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IBTEX No. 126 of 2017 June 21, 2017

USD 64.64 | EUR 71.95 | GBP 82.64 | JPY 0.58

Cotton Market

Spot Price (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
20127	42100	**83.13**
Domestic Futures Price (Ex. Gin), July		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
20200	42254	**83.43**

International Futures Price

NY ICE USD Cents/lb (Dec 2017)	68.97
ZCE Cotton: Yuan/MT (Sept 2017)	15,625
ZCE Cotton: USD Cents/lb	**85.28**
Cotlook A Index – Physical	**83**

Cotton & currency guide: Essentially the December contract is now most active month for Cotton at ICE platform. The July contract will have its first notice period on 26th of this month. The open interests have almost shifted from July to subsequent months while majority is in July contracts.

For reference, July OI has slid to 12K contracts while December and March 18 are at 0.160 Million and 25K contracts respectively.

The factors continue to weigh on cotton market globally while the December has been quite volatile. On Tuesday the same contract ended the session lower at 68.97. In fact the underlying is in bearish tone but moving in a sideways trajectory for the past three to four trading sessions.

The most critical factors to watch out next few trading sessions is the movement of certified stocks rolling to ICE.

The industry continues to have doubts on how many certificated stocks will actually get delivered, although certificated stocks continue to increase and are at their highest level since July 2013. Certificated stocks were last reported at 480,461 bales which included new certs for 2,348 bales. There were an additional 10,623 bales awaiting review.

Strategy and Outlook: This morning ICE cotton December is seen trading at 69 cents steady from previous close. We believe market would remain sideways however, the entire world shall be watching the tomorrow's US export sales data.

We believe this may give an insight how the global import demand during the current period is shaping out. Also we expect any dramatic change in the figure could sway the cotton price either side. The Chinese September contract is seen trading marginally positive this morning at 15225 up 110 points from the previous close.

From the technical perspective the trading range for the day would be 68.40 to 69.40 cents for December and recommend selling from higher levels. The ZCE September is expected to trade in the range of 15340 to 15K on today's trading session .

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

NEWS CLIPPINGS

INTERNATIONAL NEWS

Is the US Looking to End AGOA?

Sub-Saharan Africa has both been the land of sourcing opportunity and the land where trade was most likely to remain close to status quo amid other potential adjustments to U.S. agreements.

Now, the U.S. may be set to take a closer look at the African Growth and Opportunity Act (AGOA), which affords eligible African countries duty free sourcing to the U.S. AGOA was renewed in 2015 and is set to remain in place until 2025, at which point it will again be up for renewal consideration. Since its inception in 2000, qualifying African countries have enjoyed duty free and quota free access to the U.S. market on roughly 6,000 products.

In addressing leaders at the U.S.-Africa Business Summit in Washington, D.C. last week, Commerce Secretary Wilbur Ross, reiterated President Trump's comment at the G7 meetings that "Africa is a place of opportunity," and stressed that the U.S. can't afford to ignore the region.

"Over the next five years, 19 sub-Saharan African coutnries are expected to achieve average growth rates of 5 percent or higher. And over the last five years combined, Ethiopia's growth rate has been second highest in the world," Ross said, according to a transcript of his speech posted by All Africa. "Africa is moving steadily on a trajectory of economic growth and increasing self-reliance—a vision this administration supports."

And one way the Trump Administration plans to support Africa's vision is, of course, ensuring that it aligns with its own.

According to Ross, total trade between Africa and the U.S. in 2016 was $48.3 billion, a nearly $10 billion increase since 2000. And perhaps most importantly to Trump and the leaders in trade, the U.S. trade deficit declined from $16.7 billion to $4.7 billion in that time.

"Our trade relationship is vital to the security and stability of both the United States and Africa. But our relationship with Africa has to continue its transition from being "AID-based" to "TRADE-based," Ross said.

“To that end, having two-way trade agreements, not just temporary trade preferences, would create long-term, sustainable improvements to quality of life on both sides of the Atlantic.”

Trump has been very clear about wanting little to do with multilateral trade agreements, as evidenced by his pulling the U.S. out of the 12-nation Transpacific Partnership Deal, proclaiming instead that it would be better for the U.S. to negotiate bilateral deals with the nations it wants to do big business with.

Ross’s comments fall right in line with that thinking, and now the question becomes: what’s to happen with AGOA?

Though little further was said on how the U.S. would move from trade preference programs like AGOA to bilateral deals with African nations, Ross did say, for now, the U.S. must ensure nations currently benefitting from trade privileges under AGOA must remain in compliance with the eligibility requirements.

“The administration takes these congressional requirements very seriously,” Ross said. “And in applying our laws, we will vigorously protect the rights of U.S. companies and workers in the global arena.”

No further details were disclosed on what that will mean, but Ross did say the countries that will succeed under AGOA—and any future agreements—are the ones that will open their economies, make things easy for U.S. investors, and they are those that have “fought corruption, promoted good governance and business ethics, and sought to enforce intellectual property protections.”

For now, Ross said African nations would be best served to embrace the World Trade Organization’s Trade Facilitation Agreement (TFA), which is expected to streamline customs operations, enhance transparency, remove red tape and cut costs to importers and exporters.

According to Ross, U.S. business leaders dealing in Africa recently advised Trump that: “Full implementation of the TFA is a ready-made opportunity to support the changes that Africa needs to address administrative burdens that raise trade-related transaction costs to unsustainable levels.”

The WTO has estimated that least developed countries that fully implement TFA could see a 35 percent increase in exports because of the lowered costs and improved competitiveness.

Source: vampfootwear.com- June 20, 2017

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USA: Technology, Agriculture, Services among Topics of U.S. Trade Talks with Indonesia

At a recent meeting under their trade and investment framework agreement the U.S. and Indonesia agreed on next steps for expeditiously resolving a number of bilateral issues, possibly within the next few months.

A press release from the Office of the U.S. Trade Representative states that during the meeting the U.S. outlined the Trump administration's trade agenda and focus on making concrete progress on agriculture, high-technology products, digital services, financial services, and other issues.

The two countries agreed on follow-up actions on these issues and discussed a work plan for addressing U.S. intellectual property concerns, "recognizing the urgency of progress in this area" given Indonesia's listing on USTR's Special 301 Priority Watch List.

USTR's trade barriers report for 2017 includes a 19-page section on Indonesia highlighting a wide range of concerns, including those discussed at the TIFA meeting. The report states that in recent years Indonesia has enacted numerous regulations that have increased the burden for U.S. exporters, including import licensing procedures and permit requirements, product labeling requirements, pre-shipment inspection requirements, local content and domestic manufacturing requirements, and quantitative import restrictions.

The government has also adopted measures that impede imports as it pursues agricultural self-sufficiency. The report notes that beginning in late 2015 the government introduced a series of economic reform packages designed to ease regulatory burdens and attract additional investment but that the impact of these reforms has been limited so far because of their limited scope and slow implementation.

Also at the meeting USTR Robert Lighthizer emphasized the Trump administration's priority on lowering the U.S. trade deficit with Indonesia, which totaled $13.2 billion in 2016, up 5.5 percent from a year earlier.

Two-way goods trade totaled $25 billion that year, including $6 billion in U.S. exports to Indonesia (nearly double from a decade earlier but down 15.2 percent from 2015) and $19.2 billion in imports from Indonesia (down 2.0 percent). U.S. services exports to Indonesia have increased more than 70 percent in the last decade and now total $2.5 billion while services imports from Indonesia amounted to $780 million in 2015 (latest available data).

Source: strtrade.com- June 21, 2017

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US Reconsiders AGOA Eligibility for Three African Countries

Africa appears to now be getting more of the Trump Administration's attention when it comes to trade.

Commerce Secretary Wilbur Ross said last week that the U.S. has to move from an "AID-based" relationship with Africa to one that's more "TRADE-based," which could mean eliminating a trade preference program like the African Growth and Opportunity Act in favor of bilateral trade agreements.

Now, in an out-of-cycle review, the Office of the United States Trade Representative will be looking into whether Tanzania, Uganda and Rwanda should still be eligible to receive duty and tariff free benefits under AGOA.

To take advantage of the benefits that the trade program brings, countries are expected to make ongoing progress toward establishing: a market-based economy, rule of law, political pluralism, elimination of barriers to U.S. trade and investment, economic policies to reduce poverty, a system to combat corruption and bribery, and the protection of internationally recognized worker rights.

USTR said it initiated the review of the three nations in response to a petition, and will be accepting requests from the public to appear for a hearing to address whether the countries should still continue receiving benefits.

"This review could result in the termination of the designation of any of the countries as an AGOA beneficiary or the withdrawal, suspension, or limitation of duty-free treatment under AGOA with respect to articles from any of these countries," trade law firm Sandler, Travis and Rosenberg said in a statement on Tuesday.

The petition for review was filed by the U.S. Secondary Materials and Recycled Textiles Association (SMART) over the East African Community's (EAC) decision to ban imports of second hand clothing.

The EAC said last year that it wants to phase out the importing of used clothing into the region by 2019, but SMART has said the ban contradicts AGOA requirements around eliminating barriers to U.S. trade and putting policies in lace to reduce poverty.

A public hearing on the countries' eligibility will take place on July 13 after which the USTR will make recommendations to President Trump about whether the countries in question are meeting AGOA's requirements.

Source: sourcingjournalonline.com- June 20, 2017

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Pakistan: Textile, clothing exports dropped in July-May

Pakistan's textile and clothing exports fell 1.98 per cent year-on-year to $11.234 billion during the first 11 months of the current fiscal year mainly due to lower proceeds from raw material and low value-added products, such as cotton yarn and fabrics.

Data released by the Pakistan Bureau of Statistics on Tuesday showed the decline in export proceeds was also evident in rupee terms during the July-May period of 2016-17.

On a month-on-month basis, the export proceeds fell 12.24pc in May negating the government's claim of reviving the growth in the sector despite offering huge subsidies.

Exports of value-added products grew in terms of both value and quantity during the July-May period.

Product-wise details show exports of ready-made garments rose 4.15pc while those of knitwear dropped 1.85pc in July-May. Exports of bedwear edged up 3.22pc, while those of towels fell 4.77pc.

In primary commodities, exports of cotton yarn witnessed a year-on-year decline of 3.64pc while those of cotton cloth and yarn (other than cotton) dropped 5.81pc and 27.32pc, respectively.

Exports of made-up articles, excluding towels, dropped 0.45pc and those of tents, canvas and tarpaulin grew 52.85pc. Proceeds from art, silk and synthetic textile exports declined 33pc while exports of raw cotton also recorded a year-on-year decline of 47.14pc.

The preferential access to the European Union under the GSP+ scheme hasn't boosted proceeds due to a slump in demand.

Overall export proceeds in July-May were down 3.13pc to $18.540bn.

Last year, the government announced a textile policy that gave a 4pc rebate on the exports of readymade garments on a 10pc incremental increase over the preceding year, 2pc on home-textiles and 1pc on fabric. No support was announced on raw material or yarn exports.

Jan 15 onwards, the government has not only increased the rebate to 7pc for readymade garments, but also allowed cash support of 4pc on yarn and grey cloth under the Rs180bn package announced by the prime minister.

Out of the total allocations, an amount of RS107.5bn was allocated to textiles sector – Rs87.5bn for drawbacks and Rs20bn for withdrawal of duties/taxes on import of cotton and machinery. Moreover, an amount of Rs12.5bn was the annual allocation for drawbacks on export of non-textile value added sectors.

The duty free import of textile machinery was continued for fiscal year 2015-16. The sales tax zero-rating regime for the five export sector was continued in the fiscal year 2017-18. Similarly, spinning and ginning sector have been included in the long term financing facility. The export finance rate is currently at 3pc, which is the lowest in a decade.

Source: dawn.com- June 21, 2017

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Russia is banking on foreign cash to boost textile care industry

The Russian government has plans to attract foreign investment into its laundry and cleaning industry, writes Eugene Gerden

The Russian government is considering creating the ideal conditions for attracting foreign investment in its laundry and cleaning industry in the coming years, according to recent statements from Denis Manturov, Russia's Minister of Industry and Trade (and the person responsible for the development of the nation's textile care industry).

Despite the ongoing recovery of the Russian economy from the financial crisis and its consequences, (which have been blamed on Western sanctions), the current situation in the Russian laundry and cleaning industry remains complex, as the majority of local players experience a shortage of funds needed for their further development.

This is mainly due to the inaccessibility of cheap Western loans and poor lending conditions in Russia.

At the same time, according to the latest predictions of analysts of the Russian Ministry of Industry and Trade, the industry has good conditions for further growth, due to the ever-recovering demand for laundry and cleaning services in Russia.

In the case of foreign investment, it is planned that particular attention will be paid to attracting investors from China.

A delegation from the Russian Ministry of Industry and Trade completed an official visit to China, where it reached an agreement with local business investing up to US$150 million in the establishment of a network of laundries and dry cleaners in Russia.

It is planned that the project will be implemented by Idalgo, one of Russia's leading laundry and dry cleaning operators, while part of the funds are expected to be provided by Chinese investors.

The plan is the majority of these laundries will be established in large cities – particularly Moscow, St Petersburg and Vladivostok, which are located in the Russian Far East. In the meantime, the authorities of Moscow and St. Petersburg have already promised investors benefits for the implementation of the project, in particular tax and customs remissions and exemptions.

The government had hoped that the election of Donald Trump would create conditions for a significant increase of foreign investment in the country's economy and in particular Russia's laundry and cleaning sector. In the meantime, while we wait and see what pans out there, there is also a possibility that the domestic laundry and cleaning industry may attract the interest of local billionaires, such as Mikhail Friedman, which already develops its own laundry business in the US.

According to Minister Manturov, the development of the laundry and cleaning industries has never been among the priorities for the Russian government. However, there is a possibility that such a situation will change in the near future, as the government is considering providing support to both foreign and domestic investors, which plan their development in this field.

Source: laundryandcleaningnews.com- June 21, 2017

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USA: Adobe Walls gin aims to become largest ginnery in US

The Adobe Walls gin in Texas is hoping to become the largest ginnery in the United States. The Texas gin is in the process of expanding its ginning capacity to meet the increasing demand of cotton.

The production of cotton in the United States is likely to increase 21 per cent from last year, according to the United States Department of Agriculture.

Apart from the current expansion process, another phase of construction will increase its ginning capacity, said Jerrell Key, general manager for Adobe Walls, according to the media. The expansion will help to meet the increasing demand for cotton.

The gin is now in the process of $14.5 million expansion with four new lines. In an attempt to produce cotton in 12.2 million acres, Adobe Walls gin intends to double its current capacity of ginning about 1,000-1,100 bales a day.

"Our biggest obstacle is getting new growers and getting people comfortable with growing it," said Key.

Source: fibre2fashion.com- June 20, 2017

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78% fashion brands offer free returns in UK: ReBound

More than 75 per cent of the fashion brands in UK offer free returns, according to the report of ReBound, e-commerce returns management. It was found that a large number of brands are now upping their game and taking steps to improve customer experience by providing effective returns messages – rather than making returns seem difficult for their customers.

'The Great Returns Race' is a series of quarterly reports which focuses on the return policies of the UK's top fashion brands. It has studied over 200 clothing brands on their returns proposition, enabling retailers to see how they fare against their competitors.

It also includes UK returns policies as well as international. The report provides the wider retail market with unique insight into which top fashion, sportswear, lingerie, beauty and footwear retailers offer a wow-factor returns policy... and which are lagging behind.

According to the report, 67 per cent of the online shoppers check the returns policy before they checkout. This shows that the returns have high influence on purchase decisions.

"Following on from the success, popularity and demand of the 2016 quarterly reports, we're thrilled to officially unveil the first edition of 2017.

Returns have long been perceived as a headache for brands rather than an opportunity to really impress their customers, build trust and loyalty, and subsequently encourage repeat purchases and growth overseas. This report shows exactly which brands are making the most of this opportunity and exactly how they're doing it," Graham Best, CEO of ReBound, said.

"This isn't just about comparing the biggest names in fashion either – surprisingly many sportswear brands are beginning to dominate the leading pack. For successful e-commerce brands it's all about enhancing the customer experience and if they aren't happy with large aspects of the buying process, including returns, customers are ripe for the picking from the many competitors in the market," added Best.

Source: fibre2fashion.com- June 20, 2017

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Swedish firms may invest in Bangladesh RMG sector

Two Swedish firms, Investor AB and ABB Sweden have showed interest in making investment in Bangladesh readymade garment (RMG) sector.

The investment will improve the economic conditions of both the countries, said Bangladesh prime minister Sheikh Hasina during her visit to Sweden. Bangladesh is the second largest apparel exporter in the world.

Hasina was in Stockholm for Bangladesh-Sweden Investment Forum.

During the meet, a memorandum of understanding was signed between Sweden-Bangladesh Business Council, Stockholm, and Nordic Chamber of Commerce and Industries to strengthen cooperation in the areas of trade and investment, prime minister's press secretary Ihsanul Karim told media.

"I strongly encourage you, the leaders of Swedish business and industry to partner with us in investment, trade, and innovative businesses for a shared prosperity.

Together we can bring a change in the lives of millions in both our countries," said Hasina while addressing a business dialogue of Bangladesh-Sweden Investment Forum.

Setting up of business in Bangladesh is comparatively cheaper, said Hasina while adding that the country has duty free and quota free access to the markets of Australia, India, EU, New Zealand and Japan.

Apart from the development of hi-tech parks, 100 Special Economic Zones (SEZs) will also be set up in Bangladesh.

Source: fibre2fashion.com- June 20, 2017

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NATIONAL NEWS

GST rates neutral for most segments of the textile industry: ICRA

The Goods and Services Tax (GST) Council announced rates for the textile and other pending categories on June 3, 2017, moving one step closer to the proposed implementation of the new tax regime with effect from July 1, 2017.

While rates for most commodities were announced on May 19, 2017, the announcement for the textile sector came with a lag owing to the complexities involved in the textile value chain, given the multiple layers and considerations as well as its far-reaching implications on the country's output and employment.

Some of the industry characteristics which add to the complexity include:

i) Regionally spread-out textile value chain and variations in state-level taxes and subsidy regimes,

ii) Variation in taxation rates for fibres viz. natural vis-à-vis man-made,

iii) Large interactions between organised and unorganised segments, which are subject to different taxes and rebates/ subsidies

iv) Variations in tax incidence and exemptions across segments in the value chain

Overall, the rates announced for the textile sector are comparable to the current effective tax rates for most categories and more or less in line with the industry expectations, except for manmade fibres and yarns, where the industry participants were hoping for a movement towards a fibre-neutral regime.

Existing Tax Structure: Low effective taxation at present

Given the importance of the textile industry in terms of employment generation and contribution to foreign currency earnings, the Indian textile industry has been supported through low taxation, capital and interest subsidies and refund of taxes paid on inputs through the duty drawback scheme for exporters. Further, most of the players across the value chain operate on the optional route and pay zero excise duty provided they don't claim the Input Tax Credit (ITC), thereby resulting in the incidence of lower duty. Some of the key reasons for players opting for the optional route include:

i) Non-availability of ITC for cotton-based companies, given no excise on cotton: Domestic spinning industry is largely cotton-based which is not subject to excise, and hence ITC on raw materials is not available.

ii) Non-availability of ITC for downstream companies, given low tax incidence for fabric manufacturers: The weaving industry is dominated by the small scale industries (SSIs), which operate under the composite scheme for taxation. As a result, ITC is not available for the downstream sectors.

GST Rates for the Textile Sector: Almost in line with the prevailing rates

With the exception of man-made fibres, the GST rates for all input categories viz. cotton, silk, jute, wool as well as other natural fibres have been kept in the Nil/lowest tax slab of 5% up to the fabric-making stage. In the downstream segment of end-product manufacturing, multiple rates have been introduced varying across product categories as well as across price-points. Further, the rates announced for the MMF based products follow an inverted duty structure wherein the raw materials have been subjected to taxation at higher rates.

GST Impact Analysis: Impact likely to be neutral

Impact up to the Fabric-Manufacturing Stage: As per ICRA's estimates, the effective tax incidence on cotton and MMF/ blended textiles (up to fabric stage) under the existing tax regime is in the range of 5-7% and 11-14% respectively. Besides excise duty, this captures the impact of other multiple levies such as Value Added Tax (VAT), Central Sales Tax (CST) and Entry Tax/ Octroi.

Considering that the GST rates announced for these textile categories are more or less in line with the existing effective tax rates, ICRA does not envisage any impact on these product categories.

However, the rates announced are expected to be positive for wool/ silk-based textiles which will be taxed at a lower rate of 5% vis-à-vis their prevailing tax incidence of ~8-10%.

ICRA, however, notes that the fabric manufacturers, which operate under the composition scheme of taxation for which ITC is not available will face challenges as the apparel manufactures will prefer to deal with GST-compliant fabric suppliers to avail of the ITC.

This will hence incentivise the fabric manufactures to operate under the purview of GST. Further, with the GST applied on cotton yarn as well, the incentive for fabric manufacturers to not avail of the ITC will also fall, since doing so would reduce the fabric manufacturer's competitiveness.

Impact on Apparel Manufacturers: Though the impact is unlikely to be substantial up to the fabric stage, differential rates for the apparels based on pricing points is likely to create some impact on the apparel-manufacturers.

While the impact is likely to be positive for apparels priced at less than Rs. 1,000/ piece in terms of reduced tax liability, the impact is likely to be marginally negative to negative for costlier apparels priced at more than Rs. 1,000 per piece.

Source: indiainfoline.com- June 20, 2017

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Foreign Trade Policy review by July 1 GST roll out: Official

The Commerce Ministry will complete its Foreign Trade Policy (FTP) review earlier than expected so as to coincide with the launch of GST on July 1, a senior official said on Tuesday, adding that exporters have sought policy incentives for boosting shipments.

"The objective of the meeting was to seek inputs for the review of FTP to coincide with the launch of GST (Goods and Services Tax). Exports have made a revival and they need support so that it continues to grow," Commerce Secretary Rita Teaotia told reporters after a meeting here of the Board of Trade.

The second meeting of the 70-member Board of Trade (BoT) was chaired by Commerce Minister Nirmala Sitharaman. Officials from the Revenue Department were present to answer queries on GST.

"Issues like how refunds would operate, how zero rating will operate were clarified by the Revenue Department. Certain Issues related to fitment will be examined by the fitment committee," she said.

To a query about the impact on exports of GST, she replied that since these do not attract any tax, the government does not anticipate any adverse impact of GST on the sector.

Teaotia said the industry representatives at the meeting acknowledged that exports have made a revival, but also sought support to grow over the next few years.

Many export promotion councils sought additional support through the MEIS scheme, through interest subvention and other schemes under the FTP, she said.

Discussions on market access and market development, along with need to extend additional support to Export Promotion Councils (EPCs) in order to explore and develop newer markets were discussed, she added.

The Secretary said the meeting also deliberated on various suggestions about ways to facilitate e-commerce through the FTP.

"We have taken note of all suggestions carefully and will be factoring in many suggestions for the FTP review," she said.

Source: india.com- June 20, 2017

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Exporters seek incentives from government to boost shipments: Commerce Secretary

Exporters today sought incentives such as credit at affordable rates from the government with a view to boost India's shipments, a top official said.

The issue was raised and discussed during the meeting of Board of Trade (BoT) chaired by Commerce and Industry Minister Nirmala Sitharaman here.

Commerce Secretary Rita Teaotia said that exporters and industry representatives from chambers including CII raised matters related with Goods and Services Tax (GST).

The objective of the meeting was to take suggestions and inputs for the review of the foreign trade policy (2015-20), which is expected to be released by the end of this month.

Many of the comments and inputs were focused on exports, which has started showing positive growth, "but they (exporters) would need support in order to continue to grow over the next few years," she told reporters after the meeting.

She said many export promotion councils (EPCs) have "sought additional support" through the Merchandise Exports from India Scheme (MEIS), enhanced interest subvention.

Under MEIS, the government provides duty benefits at 2 per cent, 3 per cent and 5 per cent, depending upon the product and country.

In 2015, the ministry had announced 3 per cent interest subsidy for exporters to cut cost of credit for sectors, including SMEs, handicrafts, agri and food items. Exporters wants this benefit for more sectors.

"The objective of the meeting was to seek inputs and suggestions to the review of the foreign trade policy (2015- 20)," Teaotia said.

Several concerns, including blockage of working capital, over implementation of GST were raised by exporters with the government. They also sought support to explore new markets.

Discussions were also held on issues like e-commerce trade, market access, market development, EXIm credit, insurance to exporters and lower cost of credit to facilitate exports, she added.

"We have taken on board all the suggestions and we would be factoring in many suggestions in the policy," Teaotia said.

When asked about GST, to be rolled out from July 1, and its impact on exports, she said: "exports are zero rated under GST, there is no anticipation of any adverse impact".

Federation of Indian Export Organisations (FIEO) raised certain issues related with GST and urged the government to extend 5 per cent benefit to the exporters of branded products.

Sanjay Budhia, Co-chairman, CII National Committee on International Trade Policy and Exports, said that interest subvention should be extended to all sectors as it would help in boosting exports.

The BoT advises the government on policy measures related to FTP in order to achieve the objective of boosting India's trade. The last meeting was held in April 2016.

The reconstituted BoT comprises of 19 members from industry and academia (non-official members), 31 heads of trade and industry associations (ex-officio members), and 20 top officials, including 13 secretaries to government of India, Deputy Governor of RBI, Railway Board Chairman and National Highways Authority of India Chairman.

The country's exports rose by 8.32 per cent to USD 24 billion in May, even as the trade deficit shot up to nearly 30-month high of USD 13.84 billion, mainly due to increase in gold imports.

Further, talking about the BoT meeting here today, Teaotia said exporters raised the fitment issue under the GST, which would be examined by the fitment committee.

Exporters also flagged the issue of facilitation of e- commerce trade from more number of ports and "how the refund process for the e-commerce would be treated under the GST".

Source: economictimes.indiatimes.com- June 20, 2017

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Smriti Irani unveils world's largest cushion

Union textiles minister Smriti Irani unveiled on Tuesday the world's largest cushion at an exhibition in Delhi.

At the inauguration of the Heimtexil India fair, Irani said India's home textile business this year has contributed 12 per cent to the country's overall shipments globally.

She said the initiative, organised by Messe Frankfurt India, has witnessed a 30 per cent increase in exhibitors this year, which shows the capacity of Indian businesses to come up with new ventures as well as the appetite of the country's consumers or buyers.

India is set to host its first-ever mega textile fair in Gandhinagar on June 30. A total of 180 companies from India, Bangladesh, China, Korea, Thailand and Nepal are participating in the Heimtexil and Ambiente India 2017 fair.

Source: hindustantimes.com- June 20, 2017

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CITI appeals for lowering MMF & yarn GST rates to 12%

The Confederation of Indian Textile Industry (CITI) has urged Union finance minister Arun Jaitely and Hasmukh Adhia, secretary, department of revenue, for reducing GST rates on man-made fibres (MMF) and yarns from 18 per cent to 12 per cent. The association said that 18 per cent GST on MMF and synthetic yarn will dent fabric manufacturing in India.

J Thulasidharan, chairman, CITI has requested to address the issue of 18 per cent GST slab on MMF and synthetic yarn on urgent basis as this would affect the MMF textile segment prospects in the country in a big way. He explained that this will come as big blow to small fabric manufacturers in powerloom, knit and processing segments and prevent seamless flow of input tax credit and allow breakage of value chain.

The chairman explained that MMF and synthetic textile manufacturers will not only lose profit but also gradually start losing grounds against competitors like China, Bangladesh, Vietnam and Cambodia who enjoy fiscal and non-fiscal advantage in their countries compared to India. He said, "Around 166 countries have GST in place with lower slab compared to what India has announced."

Powerloom accounts for more than 86 per cent of the total man-made fabric production in India while rest comes from other segments like handloom, hosiery and mills. If rates, are not reduced then there will be flooding of the fabrics from China which would wipe out powerlooms and other SME fabric manufacturers from business. Powerlooms employ around 65 lakh workers in 5.5 lakh units spread across the country.

CITI also highlighted that SMEs and those who do not have composite mills are going to suffer from excessive competition and high cost. These players have majority share in fabric production of the country. Therefore, he requested that government must ensure lowest rates on raw materials essentially for man-made sector to hold the investment in the industry and to encourage production.

Currently SMEs' margins are very thin and industry keeps only 2 to 5 per cent of the turnover in a year, therefore extra burden in the form of extra taxes would add to the woes of the industry.

"High rates on MMF and synthetic yarns would inevitably affect the actions and incentives of the SMEs of the textile to remain in the business," said Thulasidharan.

CITI has also requested that the highly labour oriented garment and made up segments should also be considered under the 5 per cent GST slab of service tax as the job work related these segments still come under 18 per cent service tax slab.

Chairman CITI has urged the government and GST council to accommodate industry's demand of 12 per cent GST rate on MMF and synthetic yarn or refund of duty under inverted duty incidence at fabric stage as prescribed in the GST Act in the upcoming GST council meeting on June 30, 2017 as this would facilitate the industry's growth.

At the same time, the association has welcomed the GST council's announcement on increasing the turnover limit for Composition Levy for CGST and SGST to special category states also. This will give further boost to the investment in the textile sector in these special category states.

Source: fibre2fashion.com- June 20, 2017

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CII launches GST training programmes across India

The Confederation of Indian Industry (CII) has taken up a range of initiatives to encourage the industry to be proactive in managing GST compliance by launching a series of around 100 two-day training programmes across India.

The workshops are expected to reach out to about 5,000-plus enterprises. CII believes that the industry is ready for the tax reform.

"GST is expected to bring significant gains for economic growth, employment and exports. CII is undertaking more than 100 workshops across the country to enable enterprises to comply with the new regulations," said Chandrajit Banerjee, director general, CII, referring to industry preparations for implementation of GST, slated to be rolled out from July 1.

CII has been granted Approved Training Partner (ATP) status to impart GST training by National Academy of Customs, Excise and Narcotics (NACEN) with Institute of Company Secretaries of India. Its technical partners are GST Street and Tax Sutra.

Key issues covered in training programme include introduction to GST and overview of the model GST law; registration provisions; time and supply and valuation of goods and services, input tax credit; payment of tax; cross utilisation of CGST/SGST/IGST; GST returns and matching of credit; refunds; IT enablement and ERP solutions; transitional provisions and GST- impact study; and sectoral analysis: manufacturing/services.

A helpline has also been initiated where programme participants can request for clarifications. In addition, an awareness campaign has been launched to inform industry about the GST processes. CII has even prepared online webinars as introduction to the new tax.

"CII has been interacting with all stakeholders including Central government, state governments and industry on GST implementation. GST has been finalised after a collaborative and consultative approach and we look forward to its introduction," added Banerjee.

Source: fibre2fashion.com- June 20, 2017

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Maharashtra asks Centre to check claims on Pink Bollworm control

The Maharashtra government has asked the Centre to check the veracity of claims by companies regarding Pink Bollworm control. Senior government officials said the objective with which BT cotton was brought to the country has not been fulfilled and the Bollgard-II technology has developed resistance to Pink Bollworm insect pests.

Vikas Patil, director of agriculture (Inspection & Quality Control), Maharashtra, told FE that the farmer was already in distress and can ill-afford to buy seeds if Pink Bollworm strikes the crop. “There have been several complaints from farmers that the seeds have developed resistance to Pink Bollworm and therefore the government has urged the Centre to offer guidance in this area.

The claim by seed companies of the Bollgard II technology is effective against Pink Bollworm needs to be checked by the government," he said.

According to Patil, the Genetic Engineering Appraisal Committee which comes under the Department of Environment and Forests usually checks for the veracity of such claims by seed companies and therefore the Centre should look into the issue. Senior agriculture officials also pointed out that the former director of the Central Institute for Cotton Research (CICR), Nagpur Dr KR Kranthi had already presented a paper on this subject. CICR had earlier confirmed that Bt cotton incorporating Monsanto's proprietary Bollgard-II technology has developed susceptibility to Pink Bollworm insect pests.

This reported susceptibility had apparently led the Department of Industrial Policy and Promotion to serve notice to Mahyco Monsanto Biotech India Ltd (MMB) — the licensing arm of the US life sciences giant — calling upon it to explain why the patent for the technology should not be revoked. Bollgard-II technology, which involves introduction of Cry1Ac and Cry2Ab genes from Bacillus thuringiensis, a soil bacterium, into cotton plants, is claimed to confer resistance against three insect pests: American bollworm (Helicoverpa armigera), pink bollworm and spotted bollworm (Earias vittella.)

Kranthi had said that CICR's surveys had pointed to the damage to the cotton crop from Pink Bollworm attacks as "particularly severe" in Gujarat with an estimated 9% yield loss. Though the infestation of the pest was noticed in a few pockets of Gujarat in 2014, it was found to have spread to wider areas in 2015. Monsanto had originally introduced the Bollgard technology based on a single Cry1Ac gene.

Top industry officials pointed out that although the Maharashtra government has written to the Centre on this issue, the Centre has not given a response yet. "The process is tedious and lengthy and years are needed for collection of scientific data for submitting tangible evidence. It takes years to conduct lab tests, field tests and scientific backing ," officials said. MG Shembekar, vice president, National Seeds Association of India (NSAI) said that during a normal season, around 4.5 crore packs are needed for the season and around 1.5 crore to 1.6 crore packs are required in Maharashtra.

However, this time there could be a 10-15% rise in acreage which means that more than 4.5 crore packs would be required for sowing across the country and 1.6 to 1.65 crore packs may be required for Maharashtra, he said.

Source: financialexpress.com- June 20, 2017

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Expect cotton prices to decline going forward: Vardhman Textiles

IIFL, in its report, has cut its earnings per share (EPS) estimate for Vardhman Textiles given two reasons, one is that they expect the international cotton prices to fall up to 8 percent and secondly the goods and services tax (GST) uncertainty. In an interview to CNBC-TV18, Neeraj Jain, Joint MD of Vardhman Textiles spoke about the latest happenings in his company and sector.

IIFL, in its report, has cut its earnings per share (EPS) estimate for Vardhman Textiles giving two reasons, one is that they expect the international cotton prices to fall upto 8 percent and secondly, the uncertainty with regards to goods and services tax (GST).

In an interview to CNBC-TV18, Neeraj Jain, Joint MD of Vardhman Textiles spoke about the latest happenings in his company and sector.

“The area under cultivation next year is expected to be much higher. So the overall crop seems to be better compared to this year and that is why there could be an expectation of higher inventory, so the prices may drop,” he said.

Jain further mentioned that current inventory will have an impact as prices fall down. Speaking about GST, he said that, “Going by all the input credits available on the services and other things, there may not be any adverse impact on the cotton yarn side.”

Source: moneycontrol.com- June 20, 2017

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Powerlooms will increase textile productivity in AP

Adoption of powerloom technique in Arunachal Pradesh (AP) will increase its textile productivity, said state textile and handicrafts minister Tamiyo Taga. Apart from the development of a separate sericulture department in the state, implementation of various textile schemes in all its 16 districts will increase production of the textile sector.

For quality production, the textile sector should focus on recruitment of efficient technical employees, said Taga while addressing a textile & handicrafts coordination and review meeting, according to the media.

For proper functioning of the sector, the government should increase the strength of trainees to 2,000, according to textile and handicrafts commissioner, Tahang Taggu, who was also present at the meeting.

The textile production of the state will get a boost with the availability of proper infrastructural facilities. Release of sufficient finance will benefit the local weavers and artisans, said textile and handicrafts parliamentary secretary, Karya Bagang while addressing the audience.

The revolving finance allotted for each district should also be increased.

Source: fibre2fashion.com- June 21, 2017

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Raymond arm sets up ₹140-cr suit-making plant in Ethiopia

Silver Spark Apparel Ethiopia PLC, a wholly owned subsidiary of Raymond, has started first phase of production at its greenfield garment facility in Ethiopia.

Set up at Hawassa Industrial Park with an investment of over ₹140 crore, the company can produce 600 suits per day for different brands and will employ 2,500 people.

The production will go up to 4,000 suits per day, when the entire 18 production lines is commissioned in 18 months.

The modern facility, which will primarily cater to United States and European markets, was inaugurated by the Prime Minister of Ethiopia Hailemariam Desalegn along with Gautam Hari Singhania, Chairman and Managing Director, Raymond.

The company, which will import fabrics from India, can tap the developed markets duty-free by exporting from the special Ethiopian export zone. It has set up special training centre at the unit to skill local people.

The fresh capacity addition will make Raymond's the top five suit manufacturers in the world. It has three units in Bengaluru with capacity of 7,000 suits per day.

Gautam Singhania said the company is committed to Make in India and the decision to set up a garmenting unit in Ethiopia is to mitigate risk as far as exports are concerned.

To ensure price competitiveness, Ethiopia makes a compelling business case and helps serve international customers better, he added.

Leveraging the skill-sets of garment manufacturing facilities on the domestic front, which were acquired over a period of time, the quantum leap into an international location for manufacturing has been triggered by both core competence and business considerations, he said.

Also, Ethiopia offers manpower at a competitive rate, subsidised power, readymade industrial sheds that considerably reduces capital expenditure along with duty benefits which would induce global buyers to source from Ethiopia, he added.

On the raging controversy over redevelopment of JK House post-rejection of the proposal by shareholders, Singhania said the Board will decide the next course of action as the company is a transparent listed entity.

Source: thehindubusinessline.com- June 20, 2017

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Fake 'branded' garments harmful?

Are fake garments harmful to the skin? To ascertain this, the Central Crime Branch attached to the Bengaluru police will be sending seized fake 'branded' garments for testing to the Forensic Science Laboratory (FSL).

The CCB has registered 71 cases pertaining to fake products and arrested 119 persons. Over 90% of the products are garments. They seized garments with tags of Louis Philippe, Allen Solly, Puma, Nike, U.S. Polo and other famous clothing brands.

Investigations revealed that the business is supported by a huge network. "Clothes are purchased in bulk from Tiruppur and other places. Chemicals and dyes are used to give the garments a fresh and unwrinkled appearance before being passed off as products of well-known brands," said a senior CCB officer.

The police suspect that these chemicals can harm the wearer of the garment.

"We will be sending the garments to FSL to check what chemicals are used in them and the effect they have on the skin," said S. Ravi, Additional Commissioner of Police (Crime), Bengaluru.

Infections and allergies

T.S. Vidya, president, Bangalore Dermatological Society, said that chemicals used for enhancing the texture and colour of garments can cause dermatitis.

"These chemicals can cause infections and allergy. It can become severe in some cases," she said.

The fake products are mostly stored in godowns in and around Bommanahalli, Bommasandra, Nagawara, Moodalpalaya, Okalipuram and Chickpet.

Y.G. Muralidharan, member, Central Consumer Protection Council, said that most fake products are sold in rural areas. "Even the actual manufacturers find it very hard to differentiate between the original and fake products," he said.

There is an urgent need to educate people on the harm caused by fake products. "It not only affects the health of consumers, but also the actual manufacturer of the product. The government incurs loss in the form of unpaid tax," he said.

Source: thehindu.com- June 20, 2017

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Cap on value of online export orders may be raised

The government is planning to raise fourfold a key cap that is keeping exporters from availing themselves of benefits given to exports via the online platform.

The commerce ministry has proposed to raise the cap of each export order placed online and dispatched through courier or postal mode to Rs. 1lakh from the existing Rs.25,000. The proposal has been made in the wake of exporters finding the present cap too low, which is restricting them from getting duty benefits on imports of inputs and goods.

"We have proposed to increase the limit to Rs.1lakh because exporters were not getting enough benefits," said an official privy to the development. The value of items shipped through couriers is often not captured in export data because they are categorised as samples or gifts.

Exporters call them samples because under the normal export route they will have to file shipping bills and be subject to checks by custom officials, which is cumbersome, especially for small exporters with low-value shipments.

The Directorate General of Foreign Trade has defined `e-commerce' as the buying and selling of goods and services, including digital products, conducted over digital and electronic networks without any reference to amount.

The commerce ministry might announce the revision in the cap in the mid-term review of the policy which is likely to be released on June 30, the official said.

The Foreign Trade Policy 20152020 offers incentives for goods falling in the category of handloom products, books and periodicals, leather footwear, toys and customised fashion garments, having free-on-board value up to Rs.25,000 under the Merchandise Export from India Scheme.

These goods should be hosted on a website and dispatched through courier or postal mode to qualify for incentives. However, the finance ministry is said to have raised concerns on the revised limit citing lack of adequate system to track such transactions.

Source: economictimes.com- June 21, 2017

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