TEXTILE INTELLIGENCE CENTRE
iBtex.
INFORMATION BUREAU TEXPROCIL

TEXPROCIL NEWS CLIPPINGS

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. 119 of 2018 June 08, 2018

USD 67.49| EUR 79.66 | GBP 90.57 | JPY 0.62

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
21035	44000	**83.58**

Domestic Futures Price (Ex. Gin), June

Rs./Bale	Rs./Candy	USD Cent/lb
22710	47504	**90.23**

International Futures Price

NY ICE USD Cents/lb (July 2018)	93.72
ZCE Cotton: Yuan/MT (Jan 2019)	18,230
ZCE Cotton: USD Cents/lb	**109.72**
Cotlook A Index – Physical	**100. 7**

Cotton guide: Every time market makes a healthy price correction it quickly turns out to be positive. The ongoing bullish trend that was begun in mid-April is incessantly continuing until date. For quick reckoner ICE cotton has moved all the way from 78 cents to 97+ cents in last three months. We are still confident that the trend will continue to remain positive in the near term.

Few systemic risk related to crop is spiraling the concern. Like, drought kind situation in the US especially in West Texas region the largest cotton growing belt is likely to have adverse impact on the US cotton production in 2018-2019. For reference, as of 5th June about 99% of U.S. top growing region was in moderate to exceptional drought conditions vs. almost 100% week earlier. Area with severe to exceptional drought declined to about 84% from 89%. With the preemptive measure there has been robust buying by the trade participants across the globe.

On the far eastern side of the globe, the China is already facing several concerns related to crop damage on the standing crop amid hailstorm, excessive rainfall and unexpected change in the weather pattern.

This is keeping the entire global cotton market in a very dubious situation as the demand from China could be very high in 2018-2019 amid heavy imports. The cotton will have an imbalance crop in the coming season. Also there has been already expectation that the US ending stocks might be much lower than the USDA estimates. The US expects ending stocks to be around 4.8m bales vs. 5.2m in May. The similar kind of views holds true for most of the producing countries in the world. Besides, robust trading volume, highest open interests along with rise in price making cotton price to trade positive. The involvement of long only positions by the funds is holding cotton price to trade positive. We expect overall trend to remain positive.

On the trading front on Thursday, combined volume was 115,354 contracts out of those 82,632 contracts are from futures and 32,722 contracts in options. For reference, combined volume has only exceeded 100,000 contracts 11 times in cotton's history and 5 of those dates were in 2018. Good or bad, the speculators have invaded the market. The open interests is holding at record high of 0.322 million contracts.

Further, the Weekly CFTC On-Call Cotton Report for the week ended June 1st was released after the close. Total unfixed on-call sales were down 2,322 contracts to 161,758 contracts. That was the 2nd consecutive weekly drop below the all-time-ever record on-call sales of 164,837 contracts (as of May 18). July on-call sales were 34,650 contracts, down 6,849 contracts. July on-call sales a year ago were 24,560 contracts. Total on-call purchases were 41,143 contracts, down 1,399 contracts. July on-call purchases were 2,881 contracts, down 1,709 contracts. July on-call purchases a year ago were 2,874 contracts. Lastly on the technical front, cotton is holding at 94 cents and expects to trade on the positive trajectory. The trading range for the day would be 93.20 cents to 95 cents per pound.

Coming to domestic front, spot price of Shankar-6 traded at Rs. 44,500 per candy ex-gin and the arrivals stood at 38,200 lint equivalent bales. The data includes 14K in Gujarat, 12K in Maharastra and 7,500 in AP/TG. Therefore, the future contracts have moved higher. The June ended the session on a positive tone at Rs. 22,710 per bale while it made intraday high of Rs. 22900. We expect it to trade positive on today's trading session. The trading range for the day would be Rs. 22800 to Rs. 23100 per bale.

Currency Guide:

Indian rupee depreciated by 0.5% to trade near 67.48 levels against the US dollar. Rupee came under pressure amid recovery in crude oil price and choppiness in equity market. Crude oil recovered after testing the lowest level since April on concerns about Venezuelan supply and mixed signals from OPEC members regarding production hike. Risk sentiment weakened as market focus shifted to G7 meeting in Canada today. The US and allies are likely to discuss trade issues. The US has imposed import tariffs on aluminum and steel imports from Canada, Mexico and European Union. US allies have threatened retaliation against US decision. Rupee may remain under pressure on weaker risk sentiment. USDINR may trade in a range of 67.1-67.6 and bias may be on the upside..

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

NEWS CLIPPINGS

INTERNATIONAL NEWS

USA: Exports Reach Another Record as Trade Deficit Falls Again

The U.S. trade deficit in goods and services fell another 2.1 percent in April to $46.2 billion, its second straight monthly decline, according to trade statistics released by the Department of Commerce. Exports rose 0.3 percent to a record $211.2 billion while imports fell 0.2 percent to $257.4 billion.

For the year to date, the total deficit is up 11.5 percent from 2017 as an 8.1 percent rise in exports has been outpaced by an 8.7 percent increase in imports. A MarketWatch article notes that the deficit is "still on track to widen in 2018 to the highest level in a decade."

Country/region	Deficit	% Change	Surplus	% Change
China	$30.8 billion	-13.0		
European Union	$13.2 billion	+6.5		
Mexico	$6.0 billion	-14.3		
Japan	$5.9 billion	0		
Germany	$5.6 billion	+12.0		
Italy	$2.4 billion	+4.3		
India	$2.0 billion	+42.9		
Canada	$1.7 billion	+750		
France	$1.6 billion	+6.7		
South Korea	$1.3 billion	+8.3		
Taiwan	$1.1 billion	-18.2		
Saudi Arabia	$0.9 billion	+200		
South/Central America			$4.1 billion	+32.3
Hong Kong			$2.2 billion	-33.3
United Kingdom			$0.9 billion	-25.0
Singapore			$0.7 billion	+133.3
Brazil			$0.6 billion	-20.0

The deficit in goods trade fell 1.4 percent to $68.3 billion in April.

Imports of goods were down 0.3 percent to $209.5 billion, including decreases of $2.2 billion in cell phones and other household goods and $1.0 billion in passenger cars along with a $1.0 billion increase in crude oil.

Exports of goods grew 0.2 percent to $141.2 billion, including increases of $500 million in fuel oil and $300 million each in corn and soybeans along with a $2.8 billion decrease in civilian aircraft.

The services surplus was largely unchanged at $22.1 billion as imports rose 0.6 percent to $47.9 billion and exports moved ahead 0.4 percent to $70.0 billion.

Source: strtrade.com- June 08, 2018

HOME

****

China cotton imports to reach up to 3 million tons by 2019/20: trader

China is set to return as a major cotton importer, taking 10 million to 15 million bales (2 million to 3 million tonnes) each year by 2019/20, said Tim Bourgois, head of the cotton platform at major trading house Louis Dreyfus Company.

Imports are expected to be around 5 million bales in 2017/18, he told an industry conference in Harbin on Thursday.

The forecast comes after China's cotton industry association said earlier this week that Beijing would issue more import quota to boost overseas purchases.

Once the world's top cotton importer, China has seen its imports shrink from more than 5 million tonnes in 2011/12 to around 1 million tonnes last year, due to its efforts to reduce state stockpiles of the fiber.

Now, after several years of auctions to low state stocks and with demand improving, buyers are expected to return to the market to supplement a production deficit at home.

Domestic cotton usage is expected to increase by 1.5 million bales to 41.5 million bales in 2018/19, said Bourgois.

The group has lobbied the government to increase import quota to meet demand from textile companies, Gao Fang, executive vice-president, China Cotton Association, told Reuters.

Production growth in China has been lean due to limited farmland and high labor costs. Details on the timing and volume of quota were not known, Fang said, adding that the quota was mainly to meet higher demand. Market participants said this week the plan was also likely related to pressure from the United States for higher imports of American farm goods.

China has agreed to significantly increase its purchases of American goods and services, and cotton is one of the top agricultural exports of the United States. The industry is also lobbying for more cotton supplies amid a hike in prices that could drive more manufacturers to use cheaper manmade fibers instead.

Production of viscose staple fiber will increase further in 2018, pulling down prices, Zhu Beina, president of the China Cotton Textile Association said. The association expects the cotton textile sector to use 4 million tonnes of viscose fiber by 2019.

Source: reuters.com- June 07, 2018

HOME

****

Sri Lanka wants $500 mn apparel trade deal with India

Sri Lanka is reportedly hopeful of convincing India to remove the quota system for its apparel industry and instead wants a $500-million trade deal.

The two sides are at present discussing, under the Economic and Technological Cooperation Agreement (ETCA), the existing system that is limited to sale of eight million garment pieces annually worth $30 million.

Sri Lanka Apparel Exporters Association (SLAEA) chairman Felix Fernando told a top newspaper in Colombo that exhaustion of this year's quota is the reason why Sri Lanka has requested changes to the system.

Source: fibre2fashion.com- June 07, 2018

HOME

****

China's Imports Take a Big Drop in April, as Asian Rivals Take Market Share

In the midst of a war of words over trade that could lead to a real trade war, China's imports to the U.S. of textiles and apparel nosedived 10.9% to 2 billion square meter equivalents (SME) in April, maintaining its top spot of major suppliers, but losing market share to its Asian rivals, and even to Mexico and Canada

This didn't stop textile and apparel shipments to the U.S. from increasing 1.1% in April to 4.99 billion (SME) compared to a year earlier, led by major increases from Pakistan, Bangladesh, South Korea, India and Cambodia, according to the Commerce Department's Office of Textiles & Apparel (OTEXA). Textile imports rose 1.4% to 3.01 billion SME in the month, while apparel shipments coming into the U.S. grew 0.7% to 1.99 billion SME.

For the year to date, industry imports were up 5 percent to 20.57 billion SME. Textile shipments rose 7.7% to 12.04 billion SME and apparel imports increased 1.5% to 8.53 billion SME.

Pakistan's imports to the U.S. rose 23.2% to 217.7 million SME, South Korea's shipments increased 20.7% to 163.6 million SME and Bangladesh imports gained 20 percent to 221.3 million SME. Among the rest of the top 10 suppliers, India's imports were up 16.3% to 462 million SME, Vietnam's rose 7.7% to 437.7 million SME, Mexico's gained 8.2% to 219.2 million SME, Indonesia's advanced 6.8% to 150.3 million SME and Canada's rose 14.7% to 101.9 million SME.

In dollar terms, China's imports to the U.S. in April fell 12 percent to $2.3 billion, as industry imports overall rose 3.9% to $8.02 billion. Among the top 10 suppliers, India's imports rose 13.2% to $707.27 million, Pakistan's shipments increased 24.5% to $236.98 million, Bangladesh's grew 16.8% to $460.88 million, Vietnam's were up 6 percent to $978.22 million, South Korea's rose 6.8% to $73.54 million, Cambodia's increased 27.8% to $218.32 million and Indonesia's were up 11.3% to $426.48 million.

Among the U.S. partners in the North American Free Trade Agreement currently facing uncertainty over ongoing renegotiations, Mexico's imports rose 8 percent to $375.73 million and Canada's increased 25 percent to $118.37 million.

Egypt cracked the Top 10 with a 35.6% gain to $82.5 million.

The overall trade deficit in goods and services–the bugaboo of President Trump that has apparently led him to seek to impose punitive tariffs on China, Mexico, Canada, the European Union and others–fell $1 billion to $46.2 billion in April, according to the U.S. Bureau of Economic Analysis.

April exports were $211.2 billion, $600 million more than in March, and April imports were $257.4 billion, $400 billion less than the previous month.

Source: sourcingjournal.com- June 07, 2018

HOME

****

84 percent of knitting machines, 91 percent of shuttleless looms shipped to Asia

In 2017, of all new circular knitting machines , Asia received the highest share of shipments of 84 per cent, whereas global sales of electronic flat knitting machines soared by 44 per cent.

Global shipments of large circular knitting machines rose slightly by 0.12 percent. With 39 per cent of worldwide deliveries, China was the single largest investor. India and Vietnam rank second and third.

In 2017, worldwide shipments of shuttle-less looms increased by 12 per cent. The main destination of shipments of shuttle-less looms was Asia with 91 per cent of worldwide deliveries, of which 48 per cent were water-jet looms, 31 per cent rapier/projectile looms, and 28 per cent air-jet looms.

In the segment of fabrics continuous, shipments of mercerising-lines, singeing-lines, and stenters increased by 54 per cent, 11 per cent and two per cent. Deliveries in the other sub-segments decreased.

In the segment fabrics discontinuous, shipments of air-jet dyeing and overflow dyeing machines increased by 35 per cent and 72 per cent respectively whereas those of jigger dyeing/ beam dyeing machines fell by seven per cent.

Global shipments of single heater draw-texturing spindles decreased by 87 per cent. Shipments of double heater draw-texturing spindles increased by 27 per cent.

Source: fashionatingworld.com- June 07, 2018

HOME

****

US: How Lycra's Evolution Has Reshaped Performance Textiles

The original Lycra spandex has evolved to suit modern performance demands in the 60 years since the fiber was first introduced by Dupont.

Jean Hegedus, Apparel & Advanced Textiles' global segment leader for denim at Invista, the successor company to Dupont Textiles & Apparel, detailed Lycra's path and its latest incarnations at a seminar dubbed "High Stretch, Low Stretch, Bi-Stretch, Go Stretch" at the Kingpins New York show on Wednesday.

A key point in Lycra's evolution came in 2001 with the introduction of Lycra T400, multi-component yarn in which different polymers are joined together within each filament to form a stretch fiber with enhanced recovery and less shrinkage.

The original Lycra T400 fiber has been the building block for a number of the brand's top stretch denim concepts, including Lycra dualFX, XFIT, Beauty Tough Max technologies.

The T400 was developed using a comprehensive study that gave insight into the amount of stretch wearer's preferred and how the body reacts to prolonged wearing of a fabric, since fabric tends to slip and grow as it is worn.

"We found that 35 percent stretch was the sweet spot," Hegedus said, "It was all aimed at how do we improve performance and fool Mother Nature."

Lycra dualFx was developed to offer high stretch and lower growth, with high recovery. Lycra Beauty "took comfort and fit further" with a flattering shaping effect, Hegedus said.

The next big move was the development of bi-stretch, with Lycra in the warp and weft of the fabric. This led to the creation of Lycra XFIT, which uses patented technologies for producing denim with stretch in the fabric length which, when combined with the traditional weft-stretch process, provides a "360-degree" fabric flexibility. T400 fiber is woven into the fabric warp in a way that hides and protects it within the fabric, giving the fabric a flat, authentic denim look and feel, according to Hegedus.

The company recently developed Easy Set Lycra, which uses core-spun yarn that has moderate stretch and can be easier for mills to knit into fabric or garments. Then there was Lycra dualFX T400, which is a "high-stretch, bi-stretch for peak performance," Hegedus said.

The latest generation of the fiber is Lycra T400 EcoMade, which offers the same benefits of lasting comfort, fit and performance as the original, but with the value-added offer of sustainability. LYCRA T400 fiber with EcoMade technology is made in part from a combination of recycled materials such as PET bottles diverted from landfills and renewable plant-based materials. This innovation is meant to appeal to the aspect of the apparel value chain interested in developing more sustainable denim and woven collections.

To better brand the products and give consumers an understanding of the benefits, Hegedus said new hangtags have been created ahead of the fall retail launch of Lycra T400 with EcoMade. Invista is also working with stores to provide point-of-sale promotional materials.

"We're excited to introduce Lycra T400 EcoMade technology to show visitors," Hegedus said. "It can be paired with sustainable rigid fiber offerings such as BCI cotton, Tencel lyocell, or others, so brands and retailers can amplify their eco-friendly message to consumers."

Source: sourcingjournal.com- June 07, 2018

HOME

****

Egypt cotton exports up, domestic consumption down

The Egyptian cotton exports increased 50.6 per cent during the second quarter of the agriculture season for the year 2017-18, during the same period of the during the period between September 2017 and February 2018.

According to a report by the government-run Central Agency for Public Mobilisation and Statistics (CAPMAS), the total exports of Egyptian cotton reached 508,000 metric kantars during the period between September 2017 and February 2018, up from 337,000 kantars during the same period last year.

CAPMAS attributed the hike to the abundance of the ginned cotton crop.

A metric kantar is equivalent to 45 kilogrammes.

CAPMAS added that during the same quarter, the total amount of domestically consumed cotton reached 47,200 kantars, compared to 127,600 kantars last year, a 63 per cent decline caused by an increase in cheap cotton imports.

The amount of ginned cotton reached about 800,000 kantars between December 2017 and February 2018, compared to around 400,000 kantars in the same period of the previous season, marking a production increase of 107.6 per cent.

The Egyptian Ministry of Agriculture and Land Reclamation pointed to a significant increase of 500,000 acres in the size of the country's cotton cultivated area.

Source: fashionatingworld.com- June 07, 2018

HOME

****

UK: Growth expected in digital garment printing sector

The digital garment printing sector is growing at 30 per cent annually, and is expected to grow further as it has taken more of the smaller run screen print market following recent reductions in print costs and increased print speeds of some digital garment printing systems. Most of the digital garment print market is for direct retail, majorly e-retail.

New hybrid digital systems are one of the latest trends in textile printing. “In the digital garment printing sector, new hybrid digital systems provide extremely soft hand print results and are providing the combination of screen, digital, foil, flock and specialty inks all in one machine such as the new Adelco AD Hybrid printer and New Matrix Oval screen print machine combination,” Mark Smith, managing director, Adelco Screen Process told Fibre2Fashion in an interview.

Adelco is a UK based manufacturer of jet-air conveyor drying systems and oval automatic screen printing presses serving the international garment printing industry.

Talking about the company’s jet-air conveyor drying systems, he said, “Our conveyor drying systems have a complex and efficient high-velocity hot-air curing chamber and exhaust system. This is carefully balanced to ensure extremely stable temperatures and efficient exhaust of water and other chemical ink and pre-treatment systems. Our air and exhaust systems are unique and the result of extensive testing to work with the most difficult to cure digital garment printing systems.”

The company has also recently launched a new oval screen print machine called Matrix. It is fully modular and has a chainless pallet link system to ensure longevity and accuracy, added Smith.

Adelco manufactures eco-friendly dryers and has sustainable facilities that conform to CE, CSA, UL and RoHS. The company aims to increase its output speeds and reduce print costs in the near future.

Source: fibre2fashion.com- June 08, 2018

HOME

****

Egypt: Chinese textiles city's first phase will include 100 factories

Chinese companies negotiate with ACUD to acquire over 60 feddans of land for industrial activities

The first phase of the Chinese textiles city in the industrial city of Sadat will include about 100 factories, according to Han Bing, minister counsellor for economic affairs at the Chinese Embassy in Cairo.

Bing told Daily News Egypt that there are already 70 Chinese factories are operating in the first phase of the textile city and are expected to reach 100 by the end of the current year.

On the sidelines of the embassy's annual suhoor event, Bing pointed out that the first phase will be completed within a year, noting that the construction of the city has already begun.

Bing said he expects the second phase will include another 100 factories. He further said that he foresees several billions of dollars being directed to the industrial city.

Regarding Chinese investments in the New Administrative Capital, Bing said that the Chinese company, which is establishing the Central Business District (CBD), demanded the Administrative Capital for Urban Development (ACUD) company expand the size of the district.

"Chinese companies are negotiating with the ACUD to acquire lands for launching businesses in the industrial city inside the capital, however, they did not reach an agreement yet," Bing revealed, adding, "the industrial city is not finalised yet and I think once it is finished the vision will be clear for launching businesses."

He added that the area of land needed for launching the Chinese investments in the capital is estimated at more than 60 feddans.

Commenting on Chinese business delegations that will visit Egypt, he said that there are many delegations from many different sectors, mainly manufacturing, that will visit the country.

For his part, the Chinese ambassador to Cairo, Song Aiguo, said that the China International Import Expo, is expected to be held in November in China, with significant participation from the Egyptian side.

He added that Egypt is an important country in the Arab world and the African continent and the Chinese-Egyptian cooperation is an important part of the collective cooperation between his country and African countries.

“The eighth session of the ministerial meeting of the China-Arab States Cooperation Forum and the summit of the Forum on China-Africa Cooperation will be held in the middle of the current year and September next year respectively, ” the ambassador noted, adding, “Egypt belongs to among the developing countries and also has a significant development record similar to China’s. Since a long time, both sides have been working together to address challenges and bring forth joint development.”

Source: dailynewsegypt.com- June 08, 2018

HOME

****

UAE ranks 3rd largest country in terms of apparel and textile exports and is among the largest sector of the Middle East

The fashion industry in GCC states continues to maintain a positive momentum attributed to key factors in influencing the market like robust economic growth, rising purchasing power, growing population comprising a large proportion of expatriates, changing consumer patterns and increasing penetration of international retail players.

The Gulf is also gearing to host events such as the WORLD Expo 2020, leading to a growing influx of tourists and creating immense opportunities for existing and new retailers in the region.

Products are now launched in the Gulf at the same time as the West - to the minute including special lines for the Gulf customers in terms of sizes, cuts, shades and scents.

Retail Giants in the Middle East are looking for new suppliers to be at par with the global market.

Participate in UAE's exclusive sourcing fair for the apparel and textile industry and meet over 3000 boyers from across the GCC region.

Source: fashionunited.uk- June 07, 2018

HOME

****

Foreign demand rebounded Pakistan cotton yarn export prices continued to rise

In the past seven days (May 31 to June 6), cotton yarn prices in Pakistan rose again, cotton prices remained unchanged, and spinning profits increased again. At the same time, with the rise in international cotton prices, Pakistan's yarn export prices have also increased.

According to statistics, in the past seven days, the price of 30S cotton yarn in Pakistan's domestic Faisalabad market rose by Rs. 57, a rise of 3.30%. Spinning mills have low profit margins and insufficient yarn inventory provides strong support for cotton yarn prices.

Under the strong demand of the downstream textile companies, the price of Pakistani blended yarns also rose sharply, but the trading volume was slightly reduced.

Affected by the rebound in foreign demand, Pakistan's cotton yarn export prices have continued to rise and have risen by 3 cents/kg in the past seven days. It is worth noting that, in dollar terms, Pakistan's domestic yarn prices increased even more.

The price of 30S cotton yarn in Faisalabad market rose by 21.22%, which was 5.18% higher than the same period of last year.

The domestic yarn price in Pakistan was higher than the export price, and gross profit of domestic yarn suppliers increased significantly compared with the same period of last year.

In the past week, Pakistan's polyester staple fiber prices have been very stable. In the past three weeks, the benchmark 1.4D polyester staple fiber price has remained at Rs 169/kg, and no further increase is expected in the coming period.

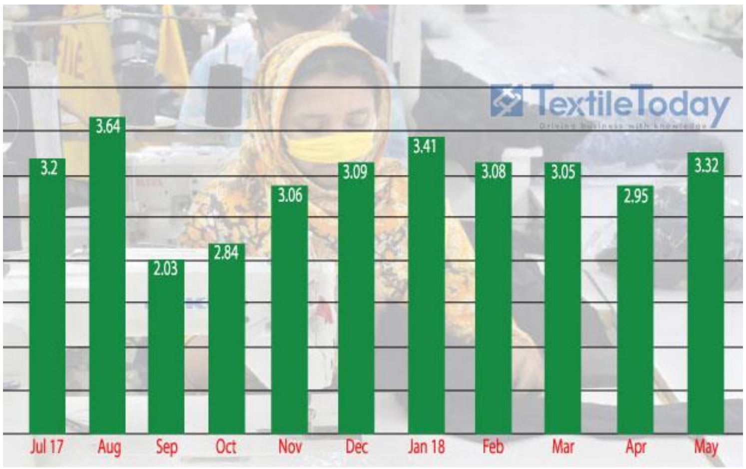
Source: westdollar.com- June 07, 2018

HOME

****

Bangladesh: Apparel exports raised 9.77 percent in first 11 months

Apparel exports increased 9.77 percent year-on-year to $28.12 billion in the first 11 months of the current Fiscal Year (FY) 2017-2018. Knitwear exports rose by 11.48 percent to $13.94 billion and woven garments exports were up by 8.15 percent to $14.18 billion.



According to the data from the Export Promotion Bureau (EPB), overall, exports rose 6.66 percent year-on-year to $33.72 billion in the July-May period. The earnings narrowly missed the periodic target of $33.87 billion.

"At the end of the year, we will be able to export more than the target set for the current fiscal year at $30.16 billion," said Siddiqur Rahman, President of Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

"The export growth in the apparel sector in June might be a little less, but it will grow more from July onwards as the manufacturers have a handful of work orders," he added.

In recent months, garment export to the US is declining as China, India and Vietnam are performing well to the US markets but the earning from garment export even crossed the 11 months' target at 3.24 percent to $27.24 billion.

“We are performing strongly in the new markets like in Japan, India, Russia, South Africa, and Australia and in Latin American markets,” said the leader of the apparel exporters’ body.

He also stated that “we need to modernize our machinery and production for more productivity to be more competitive in the global apparel markets.” “The country’s garment factories are full of orders from international retailers and brands, thanks to the massive progress in workplace safety carried out by the Accord, the Alliance, and the government,” he added.

According to the report of EPB for FY 2017-18 July-May, Cotton, cotton products, and yarn exports went up by 15.86 percent to $117.15 million, jute and jute goods fetched $966.90 million, up by 6.99 percent, home textile export rose by 11.67 percent to $823.00 million, leather and leather goods sector down 11.08 percent to $ $999.07million.

Source: textiletoday.com.bd- June 07, 2018

HOME

****

Cambodia wants a bigger presence in EAEU

Cambodia wants the Eurasian Economic Union (EAEU) to include more Cambodian products like garments, shoes, bicycles and sugar in its tariff scheme.

The EAEU is an economic bloc composed of Armenia, Belarus, Kazakhstan, Kyrgyzstan and Russia.

Cambodia and the EAEU have agreed to further cooperation in the industrial, agriculture and telecommunications sectors as well as enhance trade and investment, streamline customs procedures, and cooperate on setting industry standards, accreditation mechanisms and sanitary and phytosanitary requirements.

The EAEU has also accepted the Cambodian proposal to study the possibility of establishing a framework for the negotiation of a tree trade agreement in future.

Both parties have also agreed to jointly work on intellectual property issues, and explore the possibility of establishing a working group on digitalisation.

Cambodia seeks to gain preferential access to as many markets as possible, as well as sign free trade agreements with other nations and economic blocs.

Currently, the European Union takes 45 per cent of Cambodia's exports, the United States 25 per cent, and the resulting 30 per cent goes to the rest of the world.

Most exports to northern Eurasia are subject to import taxes. Right now, Cambodia has no trade preferences with the EAEU, which makes its products there less competitive.

Source: fashionatingworld.com- June 07, 2018

HOME

****

FIFA World Cup jerseys are from Bangladesh

Nearly 100 garment factories in Bangladesh are involved in manufacturing fan jerseys for the World Cup that kicks off on June 14 in Russia.

So far, nearly a billion dollars' worth of jerseys have been exported from Bangladesh.

In the first eleven months of the fiscal year, exports of knitwear grew more than those of woven garments because of higher shipments of jerseys. In the July-May period, knitwear exports rose 11.48 per cent and woven garment exports rose 8.15 per cent.

Fakir Apparels sent 50,000 pieces of jersey to a German buyer earlier this year. The fan jerseys were for Germany, Argentina and Brazil.

Apart from the World Cup, Fakir Apparels exports jerseys all the year round for different football clubs in Europe like Real Madrid and Barcelona.

The jerseys cannot be sold in the local markets as the fabrics are imported under a bonded warehouse facility.

A Chittagong-based factory also sent 30,000 pieces of jackets for players and supporters of Argentina, Mexico, Spain and Germany.

The players and coaching staff of the four countries will use the jackets during practice.

Bangladesh exported fan jerseys worth a billion dollars for all 32 nations participating in the 2018 FIFA World Cup in what can be viewed as an exciting opening for the country's garment exporters.

Source: fashionatingworld.com- June 07, 2018

HOME

****

Pakistan: Economy remains dismal as FDI stays out of reach without guaranteed rates of return

Nothing has changed much on the economic front after successful completion of two elected government tenures in Pakistan. The economy still does not attract foreign investors without guaranteed rates of return. Institutions instead of strengthening have deteriorated over time.

Pakistan's economy needs foreign direct investment in the manufacturing sector where the country has competitive advantage in global markets. For this, the new rulers would have to revisit regulatory procedures.

The planners should take cue from Bangladesh, Vietnam and Cambodia that mostly import yarn and fabric, but their textile exports are higher than Pakistan.

We produce both yarn and fabric, and still we cannot convert the fabric in to high value-added apparel. Pakistan’s yarn and fabric exports have declined in the past decade because of high prices.

Despite that our planners think that we can convert that expensive yarn and fabric into garments and boost our exports. Planners know that Pakistan has advantage in coarse cotton yarn, but the world has moved beyond cotton to blended yarn made from cotton and manmade fibre. The fabrics made from various blended yarns are used to produce very high value apparel. We do not produce most of these yarns so we do not export high value apparel.

The economic planners should broaden their vision and instead of protecting the domestic basic textile industry (that failed despite best incentives) they should ensure availability of high quality blended fabric and yarn for exporters so they manufacturer high value apparel for exports.

Since majority of apparel exporters are tiny firms exporting garments and knitwear ranging from $0.3 million to $1 million; they cannot fulfil the cumbersome procedure of importing inputs through DTRE.

The fabric and yarn import should be allowed duty free on bank guarantee that should be released automatically when apparel produced from these materials are exported and export proceeds realised.

There should be no bureaucratic hurdles in this regard. Value-added exports are only going to pick up if the apparel exporters have access to inputs at globally competitive rates.

Instead of continuing with fiscal incentives that are a risky and generally costly means of attracting foreign investment, the government should ensure level playing field for the foreign investors. In the current scenario, we are patronising foreign investors through guaranteed rates of returns and thus denying level playing field to the local investors.

Or we give guaranteed duty protection to the foreign investors for establishing raw material plants in the country. This is an absurd policy as the investor on getting duty protection against imports sells that raw material to Pakistani exporters at higher than the global rates.

This way we ensure stressing our export sector. One example in this regard is the PTA plant by a multi-national enterprise that kept the rates of man-made fibre much above the global rates. It has similarly impeded the ability of the local textile industry to keep pace in blended textile products for over a decade.

Foreign investors are attracted to commercially profitable and politically stable environments. Moreover, in the absence of regime credibility, foreign investors implicitly discount the value of these incentives because they doubt their fiscal sustainability. Fiscal incentives are also corruption-prone.

There is a need to streamline and clarify legal and regulatory codes by eliminating duplicate, superfluous laws that increase the cost of doing business and invite corruption.

Private property rights need to be accessible to all citizens clearly defined and strongly enforced.

Taxation systems need to be further reformed so that they are easy to comply with and discourage income concealment and encourage profitable economic activity. Labour laws need to be reformed to allow for more flexibility.

Lastly, quality-efficient and cost-effective infrastructure is essential for a democratic, market-based system. These include telecommunication and transport systems, which need to be provided so that informal entrepreneurs benefit by becoming formal.

Source: thenews.com.pk- June 08, 2018

HOME

****

World Bank: Pakistan growth expected to slow to 5% in 2019

The World Bank has forecast Pakistan's economic growth in next fiscal year to slow down owing to higher than expected oil prices.

Growth in the Pakistan economy is expected to slow to 5% in 2018-19 from expected growth of 5.8% in the outgoing fiscal year, reflecting tighter policies to improve macroeconomic stability, says the World Bank's Global Economic Prospects Report for 2018.

Pakistan's GDP growth rose in 2017-18, supported by infrastructure projects funded by the China-Pakistan Economic Corridor (CPEC), improvements in energy supply, and persistent private consumption growth.

The forecast for the next two years shows that growth in economy will remain at 5.4% in 2019-20 and 2020-21.

Growth in South Asia is projected to strengthen to 6.9% in 2018 and to 7.1% in 2019, mainly as factors holding back growth in India fade.

Growth in India is projected to advance 7.3% in 2018-19 and 7.5% in 2019-20, reflecting robust private consumption and strengthening investment.

Bangladesh is expected to accelerate to 6.7% in 2018-19.

The risks to South Asia outlook are titled to the downside, although upside surprises to global growth remain a possibility in the short-term.

These include domestic policy slippages, renewed security challenges, and natural disasters.

The outlook could also be adversely affected by external shocks such as an abrupt tightening of global financial conditions and escalating trade protectionism, even though the region is relatively less open to trade.

Since South Asia is net oil importer, a higher-than-expected rise in oil prices might amplify macroeconomic vulnerabilities and weigh on economic activity.

In a number of countries, a further deterioration in fiscal balances (India, Maldives, Pakistan, Sri Lanka), a continued buildup of debt, and widening current account deficits (Pakistan), present significant vulnerabilities to a tightening of domestic or external financing conditions.

Furthermore, a setback in the implementation of reforms to resolve weakening corporate and financial sector balance sheets could hold back the investment recovery currently underway and dampen credit growth in the region.

An increase in political uncertainty (Afghanistan, Bangladesh, Pakistan, Sri Lanka), and further deterioration in the security environment in some countries (Afghanistan) might dampen confidence and set back growth.

In recent years, the number of people and geographical areas affected by natural disasters such as drought, floods, and earthquakes has risen in the region.

A rise in the prevalence of natural disasters, including those caused by climate change, could disrupt infrastructure, agricultural output, and economic activity in general (Bhutan, Nepal and Sri Lanka).

According to a statement issued by World Bank office in Islamabad, despite recent softening, global economic growth will remain robust at 3.1% in 2018 before slowing gradually over the next two years, as advanced-economy growth decelerates and the recovery in major commodity-exporting emerging market and developing economies levels off.

“If it can be sustained, the robust economic growth that we have seen this year could help lift millions out of poverty, particularly in the fast-growing economies of South Asia,” World Bank Group President Jim Yong Kim said. “But growth alone won’t be enough to address pockets of extreme poverty in other parts of the world.

Policymakers need to focus on ways to support growth over the longer run-by boosting productivity and labour force participation-in order to accelerate progress toward ending poverty and boosting shared prosperity.”

Activity in advanced economies is expected to grow 2.2% in 2018 before easing to a 2% rate of expansion next year, as central banks gradually remove monetary stimulus, the June 2018 Global Economic Prospects says.

Growth in emerging market and developing economies overall is projected to strengthen to 4.5% in 2018, before reaching 4.7% in 2019 as the recovery in commodity exporters matures and commodity prices level off following this year’s increase.

This outlook is subject to considerable downside risks.

The possibility of disorderly financial market volatility has increased, and the vulnerability of some emerging market and developing economies to such disruption has risen.

Trade protectionist sentiment has also mounted, while policy uncertainty and geopolitical risks remain elevated.

Source: gulf-times.com- June 07, 2018

HOME

****

NATIONAL NEWS

Regional Comprehensive Economic Partnership: Picking up some hope?

The pace picked up by the negotiations, and the quick frequency with which trade ministers have met this year, holds out hope for a deal. Even if a low-quality RCEP comes through, it will bring some cheer for the moribund world of international trade.

There were expectations of India affirming its commitment to the Regional Comprehensive Economic Partnership (RCEP) during Prime Minister Narendra Modi's recent three-nation visit to Southeast Asia.

The Prime Minister did emphasise India's eagerness for a quick conclusion of the RCEP, but considerable ground remains to be covered before India and 15 other Asian countries can conclude the framework—for what will be the world's largest free-trade agreement (FTA), covering almost half of the global population.

There is no denying the momentum that RCEP talks have picked up in 2018. This is in contrast to the scepticism and lethargy that characterised negotiations till not long ago. A grouping as economically heterogeneous as the RCEP is bound to have difficulties in matching ambitions among members.

The RCEP includes some of the world's wealthiest economies (for example, Australia, Singapore, New Zealand) along with the largest (China, Japan, India, South Korea) and small low-income economies (such as Cambodia, Myanmar, Lao PDR).

Not only do RCEP members have different visions of world trade, but also different qualities of domestic economic institutions, regulations and comparative advantages. It is exceedingly difficult to hit common ground among members even on basic issues core to all FTAs, such as elimination of tariffs and effective Rules of Origin (ROOs).

A large part of RCEP negotiations have focused on agreeing upon a common schedule of items for eliminating tariffs among members.

Reaching an agreement has not yet been possible, notwithstanding the fact that the group comprises the ASEAN and its six FTA partners—Australia, New Zealand, China, India, Japan and South Korea—with the latter integrated to the former through ASEAN Plus FTAs with dedicated tariff elimination schedules. If agreeing to a common programme for cutting tariffs has been so tough, one can imagine the difficulty the RCEP has had in progressing on new-generation trade issues like services, investment, intellectual property and e-commerce.

It's not just economic differences that have complicated RCEP talks. Mistrust among members, particularly non-ASEAN members without bilateral FTAs between them, has also created problems. These include examples like India and China, and China and Japan, who, in spite of being large trade partners of each other, don't have FTAs and have never negotiated trade agreements among themselves.

Apprehensions over granting each other 'extra' market access by agreeing to a common programme of tariff cuts, or services and investment rules, have, therefore, been major hurdles to progress. Matters haven't been helped by the growing scepticism regarding FTAs and their benefits, following the US withdrawal from the Trans-Pacific Partnership (TPP) in early 2017—an agreement that includes several RCEP members.

The current year has witnessed more enthusiasm and urgency in talks. Some of the credit for this must go to India, which, in the eyes of several other members, has been the biggest obstructor. India's more proactive participation in the recent Ministerial conferences and negotiations has conveyed the impression of it being keen on having a deal.

Furthermore, spirits in the region have been lifted by India's decision to mark '2018' as the year of its deepening engagement with Southeast Asia and the coming of age of Prime Minister Modi's 'Act East' policy.

Many feel this ensures the political will and resultant meaningful consultations between top leaderships of India, Southeast Asia and other RCEP members essential for bridging gaps that trade negotiators haven't been able to. To this extent, Modi's latest assurance on the RCEP adds to the good feeling.

Political will and the urgency to 'get on' for wrapping up the deal has made prospects brighter for the RCEP. This, however, doesn't mean that obstacles are fading away fast. Chances are that the forthcoming Ministerial in Tokyo in July, coming quickly on the heels of the earlier one in Singapore in March, will settle for 'political' solutions to many unresolved issues. That would hasten closure of negotiations and formalisation of a framework agreement.

In the process, however, members will have to compromise on ambitions in various spheres. While some would have to settle for a deal that pegs lesser market access than they desired, others will have to agree to conceding more than they would have wanted to. The ultimate test of the deal hammered out would be the ease with which members are able to 'sell' the RCEP to domestic constituencies and get their legislatures to ratify it.

This is expected to be a lengthy process in many countries, including India, where championing free trade is currently tantamount to encouraging political suicide. On the whole, though, the pace picked up by the negotiations, and the quick frequency with which trade ministers have met in the current year, holds out hope for a deal that many felt was nothing other than fruitless waste of negotiating energy and resources.

Even if a low-quality RCEP comes through, it will bring some cheer for the moribund world of international trade. Apart from being the largest FTA signed, it will be a prominently 'inclusive' agreement. It would be the first such deal to include low-income and least developed countries with special provisions in spite of scoping new-generation trade issues.

At a time when the World Trade Organisation (WTO) is sluggish and struggling to deliver, the RCEP can recharge global trade prospects by positing a template for 21st-century trade that accommodates the smaller players in global trade as well.

Source: financialexpress.com- June 08, 2018

HOME

****

Govt may impose anti-dumping duty on Chinese polyester yarns

The government may impose anti-dumping duty of up to USD 528 per tonne for 5 years on a Chinese polyester yarn, used in automobile and other industries, to provide a level playing field to domestic players and guard them against below-cost imports.

The commerce ministry's investigation arm, Directorate General of Anti-dumping and Allied Duties (DGAD), in its final findings of probe has stated that that the imposition of antidumping duty is required to offset dumping and injury on the imports of 'High Tenacity Polyester Yarn' from China.

"The authority recommends imposition of antidumping duty...for a period of five years, so as to address the injury to the domestic industry," the DGAD has said in a notification.

The recommended duty ranges between USD 174 and USD 528 per tonne. The decision to finally impose the duty was taken by the finance ministry.

SRF Ltd and Reliance Industries Ltd had jointly filed the before the DGAD for initiation of the antidumping investigation.

This yarn, also called as industrial yarn, is used for manufacture of tyre cord fabric, seat belt webbing, ropes, coated fabric, conveyor belt fabric and automotive hose.

Countries carry out anti-dumping probe to determine whether their domestic industries have been hurt because of a surge in below-cost imports.

As a counter measure, they impose duties under the multilateral regime of WTO.

The duty is also aimed at ensuring fair trading practises and creating a level-playing field for domestic producers with regard to foreign producers and exporters.

India has already imposed anti-dumping duty on several products to check cheap imports from countries including China, with which India has a major concern of widening trade deficit.

Source: financialexpress.com- June 08, 2018

HOME

****

To meet WTO norms, India may have to withdraw popular export schemes by next fiscal

Commerce Ministry working on alternative schemes for exporters

Popular incentive schemes for Indian exporters targeted by the US at the WTO — such as the Merchandise Export from India Scheme (MEIS) and the Export Promotion Capital Goods (EPCG) scheme — may have to be withdrawn in just about a year's time if the Trump regime has its way.

"While India will try its best to convince the WTO panel that it should get more time to phase out the schemes, the Commerce Ministry is working on a contingency plan which may have to be put in place in the next financial year," an official told BusinessLine.

The contingency plan, however, is difficult to give shape to, as the schemes to replace the export incentives need to be offered to all players in a targeted sector and not just exporters, and this could be a huge burden on the exchequer.

The US lodged a complaint with the WTO's Dispute Settlement Body (DSB) in March, challenging six Indian government programmes, saying these provide financial benefits to Indian exporters, allowing them to sell their goods more cheaply to the detriment of American workers and manufacturers.

The WTO does not allow any country which has attained a per capita gross national product (GNP) of more than $1,000 for three consecutive years to give export sops, and India breached the threshold in 2015.

However, India is continuing with its export incentives, hoping to argue at the WTO that its demand for a eight-year phaseout period — the same as that given to developing countries when the WTO Agreement came into force, in 1995 — should be met.

However, since the the WTO has not been allowing this since 2011-12, it is not likely to concede to the Indian demand now.

“Since the dispute lodged by the US is related to export subsidies, it could get expedited and get preference over other pending disputes and there might be a verdict in nine months. That is why the Commerce Ministry is trying to put in place a contingency plan, to replace all the problem schemes, by April 2019,” the official said.

The DSB has already approved the US’ request to set up a dispute panel against India.

The committee set up by the Commerce Ministry to come up with alternative schemes for exporters, which includes industry representatives as well as those from think-tanks, is struggling to come up with options that would provide exporters with the same level of entitlement as at present.

“The challenge is to come up with schemes which would ensure exporters are not worse off than before, do not hugely increase the burden for the exchequer and yet are compliant with WTO norms,” the official said.

Source: thehindubusinessline.com- June 08, 2018

HOME

****

CAIT demands e-way bill exemption for textile sector

The Confederation of All-India Traders (CAIT) has demanded that the Gujarat government follow other states in implementing district-level e-way bills for goods in transit for textiles and other sectors.

Pramod Bhagat, president of CAIT’s Gujarat chapter, wrote to state GST commissioner, P D Vaghela, stating that the Madhya Pradesh government has accepted the demand and implemented district-level e-way bills.

However, Gujarat government is still continuing with city-limit e-way bills, which is proving to be a transport bottleneck for various sectors, but mainly the textile industry.

CAIT also demanded that e-way bill limits be increased from Rs 50,000 worth of goods to Rs 1 lakh. Tamil Nadu and West Bengal have implemented the Rs 1 lakh limit for e-way bills.

This means that only traders dispatching goods worth more than Rs 1 lakh need to generate e-way bills.

Pramod Bhagat told TOI, "Gujarat is the hub of the textile sector in India. Tamil Nadu has exempted textile products like yarn, job work services, fabrics etc. from generating e-way bills.

We want the Gujarat government to implement the same for the textile sector."

Source: timesofindia.com- June 08, 2018

HOME

****

German firm sets up textile testing lab in Tiruppur

German safety and quality expert TV SD has set up its textile testing laboratory in neighbouring Tiruppur.

With this expansion, the laboratory known for its physical testing and technical solutions, will offer chemical testing services for all kinds of textile businesses in Tiruppur as well as neighbouring regions including Karur, Salem and Erode.

The holistic capabilities of the laboratory will cater to manufacturers and exporters carving a niche for Indian knitwear products in global and domestic markets, TV SD CEO of South and South-East Asia, Middle East and Africa Region, Niranjan Nadkarni said in release here.

The facility is fully equipped to provide comprehensive textile, apparel and home furnishing testing services, it said.

Manufacturers can avail complete guidance on Restricted Substance List (RSL) and Zero Discharge of Hazardous Chemicals (ZDHC) and other similar safety regulations, Nadkarni said adding new chemical testing laboratory is equipped with state-of-the-art instrumentation.

With its wide network of labs and experts across key markets including south Asia, European Union, ASEAN, the US and the UK, TV SD has in-depth familiarity with compliance in exporting and importing nations, Nadkarni said.

Source: business-standard.com- June 07, 2018

HOME

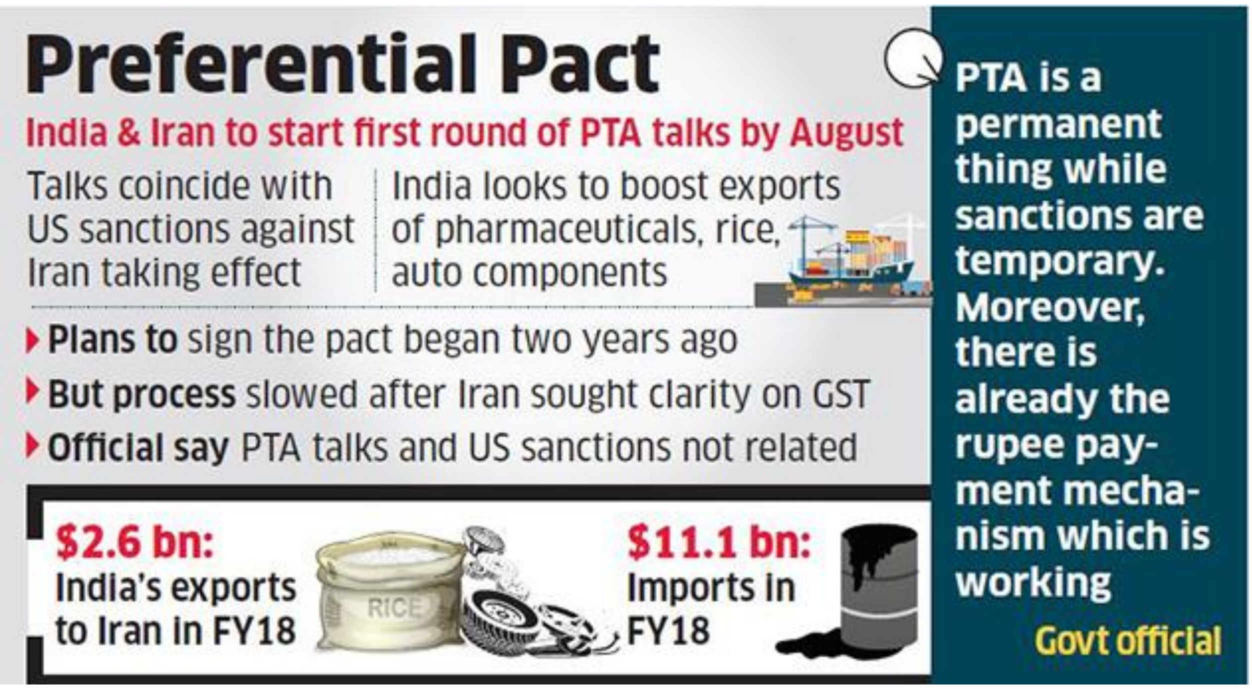
****

As US sanctions loom, India and Iran to begin trade talks

India will soon begin talks with Iran on a trade accord just as the US has turned hostile toward the Persian Gulf nation, threatening it with renewed sanctions after walking out of a nuclear accord with the country.

The first round of formal negotiations on a preferential trade agreement (PTA) will be held between India and Iran by August, said people with knowledge of the matter.

Such an accord will see the two giving duty concessions to each other's goods, enabling greater market access for India's pharmaceutical, rice and auto component exports.



“We are making our wish lists,” said one of the officials. “The first round of text-based negotiations will take place in a month or two.”

Talks on a PTA began two years ago, then slowed because Iran had concerns about India’s indirect tax structure.

“Most of Iran’s exports to us are intermediates,” the official said. “Initially, they had problems with countervailing duty and its adjustment in the pre-GST (goods and services tax) regime but now it is confident of the new tax structure.”

Iran has sought details on India’s tax structure before and after the imposition of GST on around 100 products including urea, various dry fruits and chemicals.

India implemented GST on July 1 last year.

On the issue of PTA talks gaining momentum when the US was becoming belligerent on sanctions, another commerce department official said the two were mutually exclusive of each other. “PTA is a permanent thing while sanctions are temporary. Moreover, there is already an existing solution — the rupee payment mechanism — which is working,” the second official said.

Banks haven’t objected to India going ahead with the pact despite the threat of sanctions, the official said. “In fact, with a PTA, banks will have to process less payments due to reduction of duties,” he added.

Iran’s major exports to India are oil, fertilisers and chemicals while imports include cereals, tea, coffee, spices and organic chemicals.

“India can benefit on products such as pharmaceuticals, manmade staple fibre, iron and steel, tea, coffee, spices and chemicals”, said Ajay Sahai, director general, Federation of Indian Export Organisations.

The two sides agreed to undertake text-based negotiations on PTA as well as the conclusion of a bilateral investment treaty in a fixed time frame during Iranian president Hassan Rouhani’s visit to India in February.

“India never stopped trading with Iran even when there were US and EU sanctions on that country. Going ahead with a PTA now is a strong signal of our trade partnership,” said an expert on trade issues.

India’s exports to Iran were $2.6 billion in FY18 while imports were $11.1billion.

The US withdrew from the nuclear accord in May alleging that Iran had violated the terms of the deal aimed at curbing the country’s bid to develop nuclear weapons, raising the prospect of renewed sanctions.

Source: economictimes.com- June 08, 2018

HOME

****