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The Cotton Textiles Export Promotion Council [TEXPROCIL]
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IBTEX No. 219 of 2017 November 03, 2017

USD 64.57 | EUR 75.29 | GBP 84.40 | JPY 0.57

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
18071	37800	**74.62**

Domestic Futures Price (Ex. Gin), October

Rs./Bale	Rs./Candy	USD Cent/lb
18250	38175	**75.36**

International Futures Price

NY ICE USD Cents/lb (Dec 2017)	69.08
ZCE Cotton: Yuan/MT (Jan 2018)	15,030
ZCE Cotton: USD Cents/lb	**87.68**
Cotlook A Index – Physical	**88.12**

Cotton & currency guide: Yet another day cotton continued to trade in the predefined band. In fact the band this week has further narrowed down. For reference the December ICE future on Thursday traded in the range of 68 to 69 just about 1 cent in the entire day while it posted a positive close at 69.10.

The good part this week is though trend is sideways but the undertone was slightly positive. We believe with the threat of excessive freezing in major cotton growing area Texas in the US indicating a couple of thousand bales of crop loss or may be close to half million bales. This is perhaps keeping the tone positive.

Nonetheless, it still holds below 70 cents which has been a strong resistance level since past several weeks. Unless that is cleared the trend may be within the suggested range.

Also the participation rate is modest while one of days the volumes are high. On Thursday the trading volume was highest around 40K contracts vs. average volume in rest of days of this week.

The average daily arrivals are broadly around 120 to 125K bales a day this week lower this season from the average period of previous years. We expect the arrivals would increase as we proceed through November. The market would be eager and comfortable to see the average arrivals crossing over 175 to 200K bales a day.

From the futures front, the November future ended the session at Rs. 18250 no major change from previous close and the spread between November and December continues to hold around Rs. 70. For the day we expect cotton to trade in the range of Rs. 18400 to Rs. 18160. We might witness initial uptick in the domestic future due to positive price at ICE.

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

NEWS CLIPPINGS

INTERNATIONAL NEWS

EU sets sights on Latin American trade deals

The European Union's landmark agreement with Cuba entered into force this week, marking a new chapter that aims for increased trade and diplomacy between the EU and the Latin American region.

The Political Dialogue and Co-operation Agreement (PDCA) was agreed between Cuba and the EU last year and came into force on November 1, 2017. The agreement consists of three chapters including trade co-operation, political dialogue and sector policy dialogue.

Sectors that have been highlighted as being of interest are renewable energy and rural development. Activities will include Cuban public and private sectors, as well as international organisations and their agencies.

"The EU and Cuba are truly turning a page, and the new chapter of our partnership begins now – with the provisional application of our new agreement," says the EU high representative for foreign affairs and security policy Federica Mogherini.

"This agreement also completes the network of ties with Latin America and the Caribbean and confirms our continued engagement with Latin America and the Caribbean."

The EU is Cuba's main export and second-largest trade partner as well as its biggest foreign investor in the sectors of tourism, construction, light and agricultural industries.

In 2016, EU exports to Cuba were worth €2.04bn while imports from Cuba amounted to €0.41bn. Cuba's main export goods are agricultural products, beverages, tobacco and mineral fuels.

The PDCA aims to create a more predictable and transparent environment that will boost Cuba's capacity to produce and trade. The agreement does not, however, establish a free trade area between the parties or cover investment protection.

The EU says the agreement will help diversify exports from Cuba beyond the traditional products, and that it plans to help Cuban exporters improve their access to EU markets.

EU and Mercosur

Meanwhile, the EU is racing to agree on a trade deal with South American trade bloc Mercosur by the end of the year. Hailed as being the EU's biggest trade deal to date, the pact could save EU exporters €4bn a year in tariffs. It would also mean a big new market for European vehicles and industrial goods, access to public procurement contracts and better protection of intellectual property rights.

According to the EU trade commission, the EU exports €66bn of goods and services to Mercosur each year, and an impact assessment suggests a free trade agreement could double those figures.

The deal would also demonstrate, at a time of rising populism and protectionism, that Europe is committed to open trade as well as allow it to secure an agreement with a trading group that has been heavily undermined by US President Donald Trump.

"The EU-Mercosur deal would send the same signal as the EU-Japan political agreement announced over the summer — that while the US administration draws inwards and retreats from trade liberalisation, the rest of the world forges ahead," senior trade associate at advisory Global Counsel, Guillaume Ferlet, tells **GTR.**

"The US will consequently fall behind in the race to competitive liberalisation abroad, and this has US exporters worried already. Besides, it would be additional evidence that for all its internal divisions the EU is nonetheless capable of seizing the momentum and filling the void left by the new US administration in world trade.

It is the prospects of restricted access to the US market under the Trump administration that has led Japan, Mexico, Mercosur and others to seek a deal with the EU more actively, but the question has always been whether the EU can actually make good on these opportunities."

However, the pact has been challenged with objections from EU beef farmers and producers of ethanol from crops, who want the EU to set firm limits on how much it opens markets for certain products. The European Commission argues that imports of beef and ethanol from Mercosur will displace imports from other countries, rather than gain new market share over the domestic sector.

“There is presumably no EU deal with Mercosur that could ever fully satisfy the EU’s defensive agricultural constituencies. So the question is rather how much the Commission thinks it can offer Mercosur to convince them a deal is worth it, without triggering opposition from EU farmers that would sink the ratification process of the deal,” says Ferlet.

Further, Brussels is about to open negotiations with Australia and New Zealand, two agricultural powerhouses. If the the Commission doesn’t lock in a concession with Mercosur before those negotiations kick into high gear it will find itself under tremendous pressure from member states if it attempts to make deals on agriculture with all three at the same time, adds Ferlet.

EU negotiations, which started 18 years ago but have seen a ramp up in momentum over the last year, include four Mercosur countries: Argentina, Brazil, Paraguay and Uruguay. Venezuela is not part of the negotiations. In 2015, the EU accounted for 21% of total trade for the four countries. EU exports to the region have increased from €21bn in 2005 to €46bn in 2015 while Mercosur’s exports have increased from €32bn to €42bn over the same period.

Mercosur’s biggest exports to the EU are agricultural products, beverages and tobacco, mineral products and wood and paper products. The EU’s exports to Mercosur include machinery, vehicles and parts, and chemicals and pharmaceuticals.

The EU is also a major exporter of commercial services to the bloc, a sector that was valued at €20bn in 2014. In terms of foreign investment, the EU’s investment in the region rose from €130bn in 2000 to €387bn in 2014. For their part, Mercosur countries invested €115bn in the EU in 2014.

Source gtreview.com- Nov 02, 2017

HOME

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Vietnam exporters must defend against trade suits

As importing countries impose trade barriers to protect their goods and products, they often utilise trade remedies against exporting countries. There are short-term solutions for exporters, like Việt Nam. But in the long run, enterprises still need strategic planning and specific steps to overcome trade barriers in order to increase exports and develop sustainably.

Passive in self-defence

When markets open to fulfill integration commitments, importing countries tend to increase scrutiny on goods from Việt Nam, often applying trade remedies like anti-dumping and anti-subsidy policies. Despite continuously facing these trade remedies, Vietnamese businesses remain very passive in guarding against them. They lacked understanding of trade defence tools.

As importing countries have suffered strong competition, especially from the near markets such as China, Malaysia and Indonesia, the significance of the trade defence of businesses has also increased.

Nguyễn Phương Nam, deputy head of the Department of Trade Defence under the Ministry of Industry and Trade (MoIT), said that there have been more than 120 trade remedy lawsuits related to Vietnamese exports initiated by importers such as the US, EU, Brazil, Turkey and Australia.

Statistics from the department show that in the 2016-17 period, Vietnamese firms have been sued 23 times by importing countries. Australia brought six anti-dumping and anti-subsidy cases against firms exporting aluminium and galvanised steel, coils and wind towers.

Trần Thanh Hải, deputy director of the MoIT's Import-Export Department, said that the ways in which countries can enact Technical Barriers to Trade (TBT) are very diversified and complicated, especially in big markets such as the US, EU and Japan. For example, for textiles and garments, the US and EU are two major markets for Việt Nam's garment exports. However, these are also the most difficult markets with many regulations that constitute Technical Barriers to Trade.

The US has over 60 technical regulations for textiles and garments on labeling, symbol, clothing instruction, and fire resistance standards for yarns, wool carpets fire and sleepwear; and regulations on children's wear. In addition, the EU also has over 80 technical regulations such as: EC label, regulations on labeling and registration, evaluation, licensing and restriction of chemicals (REACH), regulations on ecolabel and OKO-Tex 100 label or origin regulations, Hải added.

Effective tool

In order to successfully appeal in the export markets, experts advise Vietnamese businesses to scrutinise the plaintiffs' allegations about the country's subsidy programme. At the same time, ministries, sectors and associations should closely coordinate in providing information and explanations on the alleged programme to the investigating authority.

In addition, businesses should carefully analyse the plaintiff's question, allegations and facts to develop an appropriate strategy before and during the preparation of the response and reporting of the data.

As predicted by the Department of Trade Defence, in the upcoming time, firms in importing countries will use more trade remedies.

Trade remedies are considered the final barrier against the current trend of deepening and broadening international integration.

As Việt Nam faces other countries' implementation of trade remedies, it should acknowledge that they are also a useful tool domestically. They are easier to use than other instruments that WTO commitments allow. In the near future, trade remedies will be a very effective tool to protect domestic businesses from import competition.

Export companies should have a division specialising in trade defence to meet the requirements of the investigation agency in time.

Currently, the MoIT is urgently working with related units to solve difficulties for businesses in a timely manner. Particularly, the ministry will abolish the specialised inspection regulations and procedures which have caused difficulties for enterprises in the past.

Source: vietnamnews.vn- Nov 03, 2017

HOME

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Philippines urges US travel goods producers to expand there

The Philippines has urged US firms to expand their production in the country to take advantage of the recent inclusion of travel goods, which include handbags, luggage, wallets and backpacks, in the US generalized system of preferences (GSP) program. Such goods from the country, which earlier invited a tariff of 6-20 per cent, can now enter the US duty-free.

The invitation to US footwear and garment firms by department of trade and industry (DTI) secretary Ramon Lopez came at a recent regional gathering of key members of the American Apparel and Footwear Association (AAFA) and the Confederation of Wearables Exporters of the Philippines (CONWEP).

Easier market access to another country encourages producers and exporters to locate in the source-country, a newspaper report quoted Lopez as saying.

These labour-intensive sectors can generate more jobs and create business opportunities for small and medium enterprise servicing the sector, such as producers of raw materials, indigenous woven products, accessories, and service and logistics providers, he said.

The industry, which at present employs around 300,000, has the potential to bring it up to over 4 million, if the country attracts more locators to produce in the country, he added.

Source: fibre2fashion.com- Nov 02, 2017

HOME

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Pakistan: Industries concerned about future in the wake of CPEC

South Punjab comes on top in agricultural economy as it has 96% share in cotton production in Punjab and 80% in the entire country as well as pays more taxes than the industrial hub of Faisalabad, emphasised Malik Asrar Ahmed Awan, President of the Multan Chamber of Commerce and Industry.

He was giving a briefing to the visiting probationary officers of grade-18 of the 24th Mid-career Management Course of the National Institute of Management, Karachi.

Awan pointed out that south Punjab offered great opportunities for investment in the areas of agriculture, dairy products, livestock, fruit and vegetable processing and packaging. He cited the surveys conducted by the World Bank and its financing arm International Finance Corporation that ranked south Punjab second in the country for making investment.

However, the region lags far behind upper Punjab in terms of development, which necessitates the need for providing health care facilities and potable water to the people.

'Islamabad must allay Washington's concerns over CPEC'

Turning to the China-Pakistan Economic Corridor (CPEC) — a $57 billion programme of energy and infrastructure projects which would usher in a new era of development and growth, Awan cautioned that it could only be possible if Pakistan's industry reaped benefits of enhanced connectivity by creating jobs and boosting exports.

Saying that policymakers were overly optimistic about CPEC and its potential benefits, he decried that local goods manufacturers, chambers and industry associations appeared to be seriously concerned about their future.

The textile industry, for instance, fears a glut of textile goods from the Chinese region of Xinjiang that may ruin their businesses.

He pointed out that Pakistan's industry was already relying on expensive raw material imports following cotton production shortfall in the country and any increase in raw material demand from China would lead to further price hike and limited availability.

Similarly, other industries are worried that they are going to be eaten up by large-scale Chinese enterprises with significant economies of scale.

Highlighting the environmental challenges, Awan quoted experts as saying that an open-gate policy for China may bring dirty industries to Pakistan, which would result in environmental degradation.

CPEC will allow Pakistan to become global leader

He pressed the government to shift some mega CPEC projects to south Punjab.

Speaking on the occasion, National Institute of Management Director General Roshan Ali Sheikh said grade-19 and 20 officers were being trained to enable them to understand the problems of people and implement government policies.

He asked members of the Multan Chamber not to be afraid of CPEC because it would definitely prove a game changer for Pakistan.

Source: tribune.com.pk- Nov 02, 2017

HOME

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USA: Why Brick-and-Mortar Stores could be the Key to Greater Online Sales

When it comes to their e-commerce businesses, retailers are leaving money on the table.

Even as online sales increase year over year, stores have been slow to ease the friction from one part of the customer journey: returns.

Reverse logistics company Happy Returns found poor returns policies and processes are costing sales and loyalty. The company recently polled 1,800 consumers to gauge their attitudes and experiences around getting rid of unwanted purchases—and to determine how stores can position themselves to compete with Amazon.

While 45 percent of online shoppers say their favorite part of the customer journey is opening packages when they arrive, 73 percent report that joy evaporates somewhere along the returns process, making it their least favorite part.

Closing that gap is of the utmost importance for retailers looking to gain and retain shoppers, according to David Sobie, CEO and co-founder of Happy Returns "There are few, if any, other initiatives that online retailers can undertake to make more than 80 percent of their customers more likely to shop," he said.

More than a quarter (28 percent) say they'd shop online more if it weren't for having to return unwanted goods via the mail. Though some retailers include a return label with the product, not all do, and that creates a logistics issue for consumers.

The survey found that only 38 percent of shoppers have access to a printer at home and at work. It found that 26 percent only have one at home and 21 percent only have one at work, making the returns process challenging.

When asked to describe what their ideal return scenario would include, 77 percent said make it free. Immediate refunds and the ability to return the items to a store were on the list for 42 percent and 38 percent respectively, while 37 percent want to get their money back without having to show a receipt.

This penchant for returning in store has prompted retailers—both online and brick-and-mortar—to rethink their processes.

“Returns are an overlooked and underappreciated yet critical component of the online shopping experience,” said report author, Sucharita Mulpuru, lead retail analyst at Forrester Research. “Recent announcements from Amazon, Kohl’s and Walmart show that leading retailers are finally addressing returns.”

For it’s part, Walmart is fulfilling two wishes from shoppers’ lists with its Mobile Express Returns, which provides a separate line for returns at the customer service counter.

While there, all shoppers have to do is scan the QR code provided in their store app, hand over the goods and they’re done. Though consumers currently recoup their funds by the next day, in December, refunds will happen as soon as shoppers start the returns process in the app.

Meanwhile, Amazon is expanding its in-person returns capabilities with lockers in some Whole Foods locations and through a partnership with Kohl’s.

The online retailer now accepts returns at 82 Kohl’s locations. The process is designed to be simple with dedicated Amazon return stations as well as parking spots reserved specifically for those shoppers. Though the idea might solve some pain points for shoppers in theory, Chuck Grom a Gordon Haskett analyst told Bloomberg the concept needs work in practice.

First, he said, the return areas aren’t clearly marked, raising the question of whether shoppers will become acquainted with the service. And second, because consumers can only return products sold by Amazon, and not those goods shoppers may have purchased from marketplace sellers, the service is limited—and confusing.

Ultimately, Happy Returns reasons that offering hassle-free in-store returns could be one way for retailers to edge out Amazon. When asked where they’d shop for apparel if all things were equal—price, free shipping, and the like—49 percent of consumers said they’d pick the site that allowed them to make in-store returns and get immediate refunds over Amazon.

Of the 46 percent who selected the online behemoth, most did so because they have Prime memberships.

Source: sourcingjournalonline.com- Nov 01, 2017

HOME

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FTAs have limited utility for Sri Lanka

Free Trade Agreements may not take Sri Lanka far. Signing an FTA with India for instance means India has to absorb Sri Lanka's exports.

But Lanka's export share to India is as low as five per cent of total exports and has not grown over the years. This is simply because the type of products exported are not the ones that India is capable of absorbing.

So a FTA will not necessarily work wonders in promoting Sri Lanka's exports. Over the years, manufacturing exports from Sri Lanka have seen a significant decline.

Even if the proposed FTAs generate demand, it's doubtful whether the country can cater to this increased demand.

The country could cater to this increased demand. Signing more FTAs to tackle the trade deficit would be like applying medicine to the head to heal a wound in the leg, only resulting in making matters worse.

Some FTAs may work, while some may not. Therefore, the best way forward is via unilateral and multilateral trade agreements. Around 60 per cent of women in Bangladesh's apparel companies can't read or write.

It takes around six months to train them, whereas in Sri Lanka, the same training takes only one and a half months.

Source: fashionatingworld.com- Oct 31, 2017

HOME

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Pakistan: About 123,346 tons of raw cotton exported in Q1

Raw cotton exports from the country during first quarter of current financial year grew by 69.70 percent as compared the exports of the corresponding period of last year. During the period from July-September, 2017-18, about 17,752 metric tons of raw cotton worth US$ 29.624 million exported as compared the exports of 10,200 metric tons valuing US$17.457 million of same period last year.

Meanwhile, 123,346 metric tons of cotton yarn, worth US$ 320.290 million exported during first three months of current financial year, which was up by 4.56 percent as against the exports of 107,122 metric tons valuing US$306.958 million of same period last year.

However, exports of cotton cloth decreased by 3.44 percent as about cotton cloth worth of US$ 528.275 million exported in first quarter as compared the exports of US$547.586 million of same period last year, the data revealed.

During the period under review, about 450,215 square meters of cotton cloth exported, which was recorded at 536,362 square meters of same period of last year, it added.

In first quarter of current financial year, exports of yarn other then cotton yarn grew by 7.67 percent as about 2,869 metric ton of yarn costing US$ 7.605 million as against 2,485 metric tons valuing US$7.063 million of the same period last year, it added.

The exports of knitwear increased by 9.35 percent as about 29,674 thousand dozens of knitwear worth US$ 647.650 million exported against the exports of 25,708 thousand dozens valuing US$ 592.277 million of the same period last year.

Source: fibre2fashion.com- Nov 01, 2017

HOME

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Pakistan: Govt uninterested in addressing issues of exports sector

Ministry of Commerce and financial managers at the helm of government affairs remain reluctant to address the issues raised in frequent applications by Pakistan export-oriented industrial sectors, senior representatives of textile and tanners sector lamented.

“Our exports are on a continuous decline while regional countries’ exports are growing. No step has so far been taken to address our issues to help local industries to compete with regional countries”, a business leader said.

The World Bank has downgraded Pakistan’s standing for ‘ease of doing business’ by recently demoting it to 147 from 144th position. “This is because domestic and foreign investors remained reluctant to invest in Pakistan”, representatives of Pakistan Apparel Forum (PAF), Pakistan Yarn Merchant Association (PYMA), Pakistan Cotton Ginners Association (PCGA), Pakistan Tanners Association (PTA), and marble sector opined.

The government should take immediate steps and measures to reduce the higher cost of production and costly industrial inputs; rationalise utilities tariffs bringing them on par or less than the utilities tariffs in regional countries; and make arrangements for swift refunds to mitigate liquidity crunch, the business leaders said.

Due to high cost of doing business and liquidity crunch export-oriented industry was facing multiple challenges. For viability of export-oriented industry, the business leaders demanded the government to fix cost of all inputs for export sector on a yearly basis, in line with the tariffs offered in the competing countries with a view to help the value added textile sector become competitive in the world market.

Moreover, the government should sanction a separate status and accord high priority to supply gas to export-oriented textile manufacturing to uplift exports, they said.

Business leaders Agha Saiddain, Ghulam Rabbani, Jawed Bilwani, Ibrahim Qureshi, Sanaullah Khan and Rana Abdul Sattar said the 12.24 percent negative growth of textile exports in seven months of 2017, as compared to the last year was alarming.

They voiced that government should take responsibility to find the factors behind decline in exports and address the root causes. Textile and leather exports have faced a downward slope amid excessive delays in refunds of billions to exporters; unbridled high cost of utilities & production; and unviable business environment, they said.

Knitwear sector of textile group was facing a negative growth of 1.74 percent to around $990 million, as compared to $1.10 billion in ten months of 2016, they said.

They articulated that to achieve export targets set by government, it was crucial to provide enabling and favourable business environment and curtail the cost of electricity, gas, minimum wages and water rates.

They urged the government to execute practical steps and measures to revise the tariffs of electricity, gas, water, determination of minimum wages on par with the regional competing countries.

To achieve a major breakthrough in exports increase, it is crucial that the value-added export sectors including five zero-rated exports sectors be facilitated and introduced with separate rationalised energy tariffs, they said.

Pakistan Bureau of Statistics stated textile exports faced a downfall by 12.37 percent in August 2017 as compared to exports in same month last year. During the current government, exports in year 2012-13 were $24.5 billion and textile exports were $12.8 billion. In year 2015-16, exports saw a drastic decline with total exports of $20.8 billion in which textile exports were worth $12.4 billion.

If the government failed to pay attention to the issue, the exports would further decline, the business leaders said.

Source: dailytimes.com.pk- Nov 03, 2017

HOME

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Bangladesh: Transparency: What does it mean for the apparel industry?

A news item that probably did not get much attention in Bangladesh media was an announcement in The Hague that an international court has accepted a case against two well-known fashion brands in March 2018. While the name of the two targeted brands that are sourcing apparel from Bangladesh has been subject to a gag order by the judge, the suit brought forth by the two international signatories to Accord, could have important ramifications in the coming months should this lead to any further ripple effects in the global apparel market. While one or two incidents do not necessarily augur bad news, everyone involved with our RMG industry and commerce ought to ask if the five years since the Rana Plaza incident have brought us any closer to compliance.

The case against these two brands was brought by two global labour union federations, IndustriALL and UNI, in the Permanent Court of Arbitration (PCA) in The Hague. The ruling announced on October 16 by PCA only holds that the claims by the two plaintiffs are admissible and within its jurisdiction. The unions allege that the brands have been very slow in implementing the measures incorporated in the Accord signed by the major retailers in 2013, and identified numerous issues in the supply chain, specifically, "long hours, low pay, poor safety standards" and anti-union actions against garment workers in Bangladesh.

The two unions along with major fashion brands including H&M, Primark, and Zara were signatories to the current Accord agreement which covers ready-made garment facilities, and expires in June 2018. An extension of Accord will enable it to run until 2021, and the second agreement Accord 2.0 allows for the inclusion of suppliers producing home textiles, yarn, cloth and other related products. After a boiler explosion in July killed ten and injured 50 at a garment factory, talks began to expand the scope of the Accord to include boiler safety.

While the judgments made by the PCA are not legally binding, its verdict or decision represents a major victory for the parties involved. It may be recalled that PCA was involved in the Indo Bangladesh Maritime Border Dispute and more recently in a case brought by The Philippines against China in the South China islands case. The ruling against China proved to be a significant moral boost for the Philippines which found itself side-lined by China's actions in the disputed islands in the South China Sea.

The adverse publicity from any judgment against the two brands doing business with Bangladesh can only be harmful for our apparel industry which has already reported some turbulent weather in our export market in recent months. According to a story entitled “Why Bangladesh apparel exports to US is declining” in Textile Today, a trade journal, the factors which appear to be adversely impacting our customer base are: higher duty, longer lead-time, appreciation of Taka against the dollar, less import by US retailers and inefficient port operations in Bangladesh.

It is to be noted, though, that the report does not explain why US retailers chose to import less from Bangladesh while revealing that “shipment to the US, the country's single largest export destination, declined by 7.47 percent year-on-year” in 2016-2017. However, two well-known factors that stand out are reduced capacity in the RMG industry necessitated by remediation measures and what might be called “shifts in demand”.

As is well-known, price and quantity in a competitive market, for garments as an example, are determined by both supply and demand. In the case of Bangladesh, it appears that both shifts in supply (factory closure) and demand (emergence of sources in Cambodia and Ethiopia) are responsible. But, it is worth exploring what role the recent surge in rumours against Bangladesh's labour practices and safety improvements in sourcing circles has played.

On July 28, 2017, a news item in The Globe and Mail, the largest circulating newspaper in Canada brazenly declared in a headline story: “Most Bangladesh factories are still unsafe, and consumers should not feel comfortable”. This was jointly written by Professor John Richards of Simon Fraser University's School of Public Policy and Kirk Hepburn, a graduate of School of Public Policy.

The research paper they co-authored identified several problems based on their review of inspection reports and person-to person interviews. While most electrical and fire issues have been remedied according to their report, Kirk Hepburn voiced his concerns regarding structural issues which he views as lagging behind significantly and he attributed this to the higher cost of reconstruction. “They're complex and time consuming.

The lack of clarity over who's going to pay or how payment will take place has been a major source of delay," he mentioned in an interview. Incidentally, Professor John Richards is well known to The Daily Star readers. He is the author of the piece, "Our children are in school, but can they read?" published on September 20, 2017 in The Daily Star.

It appears that given some questions about the state of the factories in Bangladesh, it cannot hurt for the BGMEA, with a little nudge from the government, to embrace transparency as a national goal and publish some self-assessment findings or explore sustainability reporting. There are many in the market, including "Higg Index" by Sustainable Apparel Coalition (SAC), Sustainability Reporting Framework by GRI, and Business Environment Performance Initiative (BEPI) by Foreign Trade Association (FTA).

To highlight these issues and to generate interest among the stakeholders, Harvard University will host the forthcoming 4th International Conference on "Sustainable Apparel Sourcing-Multi-Stakeholder Collaboration beyond Compliance and Transparency", in December, 2017. The day-long event is being organised by the International Sustainable Development Institute (ISDI) in collaboration with South Asian researchers and academics based in Boston.

Source: thedailystar.net- Nov 03, 2017

HOME

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EU lawmakers see little progress in Sri Lanka rights reforms

European lawmakers said on Thursday they were disappointed about Sri Lanka's slow roll-out of human rights reforms that the island nation had promised in exchange for trade concessions.

The European Union reinstated concessions on a series of products in May - after Sri Lanka said it would ratify 27 international conventions on rights, labor conditions, the environment and governance.

The island's key garments industry benefited the most from the duty reductions and other allowances offered by the EU's Generalised Scheme of Preferences Plus scheme.

But a European Parliament delegation said they had seen little progress more than five months after the agreement. There was no immediate comment from the government.

“It was noted that a number of important issues remain pending, in particular the revision of the Prevention of Terrorism Act on which the Prime Minister and other senior figures had given their personal assurances,” the EU delegation said in a statement.

The United Nations has said Sri Lanka’s current terrorism legislation allows the torture of detainees.

Sri Lanka originally lost the EU concession in 2010 after then-president Mahinda Rajapaksa rejected demands from the international community to address human rights abuses allegedly committed during a 2009 offensive to crush a Tamil insurgency.

Rajapaksa was ousted in January last year, and the EU agreed to reinstate the concessions after a new administration, led by President Maithripala Sirisena, promised to make changes.

The garments industry is Sri Lanka’s second biggest hard currency earner after remittances.

It boasts annual exports of around $5 billion and produces goods for Victoria’s Secret, Tommy Hilfiger, Nike, Marks & Spencer and other well known brands.

Source: reuters.com- Nov 02, 2017

HOME

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NATIONAL NEWS

Huge biz opportunities for textile, apparel in UAE: FIEO

Exporters body FIEO today said huge business opportunities exist in the UAE for domestic textile and apparel sector.

It said in a 112-member business delegation from the sector is participating in the 'International Apparel & Textile Fair' (November 1-3) in Dubai.

India is UAE's largest trading partner and export to the Emirates in 2016 touched $32 billion, FIEO (Federation of Indian Export Organisations) said in a statement.

A Sakthivel, Regional Chairman, FIEO Southern Region said India and the UAE need to work together in textile segment to promote trade of high quality products.

It also said India earns around 27 per cent of the foreign exchange from export of textiles. The sector contributes about 14 per cent of the total industrial production of India.

The sector employs over 35 million people directly and accounts for 21 per cent of the total employment generated in the economy, it added.

Source: economictimes.com- Nov 02, 2017

HOME

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India not ready for e-commerce rule-making at WTO, says govt

India is not prepared to take obligations on e-commerce at the World Trade Organisation (WTO) as its domestic policies are still evolving, a senior official from the Commerce and Industry Ministry has said.

"Our priority right now should be national rule-making. Because e-commerce issues are over-lapping and cross-cutting, rule making becomes difficult. We have a long way to go to reach the level of infrastructure that developed markets like the EU have in place. We are not yet prepared to engage in international rule-making," said Sudhanshu Pandey, Joint Secretary, Ministry of Commerce & Industry on Wednesday.

Pandey was speaking at an interactive session on 'E-Commerce, Digital Infrastructure, Trade Rules and WTO' organised by FICCI jointly with Centre for WTO Studies.

Since July 2016, around 24 papers have been submitted to the WTO for negotiations on e-commerce and countries like Japan have put out highly ambitious papers, pushing their own agenda. India, too, needs to push its agenda which is to protect its domestic industry, Pandey said.

'Focus on domestic e-comm'

Speaking at the interaction, Ashoke Mukerji, former trade negotiator for India in the newly formed World Trade Organisation between 1995-98, pointed out that it was important to organise the e-commerce industry domestically first before turning global.

"We have burnt our fingers once with the ITA (IT Agreement of the WTO) and the industry is still blaming the government for being part of it. Those were different circumstances and the initiative was also backed by some industry participants, but India has to be more careful this time with e-commerce," he said.

A group of WTO members which includes Russia, Japan, EU, Australia, Canada and Chile is trying to push for setting up a separate working group on e-commerce at the WTO Ministerial meeting in Buenos Aires in

December with the objective of starting negotiations. India, however, is strictly opposed to it.

Electronic commerce was made a part of the WTO in 1998, but in a limited way. Members had agreed to give a temporary moratorium on import duties on digital transmissions. This moratorium is extended every two years. It was also decided to hold discussions on various aspects of e-commerce, but there was no understanding on negotiating rules.

“We want the old dispensation to continue till we are prepared to move further,” Pandey said.

Source: thehindubusinessline.com- Nov 02, 2017

HOME

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RCEP summit: India under pressure to cut tariffs further

Prime Minister Narendra Modi is likely to participate in the Regional Comprehensive Economic Partnership (RCEP) Summit in Manila later in November where the country will face more pressure to improve its commitments for eliminating tariffs in goods and agree to an early conclusion of the mega trade deal.

“While officials at the recent negotiating round of RCEP in South Korea failed to agree on a joint statement that the heads-of-state from the RCEP countries would adopt in Manila, efforts would be made by members, including the ASEAN, to finalise crucial numbers and dates at the Summit meeting,” a government official told *BusinessLine*.

Mega trade deal

The RCEP is a mega trade and investment pact being negotiated by the 10-member ASEAN, India, China, South Korea, Japan, Australia and New Zealand, which could result in the largest free-trade bloc in the world accounting for almost half of the world’s population, about 30 per cent of global GDP and over a quarter of world exports.

India’s recent round of improved market access offers in goods faced criticism at the negotiating round in South Korea in October as most members, including the ASEAN, said that the improvements were cosmetic and the country needed to commit to open up much more.

The ASEAN is keen that countries should agree to remove duties on at least 90 per cent of traded items while some other members like Australia want the number to be much higher. India, on the other hand, has made much lower commitments, especially for China, which is a key competitor of the country in its domestic market.

"We are worried about the kind of pressure that we would be under in the run-up to the RCEP Summit which is scheduled in the middle of this month. The final decision now depends on the resistance we face from our domestic industry against dropping tariffs and the political call that the leadership takes," the official said.

The RCEP Summit will be held on the sidelines of the ASEAN Summit in Manila on November 12-14. A meeting of Trade Ministers from the RCEP countries and a Trade Negotiations Committee meeting will precede the Summit where members would try to finalise the joint communication for the heads-of-states.

New Delhi is disappointed with the way the RCEP negotiations have shaped so far as it has not received any significant offer from other members in the services sector while demands are piling high for dismantling tariffs in goods.

The Indian industry is apprehensive about facing competition without the protection of tariffs from most RCEP partners, especially China, with which the country has an ever-widening trade deficit.

Source: thehindubusinessline.com- Nov 02, 2017

HOME

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GST slows India's manufacturing growth in October

The rollout of goods and services tax (GST) has affected the Indian manufacturing sector badly, according to a report. The Nikkei India Manufacturing Purchasing Managers' Index (PMI) reading stood at 50.3 in October, down from 51.2 in September. The reduction indicated a broad stagnation in the health of the manufacturing sector during October.

The PMI is based on monthly surveys of carefully selected companies representing major and developing economies worldwide. The Nikkei India Manufacturing PMI is the report based on data compiled from over 400 industrial companies.

"Growth in India's manufacturing sector lost momentum in October. Output rose only fractionally and new orders stagnated over the month. In response to subdued demand conditions, both purchasing activity and pre-production inventories decreased," said the survey.

"India's manufacturing companies struggled somewhat as the recent recovery enjoyed by the sector lost impetus in October. Disappointingly, manufacturing production rose at the weakest pace in the current sequence of growth. Inflows of new orders stagnated as the negative effects arising from the implementation of GST continued to dampen demand levels. Furthermore, overseas demand for Indian goods dipped to the greatest extent since September 2013," said Aashna Dodhia, economist at IHS Markit and author of the report.

On the price front, manufacturing companies continued to face higher input costs, which rose at the fastest pace since May. Firms raised their output charges to pass on higher cost burdens to clients. That said, their ability to fully pass on higher input costs was restricted due to competitive conditions. Reflecting subdued demand conditions, firms were discouraged from engaging in input buying. Purchasing activity fell for the first time in three months, albeit marginally. Meanwhile, pre-production stocks reduced in October.

"On the bright side, the labour market continued to improve, with manufacturers further increasing their staffing levels, and at a pace similar to September's 59-month high. Business confidence eased to the weakest since February as some firms expressed concerns over negative GST effects.

However, the manufacturers those were optimistic forecasted benefits of GST materialising over the next 12 months," said Dodhia.

Source: fibre2fashion.com- Nov 02, 2017

HOME

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Need to streamline process of standardization: Textiles Secy

Secretary, Ministry of Textiles, Anant Kumar Singh has underlined the need to streamline the process of standardization for faster development of the standards in the area of technical textiles and to develop the sector indigenously and fulfil the domestic requirements.

It was imperative for the stakeholders, including industry, policy makers and research institutes to work in close collaboration and also suggest ways to make the process of developing standards for technical textiles faster, said Singh in New Delhi on Thursday.

He also said that the Government will soon launch the new mission for technical textiles. The earlier mission has completed its period.

Inaugurating the third edition of National Conclave on Standards on Technical Textiles organised jointly by the Ministry of Textiles, Bureau of India Standards (BIS) and FICCI, Singh said that eight committees had been formed at the Centre of Excellences in India to expedite the process of developing standards.

These committees including industry representatives help in identifying the areas in which needed standards needed to be formulated. India had the capability, resource and market in the area of technical textiles and the need was to capitalize on these strengths.

The conclave since its inception has been instrumental in bringing together institutional buyers in various segments along with industry to discuss the standards that needed to be formulated by BIS on priority.

Singh said that the market of technical textiles was expanding rapidly with new products being added by the users in various industries. Thus it was imperative to formulate standards to accelerate the growth of the textiles sector. He added that the share of technical textiles in the domestic textile sector as well as at the global level was very low as compared to developed countries and this needed to be addressed.

Surina Rajan, Director General, BIS said that in exports, India has to move to more value added products and textiles were no exception. There was a need to at least double India's volume of production and exports.

BIS has a supportive role in terms of standard setting which facilitates industry. Since 2014, BIS has added 104 Indian standards to the pre-existing number of 190 standards for this sector. Currently, the focus is on 45 new technical textile subjects. For moving fast and doing useful work, she called upon the stakeholders to participate actively in the standardization work.

Shishir Jaipuria, Chairman, FICCI Textiles Committee, said that standardization was a pre-requisite for mandatory use of technical textiles, wherever necessary.

Mandatory use of fire retardant textiles in public places like multiplexes, malls, public buildings, etc., will go a long way in increasing safety of the public at large. Similarly, promoting the use of new medical textile and hygiene related technical textiles will contribute immensely to the health and hygiene in hospitals and would reduce cross infections considerably.

Source: smetimes.in – Nov 03, 2017

HOME

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Govt will provide jobs to 2 lakh youths in textile sector in 2 years

Jharkhand Chief Minister Raghubar Das said today that his government would provide employment to two lakh youths in the textile sector in the next two years.

"We are continuously working in other sectors as well with an aim to generate lakhs of employment opportunities and check migration (of workers) from the state," Das told a function organised to observe the 40th death anniversary of Dalit community leaders Lilu Bauri, Hiru Bauri and Patal Bauri at Jaitara village under Chas block of Bokaro district.

Das said the 3rd ground breaking ceremony of Momentum Jharkhand-a Global Investors Summit (GIS) will be held in Bokaro in December, according to an official release.

The objective of the ceremony was to promote avenues for industrialisation in and around Bokaro, he said, adding that the government was committed to all-round development of the state.

"My government do not do politics of casteism, communalisam, but politics of development," he said.

The government was working to make women self-reliant, he said, adding that in an attempt to achieve the target, the government has taken initiative to train women under the Entrepreneur Sakhi Mandal and provide them loan.

As many as 4,80,000 women from 32,000 villages of the state would benefit from the scheme, he said.

"Jharkhand is a land of warriors who had made this pious land free of exploitation and injustice," he said, paying tributes to the martyrs.

He appealed to the people to follow the teachings of these martyrs to create a new Jharkhand and reiterated his commitment to eradicate poverty and illiteracy from the state.

Prime Minister Narendra Modi has been working for the development of poor, farmers and rural pockets rather than indulging in politics of casteism and communalism, he said.

Das said his government would soon discuss with the Union Coal Ministry the issue of re-opening of closed coal blocks in the state.

Source: retail. Economictimes.com- Nov 01, 2017

HOME

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Farmers plan to disrupt cotton arrivals at major markets in Telangana

Farmers' organisations in Telangana are planning to disrupt the arrivals of cotton to the major markets in the state from Thursday in protest against low market prices offered by the traders.

The proposed move coincides with sporadic instances of suicides by small farmers in a sign of growing distress among the cotton farmers in this season. Local news papers reported three such suicides on a single day on Tuesday.

Farmers were being paid between Rs 1,500 to Rs 2,000 per quintal in major markets like Warangal as against the minimum support price(MSP) of Rs 4,320 per tonne, according to the farmers associations.

Telangana is the third largest cotton producer in India after Gujarat and Maharashtra while cotton acreage in the state has increased by a whopping 54 percent during this Kharif season covering 4.75 million acres, which is almsot half of the total cultivated area in the state. Besides the increased supply, discoloration due to untimely rains and high moisture content were also being cited as reasons for the lower market prices.

"Starting from chilli crop to then turmeric and paddy and now cotton and pulses, farmers in the state have been getting only one third of the price they were promised at the time of sowing. We are left with no other option but to stop bringing the produce to the market at least for a period of one week to bring pressure on the government to ensure MSP for cotton," All

India Kisan Sabha vice president Sarampally Malla Reddy told Business Standard.

All the farmers bodies have been coming together to enforce the stoppage of cotton arrivals at all the major markets including Warangal and Adilabad as a mark of protest against alleged government apathy in ensuring MSP to cotton in the state, according to him.

However, the state marketing department's daily reports suggest that the cotton prices were currently in the range of Rs 3,600 to Rs 4,250 per quintal at local markets, a claim strongly disputed by the farmers organisations.

Telangana government has been talking about regulating the crop areas of major commercial crops like cotton in tune with the market realities. However the farmers were increasingly favouring the cotton crop owing to relatively better prices they had seen in the past couple of years compared to that of other crops among other reasons.

Ahead of the last Kharif season in 2016, chief minister K Chandrasekhara Rao had appealed to farmers to go for pulses instead of cotton. However, the prices of pulses crashed more than that of cotton when the harvesting came. This has led to farmers protests.

Early this year the government had estimated that the state would produce more than 6 million bales (1 bale equals to 170 kg) cotton during this Kharif season.

This year the cotton trade estimated a 10-15 percent higher output at 33.7 million bales in the country.

Source: business-standard.com- Nov 01, 2017

HOME

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8 panels to help Centre set standards for technical textiles

To expedite the process of developing standards for the technical textiles sector, eight committees have been formed at the Centre of Excellences in India to help identify the areas in which standards needed to be formulated, said Textiles Secretary Anant Kumar Singh.

"The market of technical textiles is expanding rapidly with new products being added by the users in various industries. Thus it is imperative to formulate standards to accelerate the growth of the textiles sector," Singh said inaugurating the third edition of 'National conclave on standards on technical textiles' organised jointly by the Ministry of Textiles, Bureau of India Standards (BIS) and FICCI on Thursday.

India has the capability, resource and market in the area of technical textiles and the need was to capitalise on these strengths, according to an official release. It is imperative for the stakeholders, including industry, policy makers and research institutes to work in close collaboration and also suggest ways to make the process of developing standards for technical textiles faster, Singh added. The eight committees will also include industry representatives.

Expanding market

The Secretary pointed out that the market of technical textiles was expanding rapidly with new products being added by the users in various industries. However, the share of technical textiles in the domestic textile sector as well as at the global level was very low as compared to developed countries and this needed to be addressed.

The government will also launch the new mission for technical textiles soon as the earlier mission has completed its period, Singh added.

The conclave, since its inception, has been instrumental in bringing together institutional buyers in various segments along with industry to discuss the standards that needed to be formulated by BIS on priority, the release said.

Source: thehindubusinessline.com- Nov 02, 2017

HOME

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India: Embedded Tax And The Apparel Sector

The textile and apparel sectors can be referred to as one of the backbones of the Indian economy. It is the single largest instrument based on consumer needs, right after food. The sector is the second largest employer after agriculture with direct employment of over 5 crore and indirect employment of over 6 crore people.

Its share of GDP and exports are 6% and 13% respectively. The apparel sector in particular is the most labour intensive sector in the manufacturing industry. When it comes to comparison with two other sectors of proportionate size, it is 80-fold more labour intensive than the automotive industry and 240-fold more intensive than the steel sector.

Present State of Embedded Tax in India –

In the wake of the new GST scheme, the exporters of garments in India are facing uncertainty and dilemma as the government decided to slash duty drawback to 2 percent from 7.5 percent with effect from October 1, 2017. This new step taken by the Government has brought nation-wide unrest and commotion among the exporters.

The new rate is considered a direct slap to the already struggling Micro, Small and Medium Enterprises (MSMEs) because of the high duties imposed by foreign countries and the competition it is facing from neighbouring countries like Bangladesh and Sri Lanka. With just 2% as the drawback rate, it would be a Herculian task for the MSMEs to compete and export.

In its effort to tackle this latest challenge faced by the textile and garments industry, the Apparel Export Promotion Council (AEPC), before the commencement of the GST Council's meeting on October 6, 2017, has urged the Indian government to address the refund of embedded taxes on exports of textiles and garments. These taxes also include the levies on cotton, electricity, and input tax credit restrictions for man-made fibres used in textiles and purchases made from unregistered dealers.

It is the contention of the industry as a whole that the drawback rates at which the Government is planning to operate is not in the best interest of the industry nor the economy.

It is expected that such meager drawbacks will definitely lead to a sharp decline in the rate of exports from the nation as a whole. Further, bear in mind that Indian exporters pay 10% duty to have access to the European markets.1 The rupee overvaluation is yet another factor, which has been haunting the export business and above all this; a new low duty drawback rate means disaster for majority of the MSME units in the apparel exports.

Conclusion –

The only reasonable approach at this point would be to keep up with the previous drawback rate in order to help the smaller industries prevail in the international market.

But if there is no turning back, it would be favorable if the Government at the least hold the previous rate until the end of the current Financial Year. This would to an extent provide certain amount of time (even if it is not sufficient) for the industry to prepare itself for the new rate.

Source: mondaq.com- Nov 02, 2017

HOME

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SMEs not enthused by Centre's relief package

SMEs have not not been enthused by the Centre's relief package for the sector, including a composition scheme and suspension of reverse charge mechanism up to March 31, 2018.

According to industry representatives, the package is more suited to retailers and traders, essentially the Business-to-Consumer segment — which has not been much impacted by GST — rather than manufacturing SMEs and ancillary units. The package provides little relief to SMEs which actually need the support, they say.

The composition scheme provides lower tax rates than the prevailing level for businesses with an annual aggregate turnover of ₹1 crore. For traders, it is 1 per cent, manufacturers 2 per cent and restaurants 5 per cent. Reverse charge under the CGST Act and the IGST Act has been suspended up to March 31.

Businesses with a turnover of up to ₹1.5 crore have been provided a relief by being allowed to file GSTR-1, 2 and 3 on a quarterly basis with filing and payments from October to December 2017. Payment of GST on receipt of advance on account of sale has been dispensed and can be paid at the time of supply.

According to VS Narasimhan, National Honorary Secretary, Federation of Association of Small Industries of India, the reverse tax mechanism should be suspended permanently rather than up to March 31, 2018. The reverse charge discourages larger units from transacting with smaller players as the tax burden falls on the larger player.

The turnover limit should be increased to at least ₹3 crore to cover units that are at the lower end of the SSI (Supplemental Security Income) bracket. Protecting micro units with a turnover of up to ₹20 lakh is important as this segment supports self employment and generates jobs.

Tax payment

In addition, SSI units which avail themselves of input tax credit have to pay and file returns within 20 days of the closing of the month. But large units, including PSUs, delay payments by up to 90 days to ancillaries. SSI units should be allowed to pay GST on a quarterly basis along the lines of the composition scheme, he said.

R Subramaniam, Vice-President - Coimbatore Region, Tamil Nadu Small and Tiny Industries Association, said the composition scheme, at best, may reduce paper work, and help traders and restaurants, but is not beneficial to manufacturers. It may prove more expensive for small and tiny manufacturing units.

As a composite assessee, a manufacturing unit will continue to pay input tax, but cannot collect tax from the buyer. At the composite rate of 2 per cent, the outgo may often be higher and eat into the manufacturers margin compared with taking input credit and paying the tax under GST, he felt.

Source: thehindubusinessline.com- Nov 03, 2017

HOME

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