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The Cotton Textiles Export Promotion Council [TEXPROCIL]
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IBTEX No. 199 of 2017 October 04, 2017

USD 65.36 | EUR 76.93 | GBP 86.71 | JPY 0.58

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
18047	37750	**73.51**

Domestic Futures Price (Ex. Gin), October

Rs./Bale	Rs./Candy	USD Cent/lb
18280	38237	**74.46**

International Futures Price

NY ICE USD Cents/lb (Dec 2017)	67.52
ZCE Cotton: Yuan/MT (Sept 2017)	15,150
ZCE Cotton: USD Cents/lb	**87.80**
Cotlook A Index – Physical	**79.05**

Cotton & currency guide: Cotton futures continued to decline and settlements ended near unchanged. December settled at 6752, down 5 points. Dec has had 14 lower settlements in the last 20 sessions for a net loss of 736 points. The other months settled from 21 points lower to 16 points higher. In the last 20 sessions those months have net losses of 326 to 711 points. Trading volume was 19,368 contracts. Cleared yesterday were 23,620 contracts.

Market continues hold bearish factors. Most of the bearish sentiment comes from expectations for a giant US crop, possibly bigger than USDA's September estimate of 21.758 million bales or close to the number. If the US makes that estimate it will be the biggest crop in 12 years.

The next USDA Monthly Supply/Demand is due October 12th. We believe until then market may remain precarious while overall scenario should be on bearish tone.

Since price is holding just below 68 cents the technical are also suggesting weakness and possibly price may drift towards 67 and then 66.40 areas. The major question mark that we anticipate is the possibilities of Chinese import demand and speculative interest coming in near 66 areas may keep a check on the major price call. Broadly price would trade in the band of 66 to 68.50 in the very near term.

There is no major action from domestic market in India. The November and December forward S6 variety continues to trade below 38K per candy around 73.50 cents per pound in parity term. On the futures front market for all contracts were seen trading sideways.

The October, November and December posted the close at Rs. 18530, 18360 and Rs. 18290 per bale respectively. Due to Indian rupee depreciation there has been slight uptick in price but overall scenario remains sideways. For the day we expect cotton to trade for November in the range of Rs. 18240 to Rs. 18450 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

USA: EIAP not boosting Dominican apparel exports to US: USITC

The Earned Import Allowance Program (EIAP) is not offering enough incentives to significantly boost Dominican apparel exports to the United States eight years after it was implemented, according to the US International Trade Commission (USITC). The decline is due to increased imports from Haiti and more competition from other Western hemisphere suppliers.

In 2016, US imports of woven cotton bottoms from the Dominican Republic fell 57 per cent by value to $3.5 million from $8.2 million in 2015 and fell 61 per cent by quantity to 745,000 square metre equivalents (SMEs) from 1.9 million SMEs in 2015, the USITC said In its publication 'Earned Import Allowance Program: Evaluation of the Effectiveness of the Program for Certain Apparel from the Dominican Republic; Eighth Annual Review'.

The review was submitted to the US House of Representatives Committee on Ways and Means and the US Senate Committee on Finance on September 28, said a recent USITC press release.

The EIAP allows apparel units in the Dominican Republic who use US fabric to manufacture certain apparel to earn a credit that can be used to ship eligible apparel made with non-US fabric into the United States duty free.

Haiti offers lower labour costs and trade preferences that provide more sourcing flexibility and coverage for a wider range of products than the EIAP. A tariff preference level (TPL) for woven apparel from Haiti allows the use of third-country fabric up to a specified level, according to the USITC review.

The Dominican Republic-Central America-United States Free Trade Agreement Implementation Act, as amended, requires the USITC, an independent, non-partisan, fact-finding federal agency, to evaluate annually the effectiveness of the EIAP program and make recommendations for improvements.

USITC recommended lowering the 2:1 ratio of US to foreign fabric to 1:1, expanding the EIAP to enable other kinds of fabrics and apparel items and changing the requirement that dyeing and finishing of eligible fabrics occur in the United States.

Source: fibre2fashion.com - Oct 03, 2017

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World Economic Forum Report Warns of Wobbly Economic Recovery

As global economies continue to rebound from the Great Recession nearly a decade ago, the prospects for a sustained economic recovery remain at risk, according to the new World Economic Forum's "Global Competitiveness Report 2017-2018."

The report, an annual assessment of the factors driving countries' productivity and prosperity, cites a "widespread failure on the part of leaders and policy makers to put in place reforms necessary to underpin competitiveness and bring about much-needed increases in productivity" as reasons for the lack of sustained economic progress.

For the ninth consecutive year, the report's Global Competitiveness Index found Switzerland to be the world's most competitive economy, narrowly ahead of the U.S. and Singapore. Among the other G20 economies in the top 10 are Germany at number five, the U.K. at eighth and Japan at number nine. China is the highest ranking among the BRICS group of large emerging markets, moving up one rank to 27.

Areas of concern

The report highlights three areas of greatest concern. Foremost is the financial system, where levels of "soundness" have yet to recover from the shock the recession and in some parts of the world are declining further. This is especially of concern given the important role the financial system will need to play in facilitating investment in innovation related to the so-called Fourth Industrial Revolution.

Another key finding is that competitiveness is enhanced by combining degrees of flexibility within the labor force with adequate protection of workers' rights. With vast numbers of jobs set to be disrupted by automation and robotization, creating conditions that can withstand economic shock and support workers through transition periods will be vital, the WEF said.

GCI data also suggests that the reason innovation often fails to ignite productivity is due to an imbalance between investments in technology and efforts to promote its adoption throughout the wider economy.

"Global competitiveness will be more and more defined by the innovative capacity of a country," said Klaus Schwab, founder and executive chairman of the WEF. "Talents will become increasingly more important than capital and therefore the world is moving from the age of capitalism into the age of 'talentism.' Countries preparing for the Fourth Industrial Revolution and simultaneously strengthening their political, economic and social systems will be the winners in the competitive race of the future."

Inside the rankings

With Switzerland, the Netherlands and Germany remaining stable on first, fourth and fifth spots, respectively, the only changes in the top five apply to the U.S. and Singapore, which swap second and third positions. Elsewhere in the top 10, Hong Kong, a special administrative region of China, jumped three places to sixth, edging out Sweden at seventh, and moving the U.K. and Japan down a spot. With Finland holding in 10th, the other notable mover was Israel, which climbed eight places to number 16.

In Europe, France dropped one position to 22, while Portugal moved up four places to 42, moving over Italy, which dropped to number 43. Elsewhere in Europe, Spain stayed at number 34 and Greece at 87.

General trends over the past decade have seen an improvement in aspects of Europe's innovation ecosystems, but a worrying deterioration in some important education indicators, the report noted. Russia improved five positions, moving to 38, driven by improvements in basic requirements and innovation.

North America remains one of the most competitive regions in the world. Leading in innovation, business sophistication and technological readiness, and ranking close to the top in the other pillars of competitiveness. In addition to the U.S. rising to No. 2, Canada improved one position to 14.

In addition to Singapore, Hong Kong and China, among the 17 East Asia and Pacific economies, 13 increased their overall score, with Indonesia and Brunei Darussalam making the largest strides since last year.

“There have been signs of a productivity slowdown among the region’s advanced economies and in China, suggesting the need to pursue efforts to further increase technological readiness and promote innovation,” the report said.

India at 40th remained the most competitive country in South Asia, as most nations in the region improved their performance, with Pakistan moving up seven spots to 115 and Bangladesh also moving to seven places to 99th, with both countries improving across all pillars of competitiveness.
Latin America and the Caribbean have seen 10 years of continued improvement in competitiveness. Chile continues to lead the region at placing 33, followed by Costa Rica, ranked 47 after improving seven positions. Panama comes next, ranking 50 after falling eight positions. Argentina showed the most improvement, going up 12 positions to 92, as Brazil improved one position to number 80, as did Mexico, now ranked 51st. Colombia and Peru each fell five positions, ranking 66 and 72, respectively.

The Middle East and North Africa region improved its average performance this year, despite deterioration in the macroeconomic environment in some countries. Low oil and gas prices are forcing the region to implement reforms to boost diversification, and heavy investments in digital and technological infrastructure have allowed major improvements in technological readiness.

However, these have not yet led to an equally large turnaround in the region’s level of innovation. The United Arab Emirates at 17th led the way among the Arab countries, followed by Qatar at 25th, while the most-improved country was Egypt, climbing 14 spots to 101.

On average, sub-Saharan Africa's competitiveness has not changed significantly over the past decade and only a handful of countries–Ethiopia at 108, Senegal at 106, Tanzania at 113 and Uganda at 114–showed improvement. Leading the ranking in the region was Mauritius at 45, Rwanda at 58, South Africa at 61 and Botswana at 63.

In general, Africa is still being penalized by its macroeconomic environment, the WEF said. Average inflation grew to double digits last year, while public finances are still being affected by relatively low commodity prices that curbed public revenues and government investments.

Source: sourcingjournalonline.com - Oct 03, 2017

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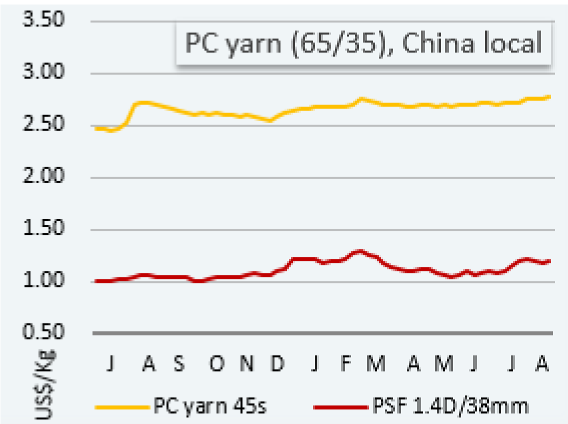
Blended yarn prices rise in China, stable in India



In China, PC (65/35) 32s yarn prices inched up in the third week of September, while 45s PC combed yarn prices rose US cents 5 a kg on the week. PV 32s were also up US cents 4 a kg. PC yarn prices in China slightly moved up during the week while PV yarn prices were also assessed higher. However, prices could not rise much in US$ terms as the local currency was weak while US$ was stronger this week. In India, PC yarn prices declined for about 5.6% in the last 5 weeks while PV yarn prices also fell on the week.

In Pakistan, poly-cotton prices could not move during the week, despite the new rise of polyester fiber prices. PC 20s and 30s (52/48) carded yarn prices were flat during the week on the Faisalabad market. PV 30s yarn prices were also pegged stable. However, producers of PV yarns raised offers in the second week of September after eight weeks of stagnation.

Source: yarnsandfibers.com - Oct 02, 2017

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Technical Textile Growth Set to Soar—But Can We Sustain the Eco Impact?

Fibers are doing more than they've ever done before—from providing functionality to garments, to circulating in a closed loop cycle and being made from old to new again, to eliciting emotional responses from socially conscious consumers—there's a lot to look at on the bright side of the global fiber sector.

"It's not a surprise that it's really a very exciting growth industry," Lenzing chief commercial officer Robert van de Kerkhof said speaking at the Dornbirn Man-Made Fibers Congress in Austria this month.

Global fiber demand is expected to see growth a little above average GDP at least until 2020, and in that time, technical textile production should reach 42 million metric tons.

"Almost all regions are growing in technical textiles," van de Kerkhof said, adding that China has seen the greatest growth of all. "It's a very good industry to be in and a huge opportunity for us."

But all of that growth in fiber demand comes with a dark side too: pollution.

For one, polluted water runoff from factories and from consumers washing garments made from non-biodegradable synthetic fibers, have been a source of ocean pollution—which has become an ever-prevalent issue in the apparel sector as the industry starts to realize how much plastic actually pollutes the world's waters.

And having garments made from recycled polyester won't matter much to a conscious consumer if they know that fiber will simply end up polluting the ocean.

"If we are not careful, all the innovation, all the work we are doing...we really can turn consumers off from buying our materials because they're very concerned about the long-term future," van de Kerkhof said. "It's the brands and retailers that decide which fibers they put into their garments, which fibers they put on the shelves for consumers to buy."

If things aren't done to curb the pollution coming from the textile sector and elsewhere, Dr. Hugo-Maria Schally, who works on sustainable production efforts for the European Commission, said, "We actually will see an ocean in 2050 where there's more plastic than fish."

Facts like that have fueled the transition to a circular economy, Schally said, and the European Commission is working to set goals for more sustainable development.

By 2030, the Commission wants to reduce municipal waste in Europe by 65 percent, it is working on legislation to promote water reuse, and it is trying to get a better understanding of the uses of recycled raw materials and a clearer definition of the requirements that need to be met in order to use them.

The Commission is also working to find a solution to the overuse of incineration for getting rid of wasted textiles and plastics that could possibly have been turned into textiles. As it stands, according to Schally, 40 percent of plastics get incinerated, and the Commission wants to see raw materials designed for long life and recyclability from the start. In turn, all of these efforts will ultimately benefit businesses' bottom lines.

"Protecting the environment and boosting competitiveness go hand in hand," Schally said.

The need for less impactful textile process is an absolute one, Adidas senior director for sustainability strategy Philipp Meister added.

"We are doing in total about 380 million pounds of apparel every year and yes, that makes us part of the problem," Meister said. That's part of the reason Adidas started its partnership with Parley for the Oceans, undertaking a project to turn plastic that would likely become ocean waste into functional footwear.

The company has already committed to producing 1 million pieces of product for the project and the ultimate goal across its greater supply chain is to stop using virgin plastic altogether.

Though some companies, like Adidas, have made firm commitments and are already progressing toward lowering their footprint, sustainability efforts thus far have largely been more talk than walk, according to Franz Josef Radermacher, a professor of informatics (information engineering) at Austria's Ulm University.

"We are all working on sustainability but it's all words," Radermacher said. "For most people in the world, development is more important than environment." Though climate change has become a major issue, even the Paris agreement consists of voluntary pledges rather than binding commitments.

But more than that, the industry needs to take a more macro look at the pollution problem in the textile sector.

"The biggest problem we have," according to Radermacher, "is always more people."

From 2000 to today, the number of people in the world grew by nearly 1.5 billion, according to Radermacher. "In 2050 we'll be 10 billion people and if we do not do the right actions, then by the end of the century we'll be 12 billion people," he said.

Those actions, Radermacher said, have to do with sources of wealth, creating opportunities for more people to have more money to in turn slow population growth. From there, the industry needs synthetic fuels, renewable energy and actions on climate control that will be required and not simply suggested, if the textile industry is to sustain itself.

"We will survive, the question is under what quality of civilization," Radermacher said.

Source: sourcingjournalonline.com- Oct 02, 2017

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Asean revives FTA talks with Europe

A working group representing the Association of Southeast Asian Nations (Asean) and the European Union (EU) would meet this month to explore the possibility of having a free trade agreement (FTA) between the two large economic blocs, a top official said.

Trade and Industry Secretary Ramon Lopez told reporters on Friday that the meeting would mainly be "exploratory discussions," months after both sides announced that they were reviving the multilateral trade deal.

In 2009, negotiations on an EU-Asean FTA were suspended to make way for bilateral talks between EU and individual Asean member-states. However, in March, top officials announced in a forum that they would go back to the drawing board in a bid to revive the region-to-region deal amid a rising tide of global protectionism.

The intent to resume talks came on the heels of US President Donald Trump pulling out of the Trans-Pacific Partnership (TPP)—a timing which Lopez described then as nothing more than a "coincidence."

The hole that would be left behind by a TPP, which was deemed dead without US participation, would provide momentum for the EU-Asean FTA especially since four Asean member-states—Brunei, Malaysia, Singapore and Vietnam—were supposed to be part of the US-led mega trade deal.

Lopez reiterated that this would not affect the bilateral FTA between the Philippines and the European Union. The third round of negotiations, however, still has not been scheduled after the second round wrapped up earlier this year.

The possibility of an FTA becomes more important especially since the Generalized System of Preference Plus (GSP+), which started in December 2014, would only last nine years.

Source: business.inquirer.net- Oct 02, 2017

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Pakistani apparel makers need to get creative: IAF chief

Han Bekke, president of the International Apparel Federation (IAF), thinks Pakistan's apparel manufacturers must invest in product development, fashion education and creativity to build their own brands to boost exports and compete with other countries in global markets.

"Whether you want to remain a source of low-cost (textile) products (for the rest of the world) or add value (to your exports), the choice is yours," Mr Bekke, who was in Sialkot last week to inaugurate the IAF's first regional office anywhere in the world, told Dawn in an interview.

"So you have got to be very competitive and you have to be unique… nobody is waiting for you. Go to Brussels, London, Paris… go to any fashion fair in the world, there are so many companies; there is so much on offer in the world.

"You got to be unique — unique and competitive. Your companies need to decide in which direction they want to go and what business strategies they want to implement."

"Look at Hong Kong. It was for several years a low-cost hub (of apparel for the world). Hong Kong invested in fashion and they have strong brands now.

"Take the example of Turkey, a low-wage country for Europe until not very long ago. They changed the whole system in the country and invested heavily in creativity, and product and design development. Now they have so many strong (global) brands," the IAF president argued.

"I don't know the answer. Ask companies. Probably they ignored what happened globally," Mr Bekke responded when asked if he could explain the factors that might have hampered Pakistan's apparel industry and export growth.

But he added: "It's about cooperation in the supply chain; it's always about cooperation in the supply chain. For this you have to set up partnerships (in the supply chain) downstream and upstream. That's the only way out. Otherwise you'll just be ruled out of the competition.

"What Pakistani textile and apparel manufacturers need to realise is that they are already in the global market where they have to compete with other countries. So the question is whether they want to stay as a source of cheaper products or start making use of their creative powers and skills."

Founded in 1972, the IAF is the only international platform for business contacts in the apparel industry of its over 40 member-nations.

The Pakistan Readymade Garments Manufacturers Association (PRGMEA) has been a member of the federation for the last seven years and its chairman, Ijaz Khokhar, persuaded the IAF board to open their first regional office in Sialkot to officially start a pilot project to expand their presence to other member countries in future.

Currently, the IAF and PRGMEA are discussing creating three 'desks' within the IAF's Pakistan office: a 'market entry desk' with information on product legislation, trade rules and market entry strategy; a 'member benefits desk', providing access to global discounts on services; and a 'trade fair desk', helping companies to enter major trade fairs across the world.

"The establishment of the IAF's regional office will help us access its technical expertise and knowledge of fashion industry. That'll help us develop new technical and functional fabrics, products and markets for our value-added textile industry under its umbrella and convert our entire cotton produce into value-added goods (for export markets)," chipped in Mr Khokhar.

Speaking about global developments affecting international apparel trade, Bekke pointed out that globalisation of apparel manufacturing, stimulated by the liberalisation of trade in textiles and clothing in 2005, has intensified competition in the textile-apparel pipeline.

"In certain parts of the apparel world it puts heavy pressure on existing market structures. At the same time new market opportunities are ahead of us. Creativity, design, new materials, research, information technology, cooperation in the demand chain are just a few key words to underline the possibilities companies have to be competitive and to gain market share."

According to him, since 2009 the global apparel market has been experiencing a slowdown in growth to some two to three per cent a year.

"The year 2016 was a tough one according to the first global fashion survey by McKinsey and website Business of Fashion. The year was summarised in three words: uncertain, changing and challenging, which is not a good business environment for entrepreneurs."

But he was worried about geopolitical tensions, polarisation and populism in a growing number of countries. "This could easily lead to protectionism and import duties and hence not only affect world clothing exports but also the position of many companies and workers worldwide.

"This might have a negative influence on international trade in apparel and textiles. Brands and retailers might start to change their sourcing in anticipation of higher import duties that may never come. In this way uncertainty will equal waste of resources."

He was of the view that the emerging situation could lead to a race to the bottom where "one could question whether this is profitable at the end and whether it will improve the living and working conditions of workers in low wage countries. Or it could shift focus from price to focus on quality, more value for money, sustainability and speed to market."

Meanwhile, Bekke said, consumer behaviour continues to change, stimulated by new technologies. "Consumers have become more demanding, more discerning and less predictable. This is challenging for companies in our sector who have to reconsider their business models.

"Speed to market is the key. Innovation is needed next to a sustainability approach. But there are also positive signs. The world economy will grow this year with approximately 3.5pc.

"Pakistan was, is and will be a major exporter of garments. In 2016 it was in the top 10 of the largest garment exporters in the world and in the top 10 largest suppliers of garments to the EU market. This is a good position and considering the country's population, there is even potential to grow."

Source: dawn.com- Oct 03, 2017

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Pakistan Readymade garments exports increase 15.65pc in two-months

The exports of readymade garments from the country during first two months of current financial year increased by 15.65 percent as compared the exports of the corresponding period of last year.

During the period from July-August, 2017, around 6,326 thousand dozens of readymade garments worth US$ 418.631 million exported as compared the exports of 5,217 thousand dozens valuing US$ 361.971 million of same period last year.

Meanwhile, exports of knitwear grew by 7.53 percent as about 20,334 thousand dozen of knitwear valuing US$ 439.258 million exported during the period under review as compared the exports of 17,776 thousand dozen worth of US$ 408.495 million of same period last year, according the data of Pakistan Bureau of Statistics.

Around 61,840 square meters of bedwear valuing US$ 384.321 million exported in first two months of current financial year as compared the exports of 59,812 square meters of bedwear worth US$ 355.554 million of same period last year, it added.

During the period under review, exports of bedwear increased by 8.09 percent as compared the exports of the same period last year, the data added.

However, exports of towel witnessed decrease of 0.67 percent as it went down from 27,372 metric tons in first two months of last year to 25,939 metric tons in same period of current financial year, it added.

Towels worth US$ 116.782 million exported in first two months of current financial year as compared the exports of US$ 117.574 million of same period last year, the data reveled.

On the other hand exports of textile group increased by 5.81 percent in first two-months of current financial year and was recorded at US$ 2.179 billion as compared the exports of US$ 2.059 billion of same period last year, it added.

The exports of raw cotton during first two-month was recorded at 5,225 metric tons worth US$ 8.697 million as compared the exports of US$ 10.197 million of same period last year, it said.

During first two-months, exports of other textile materials grew by 13.29 percent as above mention products worth US$ 75.744 million exported as compared the exports of US$ 66.85 million of same period last year.

Source: dunyanews.tv- Oct 03, 2017

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Africa's main textile, apparel trade show kicks off in Ethiopia

Africa's main trade show for cotton, textile, apparel, home and technology industries kicked off in Ethiopia's capital Addis Ababa on Tuesday.

The African Sourcing and Fashion Week, which will last toward Friday, has gathered some 230 international producers and exporters from 25 countries, the organizers Trade and Fairs East Africa and Messe Frankfurt indicated Tuesday.

Among the variety of products showcased at the trade show include apparel fabrics, leather goods, fashion and fashionable accessories. Home and household textile providers are also among exhibitors as part of the event.

According to the organizers, the exhibitors are drawn from countries such as Turkey, the United Arabic Emirates, Tanzania, Sri Lanka, Bangladesh, India, Italy, Germany and the host nation Ethiopia.

The 4-day event, as part of its opening day program, evaluated Ethiopia's Hawassa industrial park, in which panelists indicated the industrial zone as a "model of sustainability" in Africa's textile and garment industry sector.

Digital sourcing was also major discussion topic during the event as a new sourcing opportunity for the African continent and beyond.

According to the Ethiopian Ministry of Industry, Ethiopia has earned close to 90 million U.S. dollars from the textile and garment sector during the just concluded Ethiopian 2016/2017 fiscal year, largely from industries installed in newly built industrial parks across the country such as the Chinese-built Hawassa industrial park.

The textile and garment industry sector, which represents the lion's share of Ethiopia's growing manufacturing sector, has been given due emphasis in Ethiopia's second five-year Growth and Transformation Plan (GTP-II), due effective from 2015 to 2020.

Source: xinhuanet.com- Oct 03, 2017

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A legacy of liberalisation in Sri Lanka

Before Sri Lanka ushers in new economic reforms, it must take a hard look at the story so far

The Sri Lankan government recently released its ‘Vision 2025’ manifesto, heralding a new wave of economic reforms. Its timing coincided with the 40th anniversary of the island’s embrace of deregulation, trade liberalisation, and privatisation ahead of the rest of South Asia. While the current government seeks to revive neoliberal momentum, there is no assessment of the legacy of liberalisation even on narrow economic benchmarks.

Modest growth

Growth in gross domestic product has been modest. It averaged 4.8% between 1978 and 2009 compared to 3.5% between 1971 and 1976. Some of the initial expansion was from massive inflows of grants and soft loans, as Western donors and multilateral agencies rushed to reward a regime hailing the virtues of high growth, foreign investment, and free market capitalism.

Average household income has risen rapidly, but so has concentration of wealth. Inequality has deepened: the Gini coefficient, which was 0.35 in 1973, worsened to 0.48 by 2012-13.

The richest 20% of households command 52.9% of income, or more than the rest combined; the poorest 20% muster only 4.5%. The bottom 40% of the population survive on under $2.50 per day.

Inflation is often runaway into double digits, whereas before 1970 it was under 3%. Cost of living has spiralled and household debt escalated.

Manufactured goods have soared in share of exports from 13.4% in 1977 to 77% in 2016, but are dominated by ready-made apparels which have negligible local value addition.

Industries that profited from textile and clothing quotas, duty-free imports, tax holidays, free infrastructure, subsidised services and lax environmental and labour regulations still depend on imports of raw and semi-finished materials. This is a barrier to linkages in the local economy and gobbles up net foreign exchange earnings.

Export-oriented industrialisation is promoted as the cure-all for all ills. Its labour force is mostly of women in low-wage and highly exploitative conditions, and where unions are not allowed to organise inside and outside export-processing zones. Employment in this sector has only reached over 470,000, or under 6% of the labour force. That's the same number as those who leave every two years for foreign employment. Liberalisation has failed to create decent and secure jobs.

Agriculture in decline

Agriculture has drastically declined in economic share to 7.1% in 2016 from 35.1% in 1970-71, and in export composition to 22.6% in 2016 from 94.6% in 1970-71. It is still important to livelihood as over 70% of the population is rural, and marginally more are employed in agriculture (27.1%) than in industry (26.4%).

There has been limited diversification as tea, rubber and coconut predominate, as before 1977. Revenues from tea, plucked mostly by women, have slumped to third place in export income. However, migrant remittances of mainly women in domestic work in West Asia amounted to nearly $7 billion last year, or almost equal to earnings from textiles, tourism and tea combined.

Women's work is the basis of the monetised and care economy, but their labour force participation rate has plateaued at under 36%, or less than half that of men.

Sri Lanka's main food imports of wheat flour, rice, sugar, milk and milk products, and fish and fish products are unchanged. Demand has risen along with population increase and household income but not purchasing power. The rupee is currently trading at 153 Sri Lankan rupees to the U.S. dollar whereas it was 8.60 SL rupees in 1977, but with no corresponding gain in export earnings. In 2015, income from exports only equalled 55% of the cost of imports, widening further the balance of payments deficit.

Chronic under-investment in food production has intensified dependence on imports and also insecurity as consumers are more exposed to world market price fluctuations. The withdrawal of state support in access to credit, inputs and extension services as well as in direct purchase, storage, transport and distribution has abandoned producers to predatory middlemen, aggravating agrarian distress.

Mounting debt

All regimes have bridged the chasm between income and expenditure with loans. External debt has ballooned to $46.6 billion (from under $942 million in 1976), diverting resources from public spending to debt-servicing.

Foreign direct investment last year was only $898 million, whereas foreign loans totalled $1.287 billion. This has been the pattern despite generous incentives to private capital and wage repression in the export sector.

The war between 1983 and 2009 was disastrous but its economic impact was diffuse as export production of goods and crops was outside the conflict zone.

The promise of "inclusive and equitable growth and development" in Vision 2025 is deceitful, recycling as it does the market fundamentalism that brought prosperity only to the few in Sri Lanka.

Source: thehindu.com- Oct 04, 2017

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World cotton output may rise 10% in 2017-18: ICAC

Global cotton output is likely to rise 10% to 25.4 million tonnes in 2017-18 marketing year on expected production increase in India and the US, a global body has said.

The production may go up mainly because of expansion in acreage by 3 million hectares to over 32 million hectares across the world, according to International Cotton Advisory Committee (ICAC). The worldwide output of the cash crop stood at 23.05 million tonnes (mt) last year.

India's marketing year runs from October to September. The acreage has increased due to better cotton prices in 2016-17 and higher cotton price ratio to other competing crops during this year, ICAC said in a report.

China, India and the US are the world's top three cotton producing countries. As per ICAC, the global cotton consumption is projected to increase 2.7% to 25.22mt this year from 24.56mt last year. "Mill use in China is projected to grow 1.5 % to 8.1mt. Cotton mill use is also projected to grow moderately in India, Pakistan, Turkey, Bangladesh, Vietnam and Brazil," the report added.

As far as cotton trade is concerned, it is likely to be stable at 8mt in 2017-18 marketing year. The US will remain the largest exporter accounting for 40%, or 3.1mt of the world's shipments. Bangladesh will remain the largest importer in 2017-18 accounting for 18%, or 1.4mt of the global imports, ICAC said.

Since global production is projected to edge over mill use during 2017-18, ending stocks could increase moderately and reach 18.7mt with stocks to use ratio remaining little changed at 75%.

"However, ending stocks in China are projected to decline by 1.7mt during 2017-18, while outside China stocks are projected to increase by 1.85mt," the report noted. ICAC is an association of governments of cotton producing and consuming countries.

Source: livemint.com- Oct 04, 2017

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Vietnam Looks to Cut Sourcing Costs to Boost Garment Exports

Vietnam's rapid growth in textiles may be tapering off.

The country's Ministry of Industry and Trade said global demand for textile garments fell in the first eight months of the year.

"Wages for workers and logistics costs have been rising, putting local garment exporters under pressure, particularly in the face of fierce competition from regional rivals like Bangladesh, Myanmar and Cambodia," according to local reports from The Voice of Vietnam.

Part of the problem with Vietnam's competitors, according to the article, is that they've enjoyed preferential policies from their governments—including things like tax breaks to boost exports—where Vietnam hasn't had as many of these perks.

They've also enjoyed preferential trade status from major trade partners like the U.S. and EU, something the Trans-Pacific Partnership would have afforded for Vietnam with its exports to the U.S.

As such, the Ministry of Industry and Trade in Vietnam is in the process of drafting legal amendments designed to help domestic garment producers cut costs, and they've also implored state agencies to support domestic textile and garment exporters with things like administrative procedures to help ease some of the other obstacles to competition.

Chairman of the Vietnam Textile and Apparel Association Vu Doc Giang said the sector aims to export roughly $30 billion worth of textiles and garments in 2017, with the U.S. taking 50 percent of that total, followed by the EU with 20.5%, Japan with 19.5% and Korea importing 7.5% of Vietnam's garments and textiles.

The U.S. has taken in $6.8 billion worth of textiles and apparel from Vietnam for the year through July, a 5.36% year over year increase, according to OTEXA data. In 2016, U.S. imports totaled $11.3 billion, which was a 2.27% increase over 2015.

For the year through August, according to The Voice of Vietnam, the country's exports reached $19.8 billion, but the Ministry is concerned the $30 billion target won't be reached since the bulk of the country's big orders have likely already been placed.

No timeline has yet been made available for when some of these cost cuts could take effect, and it remains to be seen whether these cuts will be passed on to companies sourcing in Vietnam.

Source: sourcingjournalonline.com- Oct 03, 2017

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Vietnam: Digital factories to be widespread in labor-intensive industries

The current textile and garment factories may disappear in 10 years, and 86 percent of workers will become redundant, experts have predicted.

The labor-intensive textile and garment industry will use new technologies such as AI, robots and IoT for work now being done by humans.

Nguyen Thi Thanh Huyen, general director of Garment 10, said the 4.0 revolution will bring great opportunities to developing countries like Vietnam, but a high proportion of workers in the textile & garment industry will become redundant because of the appearance of robots and modern machines.

Local newspapers have reported that the revolution has already affected Vietnam. A Hanoi-based company has dismissed 80 percent of workers as robots now undertake the work.

The revolution is expected to have a big impact not only on labor intensive industries, but in all socio-economic fields.

“We missed the three previous revolutions. I wonder if this will happen with the fourth revolution,” Hoang Manh Tan, deputy general director of Son Ha Group.

According to Tan, Vietnam's industrial production is now mostly primary production which does not create high added value, with exports mostly raw materials.

"The production cost in Vietnam is much higher than that in other regional countries," he said, adding that China can make products at low cost because it has modern technology and large-scale production.

Nguyen Phu Cuong from MOIT commented that the biggest obstacle for Vietnamese enterprises is the outdated technology. Therefore, it will take time and great effort to digitize technologies. "If Vietnam cannot catch up with the development pace in the world and the region, Vietnam will have to face many risks, including production decline and labor redundancy," he said.

Cuong also warned that there might be a wave of outdated technologies from developed to developing countries, including Vietnam.

The impact of the industrial revolution, both positive and negative, is unavoidable. The only thing Vietnamese enterprises can do is take full advantage of the opportunities and confront challenges. In other words, they cannot miss the '4.0 revolution train'.

Phi Ngoc Trinh, general director of Ho Guom Group, doesn't think that workers will completely be replaced by robots in the next 10 years, but that gradual replacement in some fields will take place.

"Until that time, Vietnamese enterprises need to be financially prepared for the replacement," he said.

Source: vietnamnet.vn- Oct 04, 2017

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Turkish Clothing Brand Uses Iran as Production Hub

Turkish company LC Waikiki, otherwise known as LCW, has become the first major foreign apparel manufacturer to officially start cooperation with domestic garment players.

Speaking to Financial Tribune, Director General of Textile and Clothing Department at the Ministry of Industries, Mining and Trade Afsaneh Mehrabi said the Turkish company has been in negotiation with Iran's Ministry of Cooperatives, Labor and Social Welfare and the Ministry of Industries, Mining and Trade for the past eight months and the Turkish side has so far surveyed over 70 apparel factories and manufacturing units in Iran.

Iranian clothing company Ronak Jean has been shortlisted. LCW has already placed order and the Iranian company's production line has been making clothes for the Turkish brand labeled "Made in Iran" tags for the past few months.

"Most of the apparel ordered by LC Waikiki are produced [in Iran] for export purposes and only a small share has been considered for distribution in domestic stores," Mehrabi said.

The first phase of the collaboration will see LCW place orders with selected Iranian apparel makers worth around €20 million in the next year and a half.

Mehrabi added that planning and implementation of next phases depend on the result and success of the first phase, but the ultimate goal is the establishment of an independent apparel factory in Iran by LC Waikiki.

All the exports will be done under the parent company's supervision and management. The apparel, labeled "Made in Iran" under LC Waikiki brand, will be exported to LCW branches in other countries.

According to Mehrabi, considering Iran's geographical position, the export destinations are highly likely to target Russia, its neighbors and regional countries such as Iraq.

The official noted that the whole project is expected to create about 5,000 jobs in Iran.

LC Waikiki was launched in France in 1988. After 1997, it operated as a Turkish brand under the umbrella of LC Waikiki Magazacilik Hizmetleri Ticaret A.S.

Today LC Waikiki trades in 821 stores in 36 countries, offering a wide range of clothing for men, women and children at reasonable prices.

Steps have been taken by the Ministry of Industries, Mining and Trade recently to revive the domestic apparel industry and regulate clothing imports.

The ministry has decided that foreign brands willing to sell their products in the Iranian market are required to directly apply for permits to acquire representative sales outlet in Iran without taking recourse to middlemen.

In addition, the representatives are required that 20% of the value of their imports (in rial terms) be produced inside Iran during the first two years of their business activities. After two years, the authorized representatives are obliged to export 50% of the apparel produced domestically.

Deputy minister of industries, mining and trade, Yadollah Sadeqi, recently said 14 companies have accepted the new regulations and conditions and they are in the process of registering their representatives.

Pressing Need to Counter Smuggling

Iran’s apparel sector and market suffer from illegal imports. In fact, clothing tops the list of goods smuggled into Iran.

Textile, Apparel and Leather Industry Organization, affiliated to the Industries, Mining and Trade Ministry, says about 90% of foreign clothing are smuggled into the Iranian market.

A member of the board of directors of Iran Textile Exporters and Manufacturers Association put the value of Iran’s apparel market at $11 billion.

According to the Research Center of Tehran's Apparel Union, Iranian apparel production meets 40% of domestic demand and apparel smuggled into the country is worth over $6.2 billion. Trade Promotion Organization's figures also confirm the research center's statistics.

A forum recently held at Tehran Chamber of Commerce, Industries, Mines and Agriculture attributed rampant apparel smuggling in Iran to high prices, inattention to current fashion trends and neglect of branding.

Golnar Nasrollahi, the Ministry of Industries, Mining and Trade's advisor for textile, apparel and leather industries, said Iran's annual apparel demand stands at around 510,000 tons per year, while the country's production capacity is about 300,000-320,000 tons.

Nasrollahi, who was addressing the same forum, added that there are 1,500 clothing production units and 15,000-16,000 cooperative units in Iran, creating direct jobs for 500,000 people.

According to Hassan Nilforoushzadeh, representative of the Association of Iran Textile Industries, domestically-made textile products suffer from high prices, which is partly due to reliance on imports for the supply of raw materials. He added that 11.7% of the end prices pertain to value added tax.

Nilforoushzadeh noted that Iran's domestic demand for cotton is 150,000 tons per year, while only 40,000 tons are produced domestically and the rest is imported.

"Currently, there is a 10% tariff on cotton imports," he said.

Iran exported 3,800 tons of apparel worth $46.2 million in the last fiscal year (March 2016-17), up 2.6% in volume and 3.9% in value when compared to the previous year, according to Iran's Chamber of Commerce, Industries, Mines and Agriculture's news portal.

Source: financialtribune.com- Oct 04, 2017

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Uzbekistan plans to nearly double its trade with Russia — minister

Uzbekistan plans to expand trade with Russia to ten billion U.S. dollars within the next two years, Uzbek Minister of Foreign Trade Elner Ganiyev said on Tuesday at an Uzbek-Russian business forum.

"Our leaders have set a goal of five billion U.S. dollars for this year. I am sure we will reach it and next year we will be able to nearly double it, to eight to ten billion," he said.

According to the Uzbek minister, fruits and vegetables, textiles and ready-made textile products, car, oil and oil products, rolled steel, ferrous metallurgy products, chemicals and petrochemicals are the driving force of mutual trade.

The minister noted that his country had managed to expand its fruit and vegetable exports to Russia thanks to the so-called green corridor, which made it possible to harmonize and simplify customs and phytosanitary procedures.
According to Uzbekistan's ministry of foreign trade, this year's proceeds from exports of fruits and vegetable are expected to reach at least 500 million U.S. dollars, and the figure might be doubled next year.

"We have come out with an initiative to organized a 'green corridor' for textiles," Ganiyev said, adding that textiles exports could reach about one billion U.S. dollars.

Source: tass.com- Oct 03, 2017

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Govt, industry to brainstorm on measures to boost exports

The export sector's woes finally seem to have nudged the Centre into action. On Friday, when the GST Council meets to iron out the sector's problems, three key Union ministers will hold a brainstorming session with officials, exporters and industry bodies to identify measures to lift exports on to a higher growth trajectory.

Commerce and Industry Minister Suresh Prabhu, Textiles Minister Smriti Irani and Chemicals & Fertilisers Minister Ananth Kumar will hold talks with representatives from key ministries and departments, including Finance, Heavy Industry and MSME, as well as exporters' and industry bodies, a government official told *BusinessLine*.

"The inputs from the session will also be used to frame the mid-term review of the Foreign Trade Policy (FTP), which is already delayed. The focus will be on how India can go for a quantum jump in exports," the official said.

Exports have fallen woefully short of the FTP targets announced in April 2015, which projected annual exports of $900 billion by 2020. However, exports have hovered around $300 billion in the last two years.

Liquidity challenges after the GST regime kicked in and the rupee's volatility have made the going tougher for exporters.

"The Commerce Ministry realises it is time for a course correction in order to move exports to a higher growth trajectory. Not only will steps need to be taken to address the immediate problems, effective schemes have to be devised to increase their competitiveness," the official said.

New challenge

With the World Trade Organization declaring earlier this year that India's per capita Gross National Product (GNP) had exceeded $1,000 for three years in a row (2013, 2012, 2015), the country will now be ineligible for export incentives that only poorer countries are allowed.

"The Ministry will have to look at new options together with affected ministries, such as Textiles, in order to ensure that action is not taken against Indian exports by other WTO member countries," the official said.

Exporter wishlist

Meanwhile, the GST Council is expected to consider some of the requests made by the export sector, which includes exemption from Integrated GST (IGST) on imports of inputs used in exports (under schemes such as Export Promotion Capital Goods and Advance Authorisation); exemption from GST for merchant exporters and wider usage of duty exemption scrips (earned under incentive schemes such as Merchandise Export from India Scheme).

"In the meeting with the Centre on increasing exports, we will highlight problems of the export sector, give possible solutions and suggest a strategy to increase exports," said Ajay Sahai, Director General, Federation of Indian Export Organisations (FIEO).

Source: thehindubusinessline.com- Oct 03, 2017

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India Economic Summit to reflect India's growing role in addressing global challenges

The World Economic Forum is holding its 33rd India Economic Summit in partnership with the Confederation of Indian Industry (CII) on 4-6 October in New Delhi.

The summit will host 650 leaders from 35 countries, including 370 business leaders, 20 senior public figures and leading representatives of civil society, arts and culture, science and academia.

The theme of the summit is Creating Indian Narratives on Global Challenges. Climate change, India's cultural renaissance, infrastructure, gender parity, tourism, education and skills are prominently featured in the programme. The recent economic reforms, including demonetization and the goods and services tax, will be addressed in a special plenary session.

The summit will be co-chaired by Ajay S. Banga,President and Chief Executive Officer, Mastercard, USA; Dipali Goenka, Chief Executive Officer and Joint Managing Director, Welspun India, India; Piyush Goyal, Minister of Railways and Coal of India; Smriti Zubin Irani, Minister of Textiles, Information and Broadcasting of India; Malvika Iyer, Member, Working Group on Youth and Gender Equality, United Nations Inter-Agency Network on Youth Development, New York; Karan Johar, Head, Dharma Productions, India; and Sunil Bharti Mittal, Chairman, Bharti Enterprises, India.

Highlighting the commitment of the Government of India to the summit, senior cabinet members will participate, including Arun Jaitley, Minister of Finance and Corporate Affairs; Smriti Zubin Irani, Minister of Textiles, Information and Broadcasting; Piyush Goyal, Minister of Railways and Coal; Suresh Prabhakar Prabhu, Minister of Commerce and Industry; Jagat Prakash Nadda, Minister of Health and Family Welfare; Dharmendra Pradhan, Minister of Skill Development, Entrepreneurship, Petroleum and Natural Gas; Nitin Jairam Gadkari, Minister of Road Transport, Highways, Shipping, Water Resources, River Development and Ganga Rejuvenation; Harsimrat Kaur Badal, Minister of Food Processing Industries; Jayant Sinha, Minister of State for Civil Aviation; and Hardeep Singh Puri, Minister of State (IC) for Housing and Urban Affairs.

With the first-ever Open Forum India, more than 35 livestreamed sessions and over 130 journalists, the India Economic Summit offers unprecedented opportunities for the general public to follow the discussion and participate in the summit. The Open Forum India session, entitled My India @2022, will focus on the country's unique window of opportunity to convert its demographic advantage into a dividend.

With two-thirds of India's 1.3 billion population under the age of 35, the session explores how the country can create a future to which young people can aspire. Open Forum India was organized in partnership with the Department of Management Studies at the Indian Institute of Technology Delhi (IIT Delhi). It will take place on Wednesday 4 October from 14.30 to 16.00 at the IIT Delhi Campus.

The Schwab Foundation for Social Entrepreneurship in partnership with the Jubilant Bhartia Foundation will announce the winner of the 2017 India Social Entrepreneur of the Year awards on 4 October. Social entrepreneurs fill a unique role in modern economies, applying innovative thinking and disruptive technology to meet demands that traditional businesses or governments cannot serve. Sixteen of the world's leading social enterprises will be represented at the India Economic Summit, filling critical niches in healthcare, education, human and labour rights, water and sanitation.

The World Economic Forum is also committed to giving a voice to the next generation of leaders and has invited a record number of 51 Global Shapers to the India Economic Summit. They will be joined by over 30 Young Global Leaders.

Source: business-standard.com- Oct 03, 2017

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As the Economy Slumps, How Many Jobs Is It Really Taking With It?

In both old and new sectors of the economy, layoffs and workforce reductions have been common since 2016.

Along with news of a slowing economy, piecemeal reports of job losses from across the country are pouring in too, from both old and new sectors.

Since aggregated data on these developments is hard to come by, the Indian Express has put together numbers from different sectors to try and get the bigger picture on India's employment scenario since.

In textiles, 67 units have closed between FY 2015 and FY 2017, which has meant that 17,600 jobs have been affected. This number is based on the Union textile ministry data, which is restricted to cotton and man-made fibre textile mills in the organised sector.

Capital goods company Larsen & Toubro laid off about 14,000 employees across businesses during the first two quarters of the fiscal year that ended on March 31, 2017. The company said the lay offs were a "strategic decision".

Even more recently, in the first three months of the current fiscal year, three of the five biggest IT companies in the country have reported a reduction in their workforce.

TCS's workforce was down by 1,414 people, Infosys by 1,811 and Tech Mahindra by 1,713, Indian Express reported. Wipro Ltd and HCL Technologies Ltd, the other two in the five, reported net additions to their workforce.

Between January and March 2017, HDFC Bank's total employee headcount came down by 6,096, from 90,421 to 84,325. The employee headcount had already reduced by 4,581 in October-December 2016. According to the Indian Express, other private banks are also cutting down on employees.

The renewable energy sector has also witnessed a reduction in jobs. Wind gear supplier Suzlon Energy Ltd and turbine maker ReGen Powertech reportedly retrenched over 1,500 employees in the last six months, and equipment maker Inox Wind Ltd has not paid parts of its staff for two months now, Indian Express reported.

A total of 212 startups shut down in 2016, 50% higher than the previous year, Indian Express quoted data analytics firm Tracxn as saying. The shutdowns have continued in 2017 as well, most notably with Stayzilla and Taskbob.

A paper by Vinoj Abraham published in the Economic and Political Weekly has used government data to highlight rapidly-slowing employment growth in the country since 2012. According to Abraham, there was an absolute decline in employment during the period between 2013-14 and 2015-16, possibly the first time this has happened since independence.

One explanation for the recent job losses in sectors like textiles and IT could be the high value of the rupee, which makes Indian exports uncompetitive. In a recent article in the Economic Times, T.K. Arun has argued that "The rupee is strong and its strength hurts India's exports and thus overall growth and job creation."

According to him, keeping the rupee strong benefits the elite, but at the cost of all exporters, those seeking jobs in any export-related sector, small and medium enterprises, and overall growth in general.

Source: thewire.in- Oct 02, 2017

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Cotton arrivals rise to 3.19 lakh quintals in Punjab

Cotton arrivals have picked up in market yards of Punjab due to higher production, touching 3.19 lakh quintals so far, officials said.

Punjab Chief Minister Amarinder Singh today reviewed the ongoing procurement of cotton and reiterated his government's commitment that entire crop would be purchased at minimum support price (MSP) of Rs 4,220 per quintal, an official statement said.

The chief minister interacted with senior officials of the state government besides officials of Agriculture Department and Mandi Board.

The Secretary Mandi Board said that so far, approximately 3.19 lakh quintals of cotton had arrived in the various cotton markets of the state, the statement said.

The officials informed the chief minister that the procurement was being carried out smoothly and there were very few instances involving quality issues.

The officers present in the meeting informed the Chief Minister that the cotton was being purchased above MSP barring a very little quantity of cotton that had quality issues.

A heavy rush of cotton crop has been witnessed and the arrival is almost double of last year and the production is also substantially higher.

The Secretary Mandi Board briefed the Chief Minister that the cotton crop was procured across the state today between Rs 4,350 and 4,220.

Source: zeebiz.com- Oct 02, 2017

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GST crashes even money lenders' usurious rates

Interest rates that money lenders charged borrowers hardly budged for decades irrespective of policy decisions. But even that is collapsing faster than what it is in the formal banking system, thanks to the implementation of Goods and Services Tax.

Borrowing in the informal market is no more lucrative.

Lenders who fund small traders and merchants have lowered their rates to just a third of what they were charging, but still the demand is not showing up.

Rates have dipped to a third to 6 per cent from 9-18 per cent about 6-9 months ago, said two dealers aware of the market dynamics.

"Those businessmen have now limited options to run operations in cash especially after GST implementation and demonetisation," said a textile business owner, who did not want to be identified.

"From a local politician to an industrialist or local trader whoever has additional unaccounted cash are normally the lenders in this informal loan market."

A huge army of businessmen borrowed in an informal market from money lenders to avoid getting trapped by the banking system and the tax department. This was known as 'Kachha Credit' among practitioners.

With the implementation of GST which produces a chain of transactions till it reaches the ultimate consumer, merchants have little scope to escape accounting for their trades.

So, instead of funding their purchases through informal credit at high rates which was beneficial since it allowed escaping the tax net, they are choosing to fund businesses through formal credit. To keep businesses running, money lenders have lowered rates.

Since the tax department is keeping close watch on businesses, all traders ET spoke to preferred anonymity. This market is known as a platform for lending and borrowing unaccounted or untaxed money without any collateral.

Traders now shy away from availing such cred it amid cash squeeze triggered by reform measures like GST and demonetisation. Sometimes, people take highly leveraged positions borrowing such money, which a bank would have declined.

A garment trader who may be eligible to borrow say, Rs 10 lakh in the absence of creditworthy balance sheet, can take a loan up to Rs 50 lakh due to personal knowledge of businesses, dealers said. The practice is prevalent in the garment industry.

Mumbai's Bhiwandi, a business centre, used to be the hotbed of it. It has died down after the Central Value Added Tax, a central government tax levy introduced by Vajpayee led NDA, was introduced.

Source: economictimes.com- Oct 03, 2017

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Exports from SEZs jump 15.4% to Rs 1.35 lakh cr in April-June

Exports from special economic zones (SEZs) paced up 15.4 per cent to Rs. 1.35 lakh crore during the first quarter of this fiscal, according to Commerce Ministry data.

According to industry analysts, exports are growing from these zones, but observed that the government should do more to step up shipments.

“In the GST (Goods and Services Tax) regime, units in SEZs have advantage compared to the units in domestic tariff area,” the Chairman of Export Promotion Council for EOUs and SEZs (EPCES), Rahul Gupta, pointed out.

He felt that the government should set up a proper refund mechanism for duties to be paid by SEZs when they buy products from outside these zones. Exports grew about 12 per cent to Rs. 5.24 lakh crore in 2016-17 against Rs. 4.67 lakh crore in the previous fiscal.

According to the ministry data, these zones have attracted investments worth Rs. 4.33 lakh crore up to June this year. The highest number of SEZs are operational in states like Tamil Nadu, Karnataka, Telangana and Maharashtra.

Till September 7, the government has approved as many as 424 zones, of which 222 are operational.

With an aim to promote exports from these zones, supplies from the domestic market to special economic zones are treated on par with exports under the Goods and Services Tax (GST) regime.

According to EPCES, SEZ developers and units receiving such supplies were required to pay duties first and then seek refund, which is a cumbersome process.

Exports from SEZs and export oriented units (EOUs) contributed about 33 per cent to the country's total shipments.

Source: thehindubusinessline.com- Oct 04, 2017

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India's main challenge will be finding jobs amid automation

Information, communications technology driving unequal world: Adair Turner

While the global economy is in a "much better position" than it was before last year, India's major challenge will be to find jobs for its working-age population which is forecast to increase from about 740 million to 1.3 billion by 2050, Lord Adair Turner, chairman of U.K.-based Institute for New Economic Thinking said in an interview.

Information and communications technology is driving an increasingly unequal world, Mr. Turner said. "For emerging economies such as Africa, a very rapidly growing working population is a major challenge. India is in an intermediate position."

Job creation is not expected to pick up in 2017 and 2018 and unemployment in India is projected to increase from 17.7 million in 2016 to 17.8 million in 2017 and 18 million next year, according to a UN Labour report released earlier this year. In percentage terms, unemployment rate will remain at 3.4% in 2017-18, according to the report.

2008 crisis

The former Chairman of the U.K.'s Financial Services Authority said that at least five decades before the financial crisis of 2008, there had been a surge in private debt. It went from 50% of global gross domestic product in 1950 to 170% in 2007, with most of that debt falling in the category of real estate — mortgage or commercial real estate, he said.

"That build-up of debt created a situation where more debt was created in real estate, which went up in value. This saw people borrow more money and banks said they can lend money as real estate is going up in value, so it is safe. It goes in this very powerful upward spiral and then it cracks."

"It is very important to take a global view of the debt overhang in the economy," said Mr. Turner, who was in Bengaluru to deliver the Azim Premji University's 'Resurrecting the Public' lecture series.

"The challenge we now have in this global economy is that the total amount of debt has not gone down. The total debt as a percentage of global GDP has gone up. You are sort of stuck."

The existing debt levels are only sustainable if interest rates are very low, he said. "But very low interest rates encourage people to create more debt which may create more problems in the future. We will see the U.S. Federal Reserve now increasing interest rates and maybe the Bank of England a bit. I think, as we get into 2020, we will see interest rates in Japan are exactly where they are today. Zero."

"In the eurozone, they are pretty much where they are, which is zero. I think in the U.K. they maybe more than 1% at the most and in the U.S. they may be at 2.5%. So in historical terms, they will still be very low. I don't think it will go higher than that without pushing the economy back into a recession and so there are some unanswered questions on how we deal with the situation."

U.S., China

After 2008, the U.S. and some European countries saw a significant number of households and corporates having to deal with the situation and public debt in the U.S. and in China shot up, Mr. Turner said.

"Banks will lend to the real estate more so in the future as the information and communications technology don't need much to invest. Look at how much Facebook had to invest to be worth about $400 billion and compare to how much Henry Ford had to invest in machinery, and people had to invest in steel mills to produce the machinery.

"This is a world of huge wealth creation without much investment. In this scenario, it is not surprising that a large portion is towards real estate or consumer lending. I do not think we need to stop that. We need to recognise the dangers that come with that and manage the debt."

If India has a large concentration of bad debt then "you end up with a festering problem which the free market is not capable of solving."

"The free market has a group of people both from the borrower and the lending side who have personal incentives to let the problem roll over for a month or a year. Indian banking system could be as bad or good as any other system which means it will create a real estate boom or bust. I don't think India is uniquely good at avoiding that."

'Industrial class'

"In India, the problem has been lending for large industrial class. That is different from what we advanced economics face. It is incredibly important too." Mr. Turner said: "The global economy is moderately in a good position for the next two years. But a lot of fundamentals are not addressed. Debt overhang is fundamentally not addressed. Alongside that we are likely to see an increasing effect of information and communications technology on the automation of jobs.

"I think that is probably what lies behind the extraordinarily low level of wage inflation in developed economies...You don't see any wage pressure. I think it has something to do with the capacity [building] towards maintaining information technology." "We have to think of universal basic income and what public sector has to do with health, education, infrastructure and cities which are liveable for people of all income levels," he said.

Source: thehindu.com- Oct 04, 2017

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H&M to begin online sales in India next year

Hennes & Mauritz (H&M), the international retailer known for fashion and quality at the best price in a sustainable way, will roll-out online sales in India next year. This is an initiative by the Sweden-based retailer to meet the increasing demand from India. The group's e-commerce sales are estimated to grow by at least 25 per cent per year going forward.

Overall, H&M is continuing to improve the online store and are adding more and faster delivery options, while at the same time further broadening the range of products online. In some of H&M's established markets, online sales account for nearly 25-30 per cent of the total sales.

"This year we are also opening eight new H&M online markets, so that online shopping will be available in 43 markets by the end of the year. Next year, we plan to continue our online expansion into further countries, including India.

The plan is that in the future we will offer online shopping in all store markets as well as in other markets," said H&M chief executive officer Karl Johan Persson, in a press release.

In 2017, H&M opened six online markets and will further expand in Cyprus and the Philippines. "The fashion retail sector is growing and is in a period of extensive and rapid change as a result of ongoing digitalisation. The competitive landscape is being redrawn, new players are coming in and customers' behaviour and expectations are changing, with an ever greater share of sales taking place online," said Persson.

The H&M group's sales including VAT increased by 7 per cent to SEK 173,290 m (161,767) during the first nine months of the financial year. Sales excluding VAT amounted to SEK 149,597 m (139,547), an increase of 7 per cent.

The growth target of the fashion retailer is to increase sales in local currencies by 10 – 15 per cent per year with continued high profitability.

Source: fibre2fashion.com- Oct 04, 2017

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Zara to begin e-sales in India from October 4

Fast fashion brand Zara is all set to begin its online sales in India, one of the world's fastest growing ecommerce markets, beginning from October 4. This is in line with the ongoing international expansion of its integrated store model. Spanish based retailer will be selling its products throughout the country via website and mobile application.

Zara has more than 2,200 stores in 93 countries and is the flagship brand of the Spanish multinational Inditex Group. The range found in all the 21 stores of Zara across eight Indian cities will be available online for selling, said Echevarria Hernandez, chief communication officer of Inditex, said in a statement.

In a span of 2-4 working days, the deliveries will be made to metro cities including Mumbai, Delhi, Ahmedabad, Kolkata, Chennai, Hyderabad and Bangalore, while for the remaining areas, it will take around 5-8 working days.

For effective delivery system, Zara has joined hands with Gati Ltd, Delhivery Pvt. Ltd and Blue Dart Express Ltd. The standard delivery charges for orders worth less than Rs 4,000 will be Rs 299, with exchange and return for free, the company said in a statement.

For better working of the online service, Zara will work with a warehouse in Delhi with around 50 employees.

Zara emerged as one of the fast growing lifestyle apparel brands in India and reported sales of Rs 842 crore in fiscal 2016, up 17 per cent over fiscal 2015.

Source: fibre2fashion.com- Oct 03, 2017

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Dimapur hosts North East India Fashion Week

The third edition of the North East India Fashion Week was held at the Don Bosco School here recently, with models showcasing the products of eleven weavers and eight designers from seven north east states, except Sikkim.

Organised by Affluent Ray of Light (ARL), the Nagaland edition of the event christened 'The Khadi Movement- Assam Edition' was aimed at inspiring and encouraging the upcoming handicraft artisans and designers of the region who are working exclusively towards the promotion of North East fabrics and culture.

Speaking on the occasion, CEO of the North East India Fashion Week - The Khadi Movement, Yana Ngoba, said, "North East India Fashion Week is committed to supporting upcoming and established talented designers from the region along with partner NGOs and help the weavers and designers from the region create a niche for themselves.

It also aims to train for skill development, capacity building, cluster development, and promotion of handicraft artisans of the region by helping them to market the products. Gloria Ovung, COO for the Nagaland edition, said the event is a prelude to the grand showcase that awaits fashion enthusiasts in Itanagar later this year. "The NEIFW is a movement to provide a congressional platform to tell the stories of nature and connect the world through tale-telling clothes and creations," said Ovung.

According to a statement issued by the organisers, the North East India Fashion Week believes that it is very important to preserve the North East region's rich fabrics, traditional handloom and handicrafts, and very few of the designers from the region are making an effort to do so.

Their mission is to promote and preserve the vast variety of indigenous textiles and crafts that are slowly losing popularity among the younger generation through fashion shows and help create business and branding opportunities for industries directly or indirectly engaged in retailing handloom, textile fashion and life.

Source: business-standard.com- Oct 03, 2017

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