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The Cotton Textiles Export Promotion Council [TEXPROCIL]
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai - 400 004. Maharashtra State. INDIA
W. www.texprocil.org E. enews@texprocil.org T. +91-22-2363 2910 to 12 F. +91-22-2363 2914

IBTEX No. 69 of 2018 April 04, 2018

USD 64.93| EUR 79.74 | GBP 91.48 | JPY 0.61

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
19242	40250	**78.97**

Domestic Futures Price (Ex. Gin), April

Rs./Bale	Rs./Candy	USD Cent/lb
20610	43111	**84.58**

International Futures Price

NY ICE USD Cents/lb (May 2018)	82.02
ZCE Cotton: Yuan/MT (Jan 2018)	14,780
ZCE Cotton: USD Cents/lb	**90.73**
Cotlook A Index – Physical	**89.95**

Cotton guide: The losses in the cotton price witnessed on Monday were erased on Tuesday. Across future contracts ended the session on a higher note. The most active May contract ended at 82.02 cents per pound up by 105 points from previous close.

While, December contract ended at high at 78.00 cents per pound. On the trading front after almost a month the trading volume on Tuesday was higher around 46K contract and the open interest continues to rise.

The aggregate open interests were around 282K contracts. This has been continuous one month where the daily OI is rising.

So we believe market is holding onto 81 cents as psychological support level with improvement in trading volume and OI indicate the trend still stands bullish however, on the higher side it is still finding tough resistance near 83.50/84 cents to crack onto the higher side. Therefore, it's been more than 2 weeks cotton is trading in the same band of 80 to 84 and expects the same to continue in the near term.

There has been no fresh news on cotton except that cash sales transaction is going smooth and planting report is better in the US.

This morning ICE cotton is seen trading at 82.29 cents up by 0.33% from previous close and expect the same to trade in the range of 81.70 to 83.30 cents per pound with a slight positive tone.

On the domestic front spot price continues to trade marginally positive around Rs. 41000 per candy ex-gin S-6 variety. In last one week there has been marginal surge in the price from Rs. 40400 to Rs. 41000 per candy amid cut in average daily arrivals.

The daily arrivals have declined considerably from 170K bales a day to less than 110K bales a day. This has supported future price to also trade higher. The April future ended the session on Tuesday at Rs. 20610 no major change from the previous close.

Interesting as well as important point to notice and keep a watch is that the difference between spot to future is maintaining above Rs.2000 per bale that means the latter part is very expensive hence the gains from looks limited.

For the day the trading range for April would be Rs. 20450 to Rs. 20760 per bale.

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

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INTERNATIONAL NEWS

US Says These Are the 1,300 Products on its China Tariff List—and the Textile Sector Could Take a Major Hit

The United States has released its list of targeted tariffs for the $50 billion it will hit China with, and the tit-for-tat on tariffs could mean another target list from China is forthcoming.

There are 1,300 products from China that will now face tariffs as high as 25 percent, which the U.S. has put in place because of what it deems China's unfair practices surrounding intellectual property and forced technology transfer.

Though the list doesn't target apparel and footwear products directly, it does hit largely at the machinery and tools used to produce those products—which could dampen prospects for Made in USA, as bringing in the machinery to make it could cost as much as 25 percent more.

In the list, released Tuesday, the Office of the U.S. Trade Representative said it has "determined that the acts, policies, and practices of the Government of China related to technology transfer, intellectual property, and innovation covered in the investigation are unreasonable or discriminatory and burden or restrict U.S. commerce." As such, a note in the list continued, "The Trade Representative proposes an additional duty of 25 percent on a list of products from China."

That list, though aimed largely at the aerospace, information technology and robotics industries—includes more than 80 products tied directly to machinery for apparel and textiles manufacturing.

"We are pleased with the administration's decision to avoid adding tariffs to U.S. imports of apparel, footwear, and travel goods from China," American Apparel and Footwear Association president and CEO Rick Helfenbein said in a statement immediately following the news.

"At the same time, we are concerned that the list includes tariffs on machinery used in our domestic manufacturing process. This would directly raise costs on domestic manufacturers and impact our ability to grow Made in USA."

The China Tariff List will impose new tariffs on things like: textile printing machinery, carding machines for preparing textile fibers, textile spinning machines, machinery for producing textile yarns, weaving machines, circular knitting machines, flat knitting machines, embroidery machines, spindles and sewing machines—and many of the parts that go into operating those machines.

When it comes to footwear tariff lines, no additional duties were levied there either, though machinery for preparing tanning or working hides, skins or leather, and machinery for making or repairing footwear will face the tariffs.

"Including footwear on the list was a very real and substantial threat to footwear workers and consumers across the country, and we are very pleased that we can take a deep sigh of relief," said Matt Priest, president and CEO of Footwear Retailers and Distributors of America.

As tariffs are often little more than a hidden tax on consumers, prices in the textiles and apparel sector could face increases as the new tariffs drive up the cost of doing business.

Manufacturers may not be able to absorb a new 25 percent tariff without passing at least some of the costs on, which could come in the form of higher prices for apparel.

Tuesday's tariff announcement likely won't end the back-and-forth between the U.S. and China on tariffs, either, as China has already responded with $3 billion worth of tariffs following the U.S. steel and aluminum tariff order, and it's expected to act similarly in reaction to this new set of tariff targets.

Source: sourcingjournalonline.com- Apr 03, 2018

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A By-Country Look at the Trade Gripes the US Has with Five Key Sourcing Locales

The United States wants trade agreements that are more beneficial than President Trump feels they are at present, and it's taking every effort to outline and eliminate barriers to those would-be better trade relations—whether or not it means turning everything upside down to get there.

On Friday, the Office of the U.S. Trade Representative (USTR) released the 2018 National Trade Estimate (NTE) annual report, which highlights the foreign trade barriers American exports face.

Never missing an opportunity to reiterate the need for fairness in trade, U.S. Trade Rep. Robert Lighthizer said, "The president is fully committed to addressing unfair foreign trade barriers through tough enforcement and the negotiation of new agreements that increase U.S. exports and support high-paying jobs for all Americans…We will use every available tool to ensure Americans are treated fairly."

Results coming from the annual report point to the potential for greater shakeups to existing trade agreements, as U.S. concerns run wide. Here's a look at the concerns connected to the apparel and textiles industries.

Bangladesh

When it comes to apparel and textiles, Bangladesh is the United States' sixth largest supplier. The U.S. took in $5.27 billion worth of apparel and textile goods from Bangladesh in 2017, according to data from the Office of Textiles and Apparel.

Deficits: As trade deficits have been among Trump's major indicators of an imbalanced trading relationship, the NTE report reviews those deficits for each country. In 2017, the U.S. goods trade deficit with Bangladesh was $4.2 billion, a 15.6% decrease over 2016. U.S. goods exports to Bangladesh were up 61.7% to $1.5 billion, and U.S. imports from Bangladesh were down 3.8% to $5.7 billion.

Tariffs: The average most-favored nation tariff rate for goods going to Bangladesh is 14.78%, and the maximum applied rate is 25 percent.

The tariffs are targeted to general input items, like basic raw materials and intermediate and finished goods.

Key concerns: Among the trade concerns tied to the apparel sector, the U.S. wants to see Bangladesh eliminate the double fumigation of its imported cotton.

"Bangladesh requires imported U.S. cotton be fumigated at the Chittagong Port for boll weevil. U.S. cotton exporters and Bangladeshi cotton importers have described this requirement as unnecessary because U.S. cotton is already fumigated for boll weevil in the United States," the report noted. "This additional fumigation adds 1 to 2 cents to the cost of each imported bale, which decreases demand for U.S. cotton and increases costs for Bangladeshi importers."

China

China remains by far the United States' largest supplier of apparel and textiles, exporting $38.7 billion worth of the goods to the U.S. last year.

Deficits: China, according to the Trump Administration, accounts for more than half of the overall trade deficit, which is why the country has been the target of much of the president's trade ire. In 2017, the U.S. goods trade deficit with China was $375.2 billion, an 8.1% increase over 2016. U.S. goods exports to China were up 12.8% to $130.4 billion, and U.S. imports from China were up 9.3% to $505.6 billion.

Tariffs: Recent tariffs levied by the U.S. have largely been targeted at China: first, the steel and aluminum tariffs aimed at curbing China's overcapacity in steel, and then the $60 billion in tariffs over concerns with China's intellectual property and technology transfer actions—the targets of which will be announced this week. China has retaliated with $3 billion in tariffs on U.S. fruits and steel in response to the U.S.-levied metal tariffs, but has yet to respond to the intellectual property tariffs, so more tariffs are expected as the battle between the nations continues.

Key concerns: The U.S. list of concerns over trade with China isn't a short one, but the focus for now has been on the country's "unfair" intellectual property practices, which involve forcing U.S. companies to transfer proprietary technology information to Chinese companies.

The other key concern is China's Made in China 2025 plan, which the U.S. said seeks to build up China's information technology at the expense of foreign technology.

"While ostensibly intended simply to raise industrial productivity through more advanced and flexible manufacturing techniques, Made in China 2025 is emblematic of China's evolving and increasingly sophisticated approach to 'indigenous innovation,' which is evident in numerous supporting and related industrial plans," the report noted. "Their common, overriding aim is to replace foreign technology, products and services with Chinese technology, products and services in the China market through any means possible so as to ready Chinese companies for dominating international markets."

Canada

One of the United States' major trading partners overall, Canada was the ninth largest supplier of apparel and textiles to the country, sending $1.3 billion worth of goods over in 2017.

Deficits: Despite being a key partner under the North American Free Trade Agreement, Canada's trade deficit still gives the U.S. pause. In 2017, the U.S. goods trade deficit with Canada was $17.5 billion, an 59.7% increase over 2016. U.S. goods exports to Canada were up 5.9% to $282.5 billion, and U.S. imports from Canada were up 8 percent to $300 billion.

Tariffs: NAFTA frees up much of the tariff barriers between the U.S. and Canada, and the country was recently exempted from the U.S. steel and aluminum tariffs, but Canada still maintains tariffs on dairy, poultry and egg products from the U.S., while the U.S. still puts tariffs on Canadian imports of dairy, sugar and peanut products.

Key concerns: The U.S. has pointed to Canada's de minimis threshold as a barrier to trade, as Canada's maximum threshold below which no duty or tax is charged on imports is 20 Canadian dollars ($15), while the U.S. raised its threshold in 2016 from $200 to $800.

"Stakeholders, particularly shipping companies and online retailers, maintain that Canada's low de minimis threshold creates an unnecessary trade barrier," the NTE report noted.

Mexico

Mexico was the fifth largest supplier of apparel and textiles for the U.S. in 2017, shipping $4.7 billion worth of goods.

Deficits: In 2017, the U.S. goods trade deficit with Mexico was $71.1 billion, a 10.4% increase over 2016. U.S. goods exports to Mexico were up 5.8% to $243 billion, and U.S. imports from Mexico were up 6.8% to $314 billion.

Tariffs: There are virtually no tariff barriers for U.S. exports to Mexico under NAFTA, and the U.S. also exempted Mexico from its recent metal tariffs.

Key concerns: The NAFTA renegotiations are still underway, though Trump launched new threats to kill it on Sunday, saying on Twitter: “Mexico is doing very little, if not NOTHING, at stopping people from flowing into Mexico through their Southern Border, and then into the U.S. They laugh at our dumb immigration laws. They must stop the big drug and people flows, or I will stop their cash cow, NAFTA. NEED WALL!”

Separately, the NTE report said Mexico applies several new regulations that govern the import of footwear, apparel and textile goods, including the creation of reference prices and establishing an import licensing system.

“According to the Mexican government, the measures were designed to enhance the productivity and competitiveness of Mexican footwear and apparel producers and protect Mexico’s domestic footwear and apparel industries from the importation of undervalued goods.

U.S. exporters expressed a number of concerns with regard to the schemes, including a lack of transparency in how reference prices are determined and uneven enforcement by Mexico’s customs and tax authorities,” the report noted, adding that the U.S. government continues to monitor the schemes and how they are applied.

India

For textiles and apparel, India is second only to China in terms of supplying the U.S. with goods. Last year, India shipped $7.4 billion worth of product for the category to the U.S.

Deficits: In 2017, the U.S. goods trade deficit with India was $22.9 billion, a 5.9% decrease from 2016. U.S. goods exports to India were up 18.7% to $25.7 billion, and U.S. imports from India were up 5.6% to $48.6 billion.

Tariffs: India has a disparity between its bound rate tariffs (the rate that cannot be exceeded, per WTO rules) and applied tariff rates charged at the border, with the bound rate averaging 48.5% and the applied rate closer to 13.4%.

"The large gap between bound and applied tariff rates allows India to use tariff policy to make frequent adjustments to the level of protection provided to domestic producers, creating uncertainty for importers and exporters," the NTE report noted.

"Despite its goal of moving toward Association of Southeast Asian Nations (ASEAN) tariff rates (approximately 5 percent on average), India has not systematically reduced tariffs and in recent years has generally been increasing tariff rates across sectors."

Key concerns: India's multilayered policies on tariffs and other policies contribute to time consuming procedures, though the NTE report said some progress has been made.

"India's customs officials generally require extensive documentation, inhibiting the free flow of trade and leading to frequent and lengthy processing delays," the report noted.

"In large part, this is a consequence of India's complex tariff structure, including the provision of multiple exemptions, which vary according to product, user, or intended use."

Source: sourcingjournalonline.com- Apr 03, 2018

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ICAC Forecasts Lower Cotton Production, Higher Consumption for 2018-19 Season

While global cotton production is expected to outpace consumption (25.7 million tons versus 25.4 million tons) in the 2017-18 crop year, strong textile demand in emerging markets will benefit cotton in the long term, the International Cotton Advisory Committee said in a new forecast.

"If developments continue as expected, the short-term outlook for cotton is a positive one," ICAC said. "Consumption, which has steadily increased over the last three seasons, is expected to continue rising, with increases of 3.6% and 4.4% projected in 2017-18 and 2018-19, respectively."

Additional factors working to lift cotton are the rising production costs for synthetic fibers and growing awareness of the environmental damage being caused by microfiber pollution, according to ICAC.

There's a growing movement surrounding microplastics pollution, with particles ending from washing polyester winding up in the world's waterways. Those particles are said to have the potential to poison the food chain, as the tiny beads of plastic have wound up in the stomachs of marine life, as well as in the drinking water supply.

The cost of energy is always a key factor in producing synthetic fibers. According to the U.S. Bureau of Labor Statistics, the Consumer Price index for energy increased 0.1% in February following a 3 percent rise in January, with the electricity index rising 0.4% in the month.

The generally upbeat cotton forecast said the threat of pests and inclement weather remain concerns, however.

"This season, the world's largest producer, India, suffered yield losses due to a pink bollworm infestation and is expected to decrease to 12 million hectares in planted area in 2018-19," ICAC said.

"Planting intentions for the world's largest exporter, the USA, reflect an increase to 4.9 million hectares in 2018-19, but drought conditions will need to be monitored closely, both in the USA and in Australia."

ICAC projected that the Cotlook A Index price for cotton, representing the level of offering prices on the international raw cotton market, would end the 2017-18 season at 84 cents per pound. The Cotlook A Index ended last week at 89.95 cents per pound.

The U.S. Department of Agriculture's weekly assessment of domestic cotton prices showed spot quotations averaged 78.34 cents per pound for the week ended March 29. That was down from 79.19 a week earlier, but up from 73.80 cents reported the corresponding period a year ago.

The ICE May settlement futures prices ended the week at 81.46 cents per pound compared to 82.15 cents a week earlier, USDA reported.

Source: sourcingjournalonline.com- Apr 03, 2018

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Global Factory Activity: Tariff Announcements Pressure US Manufacturers as Price Increases Loom

With global tensions high over trade issues, politics and tariffs, manufacturing has faced challenging times in the first quarter of the year.

Looking at the monthly Global Manufacturing Purchasing Managers' Index (PMI) for key sourcing countries, the U.S. has hit on a high growth period, though looming cost increases that could come from newly levied tariffs could curb that growth in the coming months. For China, which is in the midst of a tariff battle with the U.S., new factory orders and exports have been muted.

Here's a look at PMI across major manufacturing countries for March.

United States

Manufacturing in the United States has seen its strongest growth in three years, despite political and trade tensions that might seem to indicate otherwise.

In March, the PMI climbed to 55.6 (a PMI of 50 is neutral, with numbers above it indicating growth, and below pointing to contraction), up from

February's 55.3, as output and new orders have increased "markedly" on ramped up demand.

"U.S. factories reported a strong end to the first quarter, with the PMI advancing to a three-year high. The goods producing sector should therefore make a positive contribution to economic growth in the first quarter, as rising demand fueled further improvements in factory production," IHS Markit chief business economist Chris Williamson said.

As such, there's been optimism about the year ahead, though the ongoing tariff battles—largely between the U.S. and China over steel and intellectual property rights—have contributed to inventory stockpiles.

"Recent tariff announcements were already reported to have added to inflationary pressures, and also led to the stockpiling of goods expected to rise further in price in coming months," Williamson said. "Input cost inflation consequently hit the highest since 2012. Increased costs were often passed on to customers, meaning prices charged for goods at the factory gate showed the steepest rise in over four years."

China

China's manufacturing sector has seen its weakest growth in production and new orders in four months, and export sales have increased only slightly.

The PMI for March was 51, down from 51.6 in February.

New work placed with Chinese manufacturers did increase in the month, but the pace of that expansion has slowed as the country faces "muted" foreign demand.

"Overall, the manufacturing PMI reading in March showed that demand was not as strong as expected, leading to lower willingness of manufacturers to produce and restock.

However, the ability of manufacturers to make a profit was beefed up by the stable increase in new orders and the much slower jump in input costs," Dr. Zhengsheng Zhong, Director of Macroeconomic Analysis at CEBM Group said. "The growth momentum of the Chinese manufacturing economy may have weakened in March, but at a marginal pace."

Canada

For Canada, manufacturing growth remained strong, though cost inflation hit a four-year high.

In March, Canada's PMI came in at 55.7, up nominally from February's 55.6. New orders increased at a robust pace for the 18th month in a row thanks to greater sales to domestic and export clients. Input cost inflation, however, increased considerably, which IHS Markit owed to higher prices for steel and chemicals. Higher operating expenses also led to a rise in factory gate charges.

"Intense supply chain pressures and sharply rising raw material costs have been key headwinds for Canadian manufacturing companies so far this year," IHS Markit associate director Tim Moore, said. "The latest survey indicated that input price inflation was the highest for around four years, reflecting strong cost pressures for end users of steel and chemicals in particular."

Adding to that, Supply Chain Management Association (SCMA) president and CEO Christian Buhagiar, said manufacturers are still upbeat about their growth prospects for the coming year and many have boosted production capacity.

"The main concern at present is overstretched supply chains, as highlighted by another steep lengthening of delivery times for raw materials and semi-manufactured inputs," Buhagiar said.

Mexico

Factory activity has expanded in Mexico, which fueled jobs, but both input costs and output charges increased at sharper rates.

Mexico's PMI for March was 52.4, up from 51.6 in February.

New order growth reached a four-month high in the month as new export orders recovered from a contraction seen in February. In line with that, input costs experienced their strongest acceleration in 10 months as manufacturers indicated higher prices for energy, fuel, gas and raw materials. The peso's depreciation against the U.S. dollar didn't help matters either.

"In the case that inflationary pressures ease, improvements in consumer spending power are expected to boost overall consumption," IHS Markit principal economist Pollyanna De Lima said. "The other side of the coin to tighter monetary policy being an impeding postponement of private sector investment, however."

Turkey

In Turkey, manufacturing output and new orders have increased, and so have cost burdens.

The PMI for Turkey in March, however, fell to 51.8 from 55.6 in February.

Output rose for the 14th straight month in the face of "stronger underlying demand." Manufacturers scaled up their purchasing activity in March, though at a slower pace than in February. Cost burdens continued to rise in line with unfavorable exchange rates.

"On the price front, rising input costs drove up average selling prices in the manufacturing sector," the Istanbul Chamber of Industry noted. "Accordingly, output prices in the Turkish manufacturing sector rose at a faster pace."

Source: sourcingjournalonline.com - Apr 02, 2018

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How to make the US respect WTO rules

Donald Trump's tirade against trade rules merits a collective response.

The respect for trade rules is in a free fall. On April 2, China imposed additional duties worth $3 billion on imports from the US. This questionable tit-for-tat of China is in response to the additional tariffs imposed by the US on imports of steel and aluminium products from the world. The initial US action itself was on dubious grounds of national security. This may be the onset of a trade war.

While US President Donald Trump appears to target China, he has also conveyed a loud and clear message to other countries. A country would be allowed to trade with the US only on terms and conditions judged appropriate by President Trump.

If this requires the US to break WTO rules, so be it. While this approach of the US to international trade and commitment to trade rules is disruptive, the response of almost all influential countries to the recent actions of President Trump has been equally disappointing.

No doubt, many countries criticised President Trump after he slapped tariffs on steel and aluminium on a global basis. However, in no time, most countries affected by the US action started queuing at Trump's door for seeking exemptions from these tariffs.

By behaving like supplicants, these countries have chosen the path of convenience, rather than correctness. In the long run, this strategy is doomed to fail. Supplicants are rarely known to change the behaviour of bullies.

What explains the tepid response of the global community to the illegal actions of the US on the trade front? The desire of countries to access the US market, and even gain if China's exports to the US take a hit, appears to have forced them to become complicit with the WTO-inconsistent actions of President Trump.

The strategy of key global economies, except China, to give primacy to their individual and immediate export interests and thereby tolerate the illegal actions of the US might just boomerang.

Perhaps not many countries retain the memory of how the lure of the US market compelled them to repeatedly acquiesce to the GATT-inconsistent actions of the US, thereby wrecking the multilateral trade rules. As these episodes of the past have a striking similarity with the response of most countries to what President Trump is doing today, it is relevant to briefly digress and recall three examples.

First, in the 1950s, the US threatened to leave the GATT, if it was not allowed to continue to provide huge subsidies to its farmers. Afraid of the biggest economy exiting the GATT, its contracting parties reluctantly granted a waiver to the US from the applicable rules. In no time, many other developed countries followed the US example. Farmers in developing countries continue to suffer from the decision of their governments to appease the US and other developed countries in the 1950s.

Second, starting in the 1960s, the US arm-twisted many developing countries into accepting quotas on exports of their textile products. No doubt, the quotas violated the basic cannons of GATT, but in their keenness to continue to export to the US, developing countries turned a blind eye to the transgressions of the US. Over time, many other developed countries started imposing textile quotas.

For over five decades, the illegal quota regime significantly constrained the exports of many developing countries. During the Uruguay Round of GATT negotiations, developing countries had to pay a heavy price for getting developed countries to abolish the quota regime, which, in the first place, was GATT-inconsistent.

Third, in the 1970s, the US compelled countries that were exporting steel and automobiles to voluntarily limit their exports to it. While the voluntary export restraints (VER) could not be justified under the rules of GATT, the exporting countries opted to go along with the illegal actions of the US in order to continue to access the US market.

These three examples highlight what happens when countries choose the "convenient" repartee, instead of the "correct" response to the actions that blatantly violate multilateral trade rules.

Both sets of actions—initial illegal actions by some countries and other countries acquiescing to them in order to continue to export—damaged the GATT. In the long run, the exporting countries had to pay a huge price for their "pragmatism" of the past. The WTO members appear to be at risk of repeating some of their past mistakes.

While a downward spiral into a trade war will not be the solution to the difficult times, nevertheless "pragmatic", "convenient" and uncoordinated response by most of the WTO members will surely fail to halt President Trump's tirade against trade rules.

In fact, he may even feel emboldened to further rip the fabric of WTO rules and target other countries. Let us remember that at the behest of American pharmaceutical giants, almost each year India faces the threat of unilateral and illegal action by the US under Section 301—the provision used by Trump to target China. A few other countries may also feel tempted to resort to similar action.

China acting alone is unlikely to persuade the US to play by the trade rules. No country, big or small, will escape the consequences if the edifice of WTO rules crumbles on account of ineffective response of influential countries to the WTO-inconsistent actions of President Trump. Make no mistake about it.

Wisdom lies in WTO members setting aside their immediate quest for market access into the US and collectively sending a strong message to Trump—that if the US wants to continue to enjoy the benefits of a rule-based multilateral trading system, then he must bring his country back on the path of respecting WTO rules.

Source: financialexpress.com - Apr 04, 2018

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Trade Threats Underscore China's Global Challenges – Analysis

China, keen on great power status, must be strategic on global risks, avoiding resentment over export-led growth while rebalancing its economy.

The Chinese economy is at a pivotal point in its modern history. On the occasion of this 40-year anniversary of reforms and opening, it is tempting to look backward and celebrate the extraordinary accomplishments of economic development.

The greater challenge is to look forward to 2050 and the aspirational goals of what the Chinese Communist Party and its leadership have dubbed as China's New Era. Gazing that far into the future is always a leap of faith, but never more so than when China's most important trading partner, the United States, throws down the gauntlet of a potential trade war.

The transition ahead is daunting to the say the least. On the one hand, it entails a full complement of internal adjustments aimed at the structural rebalancing of the Chinese economy – from manufacturing to services, from exports to household consumption, from surplus saving to saving absorption, and from state-directed to market-based resource allocation. Some progress on this journey is already evident.

While the Chinese economy is a good deal less dependent on the vicissitudes of external demand than was the case before the 2008 global financial crisis, exports still account for fully 20 percent of the nation's GDP, or about half the share going to household consumption. However, with consumer-led rebalancing still in its very early stages and not yet strong enough to buffer unexpected shocks elsewhere in the economy, any disruption in the global climate could prove problematic for China.

Significantly, the rebalancing of China's internal economic structure cannot occur in a vacuum. Important shifts in the global economy and in China's relationships with other major economies in the world also have a critical bearing on the outcome. In that vein, China has much to learn from recent developments in a volatile and crisis-torn world – including lessons from the Asian financial crisis of the late 1990s, the 2008 global financial crisis and the long string of "lost decades" in Japan, In each of these cases, the lasting impacts of volatile and destabilizing outcomes underscore both the severity and complexity of the global challenges China is likely to face in the next phase of its economic transition.

Japan, as modern Asia's first troubled growth miracle, offers three lessons especially relevant for a debt-intensive Chinese economy: First, avoid the currency suppression of a mercantilist, export-led growth model and the trade tensions it provokes from the rest of the world. Second, do not ignore the potentially lethal interplay between asset bubbles and leverage. And third, avoid subsidizing ossified zombie companies and the risks they pose to underlying productivity growth.

While China has grounds for concern on all three counts, its recent focus on deleveraging and stability – especially the establishment of a new financial stability oversight committee – are hopeful signs that it can avoid the Japan syndrome. At the same time, the recent shift in state-owned enterprise reform strategy toward the mixed ownership restructuring approach of China Unicom is worrisome in that it promotes a structure of cross shareholdings reminiscent of Japan's keiretsus, the epicenter of that nation's protracted post-bubble zombie problems.

Notwithstanding China's progress on the road to rebalancing, it is still facing a legacy of pressures traceable to its original growth strategy. China's export-led growth miracle — drawing on the strength of global demand that supported the global distribution of goods from an increasingly powerful Chinese export machine — has made it the largest exporter in the world. Unfortunately, trouble was brewing in an increasingly crisis-prone world. The underpinnings of external demand for Chinese exports turned out to be built on quicksand.

Following the unprecedented 10.5 percent plunge in global trade in 2009, growth in global trade has averaged only 3 percent. China, the world's biggest exporter, could hardly dodge that bullet. Washington's recent imposition of tariffs has made that into an urgent reality. The Trump administration has moved from rhetoric to action in its campaign to defend US workers from the president has called "the carnage of terrible trade deals." China is the target.

The US strategy is seriously flawed. The Trump administration, focused on reducing an outsized bilateral trade deficit with China by initiating aggressive tariffs and other sanctions, doesn't appreciate the scope of America's multilateral trade deficits with 102 nations. This macroeconomic imbalance stems from a shortfall in domestic saving that is about to worsen as federal budget deficits rise following the enactment of large tax cuts in late 2017.

And that's where the problem goes from bad to worse. If the United States opts for protectionism at a time when its current account and multilateral trade imbalances are likely to widen, financial markets could come under considerable pressure. And then another lesson of Japan could come back to haunt those economies that have become overly dependent on asset appreciation as the sustenance of growth.

Notwithstanding these potential risks, the broad consensus of forecasters has turned increasingly optimistic in assessing seemingly synchronous prospects for the world economy. That's very much the view in still frothy financial markets following a brief correction in early February, with aftershocks in March.

A decade after the global financial crisis, long-awaited hopes of post-crisis healing appear to have finally taken hold. Those hopes may prove short-lived, however. As central banks start to normalize monetary policy, excess liquidity will be drained from overvalued financial markets — putting pressure on asset-dependent economies, with collateral damage to major trading nations like China.

All these considerations should weigh heavily on China as it frames macroeconomic policies and reforms for the years ahead. Particularly worrisome would be a premature celebration of its New Era – hailing the final destination of a long journey without paying attention to the pitfalls that might be encountered along the way.

This requires a deepening of China's strategic approach to meeting its economic challenges, shifting its focus from the quantity to the quality of growth, from the targets of state-directed industrial policy to the forecasts of a market-driven private economy, and from imported technologies to the indigenous innovations required to escape the dreaded middle-income trap.

For 40 years, strategy has been one of China's greatest strengths. That may be all the more essential for a nation aspiring to great power status by 2050. History tell us that nations are truly great only if they draw strength from within. Yale historian Paul Kennedy famously warned of the destabilizing interplay between shifts in relative economic power and global stability – cautioning against the temptations of geostrategic overreach without attending to the foundations of strength at home. China's ambitious Belt and Road Initiative raises especially important questions in that context.

In the end, China's powerful economic takeoff was a levered play on globalization, global trade and ultimately the global economy. Yet the lessons of Japan, the Asian financial crisis and the global financial crisis underscore the systemic perils of an externally focused growth strategy.

In the 19th Party Congress of October 2017, President Xi Jinping and the party leadership focused attention on the "unbalanced and inadequate" characteristics that have emerged as the so-called principal contradiction of China's great successes in the first stage of its development. Staying the old course is no longer an option for a nation and a party determined to resolve this contradiction.

China's experience over the past 20 years underscores that it should not take global risks lightly. The threat of a trade war with the United States drives this point home. For China, clarifying its new course becomes all the more urgent as a result.

Source: eurasiareview.com - Apr 04, 2018

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US firm Sourcemap mapping Bangladesh garment factories

Representatives from US firm Sourcemap, which maps supply chains across the world, visited Bangladesh last month to initiate a door-to-door census of garment units for a digital readymade factory map of the country. Data collectors have started collecting thousands of geographical positioning system (GPS)-linked data points from workers and organizations.

This data is being fed into Sourcemap's supply chain mapping and transparency platform, which will then be available to global apparel brands and consumers with radical transparency and help transition accountability for factory improvements to Bangladeshis after North American and European platforms walk away from the safety tracking programs in May this year, according to a press release from the company.

Sourcemap has partnered with C&A Foundation and BRAC University (BRAC U) in Bangladesh to administer the survey.

In addition to factory and worker statistics, types of products manufactured, the names of clothing brands that each factory manufactures for will also be captured.

Source: fibre2fashion.com - Apr 03, 2018

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Vietnam's textile & garment industry expect big benefits from EVFTA

Once the EU-Vietnam FTA (EVFTA) is signed and the tariff is cut to zero percent, textile and garment exports to the market may obtain 7-8 percent growth rate per annum, experts say.

Vo Van Kien Nhan from Viet Tien Garment JSC said he is looking forward to the signing of EVFTA and puts high hopes on the agreement, though he anticipates serious competition from foreign brands such as Zara and H&M.

The preparations for the signing of EVFTA are nearly completed. Deputy PM Vuong Dinh Hue said at a recent event that only some technical issues need to be fixed.

“I believe that with goodwill on both sides, the issues will be settled before the summer so that the agreement can be inked,” he said.

In 2017, Vietnam exported $31.16 billion worth of textiles and garments, an increase of 10.23 percent compared with the year before. Of this, exports to the EU brought $3.79 billion, up by 6.3 percent, according to the General Statistics Office (GSO).

Vitas’ chair Vu Duc Giang said the target of $36 billion worth of exports this year is within reach thanks to the FTAs. The EU, the second largest export market for Vietnam, is expected to help the country’s textile and garment industry grow well in 2018.

The belief in the high export growth rate from the EU is consolidated by optimistic forecasts about the EU economy. The International Monetary Fund (IMF) predicts a 2.2 percent GDP growth rate for the EU this year.

Rong Viet Securities, in its latest report, also affirmed that in the context of the world’s stable economic growth, especially in the EU, the shock to Vietnamese enterprises caused by the sharp fall orders in 2016 will not occur again.

A research team from Rong Viet emphasized the big benefits of EVFTA in the immediate time, saying that Vietnam will also enjoy benefits from CPTPP, but it will take time to enter new markets in CPTPP.

Also according to Rong Viet, the enterprises which have a large proportion of revenue from the EU will see a sharper increase in the number of orders than other companies.

These enterprises include Sai Gon Production, Trade & Garment JSC which has 32 percent of revenue from the EU, TNG Investment & Trade JSC (21 percent), Garment Company 10 (36 percent) and Viet Tien Garment Corporation (18 percent).

However, experts warned that it would be not easy to take full advantage of the opportunities brought by EVFTA. Nguyen Thi Thu Trang, director of the WTO and Integration Studies Center, said the requirements on production, packaging and labeling will be technical barriers for Vietnam’s exports.

Source: vietnamnet.vn - Apr 04, 2018

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USA: Section 301 Proposed Tariffs Announced

The U.S. Trade Representative has just issued a press release announcing the proposed tariffs under Section 301.

The proposed list covers 1,300 tariff lines at the 8-digit level. Companies will have an opportunity to provide input through a 30-day comment process, including a hearing.

The product list includes goods in the following headings:

29 - chemicals
30 - medicines
40 - some rubber, tires & conveyor belts
72 - iron / non alloy steel
73 - alloy steel
76 - aluminum
84 - machinery and mechanical appliances, including machinery used in manufacturing textiles and apparel
85 - electrical machinery, television image and sound recorders and reproducers
86 - railway / tramway
87 - motor vehicles
88 - planes and helicopters
89 - boats
90 - glass and microscopes
93 – guns

The full product list can be found here.

Source: strtradenews.com - Apr 03, 2018

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Kenya to Get $113.8M Infusion for New Garment Factory as Supply Chain Capabilities Expand

As sourcing in Africa ramps up in line with further developments in the supply chain there, investors from around the world are looking to spend their money for apparel production on the continent.

Dubai-based United Aryan, which currently manufactures apparel for export in Ruaraka, Kenya, is one such investor. The company announced plans to construct a $113.8 million factory at the Olkaria geothermal fields in Naivasha, Kenya, which could employ up to 10,000 locals directly and 40,000 others indirectly, Business Daily Africa reported.

“We have identified an ideal place at Olkaria geothermal fields in Naivasha where we intend to establish a 11.5 billion shilling ($113.8 million) factory for the production of quality garments,” Pankaj Bedi, United Aryan’s founder and chairman, said in an interview with Business Daily Africa. “We expect to start construction in the next two years and thereafter start operations as soon as the factory will be complete.”

According to United Aryan, the factory will produce many types of garments, including fleece, knit tops, pajamas, robes, shirts and trousers. Inside the factory, 84 lines will have the capacity to produce and wash more than 100,000 units a day, and Bedi told Business Daily Africa that the factory will manufacture products to be sold in Kenya and other global markets, including Europe and the U.S.

United Aryan’s textiles facility project comes on the heels of Kenya’s trade expansion goals. In December, the Center of International Private Enterprise (CIPE) and the Kenya National Chamber of Commerce and Industry (KNCCI) inked a partnership that would aid 2,000 Kenyan companies with international business opportunities. The agreement between the CIPE and KNCCI focuses on the chambers of commerce in Kenya’s Vihiga, Mombasa and Nairobi counties, which will receive market linkages and assistance to improve trade between the U.S. and Kenya.

For the year through January, The U.S. imported $342.25 million worth of apparel from Kenya, a 2.5% increase from a year earlier.

Other East African nations, including Ethiopia, have already garnered interest from major clothing companies like H&M and PVH Corp., and as the country continues to further its efforts to create a supply chain ecosystem where all key supplier types are present, more companies are paying closer attention.

Source: sourcingjournalonline.com - Apr 03, 2018

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Nigeria: Global interest in African cotton growing

Today, African cotton farmers and their families do much the same work as American slaves of the 19th century. Mechanisation is a distant dream, reports Jozef De Coster from Abuja (Nigeria).

Global interest in Africa is growing. The US and Russia don't want to be sidelined in the Dark Continent by strategic super-investor China. At the level of companies, Turks and Indians are eagerly competing with companies from the former European colonisers.

However, the basic motivation of most foreign players tends to be one-sided : 'What can Africa offer us?' (and not that much the reverse). That attitude has a negative effect on the mechanisation of the African cotton-farming sector. Mechanised cotton production in Africa is a huge challenge. But it's not perceived as an international issue. It's an African issue.

The African Cotton Association (ACA) dedicated its 16th annual Congress to the analysis and discussion of a vital sector problem: how to make progress in the mechanisation of African cotton farming? Numerous delegates of African cotton associations, cotton experts and suppliers of cotton inputs met from March 13 to 15 in Nigerian capital Abuja.

Over the years, delegates of the associations have become good friends. Some of them must have common souvenirs as 'comrades in arms'. In 2003, four African cotton producers (Benin, Burkina Faso, Chad, and Mali, the so-called C-4) joined forces to argue that cotton subsidies, especially in the US and EU, caused world cotton prices to decline and reduced their export revenues.

The C4 proposition failed, but in 2013 they forwarded a second proposal for cotton during the WTO Ministerial Conference in Bali. So, they helped launch the Bali Package, an accord that included provisions for lowering import tariffs and agricultural subsidies.

During the 2018 African Cotton Conference in Abuja, which as usually was well prepared by ACA Permanent Secretary Adéyémi Fahala (Benin) and gracefully presided over by Chairman Baba Berthe (Mali), participants limited themselves to providing presentations and exchanging views. They apparently didn't feel urged enough to discuss pan-African solutions or to agree on coordinated actions. It looks as if each African cotton country is OK with waging its own solitary fight.

A pillar of national economies

From a global perspective, African cotton is not very important. The continent's annual cotton exports are worth around $1.2 billion, according to statistics compiled by the Swiss-based International Trade Centre. In 2017–18, as a producer of cotton, Africa is ranking only sixth after India, China, the US, Pakistan and Brazil. However, Africa produces more cotton than countries like Australia, Turkey or Uzbekistan. As a cotton fibre exporter, Africa remains an important international player because most of its cotton lint is not transformed locally into textiles, but just exported.

Especially in the Western and Central African countries, the cotton sector is a major employer and a pillar of the national economy. In Western and Central Africa, an estimated 10 million people depend on cotton for their livelihoods. It's estimated that in Burkina Faso alone 350,000 farmers cultivate cotton and roughly 4 million Burkinabes depend on them.

In the whole of Africa, with the exception of South Africa, cotton farming is a low-productivity sector which is not able to provide small cotton farmers a worthy income. Farm productivity has to be strongly increased.

In countries like Australia, Turkey, China and Brazil, the average yield of cotton easily exceeds 1,500 kg/ha. In Africa, it remains under 500 kg/ha; thus still lower than in other handpicking countries like India and Pakistan.

Sustainable mechanisation should be one of the main leverages to obtain a higher yield per hectare in Africa. Unfortunately, until now, mechanisation has been frequently neglected in farm productivity efforts. Anyway, for most cotton farmers mechanisation is out of the question. They don't have the needed farm size, capital and skills. Ancillary services like fuel, spareparts or maintenance are often located far away from the cotton fields.

Lowest degree of mechanisation

Of all continents, Africa has the lowest degree of mechanisation in cotton farming. It is assumed that in Africa less than 10 per cent of cotton farm power comes from engine-powered sources. Approximately 25 per cent of farm power is provided by draught animals like oxen and mules and over 70 per cent comes from physical labour, mostly from women, the elderly and children. People working in the cotton fields have mostly only rudimentary tools and equipment at their disposal for soil preparation, crop care, bucket irrigation and transport of goods. Cotton farming in Africa is a matter of tough physical labour and human sweat just like it was in previous centuries.

French cotton consultant Gérald Estur, who's every year one of the key speakers at the African Cotton Congress, pointed out that the slaves who before the American Civil War worked in southern cotton plantations were expected to work 4 ha of land and pick up to 90 kg of cotton a day. Today, African cotton farmers and their families do much the same work as American slaves of the 19th century.

Hard rural work is not a source of happiness. Influential French thinker Jean-Jacques Rousseau was wrong about that. Take Tanzania in East Africa. In Tanzania, over 75 per cent of the about 55 million inhabitants live in rural areas with agriculture as the mainstay of their income earnings.

Most of them are smallholder farmers cultivating 0.2–2 hectare with low levels of mechanisation. Do they enjoy life? According to the World Happiness Index, Tanzania is one of the least happy countries in the world, ranking behind troubled countries like Libya, Syria and Yemen. Over the last few years, only a few countries suffering from civil strife like Burundi and Central African Republic scored lower on the World Happiness Index than Tanzania.

Lack of labour

Manual harvesting of cotton is labour intensive. According to international consulting company Sofreco, a worker can nowadays typically handpick around 15–50 kg of seed cotton per day depending on variety, yield and plant density. As a result, manual harvesting becomes a bottleneck for larger fields and higher yields. But adoption of mechanical harvest is not an overnight process: it took 30 years in the US to achieve 100 per cent machine harvesting.

The transition from handpicking to mechanised harvesting will require huge changes in the African farming system. Mechanical harvest requires suitable cotton varieties and higher plant density. Modern cotton pickers are only suitable for harvesting relatively large fields with high yield.

Besides, they are expensive. Estur points out that a state-of-the art six-row cotton picker, with a field capacity of 3 hectare per hour, costs more than $600,000. Sofreco insists that cotton mechanisation is more than just putting machines into the fields. It is closely interlinked with other intensive production practices.

Mechanisation is needed not only to increase productivity but even more to improve life for African cotton farm workers. Without mechanisation, the cotton farming sector will increasingly become less attractive for young people who nowadays are better informed and connected than previous generations.

If no progress would be made, the tough work will be shifted even more to the most disadvantaged people who can't run away from the drudgery. Already today, in several cotton countries, due to the expansion of gold-washing, to the rural exodus to the cities and the school calendars, the cotton producers face a lack of labour during the harvest periods.

In Sub-Saharan Africa, especially Kenya, South Africa and Zimbabwe have been the trendsetters in agricultural mechanisation. However, a general stagnation and even backpedalling could be observed. Agricultural research tended to focus more on increasing efficiency with land, water and nutrients while mechanisation appeared to be forgotten.

Indian tractors for Africa

In spite of the low degree of motorisation of cotton farming in Africa, it appears that a lot of Indian tractors are at work in the sector, as well in East as in West Africa. The machinery and equipment supply system in East Africa has historically been dependent on imports, first from Europe, then from North America and recently from India, China, Vietnam and Iran.

In 2011, 1,800 Farmtrac tractors and 400 power tillers were imported by the Tanzanian government with a soft loan financed by the Government of India. The private sector expressed concern regarding the government's interest in re-entering agricultural mechanisation in a large scale.

In 1996 in Burkina Faso, around 345 tractors of the brand Hindustan (61 hp and 45 hp) have been acquired by cotton producers thanks to the project 'National Unity of Mechanisation'. In 2007 and 2012, the 'Team 9' project allowed cotton farmers in Burkina Faso to acquire first 700 and then 125 Indian tractors.

In cooperation with Indian investors, the Government of Mali has installed a local assembly unit for tractors (Mali Tracteurs SA). Taking into account the weak demand, daily production of this factory doesn't exceed 8–12 tractors and accessories.

A lot of constraints

Speakers at the ACA Congress in Abuja who made a SWOT analysis of the mechanisation of African cotton farming painted a rather dark picture. In spite of government efforts in several cotton countries, it can't be expected that in the next years mechanisation will show quick progress.

There are too many constraints, as well at the level of smallholder farmers as at village, national, African and even international level. For smallholder farmers, as individuals or as participants in local cooperatives, the constraint is mainly a lack of money and skills.

At national level, there are modest mechanisation programmes in several countries. But it mostly doesn't look as if mechanisation of the sector is a big and permanent national priority.

At the African level, there’s surely a lack of cooperation. The African Cotton and Textile Industries Federation (ACTIF), headquarted in Nairobi, whose mission is to promote trade and increase market access for the African cotton, textiles and apparel industry (especially by organising the annual Origin Africa conference and trade show), and ACA each go their own way.

For visitors to Africa, it doesn’t take long to establish that Africa is far from being a united continent. For example, do you have Kenyan shillings left in your wallet when you fly from Kenya to neighbouring Ethiopia? Bad luck. No bank in Addis Ababa will accept your shillings to exchange them in Ethiopian birr.

On March 14, 2018, African leaders from 44 countries signed up to establish a huge African free trade block within 18 months. Will that be the start of a new era characterised by African unity leading to more inter-African investment and trade? Most observers are sceptical. The African Big Two, Nigeria and South Arica, stayed on the sidelines. Also other countries like Benin (cotton country) and Lesotho (apparel) stayed out of the block.

This would remind one of what Greek historian Thucydide had remarked: “You know as well as we do that right, as the world goes, is only in question between equals in power. The strong do what they want and the weak suffer what they must.” Sure, the US offered in 2000 the AGOA (African Growth and Opportunity Act) to Africa, but when in 2003 four West-African countries brought the unfairly high American cotton subventions up for discussion, the US preferred to initially remain deaf.

In 2008 Burkina Faso began the nationwide introduction of a variety of cotton containing Monsanto’s Bollgard II trait to fight against pests. However, it appeared that the fibre length, one of the chief measures of quality, was reduced when Monsanto introduced the gene into the country’s cotton. Monsanto apparently failed to do the appropriate number of backcrosses and tests to guarantee the Burkinese cotton farmers traditional long fibre cotton quality.

For Monsanto, whose revenues in 2016 exceeded poor Burkina Faso’s GDP, it may have proved uneconomical to tailor the product closely to the Burkina Faso market niche. It took Burkina Faso a long battle before in December 2016 it reached a financial agreement with Monsanto. The country ended the partnership with the American giant.

Optimistic messages from Certifex, Cirad and Cotton Outlook

In spite of the very slow transition in African cotton farming from physical labour to mechanisation, some speakers at the 2018 ACA Conference delivered optimistic messages.

Mamadou Togola, director of the research and training institute Certifex in Ségou, Mali, said: “Yes, African cotton countries lack sufficient capital for investment. However, if we educate and train good textile experts, we will eventually succeed. Certifex is educating people from our own country, but also from neighbouring countries like Chad, Burkina Faso and Ivory Coast. Our country ranks, together with Burkina Faso, on top of the list of Africa’s biggest cotton exporters.

However, it’s not our ambition to export as much cotton as possible. By 2025, we want to transform locally 25 per cent of our national cotton production into textile products.” This ambition is all the more remarkable because Mali has become one of the new frontlines for the re-emergence of the Islamic State. Since 2013, the UN peace mission Minusma has lost 155 blue helmets in Mali.

A paper submitted by French agricultural research organisation Cirad recalled the recent interest of some African farms in motorisation. Cirad is confident it can help the African cotton sector not to repeat the mistakes of the past and to ensure the sustainability of the transition to motorisation in conjunction with the needed agro-ecological transition.

Mike Edwards, editor of Cotton Outlook, made a detailed analysis of the changing world cotton market and concluded that for many African cotton producing countries, recent seasons have been characterised by strong demand and firm prices. The countries in the African Franc Zone have encountered vigorous demand from Bangladesh—today the world’s largest import market. The eventual re-emergence of China as an importer of larger volumes from the international market should have bullish implications for world prices and may provide additional opportunities for African cotton.

Source: fibre2fashion.com- Apr 03, 2018

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Fast fashion will only slow down if consumers shop consciously

Take a step into a closet and reach for a random clothing item. Chances are the garment was produced in a foreign country — China, India, Vietnam as it may be. Globalization has plagued the fashion industry and with it the new concept of fast fashion has become mainstream.

However, the environmental dangers and social crises created by this change in the fashion industry have not been very visible in the eyes of consumers. Fast fashion has led to the consumption of clothes in larger numbers, negatively changing the way it is being produced worldwide.

Consumers need to be more conscious about the way their shopping habits affecting both communities and the environment. Conscious shopping can show companies sustainable and eco-friendly clothing is what shoppers and the world really want and need.

The appeal of trendy, cheap clothing is everywhere and the accessibility and affordability is undeniable. Fast fashion's success in this country is substantiated by the $250 billion spent on the clothing industry in the U.S. annually.

Clothing stores like Forever 21, H&M, Topshop and Zara have gained success through globalization, allowing them to produce inexpensive clothing at a low cost, but all this is done through hazardous practices.

The emphasis on speed and quantity rather than quality has exported the demand for garment workers from the U.S. to developing countries where there are fewer regulations on working conditions are enforced.

Highlighted in the documentary "The True Cost," the demand and competition between industries force factories to cut deals with companies as factories fight to offer the cheapest labor for the greatest production.

In these factories men, women and children work long hours with minimal payoff. Many times, the bosses are abusive and force their employees into dangerous and potentially fatal working conditions, according to Human Rights Watch, a nonprofit, nongovernmental human rights organization.

This is exemplified by the 2013 collapse of the Rana Plaza, an eight-story building in Bangladesh containing five garment factories for well-known brands around the world. More than 1,100 people were killed and over 2,000 were injured in destruction, and the event has been considered the biggest disaster to hit the Bangladesh garment export industry.

In order to remain affordable, corners are cut by companies in all areas; the use of toxic chemicals to manufacture products has increased overseas, and produces a large amount of textile pollution.

The Environmental Protection Agency considers many textile manufacturing facilities to be hazardous waste producers, according to a report made by the Environmental Health Prospect.

Garments produced for fast fashion stores leave a pollution footprint as materials like polyester generate environmental hazards. When polyester is put in washing machines microfibers are shed and add to the plastic levels in the ocean.

While small and seemingly insignificant, these microfibers are eaten by plankton, which in turn, are eaten by shellfish and continue up the food chain, often landing in the stomachs of humans.

Toxic chemicals are also used to produce vivid colors and prints seen on clothing. The pros that come from these fabrics is outweighed by the cons as textile dyeing is the second largest polluter of clean water globally.

The pollution created by dyeing vibrant fabrics makes rivers toxic for people in countries like Bangladesh, where 18 million residents are being threatened by the high levels of pollution in their water, according to the World Bank.

Textile waste continues with the consumer, as clothes are bought as fast as they are thrown out. Most people won’t bother to have a garment fixed because it’s so cheap to replace it.

Being a conscious shopper means putting the lives of workers and the environment ahead of desire and appeal. The idea that people constantly need to consume — whether it’s shoes, jewelry or shirts — can no longer be justified.

The clothes being produced should not be disposable, but instead sustainable and eco-friendly.

Purchasing from secondhand stores like thrift, vintage or trade shops is a way to reverse the success fast fashion has seen in this country. Clothing donations are made at large rates but only around 10 percent of donations are resold in stores. The clothes are there, but it's up to the shoppers to step in and reuse the once-admired garments.

The clothes available at these stores are not only cheaper, but they are also refreshingly different from the mass-produced items seen in many stores at the mall.

Clothing from past decades are better quality because fast fashion was not leading the clothing industry. The clothes produced were made with durable fabrics meant to last longer.

Waste management can also be achieved by buying clothing made from recycled fabrics. Although these garments may not be as accessible to college students due to their price tags, they can be seen as investment pieces.

One of the most eco-friendly things a smart shopper can do to aid in the social ills manifested from fast fashion is to shop less. Not everything needs to be purchased just because of the cheap price attached to it.

Having a large closet full of clothes and shoes is tempting, but the social and environmental ramifications make it significantly less appealing. It's best to go against the trend and buy less.

Source: dailytitan.com- Apr 03, 2018

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NATIONAL NEWS

Close to 11.5 lakh registered for e-way bill

The government on Monday said the reintroduction of the e-way bill system for the goods and services tax (GST) has been smooth with no technical glitches. On the second day after the roll-out of the mechanism to track inter-state cargo movements, 2.89 lakh bills were generated till the afternoon. On Sunday, 2.59 lakh such bills were generated.

The government said that nearly 11.2 lakh taxpayers have registered on the portal so far. Additionally, over 20,000 transporters have also signed up. The portal for e-way bill has been designed by National Informatics Centre (NIC) and it is being run by GST Network – the IT backbone for GST. The system currently generates about 60,000 bills every hour on inter-state movements.

Finance secretary Hasmukh Adhia said the system would be implemented, as announced earlier, for intra-state movement of goods as well.

The names of first batch of states to implement intra-state e-way bill would be announced after a week, he said. The idea is to complete the roll-out by the end of the month.

The e-way bill system requires taxpayers to generate bills on the designated portal if goods worth above Rs 50,000 are moved beyond 10 kilometres. However, in the first week, generation of bills is mandatory only for inter-state movements.

The mechanism is one of the anti-evasion provisions of GST, designed to plug revenue leakages in the business-to-consumer (B2C) transactions. Government officials estimate that successful implementation of the system could bring an additional Rs 10,000 crore to GST collections.

The government had earlier advanced the e-way bill implementation for both intra- and inter-state movement to February 1, but due to underestimation of traffic, the system crashed on the first day. This time the government has staggered its implementation to ensure the system is monitored as the load increases with more states coming into the fold every week.

The portal has also been strengthened to enhance bills generation capacity to 75 lakh per day. A GSTN official said that it was difficult to estimate the ideal number of registrants on the e-way bill portal and added that of the over 1 crore taxpayers registered on GSTN portal, many service providers won't require e-way bill registration.

Further, he said that since e-way bill can be generated by suppliers, recipient or transporters, several small taxpayers could carry out businesses without registering.

Source: financialexpress.com - Apr 04, 2018

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Indo-US trade relations facing troubled times

Though India is still growing steadily amid the unexpected US trade proposition, industry might get bruises if the situation doesn't turn up in India's favour, fear analysts. President Trump's recent amendments in trade policy are impacting global economic growth negatively. As counteractive measure, other countries have started imposing retaliatory tariffs, followed by counterthreats by the US, which has greatly raised concerns over tit-for-tat protectionist measures.

Expert say, an all-out trade war will prove detrimental to global markets. Global economic growth hinges on the free movement of goods. If countries revert to large-scale nationalism, it could set growth back by a couple of decades. If this plays out, markets will feel the heat.

India is 9th in the list of US' trading partners that have a trade surplus. Trade surplus means we export more to the US than we import from the country. India's exports account for a substantial 15 per cent of US' aggregate trade with the world.

Gems & diamonds top the chart, followed by pharmaceuticals, textiles, fish and petroleum products. As of now, these exports are not on the radar of the US, but there is a risk of retaliatory tariffs on these goods as well.

Trump's restriction on steel and aluminium imports will not impact India much as just about 4 per cent of the steel exports flow into the US while aluminium exports constitute 2 per cent of total US aluminium imports.

Given this situation, Abhishek Poddar, analyst, Kotak Securities, points out the US trade protection measures will lead to a temporary disruption in a few regional markets as new trade channels open up to cater to supplies left behind from reduced US exports.

However, the potential steel mill and aluminium smelter restarts in the US will not significantly weaken the outlook on global aluminium and steel, especially given supply side reforms in China in these industries.

Moreover, President Trump has also implied higher import duty on US-made Harley Davidson motorbikes. He previously threatened to slap retaliatory taxes on motorcycles coming into the US from India.

While the Indian government responded by slashing customs duty on imported high-end motorcycles to 75 per cent from the earlier 100 per cent, and eventually cut it down to 50 per cent, the US president made it clear that the cuts were not enough. If the US decides to levy equivalent duties, it could affect US-bound exports of two leading Indian two-wheeler manufacturers—Eicher Motors and Bajaj Auto.

The former exports its Royal Enfield range of motorbikes, while Bajaj Auto ships the KTM brand to the US. However, the volumes are limited to a few thousand units, with the total value of Indian motorcycle exports to the US at just about $6 million in 2016-17.

Tariffs are not likely to create a visible dent on these firms' profitability, which enjoy a strong domestic demand.

Source: fashionatingworld.com - Apr 03, 2018

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Pilot container train chugs off to Bangladesh

Move to reduce transportation costs

The countdown began in April 2017 when India's Container Corporation (Concor) entered into an agreement with the Container Company of Bangladesh to run container trains between the two nations to reduce the trade logistics costs.

On Tuesday, V Kalyana Rama, Chairman and Managing Director of Concor, flagged off a container train, carrying 60 boxes containing 1,200 tonne of de-oiled cakes (an animal feed) from its city terminus to Bangladesh to explore the techno-economic feasibility for commercial operations.

The train will take 24 hours to reach Bangabandhu West station, 117 km from Dhaka.

"If the trial run is successful and Bangladesh gives clearance, container train services will be made available on regular basis. The frequency of trains will be determined based on the demand," Rama said.

The primary concern is if the train can negotiate the load restrictions on Jamuna bridge over the Padma. To overcome technical hurdles, the pilot train is running at 70 per cent of its capacity.

Gain for both sides

Will the trial run be successful? Both sides have to wait for the answer. The load restriction and low capacity utilisation of rakes will surely impact the freight tariff. Also a lot will depend on the flow of return cargo as running empty trains will be unviable.

What is undeniable though is the strong intent shown by both sides to find more cost-efficient logistics solution to service the rising trade volume between the two nations.

According to India's Commerce Ministry, Bangladesh is India's largest trade partner in the region and ninth largest export market. Bilateral trade increased by 11 per cent during 2016-17 to $7.5 billion with Indian exports contributing $6.8 billion.

What is unfortunate though is, this huge volume of trade is serviced by non-containerised road cargo and, nearly 80 per cent of it pass through the congested Petrapole-Benapole border gates.

This is not only costly but also time-consuming as a it takes at least three weeks for Indian cargo to cross the border because of congestion at customs point.

A faster and cost-efficient trade logistics is a win-win for both sides. Bangladeshi consumers will end up paying much less for Indian goods.

During Eid, Bangladesh imports huge volumes of women-wear from India by air, which is the costliest mode of transport. The container train service can, therefore, make Eid shopping less costly.

Also container train services will reduce pressure on the congested Chittagong port, and free capacities for Bangladeshi exporters of ready-made garments to tap demands in high value European markets.

India will also gain in terms of market competitiveness in Bangladesh.

Multi-modal options

Interestingly, India is not banking only on direct container train services to reduce trade costs. It has already proposed to fund a container handling facility on the Bangladeshi side of the Gede-Darshana rail link to shift the road cargo.

More importantly, the Shipping ministries of two countries are geared to include the Pangaon river terminal near Dhaka in the bilateral river protocol.

This will help using the inland waterway, which is the cheapest mode of transport, for movement of containers between Kolkata and Dhaka.

Source: thehindubusinessline.com - Apr 04, 2018

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Jawaharlal Nehru Port Trust handles record volume at 4.83 million TEUs in FY18

Jawaharlal Nehru Port Trust (JNPT), India's largest public port, ended financial year 2017-2018 with record volumes, handling 4.83 million twenty foot equivalent units (TEUs), a year-on year (y-o-y) growth of 7.4%. The growth in volumes was led by APM Terminals-operated Gateway Terminals India, whose yearly traffic surged 13% y-o-y to 2.03 million TEUs.

The port-owned Jawaharlal Nehru Container Terminal (JNCT) registered a 3.4% y-o-y decline, to 1.48 million TEUs. JNCT's ship calls also fell to 438, from 473 in the previous year.

DP World Nhava Sheva-controlled Nhava Sheva India Gateway Terminal (NSIGT) saw volumes surge 48% y-o-y to 659,400 TEUs. New concessionaire BMCT, which opened full-fledged operations in early February this calendar year, loaded and discharged 23,212 TEUs in its first two months.

Statistics released by radio frequency identification (RFID) services provider DMICDC Logistics Data Services shows there has been a substantial reduction in JNPT dwell times (the duration a ship berths at the terminal). Of all the terminals, the latest data, available for February, showed APM Terminals Mumbai had the least dwell time, with an average dwell time of 41 hours, down from 45.8 hours in January. The overall JNPT dwell time for February improved to 47 hours from 48 hours in the month of January 2018.

The use of a RFID container tracking service has helped in meeting shippers' expectations regarding end-to-end visibility of their supply chain. The tagging and tracing of cargo empowers shippers to keep a tab on goods while in transit through the port, right till the inland container depots, freight stations and right up till the end users. This has also helped to reduce the cost of logistics operations while simultaneously improving the predictability of the cargo and creating an optimal route for it.

Nonetheless, JNPT faces increasing competition from private ports such as Adani-owned Mundra and Hazira. Anil Devli, CEO, Indian Shipowners' Association (INSA), said JNPT needs to take more steps to remain competitive. He said, "The two private ports have the terminals and they have the necessary cargo support.

The terminals are also part of shipping lines. In Mundra, you have MSC themselves operating a terminal which is the second largest shipping company in the world. In Hazira, you have CMA, which is the third largest. I think JNPT will have to be more proactive in trying to attract these larger companies to come with larger vessels, so they need to improve their move count."

Separately, Maersk India on Tuesday said India's export-import growth outdid some of the world's largest economies to register 9% y-o-y growth in FY18. Indian exports jumped from 1% y-o-y growth in the first quarter to 14% y-o-y growth in the fourth quarter, registering a strong turn-around.

In fact, India's 12-month import-export growth closed at 9%, compared with the global growth average of 4%, cementing the country's position as being amongst the fastest growing major markets worldwide.

According to Steve Felder, MD, Maersk India, a case in point is the turnaround in India's trade with North America which grew at double the pace, compared to 2016. Felder said, "As the local market stabilises further, we expect to see more of such wins in 2018, and are looking forward to participating in and indeed enabling the India growth story."

India's containerised auto exports benefited the country's western region, catering mainly to Egypt and Nigeria, registering a growth of 5%, y-o-y in 2017-18.

Containerisation in India currently stands at 55% of the country's total import-export trade, and is expected to grow significantly in the years to come.

One of the propellers of this trend is expected to be increasing containerisation of India-made automobiles, which helped grow India's overall auto exports by 20% in 2017-18, headed mainly for the US, Algeria and Russia.

Source: financialexpress.com - Apr 04, 2018

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Trivendra Singh Rawat discusses ways to promote textile industry in Uttarakhand

Uttarakhand chief minister Trivendra Singh Rawat on Monday met representatives of the Apparel Export Promotion Council (Government of India) at state secretariat in Dehradun and discussed the ways to promote textile industry in Uttarakhand.

CM Rawat underlined the need for creating job opportunities for the youths. According to a press release issued by the Uttarkhand Information and Public Relations Department, the state government has planned to encourage small industries in hilly areas. Small units of textile industries can be set up in such areas.

A MoU is likely to be signed between the Uttarakhand government and the Apparel Training and Designing Centre (ATDC) for the further growth of Kashipur-based Fashion Design Centre. As per the requirement of textile industry, skill development programme would be organized at the design centre.

Meanwhile, the CM Rawat has asked officials to examine the requirements for setting up small units of textile industries.

Source: cottonyarnmarket.net - Apr 03, 2018

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Commerce Ministry seeks inter-ministerial views on new industrial policy

The commerce ministry has circulated a draft cabinet note seeking views of different departments on the proposed industrial policy that aims to promote emerging sectors, Union minister Suresh Prabhu said.

"We have circulated (the draft policy) to all the ministries for their views," the commerce and industry minister told PTI.

He said that the policy aims at modernising the existing industries, reducing regulatory hurdles and encourage adoption of frontier technologies such as robotics and artificial intelligence.

The proposed policy will completely revamp the Industrial Policy of 1991.

After receiving comments from various ministries and departments, the commerce and industry ministry will finalise the note and move it to the Cabinet for the final approval.

The Department of Industrial Policy and Promotion (DIPP) in August last year floated a draft industrial policy with the aim to create jobs for the next two decades, promote foreign technology transfer and attract USD 100 billion FDI annually.

The department is working on an outcome-oriented actionable policy that provides direction, and charts a course of action for a globally competitive Indian industry that leverages skill, scale and technology.

Talking about public procurement policy, Prabhu said the ministry would ensure that products made in India will have a preference of minimum purchase by public sector companies.

"Many ministries have to agree (on this), so we are holding a series of meetings," he said.

He also said that the ministry is trying to ensure that even self-help groups (SHGs) and artisans could offer their goods on the government e-market place (GeM) portal.

"We are trying to propose that products made by SHGs and artisans should also be displayed (at GeM). We will have to follow a due course and quality control," he added.

Prime Minister Narendra Modi during a review meeting had expressed concern over barriers imposed against domestic manufacturers and suppliers in tenders being floated for public procurement.

Source: moneycontrol.com - Apr 03, 2018

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Semblance of stability

What CBIC circular on GST for job work means

In the nine months since GST went live, the Central Board of Indirect Tax and Customs (CBIC) has issued 310 notifications, 68 circulars and 13 orders on different aspects of the tax law. That's an average of 43 a month, or more than one a day.

Recently, the CBIC issued a circular (No 38/12/2018 dated March 26, 2018) clarifying six important issues relating to 'job work' (that's work on raw materials or semi-finished goods supplied by a principal manufacturer). The circular clarifies that, in addition to the goods received from the 'principal', the 'job worker' can use his own goods for providing the services of job work.

It goes on to clarify that a job worker is required to obtain registration only in cases where his aggregate turnover, to be computed on all India basis, in a financial year exceeds the threshold limit regardless of whether the principal and the job worker are located in the same State or in different States. It also clarifies that the supply of goods by the principal from the place of business / premises of the job worker to the principal's customer will be regarded as supply by the principal and not by the job worker.

The circular uses a lot of words to clarify six instances of movement of goods from the principal to the job worker and the documents and intimation required in those instances — where goods are sent by principal to only one job worker; where goods are sent from one job worker to another; where the goods are returned to the principal by the job worker; where the goods are sent directly by the supplier to the job worker; and where goods are returned in piecemeal by the job worker.

The circular also provides useful clarifications on the liability to issue invoice, determination of place of supply and payment of GST.

The circular ends rather timidly by clarifying that input tax credit would be available to the principal, irrespective of the fact that whether the inputs or capital goods are received by the principal and then sent to the job worker for processing or whether they are directly received at the job worker's place of business/premises, without being brought to the premises of the principal.

It is also clarified that the job worker is also eligible to avail input tax credit on inputs, etc. used by him in supplying the job work services if he is registered. Though fairly comprehensive, the circular would have been complete had it clarified on the treatment of goods damaged at the premises of the job worker and when the job worker decides to purchase the goods himself.

Though the magical concept of matching of invoices through taxpayers' returns hasn't been implemented yet, the GST laws appear to be getting some semblance of stability. Circulars that provide some clarity such as the one related to job work will only add to the stabilisation of the laws.

CBIC should take a cue from the RBI and issue Master Circulars on important aspects of the GST law —namely, invoices, e-way bills, returns, job work, input tax credit and taxation of e-commerce operators.

These Master Circulars would be reviewed annually and would be amended only if there are significant changes to the law; this could also restrict the number of notifications being issued.

Source: thehindubusinessline.com - Apr 04, 2018

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MCX Cotton gears up for a fresh rally

Cotton prices have been volatile in a broad sideways range since the beginning of this year. The cotton futures contract on the Multi Commodity Exchange (MCX) has been trading sideways in a wide range of ₹19,300-21,300 per bale (of 170 kg).

Within this range, the contract made a low of ₹19,850 per bale last week and has surged over three per cent from this low. It is currently trading at ₹20,570.

The Cotton Association of India (CAI) revising down the production estimate for 2017-18 crop year to 362 lakh bales from 367 lakh bales estimated earlier is supporting the prices.

Outlook

A breakout on either side of the current ₹19,300-21,300 range will decide the next trend. But the bias on the chart is bullish. The 21-week moving average has crossed over the 55- and 100-week moving averages. This is a bullish signal indicating that the downside could be limited in the short-term. The 21-week moving average has been providing strong support since February and has been limiting the downside well.

All these indicators on the charts suggests that the contract is likely to breach the current range above ₹21,300 and extend its up move in the coming weeks.

A strong break and a decisive weekly close above ₹21,200 will be the first sign of bullishness. An eventual break above ₹21,300 can take the contract higher to ₹21,500 initially. Further break above ₹21,500 will then increase the likelihood of the contract targeting ₹23,000 over the medium- to long-term.

High risk appetite traders with a medium- and long-term perspective can go long at current levels and accumulate on dips at ₹20,000 and ₹19,850. Stop-loss can be placed at ₹19,700 for the target of ₹22,300. Revise the stop-loss higher to ₹20,850 as soon as the contract moves up to ₹20,250.

The outlook for the contract will turn negative only if it records a decisive weekly close below ₹19,800. The next targets are ₹19,500 and ₹19,300. But such a strong fall looks unlikely at the moment.

Note: The recommendations are based on technical analysis and there is a risk of loss in trading.

Source: thehindubusinessline.com- Apr 04, 2018

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Manufacturing growth slows to 5-month low in March amid weaker demand: PMI

Job generation falls for first time in eight months; GDP growth projection scaled down to 7.3% for FY19

Growth in manufacturing slowed to a five-month low in March, recording the smallest improvement in operating conditions since October 2017, showed the widely-tracked Nikkei purchasing managers' index (PMI).

The PMI fell to 51 in March from 52.1 in February. A reading above 50 shows expansion. This, coupled with a weak outlook ahead, prompted the compiler of the PMI survey — IHS Markit — to scale down its growth projection from 7.4 per cent to 7.3 per cent for 2018-19.

The Economic Survey has pegged growth at 7-7.5 per cent for the year, while multilateral agencies have projected it to be 7.2 per cent. With firms' capacity lying idle, companies have lowered their payroll numbers for the first time in eight months, albeit moderately. Goods manufacturers raised their output for the eighth successive month in March. However, the rate of rise was the weakest since October.

Whatever higher production occurred is mainly linked to new order growth and favourable demand conditions, the survey pointed out. Growth was reported in all three broad market groups, led by consumption goods. New businesses placed with manufacturing companies rose for the fifth consecutive month in March. Where an increase was registered, firms linked this to improvements in demand in both the domestic and international markets.

That said, the rate of growth eased to the weakest pace in the current sequence, reflecting the slowest gain in new export orders since November. New export orders rose during March, thereby marking a five-month period of growth. "The impact of US tariffs on steel and aluminium on India is expected to be limited because India's exports in both metals to the US accounted for less than 0.4 per cent of merchandise exports. On a negative note, further advances in trade disputes could potentially weigh on sales to international clients," Aashna Dodhia, economist at IHS Markit and author of the report, said.

While input inflation moderated in March compared to February, the rate of rise in output prices reached an eight-month high.

Optimism for the next 12 months remained below the series average even as manufacturing firms retained business confidence. China, with which India is often compared, had better manufacturing performance in March.

Growth in China's factory sector picked up more than expected in the month as the authorities lifted production restrictions imposed in winter, a polluting season.

Source: business-standard.com- Apr 04, 2018

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