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NEWS CLIPPINGS –05-05-2018

Traders' body fears exodus of MSME units	The Hindu http://www.thehindu.com/todays-paper/tp-national/tp-tamilnadu/msmes-worried-over-poor-industrial-climate/article23797470.ece

'Industrial climate is poor in State'

Members of the Micro, Small and Medium Enterprises (MSME) across Tamil Nadu have expressed concerns about the deteriorating condition of the sector and are worried that if the government does not prescribe the right measures many units would shift to neighbouring States.

In his letter to Chief Minister Edappadi K. Palaniswami on Saturday, K.V. Kanakambaram, president of The Industrial Estate Manufacturers Association, said: "We are facing a grave situation where many investments which were supposed to come to Tamil Nadu have moved to other States."

He added that these States were offering special incentives and packages to set up industries there. He requested the government to figure out how to promote large industries, because without big firms the MSME sector would die.

Another industrialist at Ambattur said that many small-scale firms were purchasing land in States like Andhra Pradesh, Telangana and Kerala. "Real estate cost is high in Tamil Nadu when compared to neighbouring States. Infrastructure is becoming a major concern too," he added.

Experts tracking the sector said that there was no data on the number of units moving out but the trend was quite evident now.

Implementation issues

C.K. Mohan, general secretary, Tamil Nadu Small and Tiny Industries Association (Tanstia), said Tamil Nadu had a good policy in place for this sector but implementation was a concern. "The State government has been doing a lot of work but it is time they think of competitors who are luring companies from here."

According to Tanstia president C. Babu, the biggest challenge for this sector is that banks are very reluctant to give loans, and the entrepreneurs have to depend on private financiers.

"They eventually end up closing their units due to financial issues," he said.

Mr. Babu said: "The trend of firms moving to neighbouring States requires immediate attention. The government should ensure that they bring in more big ticket investments, which will help ancillary units in the MSME space.”

Tamil Nadu has over 17.20 lakh registered Micro, Small and Medium Enterprises (MSME) units.

These units produce various products for sectors, including automobile, electronics, engineering, textiles and chemicals.

From December 2015, this sector has been facing several issues – more than 14,000 units suffered losses during the floods.

The following year, many small units in Tamil Nadu were damaged due to Cyclone Vardah. And more recently demonetisation and GST hampered their businesses.

Ludhiana firm eyes Rs 100cr sale after bagging contract to manufacture garments of Swiss Brand	**Times of india** https://timesofindia.indiatimes.com/city/ludhiana/ludhiana-firm-eyes-rs-100cr-sale-after-bagging-contract-to-manufacture-garments-of-swiss-brand/articleshow/64038984.cms

LUDHIANA: In a unique achievement, city-based garment manufacturer and exporter, Narinder Chugh, Swiss Military, a world renowned brand from Switzerlandhas signed an exclusive deal with Chugh's company Suisse A La Mode for manufacturing, marketing and sale of Garments of the Swiss company. Chugh's other company Million Exporter private limited has won several export awards including MSME award which was conferred to company by Textile Minister Smriti Irani and former union minister Kalraj Mishra.

Speaking to TOI about the achievement, Chugh said, "This is indeed matter of pride for us and our city as this is perhaps first time that such a big global brand has tied up with a Ludhiana firm for manufacturing of its products which will be sold worldwide. Incorporating the vision Make in India vision of Prime Minister Narendra Modi, my aspiration was to launch a well reputed international brand in India under the leadership and guidance of my son Akshat who is a Graduate from the UK and will be handling the manufacturing, marketing, selling and promotion of the brand in India.

Our first step will be to make Swiss Military products available at all the leading multiple brand outlets, Exclusive Brand outlets, franchisee outlets, e-commerce platforms and also through channels of distribution"

He also said, "Our plan is to launch 400 exclusive Brand Outlets all over India for our products and create a new milestone by having presence in corporate sales. Our projected sales for the coming year will be around Rs. 100 crores or more,”

Giving more information Akshat Chugh said, "Our company has rich experience, in-depth knowledge of product creation, with in-house designing, vertical set up where we have facility to manufacture fabric to fashion under one roof, compliance set up and updated technology which can bring substantial results for the brand as we can offer quality, quantity and fashion at the same time. The company will now manufacture extremely innovative products like T-shirts, jackets, pullovers, polo t-shirts, tops for Swiss Military in India."

Monsanto moves apex court on BT cotton seed patent	**Business Line** https://www.thehindubusinessline.com/economy/agri-business/monsanto-moves-apex-court-on-bt-cotton-seed-patent/article23781383.ece?homepage=true

US-based agro major Monsanto Technology on Friday moved the Supreme Court against a Delhi High Court order dismissing its plea to enforce the patent for its BT cotton seeds in India.

An apex court bench comprising justices Rohinton Fali Nariman and Abhay Manohar Sapre will take up the matter on May 7.

The firm moved the apex court against the April 11 order by which its plea was dismissed by the high court, which had partially allowed the counter-claims of three Indian seed companies that Monsanto does not have a patent for its BT cotton seeds, a genetically modified variant which resist bollworms.

The court had also upheld the decision of a single judge on the issue of trait fee payable to Monsanto by the companies -- Nuziveedu Seeds Ltd, Prabhat Agri Biotech Ltd and Pravardhan Seeds Private Ltd -- under the sub-licence with them.

The single judge had said that the Indian companies would pay trait fees to Monsanto according to government-set rates.

Monsanto wanted to charge a higher rate of trait fee under the sub-licence given to Indian companies to use its seed technology.

Both sides had challenged the single judge’s order before the division bench.

Relax labour laws to promote India as preferred sourcing destination for textiles: Report	**India Today** https://www.indiatoday.in/pti-feed/story/relax-labour-laws-to-promote-india-as-preferred-sourcing-destination-for-textiles-report-1227614-2018-05-06

New Delhi, May 6 (PTI) The country needs to relax labour laws and enhance incentives in order to become the preferred sourcing destination in textiles sector, a report submitted to the government said.

The study, commissioned by the textiles ministry and conducted by the Indian Institute of Foreign Trade, suggested strengthening the eco-system for textile exports, integrating fragmented textile value chain and investing in skill upgradation as measures needed to boost India?s sourcing potential.

"Outdated labour laws within the textile sector hampers India from becoming labour competitive. India is not perceived to be a low cost labour destination," the report said.

The incentives offered in India are far below that offered in China, thereby making Indian products lose out on being price competitive in the global markets, it further suggested.

The report also called for innovation in terms of new products, new business models and collaborations; digitisation of entire supply chain from product development to delivery and ensuring compliances related to quality and legal issues, so that India is recognised for producing world class products.

"IIFT also believes that key to success is encouraging product as well as market diversification for varied textiles & apparel products and clear positioning of Indian Textiles in International Markets," it said.

According to the study, the poor state of roads and connectivity around weaver hubs have led to reduced number of personal visits by buyers, leading to greater dependence on buying agents.

Moreover, it said, the high import cost of latest machines deter many small manufacturers from upgrading to the latest technology, thereby contributing to compromises on quality.

"India levies a total tax burden to the tune of 23.5 per cent, which includes basic duty, CVD (countervailing duty) and special CVD on the imports of machines in addition to landing charges and additional cess," the study noted.

On the other hand, governments in China, Vietnam and Bangladesh promote the investments in modern technology by either government investing themselves or by levying duty of around 1-2 per cent, while in Vietnam it is zero per cent, said the report.

Besides, it observed that India?s carpet sector faces a growing threat of depletion of skills and forward dissemination of knowledge to the next generation.

"Low per day wage rate despite the hard work of hand weaving is making this sector financially unviable to the younger generation," said the report, suggesting to ensure adequate wages by increasing the designer-weaver-buyer connect.

It also suggested setting up vocational courses in carpet weaving so that the craft and skill of Indian handmade carpets is kept intact.

The report also flagged the key issue of poor knowledge about international quality compliances.

"Regular training and skilling about quality issues related to dyes, colours, etc.., must be imparted so that even the most remote weaver or designer is trained with the mindset of being quality conscious for the products developed locally and globally," the report suggested.

It said the focus should be on promoting niche areas that cover indigenous artisans, weavers and craftsman as they provide a unique identity to the countrys textile output.

Centre's textile industry sops will help start-ups: CS	**Times of India** https://timesofindia.indiatimes.com/city/ahmedabad/centres-textile-industry-sops-will-help-start-ups-cs/articleshow/64046327.cms

Ahmedabad: Highlighting the importance of skilled manpower in the textile industry, chief secretary J N Singh hailed the Union government's budgetary provision for textile industry and said it will help start-ups flourish. Singh was present at a discussion at the Indian Textile Global Summit 2018, on Saturday. “Skilled manpower is of utmost importance in the textile industry. The recent provision in the Union budget with the government providing subsidies for new employees in textile industry, will help start-ups in the textile industry grow,” said the state chief secretary. Singh also spoke about the garment policy and said it has been designed in a way to help the industry.

“The GIDC has already created necessary infrastructure with plug and play sheds to aid garment conversion industry. We are facilitating necessary infrastructure support for the garment manufacturers to be in the state. In fact, the state has a natural advantage with the entire textile value chain present here,” said Singh. “We hope that Gujarat also becomes a garment hub apart from being a textile hub. We will continue to support initiatives around this,” he added.

He also spoke of several garment manufacturing units eyeing to set up facilities near Vapi and Ahmedabad. “Six months down the line, these companies will be going around in a big way, thus aiding the industry at large,” Singh said.

Companies get scrutiny notices for mismatch in GST returns	**Business Today** https://www.businesstoday.in/current/economy-politics/companies-get-scrutiny-notices-for-mismatch-in-gst-returns/story/276337.html

GST officers have started sending scrutiny notices to companies whose tax payment did not match the final sales return, after revenue authorities detected underpayment of GST by about 34 per cent, a source said.

Besides, companies whose final sales return GSTR-1 did not match GSTR-2A, which is a purchase return auto-generated by system from his seller's return, have also received scrutiny notices.

As per an analysis done by the revenue department in March, 34 per cent of businesses paid Rs 34,400 crore less tax between July-December while filing initial summary return (GSTR-3B).

These 34 per cent of the businesses have paid Rs 8.16 lakh crore to the exchequer by filing GSTR-3B, whereas analysis of their GSTR-1 data show that their tax liability should have been Rs 8.50 lakh crore.

In one notice issued by Gujarat GST commissionerate on May 4, taxpayers have been asked to explain the reason for "discrepancies" in return GSTR-3B and GSTR-1 for October-December period by May 14.

"If no explanation is received by the aforesaid date, it will be presumed that you have nothing to say in the matter and proceedings in accordance with law may be initiated against you without making any further reference to you in this regard," the notice said.

Tax experts said that GST law provides for 30 days time to be given to taxpayers for replying to scrutiny notices, however, in the said case only 10 days time has been granted.

AMRG & Associates Partner Rajat Mohan said: "The government should issue strict guidelines for the officers to be reasonable and rational in disposing off the notice after giving the full opportunity of being heard to the tax payers. In one of such notice, tax officer has given 10 days (out of which four days weekly off) against a maximum 30 day period allowed in rules".

EY Partner Abhishek Jain said the activity of data analytics at the end of revenue authorities has commenced with various players receiving notices, seeking clarifications on differences between GSTR-1 and GSTR-3B as well as GSTR-2A and GSTR-3B.

While the reconciliation between GSTR-1 and 3B is to essentially verify payment of taxes for all outward supplies made, reconciliation between GSTR-2A and GSTR-3B is to ensure that credits claimed by businesses only pertain to taxes actually paid by the suppliers and there not being any loss to the government exchequer on this account, Jain said.

The government has collected over Rs 7.41 lakh crore as GST in last fiscal. However, there were concerns that due to absence of anti-evasion measures there might have been leakages in tax revenue.

The GST Council, headed by Finance Minister Arun Jaitley and comprising state counterparts, had in its meeting in March decided to further analyse data gaps between self declared liability in GSTR-1 and the taxes actually paid while filing GSTR-3B.

The revenue department has analysed the Goods and Services Tax (GST) returns data filed by over 51.96 lakh businesses during July-December, 2017. The indirect tax reform GST was rolled out from July 1, 2017.

The data analysis showed only 16 per cent of the summary sales returns under GST matched with the final returns till December 2017. It also showed that there was excess tax payment of Rs 91,072 crore by 49.36 per cent of businesses registered under GST between July-December. While they have paid Rs 6.50 lakh crore as GST, the GSTR-1 filed by them shows that their liability should have been Rs 5.59 lakh crore.

Trade frameworks hurt India's garment sector: Biz bosses	**DNA India** http://www.dnaindia.com/ahmedabad/report-trade-frameworks-hurt-india-s-garment-sector-biz-bosses-2612343

India needs to rework its trade treaties with countries and blocks of countries to encourage garment sector in the country, industry players said in a document that will be submitted to Gujarat government. Other major areas that need to be worked upon include change in traditional mindset leading to a nimble approach in the adaptation of new practices, creating economies of scale, inviting foreign investment and focus of research and development. "We need to rethink our trade agreements. The Free Trade Agreement (FTA) with European Union is not working for us and the South Asian Free Trade Agreement (SAFTA) is hurting us," said Meena Kaviya, chairperson of Textile Committee of Gujarat Chamber of Commerce and Industry (GCCI), while giving highlights of the white paper prepared during the 'Farm To Fashion' expo in the city of Saturday. What she meant was that in spite of FTA with EU, Indian exports are not rising in the region. On the other hand, Indian import from countries like Bangladesh is rising and eating into the share of local because of SAFTA.

The expo aimed to create end-to-end value chain in the textile sector in Gujarat, which is the largest producer of cotton and man-made fibres. Low-value products like cotton and fabrics are being exported from the state while high-value products like apparels are being imported in the state. State government and industry players want to create entire value chain in Gujarat to create more jobs.

At present, Ahmedabad and Surat are major centres for producing cotton and man-made fibres and fabrics, aimed predominantly at low-value domestic market. The other major areas to improve upon include availability of skilled workforce and creating economies of scale to create competitive products, change in mindset and adopt new practices for sustained growth. Processing is another segment where huge capacities need to be generated and quality improved. Players should also focus on R&D," said Kaviya.

Farm To Fashion wit-ness Rs 400 crore biz in two days:

The Farm To Fashion expo that begun in Ahmedabad on Friday witnessed a business of Rs400 crore in two days, GCCI president Shailesh Patwari said on Saturday. We are elated with the response we got from the expo. The state government has also promised us all the help to promote garment sector in the state," said Patwari. Close to 1,380 buyers from India and abroad participated in expo.

Industry bodies studying export subsidy schemes	**The Hindu** http://www.thehindu.com/business/industry-bodies-studying-export-subsidy-schemes/article23787192.ece

Move follows U.S. disputing some of the schemes at WTO

Textile and clothing export promotion councils and associations related to exports have started taking up studies on the export promotion schemes implemented by the government. This comes in the wake of the U.S. challenging some of the Indian export subsidy schemes at the World Trade Organisation.

“We have appointed an agency to give recommendations. We expect a report in three to four weeks. As of now, there is no concrete opinion on any of the schemes,” said A. Sakthivel, vice-chairman of Apparel Export Promotion Council.

Supportive schemes

The focus will be on strengthening the whole sector. The apparel sector is at an important milestone and the council is looking at schemes that will support the sector for another 10 to 20 years, said Chandrima Chatterjee, advisor — research and policy advocacy, of the council.

According to Siddhartha Rajagopal, executive director of Cotton Textiles Export Promotion Council, the export schemes that are being studied are for all sectors and not just textiles. So, various organisations and government departments are examining these schemes. “They want inputs from the industry. If alternative schemes are to be there, those should be rolled out this year. The government is reviewing the existing duty drawback and Rebate of State Levies too,” Mr. Rajagopal said. We need to see how fast the schemes can be developed and operationalised at the industry level. Each industry has its own requirements too,” he added.

PPVFRA Judgment: Death knell for agricultural innovation	Financial Express https://www.financialexpress.com/opinion/ppvfra-judgment-death-knell-for-agricultural-innovation/1157805/

The judgment leads to low prospects of patenting agri-innovation, extinguishing the incentive for companies to deliver new and transformative technologies.

Recently, the Honourable Division Bench of the Delhi High Court, while hearing a patent infringement suit filed by Monsanto against Nuziveedu Seeds and group companies, invalidated Monsanto's patent on Bollgard II technology. It directed Monsanto to seek registration for its donor seeds, containing the technology, and access to the benefit sharing mechanism for these donor seeds under the Protection of Plant Varieties and Farmers Right Act (PPVFRA).

With full respect to the judges and the judgment, we should look at the following aspects contained therein and the far-reaching implications:

"The judgment concludes that the man-made gene is inanimate and without utility unless it is integrated into a plant / plant variety and that Monsanto was, therefore, effectively claiming a patent right over a gene incorporated in a plant /plant variety, which is prohibited by Section 3(j) of the Patent Act. The High Court appears to have completely misunderstood the technology, which is a man-made gene or chemical. It is not a plant, seed or any naturally occurring material. The High Court also appears to have confused the technology with the way it is used by seed companies who have licensed the technology. In brief, it appears that the court has held that the patent for a man-made chemical, or a man-made gene, is invalid not because it is a plant or seed, but merely because it is used within plants.

"Cotton seed is covered under the Essential Commodities Act and hence the access to donor seeds cannot be denied by the technology developer to any seed company that wants it. This means if someone develops a technology, and goes through a process of deregulation, anyone else can seek access and it must be given irrespective of any criteria applicable to the seekers of such technology.

There are other aspects of this judgment that deal with the license, such as royalty dues, which are not relevant to this article.

This judgment has deep implications for agricultural research in general and agricultural biotechnology in particular. It has significant bearing for Indian farmers who could be at a severe disadvantage with a research investment deficit and a lack of access to globally available innovation.

* By the logic in the Court ruling, all patented products which are designed to be incorporated into any plant or animal are at the risk of being invalidated. The Patent Authority of India has granted over 100 patents so far for agri-biotech innovations, genes, and traits. Over 1000 applications are pending. These are from the private industry, public institutions, Indian companies and multinationals. Will all these patents become null and void now? Public and private institutions have invested thousands of crores in this space for the last two decades trusting the Indian Patent Act. Government has invested thousands of crores of tax payers' money through Department of Biotechnology and other institutions. Do all those research outputs go out of the ambit of patents? A narrow view would suggest this be

applied to the single patent under question in this judgment. However, by disallowing patentability, this judgment is equally applicable to agri biotech patents in general and enables those who seek technology without wanting to pay for it by citing farmer interest.

* Practically all crops are covered under the Essential Commodities Act. Does it mean that technology or germplasm developers have to give out genes, traits, and parent material in all crops to anyone who wants them? The concept of technology stewardship becomes irrelevant. What about commercial benefits for technology developers and researchers? It is indeed disheartening that few seed companies want to have their cake and eat it too – gain access to technology, build flourishing businesses, and then follow the path of misinforming stakeholders to an extent where investments suffer. Well intentioned laws of our country such as the Essential Commodities Act are stretched without any regard for eventual adverse impact on farmers – can there be any bigger disservice to our nation?

* The judgment also recommends that the technology developer may instead seek protection of its Intellectual Property Rights in the gene under the PPVFRA by seeking registration of donor seeds containing the gene. The gene does not constitute a plant variety under the PPVFRA. A variety is a combination of genes which makes it unique and suitable for protection under PPVFRA. Donor seeds are not necessarily unique varieties. They are mostly public varieties (as is the case with Coker seed used as donor seed for Bt gene), which in many cases, may not be eligible for protection under PPVFRA. Even if it does, registration for the donor seeds containing the gene would not protect the technology developer's rights in the gene itself. So, how the technology developer gets protection under the PPVFRA is very nebulous and unprecedented!

* A party may easily misappropriate such donor seeds, and transfer the gene from the donor seeds to its own varieties such that there is nothing in common between the two, except for the presence of the gene. In such an event, the technology provider would have no remedies to restrict the misappropriating party from the unauthorized use of its gene. On the other hand, a party can also use the developer's gene in his variety and not get that variety registered under PPVFRA. The technology provider would not be able to seek compensation for use of its gene under PPVFRA as the variety is not registered with the authority and benefit sharing does not apply. In fact, many companies have not sought PPVFRA protection for their varieties for various reasons. This will now be an additional reason for not seeking protection.

This judgment can potentially harm research investments in developing agricultural biotechnology. Apart from genetically modified (GM) technology, there are several new non-GM breeding technologies now available. All of them will meet with the same fate as the BGII gene in terms of patent protection. So, why would any research based commercial organization invest further in developing such technologies for Indian farmers, or bring relevant available technologies to India?

Research in multiple crops like cotton, maize, rice, and vegetables, will come to a halt as low prospects of patenting and commercialising novel inventions extinguishes the incentive for companies to deliver new and transformative technologies. This reduces competitiveness for Indian farmers due to lack of access to new technologies, while farmers in other geographies have access to latest technologies ensured by a predictable business environment and respect for IP rights. New and innovative technologies are already skipping India as investments get redirected to other countries with dependable patent laws.

In this background, can we sustain India's global competitiveness in cotton and the future of 70 lakh cotton farmers at a time when the global dynamics of cotton industry are changing? The huge production, exports, and wealth which Bt cotton has generated for the country and its cotton farmers is under threat. Confederation of Indian Textile Industry (CITI) estimates that demand for cotton in India will double in the next ten years – the textile industry should surely be worried with the developments we have seen over the last 3 years and their implications for cotton availability. Everyone reading this should understand what is happening in Burkina Faso – this country, once a top cotton producer in Africa with 70% area under Bt cotton, phased out GM Cotton in 2015, and is already on the verge of a crisis with high pest infestations, high pesticide use, falling yields and their farmers losing incomes and becoming uncompetitive. Are we headed in the same direction?

I leave it to the pharma biotech industry to look at the implications of this judgment for them because they deal with similar biological processes.

The role of the Courts is to interpret the law. Laws involving science can be complex and exposed to misrepresentation by companies with vested interests who seek to infringe. It is the Government which must look at the laws, look at their suitability to our ambitions in agriculture, look at compliances with various International obligations like TRIPs, and take necessary steps to clarify these laws, and their intent and principles to encourage research, progress, predictability, and prosperity of our farmers. I trust our Government would look at these aspects immediately and take necessary steps. My previous article was titled – To Bt or not to Bt – 'not to Bt' is now clear and we are headed for a major crisis.

Garment workers are a neglected lot	**The Hindu** http://www.thehindu.com/news/cities/bangalore/garment-workers-are-a-neglected-lot/article23795661.ece

This largely female workforce remains forgotten in every poll

Two years have passed since thousands of garment workers took to the streets in violent protests. While the stir was a reaction to the Centre's decision to amend Employees' Provident Fund withdrawal rules, other factors such as poor wages, harassment in factories, and long working hours also played a role.

The Centre may have withdrawn its amendment, but nothing else seems to have changed in this sector, which for the most part remains unorganised.

There are five lakh garment workers across Karnataka, but the largely female workforce — around 80% — remains forgotten during every election. Bengaluru alone has over 1,200 factories as the city is a major manufacturing hub, especially for ready-made garments. Problems such as low wages, gender disparity and sexual harassment remain unaddressed. Workers say no party has reached out to understand their problems.

"None of the parties have done anything for garment workers. The Congress government had promised a wage hike from ₹7,700 to ₹12,000 for workers in the city and a draft notification was brought out in February this year. But after the management of four manufacturers gave representation, the notification was cancelled," said Prathibha R., president, Garment and Textile Workers' Union. She added that only the JD(S), in the 2008 Assembly elections, promised to increase their wages.

2015 survey

A 2015 survey by the Centre for Workers' Management and Garment and Textile Workers' Union found that their wages were extremely low.

Another problem is the high cost of bus transport, forcing workers to walk to work. "Now, the Congress has promised us Indira Sarige (bus service). But we need more money, not transportation. We have no hopes from the BJP as well," said Ms. Prathibha.

The union is conducting an awareness campaign among the garment workers to ensure that their demands reach political parties. "We have given out 50,000 pamphlets to workers highlighting the issues that have not been addressed," she added.

Anita Cheria, who has been working with the garment worker community for over a decade, said the elections have not addressed the labour issues at all. "In fact, there has only been a dilution of labour laws. Even in the manifesto, nothing positive has come out from political parties. However, visibility of garment workers and their issues have increased as have their assertion of rights," Ms. Cheria said.

However, it may be long before this visibility leads to fulfilment of their demands.

India remains Sri Lanka's major trading partner followed by China in 2017	**Sunday Times** http://www.sundaytimes.lk/180506/business-times/india-remains-sri-lankas-major-trading-partner-followed-by-china-in-2017-292664.html

Sri Lanka's exports surpassed US $1 billion for the fifth time propped up by apparel which topped $5 billion and considerable growth of 42 per cent in seafood, the Central Bank (CB) said in its 2017 report. However a year-end increase in imports hiked the trade deficit to over $1 billion for the first time since 2012, CB sources said.

India remained Sri Lanka's major trading partner last year, followed by China and the US – all these three countries contributed to around 40 per cent of total trade with island nation. Trade between Sri Lanka and India surpassed $5 billion in value in 2017 recording a share of 16.1 per cent of the country's external trade, CB statistics showed.

Trade with China and the US exceeded $4 billion and $3 billion respectively during the same period. In addition trade with countries like UAE, Singapore, the UK and Japan exceeded $ 1 billion. Trade between Sri Lanka and countries like India, Singapore, the UAE, Japan and the US increased in 2017 compared to the previous year while trade with China and UK declined.

Continuing the trade patterns observed in previous years, western countries especially the US and the UK continued to be the main destinations for Sri Lankan exports, while India and China in Asia dominated local exports.

Despite a double-digit growth in exports surpassing $1 billion for the fifth time in the year, Sri Lanka's trade deficit also widened to exceed $2 billion mark in December 2017, according to the CB data released in its External Sector

Performance Review. On a cumulative basis, exports earnings during 2017 was up by 10.2 per cent (year-on-year) to \$11.36 billion, with higher earnings from tea, rubber, garments, seafood exports, spices, petroleum products and minor agricultural products. Last year the trade deficit increased by 8.4 per cent to \$9.62 billion from \$8.87 billion recorded for 2016.

Despite earnings from exports rising at a higher rate, the increase in import expenditure has resulted in a widening trade deficit in December 2017 by 7.5 per cent to \$1.029 billion. Earnings from exports increased by 18.7 per cent in December 2017 to \$1.02 billion from \$ 859 million in December last year. Earnings from textiles and garments exports contributed largely for this growth. Revenue from textiles and garment exports continued to increase significantly in December 2017 with increased exports to the European Union (EU) following the restoration of the GSP+ facility in May 2017.

India makes efforts to re-establish ties with Libya; Rijiju to visit	**Money Control** https://www.moneycontrol.com/news/business/wire-news/india-makes-efforts-to-re-establish-ties-with-libya-rijiju-to-visit-2563631.html

India's relations with Libya were snapped after the fall of the Muammar Gaddafi regime in 2011. New Delhi does not have any representative in Tripoli for the last few years nor does Libya have an envoy in New Delhi

India is making an attempt to re-establish its diplomatic relations with Libya, with Union Minister Kiren Rijiju embarking on an official visit to the North African country beginning Tuesday.

India's relations with Libya were snapped after the fall of the Muammar Gaddafi regime in 2011. New Delhi does not have any representative in Tripoli for the last few years nor does Libya have an envoy in New Delhi.

"First time India will establish contact with Government of Libya after the civil war and the end of Col Gaddafi's long rule," Rijiju told PTI here today.

During his two-day visit, he is expected to meet top leadership of Libya and interact with the Indian diaspora which continues to live in the conflict-hit country.

There are still around 1,500 Indian nationals, who have decided to stay back and continue with their jobs, despite the advisories issued by the External Affairs Ministry asking them to leave Libya. "It is an initiative of the Ministry of External Affairs to establish diplomatic contacts with those countries with whom India is not having and could not have proper relations so far," Rijiju said. The minister will be accompanied by Indian Ambassador to Tunisia Prashant Pise, who is also holding additional charge of Libya.

India first established its diplomatic mission in Tripoli in 1969. The high point of Indo-Libya relations was the visit of late Prime Minister Indira Gandhi to Libya in 1984.

After Gaddafi's killing on October 20, 2011, Libya was formally declared "liberated" on October 23, 2011. In November, 2011 the interim government - National Transitional Council (NTC) was formed and India's formal recognition to the NTC was conveyed on November 16, 2011.

In his second leg of the tour, Rijiju will visit Tunisia from May 10 to 11 and meet the country's leadership and the Indian disaspora there.

His visit to the two North African countries comes as part of the External Affairs Ministry's plan to reach out to 68 countries that have not been visited by any political representative of the current government. Many ministers have visited the US, the UK, China, Japan, Germany etc but the NDA government wants that the ministers should also visit other nations for better international cooperation and understanding.

Of the over 190 countries in the world, Prime Minister Narendra Modi has visited around 50 at least once, and, according to officials, wants his ministers to contribute in improving foreign relations through their respective ministries. Exports by India to Libya during the period 2015-16 stood at USD 122.58 million. On the other hand, imports by India from Libya for 2015-16 were to the tune USD 8.86 million. The bilateral trade went down mainly because of the ongoing political and civil strife in Libya since July 2014 and decrease in oil production.

The main items of India's exports to Libya are stone, plaster, tobacco, coffee, drugs and pharmaceuticals, and other commodities. The main item of India's imports from Libya is petroleum (crude and products) and aluminum ores.

The first resident Indian mission at the level of charge d'affaires was established in Tunisia in 1963 and raised to the Ambassador level in 1976. The Tunisian Embassy in New Delhi was set up in 1981. Several high-level visits took place in this period. Notable among them were that of Indira Gandhi in April 1984, and then prime minister Narasimha Rao in 1992.

Tunisia has been a reliable source for phosphates. India accounts for around 50 percent of Tunisia's global phosphoric acid exports. India, on the other hand, exports a wide range of products. Significant among them are automobiles, electrical items, cotton, mechanical engines, rubber, rice, coffee, spices etc. The annual bilateral trade during 2016 was 370.46 million.

Bangladesh’s textile industry holds big lessons for Nigeria	**Business Today Online** https://www.businessdayonline.com/bangladeshs-textile-industry-holds-big-lessons-nigeria/

At a time Nigeria’s total non-oil export is less than $2 billion, Bangladesh, once among the poorest countries in the world, is raking in $28 billion just from textile export.

Bangladesh’s oil is the textile industry, which accounts for over 70 percent of export revenue and 13 percent of the country’s gross domestic product.

One big reason why Bangladesh got its textile industry right was policy.

Bangladesh is reputed for having more investor-friendly policies than many of its neighbours and has cheaper skilled labour. According to Reuters, the country has tax-free access to 37 countries, including the European Union, Canada and Australia. This is different from Nigeria, which has continued to get its trade polices wrong and serially adopts protectionist policies that make free trade hard.

In fact, around 2011, Bangladesh wooed some investors in Pakistan, who discovered that it was easier to do business in the country.

After liberation in 1972, Bangladesh had opted for a socialistic economic policy by nationalising all big industries, including large textile mills, according to Mazharul Islam Kiron, textile consultant and researcher.

However, the country took a more capitalistic view of development by not only opting for a market-oriented economic policy but also handing over these mills to the private sector in phases.

This signalled a breakthrough in the industry, which today provides 4.5 to five million jobs for the people of the country.

The country today is an export-oriented economy, thriving on cotton and ready-made garments.

Last year, Bangladesh came up with a textile policy, targeted at expanding the export market.

One of the focal points of the policy is to strengthen the primary textile sector to fulfil the local demand of textiles and promote a medium and high value added export oriented garments industry.

Knitting industries in the country are self-sufficient. Bangladesh and Nigeria have things in common. The country has 163 million people and Nigeria's population is 193 million. Two, both countries have energy challenges, with shortage of gas hurting many factories in Bangladesh. Nigeria too is hard hit by high energy cost, which raises expenditure of many manufacturers. However, Bangladesh has found a better way to manage its gas and electricity shortages.

More so, some raw materials needed by the textile industry are still imported, just like in Nigeria. This is draining the country's foreign exchange just as it does in Nigeria. Local manufacturers in Nigeria constantly scramble for dollars with which to import inputs.

Both are also low middle-income countries.

However, the big difference is in the area of policy and business environment.

Bangladesh has a strong spinning, weaving, power loom, knitting, dyeing and finishing industries. Today, many factories are drooling to set up plants in the country to enjoy economies of scale.

Nigeria was a hub of textile manufacturing in 1970s and 1980s with companies such as Asaba Textile Mills, Aba Textile Mills, Kaduna Textile Mills, Afprint Nigeria Plc and Enpee Industries, among others, now rested, owing to unbridled smuggling of Asian textiles, high cost of energy, poor patronage, as well as lack of cotton to feed the mills.

There is a N100 billion Cotton, Textile and Garment Fund by government but players say funding is not the major challenge. Much of this fund has been disbursed yet the industry is at its lowest ebb.

According to the Textile Manufacturers Association, about 85 percent of the $1.4 billion worth of textiles that flood the country's market is smuggled, mainly from neighbouring countries.

"What we need is the enabling environment. We cannot compete with the level of smuggling and counterfeiting going on now. We used to have about 127 textile firms in Nigeria but that has come down to two or three now," said Grace Adereti, president of the Nigerian Textile Manufacturers Association (NTMA) in Lagos, at a Made-in-Nigeria stakeholders' meeting recently.

"We had the revival loans but this didn't work because our biggest problem has never been money," Adereti said.

About 60 percent capacity utilisation was achieved in Nigeria's textile industry in 1996, but this deteriorated to 28 percent in 2002.

The textile industry today is worse than it was in 2002 as only African Textile Manufacturers (ATM) Limited, Angel Spinning and Dyeing Limited, and Spinners and Dyers Nigeria Limited can be called textile firms. In fact, industry sources say only two are in operation. Even at that, fabrics production makes up less than 30 percent of their business. Most of what is called textile firms today are fashion designers. This does not constitute full-fledged manufacturing.

"It is inconceivable how a textile sector that is so viciously exposed to smuggling hawks can survive and grow, unless there are deliberately put-in-place measures to protect the industry," a research report conducted by Martin Ike-Muonso, a professor, on 'Discriminatory Margins of Preferences for Selected Manufacturers Association of Nigeria (MAN) Sectors' said.

Ethiopia ups textile sector in industrialization bid	**World Bulletin** http://www.worldbulletin.net/news/201802/ethiopia-ups-textile-sector-in-industrialization-bid

World Bulletin / News Desk

Ethiopia is largely an agrarian economy but the country is working hard to change this by upping its game in the textile sector.

Eighteen leading apparel and textile companies from the U.S., China, India, Sri Lanka and six local manufacturers have set up factories at an industrial park in Hawassa -- a lakeside resort city 170 kilometers south of the capital Addis Ababa.

Buoyed by medium term prospects for growth, the textile and apparel companies are all set to expand their operations.

The state-of-the-art park in the regional capital is part of Ethiopia's second growth and transformation plan (GTP II).

Ethiopia with a young labor force of 45 million people has a huge potential in the manufacturing sector.

The annual manufacturing growth which is currently 25 percent, is projected to increase gross domestic product

(GDP) fourfold and its share in exports to 50 percent.

Of the companies intent on tapping this potential is Chinese manufacturer JP Textile, that is currently expanding its production at the park.

“We are planning to inject $22 million and expand our production here,” Danny Leung, JP Textile general manager said.

"That would be doubling up our existing investment of $22 million," Leung said, pointing at the piles of machinery imported from China.

“The prospects of this country advancing to a medium level of industrialization is very much within sight.

“Ethiopia’s textile industry is picking up now and fast catching up with the likes of Vietnam, Indonesia, Cambodia and other Far East countries,” he said.

The park

The Hawassa Industrial Park -- a trailblazer offering a model for five other industrial parks in the making -- has been designed to employ 60,000 people at full capacity to generate export revenue amounting to $1 billion.

It has 37 factory sheds and its own renewable electricity source. Spread over 1.3 million square meters, the park offers one-stop government services to ease what otherwise would have been a time taking procedure.

It also employs zero liquid discharge (ZLD) enabling it to recycle 90 percent of sewerage disposal.

The government also provides various incentives in the form of tax holidays, duty free imports of factory machinery and other equipment, and cheaper transportation of products to the port through a multibillion dollar electric railway line.

Despite that some challenges remain to be tackled.

Leung said problems related to foreign currency, raw materials sourcing and skilled human power are unresolved issues.

“We import cotton from China as the quality produced in Ethiopia does not meet the required standards,” he said, adding availability of best quality cotton from local sources could have reduced production cost.

While JP Textile is in the process of doubling production by the end of this year, Leung is not sure of getting skilled labor.

He said inexperienced labor may slowdown the company’s expansion bid as available workforce will need training.

“I am not complaining about this though, because I acknowledge that the country has embarked on industrialization only recently; so it is something to expect," he said.

"When we started operations here, we sent 28 fresh graduates to China. All of them returned and they are the ones who are managing production lines," he said, adding they will continue hands-on training.

The company currently produces 36,000 yards an hour while operating at 50-60 percent of its capacity.

Vietnam's Textile and Garment Exports Continue to Grow	**Vietnam Briefing** http://www.vietnam-briefing.com/news/vietnams-textile-garment-exports-continue-grow.html/

In 2017, Vietnam's textile and garment industry earned US$31 billion from exports, a year-on-year increase of over 10 percent. This growth momentum will continue in the next few years, with exports predicted to reach US$34-35 billion this year, and US$50 billion by 2020. Garment manufacturing accounts for the majority of businesses, at 70 percent.

In 2017, garment exports reached US$25.9 billion, an increase of 8.7 percent year-on-year, while textile exports reached US$3.5 billion, an increase of almost 20 percent compared to 2016. However, Vietnam's imports for textile production are almost half of their exports, at US$15.48 billion, highlighting the need for increased domestic sourcing to minimize trade surplus. Industry growth is not only limited to exports, but also the domestic market, which has seen a year-on-year growth of 10 percent in 2017.

Growing exports

In Q1 2018, Vietnam's textile and garment's export value reached US$7.83 billion, an increase of 15.4 percent over the same period in 2017. This was the highest first-quarter growth since 2014.

In Q2, the export value is estimated to reach US$8.5 billion, while the growth rate for the first six months is forecast to go up 14 percent compared to same period last year. Overall, in 2018, the industry can achieve a growth rate of 10 percent, with export value reaching US$34-35 billion.

Key markets

In addition to the US, the major market for Vietnamese textile exports, exports to China, Japan, and South Korea have been growing consistently. In Q1 2018, exports to the US reached US$3.14 billion, an increase of 13.2 percent compared to Q1 2017, its highest in three years.

Exports to Japan, South Korea, and China during Q1 2018 grew by 27 percent, 22.3 percent, and 26 percent year-on-year respectively. Exports value stood at US$958 million, US$896 million, and US$832 million respectively. On the contrary, exports to EU grew by a modest 1 percent to US$1.13 billion in the first three months of 2018.

Growth factors

Increased market access through free trade agreements and technology are the major growth drivers for the textile and garment industry. Vietnam's bilateral and multilateral FTAs continue to provide Vietnamese manufactures access to new markets, minimizing the effect of growing trade protectionism. With new FTAs to be in effect such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and Vietnam-EU FTA, new markets will lead to higher exports and push manufacturers to develop the industry's supply chain so that they can take full advantage of the preferential tariffs and increase the competitiveness of their products.

Going forward, market access alone will not be enough to generate growth and Vietnamese manufacturers would also need to invest in technology to increase productivity, quality, and remain competitive, especially Industry 4.0 technologies.

FDI

Between 2012 and 2016, the industry has attracted over US$5 billion in foreign direct investment (FDI). FDI for this year until April 2018 stood at US$1.1 billion, with majority directed towards yarns and textiles.

China, Taiwan, Hong Kong, Japan, South Korea, Thailand, the US, the EU, and Russia continue to lead in investments in the textile and garment industry.

Industry forecast

According to the Vietnam Textile and Apparel Association, the industry's exports value will reach US$34-35 billion this year, and around US$50 billion by 2020. Between 2016 and 2020, production capacity is expected to grow 12-14 percent, while export potential will annually grow by 15 percent during the same period.

Looking ahead

Although exports are predicted to grow, Vietnamese manufacturers need to focus on value addition. Vietnam continues to depend on raw imports, which makes it harder for firms to take full advantage of the free trade agreements with tough "rules of origin" conditions.

In addition, rising labor costs in China are pushing firms to countries like Cambodia, Bangladesh, and Vietnam which has been beneficial for the industry. However, Vietnam needs to continue investing in technology and training if it wants to remain competitive in the region.