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

IBTEX No. 70 of 2018 April 05, 2018

USD 65.06| EUR 79.83 | GBP 91.47 | JPY 0.61

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
19123	40000	**78.48**

Domestic Futures Price (Ex. Gin), April

Rs./Bale	Rs./Candy	USD Cent/lb
20330	42526	**83.43**

International Futures Price

NY ICE USD Cents/lb (May 2018)	79.64
ZCE Cotton: Yuan/MT (Jan 2018)	14,780
ZCE Cotton: USD Cents/lb	**90.73**
Cotlook A Index – Physical	**89.95**

Cotton guide: Proposed 25% tariffs on US cotton shipped to China would considerably impact the US cotton industry.

The repercussion was felt on Wednesday's trading session. Cotton price across future contracts declined sharply from 82.50 cents to 78.60 cents per pound and the same is seen trading below 80 cents on Thursday's early Asian trading session.

The trading volumes were considerably higher above 90K contracts at ICE platform. This is certainly higher in last few months and approximately 2.50 times of average daily volume witnessed in last one month.

From the technical perspective the pattern has damaged.

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It has breached a critical support of 81 cents and hovering below the same indicating the very short term trend may remain under stress unless it again goes above 81 cents. From the chart front we now see a trading range of 78 to 81 cents in the near term for May contract expiry.

From the domestic front there has been lot of activity. The spot price continued to trade steady near Rs. 40,900 to Rs. 41,000 per candy ex-gin which approximately 80.25 cents in parity.

However, the future price on Wednesday corrected sharply to make an intraday low of Rs. 20150 per bale and ended the session lower at Rs. 20330 down by Rs. 280 from the previous close. In parity term domestic future after a massive correction maintain at 83.50 cents. Nonetheless, there is still a difference of more than 3.50 cents between the spot and future contract in India.

We believe if the ICE cotton continues to hold onto the weaker side of the market then the fall in the domestic future market cannot be ruled out and by which the spread between the aforementioned variables could narrow down.

Further adding technical to domestic future contract Rs.20100 remains a very strong support level while a break down below the same might spoil the work and pull the price further down towards Rs. 19900 per bale. For today the trading range would be Rs. 20150 to Rs. 20490 per bale.

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

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INTERNATIONAL NEWS

China Responds to US With $50 Billion Worth of New Tariffs of its Own—Including 25% on US Cotton

China has made its latest move in the ongoing tariff battle with the United States, announcing immediately after the U.S. tariff news Wednesday that it will slap 25 percent tariffs on $50 billion worth of American goods.

According to a statement from China's Ministry of Commerce Wednesday, the U.S. isn't playing fair in its effort to establish fair trade.

"The U.S. measures violated the rules of the World Trade Organization and seriously violated China's legitimate rights and interests and threatened the development interests of our country," the ministry said in a translated statement.

As such, China will levy a new 25 percent tariff on 106 items from the U.S.

The move, according to the ministry, "is a just act to defend [China's] legitimate rights and interests and safeguard the multilateral trading system. It is a legitimate measure that conforms to the basic principles of international law."

China's new tariff list largely focuses on soybeans, automobiles and chemicals, but uncombed cotton and cotton linters will face the 25 percent tariff—which means the textile industry won't come out entirely unscathed here—not to mention the setback it will face from the U.S. instituted tariffs, too.

On Tuesday, the U.S. released its list of 1,300 products from China that will also face new tariffs as high as 25 percent. And where the textile sector is concerned, much of the machinery used to facilitate textile manufacturing—like spinning machines, sewing machines and the machines that knit and weave—made the list.

What that's likely to mean for an already challenged U.S. manufacturing industry is that companies will now face steeper costs to import the machinery to fuel any kind of domestic apparel and textile production.

Those U.S.-based companies could go one of several ways in the face of the impending higher costs of doing business: eliminate jobs to make up the costs, opt out of any expansions they may have been planning, or give up on domestic manufacturing, looking instead to greater foreign imports.

Whichever path, the moves would run counter to what the Trump Administration has been purportedly looking to achieve with its America First agenda and bringing jobs back to the U.S.

The back-and-forth tariff threats don't bode well for relations between the U.S. and its largest trading partner either.

China's Vice Finance Minister Zhu Guangyao said during a press conference Wednesday that the U.S. should look to return to talks and handle trade in a more pragmatic way.

"The product lists have not come into effect yet. Now that the two sides have put issues onto the table, it's time for negotiations and cooperation," Xinhua news reported Zhu as saying.

"The prerequisite for negotiations and cooperation is mutual respect, not one side recklessly forcing conditions on the other."

Source: sourcingjournalonline.com- Apr 04, 2018

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Announcement on the Expropriation of Tariffs on Certain Imported Commodities Originating in the United States

Ministry of Commerce of the People's Republic of China Notice 2018 No. 34

On April 3, 2018, US time, the U.S. government announced that it would impose a 25% tariff on imported products originating in China, based on the results of unilateral investigation of 301 investigations, involving approximately 50 billion U.S. dollars of Chinese exports to the United States.

This measure of the United States clearly violates the relevant rules of the World Trade Organization and seriously violates China's legitimate rights and interests under the rules of the World Trade Organization and threatens the economic interests and safety of the Chinese side.

In order to safeguard China's legitimate rights and interests in violation of international obligations of the United States, the Chinese government will rely on laws and regulations of the Foreign Trade Law of the People's Republic of China and other fundamental principles of international law to produce soybeans and other agricultural products and automobiles originating in the United States.

The tariff rate for imported goods such as chemicals, airplanes, etc. shall be levied at a rate equal to 25%, involving about US$50 billion in China's imports from the United States in 2017. (See attachments)

The final measure and effective time will be announced separately.

Schedule: List of tariffs on the United States and Canada (106 items).pdf

Source: mofcom.gov.cn- Apr 04, 2018

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NCC: Tariffs would undermine US cotton trade with China

The National Cotton Council is concerned that China's announcement of significantly higher proposed tariffs on U.S. raw cotton shipped to that country would significantly harm the economic health of the U.S. cotton industry.

For the current 2017 crop year, China stands as the second largest export market with purchases of approximately 2.5 million bales of U.S. cotton.

"I cannot overstate the importance of China's market to U.S. cotton farmers and the importance of U.S. cotton in meeting the needs of China's textile industry," NCC Chairman Ron Craft said. "The cotton industries of the United States and China enjoy a healthy, mutually beneficial relationship."

According to the USDA Foreign Agriculture Service GAIN Report, cotton has been listed among multiple U.S. agricultural products that could potentially be hit with higher tariffs from China—specifically an in-quota tariff that would increase from one percent to 26 percent.

Following the announcement, the cotton market reacted accordingly—almost limit down on nearby contracts.

The GAIN Report noted that China's proposal of retaliatory tariffs on selected U.S. agricultural products is in response to the recent U.S. proposed tariffs on Chinese imports resulting from the Section 301 investigation into the forced transfer of U.S. technology and intellectual property.

Craft said the NCC strongly encourages the two governments to engage in immediate discussions "that can resolve trade tensions and preserve this long-term collaborative relationship. The U.S. cotton industry stands ready to assist the U.S. government and our trading partners in China to find a resolution to this damaging trade dispute."

Source: hpj.com- Apr 04, 2018

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UK Brand Claims its Jeans Will Last Half a Century

Thanks to Japanese selvedge denim and fiber reportedly stronger than cable steel, Half Century Jeans says its denim will last as long as its name suggests.

The sustainable fashion brand by U.K.-based designer Tom Cridland launched a Kickstarter campaign this week to help scale the durable denim line with a 50-year guarantee for both men and women. Backers of the campaign get a discount on the jeans, which are scheduled to ship May 31.

Half Century Jeans are built with a hybrid of long-lasting materials, spanning organic cotton Japanese selvedge denim, to Spectra fiber. The durable fiber, routinely used to produce ropes for extreme sports and make ballistic resistant vests, is said to be 15-times stronger than steel.

Additional features include double reinforced belt loops, a triple reinforced crotch seam and a 100 percent Italian leather brand patch.

"As consumers, we need to buy less and buy better, and to stop subscribing to the 'fast fashion' mentality that has become so prevalent," the company wrote on Kickstarter.

"Half Century Jeans are deeply personal. Unlike mass produced jeans that come with faux fading or holes, they are built to last your whole life and to look better with every day of further use."

The straight leg jeans are designed to look better with every wear. However, each pair is backed with a 50 Year Guarantee, meaning Tom Cridland will repair or replace the jean free of charge for five decades. Returned jeans will be repaired to sell second-hand, or recycled.

Tom Cridland is known for making long-term promises. The brand introduced the 30 Year Sweatshirt in 2015 and has expanded the concept with T-shirts, jackets and button-down shirts. Each item is backed with the company's signature 30 Year Guarantee.

Durable denim has been picking up traction of late. To celebrate its 50th anniversary, Cordura partnered with Artistic Milliners for a lifestyle collection of durable jeans.

Cordura denim is at least four times more resistant than traditional 100 percent cotton denim fabric.

The strong fiber showed its softer side with a second collection that featured Tencel blends.

Source: sourcingjournalonline.com- Apr 04, 2018

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China's Counterpunch to Trump's Tariffs Sparks Global Selloff

Tit-for-tat tariff threats from the United States and China ignited fears that a trade war is beginning between the world's two largest economies, lowering U.S. stock futures.

President Donald Trump pushed back against an escalation with the Asian superpower, saying on Twitter that "we are not in a trade war with China, that war was lost many years ago by the foolish, or incompetent, people who represented the U.S."

China on April 4, matching the scale of proposed U.S. tariffs announced the previous day, said it would levy an additional 25% on an estimated $50 billion of U.S. imports including soybeans, automobiles, chemicals and aircraft.

The step escalates the risk of a trade war between the world's two largest trading nations, with the Trump administration's latest offensive based on alleged infringements of intellectual property in China. While the dispute centers on the $375 billion goods trade imbalance in favor of China in 2017, the United States also is targeting high-tech sectors that Beijing sees as the future for its economy, prompting an angry reaction.

"China's response was tougher than what the market was expecting — investors didn't foresee the country levying additional tariffs on sensitive and important products such as soybeans and airplanes," said Gao Qi, Singapore-based strategist at Scotiabank. "Investors believe a trade war will hurt both countries and their economies eventually."

Beijing's proposed targets strike at the core of commercial relations between the countries, and at some of the most politically sensitive goods in core Trump constituencies. For example, China is the world's largest soybean importer and biggest buyer of U.S. soybeans in trade worth about $14 billion last year.

Both sides have calibrated their current actions around the figure of $50 billion worth of imports — the U.S. estimate of the annual damage to the domestic economy caused by China's intellectual-property infringements. That number accounts for about one-third of China's imports from the United States last year, versus less than one-tenth of China's exports to the United States, according to data from International Monetary Fund.

The implementation date of China's retaliatory tariffs depends on the outcome of bilateral negotiations, and the U.S. decisions, Deputy Finance Minister Zhu Guangyao, told reporters after a news conference in Beijing. "Now both sides have put up our lists. We believe both countries have the ability and wisdom to address the problem," Zhu said.

U.S. Commerce Secretary Wilbur Ross said China's response isn't expected to disrupt the U.S. economy. In an interview on CNBC on April 4, he said China's reaction "shouldn't surprise anyone" as it's proportionate to the U.S. action. China's tariffs amount to about 0.3 percentage point of U.S. gross domestic product, "so it's hardly a life-threatening activity," he said.

Ross said the United States isn't entering "World War III" and left the door open for a negotiated solution. "Even shooting wars end with negotiations," he said.

The U.S. list of planned charges on more than 1,300 product categories focused on China's industrial machinery and technology exports. China's envoy to the World Trade Organization, Zhang Xiangchen, called it "an intentional and gross violation of the WTO's fundamental principles of nondiscrimination and bound tariffs."

Industries including aerospace, information and communications technology, robotics and machinery were among those targeted by the U.S. Trade Representative on April 3. The agency said it chose products to minimize the impact on the U.S. economy and consumers.

Besides advanced technologies such as communication satellites, the U.S. list includes items ranging from various types of steel to television components, medical devices, dishwashers, snow blowers and even flame throwers.

Trumped-Up Tariffs

Industrial technology categories dominate the USTR's planned list of 1,333 tariff items.

"The U.S. list suggests that the government is targeting the 'Made in China 2025' initiative, while China's retaliation intends to bring Americans back to the negotiation table," Zhou Hao, an economist at Commerzbank AG in Singapore, said in an e-mail.

The release of the list by U.S. Trade Representative Robert Lighthizer leads into about a 60-day period when the public can provide feedback and the government holds hearings on the tariffs. The 25% tariffs come on top of any existing levies.

China's Made in China 2025 plan was announced in 2015, and highlighted 10 sectors for support on the way to China becoming an advanced manufacturing power, from information technology to robotics and aerospace. China also has a separate development strategy for artificial intelligence, published last year.

"The current tariff measures from both parties are very unlikely to be implemented," said Ren Qing, a partner at Global Law in Beijing who has advised the Chinese government on its response to the intellectual-property investigation. "People from American industries may exert pressure on the U.S. government and influence final policy implementation."

Source: ttnews.com- Apr 04, 2018

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Dragon's big push into South Asia: China to now develop industrial zone in Bangladesh

China is developing a 750-acre industrial park in Bangladesh which will largely be used by Chinese manufacturing firms, a Chinese official said on Wednesday, part of its push to expand links with South Asia and beyond.

State-run China Harbour Engineering Company will hold a 70 percent share in a joint venture being formed for the park with the Bangladesh Special Economic Zone Authority (BSEZA), Li Guangjun, the economic and commercial counsellor at the Chinese embassy in Dhaka, said.

"This is for the first time China has received such a facility from the Bangladesh government where Chinese investors will be able to set up industries, mainly manufacturing firms," Li told Reuters.

China is investing billions of dollars in building ports, power stations and roads in Sri Lanka, Bangladesh, Nepal and Pakistan as part of its Belt and Road Initiative to build trade and transport corridors across Asia and beyond.

The industrial park will be in Bangladesh's main port city of Chittagong and will take five years to become fully operational. Li said Chinese investment in Bangladesh would soon reach $10 billion, mainly focused on power, road and infrastructure projects.

Most financing for Chinese investment in Bangladesh comes through soft Chinese loans, with interest rates of 2 percent and repayment periods of 20 years.

In Sri Lanka, China has faced criticism for tough loan conditions which critics say has pushed the island nation into debt and forced it to hand over majority control of Hambantota port to China in an equity for debt swap. Li said the land acquisition process needed to be faster in Bangladesh for projects to reach completion.

Source: financialexpress.com- Apr 04, 2018

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Australia: Demand for Wool Remains High Even as Prices Climb

The market's appetite for wool is high, despite rising prices.

Australian Wool Innovation (AWI), not-for-profit company that invests in R&D and marketing to increase the long-term profitability of Australian woolgrowers, reported Tuesday that wool supply has increased 3 percent to 5 percent compared to last year.

The Australian Wool Exchange export results indicate that 5.3%, or 10.1 million kilograms, of greasy wool has been sold this season compared to last.

The robust supply should have kept wool prices at levels similar to last year, but AWI said prices have continued to climb.

"Although recent weeks have seen a less consistent and slightly more volatile market relative to recent months, there are some strong indications that the current price levels can be sustained and give a continued positive outlook for the industry," AWI wrote in the report.

China continues to be the biggest buyer of Australian wool. China increased its intake 6.1% this season, accounting for 74 percent of Australia's national clip, the report said. Czech Republic's consumption increased 26.9%, while Italy increased its intake 6.5%.

India and Korea have pulled back, but remain in the top five export destinations.

Wool prices in March 2018 were steady. The Eastern Market Indicator (EMI) monthly average finished at $17.82 per kilogram clean, a decline of 15 cents per kilogram clean since February.

AWI remains optimistic about rest of the selling season. "With recent export data and supply levels pointing in a positive direction for the woolgrower, the remaining three months will hopefully bring good results," AWI wrote.

Source: sourcingjournalonline.com - Apr 04, 2018

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US-China tariff war timing is uncertain

Threats by both the United States and China to impose 25 per cent tariffs on $US50 billion of goods each has fuelled financial market volatility as investors guess if the world's two largest economies are entering a trade war or simply posturing amid a high-stakes brinksmanship.

The proposed tariffs are not guaranteed to be implemented in the next few months as private US-China discussions continue, though tensions could escalate in mid-May when the US Treasury is due to recommend new rules to block Chinese takeovers of America's advanced-technology assets.

China retaliated to a planned 1300 US tariffs late on Wednesday by threatening import duties on an additional 106 American exports, including soybeans, Boeing aeroplanes, chemicals and cars produced in politically-sensitive agricultural and industrial regions which supported US President Donald Trump at the 2016 election.

US share markets plunged more than 1.5 per cent at the open of trade in New York (Thursday AEDT), before staging a remarkable rally to positive territory by the close. The broad US S&P 500 gained 1.16 per cent.

Investors took heart from realising that the final implementation of any tariffs by the US and China was still to be determined over coming weeks, after senior Trump officials tried to placate market fears.

The President's new top economic adviser, the pro-market Larry Kudlow, said the proposed US tariffs were a negotiating tactic in a carrot and stick approach to halting China's violation of US intellectual property rights.

Nevertheless, a defiant President Trump unleashed on Twitter, ridiculing criticisms that he had ignited a trade war.

"We are not in a trade war with China, that war was lost many years ago by the foolish, or incompetent, people who represented the US. Now we have a Trade Deficit of $500 Billion a year, with Intellectual Property Theft of another $300 Billion. We cannot let this continue."

He added: "When you're already $500 Billion DOWN, you can't lose!"

Talks ongoing

China's foreign ministry spokesman said that Beijing was "open to having dialogue and negotiation".

"In fact, China and the US have been in talks on the relevant issue. I am honest with you that in pursuing dialogue and consultation, China is 100 per cent sincere and has done enormous work.

"However, the US side has been missing one opportunity after another to properly resolve the relevant issue through talks."

Beyond Chinese tariffs of 15-25 per cent that begun on $US3 billion of US items on Monday in response to US steel and aluminium tariffs, Beijing has said it will wait to impose harsher tariffs on $US50 billion of items until the US acts.

The US will hold hearings on its proposed tariffs on May 15 and a deadline for final comments from companies is set for May 22.

US Commerce Secretary Wilbur Ross said the standoff could result in a negotiated outcome, but perhaps not by May.

"Even shooting wars end with negotiations," Mr Ross said on CNBC.

Headwind for Fed rate plans

China could be emboldened to take more strident actions when the US Treasury on May 21 suggests new investment restrictions against Chinese entities buying advanced tech assets on the "Made in China 2025" list such as aerospace, information and communication technology, robotics and machinery industries.

US Federal Reserve officials warned the uncertainty over trade policy could alter the Fed's plan to raise interest rates twice more this year after March's rate increase.

St Louis Fed president James Bullard said escalating trade tensions and the possibility of tariffs added more uncertainty to the economic outlook and could weigh down long-term government bond yields.

"Therefore that could feed back to policy and possibly keep [Fed] short rates lower than they otherwise would be as well," he said.

When US stocks initially plunged in morning trade Wednesday New York time, among the hardest hit were Boeing, auto makers Tesla, Ford, General Motors and industrial companies like Caterpillar which would suffer under Chinese tariffs. American soybean farmers also raised alarm bells and soybean futures lost 2 per cent.

Stocks later recovered as investors adjusted to the prospect of negotiations over coming weeks.

Bannon lobbies Trump to hold

Stifel's KBW managing director Brian Gardner said there was time for trade negotiations but it was being "lost in the noise of the day".

"For the markets, investors are rushing to move forward in what the cumulative effect could be if we go down this road," he said.

The US President's former chief strategist and unabashed economic nationalist, Steve Bannon, said "to hell with Wall Street if they don't like it".

"Ask the working people in Ohio, Pennsylvania and Michigan about Wall Street. Wall Street supported and cheered on the export of their jobs," Mr Bannon told Reuters.

"It's time somebody stood up to them and Donald Trump is the perfect guy."

"Trump is trying to protect the beating heart of American capitalism - our innovation."

Wang Shouwen, China's vice-minister of commerce, said China does not want a trade war because nobody would win.

"But if someone insists on fighting a trade war, we will be there," he said, according to the Financial Times.

Source: afr.com - Apr 05, 2018

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AfCTA: Facilitating free trade in Africa

When 44 African heads of state and governments gathered in Kigali, Rwanda, to ink a free trade pact for the continent, their triumph was tempered by the conspicuous absence of Nigeria and South Africa, the continent's biggest economies.

President Muhammadu Buhari's decision to pull back at the last minute "to consult with stakeholders" resonated around the world and focussed attention at home on Nigeria's place in continental commerce. The consensus today is that, though free trade is desirable, Nigeria should, however, position itself for maximum benefit before logging on to any new free trade pact.

Buhari has been praised by stakeholders, notably the organised private sector, for cancelling his trip to Kigali a day before the scheduled signing to give more room for consultations. This is a marked departure from past experience when critical sections of the polity were ignored, leaving uninformed civil servants to tie the economy through binding multilateral agreements.

The African Continental Free Trade Area agreement was signed by 44 of the 55 member nations of the African Union, with Nigeria and South Africa, the continent's two largest economies, demurring, along with eight others. It is the culmination of years of talks and negotiations to achieve the dream of African unity and a common market.

It aims to bring together 1.2 billion persons with combined Gross Domestic Product estimated at $2 trillion: designed to facilitate free movement of goods and services and remove tariffs on 90 per cent of goods, leaving 10 per cent of "sensitive items" to be negotiated at a later date. Also on the cards are eventual free movement of people, liberalisation of services, dismantling of

non-tariff barriers such as red tape and ultimately give birth to a single currency.

Ordinarily, any free trade arrangement should favour and be enthusiastically supported by Nigeria, given her unique advantages. Boasting the highest population estimated at 193 million and largest economy with GDP of $405.1 billion, 77 million identified as the current working population and the largest informal sector, youth population of over 90 million, a borderless African market should be a tantalisingly welcome prospect.

But our experience with the Economic Community of West African States trade pact and the World Trade Organisation, despite their potential, has not been pleasant, which compels caution as we contemplate AfCFTA.

Trade blocs, inter-governmental agreements that are components of regional inter-governmental organisations (in this case, the AU), seek to break down or reduce barriers to trade and commerce among member-states. Its benefits, say experts, include improved access to foreign direct investment, creation of jobs, improvement in competition, improved productivity and economies of scale. It drives down the cost of imports and enhances market efficiency.

Nigeria should, however, focus on ameliorating the identified disadvantages before taking another plunge. For instance, while trading blocs favour its participants, they tend to disfavour multilateralism through erection of tariff and quota barriers against non-members, promoting, according to the Atlas of Global Inequality, regionalism instead of global integration. Loss of sovereignty is also an issue.

Experts recall how the EU started as a trading bloc in 1957 but has grown to a political confederacy with binding legislation on human rights, environment and immigration. Concessions could also allow market dominance by stronger nations within the region and make some countries more dependent on others.

Even UNCTAD, a promoter of free trade, has published studies showing how unprepared nations often suffer from free trade arrangements. Nigeria, with its weak industrial base, is not benefitting from its hasty entry into the WTO and has been victimised by the ECOWAS Common External Tariff that confers preferential tariff on goods originating from member countries.

Reports by the Manufacturers Association of Nigeria indicate that goods from Asia, Europe and the Americas are imported, first, into West African countries, re-labelled as made in the ECOWAS states, and then brought into Nigeria, thereby depriving the country of customs revenue, crippling local industries and taking away jobs from our youths. Because Nigeria has failed to build a vibrant manufacturing economy mass producing goods for the region, Asian countries, especially, have turned Nigeria into a dumping ground. The debacle is of our own making, the result of incompetence by successive governments.

Nigeria should get serious; AfCFTA is an ideal it should eventually sign on to, but only after putting her house in order and, like more deliberate and serious governments, plan and faithfully execute development projects. China spent time reforming and positioning its economy for global competiveness for over three decades and did not join the WTO until it was ready in 2000.

India, despite its membership of WTO since 1995 and its predecessor, General Agreement on Trade and Tariffs since 1948, fiercely protected its textiles, steel and automobile industries, having wisely negotiated exemptions. Today, it is leveraging its position as the world's third largest exporter of textiles after China and the European Union and major exporter of steel, automobiles and IT software.

Nigeria needs to open up agriculture, mining, railways, ports, airports and downstream oil and gas to FDI and liberalise the operating business environment to become the major beneficiary of ECOWAS trade liberation and AfCFTA.

The power sector needs urgent reform and massive infusion of private investment to reuse available electricity power. The economy cannot fly, nor can Nigerian products ever compete in any transnational market when less than 5,000 megawatts is available for distribution and businesses incur over 40 per cent additional costs providing alternative power sources.

When the 36 states begin to operate as productive economic units instead of indolent cost centres and the full force of human and natural resources are unleashed, Nigeria will be the major beneficiary of regional and continental free trade agreements.

Those like former president, Olusegun Obasanjo, who canvass the immediate signing of AfCFTA forget that it was the unprofessional negotiating skills at play when the country ratified WTO pacts on his watch that triggered the final collapse of our local textile industry. Such missteps should not be repeated.

Source: punchng.com - Apr 05, 2018

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How is the China Textile trends are depleting ?

China is the undisputed giant in the field of textiles and apparel market since after 1980. China has contained 40% of market share in the worldwide textile market. Till 2017 China has done the export of $200 in the worldwide market.

There is low manufacturing cost, efficient workforce, low manufacturing cost etc reasons which are responsible for making China a no 1 giant to Indian Textiles. But from some time the condition of China is continually changing after since the 2008-09 slow down.

What are the major reasons of the downfall of the Chinese textile industry ? –

Growth of domestic demand –

The domestic demand of textile and apparel products is increasing at the speed rate of 15% and this growth is seemed to be increasing in the next upcoming years. If the demand of the domestic import will be increasing then it will definitely increase the pressure on the supply chain management system of China and it can definitely affect the export rate of the country. It can be daunting for the country economy and a growing opportunity of the competitor company.

High wage rate –

One of the major reasons of the growth of the Chinese economy is the low manufacturing cost and low per capita individual income.

But the increasing expected wage rate can make the opposite situation as well for the chinese economy. Due to low wage rate the interest of people is continually decreasing towards the manufacturing and production field and is increasing towards the other field.

Increasing focus towards the value added segments –

As the manufacturing rate and production cost will be rapidly increasing in the economy then it will be definitely shrink the margin value of the profit and other revenue models.

To remain competitive in the long run, they will definitely concentrate on the other alternative areas of technology and artificial intelligence and the export rate will shrink.

Relocating and outsourcing the manufacturing industry –

There are many asian countries like India and other neighbour countries where the manufacturing rates and costs are low.

China is predicted to make the official agreements with these countries to cover their manufacturing demand and supply management system and the profit margin of China in the international market will shrink.

Source: menafn.com - Apr 05, 2018

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Pakistan: FTA with China to hurt manufacturing sector: traders

Businessmen and investors expressing concerns over free trade agreement (FTA) with China, said it would badly hurt the manufacturing sector of Pakistan.

Addressing a ceremony on the completion of 10 years of trade with China's Shenghong Corporation and Pakistan's polyester yarn importer Asif Textile late Tuesday evening, Zahid Umer, senior member of Pak-China Business Council of the Federation of Pakistan Chambers of Commerce and Industry (FPCCI), said that there are talks of inclusion of 6,000 items in the duty-free import from China under the FTA, which will end Pakistani industry.

The industry has concerns over inclusion of 3,000 items in the duty-free list trade with China, he added.

Talking about the impact of China-Pakistan Economic Corridor (CPEC) on the

local industry, he said Pakistani traders and industrialists are more interested in buying real state in Gwadar and are concerned about prices of their plots only, not the industry.

Under CPEC, he said, very little contacts were made between people-to-people. "There is only government-to-government contact going on," he added. Zubair Motiwala, former president of the Karachi Chamber of Commerce and Industry (KCCI), said that there is more demand for polyester yarn in Pakistan than its current imports.

Pointing towards the local manufacturers, he said these people had suffered a lot in terms of tariff, taxes and other issues. "There is a scope for more polyester yarn exports," he added. "Human- and environment-friendly polyester yarn can be developed, which is needed in Pakistan," he said.

There is a limit of producing cotton; thus, more demand for the polyester products is felt, as it is artificial and its production could be increased.

Polyester is not only used in clothing, but could be used in dams and other building materials, he said.

Motiwala suggested the Chinese industrialists to provide training to high management, as well as labourers in Pakistan," he said, adding, "Skill development is required for labour, management and bosses."

Terry Miao of Shenghong Corporation said that they are one of the largest polyester yarn manufacturers and catered to the local industry of China.

He expressed the hope that their trade with the Pakistani partners continues beyond 30 to 40 years.

Source: thenews.com.pk- Apr 05, 2018

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Cotton prices increase in Brazilian market in March

Despite the slow pace of trades, cotton prices increased in the Brazilian market in March 2018. Between February 28 and March 29, the CEPEA/ESALQ cotton Index rose 6.6 per cent, closing at 3.0302 BRL per pound on March 29. The average price in March, at 2.9876 BRL per pound, is the highest since June 2011, when the average price was 3.1614 BRL per pound.

"The boost came from low supply, mainly of high quality (41-4 above) batches, as well as from the firm stand of active sellers, who claim most cotton has already been sold through contracts, Center for Advanced Studies on Applied Economics (CEPEA) said in its latest report on Brazilian cotton market.

The month also saw increase in freight values due to the difficulty in finding trucks as most of them were allocated to the transportation of grains.

In general, the batches available for sale in the market were small, due to low supply in the off-season period and the good exportation pace in the 2016-17 season. According to the Secretariat of Foreign Trade (Secex), between August 2017 and March 2018, Brazil exported 835,000 tons of cotton, registering a growth of 37.56 per cent compared to 607,000 tons shipped between August 2016 and July 2017.

During the month, some processors were interested in trading small volumes to replenish inventories, while others were working with the product previously purchased and, in light of the price rises, were not active in the spot market.

Growers, in turn, were focused on the soybean harvesting and the development of cotton crops, whose conditions were considered satisfactory in Mato Grosso and Bahia—the two main cotton growing regions in Brazil. Thus, only a few growers had cotton available for trading in the spot market, CEPEA said.

Source: fibre2fashion.com - Apr 04, 2018

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Pakistan: Textile policy 2014-19 fails to achieve goals

Aimed at doubling value addition from $1 billion per million bales to $2 billion per million bales during five years and double textile exports from $13.1 billion to $26 billion, besides facilitating investment of additional $5 billion in machinery and technology, the textile policy 2014-19 has remained fail to achieve desired targets.

This was stated by representatives of the Pakistan Textile Exporters Association, All Pakistan Textile Mills Association, Pakistan Hosiery Manufacturers Association, Pakistan Readymade Garments Manufacturers and Exporters Association, Towel Manufacturers Association, Pakistan Apparel Forum and other textile organisations.

They said that the policy failed to yield any fruitful outcome during this mentioned period in the policy due to lack of will and poor approach.

“Even the Economic Coordination Committee during the period could not succeed in qualifying for taking appropriate decisions for providing rewarding result to textile sector stakeholders. Except some proposals, any furtherance could not be achieved.”

Textile policy 2014-19 adopted a five-pronged strategy to make textile sector competitive and sustainable.

Budgetary support, drawback of local taxes and levies, easy finance, sales tax regime, duty free import of machinery, policy interventions, tariff rationalisation, fibre diversification, product diversification, small and medium enterprises development, enactment of domestic labour laws, revival of sick units, marketing strategies, technology up gradation, establishment of world textile centre and model cotton trading houses, revitalisation of projects like Pakistan Textile City, garment cities and capacity building of the Ministry and related organisations were the salient features of textile policy.

Ghulam Rabbani of the Pakistan Yarn Merchants Association, Rana Abdul Sattar of the Pakistan Cotton Ginners Association and other stakeholders were of the view that lack of determination of government's textile, commerce and finance custodians and failing in coordinating real stakeholders for a positive result had resulted in failure of desired goals given in five years policy.

"Textile policy 2014-19 could not be implemented in its true spirit, and resultantly it could not meet even near to target objectives like last textile policy."

Textile sector provides employment to about 45 percent of industrial labour force, consumes more than 42 percent banking credit and accounts for more than 9 percent of Gross Domestic Products.

The roadmap for sector was approved by the ECC with a proposed total outlay of Rs 64 billion, comparing to Rs 188 billion in the previous policy.

Among other segments, policy also proposed increasing focus on small and medium enterprises sector. It was also proposed in policy to increase exports and fully utilise potential of textile sector.

Source: dailytimes.com.pk - Apr 05, 2018

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Vietnam: FTAs help garment-textile firms diversify export markets

Free trade agreements (FTAs) that Vietnam has signed and is going to sign have helped local firms diversity their export markets, according to Chairman of the Vietnam Textile and Apparel Association Vu Duc Giang.

He said Vietnam is exporting garment-textiles to the US, the European Union (EU), Japan and the Republic of Korea.

Apart from those traditional markets, Vietnamese firms are pushing exports to new markets such as China and Russia, with export turnover projected to exceed 2 billion USD and about 500 million USD in 2018 in each of the countries respectively.

Most domestic garment-textile businesses have received orders for the second and third quarters of 2018, he added.

The garment-textile sector has exported more than 3 billion USD worth of yarn, nearly one billion USD worth of fabric and 400 million USD worth of garment accessories.

Particularly, the fourth industrial revolution has changed the mindset of businesses in regards to technology investment, Giang said.

Garment-textile companies have paid more attention to developing human resources and using technology to create quality products.

The selection of high value production segments helps such as Original Design Manufacturing and Own Brand Manufacturing has helped Vietnam continue making differences in the global market, he said.

In addition to investment in new technology, some big enterprises such as Phong Phu Joint Stock Company and Garment-10 Joint Stock Company are seeking to export through online sales.

This is considered a cheap and quick way to send products to customers in foreign countries, according to Doan Anh Dao, a marketing and sales representative from Phong Phu Joint Stock Company.

In 2017, the garment-textile sector raked in 31.2 billion USD from exports, a year-on-year rise of 10.23 percent.

In the year, Vietnam's garment-textile exports to major markets like the US, the EU, Japan, the Republic of Korea and Russia increased by 7.2 percent, 9.23 percent, 6.1 percent, 11.8 percent and 56 percent, respectively.

In the first quarter of 2018, the sector is expected to see export growth of nearly 7 percent. It targets 35 billion USD in export turnover by the end of this year.

Source: vietnamplus.vn - Apr 04, 2018

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Pakistan: Raw cotton worth $55m exported in 8 months

Raw cotton exports from the country during eight months of current financial year grew by 38pc as compared the exports of the corresponding period of last year. During the period from July-February, 2017-18, about 33,683 metric tons of raw cotton worth $55.551 million exported as compared the exports of 23,476 metric tons valuing $40.225 million of same period of last year.

According the data of Pakistan Bureau of Statistics exports of cotton yarn increased by 1.87 percent as about 332,325 metric tons of the cotton yarn worth $859.716 million exported as against the exports of 302,652 metric tons valuing $843.953 million of the same period of last year, the data reveled.

Meanwhile, country earned $1.391 billion by exporting about 1,380,282 thousand square meters of cotton cloth, which was recorded at 1,391,436 thousand square meters valuing $1.424 million in the corresponding period of last year, it added.

It may be recalled that textile group exports from the country grew by 7.17 percent during the period under review as textile products worth $8.793 billion were exported as against the exports of $8.205 billion of same period last year.

Meanwhile, country earned $274.407 million by exporting the other textile material as compared the exports of $266.022 million of same period last year.

Secretary Agriculture Muhammad Mahmood on Wednesday said cotton growing had been started in the province and the department was striving hard to achieve a target of cotton sowing on an area of six million acres.

Cotton growers were advised to sow cotton seed of approved varieties and the department had announced approved varieties for cotton cultivation, he said and added that due to hard work of the department and its initiatives cotton production increased up to 14 per cent during the financial year 2017-18 as compare to 2015-16.

He expressed these views while presiding over a meeting of cotton crop management unit here which was attended by Fatima Benish Sahi, Additional Secretary Agriculture (task force), Prof Dr Asif Ali, Vice Chancellor Muhammad Nawaz Sharif Agriculture University Multan, Dr Abid Mahmood, Director General Agriculture (Research), Dr Sageer Ahmad and others. The secretary said the department was acting on zero tolerance policy about fake pesticides and fertilizers sales.

Mahmood was of the view that cotton bumper crop during this financial year was a top priority of the government because the whole economy depended on its high production. He said the provincial government was also devising '2025 Cotton Mission' plan.

For immediate relief to cotton growers, the government was providing approved varieties of cotton seed up to 50 per cent subsidized rate and also providing subsidy voucher Rs700 per cotton bag to core area of cotton growers.

He said cotton high yield seed production Rs350.889 million was being spent on 'Commissioned Research Programme' and for white-fly control, the government was spending Rs39.612 million to provide genetic modified varieties of cotton crop.

Source: nation.com.pk - Apr 05, 2018

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Hyosung to Make Foray into Fabric Market in Indonesia

Hyosung will make a full-scale foray into the Indonesian textile market where Muslims account for 87% of Indonesia's population.

Hyosung announced on April 4 that the company would begin to enter the local market as a global premium textile brand by participating in the Indo Intertex, a textile industry exhibition held in Jakarta, Indonesia from April 4 to 7.

Hyosung showcased its yarn and fabrics used in premium garments, sports and leisure fashion items and active wear for Muslims in this exhibition by partnering with a local Indonesian brand.

Hyosung exhibited a premium denim fabric with Creora Fit Square, spandex for denims with global denim brand Lee Cooper and spandex creorafit square for denim. In addition, the company introduced Southeast Asian lingerie brand 'Sorella' and Creora Eco Soft-based lingerie and Muslim wear brand with Hyosung's spandex yarn to attract visitors.

Hyosung has been striving to raise consumers' awareness of the Creora brand by paying attention to growing demand for elastic, comfortable and light fabric for Muslim wear as 87% of Indonesia's population is Muslim. In addition, the company has been developing fabric and implementing collaborative marketing with local companies.

Indonesia, on the other hand, has a population of about 260 million which ranks fourth in the world. About half of the total population are 24 years old or younger and are sensitive to fashion and trends, and demand for foreign-made clothing is going upwards due to high economic growth.

The Indonesian textile market has huge growth potential as the Indonesian government is planning to grow the Indonesian textile industry by 5% to 6% annually in the future. Indonesia's apparel market is expected to reach about US$ 18 billion 2018 and grow 8.4% annually until 2021.

Source: businesskorea.co.kr Apr 05, 2018

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NATIONAL NEWS

US-China trade war: Scope for Indian oilseed meal, cotton, maize

The trade war between the US and China could provide opportunities for Indian oilseed meal, cotton and maize producers in the Asian country's market, according to companies and traders.

"If the export price remains competitive, a small window for agri-exports could open for Indian exporters of oilseed meals - soyameal - and mustard, cotton and maize," said Prerana Desai, head of research for Edelweiss Agri Value Chain Ltd.

"We have some stock and with China the largest consumer and importer, we have a market to tap."

China imposed new tariffs of up to 25% on 106 US products on Wednesday after earlier increasing tariffs on 128 US products, stepping up a trade war between the two largest economies. The US Trade Representative had announced a 25% tariff on 1,300 Chinese products.

India, the second-largest exporter of cotton after the US, can benefit, said traders and analysts. Of the 5 million bales of cotton imported by China, 40% was from the US, said industry experts.

"With China imposing 25% duty on cotton from the US, we can leverage our position. There is no duty on import of Indian cotton in China and hence we will be cheaper than US cotton," said Atul Ganatra, president of the Cotton Association of India. In the past, India exported over 40 lakh bales to China compared with the current figure of 6-7 lakh bales.

Anand Popat of the Saurashtra Ginners Association said Indian cotton was priced competitively compared with Australian and African cotton.

Ganatra said the US may look to buy textile goods from India as the duty it imposed on China garments was about 25%. "So for India, it is a win-win situation," he said.

Soyabean is another commodity that India would be able to supply to the Chinese market once it remove restrictions on Indian soyameal trade, companies said. Currently, the US meets 39% of China's total demand of 93.4 million tonnes of soyabean.

"It's a very good opportunity for Indian companies to export soyabean meal - used in livestock and poultry feed industry - to China. The Ministry of Commerce & Industry is taking up the issue with China to remove restrictions on Indian soymeal trade. Also, we see new markets in Japan, South Korea and Vietnam, where the Chinese were exporting in small quantities," said Davish Jain, chairman of the Soybean Processors Association of India.

Exporters of frozen buffalo meat see an opportunity of $4billion and more if China allows direct shipments, said Fauzan Alavi, spokesperson of the All India Meat & Livestock Exporters Association. India and China signed agreements twice to allow buffalo meat imports into China but the matter is still pending on the Chinese side.

"China is the biggest consumer of Indian buffalo meat, valued at close to $1.5 billion, which apparently is routed through Vietnam, eventually making it costly for the end user in China.

We can provide good quality, organic and competitively priced buffalo meat to Chinese citizens," added Alavi.

Source: economictimes.com - Apr 05, 2018

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GST portal glitches: Centre plans grievance redress mechanism

Opens window for taxpayers to claim stranded credit from pre-GST regime

The Ministry of Finance has decided to put in place an IT-Grievance Redressal Mechanism to address the difficulties faced by taxpayers on account of of technical glitches on the Goods and Services Tax portal.

An official statement said, “The GST Council has delegated powers to an IT Grievance Redressal Committee to approve and recommend to the GSTN (Goods and Services Tax Network) the steps to be taken to redress the grievance and provide relief to the taxpayer. The relief could be in the nature of allowing filing of any form or return prescribed in law or amending any form or return already filed.”

“However, where the problem relates to the individual taxpayer, due to localised issues such as non-availability of Internet connectivity or failure of power supply, this mechanism shall not be available,” the statement added.

According to the statement, taxpayers should make an application to the field officers or the nodal officers where there is a demonstrable glitch on the common portal in relation to an identified issue, due to which the due process could not be completed on the common portal.

The IT Grievance Redressal Committee would then examine and approve the solutions. The statement also said the Finance Ministry has opened the window for 17,573 taxpayers who may be able to avail of ₹2,582.98 crore as Central GST credit and ₹1,112.77 crore as State GST credit.

This has been made possible as those tax payers who could not complete the process of filing the TRAN-1 and GSTR 3B because of an IT-glitch would be allowed to complete the processes now.

The TRAN – 1 or Transfer – 1 form notes the balance of closing stock held by a business as on July 1, 2017 (last date of pre-GST regime). The TRAN -1 is elemental for claiming an Input Tax Credit on the old stock in the GST regime.

The TRAN-1 could be filed and revised once on the GST Portal till December 27, 2017. The revised deadline for filing the same is now April 30, 2018. The deadline for filing the GSTR 3B for these cases has been extended to May 31, 2018.

The Finance Ministry statement however noted that the last date for filing of TRAN 1 is not being extended in general and only the taxpayers, who have been identified in terms of the circular issued in this regard, shall be allowed to complete the process of filing TRAN-1.

Source: thehindubusinessline.com - Apr 05, 2018

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India-EU FTA: Officials to meet in Brussels next week

Senior officials of India and European Union (EU) will meet in Brussels next week to deliberate upon the long stalled negotiations for a proposed free trade agreement and update each other on their positions, a government official said.

"The meeting will take place on April 12 in Brussels. Both the sides would take stock of progress on the free trade pact," said the official, who did not wish to be named.

The meeting assumes significance as Commerce and Industry Minister Suresh Prabhu has recently indicated that negotiations on the agreement could resume soon.

A lot of things have changed since 2013 and now the time is right to resume the talks, the official added.

The negotiations for the pact have been held up since May 2013 and both the sides are yet to bridge substantial gaps on crucial issues.

Since June 2007, both the sides have completed 16 rounds of talks and five stock-taking meetings on the the proposed pact, officially dubbed as Bilateral Trade and Investment Agreement (BTIA).

The negotiations have witnessed many hurdles with both sides having major differences on key issues like intellectual property rights, duty cut in automobile and spirits, and liberal visa regime.

The two sides have to iron out differences related to movement of professionals.

Besides demanding significant duty cuts in automobiles, the EU wants tax reduction on wines, spirits and dairy products, and a strong intellectual property regime.

On the other hand, India is asking it be granted data secure nation status by the EU. The country is among the nations not considered as data secure by the EU.

The matter is crucial as it will have a bearing on Indian IT companies wanting market access.

Two-way trade between India and the EU dipped to US D 84.7 billion in 2016-17 from USD 88.58 billion in the previous fiscal.

Source: business-standard.com - Apr 05, 2018

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Trade deficit with India decreased in 2017; concerned over trade barriers: US

The trade deficit between India and the US dropped by almost six per cent in 2017 compared to the previous year, the US Trade Representative (USTR) has said, even as it continued to harp on issues such as market access and high tariffs on several American products being imported into India.

“The US goods trade deficit with India was USD 22.9 billion in 2017, a 5.9 per cent decrease (USD 1.4 billion) over 2016,” said the National Trade Estimate 2018 released by the USTR.

India is one of the few countries with which US’ trade deficit has decreased in the last one year.

US goods exports to India were USD 25.7 billion, up 18.7 per cent (USD 4.0 billion) from the previous year. The corresponding US imports from India were USD 48.6 billion, up 5.6 per cent. India was the US' 15th largest goods export market in 2017, the annual report said.

Similarly, US exports of services to India were an estimated USD 23.1 billion in 2017 and US imports were USD 28.7 billion. Sales of services in India by majority US-owned affiliates were USD 24.5 billion in 2015 (latest data available), while sales of services in the United States by majority India-owned firms were USD 14.7 billion, the voluminous report said.

US foreign direct investment (FDI) in India (stock) was USD 32.9 billion in 2016 (latest data available), a 10.0 per cent increase from 2015. US direct investment in India is led by prof., scientific, and tech. services, manufacturing, and wholesale trade, it said.

However, the Trump administration continued to harp India on a number of issues, including market access, high tariff and protection of intellectual property.

"In 2017, India implemented price controls on coronary stents and knee implants that do not fully differentiate for advanced technologies within a product class," it said.

National US companies have applied to withdraw technologically advanced products from the market, but the requests have been rejected, forcing the US to sell certain products at a loss. India has indicated it may apply similar price controls on additional medical devices, it said.

According to National Trade Estimate, India continues to maintain some of the highest average tariff rates worldwide. The large gap between India's WTO bound and applied tariff rates allows India to make frequent adjustments to the level of protection provided to domestic producers by modifying tariff rates, it said.

For example, in 2017 India increased tariffs on pulses from zero to 30 and 50 per cent. India also raised tariffs on certain high-tech information and communication technology products from zero to between 10 and 20 per cent. The US companies have raised significant concerns with these actions, it alleged.

"The United States continues to raise these concerns through bilateral engagement with the Indian government, including through the US-India Trade Policy Forum," the USTR said.

According to the report, the US has actively sought bilateral and multilateral opportunities to open India's market, and the government of India has pursued ongoing economic reform efforts. Nevertheless, US exporters continue to encounter tariff and nontariff barriers that impede imports of US products into India, it said.

Noting that India imposes onerous requirements on dairy imports, the report said India continues to require that dairy products be derived from animals which have never consumed any feeds containing internal organs, blood meal, or tissues of ruminant origin.

India has explained that its position is based on religious and cultural grounds, it said. This requirement, along with high tariff rates, continues to prevent market access for US milk and dairy product exports to India, one of the largest dairy markets in the world.

"In order to address India's religious and cultural concerns, in 2015, the US proposed a labelling solution to allow for consumer choice between dairy products derived from animals that have or have not consumed feeds with ruminant protein," the USTR said.

India has so far rejected that proposal, and the US continues to press India to provide access to the Indian dairy market, the report claimed. The US, it said, has raised concerns about India's sanitary and phytosanitary (SPS)-related trade restrictions in bilateral and multilateral fora including the TPF, the WTO SPS Committee, and Codex.

According to the report, the US continues to work with India to open market access for US poultry products into India consistent with the WTO ruling. Until then, the US considers the dispute unresolved, it said.

Observing that India maintains zero tolerance standards for certain plant quarantine pests, such as weed seeds and ergot, that are not based on risk assessments and result in blocked imports of US wheat and barley, the report said bilateral discussions to resolve these issues, including at the senior official level, have achieved little success to date.

Source: financialexpress.com - Apr 05, 2018

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Limited cash flow hits textile exports from region

Regional textile mills are losing on business triggering a drop in exports due to higher cost of operations and liquidity crunch.

Textile exports from the region have seen a drop of over 5 per cent for the past few months owning to limited cash flow and increased cost of operations.

"Power rate in the state is higher than Maharashtra and southern India giving manufacturers of that areas a competitive edge," said Rajesh Chordiya, a textile manufacturer from Indore who produces about 50 lakh metre of cloth per annum.

Local textile mills said the cost of production goes high every year because of regular rise in power tariffs and labour wages.Industrialists said other leading exporters get duty exemption for textile industries unlike India which leads to higher costing for Indian products.

Madhya Pradesh is the fifth largest cotton producing state in the country with the presence of over 50 textile mills and 200 ginning mills.According to Federation of Indian Export Organisations (FIEO) export scenario looks bleak and unlikely to bounce back in coming months.

FIEO president Ganesh Kumar Gupta said, "Fund flow is a big challenge for exporters as they have not received refunds under Goods and Services Tax since past several months.

Fresh export orders are not being singed up from foreign destinations. "The government has initiated the refund for exporters but still the process is slow. There are over 20 textile mills in Indore, Ujjain, Nagda and Khandwa, according to trade estimate.

Industry experts demanded that favourable trade policy for small and medium industries should be framed so that local industries can avail facilities.

They said in rival countries such as Bangladesh, Vietnam and China, governments give benefits to textile mills in the form of subsidy and power cost making their products competitive in the global market..

Source: nyoooz.com - Apr 04, 2018

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Labourers working in textile mkt implement hike in charges

While the textile traders' community is yet to come out of the impact of the goods and service tax (GST), the textile market labourers' union has decided to implement hike in charges for various works including cutting, folding and packaging works.

The Surat district textile marketing transport labour union has sent a detailed list of revised rates to all textile markets located at Ring Road, Salabatpura, Bombay market and Sahara Darwaja regarding the hike in the charges starting from 12 paise to Rs 15 in various categories of labour jobs including cutting, folding and packaging.

The union office-bearers have also decided to implement 20% hike in labour charges every year and have asked for cooperation from the market associations.

Talking to TOI, president of the labour union, Shaan Khan said, "The labour charges are prevalent from last many years and there was need for revision. Hence, we have decided to implement new rates applicable from April 1, 2018. Every year, we have decided to implement 20% hike in the prevalent rates."

Khan added, "The labourers working in the textile markets are not getting enough work due to decrease in business post-GST. As a result, they are unable to survive in such environment and need better rates."

Source: timesofindia.com- Apr 05, 2018

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Revealed: Why Shoppers Stop is shutting more stores

In a bid to improve its profitability, retail chain Shoppers Stop has shut at least five loss-making stores (across formats) in FY18, while it has re-sized a few. The company has been selling off loss-making businesses and shutting loss-making stores over the past couple of years to lower losses and bring down its debt. On April 2, Shoppers Stop shut one HomeStop store at E-city Mall, Coimbatore, as it failed to deliver on business and profitability. The store clocked sales of Rs 4.88 crore (0.12% of the company's turnover) in 2016-17.

On March 1, the company had closed another loss-making HomeStop store at Koramangala, Bengaluru, which had posted sales of Rs 2.05 crore in 2016-17 (0.05% of the company's turnover). With the closure of this store, the company now has 13 operational HomeStop stores, down from 16 at the end of last fiscal. Govind Shrikhande, chief executive officer, Shoppers Stop, had earlier said, "In FY18 the company would focus on consolidation and shutting down loss-making stores to improve its profitability. The company has already shut a few loss-making stores and re-sized a couple of its stores."

Experts said that the company's focus on right-sizing stores and shutting loss-making stores would help the company to improve its performance. Abneesh Roy, senior vice-president, institutional equities at Edelweiss Securities, said, "Shoppers Stop has restructured its store size and reduced wastage of space and unwanted assortments from a store, resulting in new store size of 45,000 sq ft from the earlier 55,000 sq ft. This will not only reduce the store launch time, but also prune rent per store, which is expected to significantly enhance probability."

In November the company had closed Shoppers Stop stores at Inorbit Mall in Pune and Nirmal Lifestyle-Mulund in Mumbai, due to their below par performance. In FY17, the store at Inorbit Mall in Pune recorded sales of Rs 24.91 crore (0.66% of the company's sales), while the store at Nirmal Lifestyle-Mulund in Mumbai posted revenues of Rs 16.67 crore (0.44%).

Before selling off its 51% stake to Future Retail in October 2017 for Rs 655 crore, the company had closed a Hypercity store at Inorbit Pune Mall (sales of Rs 13.27 crore in FY17). At the time of concluding the deal, Hypercity had 19 operational stores.

Post announcement of the company's Q3 financial results, Shirkhande had said that the company is focusing on reducing its debt from Rs 237 crore to Rs 40-50 crore by the end of the fourth quarter. The sale of Hypercity was a big step in its move towards shoring up its finances.

The company also exited Nuance Group India, the duty-free airport venture, and TimeZone Entertainment, the gaming business. Shrikhande said, "All these exits will reduce debt and stop losses and thereby completely change the balance sheet for the year FY18-19. Our tie-up with Amazon will start showing traction from Q4 of FY17-18.

The investment by Amazon.com NV Investment Holdings LLC, which is a foreign investment of `179.26 crore, was received and equity shares were allotted on January 12. This investment along-with our marketplace tie-up strengthens the company's Omni-channel strategy." Shoppers Stop reported a 13.8% decline in its net profit to Rs 16.34 crore in Q3FY18.

The sales of the company declined 4.7% to Rs 963.22 crore. Same-store-sales growth of the company was 1.4% in Q3FY18. The company reported an EBITDA of `79 crore, up 16% year-on-year. Roy of Edelweiss Securities said, "Shoppers Stop's omni channel strategy will receive a boost post tie-up with Amazon India and funds raised via the deal will be used to prune debt."

Shoppers Stop currently has 83 stores (including six airport stores) in 38 cities and operates more than 4.5 million square feet of space across formats. The company operates HomeStop and specialty stores such as Crossword, Mothercare, Estee Lauder, Clinique, Bobbi Brown and MAC.

Source: financialexpress.com- Apr 05, 2018

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Arvind launches ready-to-wear private label for men

The company plans to retail the 'Arvind Ready to Wear' collection in 127 cities, at its exclusive stores, and online on Amazon.in and nnnow.com

Textile-to-retail conglomerate Arvind today launched its ready-to-wear private label for men, and announced plans for expanding its retail footprint by adding 60 stores this fiscal year, a company executive said. The company plans to retail the 'Arvind Ready to Wear' collection in 127 cities, at its exclusive stores, and online on Amazon.in and nnnow.com.

J Suresh, managing director and chief executive officer of Arvind Lifestyle Brands while talking to PTI here said its retail stores will have a mix of 80 per cent of sales in fabrics, and the collaborative brands, while the rest is expected to come from its private label.

"Over time, we expect our brand sales to increase, as the company is looking to increase the overall play in the business-to-consumer segment," he said. Currently, Arvind produces about 50 million garments in a year, which is mainly for branded apparel, and exports.

"The strong growth trends in the men's ready to wear category coupled with the customers' need for comfortable, fashionable apparel, which delivers value has opened up a significant opportunity that we are addressing with Arvind - Ready to Wear," he added.

Suresh also indicated that the company is expanding its retail footprints with 60 more exclusive retail stores planned to be opened this year. The company has 150 stores at present, and is planning to add a 100 stores annually over the next three years.

Textiles and branded apparel accounts for about Rs 800 crore in revenues for the Rs 7,000-crore company at present. "We are looking to increase the revenues from fabrics and ready-to-wear to Rs 1,000 crore in two years," said Suresh. Arvind offers over 15 global brands and retail formats across various apparel and fashion categories in the country at present.

Source: business-standard.com- Apr 04, 2018

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