Cotton Market

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

<table>
<thead>
<tr>
<th></th>
<th>Rs./Bale</th>
<th>Rs./Candy</th>
<th>USD Cent/lb</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>22230</td>
<td>46500</td>
<td>86.31</td>
</tr>
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</table>

Domestic Futures Price (Ex. Gin), July

<table>
<thead>
<tr>
<th></th>
<th>Rs./Bale</th>
<th>Rs./Candy</th>
<th>USD Cent/lb</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>22730</td>
<td>47546</td>
<td>88.25</td>
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</table>

International Futures Price

<table>
<thead>
<tr>
<th></th>
<th>USD Cents/lb</th>
</tr>
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<tbody>
<tr>
<td>NY ICE</td>
<td>84.35</td>
</tr>
<tr>
<td>ZCE Cotton: Yuan/MT</td>
<td>15,775</td>
</tr>
<tr>
<td>ZCE Cotton: USD Cents/lb</td>
<td>91.93</td>
</tr>
<tr>
<td>Cotlook A Index – Physical</td>
<td>92.85</td>
</tr>
</tbody>
</table>

Cotton guide: Along with other asset classes the cotton price also fell on 11th of July amid the trade development between US and China on the new tariff impositions. Cotton for December future at ICE fell over 200 points from the previous close and settled at 84.54 cents per pound.

We see the fall as clear cut in long positions which was perceived in all other markets as well. A US Dollar rally also contributed to negativity in the commodity complex. There didn’t seem to be any significant news on the world cotton crop or the global cotton trade.

The USD index advanced and closed the session at 94.71. Chinese trade retaliation has typically focused on US agricultural commodities, but today’s nervousness wasn’t limited to agricultural commodities or even the broader commodity complex.
US equities were down as well amid fears that the intensifying trade war will ultimately have an adverse impact on the world economy.

This morning while writing the report at 9AM IST the ICE cotton is up by 0.60% and trading above 85 cents. The other markets both agriculture, non-agriculture and equity markets are all trading slightly positive. We see a minor respite on the trade while no change on the facts that was claimed yesterday.

**Currency Guide:**

Indian rupee has appreciated by 0.26% to trade near 68.59 levels against the US dollar. Rupee has benefitted from sharp correction in crude oil price. Brent crude trades near $74 per barrel after a sharp 6.9% slide in previous session. Crude came under pressure as Libya reopened some of the ports closed since late June and resumed shipments. However, weighing on rupee is general strength in US dollar.

The US dollar index remains supported by Fed’s monetary tightening outlook and rose yesterday on bigger than expected growth in producer prices. Also weighing on rupee is increasing concerns about US-China trade conflict. Equity markets stabilized today after recent sell-off however weighing on market sentiment are concerns is US plan to impose import duty on $200 billion Chinese exports and China’s determination to retaliate.

Rupee has witnessed a firm opening on correction in crude oil however the gains may not sustain given general strength in US dollar and trade war concerns. USDINR may trade in a range of 68.45-68.85 and bias may be on the upside.

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

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<th>Topics</th>
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INTERNATIONAL NEWS

Ten Percent Tariff Proposed on $200 Billion Worth of Imports from China

The Trump administration is proposing to further escalate its efforts to address concerns with China’s policies on intellectual property protection by imposing an additional ten percent duty on 6,031 tariff lines from China with an import value of approximately $200 billion.

This action would be in addition to the 25 percent tariff imposed on $34 billion worth of Chinese goods effective July 6 and a proposal to extend that tariff to an additional $16 billion worth of imports from China at some yet-to-be-determined date.

These actions follow a Section 301 investigation determined that China’s acts, policies, and practices related to technology transfer, intellectual property, and innovation are unreasonable and discriminatory.

The full list of products that could be subject to the additional 10 percent tariff is here.

USTR will hold a public hearing Aug. 20-23 in Washington, D.C., to receive input on the proposed ten percent tariff. Requests to appear at the hearing, summaries of expected testimony, and pre-hearing submissions are due by July 27 and post-hearing rebuttal comments are due by Aug. 30. USTR is also accepting written comments through Aug. 17.

With such a large volume and value of imports from China subject to the proposed tariff, companies importing from China should act now to assess how it may impact their supply chains.

Source: strtrade.com- July 11, 2018
USA: Textile and Apparel Imports Surge in May as Shipments from China Jump

The Department of Commerce’s Office of Textiles and Apparel reports that monthly imports of cotton, wool, manmade fiber, silk blend, and non-cotton vegetable fiber textile and apparel products totaled 5.68 billion square meter equivalents in May, up 13.8 percent from April and 3.9 percent from May 2017.

Textile imports totaled 3.01 billion SME, up 6.4 percent for the month and 1.4 percent from the previous year, while apparel imports of 1.99 billion SME were up 7.6 percent from April and 0.7 percent from a year before.

<table>
<thead>
<tr>
<th>Country</th>
<th>SME</th>
<th>Monthly change %</th>
<th>Annual change %</th>
<th>$ Value</th>
<th>Monthly change %</th>
<th>Annual change %</th>
</tr>
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<tbody>
<tr>
<td>China</td>
<td>2.64 billion</td>
<td>+32.0</td>
<td>+1.4</td>
<td>$2.92 billion</td>
<td>+27.0</td>
<td>-2.2</td>
</tr>
<tr>
<td>India</td>
<td>499.1 million</td>
<td>+8.0</td>
<td>+8.2</td>
<td>$692.6 million</td>
<td>-2.1</td>
<td>+3.0</td>
</tr>
<tr>
<td>Vietnam</td>
<td>440.0 million</td>
<td>-0.5</td>
<td>+11.5</td>
<td>$1.06 billion</td>
<td>+8.3</td>
<td>+13.7</td>
</tr>
<tr>
<td>Pakistan</td>
<td>242.8 million</td>
<td>+11.5</td>
<td>+1.3</td>
<td>$254.3 million</td>
<td>+7.3</td>
<td>+3.7</td>
</tr>
<tr>
<td>Mexico</td>
<td>226.4 million</td>
<td>+3.3</td>
<td>+1.7</td>
<td>$387.4 million</td>
<td>+3.1</td>
<td>-8.2</td>
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<tr>
<td>Bangladesh</td>
<td>211.1 million</td>
<td>-4.7</td>
<td>+5.1</td>
<td>$456.3 million</td>
<td>-1.0</td>
<td>+7.3</td>
</tr>
<tr>
<td>Korea</td>
<td>165.5 million</td>
<td>+1.2</td>
<td>+12.3</td>
<td>$81.5 million</td>
<td>+8.1</td>
<td>+4.6</td>
</tr>
<tr>
<td>Indonesia</td>
<td>125.3 million</td>
<td>-16.7</td>
<td>-7.2</td>
<td>$378.4 million</td>
<td>-11.3</td>
<td>+1.1</td>
</tr>
<tr>
<td>Canada</td>
<td>106.4 million</td>
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<td>+10.7</td>
<td>$121.8 million</td>
<td>+2.9</td>
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<td>Honduras</td>
<td>93.9 million</td>
<td>+24.0</td>
<td>-5.9</td>
<td>$228.3 million</td>
<td>+25.5</td>
<td>+1.5</td>
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<tr>
<td>El Salvador</td>
<td>76.4 million</td>
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<td>$170.0 million</td>
<td>n/a</td>
<td>+1.2</td>
</tr>
<tr>
<td>Turkey</td>
<td>73.4 million</td>
<td>-4.8</td>
<td>+11.9</td>
<td>$143.2 million</td>
<td>-7.6</td>
<td>+16.9</td>
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<tr>
<td>Cambodia</td>
<td>71.8 million</td>
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<td>+12.8</td>
<td>$177.7 million</td>
<td>-18.6</td>
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<tr>
<td>Taiwan</td>
<td>64.8 million</td>
<td>-7.3</td>
<td>-2.3</td>
<td>$50.9 million</td>
<td>+3.5</td>
<td>-6.8</td>
</tr>
</tbody>
</table>

Overall Imports. Total year-to-date imports were 26.3 billion SME, up 4.8 percent from the previous year, as textile imports gained 7.2 percent to 15.5 billion SME and apparel imports rose 1.5 percent to 10.7 billion SME.

For the year ending in May imports were 66.1 billion SME, up 4.1 percent from a year earlier, as textile imports increased 6.8 percent to 38.8 billion SME and apparel imports rose 0.4 percent to 27.3 billion SME.
Source Countries. OTEXA has reported the following statistics on textile and apparel imports from major source countries for May 2018.

Source: strtrade.com- July 12, 2018

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**USA: Apparel Industry Will Take Drastic Hit in Light of New $200 Billion in Tariffs on China**

The trade battle between the United States and China will get worse before it gets better. And so will the fate of the apparel industry.

On Wednesday, the White House said it is assessing a new wave of $200 billion in tariffs on China, and what’s on the list targets an extraordinary amount of what’s needed to make clothing and shoes.

The move comes after the U.S. implemented $34 billion worth of tariffs on Chinese imports Friday, which was the first portion of the promised $50 billion Trump promised to levy against China over intellectual property concerns.

China responded in short order following the tariff implementation, enforcing $34 billion of its own on U.S. goods bound for China.

And it’s more of the same in the eye for an eye exchange.

Put off by China’s clap back, which U.S. Trade Representative Robert Lighthizer said Wednesday was done “without any international legal basis or justification,” the U.S. has taken its next step.

“As a result of China’s retaliation and failure to change its practices, the president has ordered USTR to begin the process of imposing tariffs of 10 percent on an additional $200 billion of Chinese imports,” Lighthizer said in a statement. “This is an appropriate response under the authority of Section 301 to obtain the elimination of China’s harmful industrial practices.”

This time, the list—which stretches on for 195 pages of the USTR’s report—includes the bulk of what consumers would buy in the supermarket plus much of the raw materials that go into what they would buy to wear.
Cotton and nearly all things tied to it for textile production (cotton yarn, cotton sewing thread, cotton woven fabric, cotton waste) will face new 10 percent tariffs for companies that want to bring in the goods from China.

Nylon yarn, polyester yarn, viscose, jute, hemp and pulps of cellulosic material are also on the list, plus coconut and other vegetable fibers companies are now turning to as sustainable raw material alternatives.

Woven fabrics across most raw materials, nonwovens, terry fabrics, lace, tulle and leather are on the target list.

Apparel and clothing accessories made of plastic, vulcanized rubber, furskins and cellulose fiber will also face the new tariffs. As far as accessories, handbags, sports bags and travel goods, like suitcases and vanity cases, will face new tariffs. For footwear, there’ll be tariffs on shoelaces, hooks and eyelets and polishes for leather shoes.

Beyond that, brands and retailers will pay for finishing and sending off garments too, with garment labels, folding cartons, boxes and packing containers on the list.

And that’s just the start of what’s quite a long list.

China’s response came swiftly thereafter, promising an in-kind response and another lawsuit with the World Trade Organization for the United States’ “unilateralist behavior.”

“It is totally unacceptable for the U.S. to publish the tax collection list in an accelerated upgrade. We express our solemn protest. The behavior of the U.S. is hurting China, hurting the world, and hurting itself.

This irrational behavior is unpopular,” China’s Ministry of Commerce said in a statement Wednesday.

“The Chinese side is shocked by the actions of the U.S. In order to safeguard the core interests of the country and the fundamental interests of the people, the Chinese government will, as always, have to make the necessary countermeasures.”
The implications

All tariff lines considered, the ramifications could be substantial for the apparel and footwear industries.

In a statement Wednesday, American Apparel & Footwear Association president and CEO Rick Helfenbein said, “This will result in inflationary costs throughout the supply chain, ultimately paid for by the American consumer.” Adding to that, Helfenbein said, “With more than 84 percent of U.S. travel goods coming from China, this will hurt enormously. The administration backed us into the corner with several months’ worth of tariffs—if this continues, it has the potential to severely impact our apparel, accessory and footwear community.”

The apparel industry items added in this latest round of tariffs, come after suggestions about what to include during the public comment period. At that time, some organizations had been pushing for apparel and textiles to be added to the China tariff list in hopes that it would bolster the domestic industry.

One such organization, the National Council of Textile Organizations (NCTO) applauded the announcement of additional tariffs, and has called on the Trump administration to include more finished textile and apparel products on any future tariff target lists for China-origin imports—though there are some things on the current list they intend to oppose.

“With the inclusion of virtually all fiber, yarn and fabric tariff lines, NCTO’s response will be on a line-by-line bases, with support or opposition to individual lines dependent on how the competitiveness of the U.S. textile industry is impacted,” NCTO president and CEO Auggie Tantillo said in a statement Wednesday.

Further up the supply chain, retailers aren’t applauding Trump’s latest tariff move.

“The administration has been pursuing tariffs now for months and we still don’t know what the endgame is,” said David French, the National Retail Federation’s senior vice president for government relations.
“The latest $200 billion of products to be subject to tariffs against China doubles down on a reckless strategy that will boomerang back to harm U.S. families and workers.

Now, French continued, it’s more a question of how badly the U.S. economy will be impacted rather than whether it will.

“Tariffs on such a broad scope of products make it inconceivable that American consumers will dodge this tax increase as prices of everyday products will be forced to rise,” French said. “And the retaliation that will follow will destroy thousands of U.S. jobs and hurt farmers, local businesses and entire communities.”

Further addressing the fate for the U.S. economy in light of this tariff trade war, John Divine, senior investing reporter at U.S. News & World Report, said, “Pandora is out of the box. We live in a global economy, and fair trade between nations is in the best interest of all parties. Markets in Asia, Europe, and the U.S. are falling for good reason: every country for itself is not an efficient way to allocate capital, goods and services, and will stunt economic growth.”

What’s next

China has not yet outlined exactly what its response will be and what new U.S. products it will lasso with retaliatory tariffs, but the USTR has said if China refuses to change its practices and continues to push forth with its own tariffs, the new $200 billion in tariffs will go into effect once the legal process is complete.

That legal process will involve a public comment period as previous tariffs have, and all comments and rebuttals will have been closed off by the end of August, shortly after which a decision would be made.

At that time—and just as Friday’s tariffs saw new duties being immediately implemented at the borders, USTR said, “Any merchandise subject to the increased tariffs admitted into a U.S. foreign trade zone on or after the effective date of the increased tariffs...would be subject upon entry for consumption to the additional duty.”
The hope among most is that the U.S. and China can settle their differences before the damage gets worse.

“The way things are shaping up, it may be too late, but we hope the administration changes course before we lose the momentum from tax and regulatory reform and return to an era of high prices, job loss and negative growth in our economy,” French said.

Regardless, it may be Congress that steps in to change the administration’s course.

The Senate approved a “motion to instruct,” the result of which is a formal vote to tell members of Congress how to resolve an issue. The aim of the motion, according to a tweet from Sen. Jeff Flake (R-Ariz), who has been backing the effort, is to “reassert Congress’s constitutional role on tariffs.”

Applauding the motion, French said, “There is clearly growing bipartisan concern over the administration’s reckless trade agenda as the real-world consequences of tariffs spread in communities across the country. Congress has an important role to play in protecting hardworking Americans from a trade war, and this vote is an important first step.”

Source: sourcingjournal.com- July 11, 2018

Currencies in Longest Losing Run Since 2015 on Trade

Emerging-market currencies declined for a sixth straight week after the U.S. fired the first shot in a trade dispute between the world’s biggest economies. Equities fell for a fourth week.

The MSCI Emerging-Market Currency Index lost 0.1 percent, completing the longest stretch of weekly losses since August 2015.

The gauge tracking the developing-market stocks declined 0.9 percent, while the Bloomberg Barclays index of EM local-currency government bonds climbed 0.1 percent.
Highlights for the week ended July 6:

- U.S. hiring topped forecasts in June, with nonfarm payrolls climbing 213,000 after an upwardly revised 244,000 advance in May, Labor Department figures showed. The median estimate of analysts surveyed by Bloomberg called for a gain of 195,000 jobs.
- U.S. tariffs on $34 billion of Chinese imports took effect; another $16 billion could follow in two weeks, President Donald Trump said, before suggesting the final total could eventually reach $550 billion, a figure that exceeds all of China’s annual goods exports to the U.S.
  - The Trump administration moved against letting China Mobile Ltd. enter the U.S. telecommunications market
- China said retaliatory tariffs on U.S. goods are now in effect as U.S. tariffs violate WTO rules
- Federal Reserve officials said a “very strong” economy warranted continued increases in the benchmark policy rate while citing the escalating trade war and emerging-market turmoil as risks to growth, according to minutes of the June meeting
- China will keep the yuan stable at an equilibrium level and is closely watching recent fluctuation in the foreign-exchange market, said central bank Governor Yi Gang
- Turkey’s central bank warned of a “marked deterioration” in a key inflation gauge
- Core inflation, which excludes volatile items such as food and energy, rose an annual 14.6 percent in June, the highest on record going back to January 2004, while overall consumer inflation accelerated more than expected to 15.4 percent, the highest in almost 15 years. The central bank’s target is 5 percent

Asia:

The Chinese yuan trimmed losses amid verbal support from central bank officials, though it still posted a four-week losing streak; the Shanghai Composite Index rebounded Friday from its lowest since 2016

- China will try to avoid a “one-size-fits-all” policy as it tries to contain the nation’s swelling debt, said Ma Jun, policy adviser to the People’s Bank of China
U.S. allows ZTE Corp. to temporarily resume some business activities, while it weighs ending a seven-year ban on the Chinese telecommunications company.

Growth in China’s exports to the U.S. slowed significantly in the first half of 2018, according to official data.

U.S. tariffs on $50 billion of Chinese goods to have “limited” impact on the economy, PBOC adviser Ma said.

A manufacturing PMI missed estimates, with a gauge of export orders falling into contraction.

- South Korea’s won extended a five-week slide while Kospi index of stocks had its fourth weekly decline, the longest streak since May 2016; exports recorded a surprise drop, falling 0.1 percent in June from a year earlier versus estimates of a 2.2 percent gain.
  - The trade ministry says the nation sees limited near-term impact on exports from U.S. tariffs on Chinese goods, while the finance ministry said the nation doesn’t rule out the possibility of potential impact.

- North Korea continued to develop a key rocket-engine facility in the run-up to Kim Jong Un’s summit with U.S. President Donald Trump, according to an independent analysis of satellite imagery.

- U.S. Secretary of State Mike Pompeo arrived in North Korea on Friday with the daunting task of ensuring that Pyongyang’s nuclear commitments line up with Trump’s promises.

- The Indian rupee posted the worst performance among Asian currencies; the nation raised purchase prices for crops such as cotton, soybeans and paddy rice to ensure farmers get at least 50 percent more than their production costs.

- Thailand’s baht hit its weakest level since October; if growth continues and inflation moves more firmly within the 1 percent to 4 percent target, “the need for a policy rate increase in order to build policy space in the future would be increasing,” according to minutes of Bank of Thailand’s June meeting.

- The Philippine peso declined; inflation accelerated to 5.2 percent on year in June, the fastest pace in data going back to January 2013, from a 4.6 percent pace in May.
  - Bangko Sentral ng Pilipinas said it is ready to undertake any follow-through action to ensure inflation reverts to 2-4 percent target in 2019.

- Indonesia’s rupiah reached its weakest level since October 2015; Bank Indonesia has spent 59 trillion rupiah ($4.1 billion) on bond market...
interventions, said Nanang Hendarsah, executive director of monetary management

- The Malaysian ringgit was little changed; former Prime Minister Najib Razak has pleaded not guilty to charges of corruption and criminal breach of trust in connection with multi-billion dollar scandal surrounding state fund 1MDB

- Taiwan’s dollar is likely to weaken toward 31 versus the U.S. currency by the end of the year as stock outflows continue, according to a Bloomberg survey

- Sri Lanka kept benchmark rates unchanged to boost growth while it sees inflation stabilizing despite temporary supply side pressures

**EMEA:**

- The Russian ruble dropped the first time in three weeks; the currency is seen averaging 60.8 rubles per dollar in 2018, Economy Ministry said
  - President Vladimir Putin plans to meet Israeli Prime Minister Benjamin Netanyahu in Russia, Kremlin spokesman Dmitry Peskov said

- South Africa’s rand halted a five-week losing streak; the nation’s central bank confirmed that it had asked the country’s credit regulator to look into an allegation made by a short-seller that Capitec Bank Holdings Ltd. continued to use its so-called multi-loan product

- Manufacturing activity fell to its lowest since March

- Poland’s zloty rose against the euro; the European Commission took steps in a possible lawsuit against Poland over its controversial Supreme Court revamp and Poles protested the changes
  - Polish inflation accelerated for a third straight month

- The Hungarian forint rebounded from record low against the euro reached earlier in the week as the nation’s central bankers reiterated they won’t be able to maintain ultra-loose policy for a prolonged period

- Bahrain, whose bonds plunged as investors fretted over whether its Gulf allies will provide an aid package, was said to hire investment bank Lazard Ltd. to advise on how to repair its strained public finances, according to people with knowledge of the matter. The nation is seeking to secure crucial support from rich neighbors to avoid a currency devaluation
Latin America:

- Mexico’s peso was the best EM performer after the July 1 election, posting its biggest weekly rally since 2011; the nation’s likely next Finance Minister Carlos Urzua said he sees Mexico’s 2019 inflation between 4 and 5 percent, at odds with the current government’s 3 percent preliminary projection
  - Andres Manuel Lopez Obrador, known as AMLO, is no longer seeking an immediate suspension of Mexico City’s new $13 billion airport, according to a member of his economic transition team
  - AMLO knows the peso vigilantes can sink his agenda and will take a moderate approach when it comes to public spending, according to Alfonso Romo, transition chief for the president-elect
  - The benchmark Mexbol index rallied about 3 percent, the most in three months
- The Brazilian real halted a three-week slide; the central bank reaffirmed it wouldn’t use its policy rate to try to curb the real’s decline, O Globo reported, citing an interview with BCB governor Ilan Goldfajn
  - The nation’s industry in May recorded its worst performance since December 2008, as a nationwide trucker strike threw supply chains into disarray and forced many producers to halt operations
  - Brazil’s Ibovespa index climbed a second week to one-month high
- Argentina’s peso jumped more than 3 percent; the nation officially announced the resignations of two central bank directors and the appointment of the institution’s new vice president after a leadership shakeup followed a currency crisis last spring, according to a government bulletin
  - The Colombian peso advanced, posting its best weekly performance in almost three months; central bank Governor Juan Jose Echavarria said peso strength surprises and sees inflation to end year at about 3.3 percent
    - Consumer prices rose 3.2 percent on year in June following 3.16 percent gain the previous month
- Source: sourcingjournal.com- July 11, 2018

***************
China sets eye on 'Made in Turkey' textile goods

Turkish towel and bathrobe exporters have identified China, which is increasingly interested in Turkish textile goods, as one of its key target markets.

Exporters from southwestern Turkey's Denizli, which accounts for almost $1.5 billion in the country's total $3.5 billion annual home textile exports, have turned toward alternative markets.

The exporters are carrying out a branding campaign called "Turkish Towels" under the Turquality project, the world's first state-sponsored branding program. They have sponsored a number of leading international events so far.

While Denizli exports products mostly to the U.S. and Europe, its textile exports to China in 2017 soared to $11.73 million, with a two-fold increase compared to the previous year.

Turkish towels and bathrobes are sold as luxury products with the image of European goods in China.

The exporters plan to open a warehouse and hold promotional events in China so that Turkish towels and bathrobes can claim a larger share of the Chinese market.

Chairman of Denizli Exporters' Association, Hüseyin Memişoğlu said that they are planning to participate in the annual Canton Import-Export Fair, to promote Turkish products China.

He said that as many as 20 companies from Denizli will showcase their products at the "Turkish Towels" booth.

"The number of people in China's high-income group is more than double than that of our country.

There are quality products in that country, but there is a common perception that wealthy people buy European goods. We are a European country.
For this reason, it is very likely that Turkish products will find a good market there," he said. Memişoğlu said this is an important perception. "Many well-known global brands have stores in China. We can easily find a market there if we open warehouses, stores and brands," he said.

Source: dailysabah.com- July 11, 2018

Australia imposes new sales tax on international retailers

International online retailers who sell in Australia will be required to collect goods and service tax (GST) on all products sold valued at 1,000 Australian dollars (AUD) or less, the Australian Taxation Office (ATO) announced recently. Retailers using this system will only need to report total taxable sales and GST, and pay once each quarter.

The tax, applicable to international retailers if they have a GST turnover of AUD75,000 or more in a 12-month period, came into force after the Australian Government offered what it terms ‘fairer trading for all retailers’ to ensure that low-value goods purchased by consumers in Australia will have the same tax treatment, irrespective of the point of purchase.

“The ATO has the ability to use financial data tracking, customs data and online investigations to identify those that are not meeting their taxation obligations.

Businesses that decide not to comply will face penalties,” ATO assistant commissioner Kate Roff said in a press release.

Source: fibre2fashion.com- July 11, 2018
Vietnam to suffer collateral damage in China-US trade war

The first salvo in the latest trade war between the U.S. and China was fired by the former last Friday, when it slapped a 25 percent duty on about $34 billion worth of Chinese goods.

China retaliated “immediately” with a similar action, the country’s foreign ministry said.

However, the tariffs that the U.S. has slapped on China will likely see Chinese products “flood into Vietnam,” including textiles, garments and wood products, said Tran Tuan Anh, Minister of Industry and Trade.

This is not only a trade war but also “a war on power, technology and currency policy between the world’s two largest economies,” Anh said at a recent government meeting.

Cheaper yuan

The trade war will have negative impacts on Vietnam’s economy as China will take the opportunity to export in large quantities to Vietnam, according to local economists.

The Chinese yuan has lost 4.18 percent against the U.S. dollar over the last two weeks, while the Vietnamese dong has only lost a little above one percent, so Chinese goods will be 3 percent cheaper than before when exported to Vietnam. This will increase Chinese exports and gradually take away jobs and manufacturing facilities in Vietnam, they said.

Another worrying aspect of the situation is that low quality products from China, which are labeled as residual inventory of exports to the U.S., will rush into Vietnam and be bought by Vietnamese consumers, said Robert Tran, CEO of global business advisory firm RBNC.

Some experts also fear that Vietnam might be one of the next targets of the U.S. When the world’s two largest economies slap tariffs on each other, other countries will be affected in trade, said Dr. Pham Sy Thanh of the Chinese Economic Studies department under the Vietnam Institute for Economic and Policy Research.
“When Vietnamese exports to the U.S. originate from China, the U.S. can also impose the same tariffs on Vietnam,” Thanh said.

This will be a big challenge for Vietnam as the U.S. is one of Vietnam’s top export markets, he added.

Industry leaders in Vietnam have also expressed similar concerns. Many Chinese clothes, shoes or bags are entering Vietnam illegally to be exported to the U.S., said Pham Xuan Hong, chairman of HCMC Association of Garment, Textile, Embroidery and Knitting (AGTEK).

“Local firms should not buy these items for short-term benefits as the reputation of Vietnam’s textile industry will be affected,” Hong said.

The Vietnamese government should get involved in preventing local firms from importing Chinese products to export to the U.S., he added.

**The bright side**

Beyond the potential threats, Vietnamese business leaders also see great opportunities in the trade war.

AGTEK chairman Hong noted that Chinese textile is one of the items affected by the U.S. tariffs, so there are chances that foreign investors will transfer orders to Vietnamese firms.

The animal husbandry sector is also looking at the bright side of the trade war.

With China saying it will impose an additional 25 percent tariff, on U.S. pork, the total tariff will rise to 71 percent, exclusive of VAT, said Doan Xuan Truc, vice chairman of the Animal Husbandry Association of Vietnam (AHAV).

“This will definitely be a great opportunity for Vietnam, as China has huge demand for pork,” Truc said, adding that it imports over 2 million tons of pork each year.

Exports to the U.S. reached $41.6 billion last year, accounting for 20 percent of Vietnam’s total exports, according to Vietnam Customs.
Meanwhile, it exported $35.4 billion worth of goods to China, a growth of 61.5 percent from 2016.

Source: retailnews.asia- July 11, 2018

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**Pakistan: Exports grow by 13.74 per cent in 2017-18**

The merchandise exports from the country surged by 13.74 per cent during the fiscal year 2017-18 as compared to the previous fiscal year (2016-17).

The exports from the country during July-June (2017-18) were recorded at $23.228 billion against the exports of $20.422 billion in July-June (2016-17), showing growth of 13.74 per cent, according to the latest data of Pakistan Bureau of Statistics (PBS).

Imports into the country during the period also increased by 15.10 per cent by going up from $52.910 billion in FY 2016-17 to $60.898 billion during FY 2017-18.

Based on the figures, the external trade deficit during the outgoing fiscal year 2017-18 increased by 15.95 compared to last year.

The trade deficit during FY 2017-18 was recorded at $ 37.670 billion against the deficit of $32.488 billion in FY 2016-17.

Meanwhile, on-year-on-year basis, the exports from the country declined by one per cent in June 2018 against exports of June 2017. The exports during June 2018 were recorded at $1.887 billion against the exports of $1.906 billion in June 2017.

The imports into the country during the month under review witnessed the growth of 26.20 per cent by growing from $4.512 billion in June 2017 to $5.694 billion in June 2018.

On the month-on-month basis, the exports from the country witnessed the negative growth of 11.99 per cent during June 2018 when compared to the exports of $2.144 billion in May 2018.
The imports into the country also declined by 2.06 per cent compared to the imports of $5.814 billion during May 2017, the PBS data revealed.

Source: nation.com.pk- July 11, 2018

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Vietnam: The next generation for the textile industry

The textile and apparel industry was defined as a field with one of the highest growth rates potentials over the next 12 years. However, companies in the sector face challenges due to global trade policy changes and the boom of the Fourth Industrial Revolution. Việt Nam News reporter speaks to Trần Thanh Hải, deputy director of the Import-Export Department under the Ministry of Industry and Trade and Thân Đức Việt, deputy general director of Garment 10 Corporation Joint Stock Company (Garco 10) about the issues.

Trần Thanh Hải

What are the opportunities and challenges for the country’s garment and textile industry in 2018?

Garment and textile has always been a sector with a great contribution to the economy in general and export activities in particular, although the global economy has seen many potentially uncertain factors. The sector still has good growth with increasing orders and large exports, a good trend for the textile and garment industry.

However there are difficulties long term. Currently, the sector has mainly focused on outsourcing. It has been highly dependent on imports for its material such as yarn, fabric, weaving and dyeing. We are also weak in marketing which could bring high added value for textile and garment products.

The Government is now focusing its support by taking advantage of free trade agreements (FTA). Especially, Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) that requires strict rules of origin. On the other hand, the Government has concentrated on building
large brand names which could join in global distribution chain. These are the issues that our garment companies are making a priority.

What policy should the government have to promote exports?

With the current capacity, the export scale is close to the limit. We need to have more investments in order to meet the export demand in a long-term and sustainable manner. In addition, in order to expand exports, we should of course have markets with greater preferential or markets where we have FTAs. We still have some agreements that are very significant for textiles such as CPTPP, EU-Việt Nam Free Trade Agreement (EVFTA). All of these agreements are still in place. It is expected that they would be implemented in the future.

How will the Fourth Industrial Revolution affect the garment and textile industry?

For textile and garment industry as well as those which use a big number of labourers, this has a significant impact. When the Industry 4.0 is fully applied, the number of labourers will be redundant. The issue is that textile and garment enterprises need to reorganise to know how to apply technological achievements at production stages.

Labourers need to upgrade their knowledge to operate more sophisticated machines. Every machine should be operated by an employee. In the Industry 4.0 era, however, the operation requires a higher level than the present.

Could Việt Nam’s garment and textile industry continue to maintain its competitiveness as the global trade policies have seen changes?

The competitiveness of Việt Nam’s textile and garment industry is relatively high. Therefore, we still maintain the high export growth. Long-term, we see problems that need to be overcome to maintain high export.

Local companies should improve their management capacity. If businesses do not have management ability to operate plants on a larger scale in a more fierce market and requiring newer technologies, they could fall behind, stop or not be competitive.
Thân Đức Việt

What are your evaluations of the country’s garment and textile sector?

Garco 10 is a typical unit. Our company’s exports in the first six months of the year had more positive signals compared to last year.

The number of orders from the beginning of the year has been very stable. In previous years, we received orders three months in advance.

However, we received orders from big importers in the world such as the US, Europe and Japan to August since last December. Market signals are relatively good.

In terms of export value or business output effectiveness, these are not as good as in 2017. The export prices have not been increased though the number of orders has been on the rise.

Secondly, there is a fierce competition in term of labour among businesses. Enterprises which do not have good policies for labourers and lack strong financial resources, transparent and effective management, could struggle.

What should businesses do to ensure good labour force in the current fierce competition?

The competition for labour sources is partly an internal problem. If a company is not strong enough, workers could leave.

Another key factor is the Labour Law and welfare that needs to be amended.

All countries want to bring best benefits, but in Vietnam, the annual wage increase is a story that has caused a lot of pressures for companies like the Garco 10. Typically, the exported prices have not been increased in the last 10 years. According to our calculation, the productivity was double while salary is nearly tripled.

Secondly, with the sector’s increase in productivity, the minimum wage increase together with the current high social insurance rate has been a huge pressure for our company.
Wage increases don’t match productivity and companies will find it difficult to cope.

We are the industry leader with a good management system and modern machinery as well as training school for workers. But with the increasing pressures firms could suffer.

This is one of biggest pressures for us because we are paying a high wage to workers even though the minimum wage has increased by 30 per cent in the last three years.

The rise in minimum wage also makes social insurance payments higher. Currently, Garco 10 contributes 22 per cent and labourers pay to 10 per cent on salary for social insurance.

If the salary increase is not considered, it will pull back the growth of manpower. The Labour Law should be adjusted. It is necessary to carefully review the plan for annual minimum wage increase and research.

Three years ago, our contribution to the social insurance fund was VND55 billion. It is now up to VND100 billion.

The Labour Law which limits the extra working hours to less than 1.5 hours per day, 30 hours per month and 300 hours per year is extremely unreasonable while China and Japan controlled 800 hours per year.

Workers would have to work overtime at peak times to ensure timely delivery to customers. Therefore, we can not keep extra working time at 30 hours per month at peak time.

**How will the Fourth Industrial Revolution affect the garment and textile industry?**

It is essential for the survival of the textile industry. The story of clean and green plants has been a common trend in the world. Customers have not only given assessment criteria such as protection of labourers’ rights, working conditions and social policies for garment and textile firms but also smart factories for green development and environmental protection.
Garco 10 would have special priority in receiving orders compared to other enterprises if achieving this. This is a relatively new concept even though some enterprises have applied but not many in Việt Nam.

We are now approaching these standards and protecting workers’ rights.

Source: vietnamnews.vn - July 12, 2018
NATIONAL NEWS

Is the fall in value of rupee a good thing for the Indian economy?

The rupee has been falling steadily against the dollar. It has touched an all-time low of Rs 69. Should India celebrate this fall or be worried? The debate is quite old but recently many government officials as well as experts began arguing that it is the best thing for India's exports.

While it needs to be understood that no liberal economy in the world can contain the fall or rise in the value of its currency, the government needs to be honest about the impact that its currency's movement - on either side - will have on the economy.

In this backdrop, it is important to assess India's export capabilities vis-a-vis its import requirements. If the value of our imports is less than exports, then a depreciating currency will add to India's advantage.

Unlike China, Germany, Russia and South Korea, India is a trade-deficit country. This implies that we import more goods from outside than we export.

But in economics, if a country's currency value goes down, its products become competitive, which, in ideal situation should lead to more exports, reducing the trade deficit.

But that does not seem to be the case with India. Here's how.

An analysis by Axis Bank of India's textiles exports to the US shows that between 2012 and the first half of 2018, India’s share of US imports rose to just 6.5%-7.5% while those of Vietnam rose from 7% to around 12%.

Does India's 7.5% rise in textiles exports appear to be neck-and-neck to Vietnam’s 12% rise in exports? Hold on. While Vietnam’s rise in exports to the US were achieved on the back of 10% depreciation in the value of Vietnamese Dong, it took a 30% fall in the value of rupee to grow at the level quoted above.
This analysis suggests that there is no correlation between the fall in the value of currency and the share in world's exports.

Over the years, despite having a weak currency, India has lost its exports markets (especially textiles) to countries like Bangladesh, Vietnam and Philippines.

Apart from the value of the currency, there are factors like quality, cost of labour and economies of scale that plays a big role in increasing the share of a country's exports in world trade.

But this is just one side of the story.

While it is proved that a weak currency is not helping India compete with other nations on the export front, India's heavy dependence on imported oil for meeting its energy demand is creating serious trouble for the country's economy.

India purchases 80% of its oil requirement from outside and crude oil imports account have the largest share in India's import bill.

India's crude oil import bill rose by 25% 2017-18 to $88 billion from $70 billion recorded in the previous financial year due to rise in international crude oil price. The average price of India's crude basket was up 19% at $56.43 per barrel in 2017-18, from $47.56 in 2016-17.

If a rise of 18.65% in the value of India crude basket can increase India's import bill by 25%, imagine the cost escalation for India if the Indian basket cost goes up by 30% for the full year (In June, 2018 Indian crude basket was at $73.85 for a barrel).

Certainly, the advantage that Indian exports get from a weak rupee is eroded by the disadvantage that comes from higher import bill.

Here's an example of how badly a weak rupee affects Indian economy when crude oil prices go up in the international market.

India's merchandise trade deficit increased by 45% to $157 billion in 2017-18, the highest since 2012-13. The expansion in imports was almost twice as high as growth in exports in 2017-18.
Could India have done better in exports?

If we compare the performance of Indian exports in 2017-18, they were better than the previous year registering an a growth of 9.8% in the 12 months ended March 2018. This growth was better than the 5.2% growth registered in 2016-17. Yet, this growth was not enough to take care of India’s rising imports, that resulted in flight of foreign exchange from the country.

Another set of data should caution those celebrating the depreciation in the value of Indian rupee as a precursor to high exports growth. The Dollar value of Indian exports is hovering around $300 billion since 2011-12.

In 2017-18, it was at $302 billion. Since we need dollars to trade in the international market, it is a dangerous sign and exposes the fallacy of the argument that a weak rupee will help Indian exports and the economy.

Source: catchnews.com- July 11, 2018

India, US to intensify efforts to settle trade differences at meeting next week

Commerce Ministry team to meet USTR officials on July 16-17

With just about three weeks left for India’s retaliatory tariffs against the US to kick in, a team from the Commerce Ministry will go to Washington this weekend for the next round of meeting with senior officials from the US Trade Representative’s office to look for a possible settlement to a looming trade dispute.

The meeting of trade officials, scheduled on July 16-17, will be a follow-up of the one held in New Delhi late last month, and will focus on convincing the US to rollback the penal import duties imposed by it on Indian steel and aluminium and continue the generalised system of preferences (GSP), scheme, a government official told BusinessLine.

“In the meeting with the USTR’s team late last month, Indian officials explained in detail why the penal import duty of 25 per cent imposed on steel and 10 per cent on aluminium from the country was unwarranted.
The Indian officials said not only did India export much smaller quantities than other trade partners of the US such as China, Japan and South Korea, the country had also taken steps to reduce the trade imbalance with the US,” the official said.

The USTR officials, which included Assistant USTR Mark Linscott, assured their Indian counterparts that they would pass on India’s side of the story to higher officials in Washington, including USTR Robert Lighthizer. “India will get to know how senior officials at the USTR feel about India’s arguments in favour of a roll-back on penal import duties and it will an important input to the discussions in Washington next week,” the official said.

New Delhi notified retaliatory import duties on 19 items from the US worth about $240 million on June 20 after all its attempts to convince Washington not to penalise its steel and aluminium failed. However, it postponed the date of implementation to August 4 as the USTR team was travelling to New Delhi to hold further talks.

India also wants the USTR to renew the scheme which is a preferential import tax scheme allowing market access at nil or low duties for about 3,500 Indian products, including chemicals and textiles.

The USTR is holding an eligibility review for India and is also looking at complaints from its medical equipment and dairy industries which have pleaded that the scheme should be extended only when they gain market access in India.

“India has told the USTR team that the GSP extension should not be linked to market access issues. Officials argued that while price caps on medical equipment were for both domestic products as well as imports, dairy products could be imported only when certified that it was from animals that were given feed free of bovine contents as this was of religious significance to Indians,” the official said.

Source: thehindubusinessline.com- July 12, 2018
Telangana clamps down on use of glyphosate to curb HT cotton

*Sounds alarm over Monsanto’s illegal herbicide-tolerant trait*

In a bid to curb the illegal use of herbicide tolerant cotton (or Bt3), the Telangana government has put severe restrictions on the use of glyphosate, a controversial herbicide, in the State.

It has asked the pesticide dealers not to sell the herbicide, which is used in HT cotton crops, without a recommendation slip from the relevant Agriculture Extension Officer.

**Unapproved technology**

A Government Order has warned that any violations will be dealt with severely.

The herbicide-tolerant cotton, or HT cotton, is a third generation biotechnology developed by Monsanto which lets the cotton plant to withstand the herbicide sprays intended to kill the weed. Glyphosate is used in HT crops to kill the weed.

This technology has not received the GEAC’s (Genetic Engineering Approval Committee) permission for commercial use. Its use, however, has been rampant in several parts of the country.

With the pink bollworm developing resistance to Bollgard-II, farmers have looked at HT or Bt3 as a saviour.

Telangana farmers alone grew HT cotton on about 15 lakh acres last year, which was one-third of the total cotton area of 45 lakh acres that year.

Andhra Pradesh, which is also a major cotton growing State, filed cases against two cottonseed firms after raids on some farmers’ fields tested positive for HT cotton.

The Telangana government too said it won’t allow the illegal Bt to be grown.
Central team

With reports of HT crop emanating from different parts of the country, a Central team visited both the States last year.

“We have noticed that some cottonseed companies are producing and selling the HT cottonseed to innocent farmers in the current season.

We have issued orders calling for restrictive usage of glyphosate in agricultural and horticultural crops in general and cotton in particular to curb the spread of HT cotton,” C Parthasarathi, Principal Secretary (Agriculture), Govt of Telangana, said.

Source: thehindubusinessline.com - July 12, 2018
Home textile companies have sufficient cotton inventory till October, providing a cushion from the price increase, points out JM Financial Institutional Securities Ltd. But high prices in the coming season can be a headwind given that US exports are already facing pricing and demand pressures. “Marketplace disruption (online vs. offline) and high cotton prices remain key concerns,” JM Financial said in a note last month. But everybody is not as precariously placed. Apparel companies in India are on the recovery path, thanks to stabilization of trade channels post- GST-related disruption, ICICI Securities Ltd said in a note.

The companies also have high cotton inventories, which should aid profitability in the near term, added the brokerage firm. If the recovery in their business continues, then they will be in a better position to pass on higher costs once they begin to buy raw material at higher rates.

ICICI Securities estimates domestic apparel companies such as Arvind Ltd, Page Industries Ltd, and Rupa and Co. Ltd to register double-digit revenue growth in the June quarter over a year ago. A favourable base is expected to aid Rupa and Co., while Arvind is expected to benefit from healthy growth in brands and retail segment.

On this front, the situation is not very encouraging for home textile exporters. Data from JM Financial and ICICI Securities shows a softening of textile exports to the US in January-April this year. The June quarter results should reflect this. Analysts’ estimates of revenue growth for home textile companies are not yet available.

Of course, both businesses—domestic apparel and textile exporters—have different dynamics. The domestic apparel sector is returning to normalcy after GST disruption. Also, home textile exporters do have a silver lining in the depreciating rupee acting as a cushion against rising cost pressures.

Even so, in a rising raw material-cost environment, sustained demand recovery is crucial to pass on the costs. Companies with more exposure to the domestic market are better placed now. How strong or durable the recovery will be is the question. The June quarter results and management commentary should provide some clarity.

Source: livemint.com- July 11, 2018

HOME
‘Input tax credit refund delays hurting fabric exports’

The non-refund of accumulated input tax credit (ITC) is hampering the growth of Man Made Fabric (MMF) exports from India, industry players say.

Stakeholders indicate that the inverted duty structure i.e. higher Goods and Services Tax (GST) rate on raw material and lower on finished products, led to accumulation of high amount of ITC, which is yet to be refunded.

Manufacturers indicate that the inverted duty structure is adding to their input costs. “Weavers and knitters are not eligible for claiming ITC, whereas processors are yet to receive ITC refunds.

As a result, the cost of production of MMF goes up, because yarn attracts 12% GST, and against this, MMF attracts only 5% GST,” said a top source in Synthetic and Rayon Textile Exports Promotion Council (SRTEPC).

“Non-refund of the accumulated ITC blockage leaves manufacturers reeling under working capital shortage and this has continued for over a year now. As a result, business and production is getting impacted to a great extent,” said an exporter based in Ahmedabad.

Industry stakeholders said that over the period of one year, the government has announced no incentives or benefits for MMF exporters, to help them absorb rising input costs.

“To sustain production, exporters had no choice but to pass on part of the rising manufacturing cost to their customers in the international market. As a result, their price-competitiveness has gone down against preferential importers such as Vietnam and Bangladesh and therefore, growth in exports of MMF more or less remained stagnant,” explained the source.

SRTEPC inaugurated its regional centre in Ahmedabad on Wednesday, at the premises of Gujarat Chamber of Commerce and Industry (GCCI), in a bid to give the needed boost to MMF exports.

Source: timesofindia.com- July 12, 2018
Rupee depreciation large concern for Exports than trade war: Indian exporters

According to Investment bank CLSA, the weakness is despite the Reserve Bank using about $25 billion in reserves over the last three months to smoothen the volatility in the rupee.

The weakening Indian Rupees which has depreciated about 7.3 percent on a year-to-date basis against the dollar, is posing bigger challenge for the Indian exports than the recent global trade war, feels Indian exporters.

“Global trade will come down due to the trade war but India will not be as strongly impacted by global trade war as other South Asian and Latin American countries. A bigger problem will be on the currency front.

For me deprecating rupee is going to be a bigger challenge,” Ganesh Kumar Gupta, President Federation of Indian Export Organisations told TNIE, in an interview.

In last few months, weakening rupee has been a matter of great concern for the Indian policymakers. Rupee has depreciated about 7.3 percent on a year-to-date (YTD) basis against the dollar, making it the weakest currency in Asia.

According to Investment bank CLSA, the weakness is despite the Reserve Bank using about $25 billion in reserves over the last three months to smoothen the volatility in the rupee.

“We are seeing huge volatility in the currency. There is a trend in all emerging economies including India, money is flowing back to the US. What is going to be its impact on the economy, we need to be very careful with. And given that there is huge trade deficit, it will put further pressure on the exports," Gupta said.

According to him, another challenge will be what will happen to the huge inventories which are being created being dumped.

"Somewhere they will find their way out so all countries have to be ready with the so-called dumping of the goods which is very much probable with China to start with."
With China we have to be conscious of that fact,” Gupta warned.

And experts expect pressure on the Indian unit to continue. “With the rupee becoming a political issue, possibility of the Centre undertaking some form of non-resident deposit scheme/dollar bond issuance cannot be ruled out ahead of the general elections, capping the rupee’s downside. Fundamentally, the direction of the rupee may be weak in the near term,” CLSA said.

Source: newindianexpress.com- July 11, 2018

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**Surat textile entrepreneurs want power tariff reduced**

Textile entrepreneurs in Surat have requested Gujarat’s industries commissioner Mamta Verma to reduce power tariff in the textile sector and make fabrics manufactured in the state competitive to those made in Rajasthan and Maharashtra.

Verma recently discussed the state’s new textile policy with the Southern Gujarat Chamber of Commerce and Industry (SGCCI).

The policy will be implemented in October, according to a report in a top Indian daily.

Verma was told that the power tariff in Gujarat is almost double that in Maharashtra, raising the cost of the fabrics manufactured in Surat by around ₹5 per metre.

The entrepreneurs, who had invested under the Technology Ungradation Fund Scheme (TUFS), are yet to receive subsidy amount of ₹650 crore from the government for the last two years, and that is hampering modernisation.

The textile entrepreneurs also pointed out that unfinished fabrics manufactured in Surat reach Vietnam and China via Kolkata or Bangladesh and finished fabrics from Vietnam is then dumped at cheap prices in India.

Many textile entrepreneurs from Surat have shifted to Maharashtra in the last six months, powerloom sector leader Devesh Patel said.
Studio on viscose yarns and fabrics opened in Tirupur

Grasim Industries of Aditya Birla Group opened its third studio-cum-library on Viscose Staple Fibre (VSF) yarns and fabrics in the city on Tuesday.

The facility, which had been established already in Noida and New York, is expected to assist the industrialists in Tirupur knitwear cluster to get knowledge about handling viscose products and resourcing them in the market.

Having its brand Liva, Grasim Industries has aimed to strengthen its supply chain by facilitating a platform where garment manufacturers and yarn/fabric manufacturers could meet. With such idea, Liva Accredited Partner Forum (LAPF) studio-cum-library has been opened on Nehru Street in the dollar city.

The studio has a collection of more than 2,000 fabric innovations of viscose, modal and excel. It has a dedicated technical team, which will help the visitors to know about technical specifications, companies who manufacture the yarns/fabrics and minimum order quantity.

Tirupur Exporters’ Association general secretary T R Vijayakumar told TOI: “The Tirupur cluster is cotton-oriented as 90% of the companies here are handling cotton/cotton-blended yarns and fabrics.

But the cotton products would only constitute around 30% of total readymade garment sector and 65% of the sector was owned by man-made fibres including viscose products. So, it is important to diversify for sustainability of the cluster.”

“Being the giant in VSF, Grasim Industries’ LAPF studio could play a major role in the diversification. It is always an advantage because even if buyer comes, the industrialists could bring him to the studio and ask him to pick VSF fabric which he wanted,” he added.
Managing director of Grasim Industries Dilip Gaur said, “With proving its mettle in cotton knitwear business, the Tirupur cluster has a huge potential to tap viscose knitted apparel because it is also one of sought-after products in the international market.

It is all about acquiring knowledge in handling VSF and they could achieve it with the present machineries set up with slight changes.”

Source: timesofindia.com- July 11, 2018