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The Cotton Textiles Export Promotion Council (TEXPROCIL)
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IBTEX No. 168 of 2018 August 10, 2018

USD 68.86| EUR 79.31 | GBP 88.35 | JPY 0.62

Cotton Market		
Spot Price (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
22828	47750	**88.75**
Domestic Futures Price (Ex. Gin), October		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
23990	50181	**93.27**

International Futures Price	
NY ICE USD Cents/lb (Dec 2018)	87.26
ZCE Cotton: Yuan/MT (Jan 2019)	16,310
ZCE Cotton: USD Cents/lb	**92.00**
Cotlook A Index – Physical	**98.25**

Cotton Guide: Cotton futures continued to trade sideways and prices ended with small changes. December contract settled at 8726, up 8 points. Oct also settled at 8726, down 13 points. The other months settled from 5 to 33 points higher. Trading volume was 23,497 contracts. Cleared yesterday were 24,482 contracts. The most widely discussed point was Friday's USDA reports.

USDA will release the first of the season US state by state production estimates complete with acreage and yield; and the Monthly Supply-Demand Report. Texas has been the hottest topic after hot and dry weather has burned up much of the dry land plantings. While beneficial rains in Texas last two days and more ahead shouldn't be part of USDA's estimate, analysts will be adjusting their numbers to accommodate the improved prospects.

The final 2017-18 US Export figures were released along with USDA Weekly Export Report. That data suggests USDA will have to lower 2017-18 US exports by roughly 300,000 bales from the July estimate of 16.2 million bales. It was expected by analysts as shipments had been falling shy of reaching that number over the last few weeks. As discussed in previous report, the media will no longer receive an early copy of the reports. It was always puzzling how the market could immediately react the minute the report were released, when it wasn't humanly possible to download, much less read them and enter orders. It will be interesting to see what the level playing field looks like.

On technical front, December settled with a small change on modest volume, and its 57-point range was the smallest in over a year. No surprise given the high level of anticipation surrounding Friday's WASDE report. Prices remain near the lower end of the short-term trading range of roughly 8600 to 9000. If the 8600 area fails to hold, the next good support is the 8200 area. The daily modern work is mixed but skewed towards bearish, which is typical trading-range behavior.

A move decisively above 9000 could open the door to 9400+.From domestic front, Indian cotton price for Shankar-6 continued to trade steady. Prices for 2017-18 Shankar-6 traded at an average of Rs. 47,750 per candy, ex-gin (88.75 US cents per lb at prevailing exchange rate). Rates for Punjab J-34 are marginally lower at Rs. 4,790 per maund (84.85 cents per lb). The domestic cotton future for October contract ended at Rs. 23970 sideways in last three days. We think the same should trade in the range of Rs. 23770 to Rs. 24070 per bale.

FX Guide: Indian rupee has depreciated by 0.13% to trade near 68.77 levels against the US dollar. Weighing on rupee is choppiness in equity market and general strength in US dollar. Asian equity markets trade mixed after losses in US market yesterday on deepening US-China trade conflict and increased geopolitical tensions. The US dollar has benefitted from Fed's support for rate hikes. Chicago Fed President Charles Evans was quoted stating that Fed may need to raise interest rates to "somewhat restrictive" levels to combat the effects of recent fiscal stimulus on the US economy.

The US dollar rose against Russian rouble after Washington said it would impose fresh sanctions on Moscow. Turkish lira fell to record low level against the US dollar in wake of a diplomatic rift with the US. Chinese yuan weakened again today but is off recent lows. Rupee may remain under pressure as optimism about US economy will keep US dollar supported. USDINR may trade in a range of 68.55-68.9 and bias may be on the upside.

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

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INTERNATIONAL NEWS

WTO Indicator Suggests Trade Momentum Softening in Third Quarter

Hindered by global tensions, trade expansion is on track to slow further in the third quarter, according to the World Trade Organization's latest World Trade Outlook Indicator (WTOI).

The current WTOI reading of 100.3 is below the previous value of 101.8 and just above the baseline value of 100 for the index, signaling an easing of trade growth in the coming months in line with medium-term trends, the WTOI said.

"The loss of momentum reflects weakness in component indices, including export orders and automobile production and sales that could be a result of the ratcheting up of trade tensions," the report noted.

The latest results are generally in line with the WTO's most recent trade forecast issued in April that predicted a slowing of merchandise trade volume growth to 4.4% this year from 4.7% in 2017.

"Rising trade tensions continue to pose risks to the trade forecast and will be monitored closely going forward," the report said.

The moderation in the overall WTOI index was driven by export orders—which have been on a steady decline this year—plus automobile production and sales that have risen slightly recently but remain below trend.

Electronic components stayed above trend, while agricultural raw materials moved from below trend to on trend.

The merchandise trade volume index was flat. The indices for air freight and container port throughput remain above trend, but growth in both areas "appears to be past its peak," the WTOI noted.

The latest data from the International Air Transport Association (IATA) for global air freight markets showed that demand, measured in freight ton kilometers, rose 2.7% in June compared to the a year earlier. This continues the slowdown in air cargo growth that began earlier in 2018, IATA said.

Growth for the first half of 2018 stands at 4.7%, less than half the growth rate in 2017.

“Air cargo continues to be a difficult business with downside risks mounting,” Alexandre de Juniac, IATA’s director general and CEO, said. “We still expect about 4 percent growth over the course of the year, but the deterioration in world trade is a real concern.

While air cargo is somewhat insulated from the current round of rising tariff barriers, an escalation of trade tension resulting in a reshoring of production and consolidation of global supply chains would change the outlook significantly for the worse.”

On the ocean, Drewry’s latest assessment for May showed the global container port throughput index increased more than five points compared to April and reached 130.6 points.

On an annual comparison, the index is almost five points higher than the May 2017 level of 126.1 points and was the highest since the inception of Drewry Container Port Throughput Index in January 2012.

All regions witnessed monthly and annual increases, except Latin America.

The China and North America throughput indices reached an all-time high level of 140 and 139 points in May 2018 which was up 8.1% and 3.8%, respectively compared with April However, the annual increase was slightly lower at 2.8% for China and 4.6% for North America.

Source: sourcingjournal.com- Aug 09, 2018

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Brands are Making a Hard Sell for Soft Denim

Soft sells—or it at least makes a compelling story for denim brands to share in store and online.

Brand names like Gap, DL 1961 and Madewell are highlighting the soft hand feel and touch of their pre-fall collections in their latest consumer marketing efforts.

“Brands are seeking soft denim with fiber blends, yarn spinning and various finishing effects,” Tricia Carey, director of global business development for denim at Lenzing, confirmed. “Some brands are producing authentic denim looks with softness built in.”

Madewell recently introduced the 9-inch High-Rise Skinny Jeans: Tencel Edition. Touted as “the softest jeans ever” in its consumer email marketing, the new stretch denim from Orta is a 44 percent cotton and 42 percent Tencel lyocell blend with a touch of polyester and elastane.

Last week Banana Republic promoted a new collection of women’s casual tops with Tencel. And DL 1961 just launched its jeans made with Refibra, an upcycled fiber made from cotton scraps collected post garment production and wood pulp from trees in responsibly managed forests.

The women’s jeans—a mid-rise ankle-length skinny available in three washes—contain 60.5% Refibra Lyocell and have a “soft-structured feel.”

“Consumers visiting retail stores can feel the difference Tencel fibers provide by touching or trying on denim. As brands sell more online they have to bring denim to life by describing the aesthetics,” Carey said.

“Softness is an element of comfort which consumers are seeking in their denim purchases, which is an inherent property of Tencel fibers.”

And the appeal of a soft hand feel doesn’t end with women. “Softness previously was associated only with womenswear, but not anymore,” Carey noted.

The Gap expanded its Soft Wear collection made with super-soft, premium denim. The collection was introduced as a small men's program last season and has since expanded to include men's and women's Trucker jackets and jeans.

Described by the brand as "ridiculously soft fabric," the jeans are part of Gap's water-saving Washwell program that uses 20 percent less water than traditional washes. The majority of the collection is made with a Tencel blend using zero cotton.

Use of Tencel fibers for men's denim ticks up each season. Ralph Lauren, Gap, G-Star, Mavi, J Brand, Lucky, DL1961, Hudson and Tommy Bahama are among the brands incorporating the fiber into their men's lines this fall. And the trend is expected to continue.

"Men's lifestyle wardrobes have evolved, including multifunctional and comfortable apparel," Carey said.

Source: sourcingjournal.com- Aug 09, 2018

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Canada's Apparel and Textile Sector Gets a Boost from Chinese as U.S.-China Trade War Escalates

In the midst of the U.S.-China trade dispute, hundreds of Chinese companies will be making their way to Toronto later this month, ready to do business with Canadians.

They will be participating in Canada's largest apparel and textile trade show, Apparel Textile Sourcing Canada (ATSC), August 20-22, at the Toronto International Centre.

Keynote speakers at the event are some of North America's leading apparel and textile industry experts, ready to hone in on what the U.S.-China trade issues mean for Canadians and potential repercussions for the sector. Topping the roster of speakers are:

• Bob Kirke, Executive Director, Canadian Apparel Federation, who will provide a Canadian Trade Policy Update on strengthening relationships with global markets, including China, which represents more than 40 per cent of Canadian apparel imports. Kirke will also discuss negative consequences of a U.S.-China trade war as well as strategies for Canadian firms looking to adjust to the new realities of international trade (August 20, 12 p.m. – 1 p.m.).

• Julia K. Hughes, President, U.S. Fashion Industry Association (USFIA), who will speak about the United States Trade Policy Update and the Impact on NAFTA and TPP (August 20, 1 p.m. – 2 p.m.). Representing iconic global brands and retailers based in the United States, USFIA is fighting on the front lines of the trade war in Washington, D.C. to stop new tariffs on apparel and footwear from China.

• Jeff Streader, global industry veteran and private equity partner, will share insight into The Impact of Artificial Intelligence and Digital Disruption on the Global Supply Chain. Steader is the former Global COO of Billabong, Chief Supply Chain Officer of Guess, Vice President of VF Corporation and Operating Partner with Marlin Equity (August 20, 11 a.m. to 12 p.m.).

• Sun Jiwen, Minister Counsellor, Economic and Commercial Counsellor's Office of the Embassy of the People's Republic of China in Canada, who will head a panel on China's Changing Role as a Front-runner in the Global Textile and Apparel Supply Chain (August 20, 10 a.m. – 11:00 a.m.).

"Canadians will learn all there is to know about succeeding in the country's apparel and textile industry, and hear about China's commitment to free trade with Canada and incentives for Canadian brands to work with China and other countries globally," said Jason Prescott, CEO of JP Communications, ATSC producer and North America's leading publisher of B2B wholesale trade platform TopTenWholsale.com and manufacturer sourcing platform Manufacturer.com.

Prescott announced that a first-of-its-kind showcase of top brands from China, called "Avenue ATS," will be unveiled at the apparel and textile trade show. "These are all highly successful, leading apparel brands in China, looking for partners to help grow their fashions globally," he said. "This is an unprecedented opportunity for Canadians to get first dibs on local market rights, with the support of experienced international industry players."

ATSC features more than 500 international exhibits, three days of seminars and panels, an on-site business matchmaking service and a spectacular fashion show spotlighting established and up-and-coming Canadian designers. More than 5,000 visitors are expected to attend over the three-day event – now in its third year – including apparel and fashion executives, influencers, designers, retailers, importers, wholesalers, merchandisers, buyers and suppliers.

"This is a not-to-be missed event for anyone wanting to make global industry connections," Prescott said. "Nowhere else in Canada can you find this kind of opportunity for international apparel networking and product displays under one roof, without having to travel overseas."

New to this year's event is the addition of the China Brand Show, coming to Canada for the first time as part of ATSC and adding categories such as accessories, giftware, home electronics, footwear, luggage and housewares and general merchandise.

ATSC is supported by many international governments and associations, headed by the China Chamber of Commerce for Import and Export of Textile and Apparel (CCCT) and the Bangladesh High Commission on behalf of the Export Promotion Bureau and the Bangladesh Garment and Manufacturers Export Association.

The event is also supported by the Taiwan Textile Association, the Federation of Indian Chambers of Commerce and Industry (FICCI), India's Apparel Export Promotion Council (AEPC), Wool and Woollens Export Promotion Council (WWEPC) and TFO Canada, experts in trade for developing countries.

Source: exchangemagazine.com- Aug 09, 2018

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Pakistan: Chinese textile influx

India has doubled import duties on 328 textile items making costlier imported garments such as fabrics, carpets and technical textiles. Apparently, this policy decision aims to shield Indian manufactures from the fallout of a bitter Sino-US trade war.

Indian textile is expected to suffer from collateral damage. India took a quiet, unannounced step last month to protect its key industry when it raised import duty on more than 50 textile products.

The recent move is, however, much bigger in terms of the number of products. The textile sector is India's second largest job provider after agriculture.

It accounts for almost 15 per cent of the country's total exports, making it the world's second largest textile exporter after China. It has a genuine apprehension: blocked by the Americans, China may swamp the Indian market with cheap goods that would destroy the domestic industry.

Tariff protection is, however, a half measure. The new tigers — Bangladesh, Sri Lanka and Vietnam — are giving the Indian textile industry a run for its money.

Most of these countries have extremely favourable trade treaties with India, including Free Trade Agreements (FTAs) and benefits from other pacts. China had been indirectly exporting its products without paying duties through these countries after a little value addition.

The tariff wall will force it to use this loophole to gain market access. The government needs to plug this gap through the principle of 'rules of origin'.

Besides being proactive on the tariff front, the government must take steps necessary to make the Indian textile sector competitive. Like China, India has all required resources — technology, raw materials, skilled labourers. What it lacks is the political will to correct policy anomalies.

Skewed labour laws do not favour the creation of massive textile manufacturing units that could compete with the Chinese facilities in the economy of scale.

The government must not rest easy after erecting tariff walls. The textile sector needs rejuvenation to make it the thriving export engine it once was.

Source: tribuneindia.com- Aug 09, 2018

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Nike not going to enter Uzbekistan's textile market?

American sportswear and apparel company Nike doesn't have any plans to sign an agreement with Arnasoy Gold Tex, an Uzbek textile company, for joint production of sportswear, a representative of the company told Trend.

The Uzbek textile company earlier announced plans to sign contracts with the world famous brands Nike and Adidas for production of sportswear.

It seems, however, that Nike has no such plans whatsoever. "We have no manufacturing presence in Uzbekistan, and no plans to establish a relationship with Arnasoy Gold Tex," the Nike representative said.

Arnasoy Gold Tex's factory is to be launched in early 2019 and will feature the latest textile equipment and quality standard of ISO 9001. The company is also claiming to have won the support and recommendations from such world fashion houses as Zara Home Collection and Tac Home, which will allegedly allow them to manufacture products under the corresponding brands in the territory of Uzbekistan.

On the other hand, it is unclear if the American company plans to be involved in any other projects in Uzbekistan.

Back in March 2018, Uzbek officials announced plans to attract international sports goods manufacturers to the new Sport Free Economic Zone (FEZ) in Tashkent region in line with the Uzbek president's order.

Such renowned brands as Adidas, Reebok, Nike, Li Ning, Eleiko, Janssen-Fritsen, Gymnova etc. had to be invited to the FEZ.

Source: azernews.az- Aug 09, 2018

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Belarus, Uzbekistan seek closer cooperation in textile industry

Belarus and Uzbekistan are interested in developing cooperation in the textile industry.

The matter was discussed at a meeting between Chairman of Bellegprom Concern Nikolai Yefimchik and Tashkent Oblast Governor Gulomzhon Ibragimov, BelTA learned from the website of Bellegprom.

The Uzbek delegation also comprised Ambassador Extraordinary and Plenipotentiary of Uzbekistan to Belarus Nasirjan Yusupov, and Consul of Uzbekistan's Embassy in Belarus Haji Akbar.

The participants of the working meeting showed interest in developing cooperation in textile, leather and footwear sectors between the companies of Bellegprom and Uzbekistan.

A memorandum of understanding was signed between Bellegprom and Uzbekistan's Tashkent Oblast.

Bellegprom companies export to Uzbekistan their apparel and knitwear products, cellular fiber linen, artificial and synthetic linen, knitted fabric, and haberdashery. The import comprises cotton yarn, cotton fiber and woven cotton goods.

Source: belta.by- Aug 09, 2018

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NATIONAL NEWS

New export-oriented industrial policy to focus on textile, leather sectors

The proposed industrial policy, currently being prepared by the commerce and industry ministry, may have special provisions for manufacturing in the textile, leather sectors to leverage growth, and focus on spreading out export hubs across the country which are currently getting concentrated in a few states.

THE POLICY AT A GLANCE

The policy will be a focal point of existing initiatives such as national manufacturing policy and Digital India

India may also bid to seize manufacturing jobs in China, up for grabs

Govt plans to stop ghettoisation of exports as more than 70% of merchandise, services exports originate in five states

List of items in mandatory domestic procurement by government may be extended to states

It will also tie in existing government initiatives and serve as a focal point for various industry-wise policies. “It will absorb the 2011 national manufacturing policy and focus on technological issues of Industry 4.0, apart from furthering the government’s push of the Digital India initiative,” a senior Department of Industrial Policy and Promotion (DIPP) official said.

While the government had floated an initial discussion paper on the proposed industrial policy in August 2017, it has not yet released a final draft of the policy in the public domain. The commerce and industry ministry had back then announced this final draft will be put out by January 2018.

“We will follow the due process and release a detailed draft. We are currently weighing the inputs from other ministries and stakeholders,” a senior DIPP official said.

The initial document focused on the creation of jobs, the promotion of foreign technology transfer, the growth of micro, small, and medium enterprises, and the establishment of a goal to attract $100 billion foreign direct investment annually.

It will also have a special focus for sectors such as apparel and footwear in which India maintains a manufacturing edge, albeit one that is slipping.

"Despite India being one of the largest exporters in both sectors, manufacturing jobs in Bangladesh, Indonesia, and several African countries are seeing an increase, while in India we are seeing a slowdown in growth. So, the policy will have special provisions to boost these sectors," a senior DIPP official said.

The $36-billion textile export sector, the third-largest foreign exchange earner for India after petroleum products and gems and jewellery, clocked only 0.75 per cent growth in 2017-18, after a contraction in the past two years. On the other hand, outbound trade of leather articles rose 3.46 per cent to $2.42 billion, recovering from the contraction witnessed in 2016-17.

The proposed policy may also act on the suggestion of successive Economic Surveys over the past three years which have repeatedly pointed to a slowdown in low skilled jobs in neighbouring China. India will also aim to seize millions of jobs, lower down the value chain, that are shifting out of China to other developing nations as Beijing makes adjustments to its own industrial policy under the pressure of growing basic wages and greater specialisation in high-end manufacturing, the official added.

Export-led growth

The policy is also expected to reaffirm the government's belief in export-led growth and as a result will have an extensive impact on overall trade norms, with ease in trade and diffusion of export hubs among the government's top priorities, a commerce department official pointed out.

Earlier this year, the Economic Survey pointed out that the five states of Maharashtra, Gujarat, Karnataka, Tamil Nadu, and Telangana account for a whopping 70 per cent of India's exports.

“The Centre plans to stop this ghettoisation of exports through incentives as well as channel digital technology to extend exports from rural and traditionally backward areas,” he added.

Domestic procurement push

A further push for adopting mandatory domestic procurement norms by the government may also be there in the policy.

The Federation of Indian Chambers of Commerce & Industry had suggested back in February that state governments should also adopt these norms.

Currently, the Public Procurement (Preference to Make in India) Order 2017, that came into effect back in June last year, stipulates that only local suppliers will be eligible for all government goods purchases less than an estimated ~5 million.

A further list of 90 items is currently being drawn up to be placed under the mandatory category in preferential procurement.

The current industrial policy was framed back in 1991, the government led by P V Narasimha Rao essentially junked the previous licence raj.

But critics have said the policy was hastily prepared at a time when the economy was battling an economic crisis.

Back then, large fiscal deficits had a spillover effect on the trade deficit culminating in a serious external payments crisis.

Source: business-standard.com- Aug 09, 2018

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IMF urges India to accelerate pace of fiscal consolidation

The International Monetary Fund (IMF) has urged India to use improved economic conditions to accelerate the pace of fiscal consolidation.

In its annual assessment of the Indian economy, the IMF said the country's economy is picking up and growth prospects look bright, one reason being the implementation of recent policies, such as the goods and services tax (GST).

"A faster pace of consolidation would help cap the rise in long-term bond yields, reduce external and banking vulnerabilities, and improve market confidence," IMF said in its report, prepared after consultations with the government.

India should gradually cut subsidies gradually by 0.5 per cent of the gross domestic product (GDP) over four years, with a 0.3 per cent of GDP cut in fertilizer subsidies, elimination of fuel subsidies and a modest cut to food subsidies to achieve accelerated fiscal consolidation, suggested the global organisation.

Further reforms and continued measures to raise tax collections will also help fiscal consolidation, it said.

IMF retained its growth projection for India at 7.3 per cent for 2018-19 and 7.5 per cent for the following year.

IMF stressed the need to take advantage of the projected acceleration in economic growth to achieve a public debt level of 60 per cent of GDP by 2022-23, as recommended by the Fiscal Responsibility and Budget Management Review Committee. The government in its 2018-19 budget had said it would achieve the target with a two-year delay in 2024-25.

"On the external side, risks include increase in oil prices, tighter global financial conditions, a retreat from cross-border integration including spillover risks from a global trade conflict, and rising regional geopolitical tensions. Domestic risks pertain to tax revenue shortfalls related to GST issues and delays in addressing the twin balance sheet problems and other structural reforms," IMF said.

According to Ranil Salgado, head of the IMF team for India, to sustain and build on these policies and to harness the demographic dividend associated with a growing working-age population, India needs to reinvigorate reform efforts to keep the growth and jobs engine running.

The goods and services tax should improve productivity and boost medium-term potential growth, while also creating room for the government to increase much needed social and infrastructure spending, Salgado added.

Source: fibre2fashion.com- Aug 09, 2018

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Pink Bollworm attack: Maharashtra farmers stare at missing 12 lakh bales

Maharashtra's cotton crop is likely to be hit this year, thanks to the Pink Bollworm attack again. From a crop size of 82 lakh bales last season, the crop is likely to reduce to 70 lakh bales if the farmers remove cotton after 2 pickings.

According to a survey by director of Cotton Association of India Manish Daga, that the third and fourth pickings by farmers could go into a complete loss.

The survey suggests that the pink bollworm attack has been witnessed in the last 15 days this Kharif season and could cause damage to farmers resulting in a sharp drop in this year's crop.

According to Atul Ganatra, president, CAI, in Khandesh region- one of the major cotton growing belts, the association has identified 3 diseases — Pink bolworm, White Burshi and Thrisp.

He said, the plant height is reduced to 3-4 feet with barely 15 flowers per plant. "Due to non-irrigated areas sowing in June end, the plants have become very weak in absence of rains," he said.

Source: financialexpress.com- Aug 09, 2018

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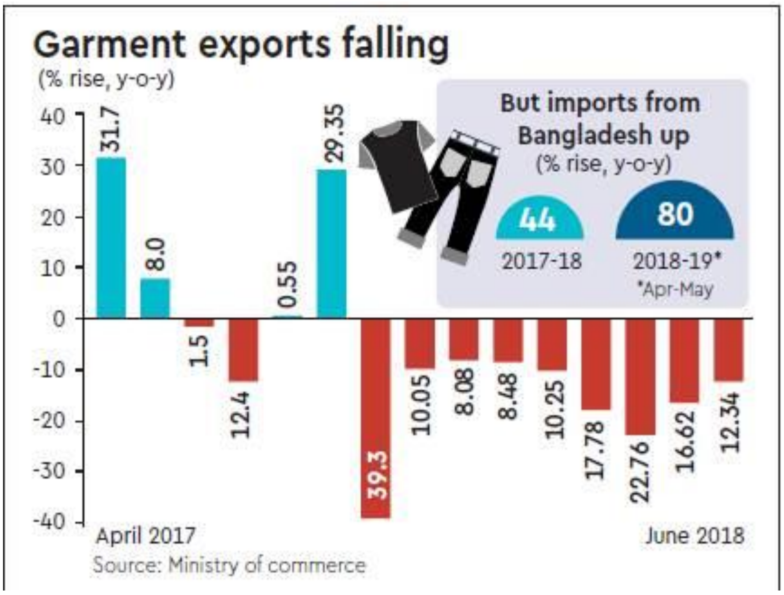
Chinese fabric in Bangla apparel: Government mulls tighter rules for garment imports

The government is considering a proposal to tighten rules on the origin of imported garments, amid warnings by the industry that Bangladesh — which enjoys duty-free access to the Indian market — is buying cheap fabrics from China in large volumes and dumping garments made out of them here.



The textile and garment industry has represented to the ministries of commerce and textiles to make it mandatory for Bangladesh under the South Asian Free Trade Area (Safta) agreement to use either their own or Indian yarn and fabric in their garments to be able to supply to India at zero duty, said Confederation of Indian Textile Industry chairman Sanjay K Jain.

"The proposal is under consideration," said a senior government official. But a decision is yet to be taken, the official said, adding, though, that tweaking rules under trade agreements is not so easy and it needs more deliberations.

Senior textile and garment industry executives have now cautioned that the move to double import duties on close to 400 products to 20% could fail to yield desired results, unless the rules of origin are made more stringent under the Safta agreement.

As such, India's garment imports from Bangladesh jumped 44% to $201 million last fiscal from a year before and 80% in the first two months of 2018-19, despite the fact that India is a large manufacturer of apparel.

The rise in imports comes at a time when India's own garment exports have been dropping month after month since October 2017.

Consequently, despite a relatively good performance by certain textile segments, India's overall textile, garment and allied product exports eased 0.5% in the first quarter of this fiscal to $9.31 billion.

On the other hand, imports of textiles and garments rose 6% to $1.7 billion in the first quarter. Some industry executives also complain that some garments from China are finding their way into India, albeit in limited volumes, through Bangladesh, with which India has a trade arrangement under the Safta agreement.

Gautam Nair, managing director at Matrix Clothing, one of the largest garment exporters, made a pitch for tightening the rule of origin clause under Safta. "Bangladesh is buying fabrics from China, converting them to garments and shipping out to India. Why should we incentivise Chinese fabrics?" he asked.

Noted textiles expert DK Nair said the existing rule of origin clause under Safta stipulates domestic value addition for Bangladesh to be able to supply to India at zero duty.

But since Bangladesh is converting Chinese fabric to garments, they are able to show as much as 100% value addition and thus qualify for the duty-free access.

India will not be alone if it does tighten the rules. The US has imposed sourcing restriction under the North American Free Trade Agreement for accepting duty-free imports of garments from Mexico and others.

Even under the Trans-Pacific Partnership (TPP), the US (which has pulled out of the pact now) had kept such restriction for members including Vietnam.

India had permitted imports of ready-made garments up to 8 million pieces a year from Bangladesh at zero duty in 2006. The cap was, however, lifted in 2010.

Source: financialexpress.com- Aug 10, 2018

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Power tariff concessions to textile industry in Maharashtra

Maharashtra Chief Minister Devendra Fadnavis today announced concessions of Rs 370 crore in power tariff to the textile industry in the state.

It will help revive sick textile mills and generate jobs, the chief minister said at a review meeting of textile department officials here.

He also directed officials to provide interest and capital grants to the industry, the chief minister tweeted.

The land belonging to the Maharashtra State Textile Corporation, which is struggling financially, should be sold and the proceeds should be transferred to the textile department, he directed.

Source: fashionatingworld.com- Aug 08, 2018

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Fabrics for armed forces will be made in India: Minister

Indian textiles minister Smriti Irani recently said fabrics needed for the armed forces will be manufactured in India as scientists, her ministry, the industry and the armed forces are working together to achieve that.

The government has also appointed a group of secretaries for transforming India as the textile machinery manufacturing hub, she said in Surat.

Irani was in the city to inaugurate Yarn Expo-2018 organised by the Southern Gujarat Chamber of Commerce and Industry (SGCCI).

The National Institute of Fashion Technology (NIFT) and SGCCI will work together on the design diversification project for Surat's textile sector to help the manufacturers get more value for their fabrics and raise the export potential of the fabrics, a report in a top Indian English-language daily quoted her as saying.

Source: fibre2fashion.com- Aug 09, 2018

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EU foreign trade body maps plan to revive FTA talks

Europe's foreign trade association Amfori has said that India and the European Union should focus on resolving differences over three crucial issues if they want to break the deadlock on the longstalled free trade pact.

Amfori said talks should initially focus on India's demand for a liberal visa regime for its nurses, a relaxed geographical indications regime and duty cuts on its textile exports.

Christian Ewert, president of Brussels-based Amfori, told ET that EU's insistence on India committing to sustainability norms is one of the sticking points as Delhi is against the inclusion of non-trade issues such as environment and labour in its trade pacts.

"We are looking at alternatives to revive the talks and early harvest is one of those," Ewert said but highlighted "great reluctance on both sides" for an early harvest.

Talks on the trade pact, called Bilateral Trade and Investment Agreement (BTIA), have been held up since 2013 and a recent informal meeting of two sides on how to resume negotiations failed to yield results.

"We need to identify services which are in short supply in Europe such as healthcare and IT," he said.

The EU now asks for trade and sustainability chapters in all its trade pacts and that is among the five areas of contention between the two sides.

Slashing of import duty on European cars and alcohol by India, recognition of the country as a 'data-secure' nation to enable free flow of data between the two and easier visa norms for Indian professionals are the other sticking points.

India exported merchandise worth $53.5 billion to the EU in 2017-18 while it imported $47.8 billion worth of goods from the trade bloc. Besides Brexit, the other causes of slow movement on the BTIA is the EU's involvement in free trade agreements with other countries, including some in Asia such as the Philippines. "Further, EU is challenged by the refugee situation," Ewert said.

The EU's apprehension to sign a BTIA separate from the Bilateral Investment Treaty (BIT) with India has further added to the delay.

"Not having a bilateral investment treaty is a hindrance to investments," he said.

The European Commission had raised concerns over negotiations for a fresh BIT.

Source: economictimes.com- Aug 09, 2018

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Govt taking multiple measures for textiles sector: Minister

The Centre has been implementing various policy initiatives and programmes for development of textiles and handicrafts, stated Minister of State for Textiles Ajay Tamta in a written reply in the Lok Sabha on Thursday.

Government has been implementing various measures for the textile sector, particularly for technology upgradation, infrastructure creation and skill development, said the minister.

The key schemes include Amended Technology Upgradation Funds Scheme (ATUFS), PowerTex India Scheme. Scheme for Integrated Textile Parks, SAMARTH- scheme for capacity building in Textile Sector, Silk Samagra-integrated silk development scheme, North Eastern Region Textile Promotion Scheme (NERTPS), National Handicraft Development Programme (NHDP) and Comprehensive Handicrafts Cluster Development Scheme (CHCDS), he stated.

The Government also launched a special package to boost investment, employment and exports in the garmenting and made-up sector, the minister said.

The special package was designed to create upto one crore jobs, and boost exports by US $ 31 billion and attract investment of Rs. 80,000 crores in 3 years. So far, it has generated additional exports of Rs. 5,728 crore and additional investments of Rs. 25,345 crore, he added.

Under the ATUFS, an amount of Rs. 17,822 crore was approved for providing one-time capital subsidy to eligible machinery for seven years from 2015-16 to 2021-22 (including committed liability of Rs. 12,671 crore and Rs. 5,151 crore for new cases). Rs. 8,078.94 crore has so far been released under the scheme.

The Government has set up an Apparel and Garment Making Centre (consisting of 3 Units installed each with 100 stitching machineries) at Bodhjungnagar, Agartala under the NERTPS at a total cost of Rs.18.18 crore.

Under NERTPS, a silk printing unit has also been set up at Agartala at a cost of Rs.3.71 crore with a capacity to print and process about 1.5 lakh meters of silk fabric per annum.

To promote handloom sector in Tripura, Government sanctioned 3 Block level clusters with Rs. 4.28 crore, 44 marketing events with Rs.2.41 crore, 9 Mudra loans (Rs.3 lakh) and enrolled 9,367 weavers and artisans under Health Insurance Scheme and 2,718 weavers and artisans under Mahatma Gandhi Bunkar Bima Yojana, the minister said.

Source: smetimes.in- Aug 09, 2018

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Scanty rain, pest attack seen impacting cotton yield

Though the acreage under the fibre has gone up in Gujarat, delayed rains are set to hit productivity

Even as cotton acreage has increased in Gujarat, the State may witness a decline in yield following deficient and delayed rains.

Cotton sowing in the State — the largest grower of the fibre crop — reached 26.5 lakh hectares as on August 6, which is about 10,000 ha more than last year. But a decline in yield will cap the crop size, leading to a further spike in prices.

According to experts, lower yield is also becoming a major concern in other growing regions, such as Maharashtra, where the pink bollworm has surfaced in cotton plants.

"There is definitely going to be an impact on yield due to delay in rains in parts of Gujarat. We are also seeing yields being impacted in States such as Maharashtra due to pink bollworm," said Atul Ganatra, President of the Cotton Association of India (CAI). He said that India's average yield is about 550 kg/ha.

"This year, we see yields to be even lower than that, because there is no growth of plants and the crop is suffering because of the lack of rain," he added.

Looming rain deficit

Cotton growers in Saurashtra and North Gujarat — two key cotton growing regions in the State — have raised an alarm with most of the districts facing deficient rains in the range of 62-88 per cent of the normal rainfall. The scenario last year around the same time was completely different with most of the North Gujarat districts witnessing heavy rains.

Gujarat had received 662 mm rainfall (or 82 per cent of normal) till August 8 last year, while till Wednesday rainfall stood at 454 mm (or 55 per cent) of the season's normal 831 mm.

"Farmers have not given up hope, but even if it rains now, already about 40 per cent of the season is lost. Delayed rainfall will only brighten prospects for the rabi crop. It won't help much for kharif," said Ramesh Bhorania, a farm expert from Rajkot. "There will be a big loss in the cotton crop if it doesn't rain within a week. There are fears of a lower yield even in other places," he added.

Cotton balance sheet

For the 10 months (October 2017 to July 2018), CAI has estimated cotton consumption at 270 lakh bales, while exports are seen at 67 lakh bales. The stock at the end of July 2018 is estimated at 63.45 lakh bales. For the entire season ending September 30, 2018, CAI puts the supply at 416 lakh bales. The cotton body has estimated domestic consumption at 324 lakh bales, while the exports are estimated to be at 70 lakh bales. The carry-over stock at the end of the 2017-18 season is projected at 22 lakh bales.

"Prices may remain firm going forward. With the MSP fixed at ₹5,450/quintal, it will come to around ₹47,000-48,000 per candy (of 356 kg). So, if the private players need to purchase, they will have to pay this higher price," said Ganatra.

Chinese demand

What will further fuel the price rise is Chinese purchases, which are expected to be at about 25-35 lakh bales in November, December and January.

"China's buying is fuelled by the 25 per cent tax on cotton coming from the US. For India, there will also be demand for about 40 lakh bales from Bangladesh and Vietnam," he added.

Source: thehindubusinessline.com- Aug 08, 2018

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Exporters need to diversify export basket: Prabhu

Commerce and Industry Minister Suresh Prabhu today asked exporters to diversify trade basket and explore markets such as Africa and Latin America to expand overseas shipments.

He said that a comprehensive strategy is being worked out to boost the country's exports.

"We need to diversify our export basket and also look at ways to promote services exports," he said here while launching a mobile app for exporters.

The ministry has also prepared a policy to promote agri exports and and it would soon seek the Cabinet's approval on that, Prabhu said.

India's merchandise exports increased to USD 303.38 billion in 2017-18 from USD 275.85 billion in the previous fiscal.

Services exports rose to USD 195 billion in the last fiscal from USD 164.2 billion in 2016-17.

Prabhu launched a mobile app -- Niryat Mitra -- developed by the Federation of Indian Export Organisations (FIEO).

The app provides wide range of information required to undertake international trade right from the policy provisions for export and import, applicable GST rate, export incentives, preferential tariff, and market access requirements.

FIEO President Ganesh Kumar Gupta said this was a much needed application for the industry.

He said that the app provides information on global business and technology offers and requests, opportunities for R&D collaborations, daily forex rates, updates on policy matters.

FIEO DG Ajay Sahai said that the challenge for the app is to keep the data updated, timely make available the policy matters affecting international trade.

He added that the app would mainly help exporters in tier-2 and 3 cities.

Source: economictimes.com- Aug 08, 2018

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CM visits apparel production unit

Chief Minister N Biren Singh visited the Apparel and Garment Making Centre, Lamboi Khongnangkhong in Imphal West District today.

The building and machinery of Unit-1 of the Government-owned Centre is currently utilised by a private company known as Big Concepts Foundation Pvt Ltd for high quality apparel production.

The Chief Minister, who was accompanied by Konthoujam AC MLA and Manipur Tourism Development Corporation Chairman Dr Sapam Ranjan, Principal Secretary to CM Vumlunmang Vualnam, inspected the progress of apparel production and interacted with the officials of the private company and workers.

Speaking to media persons, N Biren singh informed that soon after the new Government was sworn-in last year, it started exploring means to encourage self-employment and entrepreneurship through large scale production of different apparels using high-quality fabrics imported from Guangzhou (China).

A number of Mumbai-based companies, which supply varieties of modern clothing to different parts of the country including Manipur, are also using the same fabrics/raw materials manufactured at Guangzhou, he added.

The Chief Minister said that these raw materials take around 40 days to reach Mumbai from the Chinese city by sea route.

However, it takes only 12 days to reach Imphal by road through Moreh, he informed.

As such, the new Government is confident mat the State can produce high quality apparels and dressings at cheaper and affordable rates if this advantage of geographical proximity is exploited effectively, N Biren said.
For the time being, a private company has been brought on board and permitted to utilise the building and machinery of Unit-1 of Government's Apparel and Garment Making Centre, Lamboi Khongnangkhong for apparel production, he said.

Stating that production of different ladies' dresses started around six months back, the Chief Minister said that he was told that around 2000 pieces having 'Make in Manipur' tag had been produced so far.

Stating that the private company-run unit is currently giving employment to around 50 people, the Chief Minister said that this figure may increase to around 300 people once the other units of the Centre also start functioning.

Responding to a query regarding his meeting with Governor Najma Heptulla today, the Chief Minister said that the discussion was mainly about the present unrest at Manipur University.

Stating that the Governor had just returned from Delhi after meeting Prime Minister Narendra Modi, the Chief Minister expressed hope that the issue would be resolved soon.

Source: e-pao.net- Aug 09, 2018

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RIL, Arvind ink pact for co-branded high-performance fabric R|Elan

The said fabric will be made from speciality engineered fibres for denim and other woven fabrics

Mukesh Ambani-led Reliance Industries Ltd (RIL) and textile conglomerate Arvind Ltd on Thursday announced a partnership for manufacturing high-performance fabric co-branded as R|Elan.

The said fabric will be made from speciality engineered fibres for denim and other woven fabrics.

While Arvind will provide the high performance fabric, RIL will provide necessary technology under the partnership.

"The partnership will open up opportunities for Arvind to create quality products in line with the latest trends. This co-branding effort re-affirms our vision to offer products that are aesthetically pleasing, technologically advanced and, most importantly, sustainable," said Aamir Akhtar, CEO, Denims, Arvind Ltd., as per a joint statement.

According to RIL, the R|Elan co-branding exercise will help strengthen its foothold in the Rs 2.25-2.50 trillion Indian apparel industry.

The high performance R|Elan fabric was launched at RIL's Hub Excellence Partners (HEP) meet in Ahmedabad on Thursday.

According to RIL, textile and apparel manufacturers will be key beneficiaries as RIL will share its experience, knowledge and technology to manufacture high performance R|Elan fabrics in these cities.

This strong pan-India network will provide assurance to apparel brand owners and retailers of streamlined production, timelines and standard quality, RIL stated in a statement .

RIL has partnered with 32 textile players that are equipped to produce new-age fabrics using R|Elan technologies.

Already, RIL is providing latest know how, specifications and expert consultation support to these players to enhance and sustain quality of textile to be supplied to apparel manufacturers, the company stated.

Source: business-standard.com- Aug 09, 2018

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India set to become a sourcing destination

Global executives, when commenting on India, usually add the word 'market'—referring to the vast number of consumers, the growing size of the middle-class and the volume potential. It is no surprise that these factors along with many others make India a very attractive destination for the world's leading corporates.

However, a new dimension is being added to this narrative. Companies are increasingly viewing India as an attractive sourcing destination for world markets. There is a clear direction that the government has laid out for achieving this and we must ensure that India's status is elevated from mere consumer to consumer-plus-exporter of manufactured branded products.

Micro, small, and medium enterprises (MSMEs) have, for quite some time, been the backbone of the Indian economy. Prime Minister Narendra Modi has, on various forums, highlighted the importance of the sector for India's growth potential.

Today, when the world is seeking new sourcing destinations to avoid over-dependence on China, India has the opportunity to stand tall as an attractive, alternative source of high-quality manufactured goods by giving a fillip to online and offline retail platforms in the country and gaining a significant share of the global e-commerce market.

Back in US, I have followed the growth of the e-commerce sector in developed economies. India, to some extent, is new to the e-commerce market and has the opportunity to learn from international economies that have been part of the e-commerce market for over a decade.

Marketplace e-commerce is an excellent platform for Indian MSMEs to grow, as it allows them to expand and scale up their reach by getting access to world market and enjoying a level playing field. It opens up a global market for product categories such as diamonds, gems and jewelry, finished leather goods, granite and marble, handloom products, and handicrafts, and allows small-scale industries in India to reach an international consumer base that loves 'Made in India' products. Digitisation has ensured that many small industries, which were previously isolated, have now become a part of a larger economy.

The resultant increase in participation by MSMEs also has a positive effect on attracting private equity and venture capital investments. With the growing rate of internet penetration, MSMEs are also gradually changing their operations to avail the opportunities to trade through e-commerce. While that may be the case, India needs to invest a lot more in improving its infrastructure, which is inadequate when compared to countries like China.

No retail company can thrive in the country unless sizeable investments are made in this direction. And it is important that foreign retailers enter the Indian market because they create a multiplier effect with their expertise and investment in building infrastructure and systems for efficient supply chain management.

Recent announcement by Amazon to invest more than $6 billion in infrastructure such as workhouses is a case in point.

Walmart's entry into the e-commerce market in India, for instance, is a positive development. Suppliers who are already aligned with Flipkart will now be able to leverage Walmart's presence in the US, Mexico, and other countries to access a much bigger, global market than they presently do. It will help Indian manufacturers become global marketers.

The diamond industry is among those that will benefit greatly—a possibility corroborated by a recently observed trend, which reveals that more diamonds are sold by Big Box retailers in the U.S. than by jewelry chain stores.

It also provides an opportunity for lesser-known Indian products, which have a large domestic market, to develop a brand label and be exported. In the snack industry, brands like Haldiram's and Bikanervala have demonstrated this.Snacks and food products like almonds and cashew nuts have great export potential. Luggage is one such product category; leather goods is another where India can use its resources and craftsmanship to capitalise on the diminishing market share of Italian and Brazilian products.

There is good demand for traditional Indian health supplements among the large Indian diaspora around the world, which Amazon and other e-tailers are already cashing in on. Home-grown brands like Patanjali, which are doing extremely well in the domestic market, can leverage foreign retailers to take their business global.

Walmart's acquisition of Flipkart seems to have stirred some opposition from the traders' lobby in India, which claims that the company is making a "backdoor entry" into the country. However, this is good for the traders as Walmart is both a wholesaler and a retailer. As a wholesaler it will provide more products to traders with better margins.

Also, it provides better access to finance than the current wholesalers and distributers. Therefore, contrary to expectations, Walmart as a wholesaler will enable the small retailers not only survive but also thrive from more efficient supply chains.

It is in Walmart's interests to ensure that small retailers especially in small towns and rural India grow and offer high quality products to their consumers. This has happened in the cell phone industry, where even the small panwaala shop today does good business on prepaid cell phone recharge.

The bottom line is that foreign manufacturers and retailers are good for the nation. They will transform the Indian consumer market for the better. They will make or market higher quality reputed brands and convert unbranded to branded products and transform unorganised retailing to organised retailing.

Source: financialexpress.com- Aug 10, 2018

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