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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. 29 of 2017 Feb 08, 2017

USD 67.33 | EUR 71.90 | GBP 84.17 | JPY 0.60

Cotton Market Update

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

Rs./Bale	Rs./Candy	USD Cent/lb
20007	41850	79.29

Domestic Futures Price (Ex. Gin), March

Rs./Bale	Rs./Candy	USD Cent/lb
21000	43927	83.23

International Futures Price

NY ICE USD Cents/lb (March 2017)	75.09
ZCE Cotton: Yuan/MT (May 2017)	16,270
ZCE Cotton: USD Cents/lb	**88.36**
Cotlook A Index – Physical	**85**

Cotton & currency guide: Cotton price in the global market trades at ICE is gradually drifting down since it made a recent high of 77.40 cents per pound. On Tuesday the counter fell to close the session lower at 75.09 cents. This morning the same for March future is trading at 75.22 levels and believe profit booking by the traders (speculative positions) may further drag the price down

Note, last time we had emphasized upon 75 as crucial level and if the current momentum onto downside continues and price falls below the same then likely that market may correct further down in the near term. However, at this current juncture we would remain skeptical about the price performance. Nonetheless, we believe the scenario should make the price inclined to bearish tone considering the overall fundamental hints a bearish view for cotton globally with excess supply and higher global stocks.

The recent price rise is of course because of on call sales in the ICE and the excessive built up of speculative long positions.

Coming to domestic market Indian spot price for Shankar-6 declined further by Rs. 100 to quote at Rs. 42,250 per candy equivalently80 cents per pound. Also the J-34 variety declined to Rs. 4550 per maund. From the supply front the Tuesday's arrivals were around 180,000 bales same like previous day. In last three to four days the average daily arrivals are higher than the previous week indicating the supply scenario is improving and believe the same pace should continue in the near term.

This should descend price to fall below Rs. 42,000 per candy. With the lower spot price the effect was visible on the futures contract. The most active February future trades at MCX ended the session at Rs. 20630 up by only Rs. 30 from the previous close while it made an intraday low of Rs. 20,520 per bale. We believe on today's trading session cotton price may remain lower and recommend selling from higher levels. The trading range for the day would be Rs. 20400 to Rs. 20700 per bale.

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

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INTERNATIONAL NEWS

What's Next for Sourcing in Vietnam Without TPP?

All things trade related seem to be shaky at the moment, but one thing that's at least slightly more certain, is that the Trans-Pacific Partnership won't be moving forward as the multilateral trade deal it was intended to be.

More than a few companies went big in Vietnam or invested more in their existing resources there, banking on TPP and the growth that would have come with it, so the question now that President Trump has pulled the U.S. from the agreement is: what's going to happen with sourcing in Vietnam now that there's no deal?

Well, it seems, little may change at all.

"Clearly Vietnam had much to gain from TPP," a U.S. government official in trade said speaking on condition of anonymity. "But notwithstanding that, Vietnam has seen incredible growth in the last few years and I would expect that to continue, TPP or not."

Vietnam's growth in the time of TPP

According to the Office of Textiles and Apparel (OTEXA), Vietnam's share of the U.S. apparel market has increased from 9.2% in 2012 to an estimated 13.3% for 2016, when the U.S. took in $10.79 billion worth of apparel imports from Vietnam.

Looking at data from the Vietnam National Textile Garment Group (Vinatex), the country's total exports of textiles and garments went from $17 billion in 2012 to $28.5 billion last year, a nearly 68 percent jump in five years.

Though TPP negotiations had been ongoing for seven years, the pending trade deal only had an impact in Vietnam in the last couple of years, according to Pham Phu Cuong, member of board of management cum vice general director of Vinatex and chairman of Vinatex South.

Vietnam's textile sector has seen fast and sustainable growth over the last 20 years, so it isn't to say that much of its current growth was a result of TPP, Cuong explained. There has been some increase in weaving and dyeing in Vietnam with investments from China, South Korea, and Japan in hopes of benefitting from TPP, but the amount isn't significant enough to say a defunct TPP will be overly damaging, Cuong said.

"Apparel imports continue to grow, even when overall imports are sluggish, so one could argue that that sends a message that Vietnam is going to remain strong as a destination for sourcing of apparel no matter what is happening with TPP," Julie Hughes, president of the United States Fashion Industry Association (USFIA), said.

There has also been some shifting within Asian sourcing, and that seems to have helped Vietnam's successes too.

"I think we've seen a gradual decrease—a marginal but gradual decrease in China's share in U.S. imports of apparel and correspondingly, I think Vietnam has been one of the beneficiaries of that," according to the U.S. government official.

But is capacity a concern for Vietnam?

There has been talk among the trade that Vietnam is already approaching capacity for new investment because of how much has come in in the past few years, and that it may also be approaching capacity for yarn spinning and fabric production.

To spin yarn and make fabric requires considerable amounts of water and some are concerned that the availability of water in Vietnam isn't sufficient to accommodate more apparel production.

And TPP might have helped with some of that.

"TPP was driving us to get the whole supply chain in Vietnam. Without TPP, maybe there's less of that," Hughes said, adding however, "They do have the opportunity to increase the workforce for making apparel, but for the more commodity intensive things, there were concerns about hitting capacity there."

Cuong refuted most of the concerns about capacity in Vietnam and also highlighted the country's availability of labor.

"Vietnam has advantages of a home to a population of more than 90 million with skilled labor force," he said. "We still have conditions to increase capacity in this sector."

The country can still tap into the labor force in rural areas by opening factories there, improve the productive capacity of the workforce by investing in technology and skills training, and put more supportive government policies in place, Cuong offered.

"We believe that with such solutions, the capacity of Vietnam will be increased," he said. "With many FTAs in effect and supportive government policies (e.g. duty free imports of raw materials for making exported goods), it is expected that Vietnam can take more investments in this sector."

And investments don't appear to have slowed anyway.

Taiwanese fabric manufacturer Taiwan Paiho said in December that it would start operations at a new plant in the fourth quarter of 2017, producing mainly jacquard warp-knitted fabrics. Hong Kong-owned firm Hop Lun Vietnam Company also said in December that it has an apparel manufacturing facility under construction in the Vinh Phuc province of Vietnam. Once in operation, the plant is expected to employ 2,500 workers and bring in $38.2 million in exports from apparel.

"I don't think we've seen the end of the investment spurt in Vietnam but we may be getting to where it slows down again," Hughes said.

So what's next for Vietnam?

For Vietnam, no TPP isn't great but it's not likely to plague the country's apparel industry, either.

"Frankly speaking, it is a bit disappointing to Vietnam in this case since we spent more than five years to pursue the TPP," Cuong said. "However, TPP is not the only agreement that Vietnam desires to reach."

Vietnam already has a slew of bilateral and multilateral trade deals in place, including those it benefits from as a member of ASEAN, and it also has its own agreements with Korea, Japan and the EU.

"We do hope that if TPP does not move forward, a bilateral FTA between U.S. and Vietnam will happen," Cuong said, but he added, "With many FTA's in effect, exporting textile and garment products of Vietnam will continue to contribute to export performance of the country. Therefore, the Vietnamese government will support the development of this industry with or without TPP by preferential policies, training and improving workers' skills, and expanding to new export markets and new products."

Vinatex expects double-digit growth for its textile and garment exports this year and the country looks poised to face increasing competition from neighboring nations and rampant global uncertainty.

So far, companies that have invested in Vietnam don't seem to have any regrets, nor are they pulling back or shifting options because of the loss of TPP, according to Hughes.

"I think Vietnam is going to stay our number two supplier to the U.S. market," Hughes said. "They're strong, they're in their slot, they're going to stay there whatever way the wind blows."

Source: sourcingjournalonline.com– Feb 07, 2017

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ITIF: Why Trump's Approach to Trade with Mexico and China is All Wrong

Trade is all the rage right now with its name either being dragged through the mud or reinstated to its rightful glory, depending on your perspective.

Either way, it's true that U.S. President Donald Trump has stirred up some controversy regarding global trade relations in general, and more specifically, with China and Mexico.

And though he's taking a similar approach with regard to import taxes on both nations, throwing out exorbitant potential taxes on their goods going

into the U.S., the trade relationship between the U.S. and Mexico and the U.S. and China could not be more different.

That's according to a recent Information Technology & Innovation Foundation post looking at the two U.S. trading partners and mulling what Trump's policies could do to change things.

"Mexico and China frequently are labeled as scapegoats for U.S. manufacturing decline," ITIF wrote.

The two rank among the top trading partners for the country, with Mexico making up 15 percent of U.S. global trade volume and China, 17 percent, according to ITIF. That has been the reason those opposed to trade as it currently is point to as the cause of the U.S. jobs exodus.

"However, losing a job to China is much more damaging for the United States than losing a job to Mexico for three main reasons: The United States and Mexico have conjoined and complementary supply chains in many industries; Mexico generally plays by the rules while China willfully ignores international trade agreements; and trade with Mexico does not aggressively grow the U.S. trade deficit," according to ITIF.

Integrated supply chains between the U.S. and Mexico mean success is shared

Thanks to NAFTA, supply chains often cross the U.S.-Mexican border, and the partnership between the two countries means things like complementary labor forces, investments and innovation capacity are brought together to improve global competition.

"With strategic relationships with Mexico, the United States can keep the higher value-added components of industries befitting our comparative advantage as a high-wage, innovation-intensive country," according to ITIF.

What's more, 40 percent of the inputs for finished manufactured goods in Mexico come from the U.S. For China, on the other hand, that number is a considerably lower 4 percent.

"Unlike trade with Mexico, when production goes to China, the United States loses out on much more of the production process," ITIF said, adding, "When imports from Mexico go up, so do U.S. exports."

Mexico generally follows the rules, China does not

China has been known for its international trade infractions and the U.S. has filed countless cases against it with the World Trade Organization. Mexico, the ITIF argues, has for the most part followed the rules.

"Mexico and the United States typifies a bilateral free trade relationship," ITIF said. "Conversely, the U.S. relationship with China is unilateral—the United States observes free trade rules yet suffers from aggressive, predatory digressions from fair trade practices from the Chinese."

MIT economics professor David Autor has found in his research that the effects of Chinese imports to the U.S. led to the loss of 2.4 million manufacturing jobs between 2000 and 2010, roughly 42 percent of all the jobs lost at that time.

As a result of issues like currency manipulation, intellectual property theft and localized barriers to trade, ITIF ranks China second to last on its index addressing countries' quality of policies related to free trade. Mexico also scores below average on the measure but comparing it to countries at similar development levels, the ITIF said it "does quite well," and that its transgressions are "less egregious."

Trade with Mexico doesn't contribute to the U.S. trade deficit

The U.S. runs a trade deficit with both Mexico and China, but the deficit with Mexico is a considerably smaller fraction and hasn't grown much despite a swell in U.S.-Mexico trade. The widening trade deficit in 2015 likely had a lot to do with the dollar's rising value, according to ITIF.

"The United States deficit with Mexico is well within the parameters of what is expected, and until 2015, the United States ran an overall surplus with its NAFTA partners," ITIF said. "In contrast, Chinese exports to the United States almost match those of Canada and Mexico put together, while it imports less than 50 percent of the U.S.-made goods that the United States' NAFTA partners do."

What's the better way forward for China and Mexico trade relations?

"Mexico and China should not be grouped together in the debate over manufacturing, globalization and protectionism," ITIF said. If a U.S. firm moves to China or competition from a Chinese company puts it out of business, there's little for the U.S. to gain but a lot for it to lose.

With the U.S. and Mexico, however, a more mutually beneficial trade relationship means any economic activity lost is often made up for in other areas of the manufacturing sector. When a U.S. job gets lost to Mexico, it's usually a result of market forces, but when one is lost to China, it could be owed to calculated moves by the Chinese government, according to ITIF.

In short, ITIF noted, "The Trump administration needs to choose its battles carefully. Engaging in a 'skirmish' with Mexico will mean not enough resources to engage in a 'war' with China."

Source: sourcingjournalonline.com– Feb 07, 2017

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Global Yarn, Fabric Production Up in Q3 Despite Soft European Output

The International Textile Manufacturers Federation's State of Trade report shows growth in global yarn and fabric production for the third quarter of 2016.

Yarn, in particular, continues to recover from the drastic dip in Q4 2015, while overall fabric production has been on an upswing all year. Based on the report findings, the ITMF expects an unchanged development for the fourth quarter and a decline for the first quarter of 2017.

Global yarn production increased by 3.4% during the third quarter compared to the second quarter.

The gain was boosted by production in Asia, which ticked up 3.7%, and South America, which was up 2.6%. Europe and North America, on the other hand, experienced decreases of 13.3% and 1.4%, respectively.

The sector also saw a 3.7% increase year on year, again led by Asia (up 3.5%) and South America (21 percent). Europe was down 4 percent and North America fell by 7.8%.

Global fabric production increased 3 percent for the third quarter compared to the previous year quarter. Asia and South America were up by 4 percent each, while European production fell nearly 15 percent.

The third quarter showed a modest gain of 0.6% over the same period during 2015. Asian production increased by the same amount while South America's output increased by 4.7%. Europe fell by 7 percent.

Yarn inventories increased by 4.8% compared to the previous quarter, led by a 5.7% increase in Asia, while South America dropped by 1.4%. Comparing year on year, global yarn inventories decreased by 6 percent. While European output increased 5 percent, Asia stocks fell by nearly 7 percent and South America dipped by 0.6%.

Worldwide fabric stocks fell by 1.4% compared to the previous quarter, dragged down by an 8 percent drop in South America. And inventories decreased by 5 percent for the year.

Asia was down by 0.4%, South America by 16 and Europe by 2 percent. North American stocks increased by 0.8%.

In the third quarter, yarn orders fell by 5 percent in Europe, compared to the second quarter. South American orders fell by 11 percent for the quarter but rose 100 percent year on year.

European fabric orders dropped by nearly 10 percent quarter in the quarter and 11.5% comparing Q3 of 2016 to 2015.

South American orders fell by 3 percent from the previous quarter and increased by 10 percent year on year.

Source: sourcingjournalonline.com – Feb 07, 2017

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Why China and India benefit more from Agoa than Kenya

If China is stealing American jobs as US President Donald Trump likes to put it, then Kenya is an accomplice. Chinese and Indian firms have exploited Kenya's duty-free Export Processing Zones (EPZ) to manufacture garments and export to the United States through the African Growth and Opportunity Act (Agoa).

Agoa is a US trade legislation which enhances market access to the US for 'needy' sub-Saharan African (SSA) countries that meet a set of conditions, including improving rule of law, human rights and respect for core labour standards. In real sense, Africans are supposed to benefit more from the pact than Americans. According to Dr Scholastica Odhiambo, a lecturer at Maseno University, this is one of US' big brother, altruistic attitude done primarily to help poor African countries industrialise.

Kenya is one of the 39 Sub-Saharan African countries that have benefited from this Act, which former Us President Barack Obama extended to 2025. The World Bank in one of its reports, Kenya Apparel & Textile Industry, noted that at Sh8.3 trillion, the US is the biggest apparel market.

Unfortunately, companies benefiting from this magnanimous legislation are not from poor African countries - at least not in Kenya. Beneficiaries of this arrangement are mainly from the very countries Mr Trump has blamed for stealing American jobs.

Of the Sh8.3 trillion, Kenya only captured 0.38 per cent, an insignificant fraction compared to China's 38 per cent. Central Bank of Kenya Governor Dr Patrick Njoroge said Kenya's trade with America facilitated by Agoa make up 5.3 per cent of the total exports, with 93 per cent of goods consisting of apparel.

According to the Economic Survey 2016, export of apparel under Agoa increased by 14.4 per cent to Sh34.6 billion in 2015.

Andrew Franklin, a US citizen who has spent most of his adult life in Kenya, believes Kenya has knowingly or unknowingly permitted China, India and Pakistan to benefit from Agoa at the expense of locals, thus defeating the very objective of the legislation.

"The manner in which the 17-year old Agoa has been implemented in Kenya has sent jobs to China, India and Pakistan from which cotton is sourced as are buttons, zippers, thread which is then assembled in mainly foreign owned textile companies operating in the EPZs," says Franklin noting that there have been no benefits to Kenya "beyond 40,000 semi-skilled workers".

Management audit firm McKinsey & Company did a survey in 2015 in which they quoted a manufacturer at EPZ saying: "All fabrics and all trims and accessories are imported – only packaging is local." The survey, sourcing in a volatile World: The East Africa opportunity, found that "due to the lack of a local upstream industry, fabrics have to be imported and are mainly sourced from China."

Kenya does not have raw materials such as quality fabrics, knit and woven products from cotton and man-made made fibers. According to the World Bank, about 93 per cent of the fabric used by design and sewing firms, both under EPZ and non-EPZ are imported from China, India, Pakistan and Taiwan. And so are the "trims, machinery and spare parts utilised in apparel production," according to the World Bank's Kenya Apparel & Textile Industry Diagnosis Strategy and Action Plan.

Indeed, in 2015 import purchases were Sh30.6 billion compared to local purchases of goods and services which stood at a paltry Sh9 billion. Franklin laments the fact that since the inception of EPZ, Kenya has failed to develop any national value chain for textiles exported duty free to the US under Agoa.

"Seventeen years and we do not produce the cotton to be processed into fabrics and thread, we do not make buttons or zippers or snaps, we do not produce dyes or chemicals used to treat fabrics. This means that there are no coops, banks, etc supporting the value chain; no vehicle sales and no fuel consumption which means fewer all weather roads," says Franklin.

Dr Bitange Ndemo, an associate professor at the University of Nairobi's School of Business and a former Permanent Secretary in the Ministry of Information and Communications, says that Kenya needs a better way of dealing with the EPZ which has been riddled with "dishonesty." "We have to leverage big data to track.

Meaning, if they say they shipped one million T-shirts, we must look at the capabilities that they were produced here and not produced in China and then routed through here," says Ndemo who believes that some of the manufacturing is not done here.

Mr Franklin, a Republican, regrets that this was not the intention of Agoa "regardless of how Kenya Association of Manufacturers (KAM), Kenya Private Sector Alliance (KEPSA) and the American Chamber of Commerce-Kenya (AmChamKenya) spin the story" and would thus not be surprised if Mr Trump scrapped Agoa. Looking at licensed EPZ firms, almost all of them have a governance structure that is predominantly of Indian or Chinese inclination.

KAM does not dispute the allegations only saying that the EPZ has an open-door policy which does not discriminate between local and foreign companies. KAM CEO Phyllis Wakiaga says that although foreign companies have dominated the textile apparel sub-sectors at EPZ, Kenyans have been active in the others.

"The EPZ has an open door policy for promotion and facilitation of export-oriented investment. It gives an equal opportunity for investors in the country. We would like to emphasize that even as a country, we are open to foreign investment to stimulate industrial growth," says Wakiaga. Ms Wakiaga insists that Agoa has benefited a lot of local SMEs especially those in the honey-making business, dried and canned foods. "So as we speak of the trade act (Agoa) we must also be careful to not limit it to textiles only.

A lot of our members also in apparel footwear and agricultural products continue to receive substantial benefits from it," she adds Although most of the garment manufacturing firms are not Kenyan owned and probably repatriate most of their profits to their countries, they play a critical role in employment. As of 2015, companies under the EPZ employed 50,253 locals, according to the Economic Survey 2016.

On average, one EPZ company employees about 1,500 people. Should Donald Trump decide to pursue the Far-East countries well into Kenya where they carry on with their job banditry, a good number of Kenyans would be left jobless, and hundreds of thousands of lives wrecked. Dr Ndemo believes Mr Trump might make good his threats and so the need for Kenya to be prepared.

"The policies that are coming out of the US where the EPZ products are exported under Agoa are likely to be changed. We must be able to have to think out of the box on what to do, on what new markets," says Ndemo noting that we need to focus more on the domestic market. The starting point, he says, is making our locally manufactured garments more competitive than mitumba, or the second-hand clothes from Europe, North America and China.

"If we want our local industry to succeed and be competitive, we don't have to do them in Nairobi. We should simply go to places like Kitale, Migori where the labour is way cheap, you can mass produce then you can undermine mitumba," says Ndemo. Growing new, disease-resistant strains of cotton in rural areas even as we comprehensively deal with the high cost of energy, according to Ndemo, will go a long way in helping local industries get on their feet. "This is a strategy China used. China, whenever it became expense they moved deep into the rural areas. And they continuously became competitive because the cost of housing in Migori would take another 10 years to reach the cost of housing in Nairobi," he says.

Source: standardmedia.co.ke – Feb 07, 2017

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Nigeria Exports Two Million Jobs To China With The Textile Industry Dysfunction

Kaduna Textile Mill Limited was established in 1956. It was the first modern textile mill, not just in Nigeria but all over West Africa. The gigantic factory was built with $2,500,000, according to available information. Within a short space of time, other groups, public and private, joined the industry, notably Arewa Textile PLC, Nortex Nigeria Limited, Finetex Limited, and United Nigeria Textile PLC, etc.

All were in Kaduna. Today only one of them is struggling to survive. The others had long laid off their workers, thereby populating the legion of persons searching for jobs in Nigeria's ever crowded labour market.

Nigeria had over 200 functional factories in the 1980s, producing fabrics for the local and international markets. This is however not the case three

decades after. For instance, the industry once created 500,000 direct jobs in the 1980s and about two million indirectly at that time. Up till the 80s, Nigeria generated $2 billion naira annually as revenue from the textiles industry. And, between 1985 and 1991, the industry grew by an average of 65 percent annually. The textile subsector was responsible for 25 percent of the entire manufacturing sector in Nigeria. The subsector was a national pride then!

There were other textile mills, mainly in Lagos, such as International Textile Ltd and First Spinner Ltd, etc. We had factories in Kano and Ibadan also. However, today, most of the factories have shut down due to frustration, poor protection, mismanagement, smuggling, little or no access to funds, power instability, and the high cost of inputs.

The textiles sub-sector, which had factories scattered all over the country a few decades ago and were busy producing for endless domestic demands, were then the highest employers of labour after government.

Unfortunately the Nigerian state decided to sign a treaty in 1997, which had a very negative impact on the economy at large. Just a few months after the treaty, in spite of warnings sent to the then Abacha regime, Nigerian ports were littered with relatively cheaper imported fabrics. The implication was massive; these imports started destroying the huge success already attained by the Nigerian textiles industry, with its effects immediately felt in Kaduna.

Factories started shutting down in the North, notably in Kaduna and Kano. Not too long thereafter, the other factories in different parts of Nigeria realised that they could no longer cover their average variable costs. While smuggling took a different turn, there began an upsurge in textile importation.

The new twist in early 2000 was the emergence of the counterfeit cartel, which usually picked a sample from Nigeria and reproduced the same as low quality variants abroad.

They then imported this and sold to unsuspecting members of the public at cheaper prices, compared to local manufacturers' prices. The counterfeit industry is a multi-billion naira industry in Nigeria today.

Besides the World Trade Organisation (WTO) policy of liberalisation and the unfavourable agreement signed by the Nigerian government, there were other factors already battling the industry before the government implemented the WTO agreement. As at then, the available power was only 45 percent of the required amount.

Today less than 20 percent of the required power input is available to the entire industry, which is much smaller in size. The general moribund power supply in the country is responsible for that. The rising cost of inputs cannot be overemphasised as another factor. Also, the sort of access to foreign exchange equally influenced the high costs of inputs.

The government's interest seemed to change from the jobs creating sector to the income generating sector. There was gradual, yet continuous neglect of the textile and agriculture sectors, all for the newly found bride – crude oil. These factors are, perhaps, the major reasons for the backwardness of the entire Northern region. Many believe the Northerners and those in the Middle Belt are better farmers.

They also had more textiles factories that are presently under lock and key. The obvious truth shows that the regions suffer more from the neglect of these inefficient sectors. Thus, apart from education, government must consider textile and agriculture for the country's survival, particularly the northern population. From careful observation, unless the national macroeconomic structure is corrected, the economy of these regions may never rise again. This is indeed true for Nigeria at large.

How has the government responded? Governments have tried to make funds available with no significant impact on the entire textile industry. The Obasanjo administration created a special fund running into billions of naira for the revival of the industry, which was followed up on by the late Yar'Adua administration.

However, the impacts of the interventions leave much to be desired. Still, the Bank of Industry (BoI) started intervention funds for the same industry under President Goodluck Jonathan. In all of these, there have been no impact as Nigeria still imports 80 percent of her textile requirements from aboard. One would think the incumbent administration would start considering solving the problem from a different dimension.

Today, an industry that once employed five hundred thousand people directly and another two million indirectly, only has 30 thousand jobs to its credit. Research in 2013 showed that Nigeria could only supply 17 percent of her local demand for textiles, with the rest coming through smuggling from neighouring countries, China and Europe, since our manufacturers can no longer compete.

Who are beneficiaries of the dysfunctional textile industry in Nigeria to today? China, Turkey and Europe. Yes! With the WTO policy and other factors impeding the growth of the industry, Nigeria has exported about two-and-a-half million jobs mainly to China. This, while we can only boast of 30,000 jobs back at home.

Today, China's export value for textile is approximately $210 billion. Nigeria has a demand of about N300 billion worth of textiles per annum. We produce N40 million worth of these, while China, Turkey and European countries are helping us with the rest. Report, for instance, shows that smuggling of textile into the Nigerian market is about N2.2 billion annually.

Now, what is the way forward? We cannot pretend that all is well; protection of the textile industry must take a high priority on the government's agenda. Nigeria state will need to renegotiate the agreement signed in 1997 for the liberalisation of the textile market, which has done more harm than good.

A considerable amount of power must be provided for the factories nation-wide, even if we have to positively ration this towards supplementing the productive sector. More so, the Central Bank of Nigeria needs to consider operators in the industry for preferential foreign exchange access.

Taste usually takes time to adjust, however what seems interesting is that Nigeria has over 20 million pupils in pre-nursery, nursery, primary and secondary schools, both public and private. Again, more than 90 percent of these pupils' school uniforms are imported.

The Nigerian contribution to the value chain is very minimal. It will not be wrong if the current textile production line is directed for this demand.

Finally, research and development is second to none. The composition of our population has long changed.

While some Nigerians still demand 'ankara' or 'agbada', the demand for jeans, shirt materials and chinos is largely increasing due to a modern youthful population. We therefore need to research and upgrade our production lines to fit this new tastes.

Source: 360nobs.com– Feb 07, 2017

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Is Trump's Trade Stance Bad For U.S. Cotton?

President Donald Trump has made clear he is not in favor of multinational trade agreements such as NAFTA and the Trans-Pacific Partnership. Last month, he signed an executive order withdrawing the U.S from the negotiations of the TPP, a free-trade agreement between the U.S. and 11 other Pacific Rim nations.

The TPP would have eliminated foreign taxes in the form of tariffs on the vast majority of U.S. exports of food and agricultural products. Agricultural tariff rates average 19 percent in Japan and 16 percent in Vietnam, though some products have peak tariffs of more than 300 percent, according to the U.S. trade representative.

There is also the 2010 ASEAN-China Free Trade Agreement, which pulls together 10 nations in Southeast Asia. Although the U.S. is not a member, the pact indirectly benefits American cotton farmers and is the catalyst behind the plant's recent surge in price.

The commodity is having its best rally in six months and much of that can be attributed to Vietnam's demand for raw cotton, which has grown steadily for the past six years, according to Vietnam's customs statistics, with August-to-January imports at record levels. Much of this demand has to do with trade agreements.

The U.S. is the world's largest cotton exporter, supplying approximately 40 percent of Vietnam's cotton imports in the last three years, and 50 percent for the year to date, which suggests that the U.S. market share is growing. In fact, according to the U.S.

Department of Agriculture, American growers are expected to ship the most cotton this season (ending July 31) since 2013. U.S. exporters have already sold 38 percent of expected shipments, topping the five-year average of 32 percent to date.

Much of Vietnam's growth in demand for U.S. cotton stems from China's declines in cotton spinning after the government hobbled the country's industry. China's price support program, now defunct, required the state reserve to purchase large quantities of Chinese cotton and hoard global cotton, intentionally driving up the price, but making its own output less competitive globally. Such action spurred foreign direct investment into Vietnam's spinning sector.

The 2010 ASEAN-China Free Trade Agreement allowed duty-free access of produced cotton from Vietnam and other ASEAN nations into China. Raw cotton unfortunately didn't make the cut, facing a 40 percent above-quota tax.

Thus, it made sense that many Chinese-owned mills relocated to Vietnam, imported raw cotton and shipped the yarn back to China. As a result approximate 50 percent to 65 percent of Vietnam's cotton imports are spun in foreign-owned mills, with the bulk exported to China.

Earlier this year, China sold its mounting cotton reserves at auction, forcing its price closer to global levels. The move reawakened China's domestic spinning industry and encouraged more governmental support for yarn spinning in the west of the country. Thus, China became a viable competitor to Vietnam, and added to the already rising demand for U.S. cotton.

China's three major yarn suppliers are India, Pakistan, and Vietnam. The latter's growth has been the most impressive, particularly in 2016.

Meanwhile growth in Pakistan and India declined, having faced crop shortfalls and tighter stocks. Additionally, yarn exports from major non-ASEAN countries such as Uzbekistan and South Korea experienced declines.

Even as yarn spinning shifted from India, Pakistan, Uzbekistan, and to some extent China, into duty-preferred importer countries such as Vietnam, the U.S. has derived an indirect benefit from China's duty-free ASEAN access.

This rising demand has fueled two straight years of rallies, albeit, futures on the NYMEX are trading about 65 percent below their 2011 record, leaving more room on the upside.

There will be further clarity with the release of the USDA's first estimate during its annual Agricultural Outlook Forum Feb. 23-24.

The history of China and Vietnam is shaped by war and suspicion. There still are sources of tension that cannot be easily reconciled, including maritime conflict. Trump's actions have given the two nations an incentive to cozy up, particularly on trade issues.

The TPP would have helped level the playing field for American workers and businesses, leading to more Made-in-America exports and more higher-paying jobs.

By cutting more than 18,000 taxes various countries put on Made-in-America products, TPP would have allowed U.S. farmers, ranchers, manufacturers and small businesses to compete in some of the fastest growing global markets.

Trump's refusal to negotiate the treaty should be worrisome not only for cotton farmers but for all exporters to Asia.

Source: agweb.com– Feb 07, 2017

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Mexico Begins 90-Day Consultation Period on NAFTA Changes

The Mexican government officially announced Feb. 3 the initiation of a 90-day period during which it will work with the country's private sector to define the parameters and objectives of renegotiating NAFTA.

According to press reports, Mexico is expecting formal negotiations with Canada and the U.S. to get underway in May.

While Mexican officials referenced a similar process taking place in the U.S., there has been no indication of that yet.

Under the United States' existing trade promotion authority law, the president would have to notify Congress at least 90 days before initiating negotiations aimed at changing NAFTA.

While there is some speculation that President Trump might have submitted such a notification on Feb. 6 there was no official confirmation at press time.

Trump has been quoted as saying he would like to accelerate the 90-day timeline, but senior leaders of the House Ways and Means and Senate Finance committees who met with Trump at the White House recently to discuss trade topics said that is unlikely to happen.

It also remains unclear what changes might be sought in a NAFTA renegotiation.

Trump recently said he wants to make sure the agreement is "not just free trade" but "free and fair trade" and indicated that this could be accomplished by revising the existing deal or negotiating a new one.

Source: strtrade.com– Feb 08, 2017

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USA: Trade Deficit Falls in December, Sees Slight Gain in 2016

Trade statistics released Feb. 7 by the Department of Commerce show that the U.S. trade deficit declined from November to December but was up slightly from 2015 to 2016. **Monthly statistics**. The monthly trade deficit in goods and services fell by 3.1 percent in December to $44.3 billion. Exports rose 2.7 percent to $190.7 billion while imports rose 1.6 percent to $235.0 billion.

The goods deficit decreased 1.8 percent to $65.7 billion. Imports of goods were up 1.9 percent to $192.6 billion, including increases of $1.4 billion in passenger cars, $400 million in natural gas, and $400 million in fertilizers, pesticides, and insecticides. Exports of goods were up 3.9 percent to $126.9 billion, including increases of $1 billion in civilian aircraft, $1 billion in engines for civilian aircraft, $200 million in natural gas, and $200 million in fuel oil.

The services surplus grew 1.4 percent to $21.4 billion. Imports were virtually unchanged at $42.3 billion and exports rose 0.3 percent to $63.8 billion.

Country/region	Deficit	% Change	Surplus	% Change
China	$30.2 billion	+6.3		
European Union	$12.9 billion	-6.5		
Japan	$6.8 billion	+19.3		
Germany	$5.2 billion	-1.9		
Mexico	$4.6 billion	-19.3		
Italy	$2.8 billion	+27.3		
India	$2.0 billion	+22.2		
South Korea	$1.8 billion	-18.2		
Canada	$1.5 billion	-53.1		
Taiwan	$1.0 billion	-23.1		
France	$0.7 billion	-46.2		
United Kingdom	$0.2 billion	Shift from $0.1 billion surplus		
Hong Kong			$2.1 billion	-16.0
South/Central America			$1.0 billion	-58.3
Singapore			$0.9 billion	-10.0
Saudi Arabia			$0.4 billion	Shift from 0.2 billion deficit
Brazil			$0.2 billion	-75

Annual statistics. For all of 2016 the U.S. trade deficit was up 0.4 percent to $502.3 billion. Exports fell 2.3 percent to $2.21 trillion and imports declined 1.8 percent to $2.71 trillion.

The goods deficit declined 1.6 percent to $750.1 billion. Exports fell 3.3 percent to $1.46 trillion, including decreases of $6.5 billion in fuel oil, $3.8 billion in organic chemicals, $3.7 billion in drilling and oilfield equipment, $3.0 billion in other industrial machines, and $2.9 billion in other petroleum products.

Imports dropped 2.8 percent to $2.21 trillion, including declines of $24.5 billion in crude oil, $10.5 billion in consumer goods, $4.8 billion in drilling and oilfield equipment, and $4.4 billion in civilian aircraft. The services surplus fell 5.3 percent to $247.8 billion. Exports slipped 0.2 percent to $749.6 billion and imports rose 2.5 percent to $501.8 billion.

The deficit was 2.7 percent of gross domestic product in 2016, down from 2.8 percent in 2015.

Country/region	**Deficit**	**% Change**	**Surplus**	**% Change**
China	$347.0 billion	-5.1		
European Union	$146.3 billion	-4.6		
Japan	$68.9 billion	+0.4		
Germany	$64.9 billion	-12.5		
Mexico	$63.2 billion	+8.2		
Ireland	$34.9 billion	n/a		
Italy	$28.5 billion	_+2.5		
South Korea	$27.7 billion	-2.1		
Malaysia	$24.8 billion	+15.3		
India	$24.3 billion	+9.1		
Thailand	$18.9 billion	+9.2		
France	$15.8 billion	-10.2		
Switzerland	$13.7 billion	n/a		
Taiwan	$13.3 billion	-10.1		
Indonesia	$13.2 billion	n/a		
Canada	$11.2 billion	-24.8		
South & Central America			$28.8 billion	-23.0
Hong Kong			$27.5 billion	-9.8
Netherlands			$24.2 billion	n/a
Belgium			$15.3 billion	n/a
Australia			$12.7 billion	-10.6

Source: strtrade.com– Feb 08, 2017

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Bangladesh: Local value addition to RMG

It is heartening to note that the country's readymade garment (RMG) industry has experienced a surge in value addition. The level reached lately, according to the analysis of the central bank, is the highest since Bangladesh started exporting garment decades back. A review of the Bangladesh Bank on RMG showed that local value addition to the industry rose to 75.35 per cent in FY16.

This is good news on a number of counts. At the start of the mid eighties, there was virtually no value addition in garment export, and all that the manufacturers earned were cutting and making (CM) charges as the fabrics and most of the accessories were imported under master LCs covering cost of import and charges for CM.

Gradually, since the mid nineties things began to change for the better, especially in the 'knit' segment, followed by a slow forward movement in supplying woven fabrics produced by local textile mills. The progress became quite noticeable in the years that followed.

The requirement of two stage transformation to become eligible for the then EU Generalised System of Preference (GSP) also augmented the production of quality local fabrics with a number of composite textile mills coming into operation. However, subsequently, with a major change in 2011 in the EU GSP allowing one stage transformation to qualify for preferential duty benefit, the tempo with which local textile manufacturers had gotten themselves into the task was partly gone.

This has been clearly reflected in the value addition of exports for some years in the recent past. Now, with the Bangladesh Bank's review of the current state of value addition, it is apparent that the local textile mills, despite many hazards relating to power and gas supply, are capable enough to compete with imported fabrics and the exporters of garments too are more into local sourcing than importing - to the satisfaction of their overseas buyers.

Estimation of value addition is not a cumbersome process. Calculating the cost of import of raw materials vis-à-vis earning from export in a given financial year readily gives the picture. In the FY16, import price of raw materials and accessories stood at US$6.92 billion through back-to-back L/C. The value was 24.7 per cent of the total export earnings of woven and knitwear worth US$ 28.09 billion.

The important thing that must be taken into consideration in this regard is that despite competition from giant textile manufacturing countries, Bangladesh's value addition in garment export could have increased considerably had the textile mills been in a position to avail smooth supply of power, gas and water.

It is believed that in the knitwear segment, the local mills are now able to supply more than 90 per cent of the raw materials. The woven wear segment lags far behind-to the tune of 50-55 per cent, and as for accessories, local procurement is on the increase.

It's no mean achievement for Bangladesh, a traditionally non-textile producing country, to rise up to the challenge of feeding raw materials and accessories to the bourgeoning garment industry -- to the extent it has been capable of so far.

Who could have imagined decades back that almost cent percent of the knit fabrics could be sourced locally! The approximation of 50 per cent or more in case of woven wear is also a monumental accomplishment given of course the formidable supply chains in the neighbouring regions.

Although setting up composite textile mills is a highly capital-intensive venture, the prospect of supplying fabric to the RMG industry has paid off well as some mills with state of the art technology have emerged, and have been able to live up to the promises in terms of quality assurance and timely delivery.

The important thing is that because of the success of local sourcing, the lead time that usually was around 20-30 days - due to import of fabric and accessories -- has been drastically cut, much to the cheer of both the manufacturer-exporters and overseas retailers.

Industry insiders, however, feel that under the circumstances higher value addition is not possible unless more woven mills come up to meet demand and curb imports. With the special economic zones expected to come up in the foreseeable future, things may change a good deal, they opine. Ensuring gas and electricity would then be the essential preconditions to render the zones advantageous.

While the hike in value addition from increased local sourcing is welcome, observers feel that despite the existing limitations, the country's garment sector has the potential to grow in terms of value addition if there is a noticeable shift to exporting up-end products. There are garment units in the country which do export up-end items, but the scope to cash in on this in a bigger scale is largely unattended.

The government at this point in time should ensure that local sourcing is not affected in any way, and that facilties -- not necessarily through cash incentives -- are in place so that the textile mills are increasingly encouraged to raise their productivity.

Source: thefinancialexpress-bd.com– Feb 07, 2017

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Vietnam: Local firms urged to dive into global value chain

Central Institute for Economic Management (CIEM) former director Le Dang Doanh told Nguoi Lao Dong (The Labourer) newspaper that foreign direct investment (FDI) firms had greatly contributed to Việt Nam's economic growth, accounting for around 70 per cent of national export turnover while domestic enterprises had not yet deeply involved in the global value chain.

According to the General Statistics Office, in 2016, Việt Nam's export turnover reached over US$175 billion, up 8.6 per cent year-on-year. Of the estimate, the export value earned by FDI enterprises reached more than $120 billion, up 10.2 per cent against the previous year.

Doanh said domestic enterprises had been urged to improve capacity and enhance competitiveness right when the contribution of FDI firms in the export value was standing at 50 per cent.

However, until now, when the rate had risen to 70 per cent, local firms still remained passive in global value chains.

Export over the years contributed greatly to the economy - if in 2001, the national export turnover reached $15 billion, then 10 years later, the number rose up to $97 billion, Doanh said, adding that this achievement was largely achieved by the FDI sector.

The significant presence of FDI companies in exports partly reflected the low level of competitiveness exhibited by domestic businesses, he said, adding that a major part of Vietnamese firms were just joining in the low value outsourcing service industries.

According to Ngo Duc Hoa, chairman of Thang Loi Textile Garment JSC, all of Thắng Lợi's products serving domestic use are self-designed, produced and distributed. But for the exported goods, the company just provides “cut and sew” services for foreign partners, meaning that the firm creates apparel and accessories out of materials owned by the foreign companies that contract them.

The biggest difficulty textile exporting enterprises is facing is the lack of raw materials for production, leading to the only option of importation. In addition, Vietnam's textile and garment industry hasn't thrived yet, thus gaining low attention from customers.

Due to the fact that the firm is only hired to “cut and sew” products for foreign partners, they have to use raw materials supplied by the partners or import the materials themselves. If an exported T-shirt costs $10, the company has to spend $8.5 to import materials and earn only $1.5 for processing services.

"It is not an exaggeration to say textile enterprises pinch pennies for a living," Hoa said.

Even for high-technology industries such as power, electronic and telecommunication, most of domestic enterprises are hired for providing outsourcing services for exported goods.

According to Vu Thanh Tu Anh from Fullbright Teaching Program, a recent research of Fullbright's specialist group summarising the 10-year period that Intel invested in Việt Nam showed a number of sad results.

Tự Anh said Vietnamese enterprises account for only 3 per cent of Intel's total exporting value and are involved in some steps of meals provision, gift boxes preparation and security services, which are the services that Intel can't import.

Mobilising all sources for domestic enterprises

At the recent Prime Minister's roundtable conference with global specialist network on Vietnam's development, Prof. Tran Van Tho from Japan-based Waseda University said in the context that Việt Nam was actively and thoroughly integrating in the world's economy, avoiding the "outsourcing trap" was a significant challenge, drawing high attention of policy makers.

According to Doanh, Vietnam's economy strongly depending on the FDI sector may become alarming issue as when the economic advantages vanish, the FDI capital flow may be diverted to other countries. This is actually what's happening with our textile industry as outsourcing service orders are shifting to Cambodia and Bangladesh.

In a bid to improve the situation, the country's policies need to focus on developing agricultural production, which have already strongly contributed to the national economy, on a larger scale so that the agriculture sector can participate more deeply in the global value chain

The government also needs to concentrate on the development of the supporting industry to enable private enterprises to join in production chains of big corporations such as Samsung and Intel.

"We must create more motivation for private enterprises to actively produce rather than gaining profit through the investment in property and resources exploitation," Doanh said.

Regarding tax issue, economic expert Bui Trinh said input VAT levied on FDI enterprises were deducted.

"Meanwhile, many Vietnamese enterprises whose input VAT should have been deducted still has to pay for it. How are domestic industries, such as agriculture, supposed to grow and compete when they still have to pay for input VAT?" Trinh said.

Trinh said the government's policies assisting domestic enterprises should begin with concrete actions such as reducing taxes, reconsidering tax policy to guarantee fairness between FDI and domestic enterprises.

Source: vietnamnet.vn– Feb 08, 2017

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Brazil cotton prices record new highs in January

Brazilian cotton prices climbed in the first fortnight of January 2017, primarily driven by low availability, coming from the failure of the 2015/16 crop and since most production from that crop, was traded in advance. On January 9, Brazilian cotton quotes touched BRL 2.7977 per pound, the highest level, in nominal terms, since May 2, 2011.

However, cotton prices dropped 0.3 per cent in the second fortnight of the month, mainly due to more flexibility on part of sellers and also good liquidity. The CEPEA/ESALQ Index, 8-day payment terms, for cotton type 41-4, delivered in São Paulo, rose 0.3 per cent in January, closing at BRL 2.7573 or $0.8761 per pound on January 31.

Quoting data of the Brazilian Commodity Exchange (BBM), CEPEA said 74.8 per cent of the 2015/16 Brazilian cotton crop, estimated at 1.288 million tons, had been traded until January 31. Of this total, 52.9 per cent was sold in the local market, while the rest was exported.

The 2016/17 crop has been estimated at 1.4 million tons, 30.1 per cent of which has been traded. Of the traded portion, 34.6 per cent was sold in the domestic market and 65.4 per cent was exported.

Source: fibre2fashion.com– Feb 07, 2017

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Kyrgyzstan's garment production volume rises

Garment production volume in Kyrgyzstan increased significantly in 2016 as compared to the years 2013 and 2015. This also resulted in an increase in the orders for garments from Kazakhstan and the Russian Federation. The production in the garment enterprises are operating to their full potential, however, there seems to be a lack of skilled workers.

The Association of Light Industry Entrepreneurs, Legprom, carried out the research that says garment producers of the country lack skilled workers and sewers. The Kyrgyzstan government will work with Legprom to find a solution, according to an official statement.

The discrepancies noticed in the amounts of garment exports are due to the fact that a chunk of garments are produced by individual entrepreneurs operating with a license. The volumes of production for these enterprises have not been registered by the statistical authorities.

There is also no statistical data confirming the volumes of garment products that have been supplied to the Russian Federation and the Republic of Kazakhstan.

The statement also said that the a mechanism is being developed to optimise the accounting of textile products to gauge the real state of affairs in the industry.

Source: fibre2fashion.com– Feb 07, 2017

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NATIONAL NEWS

Ignored in Budget, exporters hope for sops in foreign trade policy review

Exporters, who were largely ignored in the Budget, can hope for some incentives and thrust in the mid-term foreign trade policy (FTP) review in September with the Commerce Ministry ready to begin consultations.

"The Commerce Ministry will kick-off consultations with various export bodies and councils from February 9 to examine their list of demand and re-assess growth potential," a government official told *BusinessLine*.

Another chance

While the Economic Survey for 2016-17 circulated on the eve of the Union Budget made a case for more support for exporters, especially from labour-intensive sectors such as apparels, leather and footwear, the Budget had no specific sops.

"Exporters had made a number of demands such as creation of an export development fund, extension of interest equalisation scheme for merchant exporters and exemption for service tax to be resolved in the Budget. The FTP review is another window for exporters to have their demands examined and met," the official said.

The FTP review would also address issues that might creep up for exporters after the Goods & Services Tax is implemented.

Exporters' concerns

"In the review, we plan to address all concerns that exporters may have on the implementation of the GST and its implications," the official said.

India's goods exports, which posted a decline in the past two fiscal years, is finally starting showing some growth in the on-going fiscal with four consecutive months of increase since September 2016.

Global economic uncertainties, however, persist and the expectations that higher exports could push up the GDP by one percentage point 2017-18, articulated in the Economic Survey, is still a pipe dream.

“Exports have started looking up but the ground is still shaky. For high growth next fiscal, exporters would definitely need more hand-holding. The FTP review will examine the growth potential in every sector and the additional incentives that could be provided,” the official added.

Exporters are disappointed with the Budget for ignoring their key demands. “The global challenges highlighted in the Budget require us to be on our toes and revisit our strategy to push exports in such volatile global conditions. It is disappointing that our proposal for an aggressive marketing strategy through an Export Development Fund did not see the light of the day,” said FIEO President SC Ralhan.

Extending sops

The Commerce Ministry has already made a case for expansion of the popular MEIS scheme to the Finance Minister. The scheme allows eligible exporters duty-free scrips, based on a percentage value of their exports (ranging between two per cent and five per cent), which can be used to import inputs by the exporter or sold to other entities.

“We want more items to be covered and higher levels of incentives for certain sectors requiring more support. Once our sectoral consultations are over, we can make more specific demands,” the official said.

The Commerce Ministry may have to prune the ambitious target of goods and services export of $900 billion set for 2020 fixed in the five year foreign trade policy.

“We could fix a new target after our sectoral consultations are over,” the official said.

Source: thehindubusinessline.com- Feb 06, 2017

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Haryana crafts new policy to become textile hub

Keen on making Haryana a global hub of textile manufacturing and a preferred investment destination, the state government has crafted a new textile policy to incentivize setting up of new units and ensure growth and modernization of the existing textile industry in the state.

The policy is packed with fiscal incentives and contains provisions for infrastructure augmentation, setting up of textile parks and facilities for skill training. It aims at generating 50,000 new jobs by attracting investment in the textile sector to the tune of Rs 5,000 crore.

An official spokesman said the draft policy had been put in public domain and suggestions invited from stakeholders up to February 28, 2017, which would be factored in while giving it a final shape.

The policy has been formulated with an eye on the cotton belt of Haryana. The state is one of the leading cotton producers in the country with Sirsa, Fatehabad, Bhiwani, Hisar and Jind being the main cotton producing districts. This sector provides employment to about one million people and readymade garments worth $ 2 billion are exported from the state annually.

The policy proposes capital subsidy of 10% for the eligible new projects of all textile enterprises across the state. "The draft policy aims at positioning Haryana as a preferred destination for global textile majors. It aims to boost textile exports by compound annual growth rate (CAGR) of 20% during 2017," the spokesman said.

Under the policy, the Haryana State Industrial and Infrastructure Development Corporation (HSIIDC) will offer industrial plots for a lease of 33 years with 5% increase in annual lease rent.

Besides, panchayat land will also be made available on lease for industrial development.

Textile enterprises acquiring technology will be provided financial assistance of up to 50% of the cost for adopting technology from recognized national institutes, subject to maximum of up to Rs 25 lakh. Also electricity duty exemption is proposed for new enterprises.

Under the draft policy, the state government will facilitate setting up of textile parks exclusively for garmenting units with provision of labour housing and built-up sheds (to be provided on lease basis) to facilitate expansion of the garmenting industry in the state.

Source: timesofindia.com - Feb 08, 2017

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Export credit corporation is the best in its class: Director

BJP Mahila Morcha State president S. Malathi Rani, who has been recently nominated as an independent director of the Export Credit Guarantee Corporation of India Limited (ECGC), said there are not many takers for its schemes due to lack of awareness, and that the insurance cover offered by it is of great value to exporters in these times of volatility in global markets.

Addressing media persons here on Monday, Ms. Rani said tobacco and cotton yarn exports from Guntur region comprising Guntur, Krishna, Prakasam, Nellore, Chittoor districts and Rayalaseema declined marginally last year due to recession but the same was poised to pick up in the near future. Mango pulp is exported from Krishna district while tobacco and granite are major export items from Rayalaseema region.

The aqua sector in the Godavari districts which falls in the purview of ECGC's Visakhapatnam branch, is doing well. However, Ms. Rani said only a few exporters were availing the financing and insurance schemes offered by ECGC because of the low level of awareness.

Outreach programmes

While letting the traders know more about its schemes through outreach programmes, ECGC liberalised certain eligibility criteria in tune with international norms and offered incentives to consolidate its presence in the domestic market, Ms. Rani asserted, adding that the ECGC stood 7th in the world in its league of export funding-cum-insurance agencies.

Source: thehindu.com – Feb 07, 2017

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Modi-government likely to reduce the trait value for Bt cotton seeds year after year

Regardless of technology companies like Monsanto crying foul, the Modi government is likely to follow a plan to reduce the trait value (royalty) for Bt cotton seeds year after year, and in a few years, to zero.

According to official sources, an agriculture ministry-anchored committee meeting here on Tuesday looks certain to recommend another 10% reduction in trait value, which was slashed a steep 70% a year ago.

After last year's cut in the fees to Mahyco Monsanto Biotech (MMBL), a joint venture between the US-based biotech major Monsanto and Maharashtra-based Mahyco, the trait value has been just 6% of the pan-India ceiling price of R800 per packet for the seed.

MMBL had moved the Delhi High Court against the reduction in trait value and the capping of the seed price, arguing that the December 2015 price control order was "illegal and unconstitutional". The court is yet to decide on the matter.

MMBL has sub-licensed Bt cotton seed technology since 2002 to various domestic seed companies.

Some of these companies have allegedly been asked by MMBL to pay it a total of R450 crore after collecting the amount as trait value from cotton farmers in kharif 2015.

About 83% of the country's cotton area of 10.2 million hectares (in the 2016-17 season) was under Bt variety. The country's cotton production has risen manifold since the introduction of Bt seeds — from 13.6 million bales in 2002-03 to a projected 32.12 million bales in 2016-17.

After Bt cotton was introduced in India in 2003, it took no time for it to take the lion's share of the country's cotton area, but 2016-17 saw the first steep decline in its attraction to the domestic growers of the fibre.

Primarily because cotton farmers in Punjab and Haryana took to native varieties in last year's kharif season.

Farmers thought these might be less vulnerable to the deadly pest white fly than the genetically modified one, the share of Bt variety in total cotton area sown declined to 83% in 2016-17 from 91% in the previous season.

Source: financialexpress.com - Feb 06, 2017

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Ministries, regulators sufficient to decide FDI proposals' fate: Sitharaman

With the government sounding the death knell for the Foreign Investment Promotion Board (FIPB), foreign investment proposals may now be directly considered by various line ministries and regulatory bodies.

An inter-ministerial body under the Finance Ministry, the FIPB processes proposals for Foreign Direct Investments (FDI) entering the country.

Speaking to reporters, Commerce and Industry Minister Nirmala Sitharaman on Monday said that of the only 6-7 per cent of sectors not covered under automatic route, every department already has a departmental framework or a regulator for it.

"If there is a regulator for a concerned department, that is sufficient to take care of investment proposals which are coming in and for them to be screened," Sitharaman said.

While the FIPB had the final say in approving FDI proposals in the country for long, its power has been systematically reduced under the current government. Most notably, back in June 2016, the government had announced relaxed FDI norms in a large number of sectors including single brand retail, pharmaceuticals, animal husbandry and food products.

Even though more than 90 per cent of all sectors are currently allowed under the automatic route, full or partial investments in sectors considered sensitive by the government like defence, media and broadcasting, aviation and telecom continues to need the FIPB approval.

Currently, the Finance Minister considers the recommendations of FIPB on proposals with total foreign equity inflow of and below Rs 5,000 crore. The recommendations of FIPB on proposals with total foreign equity inflow of more than Rs 5,000 crore is placed for consideration of Cabinet Committee on Economic Affairs (CCEA).

The CCEA will continue to decide on important matters, a senior government official said under conditions of anonymity.

Incoming FDI grew 27 per cent in the first seven months of the financial year 2016-17 to $27.82 billion from $21.87 billion a year ago. Manufacturing accounted for 41.5 per cent of the total equity inflows into the country during April-October 2016, according to the Department of Industrial Policy and Promotion's (DIPP) year-end review.

The figures for net FDI inflow as a proportion to GDP have risen sharply after the current government took office, but it is still 1.7 per cent, compared to 2.8 per cent of China or 4.9 per cent in the case of Vietnam - the highest among major developing countries.

Source: business-standard.com - Feb 06, 2017

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The fabric of history: Indian textiles take center stage at Durban exhibition

The cosy Phansi Museum in Glenwood is kicking off the year with an intimate Pop Up Exhibition entitled 'Other Roots' showcasing textiles from Northern India.

Known for its local focus on indigenous art in southern Africa, the museum is extending its reach to international shores with a selection of hand made, embroidered and beaded textiles from India, Thailand and even Bhutan.

“The private collection on loan to Phansi Museum is about roots; who you are and where you come from,” says Sharon Crampton, Phansi Museum’s curator, referring to how the theme taps into the diversity of KwaZulu-Natal’s own people. “This exhibition will allow visitors the opportunity of looking at other roots,” she adds.

Paul Mikula, the founder of Phansi Museum is well known for his animated tours of the little gallery and he tells me that this exhibition is in contrast with their usual displays of Nguni, Zulu, Sotho or Pondo art, which are modest and simple.

“That art is very geometric and focuses on order while this kind of art is bold, detailed and seemingly unordered,” he says using his arms to express his passion as he walks me through the exhibition.

The work varies from embroidery to beading, to a dyeing technique called ikat thought to have begun in Indonesia to patterned textiles.

Similar to South Africa, traditional artisans are mainly rural-based, oftentimes belonging to low socio-economic sectors of society. Their skills are learnt young or passed on through family members outside the mainstream educational system.

The textile industry is the second largest employment-generating sector in India and offers direct employment to over 35 million people in the country. Cotton, silk and wool are the three materials from which Indian textiles are woven and the artisan communities in India, very much like southern African crafters, develop their crafts essentially from the use of natural resources readily available in their local environments.

As with South Africa, the Indian art on display is quite often utilitarian in nature; there are decorated bags, hats, waistcoats, rifle holders and even detailed decorations for animals.

Some the painted pieces in the collection date back 80 or 90 years and the painstaking effort used to create them is clear - a long piece of beaded cloth decorated with gods, birds and animals stands out. Mikula tells me that it was used to decorate homes in Gujarat.

Mikula tells me that India is a culture of celebration and its art is representative of that. 'Other Roots' is exactly that; a celebration of our heritage in its many forms.

Source: timeslive.co.za - Feb 07, 2017

HOME

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