TEXTILE INTELLIGENCE CENTRE
iBtex.
INFORMATION BUREAU TEXPROCIL

TEXPROCIL NEWS CLIPPINGS

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

IBTEX No. 226 of 2017 November 14, 2017

USD 65.36 | EUR 76.32 | GBP 85.76 | JPY 0.58

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
17784	37200	**72.62**

Domestic Futures Price (Ex. Gin), October

Rs./Bale	Rs./Candy	USD Cent/lb
18250	38175	**74.53**

International Futures Price

NY ICE USD Cents/lb (Dec 2017)	69.00
ZCE Cotton: Yuan/MT (Jan 2018)	15,170
ZCE Cotton: USD Cents/lb	**88.08**
Cotlook A Index – Physical	**79.35**

Cotton & currency guide: The cotton market again continued to trade steady though it earlier tried moving close to 70 cents per pound. The December contract had made an intraday high of 69.86 in the early session however market corrected down to end the session at 68.88 cents. Likewise March also moved in the similar fashion but ended marginally lower at 69.05. The difference between two contracts has been narrowing down. The major trading volume is from spread trading. On Monday the trading volumes were around 55000 contracts higher from previous day volume of 51+K contract. Out of which major volume is from spread trading. Ahead of December expiry 1st notice period starting on 24th of this month major roll over is with March contract. The open interest of December has declined to around 50K contracts while March open interest is around 120K contract. The overall open interest is around 220K contracts.

Further the weekly crop harvesting report released as of 12th November by USDA. The data suggest more than 64% of crop progress for harvesting vs. 56 per cent in the previous week.

On the domestic front the scenario is completely on the supply front. The average daily arrivals are now increasing. As of latest figure the arrivals were around 150K bales which were less than 135K bales a week ago. This is having pressured on the spot cotton price especially the S-6 variety of Gujarat price falling down to Rs. 37450 per candy. In fact AP and Telengana prices have also softened a bit.

As we progress through the season the arrivals are expected to increase further with production estimation is pegged at around 380 to 385 lakh bales. We also expect the arrivals in mid-November or December to surge to more than 200000 bales a day. The S- 6 price may again fall below Rs. 37000 in the near term. Nonetheless further decline would be noticed or not shall determine the export enquiries, mills buying and involvement of CCI procurement.

As per latest quote from CCI this season it is expected to buy more than 10 million bales of cotton from farmers if prices decline below or reaches near MSP price.

On the futures front cotton price has been trading steady. The November future ended the season at Rs. 18380 per bale up by Rs. 160 from previous close.

For the day we expect cotton price to trade initially higher and move in the range of Rs. 18470 to Rs. 18200 per bale.

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

NEWS CLIPPINGS

	INTERNATIONAL NEWS
No	**Topics**
1	World Trade Growth to Moderate in Fourth Quarter, WTO Estimates
2	TPP 11 Takes Another Major Step Forward in Moving on Without US
3	Miscellaneous Tariff Bill Introduction Could Mean Major Duty Reductions for US Companies
4	Celebrating Cotton Day in Bangladesh
5	RCEP trade agreement delayed till 2018
6	U.S. Seeks to Improve Trade with Vietnam, China, Philippines as Modified TPP Advances
7	Pakistan: Cotton yarn price hike affecting exports
8	Italian Prime Minister Gentiloni's Visit To India Has Restored Mutually Beneficial Ties
9	Burkina Faso’s cotton output to stand at 563,000 tons in 2017/2018
10	Pakistan: Aptma wants to import cotton from India
11	How Asia Has Become The World's Manufacturing Hub
12	Bangladesh’s RMG exports stagnate as UK, Europe lower prices
	NATIONAL NEWS
1	Government will soon revamp Make in India to meet its twin objectives of jobs, GDP growth
2	Telangana Govt increases yarn subsidy up from 20% to 40%
3	Knitwear industry unhappy over GST on job works
4	Centre urged to direct CCI to purchase poor quality cotton
5	Coimbatore to host three-day machinery fair -- Texfair

INTERNATIONAL NEWS

World Trade Growth to Moderate in Fourth Quarter, WTO Estimates

Global trade in goods should continue to expand in volume terms during the fourth quarter of 2017 but the pace of that growth should be slower than earlier in the year, the World Trade Organization said Nov. 13.

The WTO's world trade outlook indicator combines several trade-related indices into a single composite indicator of trade growth in the near future by measuring short-run performance against medium-term trends.

A WTOI reading of 100 indicates growth in line with medium-term trends, readings greater than 100 suggest above-trend growth, and readings below 100 indicate the reverse.

According to the WTO, the previous WTOI reading of 102.6 was confirmed as world trade growth remained strong in the second quarter and appears to have been stable in the third quarter as well. However, the most recent reading of 102.2 reflects a number of moderating factors.

For example, the export orders component of the WTOI remains above trend but has turned downward recently. Indices for international air freight and container port throughput are also above trend but have lost upward momentum.

Automobile production and sales are below trend but show signs of having bottomed out, which could indicate strengthening consumer confidence.

Indices for electronic components and agricultural raw materials are both rising, although the level of agriculture raw materials trade remains below its medium-run trend.

Source strtrade.com- Nov 14, 2017

HOME

****

TPP 11 Takes Another Major Step Forward in Moving on Without US

The agreement formerly known as the Trans-Pacific Partnership has been resurrected and it now goes by the name Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

Though it had been widely assumed the TPP would be left for dead after the U.S. removed itself from the trade deal in January, the remaining 11 nations are dedicated to getting something out of all the years that went into negotiating the first deal, and last week they agreed on a framework to move forward with.

Ministers from the TPP 11—Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, Vietnam—met on the sidelines of the Asia-Pacific Economic Cooperation forum in Danang, Vietnam last week and agreed on key aspects of the CPTPP pact.

"Ministers are pleased to announce that they have agreed on the core elements of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)," a joint statement noted.

"Ministers agree that the CPTPP maintains the high standards, overall balance and integrity of the TPP while ensuring the commercial and other interests of all participants and preserving our inherent right to regulate, including the flexibility of the parties to set legislative and regulatory priorities."

The group has agreed to incorporate provisions of the TPP, with the exception of certain provisions that will be suspended, some of which are related to express delivery, telecommunication disputes and investment.

Now it remains for each country to pursue its own domestic processes while officials work on things like finalizing items where there's still not consensus, and legally verifying and translating the finalized text in preparation to be signed.

"The substance is something all the TPP countries can agree on," Japan's trade minister Toshimitsu Motegi told reporters on the sidelines of the

APEC meeting, according to the Japan Times. "This will send a very strong message to the U.S. and the other countries in the region."

The U.S., however, appeared to be sending a strong message of its own just one day earlier.

In his speech at the APEC meeting, President Trump slammed multilateral trade deals and what they've done for the U.S. Carrying out his America First promise, Trump said the U.S. will compete on a "fair and equal basis" and that it won't allow itself to be taken advantage of.

"I will make bilateral trade agreements with any Indo-Pacific nation that wants to be our partner and that will abide by the principles of fair and reciprocal trade. What we will no longer do is enter into large agreements that tie our hands, surrender our sovereignty, and make meaningful enforcement practically impossible," the president said.

For now it seems CPTPP is forging its path forward irrespective of the U.S. position—and despite Canada's perceived stalling.

Canadian Prime Minister Justin Trudeau missed a leaders' meeting on TPP last week, which came just days after Trudeau said Canada wouldn't be rushed into a deal that didn't meet its own interests. Though some said he deliberately skipped the meeting, the country's Minister of International Trade Francois-Philippe Champagne said a scheduling mix-up was to blame for Trudeau's absence and that Canada remains interested in seeing progress on the CPTPP.

Some of Canada's hold-ups, according to Champagne, have to do with environment and labor rights.

In a tweet Monday, Trudeau said: "On the TPP trade deal: We've been working hard on it this week in Asia, and we're going to keep negotiating until we get the best agreement possible for Canadian workers & businesses. We won't sign it until that happens."

Source sourcingjournalonline.com- Nov 13, 2017

HOME

****

Miscellaneous Tariff Bill Introduction Could Mean Major Duty Reductions for US Companies

The Miscellaneous Tariff Bill Act of 2017 has been formally introduced in the House Ways & Means and Senate Finance Committees, and it includes provisions that would temporarily reduce or suspend duties on certain American imports.

Apparel groups like the American Apparel and Footwear Association (AAFA) have urged quick Congressional passage of the bill.

“Bipartisan MTB reform is smart policy for American businesses, American workers and American consumers, as it will lead to the elimination or reduction of duties on imports that are not available or manufactured in the United States.” AAFA president and CEO Rick Helfenbein, said.

“This will directly result in long-needed duty relief for American companies, providing capital for reinvestment in the American workforce, research and development, and reduction on prices for American families. We are happy to see Congress has moved forward with a transparent process to review specific product lines, and encourage the quick approval of the bill.”

AAFA had written to the committees last month noting that the U.S. apparel industry generated more than 50 percent of duties collected by the U.S. last year, despite accounting for just 6 percent of total imports by value.

The letter noted that current MTB includes nearly 1,800 individual product petitions, as recommended by the U.S. International Trade Commission and will provide $350 million of duties savings in 2018, and more than $1 billion in savings for U.S. companies over the next three years.

“Dozens of these provisions include textile, footwear, travel goods and apparel products that would benefit our industry and its 4 million American workers,” wrote Stephen Lamar, executive vice president of the AAFA. “As found by the ITC during the MTB process, the provisions do not harm any U.S. domestic manufacturers, and instead would provide real and immediate benefits for the industry, including those engaged in manufacturing in the United States.”

When the bill was introduced in the House Ways and Means Trade Subcommittee last month, chairman Dave Reichert (R-Washington), said, "The MTB is designed to boost the competitiveness of American manufacturers by lowering the cost of imported inputs and in some cases, finished goods, without harming domestic firms that produce competing products. Many companies in my home state of Washington have relied on the MTB, and I know that many of my colleagues have similar stories from their districts."

He added, "Our manufacturers have used the savings from past MTBs to strengthen their competitive edge, support the creation of domestic manufacturing jobs, increase U.S. production and contribute to the economic growth of the United States.

But the last MTB expired in 2012 and left American manufacturers without a process to help them cut costs. This undermined the ability of our manufacturers to provide more domestic jobs and damaged their global competitiveness."

With the introduction of the new legislation, Reichert said, "Now, Congress must act to consider an MTB bill and deliver long-awaited tariff relief to our manufacturers."

Source: sourcingjournalonline.com - Nov 13, 2017

HOME

****

Celebrating Cotton Day in Bangladesh

On Wednesday, November 8, 2017; Cotton USA organized a seminar and dazzling fashion show in Dhaka as a part of celebrating second Cotton Day in Bangladesh.

On the occasion, the local textile and garments entrepreneurs participated in the special trade related seminar on cotton.

A delegation from Cotton USA and Cotton Council International was introduced to Bangladesh textile and apparel industry through the US and Global Cotton Outlook seminar, where they met Bangladeshi industry leaders.

The international delegation made presentation on US cotton growth, world cotton supply, focusing on ethics, responsibilities, bale and packaging, which would facilitate consumers, mills and importers to make logical business decisions.

The delegation included Mr. Bruce Atherley, Executive Director, Cotton Council International, Mr. William Bettendorf, Director- South Asia, Cotton Council International, Mr. David Camp, Vice President- Staple Cotton, Mr. Ricky Clark, Vice President, Cargill Inc., Mr. Navaid Baqai, Director- Technical, Cotton Council International, Mr. Roger Gilmartin, Textile Engineer & Senior Consultant, and Mr. Joel Reiffman, Deputy Chief of Mission, US Embassy.

At the fashion show, the country's leading brands Amanat Shah Group, Yellow, Envoy Textiles Ltd, Hamid Fabrics Ltd, Sailor and Square Group showcased a selection of western clothing and traditional Bangladeshi outfits.

The electrifying event showcased 100 percent cotton and cotton-made garments, highlighting Bangladesh's rich cotton apparel heritage.

Source: thedailystar.net- Nov 14, 2017

HOME

****

RCEP trade agreement delayed till 2018

The Regional Comprehensive Economic Partnership (RCEP), a proposed trade pact involving 16 countries including China, Japan and the 10 members of the Association of Southeast Asian Nations (ASEAN), will not reach an agreement in 2017, a ministerial meeting in Manila concluded on Nov. 12.

Negotiations began in 2013 will now carry on into 2018. The ministerial meeting was held ahead of a leaders' talk scheduled for Nov. 14 in the Philippine capital.

Japan's trade minister Hiroshige Seko told reporters that there are still many issues to discuss before coming to an agreement. Going forward, he suggested holding more frequent bilateral talks focused on specific areas in order to speed up the negotiating process.

Member states had hoped to reach an agreement this year. China in particular wanted a rapid conclusion to the talks, while Japan and Australia are seeking a high-quality deal covering services and investment rather than just lowering tariffs for trading goods.

Meanwhile, Japan and ASEAN reached a final accord on an economic partnership agreement that covers investment and services. The ASEAN-Japan Comprehensive Economic Partnership will ease restrictions on foreign investment and is expected to improve trade in financial and telecommunications services.

The conclusion to those talks came during a ministerial meeting held in Manila on Nov. 12. Japan's Seko told reporters that Tokyo hopes to sign the pact in early 2018 and see it come into effect as soon as possible.

Japan is a major ASEAN trading partner and has bilateral trade deals with many of its member countries. The new pact will make investment and trade easier for Japanese firms in industries other than manufacturing, such as retail and finance.

Source: bilaterals.org- Nov 12, 2017

HOME

****

U.S. Seeks to Improve Trade with Vietnam, China, Philippines as Modified TPP Advances

During his nearly two-week trip to Asia President Trump discussed bilateral trade relations with the leaders of Vietnam, China, Philippines and other countries but came away with no specific deliverables. At the same time, the 11 remaining members of the Trans-Pacific Partnership advanced their effort to modify and implement that agreement.

In a joint statement, the U.S. and Vietnam said they would work to "deepen and expand" their trade and investment relationship through formal mechanisms, including their trade and investment framework agreement.

They welcomed the return of market access for U.S. distillers dried grains into Vietnam and new access for Vietnamese star apples into the U.S. and committed to seek resolution of remaining agricultural trade issues, including with respect to catfish, shrimp, and mangoes. They also pledged to promote “free and fair” trade and investment in priority areas such as electronic payment services, automobiles, and intellectual property rights enforcement.

By contrast, a statement with China emphasized longstanding U.S. complaints but gave no indication of any agreement on joint efforts going forward. President Trump underscored the importance of “rebalancing” trade relations with China in a way that “strengthens American jobs and exports.”

He also called on China to guarantee “fair and reciprocal treatment” to U.S. companies, provide greater market access to U.S. exports and firms, and accelerate the implementation of market-oriented reforms to reduce its trade surplus with the U.S. Trump also criticized government intervention in the Chinese economy, which he said “has caused stresses in the global trading system,” and reiterated that the U.S. “will use all available trade remedies to create a level playing field for United States workers and businesses.”

With respect to the Philippines, the U.S. said that it welcomed Manila’s interest in a bilateral free trade agreement and that the idea would be discussed further under the bilateral TIFA. The U.S. is also looking to the TIFA for progress on agricultural, IPR, customs, labor, and other issues.

President Trump withdrew the U.S. from the TPP in January, raising questions about its future. On Nov. 11, however, ministers of the remaining signatories (Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam) said that after months of work on recrafting the agreement to achieve “a balanced outcome that maintains the significant benefits of the TPP” they had agreed on the core elements of what is now being called the Comprehensive and Progressive Agreement for Trans-Pacific Partnership.

This includes suspending 20 sections of the original TPP that reportedly could be reinstated should the U.S. ever rejoin the agreement. Ministers noted that consensus still needs to be reached on a few specific items and that technical work toward that end will continue.

Source: strtrade.com - Nov 14, 2017

HOME

****

Pakistan: Cotton yarn price hike affecting exports

The Pakistan Readymade Garment Manufacturers and Exporters Association (PRGMEA) has said the sharp increase in cotton yarn prices by almost 20 percent has hit the export-oriented value-added textile sector hard.

PRGMEA (North Zone) senior vice chairman Sheikh Luqman Amin said that the unprecedented surge in cotton yarn rates during the cotton crop season is understandable, as the prices are usually at the lowest ambit these days.

Cotton yarn prices have increased by around 20 percent to Rs12,000/bag of 100 pounds from Rs8,000 due to cartelisation of local manufacturers who are holding the stock to create artificial shortage, he said.

The PRGMEA senior vice chairman asked the government to take preventive measures, as the export target would not be achieved due to high energy cost and discriminating import duties on industry raw material.

Source: thenews.com.pk- Nov 14, 2017

HOME

****

Italian Prime Minister Gentiloni's Visit To India Has Restored Mutually Beneficial Ties

The visit by Paolo Gentiloni, Prime Minister of Italy to India on 30th October may seem like any other in a busy diplomatic season in Delhi but was significant in many respects.

The visit has opened up a new engagement in the economic and trade cooperation between the countries, which remains their strongest link, but few except those following this engagement realise that it has been a decade since an Italian Prime Minister visited India - the last such visit was by Romano Prodi in 2007.

Expectedly, the Italian Prime Minister arrived with a 15-member CEOs delegation. India pulled out all stops to make him feel at home - he was accorded a ceremonial reception at the Rashtrapati Bhavan forecourts and interacted with the Indian President, Prime Minister, Vice President and the External Affairs Minister.

His CEOs joined 19 Indian captains of industry for a productive session with the two Prime Ministers. He also spoke at an event organised by the Observer Research Foundation on the European Union. Although this visit was stitched together at short notice- the two Prime Ministers had met at Hamburg for the G20 Summit recently - a slew of MOUs signed in the fields of railway safety, celebration of 70 years of diplomatic relations, promoting mutual investments, cooperation in energy, and a protocol on cultural cooperation, reflect the interest of both sides to open up the relationship and take it back to the years before February 2012, when an unfortunate incident in which two Italian marines shot dead two Indian fishermen off the coast of Kerala derailed the burgeoning relationship between the two countries.

Both sides claimed jurisdiction to try the marines. Authorities in both countries could not control the snowballing of this issue politically and entering the complicated legal arena.

The India-Italy bilateral trade today is at $8.79 billion according to the 2016-17 figures, and India enjoys a trade surplus. Bilateral trade has reached $3.22 billion in the first four months of 2017-18.

With close to $2.5 billion, Italy is the 13th largest investor in India and is strong in the automotive, industry, trading, services, industrial machinery, defence and food processing sectors. 600 Italian companies are active in India in wide-ranging sectors such as fashion and luxury, textiles and textile machinery, the automotive industry, infrastructure, chemicals, energy, confectionary and insurance.

Shared democratic values and historical connections make India and Italy natural partners. The structure of their economies, dominated by Small and Medium Enterprises, a shared complex and rich political system, proximity of views on global issues like terrorism, radicalism, and climate change reinforces their complementarity. Italy can be an influential voice in support of India in the EU, in the EU-India FTA negotiations, and in the NSG, as can be seen from their support resulting in India's membership of the MTCR once the relationship thawed.

New fields of convergence have emerged as India embarks on a modernisation drive with emphasis on "make in India", new and renewable energy, design, robotics, artificial intelligence, clean technologies, and packaging. Cybersecurity and counterterrorism have emerged as interesting fields of collaboration.

Source: outlookindia.com - Nov 13, 2017

HOME

****

Burkina Faso's cotton output to stand at 563,000 tons in 2017/2018

In Burkina Faso, forecasts for the 2017/2018 cotton harvest were scaled down. The nation which initially aimed for an output of 650,000 tons, should finally produce 563,000 tons, or 17.5% less than during the previous year.

According to the Société burkinabè des fibres textiles (SOFITEX), this decrease is due to insufficient rains during sowing, paired with pest invasion.

Let's recall that this is the second consecutive year that Burkina misses its production target. In 2016/2017, the country had harvested 683,000 tons against initial forecasts of 700,000 tons, due to low rains also.

Cotton farming is quite important, both socially and economy, for Burkina Faso, given that the crop contributes to about 15.5% of its export revenues, and is the main source of revenues of about four million people.

Source: ecofinagency.com - Nov 13, 2017

HOME

****

Pakistan: Aptma wants to import cotton from India

The government must ensure availability of raw materials to the struggling textile industry as promised under Prime Minister's Export Package at the earliest, All Pakistan Textile Mills Association (Aptma) said on Monday.

The textile industry is becoming economically unviable due to rising domestic cotton prices on the back of another short crop and restrictions on import of cheaper fibre from India, the association said.

However, the government's policy of encouraging the use of Indian yarn and fabric by value-added textile sector is hurting the industry, Aptma leaders maintained.

Industry sources said restrictions on import of cotton from India and Brazil has already spiked the price of local cotton to above Rs7,000 per maund as the country is going to harvest short crop for the fourth consecutive year. In comparison, Indian cotton is available at around Rs6,000 per maund.

The import curbs have affected our international competitiveness because we are forced to pay a higher price for raw materials due to wrong government policies, Aptma leaders said.

According to a Lahore-based customs clearing agent, the government charges five per cent sales tax and 4pc customs duty on imported cotton in addition to 1pc advance income tax. The government has also placed an unannounced ban on import of cheaper cotton via Wagah using non-tariff barriers.

“Both the measures restricting import of Indian cotton from Wagah for Punjab-based factories and imposition of 10pc tax on cotton imports were taken in the name of protecting the strong farmers’ lobby, with the aim to retain their support in the upcoming election-year,” a factory-owner said.

“While cotton import is banned or restricted, you can freely import duty-free yarn and fabric from India and claim 6-7pc rebate that should principally be available only on export of made-ups and garments made from indigenous raw materials,” said Aptma chairman Aamir Fayyaz.

He contended that it was a wrong government policy to ban Indian cotton in ‘bond for exports’ and allowing yarn and fabric from India in ‘bond duty free’.

According to a senior Aptma group leader Mr Gohar Ejaz, curbs on import of cotton to meet requirements of the local industry do not make sense as 80pc textiles were exported. He said textile exporters could not survive the ‘higher than global prices’ of local cotton.

Urging government to immediately withdraw non-tariff curbs on import of cotton from India and Brazil, Aptma leaders said the factories in Punjab direly require contamination-free, fine and medium staple cotton to produce quality goods for domestic and global markets.

Source: dawn.com- Nov 14, 2017

HOME

****

How Asia Has Become The World's Manufacturing Hub

Economic development always starts with using what natural resources are available and making a start in agriculture. But countries don't grow by staying put.

A shift to manufacturing, if well timed, can make all the difference in the world, whether or not a country gains long-term economic prosperity.

As you probably know, economies are comprised of a three main sectors. The first is raw material extraction like agriculture and mining, then manufacturing and finally, services. (also known as the Asian Capital Development model)

After reading our previous articles, you may now know that Northeast Asian governments used a heavy hand in pushing their economies to grow through these sectors.

So far, we've written at great length about building strong agriculture sectors. But what happens next?

The Early Days

Because most economies begin with agriculture, the next logical step is the development of rural industry.

In most undeveloped countries, people tend to be farmers. So it makes sense to provide jobs for them by building food processing plants or textile factories.

Farmers, lacking a higher level of vocational training, can't automatically go from working in the fields to making smartphones. But they can, for example, work in a food processing plant, packaging food.

The development of rural industry, like the development of human capital (education and skills), is an important building block to more sophisticated manufacturing.

Making Moves To More Sophisticated Manufacturing

Northeast Asian governments transformed their rural industries into world class manufacturing hubs through protectionism, investment and support.

But what is exactly is protectionism?

Without the infrastructure, capital or know how to compete internationally, new, or infant industries that were deemed strategic were protected from foreign competition through government policy.

But governments didn’t protect them from competition against each other.

Through a set of innovative carrot and stick policies, successful businesses grew and losers were discarded.

While strengthening these businesses domestically, governments prepared them for foreign competition. Businesses were encouraged to become export-oriented through quotas and preferential treatment.

Businesses also gained access to foreign technology through collective bargaining. For example, foreign firms were allowed access to local markets if they shared their technology.

In addition to protectionism, governments further supported infant industries with access to credit, technology and skilled employees.

But how did governments filter the good from the bad?

Rewarding The Good

To ensure their success, Northeast Asian governments forced businesses into domestic competition. They rewarded top performers with subsidies and government contracts and limited credit access for under-performers.

China’s strategy known as “grasping the large and letting the small go” is a perfect example of this.

Inefficient state-owned enterprises (SOEs) were scrapped and successful companies received generous loans.

This program increased competition among the biggest state firms and proved to be highly effective.

The result?

Through the 2000s, many of the companies controlled by state policy delivered annual profits equal to 3% to 4% of China's GDP.

Strategic Subsidies = Growth

In addition to protecting and testing strategic industries, governments also subsidized them. This included industries essential to building up the overall economy, like telecommunications and infrastructure.

Japan's GDP shot up from US$90 billion to US$1 trillion, following heavy government investment in infrastructure and telecommunications between 1965 to 1985.

After the Korean War, South Korea had limited productivity in agriculture (thanks to its geography) and badly needed foreign exchange.

By creating a textile cartel equipped with cheap loans, tax exemptions and tariff exemptions on raw materials, overseas sales increased and foreign exchange flowed in.

In a three-year span from 1962 to 1965, South Korea's merchandise exports rose in value from US$56 million to over US$170 million.

In today's global economy, firms must be able to compete internationally.

Export-Oriented

Japan's government successfully implemented export-oriented growth policies.

In 1952, following policy implementation, manufacturing and mining output increased by more than tenfold in only two decades.

80% of export revenues were exempt from taxation. Subsidies, tax breaks, publicly funded infrastructure, investment and free land were given to firms that supported the government's development objectives.

Those that didn't, missed out, big time.

Thanks to government's policies, Japan sustained double-digit growth, a first for an Asian country.

So, What Does This Mean For You?

It comes at no surprise, but Asian countries are all at different levels of economic development. Understanding what level that is will allow you to examine specific industries for patterns and possible growth.

In our next daily, we cover the final phase in a country's path to prosperity: services. We'll identify Asia's leaders, who (and what) to look out for.

Source: forbes.com- Nov 13, 2017

HOME

****

Bangladesh's RMG exports stagnate as UK, Europe lower prices

Bangladesh's exports of readymade garments have not really taken off. One reason is a fall in orders from foreign buyers. After Brexit, the UK has reduced the price of readymade garment products.

Following the price reduction, other EU countries have followed suit. Meanwhile production cost has increased by 17 per cent over the last three years. Interest on long-term loans is still high.

In fact, there are threats for Bangladesh as competitors like Vietnam are getting a bigger share and posting better growth in export earnings.

Currently the country's readymade garment products' global share is 6.4 per cent while China's market share stands at 39.3 per cent, topping the list. Buyers are keen on giving orders to rival countries. Clearly Bangladesh will have to produce quality products to compete in the global market.

Competing countries like China, Indonesia, Vietnam and Pakistan have already adjusted to the lower prices of the EU and UK as the governments of these countries have provided various incentives for exporting readymade garment products.

But it has been tough for Bangladesh's garment manufacturers to adapt to lower EU prices as they have not been provided similar incentives. As a result, export performance has declined.

Source: fashionatingworld.com - Nov 13, 2017

HOME

****

NATIONAL NEWS

Government will soon revamp Make in India to meet its twin objectives of jobs, GDP growth

In a complete rethink of the 'Make in India' initiative, the government will come up with policy interventions in key sectors that can help create jobs and sustainable economic development in the country.

From 25 focus sectors presently, the government is selecting four or five to 'nurture' them, with emphasis likely on labour-intensive and high-potential sectors such as leather, textiles and garments, engineering, pharmaceuticals and automobiles.

High-level meetings have taken place in NITI Aayog, the industry department and the heavy industries ministries to restructure the policy for the auto industry - identified as a high-potential sector - to create more jobs. According to the Ministry of Labour and Employment, about 10 million youngsters join the race for jobs in India every year.

The government is deliberating on ways to push global automotive companies to engineer vehicles in India and not just assemble them here. "No country in the world has developed without a thriving auto industry... We need to nurture our auto sector in a fiercely competitive atmosphere," a senior official said.

Invest India, the government's investment promotion arm, has proposed several ideas for the auto sector to the heavy industries ministry. It suggested that the government should promote design in automotive engineering by incentivising companies willing to bring technology to India. "The future lies in technology transfer.

India needs to take a cue from countries such as China, which was making less cars than us in 1999 and has surpassed us today," said Vikas Sehgal, vice chairman, Rothschild, South and South East Asia. "The government needs to promote design and exports in the auto industry."

Rothschild has been engaged in devising policy strategies for key sectors by Invest India.

On the table are stricter proposals for companies to engine er and design goods in India if they want to avail of benefits offered in the country. The government will also encourage JVs that bring international expertise to India such as the tie-up between M&M and Ford.

In India, benefits for the auto sector include rebates on land cost, stamp duty exemption on sale or lease of land, power tariff incentives, concessional interest rates on loans, investment subsidies, tax breaks, backward-area subsidies and special packages for mega projects.

"The government's support to the auto industry has been crucial in all countries where the sector has flourished, including China, Japan, the US, France and Italy," Sehgal said. India has the fifth-largest passenger and commercial vehicle market. It is estimated that 6 million-plus hybrid and electric vehicles will be sold annually in the country by 2020. FDI in the auto sector increased by 5% to $4.6 billion in the April-June quarter from the corresponding period last year.

Source: economictimes.com- Nov 13, 2017

HOME

****

Telangana Govt increases yarn subsidy up from 20% to 40%

After taking a series of welfare measures for empowerment of weavers in the State, the government is all set to launch a revised 'yard subsidy' scheme in Warangal on November 18.

Handloom and Textiles Minister KT Rama Rao announced the new scheme in Hyderabad on Monday stating that nearly 35,000 weavers would benefit from the increase in subsidy component.

Speaking on the occasion, the Minister said weavers and their cooperative societies are currently receiving a subsidy of 20 per cent on purchase of cotton, wool, and silk yarns as well as dyes and other related chemicals.

"We have decided to increase subsidy rate from 20 per cent to 40 per cent. Additionally, beneficiaries can avail 10 per cent subsidy being provided by the Central government," he said.

Rama Rao was confident that the State government's decision would benefit weavers to a large extent in improving their income levels.

He felt that while weavers and other individual workers would get 35 per cent additional revenue, weavers cooperative societies can get an additional five per cent revenue.

The State government allocated Rs 100 crore for the programme.

Source: telanganatoday.com- Nov 13, 2017

HOME

****

Knitwear industry unhappy over GST on job works

While welcoming the reduction of GST rates for most of the textile raw materials, knitwear unit owners here expressed unhappiness over job works like gaja-buttoning, ironing and packing, which were tax-free earlier, continuing under 5% GST rate.

"These three job works, carried out at 300 registered units and many unregistered units, were significant in knitwear making. Earlier, these units were tax-free until 5% of GST was imposed," said general secretary of Collar Work and Hosiery Small Industries Association KS Babuji.

Unlike captial-intensive processing units, the units get revenue from garment manufacturers, Babuji.

"The 5% GST is affecting us severely. During the recent GST council meet, the government considered various demands. But, our request of seeking GST exemption for these jobs works was not considered," he said.

However, he said reduction of GST rates from 18% to 5% on raw materials used in textile industries would benefit the knitwear industries too. Besides knitwear, woven industries will also benefit from reduction in tax rate.

"It will benefit us, because, when the woven products were not doing well, hosiery products like vests and briefs would suffer. So, the new revised tax rate is expected to boost sales of woven products and hosiery products," Babuji added.

Source: timesofindia.com- Nov 13, 2017

HOME

****

Centre urged to direct CCI to purchase poor quality cotton

The Bharatiya Janata Party State unit has requested the Central Government to take steps to purchase poor quality seed cotton from farmers through the Cotton Corporation of India (CCI).

The BJP expressed concern over the heavy losses suffered by farmers due to prolonged dry spell and subsequent untimely rains in October. Cotton crop was damaged on more than 85,000 hectares in 21 districts, affecting more than 92,000 farmers.

The total sown area in the State this year was 19.07 lakh hectares as against the normal sowing area of 16.76 lakh hectares, and 60% of the total sown area is rain-fed. BJP State president K. Laxman submitted a memorandum in this regard to Union Agriculture Minister Radha Mohan Singh who was in the city on Sunday.

The State BJP president accompanied by senior leaders G. Kishan Reddy and others briefed the Union Minister on the plight of cotton farmers at the party's State headquarters this evening.

He told the Minister that the rain affected cotton had moisture content to the tune of 15% to 20% while the CCI procures cotton with moisture content of eight to 12% in the normal course. With the CCI not taking market intervention measures, private traders are purchasing cotton paying less than ₹3,000 a quintal, which is much lower than the minimum support price of ₹4,320 declared by the Central Government.

The Minister was therefore requested to pass necessary instructions to the CCI to purchase cotton from farmers paying the MSP of ₹4,320 a quintal even if the moisture content is beyond the prescribed norms. The BJP State unit also requested the Centre to set up separate statutory board for Turmeric at Armoor in Nizamabad district.

Setting up of the Board would go a long way in value addition, grading, preservation and marketing, besides providing farmers with access to latest technologies.

In a separate memorandum to the Union Minister, he requested the Minister to categorise turmeric under commodities rather than commercial/cash crop besides abolishing futures trading of the commodity. Turmeric cultivation should be covered under Pradhan Mantri Fasal Bima Yojana and farmers should be provided with interest-free loans from nationalised banks against their produce, he said.

In addition, the Centre should take steps to supply high yielding variety of turmeric seed to farmers at reasonable prices and provide 25% subsidy on exports, Dr. Laxman said. The Union Minister, he said, responded positively to the requests and assured appropriate action into the issue soon.

Source: thehindu.com – Nov 13, 2017

HOME

****

Coimbatore to host three-day machinery fair -- Texfair

Texfair will be held in Coimbatore from November 17 to 20. This is a textile machinery, accessories and spares exhibition organized by Southern India Mills Association. It brings together manufacturers and suppliers of textile machinery, spares, accessories, components and consumers such as textile mills, power looms, handlooms and knitters under one roof.

Nearly 250 participants will display machinery, spares, accessories, testing equipment etc in 300 stalls, which would be a platform for textile mills to plan their present and future investment. Apart from exhibitors from different parts of the country, companies from Italy, China, Japan, and Switzerland will also take part.

About one lakh visitors are expected. These include chairmen, managing directors, directors, chief executive officers and shopfloor technicians from all sectors of the textile industry. Participation this year is nearly 20 per cent more than in the previous edition.

Since industries can purchase their requirements under one roof, this has become part of the exhibition calendar for many participants. Mills on an average spend 2.5 per cent to three per cent of their turnover on spares and accessories.

As a concurrent event, a farm-to-finish expo will also be organised with about 50 companies showcasing cotton, fibers, yarn, made-ups and garments.

Source: fashionatingworld.com- Nov 13, 2017

HOME

****