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USD 65.11 | EUR 80.17 | GBP 89.86 | JPY 0.61

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
19433	40650	**79.91**

Domestic Futures Price (Ex. Gin), March

Rs./Bale	Rs./Candy	USD Cent/lb
20850	43613	**85.73**

International Futures Price

NY ICE USD Cents/lb (May 2018)	82.86
ZCE Cotton: Yuan/MT (Jan 2018)	15,310
ZCE Cotton: USD Cents/lb	**92.84**
Cotlook A Index – Physical	**91.45**

Cotton guide: USA ending stock cut by 0.5 million bales at 5 million bales.

The monthly report released for the month of March by USDA lowered the USA ending stock to 5 million bales from 5.5 in Feb estimate. Stocks were lowered on lower production and higher export estimates. Production is reduced 233,000 bales to 21.0 million.

The USDA increased the world ending stock estimate by 500,000 bales and the major that can be attributed to increase is the rise in Sudan's 2017/18 production forecast is raised 730,000 bales based on reports of new tec. The world ending stock is now estimated at 88.85 million bales vs. 88.55 last month.

However the world cotton production stood unchanged from the previous month estimate at 118.90 million bales. There were preliminary estimates of crossing 120+ million bales.

We believe such number could not be achieved because India's figure for this year still remains a question mark and likely to range 33.20 to 33.60 million bales lower from early seasonal estimates while higher than last year figure.

On the US front, the production number was at 21.03 compared to 21.26 million bales in Feb report.

The much awaited data event released last evening in the US has not provided any significant change in the cotton numbers. The broad trend is up in the global market and the active contract on ICE is forecasted to trade in the range of 83.80-85.20. High volatility is expected in the market. We recommend to stay cautious and trade safe.

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

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INTERNATIONAL NEWS

Trump is losing the trade war with China

There's already a trade war, and it's being waged by Beijing.

China's ascension to the World Trade Organization nearly 20 years ago has failed in its large-scale strategic objectives. It hasn't created a liberalizing regime or a free-market economy in China; in fact, it hasn't even created a China ready and willing to abide by the norms of free trade.

The regime of Xi Jinping, who increasingly looks like president for life, hasn't been pushed toward democratic reforms by a rising middle class. He has centralized power and written "Xi Jinping thought," challenging Western liberalism, into the constitution.

China still champions state-led, rather than market-led, capitalism. It has no rule of law, and the government suffuses the economy such that the distinction between state-owned enterprises and purportedly private-sector firms is fuzzy. A country that has a "13th Five-Year Plan for Science and Technology" is probably not robustly free market.

As for trade, China has taken advantage of the WTO to push mercantilist policies. It uses non-tariff barriers and industrial policy the WTO wasn't built to address to maximize exports and minimize imports.

President Donald Trump's prospective tariffs on steel and aluminum have put renewed focus on China trade, although the tariffs, at least as announced by Trump, are a comically inept misfire if their true target is China. The rubric for the levies could be: "How to lose a trade war with China in one easy step."

The tariffs don't really affect China, from which we import only about 3 percent of our steel. Meanwhile, they send the message that the U.S. government is lurching toward protectionism under risible pretenses (the idea that the tariffs are necessary to national security, when the largest importer of steel to the U.S. is Canada, is laughable). And they alienate allies.

If the motivation is simply to protect select domestic firms from competition, whatever the knock-on consequences, the tariffs make sense. Otherwise, they run exactly counter to what would be a sound approach to Chinese mercantilism, as a compelling report by the Information Technology and Innovation Foundation underscores.

The report argues that there are two ways to wave the white flag on China trade — one, favored by the Washington establishment, is to accept Chinese cheating as the way of the world; the other, perhaps favored by Trump, is to adopt a mercantilism of our own. Both would concede to the Chinese an outsize role in forging new, less desirable rules of the road in the global trading system and poorly serve America’s interests.

A better approach begins with acknowledging that China is unique, and a unique problem. For all of Trump’s complaints, Mexico isn’t pursuing a well-honed strategic agenda of exploiting the global trade system at the same time it undertakes an aggressive neo-imperialist foreign policy. Only China is doing that.

China isn’t the first developing country to adopt a policy of maximizing exports. What makes it different is its sheer ambition and its size, which gives it leverage over foreign companies seeking access to its market and international influence. As the ITIF report notes, China effectively pressures countries like Indonesia, Malaysia and Vietnam to ape its unfair practices.

What’s the harm to the U.S.? Yes, technology accounts for a large share of job losses in manufacturing in recent decades. Yes, lower-end manufacturing would have left our shores regardless. But there is no doubt that China’s practices have harmed the U.S. manufacturing sector, and that Beijing works to block higher-value-added exports from the U.S. and is pursuing a comprehensive strategy to dominate in advanced industries.

By no means should we emulate China. We should continue to pursue free trade, as a policy, not as a theology that prevents us from acknowledging that there is such a thing as unfair trade and that there are practical ways to respond to it.

The ITIF report urges using a global free-trade regime against China. That means bringing more actions against China in the WTO and working to update the rules to capture Chinese cheating (and to begin thinking of a new organization if the WTO proves inadequate). It means joining, and influencing, a multilateral agreement like the Trans-Pacific Partnership. It means forging bilateral agreements with up-to-date standards that reinforce principles that China undermines.

“A failure,” the authors write, “to complete and to implement next-generation trade agreements that establish higher-standard rules, principles, and norms for market-based global trade will only cede the terms and structure of global trade to Chinese leadership.”

We obviously can’t do this alone. We’d have to lead an alliance of international partners to pressure China on specific practices, with tailored consequences if we get nowhere. There is obviously no chance of doing this if we are engaged in an absurd retaliatory cycle of tit-for-tat tariffs with the likes of Canada and the EU.

Such a broad-based effort to crack China’s mercantilism wouldn’t be protectionist, but the opposite. It would aim to foreclose Xi’s ridiculous pose as the defender of globalization. “Pursuing protectionism is like locking oneself in a dark room,” Xi preaches to international audiences while systematically stealing foreign technology and plotting his 21st century autarky.

Trump can have emotionally satisfying, blunderbuss tariffs to scratch his protectionist itch, or he can have a strategy to muster an alliance of truly free-trade partners to pressure China. He can’t have both — and you can be sure China knows which option it prefers.

Source: politico.eu- Mar 08, 2018

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US Textile Associations to Merge for Larger Voice on Trade Policy

Marking further consolidation of the organizations that represent the U.S. textile industry, the National Council of Textile Organizations (NCTO) and the American Fiber Manufacturers (AFMA) have agreed to merge, effective April 1.

The combined organization will still carry the NCTO moniker and its president and CEO, Auggie Tantillo, will continue in that role heading the Washington, D.C.-based trade association representing the U.S. textile industry.

"The NCTO merger with AFMA strengthens the U.S. textile industry's ability to influence federal policy," NCTO chairman William V. "Bill" McCrary Jr., who is also chairman and CEO of William Barnet & Son in Spartanburg, S.C., said. "It brings new members and financial resources to NCTO and extends the organization's political reach. It also cements NCTO's status as the voice of every facet of the U.S. textile production chain, a fact that will help NCTO to more effectively influence federal policies that affect U.S. textile investment, production and workers."

In 2013, the American Manufacturing Trade Action Coal and the National Textile Association (NTA) merged with NCTO to form a larger association to give a more unified and stronger voice in Washington. At the time, the NTA was the oldest textile trade association in the U.S.

In 2004, the leaders of the American Textile Manufacturers Institute and the American Yarn Spinners Association launched NCTO after a decade of deep retraction of the domestic industry and a flood of imports changed the sourcing landscape. AFMA is an Arlington, Va.-based trade association representing U.S. companies that manufacture synthetic and cellulosic fibers.

The merger comes at what could be a critical time for the U.S. textile industry, which has undergone a resurgence in recent years under a Made in America movement mainly driven by rising costs in China, a need for closer-to-market and quick response production and automation technology that has allowed for reduced labor costs in the U.S.

Much of those gains and a key supply chain for yarn suppliers in particular are the North American Free Trade Agreement and Central American Free Trade Agreement. NAFTA is now being renegotiated under the insistence of President Trump, and its existence could be threatened, while Trump's overall decrying of free trade pacts could derail CAFTA, as well.

Speaking at a conference in November, Tantillo stressed that through NAFTA and CAFTA, the U.S. textile industry partners with manufacturers in Mexico and Central America to supply yarn and fabrics.

"So, we want to see NAFTA continue and have expressed that vehemently to the Trump administration, and we're glad to see that he has morphed his position from 'rip it up' to "let's modernize it, let's improve it,'" Tantillo said. "We do support modernization because we do think there are specific details within NAFTA that are disadvantageous to us as U.S. manufacturers."

According to NCTO, U.S. employment in the textile supply chain was 550,500 in 2017, down from 565,000 in 2016. The value of shipments for U.S. textiles and apparel was $77.9 billion last year, up from $74.4 billion in 2016 and a 16 percent increase since 2009.

Exports of fabric and yarn increased 6.7% in January compared to December and were up 4.8% year-to-year to reach $960 million.

Four councils – Fiber, Yarn, Fabric & Home Furnishings, and Industry Support comprise NCTO's leadership structure. Each represents a major sector of the U.S. supply chain and elects its own officers who make up NCTO's board of directors.

"AFMA's merger with NCTO will allow U.S. fiber producers to keep the sector's seat at the federal policy table," AFMA chairman Mark Ruday, senior vice president of DAK Americas in Charlotte, N.C., said. "As a multi-billion industry with tens of thousands of employees, it is critical that the U.S. man-made fiber sector stay engaged in Washington."

Source: sourcingjournalonline.com- Mar 08, 2018

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TPP Trade Deal Signed Without the US—Which is More Focused on Formally Ordering Steel Tariffs

No longer up in the air, a new Trans-Pacific Partnership has been signed and the United States isn't included.

On Thursday, the 11 remaining TPP nations gathered in Santiago, Chile to sign the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), in a move many say puts Asia at the lead in free trade while the U.S. appears headed in the opposite direction.

President Trump pulled the U.S. from TPP as one of his first orders of business in the Oval Office, and though he's since alluded to the U.S. rejoining the sweeping trade deal provided he could get "a much better deal," the U.S., for now, remains still out.

What's more Trump's move Thursday to formally order tariffs on foreign steel and aluminum likely won't bode well for U.S. trade relations, as more than a few countries have promised retaliation measures.

But the TPP partners won't be held up while the U.S. takes a divergent path on trade.

The final text of the CPTPP agreement was released last month, and it will remove more than 98 percent of tariffs between members of the new trade bloc, which include: Japan, Malaysia, Vietnam, Singapore, Brunei, Australia, New Zealand, Canada, Mexico, Chile and Peru.

Together, the 11 left standing account for more than 13 percent of global GDP, or $13.7 trillion, making it the third largest trade zone after the European Union and NAFTA in terms of size, but its scope pales in comparison to the nearly 40 percent of global GDP the bloc would have commanded with the U.S. on board.

That's why some in the bloc are still keen to get the U.S. back in on the deal, but a senior Canadian official reportedly said this week that the U.S. wouldn't receive any fast-track access or preferential treatment if it settles on squeezing back in.

In the meantime, CPTPP members have expressed interest in having new members join the bloc, and the U.K., the Philippines, Taiwan, Thailand, South Korea and Sri Lanka are reportedly on the target list.

"The signing is a significant moment for open markets, free trade and the rules-based international system," Australian Trade Minister Steven Ciobo said in a statement Thursday. "It sends an important message to the world that prosperity is achieved through breaking down trade barriers, not building them."

Meanwhile, building them may be the United States' present M.O.

Richard N. Haass, president of the Council on Foreign Relations, said on Twitter Thursday, "Truly a sad and bad day for the United States, as TPP comes into force without us while US deciding on which countries to apply unwarranted and ill-advised tariffs. Abdication of 3/4 of a century of promoting a trade order that has served US eco and strategic interests."

Now that the U.S. will officially add a 25 percent tariff on foreign steel imports and 10 percent on aluminum, the country could end up in an even worse position on trade. For one, the E.U. has threatened levying a 25 percent tariff on Levi's jeans coming from the U.S.—and the region isn't alone in its line of thinking.

"These tariffs aren't quite as high as tariffs on the fashion industry, which can reach 32 percent on some products. However, we know these tariffs will be catastrophic for the U.S. economy and jobs," the United States Fashion Industry Association said in a statement following the tariff announcement Thursday.

"We're not being partisan or subjective; it's Trade Policy 101—and we can expect widespread net job loss in the United States as a result, according to early studies, not to mention regressive taxes on American consumers. This is not the way to support American companies and jobs, and definitely not the way to participate in the global economy."

Source: sourcingjournalonline.com- Mar 08, 2018

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France: Rivals make best of India-EU FTA deadlock

Chinese representation at the Apparel Sourcing trade fair in Paris from February 11 to 14 this year vastly outnumbered that from India. Meanwhile, Pakistani and Bangladeshi exporters too seem to be doing well, reports Jozef De Coster

Negotiations for an ambitious and broad-based free trade agreement (FTA) between India and the European Union (EU) were launched in June 2007. The negotiations were the EU's first attempt to engage a large developing country in a reciprocal bilateral trade opening exercise.

But after 12 rounds of talks, and several technical meetings and discussions, parleys came to a standstill in the summer of 2013 following a mismatch of ambitions and expectations. Discussions resumed in January 2016, but have made no headway thereafter. In the meantime, several emerging countries have seen their chance to strengthen their position in the EU market.

The Apparel Sourcing trade fair in Paris from February 11 to 14 provided a snapshot of the textile trading lanscape in Europe, particularly the European Union markets.

India was represented at the event by as many as 30 firms (31, if you also count Ethiopian subsidiary Kanoria Africa Textile). Not bad, one might say; but then, China sent a multifold of that number to Paris. As Apparel Sourcing consolidated its position as the European leading sourcing trade fair, Indian exhibitors felt that over the next few years increasing competitive pressure won't come so much from export giant China as from the South Asian neighbours Bangladesh and Pakistan, and a number of emerging low-cost countries. Vietnam and Sri Lanka were not represented at the fair.

Garment companies from several emerging countries, supported either by the EU or other sponsors, displayed garment products at the trade fair. Among them were companies from Jordan, Kyrgyzstan and Myanmar, countries which are currently enjoying zero-duty access to the EU market. Sure, it will take some time before these countries can grab even a modest share of the large EU market. However, as long as India and EU don't succeed agreeing on the terms of an FTA, emerging garment countries with zero-duty access to the EU market have an edge.

Asian neighbours corner India on European turf

Chinese garment exporters are well aware that their price weapon has become less sharp and that they should focus more on the other Ps of Philip Kotler's classic marketing mix (Price, Product, Place, Promotion). Angel Ostroviecki, sales representative of the European division of the Chinese HongDou Group (12,000 workers), says his group is working on the P of Place by not only manufacturing garments in China but also in a cheaper place, Cambodia. As for the P of Promotion, a smart move of HongDou Group was the establishment in January 2018 of a sales subsidiary in Barcelona. Ostroviecki is sure that the European sales subsidiary will offer the group's customers, like C&A, Kappahl, Billabong, a superior service compared with that of the usual independent sales agents in Europe.

If it were to depend on sales manager Sarah Ouyang of Chinese garment company Wingtas, from Xiamen (with exports of up to 500,000 pcs/month), the company's exports will be increasingly destined for Europe. Why? "American customers order bigger quantities, but they press for lower prices. You can more easily negotiate with Europeans about prices and delivery times," Ouyang contends. Among the European brands for which Wingtas is working are Mango, Fila, Kappa.

Meanwhile, Bangladesh has succeeded in beating all other countries, except China of course, as a global exporter of garments. The main comparative advantage of the Bangladeshi exporters is still the country's low labour cost. In some parts of China, the monthly minimum wage for clothing workers reached $321 in 2016, nearly five times higher than the minimum wage of $68 in Bangladesh. The official minimum wage in the Bangladeshi garment industry may shortly be steeply increased .

Yet, CEO Enamul Kabir of Ensa Clothing, Dhaka (2.4 million knitted garments per year) is not afraid to predict growth for his own exports and those of Bangladesh, especially to Europe. His explanation: "The Chinese do business with their mind, we Bangladeshi think with our heart. Bangladesh is better in social compliance than China. This is important for the Europeans. By the way, did you know that seven of the ten 'green' garment companies in the world can be found in Bangladesh?"

Dilara Begum, commercial counsellor of the Embassy of Bangladesh in Paris agrees: “The Bangladeshi industry is indeed caring for the environment. Our country will nevertheless be a victim of climate change. Bangladesh is also caring for the workers. After the 2013 hike of wages there’ll again be a hike in 2018. In spite of that the garment industry will continue being a pillar of our country’s strongly growing economy. One thing is sure: the population of Bangladesh is very resilient.”

On othe other hand, in spite of Euratex’s (European Apparel and Textile Confederation) furious efforts to prevent Pakistan from acquiring the EU GSP+ status, Pakistan got it in December 2013. This status has been extended to the three-year period 2018–2020, which means that Pakistani textile products will continue being imported duty-free in EU.

Senior manager (innovation & marketing) Iftikhar-ul-Hassan of Masood Textile Mills Ltd, from Faisalabad, points out that Pakistani exporters like Masood enjoy several competitive advantages making the competition with India and China somewhat easier. Masood is operating an integrated plant ‘from cotton knit yarn to finished garment’. With more than 20,000 workers it’s one of the largest textile mills in South Asia. Masood is still on a growth path. Among its European customers are Puma, Celio, KIK, and among its American customers are Walmart and Levi’s. Hassan stresses that the Masood factories are WRAP and ISO 9001 certified. He boasts that the Pakistani textile and apparel industry is doing well in the field of sustainability. The government is pushing the industry to drop the use of coal as a source of energy; it wants Pakistan to rely on hydro, thermal and nuclear energy.

Another trump card of the Pakistan textiles sector is the presence of as many as five textile universities. “The largest of these five is located in our city, Faisalabad,” smiles Hassan. He also remarks that since this year Pakistan has, besides Karachi Port and Port Qasim, a third deep sea port: Gwadar Port, which is part of the ambitious Chinese Sea Belt project.

Myanmarese companies try their luck in Paris

The Dutch Centre for the Promotion of Imports from developing countries (CBI) presented eight handpicked companies from Myanmar at Apparel Sourcing. All of them were locally owned companies which aim at making a sustainable move from CMP (cutting, making, packaging) to FOB (free on board). Some of them are considered role models by their colleagues. This is especially the case of Unique HTT (winner of the national Compliance Award 2017), the highly efficient SMC Group of companies, and the sustainability-oriented knitwear manufacturer Shwe Sakar.

The SMC Group of companies is one of the largest locally-owned garment manufacturers in Myanmar. For producing outerwear, woven garments, knitwear and sportswear, SMC employs 2,340 workers in three factories. Among its customers are Inditex and C&A.

Unique HTT, a manufacturer of knitwear and technical sportswear (1,200 workers), was the first Myanmarese garment company in August 2016 to get a BSCI certification. Three cousins started Unique HTT in December 2013. They are keen on innovation. For instance, they use Co^2 dyed fabrics. Around 70 per cent of Unique's production is exported to supermarkets in Europe and the US, and the rest to upmarket brands. The company has a sourcing team (for fabrics and other inputs) in China. Incidentally, India doesn't currently play a significant role as a textiles supplier to Myanmar.

The owner of Shwe Sakar (1,300 workers), U Myint Soe, is also the chairman of the Myanmar Garment Manufacturers Association (MGMA). He believes that Myanmar's minimum wage of 3,600 kyat per day should not be increased to 4,800 kyat per day as the national wage panel has proposed. However, as long as the government does not take a final decision, MGMA will continue defending a more "realistic" increase up to 4,000 kyat per day. (This week, the Government has set new daily minimum wage at 4,800 kyat per day)

Jordan aims for 20,000 more garment jobs

In a region troubled by armed conflict, the Hashemite kingdom of Jordan has remained an oasis of peace and safety. The population consists of around 6.6 Jordianan nationals and nearly 3 million refugees. Fortunately, Jordan gets a lot of support from the international community. Especially important for the garment industry are the FTAs with the US, EU, Turkey and Canada.

Since 1998, under the QIZ or Qualified Industrial Zones Agreement with US, Jordan (and since 2005 also Egypt) can export duty-free goods like textiles, apparel and footwear to the US, with relaxed rules of origin. However, the goods must contain Israeli inputs. Because at the start of the QIZ system most Jordanian companies were reluctant to participate, some Chinese and Indian companies quickly took advantage of the vacuum to set up factories in Jordan and gain quick access to the US market.

As of July 2016, manufacturing exporters in Jordan have also benefited from duty-free access to the EU. The EU agreement, which offers relaxed rules of origin, requires that at least 15 per cent of the export production lines be staffed with Syrian refugees. Manager Moncy Mathew of Jerash Garments & Fashions Manufacturing in Amman claims that his company was the first to train and employ Syrian refugees. Today, 18 companies employ Syrians and thus enjoy duty-free access to the EU market.

Jerash Garments, a Hong Kong investment, which caters to brands like The North Face and Columbia, is not a small manufacturer (2,700 employees). But the heavy-weight among the Jordanian garment exporters is Classic Fashion Apparel Industry. This giant is employing over 20,000 workers according to its own website (17,000 workers according to Jordan Garment Alliance), for manufacturing men's and women's clothing for GAP, Under Armour, Walmart, JC Penney. Also, some small and medium enterprises want to try their chance as exporters. The small Jordanian knitwear producer Noorway, who until now was only working for the local market, participated in the Apparel Sourcing fair in Paris with hopes to start exports to UK and other EU markets.

With around 80,000 employees and exports of $1.8 billion in 2017, the garment industry is a key economic player in Jordan. Because of its potential to create a lot of new jobs, it is supported by the World Bank and other organisations. The International Labour Organisation (ILO) and Better Work Jordan were instrumental in taking compliance to a high level. Now, they'll focus on helping to create jobs for both Jordanian and Syrian refugees. Better Work Jordan is also participating in an ambitious GAP Inc's social initiative (P.A.C.E: Personal Advancement & Career Enhancement) that will target Jordanian and Bangladeshi migrant workers. It's noteworthy that not Jordanians but Bangladeshi, Sri Lanka and Nepal migrant workers make up the majority of the garment industry's workforce.

Eng Adel Tawileh, secretary-general of the leather and garments industry section of the Jordan Chamber of Industry, argues that the industry needs 20,000 more workers. They should be recruited mainly from Syrian refugees and Jordanian women. As of December 2017, Jordanians made only around

25 per cent of the sector's total workforce. The government is now providing incentives to motivate companies to build factories in rural areas. "There are hardly any jobs for women outside the cities," explains Adel Tawileh.

Kyrgyzstan exporters supported by USAID

The Bishkek Garment Industry, a group of 15 Kyrgyzstan apparel firms, exhibited at Paris, professionally assisted by the well-known American consulting firm Deloitte.

Kyrgyzstan garment producers may have experience with exports to Russia, Kazakhstan and other former Soviet republics, but they are still inexperienced as global exporters. Since Russian garment demand was falling in recent years, Kyrgyzstan exporters started eyeing other markets, especially Europe. Their efforts are supported and coordinated by USAID which contracted Deloitte to attract buyers offering them professional CMT services.

According to Deloitte consultant Arthur Aliev, team leader of the four-year USAID Apparel Sector Development Program, Kyrgyzstan is a promising newcomer in the European market. The main advantages of Kyrgyzstan are the low labour costs, the GSP+ status (0 per cent duties), the readiness to accept small orders and the speed of delivery (10–12 days by truck to Western Europe, five days to Russia). But, in spite of its large pool of textiles and garment workers (estimates run from 150,000 to 300,000, which is a considerable number for a country of 6 million people), Kyrgyzstan is not a very cheap production country. Unskilled workers may accept basic salaries of $30 –40 a month, skilled workers needed in factories targeting European customers earn $200–300/month.

Kyrgyzstan acquired the EU GSP+ status in January 1, 2016, and also enjoys 0 per cent duty access to Russia. A number of foreign companies, mainly from China and Turkey, recently visited the mountainous Central Asian country in order to examine export possibilities to EU and/or Russia. However, up to now, no big foreign investments have been announced. The Kyrgyzstan government itself declared it will create two technopolises, one in Bishkek and one near the capital, which together will create 10,000 new jobs and boost national garment production by 30 per cent. In 2016, the Kyrgyzstan garment industry production was estimated at $375 million. Before the collapse of the Soviet Union, it reportedly exceeded $1 billion.

Aliev points out that after the collapse of the Soviet Union in 1991, Kyrgyzstan's textiles and clothing industry drastically transformed from an industry with large state companies to one with 500 private small and medium-sized manufacturers. Most of them are located near the capital Bishkek. Thanks to cooperation formulas, these SMEs can also handle large garment orders.

A surprising characteristic of Kyrgyzstan is that it is one of the top five organic cotton growing countries (along with India, China, Turkey and the US). Unlike Uzbekistan, Kyrgyzstan is said to do fine in the field of compliance: no forced labour, no child or prison labour. Kyrgyzstan garment factories reportedly also use clean energy; around 80 per cent of the country's energy comes from hydro-power. On the other hand, in spite of being an important producer of wool and cotton, Kyrgyzstan has not an integrated textile-garment supply chain (except for the vertical production of cotton knitwear). So, the hoped-for future transition from CMT garment manufacturing to FOB-exports could be tough.

Moldova can't find garment workers

Moldova, a poor and small country (3.5 million inhabitants), located between Ukraine and Romania, is potentially interesting for export-oriented garment industry investments, because it has signed an association agreement (AA) with the EU, which entered into force in July 2016. According to Nicolas Deverwerre, general manager of lingerie manufacturer Astroline in capital Chisinau (100 workers), the biggest comparative advantage of the Moldovan industry is its location, close to Western Europe. Products that are finished on Friday evening can by Monday morning be on sale in European shops.

However, the main problem today is finding workers. Roughly one million Moldovans are working in Europe, Russia, and other former Soviet Bloc countries. New investments in the country tend to suck workers away from the garment industry which now employs some 15,000 people.

Moldovan wages are still much lower (at around $200/month for sewing operators and $300/month for skilled garment workers) than in neigbouring Romania. Moldovan CMT garment manufacturers rely on imported, mostly Turkish fabrics. Recent frictions between EU and Turkey have stalled EU-negotations with Turkey for a duty-free triangle trade between EU, Moldova and Turkey.

Source: fibre2fashion.com- Mar 08, 2018

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EU, ASEAN Ministers Call for Greater Efforts to Advance Trade Talks

Officials from the EU and the Association of South East Asian Nations (ASEAN) pledged on Friday 2 March to speed up their efforts to negotiate free trade agreements, both at the bilateral level and eventually at the region-to-region level, following a meeting in Singapore.

Singapore's Minister for Trade and Industry Lim Hng Kiang Lim, who holds ASEAN's chair in 2018, welcomed the discussions, saying that "the time is right" for both blocs to pursue broader and deeper economic integration.

"I look forward to constructive engagement over the course of our consultations today on ways that can help us deepen our region-to-region economic integration," the Singaporean official said.

Lim added that he looks forward "to help pave the way towards the eventual resumption of negotiations for an ASEAN-EU FTA," referring to a process that kicked off in 2007 and has been on hold for the past nine years.

A joint media statement from both sides says that ministers are asking senior officials to continue work at setting up a "framework" which would set the stage for doing so.

EU Trade Commissioner Cecilia Malmström, who co-chaired the Singapore consultations together with Lim, described the ASEAN coalition as a "natural partner" and a key economic pillar in the region.

"It is no news that as a mood of protectionism takes hold in some places, the EU looks to its friends in Asia more and more," she said in a keynote speech at the ASEAN Business Conference, which occurred in parallel.

Bilateral talks

As noted previously, the EU and ASEAN have explored the option of negotiating a sweeping trade accord between the two respective regions in the past.

While that approach has since shifted towards the negotiation of deals between the EU and individual ASEAN members, officials indicated last year on multiple occasions that they hope to resume the region-to-region negotiations. (See Bridges Weekly, 16 March 2017 and 5 October 2017)

How these bilateral deals will eventually translate into a region-to-region accord is not yet clear. ASEAN has enacted FTAs as a bloc with other countries and is in the process of negotiating collectively a trade deal with its six FTA partners, which would be known as the Regional Comprehensive Economic Partnership (RCEP).

In 2014, the EU struck a comprehensive trade deal with Singapore, the bloc's largest economic partner in ASEAN. While the ratification process was put on hold until legal rulings could clarify which areas of the deal fell under the EU's exclusive or shared competences, Malmström says that she now hopes it will be formally approved soon. (See Bridges Weekly, 18 May 2017)

"In mid-April, the European Commission hopes to submit it for final approval, and after that it will be in the hands of our Parliament," she said.

"We hope that it can enter into force by the end of the year," Malmström told business leaders on Friday.

In her speech in Singapore, the EU trade chief also mentioned deals with Vietnam and Indonesia. Published in 2016, the text of the EU-Vietnam accord is currently undergoing legal review. "We have a deal with Vietnam we want to submit too," Malmström said. (See Bridges Weekly, 4 February 2016)

Negotiations between EU and Indonesia kicked off that same year. The two sides have held four rounds of talks to date, with the latest taking place in Surakarta this February. During that meeting, the teams reviewed the agreement's content in full, and reportedly made headway on sanitary and phytosanitary (SPS) measures, as well as technical barriers to trade (TBT), investment, and services, according to an EU summary issued after the meeting.

The EU recently issued a plan on how to better address sustainable development within its trade deals, including on labour rights. It referred to the trade talks with Indonesia as an example of where the EU is seeking a wider inclusion of “themes,” such as working conditions and “responsible” supply chain governance. (See Bridges Weekly, 1 March 2018)

“These agreements are important in their own right, but they are also part of a bigger picture. We see them as building blocks on the way to broader integration,” Malmström said. The EU is also negotiating agreements with Malaysia, the Philippines, and Thailand. The remaining ASEAN members are Brunei, Cambodia, Laos, and Myanmar.

Indonesia, Malaysia highlight palm oil

Amid these efforts, some public disagreements remain, including over how to treat the sensitive situation involving palm oil. Indonesian Trade Minister Enggartiasto Lukita said recently that he hopes that an EU-ASEAN FTA can both increase opportunities for small and medium-sized enterprises (SMEs) and address the public debate over the merits and risks of palm oil as fuel.

“The FTA between ASEAN and EU must contain programs that can boost SMEs. Points in the agreement must also help counter the negative campaign against palm oil,” he said, according to comments reported by Indonesian media.

Those sentiments were echoed by Malaysia’s Plantation Industries and Commodities Minister Datuk Seri Mah Siew Keong, who told industry officials this week that palm oil should be a priority of the trade agenda, according to news outlet The Edge Markets.

“It is our most important export. In this free trade agreement with EU, this must be resolved first. There will be no conclusion on EU trade talks, without a resolution on palm oil,” he added.

Earlier this year, lawmakers in the European Parliament drafted rules to end the use of palm oil in motor fuels from 2021. The Malaysian government has warned that the move, should it become law, would restrict trade unfairly and hurt countries which export the fuel.

Indonesia and Malaysia are the world's largest exporters of palm oil, with data published by the Massachusetts Institute of Technology (MIT) suggesting that they account for 88 percent of global exports. Palm oil is Indonesia's top export, valued at US$14.4 billion in 2016.

The trade picture

According to European Commission data, the EU is ASEAN's second largest trading partner after China, while the 10-country Asian bloc is the EU's third largest external trading partner, surpassed only by the US and China.

The same data suggests that the top exports from EU to ASEAN include chemical products, machinery, and transport equipment, while ASEAN's main exports to the European bloc also include machinery and transport equipment, as well as farm goods, apparel, and textiles.

The joint media statement issued on Friday suggests that ASEAN-EU two-way trade reached €226.8 billion in 2017.

The EU also is ASEAN's largest external source of foreign direct investment flows with €26.3 billion in 2016.

Source: ictsd.org- Mar 08, 2018

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Industry praises EU's 'sensible' draft restriction on CMRs in textiles

The European Commission's draft Regulation to restrict carcinogenic, mutagenic and reprotoxic (CMR) substances in clothing and textiles is a "sensible, pragmatic set of restrictions," according to eight European trade associations.

However, they add, they still have some concerns that they hope the Commission will address when finalising the Regulation.

The organisations are in a joint position paper submitted to a consultation on the restriction of hazardous substances (CMR, categories 1A and 1B) for consumer use under article 68 (2) of REACH.

Signatories to the paper welcomed the Commission's adoption of industry's recommendations to improve the initial restriction proposal, following an initial consultation which took place in in 2015. These include derogations for personal protective equipment, medical devices, secondhand articles and formaldehyde limits in certain textile products in order to meet essential performance and safety requirements.

Concerns remain

However the position paper says the proposal still covers complex products containing parts that are "effectively never in contact with the skin or cannot be considered as strictly textile materials".

These products, it says, "are very different from simple apparel or textiles because they include various composite materials and substances".

Also, it says that some substances listed in the consultation are already covered by REACH and it is therefore not necessary to impose further restrictions.

It recommends that rather than developing new overlapping restrictions for CMRs in textiles, existing substance restrictions are amended.

The position paper recommends publishing an exhaustive list of articles covered by the restriction from the start to provide as much clarity as possible on the scope of covered articles.

It also urges for any restriction to be accompanied by harmonised, validated and internationally recognised test methods in order to "provide a high degree of legal certainty in the obtained results and support for enforceability and compliance."

'First step'

The European Consumer Organisation (Beuc) told Chemical Watch the draft Regulation is only a "first step" for protecting consumers.

Pelle Moos, Beuc's team leader for safety and health, said it is "great news that the EU Commission wants to restrict some dangerous substances that may cause cancer, change DNA or harm reproductive health".

But he added that the proposal only covers "a fraction of the array of harmful chemicals used in textiles" and overlooks substances such as allergens and endocrine disruptors.

"If the Commission is serious about protecting consumers' health, they need to target the full range of problematic chemicals found in clothing and textiles," he said.

The consultation ended on 8 March.

Source: chemicalwatch.com- Mar 08, 2018

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China Feb exports jump 44.5 percent, strongest in 3 years, imports up 6.3 percent

China's exports unexpectedly surged at the fastest pace in three years in February, suggesting its economic growth remains resilient even as trade relations with the United States rapidly deteriorate.

Trade tensions have jumped to the top of the list of risks facing China this year, with proposed U.S. tariffs on steel and aluminium imports suggesting more measures may be on the way, Zhou Hao, senior emerging markets economist at Commerzbank, told the Reuters Global Markets Forum this week.

China's February exports rose 44.5 percent from a year earlier, compared with analysts' median forecast for a 13.6 percent increase, and an 11.1 percent gain in January, official data showed on Thursday.

Imports grew 6.3 percent, the General Administration of Customs said, missing analysts' forecast for 9.7 percent growth, and down from a sharper-than-expected 36.9 percent jump in January.

Analysts caution Chinese data early in the year can be heavily distorted by the timing of the Lunar New Year holiday, which fell in February this year but in January in 2017.

But combined January-February trade data also showed a dramatic acceleration in export growth.

Exports rose 24.4 percent on-year in Jan-Feb, much better than 10.8 percent in December and 4 percent growth in Jan-Feb last year.

The government also releases combined data for the first two months in an attempt to smooth out seasonal distortions.

The deceleration in import growth for February may be payback for the previous month's unusual strength, rather than a sign there has been an abrupt weakening in demand.

Robust import growth in January was mostly led by commodities as factories scrambled to restock inventories ahead of the long holiday.

Imports in the first two months of the year rose 21.7 percent, compared with 4.5 percent in December.

China's trade surplus widened to $33.74 billion for February, compared with forecasts for $0.6 billion and January's $20.35 billion.

For Jan-Feb combined, the surplus rose 43.6 percent from the year earlier period to $54.32 billion.

Boosted by a global trade boom in 2017, China's exports grew at the fastest pace since 2013 and served as one of the key drivers behind the economy's forecast-beating 6.9 percent expansion last year.

But tough U.S. trade talk last year is now turning into action.

President Donald Trump is expected to sign a proclamation on Thursday or Friday to establish the steel and aluminium tariffs, to counter cheap imports, especially from China, though close U.S. allies may get exemptions.

The measures are expected to go into effect in two months, but economists see little immediate impact on China.

It has already reduced steel exports to the U.S. to a trickle, and while aluminium shipments account for around 10 percent of its total global exports of the metal, the number is still small compared with China's total exports, according to ING economist Iris Pang.

"All in all, the direct impact on China is minimal," Pang said in a note published on Thursday.

Over time, however, any additional punitive U.S. measures and retaliations by China or its other major trading partners would reduce global trade flows, disrupt international supply chains and drag on global growth.

U.S. plans to combat intellectual property theft, which are believed to be moving quickly through the pipeline, could also have a more significant impact on China's exporters, particularly in hi-tech, high-value industries.

Net exports contributed 9.1 percent of China's GDP growth last year.

Chinese Foreign Minister Wang Yi said on Thursday that China would make a necessary response in the event of a trade war with the United States but said such a war would only harm all sides.

Speaking on the sidelines of an annual meeting of China's parliament, Wang said China had no intention of displacing the United States and that the two countries did not have to be rivals but should strive to be partners.

Source: in.reuters.com- Mar 09, 2018

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US: Consumers Are Expecting More and More Performance from Their Clothing

It's no secret that consumers don't have high expectations for clothes they purchase from fast fashion retailers. These pieces are usually so low in price, shoppers have come to view it all as throwaway garb that may shrink or fall apart after just a few wearings. The same can't be said for other apparel, though. If shoppers are going to make an investment, they want clothes that will not just last but work for them in a multitude of ways.

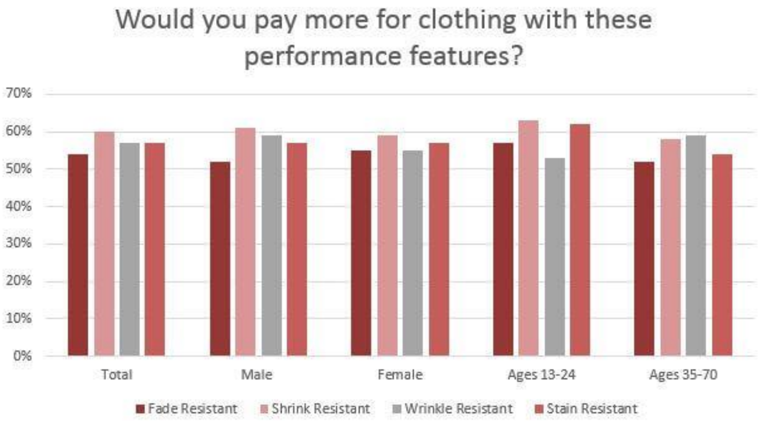
Call it the baby boomer/millennial effect. The 100 percent cotton wrinkle-free trouser phenomenon was a men's wear sensation in the '90s, back when working boomers were introducing casual Fridays into the national lexicon. Cut to the millennials of today, who grew up with casual everyday, and now there's athleisure being worn in the workplace. Of course, athletic attire incorporates performance technologies like moisture-wicking and cooling. So when that's paired with everyday lifestyle apparel, consumer expectations are heightened.

"As an American sportswear company…we're a lifestyle brand," said J. Crew senior merchant Claire Elliot, at an Editions panel discussion in New York. "We've always had the sweatshirts, garment-dyed sweatpants, rugby shirts; a really nice array of that side of the business. Now we're just layering on that technical aspect. We brought in New Balance to help us with that because we wanted someone with the fabric and fit prowess so we could put our best foot forward."

The J. Crew/New Balance collaboration includes a camo cotton blend sweatshirt for men and the ballerina-inspired, cotton blend wrap top for women.

Just as the '90s consumers came to appreciate spending less time at the ironing board, today's consumers view performance features as something that saves both time and money, considering that they don't have to replace entire items. Consider that the majority of shoppers would be willing to pay more for clothes that resist shrinking (60 percent), wrinkling (57 percent), staining (57 percent) and fading (54 percent), according to the Cotton Incorporated Lifestyle Monitor Survey.

Dropel Fabrics is a New York-based company that specializes in a "lifeproof" natural fabric. Its DropelTech Cotton uses process technology to deliver water-, stain- or oil-repellency to cotton fibers. The company has created fabrics for labels like Area, Ceam and Mister French.



Brands that think ahead and consider the problems consumers' will face with their day-to-day wardrobes stand to benefit from adding performance features. It's almost like when Apple or Amazon addresses a problem consumers hadn't even realized was something that could be made easier. Monitor research shows consumers say certain performance features help resolve issues they previously or currently have. For instance, 65 percent say wrinkle-resistant features resolved an issue they had with their clothes. That's followed by shrink resistance (64 percent), stain resistance (62 percent), fade resistance (59 percent) breathability or airflow enhancement (55 percent), durability enhancement (53 percent) and thermal regulating (47 percent).

Old Navy took on the stain resistance challenge when it began offering its Clean-Slate collection of white jeans. The bottoms, which come in a number of styles, feature 97 percent cotton, but thanks to the Clean-Slate technology, stains and spills are virtually repelled from the material.

The Today Show put the denim to the test with lipstick, ketchup, red wine and coffee. The end result: the Clean-Slate clothes are “great news for the klutzes of the world.”

At The Outdoor Store in Montclair, N.J., customers appreciate the range of features on both the lifestyle and performance collections.

“It’s the nature of our store,” says Dave Weitzman, owner. “They expect a little more in durability and performance. And they’re looking for things like abrasion resistance, water resistance, breathability and quick-dry capabilities.”

The store stocks items like women’s Kühl splash shorts and pants, which feature a quick-drying cotton blend with stretch for freedom of movement, the Kühl’s extra-durable, long-staple combed cotton Kanvus jeans for men, as well as the classic waterproof waxed cotton Barbour jackets.

Companies keen to add natural fiber performance clothing to their assortments can turn to Cotton Incorporated for a number of technologies that would help them in their effort.

The TransDRY technology is a high performance moisture management application that allows cotton fabrics to wick and spread perspiration as well or better than most high-tech synthetic fabrics. And Cotton Incorporated’s STORM COTTON and STORM DENIM technologies provide a water-repellent finish for cotton pieces that lasts over the lifetime of the garment.

Whether lifestyle or performance categories, brands that use cotton are appealing to the consumer desire for natural fibers. In fact, compared to clothes produced with manmade fibers, more than eight in 10 consumers say cotton apparel is the most comfortable (87 percent), most sustainable (85 percent), trustworthy (85 percent), soft (85 percent), authentic (83 percent) and reliable (81 percent), according to Monitor research.

While most consumers appreciate such performance features, they admit they would like a little help actually finding clothes with such attributes.

Most shoppers say they would prefer brands and retailers explain performance features right on a product’s hang tag (54 percent), according to Monitor research. That’s followed by product pages of their websites (37 percent), through a knowledgeable sales associate (25 percent) and by developing more education signage and brochures in-store (25 percent).

The Monitor research also finds that seven of 10 consumers thinks apparel manufactured with cotton “lasts the longest,” or is more durable than man-made fiber.

That natural durability is something customers look for when they visit the Beau Brummel store, also in Montclair, N.J.

“They’re looking for the quality that we sell,” says the store’s Isaac Dora. “The cotton shirts are so good, people can send them to the cleaners and nothing will happen to them. They won’t shrink, and they won’t fall apart.”

Source: sourcingjournalonline.com- Mar 08, 2018

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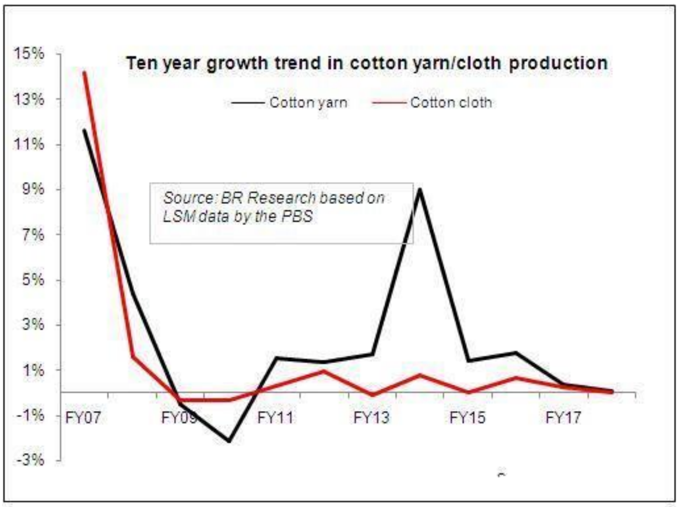
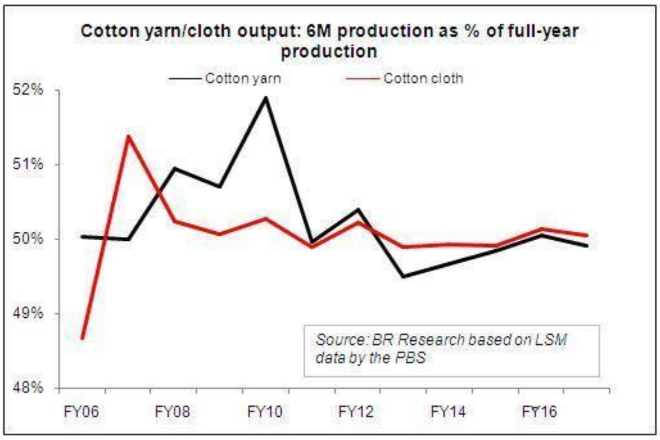
Pakistan: Will textile output post zero growth in FY18?

Annual growth in the production of cotton yarn and cotton cloth has suffered stagnancy over the last few years. Would this year be any better than the last given the host of incentives recently provided to the textile sector?



Analysis of the production data of these two items tracked by the Large Scale Manufacturing (LSM) index of Pakistan Bureau of Statistics, shows that since FY09 the growth in production of both cotton cloth and cotton yarn has been zero, or otherwise negligible ranging from 0-2 percent (barring a few exceptions). (See illustrations)

In fact, over the last three years cotton yarn production has barely moved with annual average increase of 1 percent. Cotton cloth production has followed a similarly pattern with an average growth rate of 0.23 percent over the past three years. Hold on to that thought and consider this.



For more than ten years, the six-month production numbers for both cotton cloth and cotton yarn, tracked by the LSM index, have been 50 percent of the full-year numbers. Going by those trends, the production of cotton cloth in FY18 is estimated to be 3.42 million tons while cotton yarn output might stand at 1.05 billion square meters. This would translate into 'ZERO' increase in production of what are undeniably the key inputs in textile value-chain.

This estimate has also been confirmed by various textile players in the spinning and weaving segments who expect little to no growth in full year production numbers of cotton cloth and cotton yarn.

What then explains the lack of production growth in these two segments? Industry experts including Azizullah Goheer, Secretary General of Pakistan Textile Exporters Association (PTEA) believe the rising cost of production has been a bane for spinning and weaving mills.

This has been particularly for smaller players in these sectors. Almost 35 percent of the total conversion cost in the textile value chain is energy but the electricity and gas tariffs being charged from the domestic industry are the highest in the region.

In a recent interview with BR Research, Aamir Fayyaz, Chairman of the All Pakistan Textile Mills Association (APTMA), highlighted that more than 100 textile companies have shut down completely because of challenging business environment in the country, including about Rs13 billion of working capital stuck under sales and income tax refunds.

Meanwhile, industry sources say that the disbursements under the export package, which was touted to kick start production in cotton yarn and cloth by way of the spillover effect, have been no more than 20 percent of the promised amount. Thus, a limited impact on exports.

On the other hand, cotton production has also suffered making the raw material more expensive and harder to procure for spinning firms. Even though there was a slight growth in cotton output in FY17 at 10.8 million bales, this was only due to the low base affect as cotton production was abysmal in the preceding year standing at 9.9 million bales.

As the State Bank of Pakistan (SBP) notes in its State of the Economy FY17 report, cotton crop still remains under pressure as the output in FY18 has remained considerably lower than the average of 13.3 million bales for three years preceding FY16.

Taking into account the historical trends, as well as the decline in both cotton production and lower spinning capacity, it is likely that growth in the textile sub-index of LSM will gravitate towards zero for the full year FY18.

Source: brecorder.com- Mar 08, 2018

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Vietnam: CPTPP vital to VN economic reforms: minister

The Comprehensive and Progressive Trans-Pacific Partnership (CPTPP) Agreement will be vital deal to expanding free trade and ensuring sustainable development in ViệtNam, said Minister of Industry and Trade (MoIT) Trần Tuấn Anh.

Therefore, economic sectors should take the initiative in economic restructuring in order to maximise the benefits of the pact, which was scheduled to be inked in Chile on Thursday (local time) by ministers from its 11 member countries, Anh told the Vietnam News Agency.

The minister said such sectors as garment-textiles, footwear, food processing, beverage, confectionery, tobacco and wine and beer will benefit most from the deal.

He cited a study jointly conducted by the World Bank (WB) and the research institute under the Ministry of Planning and Investment as saying that ViệtNam's GDP would be 1.1 per cent higher than otherwise expected in 2030 thanks to the CPTPP.

Like other member economies, Việt Nam has committed to market opening and trade facilitation and liberalisation towards lifting non-tariff barriers, the minister said.

At the same time, the country will continue to streamline State management of market development, he said, stressing that through the agreement, the competitiveness of the national economy as well as businesses will be likely improved.

Citing US$36 billion in foreign direct investment (FDI) poured into Việt Nam in 2017, Anh said the pact would lead to breakthroughs in the flow of investment into the country.

Domestic businesses, therefore, will have more resources to develop further and access technologies as well as quality human resources, the minister emphasised.

However, apart from opportunities, the agreement would pose challenges to both the business community and people if less attention was paid to fulfilling integration commitments, the minister warned.

He cited lessons from Việt Nam's joining the World Trade Organisation (WTO) and signing of the Bilateral Trade Agreement (BTA) with the US to clarify his views.

The official said a number of fields in the agriculture sector like sugarcane exploitation and sugar industry have remained slow in restructuring, as compared with other sectors like telecommunications, e-commerce, garment-textiles and footwear.

The MoIT has designed specific communications projects in order to help businesses and people grasp opportunities generated by the agreement.

The ministry will also submit an overall action plan to the Government in preparation for the implementation of Việt Nam's integration commitments while reviewing its legal framework.

Economist Nguyễn Lê Đình Quý said the CPTPP is the country's largest free trade agreement to date and would provide momentum for Viet Nam's economic reforms.

In joining the CPTPP, Việt Nam would have opportunities to promote its exports to big markets such as Japan, Australia, Canada and Mexico as well as attracting FDI into sectors which the country has demand for development.

In addition, it would also promote institutional reforms, creating a transparent investment and business environment, Quý said.

Lương Hoàng Thái, director of the MoIT's Department of Multilateral Trade Policy, said Việt Nam would have more advantages in protecting its benefits because it participated in the pact from the beginning.

The CPTPP is set to take effect in early 2019 after it is ratified by at least six member economies. Its current member economies make up about 13 per cent of the global GDP.

After the US withdrew from the Trans-Pacific Partnership (TPP), the predecessor of the CPTPP, in 2017, the remaining 11 economies (Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Việt Nam) agreed to maintain the deal and rename it CPTPP.

They agreed on the revised content of the agreement on January 23, 2018. On February 21, the full text of the CPTPP was announced, which is considered a sign showing that the 11 countries are ready to sign the agreement.

More than 20 provisions of the CPTPP were suspended or changed compared to the TPP. Earlier, US President Donald Trump said his country would consider re-entering the CPTPP if the US could get a better deal.

Source: vietnamnews.vn- Mar 09, 2018

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Pakistan: CPEC industrialization phase opens new avenues of value-addition in textile garment sector’

Industrialization phase of China Pakistan Economic Corridor (CPEC) has opened new avenues of value-addition in textile garment sector instead of sticking to the export of raw or semi-finished products and Pakistan should work under a comprehensive and planned strategy to exploit one belt one road to cater to the garment needs of the countries from Gulf up to Europe.

This was said by Faisalabad Chamber of Commerce & Industry (FCCI) former Vice President Engineer Ahmad Hassan. He was participating in a panel discussion jointly organized by the National Textile University (NTU) and R&D Section of FCCI here in connection with the 3rd All Pakistan DICE Textile Innovation event.

Ahmad Hassan told that historic investment of 51 billion dollar has laid down a strong foundation for the accelerated development and growth of this region.

He said, “CPEC is an opportunity as well as challenge and we must prepare ourselves to harvest the benefits from this project which is going to be a reality.”

He also explained in detail the geostrategic location of CPEC and said that roads are important to gear up the socioeconomic development of any area.

The China Pakistan Economic Corridor will not only benefit Pakistan and China but regional countries could also get its due dividends, he added.

Dr. Tanveer Hussain Rector NTU told that China is making huge investment of 2.7 billion dollar in its textile garment sector.

The objective of this initiative is to produce 500 million garments per annum by 2020, he said and added that it will also provide Pakistan an opportunity to avail from Chinese benefits and get its due share from the garment sector.

He also supported an idea to establish a full-fledged Chinese department in NTU to make a pace with well-advanced Chinese industries.

Professor Wang of Beijing University said that 30 years ago China was also facing Pakistan like situation with rampant energy shortage and high cost of doing business.

At that time, Japanese and Korean investors established their units in China, he said and added that they fully benefited from their experiences and later upgraded their industry to compete with the rest of the world.

He said that Pakistan should also prepare itself to face emerging challenges so that it could also make progress in the coming years.

The panelists who took part in this discussion include Deputy Director Chinese Study Center Dr. Zameer Ahmed Awan, Retired Major General Akbar Saeed Awan, Zaheer-ud-Din of the National University of Science & Technology Islamabad, Waheed Khaliq Ramay Chairman Power looms Owners Association, Dr. Saeed Zameer-ul-Hassan Associate Professor Balochistan University of Information technology & Management Sciences, Inam Afzal Khan, Former Vice President FCCI and Managing Editor Textile Journal Nadeem Mazhar.

Source: brecorder.com- Mar 09, 2018

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Cambodia needs to rebuild its economic muscle

To keep the growth wheels moving, countries need to rethink their strategies. And Cambodia is no different. After graduating from the Least Developed Country status in July 2016, Cambodia's economy has remained healthy with a GDP growth of 6.9 per cent in 2017.

Growth was driven by the recovering tourism sector, the ongoing construction boom and the gradual emergence of non-textile exports. Stats point reveal during the first 10 months of 2017, Cambodia received 4.3 million international tourists, which is up 10.4 per cent compared with the same period in 2016. This was partly due to newly-established direct regional flights as well as government initiatives to boost arrivals.

The construction sector has kept the momentum going with investment during the first 10 months of the year reaching $6.26 billion, a 27 per cent increase over the same period in 2016. This was followed by exports of machinery and auto parts. The number of factories dedicated to electrical machinery and auto parts increased from 46 in 2012 (5.1 per cent of manufacturing) to 121 in 2017 (7.1 per cent of manufacturing).

Decelerating growth in textile

On the contrary, growth in clothing and other textile exports decelerated to 5.4 per cent in the first half of 2017, compared with the 8.4 per cent growth rate in 2016. Textile exports have also eased in volume terms to a growth rate of 3.6 per cent in 2017, which is down from 2016's figure of 12.3 per cent. The slowdown is result of a decrease in productivity, an increasingly competitive global market, the high cost of transportation and energy as well as rising labour costs. The minimum wage for the garment and footwear sector is $153 a month and will increase to $170 a month in 2018. This will make the minimum wage in Cambodia higher than that of other countries with large garment industries such as Bangladesh and Myanmar.

Competitiveness ranking

The 2017 Global Competitiveness Report ranks Cambodia as one of the least competitive countries in Asean. Hampered by a poorly educated workforce, inefficient institutions, lack of infrastructure and low levels of business sophistication and innovation, Cambodia ranked 94 out of 137 economies – falling from 89 in the previous year's report. The degrowth happened due to its reliance on sectors such as garments, rice, tourism and construction. The country has a narrow export base with garments accounting for almost 70 per cent of total exports having US and European markets as its major importers. Besides two cities: Siem Reap and the capital Phnom Penh, the country doesn't have many tourist attractions as well.

In order to enhance competitiveness, Cambodia needs to diversify and upgrade its economy. In addition to garments, Cambodia also produces other goods with great export potential such as pulp paper, machinery, bicycles, plywood, maize, vegetables, sands, sugar and palm oil. These emerging products are currently exported in small quantities but will soon become more competitive and provide opportunities for future growth and diversification. Similarly, Cambodia can channel investment into developing additional potential tourism destinations such as the coastal areas of the southwest and the mountainous northeast provinces. It also possesses scope for eco-tourism, which can turn to be a big plus.

Building on strengths

Cambodia needs to move to higher value-added production and climb the global value chain by way of improvements in infrastructure, human capital and governance. There needs to be a lot of thrust on improving the quality of road, air and sea transport infrastructure and to cut the cost of electricity, which is among the highest in Asean.

In order to build on its people power, the country needs to emphasise on sound education system. It also needs to enhance the quality of learning and increase the educational attainment of its workforce. Education reforms should focus on improving accreditation and quality assurance mechanisms, introducing incentives to prioritise science- and mathematics-based subjects and research, providing market-relevant technical and vocational training and encouraging the teaching of workplace soft skills such as communication, problem solving and teamwork. Not only this, the regulatory framework for doing business in Cambodia also needs to be strengthened.

With regards to all these, the government has taken initiatives to make business easier by simplifying company name checks, streamlining tax registration and eliminating the requirement to publish the new company's incorporation in the official gazette. It also needs to take steps in order to reduce corruption, strengthen policy stability and cut logistical costs, stated Pheakdey Heng, founder and chairman, Enrich Institute.

Source: fashionatingworld.com- Mar 08, 2018

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NATIONAL NEWS

Indian yarns showcased at Cairo Fashion and Tex Exhibition

Indian textile companies are showcasing a wide range of Indian yarn and fabric products at an exhibition in Egypt, which is a significant market in North Africa for Indian exports. India's Ambassador to Egypt Sanjay Bhattacharyya today inaugurated the Indian pavilion at the the Cairo Fashion and Tex Exhibition in Cairo International Convention Centre.

"Twenty-three Indian companies are participating in this exhibition, six of them are repeat companies and the others are coming for the first time, Bhattacharyya told PTI during the inauguration ceremony. The ambassador said that he sees a sense of optimism about the Egyptian market and the demands in the country are growing.

"Of course Indian cotton yarn is very highly recognised in Egypt and we would like to see the share grow. But also I think there is also great opportunity for some of the other fabrics that the Indian producers have brought, the ambassador said. The exhibition runs until March 10.

The participation of Indian companies is being organised at a demarcated area called Indian Pavilion located in Cairo Fashion and Tex Exhibition by Texprocil, an apex textile chamber sponsored by Government of India, in association with the Embassy of India in Cairo.

The products on display include a cross section of Indian yarn and fabric products including denim. It is expected that the exhibition will draw a large number of trade visitors for fruitful business discussion with the Indian exhibitors who will be showcasing their best range of products. Being the world's second largest producer of synthetic fibre and yarn, cotton, cellulosic fibre and silk, India exported around USD 342 million worth of textile and clothing products to Egypt in 2017.

The cotton yarn was the dominant product in the export basket, which was valued at USD 163 million followed by man-made yarn fabrics valued at USD 121 million and cotton fabrics valued at USD 25 million. Textile products have played an important role in the growth of the Indo-Egyptian bilateral trade.

The Indian textile industry is modern, vibrant and many manufacturers have set up a state of the art processing houses to roll out large volume of high quality products to meet the international market demands and expectations. Egypt is a significant and important market in North Africa for Indian exports of yarn and fabrics.

The Indian companies are using this exhibition as a platform to meet textiles entrepreneurs and understand the recent development in the Egyptian textile sector. The entrepreneurs will benefit from a first-hand knowledge of the evolving market conditions and domestic textile industry enabling them to identity areas of mutual cooperation.

Source: business-standard.com- Mar 08, 2018

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Donald Trump's plans to raise tariffs on steel may hit India; here's how

US President Donald Trump's move to hike import tariffs on steel will adversely hit India's local markets, says Indian Steel Authority (ISA).

The nations with surplus production of steel will divert their produce to consuming countries such as India affecting their local steel industry, PTI reported citing Indian Steel Authority.

On March 1, US President Donald Trump had announced a tariff hike of 25 percent on steel imports and 10 percent on aluminium imports to protect the interests of US producers. Including India in the same league as other steel surplus nations is 'not appropriate', PTI reported citing ISA. It is not desirable as a policy to include Indian among these countries, ISA said.

The growth prospects of developing nations such as India gets adversely affected because its production and consumption is inward-looking, ISA further said. Despite India being the third largest steel producer globally only accounts for 2.7 percent share in the US imports.

Meanwhile, India's is not mulling over coming out with a reaction to America's' decision to increase tariffs on steel and aluminium, Financial Express reported.

However, any restriction imposed by the US on items which are crucial for India including textiles and garments will force the country come up with retaliatory actions and fighting out its case at the World Trade Organisation (WTO), Financial Express reported citing unidentified sources.

The major items that India exports to the US include gems & jewellery, garments & textiles and pharmaceuticals which account for 44 percent of India's goods exports made to the country.

The US won't be helped much by targeting India in terms of trade cut, as India accounts for only 2.8 percent of US' total goods trade deficit of $810 billion last year, trade analysts believe. China accounts for 46 percent of US' merchandise trade deficit last year, and it is followed by the EU i.e. 19 percent.

Source: financialexpress.com- Mar 08, 2018

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Demand for Indian cotton on the rise globally

There is good demand for Indian cotton. Around 40 lakh bales of cotton have been exported from the country so far and another 15 or 20 lakh bales are expected to be exported by the end of this season.

Around 14 lakh bales have been exported to Bangladesh so far, nine lakh bales to Pakistan and the remaining to Turkey, Vietnam and Indonesia.

China may import some 10 lakh bales this season. China has not been importing cotton for the last two or three years and has been using its buffer stock of some one crore bales and may soon tap overseas markets for some 20 or 25 lakh bales in the next seven or eight months.

Exports from India this year have received a fillip thanks to the rupee depreciation. In addition to exports, the country has also imported around ten lakh bales so far and there is the possibility of imports touching 35 or 40 lakh bales. The main reason for the imports is the pink bollworm infestation.

In accordance with the advice of scientists, farmers in several areas, particularly in Maharashtra and Telangana, have uprooted their cotton crop without waiting for further pickings.

Crop estimates for the ongoing season have been lowered by eight lakh bales.

Source: fashionatingworld.com- Mar 08, 2018

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UP to set up Bareilly textile park with 50 industrial units

India's Uttar Pradesh state will set up a textile park at Raipur Jagir village of Meerganj tehsil in Bareilly district at a cost of Rs 84 crore, Rama Raman, director and commissioner of the state's handloom and textile department, announced recently.

He said 5,000 jobs are expected to be created when 50 industries are set up in the park covering 39 acres.

During the recent UP Investors' Summit 2018, agreements were signed with 38 companies eager to set up units at the textile park in Bareilly.

A nodal officer will assist companies in getting required approvals, a top Indian newspaper quoted Raman as saying.

Thirty six handloom and textile industries and 14 other units to provide raw material to the manufacturing companies will be set up.

Source: firstpost.com- Mar 09, 2018

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GST Council's Saturday meet to sort out filing, E-Way Bill issues

States may raise concerns over revenue

The Centre and States are set to iron out the wrinkles in the Goods and Services Tax including a simplified return filing process and the pending E-Way Bill, as well as discuss the revenue mop-up and inclusion of real estate under the levy.

The Goods and Services Tax Council is scheduled to meet on March 10 and is expected to discuss the process of a new single page monthly return for GST.

However, since this will require about three-four months' time for readying the IT system, the Council is also expected to extend GSTR-3B till June. Currently, taxpayers can file the summarised GSTR-3B return, instead of GSTR 2 and GSTR 3, but this facility is available only till March.

A Group of Ministers led by Bihar Deputy Chief Minister Sushil Modi had met on February 24 and deliberated on the new simplified return but the meeting remained inconclusive.

The GoM, however, recommended that the E-Way Bill be made mandatory for inter-State movement of goods from April 1 this year. The GST Council now has to review the preparedness for the E-Way Bill and formally approve its roll out.

The E-Way Bill, which is an online ticket for movement of goods over ₹50,000 for distances above 10 km was started on a trial basis from January 16. But it could not be rolled out on a mandatory basis from February 1 due to technical glitches.

As a pre-cursor to the meeting, the Central Board of Excise and Customs has also notified amendments to the E-Way Bill rules addressing industry concerns and providing flexibility such as allowing even job workers to generate these documents.

"With these changes, the E-Way Bill Rules have become much simpler. Exemption for smaller intra-State consignments and exclusion of value of exempt supplies for E-Way bills would provide relief to large segment of industry," said Pratik Jain, Partner and Leader, Indirect Tax, PwC.

Stormy meeting

However, with revenue concerns and ground level confusion impacting refunds to exporters, the GST Council meeting could also see many States questioning the future roadmap for the levy.

"While Centre is under the Constitution mandated to give full compensation for revenue losses for a five-year period, the concern is that GST is far from stabilising even eight months after its roll out. Systems are still not in place," pointed out a State government official.

Some other States have also pointed out that it may be premature to initiate discussions about inclusion of real estate into GST as tax collections are yet to stabilise.

"The GST Council meeting is expected to focus on procedural simplification of GST returns, E-Way Bill, compliance processes keeping in mind the need to achieve the revenue targets. The recommendations of the law committee are also expected to be discussed," said MS Mani, Senior Director, Deloitte India.

The mop up from GST in January was ₹86,318 crore, marginally lower than the ₹86,703 crore collected in December.

Source: thehindubusinessline.com- Mar 09, 2018

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Cottonseed companies warn of shortage on price cuts

Apex seed body says government should consider a price hike on higher input costs

The National Seed Association of India (NSAI) has asked the Union Government not to reduce the cottonseed price for the upcoming kharif season.

Instead, the seed industry deserves a price hike, considering significant hike in the cost of production, it contended.

Any reduction of price could lead to severe shortage for the seeds as it is not viable to produce the seed at that rate, it felt.

Trait value cut

A committee set up by the government recommended a reduction in the Bollgard-II cottonseed price by ₹60 to ₹740 on a packet of 450 gm. The recommendations are more likely to be accepted by the Centre.

While the seed value is reduced by ₹50, the trait value is pared by ₹10 to ₹39.

The committee was set up in 2015 after the Centre brought in the Cottonseed Price (Control) Order to regulate the cotton seed price. It had kept the price unaltered last year.

For this year, it, however, suggested a reduction to give a relief to farmers who suffered heavily in several areas.

Citing news reports, the association wrote a letter to Shobhana Kumar Pattanayak, Secretary, Union Ministry of Agriculture, appealing for a raise in the seed price.

The association argued that there is no reason to reduce the seed price as the price of the fibre has been going up in the last few years.

The association represents over 300 small and big seed firms in the country. Its members has a majority share in the ₹15,000-crore seed industry.

'Cotton price up'

"The minimum support price for cotton went up to ₹4,320 a quintal in 2017 as against ₹3,000 in 2011. On the other hand, the cost of production has gone up significantly," the letter said.

Cottonseed prices have dropped drastically in the past few years, but fuel, labour, chemical and supply chain costs have risen sharply, squeezing margins of most seed makers.

For one, the minimum wages for labour went up to ₹342 in 2017 from ₹176, resulting in an increase in the cost of production. Any hike in the seed price could lead to a dip in production in the future, triggering a shortage for the seeds.

"We request you to increase the seed value of Bollgard-II cottonseeds considering the increase in costs. Also, there is a need for equalising the prices of Bollgard-I and Bollgard-II seeds to encourage the production of the former seeds," the letter said.

If the prices are equalised, it will help in removing monopoly of the trait developer and save costs to the farmers as BG-I didn't attract any trait value.

Source: thehindubusinessline.com- Mar 09, 2018

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Skill India has empowered over 35 lakh women in just 32 months

Commemorating the International Women's Day, Skill India salutes the grit, the determination and the aspiration of women across India, who are determined to change their lives through skill training.

Since its launch in July 2015, the Skill India Mission, a mega drive initiated by the Ministry of Skill Development and Entrepreneurship (MSDE), has transformed lives of over 35.56 Lakh women through skill training; empowering them for better and secured livelihood.

With a multi-pronged approach to improve employability and income-earning opportunities, enhancing financial security and promoting sustainable development and livelihood, MSDE through its various schemes and initiatives is working to reinforce equality via skill development. MSDE's flagship scheme - Pradhan Mantri Kaushal Vikas Yojna (PMKVY), in its two phases, has achieved an incredible milestone of 17.72 Lakh women trainings, including 8.63 lakh trainings under PMKVY-1 (July 2015 – June 2016) and 9.09 Lakh under PMKVY-2 (July 2016 till date).

With emphasis on women empowerment and improving employment opportunities, the scheme being implemented by National Skill Development Corporation (NSDC), encompasses skill development via short-term training programs, special projects and recognition of prior learning, covering over 250 courses. The scheme has witnessed proportionate enrolment of women (1:1). The employment numbers are equally commendable with over 50% of the trained women securing placement as well. Some of the women-centric projects have been - carpet weavers in Rajasthan (Jaipur Rugs Foundation), dairy & poultry farmers (pan-India), bakery and apparel training for Bru-Tribe (North East), retail program for Amazon Meri Saheli (North East), etc.

National Skill Development Corporation (NSDC), the executive arm of MSDE, has also been executing fee-based trainings via its wide network of more than 350 training partners. The organisation has been instrumental in training more than 16 lakh women in the short/long-term courses (3 months to one year), accounting for more than 40% women amongst total trained candidates. Some of the prominent choices of skill training for women have been IT and ITES Banking and Financial Services, Building, Construction and Real Estate Services, Education and Skill Development Services, Textiles and Clothing, Electronics and IT Hardware, Beauty and Wellness, Healthcare and Retail.

The Directorate General of Training, an apex body under MSDE that works towards development and coordination of vocational training and employment services at the national level, has trained over 1.84 lakh women during these years (2015 till date). KP Krishnan, Secretary, Ministry of Skill Development and Entrepreneurship, said, "Women form a significant proportion of workforce in the country. We believe skill training will be vital in addressing some of the most pressing challenges related to inclusion, gender equality and access.

Cognizant of our responsibility, we are working towards empowering women, enabling them to emerge as drivers of the social and economic well-being of their families."

Source: millenniumpost.in- Mar 08, 2018

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Govt wants to more than double village-level women entrepreneurs

The government seeks to more than double the number of women village-level entrepreneurs (VLEs) in the coming year. There are 46,597 women working as VLEs through the Common Service Centres (CSCs) across the country right now.

“Today, we have 47,000 women VLEs across India. I want to see their numbers grow up to more than one-lakh in our country,” Ravi Shankar Prasad, Minister of Electronics and Information Technology and Law & Justice, said here at an event.

On the occasion of International Women’s Day, Prasad and Smriti Irani, Minister of Information & Broadcasting and Textiles, inaugurated a workshop on ‘Stree Swabhiman - A CSC initiative for promoting women’s health and hygiene’.

The workshop showcased the impact and progress made by the women VLEs in promoting women’s health and hygiene among the poor and marginalised communities in India, through the CSCs.

Appreciating the efforts of women VLEs, Prasad said, “Ensuring women’s presence at the forefront of ‘Digital India’ would result in a new social order where women would play the role of ‘Change Agents’ in building a society free of any discrimination.

Digitally empowered women can bring a paradigm shift in encouraging and empowering rural communities.”

Stree Swabhiman project

He also appreciated the women who have set up sanitary napkin units under Stree Swabhiman project, in advancing women's health and hygiene in rural areas, apart from enhancing women's empowerment.

Addressing around 700 VLEs from across the country, Irani said, "Women empowerment, especially for those living in rural India, is an integral component of our government.

"The government has framed the guidelines for menstrual hygiene in the country."

Mentioning VLE Snehlata Devi's initiative 'Chuppi Todo, Sayani Bano' among the Banjara community, Irani said, "Women VLEs are the first respondents of governance. In the last three years, more than 16 crore women opened bank accounts through Jan Dhan Yojana. Similarly, due to MUDRA Yojana started by our government, 7.80 crore women became entrepreneur in our country."

Exhibiting solidarity with 'women agents of change', Irani promised to visit CSC run by a woman VLE near Bengaluru on March 11. "I would be privileged to have a cup of tea at your enterprise," she assured.

Source: thehindubusinessline.com- Mar 08, 2018

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