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The Cotton Textiles Export Promotion Council [TEXPROCIL]
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USD 65.35 | EUR 77.01 | GBP 86.13 | JPY 0.58

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
17784	37200	**72.66**

Domestic Futures Price (Ex. Gin), November

Rs./Bale	Rs./Candy	USD Cent/lb
18250	38175	**74.56**

International Futures Price

NY ICE USD Cents/lb (Dec 2017)	68.81
ZCE Cotton: Yuan/MT (Jan 2018)	15,080
ZCE Cotton: USD Cents/lb	**87.59**
Cotlook A Index – Physical	**79.35**

Cotton & currency guide: The international cotton market is quiet and nothing much to discuss. The price band is narrowing down; activity is low and no major events. The ICE futures are holding steady. The December future ended the session at 68.88 and the March closed near 69 cents per pound marginally higher from previous close. However there has been good trading volume while most part of it is from the spread trading between Dec/March and March/May. As discussed the OI in December is decelerating while rising in March as the former is witnessing its 1st notice period on 24th of this month. The active month is now March 18 contract concentrated with highest open interest. March open interest has been increasing as the Dec fades. March open interests were at 134,922 contracts, up 5,325 contracts from previous day. March open interest has been increasing every day for almost a month.

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Total open interest, though, has lost just over 10,000 contracts since its recent peak last week of 236,988 contracts (Nov 6). Open interest began at 226,636 contracts, down 2,191 contracts from previous day. Trading volume was 38,655 contracts and cleared previous day were 46,168 contracts.

This morning cotton future is seen trading at 68.96 and no change (premium/discount) with March contract. There may slight uptick in the price however, 70 cents continues to be strong resistance in the market. Likewise, on the lower side 68 and 67 are the key support levels. So broadly cotton is expected to trade in the same range while for the day the trading would be 68.40 to 69.50. Note, today we have the USDA weekly export sales data and rise in the figure will have supportive effect on the price.

Spot price in India was marginally higher on Wednesday. The S-6 variety rose to Rs. 37750 per candy while Punjab J-34 traded at Rs. 3875 per maund. There has been slight decline in the arrivals. On Wednesday the arrivals fell from 152000 bales to less than 130000 bales due to rain in some part of the country. The arrivals include, 40,000 registered in Maharashtra, 32,000 in Andhra Pradesh/Telangana and 25,000 in Gujarat. In the Northern Zone, the figure is just 10,000 bales, compared with a daily figure of over 20,000 of late.

On the futures front in India the November future traded steady to slightly lower and ended the session at Rs. 18300 down by Rs. 20 from the previous close. Market is expected to remain sideways and the trading range would be Rs. 18200 to Rs. 18400 per bale. Ahead of export sales data in the evening the both ICE and MCX market may face volatility in the price.

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

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INTERNATIONAL NEWS

USA: On-Demand Manufacturing is on the Way—if the Industry Can Get Out of Its Own Way

Zara's corporate culture allows it to deliver products consumers want when they want it.

You've heard the saying before: the higher the risk, the higher the reward. Well, if that's true then the converse must also hold. Low risk yields few rewards. Not convinced? Just look at the earnings reports for these risk-averse apparel companies that are clinging to long lead time processes in the face of dwindling upsides.

Meanwhile, fast-fashion houses are creating a different fate for themselves—and their shareholders—by moving toward an on-demand manufacturing model, which reads and reacts in near real-time. It's a break-neck pace that sometimes leads to missteps but the risks are actually lower than the traditional approach while the rewards are much more plentiful.

What they've developed in terms of supply chains can be mimicked. What's harder to emulate—even for companies that have hired former Zara executives as consultants—is the true secret weapon: a mindset that rejects the deliberations and second guessing that often grind fashion businesses to a near halt.

Put another way: "Culture eats strategy for breakfast."

Gregory Schlegel, executive in residence at Lehigh University's Supply Chain Risk Management program and found of The Supply Chain Risk Management Consortium, uses the saying to illustrate how fast fashion's willingness to make mistakes is a bigger asset than any technological advancement could ever provide.

"Those companies have obviously done serious risk/reward scenarios to say, 'I'd rather gain the margin as opposed to having the attrition.'"

Embracing that mentality is a high hurdle for the fashion industry, which for so long has been focused on lowest cost of goods, labor and

transportation as a means to profitability. These days though the biggest payoffs aren't going to come from the penny-pinchers. They're going to come from those that can maintain a big-picture perspective.

That's why Mark Burstein, president and chief strategy officer of NGC Software, says it's actually fear not the length and complexity of the supply chain that's holding the industry back. And one could say there's plenty reason to fret. With huge orders placed many months in advance, a misstep could mean a terrible quarter.

It's enough to make any retail exec cower in a corner.

For Burstein, it's a visual that brings to mind the 90's New York Times bestseller, "Who Moved My Cheese?" The motivational book chronicles two mice in a maze who are surprised one day when their daily allotment of cheese isn't waiting for them in the usual spot. Day after day, the one mouse opts to keep vigil over the original food drop location, while the other finally screws up the courage to go looking for alternatives. The brave mouse has to turn a few scary corners but ultimately discovers there's actually plenty to eat, just in different places in the maze. Meanwhile his fearful friend ultimately starves in his steadfast belief that things will return to normal.

"I would ask each fashion CEO, 'Which mouse are you?'," Burstein said.

The payoff

Not to belabor the analogy but in our scenario, the consumer is definitely the cheese. Today's shoppers are liberated, educated and unwilling to be dictated to.

Gone are the days when designers set the direction, magazines conveyed the trends and consumers dutifully followed behind months later. Now, retail must follow shoppers—and to do so, it had better pick up the pace.

The script, as they say, has been flipped. And we have Dell to thank.

Schlegel said the computer giant was among the first to allow consumers to take the lead by customizing their purchases, which they then received within three days. It took competitors like IBM years to figure out how to

move from the old push system, which dictated what each configuration would be, to a pull approach that put the consumer in the driver's seat. Now apparel has to make the same shift.

Burstein said on-demand manufacturing worked for Dell because it figured out how to use common parts that could be easily configured based on customer specs. Applied to apparel, that means having inputs in place and delaying production until the last minute, allowing brands to read what's happening in the market and react accordingly, Burstein said.

NGC's customer Xcel Brands is employing these tactics in what it calls a 52-season year in which ships new product to stores weekly. "If something is selling, they've overdeveloped. Their adoption rate isn't great but if the first version sells, they have version two or three coming behind it," he said. "You overdevelop up front to give yourself a pipeline into more product."

With this approach, Xcel Brands has slashed lead times from purchase orders from 17 weeks to 4 weeks. "This is the Zara model, and many fashion companies, large and small, both wholesale and retail, are starting to develop into core materials," he said. "The rest need to change their thinking."

Instead of worrying about the costs associated with develop/adopt ratio or being nervous about making fabric commitments in advance, brands need to recognize there's more to be gained by shipping smaller orders more frequently because even if a delivery is a flop, the small misstep is easily outweighed by the sales generated from all of the other on time, on trend merchandise throughout the year.

"That's the culture issue that may or may not break the industry," Schlegel said. "Get over incremental cost versus agile capability."

The playbook

For the brave souls willing to adopt a new mindset, Burstein said positioning your company to embrace a nearly on-demand manufacturing model is a three step process.

First, everyone needs to get on board. “There has to be a single corporate goal,” he said. “The goal for every fashion company is get the product to the customer who wants to buy it.”

The second is the closest to Burstein’s heart: Eliminate silos. “All information needed for the digital supply chain to run smoothly should reside in a single platform that everyone can access,” he said. “All information needs to be in one place for clarity and visibility.”

NGC’s cloud-based Andromeda platform layers on top of PLM systems centralizes information, giving everyone along the supply chain access to all information for faster, better informed decision making. Armed with the knowledge that your red circle skirts are blowing out of stores and sell-throughs on the patchwork letterman jackets are slowing, your factory knows to cut more skirts and your product development team knows to switch gears to the bomber or jean jackets.

For Schlegel, this step is paramount. While he applauds efforts to shorten the supply chain, he says companies must address visibility first because “what you don’t know will hurt you.” Picture racks full of letterman jackets on deep discount.

Finally, Burstein said companies must streamline their corporate structures. “The organization has to become flatter and the decision making process is faster,” he said. “If that’s the mantra, then you get the teams moving.”

He said the slate of restructurings happening across department stores today are a direct result of them trying to move faster. Technology is actually making these changes possible that making some roles redundant as visibility extends beyond a chosen few at the top. “Once you start providing information and the vision extends to the lower level, the higher level is obsolete,” he said.

Source sourcingjournalonline.com- Nov 15, 2017

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A Mexican Truck Ban Could be the Next Thing Hindering Trade under NAFTA

America First may soon mean Mexican trucks are out if a proposal under the North American Free Trade Agreement renegotiations has any staying power.

The U.S. wants to restrict access to the country for Mexican truckers doing long-haul drives, according to a Bloomberg article citing sources who couldn't be named.

The argument among those in favor is that allowing Mexican truckers free rein to move about within the United States, eliminates jobs for American truckers who would otherwise have been handling that haul.

On the other side of things, however, opponents say the change will only serve to restrict trade.

In a letter to United States Trade Representative Robert Lighthizer Tuesday, associations spanning America's many industries—including the National Retail Federation, the American Apparel and Footwear Association and the U.S. Fashion Industry Association on the apparel sector side—urged Lighthizer not to eliminate NAFTA's trucking provisions.

"We depend on the trucking industry, both American and Mexican, to safely and efficiently haul our products in both countries. Eliminating NAFTA trucking, including any investment protections, would have a long-term negative impact on our businesses. We depend on efficient border crossings to remain competitive," the letter noted.

This saga isn't a new one for the U.S. and Mexico. As part of NAFTA, trucks from all member nations should have been able to cart cargo throughout North America, but Mexico had run into opposition from the U.S. Though trucks from Mexico can come into the country, many can't move much further than 25 miles in before handing off the cargo to a U.S. carrier.

The U.S. expanded Mexico's access to cross-border trucking in January 2015 to "increase economic and export opportunities" and in exchange for the "permanent termination" of what amounted to more than $2 billion in

retaliatory tariffs Mexico had placed on U.S. goods in an effort to stand up for what NAFTA was intended to allow them.

Now it seems the U.S. wants to dial things back to where they were pre-2015—which may not bode well for advancing trade.

The letter directed to the USTR Tuesday continued, “Increasing trade in both directions is putting more and more pressure on our southern border land ports. Permitting Mexican carriers to hail freight beyond the border zones will help alleviate some of the congestion at the border, creating more efficiency through the system.”

In a divergent perspective, one trade expert thinks the possible ban would have very little impact on trade between the U.S. and Mexico at all.

“In reality, very few Mexican or American trucking companies have taken advantage of that long haul trucking right under NAFTA,” Jerry Pacheco, president of the New Mexico-based Border Trade Alliance, told Transport Topics.

Whichever holds true, the proposal is proving to be another contentious one on the table in talks that have already been extended through March 2018, as parties have yet to make substantial positive progress.

The next round of NAFTA talks is scheduled to take place in Mexico City next week, from Nov. 17-21, and a decision on the Mexican trucking proposal, or at least further details for a plan forward, may emerge then.

Source sourcingjournalonline.com- Nov 14, 2017

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Pakistan: Import of cotton: restrictions may be withdrawn from December 1

The Federal government is likely to withdraw restrictions on import of cotton from December 1, 2017 aimed at allowing textile industry to import raw material at a competitive price, well-informed sources told Business Recorder.

The sources said the country''s cotton requirement is around 1.5 million bales but Cotton Crop Assessment Committee (CCAC) estimates cotton production would be around 12.6 million bales against the initial estimate of 14.04 million bales for the current season (2017-18).

"Since Pakistan is deficient in cotton, we have recommended to the Economic Co-ordination Committee (ECC) of the Cabinet to allow cotton imports to meet industry''s requirement," the sources added.

Cotton crop target for the year 2017 was set at 3.11 million hectares (7.68 million acres) with production of 14.04 million bales. About 13.9 per cent higher cotton sowing of 2.753 million hectares (6.803 million acres) was achieved during the current season with major increase in the Punjab province (5.300 million acres) compared to last year.

But the target set for the current season was missed as decline in cotton sowing was recorded in the Punjab which is the major cotton producing province. The Punjab which produces about 70 percent of the total cotton has been hit hard as 5.3 million acres have been covered against the target of 5.97 million acres. It is 88 percent of the target for current season but higher compared to 4.48 million acres of the previous season.

All Pakistan Textile Mills Association (APTMA) representing 30 - 35 percent textile capacity has already been impaired and a continuity of these restrictions would prove detrimental across the textile value chain.

APTMA Punjab Chairman Ali Pervaiz has urged the government to immediately notify withdrawal of 4 percent customs duty and 5 percent sales tax and other non-tariff restrictions on import of cotton to enable the industry to meet its export commitments.

The sources said, in a meeting with the prime minister on October 13, 2017 Federation of Pakistan of Chambers of Commerce and Industry (FPCCI) and All Pakistan Textile Mills Association (APTMA) discussed multitude of issues being faced by the exporters and facilitation provided by the government.

The prime minister desired that Ministry of Commerce and Textile in consultation with the textile association come up recommendations in order of preference, to facilitate long-term export growth.

The textile associations were requested to provide medium to long term recommendations, especially on cost of doing business to create level-playing field for textile manufacturers and exporters vis-à-vis competitor countries.

According to industry sources, restrictions on import of cotton from India and Brazil have already spiked the price of local cotton to above Rs 7000 per maund as the country is going to harvest short crop for the fourth consecutive year. In comparison, Indian cotton is available at around Rs 6000 per maund.

During the 7th meeting of Federal Textile Board held on 4 November, 2017 under the chairmanship of Minister for Commerce and Textile the recommendations of different textile associations were discussed in detail and after due deliberations it was decided to forward agreed recommendations to the prime minister which have already landed at the prime minister's office.

Source: fp.brecorder.com - Nov 15, 2017

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APEC, potential market for Vietnam's garment-textile

Major member economies of the Asia-Pacific Economic Cooperation (APEC) forum, including the US, Japan, the Republic of Korea (RoK) and China, could make up 74-75 percent of Vietnam's total garment-textile export turnover in the coming time.

Director General of the Vietnam National Textile and Garment Group (Vinatex) Le Tien Truong said this year, the apparel sector continues to maintain good growth in the four APEC markets and the European Union (EU).

Vietnam's apparel export to the US has increased by about 6.5 percent so far and is expected to reach approximately 13 billion USD this year, accounting for 13-13.5 percent of the market shares.

Truong said before 2016, Vietnam had only four billion-USD markets, namely the US, Japan, the EU and the RoK; however, this year China has become a key market of Vietnam.

He noted that Vietnam's garment-textile exports to China increased 30 percent to hit 670 million USD in the first eight months of 2017.

Countries from the Eurasian Economic Union (EAEU), including Russia – an APEC member – recorded growth of 90 percent. Export to Russia is likely to surpass 200 million USD in 2017, making the country one of the top 10 garment-textile markets of Vietnam.

Pham Xuan Hong, President of Ho Chi Minh City's Association of Garment, Textile, Embroidery and Knitting, said Russia is expected to be a billion-USD market for the apparel sector in the next 4-5 years.

He suggested businesses developing markets in the Association of Southeast Asian Nations (ASEAN), the Eurasian Economic Union (EAEU), and India.

Chairman of the Vietnam Textile & Apparel Association Vu Duc Giang said the expansion of markets should go with the development of technology and brand names to create more competitive products in the global arena.

According to the Vietnam Textile & Apparel Association (VITAS), the garment-textile exports earned 23 billion USD in the first nine months of 2017.

The sector targets 30.5 billion USD in revenue in 2017, much higher than that of the previous year (28.1 billion USD).

Source: vietnamplus.vn- Nov 15, 2017

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Indonesia Expects Growth as Producers for World's Top Fashion Brands

Indonesia's textile manufacturers say they have experienced significant growth over the past decade and expect the industry, which produces fashion for various global brands, to be a major contributor to the country's economic growth.

"Indonesian apparel manufacturing will play a huge role in the country's future in the next 20 years. We're [already] seeing the impact in this decade too," says Anne Patricia Sutanto, chief executive of Pan Brother Tex, one of the largest Indonesian manufacturers, as quoted by Business of Fashion.

The country now boasts a textile and apparel export volume reaching close to US$12 billion and a workforce of almost two million people, which has lifted it into the world's top ten textile and garment exporters. According to Sutanto, whose company produces for Uniqlo and Asics athletic shoes, such growth is bound to have a massive impact on the country's economy.

"There is no doubt that Indonesia with its large population will have a huge influence on both manufacturing and sourcing as well as consumers' buying. This industry will have a multiplier effect and give a major boost to the economy provided the government is willing to see this labour-intensive industry as pillars of growth," she adds.

The government itself has set a target to increase the nation's value of exported textile and apparel to $75 billion by the year 2030, meaning that it would reach five percent share in the global market.

To achieve this target, it has issued a number of initiatives which has spurred the textile manufacturing industry, which is expecting more support from the government.

"The government under President Joko Widodo has been pushing a lot of infrastructural projects and also bureaucratic slimdown in order to ease business," says Michelle Tjokrosaputro, the chief executive of Dan Liris, a company producing for fashion giants like Calvin Klein, Tommy Hilfiger and Marks and Spencer.

"We're also anticipating zero tariffs [access] to the Australian market will happen next year and hopefully zero tariffs or a free trade agreement with EU will be signed by end of 2018. This will help Indonesian industries grow further allowing us to compete with our neighbouring countries like Vietnam and Bangladesh," Tjokrosaputro added.

In Southeast Asia, Indonesia has an advantage over its neighbours due to its expansive labour force, which drives its 3,000-odd garment manufacturing companies, mainly producing shirts, cotton t-shirts, corsets, underwear, coats, sports shirts and trousers. At the moment, China remains the biggest powerhouse in the region, but Indonesia has benefitted from China's rising labour costs.

Source: indonesiaexpat.biz- Nov 15, 2017

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Uganda, EAC countries lose markets to Chinese, Indian businesses

EAC members are Uganda, Kenya, Tanzania, Burundi, Rwanda and South Sudan.

Owora Richard Othieno head, of corporate communications and public affairs department at the EAC secretariat in Arusha, Tanzania said: "China and India take the lead in this area".

According to the report, manufacturing sector growth had slowed down in recent years from 5.3% between 2005 and 2010 to 4.6% between 2010 and 2015.

Othieno said the performance falls short of 10 to 15% annual growth rate mentioned in the EAC Industrialisation Policy and Strategy.

Uganda has dropped seven places to 122 in the rankings out of 190 economies this year 2017, compared to 115 out of 190 economies in the previous year 2016 according to a World Bank report ‘Doing Business report 2018: Reforming to Create Jobs’.

Government with the support of the United Nations Development Programme (UNDP) is designing a new national industrial policy for Uganda following the expiry of the existing policy.

Uganda’s 10 year National Industrial Policy (NIP) was put in place in February 2008 and comes to a close in February 2018.

A review was commissioned in March 2017 by trade ministry under the auspices of the United National Industrial Development Organisation (UNIDO).

The review report entitled ‘Independent review of the national industrial policy 2008’ states that overall that the policy faced difficulties in its implementation. “In the wake of other competing government priorities its core activities remained on a waiting list. The policy was not well funded”

Amelia Kyambadde, the trade minister said the policy and the five-year National Industrial Sector Strategic Plan put in place have come to a close.

The minister said manufacturing is minimal in Uganda and the region. 'Industrialisation in Uganda faces challenges such as inadequate physical infrastructure, high cost of finance, costly energy, low levels of skills, technology and innovation capabilities," Kyambadde said.

She asked for more incentives for domestic industries for their growth. She called for a move away from dependence on foreign direct investment, because it has not transformed Uganda.

According to the trade ministry, Uganda has 3,200 factories concentrating on foods and beverages, leather and footwear, textiles and clothing and metal works. These factories are micro, small and medium scale.

Matia Kasaija, the finance minister said Uganda has become a supermarket of the world.

"Now we want as many things to be manufactured in Uganda. We are building industrial parks, economic free trade zones to support manufacturing," he said.

"In Uganda we have many excellent policy developers but implementation is a big problem," Kasaija added.

Oliver Lalani, executive director Roofings Group recently said there was a stigma of products made in Uganda. "People in Uganda think products made in Uganda are not of good quality. We need to address it through the media, educational institutions. Export promotion has to be done," Lalani said.

Source: newvision.co.ug- Nov 15, 2017

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South Asia's largest textile sourcing show gets underway in Sri Lanka

South Asia's largest textile sourcing show "Intex South Asia" got under way in Colombo on Wednesday, with many countries including China participating in the event.

The show was declared open by Prime Minister Ranil Wickremesinghe while several ministers and diplomats also attended.

Wickremesinghe said that Sri Lanka's apparel industry is important for the country's economy and also important for it to integrate with the global trading system and the rest of South Asia.

"Intex is the largest textile sourcing exhibition in the region," Wickremesinghe said.

"There are many opportunities in the value chain in the region that we have not taken. This type of events will lead to closer integration with South Asian countries."

Intex South Asia 2017 gathers over 200 exhibitors from 15 countries and regions including China, Thailand, the United States and Britain.

The event will showcase yarns, apparel fabrics, denim, accessories and allied services.

Source: xinhuanet.com- Nov 15, 2017

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Sri Lanka apparel exports rise after reinstatement of EU GSP+

European Union's tariff concession Generalized System of Preferences plus (GSP+) has delivered its most prominent success for Sri Lankan exports to-date since its reinstatement, Minister of Industries and Commerce Rishad Bathiudeen says.

"As a result of Prime Minister Ranil Wickremesinghe's efforts on GSP Plus, our apparel exports from January to September this year has increased by 11.3% to US $ 1.67 Billion," said the Minister on Wednesday in Colombo.

Minister Bathiudeen was addressing the launch event of the third edition of Intex South Asia 2017 in Colombo on 15 November joined by Prime Minister Ranil Wickremesinghe, South African High Commissioner in Sri Lanka Ms R P Marks and High Commissioner of India to Sri Lanka Taranjit Singh Sandhu.

Having completed two previous fairs in 2015 and 2016 in Colombo, Intex has now become the largest and sole international textile sourcing event in South Asia for yarns, apparel fabrics, and accessories.

A strong presence of Chinese, Indian and Hong Kong participants is seen-along with leading multinationals such as Reliance Industries, Bombay Rayon Fashions Ltd., Mekotex, The Woolmark Company are showcasing their material at this event which concludes on Friday 17.

Speaking at the launch, Prime Minister Wickremesinghe called for more events like Intex as a way for Sri Lanka's integration with the region. "Intex is the largest textile sourcing exhibition in the region. It is also an indication of how we are integrated to the global trading system.

Sri Lanka apparel industry is important for our economy and is important for integration of Sri Lanka with the global trading system and the rest of South Asia," the Prime Minister said adding that but there is more to be done.

"There are many opportunities in the value chain in the region that we have not taken. This type of events will lead to closer integration with South Asian countries," PM Wickremesinghe added.

Minister Bathiudeen stressed that the EU GSP Plus has delivered for Sri Lankan apparel exports. "Our government's special efforts to improve our international relations were successful and has resulted in Sri Lanka receiving EU GSP Plus which greatly strengthened our exports, specially apparel exports" Minister Bathiudeen said.

"Our apparel exports to EU has increased by only 2% from January to September 2016 in comparison to the same period in 2015.

As a result of Prime Minister Ranil Wickremesinghe's efforts, after receiving EU GSP Plus, our apparel exports to EU from January to September this year compared the same period last year at US $ 1.5 billion, has increased by a huge 11.3% to US $ 1.67 Billion.

Even though US market is not connected to EU GSP our apparel exports to US too has increased this year by 12% to $ 1.8 billion (in January to September).

I am also pleased to say that our overall apparel exports to all countries this year January to September increased by 13.4% to US $ 3.97 billion in comparison to the same period last year at US $ 3.5 billion.

We believe this growth trend would continue and therefore expect even better performance next year."

In 2016, Sri Lanka's apparel exports were at US $4.86 billion, claiming 43% of total Sri Lankan exports basket of that year.

Source: colombopage.com - Nov 15, 2017

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New resistant cotton varieties needed: Pakistani minister

Research is needed for producing new resistant varieties of cotton as it is the most profitable crop in the country, Pakistan's minister for national food security and research Sikandar Hayat Bosan said at a recent meeting in Lahore on cotton seed attended by federal secretaries, owners and representatives of private seed companies, and researchers.

The only option to increase per acre lint yield is by applying modern technology as sucking and chewing pests are damaging cotton crop in Pakistan regularly, Pakistani media reports quoted Bosan as saying.

Source: fibre2fashion.com - Nov 16, 2017

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Fushun Cambo to set up $2.45mn garment unit in Cambodia

Fushun Cambo Fashion Company Limited will invest $2.45 million to set up a garment manufacturing factory in Bante Kol village, in southwestern Bati district of Takeo province in Cambodia.

The project, which on commencement will employ more than 1,000 people, has received green signal from the Council for the Development of Cambodia (CDC).

The CDC is a government body that approves large scale investment projects in Cambodia. Last month, the CDC approved four separate garment and footwear projects with a combined investment capital of nearly $10 million, according to Cambodian media reports.

In the first nine months of 2017, garment and footwear exports from Cambodia fetched more than $5 billion, as per the data from the ministry of commerce. While apparel exports were valued at $4.9 billion, footwear exports earned $636 million during January-September 2017.

Despite a surge in minimum wages during the past few years, the increase in value of Cambodian garment and footwear exports can be attributed to the preference enjoyed by the Kingdom under Generalised System of Preferences (GSP) and Most Favoured Nation (MFN) status. Both GSP and MFN give duty-free access and/or lower tariffs for Cambodian goods.

European Union continues to be the biggest market for Cambodian products, followed by the US and Japan.

Source: fibre2fashion.com- Nov 15, 2017

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NATIONAL NEWS

GST in India led to 'temporary slowdown': ASSOCHAM-EY study

The Indian industry witnessed a temporary slowdown following implementation of the goods and services tax (GST) in July this year despite government efforts to mitigate the problems and improve business conduciveness, according to a recent joint study by the Associated Chambers of Commerce and Industry of India (ASSOCHAM) and technology consulting firm EY.

But still India will see sustainable growth in the near future, said the report titled, 'Ideate, Innovate, Implement: Invest in India'.

GST will significantly affect all aspects of businesses, including supply chain, sourcing and distribution decisions, inventory costs and cash flows, pricing policy, accounting and transactions management, an ASSOCHAM press release said quoting the study.

The study urged the central and state governments to jointly work by executing investor-friendly policies to strengthen investment prospects and carrying out effective judicial reforms to do away with a complex legal framework that scares investors.

Factors like robust domestic consumption, investor-friendly strategies, skilled manpower, transparency in government procedures and responsive policy making, with an immediate focus on effective implementation of reforms will continue to position India as a preferred investment destination, the study added.

Source: fibre2fashion.com- Nov 15, 2017

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India's apparel exports fall 40% in October 2017

There is a huge drop in India's apparel exports, which fell by 40.75 per cent in October 2017 to Rs 5,398.08 crore compared to exports of Rs 9,110.75 crore in same month of the previous year. This includes garments of all textiles, according to the quick estimates of India's foreign trade during the month, released by the ministry of commerce and industry.

Exports of man-made textiles, including yarn, fabric, made-ups, etc during the month dropped 8.26 per cent to Rs 2,309.57 crore, as against exports of Rs 2,517.51 crore in October 2016.

However, exports of cotton textiles, including yarn, fabric, made-ups, handloom products, etc increased by 2.21 per cent to Rs 5,369.97 crore over exports of Rs 5,253.96 in the corresponding month of the previous year.

Jute products, including floor covering, exports stood at Rs 150.28 crore in October 2017, registering a growth of 6.29 per cent year-on-year, while carpet exports dropped 33.03 per cent to Rs 667.29 crore.

Overall, India exported goods valued at Rs 150,325.95 crore in October 2017, compared to Rs 155,926.73 crore in October 2016, registering a decline of 3.59 per cent. This brings to an end a 13-month run of continuous increase in exports.

Reacting to the export data for the month of October 2017, Ganesh Kumar Gupta, president, Federation of Indian Export Organisations (FIEO) said that the fall was expected as exporters particularly MSME were facing liquidity problem to pay GST for four months in a row without getting any refund.

Gupta said that there is immediate need for remedial measures to prevent further decline in exports otherwise the situation may be worse for November 2017. Implementation of the measures approved by GST Council is not taking place as a result challenges faced by the exporters remain the same, he added.

Cumulative value of exports for the period April-October 2017-18 was Rs 1097,858.68 crore as against Rs 1039,297.59 crore, registering a positive growth of 5.63 per cent over the same period last year.

Meanwhile, imports during October 2017 were valued at Rs 241,562.31 crore, which was 4.91 per cent higher over imports valued at Rs 230,246.81 crore in October 2016.

Cumulative value of imports for the period April-October 2017-18 was Rs 1653,435.01 crore as against Rs 1403,911.51 crore, registering a positive growth of 17.77 per cent over the same period last year.

Source: fibre2fashion.com- Nov 15, 2017

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Sweden eyeing possibility of developing smart textile with Aditya Birla Group

The Swedish government plans to strengthen bilateral trade with India and explore smart textile solution involving the Aditya Birla Group, Swedish company Domsjö and the two governments as well as the EU.

The trade between the two countries is somewhat skewed with India largely importing raw material from Sweden and exporting value-added products across the globe, said Sven-Erik Bucht, Minister for Rural Affairs from the Ministry of Enterprise And Innovation Sweden, in an interaction with the media on Wednesday.

Ranked as 19th trading partner, Sweden exports to India in the first half of this year was up at 5,375 million Sweden Krona against 4,275 million Sweden Krona in the same period last year.

Indian exports to Sweden in the first six months of this year was up at 3,178 million Sweden Krona against 3,026 million Sweden Krona logged in the same period last year.

Asked whether the Swedish government would attract some investment to produce value-added products from Indian companies, the visiting minister said the government is interested only in facilitating the trade by throwing open the opportunities and it is for the corporates to decide on their investments.

"We believe many of Indian companies what to increase food item export to Sweden. For that to happen they need to improve the quality to international standards and we are ready to provide the technology know-how for the same," he said after sharing his experience on a visit to Aditya Birla Group Textile Research Application Development Centre at Kharach, in Gujarat.

The minister will visit Pune to meet the Swedish companies in India such as Alfa Laval, DeLaval and Tetra Pak to discuss the challenges and opportunities in the food processing and dairy sector and its export potential.

"We are keen to explore the possibility of a joint project in smart textiles using viscose staple fibre, cellulosic fibre and pulp as an alternative to cotton. Together, we need a broader approach to address the challenge of climate change," he said while recalling his experience on landing in smoggy and polluted Delhi airport.

Source: thehindubusinessline.com- Nov 15, 2017

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India's retail market to be $1.1 trillion by 2020: study

The retail market in India is projected to reach $1.1 trillion by 2020 from the current level of $680 billion, according to a joint study by MRSSIndia.com and the Associated Chambers of Commerce and Industry of India (ASSOCHAM), which foresees the fast moving consumer goods (FMCG) market reaching $103.7 billion by 2020 from $ 49 billion now.

The exponentially-rowing retail and FMCG markets in the country are expected to grow annually at 20 per cent and 21 per cent respectively, says the study. MRSSIndia.com is an independent market research agency.

The more than 600 towns with population of less than a million will add another 30 per cent of affluent households and is a potential market yet to be grabbed, an ASSOCHAM press release said quoting the study.

The rural FMCG market in India is expected to grow at a CAGR of 14.6 per cent, and reach $220 billion by 2025 from $29.4 billion in 2016.

The study observed that demand is shaped by factors such as, a noticeable shift in demographics with a rise in middle class income, rise in the number of smaller towns entering the consumption bandwagon, emergence of new channels like e-commerce, proliferation of Internet and demand driven by digital media.

After the implementation of GST, retailers are expecting FMCG companies to reduce product prices as the new tax regime can impact buying behaviour. The retailers believe if the companies don't revise their prices, they will lose around 2-3 per cent margin, noted the study.

However, FMCG companies have not focussed much on strategies for warehouse operations and transportation, the study added.

Source: fibre2fashion.com – Nov 16, 2017

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Ginners, cotton traders see red after govt demands GST

The latest notification from the Revenue Department, Ministry of Finance, mandating reverse charge mechanism (RCM) under the Goods and Services Tax (GST) has drawn flak from cotton stakeholders, especailly ginners and traders.

The Centre had earlier deferred till March 31, 2018, the implementation of RCM under the GST regime, but on Tuesday it issued a notification that the purchaser of cotton from farmers will have to pay the GST, thereby affecting ginners and cotton traders.

Cotton, under headings 5201 and 5203, falls in the 5 per cent tax slab. But as farmers are not liable to pay tax and not registered under GST, buyers of raw cotton will be required to pay the tax on reverse charge basis.

On Wednesday, ginners and cotton trade leaders met PD Vaghela, Commissioner of Commercial Tax, Gujarat. They are optimistic that an interim solution will be worked out.

"This is an issue that only the GST Council can address. We are told that the next GST Council meeting is scheduled for January. But we can't wait

that long... so the Commissioner has asked for some time to work out an interim solution," said Bharat Wala, President of the Saurashtra Ginners' Association, who was a part of the 30-member delegation.

Of the over 4,300 ginning units in the country, about 1,300 are in Gujarat, mainly in Saurashtra and North Gujarat.

"This is an ill-timed decision. The ginning industry is facing its worst period and exporters too are finding it tough. Farmers are harvesting a bumper crop this year. On the one hand, MSP operations are on, and on the other, the government is discouraging ginners from making purchases by issuing notification like this, which will block their working capital," said Arun Sekhsaria, a cotton trader in Mumbai.

Cotton crop in India is estimated to touch 40 million bales (each of 170 kg). Following the RCM decision, ginners are more willing to sell the fibre to the domestic market, where they will get full tax refund than to sell it to exporters, who are liable to pay GST at 0.1 per cent only.

"This is a catch-22 situation for ginners and exporters. But the ultimate loser will be the farmer because in a bid to compensate the shrinkage in his working capital, the ginner will pay farmers less," added Sekhsaria.

"This is the final blow for the near-dead ginning industry. The blockage of funds will reduce our working capital and prompt us to either reduce purchases or borrow at higher interest rates from banks," said Rajnibhai Gandhi, a ginner in Bodeli near Chhota Udepur in Gujarat.

Manubhai Agarwal, a cotton trader from Central Gujarat, said that looking at the current weak market scenario, it takes longer than 90 days to clear the stock. "We have to pay the GST within 10 days of purchase.

But we will get the refund or input tax credit only after we sell the stock. Buying is as it is sluggish, and in this situation, our working capital will remain blocked for a longer period," he said.

Ginners are talking of a strike if the issue is not resolved; a decision on ths course of action will be taken after November 20.

What is a reverse charge mechanism

Under the normal GST payment mechanism, a supplier is a registered person, who sells goods/services to a buyer or receiver.

This receiver pays the supplier for the goods/services plus the GST payable on it. In turn, the supplier deposits the tax with the government, through the GST Network.

But in the Reverse Charge Mechanism, the supplier is not liable to pay any tax. Hence, the receiver, besides paying the supplier for the goods/service, separately pays the government the applicable tax. - RV

Source: thehindubusinessline.com- Nov 15, 2017

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New GSTN utility for exporters to claim refunds to be activated tonight

Merchant exporters can start claiming tax refunds using the new utility that will be activated on the GST Network portal tonight, GSTN CEO Prakash Kumar said.

With the new utility RFD-1A, a merchant exporter can claim a refund of GST paid at the time of buying goods which he has exported in the relevant month.

"GST RFD-1A for refund of input tax credit on export of goods and services and additional amount in cash ledger would go live on GSTN portal tonight," Kumar told PTI.

The refund claims can be filled for July-September and that would be matched with the corresponding GSTR-3B filed by the exporter.

Earlier, GSTN had launched the utility for processing refund claims by manufacturing exporters who had paid Integrated GST (IGST) while exporting goods.

Kumar further said a new functionality has been introduced on the portal that enables businesses to engage and disengage a GST Practitioner (GSTP).

As many as 46,000 people have applied for enrolling themselves as GST Practitioner and central tax officers are in the process of validating their applications.

"The list of practitioners would be put up on the GSTN portal and businesses can search for a GSTP in their locality and send request. The practitioner can then decide to accept it or reject," Kumar said.

He added that once the business appoints a practitioner, any communication sent to the taxpayer would be automatically sent to the authorised GSTP as well.

Besides, GSTN has come out with form REG-09 for registration of non-resident taxable persons who engage in the supply of goods or services occasionally, but have no fixed place of business in India.

All foreign exhibitors participating in fairs like IITF who also want to sell their goods are required to register as a non-resident taxpayer, Kumar said.

Source: business-standard.com- Nov 15, 2017

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India's 17-18 cotton production to be up by 11% at 375 lakh bales: CAI

The CAI has estimated cotton crop for the 2017-18 season at 375.00 lakh bales of 170 kgs. each which is higher by 37.75 lakh bales compared to the previous year's crop of 337.25 lakh bales.

The Cotton Association of India (CAI) has released its first estimate of the cotton crop for the 2017-18 season beginning from 1st October 2017.

The increase in crop estimated for the 2017-18 crop year is on account of the higher acreage under cotton than compared to the previous crop year.

The acreage under cotton during 2017-18 is estimated to be more by about 19% than that of the previous season.

However, the CAI estimates the yields to be lower by about 9% this year owing to the damage caused by pink boll worms.

The projected Balance Sheet drawn by the CAI estimates the total cotton supply for the cotton season 2017-18 at 422.00 lakh bales including the opening stock of 30 lakh bales at the beginning of the year and the imports which are estimated to be 17 lakh bales.

The domestic consumption is estimated at 320 lakh bales while the exports are expected to be about 63 lakh bales. The CAI has retained its estimate for previous crop year at 337.25 lakh bales of 170 kgs. each.

Source: economictimes.com- Nov 15, 2017

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Apparel exporters seek pre-GST drawback as immediate relief

Apparel exporters today demanded that the duty reimbursement to garment exporters be retained at pre-GST drawback rate of 7.5 per cent as an immediate relief to them amid declining outbound shipments.

India's apparel exports declined 39 per cent in value terms in October.

Under drawback, exporters get the reimbursement of duties they have paid on the imported items used in the finished good.

In the wake of dwindling apparel exports, AEPC in a statement said that it has been engaging with the policy makers for an early resolution of the issue which is hampering the apparel industry, post GST roll out.

Chairman of Apparel Exports Promotion Council (AEPC) Ashok Rajani today called on Chief Economic Advisor Arvind Subramanian to apprise him about the difficulties faced by garment exporters.

The apparel export industry has been "severely handicapped" by the sharp reductions in the effective drawback and rebate on state levies (RoSL) rates. The drawback mechanism prior to the GST reimbursed both the customs duties and domestic taxes like central excise and service tax.

"The important point is the principle of reimbursement of domestic non-GST and GST central taxes in addition to customs through the drawback mechanism," he said.

This, however requires an amendment in the drawback rules to provide for reimbursement of GST duties.

"We therefore urged Subramanian that pending these legislative changes, the total duty reimbursements to the apparel sector be retained at pre-GST stage of 7.5 per cent drawback without input tax credits, plus 3.5 per cent of RoSL (rebate on state levies)," Rajani said.

The pre-existing levels of reimbursement through the drawback and the RoSL routes should be maintained upto 31 March, 2018 to provide immediate relief to the reeling apparel sector, he added.

AEPC is the official body of apparel exporters in India that provides invaluable assistance to Indian exporters as well as importers/ international buyers who choose India as their preferred sourcing destination for garments.

Source: economictimes.com- Nov 16, 2017

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Why the govt should be more worried about the GST-induced sharp fall in exports

Amidst all the negative news that is associated with the Indian economy, the rise of Indian exports was a silver lining. With it, the government could claim with aplomb that the economy was on the right track, and that the pain introduced by demonetisation and goods and services tax (GST) was temporary.

But that changed in October when India's merchandise exports declined for the first time in 14 months leading to the highest trade deficit in 35 months at $14 billion (Rs 89,600 crore). Exports fells by 1.1% in October to $23.1 billion (Rs 1,47,840 crore) while imports increased by 7.6% to $37.1 billion (Rs 2,37,440 crore).

What must worry the government is that the decline is not because of the Indian traders could not win orders but because they failed to meet their shipping deadlines due to cash crunch introduced by the GST.

Reacting to the export data Ganesh Kumar Gupta, President, Federation of Indian Export Organisations (FIEO) said that “the fall was expected as exporters particularly MSME were facing liquidity problem to pay GST for four months in a row without getting any refund. There is immediate need for remedial measures to prevent further decline in exports otherwise the situation may be worse for November 2017".

Indian exporters have been unhappy with the imposition of integrated GST and delays in refund of input tax credits by the government. Another source of pain for exporters has been the imposition of 0.1% GST rate for merchant exporter who procure products from other domestic manufacturers.

Mounting troubles

A look at the components of Indian merchandise exports lays bare the story of small traders who are struggling with liquidity issues ever since the GST was introduced in the country.

In October, exports of chemicals went up by 22.3%, engineering goods by 11.8% and petroleum products rose by 3.2%.

These sectors largely have access to big capital due to the average size of the companies that are involved in it. However, ready-made garments sector-largely made up of SMEs registered a decline of (-39.2%), while gems and jewellry, another sector dominated by SMEs posted a decline of (-24.5%). Pharmaceuticals sector also registered a decline of (-8.8%).

The decline in exports indicates that the measures announced by the government to ease the problems of exporters have not been effective on ground. In October, the government had announced that it would immediately refund exporters for the month of July and August through cheques from 10 October and 18 October, respectively. As a long term measure, the government plans to introduce e-wallets for all exporters by 1 April 2018, to carry forward the refund process.
Danger to job creation

The government has not had much to boast about when it has come to creating jobs in the last three years. If we go by the data, India generates only 450 jobs as against the demand of 10,000 jobs per month. But over the past 13 months, many SMEs engaged in exports had begun to expand their workforce. But then, they hit the hurdle of GST which, if not resolved, could force exporters to lay off their staff.

Managing the Current Account Deficit

India has had a sweet run over the past three years due to low crude oil prices in the international market which has allowed government to save foreign exchange by cutting down on the energy import bill. Oil prices touched a two-year high last week and have risen by 14% over the past one month. This may prove to be a drain on the Indian foreign currency reserves. To compensate for this, the economy must be able to increase its exports at a faster pace.

India's current account deficit sharply to $14.3 billion - 2.4% of GDP - at the end of first quarter of 2017-18. The situation is not alarming yet, but the government cannot afford to be complacent about it.

Source: catchnews.com- Nov 16, 2017

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