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1. MADE IN GREEN By OEKO-TEX Establishes itself in the home textile sector

Customers are particularly demanding if the textile has direct contact with skin. Since 1992, OEKO-TEX® has offered textile testing for harmful substances using independent laboratory tests. Yet customer consciousness towards textiles is constantly expanding and nowadays other questions are increasingly influencing purchasing decisions: Was this bedding produced under socially responsible and safe conditions? Were these towels produced by an environmentally friendly company? The MADE IN GREEN label answers all the customer's queries with a clear and simple "yes". It is only issued for textile products that have been tested for harmful substances according to STANDARD 100 by OEKO-TEX® and that also originate from sustainable production facilities following the requirements of the STeP by OEKO-TEX® certification (STeP stands for "Sustainable Textile Production"). "If customers consider the MADE IN GREEN LABEL, they have the opportunity to make a sustainable purchase decision for themselves, fellow human beings and the environment" explains Georg Dieners, General Secretary of the OEKO-TEX® Association. Although the label was only introduced in 2015, numerous home textiles are now labelled with MADE IN GREEN, the clear commitment to improving product safety and ecological and social production conditions. This includes mattress toppers and incontinence support, hand towels, bedding and pillows from the companies Amidex, Dibella, Loftex, Setex, and Adam Matheis GmbH und Co. KG with their brand Schlafgut (Sleep Well), just to name a few. The MADE IN GREEN label offers consumers a level of transparency that was previously unattainable. Each label has a unique product ID or QR code. With this, customers can trace the production of the respective product directly in the shop via their smartphone. A brief scan of the QR code provides answers, among others, to questions such as: In which production facility along the textile chain was this textile produced? In which countries did production take place? This creates trust and offers customers an additional opportunity to inform themselves directly about products and compare them to one another when buying textiles. The MADE IN GREEN label, introduced in spring 2015, is therefore a compelling sales argument, particularly for brands and retailers with an affiliated supply chain that market to health conscious and responsibly minded customers. To simplify the selection of MADE IN GREEN labelled products for retailers and companies, OEKO- TEX® provides the OEKO-TEX® Buying Guide free of charge at www.oeko-tex.com/products. The tool provides support with the sourcing of raw materials and products, as well as in the selection of cooperative partners and suppliers along the textile chain. OEKO-TEX® thus offers companies and retailers a complete system based on highly coordinated and integrated labels and services. Those wishing to obtain an overview in person can speak directly to the OEKO-TEX® experts from several member institutes at the Heimtextil exhibition 2018 in hall 8.0, booth D96.

(Source: Textile World)

2. Labour intensive exports need a policy push

The government of India has taken several measures to boost exports in its midterm review of foreign trade policy 2015-20. Apart from incentives for specific sectors such as ready-made garments and footwear, it also allowed duty-free procurement of the inputs needed for exports on a self-assessment basis. Further, a new logistics division has been established in the department of commerce to coordinate development in the logistics space. These measures, along with recent changes in the goods and services tax, are likely to help the export sector. However, at a broader level, India needs structural changes to be able to attain higher and sustainable exports growth in the medium to long run, particularly in labour-intensive sectors. At a time when the global economy is witnessing a synchronized recovery, the latest gross domestic product data showed that India's exports went up by just 1.2% in the second quarter of the current fiscal. According to the World Trade Organization (WTO), merchandise trade volume in 2017 is expected to grow by 3.6%, compared to 1.3% in 2016. Exports are an important driver of economic growth and will also help create much needed jobs for India's growing workforce. They played an important role in transforming countries such as South Korea and China in recent decades. Therefore, India will need to work on increasing competitiveness to expand its exports share in the world market. It is often argued that India stands to gain as labour-intensive manufacturing is moving out of China due to rising wages and an ageing population. But this is not happening in a big way, and India is losing out to other Asian countries such as Bangladesh and Vietnam. In an article published in these pages earlier this week, economists at CRISIL showed that India's "revealed comparative advantage", an indicator of competitiveness, in some of the labour-intensive sectors has actually declined over the past decade. Vietnam and Bangladesh are becoming more competitive and are capturing the low-end manufacturing space being vacated by China. India will need to swiftly take necessary measures in order to improve its position. The latest Economic Survey (2016-17) also highlighted how India is losing out in labour-intensive sectors like apparel and footwear, and why it is important to focus on these sectors. For instance, apparel is 80 times more labour-intensive than the auto sector. India will have to work on multiple levels to increase its competitiveness. First, it will need to improve logistics to increase efficiency, both in terms of the time and costs involved. The trade policy review shows that the government is addressing this issue. Second, the government will need to move forward with reforms in the factor market. India has a large number of small enterprises, which are not in a position to attain economies of scale and compete in international markets. As the Economic Survey highlighted, Indian firms in the apparel and leather sectors are smaller than those in China, Vietnam and Bangladesh. The reason for this is regressive labour laws. Firms in labour-intensive sectors will need more freedom to operate. Similarly, more flexibility in land acquisition will also help the manufacturing sector. Third, while there is a threat of rising protectionism, India needs to be prepared to protect its interests without compromising on its open trade policy. India has always supported rule-based multilateral trade negotiations under the WTO. But as progress has been limited in recent years, it should also look for opportunities to reduce trade barriers at the regional and bilateral levels. Fourth, it will be important to keep the currency competitive. This is not to suggest that India needs an undervalued currency, but the Reserve Bank of India (RBI) should not allow the rupee to appreciate sharply. The RBI has done well in recent months to absorb a significant amount of the foreign exchange flow by building reserves to keep the rupee in check. However, the 36-currency exports-based real effective exchange rate is still showing significant overvaluation. As we have argued in these pages before, now that India has adequate reserves, policymakers should reassess the kind of funds it needs. This will not only assist in keeping the rupee competitive and stable but will also help in conducting the monetary policy. To be sure, the government is working on increasing the ease of doing business, which should also help India's exports. Policymakers would do well to increase the pace of reforms as challenges on the export front may increase owing to the growing threat of protectionism and rising automation.

(Source: Livemint)

3. Centre rejects Maharashtra govt's plea to de-notify Bt cotton

The Centre has rejected the Maharashtra government's plea to de-notify Bt cotton in the wake of "large-scale" infestation of pink bollworm pest, and has instead advised the state to work with all stakeholders to put in place effective management strategies to check the menace. This has come out in the minutes of the "Review meeting for de-notification of Bt cotton hybrids for commercial cultivation in view of alleged breakdown of residence to pink bollworm" held under the chairmanship of Deputy Director General of Indian Council of Agricultural Research (ICAR) A K Singh in New Delhi on October 25. The minutes accessed by The Indian Express clearly states, "It was decided to continue the use of Bt cotton BGII as per existing guidelines."The decision was arrived at following elaborate discussions with representatives of all major cotton producing states, of which only Maharashtra had sought denotification. Summerising the discussions, Singh said, “Proactive steps already taken by Central Institute of Cotton Research (CICR), Nagpur, for management of pink bollworm need to be implemented by all cotton growing states.” He advocated proper education, training of farmers and ginners about the Bt cotton technology. “He assured that ICAR would join hands with State government for providing technical assistance for the management of pink bollworm. There is need for collaborative efforts of all stakeholders to strengthen the transfer of technology to grassroots level,” read the minutes. Singh’s assertion was based on experiences shared by other cotton growing states like Gujarat, Telangana, Madhya Pradesh, Andhra Pradesh, Punjab and Karnataka. At the centre of discussion was the Gujarat model of pink bollworm control as enunciated by Director of Research, Anand Agriculture University, Gujarat, K B Kathiriya who said: “Gujarat faced severe damage by pink bollworm during 2015-16. However, the state undertook mass campaigning with the help of state agricultural universities, private companies and undertook farmers’ field days and organised trainings for the ginners. As a result, this year, economic threshold level (ETL) has been crossed in very few locations.” In integrated pest management, the economic threshold is the density of a pest at which a control treatment will provide an economic return. Kathiriya opined that there was no option to Bt cotton. I S Kategiri from Dharwad in Karnataka pitched for continuing Bt technology saying “it is effective against other bollworms (American and spotted)”. He, however, said farmers could be compensated by lowering the seed costs since “it is not effective against pink bollworm”. Balu Naik, an official from Andhra Pradesh, said the state had laid out pink bollworm management strategies in association with the CICR. “AP has made village-level and mandal-wise plans for management. Pheromone trap (to check insect invasion) were given 100 pc subsidy,” he said. Director of Research, Jawaharlal Nehru Krishi Vishwa Vidyalaya, Madhya Pradesh, said, “There was no issue of pink bollworm in Madhya Pradesh. Campaigning was done with the result that majority of the cotton area was below ETL.” Telangana official T Pradeep noted that there was increased pink bollworm infestation this year but said he was” “optimistic on managing it by cultivation of short duration hybrids, crop rotation and adoption of integrated pest management measures (IPM)”.Himachal Pradesh official S P Singh attributed the infestation to lack of refugia (the mandatory crop to be grown around Bt cotton to thwart pest attack) cultivation. Maharashtra’s Agriculture Commissioner S P Singh, however, said, “More than 700 villages have been affected pink bollworm this year in the state. Cotton crop termination by December as recommended by CICR was not feasible as farmers were not willing to do so. Refugia seeds supplied by seed industry also didn’t conform to standards.” He called for “immediate action and technical guidance” for management of pink bollworm. The Maharashtra government has twice written to the Centre seeking to de-notify Bt cotton due to the pink bollworm issue. Even Chief Minister Devendra Fadnavishad flagged the decreasing efficacy of Bt technology in his speech at the Agrovsion expo at Nagpur last month. Maharashtra Principal Secretary (Agriculture) Vijay Kumar said, “The denotification point made by the state has been largely misunderstood. We are not demanding discontinuation of Bt cotton. We only mean that as the technology has ceased to provide protection against pink bollworm, it should be priced at a lower level to pass on the advantage to farmers. We also agree that Bt cotton will have to continue in the years to come. ”Kumar dismissed the contention that pink bollworm infestation was due to lack of refugia plantation. Kumar said, “The companies pass on the blame to farmers but we have tested many refugia samples and found them to be substandard. Now the companies have got permission from the Centre to allow them to mix refugia seeds in the same packet as Bt seeds so that the farmers would have to use them anyway. Kumar added, “We will initiate a process under the Maharashtra Cotton Seeds (Regulation of Supply, Distribution, Sale and. Fixation of Sale Price) Act, 2009, to set up a committee to hear both farmers and the seed companies to decide about compensation to farmers by the companies, which they are liable to pay under the act.”

(Source: The Indian Express)

4. Relief for exporters: Higher duty drawback rates to offset taxes

Exporters hit by the sharp decrease in duty drawback rates on various items following implementation of the Goods and Services Tax (GST) regime would soon get some relief as the government is finalising higher rates to compensate for embedded taxes. “The GK Pillai committee has worked out the new structure of duty drawback which would take into account embedded taxes on inputs on which credit is not available. It will be finalised once the Finance Ministry approves it,” a government official told *BusinessLine*. Duty drawback compensates exporters for the duties paid on inputs used to manufacture exported products. The higher duty drawback rates compensating for embedded taxes is likely to be announced before June 2018, when the higher rates of export incentives for labour-intensive sectors announced by the Centre will lapse. Exporters allege that as the duty drawback rates do not provide for embedded taxes, their operations are coming under severe stress. Embedded taxes are levies imposed on inputs used to make products that are not taxed and, therefore, exporters cannot get a credit on them. The taxes have to be thus absorbed in the price of the item affecting its competitiveness. “Cotton is a zero duty item. But the fertiliser, pesticides and insecticides used are taxed and that becomes part of the price because you can’t get refund on it. That is embedding,” explained Ajay Sahai from exporters body FIEO. “The higher duty drawback rates together with timely refunds will help exporters retain their competitiveness when the higher incentives lapse,” the government official said. The increased incentives of 2 per cent under the Merchandise Export Incentive Scheme for labour-intensive sectors announced by the Centre has come as a relief for exporters struggling under the new GST regime. Duty drawback rates and rebate of State levies (ROSL) were revised downwards across sectors from October 1, 2017. The textiles and garments sector was amongst the ones most affected. Drawback rate for cotton garments was dropped to 2 per cent from 7.7 per cent, for garments containing cotton and man-made fiber blends to 2.5 per cent from 9.5 per cent, and the rate on garments made of man-made fibres to 2.5 per cent from 9.8 per cent. The government also has to be careful now in giving duty drawback and ensure it is strictly according to inputs consumed as India is no more eligible to give export subsidies as per global trade rules as its per capita Gross National Income has crossed $1,000 for the third year in a row. The MEIS scheme, too, could be questioned by WTO members as it is an export subsidy and no more permitted.

(Source: Business Line)

5. Cotton shortage hits ginners in Maharashtra

Cotton ginners in Maharashtra are finding it difficult to source cotton this season as more than 50% of the crop in the state has been affected by pink bollworm. Out of about 150 ginning units in the state, only 100 are active but even these are working at 50% capacity, top officials of the Khandesh Gin/Press Factory Owners Association indicated. The state is staring at a loss in production of cotton crop this year due to the pink bollworm pest which is reported to have affected more than 50% of the crop. The bleak crop would in turn hit the availability of good quality cotton to the ginners. Pradeep Jain, president of the ginners association said the season could be short this year and good quality cotton may only be available only until December. Thereafter, farmers may be required to uproot their crops and burn it to ensure that the worms do not proliferate, he added. Jain said that it take a couple of years to overcome the issue. A team from the Nashik Agricultural Directorate visited Jalgaon this week to identify the seriousness of the issue. The start was good in June-August when the crop was sown. The first attack in August was not that serious. Thereafter, the pink bollworms matured and affected the crop. The ginners association, which has been attempting to export cotton, found their samples rejected by parties. ” The quality has been badly affected. Reddish and yellow lines in the cotton has affected both productivity and quality,” Jain said. The state agriculture department has already written to the Centre to denotify BG II as it has lost its efficacy to fight the pest. Dr CD Mayee , president of the board of directors of the South Asia Biotechnology Centre (SABC), said that the attack of pink bollworm is in the range of 10% to 40% in some pockets of Maharashtra, Madhya Pradesh, Gujarat and Karnataka. “The crop has already been harvested in the north and therefore this region does not have any problem. It is more prominent in central India, including Vidarbha region of Maharashtra, which is a dry land and where there was a drought in the initial stages of the crop. This was followed by unseasonal rainfall, thus affecting flowering which in turn lead to higher chances of infestation,” Mayee explained. “During the last three-four years, there has been an erosion of resistance to BG II, which is obvious because the same product cannot have resistance for 16 years to the pink bollworm,” Mayee had said earlier. Pink bollworm is a small, thin, gray moth with fringed wings — the most damaging of all pests that attack cotton crop in the country. The female moth lays eggs on cotton balls and larvae emerge only to destroy entire fields by chewing through the cotton lint to feed on seeds. A research report by Dr K R Kranthi, former director of Central Institute of Cotton Research (CICR), shows that pink bollworm has developed resistance to Bollgard-II Bt cotton not only in Maharashtra but other cotton-growing states as well. Bollgard-II is the Bt

hybrid variety that was introduced in 2010. “There are only two benefits of Bt cotton. One, it controls bollworm, due to which the yield is protected. Two, it reduces use of insecticides meant for bollworm control. Currently, cotton growers do not get either benefit,” Kranthi had said earlier.
(Source: Financial Express)

6. Textile imports rise after GST kicks in

With textile imports seeing a sharp increase in the past few months, the industry is blaming GST for the sudden rise stating that lower import duties are leading to overseas fabric and garments flooding the Indian market. Cotton fabric imports surged 45% in July, was up 29% and 12% for August and September respectively. Import of textile yarn, fabric and made-ups increased 12.1% year-on-year in October to $153.9 million in October, according to quick estimates for the month. Pre-GST, import of textile products was attracting basic customs duty (BCD) plus countervailing duty (CVD) and special additional duty (SAD). Post-GST, CVD and SAD were withdrawn and IGST (Integrated GST) was introduced. "Unlike CVD and SAD, IGST is fully adjustable against GST liability on sale of the imported product. The government recognising the problem and threat of imports flooding the market has recently increased import duty on MMF (manmade fibre) fabric from 10% to 20%. However, the import duty on MMF yarn and cotton fabric have been kept at old rates," said Sanjay Kumar Jain, chairman, Confederation of Indian Textile Industry (CITI). "In the pre-GST scenario, import of garments from Bangladesh was attracting Rs 77 per piece (where MRP is Rs 999 per piece) and Rs 116/pc (where MRP is Rs 1500/pc) in the shape of CVD plus education cess and thereon," CITI said. "However, in the post-GST scenario, there will be no cost for import of garments from Bangladesh. Similarly, in the case of import of garment from other countries, the cost has been substantially reduced by Rs 77/pc and Rs 116/pc where MRP is Rs 999/pc and Rs 1500/pc respectively," it said. "Hence, the Indian garment industry will face stiff competition from imported garments, especially from Bangladesh where production cost is already lower than India," CITI stated. CITI has urged the Union commerce and textile ministries to increase import duty on MMF yarn, cotton fabric and MMF fabric by 15% to protect the local yarn, fabric and garment producers from cheap import threat, especially from FTA (free trade agreement) nations like Bangladesh and Sri Lanka. "There is a greater need to impose safeguard measures such as 'Rules of Origin', 'Yarn Forward and Fabric Forward Rules' on countries like Bangladesh and Sri Lanka that have FTAs with India to prevent cheaper fabrics produced from countries like China routed through these countries," Jain said.
(Source: The Times of India)