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The Cotton Textiles Export Promotion Council [TEXPROCIL]
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USD 64.44 | EUR 79.79 | GBP 90.11 | JPY 0.60

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
18764	39250	**77.96**

Domestic Futures Price (Ex. Gin), February

Rs./Bale	Rs./Candy	USD Cent/lb
19510	40810	**81.06**

International Futures Price

NY ICE USD Cents/lb (March 2018)	75.72
ZCE Cotton: Yuan/MT (Jan 2018)	14,915
ZCE Cotton: USD Cents/lb	**90.68**
Cotlook A Index – Physical	**86.60**

Cotton guide: The US cotton market was shut on Monday and early this morning market is seen trading steady. For reference, both March and May ICE contracts are trading at 75.83 and 77.25 cents per pound respectively.

The spread between the two contacts continues to hold around 142 points. The Chinese market continues to be closed due to Lunar Holiday and shall resume trading from Thursday onwards.

Coming to domestic market price of Shankar-6 have declined marginally to Rs. 39750-39800 per candy ex-gin. In USD term it is quoted around 79.35 cents/lb. Likewise, Punjab J-34 is quoted lower around Rs. 4160-4170 per maund. The arrivals are lower on Monday at 149K bales against previous day's arrivals of 165K bales. The arrivals include 40K from Gujarat, 40K AP/TG and lower in Maharastra at 26K bales.

The lower spot price in India and ICE market being muted the domestic cotton future prices have declined on Monday. The February future at MCX ended the session at Rs. 19430 down by Rs. 80 from previous close. This has been almost a month that cotton price is correcting downside almost on a daily basis from a high of Rs. 21240 per bale to Rs. 19430 per bale.

Interestingly the March future price is also moving in line with the current February contract to close the session at Rs. 19690 per bale.

The spread between the two contracts held at Rs. 260 per bale. Interestingly, there has been no major change in the spread although February has come close to its contract expiry.

Nearly one week left the contract to expire the trading volume and open interests are almost the same of March contract while Open interest has declined marginally. We expect this week the market may witness volatility as far as the spread is concerned.

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

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INTERNATIONAL NEWS

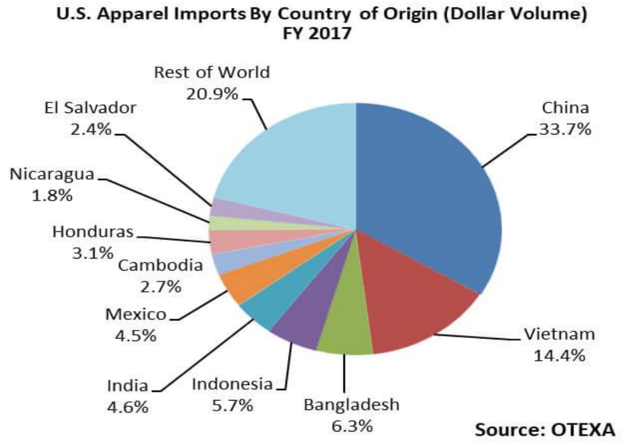
2017 USA Apparel Imports Level with 2016, Vietnam and Mexico Notch Big Gains

U.S. apparel imports were virtually flat in 2017 as retailers and brands continued to tighten inventory levels amid stable sales but lower average prices. Vietnam, Mexico and India gained a bigger piece of the U.S. import pie, taking share from China and, to a lesser extent, Bangladesh, Indonesia and Honduras.

Apparel Imports: Full Year 2017					
MM Dollars and Units					
APPAREL	**Dollars Millions**	**SME Millions**	**% Chg Dollars**	**% Chg SME**	**% Chg $/SME**
World	**80,287**	**27,119**	**-0.5**	**0.8**	**-1.3**
China	27,030	11,365	-3.2	1.8	-4.9
Vietnam	11,560	3,602	7.0	7.5	-0.4
Bangladesh	5,068	1,854	-4.5	-0.4	-4.1
Indonesia	4,566	1,229	-3.0	-2.9	-0.1
India	3,682	1,065	1.2	2.0	-0.8
Mexico	3,582	839	5.3	-4.6	10.3
Cambodia	2,150	931	0.3	3.1	-2.7
Honduras	2,466	1,032	-3.4	-4.5	1.1
Nicaragua	1,483	533	0.7	0.4	0.4
El Salvador	1,923	780	-0.9	-5.3	4.7
CBI	863	325	1.3	-3.3	4.7
CAFTA - DR	7,962	2,966	-2.4	-4.1	1.8
W-Hemi	13,839	4,273	0.5	-4.0	4.7
ASEAN	20,476	6,415	2.2	2.7	-0.5
OECD	3,249	277	4.8	1.5	3.3
rest of world	*16,777*	*3889*	*-0.2*	*-2.8*	*2.8*

According to data released last week by OTEXA, the International Trade Administration's Office of Textiles and Apparel, total apparel imports edged down by 0.5% on an MFA basis for the year, to $80.3 billion from $80.7 billion in the year earlier.

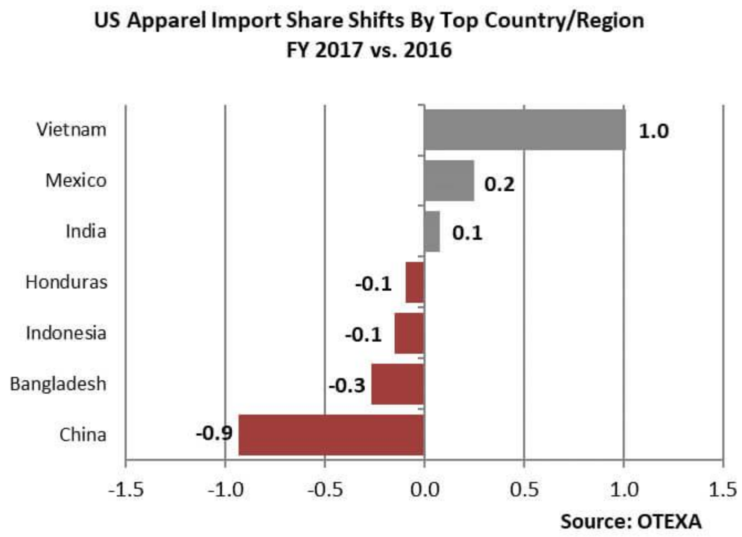
On a square meter equivalent (SME) basis, imports rose by 0.8%, indicating a shift toward cheaper goods compared to last year. The average cost per square meter of imported garments fell by 1.3%.



Imports from Vietnam grew by 7 percent in the year, the most of any top 10 trading partner, to a record $11.6 billion for the year.

Vietnam gained a percentage point of share of U.S. apparel imports in the year, mostly at the expense of China, whose 3.2% drop represented a loss of 90 basis points of total U.S. apparel imports in the year.

China's dollar share of U.S. apparel imports, which peaked in 2010 at more than 39 percent and has been on a slow decline ever since, ended 2017 at 33.7% as higher costs are driving many brands to seek sourcing options in Southeast Asia and elsewhere.



It is interesting to note that the average cost per square meter of apparel imported from China dropped by almost 5 percent compared to the prior year, presumably a result of brands moving more labor-intensive and complex garments to other countries. Wool apparel imports from China fell by 13%. Cotton apparel declined by 4%, and manmade fiber apparel by 1%.

Apparel imports from Mexico had their first increase in three years, rising 5.3% to $3.6 billion.

Volume fell by 4.6%, and the average cost per square meter of imported apparel from south of the border increased by more than 10% as many U.S. brands and retailers opted to source closer to home. Manmade fiber apparel, which comprised over 40% of the garments from Mexico, grew by almost 19% in the year.

Bangladesh's apparel exports to the U.S. suffered the biggest percentage decline of any top trading partner compared to the prior year, down 4.5% to just over $5 billion for the year, with most of the decline in cotton apparel.

Several other countries have received a tremendous amount of attention due to their low labor costs and early success in attracting investors and apparel customers, but still remain tiny relative to total U.S. apparel imports.

Although Ethiopia increased its shipments to the U.S. by 53%, the total value was only $32 million, not even a rounding error relative to the $80 billion in total 2017 imports. Likewise, Myanmar's 73.6 million represented more than double 2016's total.

Haiti's exports to the U.S. totaled $849 million, 1.6% above 2016, but almost 4% below 2015.

Source: sourcingjournalonline.com- Feb 16, 2018

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Brazilian cotton prices move up in first fortnight

Cotton prices rose in Brazil in the first fortnight of February, as growers and trading companies remained firm on their selling prices. Between January 31 and February 15, the Center for Advanced Studies on Applied Economics/Luiz de Queiroz College of Agriculture (Cepea/ESALQ) cotton index rose 1.07 per cent, closing at 2.7832 BRL per pound on February 15.

Since many cotton batches have already been traded through contracts, growers, mainly from Mato Grosso, are now focused on the harvesting of soybean, and are aiming to sow the second crop of cotton within the ideal period, Cepea said in its latest fortnightly report on Brazilian cotton market.

Some trades involving the 2016-17 crop and the next two seasons were closed during the fortnight. However, the gap between bidding and asking prices and the heterogeneous quality of the available batches continued to hamper trades.

Meanwhile, Brazil's national supply company Conab has upwardly revised the estimated area to be sown with cotton in 2017-18 season to 1.102 million hectares, up from 1.05 million hectares in its January estimate. The latest estimate is 17.4 per cent more compared to the area under cotton in 2016-17 season.

Productivity is likely to be 1,623 kilos per hectare, about 0.04 per cent lower than the previous crop. As a result, cotton production is estimated to increase by 17 per cent compared to the previous season, pegged at 1.79 million tons.

In January 2018, Brazil exported 79,100 tons of cotton, earning $130.3 million with average price of $1,646.50 per ton.

Source: fibre2fashion.com- Feb 17, 2018

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Revising China FTA may not make big difference

Pakistan and China have agreed to amend the bilateral free trade agreement (FTA) with a view to providing Pakistani exports with better access to the Chinese market.

The FTA has, to a great extent, been responsible for Pakistan's growing trade deficit with China. According to the United Nations-run database Comtrade, China accounts for 46 per cent of Pakistan's total trade deficit.

The agreement was signed in 2006 and became operational a year later. In the wake of the FTA, bilateral trade skyrocketed by 220 per cent from $4.77 billion in 2007 to $15.27bn in 2016 (the last year for which full-year data is available).

However, China disproportionately benefitted from this rise. From 2007 to 2016, Pakistan's exports to its neighbour went up 159pc to $1.59bn while the imports from China ratcheted up by 229pc to $13.68bn.

Thus, Pakistan's trade deficit with China, which was $3.54bn in 2007, went up by 241pc to $12.09bn in 2016. At present, whereas China accounts for 7.74pc of Pakistan's global exports, its share in the country's global imports is 29.11pc.

Under trade concessions offered by the two countries, the FTA tariff reduction modality provided for tariff reduction or elimination on the agreed number of products from 2007 to 2012. China has been the major beneficiary in this case, too.

According to a 2013 study by the Pakistan Business Council, Pakistan's concession list covered 59pc of its imports from China, whereas China's concession list covered only 5pc of imports from Pakistan.

Pakistan gave China concessions on 5,686 tariff lines (TLs), while it received concessions on 6,418 TLs. Of the 5,686 TLs on which Pakistan gave concessions, tariffs were eliminated on 2,423 TLs, while tariffs were cut on the remaining.

Likewise, of the 6,418 TLs on which China gave concessions, tariffs were eliminated on 2,681 TLs while tariffs were reduced on the remaining.

The no-concession list of Pakistan comprised 1,025 TLs, while that of China consisted of 1,132. The concessions offered by both trading partners are more or less equal. However, since, as a rule, it is the coverage of actually traded goods rather than the number of TLs that matters, the exchange of concessions has been loaded in favour of China.

This may be put down to a better negotiating capacity as well as greater negotiating leverage of China, which normally happens with negotiations with a much more powerful country.

Pakistan’s top five imports from China have registered substantial growth over 2012-2016: electrical machinery and equipment (rose from $1.74bn to $3.33bn), other machinery and mechanical appliances ($0.868bn to $2.94bn), iron and steel ($0.357bn to $1.06bn), organic chemicals ($0.374bn to $0.635bn), and man-made filaments ($0.373bn to $0.556bn).

On the other hand, Pakistan’s top five exports to China during the same period show a disappointing performance: cotton yarn (dropped from $1.42bn to $0.823bn), rice ($0.254bn to $0.220bn), ores, slag and ash ($0.120bn to $0.077bn), fish and other marine products ($0.041bn to $0.047bn), and marble ($0.039bn to $0.027bn).

Not only that, but Pakistan’s top three global export products — home textiles ($3.80 global exports), knitted garments ($2.34bn) and woven garments ($2.25bn) — have a minimal presence in the Chinese market: $25.78 million for home textiles, $16m for knitted garments and $20m for woven garments.

Pakistan’s export-interest products either face high tariffs in the Chinese market or have suffered preference erosion in the wake of China’s FTA with countries in the Association of Southeast Asian Nations (Asean).

The tariff for rice is 65pc, while average tariff for home textiles, knitted garments and woven garments is 4pc, 7pc and 9pc, respectively.

Asean countries face zero tariffs for home textiles, knitted garments, and woven garments under the FTA, while for rice the applied Chinese tariff is 35pc. This places Pakistan's star products in a relatively disadvantageous position in the Chinese market.

Pakistan wants China to accord its export interest-products the same level of preferential treatment enjoyed by imports from Asean. However, some issues may vitiate Pakistan's position. One, in FTAs preferential treatment is given on the basis of reciprocity. If Pakistan wants greater market access for its exports, it will have to offer greater access to Chinese imports as well.

The fact that the two countries have excellent political relations should not lead us into believing that China will not demand an equivalent level of concessions. Is our domestic industry, already reeling from heavy imports from China, ready for an increased access to Chinese products?

Two, because of its enormous domestic market, China enjoys cost advantages few other countries do. For over more than two decades, China has maintained a healthy growth rate, the economy has diversified substantially, and the country's manufacturing sector has moved up the value chain.

On the other hand, Pakistan faces acute supply side constraints: it has a narrow manufacturing and export base and is largely an exporter of agriculture or agro-based manufactures.

Pakistan is ranked 147th on the World Bank's Ease of Doing Business Index, whereas China is at 78th. Likewise, on the Global Competitiveness Index, Pakistan and China are ranked 115th and 27th, respectively.

On almost all key economic indicators, China is better placed than Pakistan. It is thus doubtful whether a revised FTA will make a big difference to the bilateral trade equation.

Source: fashionatingworld.com- Feb 19, 2018

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US apparel market facing tough times

A Bloomberg report recording changes in US consumer behaviour of income spending on apparel shows early signs of big trouble ahead for the apparel industry. The US apparel industry has been seen a dip since last few years and it seems to be true if one looks at the number of bankruptcy cases filed by apparel retailers.

One was doubtful that this was largely due to the E-commerce marketplace where E-companies giants, such as Amazon, roamed the streets like a Titian resulting in brick and mortar stores failing to attract customers.

However, that is not the big picture. Systemic changes are happening in consumer spending behaviour which is narrowing the leverage space. Post '96, the share of clothing spend for US households was 6.2 per cent, however today, the share has shrunk by 50 per cent to about 3.2 per cent despite the fact that income and spending by Americans has significantly increased during this period.

The report discloses apparel's share has been chewed into by travel, dining out and other adventure sports which offered more satisfaction to consumers. The expenditure on 'consumer experience' – largely travel and food – has zoomed to 18 per cent of spending. Expenses on technology itself accounts for 3.4 per cent of spending — which is more than that of apparel .

The choice and the flexibility to wear any kind of casual clothing during most occasions, including office, has been one of the reasons for the falling expenditure on clothing.

To add to chaos, price of apparel has been going south as production cost fell due to the moving of manufacturing in less expensive labour markets and its consequent price competitiveness have become the silver bullet of success.

Source: fashionatingworld.com- Feb 19, 2018

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Brexit threatens Pakistan's trade perks with the EU

Islamabad is the main beneficiary of a special EU trade regime, but the UK has been its main defender.

Britain's departure from the EU robs Pakistan of a key ally in its fight to preserve preferential trading terms with the EU.

Since 2014, Pakistan has been the leading beneficiary of the EU's preferential trading program for "vulnerable" developing countries, known as the Generalized System of Preferences Plus (GSP+). The scheme grants manufacturers, particularly Pakistani textile makers, tariff-free access to Europe in exchange for Islamabad implementing reforms on human rights, working conditions, climate change and good governance.

Britain prides itself on having won this sweetheart deal for its former colony, a country of 210 million people, where many families have relatives living in the U.K. "It was us, Britain, who ensured Pakistan got tariff-free access to the European Union," former Prime Minister David Cameron said at a campaign event during the 2014 European election.

British members of the European Parliament, who played a key role in lobbying for Pakistan's GSP+ status, reckon that Pakistan would be increasingly isolated after Brexit. They said that they had to overcome resistance from EU heavyweights back in 2014, and warned that antipathy could well return when GSP+ comes up for renewal in January 2020.

"They're not really going to have anybody here really looking out for them," said British Conservative MEP Sajjad Karim, who is of Pakistani origin and founded the Friends of Pakistan group in the European Parliament. "The politics that we were able to deal with … nobody's going to do that."

The loss of GSP+ would be a big blow to Islamabad. Almost three-quarters of all European imports from the GSP+ program (which also covers countries such as the Philippines and Sri Lanka) come from Pakistan. Some 82 percent of these purchases are textiles and clothing. Pakistan's exports to the EU increased by 38 percent over the three years since it signed on in 2014, rising to €6.2 billion in 2016 (EU exports were valued at €5.3 billion). The bump in exports turned the EU into Pakistan's largest trade partner.

Human rights concerns

Several EU countries have deep concerns about Pakistan's record on human rights, and were cool on the idea of bringing it into the free-trade fold in January 2014. Since then, Islamabad has upped the stakes by reintroducing the death penalty in December 2014, a massive taboo for the EU.

Karim said France and Germany both signaled opposition back in 2014. Portugal, a textile producing country, said it opposed Pakistan's designation because it maintained "a more stringent interpretation" of the GSP+ criteria.

"Bringing [German Chancellor] Angela Merkel and [former French President] François Hollande to the table … that was David Cameron," Karim said. He said Paris was opposed, while Germany was on the fence. The French and German missions in Brussels declined to comment when asked about their stance on the continuation of GSP+ after 2020.

Pakistan confirmed the U.K.'s role by awarding Karim the Star of the Great Leader, a civilian honor. His commendation specifically stated his contribution in getting Pakistan into the GSP+ club.

Wajid Khan, another British MEP of Pakistani origin, said that Pakistani diplomatic missions across Europe need to be "more proactive" after Brexit. Asked whether he was optimistic about the continuation of GSP+, Khan said: "It's a challenge."

The EU reviews the GSP+ program's progress every two years. If it finds that any country failed to make enough progress on its commitments, it can suspend the scheme.

But despite Pakistan's patchy record, Islambad won a clean bill of health from the Commission in an interim assessment last month. The latest report broadly concluded the GSP+ was working across the countries involved, but also cautioned that Pakistan's progress has been "mixed." The Commission said it had "serious concerns" about human rights issues and urged Pakistan to "step up its efforts" to keep to its promises.

A separate report published in October last year by the Pakistan Workers Confederation, one of the local monitors of the GSP+ program, noted Pakistan's lack of progress on labor rights. "Unfortunately, labor law reform has never been any [Pakistani] government's priority," the report said. According to a report by Human Rights Watch, other conditions — progress on women's rights, religious freedom, protecting activists and journalists — has either remained poor or deteriorated.

Asked about the Commission's report during a press briefing, Commission spokesperson Daniel Rosario said: "This is a dynamic process … This is also a way for engaging directly with these countries to address these problems."

Madi Sharma, who leads the Women's Economic and Social Think Tank, opposed Pakistan's continuing membership, saying: "the Commission's just turning a blind eye" to Pakistan's violations of the agreement.

Preserving stability

For their part, the Pakistanis seemed unperturbed. "We have good relations with many countries and many MEPs and that will continue after Brexit," a senior Pakistani diplomat said, speaking on the condition of anonymity. The embassy did not provide an official statement.

Pakistan can draw some heart from the fact that it is very difficult to lose GSP+. So far, only Sri Lanka has ever lost the designation mid-term — from 2010 to 2017 — but that was in the extreme circumstances of a war.

Pakistan also profits from a growing belief that trade interaction is the best way to maintain stability in a nuclear-armed country plagued by tribal and Islamist unrest.

Even France is stressing the importance of commercial interaction. According to Pakistan's Nation newspaper, Marc Baréty, French ambassador to Pakistan, last month visited the Lahore Chamber of Commerce and Industry (LCCI) to stress that President Emmanuel Macron was prioritizing trade as a way to guarantee economic stability.

France's embassy in Islamabad declined to give more information on the visit.

Rashid Yaqoob, a spokesperson for the LCCI, who attended the meeting with Baréty, noted that the criticism of Pakistan in January's GSP+ report were "not encouraging" but predicted the "program will keep going."

Asked how that would be possible, Yaqoob said simply: "backdoor diplomacy."

But back in Brussels, MEP Karim was far less sanguine.

"Next time round, when we're not here, Pakistan's in trouble. They're in big trouble," he said.

Source: politico.eu- Feb 10, 2018

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Bangladesh: Rise of the robots: Automation threatens garment workers in poor countries

Automation is reaching into trades that once seemed immune, transforming sweatshops in places like Bangladesh and bringing production back to America.

At the Mohammadi Fashion Sweaters Ltd. factory in Bangladesh's capital, a few dozen workers stand watching as 173 German-made machines knit black sweaters for overseas buyers. Occasionally the workers step in to program designs or clean the machines, but otherwise there is little for humans to do. It's a big change from a few years ago, when hundreds of employees could be found standing over manual knitting stations for up to 10 hours a day.

Mohammadi's owners began phasing out such work in 2012, and by last year, the knitting process was fully automated. "It doesn't make sense for us to slow ourselves down" and not automate, says Rubana Huq, managing director of Mohammadi Group, which makes sweaters for H&M , Zara and other Western brands.

Her factories have replaced about 500 workers with machines and may buy more, she says. Even inexpensive workers in the world's developing countries are vulnerable to automation, now that machines and robots are reaching into trades that previously seemed immune. The apparel industry—unlike cars or electronics—seemed protected.

Fabrics are notoriously difficult to work with, meaning nimble human hands are often better than machines. There was plenty of labor in Bangladesh, Cambodia and China, reducing the urgency to automate. But labor costs have been climbing, even in developing countries. And technology is becoming so advanced that machines can increasingly handle difficult tasks such as manipulating pliable fabrics, stitching pockets and attaching belt loops to pants. All that is upending the economics of the apparel industry, which long served as the first rung on the economic ladder for poorer countries, especially in Asia. A 2016 International Labor Organization study predicted some Asian nations could lose more than 80% of their garment, textile and apparel manufacturing jobs as automation spreads.

"I worry about developing countries—they are in the bull's-eye of this automation revolution" as robots master repetitive tasks once dominated by poor nations, said Erik Brynjolfsson, director of the MIT Initiative on the Digital Economy. Most jobs of the future require significant skills training—and that is where more-developed nations thrive, he said. Bangladesh offers a stark illustration of the problem.

Analysts estimate it needs roughly two million new jobs a year to keep pace with its expanding labor force, with garments offering many of the best opportunities. Yet the number of new jobs added by the garment and textile trades has fallen to 60,000 a year, from over 300,000 annually between 2003 and 2010, according to World Bank data.

Government statistics show a crucial part of the supply chain—the production of basic textiles—is already seeing an outright decline in jobs. Bangladesh's apparel production, meanwhile, keeps surging, with help from automation, local business leaders say. From 2013 to mid-2016, annual Bangladeshi garment exports increased by 19.5%, according to figures from the leading garment industry body there.

Garment sector jobs increased by 4.5% over the same period, government statistics show. "If you cannot absorb [young people] in productive activities, they will do something. And the something they will do may not be socially pleasant," said Zahid Hussain, the World Bank's lead Bangladesh economist. "It's a social time bomb." There are plenty of upsides to automation in apparel, of course, especially in richer countries.

By boosting efficiency, new technologies help keep consumer prices for jeans and other "fast fashion" products low. Automation could also help bring some apparel production back to places with more-expensive labor, including the US Softwear Automation, an Atlanta-based firm that develops automated tools for apparel factories, says that its “sewbots” will be used next year in a Little Rock, Ark., factory operated by Chinese garment producer Tinyuan Garments Co. Adidas AG recently opened “Speedfactory” shoe production plants in Germany and the Atlanta area designed to use computerized knitting technology instead of armies of low-cost laborers.

In Bangladesh, Nazma Akter, a union leader, says savings from automation has emboldened factory owners to resist worker demands. In one recent labor dispute, she says, factory owners threw up their hands and said that if workers wouldn’t agree to management’s plans, they would simply automate jobs away. “Factories that before had 300 workers now might have 100 workers only,” said Ms. Akter, who is president of the Sommilito Garments Sramik Federation.

The country’s biggest clothing producers say they have little choice but to automate as cost pressures intensify. The collapse of the Rana Plaza garment-factory building in Dhaka in 2013, which killed more than 1,100 people, focused global attention on the need to make upgrades to factories around the world, especially in Bangladesh. Consumers, accustomed to a widening array of inexpensive fashions, have resisted price increases that could help pay for them. The emergence of new competitors, including East African nations, has added further pressure.

“If you don’t change yourself, you will lose the entire business,” said Mostafiz Uddin, chief executive of Denim Expert Ltd., a Bangladeshi manufacturer that makes clothes for brands including Zara. His multistory factory in the port city of Chittagong uses a Spanish laser-finishing machine, retailing for 150,000 euros, that burns fashionable holes into jeans with far greater precision than dozens of workers conducting the same task manually nearby. Four other machines automatically sew stitching for jeans that have been damaged during the finishing process.

Each one with a single operator can stitch as many garments as 12 workers on standard sewing machines, Mr Uddin says. “The machine can do everything, you just program it,” says Mr Uddin, who says he’s become inured to complaints that automation leads to fewer jobs. “If we cannot sustain the business, where will the fair wages come from?” The latest advances mark a major shift for the apparel trade.

Although technologies introduced during the Industrial Revolution, like the sewing machine, helped mechanize some parts of the process, including fabric production, stitching and final assembly still typically involved large numbers of humans. The shift from Europe and the US to Asia helped lift millions of people out of poverty in Taiwan and South Korea, and later in countries such as Thailand and China.

When those places saw their own costs rise, apparel brands looked elsewhere. Bangladesh, with 165 million people, leapt at the chance. Derided as a "basket case" by then-US National Security Adviser Henry Kissinger after its 1971 independence from Pakistan, the flood-prone nation endured years of famine and military coups before garment-making took root.

From 2000 to 2010, Bangladeshi garment exports nearly tripled, helping to dramatically push down the number of people living in poverty, the World Bank says. Many were women from poor rural areas who migrated to the cities, including Dhaka, and sent earnings home. Today the industry provides three million manufacturing jobs and 81% of Bangladesh's exports.

Source: business-standard.com- Feb 18, 2018

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Uzbekistan, Hungary may create joint venture for textiles export to EU

Uzbekistan offered Hungary to create joint ventures on the territory of the two countries for the production of finished textile products and their export to the market of the European Union.

This issue was raised in the framework of the past negotiations of the association's leadership with the Ambassador of Hungary to Uzbekistan, Peter Santo, according to the press service of Uztekstilprom.

This meeting was held on the initiative of the Hungarian side. The sides discussed issues of further expansion of cooperation in the textile and sewing and knitting industry by supplying the products of Uzbek producers to the Hungarian market.

The Uzbek Association also invited foreign partners to establish cooperation in attracting specialists and scientists to the joint development of innovative activities in the industry.

The expansion of trade and economic cooperation is another area of interest of both sides. The meeting addressed the unused potential in this area. So, last year, the export of Uzbek textiles to Hungary amounted to only $33,800 although this figure could be much higher.

In this regard, the parties have decided to strengthen cooperation ties and actively participate in international exhibitions and fairs held on the territory of both states.

The Ambassador expressed readiness to consider the proposal on the organization of the visit of the business delegation of Hungarian entrepreneurs to Uzbekistan in September 2018.

In addition, foreign partners will consider the possibility of organizing a national stand of Hungary at the forthcoming exhibition CAITME 2018 and Textile Expo Uzbekistan, which will be held in autumn in Tashkent.

Source: azernews.az- Feb 16, 2018

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Bangladesh: A seal of mediocrity, or a sign of excellence?

Made in Bangladesh could be a seal of quality if we put the right amount of effort into it

We Bangladeshis never seem to be able to give ourselves and our collective efforts due appreciation. It’s only when we recognize our own capacity for excellence that we can expect the world to know about us.

I am, of course, alluding to our local industries. Gone are the days when Bangladeshi-made products were limited to just clothing or textiles. From a small hairpin to industrial machinery, “Made in Bangladesh” is now a certified seal — even though the exact quality may vary.

Bangladesh has made great strides in the realm of industry, made evident by our gradual penetration into the world of technology.

However, when it comes to consumer appreciation and choice, imported products are always preferred.

We stick to our preconceived notions to the point where we indiscriminately reject any product made in Bangladesh.

This is a sad state of affairs, and we have no one but ourselves to blame.

Doel's descent

Some 47 years after the first computer was brought to the country, Bangladesh manufactured its own laptops under the brand "Doel."

As a part of the Digital Bangladesh initiative, the state-owned Telephone Shilpa Sangstha (TSS) produced the machines and launched them at just under $130 in 2011.

However, with demand for leading international brands on the rise, Doel's flight was short-lived.

The tech-savvy were hardly interested in the product, and sceptical of its durability. Production was soon halted, and the product line was finally deemed a "national failure."

Beevatech and Walton

Hopes were kept alive by a low-cost vehicle manufacturer Beevatech Limited, the company that pioneered battery-operated three wheelers and "cars." The company developed a car-like vehicle, which they call a four-wheeler, which can hold up to four people and runs exclusively on a battery.

If these are accepted more widely, it wouldn't be that far-fetched to one day see Bangladesh manufacturing electric cars in proper.

Beevatech and similar other companies need to be encouraged to mass produce their vehicles. To that end, perhaps the government could consider investing in this promising company.

Bangladeshi consumer electronics giant Walton has been assembling products since 2000. Up until 2017, it had 5% of the Bangladeshi mobile phone market by assembling Chinese smartphones.

In October, the company inaugurated its first smartphone factory in the country. They later launched the Primo e8i, the first-ever Bangladeshi-made phone.

Most of Walton's phones are priced cheap — yet, we only seem to want foreign brands. Our overt dependence on imported products and lack of interest in local products is one of the reasons behind such ambitious aims falling out.

Lack of diversification

According to the International Monetary Fund, Bangladesh's GDP was $686.8 billion as of April 2017. But this mostly covers clothing and accessories, textiles, footwear, paper, and marine resources.

The list does not even go close to locally manufactured technology. It is expected that the Jessore Hi-Tech park could improve Bangladesh's tech situation, but it is merely speculation at this point.

Either way, this does not bode well for the future of our economy, because over-dependence on a narrow range of goods is risky.
Love yours

There is an established stereotype about locally made products being not up to the mark — most of us have a good laugh at any given Bangladeshi manufacturer.

We can't entirely dismiss this kind of an acquired attitude either, because there have been countless times when a deshi product or service did indeed let us down.

However, having love for these products is beyond any materialistic benefit.

Every product made in one's country must have a special place in the heart of every citizen. You don't even have to be a patriot to appreciate small efforts.

These efforts would only make sense if there are consumers of these products to begin with. Competition drives improvement, after all.

The promise of Digital Bangladesh should not be limited to just government plans and policies, but should also include our collective efforts.

The prime minister herself wishes to reduce the nation's dependence on imports to make this country more self-sufficient.

We have to instill a love for deshi products in the upcoming generation.

It is their duty to move the country forward. Our local brands have the capability to compete with foreign ones.

Source: dhakatribune.com- Feb 19, 2018

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Vietnam: Manufacturing industry yet to integrate into global chain

The processing and manufacturing industry in Việt Nam has not integrated into the global production network and value chain despite its high growth rate of 14.5 per cent in 2017.

The Ministry of Industry and Trade (MoIT) said the processing and manufacturing industry continued to be the main momentum for the industrial sector.

Last year, its exports rose by 22.4 per cent to US$173.5 billion, accounting for more than 81 per cent of the country's total export turnover. Of this, the export of mobilephones and spare parts contributed the highest - $45.1 billion, up 31.4 per cent from the previous year. Exports of computers and electronics were worth $25.9 billion, posting a 36.5 per cent year-on-year rise.

However, the ministry said the added value of some sectors were small, such as garments and textile, leather shoes and electronics. The competitiveness of industrial products was limited.

In addition to this, the association among firms in a sector and between sectors has been weak. Many companies failed to take advantages of the available resources of other firms to improve the sector's productivity.

That is why production costs went higher, wasting resources of the whole sector as well as creating unnecessary competition in the industry, MoIT said.

On the other hand, capital that poured in the industrial sector has been focused on industries with short-time investment refund, such as consumer goods, while the hi-tech industries lack investment.

The ministry said the sector would face difficulties such as high labour cost, the trend of applying automation, protectionism policies from other countries and more fierce competition.

It said imports from big economies, such as the US and European Union, would be reduced while competition from other countries such as Myanmar and Bangladesh would be higher due to lower labour costs.

To attain sustainable development in 2018, the industry should focus on key sectors, including electronics spare parts. The ministry said it would give support to connect local producers to foreign investment projects in Việt Nam to effectively exploit the integration process.

It would enhance implementation of support industry development plans relating to auto, electronics, leather shoes and garments and textile, MoIT said. MoIT would establish loans with preferential interest rate through commercial banks for the processing and manufacturing sector.

For the mechanics sector, MoIT has asked the finance ministry to submit a revised law on value-added tax on agricultural machines to resolve the disparity between locally produced and imported machines.

In addition to this, the Government will promulgate the strategy for the mechanics sector by 2025 with a vision to 2035 to better support the processing and manufacturing industry

Source: vietnamnews.vn- Feb 19, 2018

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Pakistan: 7.49pc increase in cotton production

The country managed to produce 7.49 per cent more cotton this season (2017-18) over the corresponding period last year. In total 11.485 million bales were produced up to Feb 15 as against 10.685m bales in last season.

The nominal increase in cotton production is a strong indication that the crop continues to face multiple issues —including less cultivation area and lack of research and development — for the last three consecutive seasons.

“It is encouraging that some improvement in cotton production has been made this season but it cannot be called an achievement because nominal gains and losses in a cash crop like cotton are of no consequence,” said cotton analyst Naseem Usman.

“For three consecutive seasons, the country has been witnessing a failed cotton crop form around 15 million bales in 2014-15 to around 10-11m bales but still no measures were taken to reverse the situation,” he added.

Mr Yasin Siddik, former chairman All Pakistan Textile Mills Association (Aptma), said that there was an urgent need for framing new agriculture policy wherein cotton crop should be given preference over other crops.

“The cotton crop has suffered badly because growers are attracted by other crops particularly sugarcane and wheat. This has reduced cotton crop cultivation area. The crop has been neglected at every level for the last so many years,” he added.

He stressed that was an urgent need to increase cotton cultivation area by banning sugarcane and wheat cultivation.

Research work should be carried out to create new cotton seeds with high yield and pest resistance qualities so that the textile industry’s demand of around 14-15m bales could be met, Mr Siddik said.

“These steps are needed as they will help produce exportable surplus and also slash the ever rising import bill of cotton and ease the balance of trade of the country. Above all, through value-addition maximum foreign exchange could be earned,” agreed Shabir Ahmed chairman Pakistan Bedwear Exporters Association (PBEA).

It is encouraging that Sindh recorded double digit growth of 12.32 per cent in cotton production at 4.252m bales compared to 3.785m bales produced in the same period last year. This means that around 466,472 more bales were produced this season.

Against this Punjab recorded 4.84pc growth at 7.233m bales compared to 6.899m bales produced in the corresponding period last season. This resulted in nominal rise in production of 334,015 bales.

There is a drastic fall in phutti (seed cotton) arrival during the last fortnight (Feb 1-15) as only 52,867 bales reached ginneries as against 50,627 bales in the same period last year. Overall only 2,240 more bales were produced during period under review.

According to other details, the textile industry has so far purchased 10.439m bales compared to 9.732m bales lifted by the industry in the corresponding period last season.

Source: dawn.com- Feb 20, 2018

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Pakistan: Investing in employment intensive SMEs more lucrative for exports

Large scale manufacturing sector is crucial for the economy but the main providers of jobs in Pakistan are the small and medium enterprises (SMEs) that need a boost to move from being local suppliers to global suppliers.

The share of the manufacturing sector in the job market is only 14 percent that is very low because 80 percent of the manufacturing investments in large scale industries provide less than 20 percent of the manufacturing jobs.

The rest over 80 percent jobs are provided by the SMEs. The size of workforce in Pakistan is 63 million out of which only 9.13 million jobs are provided by the manufacturing sector.

The workforce in around 300 operating spinning and weaving mills is around 180,000 at an average of 600 workers per mill. The SMEs of textile sector employ a workforce of over 3.3 million.

These include textile subsectors like garments, knitwear and towels. The investment in these value-added sectors is 20 times less than the spinning and weaving sectors. Realising this, even the All Pakistan Textile Mills Association has advised the government to facilitate around a thousand new garment and knitwear units in the country.

Most of the bank credit in textiles is availed by the spinning and weaving sectors while the SMEs of this sector have nominal exposure to credit. The default rate of textile SMEs is nominal compared with the defaults of basic textile units.

The garment and knitwear units have to accept foreign orders in accordance with their capacities, the rest they refuse because they do not have the finances to enhance capacities as it is extremely difficult for them to get bank credit.

These SMEs grow at 7-10 percent per annum on their own investment and are regularly increasing exports. A look at the car manufacturing sector would reveal that the three main car manufacturers hardly employ 5,000 workers. The investment in the manufacturing plant is heavy and they cumulatively produce around 300,000 cars per year.

The SMEs that supply auto-components to these manufacturers operate with a workforce of over 150,000. These auto part makers manufacture precision auto parts of global standards. Each component they produce is approved by the Japan-based principle offices of these car manufacturers.

The quality of these parts is so good that whenever the principle offices face part shortages in Japan they ask the Pakistani auto parts producers for supplies.

But the Pakistani suppliers lack capacities to execute these orders. They need investment to scale up but banks are mostly not interested to hold their hands. Indian auto part makers have enhanced capacities and their exports are almost equivalent to our total exports.

The investment in 23 cement units of the country is probably the same as that of the entire textile sector. The number of workers in these units is hardly 23,000. Similarly, sugar mills also fall under large scale manufacturing. These mills cumulatively employ hardly 63,000 workers.

The investment is very high. As a matter of fact automation has been very high in large scale manufacturing industries while the role of workers is still protected in most SMEs. The large scale industries provide mostly the basic materials needed for growth. This is the reason that large scale manufacturing industries are still flourishing in most developed economies where the wages are very high.

Barring basic textile, most of the LSM sectors like automobiles, cement, pharmaceuticals, chemicals and paints are operating successfully in developed economies. However these economies have outsourced the labour intensive industries.

This is the reason that the garments, knitwear and auto parts are manufactured in developing economies for the developed economies. To ensure a sustainable export-led growth, the government has to shift its focus from LSM to SMEs. These SMEs should be the suppliers of every low and high value product for the global economies.

The light engineering industry could fetch more foreign exchange through thousand suppliers from Pakistan than our entire exports. Even the export of low value-added steel pipes has substantial scope of exports from SMEs. The auto parts and value-added textiles have 100 times more potential than our current exports from these sectors.

Source: thenews.com.pk- Feb 20, 2018

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Japan logs trade deficit in January, as imports jump 8%

Japan's trade sector started out the year on a strong note though it slipped into deficit for the first time in eight months due to higher oil prices and seasonal factors.

Customs data released Monday showed imports rose 8 percent from a year earlier to 7.03 trillion yen ($66 billion). Exports jumped 12 percent to 6.09 trillion yen, leaving a deficit of 943.4 billion yen.

Exports to China jumped 30 percent from a year earlier.

Oil prices have gained over the past year, rising from about $55 per barrel in January 2017 to more than $70 per barrel for part of last month. As a resource-scarce nation, Japan imports nearly all of its non-renewable energy needs. Imports of oil, gas and coal jumped nearly 10 percent in January from a year earlier, to almost 1.6 trillion yen.

Japan's trade surplus with the United States fell 12 percent as exports edged higher to 1.07 trillion yen. Surging shipments of liquefied petroleum gas, soybeans and machinery helped push imports up 9 percent year-on-year to 717 billion yen.

Harumi Taguchi, an economist for HIS Markit, said the timing of new year and lunar new year holidays likely pushed the balance into deficit. But she added that "the overall trend for exports is likely to remain solid thanks to sustained brisk machinery orders from overseas, which will contribute to maintaining Japan's trade surplus over the near term."

The yen has recently gained in value, which could stunt exports in coming months, though for now it is mostly reducing costs for imports and exports since more than half of all of Japan's exports and imports are contracted in dollars, Taguchi said.

Source: asahi.com- Feb 19, 2018

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NATIONAL NEWS

Maharashtra govt allows privatisation of cooperative spinning mills

There were 136 societies and mills in Maharashtra that had sought funds in the form of a share capital, out of which 66 are running, while some others are under installation whereas few of them are into liquidation and three already shut down.

The Maharashtra government has decided to allow privatisation of spinning mills and powerloom societies that are operated on the cooperative basis across the state. The state's new Textile Policy allows cooperative spinning mills and powerloom societies to change the use of land, which allows them to engage in other than industrial purposes.

As per the policy, cooperative spinning mills and powerloom societies will be allowed to be privatised, provided they are ready to return to the government the equity, loan and interest thereupon, a government official said. "If there is any change in the industrial use of the land, then an amount will have to be paid to the government as per the prevailing rules under the 'one time exit policy'," the official said.

The new policy will exist for the next five years from 2018 to 2023, he added. There were 136 societies and mills in Maharashtra that had sought funds in the form of a share capital, out of which 66 are running, while some others are under installation whereas few of them are into liquidation and three already shut down.

To encourage cooperative mills, the state government's textile department funds cooperative cotton mills 45 per cent of share capital, while 50 per cent is required to be raised in the open market whereas remaining 5 per cent is borne by the mill board.

In the case of mills run by Scheduled Caste (SC) members, the state textile department will provide fund of 45 per cent of share capital, 50 per cent by the social justice department while the rest 5 per cent will be raised by the mill board. "There were no options available before loss making or under liquidation powerloom societies or cooperative mills for their revival.

Now, they will have an option by changing the use of land provided following the rules under one-time exit policy," the Textile department official said. The policy is aimed at generating 10 lakh new employments in the next five years and doubling the farmers' income by 2022. It is also expected to attract investments worth Rs 36,000 crore, the official said.

The policy will also provide many benefits including competitive power tariffs and increased capital subsidy for SC/ST and minority categories. The policy lays a special focus on strengthening the knitting, garmenting and hosiery sector, which will create ample employment opportunities for women, he said. "This will prove to be an important step forward towards women empowerment and development of women entrepreneurs," the official added.

Source: financialexpress.com- Feb 18, 2018

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New textile policy to offer capital, power subsidy

More sops for those willing to set up shop in backward areas

The State government will announce a new textile policy at the Magnetic Maharashtra summit that begins on Sunday. Chief Minister Devendra Fadnavis said the policy will be for the 2018-2023 period, and will cover the spinning, weaving, processing, garmenting, knitting and ginning industries, among others. The announcement is expected to be made at the event by Prime Minister Narendra Modi.

Senior officers in the Chief Minister's Office (CMO) said the policy will offer capital subsidy between 25% and 40% to the textile sector.

Additional capital subsidy of 10% will be given to industries taking green initiatives. Entrepreneurs interested in setting up shop in underdeveloped regions like Marathwada and Vidarbha will be given an additional 20% subsidy on capital investment.

"The regional subsidy is being offered to maintain a balance of growth between rural and urban, developed and undeveloped areas of the State," a CMO officer said.

Under the new textile policy, subsidised power will be available at ₹3 per unit for cooperative spinning units, while power looms with capacity below 200 horsepower can get electricity for ₹2 per unit, as will spinning mills.

Subsidy given to power looms can be availed by other textile value chain units like processing, garment-making and knitting as well.

The government also plans to open textile research and development centres across the State. It has invited proposals from private parties to build and operate a textile university, for which it will provide land and bear the construction cost.

Source: thehindu.com- Feb 17, 2018

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Canada's Trudeau talks trade in India on weeklong state visit

Making his first visit to India since assuming office in 2015, Canadian Prime Minister Justin Trudeau is set to discuss deepening bilateral cooperation in areas such as trade and investment and energy during his meeting Friday with counterpart Narendra Modi.

Trudeau, along with his wife and three children, kicked off a weeklong tour on Sunday with a visit to the iconic Taj Mahal monument in Agra, a city in the northern Uttar Pradesh state.

On Monday, he traveled to Ahmedabad in Modi's home state of Gujarat in India's west, where he visited Sabarmati Ashram -- one of the residences of Mahatma Gandhi -- and later met with students at the prestigious Indian Institute of Management.

"There is a lot of room to grow" bilateral trade, Trudeau said at the IIM event. According to the government here, India accounts for only 2% of Canada's global trade.

Its exports to Canada include gems, jewelry, pharmaceuticals, ready-made garments, textiles, organic chemicals, light engineering goods, and iron and steel articles. It imports pulses, wood pulp, potash, iron scrap, copper, minerals and industrial chemicals, among other goods.

In Canada, Indian companies have invested in sectors such as information technology, steel and natural resources, with Aditya Birla Group, Essar Steel, Tata Consultancy Services, Tech Mahindra, Wipro and Infosys having substantial operations there. The government-run State Bank of India and the private ICICI Bank have seven and nine branches in Canada, respectively.

However, there is a strong need to speed up trade negotiations and agreements that enhance economic ties.

The last time a Canadian prime minister visited India was November 2012, when Stephen Harper traveled to the country. Modi made a visit to Canada in April 2015.

In an opinion piece in the Globe and Mail, the Canadian newspaper, Colin Robertson, vice president and fellow at the Canadian Global Affairs Institute, pointed out that the foreign investment protection agreement concluded between the two sides in 2007 has yet to be implemented.

"Free trade negotiations began in 2010. The six-month 'road map' to its achievement, that Mr. Harper and Mr. Modi enthused about during the Indian prime minister's Canadian visit in April, 2015, has yet to materialize," Robertson added.

Apart from trade and investment, his upcoming discussions with Modi and other Indian leaders are expected to focus on cooperation in security and counterterrorism.

Source: asia.nikkei.com- Feb 20, 2018

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Exporters still struggling to get GST refunds

Commerce Secretary, CBEC Chairperson ask officials to expedite disbursals

Exporters are continuing to struggle to get their refunds for the Integrated Goods & Services Tax (IGST) paid on exports, with officials raising various issues over the required documentation in the absence of a checklist.

With just about 30 per cent of the claims for refunds met so far by the government, Commerce Secretary Rita Teaotia expressed her concern on the delayed payments at a recent meeting of the National Committee on Trade Facilitation, which was chaired by the Cabinet Secretary.

“The Commerce Secretary pointed out that there was a need to sensitise States on expediting refunds to exporters as a large amount of their working capital was stuck in the process,” a government official told BusinessLine. Exporters point out that in the absence of a prescribed set of documents, different officials, including State authorities, were asking for whatever documents they fancied, such as bank realisation certificates, and were rejecting claims if such documents were not available with exporters.

“The government needs to streamline the required procedures and give a checklist of documents that are required. Everyone, including State authorities, should be made to accept the checklist and no other documents should be demanded,” said Ajay Sahai from the Federation of Indian Export Organisations.

e-wallet

As much as ₹1,85,000 crore could get stuck with the government because of the present system, under which exporters pay duties first and then get refunds, according to industry estimates. The government plans to introducethe e-wallet system to help exporters get around the situation from April, but exporters say that the details of how it would work have not yet been shared.

The Central Board of Excise and Customs has also asked its officials to speed up work on refunds to exporters. In a recent missive, CBEC Chairperson Vanaja N Sarna has asked Chief Commissioners to monitor the processing of pending claims and to set up a dedicated team of officials for timely disbursals.

States' concern

"States are also now getting concerned about the delay in refunds and some have said they will raise the issue at the GST Council. State tax departments are setting up teams to look into timely refunds," said a Finance Ministry official.

Under GST, which was launched on July 1 last year, exporters have to pay Integrated GST for exports, which is then refunded. But as this can lead to cash flow problems, exporters had the option to provide an LUT or bond.

The state of Input Tax Credit (ITC) refund – the money paid as GST on buying of inputs – is even worse, as exporters have only been able to carry out 5 per cent of the filing done electronically in the manual format, Sahai added.

"There is a huge gap between electronic filing and manual filing and we believe that the Revenue Department is taking up the issue with the GST Council," he said.

Due to the non-availability of the refund module on the common portal, the CBEC decided two months back to allow applications, documents and forms pertaining to refund claims on account of inverted duty structure, deemed exports and excess balance in electronic cash ledger to be filed and processed manually.

"Manual filing takes time and effort and adds to the cost of transaction," said Sahai.

Source: thehindubusinessline.com- Feb 20, 2018

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Apparel exports continue to decline, says AEPC

'Exporters cut back on orders because of fund crunch; delay in refund of levies hurting industry'

Apparel exports have declined by 14% in rupee and 8% in dollar terms in January this year compared with the year-earlier month, latest data showed.

Between April and January of last financial year, apparel exports stood at ₹93,745 crore and for the same period this fiscal, it was ₹88,709 crore, a drop of 5%. "We were hoping to remain at $17 billion of total apparel exports this year," said a spokesperson of Apparel Export Promotion Council (AEPC).

"But, I do not see the sentiments for any major correction. Usually, orders are good between January and March. However, this year, exporters are cutting back on orders because of financial crunch," said the spokesperson.

If a garment unit with ₹10 crore turnover has ₹1 crore locked up in pending refund arrears, it is a problem for exporters. Almost 80% of the benefit in the apparel package announced by the Centre in 2016 is towards ROSL. Almost 55 % of garment exporters had not received the ROSL (Rebate of State Levies) since last July and this amounted to almost ₹2,000 crore, the AEPC spokesperson added.

Labour-intensive sector

Apparel is a labour-intensive sector and the ongoing issues are weakening it, said Raja Shanmugham, president, Tirupur Exporters' Association. While the refunds from the Centre are pending, the industry continues to make the mandatory payments every month. This is crippling the industry, he said. "The international market is not bad. There is an internal competitiveness problem," added Sanjay K. Jain, chairman, Confederation of Indian Textile Industry, on the reason for drop in exports of not only garments but also other textile products.

While the country's exports are growing, decline in apparel and textile exports will bring down the share of the sector in the export basket. "The annual textile and clothing exports this year compared to last year will be a close call. It might be the same as last year. However, yarn and garments are going to be lower," Mr. Jain added.

Source: thehindu.com- Feb 18, 2018

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Suresh Prabhu says 40 pct of GDP to come from exports by 2025

Suresh Prabhu informed that government has called a meeting of all state ministers to discuss on the export strategy.

The Modi government will soon come out with a comprehensive strategy to increase the share of global trade to 40 per cent of the gross domestic product (GDP), which is expected to touch USD 5 trillion by 2025, commerce minister Suresh Prabhu said today.

At present, exports constitute only around 18 per cent of the UD2.6-trillion GDP, which is currently the fifth largest in the world after the US, China, Japan, Germany and Britain, while the country's share in global trade is paltry and is under 2 per cent only.

The more than doubling of shipments will demand that the economy massively increase the share of manufacturing in the overall GDP basket, which is around 14 per cent. Though the previous Congress government had set a target of taking this to 25 per cent of GDP by 2020 has come a cropper and same is the fate under the present regime.

Addressing the Maharashtra global investor summit, Prabhu said, "exports is the driving force of our growth strategy. We are coming out with a comprehensive strategy to increase the share of global trade to 40 per cent of GDP, which is likely to touch USD 5 trillion."

Of the USD 5-trillion GDP expected to be achieved by 2025, he expects USD 3 trillion to come from the services sector, while USD 1 trillion each to come from the manufacturing and agriculture sectors.

The minister also urged the business community to come up with a proper business plan to increase exports.

According to the Federation of Indian Export Organisation (Fieo), the current share of exports in GDP is only 18-19 per cent.

"We are in the process of preparing a new strategy for diversifying our export basket to ensure that we export to new markets and ship out new products. For that, we are preparing a marketing strategy," the minister said, adding the focus would be on attracting foreign investment and engaging the global community.

Prabhu informed that government has called a meeting of all state ministers to discuss on the export strategy. Currently just four states-Maharashtra, Tamil Nadu, Gujarat and Karnataka contribute almost 70 per cent of exports.

"We have decided to support the states to increase their exports. Participation of all the states is very critical to achieve the target," he said.

Prabhu lauded Maharashtra's efforts to become one trillion-dollar economy by 2025, and said "Maharashtra as an industry leader can play bigger role."

Prime Minister Narendra Modi while inaugurating the summit last evening had said Maharashtra would become the country's first trillion-dollar economy, by 2025.

The state has been the largest weighting in the GDP for long at around 16 per cent of the national GDP.

Source: financialexpress.com- Feb 19, 2018

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Cloth, idea, brand: What is khadi, to whom does it belong?

KVIC has argued that khadi is a specific type of product created by a specific process, which is different from factory-made cotton garments.

The Khadi and Village Industries Commission (KVIC), the statutory body in charge of the development of khadi and other village industries, has threatened to sue Fabindia, the country's "largest private platform for products that are made from traditional techniques, skills and hand-based processes", for Rs 525 crore for "illegally" using its trademark "charkha", and for calling its products "khadi". KVIC has argued that khadi is a specific type of product created by a specific process, which is different from factory-made cotton garments.

KVIC had sent a similar notice to Fabindia in 2015. A spokesperson for Fabindia told The Indian Express that the company has been in talks with KVIC ever since. Fabindia had applied to KVIC for “Khadi Mark” certification (that is, the right to call their products “khadi”) in 2016, but its application was rejected. “We are evaluating the situation,” the spokesperson said.

So, what exactly is khadi?

Mahatma Gandhi popularised the charkha and indigenously produced cloth as a symbol of the Swadeshi boycott of foreign-made goods, including cloth. Khadi, fabric that was handwoven from handspun yarn, was meant to make every home self-sufficient, and provide employment for rural India.

After Independence, KVIC was established by an Act of Parliament in 1956. The KVIC Act defined khadi as “any cloth woven on handlooms in India from cotton, silk or woollen yarn handspun in India or from a mixture of any two or all of such yarns”. KVIC has been using the khadi trademark on its products and media displays ever since. With time, however, many Indians, including users of khadi, came to be no longer conscious that the cloth must, by definition, be both handwoven and handspun.

On July 22, 2013, the government notified The Khadi Mark Regulations, 2013 “for the purpose of authentication of genuine khadi”. These Regulations specified that for institutions or people to sell, trade, or produce khadi and khadi products, the cloth would have to bear the “Khadi Mark Tags and Labels” issued by the KVIC. Persons or institutions applying for Khadi Mark registration would be subject to specified sample tests.

Which institutions were found using the khadi tag without authorisation?

KVIC Chairman Vinai Kumar Saxena told The Indian Express, “As many as 176 institutions have been given notices by us over the past three years for violating the khadi trademark in some way or the other. These are mostly single-outlet stores and retailers, including six in Chennai, 30 in Madurai, 34 in Hyderabad, 7 in Ambala and five in the Mumbai region. But while others have stopped any such practices after receiving the said notices, Fabindia is the only repeat offender.”

Saxena said that “Fabindia was warned in 2015 and they apologised, again in 2016 they apologised and assured (us) they will not do it again when we sent them a notice. But they continue to do it even till 2017 despite admitting to the mistake. The legal notice (served in 2018) is part of a process, and it will take its course.”

But why is the government so possessive about the trademark khadi?

Both charkha and khadi have been associated inalienably with Mahatma Gandhi, and are powerful symbols of India’s struggle for Independence. While successive governments have been keen to ensure that the khadi brand be not used for private profit, the current dispensation has been especially enthusiastic to protect and promote the brand. The KVIC, which functions under the Ministry of Micro, Small and Medium Enterprises, was reconstituted in October 2015, after which it got more teeth, and Saxena was made Chairman.

Soon after taking over, Saxena wrote to BJP president Amit Shah, underlining that khadi provides employment to more than 130 lakh people, and asking that khadi be recommended for use in government departments. Shah subsequently wrote to Ministers, urging them ensure that “the use of khadi… is maximised… in a systematic manner”. In May 2016, a khadi uniform was proposed for Air India’s 4,000-strong cabin crew.

Culture Minister Mahesh Sharma, who was also Tourism Minister then, proposed khadi bedsheets and upholstery in ITDC hotels, and the setting up of stalls selling khadi products at all Ministry festivals and fairs. Earlier in January 2016, Prime Minister Narendra Modi had given the slogan, “Azaadi Se Pehle, Khadi for Nation; Azaadi Ke Baad, Khadi For Fashion”, and KVIC has a section on its website on the PM’s mentions or tweets about khadi. The government is working on promoting khadi overseas, and KVIC is in talks with industry associations abroad to open franchises, according to a senior Ministry official.

To whom does khadi ultimately belong?

The government has enacted a law and framed Regulations around it, and its disagreement with entities such as Fabindia will ultimately be resolved either through talks within that regulatory framework, or in the courts. At another level though, irrespective of the government's claim to proprietorship, the brand really belongs to the people who give it their patronage. It is on their continued support that the future of khadi depends. Also, the term "khadi" has been around from long before KVIC came into existence, and in that sense, it is as generic as "ayurveda" or "yoga".

Attached to the argument over khadi also are a few other questions. Besides the cloth, are the symbols of khadi, the charkha, and the artisans, too fall exclusively in KVIC's domain? What about smaller artisans who work on handlooms, but are not registered with KVIC? And what other words can be used in popular parlance to describe handmade products if khadi is to be out of bounds?

Source: indianexpress.com- Feb 20, 2018

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New JNPT terminal to spur traffic

PSA's Bharat Mumbai Container Terminals (BMCT), at Jawaharlal Nehru Port Trust (JNPT) will enable Mumbai to regain container traffic lost to ports in Gujarat, said Tan Chong Meng, Group CEO, PSA International Pte. Ltd.

"BMCT is... a crucial sea node that will facilitate the movement of global trade and commerce," he added.

He was in Mumbai for the inauguration of the first phase of BMCT by Prime Minster Narendra Modi. PSA is investing ₹7900 crore in a 4.8 million TEU annual container handing terminal, the biggest in India, which will double the capacity at JNPT by 2022.

"BMCT is not built for its own sake. It is built for the sake of the whole port of JNPT. If BMCT has a good reputation, the whole JNPT has a good reputation and cargo may move from other ports to BMCT to be better served by here to the hinterland with greater efficiency and ultimately everyone will get the benefit," Mr. Meng said.

He said there were some issues that would affect whether the port/the terminal could be part of a total port and terminal community. "We are still seen as a new kid on the block. But, I think that is short sighted.

If people say situation in JNPT is not sorted out yet, then it's not helpful for JNPT. BMCT we would like to see normalisation, part of efficient port system and everybody works towards the health of JNPT's logistics eco system if that can take place," he said while answering a question on opposition and roadblocks caused by rival terminal operators at JNPT.

PSA International which runs terminals at five ports in India has invested more than $2billion. "That is a big investment in one single country especially one which over time saw slightly slower growth and then thankfully recently more of a stronger pick up. So, I was putting money with a lot of faith in the future of India," he said.

"We continue to see India as a place where PSA will invest more," he said.

Source: thehindu.com- Feb 19, 2018

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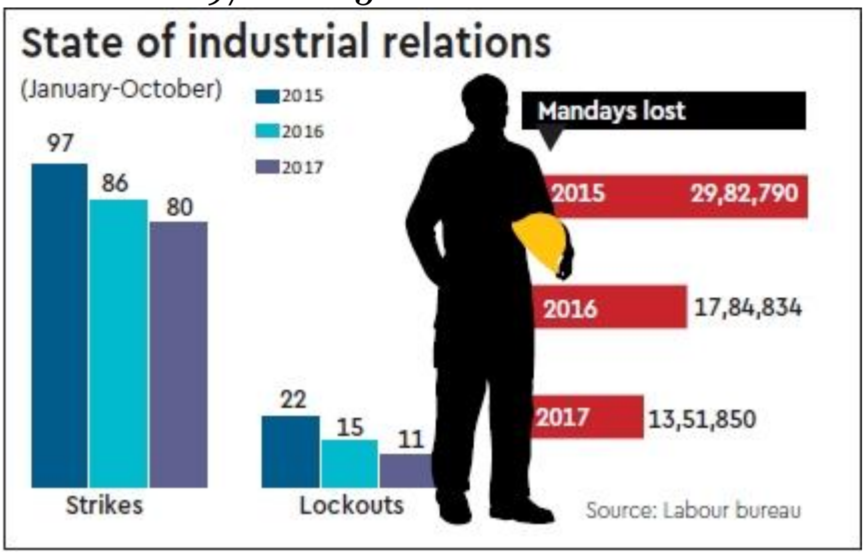
Fewer strikes, lockouts in last 3 years

In what seems to indicate an improvement in industry-labour relations, incidents of strikes, lockouts and the resultant loss of mandays reduced during the past three years. The number of strikes across industrial units fell to 80 during the January-October period of 2017 from 86 in the same period of 2016 and 97 in 2015.



Similarly, lock-outs went down to 11 during the 10-month period of the last year from 15 in the same period of 2016 and 22 in 2015. The mandays lost as a result sharply declined to 13,51,850 in the January-October period of 2017 from 17,84,834 in 2016 and 29,82,790 in 2015.

However, the number of workers' affected due to strikes and lockouts in the 10-month period of 2017 exceeded the respective numbers of 2016 and 2015. While the cumulative number of affected workers were 6,15,350 in 2017; it was 5,65,798 in 2016 and 7,40,524 in 2015.

The progressive improvement in industrial relations augurs well for the country's investment climate and ranking in the World Bank's ease of doing business index, where India for the first time stormed into the top 100 list. Immediately after assuming office, the Narendra Modi government took up the long-pending labour reforms with the objective of making India a global manufacturing hub and ensuring the ease of doing business.

But many of the proposals aimed at labour market flexibility, as contained in the Industrial Relations Code, are yet to be approved by Parliament. The recent Budget has extended fixed-term employment, which used to exist in the garment and leather industries, to other areas as well.

On the legislative front, the government has enhanced the eligibility limit for payment of bonus from Rs 10,000 to Rs 21,000 per month and the calculation ceiling from Rs 3,500 to Rs 7,000.

The Payment of Wages (Amendment) Act, 2017 enables payment of wages to employees by cash or cheque or crediting it to their bank account, thereby limiting scope of unscrupulous employers exploiting workers. The Employee Compensation Amendment Act has strengthened workers' right.

On the other hand, with an aim to save efforts and costs and reduce the compliance burden of establishments, the government has replaced 56 registers/forms under nine central labour laws with just 5. It has also proposed to provide freedom to operate an establishment for 365 days in a year without any restriction on opening or closing time and enables employment of women during night shifts if adequate safety provisions exist.

Source: financialexpress.com- Feb 20, 2018

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