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The Cotton Textiles Export Promotion Council [TEXPROCIL]
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USD 64.98| EUR 80.62 | GBP 92.20 | JPY 0.62

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
19194	40150	**78.95**

Domestic Futures Price (Ex. Gin), March

Rs./Bale	Rs./Candy	USD Cent/lb
20210	42275	**83.13**

International Futures Price

NY ICE USD Cents/lb (May 2018)	82.02
ZCE Cotton: Yuan/MT (Jan 2018)	15,010
ZCE Cotton: USD Cents/lb	**92.26**
Cotlook A Index – Physical	**91.05**

Cotton guide: Cotton continues to trade near 82 cents per pound. The May ended on Tuesday at 82.02 while July at 82.44 cents. The spread between the two contracts maintained contango at around 40 points. No major development as such from the global market. The Chinese auctions are no so impressive for the past three weeks and able to achieve less than 60% of the offering. The trading volume in ICE across contracts is also low below 30K contracts on a daily average while open interest holds steady.

Further this week the traditional beginning of the long only spec funds moving positions forward starts today through next week Monday the Gim Roger's position. Also we believe Thursday's USDA Prospective Plantings report and some chances for rain in Texas has kept the new crop bulls on the sidelines. Therefore, price for the past one week has been trading in the range of 81.40 to 82.50 cents narrowed trading band.

From the domestic front, spot price of Shankar-6 continued to trade in the range of Rs. 40300 to Rs. 40800 per candy ex-gin at a parity of 80 cents per pound. No major cues from the spot side of the market and the daily arrivals have declined in last one week from 170K+Bales a day to less than 130K Bales a day.

According to the latest set of data compiled by the Cotton Corporation of India, arrivals from the current crop from the beginning of the season to March 22 amount to the lint equivalent of 25,776,300 bales (of 170 kilos). This is very similar to the total recorded at the same point last year, and suggests that nearly 71 percent of the crop has now reached the marketplace.

On the domestic future front the March is due for expiry today settled Tuesday at Rs. 20210 per bale and the April ended at Rs. 20520. The spread between the two contracts maintained around Rs. 300 and no major change is expected on today's trading session. Coming to April the market has been taking support near Rs. 20380/400 level and likely that it may move in the range of Rs. 20380 to Rs. 20620 per bale. Note, upon break above 20680 the short term scenario may turn positive.

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

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INTERNATIONAL NEWS

US textiles exports on growth track

The fundamentals for the US textile industry are sound. This is true even though some markets for US textiles and apparel were soft last year.

The industry's commitment to capital re-investment and continued emphasis on quality and innovation make it well-positioned to adapt to market changes and take advantage of opportunities.

Any sluggishness is due to factors beyond control, such as disruption in the retail sector caused by shifting of sales from brick and mortar outlets to the internet.

Of the US exports of apparel and textiles last year, fabrics made up the largest portion of exports at 31 per cent.

Cotton, wool and fine animal hair followed, accounting for 21 per cent, while apparel was 20 per cent. Man-made fibers were 15 per cent of exports, and home furnishings and non-apparel sewn products accounted for 13 per cent.

The United States is especially well-positioned globally in the fiber, yarn, fabric and non-apparel sewn products markets; it was the world's fourth largest individual country exporter of those products in 2016.

Among the top three export markets for US apparel and textile goods were Mexico, Canada and China. Exports to NAFTA countries in 2017, accounted for 41 per cent of the total.

The next largest share went to Asia, 30 per cent of the total.

Source: fashionatingworld.com- Mar 27, 2018

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China: Yarn Expo sees increase in buyers

The Yarn Expo, a leading exhibition for fibres and yarns, continues to be the industry's most comprehensive and effective business platform for natural and manmade fibres and yarns and other specialty products.

The spring edition, held from March 14 to 16 in the Chinese city of Shanghai, recorded an increase of 15 per cent buyers this year.

There was a strong demand in recent growth areas such as synthetic, fancy, and specialty yarns as well as chemical fibres, while exhibitors in the more traditional cotton product group also fared well.

In total, 435 exhibitors from 10 countries and regions took part (2017: 393, 12 countries and regions), attracting 25,966 trade buyers from 88 countries and regions (2017: 22,579, 94 countries and regions).

Wendy Wen, senior general manager of Messe Frankfurt (HK) Ltd said, "Once again, Yarn Expo proved itself as the ideal trade fair for the industry to benefit from changing demands and product trends, especially in the Chinese and wider Asian markets.

The fair has evolved in recent editions to have a much larger focus on synthetic, fancy, specialty yarns and chemical fibres, and based on the exhibitor feedback from the fair, there was an increase in buyers sourcing these products this year.

What's more, local buyers showed interest in the offerings from Southeast Asian countries such as Indonesia and Thailand, while Vietnamese cotton exhibitors reported increased orders from China due to the favourable trade policies between these countries."

Among others, Birla Jingwei Fibres had a successful event.

Birla Jingwei Fibres senior vice-president Sachin Malik said, "Yarn Expo is a very important platform for Birla, to be visible to our value chain, to connect with our customers, and our own clients' customers. We value Yarn Expo as a long-term partner for showcasing our products and connecting with the value chain.

Each edition, we connect with more buyers, and more customers in the industry recognise the importance of this fair. It has developed into a premium event in the global textiles industry calendar.

Usually, this edition is more quiet than the autumn fair, but the results this year saw the spring edition reach the same level. Our booth was constantly packed with buyers, and we also received more high-quality and international buyers."

Source: fibre2fashion.com- Mar 27, 2018

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Russia to double technical fibres production by 2020

The Russian Ministry of Industry and Trade has announced plans to double the country's technical fibres production by 2020. To implement these plans, Russia will expand the use of its large reserves of oil and other resources, including timber and other raw materials for the production of synthetics.

Currently, the domestic production of technical fibres can meet only 30% of Russia's annual demand, however, as part of the government plans, this might change. "Thanks to Russia's well-developed oil and chemical industries and the presence of large-scale technical textiles consumers domestically, the industry has good chances for a rapid growth during the next several years," commented Russia's Deputy Minister of Industry and Trade Viktor Yevtukhov.

"We are planning to use the experience of some foreign countries in this field, one of which is UAE, which in recent years has mobilised its fuel and energy resources for the needs of the domestic technical textiles market."

The country brought its synthetic fibres supplies to the world market to US$1.3 billion over the last ten years. Currently, Russia occupies more than 13% of the world oil production market, however, the volume of its synthetic textile materials exports is eight times less than in the UAE.

Prior to 2014, the dependence on imports in Russia varied in the range of 80-90%. However, the beginning of the financial crisis in Russia in 2014, ruble has made further imports of technical textiles unprofitable. As a result, many importers began to consider the prospects of localising the production.

According to the Vice-President of the Russian Union of Chemists Sergei Golubkov, currently, chemical industry accounts for about 1.8% in the Russian GDP, which is significantly lower than the average rate of 10-14% for developed countries. Golubkov also said that reaching the EU levels would contribute to the growth of the Russian technical textiles industry.

Denis Mantrov, the spokesman of the Russian Ministry of Industry and Trade, also noted that low taxes and customs duties, as well as the proximity of Russia to both European and Asian markets, provides additional advantages to the domestic industry.

In addition, most workers, employed in the Russian technical textiles industry, receive salaries that are generally lower than those in the countries of Asia Pacific. For example, salaries of Chinese factory workers have almost tripled over the last decade and now stand at US$ 700, which is significantly higher than in Russia.

In Russia, there are currently a number of companies ready to fight for the domestic technical textiles market through the launch of new investment projects. One of them is BTK Group, which recently invested US$ 45 million in a new plant in the Russian Rostov region for the production of high-tech fabrics, with capacity of 12 million metres per year.

Another leading Russian producer Energokontrakt has recently invested US$ 35 million in the aramid fabrics production in the Moscow region. Finally, Thermopol, which is a producer of Holofiber, a synthetic insulation for outerwear, plans to significantly increase its production and to launch a range of innovative products very soon.

The Russian government established a special Industrial Development Fund to provide support for the implementation of projects like these. To date, the Expert Council of the Fund has already selected almost 35 projects that will receive cheap loans with interest rates no more 5% per annum for a period of seven years. Total amount of allocated loans is estimated at about US$ 1,5 billion.

Thus, the government plans to solve the problem of a shortage of long term funds, which in recent years has become one of the most pressing problems for domestic producers.

The majority of these project will be implemented within the Ivanovo region, a centre of Russian technical textiles production, where a cluster for the production of polyester fibre is currently being established.

The new cluster will include a new synthetic fibre plant, as well as a number of other enterprises. One of these is a local company Protex, which recently received a loan of 300 million rubles for the production of fleece fibre.

Source: innovationintextiles.com - Mar 27, 2018

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Trade war may benefit Vietnam

The US-China trade war of slapping tariffs on each other's imports, on the surface, the disruption could be seen as a disaster for other countries in Asia. A blow to Chinese exports could ripple through the supply chains that stretch across the region, robbing other economies of growth opportunities and jobs.

At the same time, a US-China trade war will spill over into another ongoing economic battle -- the one between China and its low-wage competitors in global export markets. For many emerging economies, the long-term benefits might well outweigh the short-term damage.

China, the world's largest exporter, has long been the destination of choice for US and European companies looking to outsource and offshore manufacturing, especially of labor-intensive consumer goods such as clothing, footwear and electronics.

As factory wages in China have risen to the highest in emerging Asia, however, other developing countries with lower costs have begun to steal away investment and jobs, helping to promote industrialization and boost growth at home. Apparel and electronics manufacturers, for instance, have already started diversifying production to rivals such as Vietnam and India.

Vietnam has been enjoying an export boom, led by sectors traditionally dominated by China, including clothes and mobile phones.

Source: fashionatingworld.com - Mar 27, 2018

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Bangladesh: Climate may wreck garment industry

Climate changes may be affecting the readymade garment sector in Bangladesh. Diseases spike during extreme weather events. In garment factories, the humidity, combined with heat and fabric dust emitted by the sewing machines, makes breathing difficult.

These conditions exhaust workers' energy and focus, affecting their efficiency and productivity, which in turn also may be affecting the performance of the readymade garment sector.

From May to September, monsoon in Bangladesh brings tropical rains, muddy roads and a kind of shocking humidity that makes clothes stick to the skin. In addition to causing extreme temperatures, the monsoon's heavy rains fill streets and seep into buildings, turning factories and residential areas into breeding grounds for mosquitoes and water-borne diseases.

Rising temperatures and more frequent flooding events are likely to increase with climate change, and in Bangladesh, this will affect the lives of the four million people working in the garment industry. These employees are disproportionately women. The industry is the largest employer of female workers in Bangladesh.

By holding back the industry, climate change could undermine the progressive women's social and economic achievements that Bangladesh has experienced over the last 30 years. The projections of increasing extreme weather events due to climate change pose a significant future risk for the garment industry.

Source: fashionatingworld.com- Mar 27, 2018

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Cotton export dents industrialisation: Nigerian Minister

Continued export of raw cotton with little or no value addition by the African producers is unsustainable due to global instability in the prices of the commodity, cautioned Nigerian minister of state for industry, trade and investment Aisha Abubakar at the 16th African Cotton Association (ACA) annual international congress in Abuja recently.

Though Nigeria does believe in the unmatched opportunities for economic growth and development the cotton sector offers African economies, the quest for industrialisation can only be attained if the countries can develop this viable sector and put in place a profit- oriented goal and setting an agenda and a performance-based review, a report in a Nigerian newspaper quoted Abubakar as saying.

While Asia produces 60 per cent of global cotton output, Africa produces only about 16 per cent in spite of its huge potential, he said., adding that Africa's quest for industrialisation can be achieved by developing this viable sector.

Source: fibre2fashion.com- Mar 26, 2018

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Vietnamese PM wants US back in monumental Pacific trade deal

It is 'in the interests of all the member economies' for the U.S. to rejoin the agreement, says PM Nguyen Xuan Phuc.

Vietnamese Prime Minister Nguyen Xuan Phuc reiterated that he wants the U.S. back in a landmark Asia-Pacific trade agreement that was signed earlier this month by 11 countries in the region without the U.S.

It is "in the interests of all the member economies" for the U.S. to return to the Trans-Pacific Partnership (TPP) trade pact, Phuc told Nikkei and the Financial Times on Monday.

That would be a great impetus for growth "in this region and the world," Nikkei quoted the PM as saying.

The original 12-member agreement, known as the Trans-Pacific Partnership (TPP), was thrown into limbo early last year when Trump withdrew from the deal three days after his inauguration.

He said the move was aimed at protecting U.S. jobs, according to Reuters.

The 11 remaining nations finalized a revised trade pact in January, called the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

The CPTPP will reduce tariffs in countries that together amount to more than 13 percent of the global economy - a total of $10 trillion in gross domestic product. With the U.S., it would have represented 40 percent, Reuters said in March.

In an interview with Nikkei in November last year, PM Phuc said he would like the U.S. to reverse its decision to back out of the TPP, and that Japan and Vietnam planned to call on the remaining member countries of the deal to lobby President Trump.

He said he wanted to urge Trump to rejoin the trade agreement in order to "secure other member states' and its own interests."

Vietnam was seen to the gain the most from the original trade pact with the U.S. Estimates showed that the TPP was expected to boost the country's GDP by 6.7 percent, according to Tran Toan Thang from the National Center for Socio-economic Information and Forecasting.

A World Bank report released just after the signing of the CPTPP said the agreement will still yield robust economic gains for Vietnam. According to analysts, multilateral trade agreements such as the CPTPP are expected to boost Vietnam’s investment and export driven growth model.

Even without the U.S., the deal will span a market of nearly 500 million people, making it one of the world's largest trade agreements, according to Chilean and Canadian trade statistics.

The CPTPP will increase Vietnam’s GDP by 1.1 percent by 2030, according to the report.

"Assuming a modest boost to productivity, the estimated increase of GDP would amount to 3.5 percent from the CPTPP," said Ousmane Dione, the World Bank's country director for Vietnam.

Lower tariffs under the trade deal are expected to help boost Vietnam's exports by 4 percent, said Tran Toan Thang from the National Center for Socio-economic Information and Forecasting.

Under the CPTPP, exports to signatory countries will increase from the current $54 billion to $80 billion by 2030, reaching 25 percent of total exports, according to the WB.

Textiles, footwear and beverages are expected to enjoy the biggest boost thanks to the lower tariffs. Vietnam's economy is likely to grow by 7.41 percent in the first quarter of this year, led by robust exports and tourism, said PM Phuc in a statement posted on the government's website on March 12.

The country's economic growth is forecast to expand by 6.83 percent this year from 6.81 percent last year, the highest in a decade, said Vietnam's investment ministry.

Source: e.vnexpress.net - Mar 27, 2018

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Pakistan: $ 23bn Exports Target Will Be Achieved, Textile Policy Soon: Fed. Commerce Secy

Federal Secretary Commerce Muhammad Younas Dagha on Tuesday said that the exports target of $ 23 billion set for the year 2017-18 will be achieved.

The Commerce Ministry is working on five-year trade policy, which will be announced soon. He stated this while talking to media after inaugurating three-day 19th Textile Asia International Exhibition at Karachi Expo Centre.

Secretary, Trade Development Authority of Pakistan, Inamullah Khan Dharejo also accompanied him. He said that the government was fully alive that Pakistani products faced the issue of high cost production and doing business.

Therefore, he continued, it was considering to reduce gas and water tariffs to reduce the production cost. Pakistan needs foreign investors for achieving economic targets and this could be done by making the investment policies and business environment more attractive to them.

He said that there were different opinions on devaluation of rupee. But, he was in favour because it would help improve the exports. The value of local currency would set pattern of future exports growth.

He urged the local manufacturers to modernize their industrial units to capture regional markets . Commenting on Pak-China Free Trade Agreement (FTA) he said that due to rising interest of China in ASEAN countries, Pakistan could not avail its real benefits.

Pakistan was reviewing FTA with China and the second phase of talks on it would be held next month. He said Pakistan was trying to overcome the massive under-invoiced imports from China. Over 450 companies are showcasing 650 products at 800 stalls in the three-day international exhibition.

About 1200 foreign delegates, including from China, are participating the exhibition. The participating countries included China, Korea, France, Germany, Italy, Vietnam, Turkmenistan. The event attracted a lot of visitors.

Ms. LI Yang, Vice Division Director, Department of Commerce, Zhejiang province of China, on this occasion, said China-Pakistan Economic Corridor was the true reflection of friendship between the two countries.

Pakistan's had achieved good economic growth, she said. She praised textile products of Pakistan. She said that at the exhibition, Chinese companies would sign many deals with their counterparts.

The economy of Zhejiang province was about one trillion dollars. It was for the first time, over 150 companies from Zhejiang province were participating at the textile exhibition.

Source: urdupoint.com - Mar 27, 2018

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Pakistan: Govt considers slashing natural gas, water tariff to reduce production cost

The government is considering reducing the tariff of natural gas and water that would bring down the existing high production cost to compete in the international market.

This was stated by the Federal Commerce Secretary Younus Dagha while talking to media after the inauguration ceremony of 19th International Textile Asia Exhibition here on Tuesday.

Pakistan Readymade Garments Manufacturers & Exporters Association (PRGMEA) and E-commerce Gateway Pakistan are jointly organizing a three-day 19th Textile Asia 2018 – International Textile, Garments Machinery and Clothing Trade Fair from 27th –29th March at Karachi Expo Centre.

Over 450 companies are showcasing 650 products at 800 stalls from 27 countries including Austria, China, Czech Republic, France, Germany, Italy, Korea, Japan, Turkey, United Kingdom and the United States.

He further said that currently the Pakistani products are facing high cost and it should be bringing down to compete in the international market.

The high cost of business was major hurdles in improving exports as the local textile products are unable to match the quality of regional economies.

However, the value of the local currency would set pattern of future export growth, he added. There are different opinions on rupee devaluation. But the rupee depreciation would help in improving exports, he opined.

In order to capture regional markets, he stressed that there is a need of modernizing and upgrading the industrial units by our local manufacturers. The federal commerce secretary said that the local industry required up-gradation and without improving industrial capacity and quality we as exporting country will not able to capture the market, he added.

Younus Dagha said the commerce ministry is working on a five-year trade policy and it would be launched soon.

Pakistan needs foreign investors for achieving its economic targets, Younus Dagha said. The federal secretary said that the country's exports would reach $23 billion during the current fiscal year.

Commenting on Pak-China Free Trade Agreement (FTA), he said due to increasing interest of China in ASEAN countries, Pakistan had failed to avail benefits of the agreement.

Pakistan was reviewing the FTA with China and meetings on next phase would be held in the coming month, he said, adding, Pakistan was trying to overcome massive under invoiced imports from China.

Source: pakobserver.net- Mar 27, 2018

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Vietnam, France pledge to strengthen strategic partnership

Vietnam's Communist Party chief is eager to expand cooperation with France.

Vietnamese Party Secretary Nguyen Phu Trong and French President Emmanuel Macron discussed ways to deepen their strategic partnership during talks on Tuesday aimed at opening a new phase of development for bilateral relations.

Macron asked Vietnam to create favorable conditions for French businesses, while stepping up cooperation in defense, security, legislative work and civil servant training.

Both sides agreed to significantly increase bilateral trade, promote cooperation in telecommunications, energy, aviation, environment and climate change, and help businesses gain access to each other's markets.

The two leaders also discussed cooperation in science and technology, healthcare, research, education and training, with Macron calling for the opening of a French school in Vietnam.

Trong and Macron both pledged to finalize and ratify the Vietnam-EU Free Trade Agreement in 2018, creating a new momentum for economic, trade and investment cooperation between Vietnam and France as well as the European Union.

Discussing regional and international issues, the two leaders agreed that disputes must be resolved through peaceful means in accordance with international laws.

Trong was on an official visit to France to mark the 45th anniversary of the establishment of diplomatic relations between the two countries this April.

During the three-day visit, Trong and Vietnamese business representatives also met with the chairman of the Movement of the Enterprises of France (MEDEF) to discuss boosting economic ties to match the scale of the two countries' diplomatic relations.

In 2017, bilateral trade volume between Vietnam and France exceeded $4.6 billion, up 11.6 percent from 2016, according to Vietnam News Agency.

Vietnam's main exports to France include electrical and electronic equipment, footwear, garments and textiles, household appliances, agricultural and aquatic products. It mainly imports pharmaceuticals, machinery and vehicles from France.

Source: e.vnexpress.net - Mar 27, 2018

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NATIONAL NEWS

Here's why emerging nations like India can win big in US-China trade war

Hostilities could accelerate the flight of factories to the rest of Asia

Economists like to say that no one wins in a trade war. We may soon find out if they're right. Only hours after U.S. President Donald Trump said he would slap tariffs on a range of Chinese products, China imposed punitive duties on some imports from the U.S. in retaliation for previously announced U.S. tariffs on steel and aluminum. And here we go, down the rabbit hole.

Companies, workers and consumers from both countries are almost certain to get hurt in a tit-for-tat conflict. On the other hand, the carnage could produce big winners elsewhere in the developing world.

On the surface, a disruption of trade might seem a disaster for other countries in Asia. A blow to Chinese exports could ripple through the supply chains that stretch across the region, robbing other economies of growth opportunities and jobs.

At the same time, a U.S.-China trade war will spill over into another ongoing economic battle -- the one between China and its low-wage competitors in global export markets. For many emerging economies, the long-term benefits might well outweigh the short-term damage.

China, the world's largest exporter, has long been the destination of choice for U.S. and European companies looking to outsource and offshore manufacturing, especially of labor-intensive consumer goods such as clothing, footwear and electronics. As factory wages in China have risen to the highest in emerging Asia, however, other developing countries with lower costs have begun to steal away investment and jobs, helping to promote industrialization and boost growth at home.

Apparel and electronics manufacturers, for instance, have already started diversifying production to rivals such as Vietnam and India. Vietnam has been enjoying an export boom, led by sectors traditionally dominated by China, including clothes and mobile phones.

Taiwan-based Wistron, famous for assembling Apple gear in China, is expanding its assembly operations in India.

Till now, China has managed to hold on to a surprising amount of low-end manufacturing by offsetting high costs with better infrastructure and more reliable and extensive supply networks. Poorer countries haven't been able to capitalize on cheap wages as much as they should. For example, while U.S. textile and apparel imports from Vietnam and India rose last year, the value of China’s exports remains far larger, with shipments worth nearly $39 billion in 2017.

A wider U.S.-China trade war could accelerate the transition. U.S. companies that rely heavily on imports from China, such as electronics brands and retailers, would be forced to redesign their supply chains around tariffs. Multinationals and their suppliers would look for alternative facilities outside China; some would probably decamp from the mainland altogether for cheaper climes.

This is bad news for China. Even though the government is attempting to upgrade manufacturing into more advanced products, the country still relies on cheap factories to employ lots of low-skilled workers. The sooner apparel and electronics production moves offshore, the more pressure Chinese leaders will face to boost innovation and create new, high-tech export industries.

We still don’t know which Chinese exports will get hit by Trump’s tariffs, so the impact on Chinese factories is hard to predict. And even if the two manage to avoid a protracted confrontation -- behind-the-scenes talks are apparently underway to defuse the current dispute -- the threat of a widespread disruption of trade could undercut the confidence of U.S. companies in China as a production source, convincing them to diversify faster.

The real loser in all this, though, is likely to be Trump’s trade policy. Though some factory production in China may “reshore” to the U.S., much of it probably won’t. Such labor-intensive assembly would simply be too expensive in high-wage America. That means Trump could find closing the trade deficit to be much like a game of Whac-a-Mole. As he pounds down the deficit in China, it'll bulge in other countries as production hops from place to place.

Indeed, that's already happening. As Vietnam has become a more important player in supply chains, the U.S. trade deficit with the country has swelled -- to $38 billion last year, three times larger than in 2011. In a world of global production, tariffs may never hit their target.

Source: business-standard.com - Mar 27, 2018

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Trade booster! India, China to reset investment pact

The meeting under the aegis of the China-India joint-group on Economic Relations, Trade, Science & Technology came amid threats of an escalating global trade war following the US plan to impose tariffs on $50-billion worth of Chinese goods, over and above an earlier plan to tax supplies of steel and aluminium from select countries, including China and India.

India and China have agreed to renegotiate a bilateral investment agreement, apart from working on a road map to reduce the massive trade imbalance in favour of the world's second-largest economy, as the two countries pledged to bolster relations amid threats of a worsening global trade war, official sources told FE.

China has also pledged to look into the sticky issue of greater market access to Indian farm products and agreed to resolve any issue that hurts the prospect of Indian pharmaceutical exports to that country, at a meeting between commerce and industry minister Suresh Prabhu and China's trade minister Zhong Shan on Monday.

The meeting under the aegis of the China-India joint-group on Economic Relations, Trade, Science & Technology came amid threats of an escalating global trade war following the US plan to impose tariffs on $50-billion worth of Chinese goods, over and above an earlier plan to tax supplies of steel and aluminium from select countries, including China and India.

Analysts said the China-India bilateral investment treaty remained in effect since August 2007 until its termination in July 2017, after India made it clear to all countries, with which it had similar agreements, that it wished to base such investment pacts on a new model text, mainly aimed at reducing litigations.

The two countries now want to renegotiate to create a more stable and transparent regime for each other to catalyse greater flow of investments in a legally protected environment, the official sources said. The Chinese side agreed to improve market access for Indian agricultural products pertaining to non-basmati rice, rape-seed meals, soyameal, pomegranate, banana and other fruit and vegetable and bovine meats expeditiously. India, too, showed its willingness to examine any sticky issue hindering the supplies of apples, pears and tagetes seeds by China.

The two ministers reiterated commitments to promote a balanced and sustainable bilateral trade. India's goods trade deficit with China has steadily worsened over the years — from just $0.6 billion in 2000-01 to a massive $52 billion in the first ten months of the current fiscal. Official data shows that China's exports to India were 1.8 times of India's outbound shipments to the country in 2000-01.

But at $63.2 billion, what China exported to India in the first ten months of the current fiscal was more than six times of what India shipped out to China. The Chinese side noted India's concern regarding 'the long existing trade imbalance and requests for market access of Indian products and services and expressed its commitment to address these concerns through the broad framework provided by successive joint economic groups and the Five

Year Development Programme for Economic and Trade Cooperation between China and India', the commerce ministry said in a statement. The two sides also reaffirmed commitment to rules-based, multilateral trading system under the World Trade Organisation framework, it said.

Both the countries decided on medium and long term roadmap with action points and timelines for increasing bilateral trade in a balanced and sustainable manner, the ministry said. The two countries taken together account for 35% of the world's population and around 20% of the global GDP, but the relative volume of bilateral trade is less than 1% of world trade.

Source: financialexpress.com - Mar 28, 2018

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MoS textiles to interact with industry captains, SGCCI

Union minister of state for textiles Ajay Tamta will be on a two-day visit to the Diamond City on Wednesday.

Textile industry leaders hope to meet the minister to discuss issues concerning traders, power loom units and processing sector related to the Goods and Services Tax (GST) and central government's help in boosting the sector, which generates highest export turnover and provides employment to millions of people.

Industry sources said the textile ministry has recommended constituting an inter-ministerial panel with a fund of Rs 1,000 crore to boost research and development and technology transfer in the silk sector. At present, the man-made fabric (MMF) sector is lying on a deathbed because of negative impact of GST.

Sources said production of polyester fabric has been drastically reduced from 4 crore metre per day to just 2.5 crore metre. More than 1.25 lakh conventional power looms have been sold in the scrap market and more than 40,000 workers rendered jobless.

Federation of Indian Art Silk Weaving Industry (FIASWI) chairman Bharat Gandhi said, "FIASWI and some power loom weavers will be meeting Tamta on Thursday. Recently, linen yarn spinning companies have filed a case for imposing anti-dumping duty on import of yarn from China. If this happens, then the weavers will not get yarn at competitive rates. Other issues remain the same as that of the input tax credit to power loom sector."

The Southern Gujarat Chamber of Commerce and Industry (SGCCI) and Global Fabric Resource and Research Centre (GFRRC) have jointly organized a seminar on 'future opportunities in textiles' under the leadership of Ajay Tamta, where managing director of Sangam India Ltd, Bhilwara, S N Modani will be the guest of honour.

Head of GFRRC Girdhargopal Mundra said, "We have invited the minister to show us the way forward on future opportunities in textiles. We are not going to put forth any demands or representations before the minister. He has accepted the invitation as a chief guest and is in the city to attend some private events."

Power loom industry leader Ashish Gujarati told TOI, “We have been told that Tamta will not meet representative from textile associations and federations. Still, we believe that he will talk about the situation prevailing in the industry at the SGCCI’s event. We hope the central government to seriously study the impact of GST on Surat’s textile sector.”

Source: timesofindia.com - Mar 28, 2018

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A small move in the right direction

Last week, the Union government took a baby step in the right direction. It made it easier for industry to hire labour contractually for a fixed, implicitly shorter, term. Such labour can be released at the end of the contract without incurring the usual consequences of firing.

Such a facility has been available to the leather and garments industries since October 2016. It has now been extended to all the sectors. The finance minister had made this announcement in his last Budget speech. The legislation is a quick follow up on the same.

Apparently, the facility has not made a big difference to the garments sector so far. But, it is evidently too short a period to judge the scheme. Nevertheless, the apparent failure of the scheme indicates that labour laws are not the only hurdle to investments and employment at the moment.

It is good that the industry now has greater flexibility in hiring. It is good that seasonal and other temporary labour will get better working conditions than it has got so far.

The new law states that a fixed-term labour should get the same benefits as regular employees except that their term will be limited by their contract.

No matter how insignificant, the move will make it easier for entrepreneurs to make new investment as it removes some of the hurdles in hiring. The move is not a big-bang reform but, it is still a move in the right direction.

Data from the Annual Survey of Industries show that the proportion of contractual labour in total employment in industries has increased steadily.

As of 2014-15, about a third of the total workers employed in factories were hired through contractors. However, the terms of engagement of contractual labour are much worse than the rest. In 2011-12, the average wages was Rs.348/- per day for directly employed workers and it was Rs.246/- per day for contractual workers.

The new fixed-term contractual employment scheme stipulates that such workers will get the same benefits as regular workers. This should help remove the discrimination against contractual workers evident in the current scheme.

It is quite likely that industry will maximize hiring of new labour under the new dispensation of fixed-term contractual engagement. This is what it seems to have done with the contract labour.

What is important is that labour need to know that employment cannot be guaranteed and that it needs to make efforts to continuously re-skill to remain relevant in the labour markets. Labour markets need to mature to face the onslaught of technology, to deal with business seasonality and also business cycles. The new policy could be a very small nudge in that direction- suggesting that we have a formal job but, its tenure is not “ permanent”.

Managing this change is a challenge. In 2016, the railways changed the preference that apprentices working with it got during recruitment for regular jobs to a 20 per cent quota. Last Monday, about 1,500 apprentices held up rail movement in Mumbai demanding permanent jobs as they were already trained by the railways. This is of course, just the latest in the growing pressures we witness of sections of society demanding jobs as an entitlement. Mumbai also witnessed a rather outlandish sight of new-era workers like Ola and Uber cabbies striking against falling incomes

While the move on fixed-term contracts for labour is a welcome one, it is unlikely to make and material difference to the challenge of unemployment in India, which is the twin problem of very low labour participation and rising unemployment. The economy demands a lot more to deal with this challenge.

The unemployment rate was 6.6 per cent during the week ending March, 25. This marks a gradual stepping down of the rate from 7 per cent two weeks ago to 6.8 per cent last week and now 6.6 per cent. The labour participation rate has risen simultaneously – from 42.6 per cent to 43.6 and now 43.7 per cent. A combination of these two indicates an increase in employment during these weeks.

Nevertheless, unemployment continues to remain elevated during March compared to its level in February and, recall that February clocked the highest unemployment rate in over a year. The average of weekly unemployment rate during the first four weeks that ended in March was 6.55 per cent.

The comparable average during February was 6.53 per cent. This difference isn't much. But the same cannot be said about labour participation. The labour participation rate seems to be falling in March significantly. The average participation rate during the four weeks ending in March was 43.5 per cent compared to 44.1 per cent in February.

Source: business-standard.com- Mar 27, 2018

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Must tweak rules to stop entry of Chinese fabrics: Official

Amid a fast increasing import of garments made of Chinese fabrics from Bangladesh, the Indian textiles industry is seeking "tweaking of South Asian Free Trade Area (SAFTA) rules of origin" to make use of yarn and fabrics of Indian origin mandatory for exporting apparel to India, an official said on Tuesday.

According to the official, India allowed duty free import of readymade garments from Bangladesh under SAFTA in 2006 and this facility was limited to eight million pieces. However, in 2010, this quantitative restriction was lifted.

"Bangladesh imports Chinese fabrics and converts them into garments using its cheap labour. It exports these garments to India without the need for paying any import duties.

"Since import of made-in-China fabrics is meant for export, Bangladesh imposes no import duties on them. This is actually facilitating backdoor entry of Chinese textiles into India," Confederation of Indian Textile Industry (CITI India) Chairman Sanjay K. Jain told IANS.

He also said the duty-free facility given to Bangladesh on grounds of it being a Least Developed Countries (LDC) was actually benefiting China's textile exports. Indian domestic garment manufacturers have to pay a 20 per cent import duty if they use the same Chinese fabric, he added.

According to CITI India, India's garment imports from Bangladesh increased from $106.72 million during April-December period of 2016 to $124.14 million in the corresponding period of 2017.

"We have demanded tweaking of SAFTA rules of origin to make the use of yarn and fabrics of Indian origin mandatory for allowing duty-free quota-free market.

"This is expected to prevent China from taking undue advantage of a facility that is meant for LDCs," Jain said on the sidelines of a seminar on "Recent Trends on Eco-Friendly Textiles & Sustainable Fashion" organised by the J.D. Birla Institute.

This measure is also expected to give a fillip to India's export of yarn and fabrics to Bangladesh and other LDCs which at present are being supplied by China, he said.

"India has now extended this duty-free quota-free facility to all 49 LDCs on a non-reciprocal basis and again without any sourcing restrictions. So, it is expected that in the coming future, we may have more Bangladesh-type situation," Jain said.

Citing the international practices of imposing sourcing restrictions, he said the US imposed sourcing restriction under NAFTA for accepting duty free import of garments from Mexico and other NAFTA members.

"India itself has accepted sourcing restrictions imposed by Japan that hurt its apparel exports to Japan under India-Japan CEPA," he added.

In the Goods and Service Tax (GST) regime, the industry has been under severe stress with increasing imports of garments from Bangladesh and other countries.

"In the pre-GST scenario, import of garments from Bangladesh and other countries were attracting a CVD (Countervailing Duty) of 12.5 per cent and education cess of 3 per cent.

"However, post-GST, the same has been removed, hence there is no cost for import of garments from Bangladesh and for other countries," Jain said.

Source: newindianexpress.com- Mar 27, 2018

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TEA urges govt for sops till India signs FTAs with US, EU

The Tiruppur Exporters' Association (TEA) has urged Indian minister of commerce and industry Suresh Prabhu to initiate steps and offer incentives to the readymade garments sector till free trade agreements (FTAs) are signed with the United States and the European Union (EU), creating a level playing field for the industry compared to competing nations.

In a letter to the minister, the association has requested him to enhance the duty drawback rate, the benefit under the Merchandise Exports from India Scheme (MEIS) and the interest subvention for export credit to 5 per cent and clear the heavy backlog of pending rebate on state levies (ROSL) payments.

The MEIS benefit now is 4 per cent of the free on board (FOB) value of exports and interest subvention for export credit is offered to the tune of 3 per cent.

TEA also requested the minister to either hold discussions with the office of the US trade representative (USTR), which has decided to challenge the legality of India's export promotion schemes at the World Trade Organisation (WTO), or announce a scheme compatible to WTO regulations for apparel exporters. TEA feels exporters will lose global competitiveness once the schemes are done away with.

Due to the delay in ROSL payments, duty drawback and goods and services tax (GST) refund, many export units are unable to repay their dues to banks and run the risk of bad credit rating and may be declared non-performing assets (NPAs) in future, the letter said. ROSL dues have been cleared till May 2017 only.

The association also requested changes to the condition in fulfillment of obligation through a third party to boost modernisation of factories; doing away with manual GST refund claims that is both cumbersome and is leading to corrupt practices; and exempting exporters from international GST (IGST) payment while importing accessories that are cleared through export performance certificate (EPC) issued by the Apparel Export Promotion Council (AEPC) or allowing payment of IGST using MEIS duty credit scrip.

Source: fibre2fashion.com- Mar 27, 2018

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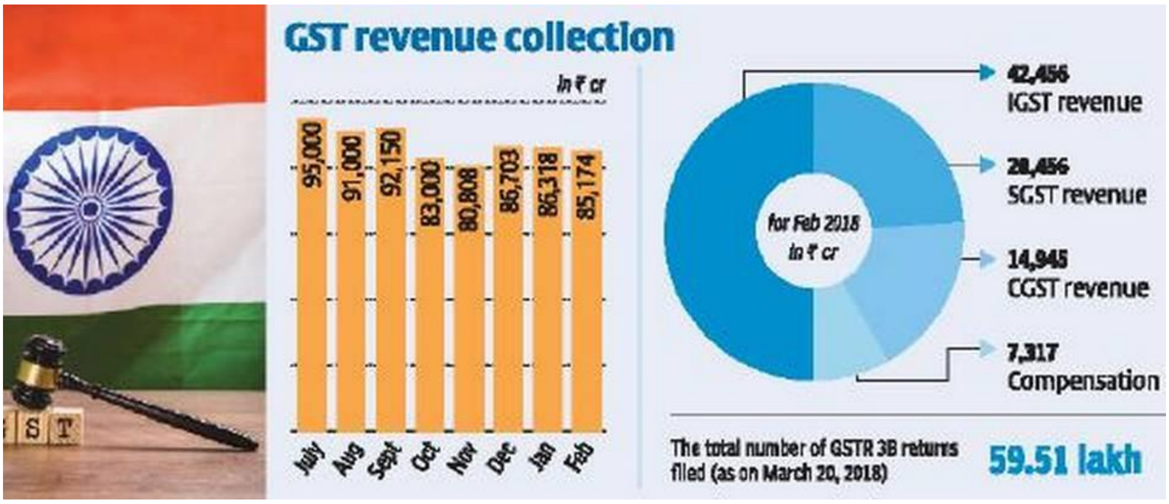
GST collections dip for second straight month in February

Mop-up slips to ₹85,174 crore; number of registered taxpayers goes up

Our Bureau Goods and Services Tax (GST) revenues slipped for the second straight month in February to ₹85,174 crore. In January 2018 and December 2017, it had been ₹86,318 crore and ₹ 86,703 crore, respectively.



According to data released by the Finance Ministry on Tuesday, the number of registered taxpayers under GST increased to 1.05 crore in February, from 1.03 crore in the previous month.

Till March 25, 59.51 lakh GSTR-3B returns were filed for the month of February 2018. “This is 69 per cent of the total taxpayers required to file monthly returns,” said the Ministry.

Improved compliance

This indicates a partial increase from 57.78 lakh GSTR-3B returns filed in the previous month and reflects improved compliance.

In terms of the mop-up, ₹14,945 crore was collected as Central GST (CGST) and ₹20,456 crore as State GST (SGST).

With settlements of ₹25,564 crore from Integrated GST (IGST), the total collections of CGST for February rose to ₹27,085 crore while SGST stood at ₹33,880 crore.

A total of ₹42,456 crore was collected as IGST and another ₹7,317 crore as compensation cess.

Of the total registered taxpayers, 18.17 lakh are composition dealers who are required to file returns every quarter and the rest of 86.37 lakh taxpayers are required to file monthly returns.

Source: thehindubusinessline.com- Mar 28, 2018

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CII pitches for reintroduction LoUs

CII President Shobana Kamineni today urged the Reserve Bank to reintroduce the letters of understanding (LoUs) as an instrument of trade credit to businesses facing liquidity crunch.

During her meeting with RBI Governor Urjit Patel here, she also made a case for maintaining status quo in the key policy rate (repo rate).

Following the scam in PNB, allegedly committed by jewellery designer Nirav Moid and associates through fraudulent LoUs, the RBI had stopped banks from issuing the instrument for trade credit for imports into India.

"The decision of the RBI to ban LoUs is impacting genuine importers by squeezing their liquidity, raising their borrowing cost and in turn putting pressure on the rupee. The traders who have been conducting business through these instruments will now have to necessarily shift their transactions to letters of credit and bank guarantees," a CII release said quoting her.

She said that due to stopping LoUs, the cost of credit may go up, especially for the small and medium enterprises.

The small players, she added, are already under pressure owing to slow GST refund and therefore, stopping of LoUs is like a double whammy.
"The reintroduction of LoUs and Letters of Comfort would help manufacturers in undertaking cost-effective production for both the domestic and export markets," said the CII head.

Kamineni said the central bank should continue to provide the requisite policy support which would enable industry to raise capital at affordable cost and support the turnaround in the economy.

"There are enough indications that the green shoots of recovery are gathering traction in the economy and a policy action by the RBI which would refurbish business sentiment, support domestic demand and trigger the turn of the investment cycle is very much required," she said.

The CII chief was of the view that the RBI should continue to maintain a status quo on the policy rate as indicators of inflation have started coming down. She said that with CPI inflation hovering at around 4.5 per cent, there is scope for the cost of credit to moderate.

Under the circumstances, a status quo in rates would address the upside risks to inflation while meeting the collective aspirations of growth.

The six-member Monetary Policy Committee (MPC) headed by Patel would meet on April 4 and 5 here to decide the first bi-monthly monetary policy review.

Source: business-standard.com- Mar 27, 2018

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RBI restarts pre-policy talks

Central bank resumes consultations with industry, bankers

After a gap of about one-and-a-half years, the Reserve Bank of India (RBI) has resumed the process of holding consultative meetings with industry groups and banks in the run-up to the monetary policy.

RBI Governor Urjit Patel and the deputy governors met representatives of the Confederation of Indian Industry (CII) on Tuesday and are scheduled to meet bankers in the coming days.

The RBI's six member monetary policy committee (MPC) will hold its first bimonthly policy review of the new fiscal year on April 4-5.
Addressing perceptions

Bankers said the RBI had faced a lot of criticism for a perceived lack of communication since Dr. Patel assumed charge in September 2016. The aim of restarting the consultative process could be to address such perceptions, bankers said on condition of anonymity.

Earlier, the consultative meetings used to take place before the April and October monetary policy reviews.

"There are enough indications that the green shoots of recovery are gathering traction in the economy and a policy action by the RBI which could refurbish business sentiment, support domestic demand and trigger the turn of investment cycle is very much needed," CII president Shobana Kamineni said after the meeting.

'Lift ban on LoUs'

CII has 'strongly' recommended reintroduction of the letters of undertaking (LoUs), which were banned by the RBI in the wake of the $2 billion scam at Punjab National Bank. CII said the ban on LoUs — used in trade finance — was hurting genuine importers as their borrowing costs had increased.

The industry lobby group also called for maintaining the 'status quo' on policy interest rates.

Source: thehindu.com- Mar 27, 2018

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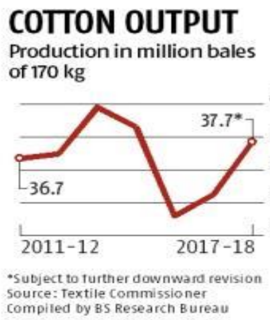
Cotton Corporation's fibre procurement jumps eight-fold this year

With higher price volatility, government-owned Cotton Corporation of India (CCI) recorded an eight fold increase in fibre procurement this financial year.



In 2016-17, it procured 150,000 bales (of 170 kg each).

In 2017-18 (ending this Friday), it procured a total of 1.2 mn bales of the natural fibre, under both minimum support price (MSP) and commercial operations.

A third of the total was MSP buying. "MSP operations were for a limited period. The harvesting season begins with above-MSP price; this sharply fell during the peak arrival season in November/December.

When prices fell below the MSP, we entered the market and procured around 400,000 bales.

Later, the price recovered and we stopped," said a enior CCI official.

The price began recovering since January, to trade above the MSP. “We cannot sit quiet if this happens. We have also been given the mandate to run commercial operations at the market-driven price, so long as this is viable.

Last year, we procured very little quantity for this reason,” said the official. Private procurers had started matching the post-January price offers by CCI, resulting in the level staying high.

The state body then auctions the natural fibre for textile mills at the market price. The season is coming to an end and CCI plans to buy another 200,000 bales before that. The government has announced an MSP at ~4,020 a quintal for medium-staple and ~4,320 a qtl for long-staple fibre in 2017-18.

The apex industry body, Cotton Association of India, estimates the output at 36.2 mn bales for the coming year, a marginal 0.5 mn less from its previous estimate of 36.7 mn, last month. Total output for 2016-17 is estimated at 33.73 mn bales.

Source: business-standard.com- Mar 28, 2018

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Reviving Indian textiles contributed most to my creative instincts: Ritu Kumar

Ace designer Ritu Kumar says reviving Indian textiles has contributed a lot to her creative instincts as in the past she, like many others, hardly knew that such workmanship was alive.

"Reviving the Indian textiles has contributed the most to my creative instincts. Nobody knew that such worksmanship was alive; not even me," Kumar told IANS in an email interview.

"Someone who did higher studies in arts, I could look at their work purely in terms of arts and crafts. Through my travels, I discovered designs, embroideries and culture across South Asia and Europe which enhanced my design abilities," she added.

Kumar started her career in 1969 and has great understanding of traditional design and the innovative use of traditional crafts. She began with just four hand-block printers and two tables in a small village near Kolkata and pioneered the term "fashion" in the Indian context.

With an over four-decade-long journey in the industry, Kumar was also awarded the Padma Shri in 2013 for her exceptional service in the field of fashion, textiles and craftsmanship.

Her work is currently on display via an exhibition titled 'Crossroads: Textile Journeys with Ritu Kumar' at India Habitat Center.

"Crossroads is a visual representation of my travels through South Asia and Europe for a forthcoming series of publications that I am currently working on.

"These journeys have involved deep research and reflection on the textile arts of the regions and their unique histories. It is a personal perspective which is represented by my collection of archival textiles, vintage photographs, collages and paintings," the designer told IANS.

Talking about Indian textile industry, the designer said it is growing immensely but there are several handloom artisans who are unemployed.

"I have been on the All India Handloom Board to press for softening of taxes on handicrafts and handloom. I wanted it to be put in a section where it doesn't have to compete with machine-made goods. People in India definitely understand fabric but the only thing they don't understand is that why 'it needs to be complicated'," she said.

The designer said the youth loves the handloom fabric, but it's the styling that is a focus.

"They definitely want shoulders, easy kind of silhouettes and even if they are going for a party, they want to underplay rather overplay lots of things, which is why textiles is perfect for them. They love handloom as long as the styling is not complicated or difficult to wear.

"If you can style it in a way that they look fun and easy the youth are game for it. Indian generation today quite appreciate and understand fabrics, but what they don't understand is why it should be uncomfortable," she said.

So how is she going to share her design experience with new faces in the industry?

"I have archives of work, painstakingly put together and compiled into volumes that form reference material for a lot of young designers that work with us. Some of this is on display at the exhibition as well. I would encourage all budding designers to go over to the Visual Arts Gallery at the India Habitat Centre before April 5 to catch a glimpse," she said.

Source: business-standard..com- Mar 27, 2018

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