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IBTEX No. 212 of 2018 October 13, 2018

USD 73.69| EUR 85.30 | GBP 96.93 | JPY 0.66

Cotton Market (12/10/2018)		
Spot Price (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
21943	45900	**78.89**
Domestic Futures Price (Ex. Gin), October		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
22300	46646	**80.17**
International Futures Price		
NY ICE USD Cents/lb (Dec 2018)	76.80	
ZCE Cotton: Yuan/MT (Jan 2019)	15,565	
ZCE Cotton: USD Cents/lb	**86.67**	
Cotlook A Index – Physical	**86.35**	

Cotton Guide: US Cotton traded steady on Thursday to post a close for December future at 76.81 cents per pound. The same is seen trading higher by more than half per cent this morning at 77.24 cents. Broadly market is trading in the same range for the past 11 days. This has been the tendency that after a good price move cotton is getting into consolidation mode for some days and then again moving down. This has been observed since price made a top of 95cents in June 2018.

Coming to Thursday movement market was very quiet despite the USDA WASDE Report was released. We saw no major action in the market as the data turned out mixed. Trading volume was 30,077 contracts. Cleared yesterday were 25,483 contracts. The market has demand concerns on its mind. The US has been slipping to be the residual supplier of cotton rather than the first pick by mills. Currency issues and trade war constraints have almost stopped sales. Also Thursday's market had to contend with the continuous meltdown of US equities.

The 3 major indexes lost 1.3 to 2.1 percent in value having lost 3.1 to 4.1 percent on Wednesday. The DOW and S&P have ended lower in 5 of the last 6 sessions, and the NASDAQ lower in all 6 sessions. Cumulative 6 session losses have been 6.6 percent in the DOW; 6.7 percent in the S&P; and 8.4 percent in the NASDAQ.

If there is good news on the macro-economic scene for US exporters, the US dollar index has dropped in 5 of the last 6 sessions for a cumulative loss of just over 1 percent. That's a notable drop for that index, but it has a long way to go to attract buyers.

USDA reports were highlighted with a 3 million bale drop in India's stocks going back to 2002. While there were notable changes in some countries, the net change on World Supply/Demand report was a 3.01 million bale reduction in world ending stocks. Other highlights were: a half million bale drop in Australia's production to 2.5 million bales; and in the US, production up 80,000 bales and exports down 200,000 bales. Here is the link to the USDA World Supply/Demand Report: USDA Report. Here are the yield and production changes for the US. More details can be found on the link: More details.

FX Guide:

Indian rupee has opened firmer by 0.5% to trade near 73.755 levels against the US dollar. Rupee has benefitted from sharp correction in crude oil price. Brent crude trades near $80 per barrel today, off 8% from recent 4-year high, as part of sell-off in equity and commodity markets and on demand concerns amid pressure in emerging markets. The US dollar has also weakened against major currencies amid drop in yields and Trump's concern about Fed rate hikes.

The US 10-year yield has corrected from 7-year high on safe haven buying and disappointing inflation data. US CPI rose 0.1% in September as against forecast of 0.2% growth. Rupee is also gaining support from Indian government's decision to raise import tariffs on certain telecom equipment and components by up to 20% to reduce dollar demand. Indian government last month raised import duty on 19 goods to reduce demand. Maintaining optimism about Indian economy, Economic Affairs Secretary Subhash Garg said India stands ready to deal with any situation affecting its currency and current-account deficit.

Rupee has witnessed a firm opening on crude oil correction however weaker risk sentiment and selling pressure in domestic equity market may limit any major gains. USDINR may trade in a range of 73.5-74.05 and bias may be on the upside. Further cues will come from inflation and industrial production data today.

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

NEWS CLIPPINGS

INTERNATIONAL NEWS

New China Tariffs Are Coming and So Are The Non-Tariff Barriers, Experts Say

President Donald Trump's next promised tranche of tariffs on China, targeting all remaining imports from the country, is coming.

And it's not a matter of "if," but "when," trade experts said speaking at the Sourcing Journal Summit in New York Thursday.

"Tranche 4 is coming," said Steve Lamar, executive vice president of the American Apparel and Footwear Association. "The president has, on multiple occasions, indicated that if the Chinese retaliate on the previous tranches, he will retaliate with the rest of trade ... He's promised this a number of times and the Chinese have retaliated, so it's up to the president to decide if he's going to carry through with that, and we believe that he will."

What this means for the industry is that all apparel and footwear imports from China into the U.S. could face tariffs ranging from 10 percent to 25 percent, which could substantially alter the way companies approach sourcing in China.

The comments come following the most recent tranche of tariffs targeting $200 billion worth of China-originating goods, taking the total of Chinese-tariffed goods up to $250 billion. The latest round put 10 percent tariffs on the targeted goods, though Trump has plans in place to increase that number to 25 percent on Dec. 1.

China has retaliated in both rounds of U.S. tariffs, evenly matching the initial $50 billion and then following up with another $60 billion last month, in line with those newly levied by the United States. China won't be able to go dollar for dollar with the U.S., as it only imports roughly a quarter of what the U.S. takes in from China.

So far, the moves have already been substantially costly to an industry already footing the bill for the bulk of the United States' collected duties.

“We represent about half of the tariffs that are collected by the U.S. government every year,” Lamar said. “That translates to about $16-$17 billion a year.”

Just looking at the tariffs that have been levied this year, Lamar said the number is climbing at quite a clip. Roughly 20 days ago, he pegged the number at $3.7 billion, and 10 days ago it had reached $4.5 billion.

“It’s over $5.2-$5.3 billion at this point and rising quickly,” he said. “Obviously that number will increase come Dec. 1 when the 10 percent tariffs on tranche 3 become 25 percent tariffs. And of course, it gets even higher when we learn the details of tranche 4. So the numbers are big and getting bigger.”

Where sourcing goes from here

With so many apparel brands and retailers steeped in China sourcing, and considering no other country can match China’s capabilities and capacity, the ramifications of this trade war are expected to run deep.

“When you look at the fact that China as an apparel manufacturing country globally represents 35 percent of all exported apparel, and if you look at the next eight countries in the world that are right behind it … those eight [collectively] represent 35 percent,” said Robert Sinclair, president of global supply chain, Global Brands Group, adding that it’s far easier said than done to abandon or considerably reduce sourcing in China. “If you’re going to face an additional 25 percent tariff in 2019, that’s going to have a massive impact on the cost structure. There’s only so much mitigation we can do.”

While PVH Corp. is planning to stay its sourcing course amid the uncertainty tariffs have brought on, the company’s VP of customs compliance & government relations, Maristella Iacobello, noted that it’s prepared for “aggressive action” as needed. For now, however, it’s simply been about trying to navigate what’s needed without really knowing what that is at all.

“In the past I was able to provide some sort of concrete information to the global supply chain team, but now I feel like I always caveat what I say with, ‘What I’m telling you now is going to be different in one hour. There’s no benchmark,” she said.

The bigger question, however, is: What is Trump striving for?

The president has said he won't back down on tariffs until China makes "sufficient progress" in its trade relations with the U.S., but as Iacobello noted, there are no specifics on what China must do before Trump deems it sufficient.

"How do you work that way?" she posed.

To tariff, or to tariff

There seems to be no question among leaders in trade that the tariffs aren't going anywhere anytime soon—and the reasons why are manifold.

Tariffs are a tactic likely designed to quell China's plans to become an even greater global power, Sinclair said.

Looking at what China has been doing in a geopolitical context, with its One Belt, One Road initiative and its sizeable investment in Africa through wide-reaching infrastructure projects over the last 20 years, its Made in China 2025 technological push, the country is on the move—and that factor doesn't sit well with everyone.

"I think the geopolitical ramifications of a lot of China initiatives are raising eyebrows," Sinclair said, questioning whether the tariff tactic isn't owed to trying to curb some of China's growth.

If you ask Nicole Bivens Collinson, president of international trade and government relations for Sandler, Travis & Rosenberg, the answer may be yes.

"There's a much bigger issue here," she said. "It really is not about tariffs. That's a way to get their attention. Because when you hit the pocket book, people pay attention."

China has plans to rise that may not be in line with Trump's plans, and the trade war is playing out as the battle between them. But no one wants to withdraw.

"I believe that [Chinese President] Xi Jinping is not going to back down, and I don't believe the U.S. can back down," Bivens Collinson said. "I think we're stuck in this, I would say, 20 years. I don't see any way out."

Are non-tariff barriers looming too?

While China may soon run out of U.S. imports to tariff as there's only so many U.S. goods that go into the country, it won't run out of tools to hit back at the U.S.

"They are masters at non-tariff barriers," Bivens Collinson warned. "Suddenly, if you have a facility that's U.S.-owned, then you have licensing and certifications and inspections, and your inputs aren't going to get there, and then when you get to the port you can't get it out of the port. They can make your life a living hell."

Source: sourcingjournal.com- Oct 12, 2018

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U.S. and China Jockey for Global Support as Trade War Ramps Up

The U.S. and China are set to use the latest gathering of the world's finance chiefs to marshal support for their respective cases in a trade dispute that shows no sign of ending soon.

Finance ministers and central bankers from the International Monetary Fund's 189 member nations are gathering in Bali, Indonesia this week for the fund's annual meeting.

While the agenda will include discussions on the broader health of the global economy, it will also be an opportunity for American and Chinese officials to cobble together alliances.

On one side is President Donald Trump, who argues his tariffs are a necessary price to pay to force China to stop what he calls unfair trading practices and theft of intellectual property.

On the other is President Xi Jinping, who has positioned China as a champion of globalization and the existing trading order. In a series of speeches, Xi and his top officials have warned about the danger of tearing apart that system, while promising to gradually open up the Chinese economy.

"The struggle for trade alliances carved out of political allegiances is well and truly on," said George Magnus, an economist at Oxford University's China Centre. "This is no ordinary trade spat, such as the one we saw with Japan in the 1980s. This is existential."

Resisting U.S. Pressure

China will resist U.S. pressure just as it overcame "bullying" by other foreign powers in the past, Chinese Commerce Minister Zhong Shan told Bloomberg this week. That comparison with the invasions of China during what is often termed the "Century of Humiliation" suggests that the government isn't likely to back down easily.

The U.S. last month slapped tariffs on a further $200 billion in Chinese goods, prompting Beijing to retaliate on $60 billion in American products.

Trump and Xi may talk at a meeting of the Group of 20 nations at the end of November, White House economic adviser Larry Kudlow said last week. "Better to talk than not talk, but the talks have to be serious," said Kudlow, adding that Trump "believes that whole trading relationship is broken."

U.S. Treasury Secretary Steven Mnuchin on Thursday met with People's Bank of China Governor Yi Gang on the sidelines of the IMF meetings in Bali. "We discussed important economic issues," Mnuchin wrote on Twitter, without elaborating.

However, in an interview with Bloomberg News, Mnuchin said he's worried about the recent decline in the value of the yuan. "We are concerned about the depreciation and want to make sure that it's not being used as a competitive devaluation," he said in Bali.

Competing Visions

Until any diplomatic breakthrough, both sides are trying to rally support, but some observers see that the advantage, at least for the moment, lies with China.

“The U.S. is losing the battle to isolate China within the G-20. It has lost the trust and alienated its major partners,” said Thomas Bernes, a distinguished fellow at the Centre for International Governance Innovation in Waterloo, Ontario, and a former IMF executive director. “The irony is that many countries supported U.S. concerns but U.S. policy actions have driven them away.”

China is reaching out to Europe with pledges to improve market access. Beijing is also dangling the carrot of investment through Xi’s signature Belt and Road Initiative, a sweeping project to build infrastructure across Eurasia. However, the reception of those overtures has been somewhat cool.

In a July meeting between Chinese and European leaders and businesspeople, Cecilia Malmstrom, Europe’s trade commissioner, praised China’s “strong pleas to keep markets open and fight protectionism,” but added, “we would like to see these encouraging words translated into more concrete action.”

China-EU Talks

The Commission President Jean-Claude Juncker said that he hopes “that globalization and interdependent multilateralism remain the direction of the world,” but warned that “the EU is open but it is not naive.”

In response, Chinese Premier Li Keqiang encouraged greater European investment into China, promising to “open the door wider and create a better business environment.”

China has certainly made some moves to open its economy this year, announcing that foreign companies could increase their stakes in financial and car companies, and cutting import tariffs on a variety of goods to lower costs for consumers. These changes will also reduce costs for foreign companies looking to produce or sell in China.

Democratic Coalition

For its part, the U.S. is trying to build a more traditional coalition among free-market democracies. Last month, trade ministers from the U.S., EU and Japan expressed concern that “non-market-oriented” policies are hurting their workers and businesses and undermining global trade. Without naming China, they agreed to discuss new rules for addressing the market-distorting effects of state-owned enterprises and industrial subsidies.

That’s an improvement from earlier this year, when Trump was making more enemies than friends. At meetings of the G-20 and NATO, he vexed America’s traditional allies with his tariffs on steel and aluminum and distaste for global institutions. Since then, the president has launched formal trade talks with Europe and agreed on a revised trade agreement with South Korea and to start talks with Japan.

He has also reached a deal with Canada and Mexico, which their lawmakers must still approve, on a successor to the North American Free Trade Agreement.

The new Nafta, to be rebranded the U.S.-Mexico-Canada Agreement, contains a clause that allows any of the countries to terminate the agreement if one of them signs a trade deal with a “non-market economy.” While no country is named, the measure is clearly aimed at stopping Canada or Mexico from doing a deal with China.

“The U.S. is making an effort to isolate China on trade,” said Stephen Jen, CEO of Eurizon Slj Capital Ltd, an asset-management firm based in London. Efforts by China to win European support failed “because the EU is quietly pleased that the U.S. is confronting China on issues that have also bothered the EU,” said Jen.

Source: sourcingjournal.com- Oct 11, 2018

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Pacific trade deal attracts China

China is looking into the possibility of joining the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). This is a Pacific-nation trade deal.

Ironically, CPTPP started off as the TPP, which was originally meant to be a challenge to China's trade practices.

It excluded China, but then got rechristened after the US pulled out of the deal. The TPP was previously negotiated by the US with Japan, Canada, Mexico, Australia and seven other Pacific countries.

It was touted at the time as an alternative framework to the World Trade Organization amid criticisms that the current trade enforcement regime was outdated and failed to address issues related to services, intellectual property and the digital economy properly.

China's change of attitude has possibly been prompted by the new trade deal reached among the US, Canada and Mexico, which contains provisions aimed at excluding China from future trade deals.

Should the US form a similar pact with the CPTPP, whose guiding force is Japan, it could threaten Chinese market access to trading partners.

China, like other emerging countries, follows a primary strategy of promoting economic and social development. The growing spending power of consumers in developing countries injects vitality into the global market.

Source: fashionatingworld.com- Oct 11, 2018

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Free Open-Source Tool Aims to Map Every Apparel Factory in the World

Garment supply chains can be confoundingly opaque, making labor and environmental abuses impossible to detect. A new online tool, on the other hand, wants to shed some light on the issue. How? By mapping every single clothing and textile manufacturer in the world.

Now in beta, the free-to-use Open Apparel Registry (OAR) seeks to become the "go-to source" for identifying apparel facilities and their clients by collating disparate factory lists into a central, open-source database. Users can currently access the names, addresses and affiliations of more than 50,000 factories and mills, each of which brandishes a unique OAR ID for ease of tracking.

Although the project is funded by the C&A Foundation, the OAR isn't "owned" by any organization, per se, as an FAQ on the website reveals. Powered by Sourcemap's supply chain–mapping software, the OAR is independently managed by an interim board led by Natalie Grillon, co-founder of Project Just, a not-for-profit that evaluates businesses based on their ethics and sustainability.

All of the tool's data, which is open and licensed under the Creative Commons Sharealike 4.0 license, is maintained by the OAR team, which reaches out to stakeholders like factories and brands to ensure lists are kept up to date.

To be clear, the registry doesn't store any proprietary data. "The Open Apparel Registry only publishes the name, address and unique OAR ID for each factory in the database, as well as the source of the data," the FAQ writes. "So, if an auditing company uploads a factory list, the auditing company will be named as a data source for that factory, but no other data will be held in the OAR."

Sharing supplier lists won't affect a brand or retailer's competitive advantage, the OAR notes, adding that "over 100 brands are now publishing their supplier lists, and some have published their lists for years."

The OAR's aim is to streamline supply-chain mapping, said Leonardo Bonanni, founder and CEO of Sourcemap and the new platform's technical lead.

"We hope it serves as a reference for not only brands and NGOs, but for researchers and start-ups aiming to inform the public about the performance of various apparel brands and their products," he told Ecotextile News.

Source: sourcingjournal.com - Oct 12, 2018

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Africa Starts to Blossom as Apparel Sourcing Destination

The fertile ground of African apparel sourcing is finally turning from seed to sprout after years of its potential lying dormant.

Driven in part by a desire among companies to diversify their production strategy in light of the trade war between the United States and China—the long-time stalwart of apparel manufacturing for American companies—along with the limitations and risks of alternative supplier nations, a group of African nations is emerging as a viable sourcing option.

U.S. apparel imports from Sub-Saharan countries primarily part of the African Growth & Opportunity Act (AGOA) trade preference program increased 17.97%, to $659.71 million, year-to-date through July, compared to the same period in 2017, according to the Commerce Department's Office of Textiles & Apparel (OTEXA).

Margaret W. Waithaka, director of trade promotion and AGOA at the East Africa Trade and Investment Hub, said apparel is the major non-oil export product under AGOA within the seven East African states that the East Africa Trade and Investment Hub's trade program supports.

"The Hub has been working with private sector, trade associations, certification bodies and national governments to expand apparel exports to global market and particularly to the United States under the Africa Growth and Opportunity Act, which provide duty free access to the United States for 6,421 tariff lines, including apparel, home textiles, travel goods and footwear," Waithaka said.

Steve Lamar, executive vice president at the American Apparel & Footwear Association, said, “We think that Africa is going to become more important as a sourcing destination over the coming years. We’ve long felt that in an industry that is constantly looking for the next thing … there’s few places that are not tapped out already. And when you look at Africa, there’s a lot of untapped potential.”

On top of that is the “incredible sourcing chaos the trade war with China is causing and you’ve got a lot of companies that are now saying things like, ‘I’ve been talking for years about diversifying, now I really have to do it,’” Lamar said.

“Companies are trying to develop broader sourcing strategies that are moving production and supply chains out of China into other locations. Whenever we have these conversations with member companies, African countries are mentioned.”

Lamar said while African manufacturing is still nascent in many ways, there are clusters in various countries that have begun to establish themselves. He also noted that while the numbers are still small, “Vietnam was once a small supplier, Bangladesh was once tiny,” and now both are critical places for many countries to produce.

In terms of size and experience, Egypt leads the way as a continental supplier, with apparel imports from the North African country increasing 16.33%, to $480.18 million in the period.

In potential and pace of growth, Ethiopia is the star, with the United States importing 106.69% more goods, reaching $55.02 million so far this year.

“Ethiopia … in the past decade has implemented an aggressive investment promotion program targeting Asian investors in apparel and textiles,” Waithaka said. “This promotion has been matched with concurrent development of large industrial parks with requisite infrastructure for textile and apparel production, along with strong policy support to develop a competitive cotton based textile industry. This has attracted interest from large buyers like PVH Corp. and H&M who then set up sourcing offices in Ethiopia.”

PVH was selected as one of two winners of the 2018 U.S. Secretary of State's Award for Corporate Excellence, an achievement recognizing U.S. firms that uphold high standards of responsible business conduct. PVH is receiving the Sustainable Operations award as lead investor of a best-in-class apparel manufacturing facility in Hawassa, Ethiopia.

"We are in a unique position to make positive impacts in the places around the world where we work and live," Emanuel Chirico, chairman and CEO of PVH Corp., said. "One of those places is Ethiopia, where we set out almost five years ago to create a sustainable, vertically integrated apparel manufacturing industry."

The Hawassa Industrial Park is expected to result collectively in 60,000 jobs within a few years and features state-of-the-art machinery focused on environmentally advanced practices. The park's Zero Liquid Discharge effluent treatment facility recycles over 90 percent of the wastewater produced in the park. This helps preserve Lake Hawassa, which serves as the community's water supply and is the center of the local ecosystem.

"Ethiopia is increasingly able to provide a vertically integrated apparel sourcing solution, which with its relatively affordable labor is able to overcome historically higher than average logistics costs and relatively inexperienced labor force," Waithaka said. "Other industrial parks are planned for Kombulcha and Dire Dawa."

Waithaka and Lamar both noted that several other African countries are also becoming players. Kenya's shipments rose 16.44%, to $212.69 million in the year through July, while imports from Lesotho increased 8.05%, to $164.41 million.

Madagascar's shipments were up 27.74%, to $106.2 million, and Morocco's rose 3.65%, to $77.08 million. On a smaller scale, Tanzania's shipments rose 1.58%, to $22.27 million, while goods coming in from Ghana gained 70.26%, to $7.6 million.

Waithaka said Madagascar's growth stems from its re-establishment as a competitive AGOA-eligible exporter in 2014. Madagascar already exports successfully to Europe, and expansion into the U.S. was relatively easy due to its cost-effective labor and superior workforce skills.

"Despite this overall success, there are indications that some East African apparel exporters can do better," she said. "Some larger, more experienced exporting countries are facing competition and their exports have been stagnating and in some cases, even declining. The leveling of these exports points to a need for larger players in these countries to identify their value proposition to U.S. buyers more clearly and identify that buyer who is willing to source not at the lowest price but willing to pay for better value."

The Trump administration has taken notice of Africa's trade potential. Following up on a report delivered to Congress at the end of June, U.S. Trade Representative (USTR) Robert Lighthizer said the administration wants to move swiftly to start talks on a free trade agreement that goes beyond AGOA.

"AGOA has provided an important framework for our economic engagement during these last two decades," Lighthizer said. "But by 2025—when AGOA is set to expire—it will be a quarter century old and we cannot predict what will happen at that time."

The USTR said "we should seize the moment" and pursue a new, forward-looking agreement "for the future of U.S.-African trade." He said, "This vision should recognize that sub-Saharan Africa looks very different in 2018 than it did in 2000 when AGOA was first created. We believe that there are countries in Africa that are ready to move from AGOA beneficiary to U.S. free trade agreement partner."

Last week, the Committee for the Implementation of Textile Agreements increased the limits on duty- and quota-free imports of apparel articles assembled from regional and third-country fabric under AGOA. For eligible apparel exported from AGOA countries to the U.S., the limits will increase 1.3% for fiscal year 2019 from this year's level.

Source: sourcingjournal.com- Oct 12, 2018

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Ethiopia: Nation Facilitating Inputs, Capacity Building to Improve Textile Productivity

The major hindering factors in the textile industry today are mainly lack of inputs and management experience. Shortage of inputs, especially the shortage of cotton has been constraining the sector from productivity.

However, the country is exerting more efforts to provide sufficient lint cotton to the sphere companies. This fiscal year, the nation has planned to supply 60,000 MT cotton to the industries. The major measure that has been taken to curb the shortage was cultivating a wide cotton cropland which is part of the national cotton development strategy.

Aimed at substituting imported cotton to textile industries and save foreign currency, Ministry of Agriculture and Livestock is working to improve cotton production. The ministry is exerting efforts to improve cotton production so as to permanently stop importing and launch exporting cotton within 15 years. This could be realized through installing technologies and encouraging private owners in the sector, Ministry Crop Cultivation Expert Getachew Mulye stated.

He believed that if the ongoing efforts are enhanced, the country would possibly stop importing and export cotton to the international market shortly. The ministry would properly utilize the sphere resources including wide cropland, suitable environment and sufficient labor force for improved cotton productivity, Getachew said.

Today, the country is exerting efforts to cover 100, 000 hectares of land and produce 280,000 tons of cotton. The national endeavor is to solve the problem related to shortage of cotton that caused by the increasing number of textile industries.

Of course, shortage of cotton among other inputs has been highly affecting the sector industries from producing a high volume product based on their plan. And this restrained the country to get the needed benefit from the textile industry.

The information from the Ethiopian Textile Industry Development Institute indicated that the country's textile industry is running under capacity despite the human and natural resource.

Last year, the institute has earned 109 million USD which is 46 percent of the annual plan. The low accomplishment is the result of companies' low execution capacity and lack of inputs, said Institute Director General Sileshi Lemma.

On the other hand, additional hindering factors including absence of market linkage and the delay of some industries to run business have been constraining the sector, he told. This year, the nation has planned to generate 240.4 million USD from textile and apparel product export.

By doing so, the institute would create 30,000 jobs in the sector and support 32 medium and large scale apparel investment projects to begin production. According to Sileshi, most of the textile industries are employing less than sixty percent from the general capacity.

There is power fluctuation which adds more to the less productivity in the sector. The institute is working with stakeholders to reduce challenges and achieve a better result. It is working with the government bodies to facilitate foreign currency to run the sector with its full swing by enabling the industries using at least eighty percent of their general capacity. The effort is to improve the export of finished textile product and increase the gain secured from it, according to the Director General.

Among the 68 textiles and apparel industries that have been producing export textile product, 20 of them are running by local investors. And they have achieved 16.8 million USD or 44 percent of their plan last fiscal year. The internal problem among the industries is lack of management and technical experience. The industries have low management capacity to improve productivity and product quality when they are compared to the sector industries in the world.

Consequently, the institute is working to support the industries by specifying their shortcomings. It has been giving operation system training on how to improve the quality of products through implementing Kaizen system. On the other hand, the institute is also working with UNIDO to facilitate such supports to the industries through participating experts from nine higher learning institutions including universities and TVETs to bring about modern production scheme that goes with the current world system.

The enhanced support includes the whole companies engaged in the textile industry whether those working in the industrial parks or running in their own industries.

Therefore, supporting the industries to run business with full capacity would help the country to secure more income from textile product export. To this end, working closely with the industries would help to reach them with the needed type of support.

Moreover as it is going well, strengthening the universities and industries linkage would help to improve productivity through employing world-class knowledge. It is also significant to make smooth the way forward. Furthermore, to upgrade the country's textile industry, major stakeholders need to know pretty well one thing that how to utilize the plenty human resource, inputs and the suitable environment.

Source: allafrica.com- Oct 12, 2018

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Vietnam to witness export-import turnover of $475 million

As per calculations, Vietnam will most likely witness a total export-import turnover of $475 billion, including $238 billion in exports and $237 billion in imports this year.

Thus, the trade surplus for 2018 will be $1 billion. In the first nine months of this year, total export-import turnover is estimated to hit $352.43 billion, far higher than the $308.12 billion in the same period last year.

Notably, Vietnam enjoyed a record trade surplus of $5.39 billion during the period. As per MPI, despite the US-China trade war, in the first nine months of this year, the country's total export turnover is estimated to touch $178.91 billion, increasing by 15.4 per cent on-year, with local exporters earning $51.07 billion, up 17.5 per cent, and foreign exporters raking in $127.84 billion (including crude oil exports), up 14.6 per cent.

The export turnover of FIEs accounted for 71.5 per cent of total export turnover.

Meanwhile, the total import turnover is estimated at $173.52 billion, an increase of 11.8 per cent on-year, with $69.34 billion from domestic enterprises (up 11.7 per cent) and $104.18 billion from FIEs (up 11.9 per cent). It is expected that in the fourth quarter of 2018, the country's total export turnover will be $59.09 billion and the total import turnover will be $63.48 billion.

Source: fashionatingworld.com- Oct 12, 2018

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Organic Cotton has a long way to go in Latin America

Everyday we see more global brands, like H&M, Inditex, or Nike, present new lines created with organic cotton. However, the product has yet to expand in terms of an increase in demand, global production, and awareness from consumers about clothes with sustainable production.

The concept of organic cotton refers to those productions that follow a model of organic farming, consisting of protecting lands - preventing erosion, maintaining fertility, and avoiding the use of toxic chemicals that harm both the land and the local fauna.

Among the requirements to guarantee responsible and self-stabilizing farming there's crop rotation, fertilizing soil with animal manure, weed management by hand, and insect control with bio-pesticides. On top of that, genetically modified seeds are forbidden.

Additionally, this concept aims for a production system that reduces the impact third parties might have on farmers, so they can make use of their own resources, reduce pollution, and increase fair trade.

This type of farming follows the philosophy that the protection of the land, biodiversity, natural cycles, and of the farmers is more important than massive production. For cotton to be considered organic it must have been produced under these agriculture standards and must have been certified by a regulatory agency, such as the International Federation of Organic Agriculture Movements (IFOAM).

These institutions were born from the necessity to control the excessive use of pesticides and to ensure low farming prices. It has been over thirty years since the number or organizations dedicated to the protection and promotion of organic cotton started to grow, and that has derived in an increasing amount of offer.

Yet the yearly Organic Cotton Market Report by Textile Exchange shows that nowadays there’s 302,562 hectares of certified land, and 219,947 farmers worldwide. Eighteen countries in the world produce organic cotton, and 97 percent of that production is centered in only seven countries in the eastern hemisphere, particularly in India, with 56 percent of the production, and China, with 14 percent.

Despite having an important history in cotton production, none of the top 7 producing countries belong to Latin America. Nonetheless, growth opportunities in this industry are ample, due to the diversity of ecosystems and of markets that are combined throughout the region.

Recently, some countries have started to take advantage of these opportunities, mostly Brazil and Peru, followed by Argentina, Colombia, Nicaragua, and Mexico. Nowadays, there are eleven programs created by Textile Exchange in these countries dedicated to the promotion of farming of this fiber, since the region only contributes 0.39 percent of the total global production.

Land of opportunities

As a textile producer of high end hammocks, Alexander Grisar was looking for organic cotton in Latin America when he decided to create SOCiLA in 2018, a non profit dedicated to the promotion of production of this fiber in the region. Until now, SOCiLA has carried out an important amount of research and has encouraged farms to switch into organic cotton, as well as motivated more people to make use of the favorable lands of the region.

Within the several studies carried out by SOCiLA it has been pointed out that in the last 20 years production of organic cotton has raised from 7,482 tons to 140,000 tons per year, but the production in Latin America has only increased from 1,046 to 1,233.

In an interview with FashionUnited, Alexander Grisar, founder of SOCiLA, explains that there's no simple answer to explain the reasons that have slowed down production in the region: "Personally I do, however, feel that the American subsidiaries of its own cotton cropping might have been a decisive factor.

Only Brazil fought against these subsidies by putting the case to the World Trade Organization. And, in fact, Brazil's cotton cropping sector is very successful in the region today while cotton production drastically decreased in nearly all other countries since the 1970s", Grisar says.

It's estimated that the consumption of organic cotton made products has increased globally almost 70 percent, reaching almost 1.6 billion dollars (Textile Exchange).

About this topic, Grisar explains that: "these days demand for organic cotton apparel is mainly increasing in the US and Europe, and there is presently a consent on the fact that there will be a global shortage of organic cotton supply in the years to come."

The latter, are some of the reasons why SOCiLA is aiming to encourage more emerging countries to utilize this fiber. The entrepreneur considers that there are many opportunities for LATAM in this industry, since several countries in the region have been producers and exporters of regular cotton for decades, there are well established apparel and textile industries, and there's been an increase in local renown designers in search for this kind of product.

In addition, he highlights during the interview that there's an advantage to having the United States so close geographically, because it accelerates exportation specially for fast fashion brands, and reduces costs, an opportunity particularly attractive for Mexico.

The expert underlines that Peru knows how to take advantage of the opportunities organic cotton has. The production of this fiber in the country began during the early nineties, in 1994 it even represented 17.6 percent of global production. Although this number has been reduced, Peru remains the leader in the region, with ample rainwater, small farms that use a wide diversity of seeds, and cooperation among farmers thanks to development programs.

Within the region's challenges, the non profit focuses on some country specific data. There are over 100,000 hectares of fertile land in El Salvador that during the seventies was used to grow cotton; in Mexico, fields dedicated to cotton were cut down from 500,000 hectares to 100,000 hectares; the same happened in Colombia, reducing lands from 300,000 to 30,000; and in Nicaragua from 200,000 to 2,000.

Many of these countries have a well-established textile industry that lost power with time. However, the growing demand for organic cotton represents a second wind for these nations, with more farms joining the trend of sustainable farming as we speak.

Source: fashionunited.uk- Oct 11, 2018

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Support arrives for Myanmar's traditional textile sector

Three international organisations will invest more than US$ 750,000 in Myanmar's textile industry over the next two years.

This will involve Myanmar Artisans, a social enterprise, Turquoise Mountain, a non-government international organisation and DaNa Facility, which is under the UK Department for International Development, DaNa Facility announced on October 10.

"The variety of hand-woven arts in across Myanmar is very astonishing. We're proud to support these products and ensure they reach value-added market by cooperating with local weavers," said Harry Wardill, representative of Turquoise Mountain's Myanmar operation.

The Myanmar Artisans Project, which will initially be carried out in Kachin, Chin and Shan States and later expanded to the other states and regions.

The aim is to improve and preserve the local textile market and improve the global market share of Myanmar-made products. As such, the project will include training and better market connections for local weavers so they are able to reach value-added markets and increase their family incomes.

At the opening ceremony of the project at Myitkyina, Kachin State, DFID's leader Dr. Gail Marzetti said that by "investing in textiles we are betting that this project can play an important role for the long term success and sustainability of Myanmar's traditional textile business."

Myanmar Artisans, which is committed to preserving and promoting Myanmar's traditional crafts, was founded in 2016.

In cooperation with international design professionals, training courses on designing and production are being conducted for Myanmar Artisans' staff, interns, cooperation agencies and those playing in handicraft sector.

As a result, high-quality handicrafts are being produced and sold to local and foreign markets.

Turquoise Mountain has worked in Myanmar from the end of 2014 with an aim to preserve Yangon's landmark urban heritages and re-create the traditional craft industry. It expects to make a huge socioeconomic impact in Myanmar by supporting vocational schools and preserving historic heritage.

Source: mmtimes.com- Oct 11, 2018

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Indian firms in Rwanda are active in textiles, pharma, manufacturing: High Commission of Rwanda

Indian firms in Rwanda are active in textiles, pharmaceuticals, mining sector, tea, agriculture, manufacturing sectors, auto components, engineering, etc, said Ernest Rwamucyo, High Commissioner of Rwanda, High Commission of the Republic of Rwanda in India at an interactive meeting in World Trade Centre Mumbai.

He said Rwanda has seen the growth of irrigation, industrial parks, Special Economic Zones (SEZs) and opportunities for collaboration with India.

Speaking on the occasion, he talked about the facilities of direct flight from Mumbai to Rwanda and visa on arrival that will enable ease of trade and investment among the countries.

During the meeting, High Commission of Rwanda invited Indian counterparts to explore tourism opportunities in Rwanda.

Sharing about Prime Minister of India visit to Rwanda with a delegation of about 120 business leaders, he said that India and Rwanda signed 8 significant agreements on Defence, Dairy, Leather, Agriculture co-operation and Cultural Exchange amounting to USD 200 million.

On the occasion, MVIRDC World Trade Centre Mumbai, Vice Chairman, Vijay Kalantri assured all possible support to the Rwandan companies and the High Commission of Rwanda in India.

He said “We support bilateral partnership by facilitating trade and investment exchange between the two strategic partner countries. Previously it was "Look Africa", now is the time to "Act Africa".”
"The potential for enhancing bilateral cooperation in the services sector viz. tourism and financial services is immense and should be tapped," said Rupa Naik, Senior Director, MVIRDC World Trade Centre Mumbai.

Also, she invited Ernest Rwamucyo and business delegates from Rwanda to participate in World Trade Expo 2018 scheduled to be held from 29-30 October 2018 and the 8th Global Economic Summit scheduled from March 6-8, 2019.

Source: knnindia.co.in- Oct 11, 2018

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Bangladesh to use Sri Lanka port

Bangladesh and Sri Lanka will collaborate in boosting apparel exports to Europe. One possible area of cooperation is export of some products to the EU through Sri Lanka for better prices.

Another is value addition in export products. Now Bangladesh’s exporters use Singapore port to export goods and it takes 20 to 22 days but if they use Colombo port the lead time would be reduced by three or four days.

Relations between Bangladesh and Sri Lanka are improving rapidly. Their bilateral trade is valued at $142 million and has the potential to be boosted.

Even though goods are traded at a significant level, emphasis will be given to increase the trade volume and further diversify the product range benefitting both countries.

Bangladesh is also a country that exports apparel to the global market but has not been able to secure GSP Plus that Sri Lanka currently enjoys. Hence, Sri Lanka is able to export apparel to the European market at cheaper rates than Bangladesh can.

Sri Lanka imports from Bangladesh pharmaceutical products, electrical machinery and equipment, apparel and clothing accessories, textile fibers, chemicals, cellular phones and bicycle parts.

Sri Lanka exports to Bangladesh textiles and textile articles, enzymes, chemicals, minerals, plastics, rubber products, paper products and tea.

Source: fashionatingworld.com- Oct 12, 2018

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Pakistan: Exporters seek release of Rs28bn cash subsidy

The exporters made the request to Prime Minister's Adviser on Commerce and Textile Abdul Razak Dawood during the eighth meeting of Federal Textile Board on Friday.

The government has so far doled out Rs28.1bn against total claims of Rs57bn due under the special prime minister's package.

An official privy to the meeting told Dawn that representatives of exporters association informed the adviser that an amount of Rs7.4bn was also outstanding for the first half of calendar year 2017.

He added that between July 2017 and June 2018, the outstanding cash support of Rs20.7bn is still due on the government which it was yet to release. In this period, only Rs2.6bn was released to exporters.

The board also took up the issue of pending refunds, possibility of removal of duty on cotton import and rationalising duty on yarn imports.

Official statement issued after the meeting said that adviser acknowledged the problems faced by the sector and ensure that it is taking steps to address them.

Exporters also appreciated government's decision to introduce separate gas tariff for textile value chain and were satisfied that the price was kept at Rs600 per mmbtu.

The exporters also highlighted other issues of pending rebates under PM's Package for Exporters, energy prices and issues faced by ginners, spinners and value added sectors. They said that Pakistan's textile exports have become uncompetitive vis-à-vis regional countries particularly India and Bangladesh due to these unresolved issues.

The adviser ensured representatives that sufficient funds against claims would be released by the Federal Board of Revenue to boost exports in view of the on-going trade and current account deficit.

The adviser requested that industry must import state of the art machinery and adopt scientific methods in their value chain to become more productive and competitive.

Source: dawn.com- Oct 13, 2018

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India's manufacturing sector to record robust growth in Q2: Report

India's manufacturing sector output is expected to register robust growth in the July-September quarter on account of higher production even as the hiring outlook for the sector remains subdued, a survey said Thursday.

Moreover, half of the participants in the survey expect exports to rise in the second quarter.

The estimates are part of Ficci's latest quarterly survey which assessed the sentiments of manufacturers for the second quarter for twelve major sectors -- automotive, capital goods, cement and ceramics, chemicals, fertilisers and pharmaceuticals, electronics and electricals, food products, leather and footwear, medical devices and technologies, metal and metal products, paper productsNSE 4.78 %, textiles machinery and textiles.

Responses have been drawn from over 300 manufacturing units from both large and SME segments with a combined annual turnover of over Rs 2.8 lakh crore.

A total of 61 per cent respondents said output will grow during July-September 2018 quarter from 49 per cent in April-June 2018, the survey said.

This is the highest percentage of respondents expecting higher production since Q2 of 2015-16 where 63 per cent of respondents expected higher production -- a 12-quarter high sentiment.

The percentage of respondents reporting low production decreased to 9 per cent in Q2 2018-19 from 13 per cent in Q1 of 2018-19.

However, rupee depreciation has not led to any significant increase in exports during the first quarter as 83 per cent of the respondents reported that shipments were not affected much by a weakening rupee.

According to the survey, high growth is expected in cement and ceramics, capital goods, automotive and medical devices and technologies in Q2 2018-19, whereas textiles, textile machinery, metal and metal products, electronics and electricals, chemicals, fertilisers and pharmaceuticals, food products and paper products may witness moderate growth.

"Hiring outlook for the sector remains subdued in near future as 65 per cent of the respondents mentioned that they are not likely to hire additional workforce in next three months," said the survey.

Besides, average interest rate paid by the manufacturers has remained same vis-a-vis the last quarter standing at 10.2 per cent per annum but the highest rate continues to be as high as 15 per cent.

However, the cost of production as a percentage of sales for manufacturers in the survey has risen for 71 per cent respondents. This is primarily due to increased cost of raw materials, wages, power cost and rupee depreciation, it said.

Source: economictimes.com- Oct 11, 2018

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Gujarat cotton season opens with higher prices

Delay in arrival, good demand from mills and higher minimum support price (MSP) have ensured that the new cotton season in Gujarat opens with higher prices this year. Cotton prices are about 20% higher as compared to last year (2017-18).

New cotton prices in Gujarat are at Rs 46,200-46,500 per candy of 355 kg this year in mid-October as compared to Rs 38,500-39,000 per candy in the corresponding period last year. According to traders and market experts, prices may not fall in the near future. Instead, prices could even rise.

“Due to good yarn exports during last season, at this time, mills do not have cotton stock. Moreover, rupee depreciation has made Indian cotton cheaper, which will encourage exports demand in coming days, and the government has hiked cotton MSP.

All these factors have changed the sentiments in new season and as result, cotton prices have opened higher as compared to last year," said Arun Dalal, a leading cotton trader from Ahmedabad.

Currently, daily arrival of new cotton has reached to about 55,000 bales (a bale of 170 kg) in India and about 10,000 bales in Gujarat. According to traders, arrivals of cotton are likely to touch 70,000 bales across India and 15,000 bales in Gujarat.

However, Gujarat may face see reduction in yield due to unfavourable climate during monsoon.

Dalal said, "Gujarat may witness 532 kg per hectare yield this year as against 619 kg a hectare. As per our estimate, cotton production for the year 2018-19 could be about 8.5 million bales as against 9.6 million bales in 2017-18. All this is because of irregular monsoon in the state."

As this year's sowing started late due to delayed monsoon, arrivals of new cotton aren't in full swing. Moreover, since October is a month of festivals, it has also restricted farmers to sell cotton in a big way. According to cotton ginners, full-fledged arrival will start after Diwali.

Arvind Raichura, director of Balkrishna Ginning and Pressing Factory, said, "As expected new cotton arrivals are slow this year and the reasons for that are late-sowing and less selling by farmers due to festivals, we are expecting full-fledged arrivals only after Diwali."

Source: financialexpress.com- Oct 13, 2018

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How Manufacturing-Focused Policies and Tax Breaks Can Boost Exports

The US has filed a complaint against India - backed by heavyweights such as EU, China, Japan, Russia, and eight other countries - alleging that it has violated both the above condition

The 2017 WTO data on Gross National Income (GNI) per capita - using a benchmark of U.S dollars as on 1990 - shows that India's GNI exceeded USD 1000 for three consecutive years, from 2013-15.

This takes India out of the list of special countries exempted from export subsidies prohibition, according to WTO's Agreement on Subsidies and Countervailing Measures (ASCM).

The Agreement on Subsidies and Countervailing Measures (ASCM)

WTO's 1995 ASCM agreement prohibits countries from giving out export subsidies to their products since it causes trade distortion, leading to an imbalance in world trade.

However, exceptions have been made for the least-developed as well as developing countries such as India, whose economic growth is dependent on export subsidies.

These exceptions come with two crucial riders:

- A country has to phase out over a period of 8 years the export subsidies for a particular industry sector if it attains 3.25 per cent of market share in that sector.
- If a country's GNI per capita reaches USD 1000 (in accordance with 1990 US dollars) for three consecutive years, the country has to stop providing export subsidies for its exports.

Dispute proceedings against India at the WTO

The US has filed a complaint against India - backed by heavyweights such as EU, China, Japan, Russia, and 8 other countries - alleging that it has violated both the above conditions.

Dispute complain against India's textile sector export subsidy schemes

India achieved 3.25 per cent of the global market share in the textile sector in 2010. Thus, the phase-out period of export subsidies in this sector will end in 2018. During this period, India has introduced new schemes such as the Merchandise Exports from India Scheme (MEIS) in 2015 to boost exports, generate foreign revenue and increase employment.

The US claims no new schemes are allowed in the phasing out period since it creates an uneven playing field in world trade. India maintains that new schemes are allowed as long as they stop the export subsidies at the end of the period.

Dispute complain against India's overall export subsidy

Another bone of contention is that since India has crossed the GNI per capita benchmark in 2015, it should have stopped using export subsidies at the time. India contends that export subsidies have a phasing-out period of 8 years and that it would utilize it. India's claims are based on the fact that when the ASCM came into effect in 1995, developing member countries in the exact same situation had been granted this extension.

However, the WTO is highly unlikely to grant it because no other country has been accorded this reprieve since 2011. Moreover, there is no such written provision in the ASCM text, which severely weakens India's case.

Roadmap for Exports:

If India has to end export subsidies with immediate effect, it would be a steep blow to exporters and could have a debilitating effect on the economy. Thus, it is vital that India comes up with alternate trade and export policies that will be WTO compliant and offset any losses incurred. Let us take a look at a few approaches that India could take:

Simplified Tax System for Exporters - Improve IGST Refund System

Exports are zero-rated under the Goods and Services Tax (GST), which means that technically exporters need not pay any tax for the production and sale of goods outside the country. However, since the sale of goods to a different country still comes under the purview of inter-state transfer, the exporters have to pay the full Integrated Goods and Services Tax (IGST) for all their products and then submit a claim for a refund.

Instead of the stipulated 10-day period, this refund process often takes more than 6 months due to various technological glitches present in the deployed IT software. Exporters end up having a negative cash flow, which cripples them financially.

This has, in turn, caused a decrease in Indian exports in the global market because of the financial crunch that exporters face. For example, there has been a 41 per cent decrease in textile exports year-on-year in October 2017.

To address this, steps need to be taken by the government to ensure that the refund process is smooth. This will enable exporters to get their money, letting them have the cash flow to keep manufacturing products.

The government could also think along the radical lines of removing the IGST on export products so as to put a stop to the entire cycle of payment and refunds.

Become a Global manufacturing hub

- Focus on Make In India

India's export industry stands to benefit if India becomes a manufacturing hub. Manufacturing necessarily demands a technological upgrade in every sector and infrastructure overhaul, including digitizing processes and improving key logistics such as roads.

This will result in the production of high-quality products in large volumes, a hallmark of all strong economies, which will increase its global competitiveness.

An upgrade of technology is an urgent necessity since the Revealed Comparative Advantage (RCA) - a yardstick used to measure competitiveness - now rates India's exports in medium and high-technology products to be below the required level of competitiveness. This essentially means that India produces low-quality products in these sectors.

- Subsidy for skill training and employment

Subsidies and incentives can be given to sectors with an aim to promote skill development and generate employment. These incentives do not violate the WTO ASCM. The government has ably demonstrated this in the apparel manufacturing sector where it increased the allocation of Remission of State Levies (ROSL) by 39 per cent in the 2018 budget; it also gave a 15 per cent increase in funds to the technology upgradation fund scheme (TUFS).

Conclusion

India is a fast-growing economy and it should foster a sense of pride that its exports have broken the threshold of GNI per capita.

Creating national export policies with a focus on improving innovation, upgrading technology, manufacturing, employment generation and good tax policies can make the export industry self-reliant and profitable without the need for subsidies.

Source: entrepreneur.com- Oct 11, 2018

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Cotton to stay firm as crop arrival delayed

Cotton prices are expected to remain firm in the long term with traders expecting export demand to pick up. Current delays in the arrival of crop in Gujarat and Rajasthan mandis may also support the prices.

Analysts expect prices to move from the current Rs 22,300 per bale of 170 kg each to Rs 23,000 per bale in October. Increased demand from China, Bangladesh and Vietnam and the opening up of the Pakistan market for Indian cotton could firm up prices further, traders said.

"The demand for cotton by local spinners and exporters will pick up by October 15. Apart from China, Bangladesh and Vietnam, we expect orders from Pakistan. The Pakistan government is expected to lift import duty of 5 per cent by next week," says Atul Ganatra, president of the Cotton Association of India. They will come out with figures on export and domestic demand on Nov 1, he said.

Traders expect cotton production in 2018 to fall 4.7 per cent from the previous season to 34.8 million bales due to lower rainfall in key cotton growing states and attack of pink bollworms. This will also support cotton prices, they said. The country exported 6.9 million bales in 2017-18 marketing year that ended on September 30, he added.

The weak rupee will further aid exports, making Indian cotton cheaper for overseas buyers, exporters said. "This will ensure that farmers who sell quality cotton get a good price," they said.

With closing stocks of less than 2 million tonnes, millsNSE 4.15 % are demanding quality cotton, said Anand Popat of Kotyan Trade. "Current arrivals at 70,000 bales across the country are 50 per cent lesser than the previous year. If demand picks up and if arrivals continue to be less, then prices are bound to rise by Rs 500 a quintal," says Popat.

He said farmers were getting Rs 5,500-5,800 per quintal, which is more than the MSP. High quality Shankar 6 cotton variety was being quoted at Rs 46,000 per bale, he said.

Analysts say investors willing to buy cotton should wait for a dip till the Rs 21,500 levels which will happen once arrivals pick up. “In October, we expect prices to touch Rs 23,000 per bale as demand peaks,” said Anuj Gupta, deputy vicepresident of commodity research, Angel Commodity.

Source: economictimes.com- Oct 12, 2018

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Govt extends GST refund to exporters importing under EPCG scheme

Central Board of Indirect Taxes and Customs (CBIC) has issued a notification with a clarification that exporters, entitled to the refund of IGST paid on export of goods, can get it even if they import capital goods under Export Promotion Credit Goods (EPCG) scheme.

Notably, the CBIC had announced last month that the centre has made an amendment to the 96 (10) rule of CGST citing that Advance Authorization holders, EPCG Authorisation holders and EOUs which import their requirements without paying IGST are not eligible for refund of IGST paid on exports of goods.

Although the relaxation has been provided to the exporters who import machinery, the Indian textile and apparel body has urged the central government to extend these benefits to other sectors like fabrics imports.

Source: fashionatingworld.com- Oct 12, 2018

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Future Group partners with Vardhman for apparel business

Future Group has partnered with fabric brand Vardhman to co-develop products for its apparel business and plans to launch 6-7 products every year.

Future Group will use Vardhman's fabric for products being sold across its formats such as FBB, Central and Brand Factory.

"Apparel is a very important business for us and it is growing rapidly. We have signed a memorandum of understanding (MoU) with the Vardhman Group to co-develop products for our apparel business. This strategic partnership will enable us to make quality fashion more affordable," Future Retail Joint Managing Director Rakesh Biyani told PTI.

"We plan to launch 7-6 products every year. Initially, the products will be for our value fashion format FBB. Later, we will launch these co-developed apparels at other Future Group apparel formats," he added.

Biyani, however, did not disclose the financial details of the agreement.

Earlier, FBB had said it plans to invest Rs 350 crore to open about 140 exclusive outlets as it aims to double its turnover in the next two years.

At present, FBB retails its products through 385 points of sales in Big Bazaar stores, including 62 exclusive outlets.

Source: fashionatingworld.com- Oct 12, 2018

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SRTEPC urges govt to include yarns & fabrics in RoSL

The Synthetic & Rayon Textiles Export Promotion Council (SRTEPC) has urged the Union minister of commerce and industry Suresh Prabhu for inclusion of yarns and fabrics segment under Rebate of State Levies (RoSL) scheme. In their representation, the council has also requested for 6 per cent RoSL rate to be considered for rebate of yarns and fabrics exports.

The state taxes and duties are neither included in the ambit of GST nor rebated, said SRTEPC adding that these charges embedded especially on yarns and fabrics exports are around 6 per cent of FOB value of exports.

In the meeting with the minister, council members discuss various issues being faced by the MMF textile segment regarding export promotion incentives, GST, MEIS Scheme, etc.

Chairman Narain Aggrawal informed the minister that it has been a real challenge for the MMF textile segment, to cope up with the GST regime. Being under inverted duty structure, the MMF textile trade and industry has been receiving step-motherly treatment as compared to other fibres segments. "Over 14 months have passed since the new tax regime was implemented in India, but unfortunately, there are various anomalies in the GST system that has been affecting the MMF textile segment."

On priority basis, the government should consider various issues including refund of Input tax credit availed on input services, inclusion of MMF textile products falling under equal or lower rate of GST, refund of IGST on capital goods, removal of double taxation on ocean freight, immediate refund of accumulated Input Tax credit and inclusion of MMF textile products falling under equal or lower rate of GST. Also, exclude import of capital goods from GST as it is adversely affecting investment in the textile sector and defeating the purpose of the 'Make in India' initiative of the government.

Ronak Rughani, vice-chairman, SRTEPC pressed on the issue of ITC lapse mentioned by the government. The lapse of unutilised credit will be a huge setback for the textile exporters as this provision is against the basic settled principle that the right validly earned cannot be extinguished. He informed the minister that the lapsed amount is leading huge losses in the books of accounts as the same has now become cost of business for the exporters.

The recent US sanctions on Chinese imports of fibres, yarns and other textiles will make these items highly prone to dump in India by China. To set off this situation China is considering further increase in its subsidies on the textile exports which will lead to further escalate the imports into India. In view of this recent Chinese development, SRTEPC requested the minister for incentivising the textile sector to increase competitiveness of the Indian textile industry globally.

"MEIS scheme gives much needed cushion for increasing competitive edge of the MMF textiles that have been facing tough price competition from countries like China, Taiwan, Korea, Indonesia, Vietnam, etc. The governments of the South Asian countries incentivise exports through refund of duties as high as 17-21 per cent apart from giving multi-layer subsidies," said Rughani urging the minister that rewards under MEIS Scheme need to be extended to all MMF textile items including fibre, yarns, fabrics and made-ups and MEIS reward rates should be increased to 5 per cent for all the MMF textile tariff lines.

Source: fibre2fashion.com- Oct 12, 2018

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GIM to attract investments from Coimbatore MSMEs

The State Government is looking at generating at least ₹3,000 crore investment from the Coimbatore cluster at the Global Investors Meet (GIM) to be held in Chennai in January. This is apart from the investments from large-scale manufacturers.

An official of the District Industries Centre (DIC) said the State is looking at attracting investments from different industrial clusters and also from the large-scale manufacturers. The DIC is working with micro, small, and medium-scale enterprises (MSMEs).

“We are following up on the enquiries related to investments that come to us. We are encouraging investments in the three backward blocks in the District - Sultanpet, Kinathukadavu, and Annur, and promoting the single window system for approvals,” the official said.

Industries will get subsidy for machinery if the investment is in the backward blocks or in select sectors such as agro-based or food processing. Micro industries also get subsidy for investments in machinery.

The State Government is expected to organise a GIM road show here next month through its partners to encourage investments.

R. Ramamoorthy, president of Coimbatore District Small Industries Association (CODISSIA), said the State Government was in touch with the Association. “I have requested them that Coimbatore should be treated with priority while attracting investments in the State. About 30 % of the investments finalised at the GIM should come to Coimbatore,” he said.

The MSMEs here are investing, mainly to modernise the facilities. When the industrial parks promoted by the Association are commissioned, and the defence-related facilities take off, there will be a new eco system in Coimbatore to boost investments, he said.

However, the textile sector does not expect much investment during the event. “We have impressed upon the State Government to take up with the Central Government the issue of pending dues under the Technology Upgradation Fund Scheme.

The textile units in the State should get about ₹3000 crore from the dues. If they get it, the financial situation will improve. The State Government should also come out with a new textile policy, including in it 5 % interest subvention for modernisation.

Tamil Nadu is one of the largest textile manufacturing States. However, 75 % of the machiney installed need to be modernised. The Government should support this,” said an industry representative.

Though the industry is slow on investments now, it will pick up if these demands are met, said textile industry sources here.

Source: thehindu.com- Oct 12, 2018

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