progress in bilateral ties
2	India's exports up 32 pc to China, 12 pc to US during June-Nov 2018: FIEO
3	Import, export clearance time cut by 300 hours, says Customs
4	Break above Rs 2,050 to trigger a bigger rally in cotton seed oil cake
5	Cabinet clears amendment to currency swap framework for SAARC countries
6	MSMEs need reforms to solve pressing problems

INTERNATIONAL NEWS

Shifts in China's Industrial Supply Chain and the US-China Trade War

The US-China trade war is forcing companies to shift their supply chain activities out of China, especially at the stages of final product assembly and finishing. Faced with the threat of high tariffs, those selling to the US are deliberating on the most cost-effective strategy.

In key industries, the trade war has triggered major debates among multinational companies on how best to manage their exposure to new costs and ensure unfettered access to American consumers. Companies are asking whether they need to diversify their sourcing strategies or move out of China entirely.

Yet, these concerns are not new ones.

As China continues to experience a slowdown alongside rising costs of doing business and tightening regulation, the timeline of these board-level decisions is simply speeding up.

In this article, we spotlight two major industries – the electronics and textile and apparel – to assess what shifts have taken place in their supply chain ecosystem, what are their triggers, and the new opportunities and challenges that firms need to prepare for.

But first we ask a basic question.

Will foreign companies move out of China?

Most companies cannot afford to consider a wholesale relocation of their factories out of China or replace their Chinese sourcing vendors.

This is because supply chain infrastructure takes time to establish and China is at the heart of most of the world's production, sourcing, and procurement needs.

However, for many firms, the benefits of shifting manufacturing out of China or diversifying production channels may be greater in the longer term given

China's steadily rising labor costs, mounting compliances, social insurance commitments, stringent environmental checks, and other pressures.

These concerns also disproportionately impact those at the lower end of the manufacturing process, many of whom have already shifted to lower cost destinations.

For example, the American business-to-business manufacturing platform Sourcify moved its factories to India, Bangladesh, Vietnam, Philippines, and Mexico as labor costs rose in China.

Most apparel makers who depend on a lot of cut-stitch-and-sew labor have moved production out of China, although they maintain some presence in the country such as a front office or headquarter. Within China, apparel is increasingly produced by robotics used in assembly lines.

Advantage ASEAN

For years, business analysts have been writing up the advantages of firms diversifying their production strategy. This means reducing overreliance on one production center and supporting it with a second or more regional base(s), either geographically close or easily accessible.

Here, the US-China trade war's biggest winners yet may be countries within Southeast Asia. Increasingly, firms caught in the trade war's crosshairs have started identifying select countries in the neighboring region to supplement their China-heavy presence.

The fact that these countries have a favorable trading partnership with China under the fold of the Association of Southeast Asian Nations (ASEAN) is an added advantage.

Relocating part of the supply chain or opening new plants within any of these countries would allow firms trading with the US to manage their 'origin of supply', while maintaining their relationships with other markets, based out of China, more or less.

It still means that manufacturing jobs are not returning to the US, but will be moving out of China – at an incremental pace and motivated by multiple factors.

What do the supply chain shifts look like?

It is undeniable that doing business in China is getting costlier. Yet, how these factors affect a firm's decision to continue in China or relocate depends on its size, target market, and stage of production.

For a firm that produces apparel or electronic products that require labor-intensive work, it makes sense to explore alternate destinations like Vietnam, Indonesia, Thailand, and India.

Here, key considerations are: the costs of relocation, access to suppliers, labor market (size, wages, skill development), supporting industries, logistics and infrastructure, and the tax and regulatory regime.

For larger firms that depend on high-tech manufacturing, the decision might not be as simple.

Maxfield Brown, Manager, Business Intelligence Advisory at Dezan Shira & Associates in Vietnam elaborates: "For companies that have yet to move, this is what has held them back. It is next to impossible to beat the level of supply chain integration found in China. In many cases, investors in China have strong relationships with vendors and suppliers that have been built and, more importantly, perfected quality assurance (QA) over decades. Customers are unwilling to accept dips in quality."

Here we break down supply chain trends in two industries that have traditionally been associated with China's expansive manufacturing base.

1. Textile and apparel industry

One reason for why the global supply chain in the textiles and apparel industry is centered in Asia, and particularly the Chinese mainland, is the World Trade Organization's (WTO) Agreement on Textiles and Clothing, which removed all trade quota restrictions on textiles and garments.

After coming into effect January 1, 2005, the agreement allowed China to become a sourcing and manufacturing center, with its abundant labor supply and low production costs proving highly advantageous to multinational firms.

However, over the last five years, major fashion brands and retailers have increasingly chosen to look for sourcing destinations outside of China. Multiple reasons account for this:

First, China is consistently increasing its minimum wage as it looks to boost domestic consumption – affecting final profit margins.

Second, the Chinese government is pushing for more automation and less labor-intensive work, which is changing the manufacturing landscape in the sector.

Finally, the Chinese workforce is aging; combined with other macroeconomic factors like an economic slowdown, it makes sense that firms look beyond China.

However, if we break down how the global textile and apparel industry is presently structured, we see that China continues to dominate both as a supplier of textiles and producer of apparel.

1.1 A buyer's relationship with China

China's role in the apparel industry is changing but only gradually and relative to its own domestic industry's needs and capacity. The country is now exporting less apparel and more textiles. Still, according to the WTO, China tops both segments in global trade.

In 2017, its textile exports amounted to about US$110 billion and apparel exports amounted to US$158.4 billion. And, while China's market share in world apparel exports fell from a peak of 38.8 percent in 2014 to 34.9 percent in 2017, its world textile exports reached 37.1 percent in 2017 – a new record high for China.

In fact, all countries that are cited as alternative destinations to replace China in terms of sourcing and procurement have a buyer's relationship with China.

Take Bangladesh, for example. Bangladesh's readymade garment industry imported 47 percent of its textile imports from China in 2017, up from 39 percent in 2005. The case is the same for all other major apparel exporters from Asia. (See table below.)

China's Textile Exports to Major Apparel Producing Countries, 2005-2017		
Country	Import from China in 2005	Import from China in 2017
Bangladesh	39%	47%
Cambodia	30%	65%
Indonesia	28%	46%
Malaysia	25%	54%
Pakistan	32%	71%
Philippines	19%	41%
Sri Lanka	15%	39%
Vietnam	23%	50%

Source: WTO

Graphic© Asia Briefing Ltd.

China leads global textile exports

In 2017, China, the European Union (EU), and India were the world's top three textile exporters – accounting for 66.3 percent of global textile exports, up from 65.9 percent in 2016. They also benefited from faster than expected export growth: China grew by five percent, the EU by 5.8 percent, and India by 5.9 percent.

The US stayed the world's fourth top textile exporter in 2017, with a share of 4.6 percent, as in 2016.

China leads global apparel exports

China, the EU, Bangladesh, and Vietnam were the world's top four exporters in 2017. Together, they accounted for 75.8 percent of the world's market shares – growing from 74.3 percent a year earlier and a substantial increase from 68.3 percent in 2007.

click here for more details

Source: china-briefing.com- Jan 24, 2019

HOME

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China dominates US intimates imports

China dominates US imports of cotton and manmade fiber nightwear and pajamas.

China holds a 55.8 per cent share of the US market with a nine per cent share increase for the year through October.

The next six major suppliers are all from volume-oriented and low-cost production Asian countries.

Cambodia, the number second supplier of intimates to the US, holds 4.25 per cent market share, with its share rising.

Vietnam’s market share jumped 23.65 per cent to grab an 11.51 per cent market share.

India’s market share increased 5.34 per cent in the period to 5.38 per cent.

Bangladesh posted a 32.37 per cent increase to hold a 3.77 per cent market share in US imports, while Indonesia increased its market share by 10.67 per cent to 2.9 per cent on imports and Sri Lanka posted a 15.29 per cent hike to a market share of 1.9 per cent on imports.

The western hemisphere held a significant 25.38 per cent market share of underwear imports, a decline of 2.59 per cent in the period.

The pull for manufacturing in the region comes from most of those imports benefiting from duty-free status under the North American and Central American Free Trade Agreements, and the speed-to-market and order-replenishment capabilities.

Source: fashionatingworld.com- Jan 24, 2019

HOME

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China exchange to launch cotton options on Jan. 28

The Zhengzhou Commodity Exchange has released details on cotton options contracts and listing, with the options to be open on Jan. 28.

The future contracts of the cotton options are CF1905, CF1907, CF1909 and CF2001. There will be 104 options contracts to be released on Jan. 28.

The China Securities Regulatory Commission has also given the nod to the launch of options contracts for rubber and corn on January 28 as part of the government's drive to promote more complex agricultural trading tools.

Source: xinhuanet.com- Jan 24, 2019

HOME

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Vietnam, India seek ways to remove obstacles to trade ties

Officials from Việt Nam and India discussed specific measures to remove obstacles to trade and promote investment co-operation between their businesses during the fourth meeting of the Joint Sub-committee on Trade in Hà Nội on Wednesday.

The event was co-chaired by Vietnamese Deputy Minister of Industry and Trade Cao Quốc Hưng and his Indian counterpart Anup Wadhawan.

Delegates compared notes on solutions to tighten economic relations, expand export markets and take advantage of their strengths and resources to aid development in both countries.

In his remarks, Hưng called on India not to impose anti-subsidy measures against stainless steel pipes and copper wire rods imported from Việt Nam, and to consider not expanding anti-dumping measures when they expire.

He also urged India to issue official documents allowing the import of Vietnamese dragon fruits and speed up the process to pave the way for other fresh fruits of Việt Nam – including longan, pomelo, rambutan and durian – to enter the South Asian market.

The official voiced his concern over India's imposition of the Minimum Import Price (MIP) on pepper and suggested the country reverse the measure and abide by regulations of the World Trade Organisation (WTO) and the ASEAN Trade in Goods Agreement (ATIGA).

He proposed India further support Vietnamese delegations joining trade promotion activities in the country, encourage local enterprises to visit Việt Nam to scope out the market and invest in the areas of their strength and help budget carrier Vietjet open direct flights between the two countries.

Wadhawan raised issues in India's interest, such as the granting of licences to facilities processing buffalo meat to be exported to Việt Nam.

The free trade agreement between the Association of Southeast Asian Nations (ASEAN) and India was also discussed.

Statistics show trade between Việt Nam and India reached US$10.7 billion in 2018, up 39 per cent from 2017.

India has, to date, run 208 FDI projects in Việt Nam with total registered capital of about $878 million, ranking 26th out of 129 countries and territories investing in the Southeast Asian nation.

Source: vietnamnews.vn- Jan 24, 2019

HOME

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EU-Singapore free trade deal gets green light in Trade Committee

Trade Committee MEPs agreed on Thursday to the EU-Singapore free trade agreement, a stepping stone to cooperation between the EU and Southeast Asia.

The agreement will remove virtually all tariffs between the two parties at the latest in five years. It will liberalise trade in services, protect unique European products, and opens up the Singaporean procurement market. The agreement includes strengthened labour rights and environmental protection.

Trade Committee MEPs emphasised that since this is the first bilateral trade agreement between the EU and a member of the Association of Southeast Asian Nations (ASEAN), the deal can serve as a stepping stone to future free trade deals between the two regions, at a time when the EU can no longer rely on the US as a trading partner.

The main elements of the trade deal are the following:

- removal of many non-tariff barriers: Singapore will recognise the EU safety tests for cars and certain electronics, including household devices or adapters. It will also accept EU labels and markings for clothing and textiles;
- Geographical indications (GIs): Singapore will protect around 190 EU GIs to the benefit of EU food and drink producers, including those of Jerez wine, Comté cheese, Nürnberger Bratwurst and aceto balsamico di Modena;
- public procurement: more access to supply goods and services to the Singapore government;
- services: liberalisation of financial, postal, telecommunications, transport and information technology services. Mutual recognition of the qualifications of architects, lawyers and engineers;
- sustainable development: Singapore will implement core labour rights conventions, the Paris Agreement on climate change, and the sustainable management of forests and fisheries.

Singapore is by far the EU's largest partner in the region, accounting for almost a third of EU-ASEAN trade in goods and services, and roughly two-thirds of investment between the two regions. Over 10,000 European companies have their regional offices in Singapore.

The trade committee gave its consent to the agreement by 25 votes to 11, with one abstention. The accompanying resolution, laying out the recommendations of the committee, was adopted by 25 votes to 10, with two abstentions.

Settling disputes between companies and state

The committee also agreed to the Investment Protection Agreement which, once ratified by all EU member states, will replace the existing bilateral agreements between Singapore and 13 EU member states with a more modern approach to dispute settlement. Trade Committee MEPs gave their consent by 26 votes to 11. The resolution was adopted by 25 votes to 12.

On Tuesday, the Foreign Affairs Committee voted to give its consent to the Partnership and Cooperation Agreement between the EU and Singapore, which extends cooperation beyond the field of trade. Read more about it here.

"Today's vote shows support for a progressive EU trade and investment policy. The trade agreement will not only enhance the EU's access to the Singapore market, but even more to the growing ASEAN region, while ensuring workers and the environment are well protected. The investment protection agreement incorporates the EU's reformed approach, and will replace the existing deals between Singapore and 13 Member States that include the toxic investor-state dispute settlement," said David Martin (S&D, UK), the rapporteur on the agreements on the free trade and the investment protection deals.

Parliament is set to vote on the trade deal and the investment protection agreement on 12 February in Strasbourg. Once Council concludes the trade agreement, it can enter into force. For the investment protection agreement to enter into force, the member states first need to ratify it.

Source: europeaninterest.eu- Jan 24, 2019

HOME

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Can the US and China Agree on Trade Before the 90-Day Tariff Truce is Over?

The last 12 months have been a roller coaster for global trade where the U.S. is concerned, and strained relations between the U.S. and China in particular, have roiled sourcing markets and strategies.

Speaking at a seminar at Texworld USA Tuesday, Gail Strickler, president of global trade for Brookfield Associates, LLC, said the U.S. has essentially gone from being the leaders on trade to "taking a backseat to the world."

When sourcing comes at the whim of what President Trump tweets on a daily basis, it's challenging to plan accordingly. While many companies are trying to wait out the storm before making too many major decisions, others are looking to minimize their reliance on China—and either way, the general unease hovering over the industry has been enough to upset things already.

The president, Strickler said, "has created such an environment of uncertainty and fear that, in fact, we're already seeing price increases." What's more, she added, as countries put more efforts behind their 'China plus one' diversification strategies, companies in those other option countries are catching onto the opportunity. "China plus factories are raising prices in anticipation and because people are rushing to put production in places like Bangladesh and Vietnam."

With more recent trade data held up as a result of the government shutdown, Strickler said total U.S. imports of textiles and apparel in 2017 were $114.08 billion. China, "for many, many years," according to Strickler, accounted for roughly a 42 percent share of that market, though in 2017 that number was closer to 34 percent. For 2018, however, China's share may show a slight uptick once final numbers come in, as the tail end of the year saw companies "shipping in anything they could get their hands on," in advance of any new tariffs or tariff threats arising.

The U.S. has already levied $250 billion worth of tariffs on China—though finished apparel products have largely gone unscathed—and threats of an increase of those tariffs from 10 percent to 25 percent, plus a potential 267 billion worth on the remaining goods the U.S. brings in from China, have only been on hold until March while the U.S. and China negotiate on trade.

So far, however, those negotiations have turned up little in the way of positive progress, which may not bode well for agreeing to a deal ahead of what could easily become additional punitive tariffs. “They are talking across each other,” Strickler said of the U.S. and China in their trade talks. “They don’t understand each other and there’s a real problem there, and I think that’s the biggest threat.”

Trump’s logic is of the flawed kind if you ask Strickler, however.

“We put tariffs on China, China puts tariffs on us. Trump likes to say we’re taking all this revenue from China on tariffs but then we’re handing it back to farmers [in the form of subsidies] that can’t ship their goods to China anymore. So talk about a zero sum game,” she said. “We also talk about wanting to boost U.S. manufacturing…well now [U.S. apparel manufacturers] can’t get a lot of fabrics they want [as the bulk still comes from China], so now we’re paying 10 percent duty on making our apparel and that is making Made in the U.S. less competitive again.”

While many agree that China needed to address its intellectual property infringement and forced technology transfer issues—which have been two of Trump’s major sticking points in his battle with China—and that the U.S. needed to get tougher on enforcing more upstanding trade practices from China, the method for addressing the issues may be less than effective.

“Rather than a cohesive policy that would have really hit them in the technology transfer or other IP infringement areas, I think we’re in a place right now were Trump’s going to need a win because we can’t keep putting tariffs on Chinese goods without it hurting our economy,” Strickler said. Worse, things haven’t even improved with the U.S.-China trade deficit, another key sticking point for the president.

“With all his tariffs and all his bluster, we’ve actually seen the trade deficit hit a new level. We’ve never had a larger trade deficit with China than we did at the end of December,” Strickler said.

It remains to be seen how upcoming negotiations between the U.S. and China will go and what the result will mean for the sector, but the 90-day deadline from the truce established from the last round of talks, is nearing its end.
“Both sides—I think—do want a solution,” Strickler said, “but the question is can they actually talk to each other?”

Source: sourcingjournal.com- Jan 24, 2019

HOME

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China's Market Share Loss in Intimate Apparel Sourcing Sees Shifts for the Category

Sourcing trends in the innerwear sector are a mixed bag, but imports of various products into the U.S. follow the shifting trade winds created by factors that include politics and policy, costs and speed to market.

While China dominates the cotton and manmade fiber nightwear and pajama category, the production powerhouse has lost market share in the sizable underwear segment, where manufacturing is spread throughout numerous regions and countries.

China's dominance as a supplier for the product category to the U.S. market has it holding a 55.8 percent share of the $1.76 billion import sector for the year through October. This represents a 9 percent increase as shipments reached $983.94 million in value in the period.

The next six major suppliers are all from volume-oriented and low-cost production Asian countries.

Cambodia, the No. 2 supplier of intimates to the U.S., held a 4.25 percent market share in the most recent report from the Commerce Department's Office of Textiles & Apparel (OTEXA), with imports share rising 4.25 percent on $210.83 million in goods. Vietnam's market share jumped 23.65 percent to grab an 11.51 percent market share on $202.73 million worth of goods imported.

India's market share increased 5.34 percent in the period to 5.38 percent on imports valued at $94.83 million.

Bangladesh posted a 32.37 percent increase to hold a 3.77 percent market share on $66.33 million in imports, while Indonesia increased its market share 10.67 percent to reach 2.9 percent on imports of $51.07 million and Sri Lanka posted a 15.29 percent hike to a market share of 1.9 percent on imports valued at $3.39 million.

It’s quite a different story for underwear imports, which accounted for $3.71 billion worth of goods in the 12 months through October. China is also the top supplier in the sector, but saw its market share fall 1.42 percent to $824.4 million in value in the period.

This follows along the generally flat growth curve for apparel during that same time, which has been blamed in part on the U.S.-China trade war and real and threatened tariffs imposed by the Trump administration, plus the resultant overall move by companies to diversify their sourcing strategies.

Manny Chirico, chairman and CEO of PVH Corp., which makes the Calvin Klein and Tommy Hilfiger underwear brands, said the trade war and tariff threats have had an impact on the company’s sourcing.

“We have been strategically moving because of cost pressures, because we didn’t like the way that market was developing for the U.S. market,” Chirico said. “We’ve used our China sourcing base for China and also for the European market, and that’s been a really strong strategic move for us, particularly in the environment we’re in.”

Roughly 17 percent to 18 percent of the company’s overall production, representing about 8 percent to 9 percent of cost of goods sold, “is still coming out of China, and that number is about $75 million of tariff impact to our cost of product if it comes through at 25 percent,” Chirico said. That’s the threatened amount currently on the table for apparel goods from China.

“So, it’s not insignificant,” Chirico added.

According to OTEXA, Vietnam and India have picked up the slack as underwear suppliers, with notable gains by Thailand, Mexico and Nicaragua, too. Vietnam’s U.S imports market share of the category rose 4.69 percent to 15.71 percent on shipments valued at $583.57 million, while India’s market share increased 4.3 percent to 8.71 percent on $323.62 million in goods.

The Western Hemisphere held a significant 25.38 percent market share of underwear imports, a decline of 2.59 percent in the period. The pull for manufacturing in the region comes from most of those imports benefiting from duty-free status under the North American and Central American Free Trade Agreements, and the speed-to-market and order-replenishment capabilities.

Source: sourcingjournal.com- Jan 23, 2019

HOME

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UK online retail sales growth hit all-time low in Dec 2018

As the industry experienced a tough Christmas trading period, online retail sales growth in the UK decreased to an all-time low of just 3.6 per cent year-on-year in December 2018, according to the Capgemini IMRG eRetail Sales Index. For the entire year 2018, online retail sales were up 11.8 per cent. Online sales growth is forecast at 9 per cent for 2019.

"After online retail defied the downturn on the high street to record 16 per cent year-on-year growth in the first six months of the year, a series of lacklustre performances contributed to a lowly 8.4 per cent growth for the second half of 2018," the index said.

Online retail sales across the whole of 2018 (+11.8 per cent), however, were higher than the 9 per cent forecast at the start of the year. It was because of the "impact of feel-good events like the Royal Wedding and FIFA World Cup, not to mention the glorious weather."

However, the poor performance across H2 and December in particular, is evidence of low shopper confidence in the current climate. December's growth rate of 3.6 per cent was by some distance the lowest seen across the whole of 2018, and continued a declining trend – falling below the final quarter (+6.8 per cent), second half (+8.4 per cent) and 12 month (+11.8 per cent) averages respectively.

"The first half of 2018 was actually very strong for online retailers – it resisted and arguably benefitted from the tough climate that impacted trade for store retail.

It is only the second half of the year where the suppressed confidence and spend, evident in so many other sectors, has spread to online retail; the macro-economic situation must be exerting pressure here, particularly with Brexit now entering its crunch period in Q1 2019," said Andy Mulcahy, strategy and insight director, IMRG.

“If there had not been so much uncertainty and shopper confidence had not been so negatively impacted toward the end of the year, it seems a reasonable bet that online retail sales growth could have been much stronger than 11.8 per cent for 2018.

If Brexit can be resolved so that a course, whatever that may be, is agreed and pursued, it may help to build shopper confidence again with online likely to be the main beneficiary from a retail perspective.

“However, if 2019 proves to be a year of continuing uncertainty, with repeated delays and political instability causing market disruption, it may prove to be a tough year for many businesses to navigate – as we found out in late 2018, online is not immune from that,” Mulcahy added.

Bhavesh Unadkat, principal consultant in retail customer engagement, Capgemini, said: “There is a clear correlation between consumer confidence and consumer spending throughout the year.

Conversion rates were actually high in December despite the poor performance, however the lower order value indicates that consumers were tightening the purse strings by taking advantage of promotions rather than purchasing more.

This allowed discounters to take the share in the final month of the year. Retailers will need to think carefully on how to manage pricing strategies to protect share of the wallet in potentially quite uncertain times, and the evolution of the peak events will undoubtedly be a focus of next year.”

Source: fibre2fashion.com- Jan 24, 2019

HOME

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Sri Lanka's apparel industry eyes 8 bln USD exports by 2025

Sri Lanka's apparel industry is eyeing exports up to 8 billion U.S. dollars by 2025 after it crossed the 5 billion dollars export mark in 2018, the Joint Apparel Association Forum said in a statement here Thursday.

The total earnings from export of apparel products amounted to 5.05 billion dollars in 2018, registering an increase of 4.79 percent compared to the export turnover of nearly 4.82 billion dollars in 2017.

According to media reports, the Sri Lankan Textile and Apparel industry employs nearly 350,000 workers directly and twice as many indirectly.

The total employment is estimated to be about 15 percent of the country's workforce. The majority of this workforce are women, and Sri Lanka Apparel considers them as the most valuable asset and the backbone of the industry.

The contribution of the textile and apparel industry to the country's GDP is about 6 percent.

"The desire of the apparel industry is to reach a target of 8 billion U.S. dollars by 2025, which requires a 6 percent annual compound growth, which is a very ambitious target," the statement said.

Source: china.org.cn- Jan 24, 2019

HOME

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Turkish textiles sector wary of no-deal Brexit

Turkish textiles exports to the United Kingdom, worth $2 billion dollar a year, will suffer a severe hit if the Brits leave the European Union with no deal on March 29 this year, Turkish news site Diken reported on Thursday.

Mustafa Gültepe, the head of the Istanbul Textile and Apparel Exporters' Union, said that Turkey needed to make a free trade agreement with the UK to prevent the risks of a non-deal Brexit, which will mean Great Britain leaving the EU's customs union.

In the case of a no-deal Brexit, Turkish exporters will be faced with an additional 12 percent customs tax, Gültepe said. “Twelve percent tax is a significant amount for the ready-made garment sector, our existing exports to this country (UK) of around $2 billion will suffer a large blow,” he said.

The UK is Turkey’s second largest export destination, following Germany. While Turkey's exports to the UK were worth $9.6 billion in 2017, its imports from the country stood at $6.5 billion.

Turkey signed a bilateral arrangement to join the EU’s customs union in 1995, which allows the country to trade manufactured goods without any tariffs or quotas.

Source: ahvalnews.com- Jan 24, 2019

HOME

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Cambodia urges for a FTA with China

Cambodian PM Hun Sen has urged China to consider entering a free trade agreement with the Cambodia to spur trade and investment between the two nations. This will help Cambodia diversify its export market, currently dominated by the European Union and the United States.

As a member of ASEAN, Cambodia benefits from FTAs signed between the regional organisation and other countries and regions, including Australia and New Zealand, and Hong Kong.

Trade between Cambodia and China reached $5.6 billion last year, a 12 per cent increase from 2017’s $5 billion. However, China’s share of the Kingdom’s export market is still small compared to those of the EU and the US, who jointly account for more than 70 percent of Cambodian exports.

From 1994 to 2016, China invested $14.7 billion in the Kingdom, mostly on four sectors – agriculture and agro-industry, manufacturing, infrastructure, and services and tourism, according to the Council for the Development of Cambodia (CDC).

China also funded the Sihanoukville Special Economic Zone, which cost $3 billion and now hosts 108 enterprises and companies. In the tourism sector, China recently invested in two big projects, an international resort in Koh Kong province and a five-star hotel and resort in Preah Sihanouk.

Moreover, of the 23 companies investing in the mining industry, 10 are from China. China is also the largest foreign investor in the energy sector in Cambodia, with more than $7.5 billion invested in hydropower plants and about $4 billion in coal-fired power plants.

Source: fashionatingworld.com- Jan 24, 2019

HOME

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Bangladesh: Bangladesh: Fabric makers look to expand global footprint

Local fabric manufacturers are keen to increase their share in the global market on the back of the quality and diversified range of products they make, said businesspeople.

Some of them are taking part at Dhaka International Trade Fair (DITF) in Sher-e-Bangla Nagar in the capital to brand and market their products among both local and foreign clients.

Bangladesh exports home textile products, including bed sheets, bedspreads, pillows, pillow covers, cotton table napkins, furnishing fabrics, curtains, window and door curtains, cushions, cushion covers, carpets, table covers, kitchen accessories, mattress covers and bath linens.

Mohammad Zakaria, pavilion in-charge of Bexi Fabrics, said the company is displaying hundreds of items for men, women and children.

He says visitors prefer Bexi products thanks to its quality and competitive prices. The manufacturer is selling products at wholesale prices on the occasion of the fair.

Rezaul Haque Raju, pavilion in-charge of Classical Hometex Ltd, said the manufacturer's major target is to catch the attention of foreign buyers. A number of foreign buyers have visited the pavilion and discussed about buying products.

Classical Hometex is exhibiting more than 500 categories of bed sheets with hundreds of colour combinations. Customers can buy a standard bed sheet at Tk 700 to Tk 1,500 and high-end bed sheet for Tk 2,000 to Tk 4,500.

Mohammad Hossein, general manager of Father Textile Mills, a concern of Asian Group, said the company is displaying suiting and shirting fabrics of more than 700 types of designs.

He said foreign buyers also visit the pavilion and check the quality of the products.

“Most of our products are of export quality as we supply fabrics to the local readymade garment sector,” he said.

Source: thedailystar.net- Jan 25, 2019

HOME

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NATIONAL NEWS

India, China review progress in bilateral ties

Indian has a $57 billion trade deficit with China, which is its largest trade partner.

India and China have reviewed progress in the bilateral ties and discussed ways to strengthen them as Indian envoy Vikram Misri met Chinese Vice Foreign Minister Kong Xuanyou here.

Both of them took stock of positive developments since the Wuhan informal summit and exchanged views on further strengthening of India-China relations, the Indian embassy in Beijing said in a statement.

New Delhi-Beijing ties have been on the upswing after Indian Prime Minister Narendra Modi and Chinese President Xi Jinping met in Wuhan last April.

Meanwhile, a report in the Japanese media said that Xi might travel to India before the upcoming general elections to meet Modi in a Wuhan-like format.

The Nikkei Asian Review said in the report: "Xi intends to visit India as early as February in a move seen at countering Washington's increasingly antagonistic trade policy and aggressive Indo-Pacific diplomacy.

"Xi hopes to visit ahead of India's general elections due by May. An Indian source said the visit would be in February at the earliest, but a Chinese source said it will be after China's National People's Congress in March."

When contacted by IANS, a diplomatic source denied knowledge of such a meet.

Another official pleaded ignorance about the matter.

Earlier, a source told IANS that trade will be a major focus in the bilateral ties with New Delhi pushing for more access to Chinese markets.

Indian has a $57 billion trade deficit with China, which is its largest trade partner.

Although the festering border dispute is a key irritant between the two nations, China and India have pledged not to let it affect other aspects of their ties.

Source: economictimes.com- Jan 24, 2019

HOME

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India's exports up 32 pc to China, 12 pc to US during June-Nov 2018: FIEO

The tariff war between the US and China is benefitting India as its exports to the neighbouring country have increased by about 32 per cent to USD 8.46 billion during the June-November 2018 period, exporters body FIEO said Thursday.

Exports to China had stood at USD 6.37 billion in June-November 2017.

In June and September 2018, the US announced high customs duties on several Chinese goods. In retaliation, China also raised levies on American goods.

Federation of Indian Export Organisations (FIEO) President Ganesh Kumar Gupta also said that during the period, India's exports to the US grew by 12 per cent.

"Exports to China jumped from USD 6.37 billion in June-November 2017 to USD 8.46 billion in June-November 2018," Gupta said in a statement.

He said commodities that have exhibited high growth during the period to China include petroleum products, chemicals, cotton yarn, plastic raw material, and marine products.

"While tariff war is not good for the global trade, the same has come as an opportunity for other countries including India. Our exports to China in June-November 2018 went up by 32 per cent and to US by 12 per cent in the same period," Gupta said.

If the tariff escalation continues, India has to increase production capabilities to meet the growing demand in both the markets, he added.

Growth in exports to China is beneficial for India as it has huge trade deficit with the neighbouring country.

Trade deficit with China increased to USD 63.12 billion in 2017-18 from USD 51.11 billion in 2016-17.

India is taking several steps to promote shipments to China. Recently it has managed to export agricultural goods such as non-basmati rice to China.

Source: business-standard.com- Jan 24, 2019

HOME

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Import, export clearance time cut by 300 hours, says Customs

The Central Board of Indirect Taxes and Customs chairman Pranab K Das on Thursday said “various initiatives” have resulted in a reduction of approximately 300 hours in import and export clearance time and cut down transaction costs.

The Central Board of Indirect Taxes and Customs chairman Pranab K Das on Thursday said “various initiatives” have resulted in a reduction of approximately 300 hours in import and export clearance time and cut down transaction costs.

“This year’s theme of World Customs Organisation for the International Customs Day is smart borders for seamless trade, travel, and transport.

The theme reverberates with the various reform measures that Customs have initiated in the context of reducing transaction time and costs of import and export clearance coupled with intensive trade as well as passenger facilitation efforts,” Das said in his address ahead of the International Customs Day on January 26.

Das said 2018 deserves a special mention as India secured an all-time highest rank of 77 in the Ease of Doing Business rankings. He said there was a “quantum jump” in India’s Trading Across Borders ranking from 146th to 80th, the highest by any nation.

He said some of the reform measures include the mandatory filing of import declaration within a specified time, the introduction of eSanchit making the entire process of consignment clearance faceless and paperless.

Das added the others include implementation of electronic sealing for containers by exporters under the self-sealing procedure to strengthen the existing Risk Management System and create a trust-based environment using tamper-proof e-seals in place of physical seals used earlier.

This has also reduced the time associated with the clearance of export containers, he added.

“The reform measures are being monitored at the highest level under the aegis of the National Trade Facilitation Action Plan 2017-2020 which aims to improve the overall efficiency of cross-border clearances,” said Das.

He said in pursuance of the goals spelled out in the plan, Customs, in conjunction with other border agencies and stakeholders, have been making efforts to bring down the cargo release time through both policy and procedural interventions to remove bottlenecks.

Das said an improved inter-ministerial co-operation in pursuance of various trade facilitation measures including the single window, active participation by the industry and regular monitoring by Customs through time release studies have made “significant and positive change” in perception of the trade and international analysts.

Source: hindustantimes.com- Jan 24, 2019

HOME

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Break above Rs 2,050 to trigger a bigger rally in cotton seed oil cake

Cotton seed oil cake has gone past its eight-week consolidation resistance and formed a long bullish candle stick on the weekly chart.

These are signs of strong buying signal in the near term.

Cotton seed oil cake is a byproduct of cotton which is essentially grown for its fibre, which is used the world over to make textile. Cotton fibre is one of the most important textile fibres, accounting for around 35 per cent of the world's total textile fibres used. India is one of the main growers of cotton in the world and its arrival in mandies starts in October till the end of February.

According to the latest USDA report, global cotton production in crop year 2018-19 will be around 118.74 million bales against the production of 123.70 million bales last year.

Global ending stock remains at 73.19 million bales against 80.45 million bales last year. Indian production for crop year 2018-19 remains at 27.50 million bales as against 29 million bales in the previous year. Indian end stock will stay at 8.08 million bales against the stock of 8.68 million bales earlier.

As per CCI estimates, production may be lower by 10 per cent from previous years. Accordingly, availability of cotton seed will be lower. Lower availability of cotton seed will impact production of cotton seed oil cake.

Growing export demand of other meals from Iran and Thailand will also support cotton seed oil cake prices in India. We expect cotton seed oil cake to continue its bullish momentum and gain further in coming days.

Technical Outlook

COCUD (COTTON SEED OIL CAKE) witnessed 3.51 per cent gain last week and settled at Rs 1,978 compared to its previous week close of Rs 1,911.

Recently, it has crossed eight-week consolidation resistance and formed a long bullish candle stick on the weekly chart, both of which are indicating strong buying signal in the near term.

Further, Rs 2,050 will act as decisive resistance, which coincides with 61.8 per cent Fibonacci projection line and a break above Rs 2,050 on closing basis would confirm the upside rally towards Rs 2,250 and above.

On the downside, a crucial support is seen at Rs 1,880. Any break and continuity below will only open the door to next downside move towards Rs 1,750 and below, but those chances are remote.

Source: economictimes.com- Jan 24, 2019

HOME

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Cabinet clears amendment to currency swap framework for SAARC countries

The Union Cabinet on Wednesday gave its ex-post facto approval for amendment to the "Framework on Currency Swap Arrangement for SAARC Member Countries" to incorporate a 'standby swap' amounting to $400 million.

The standby swap was operated within the overall size of the facility which amounts to $2 billion.

In an official statement, the government said that due to heightened financial risk and volatility in global economy, short-term swap requirements of SAARC countries could be higher than the agreed lines and the amendment builds in flexibility with respect to modalities of its operation, such as period of swap and roll over.

"The incorporation of 'standby swap' within the approved SAARC Swap Framework would provide necessary flexibility to the framework and would enable India to provide a prompt response to the current request from SAARC member countries for availing the swap amount exceeding the present limit prescribed under the SAARC Swap Framework," it said.

The Cabinet gave its approval after due consideration of conditions of requesting SAARC member countries and domestic requirements of India, it said.

It had approved the framework on March 1, 2012 with the intention to provide a line of funding for short term foreign exchange requirements or to meet balance of payments crises till longer term arrangements were made or the issue resolved in the short-term itself.

Under the facility, RBI offers swaps of varying sizes to each SAARC member country depending on their two months import requirement and not exceeding $2 billion in total. The swap amount for each country has been defined, subject to a floor of $100 million and a maximum of $400 million.

Source: smetimes.in- Jan 24, 2019

HOME

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MSMEs need reforms to solve pressing problems

Micro, small and medium enterprises (MSMEs), the second largest employment providing sector, need radical reforms to solve its pressing problems and to utilize its potential.

This is the findings and recommendations of the latest 'Development Report' on MSMEs, brought out by the Kochi based Institute of Small Enterprises and Development. 'India Micro, Small, and Medium Enterprises Report 2018, the twenty- first volume in the series, was released in Bengaluru at the South India MSME Summit 2019.

The report pointed out that several studies on India's MSMEs have brought out emerging challenges of the sector, especially against the phenomenon of 'jobless growth', that the country is experiencing today. MSME associations have also come up with issues relating to finance and taxation. The Union Government came up with a new turnover-based definition of MSMEs, which the associations consider it as an inroad into their constituency by large players.

However, the RBI, on the other hand, has taken a serious note on the issues relating to finance and taxation, and has set up an expert committee to identify causes and top propose long term solutions. While the mainstream debates on MSME problems confine to the limited areas of technology, finance, start-up support etc, the impact of more crucial external influences such as policy failures (demonetization and GST implementation) remain unanswered. In such a situation, piece-meal solutions to MSME problems may not be effective, the report warns.

Quoting an RBI study, the report said that the credit growth for MSME declined significantly and turned negative during November 2016 to February 2017. However the growth in credit had recovered after February 2017 to reach an average 8.5 per cent.

The share of credit extended to MSMEs in overall bank credit, declined steadily to around 14 per cent from about 17 per cent. Additionally, within credit to the industrial sector, the share of medium enterprises has dropped significantly as compared to micro and small enterprises. The credit growth to MSME exports has also been affected.

ISED advocates an 'entitlement approach' that can have the potential of compelling all related stake holders to work on a common national agenda and solutions under a scientifically structured framework. Such an approach would demand identification and analysis of major security threats to the MSMEs, and entrepreneurship at the grass root level.

Source: thehindubusinessline.com - Jan 25, 2019

HOME

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