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IBTEX No. 131 of 2017 June 27, 2017

USD 64.46 | EUR 72.15 | GBP 82.05 | JPY 0.58

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
20007	41850	**82.63**

Domestic Futures Price (Ex. Gin), July

Rs./Bale	Rs./Candy	USD Cent/lb
19690	41187	**81.32**

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	**85.86**
Cotlook A Index – Physical	**83**

Cotton & currency guide: The week gone by was excessively bearish for cotton traded at ICE. The across futures contract traded down and the premiums for options were quoted less at the ICE platform. For reference, the December contract is the most active having more than 75+% of open interest. From the price perspective cotton price has been incessantly declining since 75+ cents per pound to make a low of 66 cents in the last week. However, the week ended at 67.02 cents.

This morning ICE cotton for the mentioned contract is seen trading marginally higher by 0.55% at 67.60 cents/lb. Profit booking, lower USD performance against major currencies and Chinese cotton market trading steady have supported the cotton price. However, we believe the gains are to be temporary while overall trend remains bearish.

Last week we had emphasized upon 65 cents for December as strong support levels. Market has rebounded from 67. We believe now the resistance could be seen at 68.50/69. Unless the suggested resistance is broken the trend may remain down.

However, as mentioned 65 would continue to see as key support levels. Therefore, we expect Cotton in this week/near term is expected to trade in the range of 65 to 68.50 cents/lb. Either side break out shall give a fresh view on market.

Domestic Cotton Market: Domestic cotton market was mostly stable near Rs. 43K to 43,400 per candy for the entire last week. On Friday the S-6 variety ended at Rs. 43,100 per candy ex-gin. At the USD/INR exchange rate the International parity price was traded at 85.20 cents/lb. However, price of Punjab J-34 has declined marginally to Rs. 4600 per maund. (86.60 cents/lb).

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

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INTERNATIONAL NEWS

Trade Issues Highlighted for U.S.-India Meeting

Ahead of a meeting between President Trump and Indian Prime Minister Narendra Modi this week, lawmakers and industry interests called for Trump to press Modi to take concrete action on a number of trade issues.

In a June 23 letter the leaders of the Senate Finance and House Ways and Means committees urged Trump to "prioritize the elimination of Indian trade and investment barriers that significantly harm American businesses and workers."

These barriers include high tariffs (a 48.5 percent simple average final bound tariff rate and a 13.4 percent simple average applied tariff rate) that, among other things, have led to the smuggling of some U.S. goods through third countries; weak standards and insufficient enforcement of patents, trademarks, and copyrights; and inconsistent and non-transparent licensing and regulatory practices, including unnecessarily slow and opaque approval processes for biotechnology products, sanitary and phytosanitary standards that appear to be non-science based, burdensome import and customs procedures, significant limitations on foreign participation in professional services, and restrictive foreign equity caps for financial, retail, and other major services sectors.

India is also continuing to impose new barriers, the lawmakers said, including the expansion of its "non-transparent and arbitrary" system of medical product pricing and increasing barriers to digital trade such as data localization requirements, restrictive encryption standards, and burdens on Internet services.

Obtaining the removal of these barriers is key to increasing U.S. exports to India, the letter said, which account for less than two percent of U.S. exports globally.

U.S.-India trade flows are at all-time highs, but the bilateral trade relationship "underperforms" due to "India's persistent failure to enact market-based reforms and resolve significant and discriminatory impediments to trade and investment."

The letter cited a 2014 International Trade Commission report concluding that if India fully eliminated its tariff and investment restrictions and made its standards of IPR protection comparable to those of the U.S., exports from the U.S. to India would rise by two-thirds and U.S. investment in India would roughly double.

Separately, the National Association of Manufacturers has issued a "scorecard" evaluating India's progress in improving the ease of doing business.

NAM pointed out that India is moving forward in some areas, such as streamlining licensing and government approval processes, implementing "critical components" of its national IPR policy, implementing its commitments under the World Trade Organization Trade Facilitation Agreement, and allowing 100 percent foreign ownership across manufacturing industries.

However, the scorecard was critical of India's efforts to establish a mandatory 30-day notice and comment period for proposed rules, keep its commitments under the WTO Information Technology Agreement, fully eliminate forced localization rules, improve IPR protections, and eliminate unwarranted restrictions on cross-border data flows.

Source: strtrade.com- June 27, 2017

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China: US initiates probe into PSF imported from 5 nations

The department of commerce of the US has initiated investigations for fine denier polyester staple fibre (PSF) imported from Asian nations like India, China, South Korea, Taiwan and Vietnam.

The anti-dumping and countervailing duty probe against the fibre has been launched in response to a petition filed by three US based PSF producers earlier this month.

The petition alleged that producers from these Asian countries are dumping fine denier PSF in the US market at sizeable margins.

China's dumping margin is alleged to be 88.07-103.06 per cent, while that of India is 21.31-29.70 per cent.

The petition also claimed that the Chinese fine denier PSF industry benefits from 20 different Chinese government subsidies, and that the Indian fine denier PSF industry benefits from 33 Indian government subsidies.

The allegations identify a number of significant national and regional programs, including preferential export financing, preferential income tax treatment, tax exemptions, rebates and credits on imports of inputs and capital goods used in the production of fine denier PSF and grants for fine denier PSF producers to assist in the development of export market and to protect against commercial risk.

The International Trade Commission (ITC) of US will make its inquiry determinations by July 17, as per a Chinese news agency.

If the trade authority is able to determine that PSF imports from the 5 Asian countries are threatening or injuring the domestic industry, the probe will be continued.

The ministry of commerce of China has been urging the US to keep its commitment against protectionism and maintain an open international trade environment.

Source: fibre2fashion.com- June 26, 2017

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UK: Free trade deals for 'poorest countries' to be maintained post-Brexit

Free trade deals with developing countries will continue post-Brexit, the government has said.

The UK will maintain an EU deal, which provides 48 countries with duty-free access to Britain for imports.

It means British firms do not pay import tariffs on goods bought from countries such as Bangladesh and Haiti.

International Trade Secretary Liam Fox said Brexit gave the country an opportunity "to step up our commitments to the rest of the world".

He added: "Free and fair trade has been the greatest liberator of the world's poor, and today's announcement shows our commitment to helping developing countries grow their economies and reduce poverty through trade."

The deal excludes arms and ammunitions.

The list of countries - which also includes Ethiopia, Sierra Leone, and Uganda - is based on the UN's Least Developed Countries index.

Currently £19.2bn of goods are imported from the 48 countries, including 79% of the tea consumed in Britain.

Some 45% of the UK's textile and clothing imports, and 22% of its coffee, also come from the developing nations.

International Development Secretary Priti Patel said the renewed commitment would "help the world's poorest people stand on their own two feet".

She added: "Building a more prosperous world and supporting our own long-term economic security is firmly in all our interests."

The government also intends to explore options to expand relationships with richer countries like Jamaica, Pakistan and Ghana, which currently enjoy a mixture of reduced tariffs or zero tariffs.

Dr Fox added it would result "in lower prices and greater choice for consumers".

Source: bbc.com- June 26, 2017

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USA: Lessons from a denim mill with US on cusp of metals protectionism

Calling it a rainy day was an understatement. A downpour lashed the lion dancers at the July 2005 ceremony to break ground on a new factory on flat muddy plains in Jiaxing, just west of Shanghai. KC Chou, the lead investor, tried to put a bright face on things by offering a proverb about rain symbolising money. By his side his American partner, investor Wilbur Ross, peered out from under an umbrella.

The denim mill in Jiaxing was designed to replace work done in Greensboro, North Carolina, historically a centre for US textile manufacturing, where Mr Ross had recently bought Burlington Mills and Cone Denim to create his International Textile Group (ITG). But there was a hitch. Chinese textile shipments to the US had surged so much when a global quota system expired that the US was about to impose special safeguard quotas, to gain US textile manufacturers more time to adjust to the influx.

Mr Ross was unperturbed. “The thing about safeguards that’s silly is that imposing the safeguards as our government did will not bring one textile job back to the US,” he said in an interview after the groundbreaking. “All that will happen is that whatever country is next-lowest cost producer will get that business.”

Fast-forward 12 years and Mr Ross, now commerce secretary, is overseeing a 100-day review of the US trade relationship with China that ends on July 15.

He is also leading an investigation of US steel and aluminium imports — including those from China — under a clause that allows presidents to block imports deemed a national security risk. With these investigations, the Trump administration is on the cusp of its first major protectionist actions. But the story of the Jiaxing denim mill and the two countries' textile industries offers an instructive example.

The story is even more interesting because Mr Ross also had a new interest in Chinese steel back in 2005. His International Steel Group had just merged with Mittal Steel, which then bought Europe's Arcelor to form the world's largest steel conglomerate, ArcelorMittal. Its stake in a Chinese mill triggered a Chinese ban on foreign investments in upstream steel production, issued that year. (Mr Ross stepped down from ArcelorMittal's board this March and sold his remaining shares after joining the Trump administration.)

Textiles have not featured in the Trump administration's trade investigations this year, in part because the trade in textiles is a two-way street. In a decade, Chinese exports to the US have grown hugely, as trade negotiators feared at the time. Unexpectedly, however, China is also now the fourth-largest market for US textile exports.

There have been huge US job losses. Between 1995 and 2016 the number of Americans employed in the textile and apparel sector dropped from 1.5m to 565,000.

Most of those who lost their jobs were southern women. China has grabbed even greater market share globally. In 2005, it accounted for one-quarter of the world's clothing and textile exports. That figure reached about 40 per cent by 2014.

But even in 2005 a shift was already under way. While the Jiaxing factory was under construction, rising labour costs at coastal manufacturing centres were already driving low-value textile manufacturing inland to poorer provinces.

In 2011, Mr Chou's Novel Group sold its share of the Jiaxing denim factory to ITG, which Mr Ross sold shortly before last year's US presidential election.

Chinese textile investors were also already moving offshore to other countries. That shift has not been so obvious in the US (although T-shirts are much more likely to be labelled Made in Turkey, Bangladesh or Vietnam) because China's share of US imports has slipped only slightly, to 38 per cent.

Nor has it been evident globally, because the global textile market has grown. But overall, the value of China's textile exports peaked in 2014 and could fall off quite dramatically in coming years.

What's that got to do with steel and aluminium? The metals are hugely over-supplied in China, and the excess is roiling international markets as the FT has reported here and here. In each industry, China now accounts for half of global supply.

On the surface, the industrial dynamics are totally different from textiles. China's primary advantage in textiles was wages; in metals, its capacity surge was related to lower input costs, newer, more efficient plants and a willingness to run at thinner margins (or even at a loss) just to service debt.

But at another level, trade disputes over metals do relate to wages and China's manufacturing advantage. Washing machines, bicycles and gardening tools are all made in China with Chinese steel, and shipped to the US.

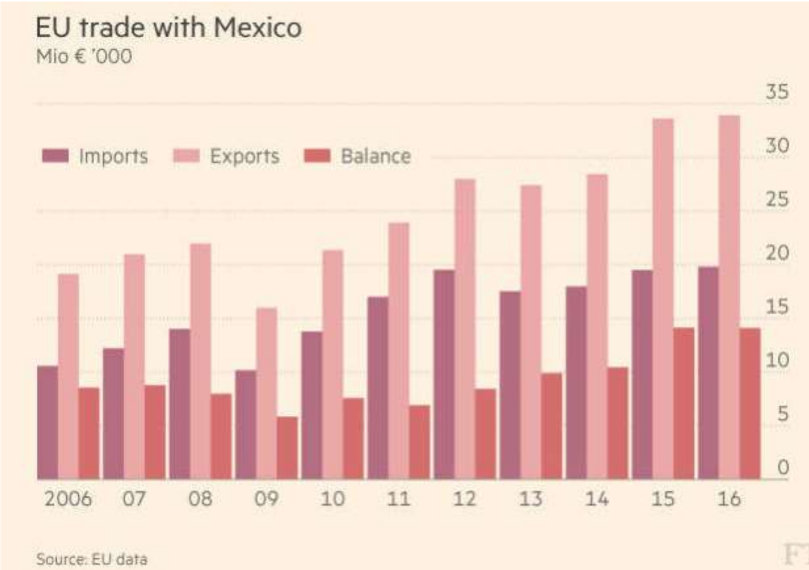
The Chinese auto industry, which is dominated by joint ventures with foreign carmakers that source Chinese-made steel and aluminium, is now looking towards export markets for continued growth. Aeroplane manufacturing (another aluminium consumer) is shifting to China.

The reality is higher tariffs on steel and aluminium imports into the US would likely raise prices at home and depress them internationally. And that would only increase the cost advantage over the US of manufacturers in China and elsewhere in the world.

That would actually help China grab increasing global market share in industries from cars to consumer goods. And tariffs that raise US manufacturers' input costs would only hurt their competitiveness and one of the Trump administration's top economic goals.

In Jiaxing in 2005 Mr Ross offered some wisdom: "China has become a symbol of America's manufacturing problems and trade balance problems," he said. That is still true. Now that he is commerce secretary he should be careful what he does to address that.

Trade negotiators from the EU and Mexico are in Mexico City this week for the latest round of talks over upgrading a 2000 trade deal. The hope is to wrap up negotiations by the end of the year.



The main reason for the urgency? Both sides appear eager to use the deal as leverage on the Trump administration. Mexican officials have their eye on the upcoming talks to re-negotiate the North American Free Trade Agreement with the US and Canada. Similarly, talks over a massive US-EU trade deal launched during the Obama administration have gone into the deep freeze since Mr Trump took office.

Source: ft.com - June 26, 2017

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Fashion holds significant opportunity for Africa's small businesses

The initiative comes at a time when there was a "huge need" for Africa to rapidly industrialise, AfDB economist Emanuela Gregorio told delegates at the Small Business Indaba on Monday.

In Africa, small, medium-sized and microenterprises (SMMEs) create 80% of the continent's employment, with 24% of the working age population starting a new business – the highest rate in the world – establishing a new middle class and fuelling demand for new goods and services.

Some 44% of African entrepreneurs started their own enterprises to exploit opportunities and 33% started up small businesses as they could not find other jobs.

In line with Africa's entrepreneurial spirit, Fashionomics, or the "economy of fashion", she told delegates, could support the rise in SMMEs in the fashion and textile industry, providing a platform to open up potential in an industry that had not yet touched its revenue and job creation capabilities.

Fashionomics was born as an AfDB Pan-African programme to support the development of the textile and fashion industry following the conclusion of two case studies on Côte d'Ivoire and Ethiopia, which proved the programme's viability.

According to the AfDB, the aim of Fashionomics is to "connect and strengthen" all the links within the supply chain, from producers and suppliers of primary materials to manufacturers and distributors.

It is estimated that Africa's fashion industry could generate €15.5-million over the next five years, paling in comparison to the €1.3-billion generated worldwide, but a start nonetheless.

When developing the concept, AfDB said Fashionomics found during its case studies and research that the clothing textile industry could create some 400 000 jobs in sub-Saharan Africa and exports from the continent could even double in the next ten years.

On its own, AfDB said sub-Saharan Africa's textile and clothing market was worth around €31-billion and accounted for the second largest number of jobs in developing countries, after agriculture.

However, the ten largest African exporters in the industry represented only 0.5% of worldwide textile production and, while Africa produced 10% of the world's cotton, it was home to "very few" textile factories.

This alone presented a tremendous opportunity for Africa to pursue the textile/fashion link and develop the value chain from design and production to marketing.

The platform included the launch of a dedicated website equipped with a networking platform for all the links in the value chain, including designers, suppliers, brokers, distributors and investors within the sector, to assist the industry develop and grow businesses.

Source: engineeringnews.co.za- June 25, 2017

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China: May cotton yarn imports up 0.63% m-o-m to around 142kt

According to latest China Customs, cotton yarn imports amounted to around 142kt in May 2017, down 17% y-o-y and up 0.63% m-o-m, and cotton yarn exports totaled around 36kt in May, up 11.94% on the year and 10.29% on the month respectively.

In Jan-May, 2017, cotton yarn imports increased by 1.19% compared with the same period of last year to 813.1kt, and cotton yarn exports grew by 10.95% from the corresponding period of last year to 154.5kt.

Source: ccfgroup.com- June 26, 2017

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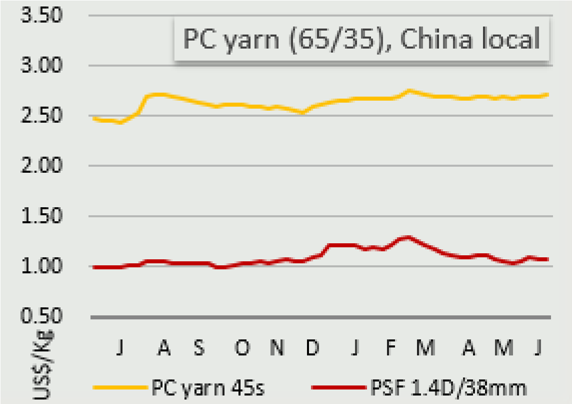
Blended yarn prices steady in Asian markets



In China, PC (65/35) 32s yarn prices were flat in Zhejiang in the second week of June, while 45s PC combed yarn prices were stable on the week. PV 32s were down US cent 1 a kg on the week.

Blended yarn prices in China remained unchanged despite pick up in PSF and VSF prices in recent weeks. A rebound in PSF prices has been encouraging spinners mills to raise offers for PC yarn as spot trade for cotton yarn was shrinking, and prices continuing to fluctuate amid sidelined stance.

In Pakistan, PC and PV yarn prices stayed frozen in the week, due to stability of PSF and VSF prices. Cotton prices have slightly dropped after a new decline of New York futures.

Indian PC and PV yarn prices were stable on the week while PC yarn export prices have been reduced in contrast to domestic offers.

Source: yarnsandfibers.com- June 26, 2017

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Vietnam's textile and apparel export earnings up 11 per cent

Vietnam's earnings from garment and textile exports in the first quarter of this year were 11.2 per cent higher than in the same period last year. The textile and garment industry has been improving and catering to the requirements of global value chains.

Productivity has improved thanks to the renovation of machines and equipment and the closure of factories with outdated technologies and those that consume a lot of power. Enterprises are being repositioned. Units are using few workers and high-productivity machines. The product structure has been adjusted to choose enterprises with higher added value.

The weakness of the textile industry is lack of input materials. If Vietnamese enterprises make input materials, their products would be able to replace Chinese products and can compete with Chinese products in price.

In current conditions, however, it is easier and faster to seek input materials from China than domestic sources. This is because China organizes large-scale production and always has large stocks, while Vietnam only makes products to order.

Vietnam's textile and apparel sector has set a target of seven per cent growth over 2016. Currently, Vietnamese garment and textile products are available in 40 countries and territories around the world, with major markets including the United States, Japan, the Republic of Korea, China and the EU.

Source: fashionatingworld.com- June 26, 2017

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Colombia eyes continued growth of textiles exports to the U.S.

Colombia and the United States have had a commercial relationship for years. While the majority of Colombian industries showed lower amounts of exports to the United States in 2016, textiles were the exception.

According to official figures from DANE (The National Administrative Department of Statistics), the Colombian textile industry contributed to $260 million worth of sales to the United States in 2016, compared to $245 million the previous year.

The 5.5 percent increase in sales gives hope to a sector that despite taking a hit from the devaluation of the dollar and financial instability, appears to still play an important role in the US.

The US has been the principal buyer of Colombian textiles and the industry hopes that the relationship will continue to strengthen, with the possibility of double-digit growth.

Source: us.fashionnetwork.com- June 26, 2017

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Egypt's exports surge

The country's foreign sales totaled USD 5.1 billion in Q2 of the 2016/2017 fiscal year, an increase of 18.6% over the same period of the previous fiscal year.

São Paulo – Egypt's exports totaled USD 5.1 billion in Q2 of the 2016/2017 fiscal year, up 18.6% over the same period of the previous fiscal year, according to data made public this Sunday (25) by the Arab country's Central Bank. Egypt's fiscal year runs from July 1 to June 30. The information was published by the website of the Egyptian newspaper *Al Ahram*.

According to the bank, there's significant growth in foreign sales of important sectors, such as oil and products, with shipments grossing USD 1.4 billion. Exports of finished goods totaled USD 2.5 billion, with semi-finished products reaching USD 882.4 million.

Foreign sales to Arab countries totaled USD 1.7 billion, followed by the European Union with USD 1.5 billion, non-EU countries with USD 454.7 million, Asia with USD 483.3 million, United States with USD 356.6 million, non-Arab African nations with USD 155.4 million, and other destinations with USD 483.3 million.

In the period, the only decline occurred in sales from Egypt to Russia and to the Commonwealth of Independent States (former USSR Republics).

To Brazil, Egypt exported USD 29.5 million in Q2 of the 2016/2017 fiscal year, a surge of 18% in comparison to the same period of the previous fiscal year. The main products shipped were fertilizers, olives and cotton yarn.

According to the *Al Ahram*, in March the Ministry of Industry and Commerce made public a strategy aimed at near doubling the country's exports until 2020, going from the currrent USD 19 billion to USD 34 billion.

The plan provides for the adoption of new policies, the search for new markets for products such as cement, agricultural items, clothing, construction material, chemical products and electronics.

Last November, Egypt's Central Bank floated the local currency when facing a shortage of dollars in the country and the declining foreign reserves.

This caused the Egyptian pound to go through a strong devaluation that took it to 18 pounds to 1 dollar, against 8.88 pounds per dollar before the change of the foreign exchange regime. In general, the cheaper local currency favors exports.

Source: www2.anba.com.br- June 26, 2017

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Vietnam to build fashion, textile, trading centres

Vietnam's Ho Chi Minh City will build large centres for designing fashion, trading garment, textile material and accessories to become the country's garment, textile and accessory hub. The city wants to meet 80-90 per cent of Vietnam's demand for garments and textiles by 2020, and supply 100 per cent of accessories for its garment industry.

However, Ho Chi Minh City will not establish large-scale garment and textile industrial parks, because the existing ones can accommodate all relevant enterprises, according to the municipal Department of Industry and Trade.

According to approved plans, the city has 23 industrial parks and export processing zones, of which 17 are operational. Most of garment and textile firms are now located in the export processing zones of Tan Thuan and Linh Trung, and the industrial parks of Tan Thoi Hiep, Tan Binh, Tan Tao, Tay Bac Cu Chi and Dong Nam.

Source: fibre2fashion.com- June 26, 2017

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NATIONAL NEWS

Supply chain, infra not GST-ready: Small traders

Despite efforts by the government, the transitional provisions have failed to account for or facilitate transition of credit and stocks in many scenarios relevant to businesses. According to sources, the textile and garments sector workers are going on a strike from June 26 against the high rate of GST.

Ahead of the Goods and Services Tax (GST) implementation on July 1, small and medium traders have said they are not prepared in terms of infrastructure and the readiness of their supply chains for the new tax regime. "Traders are not prepared for it (GST).

The biggest problem is that a large number of the small traders don't have computers or any online infrastructure. It is not going to be easy. Apart from this there are lots of issues with the internet connectivity...," said Viren Shah, president of Federation of Retail Traders Welfare Association, which represents 96 per cent of traders across Maharashtra.

"We have written to the CBEC (Central Board of Excise and Customs) and are hoping that initially the government will allow us to file returns manually for some time. We are also hoping it will further relax the extension for filing the tax returns," said Shah.

The government has already relaxed the deadline for filing of returns for the first two months following GST's roll-out.

According to the revised timeline for filing returns, the GST Return-1 (GSTR-1), which reflects sale invoice details, can now be filed by September 5, instead of the earlier deadline of August 10. For August, the new deadline for GSTR-1 will be September 20, instead of September 10.

Traders have also cited increased compliance cost as a significant reason of worry as it can disrupt their supply chains. "It took a developed country like Singapore seven years to implement GST, one would think that it will take longer time in a large country like India," said Kumar Jain, vice-president of Mumbai Jewellers Association.

Jain said the gems and jewellery sector will find it tough to engage goldsmiths, who are paid on a daily basis, to submit bills and invoices. According to experts, the challenges for thousands of businesses across the country will be on multiple counts.

"Firstly, the government despite its best intentions has only been able to release various rules necessary for ensuring changes in business system as late as last week coupled by the fact that many of the provisions (released earlier) needs greater clarity…," said Rohit Jain and Kumar Visalaksh, Partners, Economic Laws Practice.

"Secondly, the connected challenge is on account of setting up the right IT system in place so that accurate reportage and compliance can be undertaken with ease.

With the lingering ambiguity on few central provisions and late release of many rules, setting up a compliant IT system has emerged as a big challenge," Jain and Visalaksh said.

Despite efforts by the government, the transitional provisions have failed to account for or facilitate transition of credit and stocks in many scenarios relevant to businesses.

According to sources, the textile and garments sector workers are going on a strike from June 26 against the high rate of GST.

Source: indianexpress.com- June 26, 2017

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Expedite release of ROSL pending claims: TEA to Centre

The Tiruppur Exporters' Association (TEA) has again urged Union textiles minister Smriti Irani to expedite releasing Rebate on State Levies (ROSL) pending claims. The ministry of textiles had announced ROSL in lieu of Value Added Tax (VAT) while releasing the special package for apparel sector and the scheme came into effect from September 20, 2016.

As per the scheme, the Central government had taken into consideration all the taxes paid by the exporters, like VAT, electricity duty, octroi, entry tax, etc., and it is to be noted that some of the taxes like electricity duty, octroi and entry tax were not being refunded earlier to the exporters.

The ROSL rate for the respective garment items exported varies from 2.65 per cent to 3.9 per cent, said TEA in a press release.

Raja M Shanmugham, president of TEA said that ROSL has been pending for more than nine months for most of the garment exporting units and only a few units got the ROSL amount partially till December month.

The total ROSL amount for all india readymade garment exports (woven and knitwear) estimated for the period September 20, 2016 to June 20, 2017 is Rs 3,025 crore and out of this, till date only Rs 400 crore has been disbursed and the balance to be given is Rs 2,625 crore. He said for Tirupur exporting units alone the ROSL amount pending is about Rs 550 crore.

Though in the Union Budget 2017-18, Rs 1,555 crore was allotted for ROSL claim, till date it has not been disbursed, added Shanmugham.

He said representations have been made to textile minister, commerce minister, finance minister, MSME minister, road transport and highways, shipping minister, textile secretary, finance secretary, commerce secretary, DGFT, joint secretary (drawback), PMO and NITI Aayog to help for releasing the ROSL pending claim.

Source: fibre2fashion.com- June 26, 2017

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Mills cut cotton procurement

With just a few days to go for the Goods and Services Tax (GST) roll-out, textile mills have reduced cotton procurement to maintain minimum inventory. Traders estimate that cotton purchases have come down by more than 50% in recent times.

"Cotton buying by mills has reduced noticeably as mills are preferring to keep minimum stock," said Nirav Patel of a city-based cotton export house. "The purchases are expected to remain low till things become clear after the GST is rolled out." Patel said that purchases from even exporters had declined as there is still confusion over whether exporters will get duty draw back on cotton purchased before June 30.

According to estimates, on an average, 4.5 lakh bales are bought by mills every month. One bale weighs 170 kg. "Mills are buying only as much as they require," said Arun Dalal, a cotton trader from the city.

Traders said that low procurement by mills has also brought down cotton prices in local markets. The prices of top quality Shaker-6 variety of cotton dipped to Rs 43,000 from Rs 44,000-44,500 per candy a few days back.

Not just cotton, oilseeds such as groundnut and soyabean too have registered a decline in procurement.

"Processors are maintaining low inventory as there is still no clarity on rebate on existing stocks," said BV Mehta, executive director, the Solvent Extractors Association of India.

Source: timesofindia.com- June 27, 2017

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India targets Africa for increased textile exports

India has redoubled its efforts to increase textile and apparel exports to Africa – including its biggest market on the continent, South Africa – said the Ministry of Textiles and Commerce in a statement ahead of a three-day conference, Textiles India, which kicks off in Gandhinagar on June 30.

"The conference will highlight India as a global sourcing hub and an investment destination showcasing growth potential of technical textiles and carving a niche market globally for handcrafted goods," said a ministry spokesperson.

The Indian textiles industry, currently estimated at around US$108 billion, is expected to reach US$ 223 billion by 2021 with textile and clothing exports estimated to increase to US$65 billion this year.

This on the back of the government's slew of labour-friendly reforms aimed at generating around 11.1 million jobs in apparel and made-ups sectors, and increasing textile exports to US$ 32.8 billion and investment of US$ 12.09 billion over the next three years.

India, which is South Africa's second-largest clothing import source market, is recognised as one of the best sourcing destinations for garments, textiles, footwear and leather.

According to the country's Brand Equity Foundation, it is the largest producer of jute, the second largest producer of cotton, silk and cellulosic fibre, the third largest producer of raw cotton and the fourth largest producer of synthetic fibre.

Source: ftwonline.co.za- June 26, 2017

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I don't know where I will be after July 2, leave alone 2019: Smriti Irani

For Smriti Irani, every challenge is an opportunity. Having picked up the threads of "administrative skills" from the HRD Ministry, she is now weaving a new story for Indian textiles. Past 7 pm, amidst back-to-back meetings ahead of the Textile India event in Gandhinagar, Irani says the idea is to make India a hub for the entire world, be it textiles, jute, cotton, man-made fibre or apparel. In an interview, she speaks of her roadmap for textiles, but is evasive when it comes to her plans as a politician and for Amethi ahead of 2019, saying she is not even sure where she will be after July 2, the day the fair ends. Excerpts:

Your ministry is holding a Textiles India exhibition in Gujarat. What are the major takeaways from it?

India has never hosted the entire textile value chain as a mega trade fair or conferences all under one roof. When we began, there was a perception that we will get representations and buying houses from just around 25 countries.

That has swelled to 100 countries. Our target was around 1,000 foreign delegates. We have crossed 1,800, inching towards 2,000. We now have 15,000 representatives from across the country, 26 round tables and 17 ministries participating. So something which began small has grown so large.

How will it help weavers who have not been getting their due because of middlemen?

One of the PM's initiatives is the Indian handloom brand, wherein we wanted weavers to have a specific idea of their own works. A lot of weavers were claiming that their design patterns were taken up by either an individual company or individual who acted as middlemen...

We helped in getting the weaving and designing community under one platform... Our fashion show will have at one end a Sabyasachi and at another a simple Gujarati weaver from a Kutch village, together on the same platform.

What is the biggest challenge you face?

I never look at any issue as a challenge. I always look at it as an opportunity. The minute you look at a thing as a challenge, you just get weighed down by the enormity of it.

What was more challenging, HRD or textiles?

It is like comparing apples and oranges. I think the administrative skills I inherited from HRD are standing me in good stead in textiles. I am happy that textiles, which was not a buzz word in circles, has become a prominent word today.

How do you propose to overcome the challenge the handloom industry faces from technology and products like, say, Chinese silks?

Technology should be used as an opportunity, not as a challenge... What helps us is the PM's clarion call for Make in India... I am of the opinion that India becoming a sourcing hub for the globe is what the Textiles India event is all about. So be it technical textiles, jute, cotton or man-made fibre, anything that the world needs, India becomes the global destination. We are talking of the entire value chain — grow, buy material, stitch and the world can wear it.

Coming to Amethi, are you going to devote more time to politics as you go into 2019?

I don't know where I will be after July 2, let alone 2019. Kal kisne dekha... Three years ago somebody said she will not be seen. I said you possibly do not know me... I ensure that I have a connect with people. Did I win from there? No. Does anybody who does not win from a place go back?

No. But I do and the fact that we won four Assembly seats out of five in the last UP Assembly elections speaks a lot about how much people want to support the BJP. So I think that the four Assembly seats we won shows the expectation and the groundswell in terms of support in Amethi for the BJP.

And they have only one BJP icon who they know will help them overcome the challenge, and that is Prime Minister Narendra Modi.

Is there any politician, in India or abroad, whom you idolise?

Who do you see here (points at the back to Modi's woven portrait on the wall)?

What is the next big step you are envisaging?

We are going to do a lot of work in knitwear. We are also looking at more opportunities for technical textiles and geo textiles. We are looking for more diversification of jute and more opportunities for increased yield of cotton per hectare, so my plate is quite full for the rest of the year.

Some textile traders are opposing 5-per cent GST on textiles...

I think they are not. I saw public declarations by apparel councils and clothing manufacturers openly welcoming the 5 per cent... We have said that the Finance Ministry will be happy to address any clarification. The GST rate is something the Centre and state decide together.

Source: dnaindia.com- June 27, 2017

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Raymond firm on India plans with ₹1,400-crore investment

Amravati plant, to be completed by year-end, will expand cotton textile manufacturing: CMD

Raymond plans to invest ₹1,400 crore in a phased manner in its greenfield project at Amravati to expand the cotton textile manufacturing footprint. The plant, when completed by this year-end, will employ 8,000 workers and produce linen, cotton shirting, denim and garmenting.

"It is likely to be commissioned by the year-end. Spread across 500 acres, the project is in line with our strategy to expand the cotton textile manufacturing footprint by creating world-class linen, cotton shirting, denim and garmenting at the newly created Textile Park in Amravati," Gautam Hari Singhania, Chairman and Managing Director, Raymond Group, told *BusinessLine*.

On the retail side, the company plans to put up 300 Raymond shops and 200 other format shops under Park Avenue and Colour Plus in tier-IV and tier-V cities over the next two years. It currently has 1,100 shops in 450 cities.

The company recently announced plans to manufacture from Ethiopia as the country has preferred access to certain developed markets. “We are targeting export revenue of ₹250 crore per annum from Ethiopia and should break even in three years,” he said.

Though Raymond will make suits for leading global brands and retailers such as JC Penny, Express, Calvin Klein and UK brand Suitsupply from Ethiopia, it has no plans to launch its own brand in US and Europe.

“It is sexy to say I’m going to sell my Raymond suits in England but it does not make economic sense. We will use our brand strength in India and tap neighbouring markets in West Asia, Nepal, Sri Lanka and Bangladesh,” he said. The company has committed 2.70 lakh manhours to create fashion with Khadi. It recently launched a branded Khadi label — ‘Khadi by Raymond’ — in Mumbai.

Source: thehindubusinessline.com- June 27, 2017

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GST buzz: it’s raining discounts

Are you bitten by the shopping bug and resigned to a lifetime of clothes-rich-cash-poor existence? Well, you can’t be blamed for that. After all, it is not often that the markets glitter with steep discounts at this time of the year.

With just four days left for the rollout of Goods and Services Tax (GST), the discounts are bigger than before.

Retail, textile showrooms and electronic dealers are trying their best to finish their pending stock by luring in customers with discount offers ranging from 20 % to 50 %.

Retail chains such as Lifestyle, Pantaloons and Shoppers Stop have jumped on the discount bandwagon from last weekend to come out with a flat 50 % discount on majority of brands.

With the awareness for GST spreading, consumers have gone on a shopping spree to make the most of what the markets are terming as 'pre-GST offers'. Footfalls in showrooms and malls have soared particular in the past two to three days. Sonovision showroom at Diamond Park is offering discounts up to 30 % on major brands of electronics like AC, TVs, washing machines and refrigerators.

According to N. Gopal, showroom manager, there was an 80% increase in footfalls in the past couple of days owing to the discount offers.

Another electronic store is advertising its pre-GST sale with a statement of warning thrown in that 'Prices for most electronic items are set to rise by 5 % after GST''. Other major electronic showrooms have enlarged cut-outs of newspaper articles stating the effect of GST on electronic consumer goods. Under GST, electronics come under the 28 % slab.

The discounts are as steep as 50% on selected electronic products at Sowndarya Shoppee. As the clock ticks closer to the midnight of June 30 when GST will be rolled out, retailers are worried that any six-months or older stock will not get the complete set-off on the tax already paid when the GST transition happens.

"Currently, on stocks which are invoiced and delivered to the retailer, the VAT and excise duties have been paid. But from July 1, retailers will be stuck with two kinds of stock if the old lot is not cleared.

The effective set off would be only 60% . To recover the remaining, it is a long cumbersome procedure.

Hence, there is a scrambling to clear off stuff," Mr Matrunjai, MD of Sowndarya Shoppee told *The Hindu*. In most cases, older models are being cleared off with more discount offer.

Meanwhile, the textile trade sector has called for a nationwide three-day strike in protest against the 5% GST.

Mavuri Venkata Ramana, MD of CMR Group, said the government promised to keep textile out of the GST but has now imposed 5 %, this may lead to a complete collapse of the textile trade sector, being largely a credit-oriented business.

"This sector is unorganised and many small-time textile traders are from remote villages, who will be for the first time pushed into filing returns and will be affected by this move. As a result of the GST, there will be too many procedural issues in the textile trade chain," he said.

Source: thehindu.com- June 27, 2017

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