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The Cotton Textiles Export Promotion Council [TEXPROCIL]
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai - 400 004. Maharashtra State. INDIA
W. www.texprocil.org E. enews@texprocil.org T. +91-22-2363 2910 to 12 F. +91-22-2363 2914

IBTEX No. 106 of 2017 May 26, 2017

USD 64.61 | EUR 72.38 | GBP 83.22 | JPY 0.58

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
20079	42000	**82.94**

Domestic Futures Price (Ex. Gin), May

Rs./Bale	Rs./Candy	USD Cent/lb
21070	44073	**87.04**

International Futures Price

NY ICE USD Cents/lb (July2017)	77.22
ZCE Cotton: Yuan/MT (Sept 2017)	15,625
ZCE Cotton: USD Cents/lb	**6.94**
Cotlook A Index – Physical	**89**

Cotton guide:

The week has been broadly muted for cotton price performance at the global platform. Cotton for spot contract July for the entire week is trading in a very thin band of 77 to 79 cents and on Thursday the same posted a close at 77.16 cents while this morning it is trading at 77.40 cents/lb.

Market is still respecting the long term moving average of 100-day SMA near 77 levels. We continue to believe unless the breakout happens either side price action would continue to remain steady.

Factors that released this week: The US weekly export sales data released which stood at 252.40K bales lower from the previous week of 285.80K bales. The rumors of shipment cancellation from the US remain a worry situation.

The weekly CFTC cotton on call weekly unfixed call position sales report released. As of 19th May the total figure stood at 115,900 bales marginally higher from the last year that was at 112,230 bales.

While, on-call purchases were 36,674 contracts, up 750 contracts. For July unfixed call sales were 37413 down by 3842 from the previous week while for December on call sales rose by 2391 to 34828.

The July decrease is much lower than as some had expected.

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

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INTERNATIONAL NEWS

Chinese textile and clothing exports fall

Chinese textile and clothing exports fell Chinese textile and clothing exports fell by 7.4 per cent in 2016, with far reaching effects, according to the latest issue of Textile Outlook. As a result, China lost some of its share of world markets. The fall in Chinese textile and clothing exports extended to yarns, fabrics, knitted clothing and woven clothing.

Rising labour costs and production costs in China are mainly to blame for the fall in exports as production shifts increasingly from China to lower cost countries such as Bangladesh, Cambodia, Myanmar and Vietnam. The impact of falling exports has been felt in many sectors of the Chinese textile and clothing industry. It has also been felt in a number of other Asian countries especially those supplying products of higher added value.

Supplies of textiles and clothing from Japan, fell by 14.8 per cent in 2016 to their lowest level in over a decade. Supplies from Hong Kong declined by 16.9per cent while those from South Korea fell by 10.1per cent and supplies from Taiwan were 9.9per cent lower.

On the other hand, China continues to dominate its major markets and there are no signs that such dominance will come to an end any time soon. In the US market.

Furthermore, China stands to make increases if the USA continues to adopt a more isolationist and protectionist stance under President Trump. In particular, the decision of the USA to withdraw from the Trans-Pacific Partnership (TPP) free trade agreement may enable China to fill the vacuum and take a more prominent role in international trade. Some authorities believe that China could even replace the USA as the pre-eminent player in global economic affairs.

China is in the process of negotiating a new economic trade area called the Regional Comprehensive Economic Partnership (RCEP). If this comes to fruition, it will cover all ten nations which are members of Asean (Association of Southeast Asian Nations) including Brunei, Cambodia, Indonesia etc.

Chinese textile and clothing producers are also expected to benefit from strong growth in demand among domestic consumers in the next decade. Some projections estimate that clothing sales in China could climb to as much as US$300 billion by 2019.

Source: fashionatingworld.com- May 25, 2017

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Textile and fashion industry generates half of Italy's trade surplus

Italian fashion revenues continue to outperform Italy's broader economy, and in the last part of 2016 and in the first quarter of 2017 they even picked up speed.

That would already be good news in itself, but it is even more so because the textile and fashion industry is Italy's largest after machinery.

"If we consider the fashion system in the widest sense, including products such as eyewear, jewelry and cosmetics, in 2016 the turnover was close to €84 billion," said Camera della Moda President Carlo Capasa at the Sole 24 Ore Luxury Summit. "Exports amounted to $62 billion, creating a surplus of $25 billion, half of Italy's total, which in 2016 recorded an absolute record. The fashion system, I will never stop repeating, promotes a positive image of Italy in the world and is an extraordinary economic engine."

The January-February look positive, Capasa said.

"The fall in the sales in United States has gone from -4.5% in 2016 to -0.2%, while China has rebounded from an -0.2% to a + 4.2%," he said. "Japan and Hong Kong are also good, with exports growing at 5.8% and 8.5%, respectively. Exports from Italy to Russia are up 19.5%."

Exports are what have been driving economic growth in Italy overall in recent years, and not just fashion, given the drop in domestic consumption.

"The world crisis triggered in 2008 by Lehman Brothers collapse has put a strain on the fashion system, but today we look forward to the future with cautious optimism," said Claudio Marenzi, trade group Sistema Moda Italia president. “First, because with Carlo Capasa and the Minister of Economic Development Carlo Calenda, we have built short, medium and long term team projects. Second, because Made in Italy continues to be appreciated in the growing countries, such as China and Korea in Asia.

However, we can not hide two problems: the slowdown in exports to the United States and the growth of tourist flows from China to Russia, to the detriment of Italy and France.”

Companies need to increase their presence on international markets and need to find capital to make it happen especially for medium-sized businesses, said Maurizio Castello of KPMG .

Boston Consulting Group chief Davide Consiglio focused on consumer segmentation, a strategic theme for luxury operators. This exercise is more statistical than intuitive, and is likely to become sterile unless a strategy is found that maximizes the power of data.

According to Davide Consiglio, the fashion and luxury industry must exploit the new opportunities for hyperpersonalization offered by this super-charged segmentation.

“Growth in luxury will continue, but if between 2009 and 2013 it was 8.3% and between 2013 and 2016 3.8%, from 2023 we expect a + 2-3%.

To keep up this pace, customization is strategic: already 22% of luxury consumers consider this important when they make purchases, a percentage that is expected to increase in every country, and in particular among the Millennials, born after the 1980s.”

Source: italy24.ilsole24ore.com- May 25, 2017

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EU textile colourant standards toughened

The European Committee for Standardization (CEN) has updated the standards for determining restricted aromatic amines derived from azo colourants in textiles.

The two updates are linked to prohibitions on the use of azo colourants in textile and leather articles that may come into contact with human skin or oral cavities.

Improved analytical procedures will be needed as EN 14362-1/3:2017 replaces existing standards published in 2012.

The updated standards are:

- EN ISO 14362-1:2017: Textiles – methods for determination of certain aromatic amines derived from azo colourants. Part 1: detection of the use of certain azo colourants accessible with and without extracting the fibres (ISO 14362-1:2017); and

- EN ISO 14362-3:2017: Textiles – methods for determination of certain aromatic amines derived from azo colourants. Part 3: detection of the use of certain azo colourants, which may release 4-aminoazobenzene (ISO 14362-3:2017).

They relate to entry 43 of Annex XVII of REACH. This prohibits the use of azo colourants in textile and leather articles that may come into direct and prolonged contact with the human skin or oral cavity.

Source: chemicalwatch.com- May 25, 2017

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Pakistan: Allocate Rs 60bn for exports in Budget: PRGMEA to Govt

In a bid to improve the exports of Pakistan textile industry, the Pakistan Readymade Garments Manufacturers and Exporters Association (PRGMEA) has appealed Pakistan government for allocation of Rs 60 billion in the federal budget for 2017-18 to be presented on 26th May 2017. Further, it has also requested for discharge of pending benefits of the exporters.

The urge for distribution of Rs 60 billion has been made under an incentive package worth Rs 180 billion that was approved by Pakistan prime minister Nawaz Sharif in January this year for exports.

The incentive package had helped initiate growth in the exports of value-added textile industry despite drop in the exports of other sectors, said PRGMEA chairman Ijaz Khokhar in a statement.

"The government must discourage exports of raw material to facilitate the value-added textile and apparel sector, which ranks as the largest employment generator in the country," said Sharif adding that focus should be on generating employment in the country.

"At the same time, raw material exports must be dis-incentivised as they take jobs away from our country and create them in competing countries where they export raw material," he added.

Source: fibre2fashion.com - May 25, 2017

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Pakistan: Exports, investment remain dismal

Exports performance remained disappointing, but the Economic Survey 2016-17 on Thursday pointed out that in some product categories, lower unit value marred the quantitative increase; failing to mention that in many items exports declined both in value and quantity.

There is nothing to rejoice as far as our export performance is concerned. It seems the present regime has no idea of what has actually happened to Pakistani exports.

During global recession, the government justified the decline in exports to similar declines faced by China and India. It is true that the exports have started rising in Pakistan in April and May but the growth has been well below double digit.

Pakistan's textile exports have hardly inched up by an average of three percent in past four months. The export package announced by the government has not delivered.

Thereafter, these rebates would be subjected to an increase of 10 percent over past year for each exporter. The exporters failed to boost exports even by 5 percent in past six months on blank rebates.

Another interesting analysis in the Economic Survey relates to imports, which state that the rise in overall import payments was mainly driven by higher purchases of fuel and capital equipment.

The Power generating machinery imports increased by 76.5 percent, textile 20.8 percent, construction 66.8 percent, agriculture 35.8 percent, and other machinery 53.1 percent, signalling increasing productivity in the industrial sector.

The survey failed to mention the total amount of investment made in dollar terms in these sectors. As far as textiles is concerned, the import of textile machinery has been almost negligible in the past four years, so an increase of 20 percent in import of textile machinery should be seen in that context. It would not be more than $200 million at best. Same is the case with agriculture.

The textile sector needs upgrade that requires investment of over $1.5 billion for the next four years. Otherwise we should say god bye to our basic textile sector.

In an economy growing at over five percent, and the China-Pakistan Economic Corridor (CPEC) investment pouring in, it is not a matter of satisfaction that foreign direct investment (FDI) amounted to $1.733 billion during July-April FY17 compared to $1.537 billion during the same period last year, posting a growth of 12.75 percent.

Food, power, construction, electronics, oil and gas exploration, financial business, and communication remained the main recipient sectors.

These sectors have been attracting foreign investment for last many years, and produce product and services for local consumption only.

Foreign Portfolio Investment (FPI) increased to $589.7 million during July-April FY17 compared to $404.3 million last year. This was because Pakistan Stock Exchange was finally handed over to a foreign strategic investor.

Remittances remained lower by 2.79 percent during July-April FY17. It was expected due to turmoil faced by oil producing countries.

In fact, the decline was lower than expected. The rosy picture painted in the Economic Survey for the next fiscal is based on wishful thinking. Pakistan would be lucky if the current remittance level persists next year.

On average, CPI inflation stood at 4.09 percent during July-April FY17 against 2.79 percent in the same period of FY16.

The inflation is likely to increase further in the next fiscal year.

Source: thenews.com.pk - May 26, 2017

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Pak-Turkey FTA talks from June 6

The seventh round of negotiations on free trade agreement (FTA) between Pakistan and Turkey would be held from June 6-7 in Turkey in order to finalise the agreement.

The two countries will also discuss specific sectors, including textile during the negotiations. Pakistan and Turkey's free trade agreement will be signed on August 14 to enhance the bilateral trade between the two countries, a senior official of the ministry of commerce told APP.

He said the two sides would exchange provisional lists for a final agreement in the upcoming round of dialogue. "Pakistan's trade balance with Turkey remained positive until 2011; however, it started decreasing since 2011, when additional duties on various commodities were imposed by the two countries," the official added.

The two sides will hold discussions on agreement on goods, services and investment, he said. After signing the new FTA with Turkey, the two countries will be able to improve their trade balance, he added.

The official said Pakistan will get market space in agriculture and pharmaceutical sectors in Turkey. Pakistan's major imports from Turkey included manmade textiles, towels, steel structure, tanning and plastic, chemicals, processed milk and whey. The country's major exports to Turkey included denim PET, ethanol, cotton yarn, fabric and rice, garments, leather, carpets, surgical instruments, sports good, and chemicals.

Source: thenews.com.pk - May 26, 2017

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Pakistan: Textile ministry opposes duty on cotton import

The Ministry of Textile Industry has opposed the restoration of duty on cotton imports in an attempt to safeguard the interest of textile manufacturers, but the move will hurt farmers who have already been suffering for the past few years.

Many farmers have switched focus to other crops, particularly sugarcane, as incentives for cotton import have made their produce less appealing.

In the last fiscal year, the agriculture sector performed below par because of lack of interest on the part of government, which is considered pro-industry.

However, now that elections are just a year away, the PML-N government is trying to win support of the farmers and has decided to restore the import duty and general sales tax on cotton import despite fierce resistance from the textile secretary. At present, the Ministry of Textile Industry runs the Cotton Commissioner office and the Pakistan Central Cotton Committee, which could ignore the challenges faced by the farming community.

The textile ministry, which mainly looks after the interest of industrial sector, has a natural clash of interest with the agriculturists. It has forged no linkages with the agricultural community and all issues related to research on seeds and other inputs are being dealt with by the Ministry of National Food Security and Research.

In a meeting of the Economic Coordination Committee (ECC) held on May 16, the Finance Division recalled that the ECC had decided in April to constitute a committee, headed by Board of Investment Chairman Miftah Ismail, which would review the proposal of re-imposing duty and sales tax on cotton import and submit its report.

The committee would comprise commerce secretary, finance secretary, textile industry secretary and national food security and research secretary. The Finance Division said the committee held its meeting on May 5 where the textile industry secretary insisted that the incentive package given by the government had restored confidence of the textile industry.

It was reflected in the data for textile exports as well. In March 2017, textile exports grew 6.16% to $1.06 billion compared to the corresponding period of previous year.

Earlier, textile exports were unimpressive. They stood at $13 billion in financial year 2012-13, but dropped 2% and 7.4% in financial year 2014-15 and 2015-16 respectively.

Making the case for duty-free cotton import, the textile secretary pointed out that Pakistan's cotton demand was estimated at 14 million bales whereas it produced only 10.6 million bales last season, reflecting a shortage of 3.4 million bales.

He said millers had so far imported 1.7 million bales, but still 2 million bales more were needed. Hence, an abrupt reversal of incentives would send negative signals to the market.

However, after comprehensive discussion, the committee recommended that the government may restore the duty and sales tax on cotton import instantly, but it should be applicable from August 15.

The Finance Division sought ECC's approval for the recommendation of the committee. The ECC agreed to restore the duty and sales tax on cotton import from July 15, 2017.

Source: tribune.com.pk- May 26, 2017

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Black market GM cotton seeds flood Chinese market, cutting pesticide use and boosting yields Tax

China is one of the world's top cotton producers partly because of a widespread sowing of banned seeds, according to a joint study by US and Chinese scientists.

An 11-year investigation spanning six Chinese provinces suggested that the black-market cotton seeds cut pesticide use and boosted cotton yields thanks to their long-term resistance to pests.

The study published [May 2017] in the latest issue of the journal *Proceedings of the National Academy of Sciences of the United States* (PNAS) said the seeds were a hybrid of genetically modified (GM) and traditional cotton plants. The production and trading of such seeds are banned in China.

But in small cotton plantations without much machinery, such illegitimate hybrid seeds might perform better than "pure-bred" GM seeds produced by large biotech companies, the researchers said.

"This is a milestone discovery in agricultural science," said Professor Wu Kongming, a lead scientist of the research with the Chinese Academy of Agricultural Sciences' Institute of Plant Protection in Beijing.

"Our findings are not only important to cotton production, it also sheds new light on the management and regulation of genetically modified plants."

Source: geneticliteracyproject.org- May 25, 2017

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NATIONAL NEWS

'Export target of $900 billion by 2020 not feasible'

Exporters say meeting the export target of $900 billion by 2020 seems tough, given the current global economic scenario; a more realistic goal would be $700-750 billion.

The Federation of Indian Export Organisations (FIEO) has also expressed apprehensions that paying input taxes first and then claiming refunds under the Goods and Services Tax (GST) regime could lead to losses worth 2 per cent of export value, and has asked the government to bear that burden.

"Reaching the target of $900 billion set in the Foreign Trade Policy would require exports to grow at a compound rate of 27 per cent (from the current fiscal to 2019-20). Given the current global scenario, the possible rate of growth might be 15 per cent, which would translate into exports of $700-750 billion by 2019-20," said FIEO Director General Ajay Sahai.

The Commerce Ministry is expected to announce a review of the FTP 2015-2020 simultaneously with the implementation of GST from July 1 this year.

Refund mechanism

Exporters have expressed their reservations about the refund mechanism for input taxes under GST. "While we welcome the final refund rules on issuing acknowledgement within three days of filing refund claim and issuance of 90 per cent of claim amount within seven days, the interest on delayed payment would be due only after 60 days. This will give a jolt to exporters, particularly in the micro and small sector," said FIEO President Ganesh Kumar Gupta, who is also an exporter of textile and silk items.

FIEO has made various suggestions to the government to help exporters deal with the financial burden of delayed refunds.

One proposal is to allow e-currency, under which a certain percentage may be credited into an exporter's account based on their previous year's exports. That e-currency can be used to make payment for input taxes by debiting the amount.

When the refunds happen the e-payment debited from the account would be credited back. "When refunds happen, if it is observed that claims were more in certain cases than the payment due, then the difference can be paid for in cash by the exporter," Sahai explained.

Incentive rates

Another suggestion made by FIEO is that the losses that the sector is likely to suffer due to the possible delay in refunds of input taxes can be compensated by increasing the rates of incentives under the existing merchandise export incentive scheme (MEIS).

A third proposal by the export organisation is that the interest on delayed refunds of input taxes paid by exporters be due after 10 days of filing claim instead of 60 days, as it would affect the competitiveness of small and medium units.

"While the Revenue Secretary was agreeable to most of the proposals, the GST Council has to take a final call," Gupta said.

Source: thehindubusinessline.com- May 26, 2017

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Cotton Market Analysis

The week has been broadly muted for cotton price performance at the global platform. Cotton for spot contract July for the entire week is trading in a very thin band of 77 to 79 cents and on Thursday the same posted a close at 77.16 cents while this morning it is trading at 77.40 cents/lb. Market is still respecting the long term moving average of 100-day SMA near 77 levels. **We continue to believe unless the breakout happens either side price action would continue to remain steady.**

Factors that released this week: The **US weekly export sales data** released which stood at 252.40K bales lower from the previous week of 285.80K bales. The rumors of shipment cancellation from the US remain a worry situation.

The **weekly CFTC cotton on call weekly unfixed call position sales** report released. As of 19th May the total figure stood at 115,900 bales marginally higher from the last year that was at 112,230 bales. While, on-call purchases were 36,674 contracts, up 750 contracts.

For July unfixed call sales were 37413 down by 3842 from the previous week while for December on call sales rose by 2391 to 34828. The July decrease is much lower than as some had expected.

Open Interest movement: July to December: There has been a prominent shift in open interest from July to December since past more than one month. For reference since 1st week of May the OI of July has declined from 0.14 million contracts to 0.10 million contracts while in the case of December for the same period the OI has increased from 0.10 million contracts to 0.122 million contracts. The shift is taking place due to speculative funds are now slowly taking positions from the July contract, trades are gradually exiting while mills are relatively fixing the price ever since July fell below 80 cents. In the meanwhile, some positions are now being added on the December contracts.

Spread Performance: July/Dec- July continues premium: We have been repeatedly discussing in the reports about shrinking of spread incessantly from 10.26 cents to currently trading at 4.21. We believe the spread may gradually narrow down to the mean value of 3 cents in the near term by which one should Sell July and Buy December contract simultaneously to enjoy the spread call.

Technical Analysis: July contract: ICE: As discussed above near 77 cents market continues to hold support backed by long term 100-day SMA. We believe unless there is fresh trigger market may continue to trade sideways. As indicated earlier the last leg rally took place on 11th May was supported with the mentioned moving average and currently (this entire week) the market is holding near the same support levels. Note, if market fails to break 77 cents then soon in the near term the price may rally back to 80+ cents however a break down below 77 could pull the price to 76.22 and 76 levels two critical support levels for the market.

Indian Market performance: The spot price of S-6 remains almost unchanged near Rs. 43000-43,200 per candy ex-gin. Daily cotton seed arrivals are gradually declining. The last week's ADA were around 46K bales which this week has come down below 44K bales. As of Thursday the nationwide arrivals were pegged around 41K bales. Sowing in the Northern Zone is expected to be approaching 90 percent complete. With the steady spot price performance the future contract is trading steady.

The most active June contract this week has been moving in the range of Rs. 20900 to Rs. 21200. On Thursday market closed at Rs. 21070. We believe for the day cotton futures for the mentioned contract is expected to trade in the range of 21220 to Rs. 20900 per bale.

FX Movement: Indian rupee appreciated marginally to trade near 64.57 levels against the US dollar. Rupee remains supported by firmness in global equity market and reports if higher investor inflows. The rupee is also supported by general weakness in US dollar amid Trump and Fed uncertainty. However, weighing on rupee is lower bond yields and tensions between India and Pakistan. Rupee may trade in a range of 64.45-65.70 and modest gains are possible.

Source: kotakcommodities.com- May 26, 2017

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After Narendra Modi government cleared Rs 6,000 cr package, garment sector creates 750,000 jobs, but falls short of target

As many as 3,26,471 direct and 4,24,412 indirect jobs were created in the sector in the last fiscal, according to the estimate.

At least 7,50,000 jobs have been created in the textile and garment sector in the last fiscal, mostly after the government announced a Rs6,000-crore package in June 2016 along with some radical changes to labour laws, according to a quick estimate by the textile ministry.

As many as 3,26,471 direct and 4,24,412 indirect jobs were created in the sector in the last fiscal, according to the estimate. Investments to the tune of Rs8,544 crore flowed into the sector through the ministry's flagship scheme — the Amended Textile Upgradation Fund Scheme (A-TUFS) — that was tweaked last year to give additional subsidy to the garment makers, as part of the package.

A senior government official said the jobs data are based on the investment that flowed into various segments (such as weaving, garmenting, processing technical textiles and composites) through only A-TUFS.

Employment generated by the investments made outside the A-TUFS is not captured in this estimate (The capital-intensive spinning sector is now out of the A-TUFS ambit).

The estimate is based on the thumb rule, often adopted by government and industry executives, that every Rs1 crore of investment creates as many as 70 direct jobs in the labour-intensive garments segment and 30 direct jobs in the spinning segment. Similarly, every 10 direct jobs created in the textile and garment sector leads to the generation of 13 indirect jobs (such as in hand embroidery, lacework, handwork, specialised dyeing and washing and logistics).

However, some industry executives said such a method — although used often for a quick estimate of job creation — may not give a correct picture, especially when the jobs data are derived from A-TUFS investment. This is because subsidy under A-TUFS is offered mainly for setting up new units as well as for the upgrade of technology. While setting up new units may create jobs, technology upgrade may even result in a reduction in workforce.

According to the textile ministry data, garment exports went up almost 9% after the package was announced. Between July 2016 and March 2017, garment exports rose to $13.47 billion, against $12.37 billion a year earlier. By contrast, overall textile and garment exports dropped 3.5% in the last fiscal to $38.6 billion, mainly due to a decline in outbound shipments of textiles.

Still, the additional job creation, investments and exports are way off the government's ambitious targets. The government was targeting one crore new jobs, additional investments of Rs74,000 crore and extra exports of $30 billion over three years, through last year's garments package.

Sources said one of the main reasons for the non-fulfilment of the targets is that the several notifications required to implement the package came at much later even though the package was announced in late June.

For instance, the refund of state levies under the duty drawback scheme was rolled out only in September, while the proposed fixed-term employment rules to allow garment factories to hire contractual workers for a fixed period were notified as late as October by the labour ministry. Also, a critical component of the package — voluntary contribution to the EPF by workers earning less than Rs15,000 a month — is yet to be implemented, as it involves an amendment to the EPF Act for which parliamentary clearance is awaited.

To boost competitiveness of the garments sector, the government in June announced a raft of measures, including the introduction of fixed-term employment, optional contribution to the EPF by workers earning less than Rs15,000 a month, the refund of employers' contribution of the EPF, additional incentives under the A-TUFS, enhanced duty drawback and some income tax relief, for the garment sector.

Source: financialexpress.com- May 26, 2017

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ICE cotton little changed on lower-than-expected export cancellations

ICE cotton futures were little changed on Thursday after a weekly government report showed lower-than-expected export cancellations.

"The export cancellations were not as bad as expected ... It is just a question of whether speculators stop selling and getting out of longs or not. At the moment it looks like they will hold on to their positions and we might see a rebound coming," Peter Egli, director of risk management at British merchant Plexus Cotton.

Net upland sales for the 2016-17 crop last week totaled 16,200 running bales (RB), down 87 percent from the previous week, weekly export sales data from the U.S. Department of Agriculture showed on Thursday.

However, export cancellations were below market expectations with reductions of 11,500 RB from India and 4,300 RB from Bangladesh against previous week's reductions of 23,300 RB and 12,800 RB from India and Japan.

"The speculators are getting and buying their shorts back. That's why the market is finding a balance here. I don't see the market selling off too hot and speculators liquidating a big amount," Egli said.

"There is not much reason for the prices to go much higher and lower."

The December cotton contract on ICE futures U.S. settled up 0.14 cent, or 0.19 percent, at 73.22 cents per lb. It traded within a range of 72.61 and 73.47 cents a lb.

Meanwhile, the July cotton contract settled down 0.5 percent at 77.16 cents per lb.

Traders said index funds rolled over positions from July to December, making use of a surge in prices.

The July contract hit a high of 78.14 cents after the export sales report and finally settled lower.

Certificated cotton stocks deliverable as of May 24 totaled 418,593 480-lb bales, up from 411,726 in the previous session.

The dollar index was up 0.04 percent. The Thomson Reuters CoreCommodity CRB Index, which tracks 19 commodities, was down 1.50 percent.

Source: timesofindia.com- May 26, 2017

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'VASTRA-2017' to be organized in Jaipur from September 21

The sixth annual edition of International Textile and Apparel Fair, VASTRA-2017, will be organized by RIICO and FICCI in Jaipur from September 21.

The memorandum of understanding (MoU) for the four-day event VASTRA-2017 was signed by Managing Director, RIICO Mugdha Sinha and Deputy Secretary General, FICCI Vinay Mathur in the presence of Chairman, RIICO, Rajeeva Swarup in Jaipur on Thursday.

Speaking on the occasion, Mugdha Sinha informed that exhibitors of textile products, from fiber to fashion participate at VASTRA and this exhibition has emerged as an important platform for Business to Business community in this sector.

She also informed that approximately 300 foreign buyers and 150 Indian buying houses and agents will participate in the fair.

She also said that to further popularize this event internationally, a meeting with representatives of foreign embassies in India will be organized.

Sinha also shared that the Ministry of Commerce and Industry holds VASTRA in high esteem and considers the event as an important exhibition for textile sector in the country.

Besides the exhibition, roundtables, conferences and seminars on textiles and apparels will also be organized in VASTRA-2017 where representatives from the central government, state government and renowned personalities from textile and apparel Domain will deliberate on issues concerning the textile and apparel Industry.

Sinha informed that these deliberations will help take textile and apparel Industry to new horizons.

Source: pinkcitypost.com- May 25, 2017

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Reboot on RCEP

There can be no escaping the fact that India is losing ground in trade negotiation talks with the Regional Comprehensive Economic Partnership — a bloc of 16 countries (Asean plus Japan, China, Korea, India, Australia and New Zealand) seen to be led by China.

When top commerce ministry officials said soon after the recent RCEP meeting at Hanoi, that India would agree to no more than 80 per cent free tariff lines (with a deviation of 6 per cent either way), against the demand of 92 per cent, it could not have come as a consolation to industry and agriculture that have already been inundated by dirt cheap and zero tariff goods from China and the Asean (with which India has an FTA), respectively. India's position marks a climbdown from two years ago, when it had proposed a three-tier tariff structure: 80 per cent tariff-free lines with Asean, essentially maintaining the FTA status quo; 65 per cent free lines for Japan and Korea; and 42 per cent free lines for China, Australia and New Zealand.

What is now on the cards, only as a best-case scenario, is perhaps 74 per cent free tariff lines with China to be arrived at over the next 15-20 years. Meanwhile, India's insistence on lower services investment and visa barriers for its professionals is not making headway. In this context, a rethink on RCEP talks is called for.

RCEP's pressure arises from the fact that tariffs within its other members are already remarkably low, with Japan and China deeply integrated into the Asean economy (and with each other) in terms of trade, investment and global supply chains. India remains an outsider in this club, with the exception of China, with which it runs a huge trade deficit.

India accounts for just over 3 per cent of Asean exports and below 2 per cent of the latter's imports, whereas China accounts for over 11 per cent of Asean exports and nearly 20 per cent of its imports. China has displaced Japan and the US as Asean's principal trading partner.

The challenge is for India to break into this bloc at a time of growing protectionism in the West, without compromising its interests in agriculture, industry and intellectual property rights.

With the RCEP being more accommodative than the now defunct Trans Pacific Partnership to the conditions of developing countries, it may yet be possible for India to wrest this space. Its USPs are its large market, its skilled workforce and its pluralist, democratic ambience.

While trying to recover lost ground at RCEP, India must be clear about dovetailing tariff openness with its 'Make in India' programme. India can be flexible about opening up sectors such as legal services, entertainment and accountancy.

In the long run, it should ramp up its skill and technology levels to match RCEP countries by investing in R&D and quality education. The key lies in driving growth through productivity and innovation, rather than low-cost labour alone.

Source: thehindubusinessline.com- May 26, 2017

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Benetton applies for FDI in single-brand retail

Two companies, including fashion chain Benetton Group, have sought approval of the government to enter India through the “FDI in single-brand retail” route.

The Benetton Group sells apparel under the brand name of United Colors of Benetton.

Benetton India Pvt. Ltd has sought approval to undertake e-commerce and retail trading of imported goods, according to the department of industrial policy and promotion (DIPP).

Karnataka-based Actoserba Active Wholesale Pvt. Ltd wants to undertake single-brand retail trading and e-commerce of Zivame branded lingerie products. Two foreign individuals—Katarzyna Dmoch and Rami Shinnawie—have also sought nod from the government to set up a 100% foreign-owned Indian retail arm of Caracole Interior Designs, Qatar.

Currently, foreign direct investment (FDI) up to 49% is permitted under the automatic route but beyond that limit, government’s nod is required. Foreign investment is allowed subject to certain conditions, which require products to be of a “single brand” only and to be sold under the same brand globally.

Furthermore, in respect of proposals involving FDI beyond 51%, it is mandatory to source 30% of the value of goods purchased from India, preferably MSMEs. To attract more FDI in retail sector, government is considering allowing 100% foreign investment through automatic route in single-brand retail to attract a larger number of global players in the sector.

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