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TEXPROCIL NEWS CLIPPINGS

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IBTEX No. 141 of 2017 July 10, 2017

USD 64.53 | EUR 73.59 | GBP 83.29 | JPY 0.57

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
20150	42150	**83.01**

Domestic Futures Price (Ex. Gin), July

Rs./Bale	Rs./Candy	USD Cent/lb
20570	43028	**84.73**

International Futures Price

NY ICE USD Cents/lb (Dec 2017)	68.97
ZCE Cotton: Yuan/MT (Sept 2017)	15,625
ZCE Cotton: USD Cents/lb	**83.06**
Cotlook A Index – Physical	**83**

Cotton & currency guide:

It was quite an interesting week for cotton market across the globe. The ICE December has now comfortably taken strong support near 66-67 range. With the surprised reduction in the latest USDA report US planting acreage would be largely lower than earlier projected 13 million Ha has shown a positive impact on the cotton price.

ICE cotton moved outside range at the end of the week to settle at 68.59 cents/lb while during the week market traded inside range for three days. Basically major gains noticed were on Thursday and Friday.

From the domestic market front the Shankar-6 variety continued to trade steady while towards the end of the week it advanced above Rs. 43K/Candy ex-gin. Market was consolidating in the previous week amid lull physical activity due to GST roll out. However, post the implementation good amount of buying has supported cotton market to trade higher. This has by and large pushed the cotton futures at MCX to trade positive. For reference, the July MCX cotton future ended the week at Rs. 20570 up by Rs. 560 from the previous week's close.

Currency Guide:

Indian rupee appreciated by 0.1% to trade near 64.54 levels against the US dollar. Rupee has benefitted gains in global equity market. However, supporting US dollar is upbeat US jobs report which adds to market expectations for Fed's monetary tightening.

Also weighing on rupee is lower bond yields despite recent rise. Rupee may trade in a range of 64.4-64.75 but some gains are likely on improved risk sentiment.

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

NEWS CLIPPINGS

INTERNATIONAL NEWS

EU, Japan conclude Economic Partnership Agreement

The European Union and Japan have reached an agreement in principle on the main elements of an Economic Partnership Agreement, which will see complete elimination of tariffs on textiles and clothing. For the EU and its Member States, the agreement will remove the vast majority of duties paid by EU companies, which sum up to €1 billion annually.

The deal, which includes a specific commitment to the Paris climate agreement, will be the most important bilateral trade agreement ever concluded by the EU. It will open the Japanese market to key EU agricultural exports and increase opportunities in a range of sectors, the European Commission said in a statement.

It sets the highest standards of labour, safety, environmental and consumer protection, fully safeguards public services and has a dedicated chapter on sustainable development. It also builds on and reinforces the high standards for the protection of personal data that both, the EU and Japan, have recently entrenched in their data protection laws.

Once the agreement comes into force, tariffs on textiles and clothing will be "fully abolished". "It will increase EU exports and create new opportunities for European companies, big and small, their employees and consumers. The value of exports from the EU could increase by as much as €20 billion, meaning more possibilities and jobs in many EU sectors such as agriculture and food products, leather, clothing and shoes, pharmaceuticals, medical devices and others," the statement said.

The announcement on the conclusion of the agreement in principle was made during the EU-Japan Summit by the president of the European Commission Jean-Claude Juncker, the president of the European Council Donald Tusk, and the Prime Minister of Japan Shinzo Abe.

"Today we agreed in principle on an Economic Partnership Agreement, the impact of which goes far beyond our shores... Together, we are sending a strong message to the world that we stand for open and fair trade. As far as we are concerned, there is no protection in protectionism. Only by working together will we be able to set ambitious global standards," said Juncker.

Though the agreement in principle covers most aspects of the Economic Partnership Agreement, in some chapters technical details still need to be ironed out, and there are also chapters that remain outside the scope of the agreement in principle.

Negotiators from both sides will continue their work to resolve all the remaining technical issues and conclude a final text of the agreement by the end of the year. Then, the Commission will proceed to the legal verification and translation of the agreement into all EU official languages, and will consequently submit it for the approval of EU Member States and the European Parliament.

Source: fibre2fashion.com- July 08, 2017

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Is textile industry shifting from China?

China is the pioneer in textile clothing industry since the history of textile and clothing industry. Based on skilled manpower China is ranked the number one textile and clothing exporters to the world producing more than 43.1% of global demand. Recently China is concentrating on value adding tech intensive products.

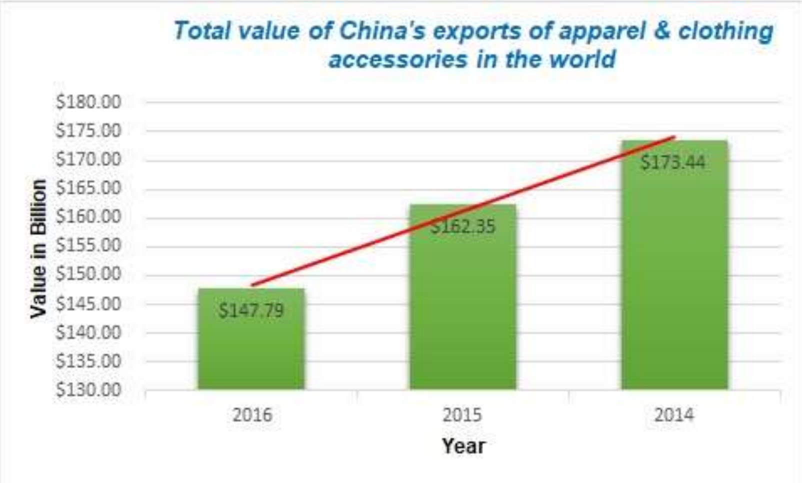
Textile industry of China is shifting gears for several reasons such as higher costs of production and scarcity of a skilled labor force. Exports are on a decline but the sector still maintains its pole position in the world market. On the other hand, textile production in 2017 will continue to update with depreciation and the rise of cotton prices.

As per the 13th five-year plan of Chinese Government for the year 2016 to 2020 period, China strategically is moving towards more value adding tech intensive products. The plan is to maintain traditional market share and to grow more on the high value adding product range. But real market data shows that the country is losing its export market drastically from 2015 in almost all product sectors in the textiles and clothing arena.

Textile & clothing industry is too much stretched in China and there are eight major categories such as garment, cotton fabrics, chemical fabrics, wool fabrics, silk fabrics, knitted fabrics, textile machinery and best fiber. Production capabilities of all categories T&C is unparalleled in the world.

According to China Textile Industry Development Report (2014/2015), textile fiber production in China exceeded 50 million tons, accounting for 54.36 per cent of world share. As much as 64.2 per cent of the world's chemical fibers, 64.1 per cent of synthetic fibers and 26.2 per cent of cotton were produced in China. On the other hand, apparel production in China reached 29.9 billion units in 2014, which is 10.4 per cent higher from 2013. This massive production capacity of China is showing a clear view that very likely China will remain the top apparel-sourcing goal for world's buyers.

But the total value of China exports of apparel & clothing accessories in the world is frustrating. This data (bellow chart) clearly shows that Chinese apparel export was having sharp growth till 2014 and afterwards it is having sharp decline. In 2014, Chinese global apparel export was the highest ever and afterwards in two years, it has lost 14.79 per cent of its exports.



Last year China's Ministry of Industry and Information Technology (MIIT) released its development plan, the 13th Five-Year Plan for period 2016-2020, for the apparel and textile industry, where China itself is expecting a slower growth for the industry (growth rate was 8.5per cent in 2011-2015 whereas the plan set a 6-7per cent goal for next five-year). Similarly, fiber end-use ratio and annual labor productivity growth rate were set lower than previous plan. At the same time, China set a target to build a more tech-intensive textile & clothing industry.

However, whatever the export growth or decline is, China as a vibrant manufacturing country will surely maintain core value adding sustainable business portions in textile and apparel value chain. With great rise in domestic consumption, Chinese companies are becoming global giant day by day. But the thing is China will go for value added textile products. At the same time countries like Bangladesh, India, China, Vietnam will receive regular items in large volume.

Source: textilefocus.com- July 09, 2017

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Pakistan: Will the revised trade policy work?

The government is set to revise its three-year trade policy framework on all institutional, policy and entrepreneurial levels thereby making it friendlier for exporters.

The strategic trade policy framework (STPF), announced in March last year, largely remains unimplemented, and the government's efforts to promote exports have borne little fruit. Besides, most initiatives remain only on paper.

The framework aimed at expanding exports to $35 billion by 2018, improving export competitiveness, shifting the economy from factor-driven to innovation-driven and increasing the share in regional trade.

However, exports have continued to fall and are expected to reach $20bn this fiscal year compared to around $25bn in 2013.

"The mid-course correction in the policy will be ready by end-July," an official of the commerce ministry said. It will then be submitted to the cabinet for approval. The ministry will hold a meeting with major associations and chambers in August to implement the policy this fiscal year.

All export related schemes and initiatives will be revisited. "We have identified the problems in these schemes which will be improved through amendments," the ministry official said.

The performance of the current framework has been dismal on all levels. In the last two years, only cosmetic measures have been taken at an institutional level.

The departments identified for revamping were: the Trade Development Authority of Pakistan (TDAP), Pakistan Horticulture Development and Export Company (PHDEC) and the secretariat of the commerce ministry.

The Trade Dispute Resolution Organisation (TDRO), Services Trade Development Council, Pakistan Institute of Trade and Development, National Tariff Commission (NTC) and the Domestic Commerce Wing are also on the revamp list.

It was also announced that councils would be set up to promote the export of pharmaceuticals, cosmetics and rice, but no steps have been taken in this regard. The export policy also proposed setting up a committee to restructure subordinate offices of the commerce ministry.

The official says there's a strong resistance to change which is one reason for the poor implementation of institutional initiatives. "We'll carry out some reforms in the next fiscal year in some of these institutions," he said.

One of the breakthroughs is the allocation of Rs500m for the PHDEC to strengthen the company in the next fiscal year.

However, the challenge will be to revamp the secretariat of commerce ministry because of competing interests of various services groups.

Recently, the government appointed members of the NTC and window dressed the TDAP. The only area where interest was shown was the appointment of trade officers abroad.

The second pillar of the framework is export development initiatives (EDIs). The cash support scheme announced in the STPF was copied from the failed textile policy.

Most initiatives like product design, technology upgrade, branding and certification failed to perform in the case of the textile sector while the same were announced for non-textile products. The commerce ministry has also failed to come up with some innovative measures to boost exports.

Secondly, the scheme design was considered faulty as no exporter could fulfil the criteria mentioned while stringent conditions had become imperative to avoid misuse of the facility.

As a result, not a single exporter has availed itself of any of the five cash support schemes in the last two years.

The third issue related to timely releases of the allocated funds for the EDIs.

The government announced Rs7bn for the first year for the cash support schemes, another Rs6bn for second year and Rs6bn for the third year.

The funds for the first year lapsed while only Rs950m was released in the second year against the committed amount of Rs13bn. Of the Rs950m, Rs400m was lapsed and surrendered to the finance ministry.

As for short-term export measures, four products including basmati rice, horticulture, meat and its products and jewellery were identified for the markets of Iran, China, Afghanistan and the European Union.

It was decided that Rs500m would be spent to promote their exports, especially for building warehouses for rice in Iran and Saudi Arabia. However, nothing has happened on this account as well.

On policy level, the ministry has yet to finalise the much-awaited law for protecting the ownership rights of goods and a law for TDRO for resolving trade disputes. Only NTC-related laws were finalised.

The most frequent government intervention is at the enterprise or industry level which has not yielded the required results to boost exports.

The scope of the trade policy framework was limited only to 40 per cent of exportable goods which fell under the category of non-textiles. Textile and clothing exports, which constitute nearly 60pc of Pakistan's total exports, are covered by a separate policy. Experts argue there's a need for single export policy for all products.

The implementation of trade initiatives is a major issue. There is no effective forum to oversee and monitor implementation, and 70-80pc of the initiatives are never implemented.

There is a serious human resources problem in the Ministry of Commerce and its subordinate TDAP, which is the implementing arm for trade initiatives. Different agencies and departments are involved in the implementation of the trade policy, which is also causing delays.

So, given this backdrop, the question arises: will the government succeed in implementing the policy this time around or will it exist only on paper?

Source: dawn.com- July 10, 2017

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Pakistan: Analysing the composition of CPEC-related imports

With the advent of the China-Pakistan Economic Corridor (CPEC), it was expected that there will be a surge in the import of goods into Pakistan. It is essential to determine the changing composition of the flow into Pakistan as result of the recent increase in imports.

The data on trade from the State Bank of Pakistan (SBP) indicates that imports were at their highest level ever reported, at $48.5 billion, in the period between July and May in FY17. The imports into Pakistan increased by more than 20%, while exports declined by more than 3%. The imports between January and May in 2017 were 30% higher than the imports between January and May in 2016.

The trade deficit in FY17 is expected to surpass $30 billion. This is an increase of more than 40% over FY16. The inflow of remittances, which has over the recent years been crucial in reducing the current account deficit, is decreasing. The negative current account balance is expected to breach $9 billion in FY17, which is almost 200% more than that reported in FY16.

World Integrated Trade Solutions (WITS) classifies the imports not only according to the basis of different stages of production, such as raw materials, intermediate goods, consumer goods and capital goods, but also according to the major sectors of the economy, which are agricultural, industrial and petroleum goods. The trade data is borrowed from UN COMTRADE and the data spans the calendar year.

In 2016, 43% of the goods imported into Pakistan were in the form of raw materials and intermediate goods, which require further processing before being sold as finished goods, 31% were consumer goods and 25% were capital goods. Considering the major sectors, 12% of the total imports into

Pakistan were petroleum goods, 14% were agricultural goods and 74% were industrial goods.

However, the imports of raw materials declined by more than 7% between 2015 and 2016, the imports of intermediate goods declined by more than 1.5%, the imports of capital goods increased by 30% and the imports of consumer goods increased by 7%.

Considering the growth of imports at the product-level, the import value of machinery and mechanical appliances increased by more than 30% between 2015 and 2016 and the import value of vegetable products increased by more than 27%. Significant increase in import value was reported in capital goods such as steam and gas-turbines, electric transformers and parts of auxiliary power plants and other equipment used in power plants.

Further, there was a significant increase in the imports of construction equipment such mechanical shovels, self-propelled graders and levelers, and bulldozers. On the other hand, vegetable products such as barley, beans, chickpeas, apples reported significant increase in value between 2015 and 2016.

Pakistan imported $13.7 billion from China in 2016, which amounts to 30% of its total imports from all trading partners. It is likely that the trading relationship between Pakistan and China will further expand. It is crucial to understand the changing composition of the imports into Pakistan from China as well, particularly as the rapid increase in the imports from China has an important influence on the trade deficit of Pakistan. Approximately 47% of the imports from China in 2016 were capital goods, 16% were consumer goods, 35% were intermediate goods and only 1% was raw materials. Furthermore, 98% of the total imports from China were industrial goods.

On the other hand, 55% of all capital goods imported into Pakistan originated from China, 15% of consumer goods originated from China, and 34% of intermediate goods originated from China but only 2% of raw materials originated from China. Considering the imports at the product-level, 46% of the imports into China from Pakistan in 2016 were machinery and mechanical appliances, 10% were base metals, 11% were chemical products and 11% were textile products.

However, the imports from China constituted 61% of all imports of machinery and mechanical appliances into Pakistan, 18% of all base metals and 14% of all textile products in 2016.

The import value of capital goods into Pakistan from China increased by 50% between 2015 and 2016, the import value of raw materials, although negligible from China, increased by 44% and the import value of consumer goods increased by 13%. Considering the imports at the product-level, the largest increase was reported in that of machinery and mechanical appliances at 49%, vegetable products at 40% and transport equipment and wood articles at 30%.

The imports of generators, turbines for power plants and their parts and accessories, as well as iron and steel products from China reported significant increase between 2015 and 2016. On the other hand, there has been a decline in the import value from China of machinery used in the agricultural sector as well as in the textile industry between 2015 and 2016. Although, the analysis above primarily suggests that CPEC projects have contributed to the rising import bill, it is also important to stress that the imports of raw materials and intermediate goods have declined, while the imports of consumer goods has increased.

With limited growth in major export-oriented industries in Pakistan, this is likely to contribute to the rising import bill as domestic value addition, which is conversion of raw materials and intermediate goods into finished goods locally, is being substituted in favor of value addition in the trading partners, even within the major exported oriented industries. For instance, the total imports of finished textile products increased by 9% between 2015 and 2016, while exports reported a meagre increase of 2%.

Pakistan, China to jointly oversee CPEC projects

Although, the decline in the imports of raw materials and intermediate goods may have been driven by lower commodity prices, the recurring lower growth levels in the agricultural sector and major export-oriented industries is increasing the difference between imports and exports and consequently the trade deficit. The burgeoning trade deficit and the lack of investments to improve the productive capacity raise serious concerns regarding the policies for industrial development in Pakistan.

Source: tribune.com.pk - July 10, 2017

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Indonesia to eliminate trade obstacles with Turkey

Indonesia will remove factors that hinder trade with Turkey, including import and export duties of some commodities agreed by the two countries, Indonesian Trade Minister Enggartiasto Lukita here on Friday.

On Thursday (July 6), the minister launched Indonesia-Turkey Comprehensive Economic Partnership Agreement (IT-CEPA) negotiations, which was witnessed by President Joko Widodo and Turkish President Recep Tayyip Erdogan at White Palace, Ankara.

"Our trade value with Turkey reached US$1.3 billion in 2016, decreasing by 14 percent from that of the previous year. But on the other side Malaysia increased by 49.11 percent. One of the causes of declining is tariffs," Enggartiasto said.

He explained that Turkey-Malaysia trade volume increased significantly because of an FTA agreement between the two countries that imposes free trade tariffs for commodities, including CPO (Crude Palm Oil).

Therefore, Indonesia and Turkey made IT-CEPA in order to deal with this issue.

"It is expected that by the end of this year or early next year, we will agree and start with trade in goods first," Enggartiasto stated, adding that the partnership is expected to increase the trade volume of two countries, considering the close bilateral relations and long history of friendship between the two countries.

Enggartiasto considered that Jokowis state visit to Turkey would have a positive impact on Indonesias trade sector.

"In yesterdays business forum, the Turkish business players were very interested to enlarge investment," he noted.

The abolition of import duty to zero percent, is very likely to be realized, he added.

In the near future, Indonesia and Turkey will submit a list of commodities that are free of the import and export duties.

Meanwhile, Chairman of the Indonesian Chamber of Commerce and Industry, Rosan P. Roeslani, remarked that the business world, especially in Indonesia, have some issues regarding trade tariffs.

"The tariff makes us uncompetitive. If it can be eliminated, it would be very helpful for us as we can also increase the trading volume, develop businesses, and create employment," he revealed.

Rosan added that the potential cooperation in business include investment in the field of power plant and marine tourism, especially the construction of international dock.

"We will see the potential at some places such as in West Nusa Tenggara, East Nusa Tenggara, and some other spots," he explained.

Source: antaranews.com- July 08, 2017

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UAE is the focus of textile exports

The United Arab Emirates are among the target markets for the next two years for Texbrasil, the internationalization program created by the textile and fashion Brazilian industry. The Brazilian Textile and Apparel Industry Association (ABIT) signed last month a partnership with the Brazilian Trade and Investment Promotion Agency (Apex-Brasil) for both to carry on with the program for more two years. It’s the tenth renewal.

The project helps companies from the whole textile chain to become more competitive in the global market and promotes actions to boost exports. From June 2017 to June 2019, the priority markets selected for the program’s companies are Argentina, Chile, Colombia, United States, Mexico, Peru and Portugal. The markets selected as secondary are Germany, UAE, France, Japan, Paraguay and United Kingdom.

The Texbrasil program's executive manager, Lilian Kaddissi, explains that priority countries are those in which there are a need for a more strategic action by the program, such as market opening and the defense by the sector against tariff or technical barriers. The secondary markets are those that work as a gateway to a bigger market or in which there's a specific interest niche to the sector.

"We decided to keep the UAE as a gateway to the Gulf countries and Lebanon," said Kaddissi. These markets will still be monitored and invitied to buyer and image projects by Texbrasil. The buyer projects are those in which importers travel to Brazil for business matchmaking with Brazilian companies, and the image projects invite foreign journalists to get to know up close the textile and apparel local production.

The Brazilian companies will also keep working on markets deemed secondary, like the UAE, by going to trade shows in places like Europe and the United States. Arab importers are often present at these. Up until last year, Texbrasil made no distinction between priority and secondary markets, and the UAE were a target market on the overall list.

The agreement entered into by Abit and Apex-Brasil provides for BRL 33.5 million in investment in two years. The funds will come from Apex-Brasil and from industry players.

Texbrasil's initiatives involve training and development, information, deal-making, image-building and customization.

Training and development actions include product and brand adaptations and guidance on the operational aspects of exports. Information actions entail market studies, which are made available to all those involved in the program, and purpose-made studies.

When it comes to encouraging deal-making, the program involves participation in trade shows in other countries, 'buyer projects' and support to business in joining showrooms.

Texbrasil activities also include press trips and customization, meaning companies can request support from the program for specific export-oriented efforts.

From January to May, Texbrasil textile and clothing companies' exports were level with the comparable period in 2016, to roughly 180 million. Exports to the UAE were up 21.7% to USD 743,300, Abit said.

Source: www2.anba.com.br - July 09, 2017

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Vietnam: 'Direct to customer' innovation needed for textiles, clothing

For starters, domestic companies need to change their method of sales from outsourcing to selling direct to customer, says Textile Outlook.

This suggestion is consistent with the global trend in textiles and clothing away from outsourcing. International brands are increasingly seeing less benefit from outsourcing and are moving back to the direct to customer model.

More top global brands are finding that the Vietnam allure of cheaper overhead, lower labour cost and reduction in taxes isn't really a more profitable option for them over the long term.

According to leading US experts, the number of manufacturers selling directly to customers is expected to grow 71% in 2017 to more than 40% of all manufacturers. And over a third of US consumers report they bought directly from a brand manufacturer's web site last year.

The textiles and clothing segments in Vietnam could find themselves shrinking over the next decade if the transformation away from strictly outsourcing to the direct to customer model isn't adopted.

International brands no longer see outsourcing as the panacea they once did and textiles and clothing in Vietnam need to be forward looking and make the transformation to direct to customer before it's too late.

Secondly, only a small portion of clothing produced in the Southeast Asian country is fabricated from materials sourced in country, says Textile Outlook, noting that this needs to increase significantly.

Here again, this recommendation is in line with the recommendation of substantially all the industry experts— as boosting the localization in the segments is a prerequisite to benefit from free trade agreements such as the Vietnam-EU pact, which comes into force in 2018.

To benefit from the trade deal, roughly 50% or better of the raw materials and intermediary goods in textiles and clothing need to be sourced in country, from EU member countries or from the Republic of Korea.

Thirdly, Textile Outlook noted there needs to be a monumental shift away from manufacturing lower end products to creating innovative quality, high value manufactured items and fashionable clothing.

Lastly, more efficient sourcing through vertical integration is essential, as well as an improvement in productivity by enhancing research, training and development.

The segments have already began acquiring advanced machinery and equipment for items such as ring spindles and open-end rotors to modernize its manufacturing facilities but much more extensive investment is needed, Textile Outlook concluded.

Textile Outlook International is published six times a year by Textiles Intelligence. Each issue provides an independent and worldwide perspective on the global fibre, textile and apparel industries.

Source: vov.vn - July 09, 2017

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USA: Textile and Apparel Imports Up in April as Shipments from China, India, Pakistan Surge

The Department of Commerce's Office of Textiles and Apparel reports that monthly imports of cotton, wool, manmade fiber, silk blend, and non-cotton vegetable fiber textile and apparel products totaled 5.5 billion square meter equivalents in May, up 11.1 percent from April and 3.7 percent from May 2016.

Textile imports totaled 3.35 billion SME, up 12.4 percent for the month and 3.8 percent from the previous year, while apparel imports of 2.14 billion SME were up 8.6 percent and 3.7 percent, respectively.

Overall Imports. Total year-to-date imports were 25.1 billion SME, up 2.6 percent from the previous year, as textile imports gained 2.7 percent to 14.6 billion SME and apparel imports rose 2.5 percent to 10.5 billion SME.

For the year ending in May imports were 63.6 billion SME, up 0.6 percent from a year earlier, as textile imports increased 1.2 percent to 36.4 billion SME and apparel imports slipped 0.4 percent to 27.2 billion SME.

Source Countries. OTEXA has reported the following statistics on textile and apparel imports from major source countries for May 2017.

	SME	Monthly change %	Annual change %	$ Value	Monthly change %	Annual change %
China	2.61 billion	+16.0	+6.0	$2.99 billion	+14.1	+0.8
India	464.3 million	+15.6	+13.9	$673.1 million	+7.5	+10.6
Vietnam	394.7 million	-2.9	+4.7	$932.9 million	+1.1	+1.7
Pakistan	240.0 million	+35.9	+9.3	$245.4 million	+28.8	+4.4
Mexico	224.1 million	+10.2	+7.1	$424.3 million	+21.7	+15.4
Bangladesh	201.0 million	+8.9	+6.9	$425.2 million	+7.7	-1.2
Korea	147.4 million	+8.7	-0.4	$77.9 million	+13.4	+3.5
Indonesia	135.0 million	-4.1	-7.8	$374.0 million	-2.4	-8.7
Honduras	99.9 million	+15.1	+6.5	$225.4 million	+19.6	+3.5
Canada	96.0 million	+8.8	+1.5	$99.3 million	+4.6	-2.2
El Salvador	70.5 million	n/a	-4.2	$167.4 million	n/a	+2.4
Taiwan	66.8 million	n/a	-6.5	$55.3 million	n/a	-8.5

OTEXA has also reported the following statistics on textile and apparel imports from major source countries for the year-to-date in 2017.

	SME	Change from 2016	$ value	Change from 2016
China	11.3 billion	+4.9	$13.5 billion	-4.5
India	2.17 billion	+7.6	$3.30 billion	+4.9
Vietnam	1.95 billion	+8.9	$4.70 billion	+4.9
Pakistan	1.05 billion	+1.6	$1.13 billion	+1.3
Mexico	1.03 billion	+2.9	$1.88 billion	+5.1
Bangladesh	1.02 billion	+2.5	$2.25 billion	-4.8
Indonesia	730 million	-5.0	$2.02 billion	-4.7
Korea	667 million	+2.5	$350 million	-4.7
Honduras	437 million	+4.7	$970 million	+1.2
Canada	436 million	-4.4	$495 million	-7.1

Source: strtrade.com - July 10, 2017

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Myanmar: Garment exports reach $380m

Garment exports totalled more than US$380 million until June this fiscal year, a US$100 million increase from last year, reported the Ministry of Commerce.

The figure was more than US$278 million last year.

Around 33 per cent of the exports went to Japan during the last financial year, 25 per cent to Germany, 25 per cent to South Korea, 2.4 per cent to the US and 2.4 per cent to China.

This year, new exports to the EU account for the increase.

Although the US has granted a generalised scheme of preferences to Myanmar, it does not effect clothing exports. The Myanmar Garment Association said it was negotiating most favoured nation (MFN) status and tax relaxation.

"We called on the government to try to secure MFN status for the clothing sector. We want tax to be below 5 per cent," said Myint Soe, chairman of the association.

The US reportedly collects 10-12 per cent tax on cotton and 37 per cent on nylon.

Source: elevenmyanmar.com - July 08, 2017

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Cambodia: Garment sector improvements recommended

The Asean Macroeconomic Research Office has released a report advising the government and main garment association on how to improve the economic outlook of the country's largest industry.

Following an annual visit to Cambodia from June 21 to 28, AMRO released a report on July 3 outlining what it thinks must be done to ensure further growth in the country's garment sector.

"Improving public sector capacities and rebalancing budget allocations toward more capital investments are crucial to enhance growth prospects," the report said.

"In the face of rising labour costs and relatively large infrastructure gaps, fiscal policy needs to be more supportive of much-needed infrastructure investment and structural reforms to enhance productivity and support growth."

The report also said that enhancing labour quality, improving trade facilitation and reducing logistics and electricity costs are keys to ensure the industry's sustainability as it continues to show signs of diversification.

Kaing Monina, deputy secretary general with the Garment Manufacturers Association of Cambodia, said he agreed with the points made in the AMRO report.

Mr Monina said labour costs are of vital importance to GMAC, as they already hover at about $200 per month for the average garment worker.

With a $153 minimum wage and mandatory allowance of $17 or more, the minimum salary is $170 already, he said. Adding up all incentives, bonuses and overtime work, workers are making about $200 or more.

“The public looking from outside say our wages are still low compared to other countries, but it's not true,” he said. “If we take into account the level of productivity and the less number of working days in Cambodia, our wages are about the same.”

On logistics, Mr Monina said trucking costs are quite reasonable, but documentation charges and other service charges are very high. Long and complicated processes in some ministries also translate into financial losses for companies, he said.

The garment industry is one of the main pillars out of four to back the country’s economic growth. The export of the sector accounts for more than 70 per cent of country’s total exports.

Source: thedailystar.net- July 06, 2017

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Iran: Rise Expected in Cotton Boll Production

Cotton boll production is estimated to increase by more than 12% to reach 180,000 tons in the current Iranian year (March 2017-18), up from last year’s 160,000 tons, the executive of the Cotton Project carried out by the Ministry of Agriculture said. “We expect to produce around 60,000 tons of cotton fibers from this amount,” Ebrahim Hezarjaribi was also quoted by Mehr News Agency as saying.

According to Managing Director of Iran Cotton Fund Mohammad Hossein Kaviani, last year’s domestic cotton production stood at approximately 40,000 tons.

“Our textile industries’ demand stands at between 90,000 and 100,000 tons per year, and as such, domestic production is not sufficient to meet the need. We have to import at least 50,000 tons annually,” he said.

More than 4,000 tons of uncarded and uncombed cotton worth 270 billion rials (over $7.2 million) were imported during the first month of the current Iranian year (March 21-April 20), according to latest figures released by the Islamic Republic of Iran Customs Administration.

This amount of cotton was imported from the UAE, Turkey, Uzbekistan and Tajikistan, Mizan Online News Agency reported.

“Around 130 hectares of farms will, for the first time, go under the cultivation of cotton seedlings in Iran in the current Iranian year. Some 100 hectares of these farms are located in the northern Golestan Province,” Deputy Agriculture Minister Abbas Keshavarz said.

“This method [in which seedlings are planted rather than seeds] helps save water consumption in cotton farms by 40% and reduces the need for seeds to one-sixth. Also, plants can be harvested earlier this way,” he added.

Source: financialtribune.com - July 10, 2017

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NATIONAL NEWS

Will GST sound the death knell for Lucknow's chikan industry?

There is uncertainty in the chikankari industry, that provides employment to some half-a-million people, due to the rollout of the Goods and Services Tax (GST). Many stakeholders feel the new tax regime has rung the death knell for the "already struggling" craft.

Chikankari made its way to India from Persia, with Mughal emperor Shahjahan's wife Nur Jahan, who introduced it in the 15th century. Delhi was the hub of chikankari in the Mughal era, with the last of the royals, Bahadur Shah Zafar, promoting it and making it a bread-winner for millions. The demise of the empire saw the hub shifting to Lucknow.

So how is the GST going to affect chikankari?

Industry insiders say that the big ticket trade in chikan would be badly hit by the levy of GST on their products, while small timers are at their wits' end trying to figure out how to tackle the new regime as they already have soaring costs and very little returns.

There was a proposal to tax the chikan industry way back in 2003 by then Finance Minister Jaswant Singh but he was ticked off by his boss, Prime Minister Atal Bihari Vajpayee, who represented Lucknow in the Lok Sabha. Vajpayee had said then that chikan work was reflective of the rich heritage and culture of the land of Avadh and should be kept out of the tax ambit.

Fourteen years later, Finance Minister Arun Jaitley has thought otherwise, bringing chikan work under GST. Now, any sale below Rs 1,000 ($15) will attract a tax of five per cent while any sale above that will attract a 12 per cent levy. Traders and artisans are still unable to absorb the shock and are opening shops with black ribbons tied to their arms as a mark of protest.

More than 10,000 traders are involved in the business of chikankari, most of them in the Chowk area of the old city. More than 550,000 skilled and unskilled workers are involved in taking forward the rich handicraft tradition, which has not only found takers in the domestic market but has takers globally.

"What do we do now," asked Salim, one of the small-time traders in Chowk, who told IANS that if this was what was in offing they will soon be forced to shut shop. The costs, he rued, were already high and now the GST was set to "throw them off balance".

Mahatv Tandon, one of the big players in the market and proud supporter of the ruling BJP, is now no longer a party bhakt.

He decried the new tax and said that for the chikan industry, which was already struggling to survive, GST is "very bad news".

People in the 70 villages where more than 160,000 families are involved in the trade -- about 80 per cent of them women -- want the tax to be reversed.

Munni, one of the women involved in chikan work, said she would request Prime Minister Narendra Modi and local MP Rajnath Singh, India's Home Minister, to "reconsider this maut ka farman" (order of death).

A senior office-bearer of the Chikan Traders Association, Suresh Chablani, pointed out the several practical problems that the trade was set to face under GST.

"The entire process from purchase of cloth to cutting, printing, stitching, embroidery, starching and packaging involves a lot of people who are illiterate... how does the Modi government expect them to maintain books and keep records? This is just rubbish," he fumed.

Jitendra Rastogi, one of the old-timers in the trade whose family has been in the business for over 50 years, is equally circumspect. Consider chikan history if nothing is done to reverse the GST on the industry, he warned, adding that Chinese chikan made on machines was already a big challenge to the handmade work.

"I guess it is a well-planned strategy of the government to finish hand-made chikan," he contended.

Traders have petitioned state Chief Minister Adityanath Yogi, state Finance Minister Rajesh Agarwal, the GST Council and other stakeholders, but there has been no response so far.

Chikan incorporates approximately 36 different stitching techniques that in modern times are often combined with embellishments such as pearls and mirrors. Though traditionally it was done on muslin, with white thread on white fabric, today it can be seen on various fabrics and colours, popularly pastels.

From being a part of rich history to becoming history itself, chikan workers are now mulling various options to give teeth to their protests until their demands are heard.

Source: economictimes.com- July 09, 2017

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Cloth and the city, together in a run for awareness

Mumbai: When Chitra Nadkarni crossed the finish line at the end of the Texathon, it was an emotional moment for her. It wasn't winning a running prize at the age of 54 (she finished third in the over 40 category) but the memories that overwhelmed her. Ms. Nadkarni had run in memory of her father, who had been a worker in the National Textile Corporation. "Participating brought back millions of memories and love from the families of textile workers. I feel this was the only way I could have given back to the community, to my father."

Texathon is the world's first textile community run, and it was organised by the Sasmira Alumni Foundation (SAF) in association with YouTooCanRun. Its purpose, said Sharad Tandon, SAF's president, is "to get life back into the textile industry and to increase the student-institution interaction in the sector. We have received a fantastic response from the farmers, runners, students, alumni of this association, the family members of the forgotten textile workers, star runners, and more who came together for the heritage run.

The 10-km run started and ended at the Indu Mills, looping around Century Bazaar and the erstwhile Mayor's Bungalow. It brought together 1,600 participants from all areas of the city connecting the entire value chain right from producers to manufacturers to consumers.

Among the runners were people often forgotten when thinking about textiles: the growers. 50 cotton-growing farmers joined in, two each from 25 villages in the Marathwada and Vidarbha areas.

SAF also took the farmer-runners to Sasmira's Centre of Excellence for Agro-textiles at their Worli campus, showing them the latest trends in technology, A panel headed by Suresh Kotak, chairman of Kotak Commodities, and Manish Daga, Founder of Cotton Guru, advising them on methods of improving productivity.

"Textiles is a very huge industry," Mr. Daga said. "However, farmers were never considered a part of it. We want to give them their due place in the cotton textile supply value chain. These farmers hail from small villages with little or no access to information. But they are progressive-minded people who want to get educated."

"It was a very informative and an insightful learning experience," said Guljarilal Chandra (62) who, with his brother Aghorilal Chandra (69) had come from Jharkhand to be a part of the event. "We discussed the various problems faced by the farmers, which couldn't be understood by anybody but a farmer." Asked about the run, he said, "I'm very happy to have been a part of the Texathon. I will encourage people in my village to practise fitness too."

The event showcased environment-friendly fabrics as well. Volunteers and participants wore T-shirts made from recycled polyester; there were also bags made of jacquard material, and the winners' medals were specially designed with reusable fabric and hand embroidery.

Also part of the event was a clothing collection drive to promote SAF's No Naked Child movement in association with the NGO Goonj. The collection yielded 15 kg of clothes.

"It is awe-inspiring to see," said Kavita Gupta, Textile Commissioner, Ministry of Textiles. "This one-of-its-kind occasion has brought our attention to two key aspects: the cause of No Naked Child, and physical fitness, which takes a backseat in this otherwise glamorous world. Texathon brought these two energies together, making the happening a memorable one."

Source: thehindu.com- July 10, 2017

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GST will boost competitiveness of MSMEs: Study

The Goods and Services Tax (GST) will boost the competitiveness of micro, small and medium enterprises (MSMEs), noted a recent joint study by The Associated Chambers of Commerce and Industry of India (ASSOCHAM) and Ashvin Parekh Advisory Services (APAS).

"From a MSME perspective, GST will bring many positives compared to the current systems such as easy process of availing input credit, single point tax, elimination of cascading tax system, and simpler taxation," said the study titled 'Emerging Mantras for Bankers-Borrowers,' jointly conducted by ASSOCHAM and APAS.

The report also said there is no doubt that GST is aimed to increase the taxpayer base and bring major MSMEs into its scope and would put some burden of compliance and associated costs to them. But eventually, it will turn these MSMEs more competitive with a level playing field between large enterprises and them.

It also highlighted that pros of GST in the MSME sector included improved MSME market expansion, lower logistical overheads, boon for MSMEs dealing in sales and services, unified market and purchase of capital goods.

The study also highlighted the cons of GST in the MSME sector - burden of lower threshold, no tax differentiation for luxury items and services, increase in cost of product, selective tax levying, burden of higher tax rate for service provider, excess working capital requirement, realignment of purchase and supply chain, dual control, high compliance burden and tax on advances, taxation under reverse charge for un-registered purchases, taxation on stock transfers and deemed supplies, time limit for return of goods sent on sale or return basis, condition of payment and filing of return for availing input tax credit and power to arrest and prosecution.

The study said that the pros offset the cons, while hope rests in GST to boost GDP growth and reduce the fiscal deficit.

Considering that all compliance procedures under GST — registration, payments, refunds and returns will now be carried out through online portals only and thus MSMEs need not worry about interacting with department officers for carrying out these compliances, which was earlier a cumbersome task.

Furthermore, Indian MSMEs would be able to compete with foreign competition coming from cheap cost centers such as China, Philippines, and Bangladesh.

The GST regime will usher in lower taxes, seamless input tax credit, logistics savings and market share swings from unorganized to organized players.

Source: timesofindia.com- July 09, 2017

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CBEC relaxes norms on bonds under GST to help exports take off

In a significant relief for exporters who have been facing difficulties under the new tax regime, the Finance Ministry has now relaxed rules for Goods and Services Tax and has said that exports can continue under existing bonds and letters of undertaking till July 31. Exporters can now submit bonds or LUTs in the revised format for GST by the end of the month.

“Various communications have been received from the field formations and exporters that difficulties are being faced in complying with the procedure prescribed for making exports of goods and services without payment of integrated tax with respect to furnishing of bonds or LUT,” said the Central Board of Excise and Customs (CBEC) in a recent circular.

Under rule 96A of Central GST, exporters have to furnish a bond or LUT in Form GST RFD-11 instead of payment of integrated GST to release their consignments. The CBEC has clarified that exporters can submit a running bond instead of a consignment-wise bond, which would cover the amount of tax involved in the export as estimated by the exporter.

Further, the bank guarantee should not exceed 15 per cent of the bond amount and jurisdictional Commissioner can make a relaxation based on the track record of the exporter.

12-month validity

The CBEC has also said that the LUT will be valid for a period of 12 months. The CBEC has notified persons who are eligible to submit an LUT instead of a bond. These are status holders under the Foreign Trade Policy 2015-2020 or those who have received foreign inward remittances of over ₹1 crore in the preceding year.

Urging Central tax officers to help exporters, the CBEC further said that exporters can submit the bond or LUT to the jurisdictional Deputy or Assistant Commissioner having jurisdiction over the principal place of business of the exporter.

"The exporter is at liberty to furnish the bond or LUT before Central Tax Authority or State Tax Authority till the administrative mechanism for assigning of taxpayers to respective authority is implemented," it has said. The existing practice of sealing containers with a bottle seal will also continue till September 1, it said.

"These clarifications bring much needed relief for the exporters with regard to export without payment of IGST... Now, the assessees can continue exports without payment of IGST under the relaxed procedure," said PwC in a note.

The relaxations by the CBEC come after reports that exports were stuck at the factory gate due to a lack of procedural clarity on submitting the bond or LUT. The other option of payment of IGST (which is levied on exports and is refundable later) would have created cash flow problems.

While the Commerce Ministry and CBEC were trying to ensure a smooth roll out for exporters, there were worries that the lack of clarity could also impact exports in the coming month.

Source: thehindubusinessline.com- July 10, 2017

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Apparel exporters urge FinMin to restore previous ROSL rate

Apparel exporters' body AEPC today urged the government to restore the rebate on states levies rate at of 3.9 per cent and revoke the requirement of certificates for claiming duty drawback.

AEPC claimed that the interim ROSL rate of 0.39 per cent will adversely affect apparel exports.

In a statement, Apparel Exports Promotion Council (AEPC) said it has asked the Ministry of Finance to restore the ROSL rate at 3.9 per cent and also requested that for GST on job work and stock transfer where drawback is not available, input tax credit be allowed for those availing the drawback route.

Earlier, the Ministry of Textiles had notified the interim rebate on states levies (ROSL) scheme at 0.39 per cent rate and through another notification made it compulsory for exporters to give a declaration and certificates in a prescribed format for claiming the duty drawback.

In a letter addressed to G K Pillai, Chairman of the Drawback Committee of Ministry of Finance, AEPC Chairman Ashok G Rajani said the declaration and certificates will increase the compliance burden on exporters as well as transition cost, considering the fact that GST has been rolled out only a few days back and the offices are not yet ready for providing any additional certificates.

"The government has continued the interim duty drawback under GST regime for 3 months up to September 30 2017 which is indeed a welcome step. However, the interim ROSL rate which has been notified at 0.39 per cent, is a sharp reduction of 90 per cent from the previous rate of 3.9 per cent, which is not acceptable to us," Rajani said.

Moreover, he said the industry is not in a position to provide certificates for claiming duty drawback as the Goods and Services Tax (GST) has been rolled out only a week ago.

On the issue of GST on job work and stock transfers, Rajani said that earlier the industry was not subjected to any tax.

"This new cost does not get captured in the drawback route allowed in the transition period. We have suggested for inclusion of tax incidence on job work and stock transfers under the GST regime in the drawback provisions during the transition period," the AEPC Chairman said.

Source: timesofindia.com- July 07, 2017

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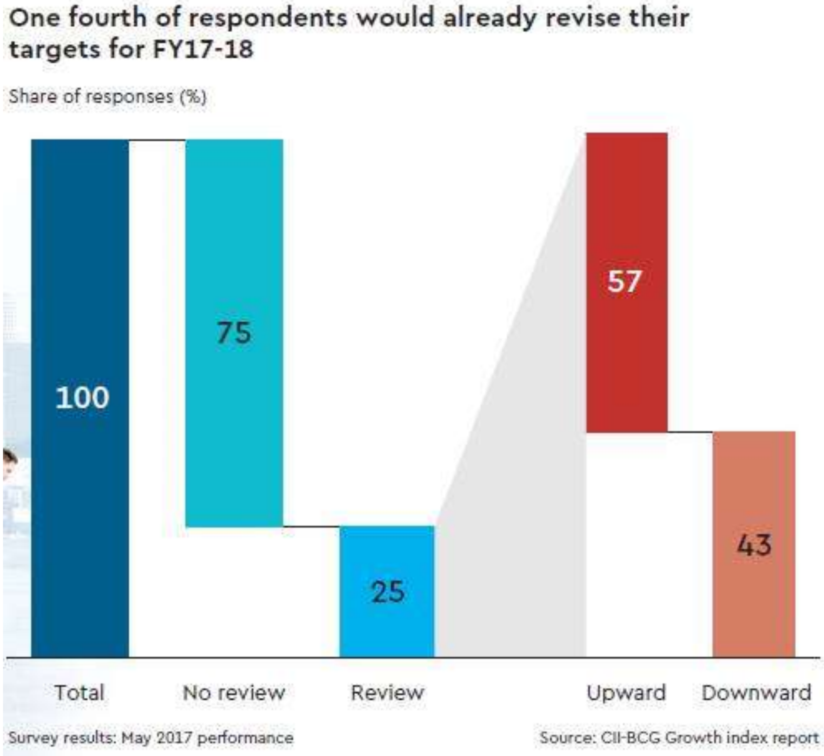
India Inc sales performance survey: Demand holds back growth; all you want to know in brief

CII and BCG monthly growth survey of CXOs across sectors to track sales performance shows that in May, sales grew by 7% across respondents, keeping with the pace reported the previous month. After the spike experienced in March, the growth of new order inflows (reflective of future growth) moderated, going down to 4.4%.



The Northern region witnessed the highest growth of 7% in value terms, followed by the Southern and Western regions (6%), finally the Eastern region grew by 5%. Most sectors reported strong growth rates in May. One fourth of respondents would already revise their target for FY17-18 on the basis of the past two months.

Among those, 57% would revise it upward and 43% downward. Market demand and government regulatory uncertainty are considered the key challenges for the industry by 64% and 44% of respondents, respectively. In both cases, GST implementation was identified as the root cause.

Building materials: The sector slowed down to 4.2% growth after the impressive performance seen in April (9.4%). Northern region witnessed the best performance (11%); whereas the South showed flat YoY growth.

Material Handling Equipment: With 8% value growth, the sector returned on the growth path experienced in March, after April's low (3.8%).

The performance improvement was driven both by a 4.5% value growth and big-ticket orders. Although sales value grew by 4% in the South, volume actually decreased by 1%.

Engineering Products: Engineering products registered 5.9% value growth and 5.2% volume growth, driven again by Southern (6%) and Western (5%) regions.

Welding: After the fluctuation to 14% in April due to big ticket orders, the sector witnessed a more solid growth in May: 6.1% value growth and 6.3% volume growth. Southern region back on a moderate growth path (5%) after the spike reported in April (15%). Value growth in Northern (4%) and Eastern (3%) regions were driven exclusively by big ticket orders, with flat volume growth.

Metals and Mining: The sector continues on the growth path of the previous months, with 8.8% YoY growth in value as well as volume terms. According to 75% of respondents, market demand and increased competition are the primary challenges in the sector for the current year.

Textile and Apparel: The textile and apparel sector grew by 5.8%. GST implementation is respondents' major source of concern since there is still not full clarity on the applicable rates in this sector.

Automotive Components: Auto-components showed a good performance in May, growing at a rate of 8.6% by value and volume. Some companies are undergoing a significant growth in line with budget, others are even planning to revise their annual targets upward.

Source: financialexpress.com- July 08, 2017

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Govt begins fourth national handloom census

The government has begun collating data for compiling the fourth national census of handloom weavers and allied workers to get a 'realistic' picture of their presence and tailor policies meant for their welfare.

The whole exercise will be completed by December this year after which photo identity cards would be issued to the handloom workers. The cards will make the weavers and other workers eligible for availing benefits under the welfare schemes run by the government.

With fresh data from the new census, the government will aim at better targeting of welfare schemes meant for the handloom workers.

According to the 2009-10 census, there were 43.31 lakh handloom workers in the country, of which 36.33 lakh belonged to rural areas and 6.98 lakh workers were residing in urban areas.

However, the Development Commissioner (Handlooms) under the administrative control of Union Textiles Ministry believes the actual figure was lower and expects the new census data to more accurately reflect the number of handloom workers.

"The census that started in 2009 was jinxed, somehow it could not conclude properly. It was fraught with confusion with allegations of it not being conducted properly. The figure of 43 lakh weavers we quote right now is based on that tentative 2009-10 census figure, knowing very well from inside that this is not the correct figure. The actual figure must be less," Development Commissioner (Handlooms) Shantmanu told PTI.

However, this time around, the office of the Development Commissioner (Handlooms) under the Union Textile Ministry is collating census data through a house-to-house survey and also getting it cross checked with agencies like state government departments for a more realistic picture, Shantmanu said.

Source: business-standard.com- July 09, 2017

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Poor monsoon: Farmers worried as cotton yield may be hit this year

Even as farmers seem inclined to bring more area under cotton this year, they fear a decline in yield due to deficient rainfall in major growing areas during the last three weeks.

GOING DOWN UNDER
Stagnating cotton yield despite increase in Bt area

Crop year (Oct – Sept)	Area (lakh ha)	Output (	Yield (kg / ha)
2010-11	111.42	339	517
2011-12	121.78	367	512
2012-13	119.78	370	525
2013-14	119.6	398	566
2014-15	128.46	386	511
2015-16	118.77	338	484
2016-17	105	351	568

Source : Cotton Advisory Board

The India Meteorological Department (IMD) forecast this year's monsoon — like last year — to be normal. But, despite being a normal monsoon by the long-period average (LPA), the distribution remained a worry last year. While the middle-, northern- and eastern parts of India received above-normal rainfall, the western and southern parts remained degicient last year. Experts have started fearing a repeat of last year, with reports of deficient rainfalls in large cotton-growing regions.

Farmers' fear of a low yield this year assumes significance as they had received a record productivity and better prices last year despite lower acreage. Encouraged by last year's realisation, farmers have slowed down speed of cotton sowing after over 50 per cent increase in acreage early this season.

"The crop is projected to get delayed by at least a month and the yield prospect also seems to get affected due to a delay in sowing. Strong enquiries have been reported from the northern region, though a delay in upcoming crop may prompt immediate bargains.

The demand in cotton bales has been good. Therefore, cotton prices may rise further and may sustain the prevailing range of Rs 42,500-44,500 a tonne," said Arun Dalal, a large city-based cotton trader and exporter.

Private weather forecasting agency Skymet had reported a 4 per cent surplus rainfall in June. But, it has forecast July to remain rainfall-deficient. "Rains over most parts of interior Maharashtra, Telangana, Andhra Pradesh, interior Karnataka and Tamil Nadu will remain subdued for the next 4-5 days. Gujarat, Rajasthan and western parts of Haryana and west Madhya Pradesh will also see scanty rains only," Skymet said in its latest report.

Meanwhile, data compiled by the Ministry of Agriculture showed sowing area under cotton rose marginally to 7.2 million hectare (ha) by July 7 compared to 6.8 million ha by the same time last year.

"Rainfall during July and August are crucial for Indian agriculture. Hence, we will have to wait until the end of August before making any firm assessment on agricultural output this kharif season," said Madan Sabnavis, Chief Economist, Care Ratings.

According to Satish Kagliwal, managing director of Nath Seeds, "Any uneven distribution of the monsoon rainfall or any climatic interruptions may affect cotton yield this year."

Meanwhile, farmers have increased sowing of cotton. During most period of last year, cotton prices remained above the minimum support price (MSP) unlike the case of oilseeds and pulses which continued to trade below the MSP almost throughout the season. Prompted by last year's realization, farmers have increased their cotton sowing area by a staggering 45 per cent so far this season.

Data compiled by the Cotton Advisory Board (CAB) under the Ministry of Textiles showed India's cotton yield at a record high last year at 568 kgs per ha compared to 484 kgs per ha for the previous year due to favourable climatic condition. The yield, however, remained abysmally higher than that of 566 kgs per ha received in 2013-14.

M Ramasami, Chairman of Coimbatore-based Rasi Seeds said that there was no shortage of cotton seeds this year as most seed companies have already distributed their stocks to the stockists.

There has been a sharp increase in the sowing area under Bt cotton which covers around 95 per cent of acreage under this natural fibre. However, despite being increase in the sowing area under Bt cotton, the average yield stagnated between 480 and 570 kgs since this innovative technology was introduced in 2002. Thus, the boom in cotton production is attributed to the increase in sowing area as the yield from Bt technology stagnated after initial success.

Source: business-standard.com- July 09, 2017

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GST: Bhiwandi loom owners stare at unsold stock, workers at uncertainty

Textile merchants have been protesting against a 5 per cent GST on fabric. Due to this, there is no one to buy fabric. Burdened by unsold stock, weavers have stopped operations.

On Friday, Shahida Rafiq Sheikh, 42, reached her workplace at 9 am. By the end of the day, the lone breadwinner for a family of six, and her 149 coworkers at FT Textiles Pvt Ltd in Bhiwandi, were asked not to come to work from Monday. “I have over 10 lakh metres of unsold cloth in storage. I don’t have more space. Moreover, there is no yarn available amid the chaos around GST. We have been forced to close operations,” said Fayyaz Ahmed, owner of FT Textiles, which runs 5,000 powerlooms.

Shahida, a senior tester and mender, had been working with the firm for the past seven years. She earned Rs14,000 a month. With the job gone, she doesn’t know how to pay her children’s school fees or meet her ailing husband’s medical expenses. Her despair is shared by lakhs of textile workers in Bhiwandi, one of India’s largest textile hubs.

An entire ecosystem of textile workers — weavers, technicians, daily wagers and labourers — has been hit hard by the implementation of GST. The industry, which had always been exempt, is reeling from the impact of being brought under the new tax regime.

Textile merchants have been protesting against a 5 per cent GST on fabric. Due to this, there is no one to buy fabric. Burdened by unsold stock, weavers have stopped operations. Over the past 20 days, around 5 lakh powerlooms are idle in Bhiwandi, said owners. The growing protest by textile merchants in Gujarat will lead to further shutdowns, they say. Ahmed said, “On the one hand, GST promises to eliminate middlemen. That is a big advantage for us. But on the other, it will increase manufacturing costs.”

Under the new tax regime, master weavers have to pay taxes for buying yarn — 18 per cent on man-made fibre yarn and 5 per cent on cotton yarn. This apart from a 5 per cent tax on services. “If we pay 5 per cent on each of the 10 services in our looms, our manufacturing cost will increase by over 15 per cent. This will not be set off by the tax levied on our product and we will have to bear the extra cost,” said Rupesh Agarwal, who owns 48 looms.

Meanwhile, workers stare at an uncertain future. Rani Pandey, a senior tester at FD Textiles, said, “My husband and I together make Rs22,000 a month. Most of it is spent on the education of out three children. We have no savings,” said Pandey. The textile industry is the second largest employment sector of the country and the largest in Bhiwandi.

Weavers, technicians and workers from Bihar, UP, West Bengal and Odisha form a large part of the workforce here. The closure of powerlooms is leading to stress migration. “Workers usually come with targets to earn a certain sum to pay off a loan or for a daughter’s wedding.

Since there is no work, they have started leaving. To make them stay, we have to pay them an average of Rs 200 per day,” said Shahabuddin Sheikh, a contractor. He said when work resumes, it will be tough to mobilise a workforce immediately. Amid the confusion, Shahida hopes the powerlooms sail through the tide. “The powerlooms have to continue, or we have nowhere to go,” she said.

Source: indianexpress.com- July 09, 2017

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‘Exempt all textile products from GST’

The handloom weavers have urged the Centre to exempt all textile products from the GST.

About one lakh families are involved in handloom weaving in Salem district. They have been producing pure silk textiles, dhotis and saris for many decades. The Centre has announced 5% tax under GST for textile items.

The office-bearers of the Jaari Kondalampatti Pure Silk Textiles Producers Association presented a petition to the District Collector on Saturday urging him to recommend exemption for all textile goods from GST.

The GST tax rate would only hike the price of textiles, which in turn would lead to stagnation of textiles at the production centres. Only exemption from GST would protect this industry, the petition said.

Balaraman, president of the association and Jayaraman, its secretary, handed over the petition to the Collector.

Source: thehindu.com- July 10, 2017

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GST provides a strong fibre for textiles

In the textile sector, the mood is upbeat. Analysts of all hues and leanings are convinced that the Goods and Services Tax (GST) regime is a harbinger of glad tidings for all.

The players in the textiles sector are already planning major expansion in production and trade. Especially so in the manufacturing and exports, that is, the weavers’ community and the traditional craftsfolks represented by the ministry of textiles (MoT).

GST era is also expected to breathe fresh life into the MoT’s ‘age-old’ management system. The words of the market gurus have turned out to be prophetic. In earle moves, the GST Council has announced a sharp cut in rates on the merchant services, whittling it down to 5 per cent from 18 per cent.

Since the input goods used by these communities have been kept under various tax slabs, the existing high tax would have stunted their business, explains the council. The textiles and apparel industries are largely dependent upon these services, with over two-thirds of the volume manufactured in merchant factories.

The individual job workers compete with these captive manufacturing facilities to survive. They also pay higher taxes. Now, with uniform tax rate, the future of job workers seems brighter. The GST timing could not have been more opportune. During the three years of NDA rule, the textile industry has taken giant steps forward, responding to the impact-oriented and people-friendly measures undertaken by the MoT.

But to grasp the true significance of the progress, one must refer to its past. Few years ago, a leading national daily had referred to the MoT as 'unglamorous', that carries the burden of an economically embattled sector'. Harsh words, but the assessment made of the status of weavers' community was spot on. Among the vast range of peoples' groups that the MoT supports and nurtures that of the weavers' is the largest.. It is also the poorest. Distanced from the real consumers by a rigid hierarchy-ridden administrative machinery and several layers of intermediaries, weavers can barely make two ends meet, working in small, ill-equipped family units.

The story of India's handloom sector, the traditional craft that provides livelihood to millions, has seemingly lost relevance in contemporary society. The good news is, under the current dispensation the scenario is changing. Here are the highlights of the work in progress:

To create jobs and provide impetus to exports, the government offered package for garmenting and made-ups sectors in June and December 2016. The packages — worth Rs 6,000 cr — are designed to create 1 crore jobs in 3 years. The reform process received a major boost on August 7, 2015, when PM launched the India Handloom Brand. The day that would hitherto be celebrated by the government as the National Handlooms Day.

It was aimed at promoting high value handloom products with new design, zero defect (in fabrics), zero effect (on environment) and assurance of genuineness and quality of the products. The other initiatives for promotion of handlooms include the setting up of trade facilitation centre and crafts museum at Varanasi and the launch of the e-Dhaga App in

December, 2016 which helps weavers to access information for improving the supply chain management.

To modernize the textile industry, the Amended Technology Upgradation Fund Scheme (ATUFS) was launched onJanuary 13, 2016 with an outlay of Rs 17,820 cr for 7 years. The scheme is expected to attract an investment of Rs 1 cr and generate over 30 lakh jobs. So the times indeed are a changin'. Now, the social media network is abuzz with 22 m impressions on # IWearHandloom campaign on Twitter.

The new media strategy has provided a fresh platform to the artisans, helping them to emerge out of the cloak of anonymity. The ministry has used the new communication medium innovatively to connect every single weaver to a consumer. And, of course, the digital platform connects the craftsmen (and women) to the huge body of buyers who use the yarn to earn a living. The weaving industry sustains as many as 32 other sectors. Direct interaction with this diverse base of 'users' is a vitally important factor ..

The ultimate aim is to ensure that these master practitioners are infused with a sense of pride and ownership. Only then would they feel confident enough to preserve what they have inherited and pass on the craft to the next generation. Let us examine the anatomy of the industry. It employs 12.5 million people, second only to agriculture.

Its contribution to national GDP and exports revenue also is more than substantial. The handlooms business has grown at a steady pace in India, but the repositories of this unique craft form, that dates back to the Harappa civilisation, the weavers, have remained confined to the backstage. But not anymore.The government now is determined to make up for the lost time. So the new reforms process is on in full swing.

The formula used is to introduce modern technology and global trends to the weavers, but take precaution to ensure that the uniqueness of their age-old skill remains intact. Going by the evidence on the ground, it certainly looks as though the longawaited Achhe Din (good times) has finally arrived for the weavers of India.

Source: economictimes.com- July 08, 2017

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Mali eyes direct India cotton trade

Mali, which produces eight lakh tonnes of cotton a year, is looking at direct exports of cotton to the Indian textile industry.

Niankoro Yeah Samake, Mali's Ambassador in India, told *The Hindu* here recently that about 20% of Mali's cotton is consumed by India. However, most of the trade is through foreign companies. "So, there are opportunities to trade directly." Currently, Europe and China are the biggest buyers of the West African nation's cotton.

Mali produces long staple cotton and only 5% of it is processed in that country and the rest is exported. Mali's government is offering incentives for investments in the textile sector and there are opportunities for joint ventures too.

"I am looking at taking textile and garment entrepreneurs from India to meet the Mali government representatives and bringing the CEO of the Mali cotton agency here," the diplomat said. "We are also looking at working with the Tamil Nadu Agricultural University to improve the yield and quality of cotton. We plan to sign an agreement with the university soon," he added.

Cotton output

Mali's government agency buys cotton from all the farmers. Annual cotton production in Mali in the last two years increased from five lakh tonnes to eight lakh tonnes.

Currently, there are no investments from the Indian textile sector in that country. "We urge Indian textile entrepreneurs to invest there as it is duty-free and quota-free trade between the two nations, and Mali and the U.S. and some European countries too," he said.

Therefore, those who start textile production in Mali will have duty-free access to the U.S. and some of the European markets too, he said. In the short-term, Mali is looking at increasing trade with India in the cotton sector and in the long term it will look at other investments.

J. Thulasidharan, chairman of Indian Cotton Federation, said the price of Indian cotton goes up during the second half of the season and hence, importing cotton could be viable.

On an average, about 10 lakh bales of cotton is imported from African countries annually.

Source: thehindu.com- July 08, 2017

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