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IBTEX No. 82 of 2018 April 20, 2018

USD 66.04| EUR 81.51 | GBP 93.01 | JPY 0.61

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
19433	40650	**79.46**

Domestic Futures Price (Ex. Gin), April

Rs./Bale	Rs./Candy	USD Cent/lb
20630	43153	**84.35**

International Futures Price

NY ICE USD Cents/lb (May 2018)	82.97
ZCE Cotton: Yuan/MT (Jan 2018)	14,825
ZCE Cotton: USD Cents/lb	**91.09**
Cotlook A Index – Physical	**93.05**

Cotton guide: The week has come to an end; the both trading volume and price movements were soft. The average daily aggregate trading volumes were less than 30K contracts. So far this week price also moved in a very thin range. The July moved in the range of 82 to 84 cents. The July traded down for three days of the week and later on Thursday it moved higher to end at 82.82 cents per pound. The same counter is seen trading higher at 83.16 cents this morning on Friday up by almost half per cent from the previous close.

One of the major reasons for rise in cotton price was the better than expected USDA US weekly export sales report. The Weekly Export Report for the week ended April 12th had surprising combined net sales of 524,900 bales (upland 520,000/pima 4,900). That included cancelations of 12,200 bales.

The 3 biggest buyers were: Vietnam 181,800 bales; China 103,900 bales; and Indonesia 79,700 bales. Total 2017-18 sales have reached 15,910,900 bales, 2.22 million bales ahead of same week sales last year.

However, market failed to move much higher due to expectation of rain forecasts in Texas over the weekend. Any good rain in the region will be welcome for cotton in the US for better sowing and growth. Also post the market closed the weekly CFTC on-call sale/purchase report was released for the week ended 13th April.

It confirmed active on-call sales fixations in May, down 3,172 contracts; leaving 12,775 contracts unfixed as of last Friday. The most jolting feature of the On-Call report was the giant increase in total on-call sales, up 10,728 contracts. Without the May decrease, the July-18 through July-20 on-call sales were up 13,900 contracts for the week. Meanwhile, total on-call purchases set a new all-time high at 45,029 contracts, up 1,539 contracts. On-call purchases a year ago were 34,951 contracts.

Lastly on the price point of view, market is swinging between the same ranges of 82 to 84 cents per pound. We expect further major trigger shall determine the fresh direction. For the day we expect ICE cotton to remain positive.

On the domestic front the spot price has declined marginally to Rs. 41400 per candy ex-gin. The arrivals were steady. On the futures front the April future initially traded down and closed the session at Rs. 20630 down by Rs. 20 from the previous close. It had made an intraday low of Rs.20550 per bale. For the day we expect market may remain sideways while marginal bounce in the price could be observed. The trading range for the day should be Rs. 20500 to Rs. 20730 per bale.

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

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INTERNATIONAL NEWS

Trump Backtracks on TPP Re-entry—Again

As quickly as it blew in, President Trump's seemingly TPP-friendly mood has gone again.

On Thursday, Trump directed his top trade advisors to look at negotiating a U.S. reentry into the Trans-Pacific Partnership—which now officially goes by the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), having already been signed by 11 member nations left standing after U.S. withdrawal last January.

Turning to his platform of choice late Tuesday, however, the president said on Twitter, "While Japan and South Korea would like us to go back into TPP, I don't like the deal for the United States. Too many contingencies and no way to get out if it doesn't work. Bilateral deals are far more efficient, profitable and better for OUR workers. Look how bad WTO is to U.S."

It wasn't made clear why Trump mentioned South Korea in the tweet, considering the country has not been part of the TPP agreement, but the tweet came on the heels of a meeting with Japanese prime minister Shinzo Abe. Some have suggested Trump may have alluded to the U.S. wriggling its way back into the deal, looking for a renegotiation to get there, and Japan—as well as other TPP member nations Australia and New Zealand—made clear last week that they weren't interested in a wholesale renegotiation of a deal that's already been settled.

Further to his preference for bilateral trade deals over their multilateral counterparts, Trump has been pushing Japan for a partnership on trade.

Trump said in an April 12 tweet about TPP, "…We already have BILATERAL deals with six of the eleven nations in TPP, and are working to make a deal with the biggest of those nations, Japan, who has hit us hard on trade for years!"

Japan has appeared less keen on engaging with the U.S. on trade. The country's finance minister Taro Aso told reporters in Tokyo late last month that Japan doesn't want to engage in bilateral trade talks with the U.S. that are tied up in tariff volleys and trade deficits.

For now, however, it looks like the U.S. won't be engaging with Japan on a multilateral trade level either as the TPP is back on the bench at present.

In remarks following Trump's latest TPP tweet, National Economic Council chief Larry Kudlow, one trade leader tasked with looking into a U.S. reentry to TPP over the last handful of days, said the idea of rejoining the agreement was "more of a thought than a policy."

The predictable unpredictability of Trump's policies on trade has done more than tarnish U.S. relations, it has also left U.S. companies stuck for a way forward, and upset supply chains as brands and retailers look for what they hope will be more stable sources for product.

Source: sourcingjournal.com- Apr 18, 2018

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World cotton production to rise in 2017/18

Global cotton production in 2017/18 is forecast at 122.2 million bales, 14% above last season and the largest production in five years, according to the latest report by US Department of Agriculture (USDA).

According to the latest report, world harvested area in 2017/18 is estimated at 33.3 million hectares, 12% above 2016/17—as returns from cotton were more favourable and encouraged cotton plantings over alternative crops. The global yield is forecast to rise to 799 kg per hectare in 2017/18, the highest in four years and the second highest on record.

All major cotton producers are projected to harvest a larger crop in 2017/18, with increases for China and the US leading the gain. In 2017/18, the top three producing countries – India, China, and the US – are projected to account for 63% of the global cotton crop, similar to the previous season.

India's production is forecast at 28.5 million bales, about 6% above last season. For Brazil, cotton production is expected to reach 8.7 million bales in 2017/18, compared with 7 million last season.

Global consumption

World cotton consumption in 2017/18 is projected at 120.4 million bales, 5% above 2016/17. Although cotton mill use has been rising relatively steadily for the past six seasons, an expanding global economy and the slowdown in polyester production contributed to this year's above-average growth. Despite the highest cotton consumption in a decade, 2017/18 world production is expected to exceed consumption for the first time in three years.

China, the leading spinner of raw cotton, is projected to use 40 million bales of cotton in 2017/18. China accounts for one-third of the global cotton mill use total. In addition, cotton yarn imports by China could include an additional 8 million bale-equivalents of raw fibre to support its growing textiles and apparel industry.

Small consumption gains in 2017/18 are seen for both India and Pakistan, where mill use is projected at 24.2 million bales and 10.4 million bales, respectively. Larger increases, however, are expected in Vietnam, Bangladesh, and Turkey.

World cotton trade

World cotton trade is projected at 39.1 million bales in 2017/18, 4% above the previous season and the largest in four years.

Higher trade is primarily driven by increased import demand from countries that process raw cotton into textile and apparel products.

In 2017/18, Bangladesh, Vietnam, and China are forecast as the leading cotton importers, although all major importing countries are expected to show increases this season.

With cotton exports by the US slightly above a year ago, 2017/18 gains are primarily noted by higher shipments from Brazil and Australia – a result of their larger high-quality supplies – as reductions are forecast for the other major exporters.

CGCS programme

In March, the USDA announced the Cotton Ginning Cost-Share (CGCS) programme, which provides cost-share payments to cotton producers to offset their 2016 ginning costs and assist with the marketing of cotton.

The CGCS programme only applies to producers who have reported 2016 cotton acres to USDA/FSA. Through the CGCS programme, eligible producers can receive a one-time cost-share payment based on the producer's share of reported 2016 cotton acres and the regional payment rate announced by USDA.

The payment rate was determined to equal 20% of the average ginning cost for each production region. These payment rates ranged from US$ 19.65 per acre to US$ 48.02 per acre, depending on the region.

Source: innovationintextiles.com- Apr 19, 2018

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Global economic upswing became broader & stronger: IMF

The global economic upswing that began around mid-2016 has become broader and stronger, says a latest report released by the International Monetary Fund (IMF).

The new World Economic Outlook report advises policymakers to seize this opportunity to bolster growth, make it more durable, and equip their governments better to counter the next downturn.

The report, titled 'World Economic Outlook, April 2018: Cyclical Upswing, Structural Change', projects that advanced economies as a group will continue to expand above their potential growth rates this year and next before decelerating, while growth in emerging market and developing economies will rise before levelling off. However, for most countries, the current favourable growth rates will not last, states the report.

Global growth in 2017 was 3.8 per cent, the fastest since 2011. With financial conditions still supportive, global growth is expected to tick up to a 3.9 per cent rate in both 2018 and 2019.

“Advanced economies will grow faster than potential this year and next; euro area economies are set to narrow excess capacity with support from accommodative monetary policy, and expansionary fiscal policy will drive the US economy above full employment,” predicts the report.

Aggregate growth in emerging market and developing economies is projected to firm further, with continued strong growth in emerging Asia and Europe and a modest upswing in commodity exporters after three years of weak performance.

Global growth is projected to soften beyond the next couple of years. Once their output gaps close, most advanced economies are poised to return to potential growth rates well below pre-crisis averages, held back by aging populations and lacklustre productivity.

US growth will slow below potential as the expansionary impact of recent fiscal policy changes goes into reverse. Growth is projected to remain subpar in several emerging market and developing economies, including in some commodity exporters that continue to face substantial fiscal consolidation needs.

While upside and downside risks to the short-term outlook are broadly balanced, risks beyond the next several quarters clearly lean to the downside. Downside concerns include a possibly sharp tightening of financial conditions, waning popular support for global economic integration, growing trade tensions and risks of a shift toward protectionist policies, and geopolitical strains.

The current recovery offers a window of opportunity to advance policies and reforms that secure the current upswing and raise medium-term growth to the benefit of all. Such policies should focus on strengthening the potential for higher and more inclusive growth, building buffers to deal more effectively with the next downturn, improving financial resilience to contain market risks and stability concerns, and fostering international cooperation, advises the report.

Source: fibre2fashion.com- Apr 19, 2018

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A sell out show for ITMA 2019!

Show owner expanding space to accommodate overwhelming response.18 April 2018 - Held every four years since 1951, ITMA has reinforced its reputation as the world's leading textile and garment technology exhibition. Exhibition space for its 18thshowcase to be held in Barcelona has been fully booked by the application deadline of 6 April 2018.

According to CEMATEX, the European Committee of Textile Machinery Manufacturers, owner of the ITMA exhibition, over 1,500 companies from 45 countries have applied to take part in ITMA 2019.

The space booked already totals more than 110,000 square metres net. As applications continue to stream in, plans are underway to expand the exhibition to the entire Barcelona Gran Via venue.

Mr Fritz P. Mayer, President of CEMATEX, said: "We are grateful for the vote of confidence from the industry. It shows that ITMA is the launch pad of choice for the latest technologies from around the world.

"Interest in ITMA 2019 is extremely strong, and we have received more applications at an earlier date compared with previous editions. We continue to welcome new applicants, especially manufacturers who are launching new products, as they will help to make ITMA 2019 an even more vibrant sourcing platform for our visitors."

Applicants from CEMATEX countries have booked 65 per cent of the space; the top countries are Italy, Germany and Spain. Highlighting the positive market sentiments of textile machinery manufacturers from the rest of the world, applicants from Turkey, India and China take the top spots in terms of space applied. The top sectors are finishing (25 per cent), spinning (14 per cent), printing and weaving (12 per cent) and knitting (11 per cent).

With the strong demand for space, ITMA 2019 is expected to feature a showcase of more than 115,000 square metres net, with the participation of some 1,600 exhibitors when the exhibition opens.

ITMA 2019 will be held from 20 to 26 June at Fira de Barcelona, Gran Via venue.

The exhibition, themed 'Innovating the World of Textiles', will showcase the latest technologies and sustainable solutions for the entire textile and garment manufacturing value chain, as well as fibres, yarns and fabrics. Visit www.itma.com for more information or email application@itma.com for participation details.

About CEMATEX & ITMA

The European Committee of Textile Machinery Manufacturers (CEMATEX) comprises national textile machinery associations from Belgium, France, Germany, Italy, Netherlands, Spain, Sweden, Switzerland and the United Kingdom.

It is the owner of ITMA and ITMA ASIA. Considered the 'Olympics' of textile machinery exhibitions, ITMA has a 67-year history of displaying the latest technology for every single work process of textile and garment making. It is held every four years in Europe.

Source: yarnsandfibers.com - Apr 18, 2018

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Denim Expert's New Finishing Process Cuts Water Use Per Jean in Half

Denim Expert Limited is ramping up efforts to conserve water.

The Bangladesh-based denim manufacturer launched a new water-saving collection at Kingpins Amsterdam Wednesday, that it said uses an average of 32 liters of water per jean—nearly half of what's traditional.

"Based on the lifecycle assessment of jeans, we know that there are three key areas in which we can help reduce the water used in the lifecycle: how cotton is farmed, how we manufacture the jeans and how consumers care for the products after they leave the store," Mostafiz Uddin, Denim Expert Limited managing director, said.

On average, Uddin said a pair of jeans consumes 60 liters of water during production. "We at Denim Expert managed to conserve water by applying two methodologies," he said.

The two-prong approach to water conservation begins with efficient washing machines.

“Usually the wash machines perform at a garment to liquid ratio of 1:10, whereas the machines we have in our factory work efficiently to give similar aesthetic look at water levels as low as 1:4,” Uddin explained.

Additionally, the company challenged itself to combine technique-based finishing processes to reduce the number of steps in its wet finishing. “For example, our factory can combine the desize and enzyme steps into one bath cycle, whereas traditionally we would use three bath cycles. Similarly, we have developed about 12 different techniques in which we can combine bath cycle and save water,” Uddin said.

Nearly every type of finish can be achieved with Denim Expert’s water-saving steps, though, the quantum of water savings per unit will vary by product.

Denim Expert has plans to use this process across its entire denim production. The initial stages of recycling and re-using water will have some cost factors, but Uddin said over a period of time the company will be able to recover its investments.

And it’s a worthy investment in the face of a crisis Uddin said the denim industry cannot ignore.

“Water is a critical and constantly depleting natural resource,” Uddin said. “Factors like lesser rainfall, deforestation, industrial usage and pollution of water has increased water crisis in the planet.”

Source: sourcingjournal.com- Apr 19, 2018

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Will Nigeria sign CFTA deal?

The committee on review of the Continental Free Trade Area (CFTA) framework agreement has asked for a two-week extension to complete consultations with major stakeholders. The committee was raised following Nigeria's refusal to sign the agreement. The extension request may pave the way for Nigeria's ratification of the free trade pact ahead of the African Union (AU) summit in July. The Industrial Policy and Competitiveness Advisory Council is backing the consultations before Nigeria ratifies the agreement.

The dust generated by the hotly debated Continental Free Trade Area (CFTA) agreement is gradually settling down. And going by the wide consultation and robust stakeholders' engagement on the proposed trade liberalisation deal, there are strong indications that Nigeria may eventually endorse the agreement, which it earlier boycotted following sustained agitation against the deal by some experts and critical stakeholders.

Last week, the committee set up by President Muhammadu Buhari to review the CFTA framework agreement, after Nigeria boycotted AU Assembly's extra-ordinary summit in Kigali, Rwanda on March 21, asked for a two-week extension. This was after the deadline for submission of its report expired on Thursday last week.

The Nation learnt that at the committee's meeting last week, presided over by Minister of Industry, Trade and Investment, Dr. Okechukwu Enelamah, the committee requested for extension to enable it strengthen consultations with critical stakeholders and determine how various sectors of the economy will benefit from the proposed agreement.

It will be recalled that President Buhari had on March 27 set up a committee to review the CFTA framework agreement, which sought to liberalise services and trade and remove tariffs on 90 per cent of goods. It sought to bring together 55 African countries with a combined population of more than 1.2 billion people, including a growing middle class and a combined Gross Domestic Product (GDP) of about $3.4 trillion.

The committee was established after President Buhari refused to sign both the CFTA agreement and the Free Movement Protocol in Kigali, citing the need to allow more consultations with stakeholders in Nigeria over the trade agreement, and the need for his administration to be circumspect in entering into any agreement that would make the country a dumping ground and jeopardise its security.

However, in boycotting the trade liberalisation deal, the President buckled under intense pressure by the Manufacturers Association of Nigeria (MAN), Nigeria Labour Congress (NLC), the academia and stakeholders, who vehemently kicked against the deal.

While MAN President Dr. Frank Udemba Jacobs, hinged his opposition on issues of market access and enforcement of rules of origin, among other concerns, the NLC President, Comrade Ayuba Wabba, expressed fears that the trade liberalisation will lead to the collapse of the manufacturing sector and loss of jobs.

Consequently, the president set up the committee to review the framework agreement, which was signed in Kigali, Rwanda, by 44 other African countries. But the committee, at its meeting at the Ministry of Foreign Affairs, was said to have requested for an extension to enable it consult widely before submitting its report.

The meeting had in attendance the Ministers of Science and Technology, Foreign Affairs and the Minister of State for Industry, Trade and Investment, Aisha Abubakar and some top government officers.

They include the Special Adviser to the President on Economic Matters, Adeyemi Dipeolu; Executive Secretary of the Nigerian Investment Promotion Commission (NIPC), Yewande Sadiku; Chairman, Federal Inland Revenue (FIRS), Mr. Babatunde Fowler.

Others at the meeting are Executive Secretary, Nigeria Export Promotion Council (NEPC), Segun Awolowo; Director General of the Nigeria Office for Trade Negotiations (NOTN), Chiedu Osakwe; Senior Special Assistant, Public Sector, Francis Anatogu; a representative of Customs Comptroller-General, A.S Aliyu, and Nigeria Ports Authority (NPA) General Manager, Edward Kabir.

Osakwe explained that the committee had met with the NLC leadership, the Rice Farmers' Association of Nigeria (RIFAN). It also requested for inputs from other key stakeholders, including, MAN, Federal Inland Revenue Service (FIRS), the NPA, Customs and Immigrations, among others.

While adding that the committee will look at Executive Order 5 when working out the details of the trade, Osakwe, who is also Nigeria's chief negotiator, said the committee had explained to the various stakeholders the contents of the 250-page document, which some of them had not read.

He, however, warned that many businesses may leave Nigeria to other African markets if Nigeria maintains its ground against the deal. According to him, the CFTA objective was to use Nigeria as route to other African markets.

The need for wider consultations, which necessitated the setting up of the committee, enjoyed the support and backing of the Industrial Policy and Competitiveness Advisory Council. The Council at its meeting last week, chaired by Vice President Yemi Osinbajo, received a status report on the CFTA and supported the need for more consultations before Nigeria ratifies the agreement.

The 36-member council, which was inaugurated by Osinbajo on Tuesday, May 30, 2017, is made up of leaders in the private and public sectors. It is chaired by Osinbajo, while Enelamah, and President of Dangote Group, Alhaji Aliko Dangote, serve as vice-chairmen, representing the public and private sectors, respectively.

The council was set up to provide input to the formulation of sectoral and industrial policy, and government interventions aimed at enhancing the performance of the Nigerian industrial sector. It provides feedback on government policies and programmes that affect the industrial sector.

In addition, the council makes recommendations, propose initiatives and bring perspectives that promote competitiveness and growth of the Nigerian industrial sector.

It also makes inputs to Nigeria's trade negotiations and agreements with a view to ensuring that the view of industry operators and the nation's industrialisation targets are taken into cognisance.

Other terms of reference of the council include proposing targets for national industrial output and investments across major industrial sectors; tracking the progress made on specific public and private sector initiatives aimed at transforming the industrial sector and meeting its industrialisation targets.

Members of the council also serve as ambassadors of the industrial sector and as platform to facilitate communication on current and emerging issues affecting industry, and ensuring regular interaction between government and stakeholders in the industrial sector.

Enelamah, who briefed newsmen after the council's meeting, last week, said the council reinforced the importance of consultation, which was what the President said. The meeting agreed with the President that more consultation is the way to go because the African CFTA Agreement will have implications for us, which we hope will be positive," he said.

While pointing out that the private sector was critical to the implementation of the agreement, which made it imperative that they be consulted before Nigeria signs the agreement, the minister said the Council took stock of work being done on 49 interventions that have been identified and the progress made.

According to Enelamah, the council discussed four areas where critical intervention were needed and where progress had been made, including anti-smuggling and what was being done; partnering the states on infrastructure and broadband expansion; financing and the involvement of private sector in roads construction and rehabilitation under a trust scheme.

The Nation learnt from reliable industry sources that the activities of the committee and the council were all geared towards smoothening the perceived gray areas in the CFTA framework agreement and addressing the concerns raised by MAN and other interest groups before Nigeria signs the agreement.

Recall that Jacobs has been vociferous in his argument that the agreement, in its current form, will put Nigeria's manufacturing sector and the economy in general at a gross disadvantage against other countries.

This was why he called on government to convene a special meeting of relevant stakeholders, including experts on trade policy, to quickly review the text of the draft agreement to reflect Nigeria's national interest.

He said: "We are at a great disadvantage to many countries in the continent in terms of infrastructure such as inadequate power, bad roads, and inefficient rail services.

"Though, we acknowledge that government has scaled up intervention in infrastructural development, as evidenced in devoting more funds to capital projects in 2018 budget, until we achieve appreciable progress in this regard, we would be competing at an unfair advantage."

He, therefore, advised government to back out because there was no adequate and proper consultation. "Ideally, we had expected that we would be carried along, because some critical concerns that would have been addressed during negotiations were not adequately addressed. It is important to address the concern of the private sector during the negotiations," MAN president said.

A source conversant with details of the consultations made by the CFTA review committee said the committee has been working assiduously to allay private sector's fears, particularly MAN. The source, who declined to be mentioned, said with work done so far, it is almost certain that Nigeria will eventually sign the free trade deal.

The source said even before President Buhari's last minute decision to cancel his scheduled attendance of the extra-ordinary summit of the AU in Kigali on March 21 to sign the CFTA framework agreement, there had been eight rounds of negotiations, mostly led by Nigerian officials, including Enelamah.

Apart from the industry minister, the NOTN, which is headed by Osakwe, was also deeply involved. Also, the decision to attend the summit was a Federal Executive Council (FEC) resolution. The FEC had actually approved that Nigeria should sign the framework agreement for the establishment of the initiative.

According to Abuja Chamber of Commerce and Industry President, Mr. Adetokunbo Kayode, the CFTA represents a major opportunity for Nigerian businesses to gain greater access to the fast-growing African market.

"It is vital that Nigerian businesses continue to diversify their export markets and with this agreement, trade barriers for companies across a number of sectors will be reduced thereby creating access to new markets within Africa.

"Intra African trade as a driver for economic diversification can help to harness the unexploited opportunities that exist in many product categories, particularly food and agricultural products.

"I am optimistic that the Africa CFTA will increase intra-Africa trade by about 52 per cent, resulting in an increase of African manufacturing exports from the current average in which manufacturing only represents about 10 per cent of total GDP in Africa,"he said.

Kayode added that the potential for CFTA is big for both structural transformation and poverty alleviation in Africa. "Nigerian businesses will have access to nearly 1.2 billion consumers through this agreement and Nigeria's engagement in this region is important as it builds our presence in markets where we should be doing much more business," he said.

Source: thenationonlineng.net- Apr 19, 2018

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Bangladesh: An opportunity in disguise

Let the cotton industry lead the way

Bangladesh is the second largest exporter of apparel to the world. It is also one of the world's largest importers of the raw-materials needed to make apparel. The data of Bangladesh Textile Mills Association (BTMA) says that Bangladesh's raw cotton requirement stands at 11.50 million bales, if 100% capacity is utilized. Bangladesh can barely meet 1-3% of this demand.

Bangladesh's textile and apparel sector's condition is very closely linked to the global demand and supply situation of its chief raw material: Cotton. It faces various risks, in the form of price volatility, currency fluctuations, and political relations. Bangladesh is the second largest exporter of apparel to the world. It is also one of the world's largest importers of the raw-materials needed to make apparel.

The data of Bangladesh Textile Mills Association (BTMA) says that Bangladesh's raw cotton requirement stands at 11.50 million bales, if 100% capacity is utilized. Bangladesh can barely meet 1-3% of this demand.

A recent example is the sudden cancellation of a shipment of 400,000 bales of cotton by Indian traders in January 2018, which would negatively affect Bangladeshi yarn production and negatively impact apparel exports. Prices surged more than 15% in weeks prior to this event, after pest infestations put pressure on its supply and the world's largest producers of the fibre.

Such an impact is massive for a nation like Bangladesh, which has emerged as a big buyer of Indian cotton (thanks to competitive prices and lower freight costs), sourcing nearly half of its annual import requirement of 7 million bales from India.

What can Bangladesh do to hedge against such risks?

The logical answer lies in building up our capabilities to reduce dependence on imports. Primary textile sector in Bangladesh has 425 spinning mills, 790 weaving mills, and 250 dyeing mills.

Why, despite the obvious demand for raw cotton, does the sector remain underdeveloped in Bangladesh? Why is Bangladesh yet to realize its true potential of this crop which is often termed as "white gold" because of its lucrative potential?

The answer could be excessive emphasis on growing "food crop" to ensure food security by the government. But it is time to take a broader view of food security. Organically grown cotton can serve several important needs and in fact aid in solving the problem of food security.

During the early and mid-90s, farmers in Bangladesh moved away from cotton as it takes six months to harvest cotton crop and only two yields were possible in a year, so farmers shifted to short duration, high value crops like vegetables.

But in recent years, as the demand for raw cotton has increased exponentially and prices have gone up, some Chinese hybrid and BT cotton varieties (which have higher yield) were introduced.

Cotton is a saline and drought resistant plant and can be grown in char areas, coastal areas, and hilly areas of the country. Bangladesh has huge char areas in Jamalpur, Pabna, Hemayetpur; and new char areas are being formed in Padma, Teesta, Jamuna, and Garai rivers.

By-products of cotton like edible oil, which is low in cholesterol and is good for diabetic and heart patients, can be an additional source of income for rural economy. Oil cakes which are by products of cotton oil seeds can be used by farmers as cattle feed, which can increase their milk production capacity by up to 20%. Cotton tree wood can be used as fuel by farmers as well.

The case for converting Bangladesh's over-dependence on raw cotton import into an opportunity is very clear; some of my suggestions are as follows.
Looking forward

1. Build strategic partnerships for raw-cotton supply with select suppliers across different geographical markets. This maintains a healthy competition between raw-material suppliers as well as hedges risk of over-dependence on one supply base.

2.Utilize our waste cultivable land in hilly tracts and other regions to grow cotton which is not being utilized for main food crops, such as hilly, saline, char, agro-forestry, and tobacco replacement areas.

3.Adopt organic cotton farming methodologies, which do not depend on using any chemical fertilizers and cater to global organic cotton market and charge a premium for it.

4.Incentives by the government to use higher domestic content in terms of raw materials for export value added products.

5.Diversify and develop our capabilities in other fibres such as jute, bamboo — which are gaining prominence in world apparel market.

6.Develop strategic partnerships with other important fibre producing nations and companies to create mutually beneficial deals that enable technology and skill transfer into Bangladesh in return for yield or profit-sharing.

7.Vertical integration of our spinning mills with their own cotton farms.

8.Foreign direct investment (FDI) in agriculture could be encouraged.

So, while the raw cotton can be termed as an opportunity disguised in vulnerability and with “sustainability,” “transparency” becoming buzzwords in the global apparel industry, a huge opportunity also lies for Bangladesh to set an example in showing the world what it takes to invest, innovate, and prosper.

Source: dhakatribune.com- Apr 20, 2018

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Waiting for more concessions, Chinese hold off textile investment in Pakistan

There’s no sign of the much-hyped Chinese investment that was expected to end up in the basic textile sector of Pakistan, which, being the fourth largest cotton producer and home to low-cost skilled labour, should be the most ideal country for the relocation of that industry.

The Chinese, on the face of it, are adhering to a wait and see policy as Pakistan’s basic textiles are under severe stress and in all likelihood they may be waiting for more units to die so that they could acquire them for peanuts. In Punjab alone the number All Pakistan Textile Mills Association members has dropped to 204 from 296 a year back.

More than 115 textile mills have closed for good and many have disposed of their machines at junk rates. Still their deserted sites are ideal for establishing modern textile units.

They closed because they were operating on obsolete technology and lacked resources to bring in the new one. Apart from that they have the basic infrastructure to operate a modern unit.

They have sheds and storage space and gas, power, and water connections. If interested, the Chinese can enter into joint ventures with the sponsors of the closed mills.

The infrastructure and the facilities available could be assessed by any reputable financial consultant and be considered the share of Pakistani partner in the joint venture. The Chinese could chip in with the state-of-the-art spindles. The average cost of 25,000 spindles would be Rs2 billion that Pakistan spinners do not have.

The mills could be started within six months of investment and would be viable from day one. This is because the modern spindles consume 40 percent less power and require only one-third of the workforce than that working in most of the existing spinning mills in Pakistan. It makes business sense for Chinese to start spinning yarn in Pakistan.

It is indeed strange that they have entered into joint ventures in spinning in Vietnam their Far Eastern neighbor that lacks skilled basic textile workers, does not grow cotton and wages in Vietnam are three to four times higher than Pakistan.

Many Pakistani basic textile entrepreneurs including the close mills have shown keenness to enter into joint venture with the scores Chinese entrepreneurs that have been visiting Pakistan for this purpose.

Why are the Chinese stalling on a lucrative opportunity? They seem to be in no hurry. They are perhaps waiting for Islamabad to grant concessions to the textile sector particularly for power tariff. The Chinese know that if the basic textile industry is not provided this support then it would not be possible for the mills that are still operating to go on for long.

They are perhaps waiting for few more closures and then start making low offers to the sponsors of closed mills. Instead of entering into joint ventures they would try to buy the entire facilities minus obsolete machines at very low rates and then install modern spindles as sole owners of the facility.

The Chinese know that Pakistan is the only destination where they could establish low value-added basic textile units, but they are practising patience as they do not want to increase the value of existing basic textile facilities. They have investment in hand.

They would demand concessions from the government to bring it in, but they would first want the state to spell out its concessions for the existing place so that they could ask over and above those concessions.

It would be prudent for the planners to make it absolutely clear that no foreigner including the Chinese would get any additional concession that is not available to the local investors.

Pakistan is the only destination available to the Chinese for investment in textile including basic textiles. Pakistani entrepreneurs should woo investors from developed economies for joint ventures in basic textiles. The day we entered into one joint venture we would see scores of Chinese companies following the suit within a week.

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

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Pakistan: Greater UK market access assured

Pakistan will get more generous market access to the United Kingdom in post-Brexit era, said British Minister of State for Trade Policy Greg Hands.

During a meeting with Commerce Minister Pervaiz Malik on the sidelines of Commonwealth Business Forum in London, which is an integral part of Commonwealth Head of Government Meeting (CHOGM) 2018, Mr Hands also assured to work with Pakistan to promote it as a safe destination for British investment.

An official statement issued here said that Mr Hands assured Mr Malik that post Brexit, Pakistan will get more market access compared to what it currently enjoys under GSP+ regime. No further details were provided.

Pakistan-UK bilateral trade peaked to all time high of 2.14 billion euros in 2017. Pakistan's exports registered an increase of 2.2pc to 1.36bn euros whereas imports increased by 3.3pc to 780m euros over the last year.

The trade surplus for Pakistan increased by 0.8pc to 578m euros.

Pakistan's main exports to UK consist of apparel and home textiles, which are 76pc of total exports. Other important export sectors are cotton yarn & fabrics, agriculture including rice, edible fruits, spices and ginger, sports goods and articles of leather.

Source: dawn.com - Apr 20, 2018

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Uzbekistan increases export of textile products

Textile products' export in Uzbekistan amounted to $316.9 million in 1Q18, which is 14.7 percent more compared to the 1Q17, the State Statistics Committee of Uzbekistan said.

According to the information, the share of textile products in the total export volume was 7.8 percent in 1Q18. The main export commodity of the Uzbek light industry is still the cotton yarn, which accounts for 58.9 percent ($186.5 million) of the total textile export volume.

Knitted clothes and garments accounted for 21.3 percent ($67.4 million) of the total volume. The third position was held by cotton fabrics and knitted fabrics ($15.2 million).

The silk export valued $10 million, which is 92.3 percent more than in the 1Q17. President of Uzbekistan completely reorganized the light industry of the republic in December 2017.

Uzbekistan has been counting on the creation of cotton-textile clusters since beginning of 2018. This model implies the organization of a single production cycle, which includes cultivation of raw cotton, primary processing, further processing at cotton cleaning enterprises and production of final textile products with high added value.

In 2018, some 140,900 hectares of land were allocated to cotton-textile clusters. The organizer of a cotton-textile cluster independently signs and advances direct contracts on cultivation and supply of raw cotton with farms.

The price of raw cotton, purchased by textile enterprises, is set independently by the organizer of a cotton textile cluster, taking into account the costs and profitability of farms.

Source: en.trend.az- Apr 19, 2018

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Cambodia to boost its silk production

Cambodia is developing the silk sector. This would be done by growing mulberry trees, raising silkworms, equipping the labor force with skills to produce silk, reducing reliance on raw silk from foreign countries, and reducing rural poverty.

Training and funds will be offered to develop Cambodian silk production. Cambodian silk will be promoted in domestic and international markets. In recent years, import of raw silk has decreased by about 35 per cent.

The silk sector in Cambodia has been down due to lack of labor as most workers have migrated to neighboring countries and some have shifted from this sector to the manufacturing and industry sector.

Mulberry trees are now a rarity in Cambodia. Most were destroyed during the Khmer Rouge era.

From 2008 to 2013, the country's cottage silk weaving industry imported 300 to 400 tons of raw silk from neighboring countries while local production was only a miniscule one metric tons a year to supply the production.

The National Polytechnic Institute of Angkor will be the place for research, growing mulberry trees and raising silkworms. This center will be home for displaying modern Khmer silk to the world and boosting the silk sector in Cambodia.

Source: fashionatingworld.com- Apr 19, 2018

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Blockchain is about to revolutionise the shipping industry

Globalization has brought the most advanced trading networks the world has seen, with the biggest, fastest vessels, robot-operated ports and vast computer databases tracking cargoes. But it all still relies on millions and millions of paper documents.

That last throwback to 19th century trade is about to fall. A P Moeller-Maersk A/S and other container shipping lines have teamed up with technology companies to upgrade the world's most complex logistics network.

The prize is a revolution in world trade on a scale not seen since the move to standard containers in the 1960s -- a change that ushered in the age of globalisation.

But the undertaking is as big as the potential upheaval it will cause. To make it work, dozens of shipping lines and thousands of related businesses around the world -- including manufacturers, banks, insurers, brokers and port authorities -- will have to work out a protocol that can integrate all the new systems onto one vast platf ..

Should they succeed, documentation that takes days will eventually be done in minutes, much of it without the need for human input. The cost of moving goods across continents could drop dramatically, adding fresh impetus to relocate manufacturing or source materials and goods from overseas.

"This would be the biggest innovation in the industry since the containerization," said Rahul Kapoor, an analyst at Bloomberg Intelligence in Singapore. "It basically brings more transparency and efficiency. The container shipping lines are coming out of their shells and playing catch-up in technology."

The key, as in so many other industries, from oil tankers to cryptocurrencies, is blockchain, the electronic ledger system that allows transactions to be verified autonomously. And the benefits wouldn't be confined to shipping. Improving communications and border administration using blockchain could generate an additional $1 trillion in global trade, according to the World Economic Forum.

APL Ltd., owned by the world's third-largest container line CMA CGM SA, together with Anheuser-Busch InBev NV, Accenture Plc, a European customs organization and other companies said last month that they've tested a blockchain-based platform. South Korea's Hyundai Merchant Marine Co. held trial runs last year using a system developed with Samsung SDS Co.

The shipping paper trail begins when a cargo owner books space on a ship to move goods. Documents need to be filled in and approved before cargo can enter or leave a port. A single shipment can require hundreds pages that need to be physically delivered to dozens of different agencies, banks, customs bureaus and other entities.

Trail of Roses

In 2014, Maersk followed a refrigerated container filled with roses and avocados from Kenya to the Netherlands. The company found that almost 30 people and organizations were involved in processing the box on its journey to Europe. The shipment took about 34 days to get from the farm to the retailers, including 10 days waiting for documents to be processed. One of the critical documents went missing, only to be found later amid a pile of paper.

“The paperwork and processes vital to global trade are also one of its biggest burdens,” according to Maersk, the world's largest container shipping company, which has teamed up with International Business Machines Corp. to enable real-time tracking of its cargo and documents using blockchain. “The paper trail research that Maersk did uncovered the extent of the burden that documents and processes inflict on trade and the consequences.”

That plethora of paper processors has been one of the reasons shipping has lagged behind other industries in moving to electronic forms. The variety of different languages, laws and organizations involved in moving cargoes in the past made standardization a slow process.

Instead the industry has relied on advances in transport technology and cargo handling to improve efficiency, with the great Clipper sailing vessels replaced by steamships and then modern oil-powered leviathans - the largest ships on the oceans.

In the 1850s, it took more than three months to move chests of tea from southern China to London. Today, that journey would take about 30 days.

The biggest change came in the 1960s, when the industry adopted the standard-size steel boxes in use today, replacing the wooden crates, chests and sacks that stevedores had hauled on the docks for centuries.

With these containers sometimes holding products from different suppliers, and ship cargoes sometimes ending up with thousands of customers in dozens of countries, the transition to a uniform electronic system presents major challenges.

"Not all stakeholders are looking at deploying the same blockchain solution and platforms," APL said in response to questions. "This can pose as a challenge if stakeholders are expected to trade via a common platform or solution."

And the shipping lines will also need to persuade the ports and other organizations involved in cargo trading to adopt their systems. Maersk said Singapore-based port operator PSA International Pte. and APM Terminals, based in The Hague, Netherlands, will use its platform. APL and Accenture said they plan to pilot their product by the end of this year. Accenture said it has tested its technology with other pilot shipments that range from beer to medical supplies.

The cost savings could be visible in the companies' financial statements in about two years, Kapoor of Bloomberg Intelligence said.

"Shipping needs to stop thinking about itself as this standalone middle sector," said K D Adamson, chief executive officer of Futurenautics Group. "It needs to start thinking about how the different elements of shipping fit into other ecosystems."

Source: economictimes.com- Apr 20, 2018

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NATIONAL NEWS

Textile, clothing exports slip 0.4% to $35 bn in FY18

Apparel exports decline 4% to $16.7 bn; yarn shipments rise

Textile and clothing exports slid 0.4% in the last financial year (2017-2018) to $35 billion as apparel exports fell.

While exports of cotton yarn, fabrics and made ups grew 4%, outbound apparel shipments registered a 4% decline, reducing from $17.3 billion to $16.7 billion.

'Cotton on upswing'

"Exports of cotton textiles are positive. But we need to get the momentum back in garments. When garments move, every segment [of the textile value chain] moves," said Dr. Siddhartha Rajagopal, Executive Director of the Cotton Textiles Export Promotion Council. Garment exports from Vietnam and Bangladesh were increasing, he pointed out.

A spokesperson of the Apparel Export Promotion Council said garment production had declined in the last 10 months. Further, international orders were not bad. "We could not bag the orders as our pricing was not competitive," the spokesperson said.

A garment exporter who used to get ₹7 or ₹8 a piece from drawback is getting just ₹2 or ₹3 a piece now. There is positive feedback from the government on increasing the drawback rates. But this is yet to happen.

S.K. Jain, chairman of Confederation of Indian Textile Industry, said the industry was working with the government for revision of drawback rates and higher Rebate of State Levies. It has also sought amendment of the South Asia Free Trade Agreement with rules of origin clear for garment imports from Bangladesh.

The fabric should be from India or Bangladesh. "Exports have slowed down for almost four years. Some serious thought should go into this by the Government and the industry," he said.

Source: thehindu.com- Apr 19, 2018

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Global textile companies eye India for their sourcing needs

Amid clouds of uncertainty, companies across the globe are facing challenges while operating businesses out of their own countries. Given this scenario, India is emerging a preferred destination for sourcing. Alessandro Lenzi, Administrator, Lebiz srl, recently came to India to explore factories for intimate apparels. He pointed outed despite the economic crisis in Italy, his company is optimistic about further growth. This is the best time to explore new growth opportunities and to come back strongly post crisis, as early as possible.

The company has 26 stores in Bologna and they realised Italian consumers prefer Indian productsm hence, India is a hub they can't ignore anymore. Initially the plan is to source 20,000 pieces per collection annually and with 4 to 5 collections a year. Some manufacturers are in touch with them. As of now, they are exploring prints.

Other sourcing companies too are increasingly looking at India as their sourcing partner. Saudi Arabia's Nama Arabia Apparels, ('Blooming' label) was working primarily out of China but now they are impressed with Indian manufacturers and rethinking options. Fawzi Alnahdi, CEO, Nama Arabia Apparels says around 95 per cent of their products, including underwear and outerwear, are out of China but now they would like to start working with casual womenswear that would appeal to women in Saudi Arabia.

Some buyers say they are working hard to ensure timely delivery from Indian exporters and insisting on focusing more on product development. Rayes Gimenez, Manager, Kuini Creation, Spain and Jaime Barba of 360 Streetwear, are upbeat about their sourcing tie-up.

As Ada Kamara, Mykonos, Greece says, India is their biggest sourcing destination. They are looking for fresh collections and hope to make new contacts with exporters that will support their growth plans as they plan to become wholesalers and spread their wings.

For Sarabjit Singh E.E., Manager, Siba International, Denmark, any exporter who can offer innovative patterns will have an upper hand in winning contracts. Twinset S.P.A., from Italy has been sourcing from India for the last 15 years and their journey have been impressive.

The company is represented by Preeti Walia in India. Around 70 per cent of products are sourced from India, while the remaining 30 per cent of basic/core lines are sourced from China. Hand embroidery is at the core of most of the products sourced from India.

Opening new horizons

Russia is a potential market for Indian exporters. As Valery Sidorenkov, Chief production officer and quality assurance, Modis, Moscow says he is working with six exporters in India. They are sourcing good volume of womenswear, menswear and kids wear from India.

He says, garment exporters should have proper data and start analysing where they exactly are. Some key areas like good quality can make a company profitable. Strong quality management system and data assessment system will help reduce issues like extra procurement of material, amount of manpower invested on check, rechecks, reworks, so proper data would be the starting point.

Gurgaon-based Rania Trading, Gurgaon is as an authorised agency for UK companies Poundstretcher, the Pet Hut, Pound Store. It is mainly into home furnishing products and is now exploring garment also.

Udit Gupta, Assistant Merchandiser, Rania Trading says they are planning to start with kids wear and will proceed accordingly.

With such an expansive list of clients, it is challenging for the company to find good quality products with reasonable price but they are managing with their experience and expertise in the field.

Source: fashionatingworld.com- Apr 19, 2018

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Polyester project proposed at Bhadrak textile park

The Materials Chemicals Performance Intermediaries (MCPI) Private Limited has evinced interest in setting up a polyester continuous polymerisation and allied yarn project at the textile park in Bhadrak district.The company has submitted an investment proposal of `1,000 crore to the State Government through the online portal - Government of Odisha Single Window for Investor Facilitation and Tracking (GO-SWIFT) seeking an early approval of the project.

With an employment potential of around 200 people, the project will act as an anchor project and help supply feed stock or raw material to the downstream textile industries. "The project will not only provide big boost to the textile park, but also help in overall development of the region. The State Government is evaluating the proposal for providing speedy approval and equally keen on ensuring the grounding of the project," said a senior official of the Industries Department.

Once the polyester continuous polymerization and allied yarn project is set up, it would attract other downstream industries to the park. The industries to come up in the textile park are expected to generate employment to around one lakh people and help in the realisation of the State's dream of transforming the region into a textile hub.

A delegation from the State had met the authorities of Materials Chemicals and Performance Intermediaries Private Limited (MCPI) during an investors' meet at Kolkata on January 31. Subsequently, officials from MCPI had visited the site and held discussions with the State Government.

The State Government has developed a textile park in Bhadrak district to attract investments in its focus sector of textiles and apparel. It has also been pitching for investments by organising investors' meet across the country.

The textile park offers unique advantages to the investors for its proximity to the industrial hubs and abundant availability of land, labour and other utilities like power and water.

Developed in an area of around 115 acres, the textiles park is expected to house more than 20 industries.

Industrial boost

- MCPI Private Limited has evinced interest in setting up a polyester continuous polymerisation and allied yarn project at Bhadrak textile park
- Company has submitted an investment proposal of `1,000 crore to State Govt
- Projected employment potential of 200 people
- Project will act as an anchor project and help supply feed stock or raw material to the downstream textile industries

Source: newindianexpress.com- Apr 20, 2018

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Falling apparel exports

Faster refund of taxes paid will help improve the sector's cash flow, but underlying issues remain

India's apparel exports have dropped about four per cent to $16.7 billion in 2017-18. This is alarming, as this is the first reversal after years of relatively steady 7-8 per cent growth, and more so as apparel exports still account for around 15 per cent of India's total exports.

The recent downturn is largely a consequence of the funds crisis faced by apparel manufacturing and exporting units, a situation created by a combination of delays in processing of refund of taxes and curtailment of duty drawback with the implementation of the Goods and Services Tax in July 2017.

The fall will continue if urgent measures are not taken to ease the flow of funds to the units, leading to not only loss of markets to more competitive exporters such as Bangladesh and Vietnam, but closure of units and widespread job losses in this labour-intensive sector.

The curtailment of duty drawback dealt a further blow, as compensation for Central taxes and State levies paid was reduced from 11.2 per cent of the value of exports to about 3.5 per cent (two per cent for Central taxes and 1.5 per cent for State levies) initially with the introduction of GST.

Some relief of duty drawback came when the Union government increased the drawback rate to four cent for Central taxes under the Merchandise Exports from India scheme when the mid-term export policy was announced in end-November.

However, a status quo on rebate for State levies is worrisome for apparel units.

The funds crunch has left apparel manufacturers and exporters with no option but to increase prices by about five per cent, particularly because bank finance without collateral is prohibitively expensive. But in a fiercely competitive market, price increases lead to loss of market. That is what is happening to Indian apparel exports.

While intervention of the Prime Minister’s office ensured that much of the Central GST refunds have been released last month, exporters are still facing trouble getting refunds on the State component.

An early resolution is needed to prevent a deepening of the crisis in the apparels export industry, particularly at a time when global demand has picked up. Textiles and apparels industry is also one of the largest employers, particularly of women, after the agriculture sector, and its continued health is important for creation of jobs.

India’s apparel industry has also to contend with faster growth of exports from Bangladesh and Vietnam. Both countries experienced about 15 per cent compound annual growth rate between 2012 and 2016 compared with India’s seven per cent.

Better infrastructure and smoother clearances with less paperwork are among factors helping exports from those countries. Exports from Bangladesh also have the added advantage of a free trade agreement with the European Union, lower labour costs and higher productivity.

India, in comparison, faces the prospect of reduced competitiveness as it needs to phase out export subsidies.

Source: thehindubusinessline.com- Apr 20, 2018

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Knitwear exports decline

After witnessing a steady growth for the last many financial years, the knitwear exports from here have witnessed a decline of 3.93 % during the 2017-18 fiscal.

The export growth rate during 2016-17 was 10.04 %.

This decline in exports occurred at a time when the overall trade in U.S. dollar, euro and British pound were more or less steady when compared to the previous years.

“Some of the reasons for the decline in exports may be the cash crunch caused by the reduction of incentives after the introduction of GST, low production efficiency, and trade tariff barriers in the U.S. and European markets,” said S. Dhananjayan, a chartered accountant.

Many exporters here feel that the Union Government should sign the Comprehensive Economic Cooperation Agreement with Australia, Free Trade Agreement with European Union, Preferential Trade Agreement with Great Britain and Economic Partnership Agreement with Canada to help exporters attain price competitiveness in global market.

G. R. Senthilvel, secretary of Tirupur Exporters and Manufacturers Association, said that the government should control the raw material price fluctuations, and extend more incentives to small and medium exporters if the market share was to be improved.

Source: thehindu.com- Apr 17, 2018

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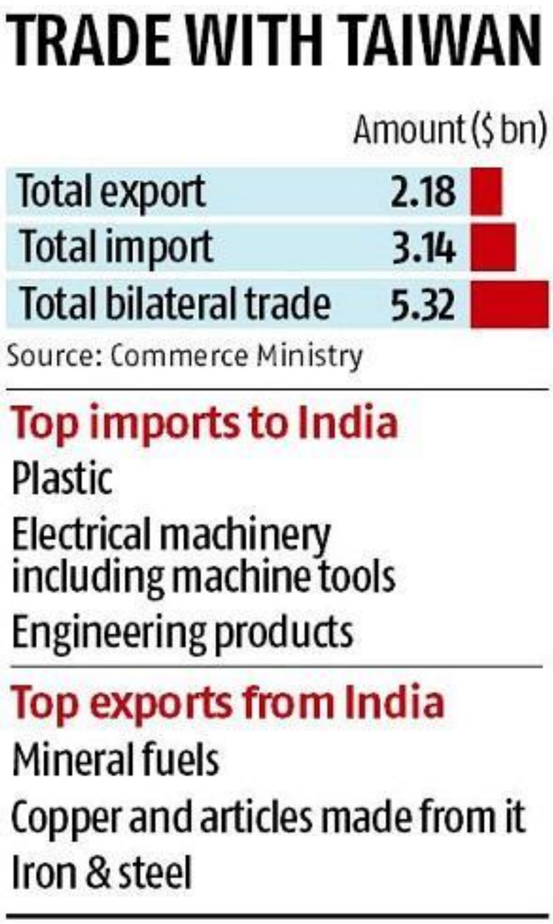
India, Taiwan may soon resume discussions on a free trade agreement

The two countries have cultural and economic centres in each other's territory but no diplomatic relations

Taiwan is likely to send more mobile phone microprocessors and precision tools to India because the governments of both countries may soon resume discussions on a free trade agreement (FTA), eight years after preliminary talks began.



While official talks are yet to start, Taiwan last month made clear its desire to fast-track discussions while India hopes that a deal may reduce its import dependence on China for crucial products, a senior commerce ministry official pointed out.

The two countries have cultural and economic centres in each other's territory but no diplomatic relations.

New Delhi had decided against vigorously pursuing investments from Taiwan because it did not want friction with China, which considers Taiwan its own and has refused to recognise the Taipei-based government over the past 70 years.

The country's bilateral trade with India had grown 11 per cent in 2016-17 to $5.32 billion as businesses from Taiwan, a global hub for precision tools and equipment manufacturing, have increasingly geared up for a larger share of the Indian market, dominated by cheaper, low-precision imports from China.

“We have asked our manufacturers and exporters to find local partners in cities such as Bengaluru, Hyderabad and Ahmedabad after recently being assured by India of full support,” a senior Taiwanese diplomat said.

“An FTA, of course, would be beneficial to trade. Taiwan doesn’t have any FTA with most countries due to political difficulties. As a result, our products have to be more competitive and of better quality,” Walter M S Yeh, president and chief executive officer of the Taiwan External Trade Development Council, told Business Standard.

Taiwan has five FTAs alongside two preferential trade deals with China and Singapore. “In most countries, our exports face high import duties but our products are world-class,” Yeh said. Greater trade, investments may reduce India’s dependence on China

While Taiwanese firms specialising in heavy machinery and engineering tools have figured primarily on the list, original equipment manufacturers for electronic devices are also moving in. New Delhi wants these crucial components to be gradually manufactured at home or imported from other countries rather than being imported entirely from China.

The largest of these — Foxconn — assembles electronic parts for Apple smartphones at six places and has plans to increase the number of facilities it operates in India and shore up production, the diplomat added.

Precision machine tools, part of the larger group of electrical machinery imported from Taiwan, are among the largest single chunks of inbound trade from the island nation.

Heavy imports in the crucial sector underline serious gaps in India’s manufacturing capabilities with domestic manufacturers way behind the burgeoning demand. India imported such goods worth $626 million from Taiwan. Similar imports from China were significantly larger at $21 billion in 2016-17.

“While it may sound ambitious for Taiwan to match such figures, we have encouraged traders to diversify import orders from various nations,” a government official said.

"More than 80,000 Taiwanese companies are operating in China and 25,000 in Southeast Asia, while 110 have currently invested in India, so there's clearly huge potential for growth," James C F Huang, chairman of TAITRA, told Business Standard.

TAITRA will be holding the first Taiwan Expo in New Delhi next month.

Source: business-standard.com- Apr 20, 2018

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India, Mauritius conclude second round of talks for free trade agreement

Talks between India and Mauritius are aimed at boosting bilateral trade and investments.

India and Mauritius on Thursday concluded the second round of negotiations for the proposed free trade agreement (FTA), aimed at boosting bilateral trade and investments.

The three-day talks for Comprehensive Economic Cooperation and Partnership Agreement (CECPA) started in New Delhi on Tuesday, a government official said. During the deliberations, trade in goods, services besides economic cooperation were discussed.

In an FTA, two trading partners cut or eliminate duties on majority of goods besides liberalising norms to promote services trade and boost investments.

According to experts, India may not get huge benefit in goods sector as Mauritius is a small market, but services sectors such as IT and tourism hold huge potential to enhance economic ties.

Island nation Mauritius is the top source of foreign direct investment (FDI) into India. In 2016-17, India received $15.72 billion. The bilateral trade between the countries stood at about $900 million in 2016-17.

Source: hindustantimes.com- Apr 19, 2018

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What fashion can learn from India's cyclical heritage

What we need is for apparel manufacturers and retailers to reduce their environmental impact and make better quality clothes that last longer

I grew up as one of five siblings, often wearing hand-me-downs from my three older sisters. My mother used to darn my torn dresses, replace broken buttons and open hemlines to extend the life of my garments.

Our clothes were also passed on to our house helps children. For those that could not be passed on there were other uses like turning them into a quilt or a mop or a duster. Not much got discarded.

However, over the last decade we are getting more in sync with the Western worlds use and dispose lifestyle. A telling sign is the high growth of fast fashion retailers like Zara, H&M and Forever 21.

Then there is also the advent of online shopping with etailers like Myntra and Jabong who stock almost every brand from Nike and Puma to Mango and Benetton and often offer steep discounts.

Globally, in the last 15 years, clothing production has approximately doubled, whereas the number of times a garment is worn before it ceases to be used has decreased by over a third, according to Ellen MacArthur Foundation's 2017 report, A New Textiles Economy: Redesigning fashion's future. Brands like Nike and H&M are the foundation's members.

This has huge environmental costs for our planet. An equivalent of one garbage truck of textiles is landfilled or burned every second. Moreover, most clothes are made from materials like polyester, which is cheaper than natural fibres like cotton. These clothes have a shorter shelf life and recycling them is not economically viable. At the given rate, the fashion industry will use up a quarter of the world's carbon budget by 2050.

Yet, given the abundance of choice—Zara has something new in its stores almost every two weeks. At H&M, it's every other day. And the cost—a new t-shirt is cheaper than a McDonald's meal. Going back to our old ways is not easy.

All the same, we need to change.

Most large retailers like Levi's, Nike, Adidas, Zara and H&M are now running their own recycling programmes in which consumers can come and drop of old clothes and get coupons to shop for new clothes with the retailer. Most of these programmes are yet to be launched in India.

Recycling, though is not a permanent solution. What we need is for apparel manufacturers and retailers to reduce their environmental impact and make better quality clothes that last longer.

Last year, two India-based garment manufacturers, Cotton Blossom and Pratibha Syntex started on this journey. These manufacturers were among the first companies to get the Gold level Cradle to Cradle (C2C) fashion garments certification.

The certificate is an independent, third-party verified programme that assesses products and materials for safety to human and environmental health, design for future use cycles, and manufacturing methods. T-shirts from these brands retail in Europe at prices of Rs550-650 on an average.

When the t-shirt can no longer be worn, and no easy recycling options exist, it can be composted in home-composting units and will decompose in less than 12 weeks. As consumers, we too can play a small role. On an average we keep a piece of clothing for three years. Only 15% is donated or recycled. Keeping a piece of clothing for just nine months more can reduce its environmental impact—CO_2 emissions by more than a fourth, water use by a third and waste by over a fifth, according to a January post by The Cleanest Line, a blog by apparel company Patagonia.

The other part is being thrifty. If we use hand-me-downs or even buy used apparel, a thriving business now globally, we can help the earth by extending the lifespan of the clothing by 2.2 years, according to a report by online store ThredUp.

For India, staying true to our heritage makes economic sense as well. A circular economic trajectory could bring India annual benefits of Rs40 trillion or $624 billion by 2050, and would in addition reduce negative externalities.

For example, greenhouse gas emissions would be 44% lower in 2050 compared to the current development, said a 2016 report Circular Economy in India: Rethinking growth for long-term prosperity by the Ellen MacArthur Foundation with the support of ClimateWorks and UNCTAD as knowledge partner. Perhaps there is both wisdom and money in reverting to our old ways.

Source: livemint.com- Apr 20, 2018

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MCX signs MoU with NITMA for educating its members

Multi Commodity Exchange of India Ltd has entered into an MoU with the Northern India Textiles Mills' Association (NITMA) for educating NITMA's members and other relevant stakeholders on the use and benefits of cotton derivatives.

Cotton constitutes about 59 percent in the raw material basket of the Indian textile industry. The global cotton market has been marked by high price volatility and uncertainties, largely on account of factors beyond the control of any stakeholder group or even government. Anannualized volatility of about 13 percent in cotton prices during 2017-18 is much more than the margins of most textile mills.

These exemplify the dire need for them to hedge the price risk in order to protect their bottom lines. Textile millers also have a perceived need to access appropriate cotton prices which have been discovered in a transparent and regulated exchange platform with large and diverse participation.

MCX not only provides a robust and efficient platform for price discovery and risk management in cotton but also undertakes several educational and awareness activities to sensitize stakeholders about the modalities of using the derivatives platform.

All the large textile mills in the Northern part of India are associated with NITMA and the combined turnover of its members is approx. Rs. 33,000 crores in Domestic market and 3400 crores of exports.

The MoU with NITMA will enable the Exchange to reach out to a large stakeholder group, representing more than 100 members and their stakeholders in the cotton value chain across North India - one of the most prominent cotton growing, processing and textiles regions of the country.

Speaking on the occasion, Mr. Mrugank Paranjape, MD & CEO, MCX said "For more than six and half years now, MCX cotton futures has proven to be one of the most useful instruments for price discovery and risk management for multiple stakeholder groups across the cotton value chain, including cotton textile mills. India's textiles and clothing (T&C) exports exceeded $36 billion in 2016-17, constituting about 14 percent in the overall Indian export basket.

The preponderance of cotton as raw material in the textiles industry and continuing high volatility in cotton prices mean that it is imperative for the managers of cotton mills to create appropriate risk management strategies for ensuring business sustenance. In this context, we are happy to partner with the Northern Indian Textiles Mills' Association. Given the long history and prominence of cotton textile industry in North India in terms of production, employment and exports, as also the activ ..

Mr. Rajiv Garg, President, NITMA said, "We are very happy to partner with MCX, India's leading exchange that provides a deliverable and most liquid cotton futures contract. The MoU with MCX will enable our members to effectively participate in the Exchange's knowledge-sharing initiatives to understand the benefits, techniques and strategies of risk management using derivative contracts.

The cotton consumption by our members is approximately 25% of the total cotton produced by India. As such, we appreciate the criticality of risk management not only for the business enterprises of our members but also the textiles sector in North India and country's cotton economy in general. Towards this end, we shall be able to leverage the MoU to gain relevant knowledge from MCX about participating in the cotton derivatives market and reap the benefits from such participation."

Source: economictimes.com- Apr 19, 2018

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The floundering foundries of Coimbatore

If plants making pumps, wet grinders and engineering components making plants were the driving force behind the thriving manufacturing sector in Coimbatore, 600-odd foundries were the backbone of all these units. But these are facing a bleak future and the employees there are uncertain about their fate.

The sharp increase in raw material costs and pending GST refunds are weighing heavily on the units. The prices of raw materials like pig iron and chemicals have gone up by 40% to 100% in the past three months.

Unable to bear the price rise and mounting debts, more than 400 foundry units have decided to shut their business for two days from Friday in protest, demanding the government address their needs.

While more than 2 lakh workers in the foundries would lose their wages for two days, most of the manufacturing units of pumps, wet grinders and textile machinery where more than 5 lakh people work, are likely to take a hit as these cannot function without the casts supplied by foundries.

“We have been requesting both the state and central governments for months, but they are not heeding our demands,” said A Siva Shanmugakumar, president of Coimbatore small and medium foundry owners’ association. The units are likely to lose more than Rs 100 crore during the shutdown.

The prices of raw materials, especially pig iron, scrap and coke (a solid carbonaceous material derived from coal), have been steadily increasing since the implementation of GST; in the past three months alone the prices have shot up by 20%. Shutting down iron ore quarries in Goa is cited as the prime reason.

As coke produced in the country is not fit to use in foundries, it is being imported from China and Australia, and the imports have reduced after the coal mines there were shut to control pollution, Siva said.

To make the most out of the situation, middlemen have hiked the price of these materials.

"Before implementation of GST, the units which had less than Rs 1.5 crore as their annual turnover had to pay only 5% as Value Added Tax (VAT) and were exempted from paying 12.5% excise duty. But the exemption was removed post GST and the foundry units, without any difference, have to pay 18% as tax," said a small-scale foundry owner.

"The government has to bring the small and medium units under the 5% slab," he said.

CITU district secretary C Padmanaban said the situation has cast a shadow over the livelihood of workers in the foundry units. "If this situation continues, many of them will lose their jobs," he said. The CITU has extended support to the two-day strike.

Apart from taking necessary steps to reduce the price fluctuations, the government should also create a raw material bank to manage the situation when the demand increases.

"We extend our complete support to the demands of foundry units," said K Maniraj of the Kovai Power Driven Pump and Spare Parts Manufacturers' Association (Kopma), explaining that with the increase in price of castings, the price of pumps and spare parts would also increase as a product needs to more than 50% casting.

Source: timesofindia.com- Apr 19, 2018

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Container freight stations set to face existential crisis

The container freight station (CFS) industry will face an existential crisis sooner than later, starting with flat-lining of revenues this fiscal due to a surge in the share of direct port delivery (DPD) import containers, particularly at Jawaharlal Nehru Port Trust (JNPT), India's biggest container gateway, located near Mumbai, according to Crisil Research.

The industry, with earned about ₹4,500 crore in FY 2018, has been growing at 6-8 per cent annually over the past five years.

India has some 169 CFSs and 67 inland container depots (ICDs).

JNPT scenario

JNPT, which houses the largest CFS cluster in India, saw a 428 per cent year-on-year surge in DPD volume (545,000 containers) in FY18 compared with 53 per cent (103,000 containers) in FY2017, the first full fiscal after DPD was rolled out in February 2016.

The share of DPD in total containers transported by road jumped to 39 per cent in March 2018. For FY18, the share of DPD was 32 per cent compared with 4-6 per cent in FY17. The number of importers opting for DPD was 1,346 in March 2018 compared with just 11 in February 2016.

“As more importers opt for DPD, the revenue of CFSs, comprising handling, storage and inspection charges, would dip further this fiscal. To offset this, CFS operators are expected to focus on alternative revenue sources from allied logistics and transportation services,” says Prasad Koparkar, Senior Director, CRISIL Research.

CFS may stay

However, more than half of the DPD containers are re-sent to a CFS either because of non-clearance within 48 hours or voluntarily by importers for storage and onward transportation to hinterland. Hence, the use of CFS as a transport and storage solution would remain worthwhile for some importers.

They use CFS as a transportation and storage service provider after DPD clearance, because of their own inventory management and infrastructure constraints. Of the 34 operational CFSs at JNPT, only 22 are allowed to provide these services by the Jawaharlal Nehru Customs House.

Earlier, non-cleared and damaged containers were, by default, moved to a JNPT-owned CFS. But from 20 April 2018, Customs has allowed all CFSs to handle these containers.

This is expected to provide some volume, given that such containers accounted for 10-20 per cent of all DPD containers.

Pressure on operators

The launch of a new arrangement from May 1 for clearing DPD import containers across five geographical corridors at pre-decided tariffs is expected to increase pressure on CFS operators, which were banking on transportation of DPD containers to offset loss in revenue, says Crisil Research.

The overall realisation per container is expected to be on the lower side in FY19 for CFS players, as even their transportation revenue comes under threat. However, this setback is expected to be limited to CFS operators. The ICD segment is expected to continue growing in line with the trends in container traffic at Indian ports.

Source: thehindubusinessline.com- Apr 20, 2018

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