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INTERNATIONAL NEWS

Defining American Cotton's New Role in the Global Market

During the biennial Sourcing USA Summit, global cotton-industry decision-makers, trade experts and government administrators convened at the Fairmont Scottsdale Princess to discuss the current state and future of the industry.

There was a lot to discuss during the Nov. 12–15 summit, whose theme was "Innovation, Quality and Sustainability."

With 175 mills represented from 26 countries, trade was a big topic of discussion. Gary Adams, president and chief executive officer of the Cordova, Tenn.–based National Cotton Council, is concerned about the trade tension between the U.S. government and China.

"This has already proved to be an impediment that we're not able to get over. Scaling it up further might ratchet up the tension and affect other sectors," he said. "We're already seeing it in the cotton sector."

Adams hopes that better communication between U.S. cotton producers and their international partners will help their relationships. Because the majority of U.S. cotton is exported, he also recognized the need for the cotton industry to generate a quality product.

"Roughly three out of every four bales of cotton go into the export market," he said. "As an industry, we are trying to make improvements in the way we produce the cotton, gin the cotton and deliver the cotton in a timely manner."

The green trend in growing cotton

With the push for ecologically sound materials, cotton has historically served as a better natural option than man-made options. Through its research, Cary, N.C.'s Cotton Inc. has found that the degradation properties of cotton support sustainable apparel-manufacturing initiatives.

"What we found is that cotton decays at very predictable rates of approximately 25 percent over 50 days," said Berrye Worsham, president and chief executive officer of Cotton Inc. "We found on the synthetic side, it had a slight initial decay of 1 percent or 2 percent, and then it flatlined."

Comparing these two materials, a sustainable apparel-manufacturing model would be more realistic using cotton products. With this in mind, Worsham sees demand for cotton increasing over the next 10 to 12 years.

"We're projecting that the demand for cotton will rise between 1.5 percent to 2 percent in aggregate, and that is above the historical rate of cotton consumption, which is just over 1 percent or nearly 1.5 percent," Worsham said. "The way that works in the marketplace is that it's fine to have a potential demand, but we've worked hard to develop new fabrics and finishes."

According to Worsham, his organization is developing solutions to meet the modern lifestyle demands that consumers are placing on textiles manufactured from cotton. Similar to the breakthrough with its Purepress resin finish, which is a formaldehyde-free solution for wrinkle-free fabrics, Cotton Inc. is investing in research to create a better crop for a more sustainable industry.

"The entire global cotton industry is really working to greatly improve sustainability, particularly in the United States and Australia, but even through the Better Cotton Initiative the developing world is improving," Worsham explained, noting that in the next decade Brazil could become a major player in cotton production.

"Cotton is going to be viewed as a preferred fiber, and we will be able to provide that without environmental damage," he said.

Adhering to new sustainable standards

With sustainability in mind, Ted Schneider, the president of Cotton Council International in Washington, D.C., announced there were methods for U.S. cotton by 2025 to reach sustainability goals through a new U.S. Cotton Trust Protocol.

These goals include a 13 percent increase in productivity, including reduced land use per pound of fiber; an 18 percent increase in irrigation efficiency; a 39 percent reduction in greenhouse-gas emissions; a 15 percent reduction in energy consumption; a 50 percent reduction in soil loss; and a 30 percent increase in soil carbon.

As the owner of a Louisiana farm specializing in cotton, corn, soybeans, rice, wheat and grain sorghum, Schneider recognizes the production challenges arising from keeping up with demand. As the industry provides greater transparency for its sustainable practices, textile mills, apparel manufacturers and retailers will hold cotton producers accountable.

Schneider noted that farmers have been working toward more efficient cultivation since before the buzz of sustainable-production hit. Seeing a need for a sustainable agency to meet the demands of consumers, Schneider joined his peers to create in 2017 the USA Sustainability Task Force, of which he is chairman.

“It was a response to feedback we were getting from textile mills, brands and retailers wanting us to come up with a certified, third-party production protocol,” he said. “It was important to them that they knew we were producing cotton responsibly and sustainably.”

Referring to cotton farmers in the United States as “active environmentalists,” Schneider is proud that his organization is open to collaborating with other groups, such as the Better Cotton Initiative. By working together, the organizations can ensure that more sustainable cotton cultivation takes place while addressing issues such as water quality and production efficiency.

“In the entire apparel industry, margins are tight from top to bottom,” Schneider said. “Farmers produce a bulk commodity, and we don’t have any control, day in and day out, over the price we get for the crop. The only thing we have control over is input, and sustainability efforts should help us in that area.”

Within the task force exists an organizational committee that includes brands, retailers and non-governmental organizations including the World Wildlife Federation.

"They [NGOs] like what we are doing. If we don't have their support, we don't have a program that will be supported by the industry," Schneider said. "We're making sure that they have input and if we're going off in an area that will not work for them. It's important for us to know that. They're the ones driving this. We're evolving our industry and trying to respond to the needs of our customers."

This type of collaboration is necessary for the cotton industry to evolve with its apparel partners. Working within a global textile and apparel industry, cotton farmers within the United States are, according to Schneider, willing to work with an agency that is managed by their peers and understands their plight while also guiding them toward more ecologically beneficial practices.

"We have to realize that our role in our occupations isn't just that we're cotton farmers. We are in the supply chain of a much larger industry and our customers have other options," Schneider said. "To be responsible members of the supply chain, we need to do what the other members of the supply chain are asking us to do. It's the only way we can be profitable and thrive."

Source: apparelnews.net- Nov 15, 2018

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Why Hong Kong Wants to be the World's Center of Sustainable Innovation

Christina Dean remembers the precise moment she realized attitudes about clothing in Hong Kong were finally shifting.

As the founder and board chair of Redress, a nonprofit that tackles the problem of waste in the apparel industry, Dean had spent more than 10 years chipping away at what appeared to be an insurmountable issue.

Roughly 340 metric tons of textile waste are dumped into Hong Kong's already-brimming landfills every day, according to the Special Administrative Region's Environmental Protection Department. Clothing sales, it noted, have soared by 60 percent just during the past decade. There were times, Dean admitted, she felt like the tragic Greek figure Sisyphus, condemned to forever push a large rock uphill, except instead of rolling back down, it just got heavier.

But a speech in September by Matthew Cheung Kin-chung, Hong Kong's chief secretary of administration and its most senior principal government official, offered some measure of relief.

At the opening of the second annual Hong Kong Fashion Summit, which organizers—Redress among them—billed as Asia's largest sustainable-fashion event, Cheung formed a link between the rise of cheap and disposable "fast fashion" with "irreversible damages to our environment."

He also affirmed the the semi-autonomous territory's commitment to promoting sustainable fashion development, promising that the government would continue to throw its support behind the development of new technologies to "facilitate green making and marketing of fashion products."

Indeed, despite Hong Kong's 1997 return to China, a country often pilloried for the glut of cheap products flooding Western markets—at least until production fled to still-cheaper climes—the territory has taken pains of late to position itself as a hub for sustainable apparel innovation.

Not that it's a stranger to reinvention. At once a part of China and apart from it, the former British colony has metamorphosed over time from a low-cost regional manufacturing base to a global financial and sourcing stronghold highly regarded for its independent judiciary and strong, apolitical rule of law.

Li & Fung, the logistics powerhouse that connects Western retailers like Macy's and Sears with factories in developing countries, for instance, holds court in Hong Kong, where it serves as the nexus for 15,000 suppliers in more than 40 economies.

"All the buyers come to Hong Kong, not because we have the factories but because we have the network," said Felix Chung, a Legislative Council of Hong Kong member who oversees the textile and garment sector.

"We own or control millions of factories all around the world, including in China, Vietnam, Cambodia and Bangladesh."

Evolve or die

But the same globalization that allowed Hong Kong to become a goliath in the garment trade is also threatening to cut it off at its knees. That is, unless the city evolves once more.

“To be attractive to buyers you either have to be competitive in prices or attractive in products,” Chung said. “Hong Kong is not a cheap place. China is not cheap anymore. So we need to upgrade our products and give them a higher value.”

Standing at the intersection of East and West, Hong Kong is the ideal interlocutor between the sourcing and producing worlds, he suggested. Who else, after all, is better suited to help suppliers navigate the myriad standards of compliance asserting themselves across the industry?

Chung isn’t the only person who thinks like this. The industry-facing Sustainable Apparel Coalition, which manages the Higg Index, an open-source tool that measures apparel and footwear sustainability across the value chain, is staffing up in Hong Kong, according to CEO Jason Kibbey.

“Hong Kong is the worldwide hub for apparel and footwear sourcing,” said Kibbey, whose organization counts among its members major names like Adidas, Gap, H&M, J.C. Penney, Target, Walmart, the Natural Resources Defense Council and the World Wildlife Fund. “As sourcing departments at major companies have embraced sustainability, it’s generated lots of activity in Hong Kong. We’ll be investing in the area in the coming months.”

Just as businesses have started to see sustainability as a competitive advantage, so too has Hong Kong, Dean agreed.

The territory’s heads of industry aren’t “all sitting there with a lovely green halo shining about their heads,” she said. “They’re sitting there thinking, ‘We need to make Hong Kong the most competitive by becoming the best experts at all this sustainable fashion innovation.’”

And the Hong Kong government, Chung said, has been nothing but supportive. “We want to promote what we call the ‘reindustrialization,’ which means using technology to upgrade traditional industries,” he said.

"Hong Kong's garment industry has been quiet for a long time because everybody has just been concentrating on competing on price or they're still thinking of business in terms of large volumes, but the business environment has changed and we can't survive that way anymore."

Accelerating R&D

The jewel of the city's sustainability strategy is the Hong Kong Research Institute of Textiles and Apparel (HKRITA), one of five applied research centers sponsored by the Hong Kong government's Innovation and Technology Fund. It was HKRITA that finally achieved what conventional wisdom held to be impossible: how to break up post-consumer cotton-and-polyester-blended fabrics into their constituent fibers.

The process uses only heat, water and less than 5 percent of biodegradable green chemicals to degrade the cotton fibers into cellulose powder and separate them from their polyester counterparts, Yan Chan, director of business of development at HKRITA, explained.

"The recovered polyester material, which is not affected, can be respun into yarn without any quality loss," Chan said. The cellulose, meanwhile, can be applied to the production of manmade fibers like rayon and Tencel or as a coating to give existing textiles properties such as improved breathability. "It's cost-effective and there's no secondary pollution," she added.

As part of its mission to drive a circular fashion economy, the H&M Foundation, the nonprofit arm of Swedish retailer H&M, has pledged 5.8 million euros ($6.5 million) over four years in support of HKRITA's work. The bulk of the funding for the project, however, comes from the Hong Kong government, which has earmarked nearly 25 million euros ($28 million) toward the project.

In September, HKRITA, the H&M Foundation and textile manufacturer Novotex announced the opening of a "first of its kind" pre-industrial-sized facility that will scale up the hydrothermal technology with an eye on commercializing the results. Located in Tai Po Industrial Estate, the Novotex Upcycling Factory is not only Hong Kong's first textile-recycling mill but the city's first spinning mill to open in half a century, too.

The mill will deploy mechanical recycling as well, first by using ultraviolet (UV) irradiation to clean soiled or damaged fabrics, then by removing components such as buttons and zippers and finally by sorting and storing the textiles by color.

“When they’re called into production, then we will do the UV sanitization again,” Chan said. “We then cut them into pieces, open up the fibers and respin them into yarn again.”

No water or dye is needed and very little virgin material is required, she added. Eventually, the facility will run three production lines, each capable of producing a ton of recycled fibers per day.

The three organizations similarly joined arms to open a “miniaturized” garment-to-garment recycling system and retail shop in The Mills, a revitalized multifunction complex, made up of former textile mills, in the western New Territories’ neighborhood of Tsuen Wan.

Customers are invited to bring in their clothing castoffs and watch as the container-sized equipment devours, digests, then reconstitutes the fibers into new garments in as little as four hours.

Both the Novotex Upcycling Factory and the garment-to-garment system are great “showcases” for Hong Kong’s cross-disciplinary expertise in science, technology and engineering, Chan said. Already, HKRITA is fielding requests to help establish similar facilities in other parts of the globe.

“Hong Kong is a very packed, small city,” she said. “So if we can do it here, anyone can do it anywhere in the world.”

Other projects are in the pipeline, Chan said, including a method of waterless dyeing using supercritical carbon dioxide. (Patagonia has expressed interest.)

HKRITA is also scaling up a wet spinning system that generates yarn from chitosan, a sugar found in the crab and shrimp shells the seafood industry typically discards.

Imbued with antibacterial properties, it can be blended with fibers such as wool, cotton and cashmere.

Small(ish) wonder

Hong Kong's compact footprint, argues Dean, isn't so much as a weakness as it is its superpower. Spanning 1,063 square meters, much of it hilly and not very developable, the territory's tighter borders and higher density mean many of its biggest apparel companies operate in close proximity to one another.

"They're all kind of friends, sometimes, of course, competitors," Dean said. "But what's really unusual about Hong Kong is you can go to a meeting and have basically the most senior, most influential people all around the table. You've got the entire supply chain, all sitting there, together and they can be at a meeting within 15 minutes. They don't have to fly across the world."

Redress has been busy, too. Besides its annual Design Award, which susses out emerging talents who can give discarded and surplus textiles a luxury twist, the organization has been working to expand its garment take-back program in Hong Kong while educating universities, industry professionals and consumers on why developing solutions for textile waste matters.

The group also conducts workshops for "big gun" corporations like Levi Strauss, Zara and the aforementioned Li & Fung. "You can't just come up with a policy for a company and then the staff don't understand what the circular economy is," Dean said. "It's ridiculously painful but you've got to start from all ends of the supply chain."

Still, little by little, those closed-door roundtables she's been a part of for years are finally beginning to bear fruit. Hong Kong, she said, is only warming up.

"I think that we're at a juicy place right now but the best is yet to come for sure," Dean said. "My only comment is you haven't seen anything yet."

Source: sourcingjournal.com- Nov 15, 2018

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Commerce's Ross says China tariff hike still set for January

Commerce Secretary Wilbur Ross said Thursday that the U.S. is unlikely to get a formal deal with China in time to hold off on an increase in tariffs on $200 billion worth of Chinese goods from 10 percent to 25 percent at the beginning of next year, even if a meeting set for next week between President Trump and Chinese President Xi Jinping goes well.

"It's going to be big picture, but if it goes well, it'll set the framework for going forward," Ross told Bloomberg regarding the leaders' meeting, which will happen in Argentina as part of the G-20 summit. "We certainly won't have a full formal deal by January. Impossible."

Administration sources have previously leaked to various media outlets that tariffs covering as much as $257 billion worth of Chinese goods could be announced if no progress is made at the meeting. The U.S. has already hit $250 billion worth of Chinese goods with tariffs ranging from 10 to 25 percent. The existing tariffs are set to hit 25 percent across the board next year.

The White House has expressed cautious optimism that the meeting could ease tensions.

China has reportedly delivered a written response to Washington regarding its trade demands, but the details of the response have not been disclosed.

Administration officials have pressured China to put its positions in writing, something Beijing has resisted doing as that would limit their negotiating ability.

The U.S. by contrast has prepared a specific list of 142 demands. Ross said it would take the leaders a long time just to get through the items on the list, "let alone to resolve them and let alone to put (the resolutions) on paper."

"What'll drive the talks is when two countries feel like they're ready to do it, and I think getting the midterms out of the way is very useful," Ross added.

Source: washingtonexaminer.com- Nov 15, 2018

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BCI Says These Brands Used the Most 'Better Cotton' in 2017

More than 350 brands sourced a record-breaking 736,000 metric tons of "Better Cotton" in 2017 produced under the auspices of the Better Cotton Initiative (BCI), considered the largest cotton sustainability program in the world.

In the 2016-17 cotton season, BCI, together with its partners, also provided training on more sustainable agricultural practices to 1.6 million farmers in 23 countries. Better Cotton now accounts for roughly 15 percent of global cotton production. BCI said its goal is to train 5 million farmers worldwide on more sustainable agricultural practices by 2020 and account for 30 percent of global cotton production.

The cotton organization said committed brands have significantly contributed to the dramatic growth of Better Cotton during the past eight years, supporting market transformation by integrating Better Cotton into their raw material strategies and driving demand for more sustainable cotton production.

In a review of its retailer and brand members, BCI released a list of the top 15 based on "absolute sourcing of cotton as Better Cotton."

Topping the list is retailer Hennes & Mauritz, followed by Ikea, Adidas, Gap Inc. and Nike Inc. in the top five. Levi Strauss & Co., C&A, Decathlon, VF Corp. and Bestseller rounded out the top 10, followed by PVH Corp., Marks & Spencer, Tesco, Puma and Varner Retail.

BCI noted that Adidas—which has been working steadily to meet a 100 percent Better Cotton sourcing target by 2018—sourced more than 90 percent of its cotton as Better Cotton in 2017. Decathlon, Hemtex, Ikea and Stadium sourced more than 75 percent of their cotton as Better Cotton.

BCI recently announced new members had joined the organization during the third quarter, including: Action Service & Distributie B.V. and Nederlandse dassenfabriek Micro Verkoop B.V. of the Netherlands, Deckers Outdoor Corp. of the U.S., Spain's El Corte Inglés and the U.K.'s J P Boden Ltd.

The initiative also welcomed Gram Unnati Foundation of India as the newest BCI Civil Society Member. As of the end of the quarter, more than 190 new organizations have joined BCI this year, taking total membership to more than 1,390.

BCI retailer and brand members pay BCI a fee based on the amount of cotton they source as Better Cotton. This fee is invested in training an estimated 2 million BCI farmers on more sustainable agricultural practices like reducing inputs and addressing gender equality and child labor issues.

Meanwhile, the Better Cotton Growth and Innovation Fund, managed in partnership with the Sustainable Trade Initiative, said it invested 9.4 million euros ($10.6 million) in the 2017-2018 season into more sustainable cotton farming practices in China, India, Mozambique, Pakistan, Senegal, Tajikistan and Turkey, reaching and training more than 1 million cotton farmers.

Source: sourcingjournal.com- Nov 15, 2018

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Afghanistan as Partner Country at India International Trade Fair

Afghanistan as Partner Country at India International Trade Fair

Afghanistan seeks unique opportunity in the India International Trade fair as a partner country that begins in New Delhi from 14 November, 2018 supported by India Trade Promotion Organisation (ITPO), Government of India. IITF is essentially an important pathway for Afghanistan to showcase their products, explore business relationships and to establish competitive edge in the growing markets across the region.

Afghanistan has been participating in IITF since 2005 that has created niche for buyers and sellers which are appropriate to enhance business relations with different countries. Forty-Eight Afghanistan pavilion displayed dried fruits, saffron, spices, carpets, gems and jewellery and handicrafts including 12 stalls by Afghan women.

Afghanistan has taken the lead to win the Silver medal for 'Excellence in Display' at the 37th IITF last year. 80 Afghan stalls including 32 women stalls had made marvelous entry at IITF in 2017.

This 14 day long exhibition is an initiative to reach global markets and prospective buyers and sellers. This exhibition's vision is to unlock Afghanistan's potential for economic empowerment. Afghanistan will hold prominent position in the global market for agricultural, handicrafts, spices, carpets, gem stones and jewelry partnering with India.

It is important to note that such exhibition creates new opportunities for Afghanistan in bringing countries closer to achieve shared objectives. India and Afghanistan hold very good economic and social relationship with each other.

Being an emerging economy in South Asia, Afghanistan and India's agricultural sector is a complementary to each other. In this exhibition buyers and sellers from Afghanistan and India grab marvelous opportunity to enhance trade ties between them that will mark a significant tie of both the nations.

Prime Minister Narendra Modi's model of holistic development is themed 'Rural Enterprises in India' for this year's 38th edition of India International Trade Fair 2018.

''Rural Enterprises in India' seems befitting as it will highlight the issues of rural artisans, craftsmen, farmers, market linkages, marketability among others and many more. It also explicitly features new avenues of trade and skill development, focusing on reforms and policy initiatives in diverse fields.

The IITF is participated by 17 foreign countries including Afghanistan, China, Hong Kong, Kyrgyzstan, Iran, Myanmar, Nepal, Netherlands, South Africa, South Korea, Thailand, Turkey, Tunisia, Vietnam and UAE with 800 participants from States/Government Departments, domestic and International companies participated in the event.

Jharkhand is the 'Focus State' and 'Focus Country' is Nepal. The event will conclude by 27 November, 2018.

Afghanistan- India Business ties

In recent years trade ties between Afghanistan and India is growing but there is huge potential for further development. Afghanistan-India trade stood at more than USD 900 and expected to reach USD 2 billion in near future. India's main export items to Afghanistan are textiles, pharmaceuticals, tobacco, iron & steel and electrical machinery, while its imports from Afghanistan are fresh fruits and nuts, gums and resins, and spices.

Afghanistan-India economic relation has been growing exponentially. India's comprehensive visioning for Afghanistan's development is consistently woven through the perspectives of building education and skills, technology and innovation, agriculture, health, urbanization, environmental sustainability, business and economy remained an imperative goal.

India is actioning the fundamental drivers that will make Afghanistan more competitive to enlarge its role in development under the framework of Strategic Partnership Agreement (SPA) of 2011. The periodic Joint Working Group meetings (JWG) brings paramount endeavor to understand the performing expectations and unleashing their propensity. The recent third JWG meeting held in Kabul last month represented a significant step forward in promoting bilateral economic cooperation between Afghanistan and India.

India's pharmaceuticals have been identified as one of the potential products of export to Afghanistan and India offered to provide high quality and affordable generic drugs to Afghanistan. Afghanistan has proposed to the Government of India in creation of a permanent design centre for handicrafts in Afghanistan. India Exim Bank will be sharing its experience and expertise in the fields of capacity creation, institution strengthening, export development, export capability creation and enhancing international competitiveness for setting up similar institution in Afghanistan.

India is willing to associate with Afghanistan in the capacity building of its farmers in modern technologies of vegetable production, processing and trading of horticulture products including Green House Technology. The training can be provided by different institutes in India and experts from Indian institutes can also be deputed for imparting training in Afghanistan. The decision for further action will be referred to the India-Afghanistan Task Force on Agriculture.

Afghanistan-India Connectivity Imperatives

Going forward, understanding the importance of land based transit route, Afghanistan needs to facilitate India's inclusion in expanded Afghanistan Pakistan Transit Trade Agreement (APTTA). Both India and Afghanistan may utilize the accession of TIR convention for emphasizing the right of transit through other territories. It would have positive effect on the bilateral trade. Afghanistan's sustained efforts to Include India in APTTA are yet to be materialized. The Motor Vehicle Agreement between Afghanistan and India signed in September 2017 which overcomes technical objection in denying access to Afghan trucks till ICP Attari. Efforts need to be made for full transit rights for Indian exports to Afghanistan and vice-versa, via land route.

The successful air freight corridor programme between Afghanistan and India is enhancing trade ties of both the nations. The air cargo flight of have grown rapidly connecting with Kabul-Mumbai, Kabul-Kolkata, Kabul-Hyderabad, Kabul-Amritsar. This has been helping Afghanistan to seize opportunities with new and emerging markets in India. Afghanistan and India has exchanged more than 133 flights till date, exporting fresh and dried fruits mainly musk melon, pistachios, almonds, raisins, including Asafoetida.

Further, connectivity through sea has created lot of dynamics for India and Afghanistan and other regions of the world. It is important to note that trilateral cooperation between- Iran-Afghanistan-India's Chabahar port project will reap benefits for trajectory growth of Afghanistan and India by connecting global markets, improving infrastructure development a vanguard position that is envisaged in the developmental agenda of both the countries.

The first trilateral meeting between India, Afghanistan and Iran for operationalization of Chabahar Port was held last month. More important for lifting US sanctions on Chabahar port project was required to realize the developmental aspirations of Afghanistan including India and other countries for taking growth to higher orbit. The utility of Chabahar port was amply demonstrated in the wheat and lentil shipments to Afghanistan.

Source: economictimes.com- Nov 15, 2018

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Uzbekistan wants zero EU customs duty on textile products

Uzbekistan plans to seek zero customs duty from the European Union (EU) on its textile products, which now attract a duty of 7-12 per cent. The decision was arrived at after recent talks between the Uzbek first deputy minister of economy Mubin Mirzaev and a delegation of the European Parliament on relations with the countries of Central Asia and Mongolia.

Uzbekistan proposed some priority areas to the European side for further expanding economic cooperation, according to a news agency report.

The next step is to receive EU assistance in maintaining the quality of agricultural products to meet EU standards and training of human resources in this area.

The Textile Protocol came into force between the two sides on July 1 last year. It involves providing Uzbek producers with tax and customs benefits and unhindered access to European markets.

Source: fibre2fashion.com- Nov 16, 2018

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Cotton sector to receive boost in Azerbaijan's Ujar region

Factories for cotton processing, production of cottonseed oil and fiberless cotton seeds will be set up in Azerbaijan’s Ujar region as part of measures to strengthen the processing industry, according to agriculture minister Inam Karimov.

Specific measures for the cotton sector in the agrarian reforms will increase crop yield, he said recently.

In an article released by the country’s official media, the minister said the measures will contribute to the development of the industry and will ensure the demand for locally-produced fiberless cotton seeds, according to English-language media reports in the country.

The cotton industry, once the traditional branch of agriculture in the country, is reviving now. Its production is high in Saatli, Bilasuvar, Barda, Aghjabadi and Sabirabad regions.

In early 2017, the State Program for 2017-2022 was approved with an aim to develop cotton growing, increase export potential in this sector and ensure rural employment.

The new target is to bring cotton production up to 500,000 tonnes by 2022 from the current 260,000 tonnes.

Source: fibre2fashion.com- Nov 16, 2018

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Intex, Sri Lanka's apparel textile sourcing show attracts 200 suppliers

Intex is on in Sri Lanka, November 14, 15 and 16. This is the largest international textile sourcing show in South Asia. Over 200 suppliers from around 15 countries are participating.

This is a show for yarns, apparel fabrics, denim fabrics, clothing accessories and allied services.

It connects the manufacturing and supply chain by bringing together the best manufacturers of apparel and accessories with buyers from South Asia and the rest of the world.

The event is beubg organized by Worldex India Exhibition and Promotion. Event partners include the Cotton Textiles Export Promotion Council, Retailers Association of India, Clothing Manufacturers Association of India, Confederation of Indian Textile Industry etc.

Understanding this, Intex strengthens intra-regional trade, helping manufacturers and buyers take advantage of opportunities developing in the South Asia region by combining their strengths and joining hands to create stronger business ties under one trading platform.

Intex's seminars and interactive business forums deliver high quality market intelligence to support industry efforts to upgrade, move up the value chain, better understand intra-regional trade, leverage better FX practices and help manufacturers gain a competitive edge.

Events such as Intex South Asia go a long way in promoting the existing synergy between India and Sri Lanka.

Source: fashionatingworld.com- Nov 15, 2018

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Germany top buyer of Bangladesh apparels

Latest data released by Bangladesh Export Promotion Bureau shows, Germany has emerged the top destination of Bangladesh's apparel exports to the world in October 2018, followed closely by the United States.

Bangladesh earned $2.06 billion from exports to Germany during July-October 2018. This was a 19 per cent gain over the $1.73 billion from the same period last year.

Knitwear fetched $ 1.23 billion during this period, a gain of 13 per cent gain. Woven items surged over 29 per cent, fetching over $834 million during this first fiscal quarter.

The US market, which once was top apparel export destination for Bangladesh, saw an impressive gain during the first quarter. The total apparel exports during this period fetched $2 billion, marking a 31 per cent gain over last year's $1.56 billion.

Source: fashionatingworld.com- Nov 15, 2018

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Australia and Hong Kong finalise new FTA

Prime Minister Scott Morrison has announced the conclusion of negotiations on the Australia-Hong Kong free trade agreement on the sidelines of the East Asia Summit in Singapore.

Australian farmers, seafood producers and winemakers are expected to benefit from the new agreement.

Australia now has free trade deals with seven of its top eight export markets for goods and services.

"This agreement permanently locks in zero tariffs on all Australian exports to Hong Kong, which is good news for our farmers, and in particular our seafood industry, our beef and pork producers and winemakers," Mr Morrison said on Thursday.

The deal also guarantees certainty of access for Australian suppliers of education, professional, financial, transport, construction, tourism and recreational services.

Modernised trading rules on e-commerce, financial services, telecommunications, and intellectual property will provide regulatory certainty for Australian businesses.

And, for the first time, Hong Kong has committed to allowing spouses of professionals on temporary entry visas to work.

Until the launch of the talks in May 2017, Hong Kong was the largest trading partner with Australia - apart from the European Union - with which Australia had not launched or concluded negotiations on a free trade deal.

Hong Kong was Australia's 12th largest trading partner overall in 2016, with total two-way trade in goods and services worth $16.3 billion.

Source: news.com.au- Nov 15, 2018

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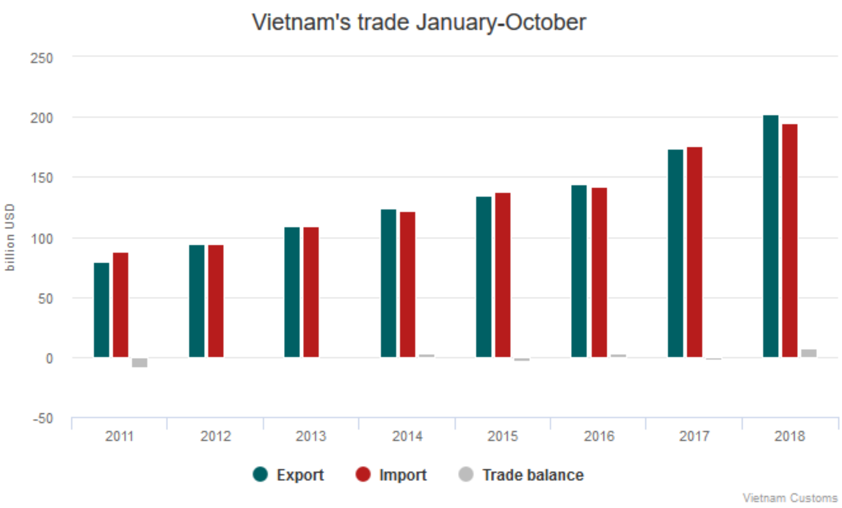
FDI firms help boost Vietnam's trade surplus high

Vietnam's Jan-Oct trade surplus was the highest in eight years at $7.2 billion. FDI firms dominated this performance.

The January- October trade surplus of $7.2 billion was a significant increase over last year, when Vietnam had a trade deficit of $2 billion, according to Vietnam Customs.

Both exports and imports posted double-digit year-on-year growth. Exports were worth over $202 billion, up 15.2 percent, while imports were worth $194.8 billion, up 12.4 percent.



Most of the export value was created by foreign direct investment (FDI) businesses, contributing $142.8 billion, or 70.7 percent of total export value, up 14.9 percent year-on-year.

However, experts and lawmakers have constantly expressed concerns that Vietnam was overly dependent on foreign businesses.

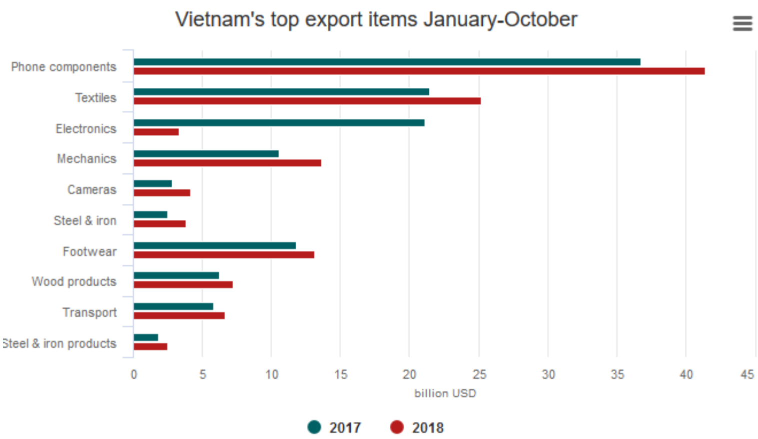
Tran Anh Tuan, acting-principal of the HCMC Institute for Development Studies, said most foreign companies import materials from home countries to manufacture in Vietnam, taking advantage of the cheap labor costs to export.

"Vietnam can only gain low added value in this process. Foreign firms' high exports and imports only benefit other economies, not Vietnam," he said.

Truong Trong Nghia, a HCMC deputy of the National Assembly, said that major foreign companies were still dominating exports, and this could hurt Vietnam.

With FDI businesses accounting for over 70 percent of total exports, Vietnam will suffer when they leave the country, he said.

Other experts proposed that Vietnam pays more attention to local companies and help them improve their export capabilities. Nghia asked: "What will the economy be left with when these companies are gone?"



Vietnam's top three export items in the first 10 months remained phone components, textiles and electronics, all of which are mostly manufactured by FDI firms.

Phone export value grew 12.6 percent year-on-year to $41.4 billion, with imports to the biggest buyer, the EU, growing 9.5 percent year-on-year.

Textile exports increased 17.1 percent to $25.1 billion with the U.S. leading the buyers' list with imports of $11.4 billion, up 12.3 percent year-on-year.

Electronics, the third largest export item, went up 15.8 percent to $24.42 billion. China was the largest importer in this category with purchases worth $6.9 billion, up 28.1 percent year-on-year.

The U.S. was Vietnam's biggest export market with a turnover of $39.42 billion, up 14.2 percent year-on-year. The EU came in second at $34.81 billion, up 9.8 percent.

China was the third largest importer at $33.48 billion, up 26.8 percent, the highest growth rate among all export markets.

The World Bank had previously forecast Vietnam's exports of goods and services to grow at more than 13 percent annually between 2018 and 2020, driven by rising FDI in manufacturing.

Source: e.vnexpress.net- Nov 15, 2018

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EU Prepares to Withdraw Cambodia From Trade Scheme

The European Union, Cambodia's largest export market, is making preparations for the country's expulsion from a preferential trade scheme that guarantees tariff-free access to EU markets for Cambodian goods, according to the EU ambassador.

George Edgar, EU ambassador, said in an email on Tuesday that starting the procedure for removing Cambodia from the Everything But Arms (EBA) scheme reflected the concerns in Brussels over the deterioration of human rights and basic freedoms. "The formal withdrawal procedure for the Everything But Arms arrangement in relation to Cambodia has not yet launched. Preparations are being made for the formal decision by the European Commission that would launch the procedure," he wrote in an email.

He added that once the decision is formally made, there will be a six-month period during which the EU will study the issue further, followed by a further six month decision-making process. Edgar declined to comment on the possible impact on the garment industry in Cambodia, which supports some 800,000 jobs in Cambodia and whose largest export market is the EU, with about 46 percent of Cambodian textile exports going to Europe. Garment exporters in Cambodia have appealed to the EU not to remove Cambodia from the scheme.

The World Bank has warned that Cambodia's economy will face increased risks if the EU presses ahead with Cambodia's expulsion from the scheme.

Moody's credit rating agency has estimated that the potential loss to the Cambodian economy from the cancellation of the EBA would negatively affect the country's credit rating and would harm Cambodia's competitiveness. Phay Siphan, government spokesman, said the country's strong growth would counter the potential loss as a result of its removal from the EBA scheme.

"We are ready for the tax increase," he said. "Wages are guaranteed by the law in Cambodia."

Source: voacambodia.com- Nov 15, 2018

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Exports bounce back, grow 17.86% to $26.9 b in October

Petroleum import rises sharply, gold falls

India's goods exports bounced back in October posting a 17.86 per cent year-on-year growth to $26.98 billion boosted by an increase in shipments of petroleum products, chemicals, pharmaceuticals and engineering goods.

Imports during the month grew 17.62 per cent to $44.11 billion widening the trade deficit to $17.13 billion compared to $14.61 billion last October, according to figures released by the Commerce Ministry on Thursday.

While import of crude and petroleum products jumped over 52 per cent to $14.20 billion during the month, import of gold declined 42.9 per cent to $1.68 billion.

In September, exports had fallen 2.15 per cent compared to last September, but in absolute terms the export value was higher at $27.95 billion.

"The exports during the month are close to $27 billion, which re-affirms our assessment of reaching the new milestone of $350 billion in the current fiscal," said Ganesh Kumar Gupta, President, Federation of India Export Organisations (FIEO). This will be the highest ever annual exports figure which is being targeted by exporters braving all the odds, he added.

Ready-made garments, gems & jewellery, spices, electronics, leather goods, plastics and handicrafts were some of the other items which recorded an increase in exports in October.

Exports of a number of agriculture and food items, including rice, cashew, meat, dairy products, other cereals and pulses, however, witnessed a fall during the month.

Total exports in April-October 2018-19 were $191.01 billion which was 13.27 per cent higher than exports in the comparable period last year. Imports during the period were 16.37 per cent higher at $302.47 billion.

Trade deficit in the first seven months of the fiscal widened to $111.46 billion compared to $91.28 billion in the same period last year.

Last month, the Commerce Ministry had said that the decline in exports was due to the base effect resulting from September 2017 being an abnormally high growth month due to imminent cut off then for drawbacks at pre-GST rates.

Source: thehindubusinessline.com- Nov 15, 2018

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With outlook weak, cotton farmers eye higher prices

Poor rain seen hitting yields this kharif in key growing regions across Central, South India

Deficient rains in cotton growing regions will hamper the yield for the kharif 2018-19 season, resulting in lower overall output of fibre crop. Farmers, therefore, have pinned their hopes on increased cotton prices to make most from this kharif season.

Gujarat, Maharashtra and Karnataka, which produce about half of the country's cotton, faced water shortage due to erratic monsoon during the sowing period. The Bt seeds, used in most of the cotton fields, require adequate water. A deficient rainfall has adversely affected the yield ofBt cotton.

Cotton growing regions

Regions	2017-18	2018-19	% change
North zone	56.0	58.00	3.57
Central zone	209.5	192.00	-8.35
South zone	94.5	89.00	-5.82
Others	5.0	4.25	-15.00
India total	365.0	343.25	-5.96

Source: CAI Estimated Production in lakh bales of 170 kg each

Farmers in Gujarat - the largest grower of the fibre crop - fear picking cycles to come down from normal 4-5 to merely one or two this year. But they seem to be planning to make most fromthese one or two picking cycles by selling their crop when it is at its peak.

“The plants have started drying up. The soil has no moisture and there is no water available for irrigation. There is no possibility for plant to survive after first picking.

Most of the farmers in our region have taken at the most two pickings,” said Jagdishbhai Dudhat, a farmer in Amreli district, which has the largest area (4,02,200 ha) under cotton in Gujarat.
“Some may sell their crop all at once, while some are releasing smaller quantities to take advantage of higher prices,” he added.

Bullish turn

The price sentiment has already started turning bullish sincelast month, with prices hovering in the range of ₹21,900-22,500 per bale of 170 kg ginned cotton of 29 mm quality at Rajkot market. This is about 20 per cent higher than last year.

The Centre, in its first advance estimate in September 2018, projected lower cotton crop at 325 lakh bales (each of 170 kg), about sevenper cent lesser than 349 lakh bales estimated in fourth advance estimate for 2017-18. Also, the carried over stock from the 2017-18 season was estimated to be one of the lowest in at least five years, which is further fuelling prices.

The Cotton Association of India (CAI) has projected total cotton supply for 2018-19 upto September 30, 2019 at 390.25 lakh bales, including opening stock of 23 lakh bales and imports of 24 lakh bales, higher by nine lakh bales compared 15 lakh bales estimated for 2017-18.

The trade, however, believes that the crop will be lower than last year at major growing states (West and South), but will get compensated by a possible growth in the Northern region.

“The arrivals are about 30 per cent less this year as against what we saw around same time last year. There is a question if this is because of a smaller crop or farmers are holding back the produce?

But there is no reason for farmers to hold the stock because they are getting good prices this time," said Atul Ganatra, President, Cotton Association of India (CAI) - apex cotton trade body.

However, Ganatra stated that there is no clarity at present. "We fear commenting anything about the crop right now, because yield is definitely going to go down in Saurashtra, Marathwada and half of Karnataka. But on crop prospects, we would wait for another 15 days before giving our estimate about the current crop situation early December," he added.

Spot cotton prices

29 mm cotton at Rajkot market

2017	(₹/bale)	2016	(₹/bale)
Sept 18	19,577	Sept 18	22,947
Sept 28	18,827	Sept 28	22,367
Oct 3	18,728	Oct 3	21,986
Oct 12	19,244	Oct 16	22,557
Oct 16	18,941	Nov 1	22,309
Nov 1	18,222	Nov 13	22,080

Source: NCDEX/market

The arrivals have been thin at about 41 lakh bales so far as on November 15, which was about 58 lakh bales around same time last year. Ginners, however, believe that farmers are deliberately holding back stocks in anticipation of good prices.

Prices of kapas or raw cotton have moved above the MSP levels and are currently hovering around ₹5,700-5,800 per quintal across various markets. The Centre had increased the MSP by 26 per cent to ₹5,450 per quintal for the 2018-19 season.

"Farmers are expecting prices to touch ₹6,500-7,000 a quintal in the buzz of the short crop. Which is why they are holding back the stocks. Most ginning mills are unable to operate at full capacity even in this peak season because there is less supply in the market," said Anand Popat, a cotton trader from Rajkot.

Robust exports

As per trade estimates, arrivals hover around 1.5 lakh bales daily, which caters to the mill demand of 90,000 bales and export demand for 25,000 bales. The export demand has been robust for the past two months.

According to Ganatra, about 300,000 bales was shipped in October, while November will see exports of about 7-8 lakh bales. The shipments are mostly to Vietnam, Pakistan and Bangladesh, withsmall quantities going to China.

"We have not been able to tap the US-China trade war advantage so far. Things depend on the Xi-Trump meeting later this month. If the talks fail, Chinese importers will turn to India and we will see large exports to China," Ganatra added.

Meanwhile, another Cotton body, Indian Cotton Federation (ICF) released its own cotton crop estimate for 2018-19 at 373 lakh bales of 170 kg each.

"Cotton Advisory Board, which surveys and announces the crop situation had not met for a long time and in the absence of an official estimate or report, there was a great amount of uncertainty regarding the crop situation, creating hardship for trade and the spinning industry," said J Thalasidharan, ICF President.

ICF further noted that there has been no major pest menace and the pink boll worm was well controlled.

Source: thehindubusinessline.com- Nov 15, 2018

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Govt mulls delinking investment from FTAs, seeks legal opinion

Experts say enacting such a blanket rule must be avoided and will not be easy

The government is exploring ways to delink investment from the Free Trade Agreements (FTAs) with an aim to make trade arrangements more effective.

"The Department of Economic Affairs has sought an opinion from the Law Ministry on this matter," a senior government official told BusinessLine.

Though he admitted that it will not be easy to isolate a part of the agreement, a decision will be taken once the legal opinion is given.

Rahul Goel, Partner at Cyril Amarchand Mangaldas, said certain ISDS (Investor-state dispute settlement) cases against India led it to review its stand on investment treaties. Consequently a model Bilateral Investment Treaty (BIT) was adopted in 2016 with the intention of creating a balance between investor's rights and government's obligations.

"The government's thrust to increase foreign investment inflows is likely to become a reality, if the government can use the improved ranking in World Bank's Ease of Doing Business Survey 2019 with the necessary and useful catalyst of new BITs," he said.

Experts also said there have been studies analysing the impact of trade agreements with foreign investments, and whether such impact is positive or negative. Conceptually, FDI should be contradictory to goods trade envisaged under an FTA. FDI may turn out to be a substitute to goods trade depending on the nature of such investments.

Empirical studies have indicated that in the case of Horizontal FDI (where investor invests in same business which it is engaged in domestically) if the investor and investee belong to the same FTA then FDI will be affected since the replacement with goods trade is larger compared to FDI.

Inversely, in case of Horizontal FDI for investors and investee not belonging to the same FTA or in case of Vertical FDI (where investor invests in a business playing the role of a supplier or a distributor, in order to reduce supply costs), empirically it has been shown that FTAs have a positive correlation to FDI.

In this light, Atul Pandey, Partner at Khaitan & Co, believes that it is important for the government to avoid enacting a blanket rule de-linking FTA from FDI. "A host of empirical factors must be taken into account, while taking such a decision, including the quantum of FDI being received from the country with which such FTA is being executed, as well as the nature of the FDI received.

The possibility of delinking FTA from FDI also seems low, considering India is rapidly opening up sectors to FDI as well as simultaneously reducing trade barriers across sectors," he said.

Trade in goods

FTAs are arrangements between two or more countries or trading blocs that primarily agree to reduce or eliminate customs tariff and non-tariff barriers on substantial trade between them.

FTAs, normally cover trade in goods (such as agricultural or industrial products) or trade in services (such as banking, construction, trading etc.). FTAs can also cover other areas such as intellectual property rights (IPRs), investment, government procurement and competition policy, etc.

FTAs are also associated with Preferential Trade Agreement (PTA), Comprehensive Economic Cooperation Agreement (CECA), Comprehensive Economic Partnership Agreement (CEPA), Custom Union, Common Market and Economic Union. All these are in one way or other way linked with FTA and aim to promote not just trade but also investment.

So far, 11 FTAs are in force among which the prominent one is India-ASEAN CECA which deals with Trade in Goods, Services and Investment Agreement and involves Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam. India also has a CEPA with Japan and South Korea and a CECA with Singapore.

Source: thehindubusinessline.com- Nov 15, 2018

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Quad to promote Free and rule based order in Indo-Pacific Region

For a free open Indo-Pacific, the Quad: India, US, Japan, Australia meeting in Singapore for the third round of their security dialogue in the `quadrilateral format on the sidelines of East Asia Summit.

The Quad decided to promote a free, open, rules-based and inclusive order in the Indo-pacific region that fosters trust and confidence.

Officers from the Indian Ministry of External affairs, Australian Department of Foreign Affairs, Ministry of foreign affairs of Japan and the US Department of state, reaffirmed the ASEAN centrality as the cornerstone of a free, open and inclusive Indo-Pacific, stated an official statement by the Ministry of External Affairs (MEA) .

According the MEA, the discussions at the meeting focused on cooperation in areas such as connectivity, sustainable development, counter-terrorism, and non-proliferation and maritime and cyber security, with a view to promoting peace, stability and prosperity in an increasingly inter-connected Indo-Pacific region that the four countries share with each other and with other partners.

The meeting of the Quad is considered important as it is been seen as a grouping that is concerned over the growing influence of China, especially with its ambitious Belt and Road Initiative (BRI).

In a statement from the US Department of State, “The Quad committed to driving broad economic development that harnesses the region’ s full potential and foster connectivity and development of infrastructure based on transparency, genuine need, sustainable debt burden and other principles in accordance with International standards.”

The US officials underscored the importance of coordinated and complementary engagement to advance shared regional interests, including suppport for the new Maldivian government and encouragement of an outcome to political developments in SL consistent with democratic principles.

All the countries reaffirmed the ASEAN centrality as the corner-stone of a free, open and inclusive Indo-Pacific and agreed to partner with other countries and forums in the region to promote a free, open, rules-based and inclusive order in the Indo-Pacific.

Source: financialexpress.com- Nov 16, 2018

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Why India, China can't keep dodging trade deals and let RCEP talks fail

If Beijing needs to compromise to get regional talks across the finish line, so does India

The Regional Comprehensive Economic Partnership, or RCEP, is not a "competitor" to the Trans-Pacific Partnership (or, as it's now known after adding the adjectives "comprehensive" and "progressive," the CPTPP).

Yes, the CPTPP very obviously excludes the People's Republic of China while the RCEP does not. But, unlike the former, the RCEP is a more traditional sort of trade deal, in which tariff cuts on tradeable goods — rather than high standards for labor, environmental and intellectual-property protections — are at the center of the discussion.

That's part of the reason India is leery of signing it. This week, as leaders of the 16 RCEP nations met in Singapore, India managed to postpone its moment of reckoning: Instead of concluding negotiations by the end of the year as hoped, the leaders agreed that the deal would be signed next year.

Prime Minister Narendra Modi called for an "early conclusion" to the talks, and others said that significant progress had been made. But the truth is that the gulf between India and the other 15 countries in the RCEP remains deep, and it isn't clear how or if it can be bridged.

RCEP is is essentially a deal between the 10 members of the Association of Southeast Asian Nations and the other countries — Japan, China, South Korea, India, Australia and New Zealand – with which ASEAN has existing free-trade deals.

Indian officials already not-so-quietly regret the current pact with ASEAN. They complain that exports from ASEAN into India have grown far quicker than Indian exports to the bloc, which they attribute to the fact that India is a "services economy." Thus, they're willing to hold up RCEP until Indian companies are granted more market access for services than is currently the case.

The truth is that those officials have it backwards. India has largely failed to develop a manufacturing sector because its factories aren't competitive and aren't plugged into global supply chains. Over the past few years, tariffs have started rising as well — often in an ad hoc and arbitrary manner — which means that becoming part of spread-out value chains will be even tougher.

Modi may want to protect Indian industry. But if he's going to create the manufacturing jobs he promised in his 2014 prime ministerial campaign, he can't turn his back on dense knot of production and trade that the RCEP countries represent.

As for Indian services exports, the truth is that market access isn't as straightforward as all that. Services trade requires harmonized rules and regulations — something that RCEP isn't prioritizing in the first place. And, in fact, many bits of the agreement that do focus on convergence of rules are also unacceptable to India. It will object, for example, to any clause that forbids laws mandating data localization, having already clamped down on foreign payments networks and internet companies.

Some participants in RCEP might be tempted to dump India and move ahead, signing a reduced version of the agreement just as the other 11 signatories to the CPTPP moved on without Donald Trump's U.S. In the end, though, such a move wouldn't be terribly useful. New Zealand, for example, already has trade agreements with every RCEP participant except for India. Given the difficulty of getting Indian negotiators to the table for bilateral trade deals, the RCEP remains the best chance to incorporate India into a genuinely open trading bloc.

In the end, success will come down to give and take, and one country will have to give the most: China. India's concerns about hidden Chinese subsidies and closed Chinese markets are shared now by much of the world. And it's not as if Chinese policy makers have no flexibility: After tariffs on U.S. soy exports were imposed as part of the first salvos of the Sino-American trade war, Indian exporters of soymeal found Chinese authorities were far more willing to make things easier for them.

While RCEP may appear to be a multilateral deal, negotiations between China and India lie at its heart. Other countries have now accepted that fact, allowing India to also negotiate separately with China, as well as Australia and New Zealand, under a "bilateral pairing mechanism."

For Beijing, this is an opportunity to demonstrate not just its continuing commitment to free trade but also its willingness to make trade fairer than it's been in the past. If the 2019 deadline is to mean anything, then both India and China will have to think very hard about where their national interests really lie. If they do, they're likely to view compromise much more favorably.

Source: business-standard.com- Nov 16, 2018

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With trade touching an all-time high of $1.60 bn, India and Peru to discuss FTA in New Delhi next month

With bilateral trade between India and the South American country Peru touching an all-time high of $1.60 bn, the next round of talks for the free trade agreement (FTA) between the two countries is scheduled to take place next month.

Confirming to FE, a senior diplomat in the Embassy of India in Lima said that, "Officers from both countries are meeting for the third round of negotiations in New Delhi from Dec 4-7."

According to diplomatic sources the aim of this FTA between the two countries is aiming at liberalising norms for trade in goods and services. Both sides are keen on expanding their trade basket especially in the agriculture sector as well as deepening their trade and investments.

FE was the first to report that the talks of the special trade agreement with Peru was started in 2017 and since then two round of talks have already taken place, in fact a senior level team from New Delhi from the Ministry of Commerce and Industry had visited Lima to study the feasibility of having such an agreement with the South American nation and identified the issues that could be addressed.

In an interview to FE, ambassador of Peru in India, Jorge Juan Castañeda Méndez said, "Both India and Peru are celebrating 55 years of diplomatic relations. Peru could be used by Indian investors as a gateway to the region. With the government of Peru planning to rebuild after last year´s devastating floods, there is a huge opportunity for Indian companies to invest in various sectors including construction of roads, highways, ports, and airports."

Both countries have complementary seasons; soon there will be mangoes and potatoes from our country entering India. A lot of citrus fruits, avocado, grapes and quinoa are already here, the envoy of Peru added.

“There has been a significant increase in trade between the two countries. Import of Gold from Peru has gone up from last year’s $ 1.3 bn and it has potential of going up further. Silver is the other metal that India is keen on. India is buying copper from Peru as there is huge concentration of Copper which Indian mining companies can explore,” he said.

The LatAm nation is the world’s sixth largest producer of gold, second largest producer of silver, and the third largest producer of copper, tin, zinc, and lead.

In 2015, Peru was the second largest exporter of table grapes- Red Globe variety- to India, a position it holds even today. These grapes are typically available in Indian supermarkets between December and April every year. Also, Indian importers have shown a growing interest in Peruvian avocados, leading to a steady increase in its consumption since 2016.

All this has become a possibility because the open trade barriers between the two countries provide Peru with a new and significant trade partner.

Source: financialexpress.com- Nov 15, 2018

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Facing tough times, exporters in Tiruppur, India bank on falling rupee for growth

Tiruppur, which recently witnessed various disruptions, is struggling to survive. Growth in India’s largest knitwear and readymade garments cluster was pushed to negative by a year of disruptions starting with demonetisation followed by the implementation of Goods and Services Tax (GST) system which sucked out liquidity from the market.

GST negatively impacts industry

Tiruppur’s garment industry, which has around 3,500 small, medium and large garment manufacturers, generates around Rs 45,000 crore (US$ 6.16 bn) every year until last year, it had been growing at a rate of 20 per cent year-on-year. After GST was implemented, the 5.5 per cent excise rebate was included in GST.

After the exporters made strong representations to the government, the commerce ministry increased MEIS from 2 per cent to 4 per cent, but also reduced ROSL from 3.6 to 1.7 per cent. So, after all the adjustments, exporters were enjoying only a 7.7 per cent of drawbacks, which meant they lost more than 5 per cent of what they earlier received as rebates.

Thanks to the hasty implementation of GST, the refund process has become a slow and delayed one. While VAT refund came in three months earlier, GST refund is taking anywhere between 3-6 months. As the government is trying to hasten the refund process, GST offices continue to be understaffed. In Tiruppur, which has 1100 registered companies, there are only 10 officers processing refunds.

New avenues to explore

The bleak outlook at Tiruppur's garment exports market has forced many to look for other avenues of growth such as Ethiopia.

Facing tough times exporters in Tiruppur India bank on falling rupee for growth 001 The country offers several incentives to garment exporters in a bid to become the next Bangladesh.

The biggest advantage Ethiopia offers is duty-free entry into both the European Union and India. Apart from that, labor too is cheap and abundant. The country currently produces garments for French company Decathlon from this facility.

However, the efficiency levels in Ethiopia are low, given the raw and untrained labor. And this takes away most of the benefit of lower costs, at least for now.

The labor too, he says, isn't reliable. Also, production in Ethiopia can now only cater to basic styles. Any new style will require at least a few months of training. Connectivity in terms of mobile networks is very poor, workers are very raw.

Another revenue stream that several garment exporters in Tiruppur have been turning to is the domestic market. The apparel market in India is growing at nearly 10 per cent every year. Fall in exports led to a huge number of exporters, especially smaller ones, shifting to the domestic market to cater to companies such as Reliance, Big Bazaar, Pantaloons and Arvind Mills.

Falling rupee offers better value

For exporters, a falling rupee is advantageous as it gives them a better value for their goods against the euro and dollar. If the rupee had not depreciated, exports from Tiruppur would have been nearly nil. However, importers have also been watching the Indian rupee lose value.

Knowing exporters have an advantage, importers too want them to pass on at least 10 per cent of the advantage to them. Given the competitive scenario globally, Tiruppur exporters are being forced to pass on the advantage to their customers.

Exporters now expect the rupee to fall further. They hope that the upcoming general elections next year and strong policies by the government will improve the situation in the country.

Source: fashionatingworld.com- Nov 15, 2018

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