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TEXPROCIL NEWS CLIPPINGS

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IBTEX No. 180 of 2017 September 06, 2017

USD 64.23 | EUR 76.52 | GBP 83.73 | JPY 0.59

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
19840	41500	**82.54**

Domestic Futures Price (Ex. Gin), October

Rs./Bale	Rs./Candy	USD Cent/lb
19260	40287	**80.12**

International Futures Price

NY ICE USD Cents/lb (Dec 2017)	74.88
ZCE Cotton: Yuan/MT (Sept 2017)	15,750
ZCE Cotton: USD Cents/lb	**92.98**
Cotlook A Index – Physical	**81.9**

Cotton guide: Cotton market hit upper limit on Tuesday. The ICE December posted a close at 74.88 up almost 4% from the previous close. The subsequent contracts also traded positive.

The recent rally has been quite precarious. The move from 66.50 to 72 was predominantly because of threat of crop loss in the US especially in Texas Region amid hurricane Harvey. Post the market cleared the barrier of 72 the rally spilled over to almost 75 cents and the move was quite fast with highest trading volume in last few months.

It's the natural disaster that is estimating more than 700,000 bales of crop loss in the country. However looking at the recent forecast by National Hurricane Centre(NHC) the movement of Irma could cause more damage to the country while need to keep a strong watch how much damage could be in cotton.

Further another strong storm Jose turning to category 4 may be witnessed in few days as per the estimation.

In the meanwhile China Reserve cotton management corporation announced that only textile enterprises would be allowed to purchase cotton on the remaining auction until end of September. Also the cotton bought must be used by the purchasers or they would be banner from future auctions. Market could take it as mixed indicator. In one side limited supplies could keep price higher while it may be also bearish with limited bales sold in the auction. On the auction held Tuesday reserve sales were around 87% of the total offers. Approximately 1w0e48 bales were sold. As per the report total sales to date is around 12.50 million bales. The remaining unsold reserve stock is estimated around 26.40 million bales.

From today's perspective this morning Cotton for ICE December is trading at 75cents yet another positive move. We believe it's the carryover effect from the previous close. Also the ZCE cotton is trading up this morning indicating the positive vibes may continue to prevail in the market.

From the domestic front in India cotton futures for October, November and December all have moved up despite the spot continues to trade steady near Rs. 43000 per candy. The rally is future movement is majorly caused by ICE performance. For the day we may expect another positive move. The trading range for October may be 18900 to 19300 per bale.

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

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INTERNATIONAL NEWS

Trump Appears Ready to Quit South Korea Trade Agreement and Sourcing Could Pay the Price

In keeping with the trend of current things in trade, President Trump seems to be seriously considering quitting KORUS, the free trade agreement between South Korea and the United States, as soon as this week.

According to reports, Trump has instructed his advisers to prepare documents that would provide a six-month notice for the U.S. to withdraw from the deal—a move that in itself is expected to stoke tensions, and it comes just as North Korea tested a hydrogen bomb as part of its nuclear weapons program. The president is reportedly frustrated over the pace of talks, which started on Aug. 22.

If KORUS does get dealt this blow, the apparel and textile industry would be facing duty increases on U.S. imports from and exports to South Korea. As part of the five-year old deal, the U.S. and South Korea had agreed to cut tariffs on roughly 95 percent of the consumer and industrial products they trade.

Immediately following the first round of KORUS talks, the Office of the United States Trade Representative, issued a statement quoting U.S. Trade Rep Robert Lighthizer saying, “Unfortunately, too many American workers have not benefitted from the agreement. USTR has long pressed the Korean government to address burdensome regulations which often exclude U.S. firms or artificially set prices for American intellectual property.”

It’s not yet clear whether the talk of termination is a negotiating ploy or part of the president’s ongoing anti-trade rhetoric, according to an update from the American Apparel & Footwear Association. It’s also unclear how the escalating crisis in North Korea is impacting these potential moves on trade.

“While conventional wisdom and the national security apparatus suggest that the North Korean nuclear crisis is precisely the wrong time to undermine relations with South Korea, signals have been emerging from the White House that the president may be moving in an opposite direction," AAFA said.

As has been the habit, Trump turned to Twitter on Sunday saying first, "South Korea is finding, as I have told them, that their talk of appeasement with North Korea will not work, they only understand one thing," He followed that tweet with another saying, "The United States is considering, in addition to other options, stopping all trade with any country doing business with North Korea."

An opinion piece in the Korea Times said a U.S. move to nix the deal could "poison" the two nations' alliance. The article pointed to two reasons for Trump's stance on KORUS that fall in line what the AAFA alluded to: one, he wants to maximize leverage in the next round of talks with South Korea, or, two, he may be willing to ditch KORUS in an effort to position himself for a bigger win with NAFTA renegotiations.

Either way, it may spell unfortunate news for the U.S.

"We are afraid the termination of the trade deal will end up a typical case of a lose-lose game. As various U.S. economists and industrialists have pointed out, the U.S. trade deficit with South Korea may not be due to the unfair trade accord but to macroeconomic factors, such as the difference in industrial structures of the two countries, disparate business cycles and the Fourth Industrial Revolution," the Korea Times editorial noted. "Losers will be not just industries whose price competitiveness will sharply weaken in the import markets of each country but also consumers, American and Korean. The only, if short-term, winner will be President Trump with rising approval rating among supporters."

USTR said in a July statement calling for review of the U.S.-Korea trade agreement, that the trade deficit with South Korea has doubled from $13.2 billion when the deal took effect in March 2012, to now $27.6 billion.

A closer look at the impact on apparel and textiles

With no free trade agreement with South Korea in place, all duty savings would be eliminated.

For the year ended June 2017, according to the AAFA, the U.S. imported roughly $620 million in yarns and fabrics under KORUS, which amounts to 28 percent of total yarns and fabrics the U.S. imported under free trade agreements in the period.

"South Korea remains one of the top five sources of yarn and fabric imports, used for domestic manufacturing operations," AAFA said.

Over the same period to June, apparel imports under KORUS amounted to $186 million, roughly 1.4% of total apparel imports under FTAs, more than two-thirds of which is synthetic apparel.

Though South Korea isn't among the top sources of footwear for the U.S., imports of shoes from the country increased upward of 58 percent between 2011 (before KORUS was implemented) and 2016. South Korea also happens to be among the top sources of socks for the U.S., so that market could take a hit, too.

In terms of U.S. exports to South Korea, American textiles and apparel exports bound for the nation in the year to June totaled $308 million, $80 million of which was apparel. Footwear exports from the U.S. to South Korea amounted to $38 million, just half of what it was exporting pre KORUS.

Sourcing from Haiti could also feel the effects of a terminated U.S.-Korea trade deal.

As part of the Haiti HOPE/HELP trade preference programs, apparel imported under the value-added provision can come into the U.S. duty free as long as a certain percentage of the garment's export value can be attributed to Haiti, the U.S. or any other preference or FTA country.

"Since Korea is an FTA country, its inputs can be credited to this percentage," AAFA said. "For the year ended June 2017, about 50 million square meter equivalents (SME) of garments entered under these provisions, about double what came in just two years ago, but still only about 16 percent of total apparel imports from Haiti."

Source: sourcingjournalonline.com - Sep 05, 2017

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Australia: Cotton Australia welcomes move on water infrastructure

Cotton Australia has welcomed a Queensland Government initiative to invest in water infrastructure. The organisation is one of eight rural industry groups to receive funding for the Rural Water Use Efficiency Initiative (RWUEI) for 2017-18, administered by the Department of Natural Resources and Mines, which is designed to help irrigators improve efficiency.

The $100,000 in financial incentives has been made available to cotton growers to adopt technologies and services through water use efficiency and best management practice and training.

Cotton Australia general manager, Michael Murray, says irrigators participating in the programme will have access to independent advice and evaluations of their current systems in order to improve water management on farm.

"Australia's cotton industry has made significant efficiency gains in recent years, and has improved water productivity by 40 per cent since 2003," Murray says.

"Due to our commitment to continuous improvement to best management practices and research and development, we produce more crop per drop than any other cotton-producing country."

"Programmes such as the Rural Water Use Efficiency Initiative will help cotton farmers in Queensland continue their progress in this area, and we welcome the funding contribution from the Queensland Government."

"Cotton Australia will communicate to growers about how to apply for funding in the coming weeks."

Source: fibre2fashion.com- Sep 04, 2017

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Oklahoma becoming a national player in cotton production

Oklahoma is increasingly becoming a national player in cotton production and is projected to climb into fourth place in acres harvested for 2017, according to the U.S. Department of Agriculture (USDA).

Mississippi is third in forecast acreage and is expected to harvest 95,000 more acres than Oklahoma, down from 140,000 more acres the year before, according to the USDA, but Oklahoma is narrowing the gap, said Harvey Schroeder, executive director of the Oklahoma Cotton Council, which is based in Frederick in southwest Oklahoma.

Troy Marshall, Oklahoma state statistician for U.S. Department of Agriculture said that the gap in forecast acreage planted in cotton for this year may be too much for Oklahoma to overcome to end up being ranked third in the nation.

Marshall stated a better understanding where Oklahoma's cotton crop is ranked nationally will be seen in October as the harvest takes place. Still, it is pretty impressive how much Oklahoma has climbed over the last few years in cotton production.

Cotton yields are forecast to be down somewhat from last year's bumper crop, according to Marshall. Last year cotton was 1,021 pounds per acre, while the forecast this year sees 786 pounds per acre.

Marshall said that his department is forecasting a 17 percent increase in cotton production for Oklahoma due to more acreage being placed in cotton. A lot of people are going into cotton who have never been before. As of Aug. 1, Oklahoma has 450,000 acres in production, an increase of 55 percent. Last year the state finished the season with 290,000 acres in cotton.

While, the Oklahoma Cotton Board believes the state could go as high as third place. Last year the state was sixth nationally in acres harvested.

Texas leads the nation with a forecast of 5.7 million acres, with Georgia second at 1.3 million acres. The USDA considers 17 states cotton producers. In 2003, according to the U.S. Department of Agriculture, Oklahoma was ranked 13th nationally in cotton production.

Oklahoma cotton production in the late 1990s and early 2000s hovered at 530 pounds acre. However, advances in technology and methods of fighting the boll weevil have improved yield dramatically.

According to farmer Mark Nichols who looks over the 6,000 acres of cotton to harvest. It's a pretty good crop and there's a number of reasons for that, but the main reason is better genetics in the cotton they are growing now days.

Source: yarnsandfibers.com- Sep 05, 2017

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US market highest consumer of Balinese textiles

Balinese textiles have been highly praised in several countries, because the products are produced manually instead of machines. Some countries, such as United States of America, Singapore, and Australia, have served as three largest markets for the Balinese textile products, stated Adi Nugroho, the Bali BPS chairman.

According to the Central Statistics Agency (BPS), the US market has absorbed about 23.11 percent of non-knit textile products, worth US$5.240 million, exported by Bali province in July.

The US market was the highest consumer of Balinese textiles; followed by Singapore, with 14.29 percent; Australia, with 9.30 percent; and Hong Kong, with 6.29 percent.

Apart from the non-knit textiles, the Balinese handmade goods were also exported to France (6.56 percent), Spain (4.01 percent), Japan (0.68 percent), China (0.62 percent), the Netherlands (1.07 percent), and Germany (1.75 percent). The other 31.02 percent of the handmade products were distributed to other states across the world.

However, in July 2017, the number of exports, mainly in textiles, has declined by 15.87 percent, or worth $988,739, compared to the previous month.

Meanwhile, compared to the similar month last year, the figure has marked a slight growth of $76,352, or 1.48 percent. In July 2016, the province exported textiles worth $5.146 million.

According to Nugroho, the textile products contributed to 13.75 percent of the overall $38.126 million exports in the province. Despite the increase in number of some commodities, the total exports in the province have decreased by 25.01 percent, or $12.71 million.

Meanwhile, the provinces Industry and Trade Agency in order to improve the exports have launched a design training program, the program aims to improve the designs of textile products and other derivative commodities to micro-middle businesses.

Source: yarnsandfibers.com- Sep 05, 2017

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Chinese textile firms on green drive: China Water Risk

Most Chinese textile manufacturers are on a green drive tackling water risks and have initiated steps to shift to circular water management models, according to a new report based on an online survey conducted by Hong Kong-based non-profit organisation China Water Risk. About 72 per cent of the respondents see a benefit in moving into a circular economy.

A circular economy is a regenerative system in which resource input and waste, emission, and energy leakage are minimised by slowing, closing, and narrowing material and energy loops.

The report called 'Insights From China's Textile Manufacturers: Gaps to Overcome for Clean & Circular fashion', which was sponsored by C&A Foundation, a global corporate entity to transform the fashion industry, analyses insights collected from an anonymous online survey of China's textile manufacturers.

The survey found that while manufacturers are moving towards the clean and circular model, they still face significant regulatory, operational and reputational challenges, and knowledge gaps, according to a recent press release from China Water Risk.

About 98 per cent of the respondents said they are taking actions to turn green, 74 per cent are recycling water, 88 per cent have upgraded their wastewater equipment and 84 per cent have upgraded equipment for chemicals.

Manufacturers want more training, more help with sourcing and additional financial support to help overcome their challenges.

Source: fibre2fashion.com- Sep 05, 2017

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Iran: Apparel Industry Struggles to Keep Head Above Water

The dominance of foreign brands in Iran's apparel market, mostly through smuggling, has undermined domestic production over the years. In the hope of boosting domestic production and bringing about effective changes in the apparel industry, the Fifth International Apparel Exhibition, also known as IRAN MODE 2017, opened on Monday and will run through Thursday.

At the exhibition's venue, Tehran's International Permanent Fairgrounds, Financial Tribune interviewed Amin Moqaddam, a member of the board of directors of Iran Textile Exporters and Manufacturers Association. Moqaddam, who is also the treasurer of the association, said there have been promising developments in the Iranian clothing industry over the last two years.

"The quality of raw materials, textiles to be more specific, has improved over the years, as designers have grown more conscious about fashion trends. I believe Iranian apparel producers today are able to produce and offer clothing for different tastes in various styles," he said. The official said many garment manufacturers have gone out of business due to the staggering rate of smuggling, but producers who were willing to face the challenge enhanced the quality of their products to survive and thrive.

According to Moqaddam, currently Iranian apparel production meets less than 30% of domestic demand, but he believes Iranian producers have the capacity to increase the share to 70%.

"On average, each Iranian buys two items of clothing per year, because of which demand for textiles in the country stands at 160 million meters per year," he said.

Stained by Smuggling

The official said the government puts illegal apparel imports at $2.5 billion per year, but the real figure is more than double this amount. "The huge volume of foreign clothes smuggled into the country has had a detrimental effect on domestic producers," he said. The abundance of foreign brands, which flaunt cheaper price tags, has eroded the competitiveness of domestic producers, as renowned foreign brands employ strong advertisement campaigns worldwide.

Moqaddam put the value of Iran's apparel market at $11 billion. "Apparel imports should not be stopped altogether, but they need to be properly managed since moderate imports can give rise to positive competition and push producers to improve their products," he said. Moqaddam noted that the clothing industry is the cheapest job-creating industry in Iran.

"For each job in the textile industry, an investment of 350 million rials ($9,025) is needed while it takes $2 million to create one job in the petrochemical industry," he said, stressing that the Iranian textile industry has the highest job creation potential after oil industry. The official said at least 750,000 people are directly involved in the apparel industry.

As an initiative to create more jobs in this field, Industries, Mining and Trade Minister Mohammad Shariatmadari and the head of Planning and Budget Organization, Mohammad Baqer Nobakht, signed a memorandum of understanding on Monday for promoting rural employment under the framework of "apparel production in rural regions", IRNA reported. The imitative is aimed at creating 5,480 jobs in rural regions in the provinces of Ardabil, Chaharmahal-Bakhtiari, Kermanshah and Hamedan.

Garment manufacturing facilities in Iran are outdated due to the inability to import the latest equipment because of different reasons, including lack of financial resources and years of international sanctions imposed on Iranian industries over its nuclear program.

“Many of the equipment used in this industry are over 40 years old,” he said, adding that renovating the equipment used in the apparel industry and technology transfer are top priorities.

Boosting Trade

Iran exported 3,800 tons of apparel worth $46.2 million in the last fiscal year (March 2016-17), up 2.6% in volume and 3.9% in value when compared to the previous year, Iran’s Chamber of Commerce, Industries, Mines and Agriculture’s news portal announced.

Boosting exports calls for promoting domestic production first. For this, authorities plan to set up new industrial towns with the aim of strengthening domestic production chains.

New apparel industrial towns in Fashafouyeh, located in Tehran Province’s Rey County, and another across from Tehran’s Imam Khomeini International Airport are among major projects.

Moqaddam considered the measures to set up new apparel industrial parks in the country as important steps for promoting this industry.

“Industrial estates would lead to considerable reduction in production costs, as different fields operating in the clothing industry could be centralized and the role of middlemen would be diminished,” he concluded.

Source: financialtribune.com - Sep 06, 2017

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Sri Lanka's apparel exports to reach $8 bln by 2020

Sri Lanka's apparel sector exports is expected to reach US$8 billion in by 2020, a top apparel industry official said on Monday.

Rohan Masakorala - CEO of Shippers' Academy Colombo, was speaking at a media briefing organized to announce the 9th 'Colombo International Yarn and Fabric Show 2017' at the Kingsbury Hotel in Colombo.

Mr. Masakorala, a former Secretary General of the Joint Apparel Association Forum (JAAF), added, "After regaining GSP + we believe that apparel exports will increase in the coming years."

Referring to other sectors of the economy, he said that Sri Lanka lacks marketing of its sea and air ports which are valuable assets that could trigger revenue to the country.

At the media briefing it was stated that the exhibition will be held parallel to two other exhibitions at the Sri Lanka Exhibition and Convention Centre in Colombo from 15-17 September. 'International Home Textile Sri Lanka Expo 2016' will be held for the first time together with the 2nd 'Sri Lanka International Air Freight, Shipping and Logistics Expo 2017.'

Source: sundaytimes.lk- Sep 05, 2017

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NATIONAL NEWS

Cotton position comfortable

Industry sources foresee a comfortable cotton position during the 2017-18 cotton season.

The Southern India Mills Association (SIMA) is estimating the crop at 370 to 380-lakh bales of 170 kg each. "While the crop position is comfortable, mills are not working at their optimal capacity as there is a huge accumulation of yarn. In fact, many of the spinning mills in the south have resorted to a "go slow" tactics.

A good number of mills are facing heavy cash crunch. This is worrisome" said K Selvaraju, the Secretary General of SIMA.

Yarn production

He however maintained that the yarn production had stagnated at around 4,000-million kg level since 2014-15, despite the increase of over 3 million spindles in the last three years. "Declining demand for the yarn has driven quite a number of small weaving units out of business," he added.

Meanwhile, the Ministry of Agriculture has confirmed that the area under cotton in 2017-18 season has jumped to 119.88-lakh hectares from 101.72-lakh hectares in the earlier season.

Trade sources say the crop has continued to draw significant rainfall in areas that were deficient, and this in turn could improve the crop position.

"Arrivals, though, could be delayed due to rains," the source said. Cotton arrivals peak by the end of September in north compared to the central and south cotton zone." "Arrivals, though, could be delayed due to rains," the source said. Cotton arrivals peak by the end of September in north compared to the central and south cotton zone."

Source: thehindubusinessline.com- Sept, 05, 2017

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States invite investments in textiles

Telangana, which is developing a 1,200 acre textile park in Warangal, has invited investments in technical textiles with special incentives. It will be the official partner State for Techtextile India, an international trade fair for technical textiles and non-wovens, to be held in Mumbai from September 13 to 15. Messe Frankfurt Trade fair India will organise Techtextil India.

According to a press release, the event will have more than 175 companies from nine countries as participants. The companies are from China, France, Germany, Spain and Korea. The exhibits will be on research and development, fibre and yarn, fabrics, functional textiles and technology in the technical textile segment. Leading players in India, such as Reliance, Welspun, Garware Wall Ropes, and Archroma will also take part.

The Government of Telangana will highlight the features of its textile policy and the investment options in the State. It provides additional incentives for capital, power tariff, and land purchase for investments in technical textiles.

The exhibition will have a special business-to-business investment session for Telangana State to reach out to key industries.

Gujarat Textile Policy

Meanwhile, industry sources here pointed out that the Gujarat Textile Policy, which was introduced in 2012 ends this month. Based on the representations from the industry and review of the policy, the State has decided to extend its policy for one more year.

All the schemes and incentives offered in the policy will be available for one more year. Gujarat is one of the leading producers of cotton in the country and is giving a thrust to development of the entire textile value chain in that State, said the sources here.

Source: thehindu.com- Sept 05, 2017

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Self-seal export cargoes sans Customs monitoring soon

The Customs department has allowed self-sealing procedure from October 1 for containers to be exported, as it aims to move towards a ‘trust based compliance environment’ and trade facilitation for exporters.

In a circular to all Principal Chief Commissioners, the Central Board of Excise and Customs (CBEC) said exporters who were availing facility of sealing at the factory premises under the supervision of customs authorities will be automatically entitled for self-sealing facility.

It said that permission once granted for self-sealing at an approved premise will remain valid unless withdrawn.

However, in case of change in the premise, a fresh approval from Customs department will be required.

“The new self-sealing procedure shall come into effect from October 1. Till then the existing procedure shall continue,” the CBEC said.

Nodal officer

It asked field officers to notify a Superintendent-rank officer to act as the nodal officer for the self-sealing procedure.

The officer will be responsible for coordination of the arrangements for installation of reader-scanners.

Source: thehindubusinessline.com - Sep 05, 2017

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Gujarat Govt announces 1 year extension of textile policy to help MSMEs

In response to the repeated requests of the textile sector comprising of over 60 per cent of the Micro, Small and Medium Enterprises (MSMEs) in the state of Gujarat, the state government has finally announced an extension of the existing textile policy of 2012.

Talking to KNN, Dharmendra Joshi, Past President of Gujarat Chamber of Commerce & Industry informed that the decision is a welcoming move and the industry for long have been demanding the same.

Joshi said that the state government is yet to introduce a new policy for the textile sector and the 2012 textile policy was to expire on September 4, 2017. With expiration of the older policy and absence of a new policy the sector would have to suffer a lot of problems. Therefore an extension for one more year is a good step taken by the government.

Explaining further, Joshi said that the various incentives and subsidies that are given under the 2012's textile policy that was introduced by the then Chief Minister of Gujarat Narendra Modi helped Gujarat develop as the cotton and textile capital in the country.

He informed that his association along with other industry bodies were in constant dialogue with the government so that the industry's functioning doesn't get tampered because of a sudden vacuum of the framework for the sector.

Under the announced extension, the policy will remain into effect till September of 2018.

Source: knnindia.co.in- Sep 05, 2017

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India's domestic cargo registers 8% CAGR in 10 years

India's domestic cargo registered a compounded annual growth rate of 8 per cent between fiscals 2006-07 and 2016-17, whereas international cargo grew at 6.2 per cent annually during the same period, says a study by Yes Bank and the Associated Chambers of Commerce and Industry of India (ASSOCHAM). The air trade to GDP ratio doubled in the last 20 years.

The ratio rose from 4 to 8 per cent in 20 years. Air cargo contributes about 20 per cent of airlines revenue and the industry employs around 70,000, according to the joint study on civil aviation released recently in New Delhi by ASSOCHAM. The growth of the industry will be driven by auto components, banking & finance, garments, pharmaceuticals, e-commerce and IT hardware sectors.

The study suggests that air cargo be treated at par with other logistics sectors like roads and its tax rate may be reduced from 18 per cent. As the air cargo sector is fragmented and air traffic is concentrated at only a handful of airports, the challenge is to connect cargo volumes of tier 2 and tier 3 cities with major cities.

To increase capacity of the existing players, airport infrastructure should be integrated with air cargo facilities and dedicated unused infrastructure at airports may be marked to air cargo operators, the study says.

Substantial investment is needed to develop dedicated on-airport cargo terminals and air freight stations to handle air cargo across the country.

To develop transshipments, customs and security policies and procedures for transhipment need to be standardized at various airports. A proper plan should also be made to connect rail cargo with air cargo, the study adds.

Source: fibre2fashion.com - Sep 05, 2017

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Centre yet to fix a sum as minimum monthly national wage

The ministry further clarified that the notion that a minimum wage of Rs 18,000 has been fixed for all employees is "incorrect, false and baseless". The minimum wages will vary from place to place depending on skill required, arduousness of the work assigned and geographical location, it added.

Seeking to clear the air, the labour ministry today said the Centre has not fixed Rs 18,000 as national minimum monthly wage under the Code on Wages Bill. The Bill was introduced in the Lok Sabha earlier last month. “Recently, some news reports have been published regarding the fixation of minimum wage as Rs 18,000 per month by the central government. It is clarified that the central government has not fixed or mentioned any amount as national minimum wage in the Code on Wages Bill, 2017,” the labour ministry said in a statement.

The ministry further clarified that the notion that a minimum wage of Rs 18,000 has been fixed for all employees is “incorrect, false and baseless”. The minimum wages will vary from place to place depending on skill required, arduousness of the work assigned and geographical location, it added. The clause 9 (3) of the Bill clearly states that the central government, before fixing the national minimum wage, may obtain the advice of the Central Advisory Board, having representatives from employers and employees.

The ministry explained that the Code provides for a consultative mechanism before determining the national minimum wage, referring to media reports on the revised methodology for calculation of minimum wages by increasing units from three to six. “It was purely a demand raised by trade unions in the recent meeting of the Central Advisory Board on Minimum Wages. However, it is clarified that such proposal is not part of the Code on Wages Bill,” it added.

As part of labour law reforms, the government has undertaken an exercise of rationalisation of 38 Labour Acts by framing four labour codes, namely Code on Wages, Code on Industrial Relations, Code on Social Security and Code on Occupational Safety, Health and Working Conditions.

The Code on Wages Bill, 2017, was introduced in the Lok Sabha on August 10, which seeks to subsume four existing laws — the Minimum Wages Act, 1948, the Payment of Wages Act, 1936, the Payment of Bonus Act, 1965 and the Equal Remuneration Act, 1976.

With enactment of the Code on Wages, all these four Acts will get repealed. The codification will also remove the multiplicity of definitions and authorities, leading to ease of compliance without compromising on wage and social security of workers.

Source: indianexpress.com- Sep 05, 2017

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India to remain largest cotton producer in 2017-18: ICAC

World cotton production and mill use in 2017-18 are estimated at 25.1 million tonnes, which would result in a 9 per cent increase in output and 2 per cent rise in consumption, according to International Cotton Advisory Committee (ICAC). With output projected to increase by 4 per cent to 6 million tonnes, India will remain the world's largest cotton producer.

China's cotton production in the same period may rise by 7 per cent to 5.2 million tonnes after four seasons of decline, while Pakistan's production is projected to increase by 17 per cent to 2 million tonnes.

Although the production forecast for the United States is 4.5 million tonnes, a rise of 20 per cent, the impact of the recent hurricane in Texas, home to around 45 per cent of US cotton production, is yet to be fully assessed, according to a recent ICAC press release.

Washington-based ICAC is an association of cotton producing, consuming and trading countries.

Global cotton consumption, which rose by 1 per cent to 24.5 million tonnes in 2016-17 after falling by 2 per cent in 2015-16, is projected to increase by 2 per cent to 25.1 million tonnes in 2017-18.

Mill use in China may grow by 1 per cent to 8.1 million tonnes while India's cotton consumption is predicted to recover by 3 per cent to 5.3 million tonnes.

Mill use in Bangladesh is anticipated to remain stable at 1.4 million tonnes as widespread flooding in August this year has damaged infrastructure and made it difficult to transport goods throughout the country and to run businesses, ICAC said.

World cotton area is projected to expand by 9 per cent during this period to 31.9 million hectares, and the world average yield is projected to remain unchanged at 789 kg per hectare.

World cotton stocks are predicted to remain stable at 18.5 million tonnes at the end of 2017-18, and the world stock-to-use ratio is expected to remain unchanged at about 75 per cent, or nine months of mill use.

China sold over two million tonnes from its national cotton reserve between May and August this year, thereby lowering the reserve to around 6.3 million tonnes at the end of August 2017.

China's cotton stocks are forecast to decrease another 16 per cent to 8.9 million tonnes, which would account for 48 per cent of world stocks in 2017-18. Ending stocks held outside China are expected to increase by 22 per cent to 9.6 million tonnes in 2017-18.

Source: fibre2fashion.com- Sep 05, 2017

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Trade policy review only after resolving exporters' cash woes, says Ministry

The Commerce Ministry will come up with the mid-term review of the foreign trade policy (FTP), initially scheduled this month, only after resolving the liquidity issues faced by exporters under the Goods and Services Tax (GST) regime, a government official has said.

"Two options are being examined by the Centre to deal with cash shortage faced by exporters who are no longer entitled to tax exemptions under various incentive schemes and have to instead pay taxes upfront and later claim reimbursement. Without a resolution to the issue, there is no point coming out with a mid-term review," the official told *BusinessLine*.

One option is the much debated introduction of e-wallet facility for exporters for virtual payment of taxes while the other is putting in place an actual wallet for use by exporters with money deposited by the Centre.

The Finance Commerce Ministries will thrash out both options and examine others too, if required, to reach an understanding, before sorting the out the matter with the GST Council.

According to estimates made by the exporting community, over ₹1.85 lakh crore of their working capital may get stuck annually because of the time-lag between paying taxes and then getting refunds instead of exemptions.

e-wallet facility

In the previous round of consultations before the GST was implemented on July 1, the Commerce Ministry had proposed that an e-wallet facility could be introduced for exporters.

Under the mechanism, the e-wallet account of an exporter is debited based on the preceding year's exports.

Whenever the exporter is supposed to pay GST, whether for imports or for procurement by merchant exporters, the payment is made from the e-wallet. Money, however, does not go out of the e-wallet account at all. It just goes from the GST account of exporter to the GST account of the supplier. The value of the e-wallet remains the same. When the exporter gives proof of export, her account is again re-credited.

The other option of an actual wallet is similar to the e-wallet concept, but the virtual money is replaced by actual money to be provided by the Centre. In the actual account, too, no money would go out and accounts would only be debited and credited based on GST paid and reimbursements made.

"Although the Centre is more comfortable with the actual wallet proposal as it involves real money, the Finance Ministry may have to provide ₹30,000-40,000 crore quarterly for it which it may not be comfortable with," the official said.

Source: business-standard.com- Sep 03, 2017

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Indian garment exporters to the US retain per unit realisation unlike peers

SHARE IN TOTAL APPAREL EXPORTS TO US (%)

	INDIA	CHINA	BANGLADESH	VIETNAM
2014	3.7	42.0	6.2	10.7
2015	3.7	41.8	6.8	11.5
2016	3.8	41.5	6.9	12.4
2017*	4.5	38.2	7.5	13.8

AVERAGE REALISATION PER UNIT ($) **

	INDIA	CHINA	BANGLADESH	VIETNAM
2014	3.6	2.7	3.0	3.3
2015	3.6	2.6	2.9	3.3
2016	3.5	2.5	2.8	3.2
2017*	3.4	2.3	2.7	3.0

*Till June **Realisation per square meter equivalent

Source: US Department of Commerce, Office of Textiles and Apparel, ETIG

Since the past three years, large garment exporting countries to the US, including China, Bangladesh, and Vietnam, have been recording decline in unit realisation. India, on the other hand, has not only maintained its realisation but also expanded market share.

According to the data from the Office of Textiles and Apparel (OTEXA), USA, the average realisation per square metre equivalent of apparels exported by India to the US has been in the range of $3.4-3.6 since 2014.

In comparison, the average for China fell by 13 per cent to $2.3 whereas for Bangladesh, it dropped by 11 per cent to $2.7. Vietnam reported a drop of 9 per cent in average realisation at $3. Due to rising labour cost in China, Chinese apparel manufacturers have been slashing prices to stay competitive in the global market.

This has affected their realisations. Industry veterans also highlight rising use of manmade fabric in garments exported to the US compared with cotton. Manmade garments such as winter-wear and other specialised garments fetch higher value than cotton-based garments.

Compared with China, which lost market share by 380 basis points to 38.2 per cent between 2014 and 2017, India's share rose by 80 basis points to 4.5 per cent. Industry observers point out that more Indian apparel manufacturers are becoming compliant to the US norms in terms of quality of products, labour conditions, and other legal aspects.

While this has increased India's cost of production, the US buyers are willing to compensate for this by paying higher prices. These reasons have helped Indian garment exporters to increase the market share as well as improve realisations.

Source: economictimes.com- Sep 06, 2017

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Telangana to buy cotton from farmers soon

The Telengana government will for the first time purchase cotton from farmers to provide them remunerative prices for their produce and to establish ginning factories in the state. The purchase is scheduled to start by the next Kharif harvesting season. The decision follows reported exploitation of farmers by private cotton traders and middlemen.

As the Cotton Corporation of India could do little to stop the exploitation, the move is aimed at preventing unrest among the farming community, according to a report in leading English-language daily in South India.

Ginning factories are being planned under Telangana State Co-Operative Marketing Federation Ltd (TS Markfed) for that purpose in Old Adilabad, Warangal and Khammam districts. A new ginning factory will soon start operations in Adilabad district.

Cotton will be purchased through Rythu Coordination Samithis, which will make the cotton bales, stock them in godowns and sell in the open market. The state government may allocate Rs 5,000 crore in the next state budget for establishing such Samithis to purchase cotton and other produce from farmers, the report said.

Source: fibre2fashion.com- Sep 06, 2017

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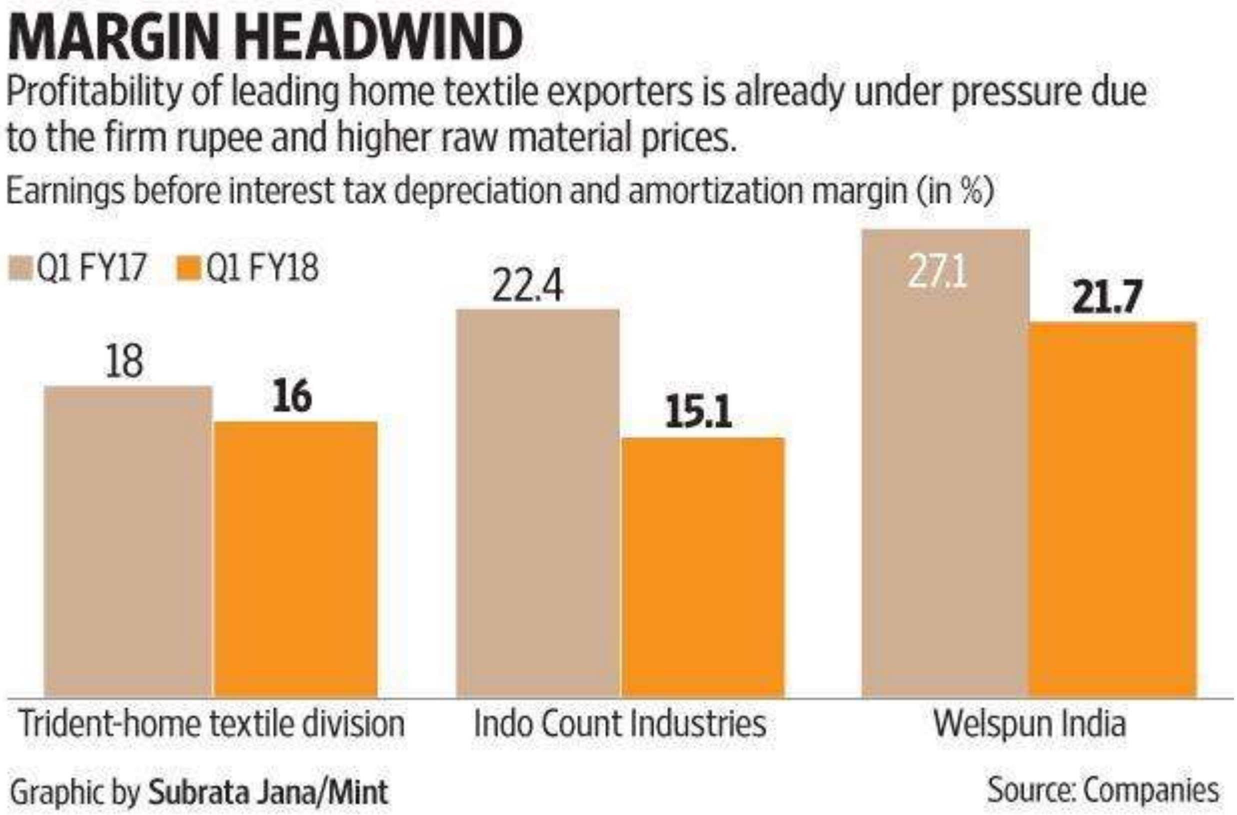
US retail shake-up adds to woes of textile exporters

Home textile retailers in the US, the biggest customers of Indian exporters, are facing heightened threat from e-commerce, with more than 300 retailers filing for bankruptcy this year

Home textile exporters, whose profitability is already weighed down by a firm rupee and higher raw material prices (*see chart*), are staring at another potential headwind—the implications of the ongoing transformation in the US retail industry.



Home textile retailers in the US, the biggest customers of Indian exporters, are facing a heightened threat from e-commerce. Companies unable to withstand the transformation are even filing for bankruptcy. According to Nirmal Bang Institutional Equities, more than 300 retailers have filed for bankruptcy so far this year, a significant rise from the previous year. As a consequence some Indian exporters have already reduced supplies to the troubled retailers. Contract renegotiations are getting trickier as retailers beset with tough market conditions are said to be resisting price hikes.

Established retailers are realigning and restructuring their business models. But they do have ramifications for suppliers. “The (Welspun India Ltd) management stated that US retailers have been cutting down inventory by moving to weekly orders instead of monthly consignments, thereby passing on the working capital costs to suppliers,” Nirmal Bang said in a note.

In another report, Emkay Global Financial Services Ltd said that retailers under increased threat from e-commerce are asking for price cuts.

To be sure, companies are yet to receive price cut requests. But frequency of promotions and requests for them are rising, which obviously involves costs. “The home textiles industry is at a point where retailers are trying to discover the right model in a combination of online, offline and omni-channel. There are frequent promotions at retail and the same is significantly increasing. Hence, industry is seeing build-up in pressure,” Emkay Global said in the note.

True, the industry anyway goes through such changes every once in a while. The challenge lies in its implications.

One of them is the impact on costs. Retailers are aiming for significant cost savings from their supply chain, not just one-time but as a continuing exercise.

“We know that we’ve got a multi-year journey around the supply chain transformation, which will help that working capital continue to come through the business,” Target Corp., a large retailer in the US which has already reduced inventories, told analysts last month,.

The second factor is the competition from e-commerce firms, which some fear can put pressure on prices. We have seen a variation of this play out in the Indian apparel sector where online discounts drove pricing trends in the retail stores and impacted realizations of manufacturers.

Of course retailers and exporters are investing in online channels, and are adjusting to the changes in the market. Further, given India’s strengths in access to raw materials and market share gains in US textile imports, the transformation will not unsettle exporters’ business in a major way in the near term.

But if e-commerce firms (say Amazon) in their penchant to gain market share keep up the competition and pressure on prices, then they can exert pressure on the profitability of Indian exporters in the medium to long term. “It all depends on how the retailers and exporters handle the changes.

If they can make a dent in the online market or gain a foothold in the Amazon marketplace by themselves, then we may not see much of an impact,” says an analyst with a domestic broking firm.

Source: livemint.com- Sept 05, 2017

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Apparel exporters seek clarity on refund of IGST paid on imported machinery

The Apparel Export Promotion Council (AEPC) — the apex body for apparel exporters in India -- has asked the finance ministry for refund Integrated Goods and Services Tax (IGST) paid on import of machinery used by exporters from the sector.

In a letter to the finance ministry, the AEPC said after the implementation of GST from July 1, apparel exporters are required to pay IGST up to 18% on assessable value plus the basic customs duty (BCD) while clearing shipments of capital goods under Export Promotion Capital Goods (EPCG) scheme.

The incidence of a very high IGST without any corresponding relaxation for export obligation has rendered the EPCG scheme unattractive, it said. In the letter to G K Pillai, Chairman of the Drawback Committee of Ministry of Finance, the AEPC Chairman, Ashok G Rajani said the only way for apparel exporters to claim IGST refund is through input tax credit.

However, apparel exporters who import capital goods normally export 100% of their products and doesn’t sell their products in the domestic market. “Hence, the issue of utilisation of input tax credit doesn’t arise for these exporters.

On the contrary, domestic players who are importing capital goods are better placed as they have various opportunities to utilize input tax credit,” Mr Rajani said.

“During pre-GST regime apparel exporters were availing benefit of EPCG scheme where exporters were allowed to import capital goods without paying any import duty.

The scheme was very popular amongst apparel exporters and encouraged many of them to invest in new units or go for expansion,” he said.

But after the implementation of GST, there has been no clarity on the refund proceeds of IGST, he said, adding that the working capital requirement of the exporters have gone up drastically due to the high rate of IGST.

Source: thehindu.com- Sept 05, 2017

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