Cotton Market

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

<table>
<thead>
<tr>
<th>Rs./Bale</th>
<th>Rs./Candy</th>
<th>USD Cent/lb</th>
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<tbody>
<tr>
<td>20096</td>
<td>42000</td>
<td>75.17</td>
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Domestic Futures Price (Ex. Warehouse Rajkot), March

<table>
<thead>
<tr>
<th>Rs./Bale</th>
<th>Rs./Candy</th>
<th>USD Cent/lb</th>
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<tbody>
<tr>
<td>20480</td>
<td>42803</td>
<td>76.61</td>
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International Futures Price

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<tbody>
<tr>
<td>NY ICE USD Cents/lb (May 2019)</td>
<td>72.36</td>
</tr>
<tr>
<td>ZCE Cotton: Yuan/MT (May 2019)</td>
<td>15,235</td>
</tr>
<tr>
<td>ZCE Cotton: USD Cents/lb</td>
<td>103.34</td>
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Cotlook A Index – Physical

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<tr>
<td>Cotlook A Index – Physical</td>
<td>80.10</td>
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Cotton Guide: The international ICE cotton futures have seen a decent rise in all the future contracts. The ICE May future settled at 72.36 cents/lb towards the middle of the high and low figure of 72.75 cent/lb and 71.90 cents/lb respectively. The gains noted for the ICE May contract was +34 points. The July contract on the other hand settled at 73.58 cents/lb with a positive gain of +30 points. Infact all the ICE contracts ended with positive settlement figures within the 30 point range. The total volume has been declining. It is now at 16,811 contracts, down by 5005 contracts as compared to the previous 21,816 contracts. The Most active ICE May contract emanated a volume figure of 11,896 contracts while the ICE July contract emanated a figure of 3,588 contracts. The total open interest increased by 2,018 contracts to 220,435. May 2019 and July 2019 interest increased by 1,229 and 440 contracts, respectively, to 121,430 and 41,843.
The MCX contracts on the other hand, the MCX contracts emanated a very slight change with a visible change in the MCX April contract which settled -10 Rs lower at 20,760 Rs/Bale. The Bulls and the Bears drove the market in their preferred direction although could not over power each other. The High figure for MCX April contract was 20,820 Rs/Bale while the low figure was 20,710 Rs/Bale. The Total volume saw a steep decline of 2412 lots at 3714 lots as compared to the previous figure of 6126 lots. The Volume for the MCX April contract declined to 2162 lots as compared to the previous 3296 lots.

The arrivals estimated are to be around 1,25,000 lint equivalent bales (private estimates) which includes 35000 from Gujarat, 42000 from Maharashtra, 8000 from Madhya Pradesh and 25000 from the North Including Rajasthan. The average price of Shankar 6 is still steady at 42,000 Rs/Candy. The Cotlook Index A has been revised still lower by (-1.00) cents/lb at 80.10 cents/lb.

There is some good news for US Cotton Trades as US trade representative Robert Lightizer said that the “cotton fibre” is in the list of products and he expects that China will make substantial purchase agreements on it.

ICE cotton May futures slipped to the support zones of 72 (lower band of the channel) as it failed to sustain above the 21 day EMA at 73.36. Meanwhile positive divergence between price and the strength indicator (RSI) restricted the downside in price. RSI in the daily charts is hovering around 42 levels suggesting sideways trend for the day. So for the day price is expected to remain in the range of 71.80-73.54 with sideways bias. In the near term strong supports exists around 70.00, followed by 69.50 levels. Likewise crucial resistance seen around 74.40 and 75.68 levels. In the domestic markets trading range for Mar futures contract will be 20350-20650 Rs/Bale.

**Currency Guide**

Indian rupee may trade with a weaker bias against the US dollar. Weighing on rupee is increased geopolitical risks amid tensions between India and Pakistan. After the Balakot strike by India, Pakistan breached Indian airspace Wednesday and has captured an Indian air force officer. The US has called for restraint however it is unlikely that tensions may subside soon. Also weighing on rupee is sharp rise in crude oil price. Brent crude trades above $66 per barrel supported by sharp decline in US crude oil stocks and OPEC’s pledge to continue with production cuts despite warning from US President about higher price. Also weighing on rupee is choppiness in equity market. Risk sentiment weakened amid disappointing Chinese manufacturing data, increased geopolitical tensions and concerns about US-China trade deal. US Trade Representative Robert Lighthizer said US issues with China are "too serious" to be resolved by promises of more purchases of US goods by Beijing. Concerns about Trump administration as Michael Cohen, the president’s former attorney, claimed that President Donald Trump committed crimes while in office also dented risk sentiment. Rupee may remain under pressure unless we see India-Pakistan tensions easing or a sharp correction in crude oil price. USDINR may trade in a range of 70.95-71.5 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
## INTERNATIONAL NEWS

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INTERNATIONAL NEWS

USA: Trade Expert Says Trade War Effect Will Have Long Reach for Retail

While the trade war between the U.S. and China has generally excluded punitive tariffs on apparel and footwear, the uncertainty it has created has had a substantial impact, Laura Rabinowitz, special counsel at Kelley Drye, said Tuesday during a “Fashion and Retail Trade Roundtable” webinar.

“There’s tremendous uncertainty at this time,” said Rabinowitz, who specialized in international trade and customs law. “Duties have been put on half of all Chinese imports to the U.S. and an additional 25 percent in duties that would likely include apparel and footwear was scheduled to go into effect on March 1.”

The Trump administration has been using what was a little known provision, Section 301 of the Trade Act of 1974—which allows the president to take actions on trade if he deems a situation burdensome or restrictive to U.S. commerce—to push China to make structural changes to its policies related to technology transfer, currency and intellectual property, which have hurt U.S. companies trying to do business in China, Rabinowitz said. Since then, Trump has used Section 301 to levy tariffs against China, China has retaliated, and much of the last year has been about that tit-for-tat.

And the pressure on China hasn’t yet subsided.

“We just had a busy weekend,” Rabinowitz said. “The President announced that he was delaying the U.S. increase in tariffs scheduled for March 1 and that he was planning a summit with Chinese President Xi sometime in late March” where a deal on ending the dispute could be signed.

The issue of raising tariffs on China, Rabinowitz said, “has become a bipartisan issue, with Democrats calling for Trump to take a hard line on China and its trade and economic policies.”

Fashion and apparel companies already pay substantial duties on most goods imported from China and an additional 25 percent duty would be difficult to overcome.
The fallout from the tariff-fueled trade war has meant higher costs and shifts in sourcing strategies, Rabinowitz noted. U.S. importers paid an additional $2.8 billion in tariffs in November, she said, while also incurring higher freight rates and higher inventories.

“Companies rushed to get their inventories in prior to the end of 2018 because there was so much uncertainty,” Rabinowitz said.

“Countries like Vietnam, Cambodia, Indonesia and Mexico have been winning the trade war. Companies have started to look at issues like, ‘where can I go [outside of China], and what will it do to my costs?’”

There are risks in moving to other countries, though. As Rabinowitz noted, “Bangladesh doesn’t seem like it has come very far since the Rana Plaza disaster in 2013,” when it comes to things like building safety, pointing to another warehouse fire that just occurred.

Companies can, however, take certain actions to reduce or defer duties. One method is called the “First Sale” rule, where a product is bought and sold multiple times outside the U.S.

According to this rule, importers only apply duty to the price paid at the first sale of goods, instead of paying duty on the final price paid by the importer, which has been marked up.

It is particularly valuable in industries where product is subject to higher duty rates, such as apparel.

Importers can also ship goods that don’t need to be distributed for a while to Free Trade Zones or bonded warehouses. Then, the duties aren’t paid until they leave those facilities.

Source: sourcingjournal.com- Feb 27, 2019
USA: High Growth Seen for Premium Luxury Brands; Creativity is Key Challenge

When it comes to the luxury sector, the premium European brands still have bragging rights over higher growth rates than their mass luxury counterparts.

Erwan Rambourg, luxury analyst at HSBC, said, “Over the holiday season, we saw that the premium European companies had incredible growth rates, while their more affordable, democratic luxury peers are structurally lower growers.”

European conglomerates such as Kering and LVMH have high brand equity, helped by a smaller footprint that’s not as exposed to the outlet channel and a more tightly controlled volume of goods in the marketplace. In contrast, mass luxury brands like Coach and Michael Kors cater to the aspirational consumer. But these brands also are perceived to have a significantly lower brand equity because of the sheer volume of product manufactured.

Rambourg also noted that the high exposure to the outlet store channel also hurts the mass luxury brands because of the lower-tier price point. He explained that outlet stores limit a brand’s pricing power because even if a customer is not shopping the outlet center, they know that option exists. “That’s not the case with Vuitton or Gucci. The premium brands don’t really provide that option, which raises the brand equity and consumers, if they want the brand, know that they have to be ready to pay up,” he said.

As consumers become more educated in their own fashion preferences and as their income levels rise, their taste level tends to mature and they and aim for the better brands.

“These mass brands may be what the up and coming consumer will purchase for the first time, but over time they’ll wait longer to buy and save up for the higher-end European brands,” the analyst said. And wealthy individuals also want to be seen wearing the premium brand, which becomes an identifier of social status among their peers, he said.

According to Rambourg, the biggest challenge to the premium luxury brands is how to innovate and be creative on multiple fronts.
“How do you keep a young, savvy well-traveled consumer excited? The challenge is around the brand’s capacity to surprise. When you see the growth rates of Gucci and Vuitton, the big risk is complacency.

It’s very important to understand that the vast majority of sales are still with people buying for the first time....Everyday you are going back to the recruitment field and you have to be the brand that is more relevant [than your competitors],” he said.

Growth for many of the brands, both high-end premium and the mass luxury group, is still largely in the Asian market, particularly in China. The analyst cited Moncler, which last year said more than 70 percent of sales in China were linked to people purchasing the brand for the first time, while more than half of the growth at Gucci is also tied to newcomers to the brand rather than repeat purchases.

According to Rambourg, the Chinese consumer in particular has been targeting the higher end brands, even if it means they have to wait until they can afford their purchase.

He calls it the premiumization in the Chinese market. Brands that do a better job on the social media front have an advantage. “For the Chinese female in her early-to-mid 20’s, Gucci and Vuitton are dominating that conversation,” the analyst noted.

For the mass luxury brands, Tapestry Inc., the parent of Coach, Stuart Weitzman and Kate Spade, will be focused on turning around the Kate Spade brand. And Capri Holdings Ltd., which also owns fashion house Versace, Jimmy Choo and its core Michael Kors brand, is still in the process of integrating Versace.

According to Rambourg, Versace has “great brand equity,” but a limited consumer base even though brand awareness is high. He also voiced concern about how much time might be needed to build a higher, sustainable growth rate for the business.

“Premium, European luxury brands have a better growth rate on a ten-year view, but the disadvantage at Capri, because of its focus on premium luxury, is that it systematically over pays for its acquisitions,” Rambourg said.
Explaining the mergers and acquisitions structure that’s in place, Rambourg said: “An independent premium business that’s local in Europe knows someone who knows someone at one of the conglomerates, such as LVMH, Kering and Richemont. Everyone knows everyone. If one of those European multi-brands aren’t willing to pay up, then the U.S. multi-brands get to take a look, and Chinese money as well.”

That means that a European firm “will never get the best price if it sells to a U.S.-domiciled company,” he said, and conversely that the U.S. firm buying the European asset also will have to pay up for the acquisition even if its still less than what its overseas counterpart would have paid for the brand.

For now, it’s too soon to tell how difficult the repositioning of the Versace brand will be, or what the impact will be on Capri’s bottom line. The company is also saddled with the lackluster growth rate of sales in North America. “If you think long term, I’d say pedestrian growth. Maybe flat to up low-single digit. For the industry as a whole, the outlook for 2019 is 6 percent growth. For brands such as Vuitton and Cartier, I expect them to outperform 6 percent,” Rambourg said.

Source: sourcingjournal.com- Feb 27, 2019

Yarn Expo Spring to welcome more fancy yarn exhibitors

Yarn Expo Spring 2019 will see a significant increase in exhibitors at the Fancy Yarn Zone – a 75% increase – with 125 exhibitors now set to display their latest fancy yarn collections. Yarn Expo consistently offers new options at each edition, with a wide array of yarn and fibre products, from fancy yarn to high-quality wool yarn, cotton, chemical fibres and many more.

Over 460 exhibitors from 11 countries and regions will join the fair, including China, France, Hong Kong, India, Indonesia, Korea, Pakistan, Singapore, Uzbekistan, Vietnam, and newcomer country Egypt. The fair will be held from 12-14 March at the National Exhibition and Convention Centre (Shanghai), and will be concurrent with four renowned fairs, including Intertextile Shanghai Apparel Fabrics, to attract the entire textile supply chain.
Sourcing trends indicate that today’s consumers are more conscious of the materials that construct their clothes. As such, Yarn Expo has seen fashion brands like Adidas, Ralph Lauren and Zara source upstream in recent editions, partnering with yarn and fibre suppliers in order to meet consumer demand. For brands in the textile industry, Yarn Expo is a prime platform to find innovation, whether that’s in sustainable fibres, high-quality yarns or unique functional products.

**Fashion trends**

With fancy yarn continuing to prove a popular option for stand-out fashion trends, this year’s larger Fancy Yarn Zone is expected to be a visitor hotspot. Other fashion trends – such as sustainable apparel, easy-care athleisure, and high-quality premium wool tailoring – can be developed with the product expertise of Yarn Expo’s exhibitors. The fair’s global reputation and product zones – such as the Fancy Yarn Zone, Quality Wool Zone and Green Linen Zone – attract high-quality exhibitors from China, including well-known enterprises Lida, Hongqi, Jiancheng, Hoyia and Dalong.

Functional and chemical fibre zones will showcase more new products with technological, fashionable and sustainable features. Domestic exhibitors can be found in four themed areas within these zones: China Fibre Trends 2019 / 2020, Innovative Functions, Green & Environmental Protection and Industrial Alliance. Cellulose fibres can be found at the Sateri Pavilion, led by leading viscose manufacturer Sateri Group.

More product ranges can be found at the China Hi-Tech Corporation Pavilion. Meanwhile, the Natural Cotton Yarn zone will promote high-grade refined cotton yarn, as well as fine siro spinning, air jet vortex spinning, rotor spinning and functional yarn products. Highlighted areas in this zone include the Xinjiang Pavilion, led by the Xinjiang government, which will include 23 premium cotton spinning exhibitors.

**China market trends**

The China Fibre Trend Forum will focus on a curated selection of fibres from exhibitors, illustrating China’s 2019 / 2020 fibre trends. Meanwhile, academics, corporate executives and industry experts will closely interpret hot topics at the Textile Materials Innovation Forum.
Launch events will also feature the latest products and technologies from selected exhibitors in a shared 1,000 sqm space in the fairground.

Source: knittingindustry.com- Feb 27, 2019

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Turkey to host Istanbul Yarn Fair

Istanbul Yarn Fair will be held February 28 to March 2, 2019. This event showcases products like knitted fabrics, cotton yarns, cotton blended yarns etc. in the textile, fabrics and yarns industry.

Leading yarn manufacturers from Turkey and other countries will display their innovative and advanced technology products. The trade fair will see 308 companies and company representatives from 15 countries.

The Belarusian pavilion will present five leading petrochemical companies. Polotsk-Steklovolokno will present glass fiber-based products. These include electric insulation glass fabrics, basalt fiber, high-temperature silica materials, glass yarns and rovings used as electric insulation winding for wires and cables and in the fabrics and tapes production.

The largest Belarusian plant Naftan will promote acrylic fibers for the production of yarn, fur fabrics, knitted materials, carpeting, upholstery and nonwoven materials.

One of the largest chemical producers in Europe Mogilevkhimvolokno will offer a wide range of polyester fibers, threads and harnesses, used in the manufacture of yarns, fillers and fur fabrics, and will provide polyester textiles for roofing materials and carpets manufacturing.

Woven and knitted fabric manufacturing suppliers, aimed at meeting the requirements of the market and competing in both domestic and foreign markets, have embarked on a quest for product range in yarn.

Source: fashionatingworld.com- Feb 27, 2019

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Apparel Sourcing Paris focuses on clothing production

The 16th edition of the Apparel Sourcing and Shawls&Scarves Paris shows, with 366 and 26 exhibitors respectively, demonstrated their immense importance for clothing production and textile accessories in global terms. 3,929 visitors flocked to The Fairyland for Fashion, a new record high for attendance, with a 2.35 increase compared with February 2018.

“Business got going extremely quickly. Buyers were intent on determining how feasible their projects were and on getting in first when it came to exclusives. The professionals had already decided what they would look for ahead of the show and wanted to make things happen as fast as possible. From the very outset we were focused on what is central to our work: trade talk and business.

The atmosphere remained very vibrant throughout. Prime contractors attended the shows in the first place for work and to satisfy their curiosity. I am delighted to see the full effects of our strategy – encouraging contact with the materials, the skills and the people who offer them.

It is an approach that I want to keep pursuing, no matter what, as nothing is a substitute for actual dialogue with the people and the materials. The almost febrile appetite of visitors thronging the aisles during the first few hours of the shows gives me encouragement in this respect” remarks Michael Scherpe, president of Messe Frankfurt France.

The products offered at Apparel Sourcing Paris, very diverse in terms of specialisation (from suits to sportswear and from underwear to dresses and blouses), techniques (bespoke tailoring, knitwear, accessories etc.) and ranges (for men, women and children) were aimed at every budget. This allowed buyers to consider the manufacture of future collections calmly. They immediately headed for their usual suppliers, while keeping an eagle eye on the new products offered.

"A busy and positive atmosphere reigned throughout this February session. Was it because the dates were slightly later in the industry calendar and because firms were eager to finalise their projects and ensure their goals? It also appears that the market is interested in improving how it responds to consumer demands (co-design, sustainability, durability), which has given
rise to new approaches by suppliers to demonstrate their capacity to respond to them.

It is especially the case with regular suppliers who it is easy to engage with. However it is always satisfying to see that visitors are still just as interested when they encounter new countries or clothing manufacturers that we have tracked down for them", continues Scherpe.

At the trade show, the catwalk shows and lectures dedicated to new developments in the fashion industries did not disappoint, especially those relating to a mix of creative skills, such as the catwalk show from a variety of countries, grouping Ethiopian, Cambodian and Chinese designers or the catwalk show highlighting talent from Montfermeil.

The lecture about the advantages offered by Ethiopia – definitely a country that is attracting a lot of interest – was very well attended. The presentation on skills and world heritage, even though it was on the final day of the show, left a lasting impression on the audience.

Source: fibre2fashion.com- Feb 27, 2019

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Japanese to sign revised FTA with ASEAN

The Japanese government recently passed a plan to sign a revised free trade agreement (FTA) with the Association of Southeast Asian Nations (ASEAN).

The revised FTA, which includes liberalisation of investment and service fields, will be a huge step towards enhancing the economic partnership between Japan and ASEAN.

The country is expected to sign the agreement on February 27 and seek approval from parliament this autumn, while ASEAN countries will start the signing procedure from March 2.

The original FTA between Japan and ASEAN went into effect in 2008 and was Japan’s first multilateral free trade deal, which focused on the trade of goods.
To further optimise benefits from this pact, the two sides started negotiations on investment and services in 2010 and concluded at the ministerial level in 2017.

Source: fashionatingworld.com- Feb 27, 2019

Garment exports give Turkey a trade surplus

The ready-to-wear and textile industries together gave Turkey a trade surplus of 15.6 billion dollars in 2018.

Ready-to-wear exports which were four million dollars in 1970 reached 17.6 billion dollars at the end of 2018. The aim for 2030 is 30 billion dollars of exports.

With the severe contraction in the domestic market in Turkey, companies need to direct themselves to exports in order to survive the recession with minimal damage.

Turkey’s average export price of 1.5 dollars per kilogram has reached 18 dollars in the apparel industry. Turkey’s readymade clothing and apparel sector, which has assumed the role of a pioneer, does value added exports and contributes to employment and exports.

The apparel sector contributes 10.7 per cent to Turkey’s overall exports and 13.1 per cent to industrial exports. The EU is the biggest market for Turkey’s ready-to-wear and apparel sector. This is followed by Germany, Spain, Britain, the Netherlands, France, Iraq, the US, Italy, Denmark and Israel.

As for the other markets, there was a 48 per cent increase in exports to Russia, one of Turkey’s largest trading partners, followed by a 30 per cent increase in exports to China, the world’s largest ready-to-wear supplier. Other exports are to Qatar, Libya, Slovakia, Serbia, Egypt, Romania, Albania and Kazakhstan.

Source: fashionatingworld.com- Feb 27, 2019
Asian countries capture diverted exports

A new report from the United Nations Conference on Trade and Development (UNCTAD) shows, tariff-fueled trade war between the US and China impacted more than 50 per cent of two nations’ bilateral trade.

As a result, a handful of countries, mostly Asian neighbors, have captured a bulk of the diverted exports.

As per UNCTAD, this effect could become more pronounced if the US follows through on the threat to increase tariffs to 25 percent on a range of goods on March 1 from the more narrow 10 percent duties already imposed.

UNCTAD estimates, which include the potential March hike, show that most US-China trade affected by the increased tariffs will divert to other countries and not just shift the bilateral balance of trade.

The report said that of the $250 billion of Chinese exports subject to US tariffs, 82 per cent will be taken by firms in third countries, about 12 per cent will be retained by Chinese firms and just about 6 per cent will be kept by US companies.

Source: fashionatingworld.com- Feb 27, 2019

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Bangladesh to ink deal with Russia to boost apparel exports

Bangladesh is likely to sign a MoU with Russia to boost exports, especially in apparels. The country has also been looking at Russia for quite some time as a potential export destination for readymade garments.

There is big demand for Bangladesh-made apparel items, seafood, potato, medicine and other products. Russia is interested in importing these items from Bangladesh.”

Bangladesh’s apparel exports to Russia amounted to $427.8 million during the fiscal 2017-18, according to Bangladesh Export Promotion Bureau.
Knitwear contributed to $260.6 million of export while woven segment contributed $167.2 million.

From July to January 2019, apparel exports amounted to $276.3 million, of $169 million was knitwear items and $107.3 million woven items.

Source: fashionatingworld.com- Feb 27, 2019

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**Bangladeshi Ananta Group wants to invest $8 mn in Ethiopia**

Bangladesh’s Ananta Apparels Limited, a unit of the Ananta Group, has sought Bangladesh Bank’s approval to invest $8 million in Ethiopia to set up an apparel factory there. The company submitted its proposal recently to the central bank claiming it wants to benefit from the tax benefits in the African nation along with duty-free access to the United States.

The company intends to invest $8 million in Ethiopia from its own fund and if any additional fund is required, it would be taken from other multinational financial institutions like the International Finance Corporation, it said. Bangladesh Bank, however, has expressed its doubts about the viability of the plan, according to a report in a top Bangladesh newspaper.

The central bank officials have forwarded the proposal to the finance ministry, which is authorised to give permission to such proposals. A cabinet committee usually takes the final decision.

Seven companies have so far got government approval to invest abroad including the highest approval for $20 million to Akij Jute Mills, a concern of Akij Group, for procuring two Malaysian companies — Robin Resources Malaysia SDN BHD and its subsidiary Robina Flooring SDN BHD.

The Ananta Group feels Bangladeshi products would face high taxation when the country would be graduated to the status of a developing nation.

Spain to transfer modern textile technology to Pakistan: envoy

The Spanish ambassador will visit Faisalabad very soon to evaluate the opportunities in the wake of CPEC. Zia Alumdar Hussain, president Faisalabad Chamber of Commerce and Industry (FCCI), had a meeting with Spanish Ambassador Manuel Duran and discussed various issues regarding the bilateral trade.

Spanish Ambassador Manuel Duran acknowledged the importance of Faisalabad in the economy of Pakistan, saying it could not be ignored because of its excellence in the textile field.

“I shall personally visit Faisalabad to interact with the business community. Spain is ready to support Pakistan by transferring the latest technology for the up-gradation of its existing industrial units,” he added.

The FCCI president said that predominantly Pakistan was an agro-industrial country. He said that despite its production edge, Pakistan was still exporting raw or semi-finished goods to other countries and it needs the latest technology to produce the fully-finished products to cater to the needs of developed countries. He also invited the Spanish ambassador to visit the FCCI to personally evaluate its export potential in addition to interacting with the local businessmen.

He also floated a proposal of sending a trade delegation to Spain so that direct relations could be cultivated between the business communities of the two countries. Later, Jawad Asghar presented the FCCI shield to the Spanish envoy.

Source: thenews.com.pk- Feb 28, 2019
NATIONAL NEWS

RCEP faces fresh hurdles amid Bali talks

A bid to kick-start a China-backed trade pact that would cover a third of the global economy is facing a fresh hurdle as upcoming elections across Asia and the Pacific threaten to stall progress on reaching a deal.

With fallout from trade ructions between US and China endangering global growth, the Regional Comprehensive Economic Partnership, or RCEP, is seen as a vital shot in the arm for a string of regional economies. Yet, as talks resume on Indonesia’s resort island of Bali, there are already fresh concerns about the impact of upcoming elections in Australia, India, Thailand and Indonesia.

Those elections, as well as polls in New Zealand in 2020, raise questions about prospects for reaching an agreement on the 16-nation pact any time soon. A change in government in any of the nations involved could further disrupt the talks, which already face numerous stumbling blocks with a long list of chapters yet to be concluded. The latest meeting resumed in Bali this week.

“There may be some delays, especially because of those having elections this year,” Iman Pambagyo, the lead negotiator for Asean nations, said in a text message on Tuesday. He also called on other nations involved in the talks to resist the urge to backload the work.

What we should do is accelerate the negotiations as much and as quickly as possible so countries can see the economic potential a RCEP agreement could offer, he said.

Motor of growth

The RCEP aims to synchronise existing pacts across much of Asia and would cover almost half the world’s population. It would level tariffs and rules governing the regions complicated supply chains, while improving market access and introducing dispute-resolution mechanisms.
“It will create one of the largest economic blocs in the world,” Pambagyo said in a separate statement. The countries that are members of RCEP “are predicted to experience significant growth and together become the motor of growth in the world economy,” he said.

In the works for more than six years, RCEP has also been billed as a rival to the Trans-Pacific Partnership and a potential bulwark against rising American protectionism under US President Donald Trump.

China’s inclusion in RCEP, however, has also been viewed with suspicion amid concerns about its growing clout in the region.

Cautiously optimistic

As the US and China headed toward a full-blown trade war last year, there was a growing sense of urgency about the need to get RCEP across the line. Despite that, a push by China for RCEP leaders to announce the substantial conclusion of the deal at November’s East Asia Summit in Singapore failed to gain traction.

At the same time, India had been resisting pressure to make a more ambitious commitment to lower tariffs on imported goods, while other nations stopped short of meeting expectations from India to open up their services sectors.

Many other issues remain unresolved, including on rules of origin, trade in services, investment, e-commerce, intellectual property, legal frameworks, financial services, telecommunications services, and trade security.

Pambagyo said all participating countries understand they cannot afford to lose all the momentum and is cautiously optimistic an agreement will be reached this year.

Source: thehindubusinessline.com- Feb 27, 2019
Commerce Minister Discusses With FPOs About Measures To Boost Farm Exports

Union Minister of Commerce and Industry, Suresh Prabhu, held an interaction with Farmer Producers' Organizations (FPOs) through video link in 81 locations of the country in New Delhi yesterday. Around twelve locations from the North East were part of this interaction with the Minister.

Commerce Minster discussed with the FPOs about measures that may be implemented by them in order to boost exports of products from specific regions of the states.

In order to implement the Agriculture Export Policy 40 clusters have been formed across the country and through NABARD, APEDA, MPEDA and Plantation Boards farmer's organizations will be given all assistance in order to ensure that farmers get adequate market price and are able to export their produce.

Commerce Minister suggested that FPOs must form federations which can become engines of growth in the districts. Minister informed that he is writing to all FPOs to take the lead and ensure that the object of the Agriculture Export Policy of doubling farmers income is implemented.

While interacting with FPOs Minister heard problems faced by farmers in areas like Nasik in Maharashtra, Idduki in Kerala, Rayagada in Odisha, Dahod in Gujarat, Vijayawada in Andhra Pradesh, Gangtok in Sikkim and FPOs from Himachal Pradesh.

Most of them face difficulty in accessing value chains and suffer from lack of access to markets. Commerce Minister assured all FPOs that he will look into each of their problems and ensure that these are solved at the earliest.

The agri export policy is aligned with the vision of doubling of farmers' income by providing the farmers the benefit of export opportunities through a stable trade policy regime.

The policy gives focus on developing clusters with potential for export-oriented production of specific products and greater thrust on value added products, promotion and branding of produce of India.
The main aim of the policy is to double agriculture exports to USD 60 billion by 2022. Several initiatives have been taken to boost agricultural exports which include lifting of prohibition on export of Edible Oils and Pulses and provision of MEIS on a number of agricultural products.

Source: business-standard.com- Feb 27, 2019

MSME Ministry’s Technology Support and Outreach Programme

The Ministry of Micro, Small and Medium Enterprises is organizing a programme on Technology Support and Outreach (TECH-SOP) tomorrow (28.02.2019) in New Delhi. The objective of the programme is to educate MSMEs and enhance their awareness about latest technological innovation available and sensitize them on the role of technology in creating competitiveness and opportunities.

Various research and development institutions in the country have developed technologies which are relevant for MSMEs for sustainable growth and can be made available in a cost effective manner. TECH – SOP is an initiative of the MSME Ministry to bridge the gap between research and development institutions and MSMEs so that they can use latest technologies and become a part of global value chain.

The Council of Scientific and Industrial Research (CSIR), National Innovation Foundation-India (NIF), Indian Council of Agricultural Research, (ICAR), Institute for Design of Electrical Measuring Instruments (IDEMI, Mumbai) and IIT, Delhi will participate in the TECH-SOP and guest speakers will address MSME on the issues of technology transfer and innovations.

A “India Green Tech Open Challenge” will also be launched tomorrow to encourage MSMEs to adopt sustainable and green technologies so that they remain competitive in the long run.

Source: pib.nic.in- Feb 27, 2019
RCEP talks: Farmers, civil society bodies warn against obligations on patenting seeds, plant varieties

Commerce Minister Prabhu will attend Ministerial in Singapore on March 2

Farmer and civil society organisations have written to Prime Minister Narendra Modi stressing that India should not agree to obligations with respect to intellectual property (IP) on seed and planting materials at the ongoing Regional Comprehensive Economic Partnership (RCEP) negotiations between 16 nations as it hurt the livelihood of poor farmers.

Similar representations have been given by farmer groups to their governments in Malaysia, Philippines and Indonesia stressing that they should not give in to pressure from some countries at the RCEP to take on IPR obligations that go beyond WTO commitments.

“It is Australia that is pressing for IP rights on plant varieties and it is important for India to have the support of countries such as Indonesia, Philippines, Malaysia and Thailand to overturn it,” a Delhi-based trade expert told BusinessLine.

Once implemented, the RCEP, which includes the ten-member ASEAN, India, China, South Korea, Japan, Australia and New Zealand, will lead to the creation of the largest free trade bloc in the world.

Commerce & Industry Minister Suresh Prabhu will be in Singapore on March 2 to attend the trade ministers’ conference where the issue of tighter IPR norms covering plant varieties and seeds may be pushed.

The letter sent to the Indian Prime Minister, signed by 41 farmer and civil society organisations, pointed out that some RCEP-participating countries were insisting on provisions on rights in plant varieties consistent with the 1991 Act of the International Convention for the Protection of New Varieties of Plants (UPOV 1991 Convention).

Some of the signatories include Bhartiya Kishan Union, Bhartiya Krishak Samaj, National Alliance of People's Movements West Bengal, Paschimi Odisha Krushak Sangathan Samanvay Samiti and South Indian Coordination Committee of Farmers Movement.
“We stress that recognising any aspect of UPOV system would be inconsistent with and undermine farmer seed systems in India and the international rights and obligations of India under the various international instruments. Most importantly nothing must affect the right of Indian farmers to freely save, use, exchange and sell farm saved seeds/propagating material,” the letter said.

An assessment of UPOV 1991 concluded that it would sever beneficial inter-linkages between formal and informal seed systems, and its restrictions on the use, exchange and sale of protected seeds could adversely affect the right to food, as seeds might become either costly or harder to access, the letter pointed out. It will reduce the household income available for food, healthcare or education, it added.

Source: thehindubusinessline.com- Feb 28, 2019

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Tirupur corpn moves to recycle polybags used in garment units

With the garment manufacturing industry in the district exempted from the ban of single-use plastics, the city corporation and the Tamil Nadu pollution control board are taking steps to streamline the disposable and recycling of plastics generated by the industry.

Initially, the state government allowed export-oriented garment units to use polybags and this was later extended to the domestic garment manufacturing units too after they made a representation to the government.

“About 500 units are manufacturing polybags amounting to 20 tonnes in a day in the dollar city, which are used in both domestic and export knitwear units. The thickness of polybags and polybag rolls ranges from 20 microns to 60 microns,” a member of the Tirpur plastic manufactures association said.

Though most of the polybags are used for primary packing of garments, significant quantity of the polybag rolls are used in covering fabrics while being transported to subsequent units as a part of the production process.
“Such utilisation is generating more than 500 tonnes in a month. Apart from which, 200 tonnes of foam wastes, another banned item, are being generated in around 500 embroidery units in the industry,” said an industry source.

K Senthil Vinayagam, Tirupur north district environmental engineer, said, “Even with the exemption, the knitwear units are directed to have Extended Producer Responsibility (ERS). Every polybag should contain the name of knitwear units and approval of the TNPCB. Besides, the units should ensure that the wastes are sent for recycling.”

“We have been taking steps to streamline safe disposal of the polybag wastes generated in the industry. Recently, we held a meeting with the polybag manufacturers and discussed about the recollecting of wastes for the recycling process. For this, the knitwear units should enter into pact with private firms which collect wastes and send them for the recycling,” he added.

City health officer K Boopathy said, “We are yet to receive the communication from the government regarding the exemption extended to the domestic knitwear units. But we have been streamlining disposal of foam wastes generated in embroidery units.”

R Kalyana Sundaram, president of the Tirupur computer embroidery association, said, “We have been discussing with a private company to collect the foam wastes generated in our units. Our association has more than 250 embroidery units.

Once we signed a memorandum of understanding with the company, it would collect the wastes on weekly basis and send the same to ACC cement plant in Coimbatore, as directed by the corporation.”

Source: timesofindia.com - Feb 28, 2019