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IBTEX No. 207 of 2017 October 13, 2017

USD 64.94 | EUR 76.94 | GBP 86.20 | JPY 0.58

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
18525	38750	**75.88**

Domestic Futures Price (Ex. Gin), October

Rs./Bale	Rs./Candy	USD Cent/lb
18180	38028	**74.46**

International Futures Price

NY ICE USD Cents/lb (Dec 2017)	68.84
ZCE Cotton: Yuan/MT (Jan 2018)	15,050
ZCE Cotton: USD Cents/lb	**88.05**
Cotlook A Index – Physical	**78.8**

Cotton & currency guide: The data came close to major consensus estimates. No major surprises. Indication supplies to weigh on the market.

USDA lowered US production by 643,000 bales to 21.115 million bales, still the highest production since 2006-07. Most of the drop was due to 300,000 bale reductions each in Georgia (to 2.4 million bales) and Texas (to 9.026 million bales). North Carolina had the next change in size, down 45,000 bales (to 700,000 bales).

The USDA World Supply-Demand report had a 1.56 million bale decrease in 2017-18 ending world stocks to 92.38 million bales. World production was 120.86 million bales (up 112,000 bales); and world consumption was 118.01 million bales (up 262,000 bales). That's the highest production since 2012-13; and the highest consumption since 2009-10.

Noticeable points to keep in mind. US ending stocks dropped by 200,000 bales to 5.8 million bales and that included a 400,000 bale reduction in exports to 14.5 million bales. Australia's ending stocks dropped by 300,000 bales, due entirely to an increase in exports. Argentina's ending stocks increased by 225,000 bales, mostly due to an increase in production. Vietnam imports were up 200,000 bales due to an increase in consumption of 250,000 bales.

Implication: US crop above 21+million bales and the global production 120+million bales have kept the cotton price under stress. The September Hurricane worry for cotton crop loss is gone to a large extends. This has pulled cotton price lower.

Price performance: Across trading contracts ended Thursday trading session on a lower note. The December future ended at 67.85 down by almost 1 cent from previous close. The trading volumes were largely higher than past 10 days and on Thursday were around 28K contracts.

This morning ICE cotton is seen trading at 67.80 marginal changes from previous close while likely to trade on the lower trajectory. However note 67 continue to be strong support levels. Cotton has been trading in the range of 67 to 70 cents for the past 3 consecutive weeks. Any clear cut down below 67 would shift the cotton price range into lower trajectory.

Indian Market scenario: The spot market was steady near Rs. 39800 to Rs. 40K per candy for both old and new crop. However the futures were slightly on the lower note. The October, November and December ended the session at Rs. 19020, 18250 and Rs. 18180 per bale down from previous close. On today's trading session cotton price in India may trade down. The trading range for November would be Rs. 18040 to Rs. 18340 per bale.

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

NEWS CLIPPINGS

INTERNATIONAL NEWS

The U.S. Free-Trade Agreement With Central America Is Next in Line for a Makeover

Experts are meeting for their fourth round of NAFTA trade talks in Washington, D.C., this week with the idea of wrapping up negotiations to revamp the North American Free Trade Agreement by the end of this year if President Trump doesn't derail the deal. But as soon as NAFTA has been repackaged, the spotlight is expected to be pointed at the U.S. trade agreement with Central America.

Central America, with its hundreds of clothing factories, is a big player in the apparel industry, exporting most of its production to the United States. There are factories that employ thousands of workers cutting and sewing T-shirts for Target and Walmart as well as producing T-shirts for several Los Angeles clothing companies such as Jerry Leigh.

The region is a top manufacturer of basic T-shirts, underwear, sweatshirts, pants, synthetic activewear and socks. In the Dominican Republic, a member of the Central American free-trade agreement, which also includes the United States, Guatemala, Honduras, Nicaragua, El Salvador and Costa Rica, the HanesBrands employs some 8,000 people.

But the difference between Central America and NAFTA is that the United States has a $5 billion trade surplus when dealing with the DR-CAFTA countries while the United States has a $74 billion deficit when dealing with its NAFTA partners, Mexico and Canada.

From Canada, the United States imports a lot of crude oil and natural gas. From Mexico, it brings in a large number of cars, trucks and auto parts.

That means that a renegotiated DR-CAFTA may not be as drastic as it could be with NAFTA.

"We export about $29 million in goods to CAFTA countries and import about $24 billion," said Gail Strickler, former assistant U.S. trade representative for textiles under the Obama administration and now president of global trade at Brookfield Associates in Washington, D.C. "I don't think anyone is going to want to mess with a $5 billion surplus."

Strickler expects that CAFTA negotiations down the road will concentrate on intellectual-property protection and digital commerce—subjects that weren't that important or prevalent when the free-trade accord initially took effect in 2006.

Other areas that probably will be addressed include trade facilitation. The U.S. administration would like to speed up customs processing in Central America, improve training of customs officials at the borders, and reduce corruption at customs-entry points and at the ports.

The extent of corruption in Central America was front and center in 2015 when then-Guatemala President Otto Pérez Molina and his vice president, Roxana Baldetti, were arrested on customs-fraud charges for allegedly siphoning off millions of dollars in customs duties from importers trying to get their goods in at a reduced rate in exchange for financial kickbacks. Perez and Baldetti are still in prison.

But what happens with DR-CAFTA depends on what happens with the NAFTA negotiations. The fourth round, Oct. 11–17, is being held in Washington, D.C., with hopes that the trade talks will wrap up by the end of this year or early 2018.

"NAFTA is being renegotiated first. I think that will have a big impact on what may or may not be discussed relating to CAFTA," said Julie Hughes, president of the U.S. Fashion Industry Association, a trade group in Washington, D.C., that represents U.S. apparel and textile importers.

Right now, one of the sticking points in the NAFTA renegotiations is trade-preference levels, also known as TPLs. TPLs allow for a certain amount of yarn and fabric produced outside the free-trade-agreement region to be used in apparel production as long as the non-regional inputs are cut and sewn within the free-trade countries.

Overall, Mexico and Canada combined are permitted to use nearly 236 million square meter equivalents (SME) of apparel, made-ups and fabric and 12.8 million kilograms of yarn containing third-party components.

U.S. textile companies would like to see this regulation disappear, but the Mexicans, who use it more than the Canadians, want it to remain. "My Mexican and Canadian contacts said they are not willing to give up some of the things that our administration is asking. One of them is the elimination of TPLs," Hughes said.

Many U.S. clothing manufacturers that produce in Mexico and Canada would like to see TPL levels increased rather than reduced because it would lower their production costs.

Saving TPLs is also supported by the American Apparel & Footwear Association, whose U.S. members represent some 1,000 brand names manufactured primarily overseas; the National Retail Federation; theU.S. Fashion Industry Association; theCouncil of Fashion Designers of America; and the California Fashion Association.

Steve Lamar, the AAFA's executive vice president, noted that TPLs often help retain duty-free status that might be eliminated. For example, if there were no TPLs, U.S. clothing manufacturers could not use foreign-made linings in U.S.-made garments and get duty-free access to Canada or Mexico. Hardly any coat linings are manufactured in the United States. "Using Chinese or Italian lining would disqualify the entire garment from duty-free status even if it is made of U.S. fabric and sewn in the United States. If we keep the TPLs, you get that duty-free qualification," he said.

The only country in the DR-CAFTA region that has TPLs is Costa Rica, which can bring in fabric for wool apparel and swimwear, but it is hardly used at all.

One element Central American clothing factories would like to see changed is having the ability to send a certain amount of fabric made in Central America to Mexico, where it could be cut and sewn and exported to the United States and Canada without paying duties.

This is similar to a provision—called cumulation—that allows 100 million square meter equivalents of fabric to be sent from Mexico to Central America to be cut and sewn and then shipped duty-free to the United States. Most of that fabric shipped from Mexico to Central America is denim for blue jeans, but it also includes wool, cotton and man-made fiber bottom-weight cloth.

However, the U.S. textile industry opposes that idea because it would cut into the nearly $3 billion in cotton, yarn and fabric it sends every year to the DR-CAFTA countries.

CAFTA is still a work in progress with NAFTA still first in everyone's mind. "The focus is really still NAFTA," Lamar of the AAFA said. "Then we'll see about CAFTA."

Source: apparelnews.net- Oct 12, 2017

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Ethiopia's Move Towards Bt Cotton Commercialization

For centuries, people have been searching ways that would enable them protect their crops from insects and pests so as to grow the highest yield in their fields.

To this effect, various insecticide and pesticide have been tested and proved to be effective. Among these, Bacillus thuringiensis, a bacterium which has been used to control crop-eating insects and kill mosquitoes, is the one.

Bacillus thuringiensis, commonly known as Bt, is a genetic modification which is done through the insertion of one or more genes from a common soil bacterium. These genes encode for the production of insecticidal proteins, and thus, genetically transform plants to produce one or more toxins as they grow. And these toxins protect the plant from bacteria and enables it yield better. Bt, was first identified in 1911 when it was discovered killed the larvae of flour moths, as sources indicate.

The gene is used globally for pest control practice and in integrated crop management system. Particularly, because it has shown remarkable results in protecting cotton crop, it is used widely to growing insect-resistant or genetically modified cotton, known as 'Bt cotton'.

Ethiopia, following the adoption of a law that granted experimentation rights of the Bt cotton both in labs and fields, is also at a point to grow bio technologically developed cotton. As a long term plan, it has also intended to supply biotechnologically engineered cotton seed varieties to the global market.

As it is learnt from the Ethiopian Institute of Agricultural Research (EIAR) released recently, nation's field trial towards Bt cotton has now entered into final stage. The experiment has been conducted for over four years on four different sample varieties taken from India and Sudan. And the findings of the field trial show that Bt technology could reverse the influence of insects that greatly affect the productivity of cotton.

The field trials and most of the preparation activities that have been undertaken in the North, South and Eastern parts of the country has shown better results. And the results indicate that Ethiopia will have a Bt cotton variety in its farmlands soon.

As this same release stated, development of Bio-technology and bio-safety are necessary for the effective implementation of Bt technology. And the various bio tech and bio safety works done so far are directed towards resolving the daunting demands of agricultural inputs of the country. They also put the nation one among the best exporters of bio tech products in the long run.

Recently, a workshop aimed at sharing countries best experiences of Bt cotton practice was organized here in the capital under the theme: "Technology Commercialization and Product Stewardship Outreach Program for Cotton Stakeholders in Ethiopia."

Sanjay K. Gupta, an Indian and a representative of JK AGRI GENETICS LTD Company told The Ethiopian Herald that Ethiopia is a country endowed with fertile land and abundance water resources.

"Thus, the nation could get higher yield and greater profits through utilizing genetically modified cotton seeds, Bt varieties. Luckily, nowadays huge and star textile and garment industries are showing keen interest to commence business in Ethiopia."

Mentioning that JK AGRI has already invested a huge amount of capital at Hawassa Industrial Park, Gupta said his Company is on the way to open a new cotton factory which is crucial for textile and garment industry and make big investments in the country.

Now the world is expecting Ethiopia to be exemplary on the area as it has already done its assignment on Bio-safety, Bio-technology and related regulatory works that are per-requisite to the implementation of Bt technology commercialization. The political will of the nation is also another aspect that is highly appreciated, as Gupta stated.

In Ethiopia, the expansion of the textile manufacturing industries has shown an increasing demand for cotton. Furthermore, the introduction of industrial parks in the manufacturing sector is expected to push the increase in the supply of cotton production. EIAR is echoing the premise that Ethiopia is on the right track and at the final stage to commercialize Bt cotton technologies. The reasons behind this push are attributed to the availability of ample investment opportunities and expansion of infrastructures throughout the country.

EIAR Deputy Director General Adviser Dr. Adugna Wakjira said that in the process of transforming nation's economy from agriculture based to industrialization, textile and garment industry sectors have been given priorities. In this regard, he said, at the end of the second Growth and Transformation Plan years (GTP-II) a plan is set to generate some about 1 billion USD from textile and garment sector.

To realize this, employing modern technologies and improved cotton varieties are highly decisive to increase productivity and produce commercialized Bt cotton. He stressed adding "EIAR is conducting researches as per the direction put in place by the government."

The Adviser further said that Ethiopia has ample natural resources, trainable work forces, institutions, infrastructure, and all the necessary inputs. However, lack of modern varieties and quality related to the market are still challenging the sector. It is crucial to strengthen the capacity of all stakeholders by sharing relevant expertise information and experiences at hand, he added.

Agricultural Counselor and USAID Liaison to the African Union Michael G. Francom said on the occasion that Ethiopia including the amendment of the Bio-safety proclamation, it has gained lots of achievements in the areas of Bio-safety, Bio-technology and other endeavors which depict that things are in the right direction. He further noted "The government of Ethiopia is leading the charge on that regard which the US is keen to support its effort."

Ethiopia has great Bt cotton potential and nation's textile industries are demanding more out of it. As the technology is instrumental to increase productivity, it hopefully will fulfill the demands of local industries and generate revenue from export markets.

Highlighting the various efforts done to link Ethiopia to other countries that have benefited from the technology, he said India is the notable one among others.

At the workshop, six countries: Sudan, Burkina Faso, South Africa, India, Australia and United states have shared their experiences to participating countries.

Source: allafrica.com- Oct 12, 2017

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Bangladesh: Textile chemical sector catches eye of foreign firms

The textile chemical and dye market of Bangladesh is edging towards $1 billion on the back of rising garment exports, according to industry insiders.

This has caught the eyes of many foreign companies, who now mull over expanding their geographical footprint to Bangladesh.

One such company is Huntsman Textile Effects, a concern of the globally renowned US-based chemical and dye company Huntsman.

The company is currently working with nearly 200 textile and dye factories in Bangladesh and logging in 16 percent year-on-year sales growth, according to its Vice-president Chuck Hirsch.

Hirsch was in Dhaka this week to sign agreement with a textile company. Huntsman sells chemicals and also consultation as after sales services.

“Huntsman is among the top three chemical companies for Bangladesh. The country is among its top four destinations globally. There is room for further expansion of chemical and dye business.”

Swiss Colours Bangladesh, a local chemical and dye company, has been working as the agent of Huntsman in Bangladesh.

Hirsch, however, declined to divulge Huntsman's annual chemical and dye sales figure in Bangladesh. But industry insiders said Huntsman has more than $350 million worth of chemical and dye business in Bangladesh.

Globally, Huntsman's textile chemical business is worth $800 million. Among major garment producing nations, Huntsman supplies chemicals to textile factories in China, India and Vietnam.

Asked how green Bangladesh's textile mills were, Hirsch said water use for washing and dyeing can be reduced about 50 percent if the chemicals can be used properly. Similarly, energy consumption can also be cut 30 percent. Regarding the prospects of garment business in Bangladesh, he said: “The outlook is very good.”

Bangladesh needs to address the health and safety issues and labour rights to grab more market globally, he added.

“Very soon Bangladesh's textile chemical and dye market will cross $1 billion, as the demand is fast increasing,” said Dheeraj Talreja, commercial director of Huntsman Textile Effects for South Asia, Middle-East and Africa.

The demand for chemicals in Bangladesh has been increasing rapidly because of the growing denim industry, he said, adding that Bangladesh's performance in the denim segment is so strong that it overtook even China in the EU market.

At present, there are 425 spinning, 790 weaving and 250 dyeing mills that have about Tk 50,000 crore of investment tied up, according to data from Bangladesh Textile Mills Association. With the existing capacity, the primary textile sector can supply 90 percent of the raw materials for knitwear and 40 percent for woven sector. The rest of the demand is met through imports from China, India and Pakistan.

Source: thedailystar.net- Oct 13, 2017

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Singapore: Over 600 delegates attend ICA Singapore trade event

More than 600 delegates are attending the trade event by International Cotton Association (ICA) in Singapore. From ginners and growers to spinners and merchants, the event has brought together the major players in the cotton industry, offering all delegates the chance to network, meet colleagues and attend lectures by international speakers.

The two-day event that is being held at the Raffles City Convention Centre in Singapore will conclude on October 13.

The annual event is an opportunity for delegates to gain insights at a macro level from the speakers who will cover topics as diverse as the global economy and the rise of blockchain.

"We are pleased that ICA has chosen Singapore for its annual cotton event. It clearly signifies the growing importance of Asia in the world cotton industry. Singapore is one of the world's largest agri-commodities trading hubs, and International Enterprise (IE) Singapore is committed to working with the sector to ensure Singapore continues to be a leading trade hub that stays relevant for its needs," said Amreeta Eng, IE Singapore's group director for trade promotion.

Source: fibre2fashion.com - Oct 12, 2017

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Global synthetic fiber prices on the rise

Average synthetic fiber prices increased sharply in September. Global synthetic fiber prices increased 17.5 per cent year on year and by 5.8 per cent over the prior month. Contributors to the price increases included constraints on supply, a temporary spike in oil prices and disruption in intermediates product resulting from hurricanes, and continued Chinese crackdown on violations on environmental regulations.

Although oil prices have already settled down from their hurricane-related increases, delays in expansion of resin capacity in the US and Europe have caused concern over polyester supply in both the short and the long term.

In Asia, the largest manufacturing region for synthetic fibers, the price increase was felt most intensely. Prices increased in September by 24 per cent year-over-year and 9.4 per cent month-over-month. The biggest increase was in the polyester filament area.

Nylon textile filament costs were similarly affected, though not as dramatically. Spandex, viscose and acrylic staple prices remained relatively stable. Asian synthetic fiber prices remain more than 20 per cent below the global average. In the US, prices rose by 6.9 per cent compared to September last year and three per cent from August. In Europe, prices rose by 18.2 per cent year-over-year and two per cent from last month.

Source: fashionatingworld.com- Oct 12, 2017

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Sri Lankan leather apparel maker LLF reduces carbon footprint

Leather garment manufacturer Lanka Leather Fashion is committed to promoting sustainability. Not content to only negate its overall impact, LLF improves its environmental performance year-on-year, and has even managed to achieve a notable 16 per cent reduction on its carbon footprint with a 11 per cent increase in production as well.

Founded in 1981, Lanka Leather supplies to prominent high-street fashion brands such as Hugo Boss, Gerry Weber, Michael Kors and Taleco. The organisation's leadership in reducing and compensating for its environmental impact is getting much deserved attention from key decision makers and stakeholders in its global supply chains.

The manufacturer holds the title of Carbon Neutral for the third year in a row. This was awarded by UK based Natural Capital Partners. Carbon Consulting Company has conducted an in-depth assessment of LLF's greenhouse gas emissions. LLF then invested in a renewable energy project in Sri Lanka to obtain registered carbon credits through Natural Capital Partners.

High quality, sustained volumes and competitive pricing have been key factors contributing to the success of Sri Lanka's footwear and leather products industry. High quality Sri Lankan leather goods in the range of leather gloves, travel bags, back packs, ladies' handbags, jackets and small leather goods cater to niche international markets.

Source: fashionatingworld.com- Oct 12, 2017

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China may exceed economic growth targets

China will have no problem meeting its economic growth target of around 6.5 per cent this year and may even beat it. Steps that have been taken to rein in the overheated property market have been effective and will remain in place.

The world's second largest economy expanded by a stronger-than-expected 6.9 per cent in the first half, fuelled by heavy infrastructure spending and a property boom. If growth does beat last year's 6.7 per cent - the lowest in 26 years - it would mark the first acceleration in the growth rate in seven years.

As fears of the economy tanking have faded, policymakers have become readier to tackle mounting debt and push forward difficult structural reforms. While the economy could lose some momentum in coming months due to higher borrowing costs and property cooling measures, the slowdown may be moderate.

Survey-based unemployment in major cities was 4.83 per cent in September, the lowest since 2012. China's booming economy continues to propel Asia and drive worldwide economic growth. But the uptick in growth is expected to result in greater debt levels over the long term, raising the prospect of a sharp growth slowdown in China.

Since the global financial crisis in 2008 its debt load as a percentage of gross domestic product has grown more than ten per cent per year on average.

Source: fashionatingworld.com- Oct 12, 2017

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Bangladesh RMG losing share to India

India is progressively eating into Bangladesh's share in the global apparel trade.

For instance, India last year was the third biggest exporter of garment items to the US, which happens to be Bangladesh's single largest export destination.

In the first eight months of this year, India climbed up to the second spot, while Bangladesh slipped from the fourth position to the sixth.

Thanks to the stimulus package, Indian manufacturers can offer lower prices and are fast catching up with their Bangladesh counterparts. In 2016, India's share in the global apparel trade was four per cent and Bangladesh's 6.4 per cent.

Moreover, the Indian rupee has devalued a lot against the dollar. India's apparel exports last fiscal year were up 15 per cent year-on-year.

In contrast, Bangladesh, despite even being the second largest garment exporter after China, shipped items that were an increase of just 0.20 per cent from a year earlier. India's garment shipments are expected to grow between 15 per cent and 18 per cent this fiscal year.

The US market, which accounts for 30 per cent of India's apparel exports, is doing reasonably well. South America, Europe, Middle East and Japan are other promising markets for India.

Source: fashionatingworld.com- Oct 12, 2017

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Bangladesh apparel exports to China, Japan fall

Bangladesh's apparel exports to China and Japan world's second-and third-largest economies fell significantly this fiscal as businesses failed to reap benefit of duty-free market access. Exporters cited a number of bottlenecks that caused the fall.

The country received $74.30 million from apparel exports to China in a 10.15 per cent negative growth during the period over that of corresponding period of FY2016-17, according to data available with the Export Promotion Bureau. Growth in export earnings from Japan also declined, by 9.81 per cent to $170.83 million, during the July-September period of the current fiscal from $189 million fetched in the corresponding period of last fiscal.

Exporters and experts found the absence of proper networking from the industry level to increase the bilateral trade with China and Japan, resulting in the setback. Former president of Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) Fazlul Haque held the private entrepreneurs responsible for the poor performance on the vast Chinese market.

According to him Vietnamese exporters get advantage due to their proximity with China and also because they make diversified products using manmade fibres. On the other hand, apparel exports to major traditional markets witnessed a mixed growth, data showed.

Germany, the single-largest EU destination for Bangladesh apparel items, imported garments worth $1.29 billion in July-September period, a meagre growth of 0.85 per cent over the corresponding figure in 2016-17.The country's earnings from France recorded a slow growth of 4.85 per cent to $374.11 million.

Source: fashionatingworld.com- Oct 12, 2017

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Vietnam: VITAS recommends removing tariffs on polyester fibre

The Vietnam Textile and Apparel Association (VITAS) has appealed to the ministries of finance and industry and trade not to increase import tariffs on polyester fibre from zero to 2 per cent. The request follows feedback from many domestic enterprises that are finding it tough to sustain because of the high cost of importing raw material.

VITAS has also urged the government not to raise the regional minimum wage in 2018 and consider adjusting the insurance premium rates paid by firms to a more reasonable level, so that enterprises can mobilise resources and improve their competitiveness to expand production and create jobs, according to a Vietnamese news agency report.

In another recommendation to the ministry of information and communications, it wanted an amendment to a decree on the conditions for licensing the import of printers for textile products.

According to the decree, the owner of a textile business is allowed to import printers if he has a college diploma or higher in the printing field or is granted a certificate of professional training by the ministry.

Source: fibre2fashion.com- Oct 13, 2017

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NATIONAL NEWS

Now textile exporters face multiple headwinds; see what is in store for them

Indian textile exporters are facing difficult times leading to constrained growth as well as pressures on profitability. With exports accounting for more than one-third of the Indian textile market, this is a matter of concern, notwithstanding a large domestic market.

In addition, unfavourable currency movements and high raw material prices in the past six to nine months as well as recent revision in duty drawback rates have only added to their woes, said Icra in a release on Wednesday.

Exporters have been facing subdued demand trends in the key importing countries as well as competitive pressures from nations such as Bangladesh and Vietnam over the past few years.

The pressures on textile exporters have become more severe with strengthening of Indian rupee against currencies of key competing nations during the current calendar year, which reduced competitiveness of Indian exporters vis-a-vis their counterparts.

The slowdown in apparels segment has mainly been on account of subdued demand from key textile-consuming regions of the US and European Union (EU) which account for a majority of exports from India.

This apart, cotton-yarn exports have been under pressure on account of a decline in demand from China, which used to account for more than 40% of total cotton yarn exports from India till last year and accounted for only 17% of India's cotton yarn exports in the first four months of FY18, the release said.

Source: financialexpress.com- Oct 12, 2017

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GST will create pace for industrial growth: Commerce Secretary

Federation of Indian Export Organisations (FIEO) organized an interaction with Rita A Teotia, Commerce Secretary of the union government at a city hotel on Wednesday. The objective for the interaction was to address various issues faced by exporters and discuss midterm review of foreign trade Policy 2015-2020.

During her address Teotia said, "The government is working constantly for the progressive business needs of the country. Regulatory framework is followed by the government agencies to positively impact the business operations in favourable conditions, which is the prime role and objective of government. Issues raised & discussed by the Industry members during the interaction will surely be looked upon"

Commenting on the GST imposed on exports, commerce secretary said , "With the recent GST implementation, the government is trying to create a pace for the industrial growth. Department of Revenue is now in line with the government at Center level, so as to act as a single governing agency and benefit the industry.

Fresh notifications regarding the GST, are being worked out for implementation at the earliest. Exporting community needs to widen their scope and bridge their gaps through the support of Export Promotion Councils. Both the, Central and State Governments will work in active collaboration with each other, in order to materialize the future plans of export promotion by states"

Rahul Ahuja, Convener, FIEO Punjab State Committee, while sharing his views said that "With the implementation of GST, the exporters have come across various difficulties and we are happy that Government has considered our requests on priority. We compliment Commerce Secretary for her whole hearted support to address the exporter's issues which resulted in announcement made by GST council earlier this month" More than 100 exporters were present on this ocassion.

Source: timesofindia.com- Oct 12, 2017

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As GST pinches, Surat textile traders send goods through private buses

Three months into the GST regime, textile traders in Surat have devised a new way to avoid paying GST on the goods. Dainik Bhaskar's Surat edition reports that traders in the textile hub are using the services of private buses to transport their goods to different places like Delhi, Rajasthan and elsewhere.

The buses are meant to carry passengers, but in the busy and sprawling Surat textile market, the slew of private buses are loaded with heaps of clothes and are sent across states sans payment of any cess under the GST regime.

Bhaskar reports that instead of sending goods in trucks with the requisite documentation, they are sending cloth worth Rs 10 crore every day through buses. Bus operators carry the goods without any need for GST number, Form 402 or any other document. Goods are loaded from 8 am in the morning to 10 pm at night.

Bus operators have devised their own receipt system to identify goods. This illegal channel is resulting in huge loss for business owners across thousands of Surat's small-scale trading, weaving and dyeing units, which together churn out around 40 million metres of fabric each day. Parcels weighing 40 to 50 kgs are loaded in the buses an hour and a half before departure. Bus operators have also seen their income double as a result. They charge anywhere between Rs 300 to Rs 400 for these parcels.

Traders say that in the past, only urgent shipments were dispatched through buses but this has reached a different proportion since GST was implemented. The equivalent of 50 trucks of goods is sent in 100 private buses every day. Bhaskar says that nearly Rs 10 crore worth of goods are moved through this channel. A representative of a trade association told Bhaskar that the government is aware of this modus operandi but is not taking appropriate action and that is hurting honest traders who are still paying taxes.

Source: business-standard.com- Oct 12, 2017

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Indian exporters need incentives

Indian textile and clothing exports have stagnated during the last three years. One reason is the FTA/PTA competitive advantage gained by competing nations such as Bangladesh and Vietnam and the high tariff rates imposed on Indian textile and the clothing products in major textile markets such as the EU, the US, Canada and China.

So the industry has appealed to the Center to refund the accumulated input tax credit at the fabric stage in order to avoid cost escalation, encourage the Make in India initiative, reduce import of fabrics, avoid job losses etc. Certain GST anomalies need to be addressed on a war footing.

The power loom sector and independent weaving units that produce over 95 per cent of the woven fabric are burdened with 18 per cent GST on yarn while the vertically integrated units do not have to face this problem as they need to pay 18 per cent GST for fibers and only five per cent GST on fabrics, and the cost difference works out to five per cent to seven per cent.

However, the entire cotton textile value chain and also all the textile job work come under the lowest and seamless slab of five per cent.

The low rate will help protect the livelihood of over 40 million people involved in cotton farming and trading, make cotton the engine of growth for the Indian textile industry and clothe the people of the nation at an affordable cost.

Source: fashionatingworld.com- Oct 12, 2017

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India needs to hike technical textile outlay

In countries like Germany investment in technical textiles is 70 per cent of textile output but in India investment in the technical textile sector is only 10 per cent. The technical textile industry also has about nine per cent of the world's total consumption manufactured in India.

Technical textiles offer several advantages in their functional aspects for improving health and safety, cost effectiveness, and durability and strength of textile material. In India, this sector is in its nascent stages while on the global stage it's a multi-million dollar industry.

A large number of technical textile products are consumed by different industries like automotive, healthcare, infrastructure, oil and petroleum, among others.

Indian companies have started producing technical textiles for the international market. Though at a nascent stage, technical textile production in India with the right investment and exposure will definitely compete with international production.

Indian companies have been introducing several new developments in textile technology. Indian companies are developing products using meta aramid, a textile produced in India which is made from a blend of materials which are environment friendly, lightweight and perform better than asbestos. These meta aramid products can replace the carcinogenic asbestos in the Indian industry which was claiming the lives of people using them.

Source: fashionatingworld.com- Oct 12, 2017

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Reduced GST on yarn to help textile sector: Exporter body

The Synthetic and Rayon Textiles Export Promotion Council (SRTEPC) has stated that the reduction of GST on man-made fibres and yarns from 18 per cent to 12 per cent will provide a major relief in unblocking of the working capital due to the huge accumulation of non-refundable input tax credit (ITC).

The man-made fibres and yarns were slotted under 18 per cent GST rate while the fabrics were slotted under 5 per GST slab with a condition of no refund ITC at fabric stage. This had created a huge accumulation of nonrefundable ITC with the weavers and blockage of working capital. Now, with reduction of GST to 12 per cent this problem will be subsided to a larger extent and more manageable.

SRTEPC Chairman, Narain Aggarwal; said, "The reduction in GST would benefit both the spinning and power loom sector who are the manufacturers and suppliers of yarns to the textile industry. As soon as the benefit is passed on to the entire downward value chain of the textile industry, our textile items in the global market will be more competitive. It will also help in ensuring that the country's poor are clothed at an affordable price"

Aggarwal also stated that the release of held-up refund of IGST paid on goods exported in July from October 10 onwards has come as a big relief to merchant exporters who have put in huge working capital. The refund of the huge amount will be again invested into increasing exports.

"The merchant exporters will now have to pay nominal GST of 0.1 per cent for procuring goods from domestic suppliers for export" said Aggarwal.

However, leaders in the powerloom sector believe the spinners and yarn manufacturers are going to be benefited with the reduction in GST from 18 per cent to 12 per cent on yarn and MMF. Both the segments will get ITC refund.

The powerloom sector has also raised concerns on the increase in the basic price of yarn by almost 6 per cent next month. The ITC accumulated in the weaver GST ledger will be transferred to the spinners bank account.

Source: timesofindia.com- Oct 12, 2017

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Cotton prices to trade sideways to higher: Angel Commodities

According to Angel Commodities, Cotton futures are expected trade sideways to higher on reports of lower than expected crop size, cci procurement and improved exports demand for Indian cotton.

MCX Cotton Oct futures continue to trade higher on good demand for new season cotton and reports of good exports demand for Indian cotton from the Asian countries.

Moreover, wet weather in the states like Telangana may damage ready to harvest cotton which may further cut down on production.

Outlook

Cotton futures are expected trade sideways to higher on reports of lower than expected crop size , cci procurement and improved exports demand for Indian cotton.

However, expectation of good production and carryover stocks for the next season may keep domestic prices steady during the arrival seasons.

Source: moneycontrol.com- Oct 12, 2017

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Textile majors eyeing to monopolise Khadi sector

Despite sounding rosy, offer may lead to industry losing its identity

While the State government is gearing up to execute a textile modernisation plan, domestic textile majors are learnt to be making a beeline for the traditional Khadi and handloom production hubs in the State with lucrative offers for outright procurement of their products.

Industry sources told The Hindu here that the key players were coaxing the Khadi and handloom production units in Kannur and Thrissur, to begin with, to sell their products at competitive prices and also seeking an assurance that they would consistently meet the demand for a fixed tenure.

The offer sounds rosy for the units as it ensures regular employment to scores of workers and also a higher price for the producers for a fixed period. But it is fraught with the danger of the industry losing its identity and clout in the market.

Also, on establishing monopoly, the companies are likely to determine the prices and even the working conditions in the units. The Central government had already given the authority to such buyers to fix the prices in the Khadi sector and hence market manipulation would be easy too, sources said.

Kerala brand

The only option to insulate the industry from such overtures of monopolists is to expedite the implementation of the modernisation package approved in principle by the government and establish a Kerala brand in the market without compromising on quality.

The government has already approved a modernisation plan submitted by an expert committee headed by P. Nandakumar.

"We are aware that the traditional sector is prone to such incursions from monopolists and now the government has expedited execution of the modernisation plan that calls for a comprehensive development of the sector, with a renewed accent on building the Kerala brand," Mr.Nandakumar says.

Job potential

Compared to other industries, textile has the potential for engaging legions of workers, mainly women, and providing jobs consistently, with minimum investment.

As a first step, the mills at Komalapuram and Pinarayi will start functioning soon and that would lead to a major boost in the sector, says Mr. Nandakumar.

Source: thehindu.com- Oct 12, 2017

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India, Mauritius back to negotiating free trade pact

India and Mauritius are back on the negotiating table to revive efforts for a free trade agreement that was suspended in 2013 due to disagreement over the Double Taxation Avoidance Agreement (DTAA). The two countries subsequently signed the revised DTAA last year clearing the hurdle for the FTA.

A team of trade officials from the island nation was in New Delhi late September to finalise the scope of the pact — officially referred to as the Comprehensive Economic Cooperation and Partnership Agreement (CECPA) based on a feasibility study conducted by both sides.

“Negotiations are expected to begin full-fledged after the next meeting in November in Mauritius,” a government official told *BusinessLine*. The CECPA will include trade in goods, services as well as investment facilitation.

“Now that the DTAA has been signed and implemented the bitterness is behind us and the two countries are now ready to go ahead and finalise the CECPA,” the official said.

India is not expected to gain much in terms of market access for goods from the free trade pact as Mauritius is a very small market. However, in the area of services, especially tourism and hotels, there is a lot of scope, the official added.

“Mauritius also has trading arrangements and preferences with other countries and regions which Indian investors could take advantage of once the FTA is in place,” the official said.

Mauritius is also a beneficiary of the Generalised System of Preferences offered by Japan, Norway, Switzerland, the US, and the customs union of Belarus, Kazakhstan, and Russia.

It is a FTA member of the Common Market for Southern and Eastern Africa and the Southern African Development Community. Apart from the economic gains, which could be limited compared to FTAs with larger countries, New Delhi is interested in a free trade pact with Mauritius as it shares a common cultural and historical past and there is a large Indian-origin population residing in the country.

“India views an FTA with Mauritius as a firm step in cementing the excellent relations that we have always shared with the country by increasing economic ties,” the official said.

The revised DTAA, which Mauritius was initially reluctant to sign, gives India the right to tax capital gains arising from sale or transfer of shares of an Indian company acquired by a Mauritian tax resident from April 1, 2017.

India’s exports to Mauritius in 2016-17 were $881 million which was a tiny fraction of the country’s total exports during the year pegged at $275.85 billion. It imported goods worth just $18 million from the country compared total imports of $384 million during the fiscal.

Source: thehindubusinessline.com- Oct 13, 2017

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