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NEWS CLIPPINGS –27-04-2018

Cotton body sees a stable situation on higher stocks	Business Line https://www.thehindubusinessline.com/economy/agri-business/cotton-body-sees-a-stable-situation-on-higher-stocks/article23686266.ece

After reviewing the crop situation for the 2017-18 cotton year, the Indian Cotton Federation (ICF) believes that the situation is "more stable than expected."

"Cotton farmers were expecting better prices earlier. The arrivals were late, so we thought that the crop was less. But with arrivals at 90,000 bales a day at market yards, we expect the market to be stable," said J Thulasidharan, President, ICF.

Prices did shoot up by ₹1,000, reacting to the New York market moves, but it has now started to show a downward trend. "Those that had invested in cotton are expecting ₹45,000 per bale (of 170 kg each). When it rains, the market tends to move up, as there is a weight gain of 3-4 per cent. But during the month of May, sellers are generally reluctant to sell. Incidentally, after many years, the stock with the trade has peaked," he told BusinessLine.

Price outlook

Is it a good sign? "Of course, for it is with the trade. Further, as compared to international prices, the Indian cotton price is low and reasonable."

When asked if the present situation would augur well with the cotton farmer as his realisation is not on expected lines, the ICF President said, "there is a global surplus. There are no takers for Indian cotton as the fibre from India is not standardised."

Due to tight financial situation prevailing in the spinning sector and comfortable availability of quality cotton, the prices are expected to remain steady. "The monsoon would be a major deciding factor for cotton prices for the period between June and October 2018."

Yarn situation

While the industry is expecting a steady cotton market, the yarn market, though steady, is learnt to be slow. "Mills are not carrying huge stock of yarn as the payments are delayed in the aftermath of GST. Textile scenario till the yarn sector looks steady," Thulasidharan said, adding "but there is threat of imports from Bangladesh and Pakistan. This could play spoilsport if the government does not intervene and insist on the "Certificate of Origin" in the interest of the domestic sector.

ICE cotton up on strong export sales; ends week little-changed	Retuers https://www.reuters.com/article/market-cotton/ice-cotton-up-on-strong-export-sales-ends-week-little-changed-idUSL2N0J01UJ20131115

* Weekly cotton exports hit 472,700 bales, China top buyer

* Futures end week little changed after volatility

* China imports 141,200 tonnes in Oct., down year/year

NEW YORK, Nov 15 (Reuters) - Cotton futures edged up on Friday on strong U.S. government export sales data, and ended the week little changed after a volatile week of spread-related gyrations.

The most-active March cotton contract on ICE Futures U.S. rose 74 cents, nearly 1 percent, to settle at 78.20 cents a lb.

The second-month ended the week little changed after touching a 10-month low of 77.37 cents the previous day.

Front-month December cotton on ICE closed up 6 cents, or 0.8 percent, at 77.12 cents per lb.

The spot December contract was little changed from last Friday's close after surging earlier this week on short-covering ahead of next week's first notice day for delivery against the contract.

Financial markets rose on expectations of continued stimulus by the U.S. Federal Reserve.

The U.S. dollar index fell on the day, lending support to dollar-traded commodities as it makes them less expensive to holders of other currencies.

The Thomson Reuters/Core Commodity CRB index rose.

A U.S. government weekly report showing strong export sales drove short-covering and kept sellers on the defensive.

U.S. weekly upland cotton exports rose to 472,700 running bales, led by demand from top consumer China.

"Demand has been brisk over the past ten days, as numerous large sales of U.S., Australian, West African and Brazilian cotton have been reported, with China actively participating," Peter Egli, director of risk management for British merchant Plexus Cotton Ltd, said in a market report.

Mill buying has picked up as prices have tumbled some 9 percent from above 86 cents last month.

An even steeper tumble from one-year highs near 94 cents in August has come as speculators slashed bullish bets and switched to a net short position in fiber.

Dealers expected an announcement from Beijing on the start of state reserve auctions within days, Reuters reported.

The country’s stockpiling program has driven voracious demand for imports and put a floor under global prices.

China has been considering overhauling the program, and the country’s cotton imports so far this season are down from last year.

Exchange stocks rose to 193,027 bales on Thursday, the most since July, according to the most recent exchange data compiled by Reuters.

Economic ties with India on the rise	ECNS http://www.ecns.cn/business/2018/04-27/300660.shtml

China will work to boost cooperative platforms with India to infuse fresh vigor into business ties and usher in a new phase of cooperation, the Ministry of Commerce said on Thursday.

The ministry made the remark as President Xi Jinping and Indian Prime Minister Narendra Modi prepared to hold an informal meeting in Wuhan, Hubei province, on Friday and Saturday. The two leaders are expected to discuss global issues and exchange views on the overall, long-term and strategic issues of China-India relations.

"China and India both are developing countries and major emerging economies with huge home markets," said Gao Feng, spokesman for the Ministry of Commerce. "The two countries are highly complementary in terms of economic development models."

Bilateral trade has been on the rise in recent years. The total trade volume between the two countries was $84.4 billion in 2017, up 20.3 percent year-on-year, setting a record, the Ministry of Commerce said.

Bilateral trade hit $22.13 billion in the first quarter of this year, up 15.4 percent from same period a year ago.

Chinese companies had invested over $8 billion in India by 2017, as the South Asian country became an important infrastructure and investment market for them.

India primarily exports garments, plastics, chemicals, agricultural products, cotton, silver, copper and iron ore to China. China mainly ships electronics, machine tools, automobiles and other transportation products, home appliances, smartphones and construction machinery and materials to India.

Xue Rongjiu, deputy director of the Beijing-based China Society for WTO Studies, said their trade doesn't involve any significant direct competition.

Though anti-globalization seems to be on the rise and many countries including China and India are suffering setbacks, the future of China-India business ties will be decided by stable political relations, fast-growing service businesses and complementary goods trade, especially in high-tech manufacturing and healthcare sectors, he said.

"Both sides have more space to expand trade and investment and deepen cooperation in such fields as modern agriculture, energy, environmental protection and urbanization in the longrun," he said.

"China has already offered more market access to Indian companies, from IT and services to pharmaceuticals to Bollywood films," said Sang Baichuan, director of the Institute of International Business at the University of International Business and Economics in Beijing.

"In addition to jointly ensuring the multilateral trade system, it is also meaningful for the two countries to expand their economic activities, due to the divergence of the structure of products between China and India and their leading economic positions in Asia," Sang said.

Encourage textile industries, Taga urges Centre	**Arunachala Pradesh** https://arunachaltimes.in/index.php/2018/04/27/encourage-textile-industries-taga-urges-centre/

Arunachal Pradesh Textiles Minister Tamiyo Taga urged the Centre to make efforts to encourage textile industries in Arunachal.

During a textile ministers' meeting here on Thursday to boost the handloom-handicrafts sector, Taga requested Union Textiles Minister Smriti Irani to set up hosiery and apparel manufacturing units in every district of Arunachal. She also sought establishment of power looms, yarn dyeing processing units, raw material banks, silk spinning mills, and crafts villages with modern wayside amenities in each district, besides a one-time grant of infrastructure development fund and a one-time fund for installment of improved technology inputs. Taga apprised Irani of the pending schemes in the textile ministry which are assured but not yet approved. The union minister informed that some schemes are drafted slowly "due to new guidelines and rules" but assured that all the schemes would be sanctioned soon.

Commissioner Tahang Taggu and ST Morcha president Hinium Tachu accompanied Taga at the meeting. Rafting expedition flagged off (Gandhi darang)-8 GEKU, Apr 26: Tourism Secretary Dr Joram Beda on Wednesday flagged off a rafting expedition down the Siang river here in Upper Siang district. Themed 'Siang Rush 2018', the three-day expedition is being organized by Abor Country Travel & Expedition on behalf of the tourism department. The participants include a travel writer, a filmmaker, government officials, adventure tour operators, and others – collectively dubbed 'Friends of Siang' – besides three kayak experts and a river guide.

Extolling the state's potential in white water rafting, as also the suitability of the Siang river for such activities, Dr Beda said his department "is ready to make this event a national championship event from next year onwards," and to develop various parts of the state as tourist destinations.

Event organizer Oken Tayeng said the idea behind organizing the event "is just to make the river system of the Siang a rafting spot," adding that, if properly tapped, such events would boost the local economy. The expedition team will touch land at Pasighat on 27 April.

Exporters demand GSTN, NSDL online linkage for GST refunds	Business Today https://www.businesstoday.in/current/economy-politics/exporters-demand-gstn-nsdl-online-linkage-for-gst-refunds/story/275663.html

The Export Promotion Council for EOUs & SEZs, has sought a linkage between the Goods and Services Tax Network (GSTN) portal and the NSDL portal, for smooth facilitation of the GST refunds.

One of the major complaints of the exporters has been the delay in refunds, which is affecting their working capital requirements. The suggestion was made during an open house, which saw over 250 exporters from EOUs and SEZs all over the country converge in Delhi on April 25 to interact with officials of commerce, finance ministries and GSTN officials to resolve the operational issues and concerns of exporters with reference to the GST.

Exporters have claimed that over 60 per cent of their refunds are stuck at the moment. The government has sanctioned GST refunds to exporters to the tune of Rs 17,616 crore till March.

Another important suggestion was about the option for SEZ units to claim refund of the GST charged by suppliers. Currently, a supplier can provide goods/services to units in SEZ under LUT (Legal Undertaking) without payment of IGST, alternately they can reclaim the refund. Many suppliers do not want to go for LUT or refund process and charging GST in their invoice, which is a cost burden for SEZ Unit. Under the existing law there is no option for SEZ unit to claim the refund of the same.

The ministry officials on Wednesday announced that they will develop a process of claiming refund by SEZ Units. The GSTN team will enable facility of refund claim by supplier to EOU Unit for deemed export. They will also enable claiming refund for more than one month. GSTN team is also working towards changing of category as SEZ Unit/ SEZ Developer instead of regular. The open house also wanted the government to be wary of rulings like the recent one, which made GST applicable on supply of goods from Duty free shops at airport.

In addition to refunds, the nature of complaints were related to issues related to exemption of GST, classification of goods and services and operational issues related to GSTN. The officials, who participated in the open house include Arun Goyal, Special Secretary, GST Council, Yogendra Garg, Additional Director General, Directorate of GST, L.B. Singhal, Development Commissioner, Noida SEZ and Dheeraj Rastogi, Joint Secretary, GST Council, Vice President GSTIN.

"We have compiled all the suggestions and made a written representation to Ministry of Commerce & Industry, Ministry of Finance, CBEC, CBDT, NSDL and members of the GST Council," Vinay Sharma, Chairman of the EPCES said.

The combined merchandise and software exports from SEZs in India in 2017-18 has been Rs 5,51,344 crores as against Rs 4,68,567 crores last year. Export Promotion Council for EOUs & SEZs represents the EOU/SEZ Sector, which has approximately 6,000 operational EOUs/SEZ Units/SEZ Developers spread all over the country which contribute to approximately 30 per cent of national exports.

GST dept asks tax payers to file returns regularly	**Times of India** https://timesofindia.indiatimes.com/city/nashik/gst-dept-asks-tax-payers-to-file-returns-regularly/articleshow/63930334.cms

The state's Goods and Services Tax (GST) department, during a seminar held by the Times Group on Thursday, requested the tax payers to file their returns regularly.

During the event, traders and businessmen spoke about the issues regarding e-way bills and non-refunds. State GST deputy commissioner Sanjay Pokharkar answered various queries of the tax payers and also advised them to write to the GST council if they have any suggestion related to the policy.

The new tax regime GST came into effect from July 1 last year, replacing multiple indirect taxes. Traders with turnover below Rs 20 lakh have been exempted from GST, while those with annual business turnover up to Rs 1.5 crore are eligible for composition scheme.

"Over 20 different taxes have been merged in GST as a single tax. Only liquor, petroleum products, tobacco and stamp duty & registrations have not been brought under the GST. But government is planning to bring petroleum products and stamp duty under GST," said Pokharkar.

The Union finance ministry has created an online government portal i.e. Goods and Services Tax Network (GSTN) for tax registration, filing of returns and tax payments. There is no human touch there. Traders will have to use their user name and passwords while carrying out the tax retuning filing process.

But some businessmen and traders complained that there are still some defects in the software. "We are not getting credit input since implementation of the GST," Sanjay Mule, a businessmen, said. Pokharkar also asked the people that they should send their suggestions or queries directly to the GST council.

UP govt to restore industrial glory of Kanpur by reviving textile mills	**Business Standard** http://www.business-standard.com/article/economy-policy/up-govt-to-restore-industrial-glory-of-kanpur-by-reviving-textile-mills-118042601156_1.html

Kanpur, the erstwhile 'Manchester of the East', the nickname it had earned during the British Raj owing to flourishing textile mills in the city, is today a pale shadow of its glorious past.

The closure of textile mills over the past decades coupled with the utter failure of the city to keep pace with haphazard and explosive urbanisation is the stark reality staring in its face even as other towns in Uttar Pradesh emerged on the landscape and developed as the most preferred industrial and economic zones.

However, the Yogi Adityanath government is now looking at reviving the old glory of Kanpur, which was once UP's premier industrial town and held place of pride in the entire North India.

The state government is taking steps to revive the defunct and sick textile mills in Kanpur, especially Lal Imli unit, which is owned by central government utility British India Corporation (BIC). Lal Imli once produced the finest range of woolen textiles and garments, reckoned not only in India but abroad as well, before it fell out of grace.

UP industry minister Satish Mahana, who himself hails from Kanpur, has said the state government was committed to reviving the glorious industrial past of the town. Yesterday, he held a meeting to discuss the proposal to revive BIC and National Textiles Corporation (NTC) mills. He said UP was proactively taking up the matter of Lal Imli unit with the Centre even as he directed state officials to personally confabulate with their central government counterparts to expedite the matter.

Mahana underlined while the government was promoting new investment and new units in UP, the sick entities were also being revived. He said a definite roadmap for restarting the NTC and BIC textile mills would be prepared by the central and state officials, which was expected to send out a positive signal to the investor community and further spur industrialisation.

About a dozen textile mills of NTC and BIC had ceased their operations in Kanpur around two decades back. Successive attempts to revive them with central package of almost Rs 5 billion have so far come a cropper.

These defunct mills are located in the most prime locations of Kanpur viz. Civil Lines, Kidwai Nagar, Fazalganj etc. The machinery of some of the defunct units have been scrapped and they merely stand as barren stretch of land. Owing to unbridled horizontal growth, these mills over time got surrounded with haphazard human settlements around it. As Kanpur failed to keep pace with peers in civic infrastructure, the sustainability of mills also suffered irreparably. The local hosiery industry has been demanding that the government utilised the vast land infrastructure of NTC to resettle the ancillary units, especially small stitching factories, which are scattered throughout the main city pockets.

SRTEPC welcomes skill development programme	**The Hindu** http://www.thehindu.com/todays-paper/tp-national/tp-tamilnadu/srtepc-welcomes-skill-development-programme/article23676665.ece

The Synthetic and Rayon Textiles Export Promotion Council (SRTEPC) has welcomed the skill development scheme announced by the Union Textiles Minister recently.

Chairman of the council Narain Aggarwal has said in a press release that the outlay of Rs. 1,300 crore for the scheme to cover the entire textile value chain would put the industry back on track.

Support agency

The Textile Committee would be the resource support agency for the programme and it would develop the content, specify the infrastructure needs, standardise the admission assessment certification, etc. The biometric process for selection of candidates, mandatory Aadhaar card and ensuring real time attendance would bring in effective implementation of the scheme.

EPFO numbers: Jobs jumped. Or did they?	Financial Express https://www.financialexpress.com/economy/epfo-numbers-jobs-jumped-or-did-they/1147410/

EPF base has expanded at faster clip in recent years, aided by an amnesty scheme and other policy support, but this hardly reflects job growth

The country's pioneering payroll count — based on the Employees' Provident Fund Organisation's (EPFO) subscription database — released on Wednesday gave government managers and some data analysts their "I told you so" moment. As the EPFO said 3.1 million contributors were added on a net basis during the half year between September 2017 and February 2018, they claimed that it meant a whopping 6 million new formal jobs — roughly equivalent to the skilled workforce entering the job market annually or 10% of the retirement fund body's active subscriber base — were created in the whole of 2018-19.

If true, that would have dismantled all criticism of jobless growth that the Narendra Modi government has had to face.

But just a bit of analysis would reveal how facile these optimistic assumptions are. Even though the EPFO wasn't putting out month-wise payroll data earlier, it used to publish the average number of subscribers (who contributed) annually.

And the average subscriber base has seen accelerating growth over the last four to five years, from 6% in in FY15, the first year of this government, to over 15% in FY18.

So was that not a sign of a boost to job creation? Hardly. Job growth has little to do with the recent jump in the EPFO subscriber base.

An amnesty scheme for EPF defaulter firms that ran between January and July 2018 saw these firms enrolling some 4.9 million people in FY17and the bulk of these were obviously old workers rather than new recruits. Including the amnesty additions, the EPFO contributor base rose 9.5% to 41.2 million in FY17, but the base would have shrunk to 36.2 million in the year — even lower than previous year's base of 37.6 million — had the amnesty not been implemented.

Since the amnesty extended to four months in FY18 (in April-May, 1.2 million got enrolled, as per available data) too, the reported active subscriber base in the year of 47.5 million could be deflated by 2.4 million or thereabouts to get the growth in the base attributable in at least in some measure to new jobs.

Pronab Sen, former chairman of the National Statistical Commission, said: "It (3.11 million) reflects the number of registration under the EPFO but there is nothing that suggests that these many people were unemployed earlier. Since the addition to the job sector annually is roughly 6-7 million, the claim that 3.11 million new jobs were created between September 2017 and February 2018 will mean every new entrant got a formal sector job, which is not possible."

Apart from the amnesty scheme, the scheme for textiles and garment sectors launched in October 2016 under which the government bears the bulk (8.33%) of the employer's contribution towards the EPF's pension scheme also boosted the EPF contributor base.

The implementation of the goods and services tax, whose continuous tax chain has brought a wide segment of the small-scale industries into the formal economy. might also have had a salutary impact of the EPF base.

NITI Aayog vice-chairman Rajiv Kumar said: "One has to be careful in estimating addition to jobs. What happens is that companies start to contribute to the EPFO when their head count increases from 19 to 20. So, all 20 workers come into (EPF) picture in one go, while it is not that all 20 were not there (with jobs) earlier."

At last count, the beneficiaries under the textile scheme were 250,000, but even all of them cannot be called new jobs as practically, the scheme prompted the firms to bring their existing workers under EPF cover rather than recruiting new ones.

The EPF contributor base could see rapid growth in the current financial year as well, as the government has recently rolled out an amplified Pradhan Mantri Rozgar Protsahan Yojana, under which employers in all sectors will be encouraged to provide EPF cover to "new employees" (again, those who haven't been issued UANs rather than strictly first-time jobs) with the government contributing the employers' entire 12% (of basic pay) contribution to EPF for the first three years.

Government policies have clearly given a fillip to the EPF contributor base, but it is simplistic to ascribe the expansion to faster job creation the economy. While the EPF's current "active subscriber base" is 61.5 million (those who have contributed at least once in a year), it includes quite a number of people with multiple EPF accounts. Of course, Aadhaar-seeding was made mandatory by EPFO for new subscribers from July 2017 — a move that would prevent anyone from opening multiple accounts in future — but the total number of Aadhaar-linked accounts is still 33 million only.

EU member states back CMR restrictions in clothing, textiles	**Chemical Watch** https://chemicalwatch.com/66376/eu-member-states-back-cmr-restrictions-in-clothing-textiles

EU member states have approved a European Commission proposal to restrict the use of carcinogenic, mutagenic and reprotoxic (CMR) substances in clothing, textiles and footwear.

Voted through at the REACH Committee meeting today, the text brings new limits to 33 CMRs. The new law will apply 24 months after publication in the *EU Official Journal* but first will be scrutinised by the European Parliament and Council.

In 2015, the Commission published a preliminary list of 286 CMRs it proposed to restrict.

The draft annex to the Regulation includes exemptions. The restrictions, it says, will not apply to:

clothing, related accessories or footwear, or parts of clothing, related accessories or footwear, made exclusively of natural leather, fur or hide;

non-textile fasteners and decorative attachments;

second-hand clothing, related accessories, textiles other than clothing or footwear;

clothing, related accessories, textiles other than clothing or footwear used as medical devices; and

'disposable textiles' – those designed to be used only once or for a limited time and are not intended for subsequent use for the same or a similar purpose.

CMRs may be present in materials from the production process, the Commission says, or because they are added intentionally to give specific properties, such as to prevent shrinkage or make fabric crease-resistant.

Consumers can be exposed to these chemicals through skin contact, inhalation or unintentional ingestion of dust released from textile fibres. Small children are also at risk due to a possible oral exposure, the EU executive adds.

Last month, eight European trade associations said the draft proposal is "sensible" and "pragmatic", but they had concerns that it covered complex products, containing parts that are "effectively never in contact with the skin or cannot be considered as strictly textile materials".

Ahead of the REACH Committee meeting, meanwhile, NGOs said the restriction should cover all CMRs that are category 1A and 1B substances with a harmonised classification; not just the "40 plus substances" for which the Commission "was able to find evidence of use in the textiles sector".

And consumer organisations Beuc and Anec have said that the proposal should be amended to ensure better protection of small children; regular updates to the list of restricted substances and applicable concentration limits; and disposable textiles are within scope.

China bans import of plastic waste	**The Hans India** http://www.thehansindia.com/posts/index/News-Analysis/2018-04-27/China-bans-import-of-plastic-waste/376960

In 2017, China imported 7.3 million metric tonnes of waste, including metal, plastics and paper among other waste materials. China has literally brought the world to a halt in the beginning of this year by stopped the import of plastic waste on its land. China was, before it imposed a ban, the biggest importer of plastic waste which used to be recycled into plastic bottles, carpets, pipes and other household materials.

The notification issued by China to the World Trade Organisation in July 2017 informing it about the ban reads, “By the end of 2017, China will forbid the import of 4 classes, 24 kinds of solid wastes, including plastics waste from living sources, vanadium slag, unsorted waste paper and waste textile materials.” It justified its move by saying, “We found that large amounts of dirty wastes or even hazardous wastes are mixed in the solid waste that can be used as raw materials. This polluted China's environment seriously. To protect China's environmental interests and people's health, we urgently adjust the imported solid wastes list, and forbid the import of solid wastes that are highly polluted.” In 2017, China imported 7.3 million metric tonnes of waste, including metal, plastics and paper among other waste materials.

According to a 2014 study by the International Solid Waste Association, the plastic waste imports in China increased from 5.9 metric tonnes to 8.9 metric tonnes between 2006 and 2012, which is about 66 per cent of the total waste produced globally. The study also stated, “Europe, collectively, is the major exporter, with the world’s top five country exporters being Hong Kong SAR (re-exporting imported material to China), US, Japan, Germany and the UK. The top world importers are: China at $6.1B and its SAR Hong Kong at $1.65B, followed by the USA, the Netherlands and Belgium.”

Though it informed the WTO in July, it almost caught the world unprepared. Tonnes of wastes have already piled up in the UK, with the country knowing not what to do. An investigation by Unearthed—Greenpeace UK’s award-winning journalism project—revealed that the UK exports an average 65 per cent of its plastic waste to China. “Hundreds of thousands of tonnes of toxic plastic could be burnt in Britain rather than recycled due to a Chinese import ban, officials have warned.

The leaders of the UK’s recycling industry admitted yesterday they had ‘no idea’ how to cope with the prohibition as the policy came into force,” reported the UK’s daily The Telegraph on January 1. The situation could worsen. “The recycling rates are unlikely to rise much above current levels, which would leave the UK six million tonnes short of treatment capacity by 2030,” reads a report by a UK body, Environment Services Association.

Quoting Jonas Oxgaard, an analyst at Sanford C. Bernstein & Co, Bloomberg wrote that the U.S. is the only country in a position to quickly fill the gap. “That’s because the US has become the cheapest place in the world to make plastic, thanks to a fracking boom that’s created a glut of natural gas, the main feedstock for manufacturing,” he told Bloomberg.

Would Indian recycling industry try to capitalise on this gap in whatever miniscule way it could? The associate director of Toxics Links, Satish Sinha told Down To Earth, “India should not join the chorus because we don’t have the technical know-how to do it in the formal sector as it is very small in India.

If India joins the chorus, then it will result in boom for this informal sector. Forget about the quantity, the quality of recycled products manufactured by them would be under scanner. If they were of such poor quality that they could not be exported, then does Indian market have the capacity to absorb all their produce? I doubt.

Besides the market dynamics, India has to allay its health and environment concerns, which are graver than China, before it decides to do what China was doing till now.” Currently, many waste recycling plants in India are flourishing without mandatory permissions. They are already recycling the waste from abroad. But there is no data available as to how big that industry is.

Global business of secondhand clothes thrive in Africa [Business Africa]	**Africa News** http://www.africanews.com/2018/04/26/global-business-of-secondhand-clothes-thrive-in-africa-business-africa/

Heaps of clothes, scorching heat and choking dust, hawkers chanting prices, competing for the attention of shoppers, who haggle to get as many clothes at the lowest cost possible. In crowded markets and on sidewalks of African towns and cities, shoppers can turn up Tommy Hilfiger jeans or a Burberry jacket for a fraction of the price in London's Regent Street or New York's Fifth Avenue.

It is a common scene across Africa, with Ghana, Nigeria, Ivory Coast, Tanzania, Benin, Uganda and Kenya among the biggest markets for second hand clothes.

These secondhand clothes, discarded as worthless at charity shops or thrift stores in Europe or the United States and then shipped thousands of miles to another continent, provide clothing to many on a continent of 1 billion where economies may be growing but many Africans struggle to get by.

Kenya alone imports about 100,000 tonnes of secondhand clothes a year, providing the government revenues from customs duties and creating tens of thousands of jobs. It also offers quality clothes to Kenyans, many of whom earn less in a month what a pair of new Ralph Lauren khakis costs in the West.

What fuels it?

While the market is fuelled by the affordability of its products, it only really took off when liberalisation policies introduced in the late 80s and early 90s ushered in a new age of competition in local garments industries.

Until the 1980s, high tariffs protected home grown garment and other businesses.

Then economic liberalization programmes, backed by the World Bank and International Monetary Fund, started taking hold in Kenya and elsewhere. Tariffs were lowered and local factories had to contend with new competition. Many failed and shut.

Second hand clothes filled the gap, and while alternatives were introduced in the form of new clothes from China, complaints of poor quality played in favor of the used clothes.

How does it work?

The route from donor to new owner, described by officials, exporters, wholesalers, traders and academics, takes the used clothes halfway around the world with the money made at each point racking up to a multi-million dollar global business.

Charity or thrift shops in the West sift donated items, often keeping just a quarter of the items. The rest are sold to exporters for up to 90 U.S. cents a kg, then wrapped in 45-kg bales and packed in containers – a standard 40-foot container holds about 550 bales, equivalent to about 25 tonnes of clothes.

Customs agents collect duties at different African ports, charging each container, while city revenue officials also charge informal hawkers and shops selling secondhand clothes.

Critics

Critics of the industry argue that Africa cannot hope to build its own industry when it is flooded with cheap imports.

Indeed, Rwanda is currently involved in a diplomatic tussle with the United States, after it banned the importation of second hand clothes into the country.

The United States responded by suspending Rwanda from enjoying benefits of the AGOAtrade program which gives eligible sub-Saharan countries duty-free access to the United States in exchange for eliminating barriers to U.S. trade and investment, among others.

The ban was agreed by leaders of the East African Community, but Rwanda implemnted the ban alone, after Uganda, Kenya and Tanzania succumbed to pressure and chose the economic benefits that accrue under AGOA.

Rajeev Arora, executive director of the African Cotton & Textile Industries Federation says up to 85 percent of Kenya's textile plants had closed since the early 1990s, while cotton output was a tenth of 1990s levels.

And thus, Africa which has countries like Mali, Burkina Faso, Chad, Togo and Uganda as producers of cotton, the raw material from which clothes are made, remains one of the places where the sale of second hand clothing is thriving!

Other experts however say it was not the used clothing imports that drove factories out of business, but inefficient production.

The informal nature of much of the trade makes it difficult to estimate precise numbers, though researchers and officials suggest it may employ hundreds of thousands.

Many banks have however recognised the opportunity that this business presents, with many setting up branches in the vicinity of such markets to serve the traders.