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IBTEX No. 232 of 2019 November 29, 2019

US 71.70 | EUR 78.96 | GBP 92.61| JPY 0.66

Cotton Market		
Spot Price - Shankar 6 (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
19091	39900	**70.94**
Domestic Futures Price (Ex. Warehouse Rajkot), December		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
19250	40233	**71.53**
International Futures Price		
NY ICE USD Cents/lb (March 2020)	65.81	
ZCE Cotton: Yuan/MT (January 2020)	12,800	
ZCE Cotton: USD Cents/lb	82.56	
Cotlook A Index – Physical	**75.10**	

Cotton Guide: It was a dull day yesterday with ICE closed and MCX lacking lustre in daily volumes. ICE cotton futures will start its operation later in the day.

The MCX cotton contracts as usual took cues from ICE. MCX contracts were seen to show lower volumes at 588 lots as compared to the earlier figures of around 1000+ lots seen. The MCX December contract settled at 19,250 Rs per Bale with a change of +10 Rs. The MCX January contract settled at 19,390 Rs per Bale with a change of -20 Rs.

The Cotlook Index A has been kept unchanged at 75.10 cents per pound. The prices of Shankar 6 in India are also unchanged at 38,900 Rs per Candy [according to the local spot market]. MCU 5 is available at around 39,500 Rs per Candy. Indian Mills are seen to purchase cotton Hand to Mouth and are seen to keep stock of around fortnight or a maximum of 20 days.

Yesterday, the Cotton Advisory board came up with the following conclusions:

1. Crop for the season 2018/2019 has been reduced from 337 to 330 Lakh Bales.
2. Crop for the season 2019/2020 has been estimated to be 360 Lakh Bales.

For 2019-2020 total supply is estimated to be 430 lakh Bales and Total Demand is expected to be 381 lakh Bales. The closing stock is expected to be 48 Lakh Bales [One bale of 170 Kg each]. While speaking about the average yield [Kg per hectare], the figures are estimated to be 486.33 Kg, as compared to the previous figure of 443.20 Kg [2018-2019].

On the fundamental front, Prices have now hit rock bottom, there seems to be no probability in the near future for prices to head downwards. The only way forward is a sideways or a positive thrust for Both ICE and MCX.

Technical analysis will be considered the same as was released in the previous report due to holiday observed yesterday, amounting to no changes seen in the prices.

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

Latest global trade barometer readings are 'sobering' and 'gloomy'

World trade is expected to contract again over the next three months, according to DHL's Global Trade Barometer (GTB).

It suggests that the overall trade outlook will reduce by two points, to an index value of 45, in a new low not seen since December 2015.

And it also shows a steady contraction, with no acceleration – but DHL has opted for an optimistic narrative.

"According to the DHL Global Trade Barometer the year will probably end with moderate world trade. However, we've to bear in mind where we come from: the rapid growth world trade has undergone in recent years was like climbing Mount Everest.

"Now, we are on the descent, but we are still breathing altitude air," said Tim Scharwath, chief executive of DHL Global Forwarding, Freight.

However, Eswar Prasad, professor of trade policy and economics at Cornell University, said the GTB update was "sobering" and gloomy".

"The world economy is entering a phase of stagnation, reflecting weak and slowing growth in some major economies and essentially no growth or mild contraction in others," he said.

"Persistent trade tensions, elevated political instability and geopolitical risks and concerns about the limited efficacy of monetary stimulus continue to erode business and consumer sentiment, with detrimental effects on investment and productivity growth.

"Growth in household consumption, which has underpinned recent economic performance, has stayed strong but is weakening in major advanced and emerging market economies."

He added: "The declining indices for China and the US, the two main drivers of global growth, portend a worsening global economic outlook. Overall, this

DHL Global Trade Barometer – World
Indexes – latest three months

	Sep'19	Oct'19	Nov'19
World Trade	47	46	45
Air Trade	45	43	42
Ocean Trade	48	48	46

GTB update paints a sobering picture of gloomy prospects for the world economy and global trade for the remainder of this year."

With the exception of India, all seven surveyed countries saw indices below the 50-point threshold of no growth. China has the weakest outlook, down three points at 42, with US trade down one point and Germany down three.

DHL Global Trade Barometer – World
Country developments

	Sep	Oct	Nov
China	45	44	42
Germany	48	47	45
USA	45	45	44
India	49	49	54
United Kingdom	53	51	49
Japan	53	50	48
South Korea	45	43	43

Germany's outlook was particularly affected by the weak air trade outlook, which dropped seven points to 45. The air outlook overall dropped three points to 42, with all seven countries showing contraction. Ocean trade's decline is less significant, down two points to 46, with India seeing growth and China seeing the biggest fall of four points, to 43.

While India was the only country expecting moderate growth, the other interesting developments are Japan and the UK, both of which had positive outlooks in the September data, but now record the highest declines and fall below the 50-point growth threshold.

Source: theloadstar.com- Nov 29, 2019

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Global trade slowdown hits EU the hardest, new figures show

The global trade slowdown is hitting the EU the hardest, according to new OECD data, as uncertainty over the UK's exit from the trading bloc and Germany's industrial downturn add to disruption caused by US-China trade tensions.

Exports from the EU contracted 1.8 per cent in the third quarter compared with the previous three-month period, while imports fell 0.4 per cent, according to figures released on Thursday by the Paris-based organisation.

Exports and imports declined across all major EU economies, with falls of 3.6 per cent and 1.7 per cent respectively in France, and of 0.4 per cent and 1.8 per cent in Germany. In Italy trade dropped for the sixth straight quarter: exports decreased 1.2 per cent and imports slipped 1 per cent. This was a more severe contraction than the overall 0.7 per cent fall in exports across the G20 group of major economies, which account for about 85 per cent of world output.

G20 imports dropped 0.9 per cent in the same period. Trade in goods waned in the third quarter in nearly 80 per cent of the 50 countries and regions tracked by the OECD, while imports fell in the US and across all the major Asian economies, including China.

Laurence Boone, OECD chief economist, last week warned that high levels of uncertainty on trade policy and geopolitics had resulted in stagnating global trade, which is dragging down economic activity in almost all major economies.

The geographically widespread exports contraction also partially reflects lower oil prices and depreciation in other major currencies against the dollar; the OECD reports its trade data in current dollar values.

Poor trade performance is a particular drag on growth in Europe because many EU economies are relatively open, with a high level of reliance on trade; in Germany trade is equivalent to 87 per cent of gross domestic product, compared with 27 per cent for the US.

“European merchandise trade has been impacted significantly by uncertainty surrounding the trade war and Brexit,” said Timme Spakman, an economist at ING.

At the same time “the slowdown of German industry had an impact on European trade, as German producers ran down inventories rather than importing new intermediates”.

A survey published by the European Investment Bank this week showed that more than 70 per cent of businesses in the EU and the US quoted uncertainty as a reason not to invest. In the UK, exports contracted sharply as a result of Brexit uncertainty and the fall in the value of sterling against the dollar. In response to the slowdown in trade and growth leading central banks have moved in recent months to ease monetary policy, but this has not had an effect yet, analysts said.

“Policy easing in the US, China and the eurozone is not yet feeding through so all remain a drag on trade growth,” said Adam Slater, lead economist at Oxford Economics. While there are some signs of stabilisation in forward-looking sentiment indicators, the picture for the near future remains gloomy. Mr Slater added: “Any improvement in the trade picture looks fragile and limited.”

Source: ft.com - Nov 28, 2019

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USA: October Clothing, Footwear Spend Ticked Up—Thanks to Strong Holiday Start

As the holiday shopping period kicked into gear, clothing and footwear spending in the U.S. increased 1.8 percent in October to $414.52 million, according to estimates released Wednesday by the Bureau of Economic Analysis (BEA).

This marked the second straight monthly increase after an up-and-down period of losses and gains. It also reflected strong retail sales in October, with a 0.2 percent seasonally adjusted increase over September and a 4.2 percent gain unadjusted year-over-year, according to Census Bureau data.

"Despite the gradual slowdown in the U.S. economy, consumers are in a good place and October's retail sales are a step forward into the all-important holiday season," Jack Kleinhenz, chief economist for the National Retail Federation, said.

"Uncertainty around trade policy has impacted consumer sentiment recently, but ongoing job growth, low interest rates, low inflation and the stock market hitting record highs provide support for consumer spending."

Overall personal consumption expenditures (PCE) rose 0.3 percent, or $39.7 billion, in the month, as real PCE, adjusted for inflation, was up 0.1 percent. BEA said the $11.3 billion increase in real PCE in October reflected a $16.4 billion pickup in spending for services that was partially offset by a $7.4 billion decrease in spending for goods.

Within services, the largest contributor to the increase was spending for household electricity and gas. Within goods, new motor vehicles were the leading contributor to the decrease.

The PCE price index increased 0.2 percent, as the core index, excluding food and energy, was up 0.1 percent.

Personal income was essentially flat at $3.3 billion, while real disposable personal income (DPI), a key barometer for consumer spending, decreased 0.3 percent in October.

BEA said the increase in personal income primarily reflected an increase in wages and salaries that was partially offset by decreases in personal interest income and in farm proprietors' income. BEA adjusted October wages and salaries upward by $7.2 billion to account for strike pay and payments associated with contract ratification for members of the United Automobile Workers.

Personal outlays increased $43.1 billion in October, while personal saving was $1.29 trillion. The personal saving rate–personal saving as a percentage of DPI–was 7.8 percent.

Source: sourcingjournal.com- Nov 28, 2019

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Nearly 6000 shops closed by major retailers in UK in 2019

Statistics from the Centre of Retail Research (CRR) show nearly 6,000 UK store multiples have closed in 2019 till now, implying the UK retail sector is in crisis, unable to cope with high costs, low profitability, and losing sales to online shopping. These problems are being faced by most businesses operating from physical stores, in high streets or shopping malls.

The country witnessed 18,344 store closures in 2018.

The low growth in consumer spending since 2015 has meant that the growth in online sales comes at the expense of the high street, CRR said on its website.

The high costs of running retail outlets, including rents, business rates and high labour costs is a thorn in the side of many stores and retailers. High costs, slow growth in sales, squeezed profit margins and heavy price competition means companies struggle to stay in business let alone achieve healthy profits.

The rapid growth of online competition showed 2018 online sales accounted for around 18.4 per cent of total retail merchandise sales, with much of online growth achieved at the expense of brick-and-mortar retailers.

Low investment in stores and weak forward planning to meet the challenges in a new era of retailing has impacted profitability.

The dire results confirm the crisis, with 9,750 independent retailers going into administration, and 753 were victims of rationalisation, which resulted in a total closure of 10,503 independent stores in 2019 till now.

A total of 130,148 jobs have been lost in the sector and 16,337 units have shut their doors altogether, the CRR stated.

"The retail crisis in jobs, businesses, stores and high streets has been coming for a long time. Retailers who sell from physical shops have found consumer spending and profitability has been hit hard," cautioned the report.

Source: fibre2fashion.com- Nov 29, 2019

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New cooperation opportunities seen in China, New Zealand after FTA update

Representatives from Chinese companies and New Zealand agreed at a meeting that lots of opportunities for cooperation have emerged after the upgraded China-New Zealand FTA negotiations, including primary industries, e-commerce and other fields.

The meeting, China-New Zealand Business Council Forum, was held in Auckland on Thursday with an aim to strengthen economic ties and relationship between the two countries.

Organized by China Chamber of International Commerce (CCIOC), the conference was co-hosted by the China Council for the Promotion of International Trade (CCPIT) and the New Zealand China Trade Association (NZCTA).

In the keynote speech at the meeting, Gao Yan, head of the China Council for the Promotion of Trade (CCPIT), said the current China-New Zealand economic and trade cooperation is "going quite well."

China and New Zealand trade volume reached a record of 16.9 billion U.S. dollars in 2018, with a year-on-year increase of 16 percent. China is New Zealand's largest trading partner, largest export market and second largest import country of origin.

Gao said the successful negotiation earlier this month has sent a strong signal to the world that the two countries upgrade free trade with detailed practical actions.

He said it would deepen the economic and trade relations between the two countries and enrich the content of their strategic partnership, noting that CCPIT is "willing to work with New Zealand to promote the joint construction of the Belt and Road Initiative actively."

Dylan Lawrence, general manager of Investment at New Zealand Trade and Enterprise emphasized the efforts that China and New Zealand had done in the precious years, saying the Memorandum of Understanding will help strengthen the cooperation under the Belt and Road Initiative.

"The update of the FTA between New Zealand and China will provide a new opportunity for the development of China-New Zealand relations," Lawrence said.

Ruan Ping, the Chinese consul general in Auckland, highlighted the New Zealand-China economic achievement.

"China and New Zealand enjoy highly complementary economies," said Ruan. "The cooperation in the fields of primary industry, education and tourism has proven fruitful, and the cooperation in digital economy, environmental protection and technological innovation has been expanding in-depth."

Ruan pointed out the key benefits of the upgraded FTA towards a more preferential and transparent market access for goods and services, trade facilitation, e-commerce, trade and environment protection and investment.

"It reflects mutual benefit and win-win principle and will inject new and stronger impetus to push bilateral economic and trade relations into the fast lane."

He encouraged all the enterprises to seize the historical opportunities and further expand practical cooperation in various fields, which would contribute to the bilateral relations.

"We look forward to hosting and supporting further business delegations from China, including from CCPIT as part of engaging more with China-based companies and organizations," said Jonathan Watt, acting chair of the New Zealand China Trade Association.

Over 150 representatives from Chinese companies and New Zealand attended the forum.

Source: xinhuanet.com- Nov 28, 2019

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Tough year for Chinese cotton

The cotton textile industry in China experienced a tough year in 2019. In early November, pushed up by cotton prices, cotton yarn mills saw a higher cost pressure.

In terms of actual transactions, conventional carded cotton yarn saw smooth sales, good demand and even tight supply and the price tended to be stable. Sales of combed cotton yarn were not as good as those of carded.

There were inadequate orders for cotton yarn due to weakening downstream demand. However, cotton yarn trading performed better in late November than it did in the same period of last year and has not shown signs of weakness.

Orders for cotton grey fabric from the local market and overseas markets were inadequate and the inventory increased slightly. Orders for weavers were mainly from regular customers.

Differential products performed well. With the year coming to an end, many weavers were burdened by repayment and wages of workers.

Many cotton yarn mills are starting to replenish cotton at a small amount for next year's production.

Currently, the cotton in medium yarn mills can be scheduled for about a month.

Sales of open-end cotton yarn weakened but the price was stable due to low inventory. Some discounts were seen.

Source: fashionatingworld.com- Nov 28, 2019

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US-China trade war, sustainability top of the mind for dominate global makers

Two topics currently dominate denim manufacturers list of priorities as of now: the US-China trade war and sustainability. Denim manufacturers are not only adapting their operations in reaction to the US-China tariff war but also maintaining a razor-sharp focus on sustainability. They are developing new strategies to incorporate eco-friendly materials and process besides reconfiguring their production processes to avoid excess tariffs from China. Several mills among the Kingpins New York exhibitors recently echoed these developments as driving their businesses.

Increased use of eco-friendly fabrics and finishes

Many denim brands now concentrate on sustainability aspect of a fabric rather than its technical aspect. This US China trade war sustainability top of the mind for dominate global compels manufacturers to use more eco-friendly fabrics and finishes. Premier denim brand Twin Dragon Denim Mills incorporates eco-finishes in all its fabrics.

The brand plans to incorporate Indigo Zero a waterless dye into its processes by the end of this year. Another of its plan includes switching to biodegradable fabrics by the year-end. The company's wash house in Los Angeles also plans to switch to laser finishing as it more eco-friendly.

Sustainability has changed the way denim mills manufacture their products. Brands are now opting for eco-friendly raw materials. They are also overhauling their production processes to ensure a more sustainable production.

In terms of styles, denim brands are focusing on vintage looks that also incorporate modern techniques and materials. These include: recycled fibers such as Repreve and laser finishes that reduce chemical and water usage. And as per Monica Betancur, South American commercial director at Kaltex America also reveals companies are being cautious, especially about China as business is tough right now.

The statistics on denim imports to the US reflects, jeans imports from China dropped 17.02 per cent to $564 million in the first nine months of the year. For the 12 months through September, the country's imports from China declined 11.67 percent to 21.22 percent. On the other hand, its denim apparel imports from Mexico rose by 5.56 percent to $625.84 million; it's also market share increased by 6.73 per cent to 21.98 per cent. The company believes in maintaining a collaborative relationship with its brand and provides product support and customer services.

Emergence of new growth centers

As companies are seeking a tariff-free sourcing alternative with a low learning curve, Pakistani mill Artistic Milliners is seeing a strong pickup in business. The company's exports to the US increased by 8.97 percent to $194.95 million in the year through September. Besides the US, it is also seeing a growth in business from Canadian and European firms. It customises fabrics and jeans with a range of finishes and styling, besides re-engineering its washing and dyeing processes to improve its ecological footprint.

Mexican companies like Global Denim are also registering business from new companies that source in China to avoid tariff costs. These companies are relying on the duty-free benefits offered by North American Free Trade Agreement under USMCA.

They hope the bill to be passed in the Congress before this year's end. Overall, though times are tough for the denim industry, these are not expected to last forever. This slowdown is cyclical in nature. In the first nine months of this year, US denim imports increased by just 0.43 per cent. However, their demand soon picked up to grow by 2.81 per cent to $3.87 billion for the 12 months through September.

The opening of the Vidalia Mills in Lousiana has also provided a fillip to the Made in America denim production. The mill plans to use Lenzing' Tencel fiber to make its denims as it is derived from wood pulp and produced in a closed loop manufacturing structure. Denim manufacturers are also aligning their operations to the ongoing U.S.-China tariff war as well as brands and consumers' focus on sustainability.

Source: fashionatingworld.com- Nov 28, 2019

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Indonesian textiles highlighted at traditional fashion show in Myanmar

Indonesian textiles were promoted through the medium of a traditional fashion show titled “The Multicolored Indonesia” held in Yangon, Myanmar, on November 27, 2019.

"Like Myanmar, Indonesia is home to various tribes, and each has a textile, with its own motives and ways of making," Indonesian Ambassador to Myanmar Iza Fadri noted in a written statement received in Jakarta on Thursday.

Ambassador Fadri remarked that the Indonesian fashion show epitomized that the difference was beautiful and must be embraced.

Not only batik that is already known globally, a variety of textiles from various regions in Indonesia, including Lampung, Palembang, Padang, Kalimantan, Bali, Aceh, North Sulawesi, and North Sumatra, should also be promoted.

Highlighting friendship, the models sashaying Indonesian fabrics were Indonesian friends and partners from Myanmar and other ASEAN countries, the United States, Saudi Arabia, Bangladesh, and Turkey.

The event, focused on bringing the people of Indonesia and Myanmar closer to fashion, was held as part of a series of celebrations to mark the seven decades of diplomatic relations between the two nations.

Fashion shows are expected to always place Indonesia in the hearts and minds of the people of Myanmar, so that more are interested in visiting Indonesia and will thereby broaden opportunities for cooperation.

The textile and apparel industry was the manufacturing sector registering the highest growth of 15.08 percent in the third quarter of 2019, or surpassing the national economic growth of 5.02 percent during the corresponding period.

Industry Minister Agus Gumiwang Kartasasmita stated that the textile and apparel industry was one of the five sectors whose development is prioritized in the “Making Indonesia 4.0” Roadmap.

The Ministry of Industry is targeting the exports of textile and apparel products to reach US$15 billion in 2019.

Source: en.antaranews.com- Nov 28, 2019

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Bangladesh: RMG exports face major setback as more factories shutter

The ready-made garments (RMG) sector is not in good shape and it has created a huge negative impact on the economy

Export earnings from the country's apparel sector have suffered a debacle recently as more factories are being shut day by day, making thousands of workers jobless.

The ready-made garments (RMG) sector is not in good shape and it has created a huge negative impact on the economy.

Bangladesh Garment Manufacturers and Exporters Association (BGMEA) President Rubana Huq said: "A total of 60 factories, members of the association, have been closed from January to October due to financial crisis. As a result, some 29,594 workers have lost their jobs."

Bangladesh is the world's second largest ready-made garments (RMG) exporter after China, with the sector accounting for more than half of manufacturing employment and around 84% of export earnings of the country.

"The growing financial crisis in RMG indicates that the sector, on which our export earnings depend heavily, is gradually deteriorating. No sign of improvement can be seen yet," Rubana added.

According to another data, more than 100 factories, including 40 BGMEA members, have shut down their operations in the first seven months of this year.

About 60,000 workers have lost their jobs as garment factories have closed due to higher cost of production and lower prices offered by foreign buyers.

A Bangladesh Bank report also shows evidence that the export sector of the country is facing a major blow. Export declined by 17.19% in October this year compared to October last year. Export earnings was around $3.72 billion in October 2018, which declined to $3.08 billion in October this year. Industrialists involved in RMG sector said the export earnings declined mainly because of the decrease in foreign orders to buy apparel products. Additionally, Bangladesh is facing some new competitors like Myanmar, India, Pakistan and Vietnam in the global market.

Siddiqur Rahman, vice-president of Federation of Bangladesh Chambers of Commerce and Industries (FBCCI) and former president of BGMEA, said: “European countries are currently dealing with recession but the US market is comparatively in good shape. However we could not take advantage of US market properly.”

“Our competitors, like India and Pakistan, have devalued their respective currencies against the US dollar but we did not. That is why we are losing orders and losing the competitiveness. The factories are being shut as they could not sustain the losses anymore,” he said.

Currently BGMEA has over 3,000 apparel factories registered as members. Earlier in May this year, 22 factories were closed in just 18 days. The owners could not pay salaries and arrears of workers, which eventually forced them to shut down in the face of protests.

According to Bangladesh Bank data, export earnings declined 6.82% in the first quarter of FY 2019-20. Country’s exports earnings was $12.73 billion ($1,272.12 crore) in the first four months of FY20, while it was $13.66 billion ($1,365.17 crore) in the same period of last fiscal year.

Meanwhile, a report by Export Promotion Bureau (EPB) says, RMG sector had around 83% contribution in export earnings in the first four months of FY20. The figure is even close to 85% if other contributors related to the sector, such as Hometex and Teri Towel, are included. So in the first quarter, RMG sector earned $10.58 billion. The figure shows growth declined by 6.67% compared to the same period of last fiscal.

Source: dhakatribune.com- Nov 28, 2019

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Bangladesh: The ‘T’s of RMG Industry

Technology plus traceability equals trust

Want to know what the next big thing will be in the global apparel industry? Well, we hear much about the issue of transparency, and in a great many cases, this is referring to the issue of apparel brands and retailers revealing the names of their manufacturing facilities. We all know this is a positive step because it brings about accountability and, in turn, accountability brings responsibility.

But there is another conversation taking place around transparency and it is to do with the issue of actual apparel garments and the contents of those garments. Where did the fibres that produced those garments come from? Where was the cotton picked, how was it processed, and can we be sure that those involved in the supply chain were treated fairly?

This issue has actually been surfacing in the agenda in recent years, but progress has been fairly slow. However, in China right now, there are events taking place which might place the issue of product transparency right at the top of the agenda for apparel brands. Ready-made garment manufacturers in Bangladesh need to be ready to respond.

There is now credible information from China that the huge cotton growing region of Xinjiang is a serious sourcing risk due to labour concerns. Rights groups claim Xinjiang’s Uighur minority are being persecuted and recruited for forced labour.

Xinjiang is by far the largest cotton growing region in China, yet NGOs and risk agencies claim it is impossible to know whether or not cotton sourced from the region has been picked using forced labour, in large part because of the secretive nature of Chinese government officials.

US agencies have repeatedly said they cannot be sure that apparel brands don’t have coerced labour in their supply chains if they do cotton business in China.

Let me be clear here, I am not singling out China, merely using it as an example to illustrate an issue. The point being made is that we are now seeing the very limits of auditing in global apparel supply chains. We know that social auditing to check for labour abuses and related issues is a sector that is under threat. That is because there is too much duplication and, in many cases, factories find ways to evade detection from auditing companies. Many believe the social auditing model is broken.

But what about auditing for fibres? To stay on China, what about auditing to ensure that cotton has not been picked and processed by forced labour? Brands and retailers simply cannot afford to have the risk that cotton, picked using forced labour, will be found in their supply chains. Indeed, a couple of Australian retailers, Target Australia and Cotton On, have already said they will no longer have cotton from Xinjiang in their products.

This has huge implications across the whole supply chain, including for Bangladeshi manufacturers. Could they be handling cotton that has been through forced labour camps? Who knows, for as we have seen above, the auditing model is prone to failure for it is based mainly on humans. And humans, as we all know, are prone to errors.

I spoke at the start of this article about the next big thing in the global apparel industry. This, I believe, will be the growing use of blockchain and DNA tagging to trace fibres such as cotton right from the farm to the final consumer. Already we are seeing huge technology developments in this area, with millions of dollars' worth of investment flooding in. In fact, of all the areas of sustainable textiles and apparel which are attracting investors, this is the most popular. The reason for this is that there is a clear market need and demand for such technology.

The apparel industry is sitting up and taking notice. Just recently, the organic cotton contained in a pair of kids' pyjamas was traced right back from the farm to the customer as part of a blockchain project aimed at demonstrating traceability along the apparel supply chain.The pilot was a joint effort between Fashion for Good, C&A Foundation, and the Organic Accelerator, with support from brands Kering, PVH Corp and Zalando.

In the past, tracing raw material flows through the textile supply chain has proved to be a major challenge, especially those linked to particular standards such as organic cotton. Such levels of traceability have been very much a utopia.

The particular technology pilot mentioned above was started in 2018 by the partner organisations to test and validate "on-product markers" in combination with blockchain technology as a potential industry solution to traceability.

The project identified DNA using invisible fluorescent and microbiome technologies respectively in tracking organic cotton.

Remarkably, after enduring the manufacturing processes of spinning, chemical treatments, high temperatures and dyeing, the DNA and invisible fluorescent tracers emerged intact to positively identify the cotton in consumer ready garments in retail outlets.

This is a huge breakthrough and we can expect more developments in this area. At present, fibre traceability systems, though reliable, rely largely on paper-based trails of certification as well as various, separate systems to manage the chain of custody.

The new process creates a digital and physical trail that increases reliability of the tracing exercise by combining the immutability of blockchain with on-product markers that verify the identity of the fibre.

Such technology benefits all of us. It benefits end consumers because they have confidence in the products they are purchasing. It benefits farmers because they are more likely to be treated fairly if there is this level of accountability in place. And, of course, it benefits us as manufacturers as we are part of a supply chain which has more credibility and trustworthiness and in which stakeholders have greater confidence.

Source: thedailystar.net- Nov 29, 2019

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Pakistan: Low prices attract cotton buyers

Falling cotton prices attracted textile spinners on Wednesday to replenish their stocks at a higher level, though rates remained above Rs9,000 per maund.

However, prices for good quality lint remained steady as supply continued to be short.

Lower cotton rates also impacted phutti (seed cotton) prices. Brokers said phutti from Sindh and Punjab was quoted in the range of Rs2,600-4,100 per 40kg. Balo-chistan variety was quoted at Rs4,200-4,100 per 40 kg.

There is a growing concern amongst the textile industry with regards to next crop for which the government has yet to work out a plan. Cotton has been facing a disaster like situation in Pakistan, with poor quality seeds and pesticides as well as harsh weather hitting productivity hard.

On the global front New York cotton moved higher on optimism over US-China trade. Indian cotton came under pressure and closed lower in the range of Rs400 per candy (356kg).

The Karachi Cotton Association (KCA) spot rate remained steady at overnight level at Rs9,000 per maund.

The following major deals were reported to have changed hands on ready counter: 800 bales, station Hala, at Rs7,150; 1,050, Nawabshah, at Rs7,150; 1,227 bales, Sakrand, at Rs5,800; 600 bales, Ghotki, at Rs9,100-9,200; 1,200 bales, Sadiqabad, at Rs9,100-9,150; and 1,400 bales, Yazman Mandi, at Rs8,350.

Source: thedailystar.net- Nov 29, 2019

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Turkey: AliExpress, apparel exporters ink deal to engage Turkish SMEs with e-commerce

The Istanbul Apparel Exporters Association (İHKİB), AliExpress and İhracatname, the official business partner of AliExpress in Turkey, have signed an agreement that will enable small and medium-sized enterprises (SMEs) to reach overseas customers directly.

SMEs seeking to expand from Turkey to abroad and compete at a global level will be able to export their products to the entire world by taking advantage of AliExpress' ecosystem and infrastructure with the support of İHKİB and AliExpress, the global online retail marketplace under Alibaba Group.

Thanks to this cooperation, which allows 15,000 İHKİB members to reach millions of potential customers around the world in the first phase, AliExpress will provide exporters with infrastructure support including collection, logistics, marketing and translation in 18 languages and will enable Turkish exporters and SMEs to introduce their brands to the world through its global ecosystem.

AliExpress' business partner İhracatname will guide vendors looking to open stores on AliExpress, free of charge, through the entire process from registration to stocking their shelves.

Exporters and SMEs opening stores at AliExpress will not pay platform participation fees or periodic fees and will be eligible to take commission rates ranging from 5% to 8% depending on the product category in AliExpress sales.

MICROBUSINESSES TO TAKE ON GLOBAL STATE

Speaking at the meeting on the announcement of the cooperation, İHKİB President Mustafa Gültepe stressed that the e-export market in the world is growing rapidly and said that global e-exports are expected to reach $994 billion in 2020 from $401 billion in 2016.

Indicating that AliExpress' consumer profile, particularly in Russia, the Middle East, and Europe, provides important advantages to companies in e-exports, Gültepe noted, "Through this agreement, we open the doors of the world through AliExpress to 15,000 İHKİB members, small and large. Even our micro-entrepreneurs, regardless of the size of their companies, will be able to retail directly to the most distant parts of the world. I believe that these advantages will encourage many entrepreneurs to become exporters."

AliExpress Global Consumer and Market Operations Director Cheer Zhang stated that AliExpress is an important and integral part of Alibaba Group's globalization strategy, underlining that under the agreement with İHKİB, they aim to make it easier for Turkish exporters and SMEs to compete in the global market.

Highlighting that they are ready to give all the necessary support to exporters in this process, especially infrastructure and logistics, Zhang continued, "Russia, Europe, and the Middle East are among the main overseas markets that we aim to open up SMEs through AliExpress in Turkey. We also see significant potential in North and South American countries such as the U.S., Brazil and Chile."

Hidayet Öztürk, general manager of İhracatname, said that they support producers and SMEs who seek to expand to the world through e-export via AliExpress, free of charge, in the entire process from application and registration to the opening of their stores and loading their products.

Pointing out that companies can register their products in a very short period of time through the website of İhracatname and quickly move them to the global showcase and reach millions of customers instantly, Öztürk said, "As a result of this partnership between İHKİB, AliExpress, and İhracatname, our primary goal is to open the doors of e-export through AliExpress to all our SMEs, especially İHKİB members, and to support them on their e-export journey.

Source: dailysabah.com- Nov 28, 2019

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NATIONAL NEWS

Export Subsidy for the Textile Sector

Textile industry in India is subject to provisions of the WTO Agreement on Subsidies and Countervailing Measures (ASCM) which stipulate that if a developing country member's exports of a product has reached a share of at least 3.25% of world trade of that product for two consecutive calendar years, it will be considered as export competitive in that product.

Further, export subsidies on such products shall be gradually phased out over a period of eight years.

As per this provision, India is obligated to phase out subsidies which are export contingent.

To boost exports and enhance competitiveness, of the textiles sector, Government had announced a Special Package for garments and made-ups sectors. The package offers Rebate of State Levies (RoSL), labour law reforms, additional incentives under Amended Technology Upgradation Fund Scheme (ATUFS) and relaxation of Section 80JJAA of Income Tax Act.

The RoSL scheme has since been replaced by the scheme for Rebate of State and Central Taxes and Levies from 7th March 2019. Assistance is also provided to exporters under Market Access Initiative (MAI) Scheme.

Government has enhanced interest equalization rate for pre and post shipment credit for exports done by MSMEs of textile sector from 3% to 5% from2.11.2018. Benefits of Interest Equalization Scheme has been extended to merchant exporters from 2.01.2019 which was earlier limited to only manufacturer exporters.

This information was given by the Union Minister of Textiles, Smriti Zubin Irani, in written reply in the Rajya Sabha today.

Source: pib.gov.in- Nov 28, 2019

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Boosting Textile Industry Through Technology Upgradation

After extensive discussions with stakeholders and with a view to promote ease of doing business in the country and achieve the vision of generating employment and promoting exports by way of technology upgradation in textile sector through "Make in India" with "Zero effect and Zero defect", the old version of Technology Upgradation Fund Scheme (TUFS) was revised and accordingly a new scheme viz. Amended Technology Upgradation Fund Scheme (ATUFS) was launched in January 2016 with an outlay of Rs. 17,822 crore upto 2022.

The objective of the scheme is to facilitate augmenting of investment, productivity, quality, employment, exports along with import substitution in textile industry and also to indirectly promote investment in textile machinery manufacturing. Under the scheme, higher incentives have been provided to garmenting/technical textiles for reimbursement of Capital Investment Subsidy.

In pursuance to the decision of Inter Ministerial Steering Committee (IMSC) under ATUFS held on 23.03.2018 and subsequent discussions with stakeholders, the guidelines of ATUFS have been further revised on 02.08.2018 with a view to make online portal for implementation (i-TUFS) an end to end solution. In addition, various measures have been taken to streamline the processes for effective implementation of the scheme, details of which are given at Annexure-I.

Ministry has also notified the Scheme for Production and Employment Linked Support for Garmenting Units (SPELSGU) under ATUFS to incentivise production and employment generation in the garmenting sector vide Resolution dated 25.07.2016.

The Government has also approved reforms inter alia to boost Employment Generation and Exports in the Made-Ups Sector vide Resolution dated 10.01.2017. The additional incentive of 10% will be provided to both the garmenting and made-ups units registered under ATUFS on achievement of employment projected by them.

Details of various other actions taken by the Government to boost textile sector in the country are given in Annexure-II.

In order to promote handloom sector across the country, financial assistance is provided under the following the schemes for raw materials, purchase of looms and accessories, design innovation, product diversification, infrastructure development, skill upgradation, marketing of handloom products and loan at concession rates:

Click here for more details

Source: pib.gov.in- Nov 28, 2019

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Cotton Advisory Board sees India 2019-20 crop up at 36 mln bales

The Cotton Advisory Board today estimated India's 2019-20 (Oct-Sep) cotton production to rise by 9.1% to 36 mln bales (1 bale = 170 kg) due to an increase in acreage this year, the industry body said in a release.

	2019-20	2018-19
SUPPLY		
Opening stock	4.44	4.29
Output	36.00	33.00
Imports	2.50	3.10
Total supply	42.94	40.39
DEMAND		
Exports	5.0	4.40
Total demand	38.10	35.95
Closing stock	4.84	4.44

The board pegged this year's imports at 2.5 mln bales as against 3.1 mln bales last year.

The advisory board pegged cotton exports at 5.0 mln bales as against 4.4 mln bales last year.

Earlier this month, Cotton Association of India had pegged output at 35.45 mln bales and exports at 4.2 mln bales.

India's cotton acreage has increased by 5.3% to 12.71 mln ha. Moreover, the percentage of genetically modified Bt cotton acreage in the total area has gone up to 94% due to increased area under herbicide-tolerant Bt cotton. This is expected to boost the overall yield over the last year.

The board also pegged India's total consumption at 38.1 mln bales, compared with 35.95 mln bales last year with mills seen consuming 28.8 mln bales, higher than 27.45 mln bales a year ago.

The closing stock has been estimated higher at 4.8 mln bales as against 4.4 mln bales for the previous year, mainly on account of increased output.

The Cotton Advisory Board is chaired by the textile commissioner in the Ministry of Textiles, and represents growers, industry, and trade.

Above is the cotton balance sheet in mln bales for 2019-20, as per the association:

Source: cogencis.com - Nov 28, 2019

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Apparel exports to US rise 5pc post withdrawal of duty concessions

India's apparel exports to the US post removal of duty concessions under Washington's Generalized System of Preferences programme has seen a rise of 5 per cent compared to the same period last year when the duty benefits were available, Parliament was informed on Thursday.

US President Donald Trump in July 2019 terminated India's designation as a beneficiary developing nation under the key Generalized System of Preferences (GSP) trade programme after determining that it has not assured the US that it will provide "equitable and reasonable access" to its markets earlier this year.

"Balance of apparel trade was in favour of India by USD 4 billion during 2018. Post-withdrawal of GSP, imports of apparel will be subject to higher tariff. As per provisional data, exports of apparel (post withdrawal of GSP) has increased by 5 per cent as compared to the corresponding period before withdrawal," Textiles Minister Smriti Irani said in a written reply in the Rajya Sabha.

Replying to a a separate query, she said the Textile industry in India is subject to provisions of the WTO Agreement on Subsidies and Countervailing Measures (ASCM) which stipulate that if a developing country member's exports of a product have reached a share of at least 3.25 per cent of world trade of that product for two consecutive calendar years, it will be considered as export competitive in that product.

"Further, export subsidies on such products shall be gradually phased out over a period of eight years. As per this provision, India is obligated to phase out subsidies which are export contingent," Irani said in another written reply in the Rajya Sabha.

Source: timesofindia.com - Nov 28, 2019

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Exporters Seek Amendments In Market Access Initiative Scheme To Promote Shipments

Exporters are seeking amendments in the Market Access Initiative scheme with a view to promote shipments from the country, an official said.

Under the scheme, agencies such as export promotion councils, trade promotion organisations, and commodity boards get financial support from the government for undertaking various market access initiatives such as marketing, organising fairs/exhibition, opening of warehouses, capacity building, branding and statutory compliances in importing markets.

The issue was raised by many exporters in a meeting called by the commerce ministry last month. "They mentioned about the need for amendments in MAI scheme. They want assistance to buyers from both developed and developing countries," the official said.

The scheme plays a key role for promoting exports and addressing interventions required by India for exploring new markets and promoting export-oriented activities for commodities and services. The scheme is valid up to March 31 next year.

Exports during the April-October period of the current financial year dipped 2.21 percent to $185.95 billion. Since 2011-12, India's exports have been hovering at around $300 billion. During 2018-19, foreign shipments grew 9 percent to $331 billion. The government is targeting to increase exports to $1 trillion in coming years.

Source: bloombergquint.com- Nov 28, 2019

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If RCEP addresses India's concerns, Govt may take call on what needs to done: S Jaishankar

Union External Affairs Minister S Jaishankar on Thursday said in the Rajya Sabha that if India's concerns are addressed by the RCEP grouping, the government may take a call on what needs to done, otherwise the present stand will continue.

The Regional Comprehensive Economic Partnership (RCEP) is a mega free-trade agreement (FTA) which was negotiated by 16 countries, including India and China.

On November 4 in Bangkok, Prime Minister Narendra Modi took the call for not joining the RCEP agreement as its concerns were not addressed in the pact.

The external affairs minister said if the country's concerns are not addressed, the current call will continue.

"On RCEP, what will happen in the future is speculative. It depends on whether our concerns are addressed or not. So, if your concerns are addressed then obviously somebody will take whatever call needs to be taken. If they are not, then obviously the current call will continue," he said in the Rajya Sabha.

Jaishankar said negotiations for the agreement, which started in Cambodian capital Phnom Penh in 2012, were not initiated by this government.

"These negotiations have carried out for many years. What happens in a negotiation? You negotiate till a point comes when you have to take the decision. So, when we reached Bangkok, we had issues and concerns…" he said.

At the Bangkok summit, the country had to assess whether its interests are adequately met in the set of outcomes or not.

"We came to the conclusion (that) our concerns and the interests were not fully cleared," he said.

"I believe it is a matter of pride, it is a positive thing that the prime minister actually looked at it and said it is not in the best interest of the nation and not the right time to go ahead with it," he added.

He said the House should be welcoming to the prime minister who stood for the interest of the country and is willing to take tough decisions and not let pressure of international diplomacy hustle him into taking a decision which is not good for the country.

"Members should be rest assured that this government and this prime minister will do what is right for the country on trade matters and on all other matters," he added.

Talking about free-trade agreements of India, he said there is no in-principle opposition to do these pacts.

He said every agreement must be judged on the basis of what it offers to India and whether India is gaining or not.

"If India loses, we should not be hustled into it. If india gains, naturally (it is) in our interest to do it," he said.

He added that in the past, India has signed a lot of FTAs and "today we are studying what has been the impact of these agreements on our economy and its a very mixed pitch. I have urged the partner countries to do review as well".

The minister added that India is reviewing its agreement with ASEAN and it has also urged Japan to do the same.

"So if an FTA offers us benefits, we are open minded about it," he said.

The minister also said that India is open to resume the stalled negotiations for a free trade agreement with European Union.

"There is a bilateral BTIA (Bilateral Trade and Investment Agreement) with EU. We are open to resume the FTA," he added.

Further he said that there is a great deal of synchronisation between India's economic, financial and foreign policies.

"This is a very very cohesive government . All of us work together so there are no mixed messages, discontinuity among us," he said.

Source: financialexpress.com- Nov 28, 2019

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Cotton production to be higher this season

'Good rains in areas under cultivation'

Domestic cotton production this season, which began on October 1, is expected to be 360 lakh bales, according to provisional estimates of the Cotton Advisory Board.

In the first meeting for this season on Thursday, the Board estimated the total cotton supply for the period October 2019 to September 2020 at 429.41 lakh bales against 403.91 lakh bales in the previous season.

Though the area under cotton cultivation this year (125.84 lakh ha) is marginally less than that of last year (126.58 lakh ha), production is expected to be higher because of relatively better yield.

"The rains were good this year in the cotton growing areas and that is why we expect higher production," said K. Selvaraju, secretary general of Southern India Mills' Association, who took part in the meeting.

The board estimated imports to decline to 25 lakh bales from 31 lakh bales last year, and exports to go up from 44 lakh bales in the 2018-2019 cotton season to 50 lakh bales this season. Consumption by textile mills is also likely to be slightly higher at 288 lakh bales from 274.50 lakh bales last year.

The cost of cotton (Shankar-6 variety) on Thursday was ₹38,700 a candy. Cotton prices are lower now compared with the same period last year and are expected to stabilise between ₹39,000 and ₹40,000 a candy this season, said Atul Ganatra, president of the Cotton Association of India.

Source: thehindu.com- Nov 28, 2019

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GST e-invoicing to help MSMEs secure loans faster

The proposed e-invoicing system under the goods and services tax (GST) would help small businesses secure instant loans without furnishing a plethora of documents as banks can rate them on the basis of these invoices, said officials working on the system. Further, they added that the compliance burden, which is often most arduous for MSMEs, will reduce as the GST system would pre-populate the returns on the basis of information received from e-invoices.

Under the system, the GST taxpayers would report their invoices to Invoice Registration Portal (IRP). This portal will generate a unique Invoice Reference Number (IRN) and digitally sign the e-invoice while generating QR code. The IRP will also send the signed e-invoice to the recipient of the document on the email provided in the e-invoice.

The government would roll out the e-invoicing system on a trial basis from January 1, 2020, for businesses with turnover of more than Rs 500 crore, and the same facility would be made available for taxpayers with a turnover of more than Rs 100 crore from the subsequent month. However, e-invoicing will be mandatory for both these taxpayer categories from April 1. For businesses having a turnover less than Rs 100 crore, it would remain voluntary from April 1, 2020.

“The tax department would help the taxpayers in preparing pre-populated returns through e-invoicing, which would also reduce reconciliation problems,” an official said.

Another official said e-invoicing would help to generate invoice in a standard format, which can be read by any system and reporting of e-invoice to a central system becomes possible. The adoption of these standards would not impact the users of invoice but all the accounting software would adopt the new e-invoice standard wherein they would realign their data access and retrieval in the standard format, he added.

Source: financialexpress.com- Nov 29, 2019

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Investors' summit to dwell on advances in textile, garment industry

Mahesh Khanna, General Manager, District Industries Centre, Ludhiana, today stated the textile industry had contributed significantly to Punjab's economic growth.

He said Punjab prides itself as one of the largest producers of cotton, blended yarn and mill made fabrics in India and the state is ranked 3rd in installed spinning capacity in India. Accounting for 95 per cent of India's production, Punjab is the leader in woollen knitwear production.

Textile industry accounts for 19 per cent of the total industrial output (Gross Value Added) of Punjab and in terms of exports, the share of textiles in the state's total exports stands at 21 per cent.

To further promote the growth of the textile industry in the state, it is imperative to strengthen the presence of industries in the higher textile value-chain and to keep abreast with the global technological advancements (especially in the Technical Textiles segment).

This became the genesis for conducting a dialogue to discuss the opportunities and available support in Punjab in the garmenting and technical textile domains through a dedicated session themed on "Punjab: New Destination for Garmenting & Technical Textiles".

Khanna said the panel discussion would be moderated by Amit Jain (Managing Director, Shingora Textiles Limited), and would witness participation and sharing of views from eminent textile industry veterans, viz, Rajinder Gupta (Chairman, Trident Group), DL Sharma (Managing Director, Vardhman Textiles), Kamal Oswal (Managing Director, Nahar Industrial Enterprises), among others.

Source: tribuneindia.com- Nov 28, 2019

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