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The Cotton Textiles Export Promotion Council (TEXPROCIL)
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai 400004. Maharashtra State. INDIA
W. www.texprocil.org E. ibtex@texprocil.org T. +91-22-23632910 to 12 F. +91-22-23632914

# IBTEX No. 55 of 2019 March 15, 2019

USD 69.28| EUR 78.42 | GBP 91.73 | JPY 0.62

| Cotton Market (14-03-2019) | | |
|---|---|---|
| **Spot Price - Shankar 6 ( Ex. Gin), 28.50-29 mm** | | |
| **Rs./Bale** | **Rs./Candy** | **USD Cent/lb** |
| 20478 | 42800 | **78.34** |
| **Domestic Futures Price (Ex. Warehouse Rajkot), March** | | |
| **Rs./Bale** | **Rs./Candy** | **USD Cent/lb** |
| 21200 | 44308 | **81.10** |

**International Futures Price**

| | |
|---|---|
| NY ICE USD Cents/lb ( May 2019) | 75.72 |
| ZCE Cotton: Yuan/MT ( May 2019) | 15,275 |
| ZCE Cotton: USD Cents/lb | 103.30 |
| **Cotlook A Index – Physical** | **83.35** |

**Cotton Guide:** Finally, a breach of 75 was seen yesterday. All ICE future contracts settled in positive numbers. The ICE May contract settled at 75.72 with an increase of +87 points after touching a high of almost 76 at 75.98 cents/lb. The candlesticks were seen to be mostly green yesterday. We presume this uptrend will continue this week. The ICE July contract also settled with positive numbers of +77 points at 76.81 cents/lb. The uptrend was supported by good volumes at 41,593 contracts, giving a confirmation that the market sentiments are bullish. The volume recorded for the ICE May contract was 23,903 whereas it was at 11,024 for the ICE July contract. As compared to the Tuesday the volumes of yesterday's futures were 2,222 contracts. The total open interest declined by 132 contract to 220,996. The OI for May declined by 3,459 contracts to 111,926 while for July the OI increased by 2,703 to 45,208.

The MCX contracts were all skyrocketing by 200 Rs. The MCX March contract settled at 21,220 Rs/Bale with an increase of 210 Rs. The MCX April and MCX May contract settled at 21,510 and 21,770 Rs/Bale respectively, both showing an increase of Rs 200. The MCX June contract settled at 22,020 Rs/Bale although with a handful of volumes. The domestic sentiments are bullish at the moment in India as well.

The arrival figures are estimated to be 113,000 lint equivalent bales (source cotlook) including 38,000 registered in Maharashtra, 38,000 in Gujarat and 13,000 in Andhra Pradesh. Local prices of Shankar 6 are increasing. Shankar 6 is available at 42,800 Rs/Candy. Cotlook Index A has been revised at a higher figure after a consecutive increase in prices. The new figure is at 83.35 cents/lb with an increase of 1.80.

It was made evident by US Trade Representative, Robert Lighthizer that the trade talks are in the ending phases. Also it was made clear that if the talks are not in favour of the US then the deal would not happen. After months of conversations, the markets are expecting some kind of deal between the two superpowers.

ICE Cotton May future has moved out of the consolidation range 71.80-75.00 yesterday. The rally in price got supported by positive cross over in the momentum indicator MACD, accompanied by channel breakout. Meanwhile crucial resistance is at 76.14. Only a move above would bring further buying in Cotton future. Likewise, below 71.80 crucial support exists around 70.80. So for the day price is expected to remain in the range of 74.40-76.10 with side ways to positive bias. In the domestic market MCX Cotton Mar is likely to consolidate in the range of 21000-21350 with positive bias.

**Currency Guide**

Indian rupee may witness mixed trade against the US dollar but overall bias may be on the weaker side. Supporting rupee is strength in domestic equity market, easing geopolitical risks and prospect of BJP government winning another term at general elections. Rupee rose also amid reports that RBI said it will add $5 billion of liquidity via 3-year USD/INR swaps to improve liquidity. The US dollar is also on backfoot against major currencies amid mixed economic data and gains in British Pound amid increasing chance of delay in Brexit. UK leaders on Wednesday voted down a no-deal Brexit and will vote today on delay in Brexit. Rupee has managed to gain despite higher crude oil price, disappointing economic data and increasing global economic uncertainty. Brent crude has topped $67 per barrel amid unexpected decline in US crude oil stocks and OPEC's adherence to production cuts. China's industrial production rose 5.3% in first two months of this year well below market expectations of 5.6% rekindling concerns about health of the economy. Rupee has gained sharply in last few days however the gains are unlikely to sustain amid higher crude price and global uncertainty. USDINR may trade in a range of 69.35-69.85 but bias may be on the upside.

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

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# INTERNATIONAL NEWS

## China industrial output growth falls to 17-year low; jobless rate rises

China's survey-based jobless rate rose to 5.3% in February, from 4.9% in December

Growth in China's industrial output fell to a 17-year low in the first two months of the year and the jobless rate rose, pointing to further weakness in the world's second-biggest economy that is likely to trigger more support measures from Beijing.

But a mixed bag of major data on Thursday also showed property investment was picking up, while overall retail sales were sluggish but steady, suggesting the economy is not in the midst of a sharper slowdown.

China is ramping up assistance for the economy as 2019 growth looks set to plumb 29-year lows, but support measures are taking time to kick in. Most analysts believe activity may not convincingly stabilise until the middle of the year.

Premier Li Keqiang last week announced hundreds of billions of dollars in additional tax cuts and infrastructure spending, even as officials vowed they would not resort to massive stimulus like in the past, which produced swift recoveries in China and strong reflationary pulses worldwide.

"The latest data should partially ease concerns about a sharp slowdown at the start of the year. But the near-term outlook still looks downbeat," Capital Economics said in a note. In particular, Capital Economics and others noted that infrastructure investment has not improved as much as hoped after the government began fast-tracking road and rail projects last year, raising the risk of a milder-than-expected bounce in construction when work resumes in warmer weather.

Pressured by weak demand at home and abroad, China's industrial output rose 5.3 percent in January-February, less than expected and the slowest pace since early 2002. Growth had been expected to cool to 5.5 percent from December's 5.7 per cent.

China combines January and February activity data in an attempt to smooth distortions created by the long Lunar New Year holidays early each year, but some analysts say a clearer picture of the economy's health may not emerge until first-quarter data is released in April.

If the seasonal distortion was removed, output rose 6.1 percent in the two months, the National Bureau of Statistics said.

China's own official factory survey, which is seasonally adjusted, showed manufacturing output contracted in February for the first time since January 2009. Data last week showed exports tumbled the most in three years in February, suggesting US tariffs on Chinese goods and cooling global demand were taking a greater toll.

President Donald Trump said on Wednesday he was in no rush to complete a trade pact with China and insisted that any deal include protection for intellectual property, a major sticking point between the two sides during months of negotiations.

Job shedding by export-oriented companies led to a jump in the unemployment rate last month, said Li Xiru, an official with the statistics bureau. China's survey-based jobless rate rose to 5.3 per cent in February, from 4.9 per cent in December, though it was below the government's target of 5.5 percent this year.

Many migrant workers also quit their jobs to go home before the holidays, Li said. Reuters reported in January that some factories in Guangdong - China's export hub - had shut earlier than usual ahead of the holidays, and some were expected to close for good as the trade war curtailed orders.

**INVESTMENT PICKING UP**

Growth in fixed-asset investment, a major growth driver in the past, quickened to 6.1 percent in the first two months of this year, slightly more than analysts had expected and edging up marginally from 5.9 percent in 2018.

Much of the gain appeared due to a bounce in property investment, which quickened to a five-year high of 11.6 percent, though home sales fell.

Infrastructure investment, which the government is relying on heavily to drive an economic recovery, rose 4.3 percent on-year. But several analysts including Nomura estimated growth momentum may have eased despite Beijing's push.

Private sector fixed-asset investment also lost a step, rising 7.5 percent versus an increase of 8.7 percent in 2018. Private investment accounts for about 60 percent of overall investment in China, and Beijing has spent considerable effort trying to ease financial strains on smaller, private firms.

**RETAIL SALES WOBBLY**

Retail sales were also marginally better than expected, with the headline figure rising 8.2 percent in January-February from a year earlier, in line with December.

But the rate of growth remains stuck around 15-year lows, highlighting concerns that consumers are growing less confident as the economy slows.

Industry data this week showed automobile sales in China fell for the eighth consecutive month in February.

China's state planner announced measures in January to boost consumption of goods ranging from eco-friendly appliances to big-ticket items such as cars, but the size and scope of the subsidy scheme is still unclear.

Thursday's data showed sales of appliances and furniture softened considerably early in the year, possibly linked to worries about the cooling property market and a 3.6 percent drop in home sales.

**MORE SUPPORT EXPECTED**

In addition to fiscal stimulus such as higher local government spending and tax cuts, more monetary policy support is also expected this year.

The People's Bank of China (PBOC) has already cut banks' reserve requirements five times over the last year, most recently in January, and more reductions are expected from the coming quarter to free up more funds for lending.

Regulators have ordered big banks to increase loans to smaller firms by more than 30 percent this year, despite the risk of more bad loans. Total new bank lending hit a record in 3.23 trillion yuan ($481 billion) in January.

The central bank is also expected to continue to guide borrowing costs lower. But sources have told Reuters that a benchmark interest rate cut is considered a last resort if other measures fail to stem the broader economic decline.

Even with additional support, China's economic growth is still expected to cool to around 6.2 percent this year from 6.6 percent in 2018, according to Reuters polls.

Source: business-standard.com - Mar 14, 2019

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## With One Trade War Truce, AAFA Says Prepare for the Next Battle

The March deadline for further escalation of the trade war between China and the United States has come and gone, leaving hope that the truce will be sustained.

With further tariff actions on hold, apparel and footwear firms are left to count the carnage and prepare for the next fight.

And there will be another battle, according to Rick Helfenbein, president and CEO of the American Apparel & Footwear Association.

“We got hit on the edges but never got hit on the head,” he said, speaking at the AAFA Executive Summit on Wednesday.

Helfenbein credited the AAFA with driving a narrative about how calamitous steeper tariffs on consumables would be—and he was particularly pleased that the group did so via the president’s favorite source of information: the 24-hour gab fests airing on every news channel. The trade group made the rounds to CNN, CNBC, BBC and Bloomberg, among others, making at least 28 appearances in total.

The message: tariffs don't work. Just look at the tariffs imposed in the '30s to protect apparel and footwear manufacturers in the U.S., Helfenbein said. Even with those efforts, 97 percent of all apparel and 98 percent of all footwear is imported today.

Further, 41 percent of all apparel coming into the United States comes from China, as does 72 percent of all footwear.

And while the PR campaign has resulted in only a glancing blow for much of the apparel and footwear industries, Helfenbein said it doesn't mean the sectors have gotten out completely unscathed.

"You're being hurt by all the carnage being left along the road," he said.

The biggest impact has been the sustained uncertainty and retailers' and brands' scramble to insulate against a direct blow.

The hours spent in contingency war rooms alone over the past year have caused major disruption. And for public companies, the impact has been even worse. For them the back-and-forth volley between the U.S. and China triggered an exodus from the country that surprised even Helfenbein.

"I didn't expect the degree of China flight, and what was pushing it was the fact that a lot of people in this room work for public companies and public companies take calls from analysts and what do the analysts love to ask? Question number one, 'what's your exposure in China?' If you have a big exposure, that's not good."

The result, he said, was supply chain's version of bumper cars.

As production moved from China to other regions with less capacity, one company moving into a factory resulted in another being squeezed out. So public or private, like it or not, that brand or retailer was on the move.

The migration shows how even a glancing blow shifted the sourcing map—maybe for good.

"What are we doing? We're damaging a supply chain that was built to handle product safety, to handle human rights, to handle the environment, to plan for sustainability and you just blew it out of the water," Helfenbein said.

At this point, Helfenbein said his personal anxiety level has ebbed a bit, given how things typically play out when the U.S. is halfway thought a president's term.

"The first two years of an administration, you bring things up. The last two years of an administration, you bring things down. So I think we're now entering a new phase, which is the resolution phase—let's hope it's the resolution phase," he said.

But while things would usually play out this way, not much about the Trump administration has been by the book. As a result, Helfenbein said the industry can't get too relaxed.

"I see things starting to settle down," he said. "But then again I should tell you some of the hotspots in the world and tell you some of the things I'm worried about."

Helfenbein said several countries are in danger of losing generalized system of preferences or GSP like Turkey, India, Thailand and Indonesia. Plus, the trade preferences for Haiti could come into question. And the list goes on with human rights and government unrest roiling myriad countries around the globe.

"What if they go after CAFTA? What about AGOA?" he said, referring to the Central America Free Trade Agreement and the African Growth and Opportunity Act. "These are all things we worry about every day."

Source: sourcingjournal.com- Mar 14, 2019

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# US: Are Brands and Retailers Paying Enough Attention to Taglines?

It’s been called one of the most influential taglines in the U.S. Over the past four decades, the song has been sung by a bevy of well-known popular singers. Familiar even to consumers who never saw the iconic advertising, “The Fabric of Our Lives” endures as a part of American culture.

In 2005, the branding agency Tagline Guru released a list of the 100 most influential taglines based on their impact on American culture. “Cotton. The fabric of our lives” made the list, based on votes from the advertising industry, at No. 80. The Tagline Guru survey asked respondents to rank their top 10 taglines, and top three jingles, based on:

- Longevity: Have they endured the test of time?
- Equity: Have they become synonymous with the company or product?
- Portability and Memorability: Have they exercised an influence on our culture, media and language?
- Originality: Have they broken new ground in the advertising industry?

In 2011, Business Insider named “The Fabric of Our Lives” one of the catchiest jingles of the past 25 years.

The advertising industry and business media are not the only ones recognizing the tagline. The majority of consumers (61 percent) have heard the phrase, “the fabric of our lives,” according to the Cotton Incorporated Lifestyle Monitor™ Survey. Women (70 percent) and those over 35 (67 percent) are significantly more likely to say they have heard the phrase. But even the majority of those aged 13 to 24 (52 percent) say they’ve heard the tagline.

The Fabric of Our Lives® campaign was unveiled in 1989 during the Macy’s Thanksgiving Day Parade. Richie Havens lent his distinctive voice to the jingle, and over time it was reinterpreted by numerous artists; among them: Aaron Neville, Phoebe Snow, Hayden Panettiere, Zooey Deschanel, Kate Bosworth, and Emmy Rossum. The music and lyrics changed a bit with each interpretation, but at the heart of each iteration was, “The touch, the feel of cotton. The fabric of our lives.”

Nearly all (93 percent) consumers who have heard the phrase “the touch, the feel of cotton, the fabric of over lives” understand what the phrase means, according to the Monitor™ research. And more than two-thirds (67 percent) who understand what the phrase means, say they can relate to it or feel a connection with it.

The jingle may have created an enduring emotional connection to cotton for consumers, but the use of the fiber has more practical and environmental pluses for apparel brands. For Cockpit USA, maker of men’s and women’s apparel, accessories and military jackets, soft cotton fabric is essential in its collections, says Jacky Clyman, co-founder and executive vice president.

“That’s a big thing for us,” she said at New York’s Liberty Fairs fashion trade show. “We don’t like to use blends unless there’s a reason for it. For instance, some of our military jackets are cotton and nylon, which makes them almost fully waterproof. But T-shirts are 100 percent cotton. We do canvas, Bedford corduroy…Cotton is very important to us.”

Clyman isn’t the only person concerned about the use of chemicals in apparel. More than half of all consumers (58 percent) are concerned about the amount of chemicals and pesticides used to produce manmade fibers like polyester and rayon, according to the Monitor™ survey. Another 54 percent are concerned about greenhouse gas emissions as a result of producing synthetic fibers.

More than eight in 10 consumers (83 percent) say cotton is their favorite fiber to wear, according to Monitor™ research. Further, more than seven in 10 consumers (72 percent) say if they could spend their whole life in one fiber, that fiber would be cotton. Men are significantly more likely than women to prefer to feel this way (76 percent versus 62 percent).

At a time when consumers are less loyal to specific stores or brands, 63 percent of consumers say they would feel more connected to a brand that offers clothes made of natural fibers like cotton, according to the Monitor™ survey. This feeling was especially strong among Millennial shoppers (74 percent).

The Monitor™ research also found that, compared to manmade fiber clothing, more than eight in 10 consumers (84 percent) say cotton clothing is the most sustainable.

Sustainability in fashion is becoming more and more topical. At a recent Editions panel discussion sponsored by Edited, the retail analytics consultancy, Tommy Hilfiger's Randy Cousin, vice president of brand merchandising, said sustainability is a message that is resonating more than ever.

"Especially when you talk about the younger consumers, about how much they're looking at sustainability to be the future," Cousin said.

Michael Kors' Robert Rizzolo, vice president of global merchandising, also speaking at the Editions panel discussion, added that the "plastic straw apocalypse" was just the beginning.

"Brace yourselves," he said. "It starts with the plastic straw but in the next five years, it's all about sustainability, recycled materials, and adjusting your supply chain to be more cognizant of the wastage. And it's really so important to the younger consumer."

Among social and environmental issues, water quality tops the list of concerns for 85 percent of consumers, according to the Monitor™ research. Other top issues include air quality (80 percent), child labor practices (79 percent), depletion of natural resources such as oil or minerals (75 percent), and the overconsumption of goods (68 percent).

In the U.S., roughly three-fourths of all consumers (76 percent) consider cotton to be the most sustainably produced fiber, according to a Harris Insights & Analytics poll on global sustainability that was commissioned by Cotton Incorporated.

Further, 93 percent of consumers say better quality garments are made from natural fibers like cotton, according to the Monitor™ data. Now consider that half of all the consumers who have heard and understand the phrase "the touch, the feel, the fabric of our lives" say it means comfort/feels good/soft. Perhaps it's understandable why it's a tagline that continues to endure the test of time.

Source: sourcingjournal.com- Mar 14, 2019

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## Egypt in talks with Greek investors to set up RMG market

Egypt is having talks with Greek investors and companies to establish a readymade garments (RMG) market, according to head of the Egyptian Internal Trade Development Authority (ITDA) Ibrahim Ashmawi.

He urged investors to benefit from the opportunities that come up in April in the governorates of North Sinai and the Red Sea along with the Suez Canal region.

The market will be built on 100 feddans land with an investment of $100 million, according to Egyptian media reports.

Some Greek companies have expressed their desire to invest in a number of developmental and trade projects in the New Valley Governorate in the south-western part of the country, which has diversified natural resources, he added.

Source: fibre2fashion.com- Mar 14, 2019

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## The Impact of the EAEU-Vietnam FTA on Bilateral Trade

The Free Trade Agreement (FTA) between the Eurasian Economic Union (EAEU) and the Socialist Republic of Vietnam, which came into force in October 2016, is based on the participants' commitment to simplify access to their respective markets for suppliers of goods and services. The provisions on mutual liberalization of trade in services, investment activities and movement of individuals have so far applied only to Russia and Vietnam and remain in a frozen state.

There was stagnation in trade in goods between the EAEU and Vietnam until 2017, with trade treading water at about $4.2-4.3 billion. The breakthrough came in 2017 when trade rose sharply by 36.5% to $5.9 billion from $4.3 billion. An already large surplus in favor of Vietnam ($1.1 billion) grew to $1.4 billion. The accuracy of these data is relative, since the official Vietnamese statistics are much lower. The breakthrough was due to resetting to zero import customs duties for about half of all tariff lines in 2016-2017.

In 2018, the liberalization continued. Within 10 years, imports of 90% of goods will be duty-free.

Analysis of EAEU trade geography confirms Russia's strong leadership, but the FTA has brought dividends to other EAEU members as well. Kazakhstan was the main beneficiary. Its trade, especially exports, increased faster than Russian, to which it was catching up in terms of this indicator.

Russia accounts for 88% of trade with Vietnam, including 84% of exports and 91% of imports. However, Russian-Vietnamese trade stagnated for three consecutive years, and Russia's trade deficit was steadily growing. Therefore, it is impossible to reduce the imbalance through the FTA. Apparently, Russia's export potential is not being used to its fullest, the need for imports prevails, and Vietnamese businesses are acting more persistently and with greater skill. The loss in competitiveness on Vietnam's market also has its effect.

The emerging positive trends are expected to grow stronger. In a purely commercial sense, the prerequisites for growth have been created: the main partners of Vietnam, like itself, have become more persistent in increasing trade in goods that enjoy the greatest preferences under the agreement. In addition, the Vietnamese economy is on the rise and is rapidly increasing its supply to EAEU markets following the expansion of export production and participation in global value added chains.

In 2014-2017, Vietnamese exports to the EAEU rose by 39%, and imports by 44%, which indicates a balance of commodity flows and, given the large surplus, the benefits enjoyed by Vietnam. It gained the most among the FTA partners due to a better use of its export potential and experience in implementing such agreements. Imports of manufacturing products, including home appliances and microelectronics (computers, mobile phones, parts) in the EAEU countries are increasing. Footwear, clothing, textiles and food products remain on the list of imported items.

Vietnamese exports are more varied and have higher prices for key product groups, as well as a greater degree of processing and manufacturability of goods. These supplies are differentiated and distributed more evenly across the EAEU member countries depending on capabilities of the partners' economies. Vietnamese exports differ from counter-flows in that the latter do not sufficiently reflect the interests and the potential of the EAEU participants, except Russia.

Sharp increases in exports from the EAEU were due to agricultural produce, which was previously bought by our partner in limited quantities. However, exports to Vietnam continue to include mainly petroleum products, coal, steel, and industrial equipment, with the commodity sector and level-one industrial processing items dominating the supply structure.

The shortcomings and objective difficulties involved in liberalizing mutual trade were revealed. In particular, there were overlapping export profiles of certain goods that were previously uncharacteristic for mutual trade and clashing interests of the FTA participants. This phenomenon may stop being an exception and become a trend in the coming years. Vietnam can continue to expand its industrial product line into the future whereas the EAEU countries can continue to restore their agricultural production which, with the exception of tropical fruits, enters into competition with similar Vietnamese produce.

The implementation of the EAEU-Vietnam FTA revealed a number of issues relating to Vietnam's other FTA agreements. Russia needs to understand how to take advantage of the earlier start of our FTA to gain competitive positions on the Vietnamese market before its agreements with the EU and Asia-Pacific countries (TPP) come into force. The trade rules under these FTAs should also be made compliant with the WTO standards in order to avoid inconsistencies and losses. Finally, it became clear that economic sanctions imposed on Russia by the United States and its Western allies are causing inevitable difficulties in mutual trade and the implementation of the agreement.

Thus, the picture is mixed. In general, the agreement is being successfully implemented in the sphere of trade, but has not yet been deployed in other spheres. The trade effects have run their course during the first two years, and new differences have arisen. Protectionist mechanisms hinder the liberalization process and the growth of trade.

Source: valdaiclub.com- Mar 14, 2019

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## India-ASEAN fastest growing in e-com, digital trade: study

India and the Association of Southeast Asian Nations (ASEAN) are among the fastest growing nations with even faster growth rates for e-commerce and digital trade sectors, says a report by the Federation of Indian Chambers of Commerce and Industry (FICCI) and consulting firm KPMG.

Global e-commerce sales are likely to reach $4.5 trillion from $1.3 trillion in 2014, it says.

While China dominates the global e-commerce sector, India and ASEAN are making investments to develop an ecosystem that can sustain and promote increasing digital trade, it says.

The e-commerce market in India is projected to reach $165.5 billion by 2025 while the ASEAN is estimated to reach a volume of $90 billion, says the report titled 'India and ASEAN: Co-creating the Future.'

ASEAN comprises Indonesia, Thailand, Malaysia, Singapore, Philippines, Vietnam, Cambodia, Myanmar, Brunei and Laos.

Within ASEAN, Indonesia's e-commerce market is expected to rise to $46 billion by 2025 (from $1.7 billion in 2015), Thailand to $11 billion ($0.9 billion), Philippines to $9.7 billion ($0.5 billion), Malaysia $8.2 billion ($1 billion), Vietnam $7.5 billion ($0.4 billion) and Singapore $5.4 billion ($1 billion dollars).

By 2025, China's e-commerce market will expand to a whopping $672 billion, says the report.

The fast growth everywhere is led by rising internet penetration and smartphone use, a young population and an expanding middle class.

Cross-border e-commerce is likely to play a major role in supporting e-commerce expansion, with the sub-segment expected to reach $1 trillion by 2020. This is driven by customers seeking lower prices and accessing unique or speciality products or brands not available in their home country.

The rapid adoption of e-commerce and digital platforms presents a new set of security challenges, the report cautions.

Source: fibre2fashion.com- Mar 14, 2019

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## South African cotton projects create employment

Almost 50,000 jobs have been created in South Africa's cotton industry as a result of the increased number of hectares planted. In 2014, the cotton industry was offered funds to establish a cluster.

This connects the entire cotton supply chain under one umbrella: farmers, ginneries, yarn manufacturers, weavers and knitters, dyers, finishing plants, retailers and consumers.

Its aim is to improve capacity and competitiveness and create jobs in the country's cotton, textile and apparel industry. Production has increased from 25,000 bales in 2013 to roughly 2,00,000 bales in the 2017-18 season, with a further increase of 20 per cent expected in the new production year.

During the 2017-2018 season, five cotton projects involving 1,300 small farmers were supported as part of the program. They planted a total of 5000 hectares of cotton.

Every three hectares of cotton planted creates four jobs – three on the farm and one in the processing and retail sectors. This means that almost 50,000 jobs were created or maintained by the program since its inception in 2014.

The significant growth in the cotton industry has also resulted in capital investment from the private sector in cotton processing. Farmers are putting their hands deep in their pockets to buy new harvesting machines to deal with the bigger crop.

Source: fashionatingworld.com- Mar 14, 2019

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## Nigeria bans forex sale to textile importers

Banks and other foreign exchange dealers in Nigeria are prohibited from selling forex to any person seeking to import textiles and other clothing into the country. Instead the Central Bank of Nigeria would provide financial support at single digit interest rates to the textile sector to enable operators rejuvenate their capacities through refitting, retooling and upgrading of their factories. These initiatives are expected to help the textile manufacturing sector bounce back to service the domestic market and the export sector.

The measure is intended to reposition the textile, cotton and garment industry for job creation and development of the economy and restore the sector to its hitherto enviable position in the national economy and also save money spent on importing textiles and clothing. Other areas of expected support from CBN include the provision of high yield cotton seedlings and the development of textile industrial areas where stable electricity supply would be guaranteed.

The Nigerian textile industry in the 1970s and 1980s was the third largest in Africa. By 1987 the country had 37 textile firms operating 7,16,000 spindles and 17,541 looms. Between 1985 and 1991 it recorded an annual average growth rate of 67 per cent and was employing about 25 per cent of the work force in the country's entire industrial sector.

Source: fashionatingworld.com- Mar 14, 2019

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## Sri Lanka: Exports grow 4.7% in 2018: Central Bank

Total exports of goods grew by 4.7% in 2018 to $ 11.9 billion while imports recorded a growth of 6% to $ 22.2 billion, the Central Bank said yesterday, which resulted in the trade deficit widening to $ 10.3 billion last year from $ 9.6 billion in 2017.

However, the trade deficit declined significantly in December 2018 YoY with a notable deceleration in import expenditure. Exports grew by 1.4% while imports fell by 15.3% in December 2018 YoY.

Reflecting the impact of policy measures implemented to discourage vehicle and nonessential consumer goods imports, the deficit in the trade account contracted significantly in December 2018, compared to the corresponding month of the previous year. However, on a cumulative basis, the trade deficit in 2018 widened in comparison to 2017, as import growth outperformed the growth in exports.

The terms of trade improved by 5.5% YoY to 91.7 index points in December 2018 due to an increase of export prices and a decline in import prices. However, on a cumulative basis, the terms of trade broadly remained unchanged at 105.5 index points in 2018 compared to 2017, as both the import and export price indices increased at a similar rate.

Earnings from merchandise exports increased marginally by 1.4% YoY to $ 1,033 million in December 2018. This marginal growth was mainly due to the base effect as the month of December recorded the second highest export value in 2017.

An increase in industrial exports contributed mainly to the growth of export earnings in December 2018, while agricultural and mineral exports declined. Export earnings from industrial exports increased in December 2018, mainly due to higher exports of textiles and garments. The higher demand for garments from USA and EU supported the increase in export earnings from this sub-sector.

Further, export earnings from rubber products increased during the month, owing to the improved performance in all categories except surgical and other gloves. Export earnings from food, beverages and tobacco, machinery and mechanical appliances, base metals and articles, chemical products, and transport equipment also rose, contributing towards the increase in industrial exports in December 2018. Meanwhile, export earnings from petroleum products, which performed well during the first eleven months of the year, declined in December 2018, due to the lower quantum of light oil exports.

However, bunker and aviation fuel exports increased during the month. In addition, export earnings from gems, diamonds and jewellery, leather, travel goods and footwear, plastics and articles thereof, and printing industry products, dropped in December 2018.

Earnings from agricultural exports decreased in December 2018, due to the poor performance in many subcategories except coconut, seafood, and vegetables. Despite an increase in export volumes of tea, its earnings declined during the month, owing to the sharp reduction recorded in average export prices. Meanwhile, export earnings from spices, minor agricultural products, rubber, and unmanufactured tobacco declined in December 2018.

However, earnings from coconut exports increased for the first time since September 2017 in December 2018, due to the increase in export earnings from coconut kernel products, particularly desiccated coconut. Export earnings from seafood also increased significantly in December 2018, owing to higher exports to the EU market.

The export volume index increased marginally by 0.2% in December 2018, while the export unit value index increased by 1.1%, implying that the growth in exports was driven mainly by higher prices, rather than volume in comparison to December 2017.

On a cumulative basis, export earnings increased by 4.7% to $ 11,890 million in 2018 from $ 11,360 million in 2017, driven by industrial exports, while agricultural and mineral exports declined. Higher performance registered in earnings from textiles and garments, petroleum products, rubber products, food, beverages and tobacco, and machinery and mechanical appliances, mainly contributed to the increase in industrial exports.

Earnings from agricultural exports declined in 2018, due to the poor performance in almost all subcategories except seafood exports.

On a cumulative basis, the export volume index increased marginally by 0.5% in 2018, while the export unit value index increased by 4.1%, implying that the growth in exports on a cumulative basis was mainly driven by higher prices, rather than volumes, in comparison to 2017.

Reflecting the effect of policy measures taken by the Central Bank of Sri Lanka (CBSL) and the Government, expenditure on merchandise imports declined by 15.3% YoY to $ 1,735 million in December 2018, recording the lowest import value for the year. All major import categories, namely intermediate goods, consumer goods, and investment goods, contributed to this decline.

Import expenditure on intermediate goods declined substantially in December 2018, mainly due to lower expenditure incurred on fuel, gold, and base metals. Expenditure on fuel imports declined significantly, benefiting from lower prices of crude oil and refined petroleum products, as well as lower import volumes of refined petroleum and coal.

Reflecting the favourable impact of the imposition of customs duty on gold, expenditure on gold imports continued to decline to negligible levels in December 2018 as well. Meanwhile, expenditure on base metal imports also dropped, mainly due to lower imports of iron and steel. However, import expenditure on textiles and textile articles, wheat and maize, and fertiliser, increased during the month.

In December 2018, import expenditure on consumer goods declined, mainly due to lower expenditure on rice, vegetables, personal motor vehicles, and telecommunication devices. Expenditure on rice imports decreased significantly during the month, due to lower import volumes of rice with higher supply in the domestic market.

Reflecting the impact of policy measures to curtail vehicle imports, expenditure on personal motor vehicle imports showed a significant decline in December 2018, compared to the corresponding month of the previous year.

Expenditure on non-food consumer goods, such as telecommunication devices, rubber products, home appliances, and cosmetics and toiletries, also decreased in December 2018, due to policy measures taken to restrict certain categories of non-essential consumer goods imports. However, import expenditure on dairy products, sugar, and clothing and accessories, increased during the month.

Expenditure on the importation of investment goods also declined in December 2018, mainly due to lower imports of machinery and equipment, and transport equipment, while imports of building material increased.

In December 2018, both import volume and unit value indices decreased by 11.6% and 4.2%, respectively, indicating that the decline in imports was driven by both low volumes and prices of imported goods, in comparison to the corresponding period of 2017.

On a cumulative basis, expenditure on merchandise imports increased by 6% to $ 22,233 million in 2018 in comparison to 2017, mainly driven by higher expenditure incurred on fuel, personal motor vehicles, textiles and textile articles, and fertiliser imports.

During 2018, the CBSL and the Government introduced several policy measures on imports of gold, personal motor vehicles, and non-essential consumer goods, to curtail import expenditure with the aim of mitigating the pressure on the balance of payments. As a result, expenditure on imports decelerated towards the end of the year.

On a cumulative basis, import volume index and import unit value index increased by 1.8% and 4.15% in 2018, respectively, indicating the growth in imports was mainly driven by the price impact, rather than the volume impact, in comparison to 2017.

Both the government securities market and the CSE witnessed foreign investment outflows in December 2018. The government securities market recorded a net outflow of $ 188 million during the month, resulting in a cumulative net outflow of $ 990 million for 2018.

The CSE recorded a net outflow of foreign investments of $ 26 million in December 2018, including both secondary and primary market transactions. On a cumulative basis, the CSE recorded a net outflow of $ 55 million in 2018, which comprises a net outflow of $ 133 million from the secondary market and an inflow of $ 77 million to the primary market.

Long term loans to the Government recorded a net outflow of $ 192 million during December 2018. However, on a cumulative basis, long-term loans to the Government recorded a net inflow of $ 558 million for 2018.

As at end December 2018, gross official reserves were estimated at $ 6.9 billion, which is equivalent to 3.7 months of imports. Total foreign assets, which consist of gross official reserves and foreign assets of the banking sector, amounted to $ 9.6 billion as at end December 2018, which is equivalent to 5.2 months of imports.

Source: ft.lk- Mar 14, 2019

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## Germany: Apparel Textile Sourcing expands to European market

What started as a trade show in Toronto in 2016 has become the fastest growing fashion industry sourcing trade show organiser in the world. Apparel Textile Sourcing (ATS) expanded to Miami in 2017, filling a void for the industry focused on Latin America manufacturing.

ATS events have now been called key a destination by sourcing professionals and buyers throughout the apparel supply chain.
The event now brings its world-class seminar series and hand-selected exhibitors to the European market for the launch of Apparel Textile Sourcing Germany (ATSG) at the Estrel Convention Center in Berlin, from 11-13 September.

“While finding factories is a primary reason retailers and brands attend sourcing shows, ATS trade shows also bring leading industry professionals, trade commissioners and government officials together into an open forum to interact with those shaping the current and future trade ecosystems in the apparel industry. Our matchmaking platforms have been very helpful to both brands and retailers as well as our manufacturers. European brands and retailers can now become involved in the ATS experience,” said founder and CEO Jason Prescott.

### Addressing major challenges

“The foundation of trade shows continues to evolve and ATS has led the way in steering progressive change in the industry. While many shows for sourcing and retail have become too large, predictable and lacking energy, ATS events have offered contrast and focus,” commented Jeff Streader, Managing Director of Go Global Retail and former executive with VF, Guess?, Billabong and American Apparel.

“ATS efficiently showcases both Asian and regional vendors, in a setting that focuses on product development while addressing the major challenges in global sourcing. In addition, ATS has successfully delivered a seminar series that is blended into each day of the trade show. The seminars address key issues in the industry ranging from trade agreements, tariffs, AI and machine learning and innovation in product development. I am confident that this same formula will result in an exciting show – ATSG – in Berlin this September.”

## German fashion market

As the apparel industry becomes further homogenised with retailers developing private labels – orders getting smaller, but with more seasons – microbrands becoming the norm – factories starting their own brands – eCommerce encroaching upon B2B in addition to B2C – professionals across the industry need to be nimble and aware of ways to refine their supply chain, many times at a moment’s notice.

“The core role the IAF plays in the apparel industry is to bring together executives from all levels of the supply chain in order to strengthen how both the private and public sectors interact in order to streamline domestic and international sourcing. What ATS has done for the Americas, will now be available to German and European buyers at large. We look forward to assisting both the exhibitors and attendees of ATSG to leverage the IAF network during the show in September,” explained Matthijs Crietee, Secretary General of the International Apparel Federation (IAF).

Berlin is a hub for design, retail, fashion, and many other creative sectors. With numerous other events from the Premium Group, privately held fashion shows, and technology conferences; the city was nominated for the event as the area has the most influence on the apparel and textile market in the region.

## Under one roof

Those in attendance will have the opportunity to connect with more than 200 manufacturers from Europe, Asia and Latin America.

“European brands and retailers who visit the show will have the ability to meet exhibitors with numerous capabilities and finishing techniques. We will host a Made in China pavilion that will provide visitors a balance of mass market manufacturers that can service larger programs, along with factories that service brands or retailers who have smaller programmes. As the consumer market has changed, so have many of the factories throughout China in order to accommodate the shift,” commented Chairman Cao of the

China Chamber of Commerce for the Import and Export of Apparel and Textiles (CCCT).

Source: knittingindustry.com- Mar 14, 2019

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## Bangladesh hopes US relents on GSP

Bangladesh has a wait ahead for GSP from the United States. The main reason is Bangladesh has yet to make significant progress on labor rights. GSP is a US trade initiative designed to stimulate growth in emerging economies. This is achieved by offering duty free exports.

Over the years, a number of countries have been suspended from GSP as they have failed to maintain GSP requirements. In most cases, countries regain their status once they take steps to address the issues.

The US suspended GSP facility for Bangladesh in 2013. After the suspension of the Generalised Systems of Preferences scheme, Bangladesh signed up for a 16-point action plan to get it back.

Bangladesh's main export item to the US, apparel, is excluded from GSP. Bangladesh's apparel exports are subjected to a 15.62 per cent duty upon entry to the US whereas the duty for other countries is much lower.

Bangladesh was confident, significant progress had been made regarding workplace safety and workers' rights. It tried convincing US decision makers that any previous worries should no longer prevent new trading ventures being created.

The US remains Bangladesh's largest export market. Bangladesh's exports to the US have doubled in the last ten years.

Source: fashionatingworld.com- Mar 14, 2019

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# Japan's largest Global Trade show for the Fashion Industry

FASHION WORLD TOKYO consists of 4 separate shows divided by themed categories of fashion items (FASHION WEAR EXPO, BAG EXPO, FASHION JEWELLERY EXPO and SHOES EXPO) and FASHION WORLD TOKYO -FACTORY-, consisting of TEXTILE TOKYO and FASHION SOURCING TOKYO, a gathering of popular fashion garments/textiles companies and fashion sourcing manufacturers. The on-site meeting provides good business opportunities for exhibitors and visitors.

It is a must-attend event to catch up with Japanese fashion trends that have become loved across Asia. It has also become a one-stop venue for the fashion industry as it covers the whole fashion supply chain.

**Best platform for B-to-B**

One of the features of FASHION WORLD TOKYO is its focus on the BEST business platform. Show Management has developed various kinds of approaches to make the show accessible and productive, such as introducing a Matchmaking Service and an online appointment platform. The fulfilling support systems have gained growing support from both exhibitors and visitors. The 2019 March show will also provide them with the best platform for cross-border business supported actively by Show Management.

**Explore Made-in-Japan collections**

One of the biggest features of the show is the exhibition of unique Made-in-Japan quality. As the largest show of its kind in Japan, FASHION WORLD TOKYO attracts lots of Japanese designers/brands -- some value subtle craftsmanship and others pursue cutting-edge techniques to realize innovative ideas.

For example, Stitch-on is made by craftsmen in Toyooka, Japan's largest baggage producer. And Tart Optical Arnel is a Japanese glasses brand with a long-established shop in New York, with clients like Johnny Depp who wears a model 50's, a vintage line.

This is Japan's largest fashion trade show, gathering of regional municipalities' pavilions from all over Japan.

Be part of the exhibition and discover the original line-ups not seen in any other shows in the world!

**Asian hub for fashion industry**

Not only as the best gateway to the Japanese market, FASHION WORLD TOKYO is also growing to serve as a new Asian hub for the fashion industry. In October 2018, the number of international visitors mainly from Asian countries hit a record high as 1,787 from 40 countries/regions and is expected to reach 2,500 in the March 2019 edition.

Premium or world-famous buyers/manufacturers will be invited to the show and their enthusiastic participation will lead to a splendid outcome and growth of the entire fashion business as well as the exhibition.

Source: newkerala.com - Mar 13, 2019

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## Bangladesh has plans to be top textile exporter in the world

Bangladesh government has plans to pull the country's textile sector to the position of top textile exporter in the world, a minister has said.

"Our apparel sector is second biggest exporter in the world. Our government has goals to haul the textile sector as number one in the world," said Textiles and Jute Minister Golam Dastagir Gazi on March 13, 2019, said a press release.

The minister spoke of establishing fashion designing centres for developing the textiles sector. "We must develop the quality of fashion designing. Our designs need to be more creative. We must also learn the foreign designs," he said.

"If necessary we will create a skilled fashion designer base by bringing expert designers from abroad and training our workforce," Minister Gazi said.

The minister was speaking at a view exchange meeting with officials of the Department of Textiles, an office under the Ministry of Textiles and Jute. Among others present were Md Mizanur Rahman, acting secretary of the ministry, and Mohammad Ismail, director general of the Department of Textiles.

All stakeholders will be called to a meeting for developing the textiles sector, the minister said; adding that the implementation of Textiles Act-2018 will be implemented soon. The government will do all that is necessary to take this sector forward.

"Our Prime Minister Sheikh Hasina has big dreams with the textiles sector. Our government will fulfil the dream. We want the cooperation of all stakeholders," he said.

Source: bdapparelnews.com - Mar 14, 2019

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## Pakistan: Supply chain risk factors in fashion industry

In past few decades, consumers' demand has made the supply chain management of fashion industry more challenging. Fashion, apparel and textile supply chains are becoming extremely complex. This industry has an unpredictable and a very short life span which needs to refresh fashion products in a timely and efficient manner.

It implies reducing lead time and associated logistical costs in order to avoid an intense reduction in prices at the end of selling season due to rapid changes in trends. Today, fashion retailer are facing different risks in maintaining their supply chains with changing trends and awareness of the fashion industry which has high volatility with items' shelf life of a few weeks before consumer switches to new design, fabric or color. A principal criticalness of fashion lies in the ability of knowing the taste of customer and then converting it into a required product.

Technology is one of the risks that fashion retailers are facing because now consumer can easily compare prices online and wants more time on internet browsing instead of visiting a shopping mall. It has stimulated the fashion retailers to optimize their supply chain activities and setting the prices and due to pressure from price side they start outsourcing from a market with low cost.

Trend assessment is another big risk of the fashion industry and these trends are mostly erratic. A successful clothing store takes advantages on the latest trends and well aware of situations when such trends are on go-down time. A single slip up may lead to excessive inventory, destroying credibleness and chaotic brand identity for the store, consequently may prove disastrous in the clothing business.

Stores may avoid stumbles by hiring experienced people, to go for reputable brands and purchase of commercialized clothing. Another possible risk is from off shoring trend; from one side it assures a significant cost advantage but from the other it contributes to lengthy lead times. This may lead to replenishment time extensions and therefore a lot of trouble in timely responding to the delays along the chain or change in the demand. There are also some legal and political factors which affect businesses in the clothing industry.

Rights of workers, child labor laws, workers union are exiting issues in clothing manufacturing plants. Workers may picket their employers and then lockouts would come up, due to unfairness in wages or other benefits which impacts on the production of clothing and consequently it can cause delays for retailers in getting changing season fashions on time.

Due to the adoption of conventional semi-permanent demand forecasting, any change or fluctuation may lead to overstocking, as product quickly becomes obsolete or out of fashion. On the other side under-stocking may be faced which may lead to decrease in actual volume of sales resulting in destruction of image and lost sales.

There is still lack of educated and skilled labor in textile industry of Pakistan. There are many social and environmental challenges in Pakistani factories which have always been difficult to detect. Beyond tier 1 or 2, it is not easy to oversee adequate transparency in the production processes where businesses may not be aware of social and environmental issues.

Negative attitude towards female labor and unsafe working conditions in our garments' industry is common. These kinds of problems have impact on quantity, quality and management of textile industry. Also, a government order imposing a trade barrier against a company's imports would push purchasers of clothing industry to find different suppliers.

There are many textile fashion brands which are manufactured in Asian countries like Pakistan, China, India and Bangladesh with a fashion cycles of once or twice per year, which is favorable to some extent for Pakistani market to respond to their lead time. Lead time in textile and fashion business of world indicates that it is shrinking day-by-day.

China is giving tough competition to apparel industry of developed countries because Chinese are proficient to manufacture apparels in a short period of time and then make available them to sell in the market on competitive price. But in many developing countries like Pakistan, apparel industries are mismanaged and not yet fully developed.

Big fashion industries like Zara and H&M have achieved very short lead times for design and production by adopting a flexible supply chain. It is important for Pakistan's fashion industry to focus on developing the apparel sector in order to raise the export revenue from textile and apparel products. Externally, global recession hit the Pakistan's textile industry very hardly. Internally, immediate rise in the energy and fuel cost results in high cost of production and then depreciation of Pakistani currency has raised the cost of imported raw material. At the same time, inflation and crises of energy have also affected the textile industry.

To improve performance on productivity and quality, government should spend money on polishing the skills and management development of workforce belonging to fashion industry. Behind the success of largest fashion retailers in the world, key to success is to bring the correct products to customers at an accurate time in an efficient manner so that those products are sold at ordinary price with minimum reduction of price or sell-outs, so to get high profit objectives.

In order to reach this goal, large fashion retailers combine domestic as well as off-shore sourcing to optimize business profitableness by using flexible sourcing for high fashion products domestically and cost efficient offshore sourcing for basic fashion products. To develop a sound supply chain policy of fashion industry that is holistic in its approach, it is imperative to have authentic data and a continuous interaction among stakeholders within domestic and international market.

Source: nation.com.pk- Mar 14, 2019

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# NATIONAL NEWS

## Cotton procurement nearly ceases as prices firm up

With prices firming up, the cotton procurement by state-run Cotton Corporation of India (Cotton Corp) has almost come to a standstill. CCI has procured 11.6 lakh bales so far, nearly four times the amount collected during the same period the previous year, top officials said and maintained the cotton body would remain in the market to ensure that prices remain stable. Procurement is likely to touch 15 lakh bales by the end of this season.

Cotton Corp chairman & managing director P Alli Rani said cotton procurement was down but not closed. Prices have firmed up and therefore the purchase under procurement is down, she said, adding the 348 centres are active and will remain open throughout the season to ensure that the market remains stable.

This season onwards, Cotton Corp has introduced stricter quality norms for ginning and processing units in cotton-producing states.

Until now, there was a loophole with regard to trash and moisture content that was exploited by some ginners, market sources said, adding that Indian cotton is of a lower grade as it contains higher trash content and moisture.

India is the only exporter which gives trash and moisture guarantees in global trade. India introduced mandatory traceability in cotton a couple of months ago and its implementation was likely to take some time, Alli Rani said. Because of the stricter norms, the inventory with Cotton Corp is good quality and most buyers have expressed satisfaction with it, she said.

She also said Cotton Corp was likely to soon start buying cotton on its commercial account. “There is a scope for another 10 lakh bales on commercial account.”

Of the total procured stocks, around 80% have been purchased from Telangana, followed by Maharashtra. Cotton lower in quantity was also procured from Andhra Pradesh, Karnataka, Madhya Pradesh and Odisha.

The minimum support price for medium-staple variety is at `5,150 per quintal and that for long staple at Rs 5,450/quintal. The government had raised the support price for cotton by 26% this year.Cotton prices in the market are currently in Rs 5,700-Rs 5,800/quintal and are likely to remain on the higher side, market sources revealed. Until now, around 67% of the cotton has arrived in the market this season.

Significantly, the Cotton Association of India (CAI) expects a big drop in the Indian cotton crop figures for this season as there will be no third, fourth or fifth pickings in the country.

According to the CAI crop committee's last meeting on March 1, 2019, the committee has estimated Indian crop size of 328 lakh bales of 170 kg against earlier estimation of 330 lakh bales. Last year, crop size was 365 lakh bales which means India will have 37 lakh bales less crop as compared to the previous season.

The current opening stock is 28 lakh bales and arrivals are 213.42 lakh bales till February 28. The import has been around 5.50 lakh bales up to February 28, which means the available crop is 246.92 lakh bales. The consumption has been around 131.66 lakh bales from January 10, 2019, to February 28.

Source: financialexpress.com- Mar 15, 2019

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## Export credit dips 45% on rise in NPAs, regulatory reforms

Loans to exporters have fallen steeply in the last one year, adversely affecting labour-intensive micro, small and medium enterprises.

According to the latest sectoral credit deployment data of the RBI, export credit came down 45.5 per cent year-on-year (till January 2018-end). In FY19, there was a decline of 38.1 per cent in export credit.

Export credit, which is on the priority sector lending list of banks, fell from ₹32,100 crore in January 2018 to ₹17,500 crore in January 2019.

Interestingly, overall priority sector growth was 9.4 per cent in the same period, and shows that advances to exporters were last priority.

There have been concerns over the fall in export credit, and the Ministry of Commerce, in consultation with the RBI, intervened to drive banks to lend more for exports.

Banks blame it on the general macro economic scenario and increasing NPAs. “Last year, GST made an adverse impact and export credit quality was hit due to problems MSMEs and other exporters faced. So, we need to have some caution. There has been no improvement till date in repayments,” said a top executive of a public sector bank.

Exim Bank’s net loan portfolio has grown only marginally to ₹107,500 crore as on March 2018, compared to ₹102,600 crore in the previous year. “The impact of the new domestic regulatory measures got reflected in the state of the financial sector, which, in turn, was mirrored in Exim Bank’s performance,” the bank said in its annual report for 2017-18.

The reasons for delayed repayments from exporters are both micro and macro, according to banking and industry players. These include delay in refund of input tax credit, and problems in the General System of Preferences (GSP) in the US, which grants duty-free access to American markets for some Indian exports. The exporters of ready-made garments, jems and jewellery, and other engineering goods have been showing stress, according to bankers.

Source: thehindubusinessline.com- Mar 14, 2019

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## Exporters urged to make better use of FTAs to enhance global presence

“India’s exports will touch an all-time high of $330 billion this year surpassing the earlier peak of $314 billion recorded in 2013-14,” said Anup Wadhawan, Commerce Secretary.

Speaking at the eighth edition of International Engineering Sourcing Show (IESS VIII) here on Thursday, organised by EEPC India with Malaysia as a partner country, Wadhawan said, the engineering sector achieved a record level of exports at $76.2 billion in 2017-18 despite increasing sentiment of trade protectionism across the globe.

Releasing the 'EEPC India strategy paper for growth of engineering exports', Wadhawan said, EEPC has set an ambitious export target of $200 billion of engineering products by 2025 from the current $80 billion.

The Commerce Secretary also urged exporters to make better use of India's Free Trade Agreement (FTA) with various countries to enhance their market presence globally.

"We have carried out a number of trade facilitation measures. But our data shows that Indian exporters have not been very good users of FTA preferential benefits from partnering countries," Wadhawan added.

Speaking at the event, Dharmendra Pratap Yadav, Secretary, Micro, Small and Medium Enterprises (MSME) Department, Government of Tamil Nadu, said the State is the third largest exporter of engineering equipment blessed with natural manufacturing clusters in Chennai, Coimbatore and Tiruchi.

"The Tamil Nadu government is in the process of formalising Business and Trade Promotion Organisation to promote investment in the MSME sector and to forge trade ties with various countries," Yadav added.

The three-day IESS VIII expo, to be held during March 14-16 at the Chennai Trade Centre, will showcase the engineering prowess of Indian manufacturers and help them leverage global business opportunities. The exhibition will see participation of 400 exhibitors, 500 overseas buyers and 10,000 trade buyers conduct business at the venue.

"Malaysia is the 11th largest trading partner and 25th largest investor in India and its participation at IESS 2019 will be a major game changer," said Ravi Sehgal, Chairman, EEPC India.

"As India and Malaysia are moving towards a technology-driven automotive industry, this is the most appropriate time for Malaysia Automotive Robotics and IoT Institute (MARii) to play a lead role in global forums like IESS," Sehgal added.

Source: thehindubusinessline.com- Mar 14, 2019

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# Pink bollworm is out of control in India

*Arizona, China wins war, but for India it's too late, says US expert*

That pink bollworm has developed resistance to Cry1Ac and Cry2Ab (or Bollgard-II) — the two biotech solutions currently available in India to tackle pink bollworm — is no news.

Virulent attack of the pest is destroying the fibre crop on lakhs of acres across the country, particularly in the West, Central and Southern parts.

An American pink bollworm expert says that it is impossible to tackle the menace with the current two Bt toxins being used in the country. "It has gone out of control. It's too late. Too little," he points out, when asked about the likely control mechanisms.

"The two genes that are being used in India are now ineffective. The resistance is widespread. There is no way we can set the clock back if we use these two Bt toxins," Bruce Tabashnik, Head of Department of Entomology at the University of Arizona, who studies pest resistance and has done extensive study on pink bollworm and its resistance to Bt toxins, told BusinessLine.

It, however, is not the end of the road. There is a way out, he asserts. "Use all tools. For now, shorten cotton season, destroy crop residues, go for deep summer ploughing, crop rotation, mating disruption, insecticides based on scouting and thresholds," he points out.

For the future, he says there are new Bt toxins that could help, including an edited form of Cry1Ac. "You need to engineer cotton to make two or more such new Bt toxins," he says.

Presence of two genes will make it more difficult for the worm to develop resistance.

Talking to BusinessLine, he recommends a multi-layered approach to address the challenge. Besides deploying a new set of Bt toxins into the seed, two or more at a time, with 20 per cent non-Bt seeds as refugia, and integrated pest management system (IPM) could be an effective solution for cotton in India.

The methods successfully adopted by Arizona (the US) and China to tackle pink bollworm can't be adopted at this stage in India as "it's too late and efforts too little."

Citing the example of Arizona, he said sterile bollworm moths were released in large numbers on the fields, far outnumbering the worms that were resistant to the technology.

This, along with other measures, resulted in the eradication of pink bollworm by October 2018. This strategy, according to Bruce, won't work in India now as the infestation is widespread and resistance complete.

In China, farmers reversed low levels of pink bollworm resistance to Bt cotton by planting second-generation hybrid seeds from crosses between Bt and non-Bt cotton.

The refuge percentage in seed mixtures of 5-10 per cent declared for India is too low to make a difference. At least 20 per cent non-Bt seed must be planted to substantially delay resistance, he said.

Source: thehindubusinessline.com- Mar 13, 2019

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## Indian companies need not worry about Brexit: UKIBC Chair

India-UK business relationship is going through an uncertain phase with no clarity on Brexit. While UK's domestic politics keep Indian businesses with presence in that country on tenterhooks, UK businesses are looking for more clarity in the Indian regulatory environment and faster approval processes.

Lord Davies of Abersoch, Chair of The UK-India Business Council (UKIBC), in an interview with BusinessLine shared his thoughts on challenges that India-UK trade relationship is facing and the opportunity ahead. Excerpts:

**London has been the gateway to Europe for many Indian investors. Do you think that will change with Brexit?**

I want to say upfront that I am a 'Remainer' and I'm also in favour of a second vote. These negotiations have been so complicated that everybody now realizes how intertwined the UK was with Europe, so to disentangle this is an incredibly difficult and complex situation. Nonetheless, the UK will always be a gateway to Europe.

Has Brexit caused a slow down and has it caused people to hesitate, absolutely it has. If we crash out of Europe without a deal, then it will be catastrophic for the UK, nonetheless, the UK has a huge competitive advantage. I don't think Indian companies need to worry. In over the next decade, I see India-UK trade grow exponentially. My message to Indian companies is to be patient.

**India has asked people movement to be included in the negotiations with UK for post-Brexit free trade agreement (FTA). Do you think is a fair demand from India ?**

Yeah, I think one of the most competitive products that Britain has is its universities, and young Indians do aspire to go to the UK to attain education, however, we haven't captured more of that. We need more students to come to the UK.

Britain is going to have a lot of trade deals to negotiate, so they're going to have to staff up and get on with it. We better get our act together viz-a-viz India given that India is among the top three markets for the UK. So it is going to be a massive priority for the government.

India has climbed up the 'ease of doing business' ranking. Do you think it's happening in reality or do you think that investors do face a lot of issues even today with regards to regulatory and process related issues?

There is progress, it's easier to do business and it's improving. However, is it fast enough and consistent. Things like retrospective action and taxes are not a good idea. You can't have changes of policy favouring certain industries or incumbents.

**Do you think the elections and its outcome is going to impact the business relations India and UK have?**

India has been more open, there is progress, but, it cannot go back to being a closed market. It has to face the challenges of bureaucracy, climate change, environment, poverty, etc., and these are difficult challenges.

The global view of India is that it’s people's emerging as an incredible marketplace in some respects because of democracy. Though it’s compared with China, and that it's a bit slower than China. However, the Chinese model is very different and India’s is a democratic model, but the potential is huge and we need to do more.

**What areas can India and UK cooperate more on?**

There is absolutely no doubt in my mind that in financial technology India is going to be absolutely cutting edge. For example, you have tech giants like Infosys, Wipro, TCS and you've got a big financial services community. There is no doubt that India is going to be a world leader in this area.

The UK SMEs have to tap on to the scale of the opportunities and understand the country to gain profits because it’s a little scary for SMEs to invest in a large country like India. I think between the UK and India, there needs to be a lot of conversations.

**Do you think that Indian start-ups are at par with SMEs in the UK and Europe?**

The Indian start-ups’ are at par with which they can compete with the UK or any European companies. However, what I don't see yet is angel investing in the same way as in the UK. The reason is it's because it's a young phenomenon, it might happen in 5-10 years from now.

**The geopolitical situation currently is contrary to the idea of open border. So how do you how do you deal with this for business?**

I tend to ignore it. You know this ‘America first’ is all rhetoric. We don't want to become insular and the barriers to trade is very bad for our future generations. So I'm a big believer in ‘we need open markets’.

I think the problem with democracy is that capitalism led to many people behind it. We have to accept that with capitalism and democracy we've got to take more people out of poverty, along with creating wealth and jobs.

Source: thehindubusinessline.com- Mar 14, 2019

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## Modi's India defying Donald Trump threats, still emerged as a big trading nation

Donald Trump has recently announced his intention to withdraw India's Generalised System Preferences (GSP) benefit status, due to lack of reciprocity. Amid this, India is again being questioned for its anti-trade policies. However, an analysis shows that even after defying global standards of liberal trade, India has emerged as a big trading nation.

Indian economy is becoming fairly trade dependent and stands right in the middle of world's seven largest country in terms of trade to GDP ratio — even ahead of China, said Richard Rossow, a senior advisor. Richard Rossow is Wadhwani Chair of US-India Policy Studies at Centre for Strategic and International Studies, and is a former deputy director of the US-India Business Council (USIBC).

Modi government has from time to time shown a reluctance to pursue liberal trade policies, Rossow said in a Twitter post. In 2014, the government delayed the implementation of Trade Facilitation Agreement and also refused to remove farm subsidies, under the World Trade Organisation (WTO). Further, the government has withdrawn various pending trade deals, increased customs duty and imposed import-substitution rules.

However, these steps have not deterred India's progress in trade integration, said Rossow. India's trade to GDP ratio stands at 41.7 per cent according to the data of World Bank and its total trade equals to around 40 per cent of the GDP.

Moreover, India's overall exports in April-January 2018-19 are estimated to be $439.98 billion, showing a positive growth of 9.07 per cent over the same period last year, according to Ministry of Commerce. The growth is primarily on the back of increased exports of chemicals, drugs and pharmaceuticals, ready-made garments, gems and jewellery and engineering goods. Moreover, India is the world leader in information technology services market.

Further, overall imports in April-January 2018-19 are estimated to be $530.55 billion, showing a positive growth of 10.74 per cent over the same period last year, according to the commerce ministry.

Speaking of the impact of withdrawal of GSP status, commerce secretary Anup Wadhawan had said: "The move might have an affect on India-US trade, however, its impact on Indian exports would be minimal."

The Foreign Trade Policy (FTP) 2015-20 aims to expand the country's exports and use trade expansion as an effective instrument of economic growth and employment generation. Its implementation is expected to double the share of India in world by 2020, from the current three per cent. Moreover, the Modi government in the mid-term review of the Foreign Trade Policy (FTP) 2015-20 has taken various steps to give push to trade.

Source: financialexpress.com- Mar 14, 2019

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## Cotton price rise worries textile firms

The textile industrialists are worried that the sudden rise in cotton price might slowdown the already dull apparel busines.

"While the cotton price reduced by around Rs 3,500 in 100 days, it increased Rs 2,000 in the past 10 days and now stands at Rs 42,000 per candy. When the marketing year (October 2018 to September 2019) started, the price opened up at Rs 46,500, which was Rs 8,000 more than the opening price of the last year," said Prabhu Dhamodharan, secretary of Indian Texpreneurs Federation.

"We learned that many ginning factories in Telangana and Gujarat have stopped their operation as the cotton production has gone down. So, arrival of the cotton bales to Tamil Nadu markets has decreased, and resulted in sudden increase of the cotton price, which has shocked the industrialists," Dhamodharan said.

"The inflation has already increased price of warp yarn by Rs 6-7 per kg, and soon, hosiery yarn price will also go up, and subsequently, increasing prices of garments," he added.

S Govindappan, vice-president of the South India Hosiery Manufacturers Association (SIHMA) said, “The domestic hosiery market has been already reeling under pressure, and it would be further slowing down due to general elections. If the cotton price continues to shoot up, it will directly affect the hosiery manufacturers.”

“The cotton corporation of India should safeguard interests of both farmers and industrialists. It should ensure that there is no interception from traders in the cotton trade, but in reality, the traders are manipulating the market and paving the way for price rise. The government should intervene and take steps to regulate the price,” Govindappan added.

Dhamodharan said, “The Indian Texpreneurs Federation would not ask the government to stop exports or imports of the cotton. But it should take concrete steps in increasing cotton production. While in many countries, a hectare yield 1,400kg of cotton, in India the yield is only around 500kg of cotton per hectare.”

Besides, unscientific data collection on cotton production is a bane. “The government should work on these two issues to ensure sufficient cotton supply to local market, which would help cotton sales at reasonable prices,” he added.

Source: timesofindia.com- Mar 15, 2019

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## Aditya Birla Group’s Liva to venture in men’s wear, home textiles; invests 4,000 crore

Aditya Birla Group’s fabric brand Liva is soon going to expand into men’s wear and home textiles, a senior executive said. Currently, serving women’s apparel segment, “We are moving to other segments like menswear and home textiles very soon,” Birla Cellulose Chief Global Sales & Marketing Officer Rajeev Gopal told Financial Express online in an interview.

Birla Cellulose is also going to infuse about 4,000 crore in its Vilayat factory in Gujarat to increase the capacity of fibre manufacturing, Rajeev Gopal said.

As of now, domestic men's wear segment has brands such as Mufti, Wrangler, Levi's, Numero Uno, and Raymond brands to name a few. Aditya Birla group has in-house apparel brands such as Louis Philippe, Allen Solly, Van Heusen, Peter England and People which compete with these brands.

Talking about the rising customer expectations and increasing competition from natural fibres such as cotton and polyester alike, Rajeev Gopal also said that cotton farming is expected to see a downward trend as it needs a lot of land and water to grow. Hence, man-made cellulose fibres will fill the gap.

Meanwhile, Liva has collaborated with FDCI to promote greener, sustainable fashion. Liva Eco is Birla Cellulose's enhanced version of Liva fabric that is made from wood derived fibres. The fabric will be in market by April 2019.

Recently, it was announced that Grasim Industries has signed an agreement to acquire 100% equity shareholding of Soktas India (SIPL). For an enterprise value of Rs 165 crore, subject to net debt and working capital adjustments as of the closing date, the company will be taking the control from SOKTAS Tekstil Sanayi ve Ticaret which manages its operations from Turkey.

Birla Group has been in the textile industry from 1948. Started as Grasim Industries, the company now has brands Liva and Liva Eco as its subsidiaries. Birla group is currently the world's largest viscose manufacturing company. The company also acquired fashion-chain Pantaloons from the Future Group and manages it.

Source: financialexpress.com- Mar 14, 2019

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## WPI inflation rises marginally to 2.9% in February 2019

*Core inflation declines to 2.4% in February 2019*

The Wholesale Price Index (WPI)-based inflation, base year 2011-12, rose marginally to 2.9% in February 2019 from 10-month low of 2.8% in January 2019, while snapping consistent moderation in WPI inflation for last three straight months. The inflation rebounded slightly for fuel and manufactured products group, while the inflation for primary articles accelerated to 15-

month high contributing to the rise in overall WPI inflation in February 2019. The core inflation (manufactured products excluding foods products) has declined to 2.4% in February 2019.

The WPI inflation is revised downwards to 3.5% for December 2018 from 3.8% reported earlier.

Inflation of primary articles increased to 4.8% in February 2019 from 3.5% in January 2019, while fuel and power group inflation also rose to 2.2% in February 2019. However, the manufactured products inflation dipped to 19-month low of 2.3% in February 2019.

As per major commodity group-wise, inflation moved up for vegetables, mineral oils, floriculture, cereals, food products, other non-metallic mineral products, pharmaceuticals, medicinal chemical and botanical products, eggs, meat & fish, crude petroleum & natural gas, pulses, fruits and electrical equipment. On the other hand, inflation of basic metals, metallic minerals, chemical products, milk, coal, fabricated metal products, oil seeds, rubber and plastics products, paper and paper products, textiles, electricity, condiments & spices, wearing apparel, furniture, leather and related products, other minerals etc declined in February 2019.

Inflation of food items (food articles and food products) increased to 3.3% in February 2019 from 1.8% in January 2019 level. Meanwhile, inflation of non-food items (all commodities excluding food items) eased to 2.7% in February 2019 from 3.1% in January 2019.

The contribution of primary articles to the overall inflation of 2.9% increased to 121 basis points (bps) in February 2019, up from contribution of 90 bps to 2.8% in January 2019. The contribution of fuel product group rose to 25 bps against 20 bps in January 2019, while that of manufactured products eased to 144 bps in February 2019 from 166 bps in January 2019.

The contribution of food items (food articles and food products) to inflation jumped to 92 bps to 2.9% in February 2019 compared with 53 bps to 2.8% in January 2019. Meanwhile, the contribution of non-food items (all commodities excluding food items) declined to 197 bps in February 2019 from 222 bps in January 2019.

The WPI inflation stood at 4.4% in April-February FY2019 against 2.9% in April-February FY2018. The primary articles inflation moved up to 2.6% in April-February FY2019 from 1.4% in April-February FY2018, while fuel products inflation increased to 12.2% from 8.5%. The inflation for manufactured products rose to 3.8% in April-February FY2019 from 2.7% in April-February FY2018.

Source: business-standard..com- Mar 14, 2019

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## Farmer unions demand scrapping of RCEP pact

About 40 farmer unions, led by Bhartiya Kisan Union (BKU), on Thursday demanded the government walk out of the negotiations over the RCEP free trade agreement, saying it would be disastrous for the domestic agriculture sector if the pact comes through.

Any attack on the food sovereignty and farmers' rights will be met with resistance, they warned.

The 16-member Regional Comprehensive Economic Partnership (RCEP) bloc that includes India, China, Australia and ten ASEAN counties among others are negotiating over issues related to goods, services, investments, economic and technical cooperation, competition and intellectual property rights.

Addressing a press conference, BKU general secretary Yudhvir Singh said: "The RCEP will remove tariffs on 92 per cent of traded commodities and open the floodgates to cheap imports, destroying India's already stressed farm sector."

"Countries like Australia are looking to dump their surplus produce like sugar, wheat, and dairy, and permanently conquering India's massive markets through RCEP is a huge aim for them," he said. The unions claimed that the RCEP will reverse the trend of India traditionally being protectionist towards the farm sector and fundamentally shift policy design towards corporate profits rather than livelihood of Indian farmers.

B Nagendra of Karnataka Rajya Raitha Sangha said: "RCEP will manipulate our seed laws; it will strengthen the power of seed companies and their patents while restricting farmers freedom to save and exchange as they have done for centuries."

Vijay Jawandhia of Kisan Sanghatan, Sellamuthu of Tamilaga Vivasaiyagl Sangham, C.K. Janu of Adivasi Gothra Mahasabha (AGM) are among the leaders who addressed the conference.

Source: business-standard.com- Mar 14, 2019

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## Punjab sets target of 3.20 lakh hectares

The Punjab state agriculture department has started preparing for the upcoming cotton sowing season that normally starts by April end and continues throughout May. Usually time around May 15 is considered as ideal sowing time for the crop.

The department this year has fixed the target of cotton sowing in 3.20 lakh hectares in comparison to 2.83 lakh hectares last year. The cotton is sown in Bathinda, Mansa, Muktsar, Fazilka, Faridkot, Barnala, Sangrur and Moga districts.

The agriculture department is concerned to stop any probable attack of pink bollworm and whitefly on cotton crop during the season and for that it has directed various departments regarding eradication of weeds from cotton sowing areas.

Punjab Agriculture University (PAU) has recommended 90 varieties of cotton seeds and the state agriculture department has directed the district chief agriculture officers to keep tab on spurious and non-recommended seeds brought from Gujarat.

In a meeting held on Wednesday, the chief agriculture officers have been directed to keep check on trains coming from Gujarat.

Director of the Punjab agriculture and farmer welfare department Sutantar Kumar told TOI, "We have pulled up socks and have asked the chief agriculture officers of eight cotton sowing districts to ensure that area under cotton increases as per targets fixed.

They have been directed to check any sale of spurious seeds and ensure that weeds are uprooted to stop any attack of pink bollworm or white fly. The agriculture officers have also been asked to hold camps in villages and spread awareness among growers. We have started arranging 20 lakh packets of cotton seeds." He added that the agriculture department would take help from police as well to ensure no spurious seed was sold or brought in the state from Gujarat.

Source: timesofindia.com- Mar 15, 2019

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## Cheap labour cost makes Indian textile mills turn to Ethiopia

KPR Mills, one of the major textile mills from Tirupur, Tamil Nadu, has started a unit in Ethiopia to take advantage of lower labour cost, duty savings, and shorter shipment time to the US and European

KPR joins the list of other prominent peers such as Raymond, Arvind, Best Corporation and Jay Jay Mills. All these companies feel it will be difficult to take on the competition from Bangladesh, Cambodia and others, with their made-in-India products. So, they hope their Africa investments would bring a new wave of growth.

KPR has invested Rs 25 crore for a capacity of 10 million units; it will provide employment to nearly 1,000. Raymond has invested around Rs 130 crore in Ethiopia to set up a plant with a capacity of two million jackets, while Best Corporation pumped in Rs 30 crore as Phase-I investment. SCM Garments, Arvind, Jay Jay Mills are some of the other firms who have set shop in the African nation in the recent years.

The reason? Ethiopia offers ready-to-use sheds, income tax breaks, training subsidies, and a tax-free gateway into the US, and Moreover, labour is available for $60 per month compared to $130-$150 in India — almost 50 per cent lower — said an industry representative. “Besides the labour cost, another big advantage is that the Ethiopian government already has the land and buildings readily available.

Power, too, is cheap in Ethiopia. Compared to 10 to 12 cents in India, Ethiopia offers power at three cents. So, it is just a plug and play model,” the representative said.

Source: milbankmonitor.com- Mar 14, 2019

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## 'I was a Sari' collection showcased at UN meet

Circular Design Challenge 2019 winners designer duo Stefano Funari and Poornima Pande showcased their winning collection 'I was a Sari' on the sidelines of the Fourth UN Environment Assembly in the Kenyan capital.

The designers shared their experience with a global audience of stakeholders leading the charge of sustainability on Wednesday evening.

"It's great that through Circular Design Challenge, we have got the exposure and a platform like UN Environment Assembly to showcase our collection and the story to such a wide audience," Pande told IANS.

"Of upcycling and social impact that can catalyse so much more collaboration and can inspire so many more to take the path of sustainability in fashion," an elated Pande, 33, added. Her co-designer Funari, 50, said: "Now I feel better about the future of sustainable fashion and I'm even more motivated about pushing our agenda: women empowerment and upcycling, but never forgetting that fashion has to be desirable and so are our products."

'I was a Sari' was adjudged the winner of the Circular Design Challenge Award, India's first award for sustainable fashion at Lakme Fashion Week (LFW) Summer Resort in January.

The duo work with underprivileged community of women in Mumbai using upcycled pre-loved saris. Their designs utilise existing resources in terms of fabrics and materials and reinvent them into unique pieces.

Reliance Industries Ltd's (RIL) 'Fashion for Earth' programme, Lakme Fashion Week and UN Environment India collaborated to launch the Circular Design Challenge in August 2018 to encourage designers and entrepreneurs to use innovative ideas by using materials from diverse waste sources, including plastic.

This initiative unravelled the country's first award for circularity in fashion promoting sustainability across the value chain and inspiring innovation and offering solutions to reduce the environmental impact of the fashion and textile industry in the country.

The 'I was a Sari' installation was showcased a day prior to the global launch of the UN Alliance on Sustainable Fashion at the Sustainable Business Expo. The alliance commits to changing the path of fashion, reducing its negative environmental and social impacts and turning fashion into a driver for the implementation of the Sustainable Development Goals.

The fashion industry is currently the second-biggest consumer of water, producing 20 per cent of wastewater, and is responsible for 8-10 per cent of global greenhouse gas emissions.

UN Environment India Country Head Atul Bagai said: "It is evident from the Circular Design Challenge winning collection 'I was a Sari' showcased at the UN Environment Assembly that circularity in fashion has unprecedented benefits not just for the fashion industry and business but also for the environment."

"Circular fashion can and should be mainstreamed to drastically reduce the fashion and textile industry's environmental footprint." Reliance Industries Chief Operating Officer Vipul Shah said: "We started off with our Fashion for Earth programme in India. Now, we are elevating the programme to a global level by participating in the UN Environment Assembly to promote the concepts in all industries."

Source: business-standard.com- Mar 14, 2019

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