TEXTILE INTELLIGENCE CENTRE
iBtex.
INFORMATION BUREAU
TEXPROCIL

TEXPROCIL
NEWS CLIPPINGS

The Cotton Textiles Export Promotion Council [TEXPROCIL]
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai - 400 004. Maharashtra State. INDIA
W. www.texprocil.org E. enews@texprocil.org T. +91-22-2363 2910 to 12 F. +91-22-2363 2914

IBTEX No. 108 of 2018 May 25, 2018

USD 68.23| EUR 79.88 | GBP 91.20 | JPY 0.62

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
19983	41800	**78.01**

Domestic Futures Price (Ex. Gin), May

Rs./Bale	Rs./Candy	USD Cent/lb
20920	43760	**81.67**

International Futures Price

NY ICE USD Cents/lb (July 2018)	87.46
ZCE Cotton: Yuan/MT (Jan 2019)	17,675
ZCE Cotton: USD Cents/lb	**106.84**
Cotlook A Index – Physical	**92.5**

Cotton guide: Cotton price on Thursday finished in green across the globe. The China ZCE posted a positive close near record high price amid highest trading volume. The effect was seen on the ICE platform. The July closed the session at 87.46 cents while December ended at 85.55 cents per pound.

Interesting part is the spread between July and December has reached to its 54 months low below 2 cents which is generally considered as bearish factor but this time we are not sure the same event to continue. Although December seems slight overbought priced.

The spread reaching to less than 2 cents with highest trading volume and open interests being parked majorly at December meaning long liquidation may be witnessed on July contract. However for this time the scenario may be different as the un-fixed on call positions are still high on July future around 46K contracts (as per CFTC report released last evening post markets were closed) and as the contract approaches the first notice period the mills might have to fix their positions and by

DISCLAIMER: The information in this message be privileged. If you have received it by mistake please notify "the sender" by return e-mail and delete the message from "your system". Any unauthorized use or dissemination of this message in whole or in part is strictly prohibited. Any "information" in this message that does not relate to "official business" shall be understood to be neither given nor endorsed by TEXPROCIL - The Cotton Textiles Export Promotion Council.

which the decline in July could be limited rather price may continue to remain elevated.

On the trading front the volumes were around 46K contracts at ICE while the aggregate open interests remained strong near 0.297 million contracts. Looking at the price stabilizing near 85 cents, volume picking up and the open interests holding strong indicate the broad price trend is bullish and likely to maintain the same in the near future.

On the fundamental front the weekly export sales numbers were out on Thursday which posted a figure of 203K bales including both Pima and Upland cotton. The major buyers in the week were Thailand and China. Overall so far in the season the total exports have been 1,68,33K bales and around 10 weeks are left for the season to end.

Another important factor to notice is that last four consecutive sessions the Chinese state run cotton auction is at 100% offer to sold ratio. The cumulative turnover ratio has improved from 58% to 60% in just one week. This shows Chinese are slightly under stress about the likely crop loss in the country and may have to involve into global import this year. Broadly the Chinese factors are looking positive for the market.

On the domestic front spot price for Shankar-6 variety maintained around Rs. 42250 per candy ex-gin however the arrivals have declined considerably to around 56K contracts. We believe seasonal decline in the arrivals and domestic demand is keeping cotton price higher. We expect the short term trend to remain positive in the market. On the futures front the May has come to expiry phase which posted a close on Thursday at Rs. 20920 up by Rs. 100 from previous close. However the June has ended at Rs. 21330 per bale. We expect the June to trade today in the range of Rs. 21190 to Rs. 21480 per bale. Note the spread between June and July at MCX is maintaining around 250 to 260 per bale and we think it to decline where in recommending buying June and selling July contract.

Indian rupee- Indian rupee appreciated by 0.15% to trade near 68.23 against the US dollar. Rupee has recovered from 17-month low amid some correction in crude oil price. Crude has come off recent highs amid possibility that OPEC may raise output to compensate for supply loss from Iran and Venezuela.

The US dollar index has also turned choppy after testing 5-month high. Weighing on currency is Fed's gradual rate hike stance despite strength in economy and inflation near target levels. However, weighing on rupee is weaker risk sentiment amid uncertainty about US-China trade talks and cancellation of US-North Korea summit. Rupee has fallen sharply and some recovery can be seen if crude oil corrects. USDINR may trade in a range of 68.05-68.4 and bias could be on the downside.

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

NEWS CLIPPINGS

	INTERNATIONAL NEWS
No	**Topics**
1	Japan wants South America in TPP
2	U.S. Bans Import Of Cotton Products From Turkmenistan
3	China's Cotton Yarn Imports Decreased 13.24% in Q1, 2018
4	Brazil Factory Shows Off Custom Yoga Pants Made in 25 Minutes
5	Pakistan: Ban on Afghan cotton exports lifted
6	Rwanda, US eye trade war over $1 billion used clothing market
7	Indonesia's path to prosperity lies in manufacturing
8	Bangladesh needs FTAs fast
9	Vietnamese exports to Africa face price challenges
10	Asia Pacific fears trade war
11	Speed to Market Keeps Guatemala's Apparel Production Humming
12	Uzbekistan seeks EU tariff preferences
	NATIONAL NEWS
1	Textile industry hails cabotage relaxation
2	India Looks Poised to Take Dramatic Home Textiles Market Share
3	State permits only early ending cotton seeds to prevent bollworm attack
4	EEPC India suggests ways to make India's export more competitive
5	Tirupur knitwear exporters seek steps to boost industry
6	Intra-state e-way bill for two states, five Union Territories from today
7	Keeping alive India's textile heritage

INTERNATIONAL NEWS

Japan wants South America in TPP

Japan is encouraging more countries from Central and South America to join the reworked Trans-Pacific Partnership trade pact.

The region has a combined population of about 600 million and a gross domestic product of around 5.1 trillion dollars.

Mexico, Chile and Peru are part of the TPP, but Brazil and Argentina -- the two giants of the region -- are not.

Colombia has already expressed an interest in joining. It is the only member of a four-nation Latin American trade bloc called the Pacific Alliance that is not also a part of the TPP.

Current TPP members are working to ratify the deal. Japan wants to open the door to any interested countries, including the UK, Thailand and South Korea.

The pact would lower tariff rates among member nations, which in turn would make American products less competitive within the bloc.

Japan is also hoping to use the TPP as a way to counter Chinese influence in Central and South America.

Japan, as leader, is seeking a path forward for free trade in Asia. This country is now the largest member of TPP.

A revived TPP with Japan at the head could dent China’s hegemony in the region.

The pact would boost Japan’s real gross domestic product by 1.11 per cent.

Source: fashionatingworld.com- May 24, 2018

HOME

****

U.S. Bans Import Of Cotton Products From Turkmenistan

The U.S. government has banned all imports of cotton goods from Turkmenistan, which activists have accused of rampant use of child and forced labor in cotton harvesting.

The Withhold Release Order, filed by the U.S. Customs and Border Protection (CBP) service on May 18 and made public on May 24, did not specify the reason for the ban.

But members of the U.S. Cotton Campaign, Alternative Turkmenistan News, and International Labor Rights Forum had petitioned the CBP to ban importation of all goods made with Turkmen cotton that was produced with forced labor.

"These three groups alleged that the Turkmen government forces public-sector employees under threat of punishment, including loss of wages and termination of employment, to pick cotton," the Crowell & Moring International Trade Group said on its website on May 24.

U.S. law prohibits the importation of products produced through slave or child labor or by violating labor laws.

"The decision of the U.S. Customs and Border Protection Service is an important step towards the complete cessation of one of the most egregious practices of using forced labor still left in the world," said Erik Gottwald, director of the International Forum on Labor Rights for Policy Development and Legal Affairs.

Ruslan Myatiev, editor and founder of Alternative Turkmenistan News, said that "annually, the Turkmen government forces tens of thousands of public sector employees, including teachers, nurses, and doctors, to pick cotton, pay a bribe or hire a replacement worker, all under threat of punishment, including loss of wages and termination of employment."

Several leading global retailers, including H&M and IKEA, have said they were no longer using Turkmen cotton and textiles in their products.

Activists have long accused Turkmenistan and some of its Central Asian neighbors of using child and slave labor in their cotton fields and elsewhere.

The 2016 Global Slavery Index listed the countries it said have systematically forced their population into labor, including Turkmenistan, Uzbekistan, Tajikistan, Belarus, China, Eritrea, North Korea, Russia, and Vietnam.

The report said that an estimated 15,800 people were believed to be held in "modern slavery" in Turkmenistan.

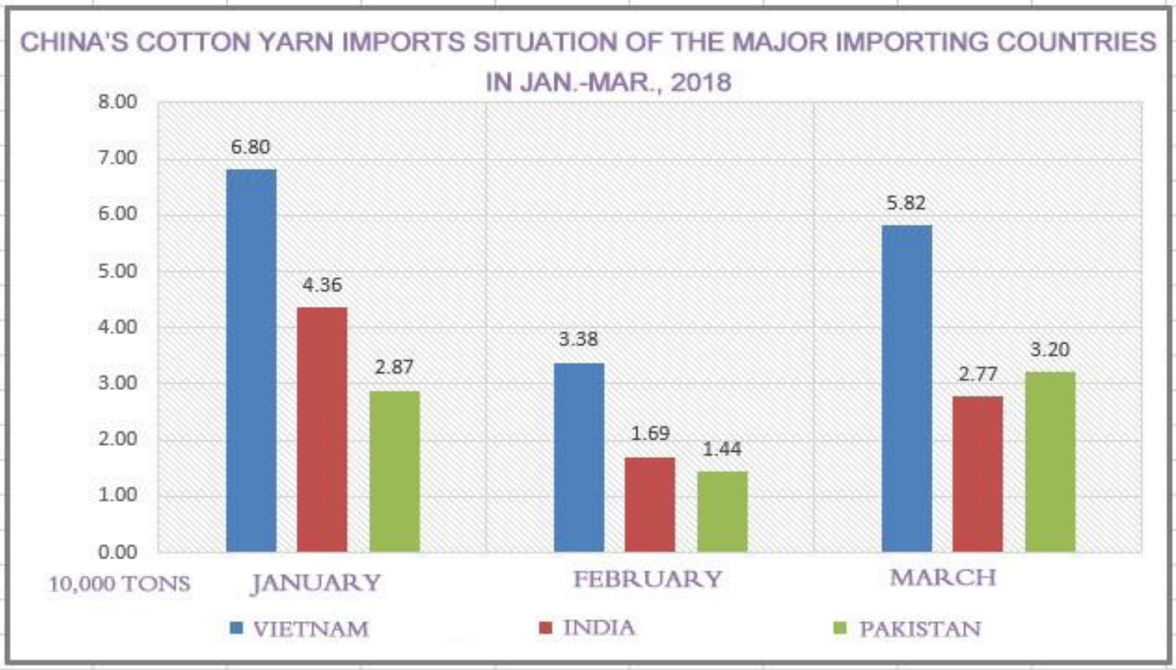
Source: rferl.org- May 24, 2018

HOME

****

China's Cotton Yarn Imports Decreased 13.24% in Q1, 2018

Recalling the China's cotton yarn import situation in the past five years, China imported 2.34 million tons in 2015, which was the peak of the over five years.



And then declined in 2016 and 2017, in these two years, their imports were both less than 2 million tons. In the first quarter of 2018, China imported 460,000 tons of cotton yarn, down 13.24% year-on-year.

Source: texleader.com- May 24, 2018

HOME

****

Brazil Factory Shows Off Custom Yoga Pants Made in 25 Minutes

Brazil's SENAI CITIQT already is living in Industry 4.0.

At Texprocess in Atlanta, [TC]2's Dr. Mike Fralix described witnessing the Brazilian apparel manufacturing facility based in Rio de Janeiro demonstrating its made-to-order production capabilities. A volunteer in his group was scanned by a digital mirror, she selected her preferred style of yoga pants and then picked out a color and pattern. After tapping the order button, the connected mirror transmitted her selection to a digital textile printer nearby, which began printing onto white fabric pattern pieces cut to her measurements.

Working in concert, the digital mirror had compared the volunteer's image to a database of thousands of 3-D body scans to determine the one most similar to that image, extracting the appropriate measurements and feeding them into a single-ply cutting machine to create the yoga pants pattern pieces.

Next, the system spit out a barcode providing instructions for how the operator should assemble the garment manually, though Fralix pointed out that robotics could replace the labor component of this process. Finally, the operator handed the finished garment to a robot that folded, packaged and labeled it, rolling the final product to the "customer" standing feet away—a process that took about 25 minutes from start to finish.

"It was a very impressive Industry 4.0 [demo] about machines connecting with other machines" to enable a speedy and seamless made-to-order process, Fralix said.

Operational models like the SENAI CITIQT demonstration are both serving the new ways that shoppers want to consume fashion and springing up in reaction to trends in apparel production around the globe.

Debunking the notion that e-commerce is destroying retail, Softwear Automation CEO Palaniswamy "Raj" Rajan said that in reality digital retail is in fact "crushing the supply chain."

Thanks to internal factors such as shrinking lead times and zero-inventory initiatives coupled with the external pressures of labor unavailability and wages rising worldwide, apparel companies are scrambling to find new methods that can enable consistent production and executing orders quickly.

Lectra president Jason Adams said that Industry 4.0 is “not just a manufacturing problem, it’s the entire supply chain.” However, the supply chain of the future will enable unprecedented interactivity though end-to-end connectivity that yields actionable insights to accelerate decision-making.

“This next generation is going to be a dynamic production line with dynamic reconfiguration,” Adams said.

Source: sourcingjournal.com- May 24, 2018

HOME

****

Pakistan: Ban on Afghan cotton exports lifted

Pakistan has lifted the ban on the import of Afghan cotton to Pakistan.

The country, in the past, had banned the import of cotton from Afghanistan, inflicting heavy financial losses to Afghan farmers.

Deputy Governor Abdul Hanan Munib and local industrialists held a meeting with Pakistan consul general in Kandahar and discussed the issues faced by Afghan businessmen.

The matter of ban on Afghan cotton export was resolved due to the efforts of provincial officials.

Pakistan had also decreased the duty on Afghan fresh and dry fruits.

Source: fashionatingworld.com- May 24, 2018

HOME

****

Rwanda, US eye trade war over $1 billion used clothing market

Early last year, weeks after Donald Trump was sworn in as president, a little known American trade association filed a petition with the U.S. Trade Representative.

That seven-page letter set Africa in the cross-hairs of the new administration's 'America First' trade ideology, pitting the world's largest economy against tiny Rwanda over an unlikely U.S. export: cast-off clothes.

In March, the USTR warned Rwanda it would lose some benefits under the African Growth and Opportunity Act (AGOA), America's flagship trade legislation for Africa, in 60 days after it increased tariffs on second-hand clothes to support its local garment industry.

"The president's determinations underscore his commitment to enforcing our trade laws and ensuring fairness in our trade relationships," Deputy U.S. Trade Representative C.J. Mahoney said, announcing the decision.

The 60-day grace period expires on May 28.

But no matter the outcome, the row is further straining Washington's relations with Africa at a time when it is being aggressively courted by America's global competitors, not least China.

Beijing has invested tens of billions of dollars in the continent, most recently as part of its huge Belt and Road foreign trade strategy.

Under AGOA, enacted in 2000 with the aim of using trade to boost development, qualifying African countries are granted duty-free access to the U.S. market for 6,500 exported products.

The current dispute, which also initially involved Kenya, Tanzania and Uganda, has received none of the attention of Trump's trade war with China or his haggling with North American neighbours.

Yet critics – including former U.S. trade officials – see in it a worrying indication of how Washington will approach trade relations with Africa.

“It delegitimises so much of what we’ve worked for for so many years,” said Gail Strickler, who served as the top U.S. trade official on textiles until 2015. “I think it’s horrible. I think it’s sad. I think it’s pathetic and I think it’s obscene.”

MADE IN RWANDA

Since her husband was murdered in Rwanda’s 1994 genocide, Devotha Mukankusi has relied heavily on the UTEXRWA garment factory in the capital Kigali.

“I survived the genocide together with my kids. But it’s thanks to this job that they have grown up,” she said, her voiced raised above the drone of sewing machines as she supervised a group of women assembling police uniforms.

Some 800,000 people - 10 percent of Rwanda’s population - were killed in the genocide. The economy was crushed.

Rwanda has bounced back in the past decade or so. As part of a drive to become a middle-income country by 2020, it is nurturing a garment sector it hopes can create 25,000 jobs.

But domestic demand for locally produced clothes has been stifled, east African governments say, by the ubiquity of cheap, second-hand garments imported from Europe and the United States.

The manager of the factory where Mukankusi works says the facility is only running at 40 percent capacity and second-hand garments, which can sell at well below his production costs, are at least partly to blame.

In response, East African Community (EAC) members Kenya, Tanzania, Rwanda and Uganda increased tariffs on used clothing in July 2016. Rwanda hiked import duties from 20 cents to $2.50 per kilogram.

At Kigali’s Biryogo market, where shoppers pick through bales of used garments, the downside of the increase in duties was immediate.

“Before, even with a little money, you could buy enough second-hand clothes for a child. But some children in my neighbourhood are now naked,” Fillette

Umugwaneza, 24, a mother of two told Reuters. “It is a disgrace to our country.”

Rwanda’s government argues such hardships will be short-lived. Opening new factories will create more, better paid jobs, while expanding domestic consumption will cut its external trade deficit, it says.

That will take time, admits Clare Akamanzi, CEO of the Rwanda Development Board, but early results are encouraging.

“Just in the last two or three years ... we’ve seen almost three times growth in production of garments and textiles for the economy,” she said.

The government is also seeking to attract companies targeting the export market, like U.S. designer Kate Spade which assembles high-end handbags in Rwanda. It’s a strategy that has flourished elsewhere in Africa under AGOA, with duty-free exports from the continent to the U.S. market almost quadrupling to over $1 billion since the law was enacted.

The ultimatum from the office of the USTR, however, has thrown up a potential roadblock to further growth.

It acted after receiving a complaint in March last year from the Secondary Materials and Recycled Textiles Association (SMART), a U.S.-based organisation which represents companies that collect and resell Americans’ used clothing.

Selling America’s used clothing - much of it donated to charities and the bulk of it originally made outside the United States - is a nearly $1 billion industry. Exports typically end up in poor nations. Africa is a key destination.

SMART said the EAC duty increase violated AGOA.

“It basically was a shutdown in the market for my members,” SMART Executive Director Jackie King told Reuters. “When Rwanda particularly wanted the duties increased by 1,100 percent, it just wasn’t possible to do business there.”

The USTR agreed to review the AGOA status of all four countries. That decision shocked some veteran trade officials in Washington.

“AGOA clearly has a criterion that the beneficiary countries must be eliminating barriers to U.S. trade,” said Florie Liser, former Assistant U.S. Trade Representative for Africa under Presidents George W. Bush and Barack Obama.

“That’s kind of always been there, but no one was looking to go after the AGOA countries.”

SELF-RELIANT

The mere prospect of losing AGOA benefits was enough to push Kenya, which in 2017 exported nearly $340 million worth of apparel duty-free to the United States, to back down.

The remaining east African nations initially tried to defend their position at a USTR hearing in July, rejecting SMART’s assertion that the new tariffs had cost 24,000 American jobs in the first nine months. Using U.S. trade data, they pointed out that the decline in exports to the EAC that SMART blamed for the job losses had already begun four years before the 2016 duty increase.

Data compiled by agoa.info, an online information portal about AGOA run by the South Africa-based Trade Law Centre, indicates that U.S. used clothing exports to Rwanda in particular actually increased slightly in 2016.

SMART has not publicly disclosed the survey of its members used to calculate the job losses, saying it contains proprietary information.

The EAC also accused SMART of inflating the importance of the east African market to the industry. Trade data showed the United States shipped around $24 million worth of used clothing to the EAC in 2016.

SMART, however, added another $100 million in exports it said were shipped to third countries for processing before being re-exported. By its calculation the EAC represented over a fifth of the U.S. industry’s global market.

After the July 2017 hearing, Uganda and Tanzania followed Kenya’s example and capitulated, agreeing to roll back tariffs to pre-2016 levels.

Rwanda has held out. If it does not concede by the end of this month it faces losing duty-free access for its garment exports.

"The United States has been explicit about what Rwanda must do to adhere to the AGOA eligibility criteria," a U.S. official told Reuters. "It is up to Rwanda to make a decision."

The dispute has provoked dismay in Washington and Africa.

"(Africans) are watching. They're shocked and they're livid," said Rosa Whitaker, who was appointed by President Bill Clinton as the United States' first Assistant Trade Representative for Africa and helped draft the original AGOA legislation.

She called the Trump administration's actions bullying and predicted they would backfire.

"African countries, from what they're telling me, are feeling abandoned. We've just ceded it to China."

Devotha Mukankusi is more matter of fact about the trade tiff. She's survived genocide and the Trump administration doesn't worry her, she said.

Source: af.reuters.com.au- May 24, 2018

HOME

****

Indonesia's path to prosperity lies in manufacturing

Indonesia is full of optimism, but much must be done to achieve its ambitions. Early last year, President Joko Widodo (Jokowi) set a goal for the country to become the world's fourth-largest economy by 2045, which will also be the 100th anniversary of independence.

If Indonesia achieves that goal, it will do so five years before the date forecast by the Economist Intelligence Unit and PwC.

The country is often seen as the next China or India. The archipelago, strategically located between the Pacific and Indian oceans, is home to 260 million people, the world's fourth-largest population.

It is already by far the biggest economy in Southeast Asia with nominal GDP of about $1 trillion, making it the 16th-largest economy on Earth and eighth in purchasing power parity terms. According to the World Bank, real GDP will expand at 5.3 percent in 2018.

Indonesia's economic might and political influence over ASEAN won Jakarta a seat at Group 20.

A huge young workforce and burgeoning middle-class has lured billions of dollars in foreign direct investment and portfolio investment from countries like Singapore, Japan, China, and the US.

However, premature deindustrialization may pose a serious challenge to unlocking the nation's potential. Industry occupied about 40 percent of GDP in 2016 but most of that was in the oil and gas sector, which has low added value and creates few jobs. Although the sector remains the largest source of growth, its contribution fell from 1.01 percent in 2014 to 0.92 percent in 2016.

The rest of the manufacturing sector comprised about 18 percent of the Indonesian economy between 2011 and 2016, well below the level of 30 percent that prevailed before the 1997-98 Asian financial crisis. There were structural changes in Indonesia's economy after the crisis. Manufacturing-sector output growth fell from 11 percent in 1996 to 4.3 percent in 2016. Output growth in the tradable sector, which the manufacturing sector dominates, fell to about 3.3 percent in 2016 from about 6 percent prior to the 1997-98 Asian financial crisis.

In contrast, the non-tradable service sector such as wholesale and retail trade, hotels and restaurants, and transport and communications grew 5.5 percent, which was above the annual growth rate of GDP.

Some may argue manufacturing is no longer important for Indonesia, since nearly half of the economy is in the services sector. However, much of the latter sector is either in low-productivity restaurants, retail, housekeeping services or the informal economy. White-collar jobs in high-end services sectors such as banking and marketing are scarce and can't provide work for the millions of less-educated employees.

Proponents of the services industry often say a growth engine can be found in the new innovative economy and startups such as e-commerce website Tokopedia and logistics provider Gojek. But most jobs in this sector are temporary positions featuring low productivity. Many require few skills, offer little training and don't provide a career path.

The experience of advanced economies suggests the decline of the contribution of the manufacturing sector is largely due to overcapacity and a loss of comparative advantage.

The diminishing marginal returns theory in economics posits that resources are diverted to sectors with a higher return - often in high-skilled services sectors such as banking and technology - after manufacturing reaches its optimal frontier. As a result, the contribution of manufacturing to GDP naturally declines.

However, Indonesia's manufacturing sector began to decline before this point was reached. The sector is dominated by resource-based products and more labor-intensive and low value-added commodities.

Even in export-oriented sectors such as textiles and clothing, Indonesia is losing or has lost its competitiveness to countries like Bangladesh or Vietnam. But the country hasn't gained ground in technology: electrical machinery and equipment production is stagnant in terms of growth and contribution to manufacturing.

History suggests manufacturing is an inevitable step to achieve high and sustainable economic growth for sizable developing countries if they aim to converge with high-income countries. As evidenced by the East Asian economic miracle and the recent rise of China, manufacturing is generally more productive and better able to absorb large numbers of low-skilled labor from the agriculture sector.

Manufacturing is associated with better hard and soft infrastructure, longer value chains and more economic spillover.

Indonesia has 37.8 million farmers who are potential for the labor pool and 130 million people below age 28. But the so-called demographic dividend can easily become a liability if not enough jobs are created.

It is said the highest unemployment rate is in the age group of 15-24, and another 2 million Indonesians enter the job market each year.

Urbanization-driven growth is not satisfactory. Urbanization is often seen as an alternative to create jobs and boost economic expansion. Labor movement from rural areas to cities is generally accompanied by high economic growth and structural transformation because of the difference of urban-rural productivity.

In the end, we can see that manufacturing is the only proven reliable path to long-term economic success. Indonesia needs to make itself a better place for foreign direct investment and production by improving its infrastructure and human capital and simplifying its bureaucracy.

A flourishing manufacturing sector will allow the country to benefit from the demographic dividend and achieve an economic miracle. Now it is time for "Make in Indonesia."

Source: globaltimes.cn- May 24, 2018

HOME

****

Bangladesh needs FTAs fast

Bangladesh has become known as a hub of the garment manufacturing industry.

The United States is the second largest market for Bangladesh's readymade garment products.

Countries like Canada and Japan, from outside the EU bloc, also look to Bangladesh as a potential sourcing country for their readymade garment imports.

As a least developed country, Bangladesh enjoys many facilities offered by advanced economies.

One such facility is the GSP offered by the European Union. This scheme makes rooms for the export of Bangladeshi garment products with no or little tariff to EU countries.

Graduation to the group of developing countries is important, but what's more important is the consolidation of the position. Bangladesh made a mistake in depending too much on the WTO route for having market access.

A country like Vietnam that liberalised its economy much later than Bangladesh has already negotiated more than a dozen free trade agreements, whereas Bangladesh has not signed a single one.

Unless it becomes a partner with other economies, Bangladesh will not receive the expected investment - be it from within or without.

Bangladesh can and should negotiate its own free trade agreements with trading partners and other interested countries.

Without a growth rate of 7.5 per cent or beyond, it cannot expect to consolidate its position as a developing country within the stipulated time.

Source: fashionatingworld.com- May 24, 2018

HOME

****

Vietnamese exports to Africa face price challenges

Vietnamese exports to Africa have faced price-related challenges as they have to compete with other African nations in terms of import tax, given the fact there is no free trade agreement or preferential trade agreement between Vietnam and regional countries.

According to the Vietnamese Commercial Affairs Office in South Africa, 44 African nations officially sealed a Continental Free Trade Area (CFTA) agreement during the tenth extraordinary session of the African Union (AU) in Kigali, Rwanda, last March.

The deal will come into force within 180 days after at least 22 countries approve it.

The agreement has given birth to the world's largest free trade area in terms of the number of participating countries since the formation of the World Trade Organisation in 1948. It can create a single market with a population of 1.2 billion and GDP of 2.5 trillion USD.

Under the pact, the signatories committed to remove tariffs on more than 90 percent of goods.

The agreement will address seven priority areas related to trade: policy, infrastructure, finance, information, market integration, productivity increase and trade facilitation.

Experts said the deal is expected to drive up intra-Africa trade by about 52 percent by 2022, as compared with 2010. The exchange of industrial products is also projected to expand by 53 percent.

The Vietnamese office said the CFTA helps cut commercial costs and enable African consumers to access diverse products with lower prices.

Lower costs of production materials exchanged between CFTA member countries would raise competitiveness of local producers and help create regional value chains, the office said.

Pointing out price challenges for Vietnamese exports to Africa, the office suggested Vietnamese businesses make use of benefits brought about by the pact, which will turn Africa into a busier and more promising area for commercial activities.

Hoang Oanh, head of the Department of Asia-Africa Markets under the Ministry of Industry and Trade, said Vietnamese firms should pay more attention to markets like Algeria, Egypt, South Africa and Angola, and products like rice, coffee, pepper, seafood, household electric products, garments-textiles and machines for agriculture and garment-textile.

With a 1.2 billion population, the region’s demand for rice is expected to sharply increase, she said, explaining that rice production costs more than imports in African countries as they have to invest much in irrigation.

Besides, they have met difficulties in ensuring food security since the regional population is growing faster than the pace of agricultural production.

Additionally, the number of mobile phone subscribers in Africa increases the fastest in the world, she said, describing this as a great opportunity for Vietnamese telecommunications firms.

Source: en.vietnamplus.vn - May 24, 2018

HOME

****

Asia Pacific fears trade war

Asia Pacific exporters are deeply concerned about a fall in business largely due to an increase in US protectionist measures and their potential for triggering a trade war with Asian countries.

The turnover will decline ten to 20 per cent due to uncertainty over any changes in trade agreements.

The worries come up at a year, 2018, when global GDP growth has been forecast to accelerate to 3.2 per cent – the strongest annual expansion since 2011.

More than half of the suppliers in China are pessimistic about potential export turnover losses due to the introduction of trade barriers such as tariffs or targeted restrictions.

The opinions of Chinese suppliers are shared by those in Indonesia (65 per cent), Taiwan (48 per cent) and Hong Kong (47 per cent). These are all economies with deeply intertwined trade relationships with China.

Suppliers focusing on domestic trade, however, consider the introduction of international trade barriers to be an opportunity for growth.

Despite concerns over the impact of protectionist trends on the Asia Pacific trade outlook, countries in the region are striving to reinforce trade ties with the rest of the world, increasingly turning to Australia for economic and trade cooperation.

This may explain why most Australian suppliers do not expect a negative impact on their businesses' turnover in the coming months. Japanese suppliers share the same optimistic view.

Source: fashionatingworld.com- May 24, 2018

HOME

****

Speed to Market Keeps Guatemala's Apparel Production Humming

With several free-trade agreements in limbo, many Guatemalan factories and American buyers are optimistic about the future of their partnerships together as the Dominican Republic–Central American Free Trade Agreement remains relatively stable.

At the 27th annual Apparel Sourcing Show, held May 15–17 at the Grand Tikal Futura Hotel and Convention Center, visitor registration was up 8.5 percent and exhibitor participation increased 11 percent, according to show organizer Vestex, Guatemala's textile and clothing industry association.

"We broke record attendance three days in a row, so it was great," said Antonio Malouf, president of show co-sponsor AGExport and owner of Tejidos Corporativos, S.A. "I heard some people say they were coming just for the day but decided they had to stay longer because they had more things than usual to see."

After a 20-year hiatus, Frank Rudman, president of Sportailer—the activewear parent company to Hook & Tackle, Weekender and Reel Southern—returned to the show, hoping to find partners closer to the United States. Before, the Miami company relied on production in China, which has seen inflation contribute to rising costs.

"The quality here has improved a lot and infrastructure also, where before they didn't have that. There is a lot of investment that came here," he said, yet he still had some reservations. "They have to import the yarns for the fabric and that makes them a little more expensive than we would like, but today in business you have to diversify sourcing."

Guatemala still sees China as a competitor, but other apparel-producing regions in Asia are pumping up their industries. Those include Vietnam, Pakistan and Bangladesh. As these nations build up their apparel and textile sectors, Guatemala continues to invest in its established industry, where apparel and other goods made of regional yarns and inputs are not subject to U.S. import tariffs because of DR-CAFTA.

"Right now, Guatemala is going to get three new knitting mills, which is a good sign," said Gustavo Antonio Ortiz Aguilar, who manages his family's machinery-supply company, Lama Maquina, S.A. “It’s a lot for us. Just that alone is going to generate more business for Guatemala.”

Visitors to the show were interested in finding additional resources for quality products and fast turnaround times. China’s factories might be cheaper, but when you factor in longer lead times and import duties, the savings might not be worth it for some U.S. companies.

“When we started 10 years ago, Central America was known for T-shirts in 10,000 units and had one style, one color and was really mass market,” said Diane Walker, who handles design and production for New York City’s Sweenie Manufacturing, which produces apparel for brands including Kitty and Vibe, Champagne Swim, Thirteenth Fit Apparel and the Great Lakes Collection.

Interested in seeing existing partners and forging new relationships, Walker attended the show with Stacey Demar, Sweenie’s representative for new business development. The two women were there ahead of the midsummer 2018 capsule launch of their own line, Mary Jane Swim.

Sweenie now produces goods in Guatemala instead of China because Chinese factories require minimums that are too high and are subject to a 36 percent duty rate on some synthetic goods, which means they can’t compete with CAFTA countries.

“Central America has evolved into being able to do the type of work that we do, which is entrepreneurial specific, small units and a lot of detail,” she said.

Planning for Guatemala’s future in production

Despite trade disputes bubbling up with China and members of the North American Free Trade Agreement, there was optimism regarding Guatemala’s role in apparel manufacturing. David Sasso, vice president of sales at Georgia’s Buhler Quality Yarns, saw his visit as an opportunity to discuss these current issues.

“It’s not like I am meeting new people, but I am having the opportunity to talk about things in the market that are opening new doors,” he said. “The trade deal came into discussions and CAFTA is one of those better trade agreements that seems to work for both parties, which is why you see a good balance of trade."

Due to the healthy trade situation between the United States and Guatemala, there is not a lot of concern about the future, yet change is in the air for other countries.

"The U.S. exports more to Guatemala than Guatemala exports to the United States," said Keith Hull, chief executive officer at Guatemalan textile mill Liztex. "I think everyone is optimistic that there isn't going to be a significant change in CAFTA, but I wouldn't make the same bet with NAFTA."

With no foreseeable threat of the United States dismantling its trade agreement with Central America, Guatemala's producers are taking advantage of their geographic location and stability.

At Elim, S.A., a factory in Guatemala City that encompasses nearly 38,000 square feet and employs 320 workers, the company's partners include New Era—the Buffalo, N.Y.–based baseball-cap and sports-apparel brand—and Global Brands Group—the New York City apparel and licensing company. Through those partnerships, Elim produces apparel for brands such as Nautica, CK Calvin Klein, Zoo York, Major League Baseball and the National Football League.

"The strength of Central America is the faster [lead] time than Asia," said Martin Hong, who serves as the company's director of sales and production. "For example, we are doing a four- or six-week turnover."

The factory's monthly capacity currently stands at 400,000 mostly knit T-shirts with six sewing lines. Elim also owns a printing mill, which has approximately 15,000 square feet of space and 60 employees.
"Our company is growing now, so it's a very big decision to expand our capacity. If we expand, our goal is to have 12 lines next year," said Hong, who also emphasizes that the factory needs to weight the benefits and cost of possible expansion. "To do that, it would be about $3 million to $4 million to invest. We are thinking about having one, big factory."

The investment would help Elim to beef up its manufacturing capacity and expand its offerings to remain competitive.

Source: apparelnews.net- May 24, 2018

HOME

****

Uzbekistan seeks EU tariff preferences

The delegations of the Foreign Trade Ministry of Uzbekistan and the EU Working Party on Eastern Europe and Central Asia held talks on May 23 in Tashkent.

“One of the ways to improve trade with the European Union could be granting tariff preferences to Uzbekistan,” Foreign Trade Minister Jamshid Hozhaev said.

Uzbekistan is interested in practical realization of the agreement on bilateral trade of textile products, he said.

“Despite it will be a year soon after the protocol with changes to the agreement on partnership and cooperation entered into force, customs authorities of the EU countries sill create obstacles to supply of Uzbek textile products,” the Minister added.

The delegation of the Working Party said the EU will consider possible assistance in informing customs authorities and governments of the EU states about provisions of the textile protocol.

In 2017, trade of Uzbekistan with the EU countries was estimated at $2.5 billion, including $420.7 million export.

Source: akipress.com- May 24, 2018

HOME

****

NATIONAL NEWS

Textile industry hails cabotage relaxation

The textile industry has hailed the latest round of cabotage relaxation as it would help in faster transportation of cotton.

The Southern India Mills' Association Chairman P Nataraj said it would benefit cotton farmers in Gujarat and spinning mills in Tamil Nadu.

Cotton from Gujarat

"The mills in the State consume around 50 lakh bales of cotton grown in Gujarat every year as its fibre quality parameters are preferred by the knitted garment makers in Tirupur. But we were losing heavily on transporting the cotton," he said.

During the peak cotton season, the lorry freight per bale between the ginning factories in Gujarat and spinning mills in Tamil Nadu can touch a high of ₹1,000, while the transportation cost for importing the fibre from West Africa worked out to just ₹400/bale.

Costly transportation

This forces the industry to transport the fibre by rail and ship. But the price difference between lorry and these modes of transport was less than 10 per cent.

The industry sought relaxation of the cabotage rule for transporting cotton from Gujarat to Tamil Nadu and use of foreign-flagged vessels to carry cotton.

The SIMA Chairman perceives that the foreign-flagged vessels might be in a position to offer a competitive rate as a large number of empty foreign containers are transported between the Gujarat and Tamil Nadu ports.

Source: thehindubusinessline.com- May 25, 2018

HOME

****

India Looks Poised to Take Dramatic Home Textiles Market Share

Ever since quotas on mainstream home textiles products like sheets, bedding and towels from Asia were lifted in the early 2000s, three countries have battled it out for marketplace superiority.

China, India and Pakistan became the go-to resources for American retailers, wholesalers and other importers looking for the large programs that are at the core of the U.S. business.

Now, with China de-emphasizing its textiles production in favor of more hi-tech, high-value products, and Pakistan continuing to suffer from the political ill winds, India is poised to make a dramatic run for market share with major increases in capital expenditures in its manufacturing base.

The big Indian sheet and towel suppliers, including Welspun, Trident and others, are all in the midst of significant expansions of their production capabilities, adding hundreds of looms and substantial additions to their spinning, finishing and distribution facilities.

China's diminished interest in relatively low-tech industries like textiles is driving some of the Indian investment upsurge. In 2016, the last year for which numbers are available, exports of Chinese textiles, including apparel and home, fell nearly 13 percent compared to two years prior.

This comes as labor costs in China continue to rise, particularly when compared to other Asian options, making manufacturing in the country an ever more costly proposition.

Indian suppliers, which already have a leading market share in products like cotton towels bound for the U.S., are seizing the moment.

Welspun, the largest Indian home textiles supplier, instituted a major fiber verification system in its two big plants in India last year and has also brought on a new warehouse/distribution center earlier this year.

An ongoing expansion plan announced earlier this year will increase towel capacity by 11 percent. Capital expenditures will total just more than $100 million U.S. this year the company said.

Trident, which is number two in the American market among Indian exporters, is investing heavily to close the gap. Over the past two years the company, which had primarily been a supplier of towels, entered the sheeting market, opening a massive facility with 500 wide-width looms. It has since added additional towel production, too. And like Welspun, it is ramping up its distribution systems to allow for more direct-to-consumer shipments driven by online sales.

Indo Count, a third major supplier, is also looking at distribution as an area of investment but it too undertook a significant expansion of its manufacturing base, increasing capacity by nearly a third at its main facility. This will be followed by additional expenditures of its weaving and spinning capacities this year, the company said.

All of this expansion–aimed clearly at American exports–comes as the U.S. market for home textiles remains essentially flat, meaning that the Indian companies expect to get a larger share of the existing market.

When asked at a trade show last year how his company expected to fill the capacity of its new facilities, the CEO of one major Indian supplier who asked not to be identified, said, “We’re going to get market share from China.”

Source: sourcingjournal.com- May 24, 2018

HOME

****

State permits only early ending cotton seeds to prevent bollworm attack

In a bid to prevent pink bollworm attack, the pest which ruined cotton crop last year, the state agriculture department has allowed only short duration varieties of plants for the coming season. Till last year, cotton seeds that gave crops spanning even 160 to 180 days were available in the market. These varieties have not been granted permission for Kharif season of 2018.

If the long duration crops remain in fields post November, it coincides with the bollworm’s life cycle. This is not possible in crops with a shorter lifespan. Short duration crops, however, will mean less rounds of cotton picking for the farmer. Farmers prefer to continue the crop for maximum possible period to get higher output.

Short duration crops don't survive beyond three months, and can be cleared much before the bollworm emerges on the fields.

The agriculture department has denied licences for 26 varieties of cotton seeds this year. All these seeds are of a span ranging up to 180 days, said a senior official in the department.

Farmers in the region prefer continuing the crop up to February-March, so that maximum amount of cotton bolls are picked and earnings maximized. This also exposes the crop to bollworm.

The problem came up only a couple of years ago. The Bt cotton seeds, which are usually used by farmers, are supposed to be resistant to the pest. However, there has been a gradual failure of the genetically modified crops, with the crisis being worse in Maharashtra during 2017. Prior to it, there was a major attack in Gujarat.

The state has also started a drive to ensure that stalks of last year's cotton crop which are cut from the fields are destroyed. It has been found that the stalks are still lying in many fields Teams of officials are touring villages to ensure that the plants are burned down, said a senior officer.

Farmers TOI spoke to said they are ready to accept the short duration varieties as long as it saves them from the bollworm attack. Vijay Ingle, a farmer from Akot, said they may settle for less harvest, which can be compensated by growing gram subsequently. "We are ready for less output, if it helps in doing away with the bollworms, which had left us bleeding," said Vinod Kankirad, a farmer in Yavatmal.

Kishore Tiwari, chairman of Vasantrao Naik Shetkari Swavalamban Mission (VNSSM), a state government agency, however, expressed concern saying that short varieties may reduce the earnings for farmers.

Source: timesofindia.com- May 25, 2018

HOME

****

EEPC India suggests ways to make India's export more competitive

India can make its export promotion schemes WTO- compliant and make the country's exports competitive by allowing the exchange rate to reflect the real value of the rupee , that has only recently shown some parity, helping the exporting community, engineering exporters' body, EEPC India said on Thursday.

' Until about a few weeks ago, we had seen and felt the effect of undervalued rupee on our export margins.

Keeping the currency a bit muted for export promotion has not been appreciated enough . While , some of the existing schemes may come under the WTO scanner, keeping a close watch on the domestic currency and allowing the benefit for exporters, cannot be treated as an an export subsidy in the WTO norms, as the impact is for the entire economy, in de facto terms .
A stable and slightly undervalued currency works both as an export subsidy and an import tariff in a WTO consistent manner," said EEPC India chairman Mr Ravi Sehgal , in a statement .

The EEPC India chief said " In particular, it needs to be seen whether the exporters can be paid (the exchange value) on the basis of RBI's REER (Real Effective Exchange Rate) or if that is not possible a thumb rule should followed to ensure that the deviation of the Nominal Exchange Rate should not be more 15% of the RBI's six country REER "

He said as the pressure on WTO mounts from several competing and developed countries, the protection under the SMC (Agreement on Subsidies and Countervailing Measures) would have to be re-aligned in a manner that Indian exports do not suffer .

The EEPC India said "We should continue with the current Foreign Trade Policy provisions till 2020 as that is life of the current policy and it is based on that the long term contracts have been signed, particularly, in the engineering sector. Thereafter, we can move to a fresh set of WTO compatible measures, once out of Annex VII provisions".

Other suggestions of the council include differential rate of around 15 per cent of income tax on export income . A similar law has been enacted by the US for intangible income for the American firms from oversea

Incentives should be enhanced to small scale industries (MSME) as these will not be a specific subsidy according to the SCM Agreement and hence will not be actionable under the WTO prohibitive regime.. For this purpose, the incentives could be linked to tax breaks; enhanced depreciation rates.

Besides, the council has suggested a separate refund mechanism for all indirect taxes , which are levied in the supply chain for export production. Such a mechanism would also be WTO -compliant and include refund of electricity levy(which is very high in several states), taxes on fuel, stamp duty, entry tax, road tax, property tax, input credits blocked due to tax inversion etc.

Also, the SCM agreement is limited to goods or merchandise trade and not services. But the merchandise trade and services are interlinked. Thus, services like sea and air transport, banking and finance, telecommunications, effluent treatment and information technology have become a cornerstone for any business.

Source: economictimes.com- May 24, 2018

HOME

****

Tirupur knitwear exporters seek steps to boost industry

Tirupur Exporters' Association (TEA) today thanked Tamil Nadu Chief Minister K Palaniswami for making a representation to Prime Minister Narendra Modi requesting him to address a few important issues affecting the textile industry.

In a press release, TEA president Raja M Shanmugham said the representation touched on issues concerning the Tirupur knitwear export sector and making the industry sustainable in the global market.

Thanking the chief minister for considering the representation from TEA, Shanmugham said the knitwear sector had seen a decline in competitiveness by about 10 per cent due to customs duty-free status enjoyed by the competing countries like Bangladesh, Sri Lanka and Ethiopia.

Other issues like decrease of Rebate on State Levies (ROSL) from 3.5 per cent to 1.7 per cent and duty drawback rate from 7.7 to two per cent and ROSL pending claims have been included in the representation, he added.

Also, he said the government could take steps to unveil a new integrated textile policy which would help rejuvenate the industry in the state including the garment export sector in Tirupur near here.

Source: business-standard.com- May 24, 2018

HOME

****

Intra-state e-way bill for two states, five Union Territories from today

"E-way bills are getting generated successfully, and till May 23, more than five crore and thirty lakh e-way bills have been successfully generated which include more than one crore and sixty lakh e-way bills for intra-state movement of goods," the government said in a statement.

The government will introduce intra-state e-way bill for two states and five Union Territories (UTs) from Friday.

The remaining states — Chhattisgarh, Goa, J&K, Mizoram, Odisha, Punjab, Tamil Nadu and Delhi — would be brought in the system from June 3 to cover the entire country.

The states and UTs being brought into the system for intra-state e-way bills include Maharashtra, Manipur, Andaman & Nicobar Islands, Chandigarh, Dadra & Nagar Haveli, Daman & Diu and Lakshadweep.

E-way bills is a mechanism to track cargo movements across as well as within state borders if the consignment is worth over Rs 50,000. The system is expected to plug revenue leakages, especially in business-to-consumer (B2C) transactions.

The generation of e-way bills for inter-state movement had been made mandatory on April 1. Since then, the government has notified some states/UTs in batches every week to make generation of intra-state e-way bill mandatory.

"E-way bills are getting generated successfully, and till May 23, more than five crore and thirty lakh e-way bills have been successfully generated which include more than one crore and sixty lakh e-way bills for intra-state movement of goods," the government said in a statement.

It said the system is working smoothly, and is generating an average of twelve lakh e-way bills daily.

Source: financialexpress.com- May 25, 2018

HOME

****

Keeping alive India's textile heritage

Vastrabharana's second edition in the city promises to showcase the best of desi handloom traditions

Riding high on the success of its first Mumbai edition, the Craft Council of Karnataka's (CCK) annual handicrafts exhibition, Vastrabharana, is back to showcase an array of handloom textiles and handmade jewellery from all over India.

Sarees, scarves, stoles and dupattas in chanderi and khadi fabrics, Madhubani art weaves, ajrakh prints and hand-woven silks will be on sale at the two-day exhibition and sale. Vastrabharana aims at promoting Indian handlooms and textiles while providing a sustainable livelihood to local crafts people and artisans.

In addition to bridging the gap between artisan communities and urban markets, Vastrabharana also educates weavers and craftsmen on how to cater to contemporary buyers through design intervention and product development.

The exhibition also aims at providing a sustainable livelihood and profits for 34 weavers from all around the country. “Fifty percent of our sales are from Vastrabharana,” says Anoop Rai of MARM, a participating brand that will be selling chanderi sarees (₹3,500-12,500), dupattas (₹1,500-4,500), scarves and stoles (₹ 1,000-1,500) and fabric (₹600-1,000) at the textile exhibition.

CCK also aims at linking contemporary designers to local artisans who master the textile craft of their region. “[CCK] encourages us to work with the craftspeople who are directly involved with handmade products and they also try to keep traditional handicrafts alive”, says Manas Gorai, designer, gemmologist and owner of brand, Manas, which employed 15 craftspersons to put together, a collection of naturally dyed khadi fabrics and handmade jewellery which will be showcased at the exhibition, ranging from ₹1500 to ₹15000.

Vastrabharana 2018’s highlights include Sufiyan Khatri’s contemporary innovation with the ajrakh prints of Kutch, Metaphor Racha’s functional summer khadi clothing, Nuppur’s recreation of Madhubani art on woven materials and handlooms from Mangaligiri and Banaras by Vishal Kapur Design. Srinagar and vishwakarma sarees that tell stories by Palash as well as home furnishings in kasuti embroidery by Kala Nele. Designer Malavika of Malavika creations, a recipient of the UNESCO Seal of Excellence, will showcase a range of badla craftsmanship on Maheshwari and tussar silks.

Source: thehindu.com- May 24, 2018

HOME

****