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IBTEX No. 58 of 2018 March 21, 2018

USD 65.22| EUR 79.97 | GBP 91.40 | JPY 0.61

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
19218	40200	**78.67**

Domestic Futures Price (Ex. Gin), March

Rs./Bale	Rs./Candy	USD Cent/lb
20140	42128	**82.44**

International Futures Price

NY ICE USD Cents/lb (May 2018)	83.08
ZCE Cotton: Yuan/MT (Jan 2018)	14,945
ZCE Cotton: USD Cents/lb	**90.97**
Cotlook A Index – Physical	**92.1**

Cotton guide: Cotton price on Tuesday traded most of trading hours on the negative note however, during its close price reversed and closed higher at 83.08 cents for May contract at ICE platform up bay 162 points from previous close. The subsequent contracts also moved onto the positive trajectory.

No major cues in the market while it’s the sheer comparison and coincidence that both US equity markets and cotton are trading in the same direction. From the price perspective the active May contract held strong support near 81 cents and reversed to close at 83.08. This morning the same contract is seen trading positive by half a per cent at 83.50 cents per pound. We believe market may remain positive now while the trading band in the near term would be 81.50 to 85 cents.

On the trading front the trading volumes have increased marginally to around 38K contract while aggregate open interest for the first time in last one month has declined to 268K contracts from 272K contracts. There was news on Reuter's terminal yesterday citing India may see 2018-19 acreage drops by 12 percent versus 2017-18 plantings. That seemed to have some bullish traction and there was talk that India could soon shift from a current seller to a current buyer. Meanwhile, mills lightly fixed on-call sales in last two days.

On the domestic front, price of Shankar-6 variety continued to trade down. On Tuesday price quoted at Rs. 40200 per candy ex-gin (approximately 78.65 cents/lb). The estimates arrivals were around 156K bales. The number includes 43,000 registered in Maharashtra, 40,000 in Gujarat, and 36,000 in Andhra Pradesh/Telangana.

However, on the domestic futures front the March future that was trading down during the day reversed from its intraday low of Rs. 19850 and settled at Rs. 20140 per bale. We believe the rise in future price is majorly due to increase in ICE future price. We believe on today's trading session market may witness more volatility. The trading range for the day would be Rs. 20000 to Rs. 20270 per bale.

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

NEWS CLIPPINGS

INTERNATIONAL NEWS

Revival of Manchester and Britain's cotton production a boost for textile industry

Manchester used to be the hub of Britain's textile trade even before it became a hub for fast fashion. Boohoo, Missguided and In The Style are just some of e-tailers headquartered there today but at the time of the Industrial Revolution, the city's red-brick buildings were home to cotton mills. Like every country, mills started shutting down one after another as retailers found cheaper alternatives to British cotton in India and China. The last mills closed its doors in early 1980s but after years of absence, cotton spinning has now returned to Manchester.

Following a £5.8 million investment – £2.8 million of its own investment, £2 million from the Greater Manchester Combined Authority's investment fund and £1million from the government's Textiles Growth Fund – technical textiles company Culimeta-Saveguard launched English Fine Cottons in 2015. Test production at its Dunkinfield mill started in July 2016 and in last December, it opened for business.

Tracy Hawkins, Business Development Manager, Dunkinfield says while they didn't start the factory with the intent to revive the UK textile industry, a lot of thought went into opening the mill and they thought it was a good investment because of changes in the market. The project came to fruition just before Brexit. Retailers are worrying about the cost of bringing in raw goods from overseas while exchange rate is another concern. The exchange rate works in their favour when they are selling abroad and there are a lot of international markets, particularly Japan, that are interested in British heritage and quality.

Growing cotton production

The campaign 'Make it British' found average production was up 25 per cent and half of the 100 fashion and textile manufacturers surveyed recoded a turnover increase in 2017 compared to 2016. However, Britain's decision to leave the European Union could provide a further boost. Kate Hills, a former buyer for Marks & Spencer and Burberry and founder, Make it British, says Brexit is an opportunity for textiles reshoring.

Locally sourced yarn means retailers aren't at the mercy of currency fluctuations or economic disasters in cotton-sourcing countries, and everyone is looking for less trouble in their supply chain. However, the biggest challenge is still finding the right skills. Hawkins points out it is the quality of the mills' cotton, rather than speed to market, that proved to be the biggest draw for brands and retailers.

Data suggests there are opportunities for British textiles but there is still a long way to go before the scale of the industry can match up to its counterparts. Currency swings and the opportunity to have a stronger grip on supply chains make UK textiles tempting for retailers but higher prices, skills gaps and the industry's small scale are still posing problems.

Source: fashionatingworld.com- Mar 19, 2018

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Pakistan: Export sector upbeat on growth prospect after China's assurance

Industrial export sector of the country would get level playing field following assurance of Chinese government that it would hold a meeting on the status of negotiations on phase II of China-Pakistan Free Trade Agreement (FTA).

Executive members of industrial export sectors, including textile, leather, marble and others described the step as a good omen for country's industrial export as FTA with China had been "denting the exports, besides influx of duty free goods into country making domestic industry uncompetitive".

Proposed waivers on products in Pakistan under FTA was a threat to domestic industry, which had already been braving high cost of doing business and higher cost of value-added imports.

Talking to Daily Times, Agha Saiddain of tanning sector, Ghulam Rabbani of yarn and cotton, Sanaullah Khan of onyx and marble, Jawed Bilwani of apparel and others were of the view that waiver in duties on Chinese products had made the local industry uncompetitive. "Our industry is totally ignored and placed under tremendous pressure."

“To support domestic industry is almost non-existent and in second phase of FTA it will eliminate all those protective shields of industry in order to appease Chinese demands.”

The industry has already appealed to the Commerce Ministry and relevant quarters to take up the issue to avoid reduction of duties and taxes on all imports from China.

According to them, Chinese Ambassador to Pakistan Yao Jing had reaffirmed China’s commitment to address any apprehension of Pakistan’s local industry and agreed on need to finalise talks before the visit of Pakistan’s prime minister to China in April.

“Yao Jing had assured Commerce Secretary Younus Dagha to address concerns of Pakistan’s local industry and agreed to provide a competitive edge to Pakistani exporters in Chinese market. He assured to coordinate early dates for next round of talks with Chinese Ministry of Commerce,” they said.

Sanaullah said that decline of 49.71 percent in export from April 2017 to February 2018 could be attributed to FTA and power load shedding, besides high cost of doing business.

Experts maintained that electric supply rates were quite higher as compared to India, Bangladesh and even China. “Their respective states fully assist in development of their industry. Pakistani leather products, marble, surgical goods and other export products are of excellent quality and these products could compete with any other county’s products in the world.”

They said that Indian government was providing unhindered electricity supply and provides facilities for infrastructure for marble industry.

Similarly, the Chinese government was offering electricity tariff rates equivalent to Rs 12 per unit to its dimensional stone industry.

On the contrary, they said that Pakistan marble exporter and industry was paying Rs 24 to Rs 26 per unit.

Source: dailytimes.com.pk - Mar 21, 2018

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A look into Egypt-EU thriving trade relations

Egypt's exports to the European Union (EU) increased 24 percent year-on-year in the first 11 months of 2017, reaching €7.5 billion, Trade Minister Tarek Kabil said Tuesday.

Kabil said that Egypt's imports from the EU dropped by three percent in the same period, to reach €18.2 billion, compared to €18.8 billion in 2016.

This came during Kabil's meeting with European Union Trade Commissioner Cecilia Malmstrom in Brussels on the sidelines of the 10th Union for the Mediterranean Trade Ministerial Conference.

Egypt's trade deficit with the EU dropped by 16 percent in the first 11 months of 2017, recording €10.7 billion, compared to €12.76 billion in the same period of 2016.

Kabil attributed the drop to the increase in Egypt's exports to the EU and the decline in its imports from the bloc.

He said that his ministry will be working in the coming period on reducing the trade deficit with the EU through boosting Egyptian exports to the bloc, especially the goods that have competitive edge in European markets.

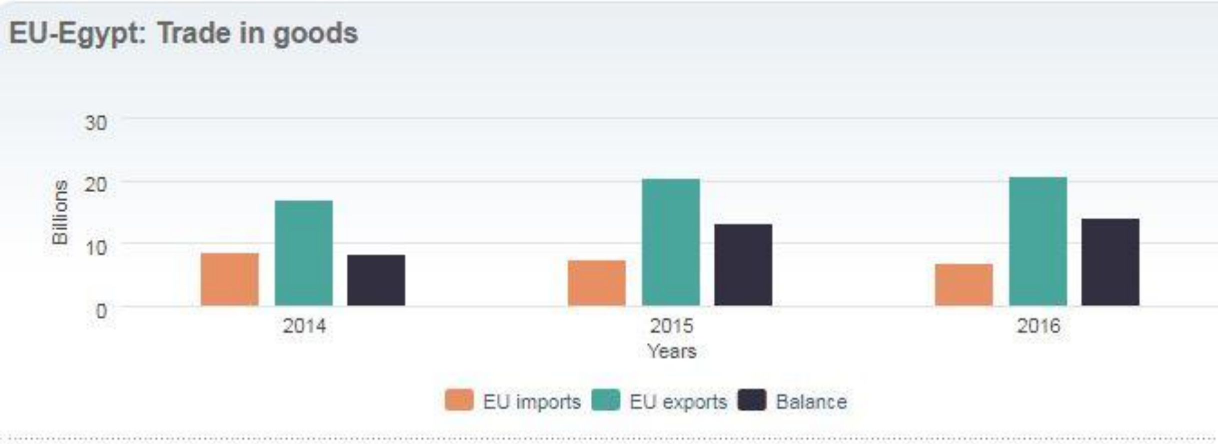
Kabil said that the EU is the biggest investor in Egypt, constituting 75 percent of total foreign inflows to the country during the last period, adding that the EU is the most important export market for Egypt, capturing 22.7 percent of Egypt's exports to foreign markets.

Kabil said that his meeting with Malmstrom touched on Egypt's economic reform program and the country's efforts to transform into a regional hub to export natural gas in cooperation with Greece and Cyprus.

The Minister shed light on the importance of the EU's support for these efforts in light of the member states' increasing demand of gas.

Kabil added that Egypt is seeking to hold an annual commercial committee between Cairo and Brussels to discuss economic challenges facing both sides and to boost trade exchange between Egypt and the EU.

Malmstrom said that that the EU is keen on enhancing economic cooperation with Egypt, saying that economic cooperation between North and South Mediterranean countries helps in achieving stability in the Middle East and Mediterranean region.



Trade between Egypt and the EU has significantly improved after the EU-Egypt Association Agreement came into force in 2004. The agreement creates a free-trade area between Egypt and the EU by removing tariffs on industrial products and making agricultural products easier to trade.

Trade between Egypt and the EU has more than doubled from €11.8 billion in 2004 to €27.3 billion in 2016, according to figures from the European Commission.

Egypt's main exports to the EU in 2016 included fuel and mining products, chemicals and textiles and clothing, while Egypt's main imports from the EU in the same year included machinery and transport equipment, chemicals, fuels and mining products and agricultural products.

In June 2013, the EU and Egypt began discussing how to deepen their trade and investment relations through a Deep and Comprehensive Free Trade Agreement (DCFTA), which will aim to improve market access and the investment climate. It would also support Egyptian economic reforms, according to the European commission.

The deal would extend beyond the Association Agreement to include trade in services, government procurement, competition, intellectual property rights and investment protection.

In January, Minister of Investment and International Cooperation Sahar Nasr signed two grants with the European Neighborhood Policy and Enlargement Negotiations. The first is worth €27 million to support the national population strategy, while the second comes as part of the European Neighborhood Instrument (ENI).

ENI, managed by the Directorate General for Neighborhood and Enlargement Negotiations, is the key European Union (EU) financial instrument for EU cooperation with Egypt for the period 2014-2020. It replaces the European Neighborhood and Partnership Instrument (ENPI) of 2007-2013.

The EU has allocated €209 million to ENI to support 13 countries, including Egypt. EU assistance to Egypt currently stands at more than €1.3 billion.

The new EU-Egypt Single Support Framework 2017-2020, which sets out the EU's priorities for bilateral assistance to Egypt under ENI, foresees an allocation of €432-€528 million for Egypt.

Source: egypttoday.com- Mar 20, 2018

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Madagascar May Be More Than a Few Steps Ahead of Ethiopia for Sourcing

Madagascar may not be getting the same publicity as Ethiopia when it comes to the topic of sourcing in Africa, but the island nation off the southeast coast of the continent has a lot to offer that few are talking about.

One thing that sets the nation apart for sourcing is its history in textile manufacturing. Madagascar had already been a go-to source for making apparel in Africa before a coup in 2009 saw the country lose its trade benefits under the African Growth and Opportunity Act (AGOA).

But its trade privileges under the preference program were reinstated in 2014 and since then, Madagascar has been on a mission to secure its appeal as a viable sourcing locale.

Today, the country is engaged in strong woven cotton production, it has become a one-stop shop for wovens, and many manufacturers there employ stateof-the-art looms, bringing differentiation to the fabric on offer.

Socota is one such manufacturer. The vertically integrated design, fabric and garment group has been in business since 1957, and today counts Zara among its clients—which undoubtedly means it's no stranger to speed and efficiency.

With monthly wages that can be as low as $50, Madagascar can be counted on for cost savings, but, as one consultant notes, without the sacrifice of quality and ethics. And apart from shipping duty free to the U.S. under AGOA, goods from Madagascar can make their way to the E.U. without facing duties, too.

In Madagascar, as J.C. Mazingue, proprietor of Mauritius-based sourcing services firm Bilcotex, put it, "You get the creativity, the maturity of a first world company in a lesser developed economy…So you get the best of two worlds: you get the labor cost benefit and you get the maturity."

What remains counter to the country's clear benefits, however, is a Western sentiment that at times considers Africa as too complicated a place to source from, with challenges and difficulties they'd rather not navigate. But Socota textile and clothing division CEO Véronique Auger doesn't see things that way at all.

"Africa is the new frontier," she said. "It's about fashion and it's about a solution. It's not about problems."

At Socota, goods go from order to ex-factory in 45 days, and the company can do smaller units and shorter deliveries—something more companies are keen on as they seek to deliver more accurate product to a more demanding consumer.

Socota counts cotton flannel, stretch sateen and textured chambray among its fabric offerings, and it makes its woven tops and bottoms in a 1-million-square-foot facility. The company sources the bulk of its trims locally, which itself serves to save time in the supply chain, and much of its cotton comes from closely neighboring island Mauritius. The average FOB cost for what Socota produces is $7.50.

“The only thing we don’t produce in Madagascar is zips,” Auger said.
And it’s that level of verticality that has Madagascar steps ahead of Ethiopia with regard to sourcing.

“No matter how much Ethiopia is progressing—and it probably will be a future giant on the sourcing map of fashion—the supply chain isn’t there…at the end of the day, Madagascar is there and the supply chain is ready,” Auger said.

In Ethiopia, which undoubtedly is advancing at a rapid clip and luring large companies like PVH and H&M, the supply chain there is a nascent one, and without certain links in the chain, the country’s manufacturing ecosystem is still in the works.

“That is why doing speed to market in Ethiopia will be a challenge for the next three to five years. Even if they are moving fast,” Auger said. “The export business in Madagascar is 20 years old now. We’ve got sewing thread suppliers, we’ve got packing trim suppliers, and when you are going to do fast and speed to market, you have to source locally.”

The country’s history in manufacturing is something Eugene Havemann, chief executive officer of Madagascar Garments, believes is a key competitive advantage for Madagascar as companies consider sourcing in Africa.

“Some of the other African countries that people have chosen to go and invest in, they don’t have that history of clothing manufacturing,” Havemann said.

Madagascar is known for quality, which comes thanks in large part to the skill level of its workers. And more than that, those workers are present and already trained.

“Certainly Madagascar has a huge number of people waiting to get jobs and get back into manufacturing clothing,” Havemann said.

The country also benefits from having single transformation rules in place under AGOA, which means it can utilize third-party fabrics and by converting them to garments, still be eligible for its duty free benefits.

"We can get the best fabrics from anywhere in the world in unlimited amounts and we can do single transformation with a high-quality labor force and land it duty free in the U.S.," Havemann said. "And this allows us to grow a lot quicker than if we were a vertical operation because we have a lot more options for fabrics."

Madagascar Garments specializes in knitwear with a capacity of 600,000 garments per month. And despite its lack of proximity to the U.S., the country can still be highly viable for the right programs.

"As a factory, we're not a high fashion, quick-response kind of business," Havemann said. "Our competitive advantage in the market is synthetics, where there's a 32 percent duty rate."

For Madagascar, the goal has been to reassert itself as a valuable player in the apparel and textiles market and shake the stigma often attached to sourcing in Africa—that it's solely rife with challenges. And more than that, it's about addressing the misconception that sourcing out of Africa means working with only two or three key countries.

"Africa is not mono sourcing out of Ethiopia," Auger said. "We are here as well."

Source: sourcingjournalonline.com- Mar 20, 2018

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Pakistan: Textile exports surge by 7.17pc to $8.8b

Pakistan's textile exports recorded growth of 7.17 percent during eight months (July to February) of the ongoing financial year (2017-18).

The country exported textile and clothing products worth $8.8 billion during July-February period of the year 2017-18 as against $8.2 billion of the corresponding period of the previous year, according to the Pakistan Bureau of Statistics (PBS).

The growth in textile and clothing products exports enhanced the country's overall exports to $14.8 billion during July-February of 2017-18 as compared to $13.3 billion of the corresponding period of the last year.

"These results have been achieved due to the export-friendly policies and incentives of the government and the renewed efforts towards seeking better market access by the Ministry of Commerce," the Ministry of Commerce said. The positive trend in the international demand and exchange rate correction are also expected to help sustain this rising trend in the coming months.

According to the PBS, the main driver of growth was the value-added textile sector. Exports of ready-made garments went up by 13.08 percent in the first eight months of the ongoing financial year. Similarly, exports of knitwear increased by 13.3 percent during the period under review.

Exports of bedwear went up by 4.51 percent in value. Similarly, exports of made-up articles, excluding towels, increased by 7.32 percent. Art, silk and synthetic textile exports grew by 80.08 percent during the period under review. Exports of cotton yarn witnessed an increase of 1.87 percent and exports of cotton cloth recorded minor growth of 0.04 percent. However, exports of cotton carded tumbled by 97.87 percent. Exports of tents, canvas and tarpaulin also declined by 39.49 percent.

Meanwhile, the exports of food commodities recorded massive increase of 21.74 percent during July-February period of the ongoing financial year. In food commodities, exports of rice recorded growth of 22.14 percent, fish 10.18 percent and vegetables exports went up by 39.78 percent. Meanwhile, exports tobacco enhanced by 123.6 percent and wheat exports also recorded growth during eight months of the current fiscal year.

On the other hand, the imports went up by 17.09 percent and were recorded at $39.1 billion during first eight months of the current financial year as against $33.4 billion during the same period last year. The country spent $9 billion on the imports of petroleum group, 34.9 percent higher than a year ago. In the petroleum sector, the government imported petroleum products worth $4.9 billion and spent $2.5 billion on petroleum crude. Similarly, the country imported liquefied natural gas (LNG) worth $1.4 billion and liquefied petroleum gas (LPG) worth $208 million.

The PBS data showed that country had spent $7.56 billion on importing machinery during first eight months of the ongoing financial year. The third biggest component was food commodities whose imports rose 6.32 percent year-on-year to $4.2 billion.

Source: nation.com.pk- Mar 21, 2018

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CPTPP expected to benefit Vietnam's textile, garment sector

The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) is expected to benefit the textile and garment, footwear, and food and beverage industries in Vietnam as the commitments on opening markets made in the old TPP have not changed, experts feel. The benefits would, however, be lower than it would have been with the TPP.

US President Donald Trump withdrew from the TPP after he was elected last year.

Japan is the second largest export market for Vietnamese textile and garment industry, with an annual growth rate of 23 per cent. Its garment imports from Vietnam is much smaller than those from China — 6 per cent versus 65 per cent. But the latter is on the decrease, while the former is rising because of preferential tariffs, according to a report in a Vietnamese newspaper.

CPTPP, however, is less attractive than the TPP and offers fewer opportunities to increase output and exports. But it is expected to lead to a greater level of export diversification.

The World Bank estimates that CPTPP would help Vietnam's gross domestic product increase by 1.1 per cent more by 2030, while export turnover to CPTPP countries may increase to $80 billion, or 25 per cent of Vietnam's total export turnover.

Of this, the important business fields of Vietnam, including food and beverage, footwear and textile and garment would see export turnover increase by $10.1 billion, $6.9 billion and $0.5 billion, respectively.

Source: fibre2fashion.com- Mar 20, 2018

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Will Robots Make Your Next T-Shirt?

Probably not. But as we start the new year, automation is one of several trends that will change the face of sustainable fashion. For the better. Here are four unfolding trends that point to a more sustainable future for fashion.

No more excuses. We have a case (or two) for change. For years, visionary organisations have been pressurising the fashion industry to clean up. Eliminate hazardous chemicals. Enable living wages. Improve fire and building safety. And there has been progress – from the Accord and Alliance in Bangladesh to the positive actions led by the ZDHC (Zero Discharge of Hazardous Chemicals) consortium. All good. But most of these are largely the result of a preventable tragedy or heightened awareness of the industry's environmental impact.

In 2017, two important reports were published – The Pulse of the Fashion Industry and A New Textiles Economy: Redesigning Fashion's Future – which made a clear case for why business as usual is not only ethically unacceptable but also financially imprudent. Particularly when 'one garbage truck full of textiles is landfilled or burnt every second' – which is value that could be harnessed. Both reports were enthusiastically endorsed and supported by leading brands, retailers, and other stakeholders. Now more than ever, we have the data. Now it's time to act.

Our toolkit is expanding. Various technologies are enabling more transparency and thus more accountability in the sector. Want to know which brands are committed to transparent and ethical sourcing practices? You can do so via the Fashion Revolution Transparency Index or, in certain markets, the Good on You or Not My Style apps.

Or, want to see which brands practice good buying practices with their suppliers? A newly launched platform, Better Buying, acts like a TripAdvisor for this sector and enables factories to publicly rate their buyers. It is well-documented that purchasing practices can influence (positively and negatively) working conditions in factories. If such practices were publicly assessed, perhaps buyers would be encouraged to change. And, overall, this emerging "data economy" is helping us see what is currently hidden and take responsibility for a better way.

Innovation first. The Pulse of the Fashion Industry report showed that if we were to continue business as usual, fashion brands and retailers would see a loss of $45 billion per year by 2030 (about a 3% reduction in EBIT). But how can we change this linear, waste-generating business model underlying our industry? We need to question our assumptions. Challenge our economic drivers. And embrace innovation.

Last year, C&A Foundation founded a collaborative platform – Fashion for Good – which, at its core, works to find, nurture and scale those innovations that will transform how the clothes we love are designed, produced, sold, and reused. For example, one innovator, We aRe SpinDye, has developed a new colouring method that reduces water consumption by 85 percent, chemicals by 70 percent and energy/CO_2 by 30 percent. Likewise, Tamicare Ltd, created Cosyflex - the world's first technology developed to mass produce 3D-printed finished textile products.

But it is the collaborative nature of Fashion for Good that is particularly powerful. By bringing together a diverse group of global brands and retailers (including C&A, Adidas, Kering, Galeries Lafayette, and Zalando, each of whom is eager to test new technologies, processes, and models in their own supply chain), we can help these innovators test, replicate and scale up across the global apparel industry.

Robots can be good for workers. AI (artificial intelligence) is transforming how we shop. Just look at the recent launch of Amazon Go in Seattle, the world's first check out-free store. Will it also change the way our clothes are produced, possibly eliminating jobs for millions of garment workers? With the rise of innovators such as SoftWear Automation and Sewbo and the gradual reshoring (thanks to automation) of textile production to places like North Carolina, it's not surprising that many are heralding (or fearing) the rise of the 'era of robots.' Indeed, back in 2016, the International Labor Organization warned that garment workers in countries such as Indonesia, Cambodia, and Vietnam could be replaced by robots in the coming decades. If unchecked, this development could lead to significant job loss in producing countries.

But, the reality can be different. Firstly, automation, at this point, cannot yet compete with manual labour on price, as stated recently by the CEO of the Crystal Group, the world's largest clothing manufacturer. It will take time, which gives the apparel industry time to prepare.

Secondly, automation can have a positive effect on jobs – converting minimum wage, repetitive jobs into better paid, skilled jobs. But this requires significant effort and leadership on the part of governments, business, and civil society. It requires shifts in power dynamics between employer and employees. It requires thoughtful mitigation and resources for retraining. Is the industry ready and willing to commit to that?

Looking Forward. The global apparel industry is at an inflection point. Potential disruption to the industry has never been greater, as the joint 2018 outlook from McKinsey & Company and the Business of Fashion shows.

At the same time, the level of pre-competitive collaboration among brands, retailers, manufacturers continues to rise. This should give us hope that the industry is serious about sustainability and bold enough to set aside 'lone wolf' approaches for the common good.

But for this to succeed, we need not only collaboration but convergence. Let's reduce the competing projects, the duplicative efforts, the white noise and, instead, come closer together to transform this industry. And let's not forget the important stakeholder who has the most to gain (or lose) but often the weakest voice: the garment worker.

Source: manufacturing.net- Mar 20, 2018

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Egyptian Cotton most renowned Cotton brand in US: Report

Egyptian Cotton is the most recognised cotton brand in the US, according to a recent consumer research report. The research was carried out by an independent US-based marketing agency, PBM, on a sample of 522 American consumers, who had recently purchased cotton goods. Egyptian cotton fibre is one of the best because of its length, strength, and softness.

Egyptian Cotton was also the name most people associated with quality and were prepared to pay a premium for, ahead of Pima cotton, Turkish cotton, and Supima. While a huge 86 per cent of those questioned couldn't name an actual brand, of those who could name one type of cotton, 95 per cent cited Egyptian Cotton, with the remaining 5 per cent naming Pima.

When asked to rate the importance of listed qualities, 52 per cent of consumers said texture was the most important consideration when buying a cotton product. Only 2 per cent considered products being manufactured in the US as an important factor.

When consumers were asked to arrange a list of cotton brands in order of perceived quality 89 per cent placed Egyptian Cotton as one of their top two choices. Pima made top two in 45 per cent of selections, followed by Turkish Cotton (35 per cent), Supima (19 per cent) and Sea Island Cotton (12 per cent). When asked which brand they would pay a premium for, 61 per cent said Egyptian Cotton which was also the consumers' preferred option for towels and bedding.

Wael Olama, chairman of the Cotton Egypt Association (CEA) said, "This survey underlines the strength of the Egyptian Cotton brand in the mind of the consumer."

The Cotton Egypt Association recently unveiled a new brand identity and digital platform to re-enforce Egyptian Cotton as the finest cotton in the world.

Khaled Schuman, executive director of the Cotton Egypt Association said, "We are extremely proud of the thorough accreditation programme we have created in association with Bureau Veritas. The success of this is mirrored in the increase in retailer confidence we have experienced in the UK."

Source: fibre2fashion.com - Mar 20, 2018

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NATIONAL NEWS

Time to move beyond subsidies

The U.S. complaint to the WTO against India's export promotion schemes is a wake-up call

India's export promotion schemes face an uncertain future after the United States Trade Representative (USTR) decided to challenge their legality in the World Trade Organisation (WTO). The complaint of the USTR is that India is violating its commitments under the Agreement on Subsidies and Countervailing Measures (SCM Agreement) using five of the most used export promotion schemes, namely, the export-oriented units scheme and sector-specific schemes, including electronics hardware technology parks scheme, merchandise exports from India scheme, export promotion capital goods scheme, special economic zones and duty-free import authorisation scheme.

Terms and conditions

The main argument of the USTR is that India's five export promotion schemes violate Articles 3.1(a) and 3.2 of the SCM Agreement, since the two provisions prohibit granting of export subsidies. Until 2015, India had the flexibility to use export subsidies as it is among the 20 developing countries included in Annex VII of the agreement that are allowed to use these subsidies as long as their per capita Gross National Product (GNP) had not crossed $1,000, at constant 1990 dollars, for three consecutive years.

This provision applicable to the Annex VII countries was an exception to the special provisions provided to the developing countries (the so-called "special and differential treatment") for phasing out export subsidies. Except Annex VII countries, all other developing countries were allowed a period of eight years from the entry into force of the WTO Agreement, i.e. 1995, to eliminate export subsidies.

That India had crossed the $1,000 GNP per capita threshold in 2015 became known when the WTO Secretariat produced its calculations in 2017. An interpretation provided in a 2001 report of the Chairman of the Committee on Subsidies and Countervailing Measures, which is also considered as the document providing the methodology for implementing Annex VII of the agreement, says that countries like India must eliminate export subsidies immediately upon crossing the above-mentioned threshold. In the Doha negotiations, India and several other Annex VII countries sought an amendment of the agreement so as to enable them to get a transition period.

Extension sought

In a submission made in 2011, India, along with Bolivia, Egypt, Honduras, Nicaragua and Sri Lanka, argued that the Annex VII countries should be eligible to enjoy the provisions applicable to the other developing countries, namely, those that had GNP per capita above the threshold. The latter set of countries was required to phase out their export subsidies within eight years of joining the WTO.

Additionally, they were allowed to enter into consultations with the Committee on Subsidies and Countervailing Measures, not later than one year before the expiry of the transition period, to determine if there was a justification for the extension of this period, after examining all of their relevant economic, financial and development needs. But this proposal, like all other proposals made as a part of the Doha Round negotiations, remains unaddressed.

What needs to be done

It needs to be pointed out that this is not the first time that the U.S. has put India’s export promotion schemes under the scanner; although this is the first instance when its Trade Administration has initiated a WTO dispute involving these schemes. In 2010, the U.S. had questioned the export incentives provided to the textiles and clothing sector as a whole, arguing that this sector had a share in global trade exceeding 3.25% and had therefore become export competitive.

The U.S. pointed out that according to Article 27.5 of the SCM Agreement, any Annex VII developing country which had reached export competitiveness in one or more products must gradually phase out export subsidies on such products over a period of eight years. There was, therefore, considerable pressure on the Department of Commerce to consider its future strategies regarding export promotion schemes.

It was perhaps the pressure that spoke when the Foreign Trade Policy (FTP) of the National Democratic Alliance government unveiled in 2015 did some serious introspection about the future of export promotion schemes, the first time that any government had done so. The policymakers recognised that the extant WTO rules and those under negotiation were aimed at eventually phasing out export subsidies.

The FTP took this as a pointer to the direction which export promotion efforts in the country must take in the future: a movement towards more fundamental systemic measures and away from incentives and subsidies. A similar note was sounded in the mid-term review of the FTP released in December 2017. This document was significant also because the Indian government showed its awareness that the country was at the verge of losing the benefits of being an Annex VII country.

Contrary to the pronouncements made in the FTP, the government has continued to increase its outlays on export promotion schemes. In 2016-17, the total outlay on export promotion schemes was ₹58,600 crore, an increase of more than 28% in three years. During this period, the largest export promotion scheme in place currently, the Merchandise Exports from India Scheme (MEIS), was introduced to promote exports by offsetting the infrastructural inefficiencies faced by exports of specified goods and to provide a level playing field.

The scheme initially covered 4,914 tariff lines and was subsequently increased to cover 7,914 tariff lines. In recent months, there has been a two-fold expansion of the scheme: one, to enhance the MEIS rates of ready-made garments from 2% to 4%; and two, to increase the MEIS benefits for all labour-intensive and MSME sector products by 2%. These expansions in the scope of MEIS increased the total outlay on the scheme to nearly 60% over the level in 2016-17.

The utility of export subsidies to promote exports has long been questioned. While the real impact of these subsidies has never been clearly measured, what has been quite evident is they have benefited the rent-seekers. There is, therefore, a strong case for the government to invest in trade-related infrastructure and trade facilitation measures, which can deliver tangible results on the export front.

Source: thehindu.com- Mar 20, 2018

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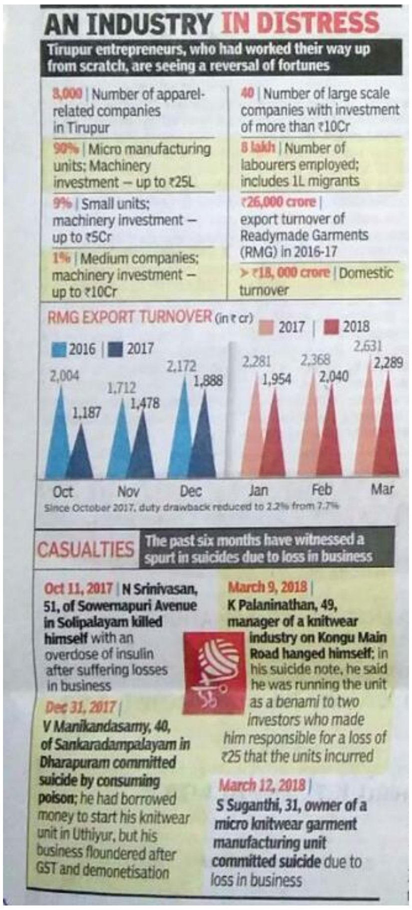
What ails Tirupur's textile mills?

S Suganthi, 31, was an embodiment of all that Tirupur entrepreneurs are made of — ambitious, hardworking and entrepreneurial. She inspired many when she started a micro garment manufacturing unit at Vengamedu in Angeripalayam, a couple of years ago. She wouldn't have imagined that a day would come when she would have no money to recharge her phone. But she met that fate on March 12 this year and hanged herself to death that day.

Tirupur has enough success stories of self-made businessmen who worked their way up from scratch. But of late there seems to be a spurt in business failures, driving entrepreneurs to suicide. Suganthi's is the fourth suicide of an entrepreneur in Tirupur's knitwear industry in the past six months. With a large migrant population plagued with socio-economic problems, Tirupur always topped the suicide chart in the state. But, now the slumping numbers in the textile industry have alarmed veterans and beginners alike.



The industry since 2008 has witnessed constrains including global economic recession, steep rise in yarn prices, closure of dyeing units and labour issues. "But now, aggressive international competition, business slowdown in the wake of demonetisation and GST have made survival a big question," said S Govindappan, vice-president of South India Hosiery Manufacturers Association.

There is a cascading effect. Competition from countries like Bangladesh and Vietnam has chipped off global orders from Tirupur. When business falls for large enterprises, orders to smaller units also dry up, like it happened in Suganthi's case.

Banks and private lenders have tightened their purse strings when it comes to helping small businessmen in crisis. On the day of Suganthi's death, her husband went out to borrow money but had to return empty handed.

V Manikandasamy of Sankaradampalayam, who committed suicide in January this year, had a huge debt to repay to banks, but no orders to earn that money.

His wife Sri Vidhya blames government policy for his death. "Tirupur always gave hope. Now that has been taken away since the chances of surviving a business failure has thinned," she said.

"It started with rupee appreciation or US dollar/Euro depreciation, ahead of GST implementation. It was a time when the knitwear industry was already losing its international competitiveness. The Centre promised that GST would bring down prices of raw materials but it did not happen," said T R Vijaya Kumar, general secretary, Tirupur Exporters' Association.

Bigger companies have the means to weather crises, but small players suffer. They were not prepared to take the blow of drastic reduction in incentives given to exporters and stringent GST norms. "Small units, especially those who availed huge loans for expansion are finding it hard," said M P Muthurathinam, president of Tirupur exporters and manufacturers' association.

Industry sources say the Centre has not cleared more than `1,900 crore dues including GST returns, duty drawback and RoSL. "But the same government has failed to restrain to its tax collecting agencies or banks to be lenient with entrepreneurs on repayments" said Vijayakumar.

R Annadurai, managing trustee, Tirupur Thozhil Pathukappu Kuzhu (foundation for protection of Tirupur industries) said the organisation has formed a new wing consisting of a psychiatrist, a retired general manager of a nationalised bank, and an advocate to "counsel entrepreneurs and workers who show suicidal tendencies and help them solve their financial woes". Thirugnanam, a member of the foundation says around 10 entrepreneurs have committed suicide due to the business-related issues in the past two years.

While companies send a consignment, they have to pay 100 % GST to the government. But the buyer may take up to five months to settle the entire amount. Till then the company must be able to bear the burden of the unpaid dues. "This was the practice for several years. But now tax collection has become stringent. Though government says GST for textiles is only 5 % there are hidden taxes and we pay up to 13 % tax, which becomes a unbearable for small and new players " said K S Babuji, secretary, South Collar Shirts and Inner Wear Small Scale Manufacturers Association.

With the exports witnessing a consistent fall since mid-2017, industry experts say it's time the government relaxed tax norms and offered incentives to help entrepreneurs tide over the crisis. "The Centre is making macro-economic corrections like demonetisation and GST. But it has failed to realise the importance of micro hand-holding supports like providing right rate for duty drawback and other incentives," said Raja M Shanmugam, president of Tirupur Exporters' Association.

Source: timesofindia.com- Mar 20, 2018

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Informal ministerial: Members reaffirm support to WTO

An informal ministerial of the World Trade Organization (WTO), organised by India, almost unanimously reaffirmed commitment to preserving a rule-based, multilateral trading system that the WTO represents. The move comes barely three months after the Buenos Aires ministerial collapsed over issues such as the role of the WTO as a multilateral trading body. It also comes at a time when growing unilateral protectionist policies by the US and some others have worsened fears of an escalating global trade war, threatening to render the WTO meaningless.

Speaking at the two-day informal ministerial on Tuesday, commerce and industry minister Suresh Prabhu stressed that India has been a votary of multilateral trading system. "Let us be mindful that in the past when the key economies departed from multilateral obligations by taking recourse to exceptions for agriculture and textiles, it led to other members securing similar exceptions. This only eroded the system and diminished its credibility," he said.

WTO director general Roberto Azevedo said although there is a concern on unilateral decisions by some countries and their potential escalation, members are committed to actively engage to find solutions.

The US recently slapped tariff on its imports of steel and aluminium and hinted at more such protectionist steps. It has also dragged India to the WTO over the latter's export subsidy programmes, alleging these are hurting US companies.

Offering India's stance on various issues at the WTO, Prabhu called for respecting mandates and decisions made at earlier ministerial, including the Doha Development agenda (DDA), and pushed for preserving the mandate of special and differential treatment to poor and developing nations. Special treatment allows longer time frames to such nations than their developed counterparts to implement a particular trade agenda, among other facilities.

Separately, Prabhu said the issue of a permanent solution to the critical issue of public procurement programme and all other issues relating to agriculture were discussed. India has been calling for the need for developed nations to cut their massive trade-distorting farm subsidies, which was one of the key issues of the DDA, which is now being sought to be undermined by the rich countries.

Prabhu also said India was willing to look at certain new issues (like e-commerce) only after "we are convinced that these issues are trade-related and negotiating binding rules on them would be beneficial for poor and developing countries".

The minister expressed concern over attempts to paralyse the WTO's dispute settlement mechanism and called for fast resolution of the impasse. The US has repeatedly blocked a selection process to fill three vacancies at the highest adjudication entity for trade disputes at the WTO, the Appellate Body. Analysts have warned that failure to resolve the deadlock could render the Appellate Body meaningfully non-functional by as early as December 2019.

It wasn't clear, though, what the US has said on multilateralism but the WTO director general Roberto Azevedo has said the largest economy supports the WTO but wants certain reforms in it.

Source: financialexpress.com- Mar 21, 2018

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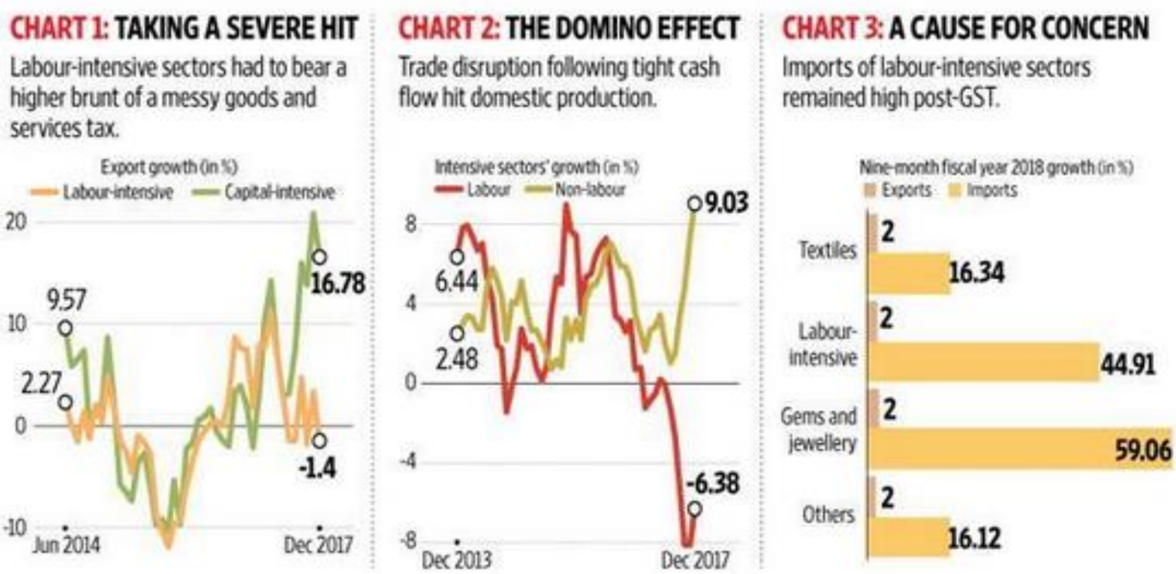
Deteriorating health of India's labour-intensive sectors

The overall sluggishness in labour-intensive sectors does not bode well for job growth

India's labour-intensive industries are languishing. Not only are exports of these industries in the doldrums, industrial production data also shows tepid growth in these sectors.

What's more, imports of labour-intensive products are increasing. These trends could have a severe impact on employment.

Consider exports. Exports of India's labour-intensive industries such as gems and jewellery, textiles and leather goods are suffering. Things began to go downhill for them after the goods and services tax (GST) was implemented in July last year. And they have failed to recuperate so far, unlike the capital-intensive businesses (see Chart 1).



Labour-intensive exports include leather, textiles, handicrafts, sports goods, footwear, gems and jewellery, paper and wood products. Capital-intensive exports include chemicals, transport equipment, electronic goods, other manufactured items, etc. Labour-intensive Index of Industrial Production includes leather, textiles, handicrafts, sports goods, furniture and other manufacturing items. Non-labour intensive sectors includes all sectors of IIP manufacturing excluding labour- intensive sectors.

Source: Edelweiss Securities

Labour-intensive sectors were also among the key casualties of the note ban. Small and medium-sized exporters could not cope with the rigours of GST, which came close on the heels of demonetization.

Increased cost of compliance and an ambiguous refund mechanism resulted in a spike in working capital needs of exporters. Consequently, their supply chains were affected and the industrial production data mirrors that pain.

As Chart 2 shows, the Index of Industrial Production (IIP) for labour-intensive sectors such as leather, textiles, handicrafts, sports goods, furniture and other manufacturing items contracted sharply since April last year. They are still struggling to deal with the aftermath of GST. On the other hand, IIP for non-labour intensive sectors has recovered after the initial weakness.

One key reason why the labour-intensive sectors had to bear the brunt of GST was the large share of unorganized firms.

But that’s not all.

“What is also worrying is that imports in these sectors have risen sharply in the mentioned period. Historically, exports/imports of these sectors have moved in tandem. This suggests that it’s disruption in the supply chains of these sectors that is hurting rather than weakness in end demand,” Kapil Gupta, vice-president at Edelweiss Securities Ltd said in a report dated 28 February (see Chart 3).

A slew of measures have been announced by the GST Council to ease the liquidity crunch faced by exporters, but it is too early to conclude if that objective has been achieved.

Unfortunately, even if these measures yield the desired results, it is a bumpy road for these industries as far as getting funds is concerned.

The recent fraud at Punjab National Bank will make borrowing difficult for the gems and jewellery industry, having a cascading impact on their revenue growth. Of course, it will also have an impact on employment.

CARE Ratings Ltd anticipates foreign trade in jewellery to decline by 5-6% (in value terms) in fiscal year 2019 and sales to reduce by around 16%. Closure of scam-hit Gitanjali Gems Ltd and Firestar Diamonds would render around 3,000 permanent staff of these two companies jobless, it said in a report dated 27 February. It would also impact another 7,000-8,000 non-permanent staff directly and indirectly, added the ratings agency.

While these numbers may be small, the overall sluggishness in the labour-intensive sectors does not bode well for job growth.

Other factors too are important. For instance, in the textiles sector, there is cut-throat competition from neighbouring countries Bangladesh and Vietnam. Unfavourable currency movements and the temporary impact of revision in duty drawback rates during the past one year, make things worse.

Key segments of India's textile exports include yarns, towels and apparels.

"India's yarn exports have remained under pressure during much of the current fiscal, with the exception of recent months. India's apparel exports have also remained extremely weak in the past few months mainly because of a sharp inexplicable decline in apparel exports to the UAE, by as much as 45% since June 2017, which has pulled down the total apparel exports of India," Jayanta Roy, group head (corporate sector rating) at Icra Ltd, said in an emailed response. UAE stands for the United Arab Emirates.

Roy added that one should closely watch developments in the modified Trans-Pacific Partnership and the EU-Vietnam Free Trade Agreement, which could provide a further push to Vietnam's position in the global apparel trade. EU stands for the European Union.

And don't forget the risk that looms from rhetoric on protectionism in the US, an important trading partner.

In short, this means revival in exports of labour-intensive sectors is an uphill task.

"Revival in these sectors is extremely critical. Else, weakness in production and exports could spill over into labour markets and hence overall consumption.

Indeed, recent weakness in rural wage growth (wage growth has slowed from near-term peak of 7% in May'17 to 4% in November'17 as per latest data) could perhaps partly be on account of weakness in labour-intensive industries," said Gupta of Edelweiss Securities.

Source: livemint.com- Mar 21, 2018

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Revenue Dept to standardise documents needed for GST refund for exporters

Move follows complaints from exporters that officers were arbitrary in their demand for documents

Responding to exporters' complaints that field officers were arbitrarily demanding documents for processing Goods and Services Tax (GST) refund claims, which was leading to rejection of several applications, the Centre has decided to notify a standardised list of documents that all officers will have to stick to while processing claims.

"The Revenue Department has agreed to come up with a specific list of documents so that exporters know what papers to produce while claiming refunds and can't be harassed for more," a government official told BusinessLine.

The standardised list will be circulated to all field offices and States and it would be made clear to all that no document beyond what is mentioned in the list could be demanded from exporters, the official added.

The Commerce Ministry has been raising the issue of standardised documents with the Department of Revenue for long following complaints made by exporters that their GST refund claim applications were being rejected as field officers were asking them to produce documents in an arbitrary manner, many of which were not even mentioned in the GST rules.

The documents being demanded include export realisation certificates, which take a long time to produce.

"We are hoping that the standardised list of documents would be notified soon so that the uncertainty for exporters is over at the earliest," the official said.

According to exporters, so far less than one-third of their GST and Integrated GST (IGST) claims have been processed. As per estimates, about ₹20,000 crore is stuck on account of delay in refund of duty claims under the new indirect tax regime. Under GST, which was launched on July 1 last year, exporters have to pay IGST for exports, which are then refunded.

e-wallet scheme delay

Exporters are also disappointed over the postponement of the date of implementation for the e-wallet scheme that was supposed to take care of their refund woes.

Under the scheme, the government will credit a notional amount in an exporters' e-wallet based on the preceding year's exports and an average GST rate from which money would be debited when the IGST gets paid and credited again when the proof of export is given.

While the Finance Ministry had initially planned to operationalise it on April 1, things have been delayed by six months and the new deadline now is October 1.

Source: thehindubusinessline.com- Mar 21, 2018

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Govt extends facility of fixed term employment for all sectors

This facility was available only for the apparel manufacturing sector as per the Industrial Establishment (Standing Order) 1946.

The government has extended the facility of hiring workers on fixed term employment to all sectors for improving the ease of doing business for players intending to hire people for completing specified projects, tasks or orders.

This facility was available only for the apparel manufacturing sector as per the Industrial Establishment (Standing Order) 1946.

As per a notification issued by the labour ministry to amend the Order, words "fixed term employment in apparel manufacturing sector" will be replaced by "fixed term employment" meaning that facility would be available for all sectors.

In his Budget speech earlier last month, Finance Ministry Arun Jaitley had said, "the facility of fixed term employment will be extended to all sectors".

The fixed term employment was introduced in apparel manufacturing sector in Industrial Employment (Standing Order) Act in October, 2016.

The concept of fixed term employment defines the tenure of employment as well as other associated conditions of service and remunerations, which are provided to regular employees under various labour laws.

The worker employed for short period will get better working and service conditions as compared to a contract worker.

The amendment to the Order provides that no notice of termination of employment shall be necessary in case of temporary and badli workmen.

It also provided that fixed term worker would not be entitled to any notice or pay in lieu of that, if his services are terminated or in case of non-renewable of contract or expiry of term of employment.

The amendment further stipulates that a temporary workmen who has completed three months of continuous service, shall be given two weeks notice of the intention to terminate his employment if such termination is not in accordance with the terms of the contract.

In case he has not completed three months of continuous service, he shall be informed for the reasons for termination in writing.

It also provides that services of temporary shall not be terminated as punishment unless he has been given an opportunity of explaining the charges of misconduct alleged against him.

The fixed worker would be entitled to all benefits like wages, hours of work, allowances and others statutory benefits, not less than permanent workmen.

The fixed term employment was defined as a workman who is employed on a contract basis for a fixed period. Thus the services of workman will be automatically terminated as a result of non renewal of the contract between the employer and the workman concerned. A separation of service of a workman as a result of non renewal of the contract of employment between the employer and workman concerned shall not be construed as termination of employment.

This facility will aid industry to employ worker in sector which are of seasonal nature and witness fluctuation of demand and hence requires flexibility in employing worker.

Under the fixed term employment the working conditions in terms of working hours, wages, allowances and other statutory dues of a fixed term employee would be at par with permanent workmen.

A fixed term worker will also be eligible for all statutory benefits available to a permanent workman proportionately according to the period of service rendered by him even though his period of employment does not extend to the qualifying period of employment required in the statute.

Source: moneycontrol.com- Mar 21, 2018

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Putting tariff hikes in perspective

Foreign trade will slow down as the focus turns inward for developed countries. But this will be just another passing phase

The recent decision taken by the US to raise the tariff on steel and aluminium should be viewed against the broader framework of the fissiparous nature of globalisation today. Whether the jingoistic slogans are 'America First' or 'Make in India', the thrust is on reviving economies by focusing on nationalistic pride or security issues. Either way, implicit is the acceptance that globalisation may not be the best way as it is a one-sided process.

Skewed concept

As a concept, globalisation has been skewed towards the developed countries which have gained even more ever since the Washington Consensus was accepted by all nations. This meant that trade, services, investment, domestic policies and so on were geared towards what Washington thought was right.

The same dictum has been reinforced in a very subtle manner through two routes. The first is through global competitive benchmarking wherein a template exists on what countries should be doing to become more competitive (WEF) or become easy places to do business in (World Bank). Such regular ranking perforce tunes the policies of governments to becoming more open to global forces which, in effect, are imports and investment from the developed world. Local issues are often given a skip. The credit rating agencies have added their bit by imposing western norms of what is appropriate and all countries move towards these signposts.

The other route is even more subtle wherein domestic economists get very good jobs in the IMF or World Bank which then qualifies them to return to their home countries as policymakers. Automatically they get tuned to espousing the Washington Consensus. An added dose here is the WEF which is a big meeting place for the bastions of industry (who finance their own travel and stay at Davos) and get to interact with everyone who is involved with globalisation. These egotistic tours work well for multilateral institutions and developed countries as these people become indirectly their representatives when they practice advocacy for more liberalisation.

Further, the egos of the emerging markets were played up by relentlessly focusing on all the highly populated relatively higher income nations under BRICS — countries like Angola or Chad would never feature in global forums which included only potential markets for the West. Ironically, nations categorised as 'developing countries' suddenly got segregated from the others and were bracketed under emerging countries and also made their presence in wider groups like the G20 where they ended up speaking the language of the West.

If we compare these examples with what happens in India, the resemblance will be clear. The spread of globalisation has been good as it was a win-win situation for everyone. Countries welcomed imports and investment as it helped improve quality of life and gave access to foreign funds which supported markets as well as the balance of payments. In fact, emerging markets no longer look to the IMF or World Bank for assistance as the commercial borrowing route has opened up; these institutions are now more advocates of globalisation and supply experts to these countries for policymaking.

When internal growth stops

Western countries have been the drivers of liberalisation due to three reasons relating to limits for internal growth being achieved. First, high levels of income coupled with affluence have meant that there is little scope for expansion and emerging markets are the only way out. This has been done through FDI and exports, which are a legitimate manner of spreading economic imperialism. Second, the low growth in population affects the potential consuming class in these countries and poses a challenge to future growth. Third, a rapidly ageing population also means that consumption falls over time and governments spend more on healthcare. Hence, spreading the tenets of globalisation supports domestic growth.

The WTO came back into action to further these agreements but was heavily tilted to begin with. While all countries were to give up quotas and lower tariffs, movement of labour was never part of the deal. The reason was that the developed world retained the prerogative to regulate the inflow of labour while ensuring that their goods flowed seamlessly to the rest of the world. This is something India has opposed in all such forums.

These arrangements worked very well as long as the world economy did well and the developed countries which set the rules of the game were on the growth path. After the financial crisis, the US in particular has found it tough to move out of a low equilibrium trap with quantitative easing policies delivering only to a certain extent. This is also the case with the euro region and Britain where growth has been of a lower order in the last decade.

This is one of the reasons for them to indirectly oppose the rules of free trade, which have been exacerbated by the proliferation of xenophobia. The demand now is for more symmetric trade and investment rules. Donald Trump's appeal at the time of the elections and the support for Brexit followed by similar tendencies in Italy and France are indicative of the realisation that unhindered globalisation does lead to loss of jobs, and this matters at the end of the day.

Inward-looking future

So, what will the next ten years look like? Definitely there will be a move to become more closed as domestic concerns dominate. Foreign trade will become a slower engine for growth, and this will impact smaller emerging economies. Foreign investment will still seek foreign frontiers but companies may have to also look internally to expand their capacities. Countries like China may witness fewer such outsourced production. The WTO would, for all practical purposes, be a 'deferment congregation' of suspicious members always keen to impose anti-dumping duties when they sense unfair practices.

The positive part is that this will only be another passing phase. While the next couple of years will lean towards protectionism, the change in the growth trajectory of the world economy should help restore a new equilibrium. This, despite being along the path of the Washington Consensus, will be more gradual and less stringent.

Source: thehindubusinessline.com- Mar 21, 2018

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Govt okays 24 sericulture projects, aims to make silk sector self-reliant

Newly approved projects to boost raw silk output by 2,285 tonnes; plans are to stop imports completely by 2022

The production of raw silk in India is estimated to rise by 11.5 per cent to 33,840 tonnes in 2017-18, from 30,348 tonnes the previous fiscal. In order to boost production further, the government has approved two broad categories covering 24 sericulture projects that are expected to yield an additional 2,285 tonnes of raw silk by 2019-end.

Minister of State for Textiles, Ajay Tamta, said in the Rajya Sabha that the silk sector has posted an estimated compounded annual growth rate (CAGR) of 6.4 per cent during the past five years.

Tamta added that the Centre has approved a project-based strategy for the north-east region under an umbrella initiative called 'North East Region Textile Promotion Scheme' (NERTPS), to boost the sector in the region. Under the scheme, among various textile sector projects, those on sericulture have been approved under two categories - Integrated Sericulture Development Project (ISDP) and Intensive Bivoltine Sericulture Development Project (IBSDP).

The minister said these two projects aim at holistic development of sericulture in all its spheres -- from plantation development to production of fabrics -- with value addition at every stage of production chain. They are intended to establish sericulture as a viable commercial activity by creating the necessary infrastructure and imparting skills to locals for silkworm rearing and allied activities in the production value chain.

The Centre has approved 24 sericulture projects covering Mulberry, Eri and Muga sectors in all states of the region, at the total cost of Rs 8.19 billion with its share of Rs 6.90 billion for implementation from 2014-15 to 2018-19. The projects are expected to yield an additional production of 2,285 tonnes of raw silk during the project period and 1,100 tonnnes of silk a year, providing sustenance to 46,094 families and generating employment for about 230,000 persons. About 8.52 million people were part of the sericulture and silk industry last fiscal.

The Centre released Rs 5.49 billion to the north-eastern states till February 2018, against its share of Rs 6.90 billion.

The balance Rs 1.40 billion has been earmarked for the remaining period of 2017-18 and 2018-19, Tamta said. The Centre's initiatives come in the backdrop of India's plan to reduce import dependence, mainly from China, and to become self-sufficient in silk production by 2022. In 2016-17, India imported about 3,700 tonnes of high-quality silk from China, down almost 50 per cent from some 7,000 tonnes in 2013-14.

The production of bivoltine, which is also an import-substitute quality silk, more than doubled from 2,559 tonnes in 2013-14 to 5,266 tonnes in 2016-17. Bivoltine production is likely to touch 6,200 tonnes in 2017-18, and once it reaches the targeted 12,000 tonnes by 2022, the country would no longer need to import Chinese silk, says reports. Central Silk Board estimates total raw silk output to touch 45,000 tonnes in 2022. In the recent Budget, basic Customs duty of 10 per cent was imposed on imported raw silk to protect domestic sericulturists.

Exports Raw silk exports from India were down 16.1 per cent to Rs 20.93 billion in 2016-17, from Rs 24.95 billion in the previous fiscal. Silk exports include natural silk yarn, fabrics and made-ups, ready-made garments, silk carpets and silk waste.

Industry representatives attributed the drop to muted demand from key importing countries, including Europe and the US. In the markets where there is a demand, Indian exporters could not compete Chinese players on cost.

"Our exports are declining on a year-on-year basis because we are not able to compete with Chinese prices and quality. We are slowly losing out our competitive edge and key markets," said Dilip Agarwal, Treasurer, Silk Association of India quoted in a report.

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

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