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NEWS CLIPPINGS –26-04-2018

Yarn manufacturers seek policy intervention on hank yarn	**Outlook India** https://www.outlookindia.com/newsscroll/yarn-manufacturers-seek-policy-intervention-on-hank-yarn/1294881

Textile yarn manufacturing mills in the region today urged Union Textiles Minister, Smriti Irani to take steps to reduce the Hank Yarn Obligation from 40 per cent to 10 per cent and enable ease of doing business for the cotton textile industry.

In identical letters to the minister, managing directors of nearly 400 such mills said in the post-GST era, the demand for hank yarn has drastically reduced as both cone yarn and hank yarn have been brought under the same rate of five per cent GST.

In view of this, spinning mills were not in a position to market the hank yarn and fulfil the obligation after the implementation of GST, which might lead to severe penal action against these mills as the obligation is covered under the Essential Commodities Act, they said.

Considering this, an urgent policy intervention in this regard was very much essential to prevent such consequences, as these kind of unrealistic restrictions were making the mills globally uncompetitive despite the ministry's efforts to promote exports, they said.

As per the third census 2009-10, the number of working handlooms in the country was at 21.47 lakh, compared to 36.10 lakh during 1987-88.

"On the other hand, the cotton yarn production has increased by 133 per cent from 1,321 million kg in 1987-88 to 3,079 million kg in 2009-10," they said.

"However, number of handlooms in operation in the country have reduced by about 41 per cent. During 2016-17, the spinning sector produced 4,061 million kg of cotton yarn, registering an increase of 207 per cent as compared to 1987-88."

Pink Bollworm Driving India Cotton Estimates Down	Cotton Grower http://www.cottongrower.com/cotton-news/pink-bollworm-driving-india-cotton-estimates-down/

Pink bollworm infestation is pushing cotton production estimates down in India this year (October 2017-September 2018), due to crop damage in some of the country's major cotton growing states.

Mumbai-based Cotton Association of India (CAI) estimated that this year's cotton production would be 36.2 million bales (170 Kgs each), down from its December estimate of 37.5 million bales and February's estimate of 36.7 million bales

In a telephone interview, a key market watcher in India stated that the lower estimate was expected, as the governments of Maharashtra and Telangana advised cotton farmers to remove the plants in January to avoid the further spread of pink bollworm in order to save Rabi and subsequent Kharif crops.

While the infestation has been serious in some major southern states, proactive measures taken in Gujarat and northern states after the 2016-17 infestation has reduced the seriousness of the pink bollworm problem in those areas. Cotton experts have requested cotton growing states to take precautionary measures now so that the issue will be under control in the next cotton growing season.

According to Atul Ganatra, president of CAI, "The lowered crop estimate is mainly due to crop damage because of severe pink bollworm infestation and scarcity of water in some states."

While production is expected to be lower, domestic consumption in India continues to rise due to new spinning mills in Gujarat and other states, which have added 3.5 million additional spindles in India.

US-China trade war: If global trade suffers, India will struggle too	Business Standard http://www.business-standard.com/article/international/us-china-trade-war-if-global-trade-suffers-india-will-struggle-too-118042500434_1.html

Given the technology and strategic leadership contest between US and China, it is likely that trade confrontation of the two countries may continue

Since the beginning of the year, the US-China trade dispute has intensified, beginning with countervailing duties on stainless steel flanges from China (and India) to safeguard duties on the washing machine and solar cells aimed at China. The US move to apply tariffs on steel and aluminium imports to protect its domestic industry resulted in China issuing an intent to impose duties on agricultural goods worth $3 billion imported from the US. Following the publication of the US Trade Representative (USTR) report of its investigation of China, the Trump administration decided to impose 25% tariff on over 1,300 products coming from China, as per the list announced on April 3. These items account for $46 billion of US imports from China.

The next day, China announced a list of 106 US products that would be subject to the same tariff rate, impacting almost $50 billion worth of Chinese imports from the US. If, after due process, all these tariffs are instituted, they would price higher about 15% of bilateral goods trade. April witnessed further trade measures from the two countries directed at each other. The US banned its companies from selling components to Chinese telecom equipment manufacturer ZTE for seven years, citing violations of sanctions against Iran. Anti-dumping deposits were imposed on US exports of sorghum to China, its major market by far for the product. The US then threatened tariffs on another $100 billion imports from China.

Such steps have significant implications for global trade. The US is the world's largest importer of goods at $2.2 trillion and the second largest exporter with $1.4 trillion, while China ranks top in exports with $2.1 trillion and second in imports at $1.4 trillion as of 2016. Merchandise worth $637 billion was exchanged between the two countries in 2017, with two-way flows including services exceeding $711 billion. Volatility resulting from uncertainty about the implementation of threatened tariff measures has hit markets.

USTR report

The USTR report, on which the recent round of tariff hikes is based, was initiated in August 2017 under Section 301 of the US Trade Act following long-standing complaints from US companies about being pressurised to share technology with China in return for market access. The findings imply that the Chinese government deploys unfair, opaque and unwritten ways to compel American enterprises to open up their proprietary technologies. The report also alleges that China supports and incentivises acquisitions of and investments in US technology firms to gain intellectual property.

One key claim of the report is that the Chinese government indulges in 'unauthorised intrusions' into US commercial computer networks and cyber theft of intellectual property belonging to US enterprises. The USTR claims are refuted by China. The US-China 'trade war' is thus a tussle for technology leadership and strategic dominance. Chinese investments in US technology firms, too, have been on the US radar. The rapid progress made by China in so-called 'Industry 4.0' technologies is causing concern in the US. Given this technology contest, it is likely that trade confrontation of the two countries may continue.

India's trade with the US, China

For India, the US is its largest export market and second largest source of imports with total trade in goods at $66 billion (April-February 2017-18), as per official data. China remains by far India's largest import partner with close to $70 billion of goods purchased from the country in the first 11 months of the fiscal year. However, Indian exports to China were less than $12 billion.

If the tariff barriers imposed by the US and China play out as announced, global trade could contract, impacting India's recent upturn in exports. A possibility could be that the US and China would consider third producers, including India, for their import necessities. Reportedly, India has offered to sell soybean and sugar to China during the Strategic Economic Dialogue held in Beijing in April.

India's exports **of tariff-impacted products**

Machinery, mechanical appliances and electrical equipment account for $34.2 billion of the 1,300 affected US imports from China. Looking at US import items from China valued at over $500 million, it is found that

India's exports to the US of these items (at four-digit level) in 2016 were very limited (see table below).

Only four of the 15 items aggregated more than $100,000 and none came in over $300,000 value.

It is, therefore, unlikely that US demand of these products from India would pick up considerably in the short term.

Regarding Chinese imports from the US on which retaliatory tariffs are proposed, the top category is transportation goods at $27.6 billion, followed by vegetable products ($13.7 billion) and plastics and rubber ($3.5 billion).

For all but two of the items for which imported value is over $500 million (at six-digit HS Code), India's exports to China are nil or negligible (Table 2 below). The only exceptions are cotton and vehicle parts.

Thus, India would probably not be considered by China as a potential replacement source for its US imports of these goods.

Implications for India

The above analysis shows that India would not see much positive trade diversion coming its way from the ongoing US-China trade spat. For one, with about 15% of bilateral trade slated to suffer from higher tariffs, the first and second round spillover impact on world trade from lower bilateral trade would be inimical to Indian exports.

Second, the high-value imported goods on which tariffs are proposed by both countries are not significant in India's export profile for the two partners. In some cases, such as electrical equipment and machinery, India lacks manufacturing capacity. In others, as for example, soybeans, China's import barriers for Indian products have prevented India from accessing its market.

Three, given the current US stance, there is a risk of further trade barriers on US imports from India. India has been placed on the Priority Watch List in the USTR Special 301 Report for intellectual property rights (IPR) implementation. Its foreign exchange policies are also under US watch. H1B visa regulations have been made tougher, and fewer Indians are applying for them. US has also voiced concerns about high tariffs in India for certain US products.

The US has further announced a review of the general system of preferences (GSP) which permits imports of certain goods from India at zero tariffs, impacting $5.6 billion of India's exports to the US of key labour-intensive products such as textiles and gems and jewellery. These are part of the overall US protectionist trade sentiments and policies, which could escalate, depending on domestic reaction and global retaliation.

On the Chinese side, there has been a reluctance to address India's trade concerns, including for agricultural products. At the meeting of trade ministers in March, there were no significant outcomes. Hopefully, the upcoming visit of Prime Minister Narendra Modi to China would take up trade issues.

Investment dimension

There is some potential for positive diversion to India on the investment side. China's foreign direct investment (FDI) in the US has dropped considerably in 2017 over the previous year. With Chinese firms taking positions in India's technology sector, there is a possibility for higher inflows from that direction.

US investments in India fell between 2015-16 and 2016-17 and stayed muted in the April-December 2017-18 period at a cumulative total of $22 billion from April 2000 to December 2017. Its outward FDI was $299 billion in 2016 alone.

Strong efforts would be required to attract the US and Chinese FDI to India.

Technology implications

With technology development and intellectual property rights (IPR) as issues of contention, India will need to be watchful regarding its own position in the evolving Industry 4.0 technologies. India compares well with China in terms of English language proficiency and cultural connect, raising less anxiety about data security and IPR loss.

As long as India adheres to a strong IPR regime and continues to encourage non-resident patent applications, it would stand out as a reliable technology partner for the future. However, China's focused and accelerated approach towards the target of technology dominance should incite deeper strategic thinking in Indian policy circles to avoid India being marginalised in the technology leadership competition between the US and China.

Future direction

The US-China trade disputes are part of two larger developments. The first is the general context of strategic geopolitical tensions exhibited within an economic and technological expression. Second is the waning gains that overseas enterprises perceive in a Chinese economy where the trade-off between market access and IPR loss is yielding lower margins.

It is unclear which direction the trade tensions could take in coming months. On the one hand, there is the possibility of de-escalation of trade measures and counter-measures, which would require a period of intensive negotiations between the two sides. On the other, the increased clamour from different constituencies (primarily in the US) could lead to further rounds of offensive policies.

For India's policymakers, the fact that the items of interest to the world's largest traders figure insignificantly in its export basket with these markets flags the country's continued low penetration of world markets.

The Indian government would need to ensure a strategic approach to the many dimensions of the export endeavour in this evolving trade scenario and accelerate export competitiveness in mission mode to reinstate its efficacy as a growth driver for the country. It must also continue to take measures to encourage its R&D engagement and boost technology industries.

Businessmen worried as textile, apparel exports dip	**Tribune India** http://www.tribuneindia.com/news/ludhiana/businessmen-worried-as-textile-apparel-exports-dip/579922.html

Say govt's incentives required to bring sector back on track

Exporters in the city are worried due to a decline in apparel and textile exports in India.

They added that the exporters alone could not bring back India to the top in exporting apparel and textiles till the government provided them with incentives.

While expressing concern over the issue, Narinder Chugh from Million Exporters Private Limited said the Apparel and Textile Industry in India had provided employment to about 45 million people of which 12 million jobs were solely provided by the Apparel Industry.

He said apparel and textile exports were 14 per cent of the total exports in the country.

"It is the second largest sector after agriculture in providing employment to the needy. But because of poor policies of the government, less focus is being given to the industry. The Apparel and Textile Industry of India is losing its shine at the global level. In March this year, the figures suggested that the exports have declined by approximately 13 per cent. Last year, it was about 10 per cent. It is a cause of concern for all exporters in the country, who are about 8,500 in numbers," said Chugh.

Another exporter Harish Dua from KG Exports said, "In the past few years, countries such as Bangladesh and Vietnam have left India behind. Developed nations, including the US and UK, are giving bulks orders to these countries as they enjoy favoured access through several treaties. At the same time, India is under pressure from the World Trade Organisation to phase out subsidies and incentives given to the textiles sector as it has already achieved 'export competitiveness'." "Technology upgrade needs funding while trade treaties need to be reviewed to ensure that India gets access for its competitive products in major markets. Above all, Indian entrepreneurs need to also focus on creating their own global brands rather than simply producing other labels," added Dua.

IGST refunds stopped

Exporters are worried as their integrated goods and services tax (IGST) refunds, which started after the intervention of the Prime Minister's Office, have been "stopped abruptly" in past 10 days. Narinder Chugh, who has to get refunds worth about Rs 2 crore, said he got to know from the local office that the IGST refunds had been stopped following the directions of higher-ups. Chugh said," Earlier, the IGST used to be refunded two to three times a week, but for the past more than 10 days, no scroll has been generated. After the intervention of the PMO, the exporters had started receiving the IGST refunds. But from March onwards, Goods and Services Tax Network (GSTN) had stopped transmitting the data to various ports. Sea ports have been verbally instructed not to release anymore IGST refunds."

'MSME Digital Trade Desk to be set up to push global collaboration'	SME Times http://www.smetimes.in/smetimes/news/top-stories/2018/Apr/25/digital-trade-desk-msme38087.html

The government will set up a Digital Trade Desk to push collaboration between Indian micro, small and medium enterprises and their global peers, a top MSME ministry official said on Wednesday, in New Delhi.

Speaking during the Valedictory function of the first International SME Convention organised by Ministry of Micro, Small and Medium Enterprises concluded in New Delhi on April, 24, MSME Secretary Arun Kumar Panda said that the ministry has planned to set up a Digital Trade Desk aimed at furthering more collaborations between SMEs of India and other countries and for exchange of data.

He also said that another mega international event is being planned in a few months. He also said that going by the success of the Convention it is planned to make it an annual feature with 79 countries already showing interest to participate in the next Convention.

160 SMEs from 39 countries participated in the three day event where issues of international best practices on SME development and cooperation, global business opportunities for SMEs, problems faced by women entrepreneurs were discussed. Poland, with 15 SMEs, had the largest delegation, followed by Uzbekistan with 8 SMEs and Ghana with seven. Four hundred SMEs from India also participated.

23 agreements were signed between SMEs of India and SMEs of UK, Russia, Uzbekistan, Poland, Bhutan, Austria, Czech Republic, Cameroon and Sri Lanka.

These agreements are in 12 sectors: food processing, agriculture, textiles, defence, ammunition, waste management, dairy products, coal, jewellery, health care and education.

Four foreign SMEs have also signed expression of interest for entering into joint ventures with Government of India.

state government committed to restoring kanpur as an industrial city : satish mahana	Daily Pioneer http://www.dailypioneer.com/state-editions/lucknow/state-government-committed-to-restoring-kanpur-as-an-industrial-city--satish-mahana.html

UP minister for Industrial Development, Satish Mahana said that the state government was committed to restoring Kanpur as an industrial city and taking a step in this direction, Lal Imli Mill of Kanpur would be rejuvenated with Central help.

Mahana was presiding over a meeting with officers of British India Corporation (BCI) and National Textile Corporation (NTC) in Lucknow on Wednesday. The meeting was organised to explore possibilities of rejuvenating Lal Imli Mill.

The minister said that all efforts would be made to restart the mill. He directed concerned officers to send a request again to the Union government for this. "Besdes, officers would personally speak to concerned Central government officers in this regard," the minister said.

Free Boring Scheme, fund sanctioned

The UP government has sanctioned Rs. 38.83 crore for agriculture production subsidy to general category small and marginal farmers under Free Boring Scheme. The fund was sanctioned in the current fiscal.

As per an order issued by Minor Irrigation and Ground Water department, at least 25 tree saplings, which farmers find useful at local level, be planted at places where free boring would be done and the scheme should be launched in only those areas, where ground water table was satisfactory.

Fund sanctioned under Kamdhenu Scheme

The UP government sanctioned Rs. 25 lakh as first installment in the current fiscal for Kamdhenu Scheme aiming to increase productivity of milch cattle. A total of Rs. 50 lakh has been provisioned for the scheme. The Animal Husbandry department issued an order in this regard.

Nine crore saplings to be planted under ''One Person One Tree Scheme''

The government has plans to plant about nine crore tree saplings under 'One Person One Tree' scheme, which is being implemented as an integral part of 'Ganga Haritima Abhiyan' to encourage plantation on residential land in rural and urban areas.

Voluntary participation of people and government officers and employees will be ensured for successful implementation.

A Government Order said that 'Smriti Van' was being developed 10 hectares in all districts with voluntary participation of government servants.

A mobile app has been developed through which interested persons could get registered on the website 'gangasewa.upsdc.gov.in.' to participate in tree plantation.

13.49 lakh MT wheat purchased

Till date, 13.49 lakh metric ton of wheat was purchased directly from farmers under Minimum Support Price while in corresponding period last year, only 5.37 lakh metric ton of wheat was purchased.

The Food and Civil Supplies department said that 1,57,726.93 metric ton wheat was purchased so far and an amount of Rs. 2340.93 crore, cent percent of the due amount of wheat price, was paid to 2,21,509 farmers directly to their bank account.

Micro Cotton enters India with new brand identity	**Best India Info** http://bestmediainfo.com/2018/04/micro-cotton-enters-india-with-new-brand-identity/

The luxury brand partners with Happy mcgarrybowen to redesign identity. As part of the mandate, the agency has repositioned Micro Cotton as the ‘Craftsmen of Comfort’. The thought has been extended to the brand’s logo design, packaging and all other forms of communication

Micro Cotton, a luxury brand of premium bed and bath linen, has partnered with Dentsu Aegis Network's Happy mcgarrybowen to reposition itself with a brand new identity as it expands its footprint to India. Manufactured by Sharadha Terry Products and Kadri Wovens, Micro Cotton currently has a strong presence in over 30 countries worldwide, including the US.

"The Indian luxury market is worth around $18.6 billion and is growing at a rapid pace of more than 30% per year. Today, the Indian consumer has evolved and has ample exposure to international brands. They understand high quality and the value of these products. We feel this is the perfect time to expand our highly successful Micro Cotton brand in the Indian Market," said G Kannappan, Chairman and Managing Director, Sharadha Terry Products.

As part of the mandate, Happy mcgarrybowen – Design has repositioned Micro Cotton as the 'Craftsmen of Comfort'. The thought has been extended to the brand's logo design, packaging and all other forms of communication. The new logo embodies the softness of a cotton bud. The lines weave into an infinite loop, reflecting the brand's unceasing commitment towards advancing the world of cotton products, using technology and innovation.

The packaging extends the thought of 'Craftsmen of Comfort' into a unique design. It captures the craftsmen part by commissioning a wood cut design (a throw-back to craft in the days of yore) which, visually, tells the story of 'Farm to Fold' and also communicates the heritage of Micro Cotton.

Commented on the partnership with Happy mcgarrybowen – Design, D Vikram Krishna, Director, Sharadha Terry Products, said, "Being a lifestyle brand, it is essential for us to have a relevant and unique brand positioning and identity. And we are glad that we partnered with Happy mcgarrybowen for this job. The brand identity and positioning have been a great success and we are confident that it will create a positive impact for us in the market. Product packaging designs are distinct and stand out from the clutter. The product packaging is designed to act as a piece of communication by itself."

PM Praveen Das, MD and Co-Founder, Happy mcgarrybowen, said, "The rebranding reflects both the evolution of the brand as well as its vision for the future, as it brings an extensive collection of its highly acclaimed luxury products to the Indian market. The design was painstakingly crafted over several months for the desired effect. The spontaneous appreciation of the sales force during the launch was a reward in itself for us. We are very excited to continue to partner with Micro Cotton using disruptive and cutting-edge communication to take the brand forward."

GST Council Meet On May 4; Simplifying Returns On The Agenda	**Bloomber Quint** https://www.bloombergquint.com/gst/2018/04/25/gst-council-meet-on-may-4-simplifying-returns-on-the-agenda

Finance Minister Arun Jaitley-chaired Goods and Services Tax Council will meet on May 4 to discuss a simpler return form and the amendments required in the indirect tax regime rules.

The 27th meeting of the Council, comprising state finance ministers, will meet through video conferencing and will also mull over the proposal of converting GST Network into a government company.

A decision on return simplification could be on the cards with the Sushil Modi-led Group of Ministers putting the three models of new return form for discussion before the Council, an official said.

With Jaitley been advised by doctors to stay in isolation to avoid contracting infection, the meeting has been planned through video conferencing.

The Council had in March held discussions on the two models of GST returns and suggested that the Group of Ministers work on further simplification. The official said that the amendment to the law would also be taken up once the Council clears the new GST return format.

One of the models presented before the Council was that provisional credit should not be granted unless the taxpayers file returns and pay taxes. The second model stated that provisional credit can be granted to a taxpayer, but returns must be filed within three-four months. It added that taxes must be paid, else the credit amount would be reversed.

After consulting the stakeholders, the GoM earlier this month worked out a third model for return filing according to which credit could be extended once the invoice uploaded by the supplier is verified by the purchaser on the GSTN portal.

Jaitley had earlier this month asked Finance Secretary Hasmukh Adhia to “examine the possibility” of converting GSTN into a majority government company or a 100 percent government company. GSTN provides the IT backbone for the new indirect tax regime.

Currently, five private financial institutions—HDFC Ltd., HDFC Bank Ltd., ICICI Bank Ltd., NSE Strategic Investment Co. and LIC Housing Finance Ltd.—hold 51 percent stake in GSTN, which was incorporated on March 28, 2013, in the erstwhile UPA regime.

The remaining 49 percent stake is with the Centre and States.

India Expects 20% More Cotton in 2017/18	**Cotton Grower** http://www.cottongrower.com/cotton-news/india-expects-20-more-cotton-in-201718/

India’s cotton crop for the next season (October 2017-September 2018) may see up to a 20% percent increase in production.

India’s current cotton crop for the season ending this September is expected to be about 34.1 million bales (170 Kgs each).

Mr. M. M. Chockalingam, chairman and managing director in-charge of the Cotton Corporation of India (CCI), reported that farmers are enthusiastic in planting more cotton next season.

This year, farmers in India have realized a good price for cotton, which has not been the case in grains. Cotton farmers have received Rupees 6000 for one quintal of seed cotton (Kapas), while the minimum support price set by the government has been only Rupees 4160 per quintal.

Pulse grain production has been high this year, which has resulted in a lesser price for producers. Prices of edible oil seeds has been stagnant.

Higher price expectation is driving more cotton planting, which is clear from the plantings so far in northern areas such as Punjab, Haryana and Rajasthan. Seventy percent of the sowing has been completed in this region already.

The weather seems to be favorable for the next season, with early and above average rainfall expected in cotton planting zones in the country. Overall growth will come from increases in acreage and yield.

According to a source based in Mumbai, who has been in the cotton business for many decades, the higher price scenario will result in the diversion of plantings in pulses and edible oil seeds towards cotton.

Turkey considering stopping cotton export from US and finding partners in Pakistan, India	**DND.Com** https://dnd.com.pk/turkey-considering-stopping-cotton-export-from-us-and-finding-partners-in-pakistan-india/141546

Monitoring Desk: Turkey is considering stopping imports of US cotton and explores new markets for its cotton requirements including from India, Pakistan, Uzbekistan and Egypt.

According to Turkish media, Turkey is considering to stop imports of cotton products from United States as its export of angular iron rods to the United States may be in trouble due to high tariff announced recently by US President Trump. Turkey imports cotton products amounting to $519 million per year from US while its export of angular iron rods to the United States is around $525 million.

Turkish trade experts believe that Turkey can impose tariffs on cotton imports from United States and US cotton imports can be replaced with cotton from India, Pakistan, Uzbekistan and Egypt.

"Last year Turkey exports to the United States amounted to some $8.6 billion, while its imports stood at about $11.9 billion and now Turkey is considering avoiding this imbalance in its import and export to United States. Cotton import is top of the list to control trade imbalance with US", said Turkish media.

It may be mentioned that Turkey is finding new markets for exporting its steel products and its export of iron products is already at decline with US while its overall iron products exports are increasing.

Textile-garment exports seen at $35b this year	**Vietnam News** http://vietnamnews.vn/economy/426508/textile-garment-exports-seen-at-35b-this-year.html#6FfeHhpZFfQMi8hT.97

The textile and garment industry earned US$31 billion from exports last year, a year-on-year increase of over 10 per cent. The Việt Nam Textile and Apparel Association believes exports will top $34-35 billion this year helped by many positive factors.

Vũ Đức Giang, the association's chairman, talks to Việt Nam News 's reporter Xuân Hương about this and the efforts made by the industry to enhance their competitiveness and add value to their products.

What do you think about the textile industry's export prospects this year?

The textile and garment industry earned nearly $8 billion from exports in the first quarter of the year, an increase of 13.5 per cent over the same period last year. This is the highest growth rate in the first quarter in the last four years.

The exports in the second quarter are expected to be $8.5 billion and we forecast exports in the first half to go up by 14 per cent over the same period last year.

We believe the industry's exports for the whole year will increase to $34-35 billion, and there are three factors that give us confidence. Firstly, free trade agreements, especially the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), have created a driving force for enterprises to penetrate markets where we previously had very small market shares such as Canada, Australia and New Zealand.

Secondly, the Việt Nam-EU FTA, which is expected to take effect in 2019 or 2020, is also a spur for local and foreign investors to invest in core areas and areas that face a supply shortage such as yarns, fabric and other inputs.

Promoting investments in production of fabrics and input materials will enable us derive greater benefits from FTAs. Once we can increase the supply of inputs, we will be more active in our development strategy of switching production methods from FOB to ODM (Original Design Manufacturing) to raise added value and competitiveness for the products.

The third is the technology factor.

Now our manufacturers are focusing much on technology, especially Industry 4.0 technologies. There are many kinds of modern machines and equipment in the textile, dyeing, and yarns industries. A machine that can replace two to three workers is the driving force for attaining higher labour productivity and shorter delivery times, which enable us to compete better in terms of prices.

We also invest in 3D design software to facilitate making ODM products. Manufacturers have invested more in their factories and facilities to ensure a green and safe environment for workers and consumers. These are factors affecting the attractiveness of the products and importers' assessment of Việt Nam's textile industry.

Can you tell us more about the benefits of Industry 4.0 technologies to manufacturers?

There are many Industry 4.0 technologies.

For instance, in the yarn sector, previously we invested in 50,000 spindles, we needed about 400 workers to handle them. But with the current technology we need just 100 workers, or even just 58, to handle a 50,000-spindle factory.

In the weaving sector, previously one worker could manage four to five weaving machines, but with the current automated machinery, one worker can manage nine or 10 or 12 weaving machines. These machines are extremely modern and offer high productivity.

Dyeing previously needed some manual work, but the dyeing process can now be done automatically through software.

In design, previously a designer could make two designs or so a day. Now 3D design software can give us a design sample within 15-20 minutes or even less. The development of technology has helped manufacturers reduce their production time and consumers to access more new products.

Does the growth of such technologies affect jobs?

Not everything in the garment industry can be automated, not all products are produced automatically. Only a few products with simple seams can be automated. Products with complicated seams still need human hands to make them.

Can you tell us about foreign direct investment in the textile and garment industry?

Since the beginning of this year FDI in the textile and garment industry has been worth $1.1 billion. They invested mainly in yarns and textiles. The first quarter also coincided with the Lunar New Year, so foreign investors did not invest much in this period. The investment is expected to increase strongly from the second quarter onwards.

China, Taiwan, Hong Kong, Japan, South Korea, Thailand, the US, the EU, and Russia have enhanced investment in Việt Nam's textile and garment industry.

The ASEAN-Hong Kong free trade agreement will enter into force in 2019. Do you think it will have big impact on the textile and garment industry?

I think this FTA will not have much impact on the industry compared to other FTAs such as CPTPP or the Việt Nam-EU FTA because Hong Kong has a small population. What the textile industry looks forward to is the CPTPP. If the UK or South Korea join the agreement or the US comes back, it will be a great motivation for the Vietnamese textile and garment industry.

VN firms team up with Asia-Pacific partners for stronger growth	**Vietnam Plus** https://en.vietnamplus.vn/vn-firms-team-up-with-asiapacific-partners-for-stronger-growth/130079.vnp

Vietnamese enterprises must band together with their Asia-Pacific partners for stronger growth.

Said conclusion was reached at an April 24 conference on strengthening the connection and partnership between Vietnam's firms and members of the Confederation of Asia-Pacific Chambers of Commerce and Industry (CACCI).

Speaking at the conference, Doan Duy Khuong, Vietnam Chamber of Commerce and Industry (VCCI)'s Vice Chairman, appreciated the important cooperation between the VCCI and the CACCI, and between Vietnam and regional countries. Khuong emphasised the importance of such regional collaboration, especially in the context of increasing international economic integration.

Jemal Inaishvili, President of the CACCI, noted the Vietnamese business community's effort in recent years, with significant economic development progress.

He believed such growth has demonstrated the government's efforts to create a smooth and favourable business environment for both local and international firms.

Seeing how the Asia-Pacific region can be considered the largest consumer market in the world with a multitude of rising powers such as Japan, China and South Korea, and a total GDP accounting for 60 percent of the world's, the area is full of potential, added Khuong.

He also mentioned that since the signing of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), cooperation with major economies and markets would soon be virtually unlimited for Vietnamese businesses, in order for them to accelerate operations, trade, while gaining access to advanced production technology and improved management and administration.

Coupled with collaboration from Asia-Pacific's enterprises, Khuong was certain that Vietnam's firms will gain competitiveness and the whole economy will be significantly improved.

Organised by the VCCI, the event aimed to create a bridge between and to help both sides' businesses find suitable cooperation and investment opportunities.

At the same time, the VCCI hoped to reach out to senior members of CACCI's, one of the largest organisations representing the Asia-Pacific region's business community.

The event was part of Inaishvili's visit to Vietnam, along with over 30 representatives from the CACCI's member corporations, most notably from Australia, India and Nepal, specialising in textile, garment, cosmetics, consumer goods, food distribution and processing, pharmaceuticals, chemicals, industrial products distribution, construction, IT, and tourism.

Inaishvili expressed his wish to invite representatives from the VCCI and other Vietnamese business delegations to join the CACCI Summit later this year in Istanbul, Turkey.

Earlier in April, the VCCI had worked with the CACCI and the General Department of Customs of Vietnam on a project to update the 2010 Incoterms, or International Commercial Terms, and a 2020 draft, in order to update and discuss previous experiences and mistakes in the fields of import, export, insurance, banking and finance.-

Despite getting incentives, textile exporters still struggle	Tribune India https://tribune.com.pk/story/1693976/2-despite-getting-incentives-textile-exporters-still-struggle/

With a share of 57% in Pakistan's total exports and 8.5% in national economy, the giant textile industry is pressing the government to continue with its zero-rated tax facility and provide the incentives offered in the export package.

"The industry is going through a cash-flow crisis as it has already extended the incentives promised by the government in its export package to overseas buyers in order to ramp up exports," textile tycoon Zubair Motiwala, who also heads some textile bodies, told The Express Tribune.

Textile manufacturers have been pushing the government to release the huge pending tax refund claims so that they could deal with liquidity challenges. Of the Rs180-billion prime minister's incentive package for export industries, mainly the textile sector, the State Bank of Pakistan has processed Rs50 billion worth of claims, but the industry has received just Rs18 billion.

In fiscal year 2012-13, when the Pakistan Muslim League-Nawaz government came to power just before the close of the year, total export receipts of Pakistan were recorded at $25.078 billion.

However, exports dropped to $21.977 billion in 2015-16, registering a steep decline of 12.36%. Global exports also fell during the period but by just 1%.

The decline came despite the Generalised Scheme of Preferences (GSP) Plus status the European Union awarded to Pakistan in December 2013 that allowed exports at sharply reduced or zero duty.

The status certainly gave an advantage to the PML-N government as exporters enjoyed greater market access to the 28-nation European bloc.

In an attempt to give a boost to low textile exports and improve the country's foreign currency reserves, then prime minister Nawaz Sharif announced trade enhancement incentives worth Rs180 billion.

In the budget for fiscal year 2017-18, the export refinance facility was maintained at 3%, export-oriented sectors continued to remain zero-rated and the duty-free regime for machinery imports stood unchanged. A 5% regulatory duty was, however, imposed on the import of polyester filament yarn.

Pak-Kuwait Investment Company AVP Research Adnan Sami Sheikh explained that domestic fibre manufacturers had opposed duty-free import of fibre, claiming the imported fibre was being dumped in the country.

The domestic industry welcomed the imposition of regulatory duty on fibre imports.

Now, the textile exporters expect more incentives in the upcoming budget for 2018-19 that could help boost their earnings.

Proposals

Ahead of the budget announcement, they have asked the government to reduce the cost of doing business by slashing power tariffs in order to enable the industry compete well with regional counterparts. They have sought tariff reduction from Rs11 per kilowatt-hour (kWh) to Rs7.

Industry players have also called for reintroducing the duty-drawback scheme and removing or at least curtailing the duty on the import of synthetic yarn and polyester staple fibre.

They are seeking the removal of Gas Infrastructure Development Cess (GIDC) as well which will reduce the cost of production and improve competitiveness.

Initially, there was no condition in the export package, announced in January 2017, for duty drawback for the first six months from January to June. However for the next fiscal year, the exporters must achieve 10% increase in exports in order to qualify for the incentives.

The target was somewhat achieved as from July to February FY18 exports rose to $8.85 billion compared to $8.18 billion in the same period of previous year. However, some analysts point out that the exporters may have falsely shown the growth in an attempt to get incentives.

According to Motiwala, exports went up after the incentives offered in the export package were extended to the buyers abroad. Lower prices of Pakistan's products in the international market had been a main factor behind the rise in exports, he said.

However, an analysis indicates that the international textile industry is highly competitive and Pakistan's major competitors – China, India, Vietnam and Bangladesh – will not let it penetrate their established markets.

These competitors are expected to respond to the price reduction by their Pakistani counterparts.

Cotton output shrinks

The textile sector has had a bad 2015 when cotton production fell 27.8% to 9 million bales – each of which weighs 176 kg. The output was significantly lower than the peak Pakistan hit in 2004 with production of 14.6 million bales.

Experts attributed the cotton shortage to the imported genetically modified seeds that were prone to pest attacks. However, the government rejected the notion, blaming the fall in production on changing weather, excessive rains and insect attacks.

An analyst pointed out that some farmers switched to sugarcane cultivation from cotton, but this year they struggled to sell sugarcane to the sugar mills, most of whom were not willing to offer the support price for sugarcane purchase.

Many of the farmers are expected to return to cotton sowing again and with that the demand-supply deficit will contract.

In the meantime, the textile industry has been pressing the government to remove tax from cotton import which is necessary in the wake of domestic production shortfall. According to experts, the textile manufacturers are also attracted by the long fibre of imported cotton compared to the cotton produced in Pakistan.

The industry is not satisfied with government's efforts as it has failed to implement the plans.

"Exports didn't get better due to government's efforts, but it came because of depreciation of the rupee. This is not the right way to increase exports. It would have been an achievement had exports gone up with a stable rupee," commented Motiwala.

Why is Bangladesh's economy booming?	**Live Mint** https://www.livemint.com/Opinion/6avW0qZka0ZT1cVaT0UEPK/Why-is-Bangladeshs-economy-booming.html

Bangladesh will overtake Pakistan in terms of per capita GDP in 2020, but there are risks to the country's prospects that policymakers will need to factor in

Bangladesh has become one of Asia's most remarkable and unexpected success stories in recent years. Once one of the poorest regions of Pakistan, Bangladesh remained an economic basket case—wracked by poverty and famine—for many years after independence in 1971. In fact, by 2006, conditions seemed so hopeless that when Bangladesh registered faster growth than Pakistan, it was dismissed as a fluke.

Yet that year would turn out to be an inflection point. Since then, Bangladesh's annual gross domestic product (GDP) growth has exceeded Pakistan's by roughly 2.5 percentage points per year. And this year, its growth rate is likely to surpass India's (though this primarily reflects India's economic slowdown, which should be reversed barring gross policy mismanagement).

Moreover, at 1.1% per year, Bangladesh's population growth is well below Pakistan's 2% rate, which means that its per capita income is growing faster than Pakistan's by approximately 3.3 percentage points per year. By extrapolation, Bangladesh will overtake Pakistan in terms of per capita GDP in 2020, even with a correction for purchasing power parity.

To what does Bangladesh owe its quiet transformation? As with all large-scale historical phenomena, there can be no certain answers, only clues. Still, in my view, Bangladesh's economic transformation was driven in large part by social changes, starting with the empowerment of women.

Bangladesh has made significant strides towards educating girls and giving women a greater voice, both in the household and the public sphere. These efforts have translated into improvements in children's health and education, such that Bangladeshis' average life expectancy is now 72 years, compared to 68 for Indians and 66 for Pakistanis.

The Bangladesh government also deserves credit for supporting grass-roots initiatives in economic inclusion. Among Bangladeshi adults with bank accounts, 34.1% made digital transactions in 2017, compared to an average rate of 27.8% for South Asia. Moreover, only 10.4% of Bangladeshi bank accounts are "dormant", compared to 48% of Indian bank accounts.

Another partial explanation for Bangladesh's progress is the success of its garment manufacturing industry. That is itself driven by a number of factors. One notable point is that the main garment firms in Bangladesh are large—especially compared to those in India, owing largely to different labour laws.

All labour markets need regulation. But, in India, the 1947 Industrial Disputes Act imposes heavy restrictions on firms' ability to contract workers and expand their labour force, ultimately doing more harm than good. The law was enacted a few months before the August 1947 independence of India and Pakistan from British imperial rule, meaning that both new countries inherited it. But Pakistan's military regime, impatient with trade unions from the region that would become Bangladesh, repealed it in 1958.

Thus, having been born without the law, Bangladesh offered a better environment for manufacturing firms to achieve economies of scale and create a large number of jobs. And though Bangladesh still needs much stronger regulation to protect workers from occupational hazards, the absence of a law that explicitly curtails labour-market flexibility has been a boon for job creation and manufacturing success.

The question is whether Bangladesh's strong economic performance can be sustained. As matters stand, the country's prospects are excellent, but there are risks that policymakers will need to take into account.

For starters, when a country's economy takes off, corruption, cronyism, and inequality tend to increase, and can even stall the growth process if left unchecked. Bangladesh is no exception.

But there is an even deeper threat posed by orthodox groups and religious fundamentalists who oppose Bangladesh's early investments in progressive social reforms. A reversal of those investments would cause a severe and prolonged economic setback.

In its early years, Pakistan's economy performed moderately well, with per capita income well above India's. And it was no coincidence that during this time, cities like Lahore were multicultural centres of art and literature. But then came military rule, restrictions on individual freedom, and Islamic fundamentalist groups erecting walls against openness. By 2005, India surpassed Pakistan in terms of per capita income, and it has since gained a substantial lead.

But this is not about any particular religion. India is a vibrant, secular democracy that was growing at a remarkable annual rate of over 8% until a few years ago. Today, Hindu fundamentalist groups that discriminate against minorities and women, and that are working to thwart scientific research and higher education, are threatening its gains. Likewise, Portugal's heyday of global power in the 15th and 16th centuries passed quickly when Christian fanaticism became the empire's driving political force.

As these examples demonstrate, Bangladesh needs to be vigilant about the risks posed by fundamentalism. Given Prime Minister Sheikh Hasina's deep commitment to addressing these risks, there is reason to hope for success. In that case, Bangladesh will be on a path that would have been unimaginable just two decades ago: toward becoming an Asian success story.