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IBTEX No. 25 of 2018 February 03, 2018

USD 64.14 | EUR 79.94 | GBP 90.59 | JPY 0.58

Cotton Market (2-2-2018)		
Spot Price (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
18979	39700	**79.64**
Domestic Futures Price (Ex. Gin), February		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
20110	42065	**84.38**
International Futures Price		
NY ICE USD Cents/lb (March 2018)		77.28
ZCE Cotton: Yuan/MT (Jan 2018)		14,975
ZCE Cotton: USD Cents/lb		**91.81**
Cotlook A Index – Physical		**92.85**

Cotton guide: The start of the month February is very interesting for Cotton. The most active March settled the session higher at 78.35 USCTS/LB up by 107 points from previous close. In last two days cotton gained over 132 points however, followed by a net loss of 639 points in previous weeks. Interesting facts to look at is the continuous reduction in open interest and rise in trading volume. Market seemed to be in a hurry while failed to hold below 77 though it had made an intraday low of 76.50 cents.

Usually if price (bearish) trend is supported by higher volume and cut in open interest it is treated as long liquidation. The cotton market witnessed the same in last three weeks. Price fell from 84.65 to 76.50, open interest declined from 0.321 million contracts to 0.304 and the aggregate trading volume increased from 20K contracts to approximately 70K+ contracts.

The important point to observe now is the price rebounding from 77 cents and making intraday high near 80 cents and closed the session on the 1st day of the month higher at 78.35 cents. This is a clear signal that bulls have not allowed the market to damage the long term bullish trend. Nonetheless, impressive weekly export sales figure and frightened fixation by millers on the prior unfixed positions have supported the price to rebound higher amid there was huge long liquidations by the speculative funds.

For reference the weekly export sales stood better for both sales and shipments. Combined net sales for the week ended January 25th were 344,800 bales (upland 334,000/pima 10,800) includes cancelations of 17,300 bales. Also the total 2017-18 sales reached 12,203,700 bales, 2.01 million bales ahead of last year.

Going forward market is going to be more uncertain because of tug off between long liquidation by specs and millers fixation. This morning ICE cotton for March is trading 78.66 up by 0.40% from previous close. We believe since there are no data lined up today and USD index continues to hold below 89 against major currencies may keep the cotton price on the elevated level. Also general weakness in global equity markets may keep the commodities price on positive tone.

From the technical perspective first of all market has taken respect of 50-day moving average as support level. We believe as long as it holds the support cotton may continue to trade positive or may get into some sort of sideways trend. However, on the higher side 80 cents seems to be a key resistance level. We might be sounding slight optimistic on cotton price today but the nature of trade action that is witnessed in last two days holding the market pulse onto positive trajectory. So broadly in the interim the trading range may be 77 to 80 cents. Either side break out shall give a clear picture in the market.

Coming to domestic front, spot price for S-6 variety has advanced marginally from Rs. 40000 per candy to Rs. 40250 per candy amid steady arrivals. Therefore, the domestic future price for February contract closed the session on Thursday at Rs. 20300 per bale up by Rs. 250 from previous close. On today's trading session we expect a sideways trading range of Rs. 20200 to Rs. 20450 per bale for the mentioned future contract.

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

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INTERNATIONAL NEWS

China vows incentives to boost Pakistan exports

China will provide lucrative incentives for its businessmen in order to encourage exports from Pakistan on permanent and sustainable basis, said Mr Yao Jing, the ambassador of China .

He was talking to a delegation of Faisalabad Chamber of Commerce & Industry (FCCI) headed by its President Mr. Shabbir Hussain Chawla. During th emeeting Senior Vice President Sheikh Farooq Yusuf, Former President Engineer Rizwan Ashraf and Focal Person Mr. Sajjad Anwar were also present.

Mr Yao Jing said that Pakistani Secretary Commerce is scheduled to visit China to take part in talks regarding second round of Free Trade Agreement (FTA) between Pakistan and China . He hoped that during the meeting important decisions relating to reducing the existing duties on Pakistani products would be made which will ultimately help Pakistan to enhance its exports to China.

However, China will offer special facilities to Pakistani exporters to penetrate deep into Chinese market. He acknowledged the huge export potential of Faisalabad and said that exporters from this textile city should take a bold initiative to explore and get maximum share from the in Chinese imports.

About China Pakistan Economic Corridor (CPEC), the Chinese ambassador said that it was comprised of 4 phases. First three phases including Gawadar Port, Infrastructure Development and Energy Base IPP's were restricted to both the governments. "Under the fourth phase 9 Special Economic Zones are being constructed in all provinces of the Pakistan," he said and added that it will offer opportunities to private sector of Pakistan to invest and harvest the benefits of these economic zones. This phase will also open new avenues of industrial corporations between the business communities of the two countries, he added.

Responding to a question, he said that more facilities would be provided to the applicants for Chinese visas and in this connection the businessmen will be given due preferences.

He said that China International Import Expo will be arranged from November 5 to 10, 2018. He offered Pakistani exporters to participate in it in order to showcase their innovative products. The Chinese ambassador said that he was encouraging Chinese companies to invest in agriculture sector of Pakistan while many potential Chinese companies are already exploring opportunities to invest in the value addition of agriculture sector in this country.

“Some Chinese companies are already investing in housing sector,” he added. He said that china is also supporting Pakistan to increase its per acre agriculture yield and in this connection two provinces from central china are already exporting high yielding seeds of various crops to Pakistan. He said that china is a huge market and Pakistan could easily export leather, furniture, textile and sports goods to his country.

Earlier, Shabbir Hussain Chawla congratulated Mr Yao Jing on taking the responsibilities of new ambassador of China in Pakistan. He hoped that during his tenure both brotherly neighbouring countries will further strengthen their economic relations in addition to cementing the already strong diplomatic and political relations.

He told that a delegation of FCCI intends to visit china to explore the Chinese markets and hence he needs active support of Chinese embassy to have productive meetings with their Chinese counterparts. Mr Shabbir Hussain Chawla also invited Chinese ambassador to visit “Made in Faisalabad Expo” to be organised by FCCI on 24, 25 March. Chinese Ambassador gave his consent to attend this expo along with a delegation of Chinese businessmen.

Engineer Rizwan Ashraf proposed that agriculture city of china may be declared sister city of Faisalabad so that we could share our experience in this important sector for the benefit of two countries.

Source: nation.com.pk- Feb 02, 2018

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Chinese textile investment to grow significantly in Africa

The level of China's investment in Africa is increasing at a fast pace. Until recently, China's investments in Africa focused on large projects in a few sectors, including mining, oil and infrastructure.

Chinese companies are major players in the world's textile market and important customers in the cotton market. Cotton exports from Africa to Asian countries are increasing.

Textile production in China is facing numerous issues, including rising wage levels, higher energy bills, enhanced logistical costs and quotas on the import of cotton. Therefore, Chinese textile companies are investing overseas.

For example, Wuxi No. 1 Cotton Mill Textile Group, recently signed a memorandum of understanding with a partner in Ethiopia to invest in a 3,00,000 spindles spinning mill. Wuxi No, is the largest producer of high quality compact yarn globally.

The group produces in China with 5,00,000 spindles annually 26,000 tonnes of yarn. Wuxi's president Zhou Ye Jun says, the encouraging message is that Africa has some unique advantages for Chinese investors.

In comparison with Asia, Africa's location is physically closer to the European and American markets. It also enjoys more favourable trade policies with the EU and the US.

African market of textile manufacturing has less competition as well. The huge population and immense space in the continent provide great potential for manufacturers to develop.

Source: fashionatingworld.com- Feb 01, 2018

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Itema could transform Bangladesh weaving industry

In financial year 2016-17 Bangladesh exported woven garment worth $14.39 billion. But most of the fabric for this export is being imported. Bangladesh till now is lagging behind in weaving and woven processing infrastructure.

The country requires building more weaving facilities to cater to local export oriented garment industries. This will help in reducing apparel export lead time from Bangladesh. It will also save on foreign currency.

After discussing with Italy-based company Itema — one of the world's leading suppliers of quality, high-performance weaving machinery and support services to the industry — and exploring their solutions it was clear that the Itema Group could be one of the most important company for Bangladesh in providing technologically advanced weaving machinery to establish world-class weaving facilities in Bangladesh.

Itema and its Bangladeshi representative Pacific Associates organised a seminar titled "Itema Innovation Roadshow in Dhaka" recently. A discussion ensued between Christian Straubhaar, Sales & Marketing Director, Itema Group and Tareq Amin, Editor & Publisher of Textile Today.

Straubhaar said Bangladesh should keep its produced shirting and clothing fabric inside for growth of its industries. He spoke about obstacles in growth path of textile industry where electricity is the big issue, and suggested Bangladesh textile mills could opt for Airjet because Itema Rapier machine need less power and it could be a great solution to this problem.

Tareq Amin of Textile Today noted factories are asking for grid electricity instead of having their own captive power. Bangladesh is a key market for Itema, the company is showing its commitment in investing even more attention, resources and energy in the country. Straubhaar advised the Bangladesh textile industry to keep costs low so that they could gain a competitive advantage. High-efficiency, advanced and sturdy machinery were the need of the day.

Source: fashionatingworld.com- Feb 01, 2018

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Used clothes: Why is worldwide demand declining?

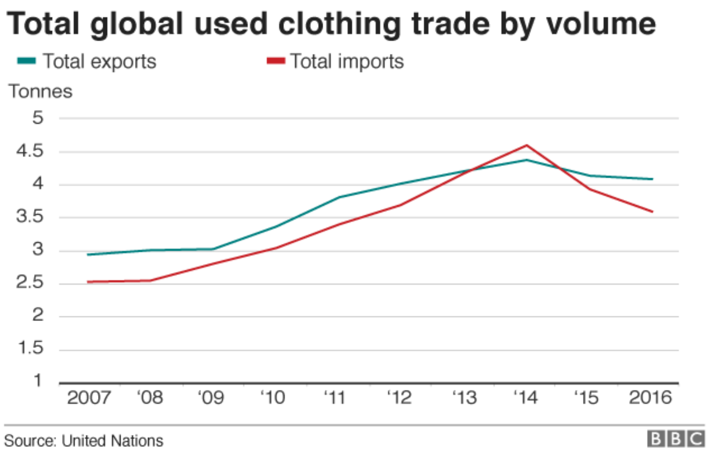
The rise of fast fashion retailers has meant that consumers can buy trendy clothes almost the second they're designed - and just as quickly move on to the next fad.

Most of us try to lessen the guilt of our fashion fickleness by dropping those barely worn clothes off at a charity shop.

According to Oxfam, donations to its stores increased by 2% in the past year alone.

In many ways it's a virtuous cycle. But only 10% to 20% of donated clothes are actually sold through charity shops like Oxfam's.

The rest are sold to distributors who then sort the clothes and send them on to countries like Pakistan or Malaysia where they are sold in second-hand clothes markets or recycled to make products like fleece.

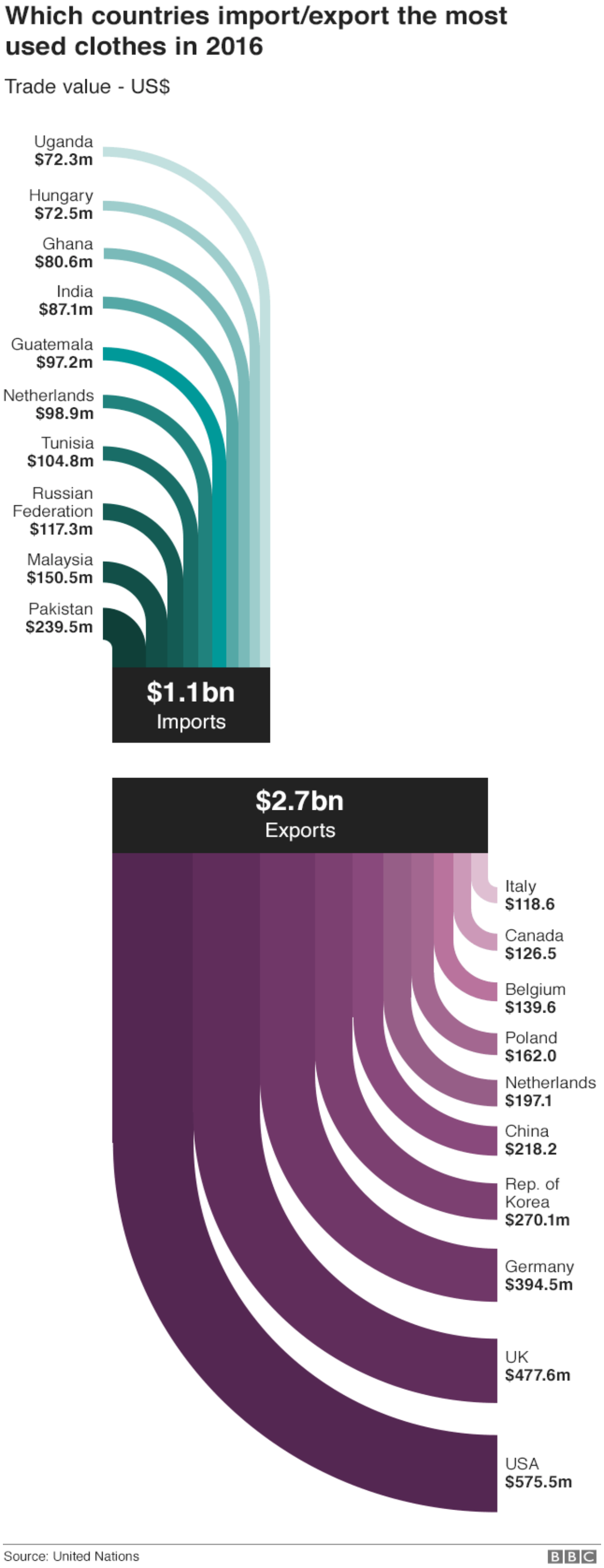


There's just one problem: those countries increasingly no longer want our used clothes.

Downward trend

Overall, the global export market for worn and used clothing is estimated to be about $4bn.

But a BBC analysis of data from the United Nations shows that the formerly fast-growing used clothing import/export business has declined over the past few years - both in terms of volume and in terms of value.



Rwanda, Kenya, Uganda, Tanzania, South Sudan and Burundi recently announced they intended to stop importing used clothes from places like the UK and the US by 2019.

Last June, Rwanda's president Paul Kagame said: "We have to grow and establish our industries."

The consequences for clothes-selling countries were swift.

The United States - which is the world's biggest exporter of worn clothing - said over the summer it would review its trade relationship with Rwanda, as well as Uganda and Tanzania, in the wake of the proposed bans.

In a statement, it said the bans "impos[ed] significant economic hardship on the US used clothing industry."

Whether it's due to political bickering or simply a lack of demand, the increasingly competitive global market for worn clothing has put pressure on the UK companies that buy all of those unsold charity shop clothes.

Things fall apart

Manufacturers know that customers are more interested in low prices than durability, because they increasingly expect to wear their clothes just a few times and throw them away.

"So the quality's not as good, so when our customers get [an item] they're not getting two or three hundred wears out of it - they know it's only going to be a couple of uses," he says.

That means, according to Fee Gilfeather, head of marketing for Oxfam's trading division, "more [clothing] is getting incinerated than there used to be."

Which is why both Oxfam and LMB say the future of clothes recycling might be "closing the clothing loop": figuring out a way to fully recycle these clothes into fabrics we might use.

Oxfam recently joined Marks & Spencer to manufacture a suit from the high-quality used cashmere that gets donated to its stores.

And fast fashion behemoth Hennes and Mauritz - better known as H&M - recently linked with the Hong Kong Institute of Textiles and Apparel, to fund research into how to recycle blended textiles (such as cotton-polyester mixes) into new fabrics and yarns.

Yet until technology can catch up with our insatiable need for ever-more fast fashion, one message Oxfam emphasises is that consumers shouldn't stop donating simply because it is forced to burn more clothes.

In fact, some of the energy from those unwanted clothing fires could end up powering homes.

So the next time you're tempted by a new trend it might be wise to remember the words of Coco Chanel.

"Elegance," she is reported to have said, "does not necessarily consist in putting on a new dress."

Source: bbc.com- Feb 01, 2018

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Uzbekistan to supply textile products worth $5 million to Bangladesh

Uzbek textile workers signed a contract for the supply of yarn worth $5 million to Bangladesh. The agreement was reached during the visit of the Uzbek delegation to this country.

The purpose of the trip, which took place on January 24-27, was to study the experience of Bangladesh in the development of textile and clothing-knitting industry and visit the Yarn and Fabrics Fair 2018.

The Uzbek delegation included representatives of textile enterprises of the Uztekstilprom association.

The delegation held meetings with representatives of the textile industry of the Republic of Bangladesh. The sides discussed in detail the issues of trade and economic cooperation, demonstrated the economic and investment potential of the two countries, and outlined areas for cooperation at a new stage.

The Minister of Textiles and Jute of Bangladesh, Emaz Uddin Pramanik, noted that the volume of exports of textile products to his country in 2017 amounted to $28.1 billion. At the same time, its share in total exports reached 81 percent or 12.4 percent of GDP.

Within the framework of the visit, the Uzbek delegation visited the company Turag Knit Composite Ltd, which is included in the top 20 enterprises of Bangladesh, specializing in the production of ready-made garments and knitwear.

The choice of this enterprise to study its experience was not accidental. First of all, the production made here is for European markets. In addition, Turag Knit Composite Ltd complex is located in the Export Processing Zones, which gives it the opportunity to enjoy tax and customs benefits.

Textile industry of Uzbekistan is considered to be one of the most dynamic and socially important sectors and ranks high among export-oriented industries of the country’s economy. The Uzbek textile industry is mainly focused on cotton, silk and wool.

One of the policy priorities of Uzbekistan, the world's fifth-largest cotton exporter, is further development of its textile industry. Annually, the country grows about 3.5 million tons of raw cotton, produces 1.1 million tons of cotton fiber.

Uzbekistan takes consistent steps to increase the volume of cotton fiber processing. In particular, it is planned to create 112 modern, high-tech industrial factories, expand, modernize and technologically upgrade 20 operating capacities. All this will increase the export potential of the industry up to $2.5 billion a year and create more than 25,000 jobs.

In the period 2010-2014, the textile industry of Uzbekistan received and spent foreign investments worth $785 million while 147 new textile enterprises with participation of investors from Germany, Switzerland, Japan, South Korea, the U.S., Turkey and other countries were commissioned. Export potential of these enterprises amounted to $670 millions.

Currently, Uzbekistan continues to attract foreign investments for construction of textile enterprises in the country.

Source: azernews.az- Feb 02, 2018

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Vietnams cotton import surges in January

Vietnam imported 140,000 tons of cotton worth 244 million U.S. dollars in January, up 49.7 percent in volume and 51.1 percent in value against January 2017, according to its Ministry of Industry and Trade on Friday.

Vietnam, whose yarn industry heavily depends on imported cotton, has imported increasingly bigger volumes of the material in recent years to feed its growing textile and garment production and export, local economists said, noting that its biggest cotton import market is the United States, tailed by India, Australia, Brazil and Cote d'Ivoire.

Vietnam's cotton import surged from 150,000 tons in 2005 to nearly 1.3 million tons in 2017. Last year, the country spent over 2.3 billion U.S. dollars importing cotton, posting a year-on-year rise of 41.2 percent.

Vietnam reaped 2.3 billion U.S. dollars from exporting garments and textiles in January, up 7.6 percent on-year, mainly to the United States, the European Union, Japan and South Korea.

The country's garment and textile export turnovers were over 25.9 billion U.S. dollars last year, up 8.8 percent, said the ministry.

Source: xinhuanet.com- Feb 02, 2018

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European textile start-up summit to begin from April 17

The 1st European textile start-up summit bringing together new breed of young textile innovators and start-up entrepreneurs who challenge the incumbents in the long-established industry, is scheduled to begin from April 17.

It is a platform to network with textile innovators, technology developers, entrepreneurs, funders and multipliers from across Europe.

The two-day summit in Brussels will open new opportunities for textile-based products and services. Over recent years a vibrant and growing start-up scene in the textile and fashion industry has sprung up all over Europe.

The summit will be hosted by The European Technology Platform for the Future of Textiles and Clothing, with logistical support of Euratex–the European Apparel and Textile Confederation.

The event will host panel discussions and seminars on various topics including The brave new world of textile start-ups in Europe, Accelerating textile start-up investments in Europe and Regional start-up communities among others.

Source: fibre2fashion.com- Feb 02, 2018

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ICAC lifts cotton price forecast - noting rapid growth in polyester values

The International Cotton Advisory Committee nudged higher, again, its forecast for cotton prices in 2017-18 as it cut its forecast for the build in world stocks of the fibre, and flagged higher values of rival polyester.

The intergovernmental group pegged at 77 cents a pound its forecast for cotton prices, as measured by the Cotlook A index of physical values, for this season.

The figure still implies that the committee expects prices to fall over the rest of this season, with values so far in 2017-18, which started in August, averaging 82.4 cents a pound.

The Cotlook A index – which, in including an element for transport is typically higher than the New York futures prices – stood on Thursday at 87.25 cents a pound.

Polyester vs cotton prices

Nonetheless, the latest price estimate represented an upgrade of 3 cents on the ICAC's forecast last month, which was in turn an upgrade of 2 cents month on month.

The committee was, at the start of 2017-18, foreseeing a season-average price of 69 cents a pound.

However, it flagged that the "competing price of polyester has risen over the course of the season" – indeed, buoyed by higher oil prices, increased at a faster rate than cotton values.

The polyester price "continues to increase relative to cotton, even as cotton prices have moved upward", the ICAC said.

'Crop losses from pink bollworm'

The comments also came as the committee trimmed by 100,000 tonnes, to 18.88m tonnes, its forecast for world cotton stocks at the close of this season, citing in part a downgraded production figure.

"India and Pakistan… encountered production losses from pink bollworm this season," the organisation noted.

With hopes for consumption raised too, inventories were now seen rising by a modest 140,000 tonnes during 2017-18, albeit avoiding a third successive season of decline.

Other forecasts

The forecast contrasts with an expectation last week by Cotton Outlook itself, which is in charge of the Cotlook A, that world stocks will rise by 324,000 tonnes over 2017-18 – an upgrade from a previous estimate of 258,000 tonnes.

The revised figure reflected an increased estimate for China's latest harvest, upgraded by 190,000 tonnes to 5.67m tonnes – a rise of nearly 1m tonnes year on year.

The US Department of Agriculture, which upgrades its data next week, currently foresees world cotton stocks building by 150,000 bales (33,000 tonnes) over 2017-18.

Source: agrimoney.com- Feb 02, 2018

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NATIONAL NEWS

Insufficient allocation for textile sector

Some of the announcements in the Union Budget on Thursday are expected to benefit the textile and clothing industry. However, the allocation for schemes such as Remission of State Levies (ROSL) might not meet the industry requirements, according to the textile associations.

P. Nataraj, chairman of the southern India Mills' Association, has said the government allocated Rs. 2,164 crore towards ROSL as against Rs. 1855 crore for 2017-18 for the garment and made up exports. The amount is inadequate as there is a huge backlog to be cleared even for the current financial year. The timely disbursement of dues is essential to ensure working capacity for the industry. He welcomed the announcement of a scheme for MSMEs to address issues related to NPA and stressed assets.

According to Sanjay Jain, chairman of Confederation of Indian Textile Industry, the allocation to Cotton Corporation of India has gone up from Rs. 303 crore to Rs. 924 crore for MSP operations. This will not help the industry and this year, the market prices are higher than the MSP.

The hike in basic customs duty on silk fabric from 20 % to 10 % will save the industry from dumping from China. The minimum support price (MSP) on cotton will be 1.5 times the production cost. This will benefit the farmers. However, it will result in higher inflation for consumers as cotton-based textiles are 70 % of the consumption in the country.

Chairman of Cotton Textiles Export Promotion Council , Ujwal Lahoti, hoped the ammount allocated for ROSL will cover fabrics too. It is at present only for garments and made ups.

The Clothing Manufacturers' Association of India president Rahul Mehta has said that the focus on rural economy will push the demand for apparel in the domestic market. The reduction in contribution towards provident fund by women employees to 8 % for the first three years will benefit the apparel sector which employs women in large numbers.

According to the Indian Texpreneurs Federation, the Corporate Tax reduction for SMEs with less than Rs. 250 crore turnover will benefit the small and medium-scale units in the textile sector.

The units can now plan expenditure on solar investments. investments. The focus on agro sector is the need of the hour and the budget has done it, said Prabhu Dhamodharan, convenor of the federation.

Source: thehindu.com- Feb 02, 2018

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'Big push to cotton cultivation'

Assurances of MSP to give a fillip to crop, say experts

The big boost to agriculture and allied sector in the Union Budget-2018 presented on Thursday banking on low-cost farming and higher minimum support price is likely to result in a fillip to cotton cultivation in the cotton-rich erstwhile composite Adilabad district.

The assurance of minimum support price to agriculture produce at 1.5 times the investment of respective crops and enhancement of allocation to agriculture credit sector will have farmers going in for cotton in a big way, according to observers.

Retired Agriculture Officer in Adilabad district said these measures will take care of many variables which impact crops, especially cotton. "The rate of MSP fixation will have farmers less anxious," he observed.

"Thanks to the MSP, we are able to sell our redgram at a remunerative price," he added.

Source: hindu.com- Feb 02, 2018

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Export, infrastructure spending to boost jobs, says Jaitley

Budget 2018-19 proposes several measures, including promoting exports and supporting fixed tenure jobs, to create employment.

Giving a sense of urgency to the task of job creation in his fifth budget, finance minister Arun Jaitley's proposals include enhancing infra spending; creating rural markets; giving tax sops to small industries; a special package for textiles; and a reduction in statutory employees provident fund contributions by new female employees.

Jaitley said creating and facilitating employment generation has been at the core of the government's policy-making and indicated that it will keep focusing on labour intensive sectors including textiles, leather, micro and small and medium enterprises (MSME) to aid jobs growth.

"The government had approved a comprehensive textile sector package of Rs6,000 crore in 2016 to boost the apparel and made-up segments. I now propose to provide an outlay of Rs7,148 crore for the textile sector in 2018-19," said Jaitley.

Calling it a "major engine of growth and employment" for India, he allocated Rs3,794 crore to the MSME sector as credit support, capital and interest subsidy and promotion of innovations. "Massive formalisation of the businesses of MSMEs is taking place in the country after demonetisation and introduction of GST," he said.

The budget also announced a reduction in the contribution that new women workers make to the employees provident fund, from 12% to 8%, to promote women's participation in the labour force as well as increase their take-home pay. "To incentivise employment of more women in the formal sector and to enable higher take-home wages, I propose to make amendments in the Employees Provident Fund (EPF) and Miscellaneous Provisions Act, 1952, to reduce women employees' contribution to 8% for the first three years of their employment against the existing rate of 12% or 10% with no change in employers' contribution," Jaitley said.

Source: hindustantimes.com- Feb 02, 2018

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Why 'Act East' will work when 'Look East' did not

Act East will gather momentum because now there is greater connectivity, better prospect of trade, market and exchange of information. Export-oriented ASEAN will look at India because of India's emerging market and quality services.

For long years, India turned a blind eye to East Asia, Indo-Pacific or Asia-Pacific, howsoever the region may be called. Much of India's east is marked by a visible Indic influence and a sizeable diaspora, that escaped attention, until PV Narasimha Rao.

In 1992, the then Prime Minister Rao initiated the breakthrough Look East Policy (LEP). Those were the days when India was just getting out of import-substitution days. The country was still a small trading power. Almost two decades after, Prime Minister Narendra Modi's Act East Policy (AEP, 2014) has shaped. But why should 'Act East' work when 'Look East' did not?

Act East has a lot going for it, because several factors are coming together. In other words, it is not just the 'China-factor' as the glue in India-ASEAN relations (the Association of Southeast Asian Nations). There is more to it.

Back then, Rao's powerful idea was a new beginning, but failed to take root because of domestic political factors, hiccups with liberalisation and the sore lack of connectivity.

Since then, the ASEAN has changed and so has India, in the 20-odd years of economic reforms. In the 1990s, there was little that India could offer the ASEAN. Today, India offers an emerging market, there are better products, innovation, services and tourism is getting out of the boondocks.

In fact, in the mid 2000s, the then Prime Minister Atal Bihari Vajpayee addressed the lacunae: Vajpayee pushed the 'open skies' arrangement with the ASEAN and acceded (as did China) to the ASEAN Treaty of Amity and Cooperation (TAC of 1976)—both were game-changers. This author remembers the optimism with which Vajpayee was received by the Indian diaspora in Thailand.

Act East will gather momentum because there is greater connectivity, prospect of trade, market and exchange of information. Export-oriented ASEAN will look at India because of India's emerging market and quality services.

In tandem, India has also embraced a proactive diplomacy, courting ASEAN members, Vietnam to Myanmar, stringing the Indic-arc in the ASEAN. India has pushed for the realisation of the 2,000-km-long India-Myanmar-Thailand Trilateral Highway (in 2020). Much of this, as Modi emphasised, has come without India's 'claims' with respect to the ASEAN—economic or territorial. This, again, is a powerful message.

America, too, has re-jigged the earlier notion of American 'pivot' in Asia to 're-balance' (2013) to a 'free and open Indo-Pacific' (2017). The notion of Indo-Pacific may be broad, not covering just East Asia and Australia, but also the Middle-East where, with respect to Pakistan and Afghanistan, India can be a bulwark.

The vision of Indo-Pacific may also have to do with China's blue-water navy and supposedly breaching the 'First Island Chain' (beginning Japan archipelago through the Philippines archipelago), making friends across the 'Second Island Chain' (beginning Guam) with China sprouting Friendship stores as far as Suva (Fiji) and Apia (Samoa). Incidentally, Modi visited Fiji, the first visit by an Indian PM in 33 years, and Australia, the first in 28 years.

Act East is likely to benefit as India and ASEAN are on the same page—ASEAN members are aligned with India on the freedom of navigation and binding code of conduct for parties in the South China Sea.

In the recent past, several ASEAN members, notably the Philippines and Vietnam, have not taken well to historical claims and construction activities in the South China Sea, such as airports and runways. Much of the claims are contentious and debatable. This resulted in the Philippines taking the issue to The Hague, which ruled in favour of the Philippines.

The ASEAN works on consensus, but in the recent past this has seen a glitch or two. In the ASEAN, a single member has the power to veto a decision. Whether the group is being subject to 'divide and rule' is an open question being asked in the region.

Cambodia has been seen as on China's side (China is a claimant in the South China Sea), as Cambodia blocked a statement in the ASEAN (2016) referring to the ruling by The Hague in the ASEAN platform, creating a deadlock. Laos and Cambodia, non-claimants in the South China Sea (but critical players in the Mekong), reached an agreement with China on how to settle claims in the South China Sea (2016), creating a furore.

Reports suggest that China is investing $24 billion in the Philippines (a major claimant in South China Sea) in the $77-billion infrastructure project, 'Build, Build, Build', and supporting President Rodrigo Duterte's anti-drug war against 'shabu' (methamphetamine).

Then is the 'China factor'. China has been out there in the ASEAN ahead of India in timing, tapping into a 30-billion-plus strong diaspora in the region. Many of the well-known tycoons in the ASEAN are of Chinese origin. In fact, the first ASEAN company that helped reform China's rural sector (agribusiness and retail) was Thailand's Charoen Pokphand Group (CP, since the 1970s). Other initial investors include Malaysia's Shangri-La Hotel and Property Group.

For a fact, the 'China circle'—China's complementary production network with Hong Kong and Taiwan (in the 1970s) has become bigger to include the ASEAN, where China is the last point in the production chain.

China now identifies China-ASEAN as the core 'concentric circle' (China-ASEAN Free Trade Area since 2010) and is the ASEAN's largest trading partner and fourth-largest export market. China-ASEAN trade was $452.2 billion with 19.8 million tourist arrivals from ASEAN in 2016.

This has its benefits as China's boom augurs well for the region, but the reverse is also true because of the dependence. ASEAN members—many as export-oriented as China (for example Singapore, services; Thailand, manufactured goods; Indonesia, hand-made batik textiles)—also face competition from cheaper Chinese goods.

Here, India is better late than never. In the ASEAN-India Free Trade Area (AIFTA, operational since 2010) trade is pegged at $71.6 billion in 2016-17. Though India's deficit with the ASEAN was $9.5 billion in 2016-17, it has decreased from $14.75 billion in 2015-16.

This will underscore how India looks at RCEP (Regional Comprehensive Economic Partnership) which includes the ASEAN, India, China, Japan, South Korea, Australia and New Zealand.

But the mathematics of all the above factors—the changed times, dynamics and timing coinciding with America's 'free and open Indo-Pacific', ASEAN 'Looking West' to India as an emerging market and trade partner offers a coming together, rationalising why Act East will work. But as always, with or without the China-factor, is subject to India delivering and making good, beyond rosy-rhetoric.

Source: financialexpress.com- Feb 03, 2018

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Textile industry needs attention

Psychiatrist and politico-social analyst B. Kesavalu has said that the Central government meted out a great injustice to the textile industry by cutting down allocations to it in its recent budget.

Ever since Modi has come to power, the budgetary allocations to the textile industry have been gradually cut down. In 2015-16 budget ₹702 crore was alloted, while in 2016-17 it was ₹604 crore, and in the latest budget ₹386 crore was allotted, he said.

The government failed to recognise that the textile industry was the second largest employer only after the agriculture.

The former had collapsed in the wake of the note ban and GST, he said, and felt that if it was not supported, its existence would be a big question mark.

Source: thehindu.com- Feb 02, 2018

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Expectations from Budget 2018 belied – Here is why

This is is one Budget which was greatly anticipated by the apparel and textiles industry — and in particular, the apparel export industry. For the last four months, starting October 2017, the apparel export industry has faced continued stress.

The cause was the unintended but sharp reduction in input tax reimbursement after GST introduction — a reduction of about 5% of sales value. Indian exporters have a difficult time competing with the duty free status of competing countries like Bangladesh and Vietnam — the added double whammy of the Indian rupee strengthening against the dollar combined with the reduction in input tax has put the industry in huge turmoil.

There is broad agreement that the apparel industry in particular needs a special focus. Its potential for job creation was wonderfully illustrated by Dr Arvind Panagriya in a recent comparision between Reliance Industries Limited and Shahi Exports, India's larger manufacturer exporter of apparel. For every $2.2 m in assets, RIL employs 5 workers while Shahi employs a staggering 1,260 workers.

And Shahi employs mainly women with minimal educational qualifications – precisely the kind of jobs which India needs. The recent Economic Survey stressed the same point and recommended that the GST Council conduct a comprehensive review of embedded taxes arising from products left out of GST, as well as the taxes that get blocked because of tax inversion.

Timing is critical – China is vacating market share in apparel owing to its own compulsions and on paper, India is best poised to clothe the world after China.

Unfortunately, most of the market share being vacated is being captured by Bangladesh, Vietnam and Cambodia — with India just not being able to compete.

This is the most important policy change we expected from the Budget and it is here that our expectations have been belied.

The Budget has made perfunctory allocations towards previously announced schemes; interest equalisation (`2,500 cr), Textiles Upgradation Fund (`2,300 cr), Refund of State Levies (`2,164 cr).

The extension of Sec 80 JJA to other labour intensive industries like leather/footwear is a good step — and the rationalisation of the 150 day rule is welcome; the reduction of corporate tax to 25% where company turnover is less than `250 crores is also welcomed by the apparel industry, where over 90% are in the MSME sector and below this turnover level.

We appreciate the finance minister's incentive to encourage participation of women in formal sector employment by reducing their PF contribution to 8% — again of special importance to our industry which employs a high percentage of women.

What is especially noteworthy is the National Health Protection scheme of upto Rs 5 lakhs per family offered to 10 crore poor households in India. This is the most significant feature of this Budget and will improve the quality of life amongst the less privileged.

The allocation towards skill development, affordable housing and TIES (Trade Infrastructure for Export Scheme) is laudable — proper implementation of these schemes should help increase India's overall competitiveness.

Source: financialexpress.com- Feb 03, 2018

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CII seeks to tap manpower in Tiruchi for the textile industry

In Karur and Tirupur scope for expansion is limited due to labour shortage

The Confederation of Indian Industries (CII) is looking at the possibility of developing local economy by dovetailing the strength of labour availability in Tiruchi with the full-fledged textile industry eco-system in Karur and Tirupur districts where scope for expansion is limited by manpower shortage.

State functionaries of CII held discussions with Collector P. Rajamani and other senior officials here on Friday for establishing the infrastructure for finishing and packing of export-quality textile products being transported to Tuticorin port from the two districts via Tiruchi. The Collector had expressed readiness to interact with textile industrialists in Karur and Tirupur districts for making it happen.

With the agenda of increasing industrial activity in Tiruchi and promoting entrepreneurship, the CII team also discussed with the Collector the ways to utilise the land banks in sub-urban and rural pockets including Tiruverumbur, Manapparai, Thuraiyur for establishment of industries on cluster basis; for harnessing water, improving air connectivity to domestic destinations, expanding cargo activities, and for according focus on agro-processing. “The Tiruchi Zone of CII will shortly be releasing the District Development Plan with specific details,” said P. Ravichandran, Chairman, CII Tami Nadu.

Mr. Ravichandran and CII Tamil Nadu Vice-Chairman M. Ponnuswami were appreciative of the outcome of the Tamil Nadu Business Facilitation Ordinance 2017 promulgated by the State Government to regain its pride of place in ease of doing business.

Tiruchi region will stand to gain significantly from the Defence Industrial Corridor project, and the proposal of Chennai Petroleum Corporation Limited to establish a new refinery in Nagapattinam district, they said.

Mr. Ravichandran later inaugurated YUTRY 2018: 4th edition of Entrepreneurship Conference and Idea Challenge organised by Yi (Young Indians), CII Tiruchi Zone, in the presence of John Ashok Varadarajan, Chair, Yi Tiruchi Chapter; P. Raghuraman, Chairman, CII Tiruchi Zone; and A.S. Ananthakrishnan, Vice-Chairman.

The second day events on Saturday would encompass two components: 'Learn from Legends' that would feature interactions between aspiring entrepreneurs among students with successful industrialists, and 'Start-up Tiruchi', a platform for students to present their business ideas.

The two-day program envisages active interaction between hundreds of students with entrepreneurial instinct drawn from colleges in the region with successful industrialists.

Source: thehindu.com- Feb 03, 2018

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Khadi's share low in Indian textile sector: Minister

While export prospects of khadi are assured with the world preferring eco-friendly products, the share of khadi is very low — less than 0.22 per cent — in the textile sector in India, minister of commerce and industry Suresh Prabhu told a recent roundtable titled 'Khadi: Local to Global', organised by the Indian Institute of Foreign Trade(IIFT) in New Delhi.

As the textiles and apparel sector has made a significant contribution by providing direct and indirect employment to around 35 million and 50 million Indians respectively, making it the largest employment sector after agriculture, khadi export promotion has become an important focus point, Prabhu said.

The roundtable last month was supported by Khadi and Village Industries Commission (KVIC) and UDAANSKILL, a start-up engaged in imparting digital skills to micro, small and medium industry (MSME) units, according to a ministry press release.

The event focused on identifying newer markets and product diversification, developing promotional strategies to enter newer markets, inputs on trade policy, market access at the World Trade Organisation (WTO) front, compliances, design interventions and possibilities of corporate social responsibility interventions from companies and public sector undertakings.

Khadi's export worthiness also comes from the fact that it earns a lot of water and carbon foot print as its production consumes much less water compared to other fabrics, said KVIC chairman VK Saxena.

Source: fibre2fashion.com- Feb 03, 2018

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Deferment of e-way bill relieves textile hub of worries

Textile traders in the country's largest man-made fabric (MMF) wholesale market in the city received a temporary relief after the central government deferred the implementation of the requirement to carry e-permits for inter-state transportation of goods owing to technical glitches.

The traders want the government to postpone the implementation of e-way bill for six months in order to allow them to get accustomed to the new rule and also because they were still facing problems filing returns on Goods and Service Tax portal.

Meanwhile, Federation Of Indian Art Silk Weaving Industry (FIASWI) has decided to convene a meeting of industry stakeholders to decide future course of action regarding the pending issues related to GST on Monday.

FIASWI chairman Bharat Gandhi told TOI, "It is a temporary relief for the textile industry as government has deferred the e-way bill's implementation due to technical glitches. However, we are demanding that the e-way bill be postponed for six months. The textile industry stakeholders are meeting on February 5 to discuss the future course of action. The government is yet to accept our demands."

Federation of Surat Textile Traders Association (FOSTTA) president Manoj Agarwal said, "We expected the Union Budget to bring relief to the textile sector, but it has failed our expectations.

It's good that the e-way bill has been deferred, but the government will launch once the technical glitches are removed. We want the e-way bill to be extended for another six months."

Pandesara Weavers Association president Ashish Gujarati said, "The key demands of power loom weaving sector, including refund on input tax credit and credit on opening stock, are not addressed by this government. The power loom weaving sector is operating on losses."

Source: timesofindia.com- Feb 02, 2018

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India to halt antidumping probe on RI's polyester staple fiber

The Indian Directorate General of Anti-Dumping and Allied Duties (DGAD) has recommended to halt an antidumping investigation into polyester staple fiber imports from numerous countries, including Indonesia.

"This creates an opportunity for the Indonesian yarn industry to export more to India," Trade Ministry International Trade Director General Oke Nurwan said in a written statement on Friday.

Polyester staple fiber is a synthetic material used in the textile, automotive and furniture industries because of its elasticity and strength.

The antidumping investigation began on Feb. 2, 2017, but recently the Indian government found that polyester staple fiber imports from Indonesia only accounted for 7 percent of supply in the Indian market and did not harm domestic industries.

In 2013, Indonesian polyester staple fiber exports to India amounted to just US$26,500. They reached a peak of $10.1 million in 2015 but then declined to only $6.1 million in 2016.

Meanwhile, from January-November 2017, the polyester staple fiber exports increased by 38.4 percent to $7.8 million from $5.6 million in the same period of 2016.

Source: thejakartapost.com- Feb 02, 2018

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The agony and ecstasy of MSP: What's good for farmers may hurt your pocket

Textile industry, which has been consistently seeking help from government for its MSMEs, has conveyed mixed feelings on the announcements made by the finance minister Arun Jaitley in his budget speech in Lok Sabha.

"Overall it is a balanced budget. Several measures have been announced which will benefit the MSME sector and since 99% of the textile industry fall under the MSME sector this is good news," said Confederation of Indian Textile Industry, Chairman, Sanjay Jain.

The good news

The FM announced a comprehensive package of Rs. 7148 crore for the textile industry in his budget presentation. This has cheered the industry which has been struggling with a backlog of ROSL (rebate on state levies) on exports.

"The increase in allocation from Rs 6000 crore to Rs 7148 crore is a big plus. We will have to see the break-up of this allocation, but presuming it is in line with last year's percentage break-up, it will make more money available for ROSL which has a big backlog. This will consequently help export of madeups and apparels," said Jain.

The two big announcements made by the government pertaining to the MSME sector: extension of reduced corporate rate tax of 25% for companies with a turnover of up to Rs 250 crore and the promise to "soon announce measures to effectively address NPAs and stressed accounts for MSMEs," will have a far reaching impact on the textile industry.

The government has also included the textile sector in its fixed term employment system which was earlier made available only for the madeups and apparel segments.

The bad news

To comply with the government's vision to double farmers' income by 2022, the finance minister announced the formula for minimum support price will now be applicable to all crops.

"In our party's manifesto it has been stated that the farmers should realize at least 50% more than the cost of their produce. In other words, one and half times of the cost of their production. We have decided to implement this resolution as a principle for all the crops. I am pleased to announce that as per pre-determined principle, government has decided to keep MSP for the all unannounced crops of kharif at least at one and half times of their production cost. I am confident that this historic decision will prove an important step towards doubling the income of our farmers," said Jaitley in his speech.

While the move is a welcome initiative for the cotton farmers, it may end up increasing the burden of the MSMEs dealing with cotton fabric.

"The biggest highlight of budget is the announcement of MSP for cotton. We are still working out the figures, but this move will definitely result in a high inflation in cotton and though the farmers will gain but the rest of India will have to pay a higher price for clothing," said Jain.

The move will also end up making the domestic cotton uncompetitive vis-a-vis international prices, added Jain. He said that the textile industry, comprised mainly of MSMEs should not be made to carry the burden of increased cotton rates.

"Our contention has been that the MSP burden should not be transferred to the rest of the chain but that the farmers should be given a direct subsidy. The government could get into a similar trap which had Chinese government in a tangle five years back when they tried to sell their cotton for much above the natural prices and though they moved to direct subsidy two years back, the industry is still saddled with unsold stock," warned Jain.

The industry has been asking the government for increase in import duty and export incentives to correct the imbalance caused by the introduction of GST.

The foreign trade data released by the Ministry of Commerce and Industry for the month of December 2017 revealed a 3% decline in CAGR in textiles and apparel exports compared to the corresponding period December 2016.

The exports of Textiles and Apparel stood at $ 2996 million during December 2017 as against $ 3075 million in December 2016.

However, the cumulative export has slightly improved by 2% CAGR as the exports stood at $ 26,136 million in April-Dec 2017 in comparison to $ 25,721 million in April-Dec 2016.

India's Export of Textile & Clothing to the World

Values in US$ Mn

Export Category	Dec'16	Dec'17	CAGR	April - Dec 16	April - Dec 17	CAGR
Cotton Yarn/Fabs./Made-ups, Handloom Items etc.	935	939	0.4%	7,177	7,513	5%
Man-made Yarn/Fabs./made-ups etc.	390	417	7%	3,326	3,554	7%
Apparel	1,454	1,337	-8%	12,426	12,386	-0.3%
Textile and Apparel (including Jute, Carpet and Handicrafts)	3,075	2,996	-3%	25,721	26,136	2%
All Commodity	24,057	27,030	12%	199,467	223,513	12%
% of T&A in Total Exports	13%	11%		13%	12%	

Source: Ministry of Commerce & Industry

The imports, on the other hand, saw an increase during the same period: Imports of textiles during December 2017 stood at US$ 165.34 in comparison to US$ 137.24 in December 2016, registering a rise of 20.48 per cent.

Quick Estimates on Imports for the month of December 2017

Values in US$ Mn

Category	Dec'16	Dec'17	% Change	April-Dec 2016	April-Dec 2017	% change
Textile Yarn Fabric/Made-ups articles	137.24	165.34	20.48%	1,160	1,388	19.65%

Source: Ministry of Commerce & Industry

The FM did announce an increase of 10% in import duty, but only on silk fibre. "The industry is getting dumped with imports from China.

We have been demanding increase in the basic custom duty across the chain - yarn and fabric - and it is a big disappointment for the industry. The whole industry is being hit by imports post GST, but now we will have to live with it," said Jain signing off.

Source: economictimes.com- Feb 02, 2018

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