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TEXPROCIL NEWS CLIPPINGS

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IBTEX No. 52 of 2019 March 12, 2019

USD 69.64| EUR 78.37 | GBP 92.01 | JPY 0.63

Cotton Market		
Spot Price - Shankar 6 (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
20335	42500	**77.74**
Domestic Futures Price (Ex. Warehouse Rajkot), March		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
20940	43765	**80.05**
International Futures Price		
NY ICE USD Cents/lb (May 2019)	73.20	
ZCE Cotton: Yuan/MT (May 2019)	15,180	
ZCE Cotton: USD Cents/lb	102.37	
Cotlook A Index – Physical	**81.75**	

Cotton Guide: There are still no clear direction seen for the international cotton futures. Unlike the previous session the ICE cotton futures traded mixed settling on the downside. The ICE May contract settled at 73.20 cents/lb with a change of -29 points toward its low figure of 73.05 cents/lb. The high figure noted for May 2019 was 73.85 cents/lb. Between 1 pm and 10 pm IST, the candlesticks showed many greens and reds indicating a mixed scenario which was a clear indication of indecision prevailing in the market. Finally after 11 pm the bears took control dragging the prices towards its low. The other ICE future contracts also settled slightly lower with the ICE July contract settling slightly lower at 74.44 cents/lb with a change of -19 points. We still presume the market will be consolidated today.

The Total volume seen at ICE yesterday was at 24,099 contracts as compared to the previous 28,277 contracts. The volume for the most active ICE May contract was seen at 12,699 contracts as compared to the previous 15,379 contracts which is a decline of 17%. The Total Open Interest also decreased by 886 contracts to 219,873 contracts. The ICE May and ICE July contracts decreased by 1,807 and 50 contracts respectively to 116468 and 41943 contracts.

The MCX contracts on the other hand had a positive tone to its settlement figures. The MCX March contract settled at 20940 Rs/Bale with a positive change of +230 Rs. The MCX April contract settled at 21230 Rs/Bale with a positive change of +230 Rs, whereas the MCX May contract settled at 21490 Rs/Bale with a positive change of +210 Rs. The MCX June contract has now started to attract some volume and it also settled on the positive side with a change of +250 Rs at 21750 Rs/Bale.

The arrival figures in India are estimated to be 121,500 lint equivalent bales (source cotlook), including 41,000 in Maharashtra, 40,000 in Gujarat and 19,000 from Andhra Pradesh. Based on the figures let out by Cotton Corporation of India, the total arrivals was estimated to be around 22,653,647 bales. This means that there is still 10 million bales to arrive. The average price of Shankar 6 noted is around 42,500 Rs/Candy. The cotlook Index A has been updated +50 points higher at 81.75 cents/lb.

There has been a recent spike in demand from China in the recent fortnight. There is also floating in the market that China is low in inventory and will should start purchasing cotton mostly from the month of May. If the US and China settlement takes place we can witness huge amounts of US Cotton being imported to China in the coming future. Currently, it is reported that China is importing Brazilian cotton, whereas Brazil is importing US Cotton. This shows a shift in the supply chain. If geopolitical tensions do not get resolved in the near future then we can see a major lasting change in the global supply chain.

On the technical front, ICE Cotton May future is trading in a wider range of 71.80-74.80 since last few weeks. The downside in prices got restricted as reversal in momentum indicator from the oversold zone with formation of positive divergence supported the change in bearish bias in prices. On the higher side 74.80-75.20 zone holds near term resistance, followed by 76.14. Only a move above would bring fresh buying in Cotton future. Likewise, below 71.80 crucial support exists around 70.80. So for the day price is expected to remain in the range of 72-74.10 with side ways to positive bias. In the domestic market MCX Cotton Mar is likely to consolidate in the range of 20650-21150.

Currency Guide

Indian rupee may note some gains against the US dollar however upside is limited. Rupee appreciated by 0.4% yesterday and has broken below the key 70 levels. Supporting rupee is gains in equity market. Asian equity markets trade largely higher after gains in US market yesterday amid better than expected US retails sales data and reports that UK and European Commission have modified the Brexit deal ahead of a key vote. Also supporting rupee is Fed's patient monetary policy stance.

Federal Reserve Chairman Jerome Powell said that the current strength of the overall economy masks the struggles many individuals and families face in lower-income urban and rural communities. Rupee has also gained support from reports that ArcelorMittal's bid for Essar Steel was cleared by a bankruptcy court. Arcelor will pay 420 billion rupees in upfront cash payment to creditors and a further 80 billion rupees for capital infusion in the mill. Investor inflows has also lent support to rupee.

As per reports, global funds bought a net 10.95 billion rupees of Indian stocks on Friday, they bought 7.75 billion rupees of govt. bonds and bought 35.6 billion rupees of corporate bonds. Bloomberg reports that the Reserve Bank of India probably bought $1.33 billion of foreign currency assets in the week ended March 1 is also supportive for rupee. However, weighing on rupee is recovery in crude oil price and concerns about health of global economy and election uncertainty.

Brent crude has moved near $67 per barrel as OPEC's continues with production cuts. Rupee may see some extended gains if equity market gain continues. USDINR may trade in a range of 69.5-70 and bias may be on the downside. Further cues will come from CPI and industrial production data later today.

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

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INTERNATIONAL NEWS

Economic Outlook for Top 20 Economies to Weaken as Risks Persist

As the global economy slows and major risks portend further woes, economic prospects are now weaker in nearly all G20 countries, according to a new report from the Organization for Economic Cooperation (OECD).

At the same time, Macroeconomic Advisers by IHS Markit's "US Economic Forecast Flash" forecasts U.S. gross domestic product (GDP) to slow to around 2 percent in 2019 and 2020, as the boost from fiscal stimulus first peaks and then fades.

"Vulnerabilities stemming from China and the weakening European economy, combined with a slowdown in trade and global manufacturing, high policy uncertainty and risks in financial markets could undermine strong and sustainable medium-term growth worldwide," the OECD report said.

OECD projects the global economy to grow 3.3 percent in 2019 and 3.4 percent in 2020. The report noted that downward revisions from its November "Economic Outlook" are notable in Europe, particularly Germany, Italy and the U.K., as well as Canada and Turkey.

The outlook stressed that further trade restrictions, such as tariffs imposed last year by the U.S. and China, and policy uncertainty could have more adverse effects on global growth. In China, OECD said policy stimulus is expected to help offset weak trade developments, but risks of a sharper slowdown persist that could hit global growth and trade prospects.

"The global economy is facing increasingly serious headwinds," OECD chief economist Laurence Boone said. "A sharper slowdown in any of the major regions could derail activity worldwide, especially if it spills over to financial markets.

Governments should intensify multilateral dialogue to limit risks and coordinate policy actions to avoid a further downturn."

OECD called on central banks to remain supportive, but emphasized that monetary policy alone cannot resolve the downturn in Europe or improve the modest medium-term prospects. A new coordinated fiscal stimulus policy in low-debt European countries combined with structural reforms in Euro Zone countries would add momentum toward a rebound, boost productivity and spur wage growth, OECD added.

In the U.S., Macroeconomic Advisers by IHS Markit chief U.S. economist Joel Prakken and executive directors Patrick Newport and Ben Herzon forecast GDP growth will slow sharply in the first quarter to 1.3 percent. This is based on weak consumer spending in December leading to poor momentum in the first quarter and a reversal of a weather-induced surge in spending on utilities late last year.

"After 2020, GDP growth is projected to ease further to a 1.7 percent annual average through 2023 while the unemployment rate, after bottoming out at 3.5 percent, is forecast to drift higher–a profile that we think balances the risks between an outlook of continuing trend growth and an outright recession," the economists said. "Financial conditions have improved of late, with equity values starting off this month's forecast about 5 percent higher than last month, and with both term and risk spreads starting somewhat lower."

Source: sourcingjournal.com- Mar 11, 2019

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Could January's US Retail Sales Data Reflect an Economic Slowdown?

In a delayed report due to the capturing of data during the 35-day government shutdown, U.S. retail sales for January were a mix of good and bad news, according to the Commerce Department's report released Monday.

On the positive side, there was a slight uptick in sales by 0.2 percent, which was also 2.3 percent above the result for January 2018. The retail sales data for December was revised to down 1.6 percent instead of the initial report of down 1.2 percent. The drop is sizable and represents the biggest decline since

September 2009, near the economic low from the recession that many pegged as starting around December 2007.

It also means holiday sales were nothing to cheer about. There was a gain of 2.6 percent for online retailers, the group classified as non-store retailers. Still, the increase for January was lifted primarily by purchases of building materials and some discretionary spending. And when excluding certain items like gasoline, automobiles, building materials and food services, retail sales jumped 1.1 percent–against a revised 2.3 percent drop in December from the initial report of down 1.7 percent on an excluded basis.

On the less positive side, it’s still hard to decipher what it all really means with regard to the economic outlook. The 0.2 percent gain in sales is considered good as most economists were expecting retail sales to be unchanged in January. There’s an expectation, however, that fourth-quarter gross domestic product growth—currently at 2.6 percent—might be revised lower later this month. Plus, there’s a general feeling that the economy is slowing down.

According to Ryan Sweet, director of real time economics at financial intelligence firm Moody’s Analytics, Moody’s is forecasting 0.6 percent growth for the first quarter, “well below that seen over the past several quarters.” While the 0.6 percent growth is low, Sweet said there’s also a chance the growth rate could drop. A poor first quarter isn’t unusual at this stage of an expansion due to issues with residual seasonality, Sweet said, noting that one big hurdle could be the trajectory for consumer spending.

Government data has real consumer spending falling 0.6 percent in December, likely impacted in part by federal workers getting furloughed. “Also, tax refunds, until recently, were well behind those seen over the past couple of years and may dampen spending through February,” Sweet said. Moody’s is projecting real consumer spending up 1.6 percent at an annualized rate for the first quarter.

Gad Levanon, chief economist for North America at The Conference Board, said Friday after the U.S. Bureau of Labor Statistics Employment Situation Report was issued, that the big surprise was the “meager gain in jobs,” at just 20,000. One reason for the paltry numbers, he offered, was the “bounce back from the huge job gain of 311,000 in January,” though he added, “At this point, our forecast is still for a gradual slowdown in job growth during 2019.”

A slowdown in job growth could also impact what the Federal Reserve does with interest rates. Rate hikes are presently on hold while the Fed takes a closer look at the economic backdrop. The next one is slated for June, with two more expected to follow, but that might not happen if the economy is determined to be slowing down. The theory is that rate hikes help to moderate or cool an economy that's growing fast so it doesn't get overheated. That's when inflation rises, and core inflation is already near the Federal Reserve's 2 percent target.

Source: sourcingjournal.com- Mar 11, 2019

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Buyers to explore opportunities in China at Yarn Expo

Yarn Expo from March 12 will offer a springboard for exhibitors to capture the potential of the China market. Over 450 exhibitors from 12 countries and regions, including new exhibitors from Egypt and France will display natural cotton, linen and wool, as well as extensive options for fancy yarn, functional fibres and other specialty yarns at the fair.

The three-day fair will see an increase in international exhibitor numbers, as well as domestic. This includes Yarn Expo Spring's first ever exhibitor from France, as well as Yarn Expo's first ever exhibitor from Egypt. Together with leading suppliers from Hong Kong, India, Indonesia, Korea, Pakistan, Singapore, the US, Uzbekistan and Vietnam, they will showcase products from around the world.

The trade show will be held along with four concurrent events, including Intertextile Shanghai Apparel Fabrics at Shanghai. The fair has developed a strong reputation for gathering high-quality suppliers, such as CCI, who offer access to their sustainable Cotton USA licensed spinners.

"Manufacturing a high-quality finished product starts with using high-quality raw materials," explained Karin Malstrom, director of China & Northeast Asia at CCI in a pre-show interview, noting why they chose to exhibit at Yarn Expo Spring this year. "Our US Cotton Trust Protocol is the culmination of years of efforts and research to reduce the environmental footprint of the entire US cotton industry.

Our whole US cotton industry is highly regulated and systemised by the US government. That's why, if you use US cotton, you are already way ahead to becoming fully sustainable, transparent and traceable in your operations. We find that more and more consumers prefer natural fibres in performance garments, so this is a very exciting direction for us."

"Recently, we've seen more companies seeking new and alternative ways to source high-quality materials. Cotton USA can provide excellent platforms for sourcing throughout the supply chain – from high-quality US cotton, to spinning, fabric and garment manufacturing, and even down to retail," said CCI.

CCI will showcase their global network of Cotton USA yarn licensees at the fair, creating opportunities for domestic visitors to source US cotton. "We feel that the timing is very good to introduce new and high quality sources of cotton and cotton-blended yarns to the market, especially in China," observed CCI. "We can easily link Chinese manufacturers up with spinners anywhere in the world."

Source: fibre2fashion.com- Mar 11, 2019

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Brazilian cotton prices drop 0.35% in February

The Center for Advanced Studies on Applied Economics (CEPEA)/ESALQ cotton Index, with payment in 8 days, dropped 0.35 per cent between January 31 and February 28 to close at 2.9318 BRL per pound at the end of the month. The average price in February was 2.9341 BRL per pound, 0.96 per cent lower compared to the previous month, in real terms.

Prices oscillated and liquidity decreased in the market during the month due to the fierce competition between the Brazilian agents, CEPEA said in its latest fortnightly report on the domestic cotton market.

"Part of the active purchasers was searching for high quality batches, but bidding prices were lower than asking prices. Other purchasers, however, accepted lower quality cotton. Some processors, in turn, stayed out of the market during the entire month," the CEPEA report said.

According to data from the BBM (Brazilian Commodity Exchange) tabulated by CEPEA, 67.5 per cent of the 2017-18 Brazilian crop, estimated at 2.005 million tons, may have been traded until February 28. Of that total, 57.7 per cent was bought for use in the domestic market, 30.9 per cent for export to the international market, and 11.3 per cent to flex contracts (exports with an option to sell in the Brazilian market).

For the coming season, at least 22.3 per cent of the 2018-19 production (forecast at 2.564 million tons by Conab – National Company for Food Supply) may have been traded in the same period, with 47.5 per cent allocated to the domestic market, 26.4 per cent to exports, and 26.1 per cent to flex contracts.

Source: fibre2fashion.com- Mar 11, 2019

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Trump Hasn’t Set a Date for Trade Summit With Xi, Sanders Says

President Donald Trump hasn’t set a date to meet his Chinese counterpart Xi Jinping as the world’s two biggest economies continue negotiations to end a trade war, said White House spokeswoman Sarah Huckabee Sanders.

Trump has said he’ll need to meet Xi to conclude any agreement over trade. White House economic adviser Larry Kudlow on Sunday said he was “optimistic” the two leaders would meet at some point, possibly this month or next. His comments followed reports that Chinese officials canceled a trip to Trump’s Mar-a-Lago resort for a potential signing ceremony.

Trump has repeatedly, even as recently as last week, hailed progress in the trade discussions, but he’s also threatened to walk away if he can’t get a good enough deal.

“He’s going to make a deal if it’s in the best interest of America,” Sanders told reporters in Washington on Monday. “If he doesn’t feel like it’s a good deal, it’s not worth just signing a piece of paper.”

The president is committed to an agreement that addresses China's treatment of U.S. intellectual property and has an enforcement mechanism to ensure that Beijing is following through on its end of the bargain, she said.

Trump, who has slapped tariffs on at least $250 billion of Chinese goods since last year, has delayed an escalation of the duties while the sides keep trying to hammer out an agreement.

"We're continuing the negotiations with China," Sanders said. "When we have an announcement for the two leaders to sit down, we'll certainly let you know."

Source: sourcingjournal.com- Mar 11, 2019

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Export mantra in Vietnam: Lessons for Sri Lanka

Vietnam was very much like Sri Lanka. It went through a 20-year war and was one of the poorest countries in the world but it refused to bow down and made some social-oriented market reforms called Doi Moi Reforms in 1986.

Today, the nation is growing at the fastest pace in eight years, with a GDP growth rate comparable to China's. Its exports are worth 99.2% of its GDP. What is the secret of its success?

A recent study by the World Bank suggested that Vietnam's economic growth is the result of three major changes: Embracing free trade policies, reducing overregulation and costs of doing business, and investing in human capital and infrastructure.

Trade liberalisation opened the door to new agreements, lowering taxes for international commerce operations and increasing regional competitiveness.

To date, Vietnam has successfully signed 16 bilateral and multilateral free trade agreements, and it has become a member of the World Trade Organization, the Association of Southeast Asian Nations (ASEAN), and the Eurasian Customs Union.

Anything from Nike sportswear to Samsung smartphones are manufactured in this ASEAN nation. Such is the success of the country, Sheng Lu, an assistant professor at the University of Delaware told the Financial Times that there are few spare workers or production facilities left.

Lessons for Sri Lanka

1. Trade liberalisation and FTAs

Vietnam achieved this miracle mainly due to trade liberalisation and avoiding protectionism. Sri Lanka has signed a few FTAs with India, Pakistan and Singapore; more progress needs to be made.

The FTAs with India and Pakistan provide for duty-free entry as well as duty preferences for manufactured goods. Sri Lanka aims to attract foreign investors interested in entering the Indian and Pakistan markets to establish operations in Sri Lanka under the FTAs, but progress has been slow.

Trade between Sri Lanka and India has substantially increased since the beginning of the FTA, although Sri Lanka has yet to realise the full potential of the FTA.

Sri Lankan exporters still face significant non-tariff barriers. Tariff concessions for Sri Lankan products include zero tariffs on 4,235 items; 50 to 100% reduction for tea and garments under quota; 25% reduction for 553 textile items; and no reduction for 431 items on India's 'negative list'.

Discussions are underway to reduce the negative lists of both countries. Sri Lanka is currently negotiating an Economic and Technology Agreement (ECTA) with India.

Under the Pakistan-Lanka Free Trade Agreement, Pakistan offers duty-free entry to all Sri Lankan exports, except for items on a negative list.

Pakistan's negative list contains 541 items with no duty concessions. Sri Lanka has offered duty-free entry to 102 items from Pakistan.

Sri Lanka's negative list contains 697 items.

2 Investment in Human Capital

Vietnam invested billions of dollars in human capital and they did that as more than half their population was under 35. Sri Lanka has a young population and an average age of 30 and we have a young and energetic youth and the Government although investing in primary education must look at investments in IT infrastructure which is how Vietnam was able to attract major corporates like LG and Samsung to set up factories in Vietnam. Investment in this area may even reduce the outflow of domestic workers who are vital human capital leaving the nation due to lack of opportunities.

3 Venture into new export arenas

Vietnam achieved this export boom not only via garments and electronics exports but also by investing in young entrepreneurs and AI startups. Vietnam's dynamic startup landscape is creating a unique opportunity for blockchain startups to establish their operations in the country, especially considering the rising number of highly-skilled engineers.

Every year, nearly 40,000 information technology graduates join the employment pool. According to a recent report by the consulting firm AlphaBeta, Vietnam ranks second-best in terms of tech investment climate in the Southeast Asia region and third in digital talent.

Sri Lanka too can learn from this and although we have an emerging start up culture there is a lot more that needs to be done if we are to truly emerge as a nation that can nurture world class tech entrepreneurs.

Sri Lanka is in the right track with an export focussed Government and with policies being introduced to enhance the process of attracting FDI but all that is needed is adequate implementation. It is a good time to study the case of Vietnam and learn from the success story of this once impoverished nation.

Source: ft.lk- Mar 12, 2019

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Bangladesh: Chemical market thrives on apparel

Textile chemical market size to be $1.38b by 2024, research finds

Riding on rising garment export, Bangladesh's textile chemicals market is forecast to grow to $1.38 billion by 2024 from $864 million last year registering an 8 percent compounded annual growth rate.

The Research and Markets, a global market research company based in Ireland, unveiled the info in a recent report titled “Bangladesh textile chemicals market by product type, by cluster, by application, competition, forecast & opportunities, 2013-2024”.

The company has 450 of the Fortune 500 companies in the list of its clients and the market insights and analysis it presents comes from 1,700 research teams based across 81 countries.
Bangladesh, the second largest apparel exporter, is witnessing high growth in the sector, according to the report.

Moreover, export duty exemptions, favourable policies and availability of labour at lower wages are attracting foreign investors towards Bangladesh's textile sector, which in turn is catalysing the demand for textile chemicals, the report reads.

Textile colorants dominate the markets for textile chemicals owing to their properties of imparting aesthetic appearance and value to the finished textile products.

Dhaka is the largest demand-generating region for textile chemicals in Bangladesh, backed by the presence of a large number of textile mills.

“Yes, it is true that textile chemical import has been increasing at a faster rate due to use of local fabrics by the garment exporters,” said Syed Mohammad Ismail, country head of Archroma (Bangladesh) Ltd, a Switzerland-based chemical company. “If the garment export increases nearly 14 percent in a year, the purchase of local fabrics increases nearly 30 percent,” he said.

The more the garment manufacturers purchase the local fabrics, the more chemicals are sold for washing and dyeing purposes, Ismail told The Daily Star.

Another important reason for the growth in chemical consumption is the rise of the denim industry in Bangladesh, he said, adding that denim fabrics require more chemicals for washing and dyeing compared to that needed by other fabrics.

Effluent treatment plants (ETPs) in the textile sector also require hundreds of tonnes of a wide variety of chemicals all the year round, industry insiders said. It is now mandatory to set up ETPs in textile units for the protection of the ecosystem and maintain environmental balance.

It is estimated that textile chemical sales in local markets has been increasing by nearly 25 percent year-on-year as export of apparel items has been increasing and also for textile millers who sell garment items in local markets, he said.

Some of the major players operating in Bangladesh's textile chemical market are: Huntsman (Singapore) Pte Ltd, Archroma (Bangladesh) Ltd, Dystar (Singapore) Pte Ltd, Pulcra Chemicals Bangladesh Pvt Ltd, Matex Bangladesh Ltd, A3 Color Chem Ltd, Rudolf Bangladesh Ltd, Rossari Biotech Ltd, Auxichem International Ltd and RH Corporation.

Local textile millers use a lot of hydrogen peroxide as a bleaching agent to whiten the fabrics, said Mohammad Badrul Huda, president of the Textile Dyeing and Printing Industries Association.

Balayet Hossain, chairman of the standing committee on chemicals and industries at the Federation of Bangladesh Chambers of Commerce and Industry, cited another thriving sector fuelling the rising consumption of chemicals in Bangladesh: cottage industries.

These include industries that are making perfumes, dyeing a variety of substances for printing purposes and using colours in textile and fabrics, he said.

The import of textile dyes has been growing at a faster rate in the country as the dyeing process needs several kinds of chemicals, said Hossain, also a former general secretary of the Bangladesh Chemicals and Perfumery Merchants Association.

According to sources in Bangladesh Textile Mills Association, the country has around 450 spinning mills, 1,200 weaving mills and around 5,000 export-oriented dyeing factories.

There are several thousand small dyeing factories as well catering for local markets.

Sources in the Department of Environment, however, claimed that they have issued ETP installation permission to 1,376 textile factories.

Source: thedailystar.net - Mar 12, 2019

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Apparel industry empowers women; drives Lanka's economy

South Asia is the fastest growing region in the world, according to a 2018 study conducted by the World Bank.

However, employment growth has not increased in proportion to the fast GDP growth experienced in the region. In fact, employment rates have declined across the region mainly due to social and cultural perceptions, with women accounting for most of this decline.

March 8 marked International Women's Day – an apt time to look at female labour participation and women's empowerment in Sri Lanka. According to studies conducted, Sri Lanka experienced a 1 per cent year-on-year female employment decline between 2005 and 2015, a media release from the Sri Lanka Apparel Exporters Association stated.

However, while social stigma relating to female labour participation still persists within the country, the female labour force makes a significant contribution across many industries, ranging from domestic labour to healthcare.

One of the largest industries that uses a strong female workforce is the apparel sector, which provides direct employment opportunities to a substantial number of women in Sri Lanka (approx. 300,000 women), resulting in an inflow of over USD 5.2bn in export revenue in 2018, becoming the first industry in the island to cross the USD 5 billion mark.

Apparel exports account for the largest number of Sri Lankan exports and thus are the highest contributor to the GDP growth of Sri Lanka. However, according to a study conducted by the Asian Development Bank, social attitudes and influences in Sri Lanka are not in favour of women seeking employment in the apparel industry.

Often called the ‘juki girls’, female employees who work in this industry do not receive the respect and empowerment that they strongly deserve, despite the immense contribution they make to our country’s economy and our collective standard of living.

The study also found that even if women showed interest in joining the apparel industry, parental attitudes and influencers such as husbands, siblings, teachers and religious leaders discouraged them from doing so, due to the negative social perceptions held regarding apparel sector employees.

These influencers perceived women in the apparel sector as being unskilled, and sited erosion of culture and traditions and sexual exploitation of women as reasons for discouraging women from joining the industry.

Chairman of the Sri Lanka Apparel Exporters Association, Rehan Lekhani agreed with the findings of the ADB study, stating that the apparel industry’s own research and observations have shown the existence of strong negative perceptions of women in the apparel sector despite their immense contribution to the nation.

Lekhani said that female employees in the apparel industry receive comprehensive training on the job, including financial workshops and several other programs that give them a profound knowledge of the industry as a whole.

“We thrive on female participation in our industry and over the years we have taken steps to ensure that our female employees in particular are empowered and equipped with the right skills and knowledge to succeed in their professional and personal lives,” he said. Apart from gaining well-rounded industry-specific knowledge, female employees are also encouraged by the apparel industry and given support to propel their own dreams and aspirations into reality.

A large number of female apparel workers (many of whom did not engage in work outside the home prior to joining the apparel industry) have saved their income and invested it into bettering the lives of their children, families and communities.

They have achieved this through providing better education for their children, increasing their families' standard of living by providing better healthcare, access to technology and purchasing vehicles, to building houses and providing dowries for their siblings.

Through the skills they acquire from their daily work in the apparel industry, they are also able to foster their entrepreneurial spirit to embark on small businesses such as tailoring services, restaurants and transport services. These smart financial decisions are just a few examples of what these women have been able to achieve with the support of the apparel industry.

While the industry itself and its major stakeholders are aware of the contribution that these women make and see them as significant assets to the industry, the social stigma associated with these women and their affiliation to the apparel industry still affects them.

As a result of this negative stigma, their vast contribution to the industry and by default, the Sri Lankan economy are not appreciated by society. The social circle of these women, namely parents, siblings, husbands, significant others and teachers do not seem to be aware of the contribution made by the hands of these hardworking and determined women.

Almost all of them are unaware that the apparel industry is the second largest foreign exchange earner for the country owed in large part to the hard work and dedication of their female family members.

This results in these female workers being undermined and their immense contribution to our country goes undervalued and unrecognised. As active contributors to the prosperity of the Sri Lankan economy, they still do not receive the respect and appreciation that they deserve.

The apparel industry is aware of this situation and organisations within the industry are firmly working towards shattering this stigma. In order to address this issue, JAAF launched 'Matai Mage Ratatai' – a campaign in partnership with the Sri Lanka Apparel Exporters' Association (SLAEA) and the Export Development Board (EDB).

The national movement aims to change public opinion and eradicate these falsifications that relate to the female workforce within the apparel industry and further encourage these women and their communities to see the value of the employment opportunity offered, and also to recognise their immense contribution to our country's economy.

Breaking away from stereotypes that have been ingrained in our society for decades will no doubt be a challenge, but there is hope that this will become a reality. Educating the public on the contribution of female employees in the apparel industry, who are the silent drivers of our economy, is crucial.

Being the largest export earner in Sri Lanka bringing in US$ 5 billion, JAAF together with its partners and support from the entire apparel industry is hopeful that this campaign will showcase the positive ripple effects to our economy, which would not be possible without this hardworking female workforce, the release stated.

Source: sundayobserver.lk- Mar 10, 2019

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Vietnam: Textile-garment exports fetch 4.89 billion USD in two months

The country's textile-garment export turnover reached 4.89 billion USD over the past two months, up 19 percent year-on-year, according to the Ministry of Industry and Trade (MoIT).

Among products recording significant export growth included fabrics made from natural fibers at 14 percent, fabrics from synthetic fibers at 14 percent and clothing at 11 percent.

The ministry attributed the period's positive performance to the fact that many businesses had received orders for the first six months of this year or even the whole year.

Sharing the MoIT's assessment, Chairman of the HCM City Textile and Garment - Embroidery Association Pham Xuan Hong said he believed that the prospects of domestic textile and garment industry were quite positive this year thanks to adequate orders from foreign partners.

Nguyen Van Can from the HCM City-located 28 Corporation told the online newspaper congthuong.vn that thanks to positive market demand, its member companies and subsidiaries had won contracts for the first quarter.

As well as a rising number of orders, Vietnamese textile and garment goods had become more attractive to foreign customers thanks to their strong competitiveness in terms of quality and price compared to those of rival countries in the region, according to trade experts.

The supply chain, which had been gradually completed thanks to increasing flow of capital invested in the textile and dyeing industry and free-trade agreements Vietnam had inked with several countries and blocs, had made Vietnamese garment products much more attractive, they said.

The textile and garment industry would likely generate 40 billion USD from exports by the end of this year, up 10.8 percent year-on-year, the Vietnam Textile and Apparel Association (VITAS) has forecast.

The industry's trade surplus was expected to reach 20 billion USD this year. Employment would be ensured and income for 2.85 million workers would be increased, said VITAS.

These targets were based on a successful year in 2018, when export turnover of garments and textiles products reached more than 36 billion USD, marking a year-on-year increase of 16 percent. This level of growth would make the nation one of the top three largest exporters of textiles and garments in the world.

Source: en.vietnamplus.vn - Mar 11, 2019

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Bangladesh: Sustainability and 'green' production

Does manufacturing a sustainable product make it green?

At the last edition of Bangladesh Denim Expo, held in November 2018, we had the theme of "simplicity," with the aim of demystifying some of the terminology relating to sustainable products used within the denim and wider ready-made garment (RMG) industries and how the industry can better communicate with our end consumer about the merits of the separate terminology used.

Eco, green, sustainable, and environmentally friendly -- are all terms widely used within in all sectors including RMG industry, but does manufacturing a sustainable product actually make it green and, conversely, does making a green product actually make it sustainable? What should the RMG industry be aiming to achieve and how do we inform the end consumer of advances that have been made within the sector?

Green products are, generally, perceived as those that have less of an environmental impact than those produced using more traditional production methods. An example of this would be products made from organic cotton -- cotton that is harvested without the use of pesticides, with care for the farmland on which it is grown, and with respect for the surrounding environment.

Sustainable products, whilst quite possibly involving "green" textiles, take in a broader remit, paying particular attention to the three fundamental pillars of sustainability: Ensuring that products can be produced at a price that is economically viable for the producer and customer, environmental sustainability; ensuring products are made under conditions that respect the environment, and social sustainability; and ensuring products are made in safe conditions with respect for worker's well-being, fair wages, and the betterment of society as a whole.

It is quite conceivable that a product made from "green" textiles does not actually qualify as a sustainable product. If that garment is made in sub-standard conditions by a workforce that is not paid a fair wage for their labour, then that product will, by default, not qualify as a sustainable product.

Similarly, if a product is finished in a non-environmentally friendly manner, using hazardous chemicals or with poor effluent control, then, this so-called “green” product would not qualify as being sustainable.

Likewise, a sustainable product can be produced not necessarily using “green” textiles. A good example is a product made using the Better Cotton Initiative (BCI) certified fabrics. This institution encourages cotton production methods that are measurably better for the environment and the cotton farming communities that grow the crops.

The BCI initiative is one that champions the cause of sustainability, paying particular attention to the environmental, social, and economic aspects of cotton production. But, as I mentioned earlier, it is not one that can be considered “green,” no matter how noteworthy the progress the BCI has made, furthering the cause of sustainable cotton production.

Sustainability within the RMG sector is a topic that has been discussed at length for some time. Initially, within Bangladesh, the focus following the Rana Plaza disaster of 2013 was with regards to structural safety and working conditions at garment manufacturer’s factories and worker’s overall well-being. Over the years, the focus has shifted somewhat to fully incorporate the environmental aspects of sustainability and, to a lesser extent, the economic factors involved.

Great progress has been made by the RMG sector in terms of social sustainability, with well-publicized advances in factories’ structural integrity, vast improvements in working conditions, and wholesale wage increases across the sector, but there is still more that we can do.

Collectively, we need to be looking at the materials we use and, in the case of our fabric manufacturing partners -- looking at the raw material used to produce the fabrics. We can follow the lead of international standards set by companies such as the BCI, in ensuring that any material we use is manufactured in the most sustainable manner possible.

We can consider extending the use of “green” materials for production but need to be wary of the supply and cost limitations, and need to ensure that any “green” product is produced in a controlled and considered manner, and that there is a secure supply framework to ensure the sustainable value chain’s resource consumption in production. We need to consider our use of gas, electricity, and water and be actively exploring alternative power sources and methods to reduce the industry's carbon footprint.

As an industry, we need to be actively reducing the use of plastics and other non-biodegradable products involved in the production process. The use of recycled card and cartons needs to be encouraged and we need to be investigating alternative, biodegradable materials to plastic, for use is the packing processes.

Last, but not least, we need to be sure that the RMG industry is built on economically sustainable foundations. As we are all aware there are cost implications in adopting a more sustainable approach to production.

Although some of these can be offset with savings made by adopting sustainable practices in the production process, we need to be actively discussing with our customers the cost implications involved, especially regarding truly sustainable raw material whether they be organic "green" fabrics or those certified by organizations such as the BCI, which carry a surcharge when compared to less sustainable materials.

Part of these discussions with our business partners should involve how we, as an industry, can inform the end consumer of the steps that have been taken to provide truly sustainable merchandise.

By clearly explaining the environmental, social, and economic benefits of sustainable production -- the end consumer will be able to make a more informed purchase and appreciate the efforts being made by the garment industry as a whole.

In an ideal world, we would all have the opportunity for sustainable production to be fully green but, sadly, this is not the case today. By clarifying to the end consumer the principles of sustainable production, the costs involved, and the environmental and social benefits that can be gained, a clear message can be given. Our RMG industry can continue on its journey to becoming a world leader in sustainable production.

Source: dhakatribune.com - Mar 11, 2019

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Dubai Chamber to back Ghana's textile-apparel industry

The Accra office of the Dubai Business Chamber is keen to offer guidance and assistance to companies in Ghana's textiles and fashion industry that are keen to penetrate the Dubai market.

The office is now working on improving investment in the textile industry in the country, its head Cyril Darkwah told a roundtable of stakeholders recently.

It will help the manufacturers, designers and retailers secure funds from Dubai for expansion and export to Dubai, Darkwah said.

Ghana is quickly emerging as a prime market for the United Arab Emirates (UAE) with several UAE firms investing in the country in infrastructure, communication and tourism.

Ghanaian manufacturers can take advantage of Dubai's $4-billion textile market, media reports in Ghana quoted Darkwah as saying.

Source: fibre2fashion.com- Mar 10, 2019

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Pakistan: FPCCI appreciates signing of SEF between Pakistan, Turkey

Engr. Daroo Khan Achakzai, President of the Federation of Pakistan Chambers of Commerce and Industry (FPCCI) has appreciated the efforts of Government of Pakistan and Turkey to enter into Strategic Economic Framework (SEF) for enhancement of bilateral relations in trade, tourism, healthcare, hospitality, industry, education, housing, agriculture, aviation and banking.

He stated that the main purpose of SEF is to enhance bilateral trade by five folds from current US$ 800 million (approx) and for achieving this goal it is expected that both government may sign FTA during the current year. He added that Pakistan and Turkey both are the members of ECO, D-8, CACCI and OIC and the existing trade volume doesn't reflect the significant bilateral relations.

He urged the government of Pakistan to resolve/negotiate all anti-dumping barriers imposed by Turkey on Pakistani textile and other items before the signing of FTA.

These antidumping and safeguard measured reduced Pakistan's export to Turkey US$ 327 million from US$ 850 million in 2011.

He added that textile and rice are the main exportable items of Pakistan facing high tariff rates in Turkey.

The imposition of extra duty on Pakistan's textile in terms of safeguard and antidumping makes our product uncompetitive in Turkey.

He suggested that under FTA government of Pakistan should demand the same duty structures on textile products which Turkey has given to Egypt and Jordan under FTA.

Engr. Daroo Khan Achakzai further stated that there are huge potentials available in plastic items, sports goods, carpet, edible fruits, agriculture products and leather goods whereon Turkey should give concession in tariff rates to Pakistan.

Source: brecorder.com- Mar 11, 2019

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NATIONAL NEWS

TEXPROCIL welcomes scheme to rebate state, central embedded taxes to Textiles sector

The Cotton Textiles Export Promotion Council (TEXPROCIL) welcomed the Cabinet's approval of the scheme to provide a rebate in state and central embedded taxes for the Made ups and Apparel sectors.

TEXPROCIL Chairman Dr K.V. Srinivasan said, "Rebate of state and central taxes will improve the competitiveness of made-ups products in the export markets."

Presently, the ROSL scheme refunds specified state taxes but do not refund central taxes.

Srinivasan pointed out that exporters of Made-ups, especially home textiles from India, face a huge disadvantage in leading export markets due to high import duties as compared to imports from other competing nations.

The scheme will go a long way in helping the exporters in overcoming this disadvantage and to increase exports, he added.

However, the TEXPROCIL Chief pointed out that state and central taxes are applicable on cotton yarn and fabrics also as in the case of made-ups and apparels. He urged the government to cover cotton yarn and fabrics also under the scheme.

Srinivasan also thanked Prime Minister Narendra Modi and Union Textiles Minister Smriti Zubin Irani for announcing this scheme to rebate state and central taxes which, he said, will lead to an increase in export of textiles and clothing as well as employment generation.

Source: siasat.com- Mar 12, 2019

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Tax refunds to boost textile exports

The textile industry expects exports to increase with the government extending refund of State and Central taxes on shipments of apparels and made-up goods.

The Cabinet, last week, approved the scheme to offer rebate on both the State and Central embedded taxes for the apparel and made-up goods such as towels, bed-sheets, blankets and curtains.

KV Srinivasan, Chairman, Cotton Textiles Export Promotion Council, said rebate will improve the competitiveness of made-up products in the export markets.

Compared to competing countries, export of made-ups, especially home textiles from India, was facing huge challenges due to high import duty.

The scheme will go a long way in helping exporters in overcoming this disadvantage and increase exports, he added.

He urged the government to cover yarn and fabrics too under the tax refund scheme as these value-added products also face heavy tax incidences.

BK Goenka, Chairman, Welspun Group and President of Assocham, said the rebate will make exports of textiles truly zero rated, at a par with other countries.

The decision to enhance the rebate on apparels and made-ups will give a fillip to these segments, which together account for 55 per cent of India's total textiles export, he said.

Source: thehindubusinessline.com- Mar 12, 2019

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Govt decides to return to drawing board on proposed industrial policy

The new policy is expected to tie in existing government initiatives and serve as a focal point for various industry-wise policies

The government has decided to return to the drawing board on the proposed industrial policy, despite announcing about two years back that the current policy framework could be overhauled.

The primary reason behind this remains the lack of a proper draft. However, sources said, the decision has little to do with the announcement of Lok Sabha elections and the model code of conduct.

Despite repeatedly insisting that the draft is ready, it appears that the Commerce and Industry Ministry is yet to agree on the broad contours of the policy, a senior government official said. In the meantime, the government has continued to refer to an initial 14-page discussion paper on the proposed policy — released in August 2017 — as the draft.

The ministry had then announced that this final draft will be put out by January 2018. The new policy is expected to tie in existing government initiatives and serve as a focal point for various industry-wise policies.

"It will absorb the 2011 national manufacturing policy and focus on technological issues of Industry 4.0, apart from furthering the government's push of the Digital India initiative," a senior official from the Department for Promotion of Industry and Internal Trade (DPIIT) said.

Back and forth

This initial document focused on the creation of jobs, promotion of foreign technology transfer, the growth of micro, small, and medium enterprises (MSME), and the establishment of a goal to attract $100 billion foreign direct investment annually.

"However, subsequently, the DPIIT later decided to cut down the plan to create fixed targets for job growth in specific sectors and instead, was focusing on 'wide growth' for the next two decades," a source in the Prime Minister's Office said.

A lack of high-quality job creation data kept the government from mapping the potential of various sectors, a government official said.

The proposed policy has borrowed heavily from the Make in India initiative, which aims to increase the share of the manufacturing sector to gross domestic product (GDP) to 25 per cent by 2022 from the current 16 per cent, he said.

Export push

The $36-billion textile export sector, the third-largest foreign exchange earner for India after petroleum products and gems and jewellery, clocked only 0.75 per cent growth in 2017-18, after a contraction in the past two years.

On the other hand, outbound trade of leather articles rose 3.46 per cent to $2.42 billion, recovering from the contraction witnessed in 2016-17.

The policy is also expected to reaffirm the government's belief in export-led growth and as a result will have an extensive impact on overall trade norms, with ease in trade and diffusion of export hubs among the government's top priorities, a commerce department official pointed out.

Last year, the Economic Survey pointed out that the five states of Maharashtra, Gujarat, Karnataka, Tamil Nadu, and Telangana account for 70 per cent of India's exports.

"The Centre plans to stop this ghettoisation of exports through incentives as well as channel digital technology to extend exports from rural and traditionally backward areas," he added.

Source: business-standard.com- Mar 12, 2019

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Trade face-off

The Trump administration's decision to take India off preferential trade list has triggered the talk of India imposing retaliatory duties on US goods. Care ratings chief economist Madan Sabnavis feels India must not take decision without understanding the consequences.

The Generalised System of Preferences (GSP) is a set of trade laws in the United States of America introduced some four and a half decades back in 1974. Under the GSP, the US allows imports of various goods from a set of over 120 developing countries at zero tariffs. The idea was two-fold. The first was to enable developing countries to increase their exports and growth and second to get in cheaper imports that would lower domestic cost of production as the goods covered were mainly raw materials and intermediate goods. It was hence a win-win situation for all.

India has been singled out by President Donald Trump for keeping tariffs on US goods high and making laws restrictive in terms of fostering trade and investment. In fact when Mr Trump took over as the President his trade related objective was to straighten out such unequal practices of trading partners and while China was the main target, India did not escape notice.

While the initial objection was on export of automobiles to India (the Harley Davidson case), it came down to medical products, dairy goods etc. among others. While the FDI rules relating to ecommerce did not get specific mention, the US is not too happy over the new rules which affect Amazon.

By taking India off the list, exports of $5.6 billion would be affected in leather products, carpets, textiles, gems and jewellery etc. The US is a major trade hub for India and exports are valued at around $50 billion. The government has argued that this is just 10 per cent of exports to the US and the cost would be $190 million which is not much when we look at the larger picture.

Individual industry units would get affected by this move of the US even though aggregate exports may not get impacted significantly. The argument is that with the tariffs coming in, their relative export competitiveness would get affected which can make other country imports to US cheaper. This cannot be ruled out. And given that these products typically have inelastic demand, getting replacement markets will not be easy.

How is one to look at this issue? To begin with it must be said that getting extra privileges under the GSP is quite anachronistic as India is no longer the country it was in 1974. We do lay claims to being the fastest growing economy and along with BRICS have sufficient economic clout in the world economy as well as at WTO. Therefore, it is time we moved out of this shelter.

Second, being a sovereign nation, India has a right to decide on its trade rules and hence should not bend back for the US. This was a case of standing by our principles and not getting pushed around. This is important because when GSP was introduced at no stage did the US talk of reciprocal rights. This has been an addition brought by Mr Trump and hence was new.

Third, Indian exporters too need to be pushed to become more competitive and look for more markets rather than depend on the US only. As long as there is an implicit protection, there would be less drive to become self-reliant.

On the other side from the point of view of exporters which would tend to be in the SME sector, this comes as a shock. Although this was on the cards, it was assumed that it would be excused just as China has been given some more time for negotiation. The 60 days period for us is too short to expect any change of stance. The Indian exporters have always been crying for relief from the government as they have several disadvantages in the international market.

Therefore instead of getting support, they have to fend for themselves and would expect the government to come up with some alternative package for them just like they do for other sector like textiles or sugar or steel. It may pointed out that most of the goods affected are labour intensive and hence can lead to some employment challenges if these exports are not made up. Also, for the present China can leverage this loss of GSP status for India to push their goods to the US at a lower cost.

The US position is also quite singular. At a time when it is fighting a hard trade battle with China, it may have been expected that it would cosy up to India. But it does appear that President Trump is more keen on furthering his policy of equal trade treatment by its partners. India may not be a big exporter for the US at around $50 billion but there is a deficit run (around $24-27 billion) which makes it important.

At the broader level, India may have to be more flexible with the trade relations with the US as GSP has to be seen with respect to both political issues as well as future investment. At the political side, the US need to be made an ally especially with hostile neighbours which includes China. While non-alignment is the stated policy, taking a flexible stance on issues like tariff could help India in the long run.

The other part is that if there is any thought of retaliation with the US on the trade front, it would affect us more as it is our major export market and with India competing with countries like Bangladesh, Sri Lanka, China, and East Asia, there could be further repercussions.

On the investment front too, India may have to relook at its policies as we need more of such flows and the policies pursued in the past have been less friendly at a time when funds have other options.

Therefore, there is a view that we should also be ready to talk rather than be brash about FDI in the name of protectionism especially in case of ecommerce as it sends wrong messages which can take the flows away from the country.

While compromising domestic industry should certainly not be allowed taking a stance of hubris may also be detrimental especially at a time when the world is getting closed with protectionism as limited growth in the last decade has made countries more inward looking.

Therefore, before we really consider retaliation, it may be useful to understand the consequences as another event called Brexit is on the anvil which has consequences that are not evident to us presently. But one can never tell.

Source: asianage.com- Mar 11, 2019

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India-Africa biz conclave: Policymakers to discuss strategies to scale up trade ties

Key policymakers from India and African nations will brainstorm on strategies for scaling up bilateral trade volume to USD 150 billion in the next few years at the India-Africa Project Partnerships Conclave to be held here between March 17-19.

"The event will mark the deepening of India-Africa economic and business ties and pave the way for a whole range of cross-border project partnerships," the Commerce and Industry Ministry said.

The conclave coheres into the Indian government's broader vision of long-term engagement with Africa and its unflinching commitment to expanding the canvas of India-Africa economic partnership which is evident from the increase in bilateral trade between India and Africa by nearly 22 per cent from touching USD 62.66 billion in the year 2017-18, it added.

Senior ministers from 21 African nations will participate in the 14th CII-EXIM Bank Conclave, which will also see the presence of India's Commerce and Industry Minister Suresh Prabhu.

Mahamudu Bawumia, Vice President of Republic of Ghana, Dr. Ibrahima Kassory Fofana, Prime Minister of Republic of Guinea, MonyaneMoleleki, Deputy Prime Minister of Kingdom of Lesotho will be present in the conclave.

The deliberations at the Conclave will be guided by long-term goals and objectives including encouraging Indian exporters to access the African countries and increase their presence in the region.

Other key areas of discussions are enabling geographical and product diversification of Indian exports to Africa, enhancing manufacturing exports of Africa by optimal utilisation of Duty Free Tariff Preference scheme and capacity building support from India; expanding Indian investments in areas like infrastructure, agriculture and food-processing, energy, services, IT and knowledge industries.

"The Conclave will mark the pre-eminence of India-Africa partnership in the area of 'South-South Cooperation', at a time when the global economy is faced with intractable challenges that stem from rising protectionism and trade conflicts," the Commerce and Industry Ministry said.

The India-Africa bilateral partnership is augmented by India's ascendency as the fastest growing major economy, as well as Africa's new economic dynamism illustrated by some of the Sub-Saharan economies which are among the top 10 fastest growing economies in the world.

The annual Conclave, since its inception in 2005, brings senior Ministers, policy makers, officials, business leaders, bankers, technologists, start-up entrepreneurs and other professionals from India and Africa on a common platform in a spirit of partnership.

The knowledge sessions at the Conclave will focus upon the potential areas for bilateral economic and business partnerships, core capabilities of Indian and African enterprises and opportunities for joint ventures thereof, innovative financing of significant development projects, skill development and capacity building.

The conclave is expected to see the participation of 400 plus delegates from Africa and around 300 delegates from India.

The B2B meetings at this conclave are expected to be held on more than 500 project proposals from Africa.

Source: business-standard.com- Mar 11, 2019

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All you wanted to know about MFN status

India recently withdrew the Most Favoured Nation (MFN) status accorded to Pakistan in 1996, following the terrorist attack in Pulwama in Jammu and Kashmir that killed 40 CRPF officers. Following this, the government immediately hiked the basic customs duty on all goods originating from Pakistan to 200 per cent with immediate effect.

What is it?

While the term 'Most Favoured Nation' suggests special treatment to one country, the MFN clause in WTO's General Agreement on Tariffs and Trade is intended to ensure the opposite — that member countries of the organisation do not discriminate between their trade partners. In trade contracts, the 'most favoured customer clause' is a clause by which the seller agrees to give a buyer the best terms he makes available to any other buyer.

Thus, every WTO member nation usually grants MFN status to all other members, in effect promising that everyone will receive equitable treatment from it. The primary condition under MFN is that a country must charge the same tariff rate on imports irrespective of their origin.

Say country A accorded MFN status to all the members of WTO. Later, if country A grants a concession to country B as a part of negotiations between them, the same concession will be granted to all other WTO members by virtue of their MFN status, even if the latter offer no concession in return.

GATT does accommodate specific exceptions though. For example, two countries can enter into a preferential arrangement liberalising trade in services without extending this benefit to other members. Tariff differences arising from existing double taxation agreements are also permitted. This is expected to result in a tariff regime that is transparent and economically efficient.

Why is it important?

After becoming a part of WTO, India granted MFN status to Pakistan in 1996, but it was not reciprocated by the latter. After more than a decade, Pakistan offered to extend MFN status to India in 2012 but did not follow through.

However, both the countries have agreed to simplify customs procedures in trade with each other, liberalise visa rules and facilitate goods certification.

A working paper on World Bank's Open Knowledge Repository (What does MFN Trade mean for India and Pakistan – De, Raihan and Ghani June 2013) estimated that MFN status between the two countries, supported by trade facilitation could help boost trade between the two countries.

It estimated that while MFN status to India would raise Pakistan's imports from India by 32 per cent, MFN status plus enhancement of bilateral trade facilitation could lead to a 202 per cent jump in India's exports to Pakistan. Trade facilitation involves implementing measures to reduce the cost of trading across borders by improving infrastructure, institutions, services, policies, procedures, and market-oriented regulatory systems.

Why should I care?

As per news reports, the government will now identify items imported from Pakistan on which duties can be raised, since MFN rules no longer bind it. Other measures such as import ban and port restrictions will also be considered.

Revoking of MFN status given to Pakistan and slapping an import duty of 200 per cent on imports from it, will significantly increase the prices of the goods imported from that country and act as a deterrent to such imports.

However, this move is not expected to impact India's aggregate trade numbers or trade balance much, given that trade with Pakistan is less than one per cent of India's total global trade.

But the move has raised concerns over a possible spike in illegal trade between the two countries, which takes place through border gaps and via third countries.

Source: thehindubusinessline.com- Mar 12, 2019

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Cotton in revival mode

After the initial promise of an attractive price rise following expectations of export to China early in the season, the cotton market disappointed stakeholders, particularly growers. With domestic mills keeping off and export order flow decelerating, market rates actually dipped towards the minimum support price.

Global factors, too, exerted an influence. The US cotton market faced a sharp downward correction because of the ongoing trade friction with China, which has resulted in the latter imposing a retaliatory duty of 25 per cent on American cotton. From over 80 cents a pound, US cotton slumped to around 70 cents a pound a couple of months ago. In other words, sentiment had turned weak.

Now, a revival is on the cards, especially in the Indian market. Export demand is just about beginning to pick up. Sensing that the market may have bottomed out, domestic mills, too, have begun to make purchases to build inventory. Cotton prices are clearly showing an uptick and every move above the minimum support price should bring relief to growers and policymakers alike.

Supply side concerns

There is some concern on the supply side though. While cotton output for 2018-19 has been revised downward by the trade to about 325 lakh bales, the Agriculture Ministry estimate is even lower and possibly closer to reality at 301 lakh bales as compared with the production target of 355 lakh bales. In other words, cotton market fundamentals are tightening.

There are concerns relating to quality. Unseasonal rains have reportedly damaged the crop and hurt quality in some producing regions.

In other words, the availability of really good quality cotton is tightening.

Popular variety Shankar-6, currently trading at about ₹42,000 a candy (355 kilograms), is in great demand. Trade representatives are confident S-6 rates will rise by at least 10 per cent in the coming months to around ₹46,000 a candy. Prices of other varieties will also be lifted as well.

China set to restock

Notwithstanding these supply side developments, trade representatives believe that export of about 50 lakh bales of cotton is a strong possibility. Bangladesh and China are two of India's largest cotton buyers.

After years of destocking, the world's largest importer and consumer China will have to begin to restock cotton. The Asian major has been buying the natural fibre from Brazil. India is now set to join the race.

An improvement in off-take and rise in price should send a positive signal to cotton growers for the upcoming kharif season planting. Notwithstanding pest issues in the past two years, positive price signals can translate to coverage of about 120 lakh hectares.

Subject to satisfactory temporal and spatial distribution of rains, India's cotton production has the potential to rebound to well over 350 lakh bales in 2019-20.

Signals from the US too suggest a possible expansion in the planted area and a bigger crop in 2019-20. So, the world market will have abundance of cotton with output exceeding consumption and a possible stock build. To what extent the anticipated slowdown in global economic growth will impact cotton consumption remains to be seen.

Source: thehindubusinessline.com- Mar 12, 2019

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Welspun Telangana project's execution risk moderate: Ind-Ra

The execution risk of home textiles major Welspun India's Rs 1,123 crore tile manufacturing project at Telangana would be moderate, India Ratings and Research (Ind-Ra) said Monday.

"The execution risk will be moderate as the company has an established track record of executing similar large projects with standard technology," the agency said in a rating note on Monday.

"The company is setting up a high-end integrated tile manufacturing facility in Chandanvelly, Telangana, which is scheduled to be completed by 3QFY'20," Welspun officials said.

The company will incur capex of Rs 1,123 crore which will be funded by Rs 815 crore of debt guaranteed by WIL, and the remainder from equity of WIL.

"As of December 2018, about Rs 370 crore of the capex was executed. The facility would reach optimum utilisation capacity in the next two-to-three years," Ind-Ra said.

The company had said facility for flooring solutions is the first of its kind in India and in currently imported from China and Turkey. The capacity of the plant would be 27 million square meters.

Source: business-standard.com- Mar 11, 2019

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MCX woos importers with quality cotton

The cotton futures contract on commodity exchange MCX is buzzing with activity on the back of volatile prices and rising export demand.

The exchange's move to open three new warehousing centres at Vidarbha, the major cotton belt in Maharashtra, is also paying rich dividends.

The MCX cotton contract had recorded an all-time high average open interest of 3.46 lakh bales this year. The previous high of 3.12 lakh bales was recorded in 2013.

Cotton deposited in the exchange-accredited warehouses soared to new high of 1.81 lakh bales and surged by 56 per cent last Tuesday compared to 1.16 lakh bales logged in the same period last year.

Deepak Mehta, Head-Agri and Energy, MCX, said the exchange expects total cotton deposits at the accredited warehouses to touch 2.25 lakh bales by end of this season given the growing interest.

The warehouses accredited at Arvi, Hinganghat and Wardha in Vidarbha are witnessing robust delivery of about 30,000 bales of cotton by the local community and ginners, he added.

Export potential

He added that availability of ample cotton at the warehouses can resolve the quality issues being faced by exporters, especially to Bangladesh.

Importers from Bangladesh can now take delivery from the exchange platform through Authorised Stock Brokers. Last October, Sebi had allowed foreign entities with physical commodity exposure in India to hedge on the exchange platform as 'Eligible Foreign Entities'.

Brokers registered with Sebi as 'Authorised Stock Brokers' to route trade with Eligible Foreign Entities should have a minimum net- worth of ₹25 crore.

Currently, IIFL Wealth Management, Phillip Capital (India) and Motilal Oswal Securities are registered as Authorised Stock Brokers. MCX is also in talks with more broking firms to attract foreign buyers' interest.

In the past, Bangladesh cotton importers from India have faced many challenges, including quality and quantity issues. In fact, Cotton Association of India is in the process of signing a memorandum of Understanding with Bangladesh's cotton trade bodies to sort out issues.

Quality check

By insisting on delivery of cotton from MCX-accredited warehouses, importers can ensure that there is no mixing of inferior quality or foreign material as the exchange approved assayers test 5 per cent of the cotton delivered against the industry standard of 2 per cent, said Mehta.

Though importers have to pay a little premium for buying cotton from the exchange platform, they can be rest assured of quality and quantity, he added.

Source: thehindubusinessline.com- Mar 12, 2019

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In fresh blow to Monsanto, govt cuts cotton seed royalty by half

India has cut the royalties that local seed companies pay to German drugmaker Bayer AG's Monsanto unit for the third time in four years.

The Central government has decided to reduce royalties paid by Indian seed companies to Monsanto for its genetically modified (GM) cotton by 49 per cent to ₹20 for a packet of 450 gm, according to a farm ministry order. Earlier, it was ₹39.

The decision could prompt Monsanto and other foreign seed companies to further scale back investment in the sector, said Ram Kaundinya, director general of the Federation of Seed Industry of India.

The decision comes at a time when India's cotton output is falling and needs a breakthrough to help maintain its leading position in the global cotton market, said Kaundinya.

Cotton output is likely to fall to 32.8 million bales of 170 kg each in the year to September 2019 — the lowest in nine years, triggering higher imports of the fibre, according to industry group Cotton Association of India.

"The order is most disappointing," said Shivendra Bajaj, executive director of the alliance for Agri Innovation, an advocacy group.

Other than cutting Monsanto's royalties, the government raised the prices of GM cotton seeds by 1.43 per cent to ₹710 ($10.16) a packet. [Effectively, with the trait fee, farmers will be paying ₹730 per packet for the 2019-20 season, as against ₹740 last year.]

Scripting a transformation

New Delhi approved Monsanto's GM cotton seed trait, the only lab-altered crop allowed in India, in 2003 and an upgraded variety in 2006, helping transform the country into the world's top producer and second-largest exporter of the fibre.

Monsanto's GM cotton seed technology went on to dominate 90 per cent of India's cotton acreage.

However, Monsanto became embroiled in a dispute with Indian seed company Nuziveedu Seeds Ltd (NSL), which argued that India's Patent Act did not allow Monsanto any patent cover for its GM cotton. Monsanto and NSL are engaged in a maze of arbitration proceedings and legal cases.

Last month Reuters reported that Monsanto has won proceedings against NSL in a royalty dispute.

The farm ministry first cut Monsanto's royalties in 2016, triggering a long-running feud that prompted the US ambassador to India at the time, Richard Verma, to approach Modi's office.

Source: thehindubusinessline.com- Mar 11, 2019

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Online mattress start-up Wakefit targets ₹260-crore revenue in FY20

Online mattress start-up Wakefit is pushing for aggressive growth with an eye on achieving ₹260 in revenue in FY20. The start-up expects to end this fiscal with ₹80 crore in revenue and ₹8 crore in net profit, up from ₹27.6 crore revenue and ₹2.2 crore net profit in fiscal 2018.

The three year old start-up that turned profitable within six months of shipping to customers, plans to add add 50 people to its team by the year end.

Flush with funds after its recent fund raise of ₹65 crore from Sequoia Capital, Wakefit which sells 8,000 mattresses a day, is doubling its production capacity from 250 mattresses a day to 500 mattresses by April and expanding its warehouse network from four, located in Bengaluru, Pune, Mumbai and Hyderabad to seven by the end of 2019.

"An all India survey we conducted last year revealed that 21 per cent of people sleep well after midnight and 59 per cent sleep after 11pm, while it is recommended that regular sleeping time is around 10pm – 10.30pm for restful sleep in alignment with our circadian rhythms.

Unfortunately people know the effects of inadequate sleep but are not serious about taking steps to ensure they sleep well. We address common problems like back aches, blood pressure and mental recovery from stress with our products" Ankit Garg, co-founder and CEO, Wakefit Innovations Pvt Ltd told BusinessLine.

The start-up offers two kinds of mattresses (normal foam & memory foam) at prices ranging from ₹5,000 to ₹26,000 and also sells pillows, mattress protectors and solid wood beds. Aligning with its vision to be synonymous with sleep solutions, the start-up is launching a range of bedsheets and comforters, with many more products launches on the anvil.

"We incorporate new features into our mattresses regularly and come out with new versions every quarter.

We have effected 15 improvements to date and our product acceptance rate has improved from 95 per cent to 97 per cent today" said Chaitanya Ramalingegowda, co-founder, Wakefit.

Nearly 40 per cent of Wakefit's sales comes from Amazon, Flipkart and Pepperfry. Bengaluru, Mumbai and Hyderabad are its top three markets and 75 per cent of its sales comes from the top 10 cities.

Besides competing with mattress giants like Kurlon, Peps, Nilkamal and Duroflex, Wakefit is also up against mattress firms including Sunday, Nubliss, House of Bed, Mattress Box and SleepyCat.

The $3 billion Indian mattress market, of which 30 per cent is organised, is growing at 10-15 per cent annually fuelled by urbanisation, rising disposable incomes and health issues.

Source: thehindubusinessline.com - Mar 12, 2019

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Ramco unit to set up a yarn dyeing, weaving plant in T.N.

The proposal calls for an investment of ₹250 crore

Ramco Fabrics, a Ramco Group company and a division of Rajapalayam Mills Ltd., is setting up a yarn dyeing and weaving plant at Rajapalayam in Tamil Nadu to produce dyed Greige fabric.

"As part of the forward integration plan, we are setting up this new unit," said P.R. Venketrama Raja, chairman, Ramco Group. "The new unit will become operational by the second quarter of 2019-20."

Production capacity

The new unit entails an investment of ₹250 crore and it will have an initial production capacity of 10 million metres of Greige yarn dyed fabrics per annum. Besides, it would also cater to fibre dyeing needs of Ramco Melange products, said A.V. Dharmakrishnan, director, Rajapalayam Mills.

On the need for a new unit, Mr. Dharmakrishnan said, "Many of our customers, who manufacture fabrics, used to buy high count yarn from us and give it for weaving.

Later, they used it for making fabrics. Instead, they requested us to provide value added product to them so that they can get woven yarn of consistent quality. For us, it is a value added step towards forward integration and for the customers, they get consistent quality of weaved yarn."

Rajapalayam Mills currently has a capacity of about 1.35 lakh spindles.

Ramco's textile division comprises Rajapalayam Mills Ltd. and eight other manufacturing units. It boasts of a revenue of ₹1,300 crore. About 30% of it comes from exports and 25% from corporate customers in the domestic market.

Source: thehindu.com - Mar 11, 2019

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Inspired by the Indonesian batik

Inspired by a line of handmade Indonesian batiks, Shroff has named her collection Resist Aur Dye, after the process of making batik.

As the fashion industry gears up for the forthcoming Lotus Make-up India Fashion Week AW ’19, designer Pooja Shroff is all set with her Autumn-Winter collection. Inspired by a line of handmade Indonesian batiks, Shroff has named her collection Resist Aur Dye, after the process of making batik.

“It comprises of a few couture statement styles but the majority of the collection comprises of prêt pieces which are dominated by black, gold and grey colours. Suede, silk and crepe cotton are the fabrics used,” says Shroff.

“I was inspired to work on Indonesian batik fabric during my travels to Jakarta. However, it is a challenge to work on the Indonesian batik as it is both beautiful as well as complex. So I found a novel way out by combining various textures and effects of technique; engineering motifs onto western and diffusion patterns and silhouettes to highlight batik’s beauty. I scanned high-resolution effects of batik and created graphics by transferring them into clothes with the help of digital printing.”

Knowledge of batik is like a family recipe. The fabric is dyed in organic colours which are made in house. Once the fabric is dyed, it goes to the second stage which involves printing. “The age-old hand block printing technique is used where I hand draw a motif with which a wooden block is carved and then the process starts with blocks getting dipped into colours and then hand printed. The fabric is then put into steam and baked. Once that is done, it is washed and dried,” says Shroff.

Talking about the various motifs used, the designer who debuted with Amazon India Fashion Week in 2017 says, “Transfers are unique, easy to make, more interesting than the Indonesian batik. It allowed me to play with different motifs in a seamless manner.

Colourful motifs of Buddha, Radha Krishna, Ajanta and Ellora, and Mughal miniatures came out well defined on the fabric. Indian batik has huge potential; it needs to be explored. Unfortunately, designers do not focus on it as they are not aware of how indigenous batik can be developed.”

A graduate from the esteemed Parsons, The New School of Design, New York, Shroff talks about her journey. "My journey as a fashion designer has been amazing so far. I have got to learn many things, also I have experimented with different fabrics, colours and designs. I'm looking forward to learn more and achieve more as a fashion designer," says Shroff, known to work on silhouettes for the highly free-spirited independent women of today.

Talking about the trends in the industry, Shroff says, "The fashion industry will witness more use of materials such as polymer threads, which are five times thinner than a human hair. There will also be more use of sustainable fabric and material with environmental consciousness becoming a more common refrain in recent times, especially amongst the youth."

About the collection

Pooja Shroff's Autumn Winter 2019 collection Resist Aur Dye is a tribute to Indonesian Batik fabric designing.

Source: newindianexpress.com - Mar 10, 2019

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Is Paytm Mall closing down its e-commerce business?

Alibaba-backed firm scaling down B2C biz, closing down fulfilment centres

Alibaba-backed Indian e-commerce firm Paytm Mall seems to be losing steam faster than expected even as the company plans to change its business model.

According to sources, the company has been scaling down its B2C (business to consumer) business, shutting down the fulfilment centres and has almost stopped giving cashbacks.

This has also resulted in a massive drop in traffic to the Paytm Mall's website. According to SimilarWeb, a New York-based website that provides web analytics for businesses, the traffic to Paytm Mall has come down to 5 million per month in January 2019, a whopping 88 per cent decline from 45 million visitors a month in October last year.

According to sources, problems started for Paytm Mall in October last year after the company, following a series of board meetings, came to the conclusion that the B2C model was not sustainable, and it needs to scale down the business slowly and switch to a B2B model with an online to offline (O2O) strategy.

The company's focus on the strategy seems to be a constant as it had acquired two hyperlocal deal marketplaces — Little and Nearbuy back in 2017 — to strengthen its presence in the O2O space.

Move hits sellers

However, the scaling down of the B2C business has hit several Paytm Mall sellers, who are now stuck with inventory. "They (Paytm) asked us to stock a month's inventory for December last year and now asking us to take back the inventory.

They have shut the fulfilment centres at several places. We can't return these unsold inventory back to the manufacturers now," said a Mumbai-based FMCG seller. BusinessLine spoke with over dozen sellers across categories and each one of them cited the same issue.

A back-of-the-envelope calculation shows that the sellers are stuck with inventory worth ₹150-160 crore.

"Paytm stopped giving cashbacks and this has resulted in heavy losses for us as consumers have stopped buying. I was doing business worth ₹10 crore a month, but now it has come down to ₹10 lakh. They stopped cashbacks without even informing us," another seller said.

A Delhi-based seller said: "This is the last of the leftover stocks parked at the fulfilment centres and no seller has sent any inventory in the last two months. The unsold inventory now becomes our responsibility."

Paytm Mall, which was started in 2017, raised more than ₹2,900 crore in funding last year and has been incurring huge losses. As per its filings with the Registrar of Companies sourced from Tofler, Paytm E-commerce Private Ltd reported a 100 per cent growth in its revenues for FY18 at ₹775 crore. During the fiscal, the company's losses grew a whopping 150 times to ₹1,800 crore.

Founder denies charge

Vijay Shekhar Sharma, founder of Paytm, has rubbished all the allegations. “I have mentioned earlier also that we (Paytm Mall) will have a majority business by O2O category. Grocery from our store is becoming bigger and bigger,” Sharma told BusinessLine.

He further claimed that the company’s GMV (gross merchandise value) has grown and that the company is pushing the inventory of offline stores nearer to customers for faster delivery.

Experts attribute the restructuring at Paytm Mall to the cut-throat competition in the e-commerce market where Flipkart and Amazon have clearly established their dominance.

They feel that Paytm seems to be losing its identity by getting into many businesses — from payments to banks to mutual funds to e-commerce.

Source: thehindubusinessline.com - Mar 12, 2019

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