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

IBTEX No. 250 of 2017 December 14, 2017

USD 64.30 | EUR 76.07 | GBP 86.35 | JPY 0.57

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
18286	38250	**75.79**

Domestic Futures Price (Ex. Gin), December

Rs./Bale	Rs./Candy	USD Cent/lb
19320	40413	**80.08**

International Futures Price

NY ICE USD Cents/lb (March 2018)	74.13
ZCE Cotton: Yuan/MT (Jan 2018)	15,050
ZCE Cotton: USD Cents/lb	**87.67**
Cotlook A Index – Physical	**84.20**

Cotton & currency guide: Cotton future in the US session advanced on Wednesday. The most active March future settled higher by more than 120 points to close at 74.23 cents per pound. The other months have also moved higher.

The trading volumes were stable around 27K contracts and the open interest stood more than 250K contracts while major concentration is in March and May.

Market is predominately turned bullish and maintaining the stance as long as it is holding above 71 cents level. Nonetheless it hasn't been broken the key level of 75 cents as resistance therefore a consolidation phase in price is witnessed.

The chart structure is a distribution of price for the past 10 days in the range of 72.70 to 74.50. Also the daily momentum looks slight overbought so finding difficulty in breaking 75. Upon cleared the level market may move to 76+ cents. However the broad picture is positive.

Earlier in the week USDA monthly report was released. There were two sides of the data. A) Increase in production and B) reduction in the stock. Market is perhaps bit dubious about the price trend.

On the domestic front price for Shankar-6 new crop remain steady at an average price of Rs. 39000 per maund.

The latest estimate of daily seed cotton arrivals is 174,500 lint equivalent bales which include 50,000 in Maharashtra, 39,500 in Telangana/Andhra Pradesh, and 33,000 in Gujarat. Poor weather is still affecting the rate of arrivals in Northern India, while elections for the State Assembly in Gujarat are likely to interrupt the flow today as most markets will be closed.

On the future front the December contract has posted a positive close amid higher spot price and strong ICE cotton future.

The mentioned future contract is holding strong support near Rs. 19100 while 19600 is key resistance. For the day cotton to trade around 19280 to Rs. 19580 per bale.

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

NEWS CLIPPINGS

INTERNATIONAL NEWS

USA: Non-Tariff Measures More Costly Than Tariffs for Developing Countries, Report Says

A new report by the United Nations Conference on Trade and Development and the World Bank reveals that non-tariff measures make trade costlier for developing countries than tariffs. NTMs are defined as measures other than ordinary customs duties that can potentially have an economic effect on international trade; e.g., safety regulations for machinery or toys, health regulations for food or medicines, quotas, price controls, and export restrictions.

The report states that NTMs affect 77 percent of global trade and that developed countries regulate more products and a higher share of imports than least-developed and developing countries. Agricultural products are more often regulated than manufactured goods and natural resources and are also more intensively regulated; i.e., many distinct measures are applied to agri-food imports while there are fewer measures applied to manufactured products.

Technical barriers to trade (used more by developed countries) and sanitary and phytosanitary measures (which are more uniformly distributed between developed and developing countries) are the most frequently used form of NTMs.

The report finds that the restrictiveness of NTMs exceeds current tariffs by far in almost all sectors. This is particularly true for agricultural products, where developing country exporters face NTMs equivalent to tariffs higher than 20 per cent, but also for wood products, machinery, and other manufactures.

Technical measures (TBT/SPS measures) matter more in high-income countries than in middle-income countries but also constitute a relatively high trade barrier in low-income countries even though the number of such measures is relatively lower. In general, traditional trade policy measures such as quotas and price measures constitute a higher barrier to trade in low-income countries than in middle- and high-income countries.

According to the report, most NTMs are applied equally to domestic and foreign producers but have different effects on different countries and exporters.

Low-income countries tend to be affected more than high-income countries for reasons that include costs of compliance, which are often higher for lower-income countries, and the composition of their export baskets, which tend to consist of more agricultural and apparel products.

Source: strtrade.com- Dec 14, 2017

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The underdog of Asia – Bangladesh

The import market of Bangladesh is worth $43.49 billion. The major importing commodities by Bangladesh are cotton, machinery and equipment, chemicals, iron and steel, and foodstuffs. With the years following 1990s, the dependency of Bangladesh on imports and foreign aid rapidly declined.

As per the statistics presented in 2015, the country became the 54th largest importer of the world. From 2010 to 2015, the levels of imports rose from $24.9 billion to $38.3 billion which is a 53% rise. The 2 important commodities that faced the substantial augmentation in imports by Bangladesh are woven cotton and refined petroleum. Wheat was imported around 2.4% along with the imports of raw sugar reaching the levels of 2.1%.

The seasonal hunger and bad harvest in subsequent years have led to the massive import of agricultural products in the country. Population pressure is also a significant reason for the deficit of food and seasonal hunger that is either satisfied by imports or foreign aid. To end the dependency on and domination of Chinese textiles in the global market, US and several members of EU bolstered the Bangladesh's cotton industry.

In recent years, the imports of cotton have increased by 485% due to the existing textile industry. Bangladesh's economy, being one of the emerging economies, requires a lot of machinery and equipment which mandates the import of heavy machinery and capital goods. The imports of capital goods rose by more than 180% in the last 7 years.

As of the data available for 2016-2017, the exports for the country have reached the level of $34.02 billion. The major exports of the country include cotton products, textile commodities, frozen food (fish and seafood), and jute products.

Bangladesh has adapted the approach of export-oriented industrialization where an integral conducive factor to its economic growth has been its exports in the international market. Before the partition, Bangladesh had the strategic significance of owning a number of jute industries which augmented the economic growth but after 1971 and separation from the other wing of Pakistan, things changed for the country.

Bangladesh started to develop its seafood industry particularly to satisfy the domestic demand which was heavily composed of fishes, the excess of this product was exported to the Middle East and other countries.

Following, the political instability in Pakistan, many local cotton industries fled to Bangladesh where the government policies were favorable, political stability was prevalent, and power crisis was not at all as severe as it was in Pakistan.

The flight of so many industries to Bangladesh boosted the economic activity there which also improved the financial condition there.

Bangladesh has been termed as the underdog of the Asian region and has been termed as one of the emerging countries which will unfold its economic potential in the foreseeable future. In 2015, due to the volume of exports, Bangladesh became the 55th largest exporter in the world.

Source: thefurmanpaladin.com- Dec 13, 2017

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At MC11, new research shows convergence on rules of origin is happening

A new study presented at the WTO's 11th Ministerial says countries' rules for determining a product's origin are increasingly similar, which is good news for the global trading system.

The thousands of rules of origin used by countries and trade blocs to determine if an imported product is eligible for preferential treatment or subject to a trade restriction have in the past been widely divergent. But a new study by UNCTAD and European University Institute researchers shows a growing trend toward convergence.

Such a finding may breathe fresh air into multilateral negotiations on rules of origin, which have been sidelined by the perceived inability to find common ground.

UNCTAD economist Stefano Inama, one of the authors, presented the study, titled Rules of Origin as Non-Tariff Measures: Towards Greater Regulatory Convergence, at an event held in Buenos Aires on the sidelines of the World Trade Organization's Eleventh Ministerial Conference (MC11). Although deliberations on rules of origin weren't on the agenda at MC11, the WTO has been dealing with the issue since the General Agreement on Tariffs and Trade was signed in 1947.

"Despite multilateral attempts within the World Customs Organization, UNCTAD and, most recently, the WTO, it has proven impossible to reach consensus on a multilateral discipline on rules of origin for the last half a century," Mr. Inama said.

Although progress towards convergence hasn't been possible though formal negotiations at the WTO, the study shows that for some products it has "naturally" happened between the rules of origin contained in different free trade agreements.

"We have to take this information to the public – that such progress exists and that we can build upon it," Mr. Inama said.

"We have to break the kind of 'curse' that exists on rules of origin."

200 free trade agreements

In a completely open global trading system, in which all goods are treated equally, rules of origin would be unnecessary, Mr. Inama said. But the reality is that countries treat products differently based on where they are made.

Governments may use discriminatory trade policies to favour products from the same region, for example, or to promote certain sectors in specific economies, such as manufacturing in the 47 structurally disadvantaged least developed countries (LDCs).

A government may also wish to enforce trade "remedies" to sanction products from a country it believes is playing unfairly. Such remedies often take the form of anti-dumping custom duties.

"The problem is that there are more than 200 free trade agreements, each with its own rules. And this has a cost for businesses that must try to comply with tens of thousands of different rules," Mr. Inama said.

60 pages of technical codes

When goods are mostly produced in one country, determining where they come from is easy, Mr. Inama said. But in today's global production systems, which often cross many borders and seas, most of what we buy is built from components that are first made in various countries around the globe.

"Take the iPhone for example," Mr. Inama said. "It may say made in China on the cover because that's where the final product is assembled. But it was designed in California, the camera was made somewhere else, maybe India, and the glass screen was probably manufactured in South Korea."

"This is why rules of origin have become more complex over the years," he said. "The average set of rules of origin for a trade agreement is about 60 pages of technical codes."

There are different ways to determine whether a product "originates" in a specific country. But often the requirement is that a certain percentage of the good's final value is added in that nation, or that the good has undergone a change of customs classification, or a new manufacturing method or process before leaving the country.

"Everyone is negotiating their own rules of origin, but when you look more in detail across the various texts you see that though the rules are not identical they are similar," Mr. Inama said.

A compromise between two models

The study by UNCTAD and the European University Institute examined five specific rules of origin: the WTO's draft harmonized non-preferential rules of origin and those included in the Trans-Pacific-Partnership, the Canada-European Union Comprehensive Economic and Trade Agreement (CETA), the EU-South Korea free trade agreement, and the US-South Korea free trade agreement.

"The WTO's draft harmonized non-preferential rules of origin was selected because it's the only multilateral draft that exists on the issue," Mr. Inama said.

The Trans-Pacific-Partnership was included because of its size, even if its entry into force as originally envisaged is unlikely following the withdrawal of the United States of America.

And researchers decided to examine the free trade deal between Canada and the European Union because it's the first agreement that brings together the North American and European models for rules of origin.

"The negotiated rules of origin can be seen as a kind of compromised text between the two models," Mr. Inama said.

Finally, the US-South Korea and EU-South Korea agreements were chosen because they are two of the latest free trade area agreements signed by the US and the European Union with the same country, with which both have substantial trade flows across different sectors.

A ray of light

The preliminary results of the study show that there is indeed convergence in “non-sensitive” sectors such as chemicals, though the rules continue to diverge in sectors that countries consider to be strategic, such as textiles and clothing for the US, and fisheries for the EU.

"How to build on these similarities remains to be seen, but the important thing is that we have identified convergence," Mr. Inama said. "That’s because people are starting to give up, as if negotiations on rules of origin are doomed to fail."

"The message has to go out that there is convergence; there is a ray of light," he said.

Based on the ongoing research, UNCTAD and the European University Institute plan to publish next year a model protocol on rules of origin to show at a product-specific level where there is convergence or divergence, and to provide options for drafting the rules.

This “pinnacle” of best practices, Mr. Inama said, could be useful during international negotiations, or serve as a guide for governments and businesses during their rules of origin talks when establishing new free trade agreements.

"The overall objective is to build on the convergence and provide guidance in the unchartered territories of rules of origin," Mr. Inama said. "Such an analysis and tool has so far been lacking as an input into the multilateral deliberations at the WTO and World Customs Organization."

Source: unctad.org- Dec 13, 2017

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Ethiopia: Institute says textile, garment market expanding

The Ethiopian Textile Industry Development Institute said the foreign currency generated from the textile sector has been steadily growing.

Institute Communication Directorate director Bantihun Gessesse told *The Ethiopian Herald* that textile products have entered into Germany, Italy, China and United States through AGOA.

In addition, Sudan and Kenya have become market destiny and over the last three months the nation has earned $31.2 million from textile and garment export.

The burgeoning of the textile industries triggers the expansion of cotton farming by public, private sector and small-scale farmers. Currently, the total cotton farm being cultivated has reached 42,000 hectares of land. The domestic cotton production could satisfy the local demand, he added.

According to the director, the institute is providing training cotton growers to maintain the quality of the cotton.

Regarding foreign investors flow, Bantihun said the prevalent of peace and stability, availability of abundant cheap labour, plenty of cheap energy from hydropower and flourishing industrial parks all over the country are the pulling factor.

He said thanks to the enabling investment environment currently foreign companies are injecting their money, technology, experience as well as skills on the sector.

In addition, the government is encouraging foreign investors through the provision of various incentives including tax holidays, tax-free capital goods importation, custom services provision on the spot, and easily access to financial credit.

The world number one US textile industry known as HDM installed its factory in Hawassa Industrial Park and has so far created 10,000 jobs. It is expected to create many more jobs in the coming years. Most graduates from technical colleges would benefit from these job opportunities.

The director said university textile industry linkage is getting strengthened. Formerly, the only institution integrated with the industry was Bahir Dar University but currently more than six universities are enrolling students in textile and garment technology with first and second degrees.

However, the sector is facing challenges including incompetency, lack of industriousness and effective management that should be adequately addressed, he said.

Source: bizcommunity.com - Dec 13, 2017

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Chinese firm sets up textile-garment chain in Vietnam

Worldon Vietnam Co. Ltd under the Chinese Shenzhou Group is likely to expand investment in Vietnam as it has established a garment-textile production chain there.

The knitwear-manufacturing company operationalised the chain's last project worth $310 million at Dong Nam (Socuth East) industrial park in Cu Chi district, Ho Chi Minh City, last week.

This is the biggest invested garment-textile project at an industrial park in the city, according to a report by a Vietnamese news agency.

Gain Lucky garment-textile factory at Phuoc Dong industrial park in Tay Ninh province of Shenzhou Group will provide raw materials for Worldon Vietnam's factories.

The city discourages labour-intensive projects, including garment-textile ones, but this project was licensed because the investor committed to using advanced technology.

Shenzhou manufactures knitwear products from the initial stages to the creation of final products for popular brands such as Nike, Adidas, Puma and Uniqlo.

Source: fibre2fashion.com- Dec 13, 2017

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Clothing prices rise 3% in November in UK market

As post-Brexit referendum currency adjustment continues, prices of clothing items increased by 3 per cent in November 2017, compared to 0.9 per cent last year, according to the Consumer Price Inflation figures released by the Office for National Statistics (ONS), recognised as UK's national statistical institute.

Overall inflation too edged up 3.1 per cent.

The Consumer Prices Index including owner occupiers' housing costs (CPIH) 12-month inflation rate was 2.8 per cent in November 2017, unchanged from October 2017.

While the Consumer Prices Index (CPI) 12-month rate was 3.1 per cent in November 2017, up from 3.0 per cent in October 2017; it was last higher in March 2012, ONS data showed.

"Higher prices mean that shoppers' budgets won't go as far this Christmas, with spending likely to continue its trend of shifting towards essential, predominantly food items and away from discretionary goods," commented Rachel Lund, head of Retail Insight & Analytics at the British Retail Consortium (BRC) in a press release.

"However, the pile of presents under the tree doesn't have to be smaller this year: our shop price data shows that retailers are still offering lower prices than last year on some of their non-food ranges, so for consumers on a stretched budget there are still options available," she added.

Source: fibre2fashion.com- Dec 13, 2017

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Pakistan: Rupee depreciation fuels cotton price surge

Cotton price reached to a record level of Rs7,300 per maund in the local market as rupee depreciation increased the commodity's import cost, an industry official said on Wednesday.

"With jump of Rs200/maund, the price of cotton reached the record level of Rs7,300 per maund, which is the highest in the current season," the official said. Ihsanul Haq, chairman of Pakistan Cotton Ginners Forum (PCGF) said cotton prices are already on the rise due to low cotton production.

"Now with depreciation of rupee and lack of cotton imports from India, a further increasing trend is being witnessed in the cotton market," Haq added.

Last month, government allowed cotton imports from India to meet the growing appetite of key textile industry, though it slapped tough set of rules for consignments from the neighbouring country. Government is likely to start issuing permit for import of cotton from India through land route.

Pakistan, which is the world's fourth largest cotton producing country, falls short of around four million bales a year to meet the local demand of nearly 16 million bales.

PCGF chairman said cotton price in India is also on the rise due to various factors, prompting importers from Pakistan to reconsider placing import orders.

The uncertainty in cotton market has depressed buying activity, he added. "It is likely that upward trend in prices of cotton would continue in the coming days in the local market."

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

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Cambodia's economic growth to remain strong in 2017 & 2018

Cambodia's economy is expected to grow at 6.9 per cent and 6.8 per cent in 2017 and 2018, respectively, supported by tourism and construction activities amid a slowdown in the garment sector. But structural reforms and a rebalancing of the budget to capital expenditure is critical in the medium term to sustain its growth, says a recent report.

headline inflation may increase further to 3.3 per cent in 2017 from 3.0 per cent last year, driven by increasing oil prices. It is expected to be stabilised at around 3.5 per cent in 2018, according to the 2017 Annual Consultation Report on Cambodia published by the ASEAN+3 Macroeconomic Research Office (AMRO). The report was prepared on the basis of AMRO's Annual Consultation Visit to the country in June 2017 and data availability as of September 15, 2017.

While deposit growth has remained stable, credit growth has been slowing in 2017. Going forward, the overall credit growth is likely to remain soft with the implementation of tighter prudential regulations. While most financial indicators have remained sound, non-performing loan (NPL) ratios—especially those of Microfinance Institutions (MFIs)—increased moderately, says the AMRO report.

Owing to continued high tax revenue collection, the overall fiscal position is expected to remain strong. However, risks stem mainly from the rising labour cost, a strengthening of the US dollar, and loss of preferential treatment in trade and external financing. The domestic financial system is vulnerable to shocks from the global financial market with its heavy dependence on external funding.

"While Cambodia's wage increases should be in line with underlying productivity growth, Cambodia should continue to improve its competitiveness across other dimensions including trade facilitation, logistics improvement and reducing electricity cost," the report states.

"Improving public sector capacity and rebalancing budget allocation towards more capital investment are essential to enhance growth prospects," it adds.

To manage risks in the financial system, the report suggests that it is essential for Cambodia to build sufficient foreign reserves as a buffer against external financial risks and domestic liquidity shocks.

Source: fibre2fashion.com- Dec 14, 2017

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WTO, ITC launch cotton portal to enhance transparency, support development

The World Trade Organization (WTO) and the International Trade Centre (ITC) have launched an on-line platform for market intelligence for cotton products, which will enable cotton producers, traders and policymakers to better harness market opportunities in the sector.

The Cotton Portal, revealed at the WTO's 11th Ministerial Conference in Buenos Aires, will contribute to a more efficient cotton trading system by providing improved transparency and accessibility of trade- related information for cotton products and other relevant information for the daily activities of cotton producers, traders and policy makers.

The launch of the Cotton Portal delivers on a key commitment of Nairobi's decision to identify and examine market access barriers, including tariff and non- tariff barriers for cotton products, particularly those exported by least-developed countries.

ITC Executive Director Arancha Gonzalez says that Cotton Portal will enable cotton producers and traders to harvest greater benefits from increased participation in global trade, particularly for least developed countries. By making the sector more transparent, businesses will have easier access to trade and market intelligence, allowing them to add additional value to their exports.

The Cotton Portal is designed for exporters, importers, investors and trade support institutions to search business opportunities and market requirements for cotton products.

It provides a single entry point for all cotton-specific information available in WTO and ITC databases on market access, trade statistics, country-specific business contacts and development assistance-related information as well as links to relevant documents, webpages and to other organizations active in the cotton sector.

The 2015 Nairobi ministerial decision on cotton contains provisions on improving market access for least-developed countries, eliminating export subsidies, and the efforts to be made to reform domestic support. It also underlines the importance of effective assistance to support the cotton sector in developing countries.

Source: fashionatingworld.com - Dec 13, 2017

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Bangladesh apparels at a crossroads

Bangladesh plans to increase its apparel export to the global market with a high ambition of reaching the USD 50-billion mark by 2021, in line with the government's Vision 2021, which is centred around a goal for the country to attain the middle-income country status by that year when the nation celebrates the golden jubilee of its independence. But doubling the export, which currently stands at USD 28 billion, in just four years' time is going to be a difficult task. The only way to increase the export amount is by adding value to the apparel.

The current competitive advantage of Bangladesh is already being challenged by countries that depend on low-cost production—like Ethiopia. Many European and US retailers and brands will follow these countries if better margins are offered.

Moreover, if Bangladesh is to graduate into a middle-income country, then the wages for its four million workers involved with the garment industry will have to rise at the expense of the margins of the apparel producers, resulting in lower profitability and losing that competitive edge. It is a catch-22 situation given our current low-cost production strategy. And it's doom to failure because of the law of nature about a developing country that must offer the benefits of a higher living standard in its journey to becoming a nearly industrialised one.

Therefore, for the growth vision for 2021 to deliver, it is high time the apparel industry leadership fostered change as regards its customer base. The first option is to keep the customers in the apparel sector, not with low cost, but with innovation, collaboration and proliferation, thereby increasing the production volume and margin. Simultaneously, growing the number of customers in the value creation process will be an added bonus.

For decades, international buyers for large international apparel chains and brands have worked under the assumption that labour cost must be kept as low as possible in order for garments to be produced at competitive prices. This widely-held belief has made the industry move from country to country, as the increase in labour cost erode each local market's temporary advantage. One day, possibly soon, this journey will come to an end.

Cheap labour is becoming a rare commodity while the number of low-cost countries is also dwindling. Demonstrated thought leadership by the international retailers and brands need to get ahead of this trend by assessing what they can influence with their existing production partners to generate sustainable efficiency gains, improve their production speed, and ultimately take pressure off labour cost management, thus ensuring that margins are offered as a part of efficiency—not through cheaper labour. Consequently, the challenge for the apparel buyers is to collaborate with their production partners to advance the ideas of innovation, collaboration and proliferation.

By inspiring, generating and adopting production innovations that improve speed and efficiency, they can increase their responsiveness to fashion cycles. By collaborating on adopting a standard unit of measure, both parties can, through this act of co-creation, help bring cost transparency to the supply chain and boost productivity.

And by managing sub-suppliers and improving coordination with tier one, two and three for fabric, trim and sundries, they can proactively manage the raw material suppliers, consequently delivering positive proliferation.

Next to streamlining the internal processes to gain value growth, the other obvious concept to support the growth of Bangladesh apparel export is the external shift from volume to value customers.

According to the Boston Consulting Group, there has been a rebound in consumer confidence since the last financial crisis. As confidence rises, consumers become more willing to splurge on expensive products. Therefore, there are many opportunities for the Bangladesh apparel industry to grow margins by adding value and attracting premium brands and retailers.

A blouse or pair of jeans cost more or less the same to produce, and it is mainly the raw materials that are adding cost to production. Managing the raw materials will be crucial but the margin gains will be many times more as the medium to premium brands and retailers sell at a much higher retail price and can buy the product in Bangladesh at a higher price.

The biggest trend in EU and the US for capturing margin building and value adding growth is Experience Economy, which is estimated at USD 1.3 trillion in annual consumer spending in the US alone. The shift from personal goods to experiences will benefit some fashion companies, provided they are positioned correctly.

For example, the rise of health and wellness experiences benefits companies that make activewear, athletic footwear, and other apparel for exercising, hiking, and spending time outdoors. The rise in leisure travel will mean higher sales of layering clothes, luggage, and travel accessories.

To respond to this, companies will need to reposition themselves—at the levels of the portfolio and individual brands—by orienting products around specific experiences.

This is where the other opportunity lies for supporting the growth vision for Bangladesh by 2021: shortcutting the traditional entry price brands by adding new medium to premium brands and retailers that are targeting the experience economy.

Quick gains could come by addressing these brands in the medium to premium segment with the already established production and supply chains in Bangladesh and harvesting the margins as the retail prices are higher than the entry price brands.

In this, Bangladesh faces a few challenges. Medium to premium brands and retailers are looking for value adding design perspectives that will enhance the consumer experience and set the products apart from competition. Does Bangladesh have the ability to add value to design?

The second challenge is the perception of Bangladesh as a production hub that ignores social and ethical issues leading up to the collapse of factory buildings due to lack of health and safety. Many US and EU boards of directors see Bangladesh as a liability that can get a bad press and damage their image.

The value creation performance of the Bangladesh apparel industry has, for over 40 years, delivered continued growth but if the apparel industry is to continue to support the growth, change management and repositioning from volume to value are the key. There is no silver bullet to changing the industry's future.

What's most important is that Bangladesh and its apparel industry leadership understand the factors that are most relevant to the growth vision that will allow Bangladesh to capitalise on a recovering global economy and return greater value to the future of the country.

Source: thedailystar.net- Dec 14, 2017

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NATIONAL NEWS

India-ASEAN partnership set to get a shot in the arm

Marking India's 25 years of partnership with the ASEAN, the Modi government seeks to augment its ties with the 10-member regional grouping in the coming year.

Not only will the 10 heads of state from the ASEAN region participate in the 69th Republic Day Celebrations as chief guests on January 26, there will also be an India-ASEAN Commemorative Summit that will be held on January 25. The theme of the summit, 'Shared Values, Common Destiny', will have a special focus on 3 Cs – Commerce, Connectivity and Culture, sources said.

"The very fact that all 10 leaders are coming from these countries for the Republic Day celebrations and have also agreed to hold a summit for the second time in such a short span of time is an indication of the fact that they recognise India's 'Act East Policy'," said a top official.

With connectivity at its core, the summit will also seek to discuss the progress achieved so far in some of the crucial projects such as the Kaladan multi-modal transit transport corridor and India-Thailand Trilateral Highway, which have been moving at snail's pace for almost a decade now. Efforts will be made to expedite these projects.

On the trilateral highway, efforts are being taken to complete the project by 2019 and then extending it to the CLMV (Cambodia, Laos, Myanmar and Vietnam) countries, the official said.

Services trade

In commerce, the summit will also seek to address the most contentious part of the relationship, which is bilateral trade between India and ASEAN. While the free trade agreement on goods have been in place since 2010, the pact on services trade have not yet been ratified by Philippines, Laos and Cambodia. It was signed in 2014.

"Yes, the pact on services trade has not yet been implemented as it awaits ratification from some of the countries. But it is hoped that it will be ratified soon and we will be able to implement it," the official said. ASEAN is India's fourth largest trading partner. Bilateral trade between India and ASEAN reached $70 billion in 2016-17, up from $65 billion in 2015-16.

The ASEAN is also upset with India for not making enough progress in the China-led mega trade deal – the Regional Comprehensive Economic Partnership (RCEP).

The official also said that a master plan on port connectivity will also be developed so that trade with ASEAN can be enhanced with a special focus on maritime connectivity.

"We are looking at enhancing port connectivity with the ASEAN countries. Right now almost 10 per cent of India's trade gets transited through the Singapore port. So we are planning to have more port connectivity," the official said.

Strategic issues such as revival of the Quadrilateral among US, Japan, Australia and India with a focus on greater security cooperation in the Indo-Pacific region.

The government also plans to host a Business and Investment Meet and Expo, Business Conclave, Textile Event and Regional Indian Diaspora Meet in the run up to the summit. In addition to this, academic conferences, business events and cultural festivals will all be organised throughout the year.

During the Republic Day celebrations, a 'special ASEAN element' will also be introduced in the parade.

Source: thehindubusinessline.com- Dec 14, 2017

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Traders told to view China as opportunity

Traders should perceive China as a land of opportunities, and not a threat, as it still imports some products despite being a leading exporter in the world.

Popularity of handmade Indian carpets is an indication of the prospects Indian traders have in that country, said Bipin Menon, director of the department of commerce of the central government, on Tuesday.

Menon was speaking at a workshop organized by the office of joint director general of foreign trade on 'Free Trade Agreement' (FTA) under Niryat Bandhu Scheme at a city hotel. Anupam Kumar, assistant DGFT, was present. Traders from various parts of Vidarbha attended the meet.

The objective of the session was to make the business community aware about FTAs and discuss problems being encountered by the exporting community of the region with regard to various trade agreements and memoranda of understanding signed by the central government.

Menon said, "People are hesitant for collaboration in the foreign land because they don't understand the consumer and their shopping habits. Instead, they should visit the country, do research, study the market and analyse possibilities to widen their horizons. Increased exports will be fruitful for the nation as a whole."

He was of the view that China is focusing on developing high-end products which match the standards of American, British and European markets. India can step up to fill the gap created by China.

At present, India has FTAs with 31 countries across the globe, but the scheme will be considered successful when our businessmen utilize it to the fullest and explore opportunities in these markets, said Menon.

FTAs are arrangements between two or more countries or trading blocs that primarily agree to reduce or eliminate customs tariff and non-tariff barriers for improving trade between them. FTAs partners get easier access to each other's market, Memon said.

Malaysia, Indonesia, Brunei, South Korea, Japan and Singapore are also among the countries with which India has signed a bond to facilitate trade. Information on India's FTAs, including tariff concession, is available on www.commerce.gov.in.

According to the midterm review of the foreign trade policy, exporters have got exemption from integrated goods and services tax (IGST) on imported inputs that currently don't face basic customs duty to help perk up the sector which has been hit hard by rupee appreciation. Merchandize Exports from Indian Scheme (MEIS) rate has increased from 3% to 5%, thus giving a respite to many sectors.

Source: timesofindia.com- Dec 14, 2017

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Indian economy may grow by 7.2% in 2018, 7.4% in 2019: UN

The growth rate of India's economy is expected to rise from this year's 6.7 per cent to 7.2 per cent next year and 7.4 per cent in 2019 making it again the fastest-growing major economy, the United Nations said in its World Economic Situation and Prospects 2018 report. The projection for India for 2018 released by the UN in May was, however, 7.9 per cent.

China's witnessed a 6.8 per cent economic growth this year, but its growth projections are 6.5 per cent next year and 6.3 per cent in 2019, a news agency reported citing the UN report, which painted an overall rosier outlook for the world economy.

"Despite the slowdown observed in early 2017 and the lingering effects from the demonetization policy, the outlook for India remains largely positive, underpinned by robust private consumption and public investment as well as ongoing structural reforms," according to the report.

India's fiscal deficit has visibly declined and in 2018, it is expected to reduce further to 3.2 per cent of gross domestic product (GDP) in 2018, said the report, which warned that 'the anaemic performance' of private investment in the country remains a key macroeconomic concern.

It also said that there was 'some degree of uncertainty' over the monetary policy stance in India.

Source: fibre2fashion.com- Dec 14, 2017

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Cotton output may rise 9 pct this season

The country's cotton output is set to rise by 9% to 377 lakh bales (of 170 kg each) even as Maharashtra and Madhya Pradesh may report lower production this season, according to figures released by the Cotton Advisory Board (CAB).

The output in the northern region is expected to increase 28% to 59 lakh bales (46 lb) on the back of a bumper crop in Rajasthan and Punjab, which is pegged at 22 lakh bales (16 lb) and 12 lakh bales (9 lb), according to top officials. Though the output in the southern region is slated to go up to 104 lakh bales from 90 lakh bales, it may come under revision due to the pest attack in Telangana and Tamil Nadu, said Kavita Gupta, textile commissioner, who headed the first CAB meeting for the current season.

The estimate of 377 lakh bales is higher than 345 lakh bales produced in the 2016-17 marketing year, but almost 6% lower than previous industry estimates for a record 400 lakh bales. A 19% rise in the area planted with cotton had prompted most industry officials to estimate record production this year.

However, as harvesting began farmers found fields were infested with pink bollworms which consume the cotton fibre and seeds inside the boll, or fruit, of the plant. The problem was especially widespread in the western state of Maharashtra, the country's biggest cotton growing area.

Though there were pest attacks in Gujarat, the impact was contained as the farmers adopted the best practices suggested by the Central Institute of Cotton Research (CICR), she said, adding that Maharashtra suffered the worst pest attack, especially in Yavatmal and Jalgaon. Other states that were hit include Karnataka, Telangana and Madhya Pradesh.

The area under cotton cultivation has gone up by 19% to 122 lakh hectares this year from 108 lakh hectares last year. With a lower import estimate of 17 lakh bales from 31 lakh bales earlier and opening stock of 48 lakh bales from 36 lakh bales previously, the overall supply is put at 442 lakh bales from 412 lakh bales.

On the demand side, mill consumption is estimated to be higher at 288 lakh bales from 263 lakh bales — consumption by the small-scale and non-textile industry may increase to 27 lakh bales (26 lakh bales earlier) and 19 lakh bales (17 lakh bales earlier), respectively. Exports are slated to increase to 67 lakh bales (58 lakh bales earlier) as Pakistan is expected to import from India, she said.

So far, Cotton Corporation of India (CCI) has procured 3.5 lakh bales of cotton worth Rs 688 crore at a minimum support price of Rs 4,320 a quintal.

However, CCI's intervention from now on will be limited as prices are expected to stabilise above the MSP, she said.

A bigger Indian crop and low domestic prices will likely boost exports from the South Asian country amid higher demand from Pakistan, Gupta said. Shipments to Pakistan are seen rising to 18 lakh bales in 2017-18 from 790,000 bales a year earlier, she added.

Source: financialexpress.com- Dec 14, 2017

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Cotton crop: PAU issues advisory on pink bollworm attack

Seeing red in the 'pink bollworm' menace affecting the cotton crop in Maharashtra and Telangana, the Punjab Agriculture University (PAU) has issued an advisory to Punjab's cotton growers.

Notably, the pink bollworm has damaged Bt cotton crop this year in some south and central Indian cotton-growing states like Maharashtra, Telangana etc. Alarmed, the PAU has warned the state farmers against the harmful pest.

The development assumes significance as the state's cotton growers have suffered massive loss due to attack by the whitefly pest in 2015 -- resulting in mounting numbers of farnmers' suicides.

The advisory, issued by Regional Research Station at Bathinda, has asked the farmers to follow PAU recommendations to avoid the possibility of attack by pink bollworm that eat away the cotton fibre and the bolls.

It advised the farnmers that picking should be completed as early as possible and cotton sticks should be removed from the fields. Farmers should remove the cotton sticks immediately from the fields, if they have not done this so far.

Trashes of cotton and unopened bolls should also be removed from the field, it added.

The advisory has also asked the farmers that animals like goats, sheep among others, should be allowed to graze on unopened bolls and plant debris in the cotton fields after the previous picking.

PAU pointed that pink bollworm can also survive on leftover cotton sticks in the field, and thus sowing of wheat in standing cotton crop should be avoided. Where it has been done, the cotton sticks shpoild be removed immediately.

It has advised against stacking of cotton sticks in the fields. "Stacking should be done away from fields, preferably in village area in vertical form, away from shade after removing all the unopened bolls," it read.

The farmers ahve also been asked to complete the ginning process latest by the end of March and leftover cotton seeds must be fed to the cattle.

Acid de-linting of cottonseed kills the hidden larvae, so use the only de-linted seed for sowing, it has been advised.

About 1.3 million hecatres of the 4.2 million hectare under the crop is suspected to be infected by the pink bollworm pest in Maharashtra, especially in Yavatmal district where the farmer suicide has been rampant.

In the wake of the disaster caused by the pest in Maharashtra, some of the farmers in Punjab has started storing the raw cotton hoping for higher prices in future even as the pink ballworm attack on cotton in Maharashtra is yet to affect prices.

Congress-led Punjab Govrnment, already learning lessosn from the past, has asked the PAU to launch a joint awareness campaign to educate the farmers about recommended varieties of hybrids to be sown and use of quality pesticides. Notably, the state government had to cough up more than whopping Rs 640 crore as compensation to the cotton cultivators suffering loss due to whitefly attack in 2015.

Punjab Chief Minister Capt Amarinder Singh has issued strict directions to the PAU and the state Agriculture Department to intensify round-the-clock surveillance and regular monitoring on the ground to check any pest attack. He had also stressed on the need for scouting at village level, with the scouts and supervisors to be made accountable for any lapses in educating the farmers on crop protection and weed eradication.

Cotton is the second major kharif crop of the state after paddy. For kharif 2017, an action plan for cotton production was prepared under which four lakh hectares were targeted. The estimated area under cotton during this season is about 3.82 lakh hectares compared to 2.57 lakh hectares in 2016. In 2016, 8.90 lakh bales of cotton had arrived in the mandis of Punjab while the cotton yield was recorded at 22 quintals per hectare (756 kg of lint per hectare).

Source: dailypioneer.com- Dec 14, 2017

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By 2022, Nine percent Indians will be in jobs that do not exist today: Report

Indian job landscape is in transitionary phase, thanks to emerging technologies and by 2022, 9 percent of the country's 600 million estimated workforce would be deployed in new jobs that do not even exist today, says a report.

According to the FICCI-Nasscom & EY report, there would be a job slowdown for the next two years as companies struggle to restructure their business models, and by 2022, the entire job landscape would undergo a drastic change.

The report that highlighted the impact of globalisation, demographics, and exponential technologies on job landscape said by 2022, 9 percent would be deployed in new jobs that do not exist today, while 37 percent would be in jobs that have radically changed skill sets. Jobs of 21 percent of the workforce in 2017 would face "existential threat", the report noted.

"The adoption of exponential technologies is disrupting industries by creating new markets and India is at the cusp of this change," said Anurag Malik Partner-People & Organisation, Advisory Services, EY. Malik further said rapid embracing of these exponential technologies by Indian companies has the potential to transform highly unorganised sectors such as transportation, maintenance, food catering, and software development services into organised ones.

According to the report, the organised manufacturing and services sector employment is expected to increase from the current 38 million to 46-48 million by 2022.

All the new forms of employment are likely to add a further 20-25 percent to the 'organised' sector by 2022 and this would increase the share of the organised sector in the overall economy to 10 percent from 8 percent at present, around 60 million in a workforce of 600 million, it noted.

For the report, EY interacted with more than 130 business leaders, academicians and representatives of industry associations across sectors (IT-BPM, automotive, retail, textiles and apparel, BFSI) in India.

Source: newindianexpress.com- Dec 13, 2017

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