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. 131 of 2018 June 26, 2018

USD 68.21| EUR 79.91 | GBP 90.66 | JPY 0.62

Cotton Market		
Spot Price (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
22254	46550	**87.09**
Domestic Futures Price (Ex. Gin), June		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
22340	46730	**87.43**
International Futures Price		
NY ICE USD Cents/lb (July 2018)	85.94	
ZCE Cotton: Yuan/MT (Jan 2019)	16,830	
ZCE Cotton: USD Cents/lb	**98.97**	
Cotlook A Index – Physical	**93**	

Cotton guide: Market continued to trade steady on Monday with a marginal decline. The December future ended at 84.92 cents down by 38 points from previous close. However, the same counter is trading down by half per cent this morning along with ZCE cotton future down by 290 points and hovering around 16790 Yuan/MT. Within a consolidation phase market is continuing to move in the same range. Also declining USD currency against others in the world is not supporting commodities to revive rather most of the assets are in line with a broad based selling trend.

It’s important to look at the chart analysis and price behavior. The December future now holds a very strong support of 84 cents just 55 points away from the current price. A breakdown of the level would imply further price correction to previous low of 82.94 cents while on the higher side 86.22 cents seems a very strong resistance level.

Broadly we are expecting cotton future to trade in the range of 83 to 86 cents in the near term and either side breakout shall give a fresh clarity and direction to the market. For detailed report please access Kotak Commodities Research Desk.

FX Guide:

Indian rupee has depreciated by 0.1% to trade near 68.2 levels against the US dollar. Weighing on rupee is weaker risk sentiment as is evident from sell-off in equity market. Weighing on market sentiment is deepening trade war worries and its economic impact on US and other economies.

Risk sentiment weakened further as US Treasury Secretary Steven Mnuchin on Monday said forthcoming US investment restrictions would not be specific to China, but would apply "to all countries that are trying to steal our technology. Also weighing on rupee is choppiness in crude oil price post OPEC decision to hike production moderately.

The US dollar index has however corrected from recent highs on mixed US economic data and concerns about economic impact of trade policies. Rupee may remain under pressure unless we see significant improvement in risk sentiment. USDINR may trade in a range of 68-68.35 and bias may be on the upside.

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

NEWS CLIPPINGS

INTERNATIONAL NEWS

‘Escalating’ Risks Threaten Global Economic Growth

The global economy is experiencing steady growth heading into the second half of the year, but “gathering storm clouds” could dim prospects, the “June World Forecast Flash” from Global Insight by IHS Markit warned.

While forecasting world real gross domestic product (GDP) growth to hold at 3.3% this year before easing to 3.2% in 2019 and 3 percent in 2020, chief economist Nariman Behravesh and executive director of global economics Sara Johnson said the steadiness in growth belies the possible impact of several crisis.

“First, the increasingly belligerent trade stance of the United States could trigger a damaging trade war,” they wrote. “Second, higher oil prices will erode growth—although at current levels the impact will be limited. Third, rising political risks in Europe, especially in Italy and Spain, could hurt growth prospects. Finally, increasing financial pressure on key emerging markets, including Argentina, Brazil, South Africa and Turkey, is darkening the outlook.”

The economists said, “None of these looks like a recession trigger—yet.”

In the U.S., real GDP growth is projected to strengthen to 4.1% in the second quarter after slowing to a 2.2% annual rate in the first three months of the year, and “incoming data suggest that growth could be even higher,” they wrote. The IHS Markit forecast for 2018 has now been raised 0.2% to 3 percent.

“After this year, we expect real GDP growth to slow as interest rates rise and the boost from fiscal stimulus subsides,” Behravesh and Johnson wrote. “While equity prices are higher than in last month’s forecast, a stronger dollar and higher oil prices will hurt. In the next two years, we predict real GDP growth of 2.8% and 1.8%, respectively. The unemployment rate will reach a five-decade low of 3.4% next year before beginning to turn up.”

In Europe, the economists see an underlying slowdown, with political risks escalating. In particular, they said rising oil prices are curtailing household real incomes.

The price of a barrel of light sweet crude oil closed down 78 cents at $65.07 on Tuesday. This compares to $42.50 a barrel a year ago.

The Oxford Institute for Energy Studies said in a new report, “In a rising market characterized by declining stocks and low availability of spare capacity, the ability of the oil market to absorb any unexpected disruptions in supply (or demand for that matter) is limited, and therefore concerns about the future availability of oil supplies put significant upward pressure on oil prices.”

The Oxford report, “OPEC at the Crossroads,” by Bassam Fattouh and Andreas Economou, predicted in 2018, the average annual Brent crude oil price is expected to increase to $75 a barrel, 35 percent higher than 2017, followed by a further annual increase of about $4 a barrel in 2019.

The IHS economists said of Europe, “Foreign trade and industrial production data have also softened. Despite favorable financing conditions, an investment switch-off remains a downside risk because of rising uncertainty on the trade and political fronts.”

The report cited “potentially unstable governments in Italy and Spain—a coalition of populist left-wing and right-wing parties in Italy, and the support needed by the new government in Spain of separatist parties,” as ominous signs for economic conditions.

Consequently, the economists forecast Eurozone real GDP growth to slow to 2.1% this year and 1.7% in 2019 from 2.6% in 2017. Similarly, IHS Markit has revised U.K. growth down to only 1.1% this year and 1.2% in 2019.

The latest economic data backs the IHS Markit outlook for a moderate slowdown in China’s economic growth. The report said, “The government will try to strike a fine balance between deleveraging and maintaining a relatively supportive environment for growth. Broadly based weakness in domestic demand, particularly slowing retail sales and infrastructure investment growth in May, indicates a slowdown in the second quarter.”

In addition, the continuing monetary tightening could increase borrowing costs, restraining growth in the second half. On top of that, “the United States’ protectionist trade policies increase the potential risks to China’s exports and manufacturing growth,” the report said. These trends combine for a projection for China's real GDP to slow to 6.7% this year, 6.4% in 2019 and 6.1% in 2020 from 6.9% last year.

While the momentum for emerging markets like Argentina, Turkey, Brazil and South Africa remain strong, "stiff headwinds of rising U.S. interest rates and a strengthening dollar are triggering an outflow of capital from some emerging markets and forcing their central banks to raise interest rates," according to economists.

Argentina and Turkey have been feeling the biggest impacts, as central banks were forced to substantially tighten monetary policy recently, the report noted. Brazil, Indonesia, and South Africa have also come under some pressure.

The most vulnerable emerging markets are those that are highly reliant on foreign capital for financing because they have high debt coming due in the next year and don't have enough dollar reserves to cover them, the report noted.

"The good news is many emerging markets, especially those in Asia and the Middle East, are not in the "danger zone," as measured by standard indicators of vulnerability," the economists added.

The bottom line, the report concluded, is that, "The outlook for global growth remains steady this year and next, thanks mostly to strong U.S. growth.

But after that, fading stimulus in the world's largest economy will lead to a global slowdown."

Source: sourcingjournal.com- June 25, 2018

HOME

****

Turkish aims to touch $25 billion apparel exports in next five years

Turkey's Clothing Industrialists Association (TGSD) is confident that the textile sector will reach $18 billion or more in exports this year and $25 billion in the next five years. The sector made $17 billion exports last year. TGSD is now working to improve Turkey's deteriorating image in the country's and the sector's top export market, the European Union.

The country exported almost 72 per cent of its ready-made clothing to the bloc. The association has commenced proactive initiatives to boost its contract with NGOs in the EU countries, mainly in Germany, Spain, the United Kingdom and the Netherlands.

The sector also plans to improve the quality of the labor force to increase its competitiveness in global markets. Its five-year roadmap was based on three main pillars: making close contact with the sector's markets, raising added-value in production and increasing sustainability. The sector increased its exports by 10 per cent in the first five months of the year compared to the same period of 2017.

Source: fashionatingworld.com- June 25, 2018

HOME

****

Turkey, EFTA expand free trade agreement

Turkey and the European Free Trade Association (EFTA) countries -- Iceland, Liechtenstein, Norway, and Switzerland -- on Monday signed an agreement to enlarge their free trade agreement (FTA).

Speaking at the signing ceremony in Saudarkrokur, Iceland, Turkish Economy Minister Nihat Zeybekci said: "The revised FTA is a more modern and far-reaching agreement than [Turkey's] Customs Union with the EU."

He added that they expect the agreement will serve as a model for an updating of that customs union.

The first FTA, which covers trade in industrial products, fish and marine products, and processed agricultural products between Turkey and EFTA countries, was signed in 1991, according to the EFTA's website.

Zeybekci said that the revised FTA would also cover trade in services and electronics and intellectual property.

"After successful negotiations for all sides, facilitating steps were taken for visas, work permits, and critical sectors such as road transport and logistical services, health services and tourism," he stressed.

The EFTA -- set up in 1960 -- promotes free trade and economic integration to the benefit of its member states and their trading partners as an intergovernmental organization.

There are currently over 20 free trade agreements between Turkey and countries worldwide, and Turkish is in negotiations for some 20 more.

Source: aa.com.tr- June 25, 2018

HOME

****

Brexit could be good for UK textile, apparel market

Britain's looming departure from the European Union has led nearly half of big companies from the rest of the bloc to cut investment in the country. German companies, especially, think Brexit is bad for business.

Aircraft maker Airbus plans to reconsider its long-term position. This spells uncertainty for thousands of British jobs.

A disorderly Brexit could have disastrous consequences for Britain. Britons voted on June 23, 2016, to leave the EU. Most companies in France, Germany, Sweden, Ireland, Spain and the Netherlands want a better trading relationship with Britain after it leaves the EU in early 2019.

They feel trade is more important than teaching Britain a lesson for leaving the EU. Two thirds want a free trade deal while 45 per cent are in favor of a customs union.

Business leaders feel they were not properly consulted, or their views taken into account, by the EU negotiating team as it tries to hammer out a post-Brexit trade deal. However, Britain is confident of getting a good deal ensuring trade is as free and frictionless as possible.

Brexit could be a sort of blessing in disguise for the British textile industry. The exit of UK from the European Union has resulted in a depreciation of the value of the sterling. This in turn has rendered UK's textile and garment exports much more competitive for the export market.

Source: fashionatingworld.com- June 25, 2018

HOME

****

Over 2,000 international companies invest in Vietnam

As per Vietnam Textile and Apparel Association (VTAA) over 2,000 companies from 16 countries and territories have invested around $15.75 trillion in Vietnam's garment and textile sector so far. Out of these, South Korea emerged the biggest investor with investments exceeding $4.4 billion, followed by Taiwan whose investment is worth $2.5 billion. Hong Kong invested $2.1 billion while Japan's investment is worth $789 million.

Low labour costs and free trade agreements, including the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), are attracting foreign investors to the Vietnamese garment and textile sector.

Earlier this year, Japan's ITOCHU Corporation purchased additional 10 per cent shares of Vietnam National Textile and Garment Group (Vinatex) by investing $47 million, raising its stake to 15 per cent and making it the second-largest stakeholder after the Vietnamese industry and trade ministry.

Other big foreign direct investment projects include the $80-million Nam Dinh Ramatex Textile and Garment Factory by Singapore and the $80-million Ha Nam YKK Factory specialising in zippers and other materials for the garment industry.

Source: fashionatingworld.com- June 25, 2018

HOME

****

Pakistan: Textile exports continue recovery

At long last, textile exports seem to be building some momentum with value-added segments pushing the sector's growth. According to figures released by the Pakistan Bureau of Statistics (PBS), textile exports for the month of May-18 increased by an impressive 28 percent which has been the highest recorded growth for the month of May in the past several years.

Knitwear, bedwear and readymade garments all posted strong double-digit growth for May-18 on a year-on-year basis. Amongst these value-added segments, knitwear has continued to post impressive growth for the past three months at an average rate of almost 30 percent on a yearly basis.

Save for knitwear which recorded both a 13 percent increase in price as well as a 23 percent growth in volumes, the remaining main categories including readymade garments, cotton yarn, bedwears and towels witnessed growth in volumes.

Textile Exports (Value)						
USD (Mn)	11MFY18	11MFY17	YoY	May-18	May-17	YoY
Cotton yarn	1,248	1,134	10.1%	130	92	41%
Cotton cloth	2,016	1,961	2.8%	192	157	22%
Knitwear	2,461	2,107	16.8%	259	186	39%
Bed wear	2,055	1,927	6.6%	200	156	28%
Towels	737	725	1.7%	69	61	13%
Readymade garments	2,346	2,076	13.0%	223	180	24%
Others	395	372	6.2%	32	28	14%
Total	12,336	11,233	9.8%	1204	938	28%

Source: PBS

This up-tick in volumes is mostly attributable to the depreciation of the rupee to make up for the uncompetitive price of textile exports as compared to regional peers such as Vietnam, Bangladesh and China in international markets. Recall that the rupee has depreciated by almost 15 percent in the past six months and the slide still continues.

However, textile exports continue to woe the prolonged delay in processing of sales tax refunds and DLTL claims which have affected liquidity and constrained capacity to take on more orders.

Textile industry stakeholders believe if refunds are processed on a timely basis, the sector can register even higher growth.

As for the 11MFY18 period, overall textile exports increased by 9.8 percent in dollar terms as compared to the previous year. The highest contributors during the period have been knitwear with a growth of 17 percent followed by readymade garments and cotton yarn at 13 percent and 10 percent respectively.

Textile exports (Change in price YoY)

	Jan-18	Feb-18	Mar-18	Apr-18	May-18
Cotton yarn (M.T)	2%	3%	4%	6%	4%
Cotton cloth (Th.Sqm)	11%	21%	-2%	-6%	-1%
Knitwear (Th.Doz)	16%	7%	12%	-1%	13%
Bed wear (M.T)	2%	7%	3%	11%	4%
Towels (M.T)	0%	0%	0%	7%	1%
Readymade garments	-1%	3%	4%	-12%	-3%

Source: Author calculations based on PBS data

Textile exports (Change in quanitity YoY)

	Jan-18	Feb-18	Mar-18	Apr-18	May-18
Cotton yarn (M.T)	-18%	24%	27%	21%	36%
Cotton cloth (Th.Sqm)	-19%	-7%	11%	8%	24%
Knitwear (Th.Doz)	-2%	6%	12%	24%	23%
Bed wear (M.T)	0%	-9%	5%	-8%	24%
Towels (M.T)	-1%	-10%	9%	-12%	12%
Readymade garments	16%	5%	5%	21%	27%

Source: PBS

The highest growth recorded on a volume basis during the FY18 period was by readymade garments and cotton yarn which both saw growth in volumes of 14.7 percent on a yearly basis.

Even though the devalued rupee and the government incentive package has afforded some measure of relief to textile exporters, this surge in growth cannot continue in the absence of some policy shifts by textile stakeholders as well.

The world is rapidly abandoning cotton-based textiles in favour of man-made fibers which are better quality and more durable. A more evolved product range is also on the cards if growth is to be sustained over the coming years.

Source: brecorder.com- June 25, 2018

HOME

****

Asia a thriving market for Bangladesh apparels

Bangladesh's garment exports to India, China and Japan grew 17.79 per cent year-on-year in the July-May period of the current fiscal year.

Japan is the largest export destination for Bangladesh among Asian nations.

In the July-May period, Bangladesh's garment exports to Japan rose 13.04 per cent year-on-year. Major Japanese retailers are increasing their footprint in Bangladesh for formal garments like woven shirts and T-shirts and bed sheets.

Garment shipments to India from Bangladesh more than doubled year-on-year in the first 11 months of the fiscal year.

The reason for the exponential rise is bulk purchase by western brands with operations in India and Indian clothing chains, which are finding Bangladesh's garments to be more competitively priced for India's middle-class demographic.

Overall exports to India increased 24.67 per cent year-on-year in the July-May period. The demand for formal wear in India is high due to the growing middle-income office-going population.

The three per cent stimulus given to Bangladesh's exporters also acts positively for higher growth to India and other new destinations.

China itself is becoming a major garment export destination for Bangladesh.

Moreover, China is a densely populated country. So, having a large consumer base, China is turning into a major garment export market for Bangladesh.

Source: fashionatingworld.com- June 25, 2018

HOME

****

Bangladesh: Rethinking the fashion business model

Since 2009, the largest global summit on sustainability in the fashion and manufacturing sector has been hosted in Copenhagen, Denmark. Copenhagen Fashion Summit has carved out a niche as the world's leading business event on fashion and sustainability.

The event is also known as "The Davos of Fashion", drawing decision-makers and thought-leaders from the global fashion industry to discuss the agenda-setting topics on the most critical environmental, social and ethical issues facing the industry.

Since 2013, Bangladesh had only been mentioned at Copenhagen Fashion Summit in connection with the unfortunate Rana Plaza incident which has become the global symbol of what challenges the textile and apparel industry faces in terms of a sustainable supply chain.

Bangladesh happens to be the second largest exporter of readymade garments (RMG) in the world. We shipped about USD 29 billion worth of RMG around the globe in 2017. Our GDP and future growth opportunities are largely dependent on the success of this industry and continuous partnership with the Western brands and ultimately their consumers.

During this year's Copenhagen summit, I have had the opportunity to represent Bangladesh and to join the opening panel debate on transparency in the textile and apparel industry. The panel debate was hosted by Leslie Johnston from the C&A Foundation and also included a representative from Target, one of the largest fashion retailers in the US and G-Star, a European jeans brand that has pioneered the next generation of jeanswear. In recent years, Bangladesh's RMG sector has witnessed huge improvements in terms of safety, sustainability and workers' rights, and it was a privilege for me to share these developments with them.

The fact is, there are both opportunities and threats associated with our current business strategy. The Western consumers are increasingly asking for sustainable products manufactured following environmental and ethical standards. How can we stay in the business under such a circumstance? How do we brand our textile and fashion industry and respond to the changing needs of the Western consumers in terms of sustainable production methods?

Over the next decade, Bangladesh will strive to further develop its competitiveness in order to stand out from the crowd of competing countries and gradually move towards value-adding services and sustainable production methods to stay ahead of the competition.

Currently, more and more international buyers are requesting innovative production methods. Sustainable and ethical value chains are set to be the norm. The question is how Bangladesh can transform its own textile and fashion industry to meet the demands for sustainable and ethical manufacturing. We need to remodel our business strategy in light of the changing needs of the time so we can stay competitive in the future.

But vision is one thing, and reality another. During the Copenhagen Fashion Summit, I raised some questions that are rooted in the reality of everyday implementation. For example, the biggest barrier to transparency in the supply chain is cost. Who will pay for sustainability, and who is picking up the cost?

Today, every manufacturer has to pay for certifications and audits. In order to cover that extra cost, the product price needs to increase; but not many international retailers and brands are willing to raise the retail price to their consumers. Is there a way to share the burden across the entire value chain? Are there other business models that need to be explored? There are talks about circular economy and shared economy. Increasingly, there is a need for models in the global fashion industry where all parts of the value chain must be seen as co-dependent from design to manufacturing to the end consumer.

It is like one eco-system. And this eco-system needs new business models in order to move to the next step in sustainable business and not only within the top fashion industries, but also other industries that collectively impact issues such as CO_2 emissions, water wastage, pesticide pollutions, workers' rights, health and safety.

We need to see new business models associated with the circular economy and rethink the way we produce across the supply and value chains. If the bottom line does not follow, change will be difficult in the future.

Sustainable value chain was one of the focal points of discussion at the Copenhagen Fashion Summit. Manufacturers in Bangladesh are part of the global value chain which starts with a designer creating a product and finishes with a consumer buying that product. The entire value chain is in play here.

This obviously raises questions about the unification of one clear labelling benefitting the consumer but impacting the entire eco-system of the value chain. We need a clear agreement on labelling. We need to discuss and solve the issue of a transparent labelling and certification concept in which the entire value chain works together in delivering to the needs of the consumer, and ultimately the environment.

Equally importantly, there should be a level playing field globally, where everyone needs to be held accountable. Transparency is the first step towards a different culture in the fashion and textile industry.

And everyone has to be equally transparent. We need high-level engagement and support from the buyers, brands and retailers as the consumers are demanding a pull towards sustainability.

Today, various countries, trade organisations and even the EU are working on possible solutions for a globally recognised labelling system which will visually inform the consumer if the product they are about to purchase is made ethically.

The process has begun but lots of issues remain unresolved. Imagine if we could facilitate a meeting in Bangladesh and push for further results by unifying all the key players!

Source: thedailystar.net- June 26, 2018

HOME

****

Vietnam attends Africa's largest trade fair

Vietnam's products of strength, including coffee, rice, garments and textiles, and construction materials are being showcased at the South African International Trade Exhibition (SAITEX) 2018, which opened in Johannesburg, South Africa, on June 24.

Known as the largest international trade exhibition for retail products in Africa, the three-day event has brought together nearly 400 businesses from 36 countries worldwide, including eight from Vietnam.

According to Ngo Khai Hoan, deputy director of the Department of Asia-Africa Markets, under the Ministry of Industry and Trade (MOIT), and head of Vietnam's trade promotion delegation at SAITEX 2018, Vietnam's presence at the fair is a highlight in a series of activities planned to mark the 25th anniversary of the Vietnam-South Africa diplomatic ties.

South Africa is always seen as one of Vietnam's leading trade partners in Africa, Hoan said, stating that there remains huge potential and positive market room for increasing the two-way trade turnover between the two countries, despite the modest annual figure of over US$1 billion at present.

Dao Manh Duc, the head of the Vietnamese Embassy's office for trade affairs in South Africa, said that the participation in SAITEX offered a precious chance for Vietnamese firms to survey and access the potential South African and African markets, while meeting with many other prestigious partners around the world to advertise their products and seek business cooperation opportunities.

As scheduled, in an effort to enhance the trade relations between the two nations, the MOIT's trade promotion delegation and the Vietnamese Embassy will have working sessions with a number of South African ministries on June 25, on the sidelines of SAITEX 2018.

Also on the occasion, two seminars themed "Doing business with Vietnam 2018" will be held subsequently in Johannesburg on June 26 and Cape Town city on June 27, aiming to enable the two countries' enterprises to explore the issues related to business and investment, such as the tax policies, incentives, payment procedures, and the ability to penetrate into other African markets from the South African market.

Source: nhandan.org.vn- June 25, 2018

HOME

****

Tunisia, Indonesia sign preferential trade agreement

Tunisia and Indonesia signed a preferential partnership agreement Monday at the Tunisia-Indonesia Business Forum held in Tunis.

The agreement will stimulate the trade between Tunisia and Indonesia, which currently reaches about 80 million dinars (30.8 million U.S. dollars), said Tunisian Minister of Commerce Omar Behi.

Tunisia exports dates to Indonesia and imports palm oil from this Asian country.

"Our two countries are examining a possible free trade agreement," Behi said.

"The main objective of the agreement is to develop our trade ties in key areas, especially in agriculture, agri-food, textiles and clothing," Behi added.

Heading a large business delegation, Indonesian Trade Minister Enggartiasto Lukita expressed the willingness to promote economic cooperation with Tunisia.

Source: xinhuanet.com- June 26, 2018

HOME

****

NATIONAL NEWS

Weaving success through organic cotton

In India, there is an urgent need for a shift towards ecologically and financially sustainable cotton

India is the largest producer of cotton and the crop is of significant importance to the economy. Closely woven into the cotton story is the fate of over 6 million small and marginal farmers who plant this crop annually.

However, today, we have reached a point of inflection. The so-called successes of past decades heralded by the hasty adoption of transgenic Bt technology are being eclipsed by the recurrence of pest attacks, worsened by unsustainable land and water use. The growing resistance to pests, such as the pink bollworm, and an alarming rise of secondary pests, suggests that there has been an increase of pesticide use.

Other factors like erratic rainfall, poor extension services, dubious seed quality and lack of credit at reasonable rates, aggravate and worsen the situation for farmers who are not able to cover the increasing costs of production. Poor returns and debt cycles are thus driving cotton farmers to despair, and at times, death.

This is not sustainable and there is the recognition of the need for an alternative approach. Organic cotton is that emerging narrative, which can bring sustainable and regenerative practices into cotton farming. This means moving it away from the current predominantly monocultural and intensive input approach, which strips the soil of its fertility, and is financially burdensome for the farmers. And India is leading the way for that change.

While only one per cent of India’s cotton production is organic, it is the world’s largest producer, producing 56 per cent of the world’s organic cotton. Madhya Pradesh accounts for 43 per cent of the country’s and 24 per cent of the world’s organic cotton production.

Whilst not comparing it with input intensive chemical farming for yields, organic cotton cultivation does have substantially lower input costs. Safe and environmentally friendly inputs, such as bio-fertilisers and bio-pesticides, along with practices such as crop rotation, make organic cotton farming a far more sustainable option.

But organic cotton cultivation in India faces certain unique, deeply rooted challenges, which prevent it from being widely adopted. These range from the lack of availability of seeds to market linkages.

Bridging the input gaps

One of the greatest challenges facing organic cotton farmers today is the lack of access to good quality non-Bt seeds. Transgenic Bt cotton was first introduced in India in 2002, and for the past decade, the cotton seed market in India has been dominated by Bt cotton seeds. Research carried out by public institutions has mostly been biased in favour of American hybrids, and Indian scientists chose to ignore the research on indigenous cultivars.

The few organic cotton cultivars available today do not always meet textile industry quality standards, and often yield cotton that is unsuitable for garment production. The private sector companies, too have focused on Bt cotton seeds. Compounding the problem is poor regulation that has led to a vast variety of Bt cotton seeds being sold to gullible growers, at times without the appropriate labels and required approvals.

Filling these gaps in the ecosystem for seed research and production should be of utmost priority. Public institutions need to step up the research. Bringing together state and international research organisations, civil society and the private sector to conduct and fund research into varietal or hybrid non-Bt seeds can ease supply to farmers and encourage the adoption of organic cotton cultivation.

Access to organic fertilisers and bio-pesticides is another key need for organic cultivation to thrive. Our experience in Madhya Pradesh, where we were able to create an ecosystem by getting farmers to produce their own bio-fertilisers and pesticides, showed the promise for sustainable input supply and also supplemented farm income.

Providing a monetary push to this activity by way of micro-credit or easy loans can help farmers become self-sustaining.

Institutionalizing this and making bio-inputs a viable and subsidised industry should be the subsequent course of action.

The demand-supply paradox

Symptomatic of a chronic malaise is the huge demand-supply imbalance. Volumes of organic cotton production have been illustrating a declining trend and yet the market is planning to increase its sustainable cotton product offering. In the long and opaque supply chain, there is little transparency. Integrity is sometimes questionable, and the smallholder farmers are the least benefitted. This is a serious disconnect that must push us to seek solutions.

Here is where the work of the Organic Cotton Accelerator (OCA) is a step in the right direction and has yielded some preliminary results in linking brands to genuine growers and bringing more transparency into the supply chain. The proof will be in the industry embracing the new business models that incentivise genuine farmers and do not simply rely on certification.

Farmer reorientation

Organic agriculture is not merely about replacing synthetic inputs with natural ones. It is about restoring the natural balance within the farm, with healthy soils that are rich in organic matter.

Here the pests are not systematically destroyed by poison, but are kept under control by their predators, just as they are in nature.

Farmers in India are not new to this philosophy and their forefathers had been using ecological methods for generations. Till today poorly resourced farmers are often organic by default.

However, over the years, the significant rise in Bt cotton on the promise of better yields veered farmers away from their traditional cultivation methods.

Reorientation is now required, and we need to institutionalise the technology and the knowledge to deal with pests and crop diseases without chemicals. Imparting the necessary technical know-how, through trainings conducted by agriculture experts and scientists, will have to be a vital element of all future capacity-building initiatives.

Potential for collaboration

Though collaboration among stakeholders is important, balancing local with global is key. It is vital for organisations like the Organic and Fairtrade Cotton Secretariat (OFCS) and OCA to work together to deliver the much-needed solutions for change.

The OFCS in Madhya Pradesh has been working to create a meaningful collaboration between the State Agricultural Universities, research institutes, seed companies, and NGOs in finding bespoke and local solutions. OCA works to bring together brands and their supply chains in a pre-competitive spirit and supports innovations in non-Bt seed breeding.

The collaboration between the two organisations fosters a direct link between farmers and brands, thus offering the appropriate incentives, and brings innovation to seed research by incorporating international research and funding to local solutions. Locally embedded solutions are now having a global impact and giving us reason for optimism.

Much work has begun, and the organic cotton sector is on the path to a big market shift. For the pace to accelerate and the sector to thrive, we need to continue working together on constructive and actionable solutions that will shape the sector. We stay hopeful.

Source: thehindubusinessline.com- June 26, 2018

HOME

****

Textiles Ministry seeks more support for garment exporters

The Textiles Ministry has expressed concern over the continuous fall in exports of readymade garments over the past few months and has sought more benefits from the Commerce Ministry to help units that find it difficult to cope with the GST regime.

"At a recent meeting chaired by the Commerce and Industry Minister, Suresh Prabhu, on sectoral export growth strategy, the Textiles Secretary pointed out that things were pretty dismal for the sector.

The Commerce Minister decided to hold a separate meeting with the Textiles Ministry officials to devise a strategy to boost the sector," a government official told BusinessLine.

The Textiles Ministry has been asked to come up with more details of the segments that are most affected and how things could be improved, the official added.

India's apparel exports have been plummeting since October 2017, with sharp fall of 16.6 per cent to $13.3 billion in May 2018. "The main problem faced by the garments industry is the blockage in GST refunds, slow disbursements in Rebates on State Levies (RoSL) and the sharp decline in RoSL rates which has led to working capital drying up. While the larger units somehow manage to survive, many small units are not in a position to take orders," the official explained.

In a meeting with Finance Minister Piyush Goyal last month, the Apparel Export Promotion Council of India had pointed out that exporters were not able to book orders in the peak summer season and were losing their markets to competitors from other countries such as Bangladesh and Vietnam.

To help garments exporters, the Centre has already decided to extend the popular Merchandise Export from India Scheme for garments and made-ups, which was to expire this month, indefinitely. Under the MEIS scheme, garments and made-ups exporters get duty exemption scrips, freely transferable for cash, worth 4 per cent of their total exports.

The rate of incentive for the two sectors was doubled to 4 per cent from 2 per cent in October 2017 when exports had started slipping.

"The government is already sensitive to the needs of the apparel exporters. But clearly there is a need to do more. Hopefully some strategy will be firmed up when the Commerce Minister meets Textile Ministry officials separately," the official said.

Source: thehindubusinessline.com- June 25, 2018

HOME

****

Tariff retaliation: No winners in trade wars

India's recent tariff measures may not be the endgame.

Following the US President Donald Trump's move in March this year to impose higher tariffs on steel and aluminium imports in the US, many countries, including India, have retaliated. India submitted a list of 30 items to the WTO recently, proposing to suspend concessions based on the trade impact of the US decision. The list of items includes motorcycles, certain iron and steel goods, boric acid, lentils, apples, almonds, etc. India has proposed this move under Articles 8.2 and 12.5 of the WTO Agreement on Safeguards and has suggested that it will suspend concessions on selected items originating from the US.

Imports from the US to India included 3,226 items in 2017, worth $19.14 billion. The hike in duties by the US on steel and aluminium products would have an implication of $241 million. The proposed hike in duty by India is to have an equal implication, i.e. $241 million.

WTO Agreement on Safeguards

The Agreement on Safeguards "sets forth the rules for application of safeguard measures pursuant to Article XIX of GATT 1994." These measures can be viewed as emergency measures and can be applied on imports that have "caused or threaten to cause serious injury to the importing Member's domestic industry." The form that these measures can take consists of quantitative import restrictions or duty increase to rates higher than the bound rate. These measures can only be temporary. Incidentally, India, till June 2017, has had 27 (of the total of 328) Safeguard Initiations by a Reporting Member.

Value and rates

So, what is the justification for the choice of items in the list of 30 items submitted by India to the WTO? For six products (three food and industrial-use products each), the additional duty proposed is 10%. Nineteen products of industrial use and mainly made up of iron and steel will attract an additional duty of 15%. Three items of almonds and walnuts will attract 20%, and fresh apples will attract an additional duty of 25%.

Fresh apples (HS 080810) worth $68,578.718 were imported by India from the US in 2017. Currently, the tariff rate is 0%. Which domestic industry are imports of apple from the US harming? Presumably the food processing industry. This may also be the case with almonds and walnuts, which will attract a duty of 20% each.

The case of boric acid (HS 281000) is very interesting. India imported boric acid from many countries including the US, Turkey, Peru and China in 2017. Boric acid has many uses. Industrially, it is used for the manufacture of fibreglass to reinforce plastics, for production of glass in LCD flat panel displays, electroplating, and in ceramics. It is also used as an antiseptic and insecticide. In 2016, the All India Ceramic Glaze and Glass Frit (Mixture) Manufacturers Association had asked the Indian government to relax the import norms for this category as they were hurting small and medium enterprises.

The norms required the importers to be registered and seek specific licence for shipments under the requirements of the Insecticides Act, 1968. The US, in 2009, had raised concerns about the end-use certificate requirements regarding the imports of boric acid by India and, in 2014, had said that it was engaged in dialogue with India on this issue (WTO, 2014). Hence, in the case of boric acid, the domestic industry most likely to be hurt by US imports is the ceramic industry. Since it has many uses, some of which have been listed above, other industries could also be affected.

Coming to the issue of motorcycles with engine capacity of over 800cc (HS 871150), the additional tariff proposed is 50%.

India imported $8,033.76 worth of this item in 2017. This means that these bikes, including Harley-Davidson, will cost more in India since the concessions will go away.

Endgame

During the last few months, since the announcement of the steel and aluminium tariff by the US, many are anticipating a trade war since other countries may retaliate.

Many countries have already done so, while others are mulling such moves. While some of these may not actualise, some will. However, most would agree that there are no winners in trade wars and, most often, the losers cannot be predicted.

The commerce and industry minister, Suresh Prabhu, was in the US recently and had talks with US Trade Representative Robert Lighthizer, Secretary of Commerce Wilbur Ross and Secretary of Agriculture Sonny Perdue on issues related to trade. Hence this move, soon after the visit, comes as a surprise. However, this may not be the endgame.

Source: financialexpress.com- June 26, 2018

HOME

****

MSMEs to provide ignition for new India: Prabhu

Commerce and Industry Minister Suresh Prabhu on Friday said Micro, Small and Medium Enterprises (MSME) can provide the ignition required for a new India as this sector helps in fair distribution of wealth across the country.

"The Prime Minister made a profound statement that without participation, development and regeneration of small and medium startups, we cannot succeed ignition of new India," Prabhu said after inaugurating the fifth India International MSME Start Up Expo at Pragati Maidan here.

"One of the fundamental and cardinal principles of the small and medium enterprises is that they take wealth to different corners of the country.

They earn money and in process help wealth distribution of that unlike large industries."

Apart from the young entrepreneurs, dignitaries at the inauguration of the three-day event included Uttar Pradesh Industrial Development Minister Satish Mahana, Union Minister for Development of North Eastern Region Jitendra Singh, Ambassador of Thailand Chutintorn Gongsakdi, Ambassador of Azerbaijan Ashraf Shilhalvyev, Ambassador of Uzbekistan Farhood Arziev and Japanese Minister Counsellor Kenko Sone.

There are 12 crore MSMEs that directly and indirectly engage more than 60 crore people of the country.

The agenda of the exposition is to promote entrepreneurship and self-employment to generate maximum job opportunities. The event will also provide one stop global platform to connect, network, partner and share information with domestic and international SMEs to find new business opportunities in either country.

The event will witness more than 20,000 visitors, 250 exhibitors, 100 B2G and B2B meetings, 50 embassies and global participants, 30 banks and investors, 15 PSUs and government departments and 10 concurrent summits.

Source: thequint.com- June 22, 2018

HOME

****

Denim to drive apparel sector growth: Arvind Limited

Textiles-to-retail conglomerate Arvind Limited today projected a promising future for the apparel sector and said denim would be the driver of fashion trends in the country.

"There is a promising future for apparel and denim is the biggest driver of fashion trends in India. While the Indian economy is growing at about 7 per cent, denim is growing at 12 per cent to 14 per cent," Chief Executive Officer of the Denims, Arvind Limited, Amir Akhtar said.

He was speaking to reporters here on the sidelines of an event "Arvind Denim for Good 2018", jointly organised by Arvind and Invista, where future innovations in the denim segment were showcased.

He said the company produced 140 million metres of denim annually.

Source: moneycontrol.com- June 22, 2018

HOME

****

Rural India, tier 2 cities to add to online retail growth

Much of the further increase in online sales until 2020 in India will originate in rural regions and tier 2 cities, according to a new study.

Flipkart and Amazon, India's two largest online sellers, are investing in infrastructure to nurture and profit from this growth segment outside the major cities, says the study titled 'India B2C E-Commerce Market 20'.

China's Alibaba is making efforts to expand in India through investments in payment provider Paytm and online grocer BigBasket, the study by Dublin-headquartered market research firm Research and Markets said.

The burgeoning expansion of online retail in the country is predicted to outpace China and other regional markets that have seen rapid growth in the recent past, the study added.

Source: fibre2fashion.com- June 26, 2018

HOME

****