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US 72.19| EUR 79.39 | GBP 93.01| JPY 0.66

Cotton Market (Feb 13, 2020)		
Spot Price - Shankar 6 (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
18900	39500	**70.40**
Domestic Futures Price (Ex. Warehouse Rajkot), February		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
19520	40797	**72.71**
International Futures Price		
NY ICE USD Cents/lb (March 2020)	69.24	
ZCE Cotton: Yuan/MT (May 2020)	13,025	
ZCE Cotton: USD Cents/lb	84.74	
Cotlook A Index – Physical	**77.20**	

Cotton Guide- The Financial and the Commodity markets are slightly positive. The reason attributed to this is positive news coming in from China that the number of newly infected Coronavirus victims has declined during the last 3 days. The Dow Jones Industrial Average is High, WTI Crude Oil Prices have moved north by around 1.5 $ per Barrel and Cotton consequently followed the positive news thus registering positive gains.

The market seems to follow the current short term happenings. However, we continue to remain biased towards the bearish to sideways trend. The reason why we give a consolidated stance is –there is news that the vaccination will take almost a year to be developed with proper scientific research. Currently the Corona virus which is now named

COVID-19 is being contained by various measures and not eradicated. This implies that a threat of it becoming a pandemic still looms at large.

While speaking about the ICE futures contracts, we need to make an important note that the volumes and open interest have now shifted from the ICE March contract to the ICE May contract. ICE March contract grabbed 24,948 contracts as volumes and 48,453 contracts as Open Interest whereas the ICE May contract grabbed 27,784 contracts as volumes and 94,817 contracts as Open Interest. The ICE March contract settled at 68.58 cents per pound with a change of +35 points whereas the ICE May contract settled at 69.24 cents per pound with a change of +50 points.

The MCX contracts on the other hand remained consolidated yesterday; we expect the same trend to continue. The MCX February contract settled at 19,170 Rs per Bale with a change of +10 Rs. The MCX March contract settled at 19,430 Rs per Bale with a change of -10 Rs. The volumes were double as compared to the previous figure; they were registered at 1413 lots.

The Cotlook Index A has been kept unchanged at 77.20 cents per pound. While speaking about the average prices of Shankar 6, it is available to exchange hands at 39,500 Rs per Candy. Punjab J-34 is quoted at 4,040 per maund. Arrivals of Cotton in India is still above the 2 lakh Bales mark.

On the fundamental front we expect prices to remain consolidated for both ICE and MCX. On the technical front, in daily chart, ICE Cotton May is moving towards the higher band of the downward sloping channel, which coincides with the lower bound of the rising channel near 69.90. Cotton m ay future has crucial resistance near 70(38.2% Fibonacci retracement level), where price would look to complete a pullback before it resumes it bearish bias. Meanwhile price is moving around the 5 & 9 day EMA at 68.93, 68.92, along with RSI at 48 suggesting for the sideways bias in the market. However, the next support for the price would be 68.01 recent low & 66.82 (76.4% Fibonacci retracement level) & the immediate resistance is around 69.90, which is 38.2% Fibonacci retracement level. Thus for the day we expect price to hold the range of 68.00-69.90 with a sideways bias. In MCX Feb Cotton, we expect the price to trade within the range of 18900-19350 with a sideways bias.

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

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INTERNATIONAL NEWS

USA: Textile Input Costs Reach 'Crazy' Levels as Virus Approaches Pandemic, Manufacturers Say

The tie-up with textile inputs owed to the coronavirus is sending raw material costs skyrocketing.

Manufacturers in Pakistan claim the cost of imported textile inputs—which many apparel sourcing countries bring in from China—has climbed by as much as 100 percent, according to Pakistan's The News, in light of the shortages resulting from slowed production and a pileup at ports that has goods crawling (if not altogether held up) to their destinations.

Pakistan, along with other key apparel sourcing countries, like Vietnam, Cambodia and Thailand, are facing threats to production and raw materials stock that could dry up in the next month if supply doesn't resurface.

"Everyone is talking about increasing exports from the country, but the fact is that production cannot be undertaken in the absence of materials," Zubair Motiwala, a member of Pakistan's Sindh Industrial Trading Estate Association of Industry, told The News.

According to reports, Pakistan relies on textile raw material imports from China, including dyes and chemicals, to make 60 percent of its exports. At present, much of what has already been produced is stuck at Chinese ports and, according to Motiwala, alternative suppliers in Korea, Taiwan and India have either ceased supply or are quoting prices as much as 35 percent higher.

"It is becoming difficult to continue production activities due to shortage of raw materials, while prices in the local market have gone up by 50-100 percent," he told The News. "Value-added textile sector requires ample quantity of dyes and chemicals. It is obvious that no one keeps the inventory for more than 1 or 2 months due to cash flow constraints as large amounts of exporters are stuck in sales tax refunds."

The fear for manufacturers in Pakistan now is that instead of benefiting from a potential uptick in manufacturing as companies scramble to clear out of China, the price hikes and inputs shortage could prevent factories from being able to complete their orders and ship them on time.

And conditions aren't much different in Vietnam.

Once the second quarter hits, manufacturers in the country may no longer have the materials they need to make garments, as more than half of the garment industry's inputs originate from China.

"Domestic firms have sufficient materials for production until the end of the first quarter, but many of them will face severe shortage of materials from the second quarter because they have trouble importing materials from key suppliers in China, Japan and South Korea," Vu Duc Giang, chairman of the Vietnam Textile and Apparel Association, told Reuters.

The unfortunate fact here, as American Apparel & Footwear Association (AAFA) president and CEO Steve Lamar said on a Sourcing Journal China trade update webinar Wednesday, is that if the United States had remained in the original Trans-Pacific Partnership (TPP), Vietnam might have been better equipped as a backup.

"When the TPP didn't happen, there was a lot of investment in textiles in Vietnam that didn't happen," he said. "We would be able to source product in Vietnam using Vietnamese textiles more than we can now."

The material shortage story continues much the same in Thailand. And manufacturers there are already experiencing delayed deliveries.

Orders from the last half year that would typically be filled in January or February are now being delayed until March because of the havoc created by the coronavirus outbreak, Thai Garment Manufacturers Association president Yuttana Silpsarnvitch told local news source The Star.

"Manufacturers have been unable to deliver their products on time because of the scarcity of materials coming from China, such as lace fabrics and buttons," he said.

So far, there are few signs of the spread of the virus slowing, and while by some accounts manufacturing conditions are improving, it's safe to assume a multitude of hiccups will continue to hamper supply chains in the coming months.

COVID-19, the novel coronavirus' official name, has quickly become a global crisis.

On Wednesday, the Centers for Disease Control and Prevention (CDC), said the "novel coronavirus situation is rapidly evolving and expanding," and current conditions meet two key criteria of a pandemic: one, that the virus has caused illness, including illness resulting in death, and two, that there has been sustained person-to-person spread. The third criteria of a pandemic is worldwide spread—which the CDC said "the world moves closer towards meeting."

The latest situation report from the World Health Organization (WHO) says there have been 81,109 confirmed coronavirus cases globally, and according to an update Thursday morning from WHO director-general Dr. Tedros Ghebreyesus, 2,801 people have died. Now, "we're at a decisive point," he said, adding that what's happening in the rest of the world is now WHO's "greatest concern."

"For the past two days, the number of new cases reported in the rest of the world has exceeded the number of new cases reported from China," Ghebreyesus said. "And in the past 24 hours, seven countries have reported cases for the first time." Those countries include Brazil, Georgia, Greece, North Macedonia, Norway, Pakistan and Romania.

Though travel into the U.S. has been restricted, the coronavirus is stateside, and the CDC confirmed a case in California Wednesday that was the first of "unknown" origin, meaning the infected individual hadn't been exposed to anyone known to be infected. Now, the CDC is asking U.S. residents to "prepare in the expectation that this could be bad."

Source: sourcingjournal.com- Feb 27, 2020

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USA: Price Swings, New Disease Add Challenges for SC Cotton Growers

One thing many farmers know for certain is that nothing is certain right now.

During the South Carolina Cotton Growers Meeting held here recently, Clemson Extension economist Nathan Smith told growers that despite stable demand for cotton worldwide, fluctuations in yields, prices and international trade have the potential to create stress for both producers and users.

“United States’ exports are projected to increase,” Smith said. “Even with more exports, however, we could see an increase in U.S. stocks due to higher production in 2019.”

Higher production and ending stocks going into 2020 for the United States led economists to forecast a season-average price of 63 cents per pound, Smith said.

While U.S. exports to China have decreased, markets in Bangladesh, Vietnam, Pakistan and Turkey have grown. But Brazil’s market share also has increased, further depressing cotton prices in the U.S. Reports show cotton prices will be volatile depending on acreage reports, crop conditions and weather.

“Right now, we don’t know where prices are going to go,” Smith said. “As they stand right now, we need good yields or help in the markets to cover costs. Our expectations for 2020 in South Carolina are that cotton acreage will remain the same or be down a little.”

Almost 14 million acres of cotton were planted in the United States in 2019. This was down about 2.7 percent from 2018. Some economists predict cotton acreage may drop several million acres in 2020. Reduced acreage could raise prices.

Clemson University cotton specialist Michael Jones said South Carolina cotton growers grew a good quality crop in 2019. To continue this trend in 2020, Jones said growers need to do their homework when it comes to variety selection.

“We had a good quality crop last year,” Jones said. “Lint yield was above average, and fiber quality was excellent. To continue to have good crops, growers will need to study and determine which variety or varieties will work best for them.”

Variety selection criteria include yield potential, yield stability, fiber quality, value-added traits, plant maturity, nematode resistance, stormproof ability, lint percentage and leaf hairiness. DP1646B2XF is one variety that has been popular with farmers in the Cotton Belt North Carolina, South Carolina, Georgia, Alabama, Mississippi, Arkansas, Louisiana, eastern Texas and Southern Oklahoma.

While cotton quality may be high, cotton acreage is forecast to drop 25% in South Carolina in 2020. The latest USDA figures show 300,000 acres were planted in cotton in South Carolina in 2019. Projected cotton acres for 2020 in the state are 224,167.

In addition to prices and variety selection, cotton growers also were made aware of a new cotton disease. According to John Mueller, Clemson cotton pathologist, cotton growers need to be on the lookout for cotton blue disease. This disease is caused by the cotton leafroll dwarf virus, transmitted by cotton aphids. It first appeared in the United States in 2017 and was detected in 10 counties in South Carolina in 2019.

Symptoms include:

- Drooping leaves that vary from red to dark green.
- Crinkled or rugose leaves
- Stunted plants that suffer fruit deformation and fruit shed, or are all together barren.
- Late season symptoms include stacking of the internodes with copious fruiting, but consequent rapid fruit abortion.
- Elongated main stems.

Mueller said there are no fungicides or antibiotics to control the virus.

As for controlling cotton aphids that transmit the disease, Clemson entomologist Jeremy Greene said the use of insecticides will not prevent the virus from establishing in fields.

“We think, and evidence so far has shown, that we cannot keep infected aphids from infecting plants in a given field. We are conducting more research to see if spread of the virus can be slowed some in a given area, but that might not be possible,” Greene said. “We can greatly reduce numbers of aphids in cotton with insecticides, but we cannot eliminate aphids from cotton and probably will not prevent transmission of the cotton leafroll dwarf virus.”

Greene said insecticides can reduce plant stress associated with aphid feeding. Control of cotton aphids with insecticides varies by location.

Low, but detectable levels of aphids were found in South Carolina in 2019. Research on control of cotton aphid and the virus is ongoing in South Carolina.

In addition to South Carolina, cotton leafroll dwarf virus also has been detected in Alabama, Florida, Georgia, Mississippi and Texas.

About 80% of the South Carolina cotton crop is planted the first week in May. Cotton harvest begins in late September.

Tripp Plummer is an Orangeburg County farmer who attends the South Carolina Cotton Growers’ Meeting every year. In addition to cotton, he grows corn, soybeans and wheat.

“This meeting is convenient for us,” Plummer said. “We get valuable information by attending the meeting and, then, we are able to do the dicamba training that is required for our license. We can do it all in one day.”

Federal label changes require farmers and pesticide applicators who use dicamba-based products to receive training as required by the Environmental Protection Agency.

Source: cottongrower.com- Feb 26, 2020

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Coronavirus pushes global textile brands toward Turkey, fueling orders

Global textile giants turned toward Turkish ready-to-wear and textile manufacturers, fueling orders ahead of the upcoming summer season, due to the new coronavirus outbreak in China. The deadly virus has already caused various large brands to withdraw from the Chinese market and halted local production in the East Asian country.

Several brands including large-scale global brands such as Superdry, Inditex, H&M, Hermes-Otto, Debenhams and Ralph Lauren have already diverted their orders to Turkey. The country will have to increase production by doubling the shifts, especially for summer collections.

Istanbul Ready-Made Clothes and Textile Exporters Union Chairman Mustafa Gültepe said the sector is currently working at a capacity of 85%. Brands like H&M, Superdry and Inditex Group, which embodies Zara, Massimo Dutti and Bershka, all of which have a high capacity in terms of importing from Turkey, fueled the orders. With the additional orders, the sector is expected to work at full capacity, he added.

“If the orders continue in this way, we will increase the sector’s capacity,” he noted.

Also speaking on the issue, Hadi Karasu, head of the Turkish Clothing Manufacturers' Association (TGSD), stressed that many design and retail firms cannot enter the Chinese market due to the epidemic, and many others have halted production. As a result, many renowned brands initiated talks with Turkish manufacturers for the upcoming season, Karasu said.

The new virus outbreak, which is believed to have emerged in the Chinese city of Wuhan in Hubei province in late 2019, has become a pandemic. Outlining the alarming development during a briefing in Geneva, World Health Organization (WHO) Director-General Tedros Adhanom Ghebreyesus said on Tuesday that there were 2,790 cases and 44 deaths in 37 countries outside of China. The virus has so far killed more than 2,600 people and infected over 77,000 others in mainland China.

The Industry and Technology Minister Mustafa Varank said on Wednesday that the outbreak of the new coronavirus (COVID-19) created uncertainty about the global economic developments given the fact that China is an important global economic player and has a strategic position in supply chains.

"Any financial bottleneck that may occur in supply chains has the power of strongly shaking the global balances. It is also likely that the intermediate goods that are imported from China may be exported from Turkey as well which will be reflected in several sectors such as textiles," he said.

Cleaning products along with medical masks are also products that are needed by Chinese customers. Demands for those types of products from Turkey have increased up to 40%. China's furniture importers are another sector where orders have been diverted to Turkey especially after the cancellation of two furniture fairs that were due to be held in China. The sector, which previously announced its export value as $4.5 billion for 2020, updated it to $5 billion due to additional orders coming from Europe.

Source: tribune.com.pk- Feb 26, 2020

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Coronavirus is drying up the supply chains of Southeast Asia's factories

Even as China pushes factories to reopen, the ripple effects of Covid-19 have already proved inescapable for manufacturers outside the country. Particularly hard hit is Southeast Asia, where industries that depend on China for raw materials are being hobbled as their supplies dry up.

In Cambodia, the government today warned about 200 factories making mostly clothing will probably have to slow or cease production entirely due to a lack of raw materials.

China—the world's biggest textile exporter—provides more than 60% of the materials feeding Cambodia's garment and textile factories, according to the country's association of garment manufacturers. Prime Minister Hun Sen has publicly urged the Chinese ambassador to send more materials by ship and plane so the industry won't have to shut down.

Vietnam is facing similar situations in its garment industry and beyond, with China being a major supplier of steel and components for electronics. “Car, electronics and phone manufacturers are experiencing difficulty in acquiring supplies and materials due to disruptions from the virus,” an agency representing Vietnam’s manufacturing sector told Reuters. Phone maker Samsung, which manufactures in Vietnam, is among the companies facing a serious production slowdown. Even the furniture industry, which gets component parts from China, is under duress.

In Myanmar, factories are reducing hours or pausing operations because of the reduced materials coming from China. “Besides garment factories, factories making shoes and bags rely on raw materials from China,” U Aye Thaung, chair of a committee representing an industrial zone in Yangon told the Myanmar Times today. “Those that still have raw materials are operating so far, but factories that have run out have ceased operating.”

The stakes are greater than production delays. The livelihoods of factory workers in these countries may be at risk if the factories employing them aren’t able to resume normal business soon. In Cambodia, for example, the garment industry is the country’s biggest employer and provides the majority of its factory jobs. The labor ministry said if the shortage of raw materials from China drags on, as many as 90,000 workers could see their jobs suspended by the end of March, according to the Khmer Times. Workers in such situations may not have the savings to tide them and their families over until work resumes. Sen announced a plan for garment workers whose factories closed to receive 60% of the minimum wage, with 40% being the responsibility of the factory owners and 20% provided by the government.

How quickly firms in these industries recover may depend on their size, if they recover at all. “If you’re the big guys then no problem,” Liang Kuo-yuan, president of Yuanta-Polaris Research Institute, told Voice of America. “Yet if you’re the small and medium sized firms, you can’t hold out and then you face the issue of bankruptcy.” Vietnam’s central bank has ordered its commercial banks to reduce, delay, or even eliminate interest payments to help companies dealing with losses from the coronavirus outbreak.

Source: qz.com - Feb 27, 2020

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EU fashion exports up 48 per cent compared to 2010

The European Union's exports of fashion goods have increased 48.4 per cent compared to 2010. Holland's exports of fashion goods in 2019 were 98 per cent more than in 2010. The country is also the logistic heart of fashion in Europe due to its strategic location since its radius of influence covers cities such as Paris, London, Berlin, Milan or Dusseldorf. Spain's fashion sales abroad have grown by 90.3 per cent since 2010. Italy's fashion exports in 2019 were 46.9 percent more than they were ten years ago and two per cent more than in 2018. France's exports of fashion products in 2019 were 78.2 per cent higher than they were 10 years ago.

Eastern Europe has become one of the main supply hubs and one of the largest exporting giants in Europe. Poland and the Czech Republic have doubled their fashion exports in the last ten years. Between 2018 and 2019, Poland's fashion exports increased 1.23 per cent. This increase is due to the modernization of industrial fabric of the country, which began ten years ago. The fashion and clothing industry plays an important role in the Czech market, being the fifth most important sector in the country.

Source: fashionatingworld.com - Feb 27, 2020

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Better infrastructure, strong FDI positions Vietnam ahead of Bangladesh

Increasing diversion of trade from Bangladesh to its close competitor Vietnam is causing the nation to lose sleep. As recent Export Promotion Bureau stats reveal, RMG exports from Bangladesh declined by 7.59 percent to $15.77 billion due to a decline in global demand.

One reason for declining export is Bangladesh's overdependence on only five items: men's and women's T-shirts, trousers, shirts, jackets and sweaters. Vietnam exports around 10 types of products to the US alone.

The country also has free trade agreements with the European Union, the Asean, Hong Kong, Singapore, South Korea and China. It exports apparels to countries like the United States, Europe, Japan and South Korea. Of this, the US has traditionally been the biggest market for Vietnamese apparels and has benefitted the most from the US-China trade war.

Shorter lead times enhances infrastructure ranking

Having 1,900 miles of coastline and 320 ports, Vietnam offers shorter lead times for apparel shipments compared to others. It was ranked 80th by the World Economic Forum in terms of quality of port infrastructure, with an average score of 3.80 on a scale of 1 to 7 between 2006 and 2018. Vietnam also offers shorter lead times for procuring skilled manpower and reaching its production capacities.

Cheap labor reduces production costs

The country has a low labor cost which reduces production costs compared to other competitive sourcing countries. However, Vietnam has increased its minimum wage by 5.7 per cent from January 2020. Wages will be based on the living expenses and regional distance from the workplace.

In July 2019, Vietnam enacted a new competition law that limits unfair competition among Vietnamese and foreign companies in the domestic market. Though Bangladesh too launched such an act, it has not been effectively implemented.

Developing industries to curb import costs

Another challenge that Vietnam faces is the high import cost of machinery and raw materials. To counter, this, Vietnam government is making heavy investments in the development of support industries. It has developed its cotton and knitting industry. Production of input materials lowers production costs besides opening doors to the competitive market. Also, Vietnam takes shorter time to import raw materials from China than other sourcing countries.

Currency devaluation adds advantage

The export-oriented country recently depreciated its currency Dong against the US dollar. Its better market access, zero tariffs on certain markets, shorter lead times, and competitive exchange rates, give it an advantage over other countries. On the other hand, Bangladesh does not plan to devalue its currency as the country's economy mostly depends on import rather than export. This is causing it to lose competitiveness in the global market as it offers higher prices than other competitors.

Attracting foreign direct investments

With increased urbanisation, growing employment and income, Vietnamese people spend the second-highest on clothing after food. The domestic market attracts investments from the major international brands. The country, with skilled laborers and sophisticated techniques, is currently attracting many Chinese and Korean investors.

Comparatively, despite being the strongest source of economic growth for Bangladesh for three decades, the textile and apparel sector faces various challenges. Poor shipment facilities, higher production costs due to compliance, pegging of taka against US dollar, increased wage structure, false promise by buyers of giving fair prices, less diversified products, lack of diversified market and more importantly, unskilled workforce and the lack of mid-level management are some major roadblocks.

If Bangladesh wants to indeed compete with Vietnam, it needs to start producing high-end diversified products, look for diversified markets, train its workers to maximize efficiency, and start catering to small orders to get hold of the e-commerce platforms.

Source: fashionatingworld.com - Feb 27, 2020

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EVFTA: How Will European and Vietnamese Investors Benefit?

The ratification of the EVFTA

On February 12, 2020, the European Parliament ratified the EU-Vietnam Free Trade Agreement (EVFTA) receiving 401 votes in favor, 192 against and 40 abstentions. On the same day, the EU-Vietnam Investment Protection Agreement ("EVIPA") was also approved marking a historic step in EU-Vietnam trade relations. Both agreements were already officially signed in Hanoi In June 2019.

Industry and Trade Minister Tran Tuan Anh described the free trade agreement between the EU and Vietnam as a lever for growth, bringing the possibility of becoming more involved in a market with a gross domestic product (GDP) of US$18 trillion.

Key aspects of the EVFTA are the dismantling of customs barriers and the facilitation of European-Vietnamese trade relations. For example, after the official entry into force of the free trade agreement, approximately 65 percent of EU exports to Vietnam and around 70 percent of EU imports from Vietnam will be exempted from customs duty immediately.

The remaining customs obligations are to be abolished in perspective over a path of 10 years (99 percent duty exemption) and 15 years (99.8 percent duty exemption), with the exception of crude oil and coal.

When the EVFTA will officially come into force – is currently still unclear. If the EVFTA is presented to the Vietnamese National Assembly in May, the EVFTA could enter into force as early as July this year (and immediately eliminate 65 percent and 70 percent of the tariff lines respectively).

A preliminary overview of the product categories affected by the EVFTA can be found below.

Vietnam's strong economic growth

The ratification of the EVFTA comes at a time when the Vietnamese economy is developing significantly; with GDP growth rates of > 7 percent in 2018 and 2019, Vietnam is one of the strongest growth countries in Southeast Asia. In a report published in 2017, the auditing firm PwC even came to the conclusion that Vietnam is the de facto fastest growing (and most promising) economy in the world. This is particularly impressive against the background of an ongoing trade dispute between the US and China, which has affected the global supply chain and forced many nations to adjust their economic outlook.

Since 1995, Vietnam has experienced average GDP growth of 6.7 percent, with its GDP rising from US$20.7 billion in 1995 to around US$261 billion in 2019. The socio-economic impact of such growth is enormous; the Vietnamese population has been able to double its standard of living repeatedly within a 10.5-year cycle. The poverty rate – which was at a worrying 49 percent in 1992 – was last estimated at only 3 percent. On the other hand, around 45 million people were liberated from poverty.

In the Global Competitiveness Index 2019 report by the World Bank, Vietnam ranks 67th out of 141 countries, a significant improvement compared with the previous year (77th place). In the Doing Business 2020 report, Vietnam ranks 70th, showing a largely stable business environment compared to previous years. With these achievements, Vietnam has succeeded in continuously attracting foreign direct investment, with an increasing number of greenfield projects and the total FDI stocks now amounting to US$145 billion.

The EVFTA should further boost developments and indicators described above.

Trade between Vietnam and the EU

But what does the ratification (and soon, coming into force) of the EVFTA mean for the EU in concrete terms?

With a foreign trade volume of about US$41.3 billion, the EU is currently among Vietnam’s largest trading partners: according to the European Commission, Vietnam is the EU’s 16th-largest trade partner and within the Association of Southeast Asian Nations (ASEAN), the EU’s second-largest trading partner. Combined, ASEAN is the EU’s third-largest trading partner outside Europe (after the US and China).

The EU's main exports to Vietnam are high tech products, including electrical machinery and equipment, aircraft, vehicles, and pharmaceutical products, while Vietnam's main exports to the EU are telephone sets, electronic products, footwear, textiles and clothing, coffee, rice, seafood, and furniture.

EVFTA: Practical implications and advantages

In principle, the EVFTA implies increased competitiveness between EU and Vietnamese marketplaces. Foreign products, which may now enjoy a tariff advantage because of the abolition of import duties, should present serious competition for domestic products.

VinFast – a unit of Vietnam's largest conglomerate Vingroup – is the country's first fully-fledged domestic car manufacturer. Within the next five years, VinFast aims to produce about 250,000 cars annually, which is 92 percent of all cars sold in Vietnam last year. Exemption from customs barriers should benefit this plan, and also create new competition in the EU car market.

Click here for more details

Source: vietnam-briefing.com- Feb 27, 2020

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Pakistan: NA body recommends ban on cotton import

National Assembly's Standing Committee on National Food Security and Research on Thursday recommended to impose ban on the import of cotton in order to protect and safeguard the interests of local farmers.

The committee, which met with MNA Rao Muhammad Ajmal Khan in chair, called for taking special measures to encourage the local farmers to bring more areas under cotton cultivation that would help in saving the country's foreign exchange reserves that were usually consumed on import.

The meeting also asked for finalizing all the modalities to announce minimum support price for cotton crop by March 15, which would encourage the local farmers to grow crop on more areas.

The committee expressed its deep concerns over a decline in cotton production that had reached to 8.5 million bales and asked for taking all possible measures to enhance the output of the crop.

Briefing the committee, Ministry of National Food Security and Research Secretary Dr Hashim Popalzai apprised the meeting that the ministry had opposed the duty free import of cotton by land route.

He further told the meeting that last year the government had fixed the time frame for the import of cotton but this year it had not given any time limit for the import of crop that would affect the local farmers.

Popalzai informed the meeting participants that the farmers from South Punjab were facing problems in selling their produces.

He further said a meeting was held under the chairmanship of Prime Minister Imran Khan, which had suggested several measures to promote cotton on large scale.

He said a committee had also been constituted to announce support price for cotton crop for coming season, adding the commit would also look into the import of PB Robs to control attack of pink ball worm, and seed sector reforms.

Furthermore, the NA committee accorded the approval for proposed Public Sector Development Program 2020-21 worth Rs23.32 billion of the MoNFSR for 14 new and 28 ongoing developmental projects.

It was informed that 22 projects would be completed by June, 2019 and 14 new projects of agriculture sector development would be initiated during next fiscal year.

Separately, the committee expressed its displeasure over third consecutive absence of NFSR Minister Makhdoom Khusro Bakhtiar in the meeting.

The committee unanimously proposed to write to the National Assembly Speaker regarding continues absence of the minister concerned in the meeting.

The chair urged the Speaker to direct Bakhtiar to ensure his presence in the meetings for appropriate policy and legislation regarding agriculture sector development in the country.

Source: vietnam-briefing.com- Feb 27, 2020

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Asia Apparel Expo 2020 postponed to June this year

The 2020 edition of Asia Apparel Expo, which was due to take place from February 18-20 at Messe Berlin, Germany, will be rescheduled to a mid-year dateline of June 23-25.

The international medical concerns related to outbreak and spread of novel coronavirus from China have dictated that public health and safety of exhibitors and visitors must take priority.

“This major Asian apparel sourcing trade show has taken place in Berlin annually over the last eight years and has become an important resource for European buyers to meet Asian based production partners and we are con?dent that the new datelines in June 2020 will provide continued business opportunities for the suppliers and buyers,” said the show organisers in a press release.

The trade expo will now take place in halls 1.1 and 2.1 at Messe Berlin.

Source: fibre2fashion.com- Feb 27, 2020

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Pakistan: Rs 20 billion power subsidy for textile mills restored on PM orders

The federal government on Thursday restored Rs 20 billion subsidy to the textile mills in terms of the electricity dues charged by the power distribution companies on the directives of the Prime Minister Imran Khan, ARY NEWS reported.

A notification in this regard was issued on Thursday.

According to sources, the federal ministry for power has sent power utility bills worth millions to the textile mills in terms of the unpaid charges during the past 12 months.

However, after the recent decision, all power distribution companies are directed to withdraw the bills.

The All Pakistan Textile Mills Association (APTMA) has applauded the prime minister's initiative and said that revival of manufacturing process would help in improving exports of the country.

Moreover, Adviser to Prime Minister for Commerce, Industry and Investment Abdul Razak Dawood also commented on the development and said in his twitter post: "Happy that the issues of the textile sector have been resolved. The discussions came to a conclusive and amicable solution."

He hoped that the textile industry would now focus on their capacity and increase their exports.

It is pertinent to mention here that on January 20, the owners of textile export industries have managed to get the court's stay order on new power bills being prepared under new tariff after the cancellation of concessions on electricity rates.

Earlier, it emerged that the distribution companies had received the notification of the Power Division which stated ending of exemption to the textile industries from the levy of electricity bills. According to the notification, the textile mills will pay Rs20 instead of Rs12 per unit in term of electricity charges.

However, Lahore Electric Supply Company Limited (LESCO) is reluctant to accept the court's stay order and started preparing electricity bills of the textile industries under new tariff, sources said.

Source: arynews.tv- Feb 27, 2020

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Bangladesh: 'Coronavirus affects RMG supply chain, no negative impact on export'

The country's readymade garment (RMG) sector is facing some problems in supply chain due to coronavirus outbreak, but there is no negative impact on the export of RMG products.

Top government officials came up with the statement at an inter-ministerial meeting at the Prime Minister's Office (PMO) in the city recently, reports BSS on Wednesday.

Prime Minister's Principal Secretary Dr Ahmad Kaikaus presided over the meeting on 'Prevention and treatment of COVID-19 and fixing measures to face the impact of Coronavirus on Bangladesh's Economy'.

Finance Secretary Abdur Rouf Talukder, Senior Secretary of the Banking and Financial Institutions Division Md Ashadul Islam, Commerce Secretary Dr Md Jafar Uddin, Internal Resources Secretary and National Board of Revenue (NBR) Chairman Abu Hena Md Rahmatul Muneem, Bangladesh Bank deputy governor and senior officials of the different ministries, divisions and departments attended the meeting.

The officials also said there is no impact of coronavirus on the prices of essential commodities as the country has sufficient stock and supply of all products.

Dr Kaikaus asked the health ministry to ensure 100 per cent thermal scanning at different borders and airports, including Hazrat Shahjalal International Airport, for inbound passengers from different countries, including China.

He put emphasis on making short, medium and long term contingency plans and implementing the plans in stipulated time and continuing the increasing trend of import, export and remittance for achieving the target of economic growth.

Abdur Rouf expressed his hope that the country will achieve higher growth in the current fiscal due to increasing investment in the economic zones and ongoing mega projects.

Jafar Uddin said the importers of the country had issued import orders for machinery, raw materials and chemicals of garments industry and onion, garlic, ginger and others essential commodities before the Chinese New Year.

"Bangladesh is also importing essential commodities from India, Myanmar, Egypt and Turkey. So there is sufficient supply and stock of essential commodities in the market," he added.

Source: thefinancialexpress.com.bd- Feb 27, 2020

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NATIONAL NEWS

India's GDP seen growing at 4.7 per cent in December quarter: Poll

Coronavirus poses a risk to the nascent recovery, say economists

Having suffered its weakest expansion in over six years in the September quarter, India's economy probably fared slightly better in the December quarter, before suffering a relapse due to the impact of the coronavirus globally, analysts said.

The gross domestic product (GDP) data, which is due to on Friday, will cover up to the end of last year, before the epidemic in China had sparked fears of a pandemic.

The median forecast of a Reuters poll of economists put the annual economic growth at 4.7 per cent in the December quarter, marginally higher than 4.5 per cent in the previous quarter thanks to a small rebound in rural demand, private consumption and government spending.
Coronavirus: A challenge

"The economy showed some signs of recovery in the December quarter due to higher government spending and external factors, but faces a risk of relapsing in the current quarter mainly due to the coronavirus," said NR Bhanumurthy, an economist at National Institute of Public Finance and Policy (NIPFP), a Delhi-based government funded think tank. Even achieving 4.5 per cent annual growth this quarter would be a challenge, Bhanumurthy added.

In its annual budget presented earlier this month, the government estimated that the economic growth in the current fiscal year ending in March would be 5 per cent, the lowest for 11 years.

And the government only targeted a slight recovery in growth to 6 per cent for 2020-21, well below the levels required to generate jobs for the millions of young Indians entering the labour market each month.

Analysts expected growth would pick up gradually driven by a favourable base effect, a cut in corporate tax rates last September and increased government spending. But, the central bank earlier this month warned that the downside risks to global growth have increased as a result of the coronavirus epidemic, the full effects of which are still uncertain and unfolding.

"Although number of cases of COVID-19 (coronavirus) in India are less, the economic impact is expected to accrue from supply chain risk," Soumya Kanti Ghosh, chief economist at State Bank of India, citing problems in supply of raw materials from China for pharmaceuticals and other exports.

No rate cut?

A spike in inflation to a more than five and a half year high of 7.59 per cent in January is expected to make the Reserve Bank of India hold off on further cuts in interest rates for now, while keeping its monetary stance accommodative.

Finance Minister Nirmala Sitharaman has said some signs of green shoots were visible in the economy as the government has eased bottlenecks for consumer and industry bank loans, while expanding spending on infrastructure. But analysts remained doubtful.

Goldman Sachs cut its growth forecast to 4.9 per cent for the March quarter from earlier estimate of 5.4 per cent. "Despite the downward revision, we believe the risks to our growth forecast are still tilted to the downside, given the risk aversion in the domestic financial sector, the continued weakness in rural demand," Goldman Sachs, said in a note on Wednesday.

Source: thehindubusinessline.com- Feb 27, 2020

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Retail sector workers should take pride in their jobs: Irani

Union minister Smriti Irani on Thursday came out in support of thousands of employees in the retail sector, saying one should take pride in doing such jobs.

"There should be no sense of shame in wanting to be a retail employee. When I began my job at McDonald''s, my job was jhaadu-pochha (cleaning) and my ambition, when I joined, was to stand at the cashier''s position... a retail employee," she said during TRRAIN Retail Awards 2020, given to recognise exceptional customer service in the retail industry.

"I think there should be a sense of pride that you are given the position behind the till or a position to express how much a consumer can be attached to an establishment because there is a sense of great personality, great aptitude, and that is how you get to be a retail employee," the minister said.

Talking about her humble beginnings, the minister for women and child development and textiles said she started as a loader in her father''s company but soon left as people thought it was easy for her.

"I switched and my decision was to work in a company which is not known or owned by anybody that I grew up with. So, before I began in McDonald''s, I had a few adventures in railways, airports and bus addas," she said.

She further said education is not the only thing that counts, and ideas and imagination matter more.

Trust for Retailers & Retail Associates of India (TRRAIN) was set up by Shoppers Stop Non-Executive Chairman B S Nagesh.

Source: outlookindia.com- Feb 27, 2020

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MSME exports may go up as government plans this mega move to help small businesses sell more abroad

Trade, Imports, Exports for MSMEs: MSMEs may soon have a unified portal to access every information related to exports as the government is planning to set-up a 'global market intelligence system', according to MSME Ministry Joint Secretary Arun Kumar Panda. Speaking at the National MSME Awards on Wednesday, Panda said that the information will be made available in 22 different languages.

"Surprisingly there are only 33,000 registered MSME exporters as per the figure we have. This means that while MSMEs products are exported but they themselves are not able to export them because they don't know about documentation, what are non-tariff barriers, what are regulatory requirements, standards etc.," he said. As a result, MSMEs sell products to export houses and hence the new system will create information about what can be exported where and how, Panda said.

Currently, MSMEs share in India's total exports stands at nearly 50 per cent even as the government is looking to increase it to 75 per cent. The increase in the GDP share of MSMEs is also aimed from 29 per cent currently to 50 per cent in five years. "The prime minister's vision of $5-trillion economy will be possible when the share of MSMEs in GDP grows to at least 50 per cent from 29 per cent," MSME Minister Nitin Gadkari said at the event.

The unified portal will also act as a bank of ideas and innovations carried out by MSMEs that would be tested for their applicability. "Our minister is already saying that we need to have a bank of innovation, ideas and research as MSMEs have a lot of ideas and innovation but nothing happens.

We want to bring it to one place so that there can be crowd evaluation of ideas and then we can go out with ideas. We also want to provide networking and mentoring before next year at the same time," said Panda.

The ministry is also planning to rank states based on the support provided to MSMEs across 4 Es — employment generation, enterprise creation, exports, and ease of doing business. "We will discuss this with NITI Aayog and states so that based on their contribution in these Es, we can rank them so that they are encouraged," said Panda.

Source: financialexpress.com- Feb 27, 2020

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JNPT nervous as dedicated freight corridor runs behind schedule

Project reaching Mundra first could hit its growth prospects, says major port

A potential delay of at least two years in getting connected to the game-changing and keenly awaited Dedicated Freight Corridor (DFC) is making state-owned Jawaharlal Nehru Port Trust (JNPT), India's busiest container gateway, jittery.

JNPT Chairman Sanjay Sethi admitted that the DFC connectivity is "behind schedule", which could adversely affect its growth prospects. "Probably, two years from now, we should be having DFC operational," he said at a media conference on Thursday.

"We have been pushing for it because if it goes to Mundra port first, obviously, we are affected in an adverse way. That's a fact. So, we have been making a noise everywhere, wherever possible, to expedite it," he added.

The 1,500-km-long western DFC linking Dadri in Uttar Pradesh with JNPT has now been extended to Mundra, which is expected to be linked to the freight-only, high-speed corridor by this December.

"From the government's point of view, obviously, if that (Mundra) comes first, they will do that first. From JNPT's point of view, the original project was meant for JNPT. From the economy's point of view, it is not like a private or a non-major port doesn't contribute; they contribute equally. We have nothing about that. But, as a separate entity, we also compete with private ports at some level…please expedite this so that we start to benefit from it as early as possible," Sethi said.

Cargo diversion

Port sources said that "DFC is the biggest threat to JNPT if it gets late" due to the potential to divert container cargo to rival ports on the western coast. Sethi said container vessels have skipped some services at JNPT as a fallout of the cornavirus outbreak and the new global rule for ships to use low-sulphur fuel oil.

Gateway Terminals India (GTI), one of the five terminals operating at JNPT, has reported four skips already — vessels that were supposed to come did not do so.

It expects some more vessel skips in the coming months as ships are undergoing scrubber re-fitments to comply with the rule on using low-sulphur fuel oil, he said.

These issues could hurt JNPT's ability to handle more containers this year than FY19. The port handled 4.205 million TEUs between April 2019 and January 2020, compared to 4.248 million TEUs during the same period in FY19. For the full FY19, JNPT handled 5.133 million TEUs.

"Only after another three weeks or so, I should be in a better position to assess the overall impact. Right now, we are saying at least we will be able to do the same as last year.

I'm making a conservative comment. These two or three issues are completely out-of-control things. At this stage, definitely, there will be some impact is what we foresee. But, mostly, it would be made up in the next two or three months," Sethi added.

Source: thehindubusinessline.com- Feb 27, 2020

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Polyester yarn makers to see 15-20% rise in operating profit in FY21

Lower raw material costs will help increase operating margins, says CRISIL report

The operating profits of polyester yarn manufacturers are set to rise 15-20 per cent next fiscal because of a 150-200 basis points spurt in operating margins.

This stems from lower raw material prices, healthy demand for polyester, and higher blending in garments and other products, according to an analysis by CRISIL.

The raw material cost has started moderating because the coronavirus outbreak is likely to impact demand for polyester yarn in China, which accounts for about 65 per cent of the global demand, it added.

As a consequence, the price of purified terephthalic acid (PTA), a key raw material that accounts for more than half of the sale price of polyester yarn, is expected to be under pressure in the near term. Moreover, PTA capacities in Asia are set to rise by about 20 per cent over the next couple of years, which will keep prices in check, it said.

Add to that the removal of anti-dumping duty announced by the Indian government on February 2. In October 2013, the government had imposed a duty of $23-160 per tonne of PTA imported from various countries. This gave domestic manufacturers significant bargaining power.

The removal of duty will make India's PTA imports (about 10 per cent of total PTA demand) cheaper by $25-30 per tonne, given more avenues for sourcing. Consequently, the input cost for polyester yarn manufacturers would be 3-4 per cent lower, with PTA prices seen down ₹2,000-3,000 per tonne, said the report.

Source: thehindubusinessline.com- Feb 27, 2020

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New Zealand for bilateral trade pact with India if New Delhi does not join RCEP

New Zealand on Thursday said it will look forward to a bilateral trade agreement with India in case New Delhi does not join the China-backed mega trade deal RCEP. The Narendra Modi-led government in November decided not to join Regional Comprehensive Economic Partnership (RCEP) deal as negotiations failed to satisfactorily address New Delhi's "outstanding issues and concerns".

However, the possibility of India joining the trade pact is open provided its concerns are addressed by the member nations.

"I met with your minister of commerce (Piyush Goyal) yesterday and we discussed those issues. Of course, New Zealand and India have been busy for some years negotiating through the rubric of RCEP and we will know by the end of the year as to whether India chooses to stay out or participate in RCEP.

"But if they don't participate in RCEP then we will obviously want to pursue a trading relationship through a different means," New Zealand's Minister for Trade and Export Growth David Parker said at a Ficci conference.

Responding to issues concerning the opening of domestic dairy sector, he said New Zealand appreciates the concerns of the Indian dairy industry but expressed hope that some solutions could be arrived at through negotiations.

"We know it is an issue of sensitivity to the Indian government on behalf of the people. We know that there is a real issue for India. The only way that a deal is eventually done is if it is mutually beneficial. How might that be done in respect of dairy. Well it would be good if it were a fact based argument".

India's dairy industry — the largest in the world — had expressed apprehension that the RCEP trade pact would severely impact dairy farmers because of cheaper imports from Australia and New Zealand.

Observing that New Zealand was disappointed after India did not join the conclusion of the RCEP negotiations, Parker said the disappointment was not only for lost bilateral opportunities but also because the nation believes there is a strategic benefit for India of being on the table when the regional trade rules are made.

"We obviously seek a trade agreement that provides the framework for economic engagement that would facilitate more trade and investments," New Zealand's Minister for Trade and Export Growth said.

The RCEP negotiations were launched by leaders from 10 ASEAN member states and six other countries — India, China, Japan, South Korea, Australia and New Zealand during the 21st ASEAN Summit in Phnom Penh in November 2012.

Source: financialexpress.com- Feb 27, 2020

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Sequential uptick in December quarter, but will green shoots sustain?

With the internal and external drivers of growth changing rapidly, it is not simple to get a real time read on recovery and growth. Our India growth tracker incorporates a group of indicators, which when put together have a good record in predicting growth. GDP is not a perfect tool for monitoring economic growth. In India, especially, there are methodological issues that can potentially distort the data from time to time. For example, the practice of single deflation, instead of double deflation, when converting nominal GDP to real GDP, can sometimes lead to an over/under estimation of real GDP growth.

The GDP data is also prone to large revisions, while the volume indicators on which our tracker is based, are not. GDP is a quarterly estimate and comes with a two-month lag. India does not report an official sequentially adjusted GDP series, which is important for identifying turning points. Ever since the new GDP methodology unveiled in 2015 broadened its focus from just volume growth, to value added, the connection that the users of GDP data had with the old series, has gotten muddied. Our monthly tracker tries to address these issues.

We have used principal component analysis (PCA) for the construction of our growth tracker. We started with 24 high frequency indicators, and narrowed them down, based on the following criteria: i) The variables, together, should represent all the key sectors of the economy; ii) The data used should have a long history with a monthly frequency; iii) The data should have a timely and known release calendar and should be easily accessible; iv) Finally, the variables should have a respectable correlation with GDP. Based on these, we chose nine variable: railway freight, real non-food credit, real merchandise exports, IIP, real non-oil non-gold imports, air cargo, government total receipts (real), motor vehicle sales and PMI composite.

The India Growth Tracker has a 60% correlation with GDP growth since 2006. However, the strength of the correlation has weakened with the new GDP methodology. In the readings prior to the methodological changes (pre-2011), the correlation was 70%. Since then, the correlation has fallen to 45%. The key reason for this is the new GDP methodology is not just a volume indicator, but also a value-added one, whereas our tracker is a pure volume-metric.

The tracker continues to capture the turning points well. For instance, GDP growth started slowing from mid-2017. Our tracker captured that well before the GDP numbers were released. And even in terms of the actual numbers, the tracker has done well in recent quarters. GDP slowed to 3.5% q-o-q, sa annualised (ann), in the first half of FY20, after growing at 5.6% in the two quarters prior. The corresponding numbers for our tracker are 3.3% and 5.3%, respectively.

Our tracker shows that sequential growth may have picked up sharply in October and November, as almost all the nine variables ticked up. But this did not last too long. Almost all indicators fell back down in December.

We expect GDP to rise 6% q-o-q, sa, ann in the quarter ending December, versus 3.5% in the previous quarter. (In y-o-y terms, this corresponds to 4.6% GDP growth in the quarter ending December, versus 4.5% in the previous quarter).

Interestingly, some of the indicators have picked up again in January and our forecast of the others suggest an overall sequential uptick in activity. However, the recovery remains delicate for two reasons. One, it could just be reflecting pay-back after a weak December (i.e. driven by a low base). Two, the next few months will be key to determine if India is impacted by the COVID-19 outbreak, either directly (lower imported inputs from China hurting domestic production) or indirectly (lower global growth hurting India’s exports).

Source: financialexpress.com-Feb 27, 2020

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Come April, you will get to wear a saree from H&M

Swedish fast-fashion retailer Hennes & Mauritz (H&M) said it will launch sarees in India by mid-April as part of its partnership with designer Sabyasachi Mukherjee, the first-ever instance of any ethnic product being launched by the world's second-largest clothing firm globally.

Swedish fast-fashion retailer Hennes & Mauritz (H&M) said it will launch sarees in India by mid-April as part of its partnership with designer Sabyasachi Mukherjee, the first-ever instance of any ethnic product being launched by the world's second-largest clothing firm globally.

The Stockholm-based H&M stocks fast fashion items created in-house and teams up with designers for one-time collections, but has restricted its merchandise to western wear. "It is the first time, and most probably, the last time that H&M is selling sarees because of ouu collaboration with an Indian designer. The idea is to surprise consumers and we will have to see what response we get and how it fits the future," said H&M's India CEO Janne Einola at RAI Retail Leadership Summit.

Sabyasachi, who has dressed celebrities including Deepika Padukone, Nita Ambani and Oprah Winfrey among others, sells products for Rs 2 lakh and upwards on an average. However, H&M said their collection in collaboration will the designer would be completely mass-priced as an effort to democratise fashion.

In India, ethnic wear is the single biggest category in women's wear accounting for over 70% of the segment with saree controlling a third of the market with its market size of Rs 39,350 crore, according to Technopak.

Last year, Japanese rival Uniqlo, had launched special collection of Kurta during its Indian entry after partnering Delhi-based designer Rina Singh. Nearly two years ago, Tata-owned Titan, too, launched its saree brand Taneira.

"H&M's strategy will help increase curiosity among consumers and sarees would like a collectors item. H&M is also trying to create interest for the new collection with merchandise going beyond its conventional western wear," Subrata Siddhanta, CEO at Texperts, a fashion specialist firm.

H&M has opened a store a month in India on average so far since its entry in India in October 2015. The retailer has 47 doors and is the second-largest fast fashion brand after Zara. The retailer follows a December-November financial year, and reported sales growth of 45% to Rs 1,491 crore in 2019.

With China, a large apparel sourcing hub facing factory shutdowns after grappling with the Covid-19 outbreak, H&M said it could look at an increased souring from India for its global needs if trade barriers are relaxed. "A large numbers of our stores are located in the US and Europe and since India doesn't have a free trade agreement, it becomes very costly to source from the country," added Einola.

Source: economictimes.com-Feb 27, 2020

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Garment units in crisis

The garment sector in Tamil Nadu, already affected by a delay in GST refunds, is starring at a fast depleting stock of accessories sourced from China. The total shutdown in China owing to the novel Coronavirus outbreak has disrupted the supply chain. Also, there are indications that the sector may hurt its margin if accessories are sourced from a trader in India or overseas markets other than China.

The garment sector in Tamil Nadu's Tirupur is heavily dependent on China for sourcing accessories and an exporter on condition of anonymity says his supplies are stuck in Guangzhou since January. 21. The present stock position could last till March, he adds.

The million dollar question is will India continue to depend upon China to open its factories and accept seamless supplies or convert this crisis into an opportunity? According to sources, accessories bought by Indian manufacturers from China are stuck as no deliveries have taken place after the Chinese New year since all units in that country remain shut.

Countries depending on China have learnt a lesson that they should have an alternative market for sourcing, says Apparel Export Promotion Council chairman A. Shakivel.

According to Tamil Nadu Handlooms and Textiles director M. Karunakaran the state's textile policy would support the growth of knitting and textile sector.

The three-day 47th edition of India Knit Fair held Tirupur, recently, which saw the participation of 39 leading exporters from Tiruppur, Coimbatore, Chennai, and Kolkata, featured summer and winter collections in knitwear for all age groups, including infants, along with cotton, polyester, polycotton, polyester-viscose blended fabric apparels, Shaktivel said. Specially made garments made from banana cotton, blend with 80 per cent cotton and 20 per cent banana fibre, attracted visitors.

The Clothing Manufacturers Association of India (CMAI) claims China's coronavirus shutdown will affect the Indian textile and apparel industry and there will be some negative impact, and some positive ones too. The association said that the global apparel brands would have to look at alternate manufacturing destinations such as India.

On an average, India exports 20-25 million kg cotton yarn a month to China. Cotton yarn prices have fallen by 3-4 % in domestic market as traders anticipate a curtailed demand from China due to the prevailing situation there. Further prolonging of the Coronavirus will result in a decline in China's imports of cotton yarn and hence, impact the cotton yarn export business of India. This will divert India's surplus cotton yarn to the domestic market, further reducing the price of cotton yarn.

If China continues to battle with the Coronavirus and does not resume industrial operation, then Indian garment manufacturers will need to look at other alternatives, including local sourcing, which in turn may increase the finished goods cost by 3-5 per cent. In addition to this, identifying vendors in such a short time can take a toll on lead times, quality and cost.

Source: asianage.com-Feb 28, 2020

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