TEXPROCIL NEWS CLIPPINGS
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IBTEX No. 249 of 2018 December 07, 2018

USD 70.57| EUR 80.20 | GBP 90.05 | JPY 0.62

Cotton Market

Spot Price (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
21035	44000	**79.65**
Domestic Futures Price (Ex. Gin), December		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
21900	45810	**82.93**

International Futures Price

NY ICE USD Cents/lb (Dec 2018)	79.08
ZCE Cotton: Yuan/MT (Jan 2019)	14,610
ZCE Cotton: USD Cents/lb	**82.40**
Cotlook A Index – Physical	**85.55**

Cotton Guide: COTTON FUTURES DAILY PRICE LIMIT REVERTS TO 3 CENTS PER POUND: Effective with the start of trading for Friday, December 7, 2018, the Daily Trading Limit for all Cotton No. 2 futures contract delivery months will revert to 3 cents per pound (300 points) above and below the prior day Settlement Price. The text of Cotton No. 2 Rule 10.09 can be found at: Link

Cotton futures settled lower across the board. March settled at 7908, down 207 points. The now expired Dec-18 settled at 7802, down 209 points. The other months settled from 53 to 183 points lower. Volume was 32,637 contracts. Cleared yesterday were 19,654 contracts. Markets in general were negative. US equities took a wild ride.

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First they dropped sharply then recovered all or most of their losses. At one point the Dow was down 784.85 points and finished down 79.40 points at 24,947.67. The NASDAQ had big losses, too, and it finished higher. By comparison grains had small losses at the lows and at the close.

At the heart of today's turmoil was the US-China trade war. Worries of additional tensions came with the arrest of China's Huawei Technologies' CFO Meng Wanzhou in Canada. Her arrest was at the request of the US Justice Department as part of an ongoing National Security investigation.

March traded in a 219 point range, from 7860 to 8079, making a new low for the week. Even so, March still has a 17 point gain on the week. So far this week's range has been 325 points, from 7860 to 8185. Mills were lightly active fixing on-call sales today. There were 441 EFPs that were likely tied to on-call fixations too. Spreads traded 7,088 times, about 52 percent of the volume. Differences added carry, just the opposite of yesterday.

March/May traded 3,934 times in a range of 89 to 124 points May premium and it settled at a 118 point May premium; the biggest May premium in 9 sessions. Yesterday's settlement was at 94 point May premiums, the smallest premium since it settled at 81 points on October 15th. Inputs are taken from Calcot Report.

On the domestic front, spot price traded steady around Rs. 44950 per candy ex-gin 80.70 US cents per lb at the prevailing exchange rate. Punjab J-34 is also higher at Rs. 4,423 per maund (75.65 cents per lb). Estimate of arrivals is 144,000 lint equivalent bales (170 kgs), including 40,000 in Gujarat, 36,000 in Maharashtra, and 23,000 in the Northern Zone.

On the futures front the December contract ended at Rs. 21790 down by Rs. 180 from the previous close. We think market might remain sideways to lower. The trading range for the day would be Rs. 21700 to Rs. 22000 per bale.

FX Guide:

Indian rupee has opened firmer by 0.45% to trade near 70.57 levels against the US dollar. Rupee strengthened amid weakness in crude oil price amid lack of OPEC deal on production cuts.

Brent crude trades weaker near $60 per barrel as OPEC members ended the meeting on Thursday without a deal on production cuts. OPEC and non-OPEC members will meet today to take a final decision on production cuts.

Comments from OPEC members indicate possibility of a 1 million barrel per day cut. Also supporting rupee is some stability in equity markets after recent sell-off. US equity market recovered from intraday lows yesterday amid Wall Street Journal report that Fed officials are considering whether to signal a new wait-and-see mentality after a likely rate increase at their meeting in December. The US dollar is also under pressure amid mixed economic data and concerns about inverting yield curve.

The 3-year bond yield was at a premium to 5-year yield for the third consecutive day. However, weighing on rupee is general weaker risk sentiment amid concerns about US-China trade deal and disappointment over RBI's decision to maintain calibrated tightening stance. Rupee may trade with a firm bias on weaker crude oil price. USDINR may trade in a range of 70.35-70.75 and bias may be on the downside.

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

NEWS CLIPPINGS

INTERNATIONAL NEWS

Bump in US Apparel Imports From China Continues, as Trade War Window Opens

U.S. apparel imports from China continued a comeback in October, rising for the second consecutive month after an extended slump in the midst of the U.S.-China trade war, which has seen tariffs imposed on both sides.

Apparel imports to the U.S. from China increased 19.3 percent to 1.33 billion square meter equivalents (SME) in October compared to a year earlier and were up 13.9 percent in value terms to $3.13 billion, according to the Commerce Department's Office of Textiles & Apparel (OTEXA).

Trade experts had expected China to rise out of a prolonged decline as companies turned back to their most reliable supplier for key fourth quarter merchandise. And because certain Chinese imports were already facing 10 percent tariffs—not to mention the threat of an additional 25 percent tariff that could include apparel—trade experts felt a good window existed to pump out holiday merchandise from the country.

Particularly considering the previously slated Jan. 1 increase has been put off for another 90 days amid an apparent truce on trade between Trump and China.

"President Trump's trade war with China and the threat of even higher tariffs in 2019 have created a mini-boom in imports and businesses have rushed to bring goods into the country ahead of the tariffs," said Ben Hackett, founder of consultancy Hackett Associates. "We are clearly in a politically motivated trade environment."

With the U.S. economy doing well and forecasts for strong holiday sales on the horizon, U.S. imports of apparel from around the world rose 14.5 percent to 2.85 billion SME.

The National Retail Federation has forecast holiday sales excluding automobiles, restaurants and gasoline stations–will increase between 4.3 percent and 4.8 percent over last year.

Virtually all suppliers saw strong gains in shipments in the month. Among the major Asian countries, imports from Vietnam jumped 16.9 percent to $1.33 billion, and Cambodia increased by the same percentage, with goods bound for the U.S. reaching $246.27 million in value.

Bangladesh's shipments rose 14.9 percent to $478.2 million and Pakistan's were up 25.3 percent to $138.68 million. There were also notable gains from the Philippines, with imports rising 11.1 percent to $91.78 million, and South Korea, which saw its shipments increase 20.2 percent to $23.76 million.

Among Western Hemisphere countries, imports from Central American Free Trade Agreement (CAFTA) participants Guatemala, El Salvador, Nicaragua and Honduras, all saw gains in the month from a year earlier.

Haiti's shipments were up 27.7 percent to $101.82 million and imports from Peru rose 15.3 percent to $65.41 million.

African countries continue to make their mark as sourcing options, too. Imports from Ethiopia jumped 149 percent in year over year comparisons, reaching $13.09 million, Madagascar's shipments increased 55.9 percent to $18.75 million and Kenya's rose 8.9 percent to $36.43 million.

The U.S. goods and services deficit was $55.5 billion in October, up $900 million from $54.6 billion in September, according to the U.S. Bureau of Economic Analysis.

The deficit with China increased $700 million to $38.2 billion in October. Exports decreased $2.6 billion to $7.6 billion and imports fell $1.9 billion to $45.7 billion.

Source: sourcingjournal.com- Dec 06, 2018

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Hong Kong fears that Trump will end its special trading status

Hong Kong business groups are starting to worry that the Trump administration will open the door to ending the financial hub's preferential trade status, rendering it "just another Chinese city" as its government gets closer to Beijing.

The US-China Economic and Security Review Commission stoked fears last month with a recommendation that Congress re-assess Hong Kong's special trading status for some sensitive US technology imports. It said that Beijing's statements and legislative actions "continue to run counter to China's promise to uphold Hong Kong's autonomy".

If US President Donald Trump acts on the recommendation, it would only impact dual-use technology with consumer and military applications - such as carbon fibre used to make both golf clubs and missile components - that represent about 2 per cent of US exports to Hong Kong. But the blow to the city's image may be irreparable.

"It would have a ripple effect - the door would be open and it might not close," said Felix Chung, who represents the textile and garments industries as a pro-establishment member of Hong Kong's legislature. "The Western community would look at Hong Kong with different eyes, and may not even trust Hong Kong. The business sector cannot take this kind of risk."

Under the terms of the United States-Hong Kong Policy Act of 1992, the US agreed to treat the former British colony as fully autonomous for trade and economic matters even after China took control in 1997. This means that Hong Kong is exempt from Mr Trump's punitive tariffs on China, and enjoys US support for its participation in international bodies such as the World Trade Organization (WTO).

While the US State Department said earlier this year that it sees no reason to scrap Hong Kong's special status, one clause in the law particularly worries the city's business elites: The US president can issue an executive order suspending privileges in a particular area if he determines that it is not sufficiently autonomous from Beijing.

"If it was the Obama administration, I wouldn't worry," Mr Chung said. "But because it's Trump, you never know what he's going to do."

The US Consulate in Hong Kong declined to comment when asked whether Mr Trump was considering any action against the city. It pointed to a statement last month from Consul General Kurt Tong, who said "we are quite focused on the importance of the 'one country, two systems' framework" that allows Hong Kong to maintain a distinct economic, legal and political system.

In its annual May report on the city's autonomy, the US consulate said that "certain actions" by China were inconsistent with its commitment to allow Hong Kong to exercise a high degree of self-governance. But it found that the city "generally" maintains a high degree of autonomy, "more than sufficient to justify continued special treatment".

So far, Hong Kong's government has dismissed concerns that the "one country, two systems" framework is under attack. Chief Executive Carrie Lam last month cautioned the US to "think twice" before changing Hong Kong's status and harming its own interests. She also borrowed a phrase from Beijing, accusing the US commission of seeing things through a "coloured lens".

Asked about the US trade privileges in the legislature on Wednesday, Commerce Secretary Edward Yau downplayed the commission report and said that Hong Kong "will continue to maintain our robust trade control system" to prevent unauthorised exports to the mainland.

He said that Hong Kong would "always respect, abide by and uphold 'one country, two systems'," calling it the "cornerstone" of the city's economic success. Hong Kong's status as a separate customs territory from China is set out in the city's charter, he said.

The US has a substantial interest in Hong Kong staying autonomous. Some 85,000 US citizens live in the city, and 1,400 US firms use the territory as a platform to do business in China. They prize the territory for its rule of law, free flow of capital, independent judiciary, access to information and protections of personal and press freedoms.

Still, Beijing-backed efforts to restrict dissent have fuelled concerns of China's growing influence. The commission's report cited a litany of examples, including Hong Kong's moves to ban pro-independence politicians and heed a request from mainland authorities to not hand over a fugitive to the US.

Jack Lange, chairman of the American Chamber of Commerce in Hong Kong, called on the Hong Kong administration to "engage" with the US to ensure that sensitive technologies do not end up in China, given the city's increasing economic integration with the mainland.

"People are concerned about the autonomy issues and the consequences that could come out of them," he said. Still, he added, Hong Kong citizens enjoy substantial liberties. "Nobody has any problem googling anything they want in Hong Kong. That's not true across the border."

Source: businesstimes.com.sg- Dec 07, 2018

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USA: Air Freight gets lift from E-Commerce, as demand rises

Pushed by cross border e-commerce demand, global air freight rose 3.1 percent in October from a year earlier, improving from a 29-month low of 2.5 percent growth in September, the International Air Transport Association (IATA) reported.

Freight capacity increased 5.4 percent year-on-year in October, the eighth month in a row that capacity growth outstripped demand.

However, the IATA said demand continues to be constrained by a reduction in shipments in all major exporting nations, longer supplier delivery times in Asia and Europe, and weakened consumer confidence.

“Cargo is a tough business, but we can be cautiously optimistic as we approach the end of 2018,” said Alexandre de Juniac, IATA’s director general and CEO. “Slow but steady growth continues despite trade tensions.

The growth of e-commerce is more than making up for sluggishness in more traditional markets, and yields are strengthening in the traditionally busy fourth quarter. We must be conscious of the economic headwinds, but the industry looks set to bring the year to a close on a positive note."

All regions reported year-on-year demand growth in October except Africa. Asia-Pacific airlines saw demand for air freight rise 1.9 percent in the month. Weak manufacturing conditions for exporters and longer supply lead times hurt demand, as companies were able to opt for cheaper but slower ocean freight. Capacity increased by 4.2 percent.

"As the largest freight-flying region, carrying more than one-third of the total, the risks from rising trade tensions are disproportionately high," IATA said.

North American airlines posted the fastest growth of any region in October, with an increase of 6.6 percent. Capacity increased by 8.2 percent year over year.

"The strength of the U.S economy and consumer spending have helped support the demand for air cargo over the past year, benefiting U.S. carriers," the report noted.

European airlines saw a 1.4 percent gain in freight demand in the month, as weaker manufacturing conditions for exporters deflated demand. Middle Eastern airlines' freight volumes grew 5 percent in the month, with capacity increasing 8.8 percent.

Air freight demand in Latin America rose 0.3 percent, as international demand declined 0.9 percent, marking the first contraction in 11 months. African carriers saw freight demand decrease 4.2 percent in October 2018, but IATA said, "seasonally-adjusted international freight volumes have stopped declining and recovered sharply in recent months."

Source: sourcingjournal.com- Dec 06, 2018

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The problem of Chinese cotton subsidies

China's subsidies in cotton and manmade fiber have created havoc. Chinese subsidies in 2018 represented nearly 72 per cent of all subsidies provided to cotton farmers worldwide.

Overproduction in China forced Turkey to spend badly needed funds to support cotton growers.

Even the African Franc Zone which is poverty stricken had to spend an estimated $81 million to promote cotton production.

Twenty-five million bales or more of cotton are produced annually because of the Chinese subsidies and if these subsidies did not exist global prices would have advanced and cotton prices would have been able to benefit from expanding cotton use as emerging market economies expand.

Instead growers outside of China suffered as China caused havoc with global supply and demand.

The US has failed to challenge China at the WTO on its cotton subsidy level. This appears tied to China's role as one of the largest cotton importers.

China is re-emerging as a major consumer of US cotton after years of stockpiling the fiber.

The world's most populous nation has purchased futures contracts covering more than 3,61,000 bales of US cotton for 2020. That is enough to make 400 million T-shirts.

China has never booked this much cotton so far in advance at this time of the year since 1998.

Source: fashionatingworld.com- Dec 06, 2018

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Sri Lanka looks to obtain GSP+ concessions on Indonesian fabric

As per Sri Lanka Apparel Exporters' Association (SLAEA) chairman Felix Fernando, Sri Lankan Embassy to the European Union (EU) in Brussels recently submitted a proposal to obtain GSP+ concessions on fabric imported from Indonesia.

Sri Lanka was hopeful that agreements to obtain GSP+ concessions for South Korean and Indonesian fabric could be signed by the end of 2018.

At the moment, apparel manufacturers could only get GSP+ concessions on fabric woven in Sri Lanka, the EU and SAARC countries.

According to the Central Bank, from January to September 2018, Sri Lanka imported textiles and textile articles worth $2 billion, up 4.7 per cent against the same period last year.

The country has a great opportunity to expand its apparel exports, as China is expected to leave a $50 billion vacuum in the global apparel market from next year.

According to Joint Apparel Association Forum data, apparel exports to China were worth $60.2 million, contributing to only 1 per cent of total apparel exports from Sri Lanka.

Exports to China in 2016 were $66 million.

Source: fashionatingworld.com- Dec 06, 2018

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Uzbek Govt not to deal with cotton production for 2-3 yrs

Uzbek President Shavkat Mirziyoyev recently said the state will stop handling cotton production for the next three years. The production will be handed over to clusters for generating profit, Mirziyoyev said during a visit to the Khorezm region in November end.

He had convened a meeting in September to accelerate clusters in cotton and textile sectors.

More than half of the districts growing cotton have been integrated into the cluster system, according to a news agency.

Source: fibre2fashion.com- Dec 07, 2018

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Bangladesh's NBR waives VAT on 4 services for RMG sector

Bangladesh’s National Board of Revenue recently exempted four services of the export-oriented readymade garment (RMG) sector from value-added tax (VAT). The services are expenditure for workers welfare and entertainment, laboratory test fee, information technology (IT)-enabled services and rent-a-car facility. VAT ranged from 5-15 per cent for the services.

The decision followed demands from the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) for VAT exemption for all types of services, according to Bangladesh media reports.

Excluding the four new services, apparel makers since 2005 have been enjoying 100 per cent VAT exemption for 13 types of services including supply of goods and services, security, transport contractors and port services, and partial exemption up to 80 per cent for another three types of services—electricity, water and natural gas bills.

Source: fibre2fashion.com- Dec 07, 2018

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Jordan PM lays foundation stone for Chinese textile factory

Jordan's Prime Minister, Omar Razzaz, on Thursday laid the cornerstone for a Chinese textile factory that will create hundreds of jobs in the south of Jordan, the state-run Petra news agency reported.

The factory, affiliated to the Jerash Holdings Company which was recently listed on Nasdaq Capital Market as the first Jordanian enterprise, is in line with Jordan's efforts to attract investors from across the world to create jobs and drive growth, Razzaz said at the event.

"The investment by Chinese investors shows their strong belief in the country and its economy," he added.

The factory, which will initially create around 500 jobs for the youth in Al Hasa area in the south of Jordan, will also help train young Jordanians on skills in textile industry.

At a later stage, as many as 1,000 jobs will be created.

For his part, the Chinese Ambassador to Jordan, Pan Weifang, said that the establishment of the project stands for the fruitful cooperations between China and Jordan.

Expressing China's confidence in the security and stability of the kingdom, Pan also stressed the commitment from his country to provide grants and investments to Jordan.

Choi Lin Hung, chairman of the board of the Jerash Holdings, said the opening of the new facility is an important milestone in the history of the company, which has started operations in Jordan since 2000.

Source: xinhuanet.com- Dec 07, 2018

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Kenya seeks to tap into China's industrial technology to boost exports

Kenya's business community is seeking to tap into China's industrial technology in order to boost its exports, officials said on Wednesday.

James Mureu, National Vice-Chairman of Kenya National Chamber of Commerce and Industry (KNCCI), told a business forum in Nairobi that local manufacturers are facing stiff competition from foreign industrialists leading to a stagnation of the sector.

"We are therefore keen for joint ventures with Chinese firms so that Kenya can benefit from advanced manufacturing technology that will make the country a major exporter of products," Mureu said during the first edition of the China Home Life Kenya Exhibition and Business to Business Forum.

Over 600 Chinese suppliers of home products such as consumer electronics, furniture, textile garments, lights and lamps from eight Chinese provinces in China are showcasing their products for three days.

The KNCCI has already signed a memorandum of understandings with four provincial chambers of commerce in China in order to boost bilateral commercial ties.

Oliver Konje, director of bilateral trade at the Ministry of Industry, Trade and Cooperatives said that the Chinese fair provides a very good platform for Kenyan buyers to network with Chinese suppliers.

"The interaction may culminate in joint ventures, which are significant in the expansion of trade and investment," Kiptoo said.

He revealed that Kenya's main exports to China were titanium ores, niobium, tantalum, tea, plastic waste, leather, sheep, lambskin and other oilseeds while top imports from China included telephone sets, non-electric rail locomotives, cars and automatic data processing machines.

The government official said that trade plays a significant role in both countries' growth and development through its linkages with all sectors of the economy.

Konje said that Kenya welcomes increased Chinese investments, especially in manufacturing and value addition.

“This will help bridge the wide trade deficit between the two countries and support the government’s big four agenda,” he added.

He observed that Kenya is working tirelessly on improving the investment environment in order to reduce the cost of doing business in the country.

Li Xuhang, Charge d’Affaires of the Chinese Embassy in Kenya said that the China Home Life Kenya Exhibition is not only a platform to promote the development of bilateral trade but also a bridge for communication and cooperation.

According to the envoy, the exhibitors are from the major economic and trade provinces in China that have their own characteristics in industrial development, which are highly complementary to Kenya.

“We hope that on this fair, participants will have in-depth and extensive exchanges, establish contacts and lay a foundation for future cooperation. At the same time, apart from commodity trade, we hope that participants from both sides pay more attention to industrial investment cooperation,” he added.

He noted that the Chinese government encourages Chinese enterprises to invest in Kenya, adding that as a gateway to East Africa, Kenya’s significant geographical advantages, stable political status, solid economic foundation and relatively superior business environment make it an attractive destination for Chinese investment.

Source: africa.cgtn.com- Dec 06, 2018

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Bangladesh exporters against port sharing

Apparel exporters in Bangladesh don't think sharing seaports with India is a good idea. They feel this will add to congestion. In Bangladesh, it takes about 45 days for execution of an export order, which is 10 to 12 days in China.

Due to congestion at the ports, sometimes garment exporters have to ship goods by air, which costs a huge amount of money.

Sometimes manufacturers have to offer a discount on price due to delay in shipment.

Bangladesh may allow India to use the Chattogram and Mongla seaports for transporting goods to and from its land-locked Northeastern states. This agreement is effective for five years with a provision of automatic renewal for another five years. But either country could pull out from the deal with a six-month notice.

There is a shortage of required equipment at Bangladesh's principal port to even handle the current export-import shipment.

Bangladesh's export earnings from the apparel sector in the last fiscal year were up by 8.76 per cent. In the first four months of the current fiscal year, Bangladesh exports earnings saw a sharp rise by over 20 per cent.

Meanwhile, Bangladesh's overall export earnings are up by about 5.8 per cent.

Source: fashionatingworld.com- Dec 06, 2018

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EVFTA will pave the way for a wider EU-Southeast Asia trade

The change of climate in Vietnam is causing its inhabitants to shift from agriculturally-rich Mekong Delta to urban areas. As recent government statistics reveals, over 1.7 million residents have relocated out of the vast expanse of fields, rivers and canals over the last 10 years. Adverse climate conditions such as extreme floods, cyclones, erosion, and land degradation are making natural resource-based livelihoods more difficult, further encouraging inhabitants to migrate.

The labor situation in the country's manufacturing sector is adding to its woes. Forced and child labor, gender discrimination, health and safety issues, wage theft, excessive working hours, and more egregious behavior is commonplace in a setting where demand increases pressure to make and ship goods quickly at the lowest prices.

EVFTA to eliminate custom duties on 99 per cent goods

The Vietnamese government, to tackle these, is setting up an equitable and sustainable response to climateEVFTA will pave the way for a wider EU Southeast Asia trade 001 change, by including environmental and worker rights stipulations in the EU-Vietnam Free Trade Agreement (EVFTA).

The EVFTA will bring considerable benefits to all trading parties as it will eliminate customs duties on over 99 per cent goods, increase investments from EU and pave the way for a wider EU-Southeast Asia trade deal.

The FTA emphasises on sustainable development, environmental protection and labor rights, requiring supply chains to establish and expose their practices in each of these areas. A primary chapter is dedicated to the labor and environmental matters relevant to trade relations between Vietnam and EU countries.

It outlines specific provisions to promote "mutual supportiveness between trade and investment, labor and environmental policies," according to the "Guide to the EU-Vietnam Free Trade Agreement," while also dictating that the anticipated boom in trade doesn't come at the expense of workers and the environment.

Agreement ensures compliance to labor regulations

Specific to climate change and environmental impacts, the FTA includes commitments for each party to implement additional multi-lateral environmental agreements. Companies participating in the EVFTA can mitigate risk and ensure their downstream suppliers are following all applicable safety and labor regulations by leveraging technology for traceability.

In the past, duplicative audits with multiple companies conducting the same audits on overlapping factories were a serious issue. It led to audit fatigue at the factory level, with often contradictory requirements leading to confusion during the audit. The advent of third-party and shared auditing has resolved many of these issues, with companies working together to resolve setbacks and mitigate risk without stepping on each other's toes or exposing sensitive information.

Building stronger relations through collaboration tools

Technology-based solutions help companies increase supplier collaboration and visibility, support greater supplier accountability, and provide a conduit for broader, proactive supplier management activities. The best technology solutions offer the functionality to fulfill the end-to-end, develop-to-shelf needs of both retailers and suppliers. Integration to external and third-party systems can push and pull information into a central repository to increase its value and preserve existing investments.

To ensure complete visibility and collaboration, technology should facilitate internal sourcing and compliance teams to work with factories, vendors and outside inspection teams to maintain strict adherence to the numerous performance standards, and subsequently build stronger relationships with each link in the supply chain through the collaboration tools on the platform.

Source: fashionatingworld.com- Dec 06, 2018

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Pakistan: Textile industry urged to avail ITMA platform for innovation

The All Pakistan Textile Mills Association (APTMA) Punjab Chairman Adil Bashir said Tuesday the reemerging textile industry of Pakistan has an opportunity in the shape of ITMA 2019 to avail opportunities future transformation of industry, adopting innovative and sustainable solutions across the entire value chain.

He was talking to a visiting delegation of ITMA Services, led by its Marketing Communications Department head Daphne Poon. ITMA is the world's largest textile and garment technology exhibition, to be held on 20-26 June 2019 in Barcelona, Spain.

Apart from showcasing the latest technology of textile industry right from spinning, weaving and processing to garmenting etc., the event would also provide knowledge and networking opportunity to the participants to understand and practice sustainable production initiatives including the challenges of the use of better cotton initiative and water and chemical management, i.e. zero discharge of hazardous chemicals (ZDHC). The event organizers have offered special package and facility for group participati9n in the ITMA 2019.

Chairman APTMA Punjab proposed the visiting delegation to introduce Pakistan as a reemerging textile industry in the exhibition. Senior Vice Chairman APTMA Punjab Rahim Nasir said Pakistan carries opportunities like GSP+ and China Pakistan Economic Corridor (CPEC) to attract investment in the textile industry from across the globe, including China.

He said the APTMA management was working with the government to solicit a policy enabling the industry for balancing, modernization and replacement of its existing technology and putting up greenfield projects to overcome structural imbalances as well as production of exportable surplus to regain its lost share in the international marketplace. Both the sides agreed to jointly promote Pakistan as a reemerging textile industry destination in ITMA 2019.

Source: fp.brecorder.com- Dec 06, 2018

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Uzbekistan, South Korea eye to co-op in textile industry

The Uztextileprom Association and the South Korean Techno Park Geoji Daedzhin will sign a memorandum of understanding on cooperation in the textile industry, Trend reports with reference to the association's press service. A certificate award ceremony will be held for industry professionals who successfully completed an internship in South Korea in November 2018.

According to the information, Uztextileprom Association, with the assistance of Geongei Daejin, organizes a business briefing on the implementation of the Uzbek-Korean textile technopark in Tashkent on December 6.

Cooperation between the parties enhances both the exchange of experience and the mobilization of additional resources. Technological experience of the Korean side will allow creating a universal textile infrastructure facility. It will become a platform for generating ideas, translating them into products that are competitive in the foreign market, as well as a platform for developing innovative textiles and training personnel in Uzbekistan.

In accordance with the resolution of Uzbek President dated February 7, 2017, the construction of the Uzbek-Korean technopark, funded by the South Korean government in the amount of $ 15 million, was started. Technopark will be located in the Yakkasaray district of Tashkent city, where they will train students and young scientists, as well as conduct state and international research programs.

Uzbekistan is the main trading partner of the Republic of Korea among the countries of Central Asia. Uzbekistan accounts for over half of the trade turnover of the Republic of Korea with the states of the region. In the January-July 2018, the trade turnover between Uzbekistan and South Korea amounted to $762.4 million.

Currently, there are more than 460 enterprises with participation of Korean capital in Uzbekistan (386 joint ventures and 75 enterprises with fully Korean capital). Representative offices of 75 South Korean companies are also accredited in Uzbekistan.

These enterprises successfully operate in the oil and gas, petrochemical and chemical, machine-building, electrical and textile industries, information and communication technologies, transport, logistics and tourism.

Representative offices of 75 companies of Korea are accredited in Uzbekistan. The main areas of their activity are oil and gas, petrochemical and chemical, mining, engineering, electrical engineering, textile, information and communication technologies, transport and logistics, tourism, production of building materials, as well as processing of agricultural products.

Source: azernews.az- Dec 06, 2018

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Robotics could be the next step in fashion industry

Automation and deskill are very helpful for apparel manufacturing, but robotics could be the next step in the industry, as per the head of Lever Style, a leading supplier of apparel. He added that artificial intelligence (AI) is getting more application into different levels of business, while internet of things (IoT) is getting popular in retail industry.

Technology will lead the change in this conventional industry through digitalisation in the near future, said Eddie Chan, CEO of Lever Style, while speaking to Fibre2Fashion. "Polarisation in the industry may result on further consolidation of the companies, horizontal and vertical integration and merger & acquisition activities may reduce the total number of suppliers in the supply market that may help change the current supply over demand phenomenon."

Lever Style, based in Hong Kong, is an apparel manufacturer and supplier, specialising in a wide range of garments including shirts, blouses, suits, pants, outerwear, cut-and-sew knitwear and denim.

Talking about the challenges faced by the fashion industry in Hong Kong, Chan said, "The size of the Hong Kong market is small, and therefore, fashion could mostly come up from international brands instead of domestic ones. If a Hong Kong designer gets popular in the international market, it might create a halo effect for the local fashion businesses."

Source: fibre2fashion.com- Dec 06, 2018

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NATIONAL NEWS

Weaving a new future for India's ailing textiles industry

The textiles sector in India, primarily dominated by the unorganised and small players, had taken a major hit with demonetisation and the implementation of the goods and services tax (GST). The sector appears to be finally recovering, as reflected by the improvement in the Index of Industrial Production (IIP) and exports data over the last few months.

The government has tried to support the domestic industry by increasing import duty on several textile items. However, there are some deep-rooted problems with the sector, and these need to be addressed to see any long-term sustainable revival in the sector.

At the same time, it is also disheartening to note that the Indian textiles industry—which is one of the oldest industries of the Indian economy—is finding it difficult to compete with much smaller players such as Bangladesh and Vietnam.

The textiles and apparels industry in India is valued at around $127 billion in size. The sector is a large foreign exchange earner, and is the second-largest employer (after the agricultural sector) in the country. In India, the sector enjoys the presence of the entire value chain—from fibre, yarn, fabric and apparel—apart from the availability of cheap and abundant labour.

However, in spite of these benefits, India's share in the global textiles exports is just 5%, which is minuscule as compared to China's share of 38%. Much smaller players like Bangladesh and Vietnam have a share of 3% in global exports and are increasingly threatening India's exports.

The exports from the sector are valued at around $37 billion, amounting to 13% of India's total exports. The share of textiles in India's total exports has fallen sharply—from a high of 25% in FY02.

The export growth from the textiles industry was expected to jump, with the abolition of the Multi Fibre Arrangement (MFA) in 2005-06, whereby developing countries were released from export quota requirements.

However, growth did not rise sharply, as the industry faced increased competition from low-cost producers like Vietnam and Bangladesh. The rise in labour cost in China could have been the perfect opportunity for India to increase its share in the global textiles industry.

But India's textiles industry has not been able to encash this opportunity, as the industry grapples with domestic issues including outdated technology, inflexible labour laws, infrastructure bottlenecks, and a fragmented nature of the industry.

In midst of the existing challenges, the industry also needs to gear up for the abolition of some of the existing export subsidies. According to the World Trade Organisation's Agreement on Subsidies and Countervailing Measures, a country needs to phase out export subsidies for a product as it achieves export competitiveness, defined as 3.25% share in world trade, and the per-capita income reaches more than $1,000 per annum.

As per this agreement, India is under pressure to end export subsidy for the textiles sector by 2018. This implies that the existing subsidy schemes—including the Merchandise Export from India Scheme (MEIS) and the Export Promotion Capital Goods (EPCG) Scheme—will get affected by the same.

There are a number of factors ailing the industry and the government needs to take multiple actions to revive the industry. To begin with, the government needs to move away from export-specific subsidy, which violates WTO norms, to focus on regional and cluster subsidies, technology upgradation and skill development subsidies, which benefit all the producers.

Fibre neutrality is another aspect that will give a boost to the industry. In India, cotton and manmade fibres (MMF) have differential tax treatment. It was expected that with the introduction of GST, the fibre neutrality aspect will be looked into, but the differential tax treatment continues, with cotton taxed at 5% and manmade fibres at 12%.

Globally, manmade textiles and garments are in high demand, with the ratio of cotton-to-manmade-fibre consumption at 30:70. India, despite being the second-largest textiles exporter in the world, lags in this category because of unavailability of manmade fibres at competitive prices.

In fact, of the total textiles and clothing exports from India, cotton accounts for around 75%. There is a need to align our production with the global consumption patterns.

While India has abundant supply of labour, flexibility in labour laws and adequate skilling will give a big boost to the textiles industry. For instance, women should be allowed to work in all three shifts, after taking into account adequate safeguard measures. This will enable the industry to employ more female workforce.

The textiles industry in India is mainly dominated by small scale and unorganised players—small and medium-sized enterprises (SMEs) make up around 80% of the industry. These SMEs find it difficult to manage the latest technology.

It is here that technology upgradation schemes will help Indian players to increase both their productivity and competitiveness. In addition, the government needs to carefully evaluate the various trade agreement opportunities—Bangladesh and Vietnam benefit from favourable access to some of the big apparel markets.

Lastly, the Indian textiles industry needs to move up the value chain. India has a high share in global export market in upstream products, such as fibre and yarn (14% each). However, India has a low share in value-added downstream segments.

India’s exports of apparels and fabrics have a share of around 3.5% each in world trade. Compare this to China’s share of 40% in the apparels segment, and even smaller players like Bangladesh and Vietnam have a higher share of 5.6% and 4.2%, respectively, in global apparels exports.

The textiles industry is important not just for labour absorption and as a source of foreign exchange, but also as a symbol of India’s rich heritage. We have the required ingredients in the form of raw material availability and abundant labour to make the industry a success story.

There is a need to work on correcting the challenges in the form of outdated technology, inflexible labour laws and infrastructure bottlenecks.

The government also needs to re-look at fibre neutrality and evaluate various trade agreement opportunities, while domestically focusing more on technology upgradation and skill development.

Source: financialexpress.com- Dec 07, 2018

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Powerloom sector urged to embrace modernisation

The powerloom sector can double the earnings over the next five years, if it focuses on value addition and modernisation, president of Tamil Nadu Powerloom Federation SSM Mathivanan said Thursday.

Delivering his address at a session on 'Challenges and Opportunities' during the textile fair WEAVES organised here by the Confederation of Indian Industry, Mathivanan said the country ships only 'grey fabrics' to China and Bangladesh which add more value to the grey fabrics and gain higher realisation in the international markets.

China was ranked first in terms of producing fabrics though it had lesser number of powerlooms than India which was ranked sixth, he said.

India has 50 lakh handlooms, over 25 lakh powerlooms, two lakh automatic looms. But, productivity is low, he said.

"One powerloom can produce 50 metres of fabrics a day but we (India) hardly produce 25 metres a day", he said.

If the industry takes measure to improve productivity and venture into value addition and modernisation, it does not have to turn back as the demand for fabrics is set to grow, he said.

Source: business-standard.com- Dec 06, 2018

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India's cotton output could drop to the lowest in 9 years

India could produce 32.5 million bales in the 2018/19 marketing year that began on 1 Oct - the lowest since 2009/10 - as farmers in Gujarat and Maharashtra are reporting poor yields

India's annual cotton output could drop 12% to the lowest in nine years as limited rainfall in the top two producing states has slashed crop yields, potentially cutting exports from the world's top producer, industry officials said.

Lower cotton shipments from India will allow rivals such as the United States, Brazil and Australia to increase cargoes to key Asian buyers such as China and Pakistan. It may also support global prices that have fallen 16% since hitting a four-year peak in June.

India could produce 32.5 million bales in the 2018/19 marketing year that began on 1 October - the lowest since 2009/10 - as farmers in the western states of Gujarat and Maharashtra are reporting poor yields, said Chirag Patel, chief executive at major exporter Jaydeep Cotton Fibres Pvt Ltd.

Rains in Gujarat and Maharashtra, which account for more than half of India's cotton production, were nearly a quarter below normal during the June-September monsoon season.

"Many farmers had to uproot plants after first cotton picking. There won't be a second or third picking like every year," Patel said.

India produced 37 million bales in 2017/18 and was expected to harvest 36.1 million bales this year, according to the state-run Cotton Advisory Board.

"Despite higher prices, supplies are not picking up. The crop is lower than estimated," Patel said.

New season cotton supplies usually start from October and peak in November and December. But spot supply in the past two months only reached around 7 million bales compared to 10 million bales a year ago, said Atul Ganatra, president of the Cotton Association of India (CAI).

Pink bollworms also hit plantation in Maharashtra, he said.

Indian farmers have adopted genetically-modified seeds known as Bt cotton that are resistant to bollworms, but it hasn't stopped the infestations. Pink bollworms consume the fibre and seeds inside a cotton plant's boll, or fruit, and yields fall.

Limited surplus

In June, traders were expecting India to export as much as 10 million bales amid strong demand from China due to the trade dispute between Beijing and Washington.

But smaller crop size will limit surplus for overseas sales and lift local prices, said Arun Sekhsaria, managing director of exporter D. D. Cotton.

"We could export 5 to 6 million bales. Export demand is likely to pick up in coming months as Indian cotton is cheaper than other origins," Sekhsaria said.

Indian cotton is being offered around 84 to 85 cents per lb, cost and freight, to buyers in Bangladesh and Vietnam, versus around 90 cents for those from the United Sates and Brazil, dealers said.

In the current season, traders have contracted to export around 2.5 million bales and have shipped around 1 million bales, said Ganatra of CAI.

Source: economictimes.com- Dec 06, 2018

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New Agri export policy gets Cabinet nod

Export restrictions to go on a variety of products; targets $60 billion by 2022

The Union Cabinet on Thursday cleared a new agriculture export policy, which aims to double agri exports from the country by 2022 by boosting infrastructure and removing export restrictions currently exist on a variety of commodities.

Announcing the decision, Union Commerce Minister Suresh Prabhu said the government has decided to remove export restrictions on most organic and processed agricultural products, barring commodities other than those identified as essential from the food security perspective such as onions. The idea is to give an assurance that organic or processed agriculture products will not be under any export restrictions such as export duty, export bans and quota restrictions.

He said that it was for the first time that India has gone for such a policy and it is line with the government's promise to doubling farmers' income by 2022. Better branding would be undertaken under the policy to promote exports.

The agri-related exports from the country this year is expected to be worth around $37 billion, which was $7 billion more than that in last the fiscal. "Considering that there was 20 per cent growth in exports has taken place this year, achieving $60 billion by 2022 would be possible. This would be further taken to $100 billion in the next few years thereafter, with a stable trade policy regime," Prabhu said.

Monitoring framework

The Cabinet has also approved the proposal for establishment of monitoring framework at Centre with Ministry of Commerce as the nodal department with representation from various line Ministries/Departments and Agencies and representatives of concerned State Governments, to oversee the implementation of agriculture export policy.

According to the Ministry, total outlay for the implementation of the policy would ₹1,400 crore, which exists already under different schemes. Besides, the Centre would work closely with the State governments to help them make good use of the policy.

The policy seeks to diversify the country export basket and destinations, by boosting high value and value- added agricultural exports, including focus on perishables. Currently, rice, meat and marine products account for more than 50 per cent of Indian agri exports.

Institutional mechanism

To achieve this, the government plans to provide an institutional mechanism that would pursue market access, tackle barriers and deal with sanitary and phytosanitary issues that come up from time to time.

The emphasis would also be given to promote the export of novel, indigenous, organic, ethnic, traditional and non-traditional agri products, the Minister said. .

Besides, putting in place adequate policy mechanism, it would seek to provide infrastructure and logistics support to exporters. The States would be urged their Agricultural Produce Market Committee acts and remove mandi taxes applicable on export-oriented goods.

On the infrastructure front, the government would identify ports that are handling agri exports.

Stress would be given to follow cluster-based models and efforts would be made to attract private investments into production and processing.

Source: thehindubusinessline.com- Dec 06, 2018

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Cotton prices on a high, but yield no cheer to growers in Telangana

Water shortage, pink bollworm attack have halved yield

A few workers at the market yard-cum-ginning mill in Bhuvanagiri town, about 50 km from Hyderabad, are waiting the arrival of cotton.

Two farmers bring in 15 quintals of the fiber crop in a tractor-trolley.

Then begins the task of weighing the commodity on the weigh bridge, unloading the produce at the yard 100 metres away, and completing the paper-work.

All this gets done in just under an hour, and the workers are left waiting for the next load to arrive.

"We used to have long queues of lorries waiting to be unloaded at the yard. As against 4,000-5,000 quintals of arrivals not so long ago, we are getting a few hundreds," an executive said.

Cotton farmers in Telangana are in a strange situation this year. The produce is getting ₹5,000 a quintal, the highest in the past few years. Earlier they used to get ₹3,000-4,000.

The market yards in the region are offering ₹5,150 to ₹5,450 .

Yet, this brings no cheer to farmers as they are not likely to recoup their investments. Initial estimates peg a 30-40 per cent loss in production. As against a target of 40.5 lakh bales, the State is expected to end the season with 26-28 lakh bales.

Erratic monsoon and attack of pink bollworm hit the crop badly.

"Yields have fallen significantly. In red soil stretches, yields have fallen by up to 60 per cent, while in black soil areas, it is a 50 per cent drop," Telangana Rythu Sangham leader S Malla Reddy told Business Line.

Against the an average yield of 8-10 quintals an acre, farmers have got 2-6 quintals depending on the availability of water and the intensity of the pink bollworm attack.

Poor yields have resulted in a reduction in cotton arrivals at ginning mills.

“It is estimated that there may be a drop in global production of cotton this year. This forecast has resulted in increased demand for the produce,” an official of the Marketing Department said.

This has led to the price topping the ₹5,000-mark for a quintal of cotton. “But we are not in a position to cash in on the high-price situation because of the poor yield,” said Mallanna, a 45-year-old farmer, who was at the yard to sell the produce.

Malla Reddy said the cost of inputs is going up by 10-15 per cent. “But the price of the output is not increasing proportionately. Their expenditure should be factored in while deciding the price,” he said.

Source: thehindubusinessline.com- Dec 06, 2018

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Govt urged to move quickly to halt drop in knitwear exports

Skill development, technology adoption and global trade practices are imperative for the weaving sector to achieve its full potential, observed the Chairman and Managing Director of Lakshmi Machine Works Sanjay Jayavarthanavelu.

Delivering the keynote address at the first edition of Weaves, a textile fair now under way at Texvalley, an integrated textile shopping mall in Erode, he pointed out that compared to spinning, the supply chain representing weaving, finishing and processing has a lot to catch up in terms of adopting standards, robustness and modernisation.

With the pace at which fashion is changing today, the lead time from farm-to-shop floor is drastically shrinking, forcing every stakeholder in the entire textile product value chain, including weavers, to become agile and respond quickly, the Managing Director of LMW said.

The four-day expo is to conclude on December 8. Organised by the Confederation of Indian Industry and Texvalley, the event is being conducted under the theme 'Global Connect for Weaving'.

Foreign participation

The fair has attracted over 250 exhibitors, including weavers, machinery manufacturers and fabric makers. Exhibitors and buyers from Sri Lanka, Bangladesh and Myanmar were also present.

The expo is expected to attract over 6,000 visitors and generate revenue of around ₹800 crore.

In his inaugural address, the Vice-Chairman of Apparel Export Promotion Council A Sakthivel said the State accounts for 60 per cent of export of yarn and fabrics and 85 per cent of knitwear. Tirupur knitwear cluster has, after over three decades of exporting knitwear garments, begun to show a negative growth in business and the industry is doing everything to make a come back.

The government should create a level playing field to help the industry compete in the global market effectively before further setback, he said.

Marketing support

The past Chairman of CII Erode zone C Devarajan said while weavers were doing remarkable work, they lacked marketing support. "There are a number of weaving clusters and each is unique in their own way. This expo, we perceive will bring the exhibitors here to limelight," he said.

The immediate past Chairman of PDEXCIL (Powerloom Development and Export Promotion Council) M Duraisamy said that the Council is keen to set up a CAD centre for the benefit of the weaving community.

Weaves featured the first of its kind Fashion Show this morning featuring the blend of rich tradition and modernity.

Source: thehindubusinessline.com- Dec 06, 2018

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Cotton dominates Indian textiles

Cotton plays an important role in the Indian economy as the country's textile industry is predominantly cotton based. India is one of the largest producers as well as exporters of cotton yarn.

Cotton yarn and fabric exports accounts for about 23 per cent of India's total textile and apparel exports.

During April-September 2018, exports of cotton yarn, cotton fabrics and cotton made-ups grew by 26.8 per cent year-on-year.

Various reputed foreign retailers and brands such as Carrefour, Gap, H&M, JC Penney, Levi Strauss, Macy's, Marks & Spencer, Metro, Nike, Reebok, Tommy Hilfiger and WaImart import Indian textile products.

Gujarat, Maharashtra, Telangana, Andhra Pradesh, Karnataka, Madhya Pradesh, Haryana, Rajasthan, and Punjab are the major cotton producers in India.

India's textile industry is expected to reach 223 billion dollars by 2021. The Indian textile industry is looking to complete its transition in the wake of demonetisation and GST.

Internal factors are improving, even as external factors are in favor of India. China is retreating from a large part of the textile value chain and that is expected to favor India.

On export front too, things are turning around. Exports of textile and apparel grew 38 per cent during October 2018 as compared to October 2017.

Over the same period apparel exports grew at a whopping 54 per cent.

Source: fashionatingworld.com- Dec 06, 2018

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Falling rates dash cotton growers' hopes again

Hopes of the region's have once again dipped. The initial spurt in of has receded bringing it down from a high to even below the minimum support price () level. Cotton is the primary crop of .

As local rates are driven by global trend, a costlier dollar against rupee had made cotton dearer in the region's . The surge was, however, short-lived. Both change in international factors and fall in demand at home has brought down the rates for cotton. This comes at a time when cotton output is down due to deficient rains. Last year, pink bollworm pest had damaged the crop and government had declared a compensation package.

After touching a high of Rs5,800 a quintal with hopes of crossing Rs6,000, the rates are back to Rs5,400 which is the MSP. In remote markets, the rates have gone below the MSP, said trade sources. In other pockets, the prices are too close to the MSP.

If the rates continue to remain below MSP, government is expected to intervene by purchasing the produce directly.

Suresh Kothari, a director in an agriculture produce marketing committee (APMC) at Hinganghat in Wardha district, said, "Despite a bullish international trend initially, certain domestic factors have brought the prices down."

There has been a fall in demand for fabric which is the final product made out of cotton. As a chain reaction, even rates of raw cotton have come down. Prices of lint, which is made by removing seed from raw cotton, have come down to Rs45,000 as against Rs48,000. This is mainly due to overall slump in the demand of yarn and fabric, he said.

Even at the current level, spinning mills, for whom lint is the raw material, are not finding it to be a viable proposition, said a source.

Kothari said even as large number of farmers are holding on to their produce, hoping for the rates to improve, there is not much in their hands. This is because the output itself is too less to have any major gains. The rates are expected to touch Rs6,000 in a month if the situation changes.

During start of the season, traders hoped that trade war between US and China would have benefited the domestic market. However, it had a reverse impact. China has slapped 25% duty on American cotton blocking its way into Chinese markets. This has led to the US cotton futures fall, in turn reducing the global rates also, said a trader in Mumbai. A truce is expected in the coming days which may improve the prices.

Meanwhile, farmers complained that rates are steadily falling. Kishore Tiwari, chairman of Vasantrao Naik Shetkari Swavalamban Mission, a state government think tank on agriculture, said the rates are being manipulated by traders. Government needs to intervene to prevent another year of crisis for cotton growers.

Source: enbulletin.com- Dec 06, 2018

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Indian silk exports touch $123.05 million between Apr-Sep 2018.

Exports of silk and silk products from India reached $255.93 million in 2017-18 and $123.05 million between Apr-Sep 2018. The silk products exported include: natural silk yarns, fabrics, made-ups, readymade garments, silk carpets and silk waste.

Silk readymade garments formed the largest share of exports at $81.63 million, followed by fabrics and madeups at $27.34 million and silk waste at $10.70 million. Other products made up the rest of export earnings. In FY 2017-18 top five importers of silk carpet were the US ($1.40 million), UAE ($0.95 million), Belgium ($0.13 million), Germany ($0.04 million) and Italy ($0.03 million).

Exports of silk waste stood at $15.69 million in 2017-18. India enjoys a unique global position in terms of production of all commercially useful varieties of silk. India is the second largest producer of silk. Sericulture provided employment to over 8.6 million people in India during 2017- 18.

Source: fashionatingworld.com- Dec 06, 2018

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Revised All Industry Duty Drawback (DBK) Rates Schedule (2018-19) notified by CBIC, applicable from 19 Dec. 2018

CBIC has notified the Revised All Industry Duty Drawback Rates Schedule for 2018-19 applicable w.e.f. 19 Dec. 2018, vide Notification No. 95/2018 Customs (NT) dt. 6 Dec. 2018, in respect of specified exports and subject to compliance with the procedural requirements notified from time to time, as under:

Revised All Industry Duty Drawback Rates Schedule applicable w.e.f. 19 Dec. 2018: CBIC Notification NO. 95/2018 Customs (NT) dt. 6 Dec. 2018

G.S.R. (E). – In exercise of the powers conferred by sub-section (2) of section 75 of the Customs Act, 1962 (52 of 1962) and sub-section (2) of section 37 of the Central Excise Act, 1944 (1 of 1944), read with rules 3 and 4 of the Customs and Central Excise Duties Drawback Rules, 2017 (hereinafter referred to as the said rules) and in supersession of the notification of the Government of India in the Ministry of Finance (Department of Revenue) No. 89/2017-Customs (N.T.) dated the 21st September, 2017 published vide number G.S.R. 1178(E), dated the 21st September, 2017, except as respect to things done or omitted to be done before such supersession, the Central Government hereby determines the rates of drawback as specified in the Schedule given below (hereinafter referred to as the said Schedule) subject to the following notes and conditions, namely :-

Notes and conditions. –

(1) The tariff items and descriptions of goods in the said Schedule are aligned with the tariff items and descriptions of goods in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975) at the four-digit level only. The descriptions of goods given at the six digit or eight digit in the said Schedule are in several cases not aligned with the descriptions of goods given in the First Schedule to the Customs Tariff Act, 1975.

(2) The general rules for the interpretation of the First Schedule to the Customs Tariff Act, 1975 shall, mutatis mutandis, apply for classifying the export goods listed in the said Schedule.

(3) Notwithstanding anything contained in the said Schedule, –

(i) all art-ware or handicraft items shall be classified under the heading of art-ware or handicraft (of constituent material) as mentioned in the relevant Chapters;

(ii) any identifiable ready to use machined part or component predominantly made of iron, steel or aluminium, made through casting or forging process, and not specifically mentioned at six digit level or more in Chapter 84 or 85 or 87, except those classifiable under heading 8432 or 8433 or 8436, may be classified under the relevant tariff item (depending upon material composition and making process) under heading 8487 or 8548 or 8708, as the case may be, irrespective of classification of such part or component at four digit level in Chapter 84 or 85 or 87 of the said Schedule;

(iii) the sports gloves mentioned below heading 4203 or 6116 or 6216 shall be classified in that heading and all other sports gloves shall be classified under heading 9506.

(4) The figures shown in column (4) in the said Schedule refer to the rate of drawback expressed as a percentage of the free on board value or the rate per unit quantity of the export goods, as the case may be.

(5) The figures shown in column (5) in the said Schedule refer to the maximum amount of drawback that can be availed of per unit specified in column (3).

(6) An export product accompanied with a tax invoice and forming part of project export (including turnkey export or supplies) for which no figure is shown in column (5) in the said Schedule, shall be so declared by the exporter and the maximum amount of drawback that can be availed under the said Schedule shall not exceed the amount calculated by applying ad-valorem rate of drawback shown in column (4) to one and half times the tax invoice value.

(7) The rates of drawback specified against the various tariff items in the said Schedule in specific terms or on ad valorem basis, unless otherwise specifically provided, are inclusive of drawback for packing materials used, if any.

(8) Drawback at the rates specified in the said Schedule shall be applicable only if the procedural requirements for claiming drawback as specified in

rule 12, 13 and 14 of the said rules, unless otherwise relaxed by the competent authority, are satisfied.

(9) The rates of drawback specified in the said Schedule shall not be applicable to export of a commodity or product if such commodity or product is –

(i) manufactured partly or wholly in a warehouse under section 65 of the Customs Act, 1962 (52 of 1962);

(ii) manufactured or exported in discharge of export obligation against an Advance Authorisation or Duty Free Import Authorisation issued under the Duty Exemption Scheme of the relevant Foreign Trade Policy :

Provided that where exports are made against Special Advance Authorisation issued under paragraph 4.04A of the Foreign Trade Policy 2015-20 in discharge of export obligations in terms of Notification No. 45/2016-Customs, dated 13th August, 2016, the rates of drawback specified in the said Schedule shall apply as if in the said Schedule, the entries in columns (4) and (5) against the Tariff items in the said Schedule below all Chapters, except Chapter 61 and 62, are NIL, and those in Chapters 61 and 62 are as specified in the Table annexed hereto;

(iii) manufactured or exported by a unit licensed as hundred per cent Export Oriented Unit in terms of the provisions of the relevant Foreign Trade Policy;
(iv) manufactured or exported by any of the units situated in Free Trade Zones or Export Processing Zones or Special Economic Zones;

(v) manufactured or exported availing the benefit of the notification No. 32/1997- Customs, dated 1st April, 1997.

(10) Whenever a composite article is exported for which any specific rate has not been provided in the said Schedule, the rates of drawback applicable to various constituent materials can be extended to the composite article according to net content of such materials on the basis of a self-declaration to be furnished by the exporter to this effect and in case of doubt or where there is any information contrary to the declarations, the proper officer of customs shall cause a verification of such declarations.

(11) The term „article of leather" in Chapter 42 of the said Schedule shall mean any article wherein (a) 60% or more of the outer visible surface area; or (b) 60% or more of the outer and inner surface area taken together, excluding shoulder straps or handles or fur skin trimming, if any, is of leather notwithstanding that such article is made of leather and any other material.

(12) The term "dyed", wherever used in the said Schedule in relation to textile materials, shall include yarn or piece dyed or predominantly printed or coloured in the body.

(13) The term "dyed" in relation to fabrics and yarn of cotton, shall include "bleached or mercerised or printed or melange".

(14) The term "dyed" in relation to textile materials in Chapters 54 and 55 shall include "printed or bleached or melange".

(15) In respect of the tariff items in Chapters 60, 61, 62 and 63 of the said Schedule, the blend containing cotton and man-made fibre shall mean that content of man-made fibre in it shall be more than 15% but less than 85% by weight and the blend containing wool and man-made fibre shall mean that content of man-made fibre in it shall be more than 15% but less than 85% by weight. The garment or made-up of cotton or wool or man-made fibre or silk shall mean that the content in it of the respective fibre is 85% or more by weight.

(16) The term "shirts" in relation to Chapters 61 and 62 of the said Schedule shall include "shirts with hood".

(17) In respect of the tariff items appearing in Chapter 64 of the said Schedule, leather shoes, boots or half boots for adult shall comprise the following sizes, namely : –

(i) French point or Paris point or Continental Size above 33;

(ii) English or UK adult size 1 and above; and

(iii) American or USA adult size 1 and above.

(18) In respect of the tariff items appearing in Chapter 64 of the said Schedule, leather shoes, boots or half boots for children shall comprise the following sizes, namely :-

(i) French point or Paris point or Continental Size upto 33;

(ii) English or UK children size upto 13; and

(iii) American or USA children size upto 13.

(19) The drawback rates specified in the said Schedule against tariff items 711301, 711302 and 711401 shall apply only to goods exported by airfreight, post parcel or authorised courier through the Custom Houses as specified in para 4.72 of the Hand Book of Procedures, 2015-2020 published vide Public Notice No. 1/2015-2020, dated the 1st April, 2015 of the Government of India in the Ministry of Commerce and Industry, after examination by the Customs Appraiser or Superintendent to ascertain the quality of gold or silver and the quantity of net content of gold or silver in the gold jewellery or silver jewellery or silver articles. The free on board value of any consignment through authorised courier shall not exceed rupees twenty lakhs.

(20) The drawback rates specified in the said Schedule against tariff items 711301, 711302 and 711401 shall not be applicable to goods manufactured or exported in discharge of export obligation against any Scheme of the relevant Foreign Trade Policy of the Government of India which provides for duty free import or replenishment or procurement from local sources of gold or silver.

(21) “Vehicles” of Chapter 87 of the said Schedule shall comprise completely built unit or completely knocked down (CKD) unit or semi knocked down (SKD) unit.

2. All claims for duty drawback at the rates of drawback notified herein shall be filed with reference to the tariff items and descriptions of goods shown in columns (1) and (2) of the said Schedule respectively. Where, in respect of the export product, the rate of drawback specified in the said Schedule is Nil or is not applicable, the rate of drawback may be fixed, on an application by an individual manufacturer or exporter in accordance with the said rules. Where the claim for duty drawback is filed with reference to tariff item of the said Schedule and it is for the rate of drawback specified herein, an

application, as referred under sub-rule (1) of rule 7 of the said rules shall not be admissible.

3. The amount referred in sub-rule (3) of rule 7 of the said rules, relating to provisional drawback amount as may be specified by the Central Government, shall be equivalent to the drawback rate and drawback cap shown in column (4) and (5) in the said Schedule for the tariff item corresponding to the export goods, if applicable, and determined as if it were a claim for duty drawback filed with reference to such rate and cap.

4. This notification shall come into force on the 19th day of December, 2018. (please refer above attachment for Schedule of All Industry Duty Drawback Rates applicable w.e.f. 19 Dec. 2018)

Source: caclub.in- Dec 06, 2018

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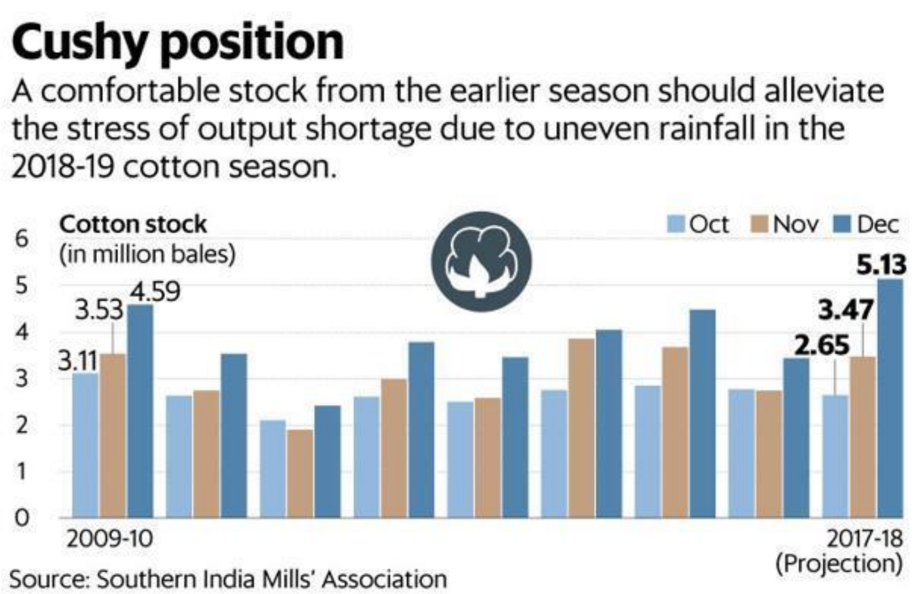
Why mills aren't worried about low cotton production yet



News reports that cotton crop yields will hit a three-year low in the October 2018-September 2019 season have set alarm bells ringing on the Street.

A low yield implies lower output and higher cost of production. This could raise cotton prices and put spinning mills in distress.

The moot question is how severe the impact on profits of spinning mills will be. Will they spin a woeful yarn with high input costs in the near future?

Estimates from the Cotton Advisory Board point to production of 36 million bales (one bale = 170kg) during the 2018-19 cotton season compared to 37 million bales in the previous year. Drought and uneven rainfall in Gujarat and Maharashtra is likely to pull down the average yield.

However, spinning mills do not look distraught, at least yet. According to K. Selvaraj, secretary general of the Southern India Mills' Association, "The situation is comfortable after the arrival of the initial crop in the market. Also, the last season ended with higher than normal cotton stock position that would act as a buffer for the current season."

So far, cotton prices have softened. After touching ₹136 per kg (Sankar-6 variety), the price has eased to ₹124 per kg. On the other hand, robust demand for yarn both in domestic and international markets has supported yarn prices.

A 35% jump expected in yarn exports between April and October from a year ago and a 25% growth in overall textile exports will bolster yarn prices in the near term.

Stable demand and production would kick in benefits of operating leverage too. This should help sustain operating margins if not improve them. That said, there are challenges of rising wage and interest costs.

In other words, lower cotton output may elevate prices at the end of the current cotton season. But, a stable demand for yarn will help minimize the impact on mills' profitability.

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