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The Cotton Textiles Export Promotion Council [TEXPROCIL]
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IBTEX No. 46 of 2018 March 06, 2018

USD 65.01 | EUR 80.25 | GBP 89.95 | JPY 0.61

Cotton Market

Spot Price (Ex. Gin), 28.50-29 mm

Rs./Bale	Rs./Candy	USD Cent/lb
19362	40500	**79.34**

Domestic Futures Price (Ex. Gin), March

Rs./Bale	Rs./Candy	USD Cent/lb
20860	43634	**85.48**

International Futures Price

NY ICE USD Cents/lb (May 2018)	85.20
ZCE Cotton: Yuan/MT (Jan 2018)	15,305
ZCE Cotton: USD Cents/lb	**92.81**
Cotlook A Index – Physical	**91.2**

Cotton guide: The active May contract on ICE has witnessed a surge of 314 points in the last trading session and settled at 85.23. This has been two consecutive session cotton prices are on the upside trend. From the price perspective cotton May contract has broken the previous high of 84.45 and settled above it indicating technical break out and further buying expectations.

We believe market will remain positive in the near term having immediate target to recent high of 86 cents.

The aggregate open interest continues to rise in the last 5-7 trading session on ICE. The volume of trading has also increased in last trading session.

The participation has picked up which is evident in the open interest and rising trading volume. Funds have started flowing to the cotton counter. Further we have the USDA demand and supply report scheduled on 8th of March and expect this data will have significant impact on market. We expect supply tightness in the monthly report.

For the day we expect cotton for May contract to trade in the range of 84.50 to 85.75 cents per pound.

On the domestic front spot continued to hold steady near Rs. 40100 per candy ex-gin. Market is expected to trade positive taking cues from the global market.

Lastly on the future front the active March future settled at Rs. 20860 per bale and for the day the trading range would be Rs. 20750 to Rs. 21000 and recommend buying on lower level.

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

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INTERNATIONAL NEWS

USA: USTR releases President Trump's trade policy agenda

US Trade Representative Robert Lighthizer has released President Trump's Trade Policy Agenda and Annual Report, outlining how the Administration is promoting free, fair, and reciprocal trade and strongly enforcing US trade laws. The Trade Policy Agenda relies on five major pillars and fulfill Trump's promise to fight for free, fair, and reciprocal trade.

The five pillars of Trade Policy Agenda are: Supporting the United States' national security by ensuring economic security, Strengthening the United States economy so it benefits all Americans, Negotiating trade deals that result in prosperity for more Americans, Enforcing and defending trade laws so bad actors no longer take advantage of the United States, and Reforming the World Trade Organization (WTO) to promote rules for efficient markets, expanded trade, and greater wealth for all nations.

In December 2017, President Trump signed into law the Tax Cuts and Jobs Act (TCJA) – the most significant tax cut and reform law in more than 30 years. This tax reform will strengthen the US economy and help make US companies and workers more competitive in global markets, says a fact sheet issued by the Office of the USTR.

The centrepiece of the business tax reforms in the TCJA is a reduction in the top statutory corporate tax rate from 35 per cent to 21 per cent, aligning the United States with its major trading partners and allowing its businesses and workers to compete on a level playing field. "By switching from a worldwide tax system to a territorial tax system, the TCJA further levels the playing field for American businesses and allows them to repatriate earnings back to the United States without incurring high tax penalties," the fact sheet said.

Under negotiating better trade deals, the Administration's primary goals are to update North American Free Trade Agreement (NAFTA) with modern provisions representing a 21st-century, high-standard agreement and to rebalance NAFTA for fair, reciprocal trade. The Administration's proposals include correcting policies that have encouraged outsourcing and ensuring strong, enforceable provisions on labour and the environment that will help level the playing field for American workers.

However, in the words of President Trump, “America first does not mean America alone. When the United States grows, so does the world.”

Source: fibre2fashion.com- Mar 05, 2018

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Cotton prices move up in Brazilian market last month

Oscillations in international prices and the dollar-real exchange rate resulted in an increase in price in Brazil’s domestic market in February 2018. After slow pace of cotton trade in the first fortnight due to the carnival period and the end of new crop sowing activities, processors and traders became more active in the second fortnight.

Between January 31 and February 28, the CEPEA/ESALQ (Center for Advanced Studies on Applied Economics/Luiz de Queiroz College of Agriculture) cotton Index rose 3.2 per cent, closing at 2.8417 BRL per pound on February 28, CEPEA said in its latest fortnightly report on the Brazilian cotton market.

The second fortnight of the month saw an increase in liquidity in the domestic market and processors aimed to replenish inventories. Buyers prioritised high quality batches but many of them were asking at values lower than offer prices. While sellers were not flexible regarding prices, they agreed to extend payment deadlines. Thus, traders made batches available in the spot market, meeting part of processors’ demand.

In terms of contracts for future delivery, the month saw closing of several contracts, to be shipped this semester (cotton from the 2016-17 season), as well as involving cotton from the 2017-18 and the 2018-19 crops. trades involved both fixed prices and/or values to be fixed based on the Index or on contracts at ICE Futures.

As of February 20, 69.8 per cent of the 2016-17 cotton crop had been sold, according to the data from BBM (Brazilian Commodity Exchange). Of this total, 59.6 per cent were allocated to the domestic market and 40.4 per cent to the international market.

According to a separate data from the secretariat of foreign trade (SECEX), between August 2017 and February 2018, Brazil exported 780,000 tons of cotton. In 2017-18 season, 701,000 tons of cotton have been sold, of which 62.8 per cent were meant for exports while the remaining 37.2 per cent was for the domestic market.

Source: fibre2fashion.com- Mar 04, 2018

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USA: Zara Adds Bots to Make BOPIS Better

One of Zara's omnichannel offerings has been so successful that the fast-fashion retailer needs robots just to keep up.

Customers arriving in store to fetch items purchased online—which account for a third of global orders—typically encountered long lines as associates manually hunted down their purchases. That kind of inefficiency diminished the value and convenience that buying online, and picking up in store (BOPIS) promises. Waiting around endlessly takes much of the "instant" out of instant gratification.

Zara's has set out to improve the experience by deploying robots to tackle the task of retrieving BOPIS orders and shuttling them to a drop box for customer pick-up, according to a Wall Street Journal article. Customers trigger the process by scanning a code upon arrival, which prompts the bot to begin its search.

The Spanish apparel giant is seeking a competitive edge over fellow fast-fashion peers—especially companies like multi-brand retailers ASOS and Zalando, which operate exclusively online, unencumbered by brick-and-mortar investments. Strategically wielding technology to improve in-store operations could help Zara, which operates 2,266 locations, to regain its footing and catch up to competitors' double-digit growth.

Many retailers are turning their stores into mini fulfillment centers, seeking both to rationalize their real estate investments and to lure the lucrative omnichannel shopper, who's worth 30 percent more, according to IDC data from 2015, than customers who stick to just one channel.

Though bots are becoming a more regular part of the retail conversation, Zara could be making a wise decision to keep them strictly to back-of-house tasks, at least for now.

A recent experiment with a Scottish grocery store revealed that many customers actively avoided the customized Pepper robot, which was set up to “tell jokes” and “dispense hugs,” according to ZDnet. Ultimately, Pepper simply failed to provide any value, especially when customers could seek out a flesh-and-blood employee nearby.

Source: sourcingjournalonline.com- Mar 05, 2018

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Viscose drives Chinese staple fibers

China’s staple fiber production rose 0.5 per cent in 2017. The bulk of the increase was driven by viscose staple fiber production, which managed to offset the year-on-year drop in polyester and acrylic staple fiber production. Despite the year-on-year drop in accumulated output, polyester staple fiber production is still expected to make up the bulk of overall staple fiber production in China. More than 70 per cent of staple fiber production in the country is expected to be polyester staple fibers.

Accumulated polyester staple fiber production underperformed year-on-year in 2017. There was a 1.4 per cent drop year-on-year. A year-on-year drop in production among polyester staple fiber producers held back year-on-year growth in overall staple fiber production. Viscose staple fiber production made up the bulk of the year-on-year increase in China’s overall staple fiber production in 2017 up to December and accounts for more than a fifth of recorded Chinese staple fiber production in 2017.

Acrylic staple fiber production is expected to be 4.4 per cent of total staple fiber production in China. After a positive year-on-year growth in accumulated acrylic staple fiber production in 2017 up to November, acrylic staple fiber producers ended with a year-on-year drop in accumulated output by December.

Source: fashionatingworld.com- Mar 05, 2018

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Bangladesh's spinning industry needs overhaul

The spinning industry in Bangladesh is facing eroding margins and increasing cost of power and wages. The interest rate will reach two digits soon and the local currency is going to be devalued. These challenges may become issues in the near future. Consequences may arise from the exit from LDC status that is expected beyond 2021.

Inefficient machinery and equipment need to be replaced. Focus would be on replacement of major spinning components like motors, spindles, rings and systems to make spinning energy efficient, productive and profitable. There needs to be new investment and expansion in 100 per cent cotton yarn spinning. Bangladesh is predominately a cotton knit garment exporter and requires cotton ring carded and combed yarn. So, ring investment would be focused on mostly carded with auto-doffing and compact attachment.

The new investment and expansion in blended yarn spinning would be dominated by air jet spinning or Vortex. Vortex yarn has cost advantages over ring yarn. Investment in specialty yarn would be in the form of recycled yarn, new and specialty blended yarn, special count yarn, and mélange yarn. The focus should be to manage efficiently the spinning process from planning, material, process, system, marketing, finance to currency, interest and capital market and people.

Source: fashionatingworld.com- Mar 05, 2018

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Europe threatens tit for tat tariffs on Levi's jeans

The European Union is threatening to target some of America's most iconic brands if Donald Trump follows through on his threat to impose swinging tariffs on imports of steel and aluminum.

According to the Trump if the EU wants to further increase their already massive tariffs and barriers on US companies doing business in the continent, there would be tax on their cars which freely pour into the US.

Juncker's threat heightened the prospects of a global free-for-all, as the World Trade Organization (WTO) said the potential of escalating tensions "is real" and the International Monetary Fund (IMF) warned the restrictions would likely damage the US and global economy.

According to Jean-Claude Juncker, the European Commission President Levi's jeans, Harley-Davidson motorbikes and bourbon could all receive tit-for-tat duty hikes. They include products manufactured in key Republican states as well as orange juice from Florida, a critical swing state in elections.

In the meantime, Peter Navarro, Director, National Trade Council at the White House, stated certain exemptions could be made to the tariffs on foreign steel and aluminum, but exclusions for entire countries aren't expected.

Source: fashionatingworld.com- Mar 05, 2018

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Bangladesh: Farmers doing their part well

Before the growth of the textile industry, jute was once the main cash crop of Bangladesh as it was the only exportable product in the country.

The golden fibre was not just a moniker derived from the colour of the material; rather, it also alluded to jute's reputation as the biggest foreign currency earner.

Jute's significance would lead to the formation of Sonali Bank, established especially for jute financing and hence the name.

However, over the course of time, jute's prominence began to fade.

Data show that the 1972-73 jute production reached around 54 lakh bales.

But it soon began to come down then rise again in the late 80s only to fall. By the late 2000s, production reached around 45 lakh bales, with only two lakh hectares used for production, the lowest ever in recorded history.

Mismanagement, corruption, restructuring on western lines, introduction of polythene and inability to market the fibre all led to these ups and downs.

At the time, it was thought that the fibre's golden days had come to an end.

But now, a jute renaissance has begun with the country reaching record production levels.

Increasing use of jute led to the government observing National Jute Day from last year. This year, National Jute Day is being observed for the second time with the slogan: Sonali Asher Sonali Desh, Pat Ponne Bangladesh.

“We have achieved a milestone. We hope that we will create history in jute production in the coming days as various steps have been taken by the government,” Mirza Azam, state minister for textile and jute, told The Daily Star.

According to the Export Promotion Bureau, in 2016-17 the total export of jute and jute goods was worth $962.42 million and from July to January of 2017-18 fiscal year, the export currently stands at $661.86 million.

The export destination for the fabric includes Australia, China, Turkey, Vietnam and some African and European Union countries.

According to Bangladesh Jute Research Institute, in 2010 eighty lakh bales of jute was cultivated in 7.5 lakh hectares of land.

Last year, it was being cultivated on 8.17 lakh hectares of land and production had shot up to 91.72 lakh bales, a record in jute cultivation and production in Bangladesh.

The Jute Renaissance

The revival of interest in the fibre comes down to a number of factors, crucial among them the government's role in increasing jute's significance and uses.

As the world moves towards more “green” solutions, jute is becoming an important player. The crop is environmentally friendly and thus its demand is increasing, especially abroad.

Furthermore, jute's use is being diversified, increasing the market size for the product.

The government formulated Jute Act-2017 for the development of the fibre. To promote jute abroad, Jute Diversification Centre currently has 233 types of jute products.

"It will be 250 very shortly," Md Mainul Hoque, director of Jute Diversification Promotion Centre (JPDC), told The Daily Star.

Various consumer goods are now being made using jute, including shoes, handkerchiefs, bed sheets, caps and numerous other items.

Mainul said when JPDC was established in 2005-06, it started providing free training to people on skill development for producing jute goods.

He said since 2009, diversified jute products have started gaining a foothold in markets worldwide.

To increase demand for jute, the government also made jute packaging mandatory for 17 products, drumming up domestic support for the industry.

Bangladesh started enforcing the mandatory packaging rule for commodities -- mainly rice, wheat and maize -- from the last quarter of 2015 to limit the use of environmentally harmful plastic bags.

"So far, we have achieved 100 percent target of jute packaging in six products while we are trying to achieve our targets for another 11 products," Mirza Azam said.

"We have already made viscose from jute. We have set up a factory in Ghorashal of Narsingdi for producing it. Viscose is used to make yarn in cotton yarn spinning mill. Currently, we are importing viscose," he added.

Continuing the rise

Rising demand also encouraged farmers to grow jute on increased amount of land in the last cultivation season.

Shamsul Alam, director general of the Department of Jute, said fair price was imperative. “Farmers have the option to choose what they will cultivate as there are many diversified crops in the country. Considering soil health and long-term benefit, jute is profitable and that's why jute production is increasing.”

Also, the Bangladesh Jute Research Institute (BJRI) has already developed jute cotton blend fiber with cotton. They are now working to make the jute cotton blended yarn.

“Price of jute cotton will be cheap and the clothes made by jute cotton will be comfortable,” Alam said.

“Earlier jute was cultivated for traditional agricultural purposes but now jute [is used] for commercial agriculture. Due to technological development and huge research and development work in the sector, along with the government's attention to the sector, it has been possible to achieve record production,” Monjurul Alam, director general of BJRI, told The Daily Star.

In order to continue the trend, the government has taken various initiatives to provide training to farmers to produce better quality jute since quality has been a concern for a while. Also, fertilizers are being distributed free of cost.

The days ahead seem bright for the golden fibre but a lot of work remains. Industry insiders believe that much needs to be done but the golden days are indeed returning.

Source: thedailystar.net- Mar 06, 2018

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Uzbekistan, Kazakhstan to expand co-op in textile industry

Uzbekistan and Kazakhstan plan to create a joint cluster for the processing of cotton.

Work on the project has already begun. Uzbekistan and Kazakhstan will take control of the whole process, from processing of “white gold” to receiving finished products.

“The textile industry is one of the important calling cards of the country. A lot of experience has been accumulated in the production of textile products. This is very important - starting with the planting of cotton, ending with its processing, thus bringing it to export potential,” Yerik Utembayev, Kazakhstan's ambassador to Uzbekistan, said.

Within the framework of the new project, the two sides also plan to build new joint ventures. This will be the basis for the development of the textile industry of Uzbekistan and Kazakhstan.

In addition, work is underway to implement an investment project to increase the volume of exports and imports between the countries. This was facilitated by the agreement signed during the meeting of the leaders of Uzbekistan and Kazakhstan.

“As many as 180 enterprises, thanks to the support of foreign investors, operate in the Andijan region today. Basically, these projects are implemented with the help of investors from China, South Korea, Kazakhstan and Kyrgyzstan. Taking into account the potential of the region, we invite investors. To date, there is an agreement to implement an investment project with Kazakhstan in the amount of $18 million,” said Abdusattor Ahmadov, head of the investment department of the Andijan region.

Kazakhstan mainly exports transformer equipment and other industrial goods to Uzbekistan. In the future, this list will be replenished by the products of the pharmaceutical and cotton-textile industries. Experts believe that, as a result of the upcoming forum on interregional cooperation, investment opportunities between the two countries will expand substantially.

By 2020, taking into account the potential of the mutual trade, the two sides intend to bring it up to $5 billion. Over 200 companies with Kazakh capital currently operate in Uzbekistan. As a result of 2017, the trade turnover between Kazakhstan and Uzbekistan has increased by 30 percent and amounted to about $2 billion.

It should be noted that 2018 is declared as the year of Uzbekistan in Kazakhstan whereas 2019 will be the year of Kazakhstan in Uzbekistan.

Source: azernews.az- Mar 05, 2018

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Global cotton production may decline in 2018-19 season

Global cotton production is projected to decline in 2018-19 based on lower yields and decreases in harvested area. Consumption is projected to continue to grow riding on global economic expansion, an expected acceleration of consumer demand for textiles, manufacturing growth for cotton, and rising environmental and production costs for synthetics.

Based on these projections, global stocks would decline to 18.2 million tons. Current projections for the 2017-18 season include production at 25.8 million tons and consumption at 25.4 million tons. Most major cotton producing countries have estimated increased planted area for 2017-18 over the previous season. Production increases are coming off gains in planted area rather than yields this season. However, Australia has decreased planted area yet still increased cotton production with a yield growth of 16 per cent.

Major producers, India and Pakistan, with estimated area increases of 16 per cent and 24 per cent respectively, encountered production losses from pink bollworm this season. Global average yield for 2017-18 is currently being estimated at 778 kg per hectare, a 0.1 per cent increase from the previous season, while area increases are 12 per cent greater from the previous season. Current estimates for the 2018-19 season are for production to move to 25.4 million tons and consumption to rise to 26.5 million tons.

Source: fashionatingworld.com- Mar 05, 2018

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Pakistan: How a garment consortium survived worst of times

It was in the early 2000s when two woven garment producers from Lahore proposed creating a larger cluster of small- to medium-sized apparel exporters of bottom-wear for increasing their economies of scales and reducing their costs.

About 17 manufacturers came to the first meeting to discuss the details, but only eight saw the long-term benefits of collaborating with each another and stayed back to form the Lahore Woven Garments Consortium with an aim to conduct joint operations while maintaining their individual identity.

Those were different times. The going was getting tougher for the small to medium-sized exporters of value-added textiles from Pakistan in the wake of terror attacks on the American soil followed by the Nato invasion of Afghanistan.

The West was taking actions to control and monitor shipments from Pakistan that sharply raised the cost of exports as buyers virtually stopped visiting this part of the world owing to travel advisories issued by their governments.

Several foreign companies decided to pull out of Pakistan amid uncertainty triggered by the country's involvement as a front-line state in the US president George W. Bush's 'war on terror'.

On top of that, textile quotas were all set to phase out in 2005 that changed the dynamics of international textile trade and impacted on the guaranteed market share of Pakistani products in the world.

The larger exporters did not suffer much. However, small- and medium-sized garment exporters were being squeezed from both ends because of their size: the buyers forced them to give huge price discounts and the suppliers extorted them because of their smaller purchase orders.

"That was altogether a different world and nobody in the industry was sure of the future because of geopolitical development and changes in the international textile trade. The prevalent international trade and business conditions helped us see the benefits of collaboration," recalled Jawwad A.

Chaudhary, managing director of Musterhaft, during an interview with this correspondent at his factory last week.

Initially, they started by sharing information about their buyers, market, technology, cost of production, best management practices and so on. “That pool of information helped us benchmark our production, as well as move towards social, labour and other compliance long before the buyers started putting pressure. We have learnt a lot from each other,” Mr Chaudhary said.

“The benchmarking of our production and costs also helped us hold out to pressure from our customers to reduce our prices as half of our customers were common. The successful experience motivated us to move ahead to joint purchase of textile quota, raw materials, technology and so on. The collective purchase deals saved us millions of dollars that significantly brought down our input and doing business costs despite heavy technological up-gradation,” he said.

Their collaboration has paid off large dividends for the participants with their combined shipments surging by five times from $25 million in 2001 to $125m in 2017. Their business growth is 2.5 times greater than what national exports could manage in the same period.

“This cooperation has not only let us make profits and grow but also helped some of us survive the worst of the times that include the abolition of textile quotas, recession in the US and Europe, energy shortages, etc,” Mr Chaudhary underscored.

Though each member of the consortium has benefitted from their cooperation, not all have grown at the same rate. Some have grown much faster than the others because of various factors like the availability of cash to upgrade technology, invest in alternate energy sources during blackouts, debt-heavy investments, etc.

With one and a half decade of cooperation that started with the development of a common pool of information and very high level of trust and confidence in one another, what lies next for the group participants? One of them recently told a conference organised by the Lahore University of Management and Sciences (Lums) that the next “merger of the participating companies into one large firm was the next logical step in this collaboration”.

"We have already started working in this direction and commissioned a study. Mergers are not very common in our country but we realise that economies of scales could be achieved through mergers," he said in answer to a question.

Nonetheless, they do not have set any timeline for this "next logical step" and not many are optimistic of them moving in this direction any time soon.

Source: dawn.com- Mar 05, 2018

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NATIONAL NEWS

Global challenges to loom large on apparel exports: Icra

The pace of growth in India's apparel exports is likely to remain contingent upon the industry's ability to overcome the internal as well as external headwinds that it is currently facing, feels Icra.

According to a Icra report released on Monday, while transition to the new taxation and export incentive regime has posed liquidity challenges for the industry, intense competitive pressures in the global market, particularly in light of impending trade agreements and foreign currency movements pose additional challenges. In addition, uncertainty on the apparel exports to the UAE looms, in light of inexplicable trends witnessed in the recent months.

Jayanta Roy, senior vice-president and group head at Icra, says: "The accommodative stance taken by the government by way of upward revision in export incentives in November 2017, has addressed one of the issues that the segment is facing. However, sustainability of growth remains contingent on how the scenario on the other fronts pans out."

According to Icra, following an upward revision in export incentives, India has reported a 6-20% year-on-year (Y-o-Y) growth in apparel exports to key nations such as the US, UK, Germany, France and Spain during the November-December period in 2017. However, despite this, the overall apparel exports are down by 1% Y-o-Y in 10M in FY18.

The decline has been primarily driven by the sharp decline in exports to the UAE market. UAE had emerged as one of the prominent apparel export destinations for India, with its share increasing to 23% in FY17 from 12% in FY14. Particularly for the ten-month period ending June 2017, India's apparel exports to UAE had grown at a sharp pace (56% Y-o-Y).

Thereafter, apparel exports to the UAE have fallen at an equally fast pace, by as much as 45% since June 2017. Excluding the trade with the UAE, India's apparel exports are estimated to have stood 3-4% higher in 10M FY18.

As for the global scenario, apparel trade has remained subdued for the third consecutive year, expanding by just 1% in the calendar year (CY) 2017 on a low base, following a 2% and 5% decline witnessed in CY2016 and CY2015 respectively. In addition, the world's largest apparel manufacturer and exporter - China, has been able to arrest the sharp declining trend in its apparel exports to a mere 1% in CY2017 as compared to de-growth of 10% and 6% in CY2016 and CY2015 respectively.

Accordingly, China is estimated to have vacated just US$ 1 Billion worth of space in global apparel trade compared to US$ 10-15 Billion vacated in each of the previous two years. China's declining market share was earlier expected to offer opportunities to the other major apparel exporting nations, to garner a larger pie of the global apparel trade.

Besides China and India, Bangladesh and Vietnam remain the other key apparel exporting nations. Supported by its duty-free access to the EU market, Bangladesh retains its status as the second-largest apparel exporter after China. Vietnam remains the fastest growing amongst large apparel exporting nations, maintaining its growth in the US market despite the latter backing out of a proposed trade agreement.

Impending developments, including the modified Trans Pacific Partnership (excluding US but including other prominent buyers such as Japan and Australia) and the EU-Vietnam Free Trade Agreement, which are likely to take shape in the current calendar year have the potential to further strengthen Vietnam's presence in the global apparel market.

Adds Mr. Roy, "in addition, the competitiveness of the Indian apparel exporters will also remain contingent upon the movement in foreign exchange rates. This remained a key challenge last year, with the Indian rupee appreciating by 3% (vis-à-vis USD) in the CY2017 compared to 1-3% depreciation in currencies of other key apparel exporting nations, that is, China, Bangladesh and Vietnam."

Source: economictimes.com- Mar 05, 2018

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US tax: Spectre of dumping haunts India

The US plan to tax steel and aluminium imports may not hurt India's exports much but it may prompt countries like China to divert a part of their supplies to India, raising chances of dumping here, industry and analysts said. Also, any ensuing trade war involving large players like China and the European Union that would seek to retaliate against the US curbs will potentially dent global trade growth and impact India as well, they said.

The government is already closely tracking US trade policies to gauge if the largest economy is going to impose curbs on products — including gems and jewellery, garments and textiles, and pharmaceuticals — where India has huge interest, a senior official told FE. It is also examining if the Trump administration's move to impose a duty of 25% on steel and 10% on aluminium imports is consistent with the US commitments under the World Trade Organisation (WTO).

India's steel and iron supplies account for just 4% of its overall goods exports to the US and aluminium just over 1%. Nevertheless, the tax casts a shadow over India's growing supplies of certain steel and aluminium products in recent years and also hurts its policy to diversify its markets. India's iron and steel exports to the US jumped to $2,352 million in 2016-17, against $1,638 million in the previous year. Such exports to the US touched $1,319 million in the April-November period of the current fiscal, up almost 43% from a year earlier. India's aluminium exports to the US rose over 80% to $358 million between April and November this fiscal, albeit on a small base.

"If other countries retaliate against the US move, a trade war will follow, which will adversely affect the growth prospects of world trade. And that's a worry. Also, some amount of diversion of items like steel from countries like China can't be ruled out," said Ajai Sahai, director general of FIEO.

Global trade in goods will continue growing above trend during the second quarter, the WTO's quarterly outlook indicator showed last month. "The recovery of 2017 seems to be extending into the first quarter of 2018 at least, based on things like strong export orders, strong air freight and container shipping and other indicators. So it seems like there hasn't been any slackening of momentum," it said. The WTO has forecast overall growth in world goods trade will most likely be around 3.2%, compared with an estimated 3.6% in 2017.

“In India it would not have significant impact as of its total steel imports, US imports only 2% and the market for steel consumption in India is growing,” said Sanak Mishra, former managing director, SAIL’s Rourkela Steel Plant. According to Essar Steel, the US decision to levy tariff across board on steel products is not compliant with WTO regulations.

Source: financialexpress.com- Mar 06, 2018

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Textiles ministry engages 21 e-tailers for handloom items

"So far, this ministry has engaged 21 e-commerce entities for online marketing of handloom products," he said.

The textiles ministry has engaged 21 e-commerce companies so far for online marketing of handloom products, Parliament was informed today.

To promote e-marketing of handloom products, a policy framework was designed under which any willing e-commerce platform with good track record can participate in the online marketing, Minister of State for Textiles Ajay Tamta said in a written reply to the Rajya Sabha.

"So far, this ministry has engaged 21 e-commerce entities for online marketing of handloom products," he said.

As on December 31, 2017, Rs 9.54 crore sales were generated by web portals, he said.

In a separate reply, Tamta said as on December 31 last year, there were 3,546 textile mills in the country and a total number of 56 mills have been closed during the past three years.

Source: economictimes.com- Mar 06, 2018

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Merchandise exports must grow 27% CAGR to capture 5% world mkt: ex-advisor

Former FinMin advisor H A C Prasad says India's current share is a miniscule 1.7%, suggests policy changes to get to 5%

While the average peak customs duty is 10 per cent, the effective rate is just 2.8 per cent due to various concessions and exemptions given to exports. This is a double-edged sword, since India is losing on negotiations in the World Trade Organisation because of its high tariff, whereas in practice the effective rate is very low.

Refunds are not taken into account in the WTO negotiations, he said. Prasad suggested bringing down customs duty to below 10 per cent, even if not in sync with ASEAN countries' tariff of 5 per cent, while doing away with exemptions and concessions. He said the means to achieve this resides in the goods and services tax regime.

"Many duties have been subsumed with GST and if tariffs are reduced, some export promotion schemes can be phased out," he suggested. At a time when the 15th Finance Commission has just begun its work, Prasad called upon linking devolution of funds to states with their export efforts.

Calling for reviewing free-trade agreements (FTAs), regional trade agreements (RTAs) and comprehensive economic partnership agreements (CEPAs), Prasad said these agreements have benefited trading partners more than India.

"So, a review of existing FTAs, RTAs and CEPAs is needed. This should not be just academic exercise, but should be down to earth based on the experiences of the sectors affected by these agreements," he suggested. Though India has attained a rank of 100 in 2017 against 130 in 2016, its ranking in terms of trading across borders was still at 146.

Prasad suggested that trade and industry should be roped in to point out specific steps to be taken to improve these indicators. Then, United States Trade Representative, Ministry of Economy, Trade and Industry (METI) in Japan and the European Commission come out with regular reports on foreign trade regulations for their respective countries or regions.

India needs to take a leaf out of these efforts and prepare such reports from the national perspective, as these would be useful for bilateral and multilateral negotiations.

What is also required is a clear cut agriculture export policy, Prasad said. "Along with the government MSP policy, restricting imports of agri items affecting livelihood concerns is also important. Finally, he suggested creation of an ombudsman to resolve exports-related problems and disputes.

Source: business-standard.com- Mar 04, 2018

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Govt might revise licence fee of Bt cotton seed for 2018-19 crop season

Bt cotton seed prices were first lowered in 2016, by a panel constituted by the Centre under the Cotton Seeds Price Control Order of December 2015

After a gap of two years, the central government might revise the 'trait value' (licence fee) of genetically modified (Bt) cotton seed for the 2018-19 crop season. The current price is Rs 800 for a 450g packet; this might also be changed. Of this, Rs 49 is the 'trait fee' and this could be cut by Rs 20-25. The Centre sets both rates.

The trait fee is what seed companies have to pay to the licence holder. In this case it is, global giant Monsanto's joint venture partner in this country, Mahyco Monsanto Biotech (MMBL). For the 2017-18 season, the Centre had retained the trait value at Rs 49, which included all taxes.

It had also kept the price of Bt cotton seed unchanged at Rs 800 per 450g. Bt cotton seed prices were first lowered in 2016, by a panel constituted by the Centre under the Cotton Seeds Price Control Order of December 2015.

Brought down from Rs 830-1,030 earlier; trait value was lowered about 70 per cent, from Rs 163 a packet. The move was followed by a guideline issued in May 2016, which capped the trait value at 10 per cent of the seed sale price and thereafter lowered it periodically. This was much criticised by multinational seed companies. Monsanto said it would "re-evaluate" all its business in the country; it took the biggest hit.

It had also petitioned against the order at the high court in Delhi. MMBL has sub-licensed Bt cotton seed technology since 2002 to 50-odd domestic companies. First sub-licensing BG-1 technology, which went off-patent in 2006. It now sub-licenses BG-2. Seeds produced using this technology occupy 95 per cent of the Indian cotton market.

A third technology, BG-3, is in the pipeline but commercial use has not yet been approved. Domestic seed companies alleged MMBL collected Rs 5.3 billion annually as trait value and since 2002 had taken Rs 70 billion as licence fee. The Indian Bt seed market is worth at least Rs 35 billion a year. The issue divided National Seed Association of India, with multinational companies and some like-minded Indian ones forming the Federation of Seed Industry Association.

Source: business-standard.com- Mar 06, 2018

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Intimasia to revolutionise Indian intimate apparel market

Intimasia 2018 is set to revolutionise the intimate apparel market in India. In spite being one of the fastest growing sectors of the textiles, it has been almost a closeted industry.

The fair beginning March 8 in Kochi, Kerala, will see participation of more than 70 intimatewear brands from various parts of the country exhibiting their designs.

India's largest intimate apparel trade event will bring all the stakeholders together, to contemplate the existing pitfalls in the industry and decide on a way forward. From brands to manufacturers, retailers to distributors, agents to consumers, everyone will be present at the event to engage and strategise together.

"Intimasia will be the largest intimate apparel trade event in India. It's only apt that we host the event in Kerala where the intimate apparel industry is projected to have an annual turnover of Rs 5000 crore," said Yusuf Dohadwala, CEO, Intimate Apparel Association of India.

The three-day show will feature a complete range of intimate wear brands and products such as lingerie, men's innerwear, children's innerwear, sleepwear, loungewear, swimwear, beachwear, shapewear, socks and stockings.

In its very first edition, Intimasia is committed to elevate the intimate wear business by promoting fashion, innovation and ideation. Featuring some of the best brands, the event will provide an opportunity to network with more than 2000 retailers, distributors and agents of Kerala. The event will be a medium for the industry professionals to penetrate into Kerala's intimate apparel industry.

"The national brands have not been able to penetrate deep into the intimate fashion market of Kerala. As a result, 70 per cent of the market is occupied by local brands which act as fillers to compensate the large demand of the consumers. Intimasia Kerala will serve as a bridge for these brands to infiltrate into Kerala's intimate apparel market," said Dohadwala.

The trade event will host fashion shows, talk shows, workshops and seminars by industry experts. The event serves as an infrastructure for the experts from the industry to experience new brands, product innovation and gain improved perspective of the market.

Source: fibre2fashion.com- Mar 05, 2018

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