

**IBTEX No. 113 of 2018**

**June 01, 2018**

USD 67.24 | EUR 78.44 | GBP 89.14 | JPY 0.62

<b>Cotton Market</b>		
<b>Spot Price ( Ex. Gin), 28.50-29 mm</b>		
<b>Rs./Bale</b>	<b>Rs./Candy</b>	<b>USD Cent/lb</b>
20724	43350	<b>82.04</b>
<b>Domestic Futures Price (Ex. Gin), June</b>		
<b>Rs./Bale</b>	<b>Rs./Candy</b>	<b>USD Cent/lb</b>
22060	46144	<b>87.33</b>
<b>International Futures Price</b>		
NY ICE USD Cents/lb ( July 2018)		93.15
ZCE Cotton: Yuan/MT ( Jan 2019)		18,900
ZCE Cotton: USD Cents/lb		<b>113.67</b>
<b>Cotlook A Index - Physical</b>		<b>94.45</b>
<p><b>Cotton guide:</b> Cotton on Thursday halted after the sharp correction on Wednesday. Price traded in the range of 91.74-93.75 and settled at 93.15. Price gained by 66 points with lower trading volume. The ICE July has corrected after testing the 2014 highs during the week. The pessimism also built in after US president Donald Trump plans to impose tariff on \$50 billion of Chinese goods. The escalation of the trade dispute may weigh on the cotton price which has been on a rising trend. The rally of cotton may top out following the latest rally spurred by crop concern in US and China.</p> <p>This scenario can be positive for Indian cotton as the Chinese may shift towards Indian cotton. The weak INR will also support the Chinese buyer for the Indian cotton especially the lower quality grades which are quoting lower in price. On the other hand any further crop concern in Northern Hemisphere can spurt further rally in ICE cotton price.</p>		

**DISCLAIMER:** The information in this message be privileged. If you have received it by mistake please notify "the sender" by return e-mail and delete the message from "your system". Any unauthorized use or dissemination of this message in whole or in part is strictly prohibited. Any "information" in this message that does not relate to "official business" shall be understood to be neither given nor endorsed by TEXPROCIL - The Cotton Textiles Export Promotion Council.

On the domestic front, spot price traded down by 150 points and settled at 21280/bales. The daily arrivals stood steady around 50 to 55K bales. The futures have been quite volatile; the active June had made an intraday low of Rs. 21860 per bale however, posted a close at Rs. 22060 per bale. For the day we expect market to remain sideways and the trading range for the day would be Rs. 21800 to Rs. 22200 per bale with a neutral bias.

**Indian rupee-** Indian rupee appreciated by 0.07% to trade near 67.28 levels against the US dollar. Rupee has benefitted from some stability in crude oil price and correction in US dollar against major currencies. Crude oil price are off recent highs as market players assess impact of US decision to withdraw from 2015 nuclear deal.

The US dollar index has come off recent highs as disappointing inflation data dented market expectations of faster rate hikes. Rupee has fallen sharply in last few days and some correction is likely however we may not see much appreciation unless crude oil price correct. USDINR may trade in a range of 67.05-67.35 and bias may be on the upside. Further cues will come from inflation data. Market players are also positioning for outcome of Karnataka elections tomorrow.

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

**NEWS CLIPPINGS**

<b>INTERNATIONAL NEWS</b>	
<b>No</b>	<b>Topics</b>
1	China Cuts Tariffs Ahead of U.S. Commerce Secretary's Visit to Beijing
2	China's free trade talks with Sri Lanka hit major hurdles
3	China's intention to purchase cotton yarn increased in Pakistan
4	Global Economy Sees Strong Growth but Significant Risks Could Undermine Expansion
5	Rwanda refuses to remove tariffs on imports of used clothing
6	Specter Of Trade War After US Tariffs On EU, Mexico, Canada
7	Pakistan: FPCCI urges PM to include Yarn in export package
8	Vietnam turnover up 14 per cent
9	Exports to China account for 8 pct of Ethiopia's total exports in 2017
10	Turkey to diversify exports
11	Indonesia textile production up eight per cent
<b>NATIONAL NEWS</b>	
1	How to make good quality Indian cotton a global brand, asks Smriti Irani
2	SIMA hopeful of increase in exports
3	No refund of input credit to weaving sector: Central government
4	Bihar Khadi in limelight; catching attention of textile giants like Raymond
5	India can become one of the largest jute exporters: Smriti Irani
6	Khadi taps Amazon for garment e-sales
7	Shutdown calls worry garment exporters

## INTERNATIONAL NEWS

### **China Cuts Tariffs Ahead of U.S. Commerce Secretary's Visit to Beijing**

China announced Thursday evening that it would cut tariffs sharply on July 1 for an eclectic array of imported goods, the latest in a series of moves by Beijing to dismantle steep trade barriers at a time of rising frictions with the United States.

The tariff cuts came less than two days before Commerce Secretary Wilbur Ross is due in Beijing for wide-ranging talks aimed at addressing American frustrations with China's \$375 billion bilateral trade surplus with the United States. But the categories the Chinese Finance Ministry selected for tariff cuts cover few American goods, and appeared to be targeted at China's goal of developing sophisticated industries rather than low-value mass manufacturing.

The moves came as China and the United States, the world's two biggest economies, continued their wide-ranging economic and diplomatic sparring. The countries have alternated between attacking each other over trade issues and working together on efforts to rid North Korea of its nuclear weapons. At times, President Trump has praised his Chinese counterpart, Xi Jinping, at other times he has swiftly criticized Beijing for its trade practices, sometimes in quick succession.

In its latest action, China is making a modest peace offering, without really giving up much.

Some of the 1,449 categories of goods slated for tariff cuts involve food products from other countries, like fish, olives and grilled seaweed. Other categories include low-value manufactured goods like handbags and certain inexpensive garments, typically made in factories that have already been shifting from China to lower-wage competitors like Bangladesh, Ethiopia, India and Vietnam.

Chinese workers' wages have soared over the past 15 years, and Beijing is engaged in a broad effort to steer the economy toward high-wage industries like semiconductors and away from factories making garments and handbags.

“The goods seeing cuts are not relevant to trade with the U.S.,” said Derek Scissors, a trade specialist at the American Enterprise Institute, a Washington think tank. “For China, it fits the goal of moving up the value chain — heavy subsidies for semiconductors and now less protection for textiles and consumer appliances.”

Christopher Rogers, a trade analyst at Panjiva, an international commerce data firm recently acquired by S.&P. Global Market Intelligence, estimated that the tariff cuts would cover about 1.1 percent of China’s \$1.95 trillion in annual imports. “The cuts are more to do with keeping a lid on inflation and improving consumer spending power than to do with keeping President Trump happy,” he said.

The Chinese move could nonetheless have political benefits for Beijing.

China is energetically trying to rally other governments to its side in its showdown with the United States. Beijing’s latest move could assuage concerns from many European countries and developing nations about their own trade deficits with China as well as loss of manufacturing jobs. At the same time, trade ministers elsewhere have been deeply troubled by the Trump administration’s moves to impose tariffs on steel and aluminum imported from around the world.

The announcement came just before Commerce Secretary Wilbur Ross announced in Washington that the United States would begin imposing tariffs on steel and aluminum from Canada, Mexico and the European Union at midnight on Thursday.

President Trump had issued a statement on Tuesday threatening further tariffs on Chinese goods and contending that China’s average tariff on imports was more than three times as high as that of in the United States, an assertion supported by World Trade Organization data. And China’s tariff average is nearly double that of the European Union.

But by cutting tariffs in more than 1,000 lightly traded categories, China could end up reducing its average tariff considerably without actually running the risk of a big surge in imports.

The announcement in Beijing on Thursday followed a recent decision by China to cut its tariff on imported cars to 15 percent from 25 percent. President Trump also criticized the Chinese car tariff on Tuesday, noting that the American tariff on imported cars was just 2.5 percent.

Mr. Xi, China's president, had called during a speech in April for cuts in Chinese tariffs on imported cars and some consumer goods, as part of Beijing's long-term policy of gradually opening to international competition.

Source: nytimes.com- May 31, 2018

[HOME](#)

\*\*\*\*\*

## **China's free trade talks with Sri Lanka hit major hurdles**

Talks between China and Sri Lanka for a free trade agreement have hit major hurdles, mainly because Beijing will not agree to Colombo's demand for a review of the deal after 10 years, Sri Lanka's top negotiator said.

China has invested billions of dollars building ports and roads and power stations in the Indian Ocean island nation just off the southern toe of India as part of its Belt and Road Initiative to increase its trade and other connections across Asia and beyond.

But concerns have grown in recent months that such investments can drive the country of 21 million people deeper into debt and undermine its sovereignty, prompting greater scrutiny of deals with China.

China's exports to Sri Lanka dwarf the trade that goes in the other direction, leaving Colombo with a big deficit with Beijing.

Sri Lanka's chief trade negotiator K.J. Weerasinghe said this week that Colombo was insisting on a right to review the free trade pact after ten years, but China was not ready to agree that.

Ministerial level discussions about an agreement have not been held since March last year. Lower-level discussions between officials have made little progress, according to Weerasinghe.

"The talks have come to a standstill. China wants to remove the review clause," Weerasinghe told Reuters. Beijing was opposed to such an option because it wanted longer-term stability, he said.

China's commerce ministry did not respond to Reuters requests for comment.

The review clause that Sri Lanka wants would allow it to change some of the deal terms if they were hurting the island nation's local businesses.

### **ANOTHER CONTENTIOUS ISSUE**

Weerasinghe said another point of contention was that China wanted zero tariffs on 90 percent of goods the two countries sold to each other as soon as an agreement is signed while Colombo would rather it started with zero tariffs on only half of the products concerned and expanded gradually over ..

China has been pushing for free trade pacts with countries in the region and last year sealed an agreement with the Maldives that drew criticism from opposition political groups in the tropical islands' nation. They said it had been rushed through parliament with less than an hour of debate.

Sri Lanka has previously said it wanted more time to negotiate the free trade deal with China as it is concerned about the economic impact of a rushed deal on its economy.

Sri Lanka imported \$4.2 billion worth of Chinese goods in 2016, mostly raw materials for garments, machines and electronics, metals, transport equipment and chemicals. Its exports to the world's second largest economy were just \$211 million the same year, which included textiles, tea and vegetables, footwear and rubber ..

The 2017 figures for China trade have still not been released by the Sri Lankan authorities.

The trade deficit with China accounted for nearly half of the nation's total deficit in 2016, adding pressure on the country's current account deficit, central bank data showed.

Sri Lanka's foreign debt rose nearly 17 percent to 4.72 trillion rupees (\$30 billion) last year, a fifth of that coming from loans from China to finance the massive construction programme across the island.

Colombo is separately negotiating a trade pact with India, but that is also moving slowly because Sri Lankan businesses fear they will face competition from a flood of cheap goods made by Indian firms.

Source: [economictimes.com](http://economictimes.com)- May 31, 2018

[HOME](#)

\*\*\*\*\*

## **China's intention to purchase cotton yarn increased in Pakistan**

In the past seven days (May 24-30), prices of Pakistani cotton yarns continued to rise slightly, and polyester yarn prices remained unchanged, supported by rising international cotton prices and strong demand from the downstream market ahead of Haram.

As the market's concerns about the weather in the United States and China have increased, the sudden increase in cotton prices in the international market has contributed to the increase in yarn prices.

The price of 100% cotton combed yarn in Pakistan's domestic market has increased significantly, and export prices have remained unchanged. Recently, the buying interest of customers in Mainland China and Hong Kong has increased, and Pakistan's cotton export prices are expected to increase in the coming week.

According to statistics, the spot price of Pakistani Karih cotton in the past seven days fell by 1.33% to Rs 7,400/Monday, while the price of 30S cotton combed yarn in Faisalabad market rose by 0.88% to Rs. 1,725/lolb, and the export price was stable. 3.22 US dollars / kg. Pakistan's cotton yarn production profits have gradually increased.

In the past seven days, the price of polyester staple fiber in Pakistan remained unchanged. The price of 1.4D polyester staple fiber in the domestic market was stable at INR 169/kg, which was a 37% increase from the same period of last year.

The price of imports from China dropped to USD 1.15/kg. Affected by the weak demand in the downstream market, it is expected that the price of Pakistani polyester fiber will continue to fall in the coming weeks.

Source: westdollar.com- May 31, 2018

[HOME](#)

\*\*\*\*\*

## **Global Economy Sees Strong Growth but Significant Risks Could Undermine Expansion**

The global economy is experiencing stronger growth, driven by a rebound in trade, higher investment and buoyant job creation, according to the Organization for Economic Co-operation and Development's (OECD) latest "Economic Outlook" report.

The pace of global expansion over the 2018-19 period is expected to stay close to around 4 percent, which is near the long-term average. However, the outlook emphasized that significant risks posed by trade tensions, financial market volatility and rising oil prices loom large, and more action is needed to secure a strong and lasting improvement in living standards.

"The economic expansion is set to continue for the coming two years and the short-term growth outlook is more favorable than it has been for many years," OECD secretary-general Angel Gurría said.

"However, the current recovery is still being supported by very accommodative monetary policy and increasingly by fiscal easing. This suggests that strong, self-sustaining growth has not yet been attained."

These factors should continue to underpin the expansion, which is expected to see moderate rises in wage growth and inflation, according to OECD. Unemployment in the OECD area is seen dropping to the lowest levels since 1980, but more can be done to bring more people into the workforce.

"Policymakers need to put greater focus on structural policies to boost skills and to improve productivity to achieve strong, sustainable and inclusive growth," Gurría said.

The outlook highlights a range of risks to the current expansion. Oil prices have risen significantly in the past year and could add to inflation while softening real household income growth.

The threat of trade restrictions has begun to negatively affect confidence, and “if such measures were implemented, they would negatively influence investment and jobs,” the report noted.

Risks also remain that the normalization of interest rates in some economies, notably the U.S., “could expose financial vulnerabilities and tensions created by elevated risk-taking in financial markets and high debt, especially in emerging market economies with high levels of foreign currency debt,” OECD said.

The outlook urges countries to boost investment in education and skills, and recommends policies to boost job creation and economic dynamism. These include improvements to digital and physical infrastructure, enhanced research and development collaboration between universities and industry, reduced barriers to entry in professional services sectors and less red tape.

Taking a slightly more conservative view was the “May World Forecast Flash” from Global Insight by IHS Markit chief economist Nariman Behravesh and executive director of global economics Sara Johnson.

“The world economy will most likely be sustained between 3 percent and 3.5% in the next few years,” the IHS economists said. They reasoned that, “business cycles in the world’s major economies are mostly out of phase with one another.

Specifically, the cycles in the U.S., U.K., German and Canadian economies are in a mature phase, whereas the Eurozone and Japanese economies are in earlier stages of expansion.”

Similarly, they said large emerging markets such as Brazil and Russia are just getting over recessions, while in the emerging world, growth in China is expected to “edge down slightly,” while the other large economies should pick up steam thanks to solid global growth and rising commodity prices.

Source: sourcingjournal.com- May 31, 2018

[HOME](#)

\*\*\*\*\*

## **Rwanda refuses to remove tariffs on imports of used clothing**

The Trump administration wants the African nation to remain open to imports of clothing donated to charities in rich countries

IN A market in Kigali, Rwanda's capital, a cacophonous auction is under way. Sellers hold crumpled T-shirts and faded jeans aloft; traders shout and jostle for the best picks. Everything is second-hand. A Tommy Hilfiger shirt goes for 5,000 Rwandan francs (\$5.82); a plain one for a tenth of that. Afterwards, a trader sorts through the purchases he will resell in his home village. The logos hint at their previous lives: Kent State University, a rotary club in Pennsylvania, Number One Dad.

These auctions were once twice as busy, says Félicité Mukarurangwa, a trader. But in 2016 Rwanda's government hiked import duties on a kilo of used clothes from \$0.20 to \$2.50. Now she struggles to break even. The traders are not the only ones who are unhappy. Exporters in America claim the tariffs are costing jobs there. In March President Donald Trump warned that he would suspend Rwanda's duty-free access to American markets for its apparel after 60 days if it did not back down. That deadline expired on May 28th without Rwanda shifting its position.

The dispute tugs at the threads of a trade that knits together charity and business, gift and profit. Globally, about \$4bn of worn clothes crossed borders in 2016. The share from China and South Korea is growing, but 70% still come from Europe and North America. Most go to Asia, eastern Europe and Africa, the largest market.

The trade clothes the poor and creates retail jobs. But governments worry that cast-offs undercut their fledgling industries. Imports are banned or tightly restricted in 41 countries, from South Africa to India.

A complex supply chain begins with people like Elizabeth Forsythe, stuffing a bag of old clothes into a donation bin in north London. She assumes that they will end up in a charity shop. But in most rich countries the supply of used clothing far outstrips demand. Less than half of donations are sold locally.

Most of the rest are sold to exporters. In Britain a tonne of textiles from a bin fetches £170-315 (\$225-420). At Savanna Rags, in Mansfield in the English Midlands, 500 tonnes of old clothes glide along conveyor belts each week. The workers, mostly eastern European immigrants, sift items into categories depending on the market, such as “childrenswear” and “Asian clothing”, transforming a jumble of fabric into plastic-wrapped bales.

In Africa, these motley bundles are a valuable commodity. Men’s clothes are pricier, since fewer arrive. American pieces are often too large and have to be resized by tailors. No matter. “A person would rather buy second-hand from America, instead of buying a new Chinese product,” says Nelson Mandela, a Ugandan trader with a suitably second-hand name. Shoppers complain that new Asian clothes damage easily and look like uniforms, without variety. Hucksters sometimes dunk Chinese imports in dirty water to pass them off as used ones from Europe.

Some suspect that high-quality, unworn clothes are smuggled into bales as a way for the rich world’s clothing industry to offload samples and unsold items. “It’s just a form of dumping,” says Belinda Edmonds, the executive director of the African Cotton and Textile Industries Federation, an industry body.

Second-hand imports now dominate African markets. Researchers at the Overseas Development Institute, a British think-tank, reckon that Tanzania imports 540m used items of clothing and 180m new ones each year, while producing fewer than 20m itself. African manufacturing is weak for many reasons, from clumsy privatisations to crumbling infrastructure.

But second-hand imports are a major culprit, according to a paper in 2008 by Garth Frazer of the University of Toronto. He estimated that they accounted for half of the fall in employment making apparel in Africa between 1981 and 2000.

### **Spinning wheels**

Loose fibres blow around the idle machines at UTEXRWA, a textiles and garment factory in Kigali. The plant operates at 40% of capacity and employs 600 workers, down from 1,100 in the 1990s. It is hard to compete, sighs Ritesh Patel, its manager, when a used T-shirt sells for the price of a bottle

of water. Instead, the company specialises in uniforms for police, soldiers and security guards, which cannot be bought second-hand.

Even so, says Mr Patel, higher tariffs have not helped much. “The big challenge is not second-hand clothes or Chinese clothes,” he says. “It’s buying power.” Although the government is promoting “Made in Rwanda” products, firms like UTEXRWA cannot produce cheaply enough for most local consumers. Zips, dyes and synthetic fibres are sourced from other continents. A new garment-maker has opened in a special economic zone, cutting and sewing Chinese-made fabrics. But it mostly sells abroad. Where nascent industry shows promise, as in Ethiopia, it is often export-led.

Rwandan apparel exports currently enter America under the African Growth and Opportunity Act (AGOA), which eases market access for African countries. The threatened suspension would hurt, but not very much. Last year Rwanda sent a mere \$1.5m of apparel to America. Nor, with 12m people, is it a big market. America is more concerned about Kenya, Uganda and Tanzania, which all planned to phase out second-hand imports before yielding to American pressure.

Meanwhile, exporters of used clothes in the rich world, like Savanna Rags, have other worries. Fast-fashion retailers churn out poorer-quality clothes, which do not survive long enough to be worth reselling.

Sorting is moving to India, Pakistan or the United Arab Emirates, where wages are lower. Skittish consumerism and ruthless competition have long underpinned the used-clothing trade. They may now be unravelling it.

Source: economist.com- May 31, 2018

[HOME](#)

\*\*\*\*\*

## **Specter Of Trade War After US Tariffs On EU, Mexico, Canada**

The Trump administration said Thursday it will impose tariffs on steel and aluminum imports from Europe, Mexico and Canada after failing to win concessions from the American allies. Europe and Mexico pledged to retaliate quickly, exacerbating trans-Atlantic and North American trade tensions. Financial markets fell amid fears of a trade war.

Commerce Secretary Wilbur Ross said the tariffs would be 25 percent on steel and 10 percent on aluminum, and go into effect on Friday, as the administration followed through on the penalties after earlier granting exemptions to buy time for negotiations. President Donald Trump had announced the tariffs in March, citing national security concerns.

The European Commission's president, Jean-Claude Juncker, said Trump's decision amounted to trade protectionism and that Europe would respond with countermeasures. "This is protectionism, pure and simple," Juncker said. Mexico said it would penalize U.S. imports including pork bellies, apples, grapes, cheeses and flat steel.

"Donald Trump is a bully. And the only way to do deal with a bully is to stand up and push back," said Kathleen Wynne, Ontario's premier.

The U.S. action widens a rift with America's closest allies, threatens to drive up prices for companies and consumers that buy steel and aluminum, heightens uncertainty for businesses and is already alarming investors in global financial markets.

Financial markets dipped amid concerns about the disputes among trading partners, with the Dow Jones industrial average dropped more than 200 points.

The tariffs directed at some of the U.S.'s most ardent allies represented the latest move in Trump's "America First" agenda that has roiled financial markets and raised the specter of a trade war involving the U.S., China and some of the globe's most dominant economies.

The trade actions have opened the U.S. to criticism that it's burning bridges at a time when Trump is seeking to rid North Korea of nuclear weapons and help stabilize the Middle East.

"We are alienating all of our friends and partners at a time when we could really use their support," said Wendy Cutler, a former U.S. trade negotiator who is now vice president at the Asia Society Policy Institute.

Ross told reporters that talks with Canada and Mexico over revising the North American Free Trade Agreement were "taking longer than we had hoped." Talks with Europe had "made some progress" but not enough for additional exemptions, he said in a conference call from Paris.

"We continue to be quite willing and indeed eager to have further discussions," Ross said. He said he planned to travel to China on Friday for trade talks between the world's two biggest economies.

European officials, bracing for the tariffs, have threatened to retaliate against U.S. orange juice, peanut butter, kitchenware, clothing and footwear, washing machines, textiles, whiskey, motorcycles, boats and batteries. The EU will decide exact countermeasures in the coming weeks, according to the French officials.

In terms of the NAFTA talks, the tariffs could hinder the negotiations among the North American neighbors. Ross said there was "no longer a very precise date when they may be concluded and therefore (Canada and Mexico) were added into the list of those who will bear tariffs."

Brazil, Argentina and Australia have agreed to limit steel shipments to the U.S. in exchange for being spared the tariffs, the Commerce Department said. Tariffs will remain on imports from Japan.

Fears of a global trade war are already weighing on investor confidence and could hinder the global economic upturn. European officials argue that tit-for-tat tariffs will hurt growth on both sides of the Atlantic and Canada said before the announcement that it would respond in kind.

"Canada considers it frankly absurd that we would in any way be considered to be a national security threat to the United States," Canadian Foreign Minister Chrystia Freeland said before the tariffs were announced.

"The government is absolutely prepared to and will defend Canadian industries and Canadian jobs. We will respond appropriately." German Chancellor Angela Merkel stressed her opposition even before the U.S. announcement, saying the looming tariffs were incompatible with World Trade Organization rules. She said if there were no exemptions, "We will respond in an intelligent, decisive and joint way."

France's finance minister, Bruno Le Maire, called the U.S. tariffs "unjustified, unjustifiable and dangerous." "This will only lead to the victory of those who want less growth, those who don't think we can develop our economies across the world. We think on the contrary that global trade must have rules in a context of multilateralism. We are ready to rebuild this multilateralism with our American friends," he said.

The EU trade commissioner, Cecilia Malmstrom, said the EU "did everything to avoid this outcome." Noting her discussions with U.S. officials, she said. "I have argued for the EU and the US to engage in a positive trans-Atlantic trade agenda, and for the EU to be fully, permanently and unconditionally exempted from these tariffs."

Even some Trump allies in Congress said the trade moves were misguided. "Tariffs on steel and aluminum imports are a tax hike on Americans and will have damaging consequences for consumers, manufacturers and workers," said Sen. Orrin Hatch, R-Utah. The conservative Koch brothers network' also said it opposed the tariffs. White House spokesman Raj Shah told Fox News: "The president's actions are about protecting American steel, American aluminum. They're critical for national security."

Tariffs on steel and aluminum imports to the U.S. can help local producers of the metals by making foreign products more expensive. But they can increase costs more broadly for U.S. manufacturers that cannot source all their needs locally and have to import the materials. That hurts the companies and can lead to more expensive consumer prices, economists say.

"Unilateral responses and threats over trade war will solve nothing of the serious imbalances in world trade. Nothing," French President Emmanuel Macron said Wednesday. In a clear reference to Trump, Macron added: "These solutions might bring symbolic satisfaction in the short term. ... One can think about making voters happy by saying, 'I have a victory, I'll change the rules, you'll see.'"

But Macron said those "who waged bilateral trade wars ... saw an increase in prices and an increase in unemployment." Besides the U.S. steel and aluminum tariffs, the U.S. is also investigating possible limits on foreign cars in the name of national security.

Ross criticized the EU for its tough negotiating position. But German Economy Minister Peter Altmaier insisted the Europeans were ready to negotiate special trade arrangements, notably for liquefied natural gas and industrial goods, including cars.

Source: kpbs.org- May 31, 2018

[HOME](#)

\*\*\*\*\*

### **Pakistan: FPCCI urges PM to include Yarn in export package**

Syed Mazhar Ali Nasir, Senior Vice President and Chairman, Budget Advisory Council of the Federation of Pakistan Chambers of Commerce and Industry (FPCCI) has urged the incumbent government to also include cotton yarn and tanned leather in the recently announced extended export incentive package for traditional and non-traditional items for the next three years from June 2018 to June 2021.

He elaborated that although these items were included in the original exports package of Rs. 180 billion as announced in year 2017, but have been excluded in the newly announced package without any valid reason.

The FPCCI recalled that after announcement of the Prime Minister's Export Package of Rs. 180 billion for exporters of textile and non textile sectors the exports have been increased by 13% in the first nine month of the current year 2017-18, "However removal of these textile yarn and tanned leather from the recently announced package may create hurdle in keeping the current increasing trend in exports", he apprehended.

Source: pakobserver.net- June 01, 2018

[HOME](#)

\*\*\*\*\*

## Vietnam turnover up 14 per cent

In the first four months of the year, export turnover of Vietnam's garment and textile sector rose by 14 per cent against the same period last year, fulfilling 39 per cent of the yearly plan.

Last year, the garment and textile sector grossed an export turnover of more than 31 billion dollars.

The productivity of neighboring countries like Laos and Cambodia has exceeded that of Vietnam. In fact Vietnam's productivity is only one tenth compared to Singapore's.

Successfully addressing issues regarding the labor force may provide Vietnam a key to open the door to the world amid the fast-paced industrial revolution.

Vietnam has a target of 35 billion dollars in total textile and garment export value for this year. Enterprises have been asked to fully exploit the working capacity of their workers as well as restructure their management practices to improve labor productivity.

Besides maintaining and developing export markets, enterprises are focusing on developing new markets, including linkages with the distribution system in the local market.

In order to deal with the possible crisis brought by the fourth Industrial Revolution, Vietnamese firms proactively conduct training sessions in order to improve their human resources' capacity.

Incentives are being given to encourage firms to invest in technological advances. Workers' welfare is also of focus to boost productivity sustainably.

Source: fashionatingworld.com- May 31, 2018

[HOME](#)

\*\*\*\*\*

## **Exports to China account for 8 pct of Ethiopia's total exports in 2017**

Ethiopia exported 239.82 million U.S. dollars' worth of goods to China in 2017, accounting for 8.25 percent of its total exports, the Ethiopia Ministry of Trade (MoT) said on Thursday.

The revenue was earned from the exports of agricultural products, textile and garment, leather products, minerals, flowers and construction materials, according to the MoT Public Relations and Communication Affairs Office.

Ethiopia's export revenue to China accounted for about 8.25 percent of the country's total exports in 2017, the second largest export destination for the East African country. Ethiopia exported about 2.9 billion U.S. dollars worth of goods in 2017.

Ethiopia's largest export destination in 2017 was neighboring Somalia, which imported 269.3 million U.S. dollars' worth of goods accounting for 9.26 percent of Ethiopia's total exports.

Speaking to Xinhua recently, Wondimu Filate, head of Public Relations and Communications Affairs Office at MoT, said China is becoming a key export destination, in particular because of increasing demands for Ethiopia's organic, high quality and high nutritional agricultural exports.

"China is a big export market for Ethiopian products, with Chinese firms located in Ethiopian industrial parks tentatively starting to export industrial goods to China.

The volume of Ethiopian exports to China is expected to significantly increase in the coming years," he said.

Source: xinhuanet.com- May 31, 2018

[HOME](#)

\*\*\*\*\*

## Turkey to diversify exports

Turkey's textile industry is looking for greener pastures outside its traditional radar.

The situation in Turkey's neighborhood -- Syria, Iraq, Lebanon but, partly, also in Russia – has impacted Turkish textile exports.

So the country is looking at the markets of Asia, Western Europe and North America, which have a large middle-class consumer base.

As Turkey's textile exports grow, the country's textile manufacturing companies will have to upgrade their machinery, parts and components, as well as the manufacturing processes.

Turkey's textile exports surged in 2017. The overall textile products category, which includes not only home and technical textiles but also fabrics and garments, touched a whopping 157 billion dollars in total exports; home textiles exports alone amounted to 2.7 billion dollars in 2017, while garment exports amounted to 17 billion dollars in the same year.

The aim is to reach 500 billion dollars by the year 2023.

Turkish textile companies are also being encouraged to consider technical collaboration with foreign partners. For instance Turkish upholstery manufacturers are being urged to work with furniture suppliers from Malaysia and Indonesia.

Bursa, the country's textile hub, is planning to set up an ambitious 4.0 industrial production zone called Teknosab on a 8,500 acre land and deploying robots and automation.

Source: fashionatingworld.com- May 31, 2018

[HOME](#)

\*\*\*\*\*

## Indonesia textile production up eight per cent

Indonesia saw an increase in textile production by eight per cent in the period January to March 2018. The increase was triggered by domestic demand and tightening of wholesale and other imports.

After the policy of bulk import curbing, the performance of textile and textile products in the second half of 2017 rose to reach a 2.5 per cent growth from the previous year.

The industry now wants an integrated cluster and close to the source of raw materials; a tightening of textile imports; affordable factory rental rates; upstream and downstream industries integrated in one region.

Indonesia hopes to triple textile and textile product exports in the next five years. If this happens, this sector will be Indonesia's largest non-oil export contributor and create jobs for six million people.

In 2016, apparel exports from this southeast Asian nation decreased 3.2 per cent due to several challenges including high logistics costs and gas and power tariffs being higher than other competitor countries.

At present, the US is the largest clothing importer from Indonesia. If the country were to lobby with the US to expand its Generalised System of Preferences to include more Indonesian apparel and accessories, this would facilitate the entry of more Indonesian products into the US at lower tariffs.

Source: fashionatingworld.com- May 31, 2018

[HOME](#)

\*\*\*\*\*

## NATIONAL NEWS

### **How to make good quality Indian cotton a global brand, asks Smriti Irani**

Union Textile Minister, Smriti Irani, on Thursday asked the domestic cotton industry to come up with a proposal regarding branding of the country's cotton, primarily aimed at the export market.

Unlike US, China or Egypt, Indian cotton has no brand of its own and hence is unable to carve a niche and earn a premium, industry sources said.

“I will ask the industry to come up with a proposal on how to make good quality Indian cotton a global brand,” Irani said at a special session on developments in textile industry organised by the Merchants’ Chamber of Commerce and Industry here today.

According to Sanjay K Jain, Chairman of Confederation of Indian Textile Industry and board member, Cotton Association of India, the matter is currently under deliberation.

“The Suvin cotton produced in Tamil Nadu and Shankar 6 produced in Gujarat are both good quality cotton and can be projected as a global brand. The matter is in the deliberation stage,” he told BusinessLine on the sidelines of the session.

The proposal, once ready, would be placed before the Textile Ministry as well as the Commerce Ministry, Jain said. He however was unable to give a timeline for the same.

Source: thehindubusinessline.com- June 01, 2018

[HOME](#)

\*\*\*\*\*

## **SIMA hopeful of increase in exports**

With the market condition gaining momentum, early clearance of IGST and ROSL (Refund of State Levies) dues will enable textile and clothing exporters tap the potential, said chairman of Southern India Mills' Association (SIMA) P. Nataraj.

The SIMA representatives were among those who met the Union Ministers of Finance and Textiles recently to discuss how to stop the decline in textile exports.

Clearing the pending dues of ROSL and IGST will benefit the exporters as they will not face financial crunch.

The ministers had also assured them of measures to prevent imports and to stop migration of investments to countries such as Ethiopia.

They had advised the industry associations and export promotion councils to take up with the respective State Governments reimbursement of all State levies through ROSL.

The Union Government would also work out alternative schemes for some of the non-WTO compatible programmes such as MEIS and EPCG.

The government would advise Exim Bank to work out a special scheme to reduce interest rate burden on exports instead of increasing the IES benefits.

Source: thehindu.com- June 01, 2018

[HOME](#)

\*\*\*\*\*

## **No refund of input credit to weaving sector: Central government**

The finance and textile ministries of the Government of India have turned down the request to allow the refund of input tax credit (ITC) to the power loom weaving sector.

This was made clear at a meeting held with the Synthetic and Rayon Textile Export Promotion Council (SRTEPC) on Wednesday.

SRTEPC chairman Narain Agarwal had called upon finance minister Piyush Goyal and textile minister Smriti Irani in New Delhi to discuss important issues concerning the man-made fibre (MMF) sector.

In a one-on-one meeting, Agarwal said both the ministers categorically refused allowing refund of the ITC to the power loom weaving sector and stated that the accumulation of ITC in other segments, including textile processing, embroidery and yarn spinning will be released soon.

Talking to TOI, Agarwal said, “The refund of accumulated credit in the weaving sector has not been accepted by the ministers.

The government officers were also asked to examine the rebate of duty on electricity levied by state governments, which works out to around Rs 3 per metre of fabric.”

Agarwal added, “Rebate of taxes on fuel levied by state governments, which is about 0.66%, will be examined for further consideration.

Also, the government has assured that they are studying the issue regarding the increase of effective duty on imports of cheap fabric.”

Source: timesofindia.com- June 01, 2018

[HOME](#)

\*\*\*\*\*

## **Bihar Khadi in limelight; catching attention of textile giants like Raymond**

Bihar Khadi has started catching the attention of textile giants including Raymond. In the recent development, Branded fabric and fashion biggie Raymond has placed procurement orders with two state khadi institutions.

Also, the industries department is in talks with companies like Fabindia and Arvind Limited (formerly Arvind Mills) to supply khadi cloth to them too.

Talking about the recent engagement with Raymond, Bihar Industries Minister Jai Kumar Singh said, "Our officials had a meeting with Raymond representatives, who took cloth samples from five khadi institutions for testing. All were found to be real khadi (hand spun and hand woven), and of high quality."

The cloth company has placed procurement orders with two khadi institutions, he added.

Singh was speaking prior to inaugurating a mobile van that will travel around Patna to sell khadi items.

His department is planning to requisition more such vans that will travel across Bihar to take khadi to the masses.

The cloth produced in the state has been branded "Bihar Khadi" and has been given a logo which resembles a charkha and is currently in the process of being patented.

Also, the state government is in the process of framing a Khadi policy as well.

In a tie-up with the state government, National Institute of Fashion Technology Patna has provided 100 new khadi designs to make it attractive for the youth.

Principal secretary Siddharth said big companies like Raymond could market "Bihar Khadi" pan-India and even abroad.

"Khadi produced in our state is among the finest. We are also planning to target international buyers by offering khadi cloth dyed with natural colours.

Training and testing work is going on at one of our facilities in Gaya district," Siddharth added.

Khadi Board CEO Prasad said Raymond has "placed initial orders of around Rs 2 lakh each for khadi cloth to khadi institutions in Madhubani and Bhagalpur district, but the amount is expected to increase from the next batch".

Source: knnindia.co.in- May 31, 2018

[HOME](#)

\*\*\*\*\*

## **India can become one of the largest jute exporters: Smriti Irani**

Union Textiles Minister Smriti Irani on Thursday claimed that India has the potential to become one of the largest jute exporters in the diversified section, if the quality of the raw material can be improved.

The minister also urged the jute industry to bolster the centre's initiative in providing certified jute seeds to the farmers that would produce better quality crop.

"When we look at jute, we wonder why our jute industry has not galloped ahead like Bangladesh. One of our biggest challenges has been the output of the raw material which is not fine enough for enhanced diversification," Irani said while addressing the members of the Merchants' Chamber of Commerce here.

The minister pointed out that the agricultural ministry and the textile ministry invited all state governments to ensure that certified seeds are given to the jute farmers through every Krishi Vigyan Kendras (the agricultural extension centres created by the Indian Council for Agricultural Research to provide farm support).

"I would encourage the jute industry to become a participant in that endeavour, so that the productivity and income of the farmer increases and at the same time our crop becomes finer and better for more diversification," she said.

Pointing out that India is the largest jute producing country in the world, she said "we have the potential to become one of the largest jute exporters in the diversified section".

The Union Minister said the Centre is providing support to the partners of the jute industry, who have enhanced the diversification of jute products so that they can be self sufficient and do not have to completely rely on the government's support.

She also highlighted the importance of the newly emerged technical textile sector and hoped the Bengal textile industry that contributes to more than five percent of the overall national textile segment will be a huge participant in the development of this sector.

"The Centre has an apparel package for the first time in the history of the country of up to Rs 6,000 crore. This is the largest ever sanction in the textile industry in this country," she pointed out.

Irani said an outlay of Rs 690 crore has helped set up 21 readymade garment manufacturing (RGM) units in the seven northeastern states at the end of last year under the direction of Prime Minister Narendra Modi. They have become fully functional.

Referring to the GST refund or 'refund Pakhwada' that would take place from May 31 to June 14 this year, she said a simplified mechanism for the small importers has been put in place, that would enable more people in the MSME sector to get the refund and help increase the ease of doing business.

Source: business-standard.com- May 31, 2018

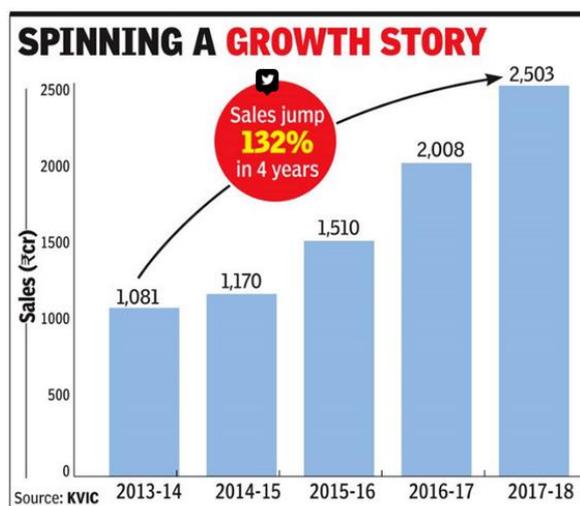
[HOME](#)

\*\*\*\*\*

## Khadi taps Amazon for garment e-sales

The Khadi and Village Industries Commission (KVIC) is in talks with Amazon to start hawking khadi fabric and ready-made garments, apart from village industry products — such as honey, soaps and shampoo, some of which have already found their way on the marketplace.

The talks are aimed at encashing the recent boom in the sale of khadi products and making them available at doorsteps. Numbers shared with TOI showed that during 2017-18, khadi sales grew nearly 25% to Rs 2,503 crore. This came on the back of a 29% rise in 2015-16 and 33% growth in 2016-17.



While KVIC had started online sales, a tie-up with Amazon is expected to make products much more accessible.

Over the last few years, it has expanded sales channels by going beyond its own stores to enter into tie-ups with companies such as Raymond, Arvind Mills and the Aditya Birla Group, apart from store-in-store arrangements with the likes of Globus. KVIC is also opening Khadi Malls in addition to revamping its existing stores.

Currently, several sellers are registered with Amazon to sell Khadi-branded products such as shampoo and scrubs, but KVIC now wants to directly come on to the platform, realising that the middle class is increasingly relying on online shopping to meet its day-to-day requirements.

“We have held preliminary talks with Amazon and the arrangement should be worked out shortly,” said a KVIC official, who did not wish to be identified. The government agency is, however, not looking at immediate tie-ups with Flipkart or other marketplaces, sources said. Under the deal with Amazon, KVIC will maintain its own stocks and warehouses.

Source: timesofindia.com- June 01, 2018

[HOME](#)

\*\*\*\*\*

## **Shutdown calls worry garment exporters**

### ***They call for change in agitation methods***

A large section of the garment exporters are worried over the shutdown agitations called to protest various issues, as they feel that such forms of protests could affect export sector and result in possible loss of further orders.

The displeasure of the garment exporters resulted in many enterprises functioning with front doors locked on Friday when the Opposition parties called for a shutdown in protest against the killings in police firing at Thoothukudi.

Though technically 50 % of the units remained closed on the day, a good chunk among those 'closed' enterprises were seen involved in production activities inside with front doors locked.

“We have sympathies with the family of those killed in the police firing. However, there is a need for changing the methods of protests as shutdown agitations at short notices will affect manufacturing/export sectors.

Our foreign buyers are firm on delivery schedules and deadlines, which mean any delay could result in loss of further orders”, said Tirupur Exporters Association general secretary T. R. Vijayakumar.

R. Annadurai, coordinator of Tirupur Thozhil Pathukappu Kuzhu and an exporter of garments to United States, France and Israel, pointed out that the disruptions in production activities due to shutdown agitations could dent the image of Tirupur cluster in the eyes of foreign buyers and cause irreversible damage on the clusters' export prowess.

Source: thehindu.com- June 01, 2018

[HOME](#)

\*\*\*\*\*