

IBTEX No. 94 of 2018

May 08, 2018

USD 67.22 | EUR 80.11 | GBP 91.13 | JPY 0.62

Cotton Market		
Spot Price (Ex. Gin), 28.50-29 mm		
Rs./Bale	Rs./Candy	USD Cent/lb
19911	41650	79.12
Domestic Futures Price (Ex. Gin), May		
Rs./Bale	Rs./Candy	USD Cent/lb
20920	43760	83.13
International Futures Price		
NY ICE USD Cents/lb (July 2018)		85.99
ZCE Cotton: Yuan/MT (May 2018)		15,680
ZCE Cotton: USD Cents/lb		94.95
Cotlook A Index - Physical		93.25
<p>Cotton guide: At the start of the week Cotton future July contract made a high of 88.08 cents highest price in 8 months. However, it ended lower at 85.99 cents per pound. We would have no straight news for its price correction while believe it's the mere profit booking on the prior long positions have prompted or fresh buyers were reluctant to enter at such high level. We also believe that the price correction seems momentary while broad trend continues to be bullish.</p> <p>At the start of Tuesday i.e. today while writing this report at 9 AM IST the aforementioned contract is seen trading higher by close to 1% at 86.75 cents. This also means every time market has corrected down there has been good amount of buying from lower level. Also the on-call sales positions have been booked aggressively by the mills unfixed positions riding price higher.</p>		

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In our previous day's report had emphasized on the technical chart pattern turning bullish is still maintained as long as it hold strongly above 85 cents. As indicated earlier 85 to 90 cents per pound would be the price range in the near term. The detailed report can be accessed from Kotak Commodities.

Currency Guide:

Indian rupee depreciated by 0.05% to trade near 67.17 levels against the US dollar. Rupee has slumped to the lowest level since Feb.2017 amid concerns about impact of higher crude oil price on inflation and trade deficit.

The US dollar index has also tested the highest level since Dec.2017 amid widening gap between monetary policy of Fed and other central banks. Rupee may remain under pressure on concerns about higher crude price and investor outflows. USDINR may trade in a range of 66.9-64.35 and bias may be upside..

Compiled By Kotak Commodities Research Desk , contact us : <mailto:research@kotakcommodities.com>, Source: Reuters, MCX, Market source

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INTERNATIONAL NEWS

Chinese investors eye garment sector

Chinese entrepreneurs have discussed with Yangon Region Investment Committee on the expansion of garment industry in industrial zones in Yangon, said Myo Khaing Oo, joint-secretary of Yangon Region Investment Committee.

Aung Htoo, deputy minister for Commerce said: “Currently, Myanmar’s textile industry is rapidly growing. Imports of garment by the EU and Asian countries become high.

Entrepreneurs from Japan, China, South Korea and Taiwan have opened joint-venture garment factories in the country. Now the number of garment factories has reached more than 400. In 2016, the garment sector created 350,000 jobs. Female workers represent 90 per cent of the total workforce.

Tun Tun, the central executive of Myanmar Garment Entrepreneurs Association said In November, 2017: “The garment industry has long been practicing Cut-Make-Pack (CMP) system for over 20 years.

But it is not in a position to shift from the CMP system to the FOB system due to lack of infrastructure, transparency in banking system, information and investment power.”

In 2017-2018 FY, export earnings from CMP garment sector hit US\$ 2.58 billion. It is one of the top export items, according to the Commerce Ministry.

Japan and European countries have placed most garment orders from Myanmar.

Source: elevenmyanmar.com- May 07, 2018

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US quarterly apparel imports rise China, India lose market share

During the first quarter of 2018, US apparel imports were up in both value and volume terms by 1.63 per cent and 1.71 per cent respectively.

However, unit prices neither decreased nor increased, which helped the US keep the balance between imported apparels and the dollars spent on them.

China lost share by 2.34 per cent in the quarter. China is still the top supplier of apparels and textiles to the US.

Vietnam too lost share in the US apparel market, registering a 14.86 per cent share in overall US apparel imports in the latest quarter as against a 15.26 per cent share in the previous year.

India plunged significantly both in value (0.79 per cent) and volume (2.53 per cent) terms.

Indonesia's exports dropped 5.78 per cent and 8.26 per cent in value and volume respectively.

Other top apparel suppliers were: Cambodia, South Korea, Mexico, Canada, Bangladesh and Pakistan.

During January to April 2017 apparel exports from China, Vietnam and Bangladesh constituted around 59 per cent of total apparel imports by the US. China has been slashing unit prices to stay competitive in the US and thereby convincing buyers to purchase more quantities.

Source: fashionatingworld.com- May 07, 2018

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NRF warns of impacts from Chinese import tariffs, NAFTA withdrawal

Billions of dollars are at stake as the U.S. government considers withdrawing from NAFTA and imposing tariffs on Chinese imports, according to the NRF.

The National Retail Federation recently released a new study with Consumer Technology Association (CTA) that finds that four jobs would be lost for every job gained should the Trump administration's proposed tariffs on \$50 billion of Chinese imports pass. Coupled with retaliation promised by China, this action would reduce U.S. gross domestic product by nearly \$3 billion and diminish 134,000 American jobs, NRF warned.

"We hope this is the start of a serious negotiation process that leads to a more open Chinese market and protects U.S. jobs and economic growth," said NRF president and CEO Matthew Shay. "We must resolve this trade dispute without resorting to job-killing tariffs and retaliation."

Thus far, Chinese textiles products have not been added to the list of goods that will be levied with tariffs.

Additionally, withdrawing from NAFTA (North American Free Trade Agreement) would cost retailers and consumers up to \$16 billion a year and lead to the loss of 128,000 retail-related jobs over the next three years, another NRF study shows.

In 2017, retailers imported \$128 billion worth of merchandise from Mexico and \$54 billion from Canada, the study notes. NAFTA has made most of those goods tariff-free since it took effect in 1994. But withdrawing from NAFTA would subject retail imports to \$5.3 billion in annual tariffs that would that would most likely be passed along to consumers in the form of higher prices.

Food and beverages sold at grocery stores would see the biggest hit at \$2.7 billion, followed by apparel and footwear at \$501 million, electronics and appliances at \$390 million, household goods at \$498 million and auto parts at \$240 million. The remainder would come from the flow-through costs of tariffs imposed on other industries that would drive up retailers' costs for services such as transportation.

“It’s clear NAFTA must be modernized, but we can’t lose sight of the fact that this agreement helps ensure that American families have access to products they need at prices they can afford,” Shay noted.

Source: hometextilestoday.com- May 07, 2018

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China: March cotton linter imports up 101 per cent

Cotton linter pulp mills and refined cotton plants in China are largely running with low operating rates, exerting a significant impact on the cotton linter import market.

China’s imports of cotton linter in March were up 101.2 per cent month on month but down 70.2 per cent on a yearly basis.

The cotton linter import market has witnessed big volatility since the beginning of this year.

In March, China’s imports of cotton linter from Turkey were 37.6 per cent of the total. Imports from the US occupied 22 per cent of the total.

For Q1 of 2018, China’s imports of cotton linter from Turkey and the US took up 40.5 per cent and 22.6 per cent of the total. Imports from India and Turkmenistan respectively occupied 17.44 per cent and 8.75 per cent of the total.

The import price in March was down 5.75 per cent year on year in the first quarter. Year on year it was down 4.18 per cent.

Turkey and the US are the largest origins of China’s imported cotton linter while imports from India and Central Asia have decreased evidently.

The ban on solid waste (including cotton waste) which took effect in January 2018, as well as the intense pressure of environmental protection, have exerted significant on cotton linter pulp mills and refined cotton plants.

Source: fashionatingworld.com- May 07, 2018

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US retail industry employment increases in April 2018

Boosted by tax reform and other factors, the retail industry employment in the US increased by 3,700 jobs seasonally adjusted in April over March and 48,900 jobs unadjusted year-over-year, the National Retail Federation (NRF) has said. There was an increase of 5,600 jobs in March. The three-month moving average in April showed an increase of 17,200 jobs.

The numbers exclude automobile dealers, gasoline stations and restaurants. Overall, US businesses added 164,000 jobs, the department of labour said.

“The jobs gains are looking very good and are in line with the continuing growth of the economy,” NRF chief economist Jack Kleinhenz said. “Irregular weather patterns have put some noise into the data this year in terms of fluctuating monthly numbers, but the overall trends show the underlying strength of the economy. Tax reform and regulatory reform seen over the past few months are expected to continue to provide traction for the economy and further job growth.”

While sporting goods stores saw the number of jobs increasing by 1,700, clothing being a weather-sensitive sector witnessed jobs going down by 5,300, NRF said in a release.

Economy-wide, average hourly earnings in April increased by 4 cents or 2.6 per cent year-over-year. The department of labour said the unemployment rate dropped from 4.1 per cent to 3.9 per cent, the lowest level since December 2000.

Retail job numbers reported by the labour department, however, do not provide an accurate picture of the industry because they count only employees who work in stores while excluding retail workers in other parts of the business such as corporate headquarters, distribution centres, call centres and innovation labs, Kleinhenz said.

Source: fibre2fashion.com- May 07, 2018

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Vietnam warned about relying too heavily on Chinese market

The International Monetary Fund (IMF) figures show that China became Vietnam's biggest export market in 2017. The position had belonged to the US for the last 15 years.

Tran Thanh Hai, deputy director of the Ministry of Industry and Trade's (MOIT) Import/Export Department, confirmed that Vietnam exported \$35.46 billion worth of products to China in 2017, a sharp increase of 61.5 percent over the year before.

China has outstripped Japan and South Korea to become Vietnam's third largest textile & garment export market, consuming \$3.45 billion worth of exports, up by 25.6 percent compared with 2016.

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Vietnam's footwear exports to China also increased significantly by 26.1 percent compared with 2016.

As for seafood, while texport growth to the US and EU has slowed, exports to China have been increasing rapidly. Catfish and fresh fruit to China soared sharply in the last months of 2017.

Hai said the Chinese economy has maintained a high growth rate, which has increased demand for farm and seafood produce. The production costs in China are on the rise, thus making Chinese-made products less competitive than imports.

Importing farm produce from Vietnam saves China transport costs as well because of the shared border line.

Meanwhile, analysts point out that protectionism pursued by the Trump administration has affected China's trade policy. China is trying to fill the gap left by the US by strengthening its trade and investment in South East Asia, including Vietnam.

"US protectionism will reduce the benefits to Asian countries. So China will be a better market to exploit," an analyst said.

Vietnam told to ease reliance

Le Dang Doanh, a renowned economist, believes that the IMF statistics showed higher exports to China because some goods across the border gates were counted as official exports.

“China is trying to foster official import/exports with Vietnam to ease trade across border gates,” Doanh said.

This means that the actual growth rate in exports is not as high as reported.

Doanh said that Vietnam needs to take full advantage to boost exports to China, which is predicted to become the largest economy in the world.

However, the US should be seen as an important trade partner of Vietnam, because the two countries have products that the other needs.

In addition, relying too much on one market is a taboo in trade, especially when the market is China is ‘as changeable as the weather’. In all cases, Vietnam needs to diversify its markets, experts say.

Source: vietnamnet.vn- May 08, 2018

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Bangladesh takes over global denim markets

As of now, Bangladesh is the largest exporter of denim products to Europe with a 27% market share topping China, the largest exporters of clothing products to both Europe and the US

Bangladeshi denim products are dominating the global markets by beating its competitors in the European markets as well as in the United States by occupying a lion’s share of the proverbial denim pie.

As of now, Bangladesh is the largest exporter of denim products to Europe with a 27% market share topping China, the largest exporters of clothing products to both Europe and the US.

With a 14.20% market share, Bangladesh now is also the third largest exporter of denim products in the US after Mexico and China.

According to Eurostat, statistics directorate of the European Commission, Bangladesh in 2017 exported denim products worth of €1.30 billion – a 0.54% hike from 2016's €1.29 billion. However, Bangladesh's closest competitor Turkey has posted a 4.36% growth to \$1.12 billion in the same period.

Bangladesh earned \$507.92 million – a 9.55% growth – exporting denim products to the US markets in 2017, which was \$463.61 million in 2016, according to data from the Office of Textiles and Apparel (Otexa) in the US.

China earned \$921.90 million with 1.41% negative growth, while second largest exporter Mexico registered 7.9% negative growth by earning \$793.42 million.

Meanwhile, Pakistan and Vietnam, the two closest competitors of Bangladesh, posted positive growths by over 13% earning \$213.78 million and nearly 20% earning \$207.28 million, respectively.

Bangladesh currently exports Blue Denim Trousers WG, Blue Denim Trousers MB, Blue Denim Skirts, Blue Denim Jackets, Blue Denim Suit Type Coats MB, Playsuits, and Sunsuits, among other products, to the international markets.

The major global retailers to which Bangladeshi entrepreneurs also supply denim products include H&M, Uniqlo, Tesco, Walmart, Levi's, Diesel, Wrangler, G-Star, s.Oliver, Hugo Boss, and Gap.

The reasons behind the lead

New investments both in fabrics and garments manufacturing and increased capacity are playing major roles in establishing Bangladesh's dominance in the US and EU markets. But manufacturers are also investing in research and development of high end products, helping them get a better price.

Meanwhile, improvement of the safety standard in the apparel industry has also drawn the attention of more global buyers.

BANGLADESH -

- is the largest exporter in EU with a 27% market share
- is the third largest exporter in the US with a 14.20% market share
- exported products worth €1.30 billion to EU markets in 2017
- exported products worth \$508 million to US markets in 2017
- has 31 manufacturing mills, producing over 400.40 million meters of denim per year

“Investment in denim fabrics and denim manufacturing has increased sharply. As a result, production capacity has increased too, pushing the export earnings up and taking the lead in the global markets,” Sayeed Ahmad Chowdhury, general manager of Square Denim, told the Dhaka Tribune.

He said manufacturers now are also taking less time to produce the products as they are sourcing the fabrics from local mills instead of importing. “As a result, buyers are placing more orders here.”

In the last two years, Square Denim has increased its production capacity from 1.5 million meters to three million. Considering the increasing demand, Sayeed said, they will be launching another unit soon.

Envoy Textiles Managing Director Abdus Salam Murshedy told the Dhaka Tribune: “Buyers always want quality fabrics when it comes to denim products. To manufacture quality fabrics, latest technology is must for any company. And we have already established that.”

Producing five million meter of denim fabric every month, Envoy Textiles is currently the Number 1 LEED Platinum certified Green Factory in the world.

Two years back, Bangladesh was highly dependent on imported denim fabrics. “Now, we can meet about 50% of the demand locally and are also exporting to some of the globally renowned buyers,” Murshedy said.

According to Bangladesh Textile Mill Association (BTMA), Bangladesh currently has 31 denim fabrics manufacturing mills, which produce over 400.40 million meter fabrics every year.

Growth opportunity

According to market research and advisory firm Technavio, the global denim and jeans market is worth about \$60 billion. However, the denim industry is expected to grow at a compound annual growth rate (CAGR) of over 6.5% by 2020.

Asia Pacific Countries (APAC) is expected to be the fastest growing market for denim jeans, said Technavio data, and China is the fastest growing country in the region.

BANGLADESH'S DENIM EXPORT TREND TO THE US		BANGLADESH'S DENIM EXPORT TREND TO EU	
YEAR	EXPORT VALUE	YEAR	EXPORT VALUE
2014	\$426.45 million	2014	\$939 million
2015	\$439.86 million	2015	\$1.17 billion
2016	\$463.61 million	2016	\$1.29 billion
2017	\$507.92 million	2017	\$1.30 billion

Source: Eurostat

Since Bangladesh is now the largest exporter to the EU and holds a large share in US markets, there is an enormous opportunity to grow – especially in premium denim jeans market, which is expected to grow at a CAGR of 12.23% by 2020 in the region.

“There is hardly any adult in the world whose wardrobe does not contain at least one pair of jeans. Moreover, jeans are now worn and loved by women and children across the world. So the prospect of Bangladesh’s denim export growing in the coming years is undoubtedly bright,” Denim Expert Limited Managing Director Mostafiz Uddin told the Dhaka Tribune.

“If Bangladesh can make its footing stronger in developing design and innovation, then the sky is the limit for our denim industry,” he said.

According to a study by Cotton Inc, 71% of people in Europe and Latin America enjoy wearing denim, followed by 70% in the US, 58% in China, and 57% in Japan.

Since customers are more cautious about environmental and health hazards issues, the denim products manufactured by a sustainable process are becoming more popular.

In a recent development, Bangladesh is also turning the apparel manufacturing process into an eco-friendly one by establishing green factories – a major advantage – which consume less water and other natural resources, said Abdus Salam Murshedy.

Besides, more apparel businesses are apparently shifting from China to Bangladesh as the workers' wages in China have increased, and the country is also moving towards producing high value products instead of basic and mid-range ones.

Challenges and ways forward

Despite being a global market leader in denim products, there are also some challenges ahead for the Bangladeshi manufacturers.

According to people from the growing industry, price of fabrics and getting utility services – including gas and electricity – hindering new investment are some of them. Moving towards value added products is another issue that needs more attention.

“Production cost has gone up, but the manufacturers are forced to offer lower prices due to price cuts in the finished products by global retailers,” said Sayeed Ahmad Chowdhury.

Since most of the denim products are limited in basic items, the key to success in the global market is innovation in designs and washing, he said.

Mostafiz Uddin, also the founder and CEO of Bangladesh Denim Expo, added that the challenge for Bangladesh is too also adding further value to denim products through design development and innovation.

What the sector currently needs, all of them agreed, is more investment in research and innovation to meet the increasing global demand in latest and trending denim products.

To tap the growth opportunity and help with product diversification and value addition, Bangladesh government should prioritize denim products and provide all out support to the entrepreneurs, added former BGMEA president Murshedy.

Source: dhakatribune.com - May 08, 2018

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Anti-outsourcing brand tags Bangladesh T-shirts as 'made in NZ'

The day any of these brands decides to manufacture in Sri Lanka or Bangladesh is the day they sign their own death warrants'

An iconic international clothing brand whose co-founder has been a staunch critic of so-called manufacturing "sweatshops" has been sourcing T-shirts from Bangladesh despite advertising that the garments were made in New Zealand.

An investigation by The Spinoff website found that the labels used on WORLD clothing were misleading, and that a second label attached to the inside seam of their t-shirts read, "Made in Bangladesh".

This is despite the co-founder of the proudly New Zealand brand, the designer Dame Denise L'Estrange-Corbet, being a vocal critic of fashion houses who manufacture their products in less developed countries.

The Spinoff reported on Monday that WORLD's stores in Auckland were stocked with their latest collection, including t-shirts adorned with sequins, and sweatshirts and sweatpants selling for NZ \$199 (Tk20,000).

The WORLD tag attached to every item read "fabrique en nouvelle-zelande" (Made in New Zealand), but the care instruction labels on the inside of the garments told a different story.

They said the T-shirts are sourced from AS Colour and made in Bangladesh, while the sweatshirts and sweatpants are also purchased from AS Colour but were made in China.

When The Spinoff visited a WORLD they found a sample T-shirt that did have the “Made in Bangladesh” tag on the collar which was identical to AS Colour tags, right down to the reference number which, when put into the US government’s Federal Trade Commission database for textile and clothing manufacturers and importers, linked directly to AS Colour.

A spokesperson for AS Colour confirmed WORLD buys clothing wholesale through its online store.

“I don’t think it really matters where a blank garment comes from,” the AS Colour spokesperson said. “You get them from manufacturers all around the world. It’s no different from any other surf brand or skate brand.”

The Spinoff reports that WORLD is not just “any other surf brand”, however.

In 2015, it became the first fashion label to be endorsed by the United Nations, after developing a logo for the UN’s Sustainable Development Goals. The logo has since been printed and sold on AS Colour t-shirts in WORLD stores, online, and in the gift shop at UN headquarters.

When approached by The Spinoff, L’Estrange-Corbet confirmed WORLD has been selling AS Colour t-shirts made in Bangladesh for “approximately seven years”, adding that the t-shirts “represent 1% of our annual garment production”.

The Spinoff found that at least 12 of the 133 garments being sold via the WORLD website, including the four UN logo t-shirts, were manufactured overseas.

L’Estrange-Corbet said WORLD once made their t-shirts in New Zealand but the factories they used had closed down. “We were unable to manufacture the garments here as there are specialist machinery required,” she wrote. “It was not a decision we took lightly.”

She pointed to AS Colour’s ethical credentials. “Child Labour Free (CLF) strongly supports and endorses AS Colour who are diligently working towards ethical sustainability in the area of supply chain transparency, ethical sourcing/supply and of course, the child labour free certification process.”

L'Estrange-Corbet's supposed commitment to ethical commerce led her to recently criticize retail behemoths Zara and H&M.

She said: "(They) all share the same manufacturing bases, Sri Lanka, India, Bangladesh, Ethiopia, Cambodia, and whilst some of the factories may pay above their countries [sic] legal minimum wage, anyone with a single brain cell can work out, that this is slave labour".

In an editorial L'Estrange-Corbet wrote for Apparel magazine last year on manufacturing, meanwhile, she talked about how global fast fashion giants had hollowed out artisanal manufacturing worldwide. She lamented what had happened to production in New Zealand, and about the way global luxury brands retained their value by dictating where their products are made.

"The day any of these brands decides to manufacture in Sri Lanka or Bangladesh is the day they sign their own death warrants," she wrote, "and are no longer considered luxury or even desirable."

Source: dhakatribune.com- May 07, 2018

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Bangladesh opts for value addition in apparel industry

Bangladesh's textile industry accounts for over 70 per cent of export revenue and 13 per cent of the country's gross domestic product. The country has more investor-friendly policies than many of its neighbors and cheaper skilled labor. The country has tax-free access to 37 countries, including the European Union, Canada and Australia.

After liberation in 1972, Bangladesh opted for a socialistic economic policy by nationalising all big industries, including large textile mills. However, the country took a more capitalistic view of development by not only opting for a market-oriented economic policy but also handing over these mills to the private sector in phases.

This signaled a breakthrough in the industry, which provides five million jobs for the people of the country. The country today is an export-oriented economy, thriving on cotton and readymade garments.

Last year, Bangladesh came up with a textile policy, targeted at expanding the export market. One of the focal points of the policy is to strengthen the primary textile sector to fulfil the local demand of textiles and promote a medium and high value added export oriented garment industry.

Knitting industries in the country are self-sufficient. The spinning, weaving, power loom, knitting, dyeing and finishing industries are strong.

Source: fashionatingworld.com- May 07, 2018

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State program on cotton growing to help develop Azerbaijan's textile industry

The state program for development of cotton growing contributes to the successful development of this sector in Azerbaijan, General Director of Azercotton LLC (Azerpambig) Bahruz Jamalov said at a scientific-practical conference devoted to the 95th birth anniversary of national leader Heydar Aliyev.

"In 2015, 35,000 tons of cotton were harvested in Azerbaijan, while in 2017 this figure amounted to 207,000 tons. This shows that the policy gives results," said Jamalov.

He noted that the development of cotton growing in Azerbaijan, in turn, will give impetus to the development of the textile industry.

"The development of the textile industry contributes to the growth of Azerbaijan's industrial potential, the creation of new jobs and the improvement of the welfare of the people," Jamalov added.

"The state program for development of cotton growing in Azerbaijan for 2017-2022 was approved by President Ilham Aliyev in July 2017.

It is expected that through the implementation of the state program, the annual cotton production in 2022 will reach 500,000 tons.

Within the framework of the state program, it is planned to carry out various institutional measures, improve the regulatory framework, strengthen human resources, apply innovative technologies, attract foreign investments and implement a number of other measures for the development of this sphere."

Source: menafn.com - May 07, 2018

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Cambodia: US trade reform and dispute with China good for exports: Ministry

Cambodia must move fast to make the most of the recent tax reform in the US and its ongoing trade dispute with China, said a high-ranking official at the Ministry of Economy and Finance.

Vongsey Vissoth, Secretary of State at the ministry, speaking to reporters during ADB's annual meeting in Manila last week, said the tax reform in the US, a sweeping overhaul of the country's tax system approved by the Senate in December, could be of great help to the Cambodian economy.

"An IMF representative just told me that the tax reform in the US will boost its economy and create many new opportunities for Cambodian exporters. It could help us grow our GDP by as much as 0.5 percent," he said.

"A buoyant economy in the US multiplies opportunities for exporters in Cambodia," he said, adding that the US has recently extended its GSP programme, which grants Cambodian companies access to duty-free privileges when exporting to the US.

The ongoing US-China trade dispute also presents a tantalising opportunity to increase exports to the US, the biggest market for Cambodian garment and footwear products, Mr Vissoth said.

"China will fight back by creating new tariffs for US products, primarily for agricultural goods. This will allow us to boost exports to China.

“As barriers to export to the US increase in China, investors from the US will turn to other countries to invest and to set up factories from which they can import. Cambodia must take advantage of this situation.

“It is a big opportunity that we can only maximise if we are willing to undergo deep structural reforms,” he said, adding that the kingdom needs to improve its competitiveness by reducing the cost of electricity and transportation, as well as streamlining and facilitating trade procedures and diversifying its industry.

The so-called ‘trade war’ between the US and China continues with no end in sight, said Mr Vissoth.

A US delegation visited Beijing last week to discuss trade with Chinese counterparts. Both sides have imposed tariffs on each others’ goods, though they’re yet to be implemented.

Kaing Monika, deputy secretary general of the Garment Manufacturers Association in Cambodia, told Khmer Times that he expects the US trade reform to have a significant impact in Cambodia.

“I think the US-China trade war will not have a big effect on our exports. However, the improvement of the US economic situation will definitely help us. It is a fact that reducing taxes increases disposable incomes which, in turn, supports retail sales,” he said.

“There is little doubt that prospects are bright for travel goods exports after the GSP programme was extended,” he added.

Source: khmertimeskh.com - May 08, 2018

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NATIONAL NEWS

Explained: How new single monthly GST return system will be implemented

The Goods and Services Tax (GST) Council on Friday finally approved single monthly return with an aim to boost collections and compliance.

The new system is scheduled to be implemented in next six months – but could take more time. “The Council has approved the new system of GST return but the software will take six months to get fully operationalised,” Finance Minister Arun Jaitley said.

However, from the preliminary information provided by the GST Council, the new system will be implemented in three phases. “While the initiative of GST return simplification appears to have crossed another milestone – the 3 Phase implementation plan of the revised returns format or procedures do not bring out the exact comfort that industry has sought so far,” Indirect tax expert Jigar Doshi of SKP Business Consulting told FE Online. He explained how the new single return filing system is planned for implementation.

The new return filing process would be introduced in three phases:

Phase 1: First six months

The current process of filing GSTR-3B and GSTR-1 will continue for the first six months.

Software for the new system will be developed during this phase.

Phase 2: Next six months

A single-monthly system of filing returns will be introduced for all taxpayers, except persons with nil liability and composition dealers. They will be filing quarterly returns.

A uni-directional system of uploading details of invoices by the supplier will be implemented. Recipients will get credit on the basis of these invoices.

For the first six months of the new system, a facility to avail provisional credit by the recipient will be available.

Suppliers will be uploading details of invoices and recipients will follow up with the supplier in case of any gap in the uploaded details.

Recipients will try and reduce mismatch through follow up only. No mechanism will be in place for the recipients to upload any invoice.

Phase 3: After 1 year

The new system of return filing will be fully implemented with no facility of provisional credit. Credit will be available on the basis of details of invoices uploaded by the supplier only.

If tax liability on uploaded invoices is not discharged by the supplier but the credit is availed by the recipient, the government would first recover the same from the supplier. However, the government would retain the power to recover the tax from the recipient also.

Source: financialexpress.com- May 07, 2018

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Special package has increased investments & jobs: AEPC

The ₹6,000 crore special package announced in 2016 by the Indian government for the textiles and apparel sector has not only boosted exports but has also helped in increasing investments, a survey conducted by the Apparel Export Promotion Council (AEPC) has found. The survey conducted to gauge the package's impact, terms it as a step in the right direction.

In the first twelve months of the roll out, the package had generated additional investment of around ₹2,500 crore and additional employment of around 1,00,000, the survey found.

The findings of the survey suggest that Rebate of State Levies (ROSL) had a positive impact on garment industry.

After the implementation of the ROSL in September 2016, India's apparel exports increased by 2.7 per cent in value terms and grown by 6.4 per cent in volume terms, AEPC said in a press release.

In the months of announcement and implementation of ROSL, i.e. August, September and October 2016, India's apparel exports grew 3.9 per cent, 12.9 per cent and 10.97 per cent, respectively. Similarly, in the months of disbursal of ROSL, i.e. March and April 2017, apparel exports increased 20.3 per cent and 31.7 per cent, respectively.

“ROSL has been a well-thought-out scheme, which had a positive impact on garment industry. There is a direct correlation between the release of ROSL to exporters vis-a-vis increase of India's RMG exports.

Though demonetisation and GST rollout has temporarily slowed down the industry, the positive impact of ROSL is expected to bring results in 2018-19, as the industry settles down post GST rollout,” said AEPC chairman HKL Magu.

“AEPC would like to thank the ministry of textiles for looking into embedded/blocked Central and state taxes after the implementation of GST, while considering the new drawback and ROSL rates,” he added.

Based on the survey findings, AEPC has informed the concerned ministries about the positive impact of ROSL on apparel exports and has requested the policymakers for increasing the ROSL rates..

Source: fibre2fashion.com- May 07, 2018

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Trade frameworks hurt India's garment sector: Biz bosses

India needs to rework its trade treaties with countries and blocks of countries to encourage garment sector in the country, industry players said in a document that will be submitted to Gujarat government.

Other major areas that need to be worked upon include change in traditional mindset leading to a nimble approach in the adaptation of new practices, creating economies of scale, inviting foreign investment and focus of research and development. "We need to rethink our trade agreements.

The Free Trade Agreement (FTA) with European Union is not working for us and the South Asian Free Trade Agreement (SAFTA) is hurting us," said Meena Kaviya, chairperson of Textile Committee of Gujarat Chamber of Commerce and Industry (GCCCI), while giving highlights of the white paper prepared during the 'Farm To Fashion' expo in the city of Saturday.

What she meant was that in spite of FTA with EU, Indian exports are not rising in the region. On the other hand, Indian import from countries like Bangladesh is rising and eating into the share of local because of SAFTA.

The expo aimed to create end-to-end value chain in the textile sector in Gujarat, which is the largest producer of cotton and man-made fibres. Low-value products like cotton and fabrics are being exported from the state while high-value products like apparels are being imported in the state. State government and industry players want to create entire value chain in Gujarat to create more jobs.

At present, Ahmedabad and Surat are major centres for producing cotton and man-made fibres and fabrics, aimed predominantly at low-value domestic market. The other major areas to improve upon include availability of skilled workforce and creating economies of scale to create competitive products, change in mindset and adopt new practices for sustained growth.

Processing is another segment where huge capacities need to be generated and quality improved. Players should also focus on R&D," said Kaviya. Farm To Fashion wit-ness Rs 400 crore biz in two days:

The Farm To Fashion expo that begun in Ahmedabad on Friday witnessed a business of Rs400 crore in two days, GCCI president Shailesh Patwari said on Saturday.

We are elated with the response we got from the expo. The state government has also promised us all the help to promote garment sector in the state," said Patwari. Close to 1,380 buyers from India and abroad participated in expo.

Source: dnaindia.com- May 07, 2018

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NITI Aayog rings alarm bells

NITI Aayog's warning that India should rethink about joining the Regional Comprehensive Economic Partnership (RCEP) forum could not have come at a more appropriate time.

The government's key think-tank had reportedly argued, in a note on Free Trade Agreements (FTAs) and their costs to highly import-dependent India, that such a partnership could be disastrous to the country. India is one of the world's biggest import-driven, deficient-balance-of-trade economies. Significantly, India's joining RCEP would mean a huge market access to China — the key player in the grouping. And, that threatens to unsettle India's economy and its domestic manufacturing programmes.

China is already India's second-biggest trade partner, after the United States, with a difference. With the US, India runs its only double-digit trade surplus. On the contrary, India runs the biggest trade deficit with China — over \$52 billion out of the two-way trade of \$84.44 billion in 2017. The Indo-China bilateral trade in 2017 rose by 18.63 per cent, year-on-year. The trade stagnated at around \$70 billion for several years.

The trade with China touched and surpassed, for the first time, the \$80-billion mark, last year. Notably, India's trade, last year, touched a historic high with China despite bilateral tensions over a number of issues including the China-Pakistan Economic Corridor, China blocking India's efforts to bring about a UN ban on Jaish-e-Mohammad leader Masood Azhar, Beijing blocking India's entry into the Nuclear Suppliers Group (NSG) as well as the

military standoff at Doklam lasting 73 days. India has been pressing China for years to open its IT and pharmaceutical sectors for Indian firms to reduce the massive trade deficit without much success.

The RCEP is a trade pact between 10 ASEAN countries and their six FTA partners, namely Australia, China, India, Japan, Korea and New Zealand. It accounts for 25 per cent of the global GDP, 30 per cent of global trade, 26 per cent of foreign direct investment (FDI) flows and 45 per cent of the total world population.

"Given India's inability to negotiate a good services deal in the past, RCEP negotiations, especially with China, need a second thought. Indian industry will have more to lose than gain if it agrees to a liberal tariff elimination schedule especially with respect to China. "At a time of growing protectionism and the US' stance towards China, opening our market to China can prove to be disastrous, given that proper standards and processes are not in place in India," said a note authored by NITI Aayog member VK Saraswat, Aniruddha Ghosh, an associate, and Mumbai-based economist Prachi Priya.

The NITI Aayog note reportedly said, while trade agreements are a means to promote bilateral trade, with both parties benefiting as a result of trade complementarities, with China, India's trade seems to be skewed and China's overhung capacity in most sectors may lead to a surge of imports into India with very limited access for Indian exports to the Chinese market. Incidentally, it is not the first time that a top government agency and officials have opposed India joining the 16-member RCEP grouping.

Earlier, Chief Economic Adviser Arvind Subramanian, attached with the union finance ministry, too had said that India needs to be extra cautious and take into account geostrategic issues while moving ahead with the RCEP deal as it will also mean opening up the market to its adversary China.

Former foreign secretary S Jaishankar too had called for "observance of due restraint" and warned against concluding trade arrangements that are not in India's medium-term interest. India's trade deficit with RCEP countries has risen from \$nine billion in 2004-05 to \$83 billion in 2016-17, of which China alone accounts for over 60 per cent of the deficit.

India already has bilateral FTAs with ASEAN, Korea, and Japan and negotiations are underway with Australia and New Zealand. At a time when India is aspiring to be a world leader in the industry to protect its economy and generate large employment in its organised sector, such hugely growing trade deficits portend evil for the economy and its future growth. There are a very few countries with which India posted trade surpluses in 2017.

The top five among them were the United States, earning India a trade surplus of US\$22 billion; United Arab Emirates (\$6.9 billion); Bangladesh (\$6.6 billion); Nepal (\$5.1 billion) and United Kingdom (\$4.6 billion). Other countries with which India had trade surpluses of \$ four billion and above were Singapore (\$4.4 billion); Hong Kong (\$ four billion) and Vietnam (\$ four billion).

Honestly, for the present, India does not have too many manufactured and high or medium technology products for export. Yet, it is good to note that trade between India and the US jumped substantially from \$118 billion in 2016 to \$140 billion in 2017. In 2016, India was the ninth largest trading partner of the US. India's trade surplus with the US is noteworthy despite that fact that America has been a dependable supplier of high-cost defence and hi-tech manufactured products.

As of now, India has roughly one thousand aircraft orders pending for delivery with US companies, in various stages. The import will further reduce India's trade surplus with the US. Last year, India bought \$ two billion worth of energy from the US. At this rate, India may have little trade surplus with the US in the next five years or so.

Unfortunately, there is little to suggest that China will step up imports from India to bring about some kind of parity in the trade balance between the two countries. It would be suicidal for India to be a party of such trade pacts, including the RCEP that would substantially gag India's economic and industrial growth to reach its full potential, at least in the next 10 years.

Source: millenniumpost.in- May 07, 2018

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GM cotton patents: SC refuses to stay order against Monsanto

The Supreme Court on Monday refused to grant a stay on a Delhi High Court ruling that the US company Monsanto cannot claim patents on its GM cottonseeds, but the world's largest seed maker said it is "confident on the merits" of its case.

The Delhi High Court last month concurred with Nuziveedu Seeds Ltd, which argued that India's Patent Act does not allow Monsanto patent cover for its genetically modified (GM) cotton seeds.

The case is being submitted for an expedited preliminary hearing on July 18, said a Monsanto India spokesman.

"We remain confident on the merits of the case. India has been issuing patents on man-made biotech products for more than 15 years, as is done widely across the globe," the Monsanto India spokesman said.

The Centre approved Monsanto's GM cottonseed trait, the only lab-altered crop allowed in India, in 2003 and an upgraded variety in 2006.

The approvals helped turn the country into the world's top producer and second-largest exporter of the fibre.

Monsanto's GM cotton seed technology now dominates 90 per cent of the country's cotton acreage.

"The Delhi High Court's decision in April would provide relief to farmers by reducing royalties and seed prices," said Kalyan Goswami, Director-General of the National Seed Association of India.

Details of the Supreme Court's refusal to grant a stay on the ruling against Monsanto were not immediately available.

Source: thehindubusinessline.com- May 08, 2018

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DBT panel seeks destruction of HT cotton seed

Illegal variety of seeds pose threat to crop biodiversity and is also a health hazard

The Field Inspection and Scientific Evaluation Committee (FISEC) constituted by the Department of Biotechnology to investigate the cultivation of unapproved hybrid cotton variety with herbicide-tolerant trait has decided to recommend its eradication, considering its adverse impact on crop biodiversity in the long run.

After collecting samples of the illegal variety of cotton seed, the committee has concluded that it is prevalent in all cotton-growing States in the country and the only viable solution is identifying and destroying the seed at producer, processor, seller and cultivator level, where it is found through field inspection. The high-level meeting was held at New Delhi on Thursday.

The high-level committee is headed by K. Veluthambi and comprises about a dozen officials from Indian Agricultural Research Institute (IARI), Department of Biotechnology (DBT), Central Institute for Cotton Research (CICR), Ministry of Environment, Forests and Climate Change (MoEF&CC), Telangana State Seed and Organic Certification Authority (TSSOCA).

Official sources stated that directions are expected to be issued to States over the next few days. The committee was understood to have expressed its serious concern not only over the threat to biodiversity of cotton and other crops due to proliferation of the herbicide-tolerant gene due to pollination, but also over the emergence of super weeds with excessive use of glyphosate.

Along with raids on seed producers, dealers and retailers to find the illegal cotton seed, Telangana Government has already issued guidelines against the use of glyphosate, a systemic herbicide and crop desiccant – a hygroscopic substance used as a drying agent used to kill weeds, especially annual broad-leaf weeds and grasses that compete with crops.

Asked about the likely impact of HT cotton on biodiversity in the country, Director of TSSOCA K. Keshavulu explained that “herbicide-resistant gene could spread through pollen into the biodiversity system, leading to transformation of weeds into super weeds on a large-scale”.

It would not only threaten the growth and yields of all crops in future but would also increase cultivation costs besides causing health hazards to human being and animals.

Officials of the Agriculture Department stated that the task force teams comprising police and agriculture officers had so far seized over 10 tonnes of spurious cotton seed that also includes HT cotton seed during the raids on seed dealers.

Source: thehindu.com- May 07, 2018

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