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NEWS CLIPPINGS –20-04-2018

The floundering foundries of Coimbatore	Times of India https://timesofindia.indiatimes.com/city/coimbatore/the-floundering-foundries-of-coimbatore/articleshow/63837606.cms

If plants making pumps, wet grinders and engineering components making plants were the driving force behind the thriving manufacturing sector in Coimbatore, 600-odd foundries were the backbone of all these units. But these are facing a bleak future and the employees there are uncertain about their fate.
The sharp increase in raw material costs and pending GST refunds are weighing heavily on the units. The prices of raw materials like pig iron and chemicals have gone up by 40% to 100% in the past three months.

Unable to bear the price rise and mounting debts, more than 400 foundry units have decided to shut their business for two days from Friday in protest, demanding the government address their needs.

While more than 2 lakh workers in the foundries would lose their wages for two days, most of the manufacturing units of pumps, wet grinders and textile machinery where more than 5 lakh people work, are likely to take a hit as these cannot function without the casts supplied by foundries. "We have been requesting both the state and central governments for months, but they are not heeding our demands," said A Siva Shanmugakumar, president of Coimbatore small and medium foundry owners' association. The units are likely to lose more than Rs 100 crore during the shutdown.

The prices of raw materials, especially pig iron, scrap and coke (a solid carbonaceous material derived from coal), have been steadily increasing since the implementation of GST; in the past three months alone the prices have shot up by 20%. Shutting down iron ore quarries in Goa is cited as the prime reason. As coke produced in the country is not fit to use in foundries, it is being imported from China and Australia, and the imports have reduced after the coal mines there were shut to control pollution, Siva said.

To make the most out of the situation, middlemen have hiked the price of these materials.

"Before implementation of GST, the units which had less than Rs 1.5 crore as their annual turnover had to pay only 5% as Value Added Tax (VAT) and were exempted from paying 12.5% excise duty. But the exemption was removed post GST and the foundry units, without any difference, have to pay 18% as tax,'' said a small-scale foundry owner.
The government has to bring the small and medium units under the 5% slab,'' he said.
CITU district secretary C Padmanaban said the situation has cast a shadow over the livelihood of workers in the foundry units. "If this situation continues, many of them will lose their jobs," he said. The CITU has extended support to the two-day strike.

Apart from taking necessary steps to reduce the price fluctuations, the government should also create a raw material bank to manage the situation when the demand increases. We extend our complete support to the demands of foundry units," said K Maniraj of the Kovai Power Driven Pump and Spare Parts Manufacturers' Association (Kopma), explaining that with the increase in price of castings, the price of pumps and spare parts would also increase as a product needs to more than 50% casting.

World cotton production to rise in 2017/18	**Knitting Industry** http://www.knittingindustry.com/world-cotton-production-to-rise-in-201718/

Global cotton production in 2017/18 is forecast at 122.2 million bales, 14% above last season and the largest production in five years, according to the latest report by US Department of Agriculture (USDA). According to the latest report, world harvested area in 2017/18 is estimated at 33.3 million hectares, 12% above 2016/17—as returns from cotton were more favourable and encouraged cotton plantings over alternative crops. The global yield is forecast to rise to 799 kg per hectare in 2017/18, the highest in four years and the second highest on record.

All major cotton producers are projected to harvest a larger crop in 2017/18, with increases for China and the US leading the gain. In 2017/18, the top three producing countries – India, China, and the US – are projected to account for 63% of the global cotton crop, similar to the previous season. India's production is forecast at 28.5 million bales, about 6% above last season. For Brazil, cotton production is expected to reach 8.7 million bales in 2017/18, compared with 7 million last season.

Global consumption

World cotton consumption in 2017/18 is projected at 120.4 million bales, 5% above 2016/17. Although cotton mill use has been rising relatively steadily for the past six seasons, an expanding global economy and the slowdown in polyester production contributed to this year's above-average growth. Despite the highest cotton consumption in a decade, 2017/18 world production is expected to exceed consumption for the first time in three years. China, the leading spinner of raw cotton, is projected to use 40 million bales of cotton in 2017/18. China accounts for one-third of the global cotton mill use total. In addition, cotton yarn imports by China could include an additional 8 million bale-equivalents of raw fibre to support its growing textiles and apparel industry. Small consumption gains in 2017/18 are seen for both India and Pakistan, where mill use is projected at 24.2 million bales and 10.4 million bales, respectively. Larger increases, however, are expected in Vietnam, Bangladesh, and Turkey.

World cotton trade

World cotton trade is projected at 39.1 million bales in 2017/18, 4% above the previous season and the largest in four years. Higher trade is primarily driven by increased import demand from countries that process raw cotton into textile and apparel products. In 2017/18, Bangladesh, Vietnam, and China are forecast as the leading cotton importers, although all major importing countries are expected to show increases this season. With cotton exports by the US slightly above a year ago, 2017/18 gains are primarily noted by higher shipments from Brazil and Australia – a result of their larger high-quality supplies – as reductions are forecast for the other major exporters.

CGCS programme

In March, the USDA announced the Cotton Ginning Cost-Share (CGCS) programme, which provides cost-share payments to cotton producers to offset their 2016 ginning costs and assist with the marketing of cotton. The CGCS programme only applies to producers who have reported 2016 cotton acres to USDA/FSA. Through the CGCS programme, eligible producers can receive a one-time cost-share payment based on the producer's share of reported 2016 cotton acres and the regional payment rate announced by USDA. The payment rate was determined to equal 20% of the average ginning cost for each production region. These payment rates ranged from US$ 19.65 per acre to US$ 48.02 per acre, depending on the region.

Cotton prices to trade sideways to lower: Angel Commodities	**Money Control** https://www.moneycontrol.com/news/business/stocks/cotton-prices-to-trade-sideways-to-lower-angel-commodities-4-2552035.html

According to Angel Commodities, MCX Cotton closed lower for the second consecutive session on Wednesday to touch more than a two - week low due to profit booking by the market participants.

MCX Cotton closed lower for the second consecutive session on Wednesday to touch more than a two - week low due to profit booking by the market participants. Moreover, forecast of normal monsoon also weighing on prices. Cotton exports from the country are likely to touch 70 lakh bales in 2017/18, up about 27% from the earlier estimate, due to a surge in demand, particularly from China, as Indian cotton is selling at discount. Moreover, expectation of shrinkage of cotton acreage by at least 10 - 15 lakh ha in coming kharif season in the country due to pest attack also supports prices.

Outlook

Cotton futures are expected trade sideways to lower on expectation of some technical corrections after the reports of normal monsoon. However, improved cotton exports to China may keep the prices supported above 20,000 levels.

Cotton corporation conducts customer meeting	**The Hindu** http://www.thehindu.com/news/cities/cotton-corporation-conducts-customer-meeting/article23605477.ece

Cotton Corporation of India (CCI) has purchased 11 lakh bales of cotton so far this cotton season (October to September) and sold four lakh bales.

Chairman and Managing Director P. Alli Rani of CCI, who was in the city recently for an interactive session with textile mills in the State, spoke about the focus on quality of cotton sold by the CCI. She also felicitated the top five customer mills of the CCI.

Nearly 200 mills in the State are registered with the CCI and 30 to 35 buy cotton regularly through e-auction. The CCI officials and textile mills discussed the present cotton scenario and cotton sales by the CCI this season. The mills also learnt more about the e-auction system of the CCI for sale of cotton that it procures.

Falling Apparel Exports	**Hindu Business Line** https://www.thehindubusinessline.com/opinion/editorial/falling-apparel-exports/article23606092.ece

Faster refund of taxes paid will help improve the sector's cash flow, but underlying issues remain

India's apparel exports have dropped about four per cent to $16.7 billion in 2017-18. This is alarming, as this is the first reversal after years of relatively steady 7-8 per cent growth, and more so as apparel exports still account for around 15 per cent of India's total exports. The recent downturn is largely a consequence of the funds crisis faced by apparel manufacturing and exporting units, a situation created by a combination of delays in processing of refund of taxes and curtailment of duty drawback with the implementation of the Goods and Services Tax in July 2017. The fall will continue if urgent measures are not taken to ease the flow of funds to the units, leading to not only loss of markets to more competitive exporters such as Bangladesh and Vietnam, but closure of units and widespread job losses in this labour-intensive sector. The curtailment of duty drawback dealt a further blow, as compensation for Central taxes and State levies paid was reduced from 11.2 per cent of the value of exports to about 3.5 per cent (two per cent for Central taxes and 1.5 per cent for State levies) initially with the introduction of GST. Some relief of duty drawback came when the Union government increased the drawback rate to four cent for Central taxes under the Merchandise Exports from India scheme when the mid-term export policy was announced in end-November. However, a status quo on rebate for State levies is worrisome for apparel units.

The funds crunch has left apparel manufacturers and exporters with no option but to increase prices by about five per cent, particularly because bank finance without collateral is prohibitively expensive. But in a fiercely competitive market, price increases lead to loss of market. That is what is happening to Indian apparel exports. While intervention of the Prime Minister's office ensured that much of the Central GST refunds have been released last month, exporters are still facing trouble getting refunds on the State component. An early resolution is needed to prevent a deepening of the crisis in the apparels export industry, particularly at a time when global demand has picked up. Textiles and apparels industry is also one of the largest employers, particularly of women, after the agriculture sector, and its continued health is important for creation of jobs.

India's apparel industry has also to contend with faster growth of exports from Bangladesh and Vietnam. Both countries experienced about 15 per cent compound annual growth rate between 2012 and 2016 compared with India's seven per cent. Better infrastructure and smoother clearances with less paperwork are among factors helping exports from those countries. Exports from Bangladesh also have the added advantage of a free trade agreement with the European Union, lower labour costs and higher productivity. India, in comparison, faces the prospect of reduced competitiveness as it needs to phase out export subsidies.

Textile, clothing exports slip 0.4% to $35 bn in FY18	The Hindu http://www.thehindu.com/business/Industry/textile-clothing-exports-slip-04-to-35-bn-in-fy18/article23606409.ece

Apparel exports decline 4% to $16.7 bn; yarn shipments rise

Textile and clothing exports slid 0.4% in the last financial year (2017-2018) to $35 billion as apparel exports fell.

While exports of cotton yarn, fabrics and made ups grew 4%, outbound apparel shipments registered a 4% decline, reducing from $17.3 billion to $16.7 billion.

'Cotton on upswing'

"Exports of cotton textiles are positive. But we need to get the momentum back in garments. When garments move, every segment [of the textile value chain] moves," said Siddhartha Rajagopal, executive director of the Cotton Textiles Export Promotion Council. Garment exports from Vietnam and Bangladesh were increasing, he pointed out.

A spokesperson of the Apparel Export Promotion Council said garment production had declined in the last 10 months. Further, international orders were not bad. "We could not bag the orders as our pricing was not competitive," the spokesperson said.

A garment exporter who used to get ₹7 or ₹8 a piece from drawback is getting just ₹2 or ₹3 a piece now. There is positive feedback from the government on increasing the drawback rates. But this is yet to happen.

S.K. Jain, chairman of Confederation of Indian Textile Industry, said the industry was working with the government for revision of drawback rates and higher Rebate of State Levies. It has also sought amendment of the South Asia Free Trade Agreement with rules of origin clear for garment imports from Bangladesh. The fabric should be from India or Bangladesh. "Exports have slowed down for almost four years. Some serious thought should go into this by the Government and the industry," he said.

Bhadrak Textiles Park in Odisha attracts investment proposal from Kolkata-based MCPI	Orissa Diary http://orissadiary.com/bhadrak-textiles-park-odisha-attracts-investment-proposal-kolkata-based-mcpi/

Bhubaneswar: In order to attract investments in its focus sector of Textiles & Apparel, the state of Odisha has developed a textiles park at Bhadrak district and has pitched for investments to the investor community across the country. Because of its proximity to the industrial hubs of the country and the abundant availability of land, labour and other utilities such as power and water, the textile park offers unique advantages to the investors.

During the State's investors meet at Kolkata on January 31st, 2018, the State delegation had met Materials Chemicals and Performance Intermediaries Private Limited (MCPI) and pitched Odisha's conducive business environment and also invited for a site visit to the Bhadrak textiles park. Subsequently, officials from MCPI had visited the site and held discussions with the state government. After successful discussions, MCPI has expressed its desire to set up a polyester continuous polymerization and allied yarn project. The company has recently submitted a Rs. 1000 cr proposal through the online single window portal GO-SWIFT (Government of Odisha – Single Window for Investor

Facilitation and Tracking). The project has an employment potential of around 200 people.

The project will act as an anchor project and help in supplying feedstock or raw material to the downstream technical textile industries which will come up in the textile park and will generate an employment potential of around 1 lakh people and help in the realization of the State's dream of transforming the region into a textile hub. This will provide a big boost to the textile park and will help in the overall development of the region. The State Government is equally keen on ensuring the grounding of the project and is evaluating the proposal for providing speedy approval.

Notably, of the 124 investment intents received during the investors' meets organized last year at Mumbai, Bengaluru and in the Make in Odisha Conclave 2016, the state government has received and approved firm proposals for 76 projects worth Rs. 2.02 lakh crore.

With the objective of attracting 2.5 lakh crore of fresh investments and generating 30 lakh job opportunities as part of Hon'ble CM Shri Naveen Patnaik's Vision – 2025, the Government of Odisha is working tirelessly towards diversifying and broadening the state's industrial development across the focus sectors. Odisha's business friendly policies and the development of world-class infrastructure have received very positive feedback from investors across the country as the State has been able to create an ideal business ecosystem for various sectors to flourish in the state. Over the last 3 years, the State Government has embarked upon the implementation of a Business Reforms Program to make it easier for companies to set up and operate in the state following which Odisha has been recognized as a 'Leader' in terms of implementation of business reforms with 92.73% score in the Ease of Doing Business Report of 2016.

ASSOCHAM has ranked Odisha as the No. 1 state in terms of investment implementation rate and the state is consistently ranked amongst the top 3 States in terms of live manufacturing investments in India. Odisha has registered a GSDP growth rate of 7.94 percent in 2016-17, surpassing the national growth rate of 7.1 percent. The second edition of the biennial Make in Odisha Conclave 2018 has been scheduled to be held in Bhubaneswar from November 11-15, 2018.

MCX signs MoU with NITMA for educating its members	https://economictimes.indiatimes.com/markets/stocks/news/mcx-signs-mou-with-nitma-for-educating-its-members/articleshow/63830019.cms

Multi Commodity Exchange of India Ltd (MCXNSE -1.15 %) has entered into an MoU with the Northern India Textiles Mills' Association (NITMA) for educating NITMA's members and other relevant stakeholders on the use and benefits of cotton derivatives. Cotton constitutes about 59 percent in the raw material basket of the Indian textile industry. The global cotton market has been marked by high price volatility and uncertainties, largely on account of factors beyond the control of any stakeholder group or even government. Anannualized volatility of about 13 percent in cotton prices during 2017-18 is much more than the margins of most textile mills. These exemplify the dire need for them to hedge the price risk in order to protect their bottom lines. Textile millers also have a perceived need to access appropriate cotton prices which have been discovered in a transparent and regulated exchange platform with large and diverse participation.

MCX not only provides a robust and efficient platform for price discovery and risk management in cotton but also undertakes several educational and awareness activities to sensitize stakeholders about the modalities of using the derivatives platform. All the large textile mills in the Northern part of India are associated with NITMA and the combined turnover of its members is approx. Rs. 33,000 crores in Domestic market and 3400 crores of exports. The MoU with NITMA will enable the Exchange to reach out to a large stakeholder group, representing more than 100 members and their stakeholders in the cotton value chain across North India - one of the most prominent cotton growing, processing and textiles regions of the country.

Speaking on the occasion, Mr. Mrugank Paranjape, MD & CEO, MCX said "For more than six and half years now, MCX cotton futures has proven to be one of the most useful instruments for price discovery and risk management for multiple stakeholder groups across the cotton value chain, including cotton textile mills. India's textiles and clothing (T&C) exports exceeded $36 billion in 2016-17, constituting about 14 percent in the overall Indian export basket. The preponderance of cotton as raw material in the textiles industry and continuing high volatility in cotton prices mean that it is imperative for the managers of cotton mills to create appropriate risk management strategies for ensuring business sustenance. In this context, we are happy to partner with the Northern Indian Textiles Mills' Association Given the long history and prominence of cotton textile industry in North India in terms of production, employment and exports, as also the active presence of NITMA in this region, I am sure we shall be able to effectively propagate and educate our common stakeholders about the benefit they can derive from cotton derivatives." Mr.Rajiv Garg President NITMA said we are very happy to partner with MCX, India leading exchange that provides a deliverable and most liquid cotton futures contract. The MoU with MCX will enable our members to effectively participate in the Exchange's knowledge-sharing initiatives to understand the benefits, techniques and strategies of risk management using derivative contracts.

US to Review Preference Scheme Eligibility for India, Indonesia, Kazakhstan	**ICTSD** https://www.ictsd.org/bridges-news/bridges/news/us-to-review-preference-scheme-eligibility-for-india-indonesia-kazakhstan

Washington trade officials announced last week that they would be reviewing the eligibility of India, Indonesia, and Kazakhstan for participation in a long-standing trade preference programme for developing nations.

The news was confirmed by the Office of the US Trade Representative (USTR), which will conduct this review together with other federal agencies, and has been described as part of a broader initiative to improve enforcement of US trade policy rules. The programme in question is the US' Generalised System of Preferences (GSP).

For example, late last year USTR Robert Lighthizer announced a new plan aimed at verifying that GSP countries are meeting the requirements for continued involvement in the programme. This plan includes reviews every three years, with the US trade chief describing the effort as one meant to "set the correct balance for a system that helps incentivise economic reform in developing countries and achieve a level playing field for American businesses."

Last week's announced reviews of the GSP benefits to India, Indonesia, and Kazakhstan are meant to "help enforce the Trump Administration's key principles of free and fair trade across the globe," said Deputy US Trade Representative Jeffrey Gerrish. "We hope that India, Indonesia, and Kazakhstan will work with us to address the concerns that led to these new reviews," he concluded.

GSP, development, and US priorities

The US' GSP was renewed last month, following approval by Congress and presidential signature, though the renewal takes effect next week. The programme will now be in place through the end of 2020.

Initially set up by the Trade Act of 1974 and taking effect two years later, the GSP is Washington's longest running trade preference scheme, though it does require regular renewal by Congress and by the President. The GSP is aimed at fostering deeper ties with developing economies and incentivising economic growth and covers some 3500 products, imported from a host of designated countries, with additional coverage for least developed country (LDC) products.

Goods currently eligible for GSP treatment are listed on the Harmonized Tariff Schedule of the United States (HTSUS), published by the US International Trade Commission (USITC). The programme requiresthe exclusion of some goods, such as textiles and apparel, along with "import-sensitive" goods such as steel.

Along with reviewing individual country eligibility, the USTR also examines the products covered by the GSP to see whether including them remains in line with domestic priorities, consumer demand, market conditions, and other relevant factors.

Other considerations for including or excluding products, under the 1974 law, include how developing economies are affected, along with competitiveness implications for US producers and the effects of preference schemes granted by other countries.

India under review

India is the most commercially significant beneficiary of the preference scheme, having exported US$5.6 billion worth of GSP-eligible goods to the US in 2017, roughly one-quarter of the total value of products that the US imports under the programme.

The USTR has claimed that India has implemented a series of trade barriers that have hampered the import of medical and dairy products, such as a move last year to impose price controls on certain medical devices. The decision by New Delhi was lambasted by US industry groups, who argue that the move to force lower prices could hinder innovation while not providing any additional benefits to consumers. Indian health coalitions, meanwhile, have publicly defended the policy.

Lighthizer reportedly wrote to Indian commerce officials on the subject, according to the Live Mint news agency. As part of the GSP review, the US trade chief's office has accepted petitions submitted by the US dairy industry and the US medical device industry. Washington is also conducting a "self-initiated review" to see whether New Delhi is in line with GSP rules on market access.

Further reviews of Kazakhstan, Indonesia

According to the USTR, Kazakhstan's GSP eligibility review is based on labour rights concerns, and follows a petition submitted by the AFL-CIO, the large US labour federation.

The petition claims that Kazakhstan "has not taken steps to afford internationally recognised worker rights," according to the Office of the USTR. The country is the twelfth biggest recipient of US GSP benefits.

For its part, Indonesia currently ranks as the fourth biggest US GSP beneficiary, exporting goods to the US to the tune of US$2 billion last year. The Office of the USTR has cited market access among the reasons for reviewing GSP eligibility.

Additionally, GSP benefits to Indonesia were being reviewed on the basis of alleged lack of implementation and enforcement of intellectual property rights, as petitioned by the International Intellectual Property Alliance (IIPA).

According to the USTR, there will be a public hearing and comment period for the new GSP reviews of India, Indonesia, and Kazakhstan. Another eight countries have active GSP practices being currently reviewed, according to a list published by the US agency.

ICTSD reporting; "US Announces GSP Eligibility Review of India," THE WIRE, 14 April 2018; "US to review India's eligibility for GSP scheme," LIVE MINT, 14 April 2018; "Dairy groups support Trump Administration examination of India, Indonesia compliance under generalized system of preferences," OHIO'S COUNTRY JOURNAL, 16 April 2018; "US Medical Devices Companies Lobby To Punish India For Regulating Drug And Stent Prices," OUTLOOK INDIA, 25 October 2017; "$5.6 billion Indian exports may be hit as US weighs together policy.

Labourers form union to end bonded labour in India, after being rescued themselves	**Devdi Sources** https://www.devdiscourse.com/Article/4478-labourers-form-union-to-end-bonded-labour-in-india-after-being-rescued-themselves

About 500,000 labourers in 11 industries in Tamil Nadu, India are trapped in debt bondage, in which people must work to repay debts to employers and moneylenders.

Indians rescued from slavery are coming together to free others from bonded labour in brick kilns, rice mills and factories throughout the southern state of Tamil Nadu. About 500,000 labourers in 11 industries in Tamil Nadu are trapped in debt bondage, in which people must work to repay debts to employers and moneylenders, according to the International Justice Mission (IJM), an anti-slavery group.

Most work in brick kilns, said IJM in a 2017 report, though slavery is also common in other industries, including garment manufacturing. Varalakshmi Gopal, 45, spent seven years as a bonded labourer in a rice mill near the town of Thiruthani before being rescued in 2004.

Since she joined the Released Bonded Labourers Association (RBLA) in 2014, she has focused on freeing others from slavery. "I often enter these facilities pretending to be a person looking for work, or sometimes a brick kiln owner searching for labourers who have escaped from my facility," said Gopal.

"I know it is dangerous but I feel compelled to do it."

Once she finds evidence of bonded labour, she tips off police. She said she has taken part in at least 10 rescue operations. Members of four RBLAs are now spread across the state to spot forced labour, especially in brick kilns and rice mills, which are busiest in April and May before the monsoon rains hit, said RBLA members. The first RBLA was formed in 2014, and three across Tamil Nadu that have joined since then. The past year has seen a spike in membership - evidence that the movement to end debt bondage is getting stronger said Gopal.

Banned in 1976, bonded labour remains widespread, prompting the government to boost its efforts to clamp down, with plans to rescue more than 18 million people by 2030. "There are gaps and challenges in the implementation of the law," said Kuralamuthan Thandavarayan of the IJM, which supports the RBLAs. "But officials can't ignore the voice of the survivors who have suffered for years," he added. "The formation of these associations has given them a platform to fight back."

Another RBLA member, Arul Egambavan, said he was taken from his grandparents home at age 8 to work in a stone quarry. He laboured to pay off his father's debt of 10,000 rupees (USD 152) until being rescued 10 years later. "When I was freed, I didn't know anything about the outside world," Egambavan told the Thomson Reuters Foundation. "I had to turn to people who had been rescued earlier for help on everything - from how to apply for government grants to where to find work," he said. "I want to return the favour.

Indian Industry Buys Siemens Gamesa Turbines for Own Wind Parks	**Bloomber Quint** https://www.bloombergquint.com/business/2018/04/19/indian-industry-buys-siemens-gamesa-turbines-for-own-wind-parks

Siemens Gamesa Renewable Energy SA won 140 megawatts of wind power orders in India from industrial companies building their own parks. Energy-intensive businesses from textile and drug makers to auto companies ordered a total of 70 turbines, the Spanish-German company said. The manufacturers across southern India will link the parks to local grids and tap power as needed. Regional grid owners will charge the companies to draw wind power from networks in a process known as “wheeling,” said Madhu Kumar Boppana, a spokesman for Siemens Gamesa India.

The industrial companies, which Siemens Gamesa didn’t name, financed the turbine purchases through bank loans and internal funds, said Boppana. The parks will range in capacity from 2 megawatts to 58 megawatts and comprise 41 of Siemens Gamesa’s G97-2.0 turbines and 29 of the SG 2.0-114 units, the turbine maker said. No power storage facilities are envisaged for the parks.

Pakistan:Waiting for more concessions, Chinese hold off textile investment in Pakistan	**The News.Com** https://www.thenews.com.pk/print/306555-waiting-for-more-concessions-chinese-hold-off-textile-investment-in-pakistan

There’s no sign of the much-hyped Chinese investment that was expected to end up in the basic textile sector of Pakistan, which, being the fourth largest cotton producer and home to low-cost skilled labour, should be the most ideal country for the relocation of that industry. The Chinese, on the face of it, are adhering to a wait and see policy as Pakistan’s basic textiles are under severe stress and in all likelihood they may be waiting for more units to die so that they could acquire them for peanuts. In Punjab alone the number All Pakistan Textile Mills Association members has dropped to 204 from 296 a year back.

More than 115 textile mills have closed for good and many have disposed of their machines at junk rates. Still their deserted sites are ideal for establishing modern textile units. They closed because they were operating on obsolete technology and lacked resources to bring in the new one. Apart from that they have the basic infrastructure to operate a modern unit. They have sheds and storage space and gas, power, and water connections. If interested, the Chinese can enter into joint ventures with the sponsors of the closed mills. The infrastructure and the facilities available could be assessed by any reputable financial consultant and be considered the share of Pakistani partner in the joint venture. The Chinese could chip in with the state-of-the-art spindles. The average cost of 25,000 spindles would be Rs2 billion that Pakistan spinners do not have.

The mills could be started within six months of investment and would be viable from day one. This is because the modern spindles consume 40 percent less power and require only one-third of the workforce than that working in most of the existing spinning mills in Pakistan. It makes business sense for Chinese to start spinning yarn in Pakistan.

It is indeed strange that they have entered into joint ventures in spinning in Vietnam their Far Eastern neighbor that lacks skilled basic textile workers, does not grow cotton and wages in Vietnam are three to four times higher than Pakistan. Many Pakistani basic textile entrepreneurs including the close mills have shown keenness to enter into joint venture with the scores Chinese entrepreneurs that have been visiting Pakistan for this purpose.

Why are the Chinese stalling on a lucrative opportunity? They seem to be in no hurry. They are perhaps waiting for Islamabad to grant concessions to the textile sector particularly for power tariff. The Chinese know that if the basic textile industry is not provided this support then it would not be possible for the mills that are still operating to go on for long. They are perhaps waiting for few more closures and then start making low offers to the sponsors of closed mills. Instead of entering into joint ventures they would try to buy the entire facilities minus obsolete machines at very low rates and then install modern spindles as sole owners of the facility.

The Chinese know that Pakistan is the only destination where they could establish low value-added basic textile units, but they are practising patience as they do not want to increase the value of existing basic textile facilities. They have investment in hand. They would demand concessions from the government to bring it in, but they would first want the state to spell out its concessions for the existing place so that they could ask over and above those concessions.

It would be prudent for the planners to make it absolutely clear that no foreigner including the Chinese would get any additional concession that is not available to the local investors. Pakistan is the only destination available to the Chinese for investment in textile including basic textiles. Pakistani entrepreneurs should woo investors from developed economies for joint ventures in basic textiles. The day we entered into one joint venture we would see scores of Chinese companies following the suit within a week.

GUESS Joins BCI: Better Cotton Initiative in First Quarter of 2018	**Business Wire** https://www.businesswire.com/news/home/20180418006023/en/GUESS-Joins-BCI-Cotton-Initiative-Quarter-2018

GUESS, the global lifestyle brand famous for its iconic ad campaigns and trend setting denim, is proud to partner with The Better Cotton Initiative (BCI), an organization that works with cotton farmers, helping them to use water efficiently and care for the environment, as well as promote higher standards of work, during cotton production.

Last year, GUESS published its FY16-17 Sustainability Report which includes the company’s first-ever sustainability plan and Denim Water Lifecycle Assessment of its denim category. Understanding that 64% of water use occurs during raw material production, namely for cotton, GUESS joined The Better Cotton Initiative to start to source 'Better Cotton' to help address its water use. GUESS will make public its official goals for sustainable cotton sourcing later this year.

By becoming a BCI Retailer and Brand Member, GUESS can commit to a more sustainable future for cotton production by investing in the Initiative which, last year, reached and trained 1.6 million cotton farmers on more sustainable agricultural practices, such as efficient use of inputs (water, pesticides), increasing yields, and addressing gender equality and child labor issues.

"At GUESS, we use cotton in many of our products," says Victor Herrero, Chief Executive Officer of GUESS?, Inc. "It is important that we take the proper steps to source more sustainable cotton in the GUESS supply chain, which is why we have joined The Better Cotton Initiative. GUESS is excited to join BCI and the overall industry movement to improve the standards for global cotton production, and have that reflected in the cotton we source at GUESS." - Victor Herrero

For more information and the latest updates on GUESS Sustainability, please visit http://sustainability.guess.com/.

About GUESS?, Inc.

Established in 1981, GUESS began as a jeans company and has since successfully grown into a global lifestyle brand. Guess?, Inc. designs, markets, distributes and licenses a lifestyle collection of contemporary apparel, denim, handbags, watches, footwear and other related consumer products. Guess? products are distributed through branded Guess? stores as well as better department and specialty stores around the world. As of February 3, 2018, the Company directly operated 1,011 retail stores in the Americas, Europe and Asia. The Company's licensees and distributors operated 652 additional retail stores worldwide. As of February 3, 2018, the Company and its licensees and distributors operated in approximately 100 countries worldwide. For more information about the Company, please visit www.guess.com.

About the Better Cotton Initiative

The Better Cotton Initiative (BCI), a global not-for-profit organisation, is the largest cotton sustainability programme in the world. Last year, together with our partners we provided training on more sustainable agricultural practices to 1.6 million farmers from 23 countries. We are truly a joint effort, encompassing organisations all the way from farms to fashion and textile brands, driving the cotton sector towards sustainability. Thanks to these efforts, Better Cotton accounts for around 15% of global cotton production. BCI aims to transform cotton production worldwide by developing Better Cotton as a sustainable mainstream commodity. By 2020, our goal is to train 5 million farmers worldwide on more sustainable agricultural practises, and account for 30% of global cotton production.