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USD 65.08| EUR 80.02 | GBP 90.73 | JPY 0.61

Cotton Market (16-03-2018)

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

Rs./Bale	Rs./Candy	USD Cent/lb
19457	40700	**80.00**

Domestic Futures Price (Ex. Gin), March

Rs./Bale	Rs./Candy	USD Cent/lb
20430	42735	**84.00**

International Futures Price

NY ICE USD Cents/lb (May 2018)	83.53
ZCE Cotton: Yuan/MT (Jan 2018)	14,995
ZCE Cotton: USD Cents/lb	**91.51**
Cotlook A Index – Physical	**92.6**

Cotton guide: Four days past this week cotton price continued to trade sideways and moved in the range of 82.50 to 84.50 cents per pound. Thinnest trading volume witnessed this week in last few months and average daily volumes were less than 30K contracts.

However, the aggregate open interests are adding up gradually and standing above 270+K contracts. The mentioned price data is of active May contract at ICE platform. The subsequent contracts also moved in the similar trend. No major activity this week except that the weekly export sales figure released Thursday in the US showed a bit of decline from the previous week's number. However, the broad understanding suggest the exports in the US are good in last few months supporting cotton price to trade positive.

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For reference, weekly export report showed combined net sales for the week ended March 8th at 528,000 bales (upland 520,600/pima 7,400). That included cancelations of 11,200 bales. Total 2017-18 sales have reached 14,405,200 bales, 2.3 million bales ahead of same week sales last year. Weekly shipments were 439,900 bales (upland 414,400/pima 25,500). Total shipments stood at 7,002,900 bales (upland 6,653,500/pima 349,400); 465,900 bales behind last year.

On the price front whole this week market has been strongly respecting 82.50 as key support level. This morning ICE cotton for May is seen trading at 83.40 cents per pound and the July is at 83.46. The spread between the two contracts have further narrowed down to only 6 points which was earlier maintaining around 30 points. Earlier this week we had emphasized on the spread movement between this two contracts citing if the market moves into inversion (July turning backwardation to May) then the near term trend for cotton would turn completely positive and the most reaction would be felt on the near month May contract. For the day we expect market to trade within the range of 82.50 to 84 cents per pound.

Coming onto domestic market the spot price of Shankar-6 continued to trade near Rs. 41000 per candy ex-gin approximately 80.50 cents per pound at parity. Likewise, J-34 is quoted at Rs. 4160 per mound (about 78 cents per pound). Interestingly the domestic future for the near month contract March is quoted on Thursday close at Rs. 20430 per bale which translates to 84 cents per pound.

This signify that the spread between spot and future is widened to more than 4 cents where in the latter is seen expensive. So we expect if the ICE cotton or the spot cotton S-6 holds steady in next few trading sessions then March future contract might observe good correction in the price onto the downside. While we associate the domestic future price chart with technical study we see market is looking moderately bearish and may move towards Rs. 20250 to Rs. 20300 per bale. So the trading range for Indian cotton future for March would be Rs. 20300 to Rs. 20600 per bale for the day.

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

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INTERNATIONAL NEWS

European Union releases list of U.S. products that could face duties

The European Union on Friday published a list of U.S. products it plans to introduce duties on if the 28-nation bloc is not exempted from President Trump's steel and aluminum tariffs.

The list contains dozens of products, including breakfast foods, kitchenware, clothing and footwear, washing machines, textiles, whiskey, motorcycles, boats and batteries.

They are worth around $3.4 billion in trade annually, but the list could grow to the equivalent of 6.4 billion euros once the full extent of the impact of U.S. tariffs is known.

The EU's executive Commission, which negotiates trade matters on behalf of member countries, gave European industry stakeholders 10 days to object if they fear that any products targeted for "rebalancing" tariffs would hurt their business.

Trump announced last week that he was imposing tariffs of 25% on imported steel and 10% on aluminum. He temporarily exempted big steel producers Canada and Mexico — provided they agree to renegotiate a North American trade deal to his satisfaction.

He said other countries could be spared as well if they can convince Washington that their exports don't threaten American industry. The tariffs are set to enter force next week.

The EU believes it too should be exempted and rejects Trump's assertion that the tariffs are needed for national security and are simply protectionist measures. Most EU countries are U.S. allies in the world's biggest security organization, NATO.

EU Trade Commissioner Cecilia Malmstrom will hold talks next week with U.S. Secretary of Commerce Wilbur Ross.

Malmstrom met in Brussels on March 10 with U.S. Trade Representative Robert Lighthizer to discuss the tariffs and the exemption procedures. She said she got "no immediate clarity on the exact U.S. procedure."

That weekend, Trump argued that the United States has been abused economically by the EU, saying they were "wonderful countries who treat the U.S. very badly on trade."

The EU insists that it is committed to open, global trade, and that Trump's tariffs are a protective measure to prop up U.S. industry that could undermine the global trading system. The bloc says a glut on steel markets is to blame.

Source: latimes.com- Mar 16, 2018

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Global trade surpasses economic growth for first time in 6 years

Semiconductors drove the expansion, but falling smartphone sales and protectionism raise concerns

The volume of global trade grew faster than the world economy in 2017 for the first time in six years, as rising demand for semiconductors added fuel to the industry's far-reaching supply chains, thereby ending a period in which global trade lagged economic growth.

The CPB Netherlands Bureau for Economic Policy Analysis found that total trade volume climbed 4.5% last year, 3 percentage points higher than in 2016 for the largest increase since 2011. The bureau said 2017 "turned out to be a remarkably good year for world trade" when it announced the figures in late February.

The global economy, on the other hand, expanded by 3%.

Trade volume in Asia jumped 8.6%, accounting for much of the global gains. Several developed economies also saw faster growth rates in 2017 than the year before, with the U.S. advancing to 4.1% from 0.7% and Japan rebounding to 3.1% from negative territory.

Exports are rising thanks mostly to a global economic recovery, growth in China and higher demand for semiconductors, according to a report by Mitsubishi UFJ Morgan Stanley Securities.

"Trade in developed economies largely depends on economic conditions, but semiconductors bolstered trade volume in emerging economies in 2017," said Hiroshi Miyazaki, a senior economist at the brokerage.

The semiconductor industry relies on a complex supply chain spanning the planet. Many "fabless" American chipmakers like Qualcomm and Apple design their products at home, then outsource production to China. Much of the chipmaking and testing equipment comes from Japan, while the finished products are placed into smartphones and other electronic devices in South Korea and Taiwan.

Japan's exports to China as well as to Asia in general topped records in value terms during 2017. About 40% of the increases since the end of 2012 have come from the information technology sector, and over 80% of that from chipmaking equipment, Japan's Cabinet Office says.

Trade continues to grow in 2018. The number of shipping containers processed monthly worldwide rose 1.9% on the month in January, the steepest increase in 14 months, according to data compiled by Germany's DIW Berlin and other organizations. The figure often serves as an indicator for global trade trends.

The International Monetary Fund in January also reported greater economic growth and trade volume for 2017 than it projected previously. The IMF predicted that trade volume will grow faster than the global economy through 2019.

Source: asia.nikkei.com- Mar 17, 2018

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Silk imports from China dwindle

India's silk imports have fallen drastically over the last four years. The country hopes to reduce its dependence on China for the import of high quality silk and become self-sufficient in silk production by 2022.

The decrease in import volumes has been primarily on the back of an increase in production of bivoltine silk.

While the total production of raw silk has recorded an annual growth rate of around five per cent that of bivoltine silk which is superior quality silk has grown by 13 per cent.

Bivoltine silk production is likely to touch 6,200 tons in 2017-18. India has allocated close to Rs 2000 crores for a period of three years for undertaking development activities for silk. A portion of the funds would be utilised for production of high quality silk.

However, India's silk exports too have declined in value terms due to muted demand from key importing countries, including Europe and the US, and inability to compete with Chinese prices and quality.

This has made the industry look at other geographies like Egypt, Latin America, Australia and New Zealand.

Silk exports include natural silk yarn, fabrics and made-ups, readymade garments, silk carpets and silk waste. India's production of raw silk is expected to touch 45,000 tons in 2022.

Source: fashionatingworld.com- Mar 16, 2018

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US tariffs may hurt Bangladesh

Bangladesh may be affected by the US' decision to impose tariffs on apparel imports.

After imposing tariffs on imports of a number of products from different countries, the world's biggest economy is now planning to impose tariffs on imports of apparels, footwear, and technology and telecommunication from China.

A tariff imposition on readymade garment items would hurt Bangladesh's exports to the US market if the tariff were to be imposed indiscriminately on all countries.

The impact of possible tariff on apparel products from Bangladesh would depend on how the US imposes it. Bangladesh's exports will be affected if the tariff is imposed on all countries. If the tariff is imposed only on China and other big countries, Bangladesh may benefit.

The imposition of a tariff by the US would be a matter of concern for Bangladeshi apparel exporters as they are currently paying around 16 per cent duty in the market.

The US has already imposed additional tariffs on different products from Canada, the European Union and Japan. These countries have warned the US of retaliation through imposing tariffs on US products.

The EU has threatened to slap tariffs on products like Harley-Davidsons, Kentucky bourbon and jeans if the US doesn't exempt the bloc from tariffs on steel and aluminium imports.

Source: fashionatingworld.com- Mar 16, 2018

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Vietnam, Australia upgrade ties to strategic partnership

The strategic partnership aims to 'realize a vision of a secure, open and prosperous region.'

Vietnamese Prime Minister Nguyen Xuan Phuc and his Australian counterpart Malcolm Turnbull signed a joint statement on the establishment of the Vietnam-Australia Strategic Partnership following talks in Canberra on Thursday during Phuc's four-day official visit to Australia.

At a joint press conference, the two leaders said the strategic partnership would bring great benefits to both countries and contribute to peace, stability, cooperation and development in the region as well as the world.

"As new strategic partners, Australia and Vietnam have agreed to work together to realize a vision of a secure, open and prosperous region," Turnbull said at the signing.

During the talks, the prime ministers exchanged views on regional and international issues, and agreed on the importance of maintaining peace, stability, security, safety and freedom of navigation and overflight in the South China Sea, which Vietnam calls the East Sea.

Both sides also stressed that maritime disputes must be settled in accordance with international laws and called for a full implementation of the 2002 Declaration on the Conduct of Parties in the South China Sea, as well as an early conclusion to a legally binding Code of Conduct in the South China Sea.

To enhance relations, the two countries have established a new ministerial level economic dialogue to boost trade and investment, and annual meetings between their foreign and defense ministers are also planned.

Both sides also agreed to work closely at international and regional forums such as ASEAN, the East Asia Summit (EAS) and the Asia-Pacific Economic Cooperation (APEC).

Turnbull urged the countries to closely coordinate on the ratification and implementation of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

The Australian prime minister also expressed his belief that the trade pact would benefit its member countries while keeping the door open for the U.S. and other countries to join in the future.

In addition to establishing the strategic partnership, the two prime ministers witnessed the signing of agreements and memorandums of understanding on cooperation in education, science and technology, agriculture and vocational training.

Prime Minister Phuc's four-day official visit to Australia, which started on Wednesday, will also see him attend the ASEAN-Australia Special Summit in Sydney.

Vietnam and Australia first established diplomatic relations in 1973. The two countries then elevated bilateral relations to a comprehensive partnership in 2009, before signing a Declaration on Enhancing the Vietnam-Australia Comprehensive Partnership in 2015.

In 2017, Australia was Vietnam's eighth largest trade partner, while Vietnam was Australia's 14th largest, according to Vietnam's General Department of Customs. Bilateral trade increased 22.7 percent from the previous year to $6.45 billion in 2017.

Vietnam's main exports to Australia include machinery and parts, electronic equipment, footwear, textiles and seafood, while it imports mostly common metals, coal, wheat and cotton from Australia.

Source: e.vnexpress.net- Mar 16, 2018

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Pakistan: Falling exports

At the time of Independence, there was no manufacturing industry in Pakistan. However, soon thereafter Pakistan realised the importance of industrial and manufacturing units, and several such units were set up in diverse sectors.

This diversification of industrial production resulted in a radical transformation of Pakistan's exports, which to a great extent freed the country from declining and unstable foreign exchange earnings.

Although the share of manufactures in its national output is not as large as in many other developing countries, the export orientation of Pakistan's industrial production is much greater.

During the early 1950s, export of manufactures was merely Rs6 million with a share of less than a fraction of a percentage. As infrastructure and industry developed, our exports increased to Rs1.7 billion in the 1970s, accounting for about 50 percent of the overall exports.

During the 1990s, our export of manufactures further increased to Rs133 billion, representing about 65 percent of the overall exports. During the last decade, such exports have risen at a rate of about 15 percent, from Rs467 billion to Rs1.4 trillion. As the overall percentage of exports, manufactures made for over 70 percent.

On the other hand, the export of crude material and commodities, which used to represent more than 90 percent of Pakistan's exports at the time of Independence, fell significantly to less than four percent during the last decade.

Pakistan's main exports can be divided into several categories. The category of export commodities primarily includes fresh and live animals and raw food items such as rice, grain and pulses, beverages and tobacco. The value of these exports from Pakistan has been increasing; it was merely Rs112 million in the 1950s, then increased to Rs17 billion in the 1990s and in 2010-11, the value rose to Rs373 billion. In terms of percentage of the overall exports, it was 6, 10 and 18 percent respectively.

Fish and fish preparation exports come with a bonus and their earnings have also been maintained quite well. This category's contribution in terms of the overall exports has almost always been constant at 2 percent. In the 1950s, the quantum was Rs10 million, but then it rose to Rs150 million in the 1970s and then to Rs5 billion in the 1990s. During the last decade, the exports have grown at a rate of about 18 percent, from Rs7.7 billion to Rs25 billion.

Rice is another specialty export of Pakistan. In the initial days, rice crop was sufficient only to meet the local demand; there was barely any left to export. After the green revolution in the late 1960s, the export of surplus rice started. Though the export was dependent on climatic conditions and natural disasters, Pakistan was still able to export rice in increasing quantities. In the 1970s, our rice exports were around Rs300 million and rose to Rs10 billion in the 1990s – respectively making about 10 and 6 percent of the overall export proceeds. During the last decade, rice exports tremendously increased at an average rate of about 24 percent, from Rs27.5 billion to Rs185 billion.

Pakistan has also been exporting fresh fruit and nuts. The quantum of export was initially low but gained momentum with time. Exports in this category increased from Rs9.3 million in the 1950s to Rs20 million in the 1970s, and then to Rs1 billion in the 1990s – representing 0.6 percent of the overall exports. It was in the 2000s that exports from this category increased from Rs4.5 billion to Rs22 billion – making 0.8 and 1.1 percent of the overall exports. The increase during the current decade was around 20 percent, which is a very healthy sign.

Exports from the category of beverage and tobacco were very low in the beginning. They started picking up during the 1970s when the export was about Rs50 million, representing 0.1 percent of the overall exports. During the 1990s, their export stood at around Rs270 million, around 0.2 percent of the overall exports. The average growth during the last 10 years was more than 30 percent, from Rs356 million it rose to Rs. 4.2 billion. As a percentage of exports, this was typically less than 0.2 percent of the overall exports.

The trading data of the sugar and honey category is very interesting. Pakistan is both importer and exporter in this category. In the early days, the production of sugar was adequate enough to meet the local demand. Later, in the early 1960s, Pakistan started exporting this commodity.

However, there were some years when Pakistan had to import sugar, but it predominantly remained an export commodity. The situation changed during the last decade; now Pakistan primarily imports sugar, rather than exporting it. This does not portray a favourable position for Pakistan.

Raw cotton, hides and wool are Pakistan's old export products. However, they are now increasingly exported after being domestically processed in the form of cotton, yarn, textile, garments, leather and woollen goods. Due to the diversification of the production structure, the curtailment of export of these raw materials was fairly rapid. Steps were taken to increase the production of these raw materials with a view to retain their established export markets. This was an easy task in view of the comparatively inelastic production structure of Pakistan's agriculture sector.

In the absence of a manufacturing facility, Pakistan started exporting raw cotton in order to acquire foreign exchange and substitute it for cotton and textile products. In the meantime, manufacturing facilities started being developed to help process raw cotton into cotton fabric, textile yarn, textile fabric and other textile products. In the early 1950s, the value of raw cotton exported stood at Rs800 million; it was reduced to Rs600 million in the 1960s. But in the same period there was a significant growth in the production of raw cotton and by the 1990s, the export value had gone up to around Rs14 billion.

During 2001-2010, the export proceeds of raw cotton increased to Rs38 billion from Rs3.8 billion, with an average increase of about 29 percent per year. However, if seen in terms of the total percentage of cotton exported in comparison to our overall exports, the percentage had drastically reduced. For instance, the percentage of raw cotton exported in the 1950s was around 40 percent, it then came down to 30 percent in the 1970s, and further reduced to eight percent in the 1990s. During the last decade, our cotton exports hovered around less than two percent, sometimes even as low as 0.7 percent.

However, it is a positive indicator that Pakistan is now in a position to export finished products rather than raw cotton. This favoured both the producer and manufacturer but was essentially facilitated through government policies and tariff control.

A similar trend was noticed in the case of raw hides and skins. Pakistan initially exported these products, but later when tanneries were developed, leather became the choice of export. When leather factories were established to produce products, which included leather garments, bags and footwear, the export market was quite absorbent.

In terms of value, the export proceeds from these products were around Rs33 million in the 1950s, then they came down to Rs19 million in the 1970s, and then further reduced to Rs1 million in the 1990s. There was growth in the export proceeds of these products during 2001-02 – from Rs24 million to Rs146 million – but this was primarily due to the devaluation of rupee and increase in the price of hides and skins.

However, the relative weight of exports has reduced significantly; it was about 1.65 percent in the 1950s, then came down to 0.6 percent in the 1970s and then remained somewhere less than 0.01 percent from the 1990s onwards.

Source: henews.com.pk - Mar 17, 2018

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Vietnam emerging strong in global textiles and apparel market

Vietnam's textile industry began in 1958 in the Northern region and in 1970 in the Southern region. Today, there are about 6,000 textile and apparel manufacturing companies working with 2.5 million employees while the population in Vietnam is about 90 million.

In 2016, Vietnam is recognised as the third top garment exporter in the world after China and Bangladesh. Apparel exports account for 16 per cent of the country's total exports (2017). Apparel and textile products are exported to 180 countries around the world.

Garment manufacturing accounts for 70 per cent of the total businesses in Vietnam with CMT (cut, make, trim) being the main method (85 per cent) of export. Main market for Vietnam textile and garment products are US, Europe, Japan and South Korea.

Vietnam's textile and garment industry excelled its 2017 target of $30bn with an export turnover of over $31bn,vietnam global textile big an increase of 10.23 per cent on the prior year afte an increase of 10.23 per cent on the prior year after having circumvent pressures from the TPP deal call off.

Major markets maintained good growth, while there were breakthroughs in exports to other markets such as China, Russia and Cambodia, according to Le Tien Truong, deputy chair, Vietnam Textile & Apparel Association (Vinatas).

Domestic market

Vietnam's retail sales are growing at 20 per cent annually, and spending on apparel is the second highest category in Vietnam. According to Vietnam Textile & Apparel Association, the domestic textile and garment market has grown year-on-year at 10 per cent in 2017. 'Textiles Intelligence' recent report has made strong prediction about the country's textile production capacity which is expected to grow 12-14 per cent per annum from 2016-20.

The export potential is also expected to grow 15 per cent per annum during this period, and Vietnamese textile and apparel industry will reach $50 billion by 2020. Le Tien Truong feels the balance in development of the domestic market and the foreign market has been an important point for the local textile and garment industry to ensure jobs for the employees and to maintain development of the enterprises.
Challenges on the way

As per research by the Ministry of Labor, every $1 billion of export value generated from Vietnam's textile and apparel industry can create an additional 250,000 jobs, moreover, the textile labour cost in Vietnam is still relatively low compared to many other countries in the region. In 2016, the minimum wage of garment manufacturing industry in Vietnam was about $108 per month.

The advantage of the lower labour cost has resulted in lower production cost, thus being price competitive in the global market, which helps Vietnam to attract global attention in apparel sector. Growing prices of electricity and transportation, along with an increase in minimum wages are a concern for the industry.

Most manufacturers don't have own brands rather they produce for foreign brands as outsourcing partners, which involves huge global risks. Since big brands give priority to established manufacturers, which makes it tough for new entrants especially small-scale enterprises.

On the other hand, Vietnam's garment industry is highly dependent on imports for its machinery equipment, raw materials, and accessories, which greatly impact their profit margins.

Plausible solutions

The government has started investing heavily in the development of ancillary industries in Vietnam. Vietnam has emerged the second biggest investor in development of shuttleless looms and the biggest investor in ring spindles and open-end rotors, in ASEAN.

It has registered expansion in its knitting sector. A cotton manufacturing plant, known as 'Rang Dong Industrial Park' at a size of 1,500 hectares and worth $400 million has been established in Vietnam's Ninh Thuan province, with production value of $3 billion on an annual basis. Government has also given apparel manufacturers opportunities to enhance their value-adding capabilities, develop their own brands, become original design manufacturers (ODMs) rather than function only as subcontractors, etc.

According to experts, if Vietnamese enterprises make input materials, their products would be able to replace Chinese products and can compete with Chinese products in price.

FDI inflow

The first 11 months of calendar year 2017 witnessed a steep 11.9 per cent rise in FDI compared to the previous year. Vietnam received $16 billion in FDI and its increasing rapidly, making one of the most popular destinations in Asia for textile investment. As per Vietnam's Foreign Investment Agency (FIA), FDI investments were up 152.78 per cent year-on-year in the first two months of 2017, and investment in Vietnam's textile and apparel industry now accounts for 21 per cent of the country's total FDI.

Source: fashionatingworld.com - Mar 16, 2018

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Russia to help Cuba modernise its textile industry

Russia will help Cuba modernise its textile industry, according to Russia's deputy minister of industry and trade Gueorgui Kalamanov, who said Cuba has made proposals for the modernisation of a series of textile factories and the exact amount to be spent needs to be finalised.

The minister was in Havanna recently for talks in that regard.

Most machinery will be of Russian origin and these projects are expected to be implemented with the support of the Russian Export Centre, a Cuban website cited Kalamanov as indicating.

Source: fibre2fashion.com - Mar 17, 2018

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NATIONAL NEWS

Ministry targets doubling of textile production by 2025

The Textile Ministry is targeting to double textile production and trade to $300 billion by 2025, Textile Commissioner Kavita Gupta said here on Friday.

With the domestic production of textiles at $110 billion and exports and trade at $40 billion, the country's production of textiles at present is worth $150 billion. “We are targeting to grow this to $300 billion by 2025,” she said.

To reach the target, the productivity and yield levels of both cotton fibre and synthetic will have to be stepped up.

Cotton fibre production stands at 6.5 billion kg and synthetic at 2.5 billion kg, taking the total fibre availability to 9 billion kg. This has to double to keep pace with the 2025 textile production target, she said, adding that the “journey of cotton and synthetic blends would go hand in hand in the years to come”.

Gupta was in the city to inaugurate the regional office of The Synthetic & Rayon Textiles Export Promotion Council at the Southern India Mills Association premises here.

Responding to a query on cotton scenario, she said, “we are extremely comfortable. Domestic price of the fibre is lower than international prices. Indian cotton has the highest intrinsic value,” she said and appealed to the trade to ensure that the fibre is contamination-free and not adulterated. “Only clean fibre can be sold at a premium,” she added.

On export of textiles, she said the increase was not much and requested the industry to look at value-addition and technical textiles.

Source: thehindubusinessline.com- Mar 17, 2018

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Foreign Trade Policy review last year stressed on phasing out export sops

Long before the US lashed out at India for exceeding the time period for giving subsidies to its exporters, the government had taken cognisance of the fact that the existing export promotion schemes would need to be phased out and replaced with WTO compatible schemes in the Foreign Trade Policy (FTP) released three years ago.

The policy statement and its midterm review done late last year, also reiterated that the commerce department would re-calibrate the export promotion efforts to "more fundamental measures" rather than incentives and subsidies alone.

As per the policy statement of 2015, some sectors may be affected and would require rationalisation of support over a period of time. The rethinking on subsides has become critical at this juncture as the US has challenged practically almost India's entire export programmes at the WTO claiming them to harm American workers.

It has cited the Agreement on Subsidies and the Countervailing Measures (ASCM) of the WTO that envisages the eventual phasing out of export subsidies.

The agreement provides a period of eight years for graduating countries (least developed and developing) which cross the $1,000-mark at 1990 exchange rate to phase out export subsidies.

However, such countries need to stop all export incentives if per capita GNI of such a country crosses $1,000 for three consecutive years.

"The phasing out and eventual elimination of agricultural export subsidies is also one of the key elements of the Doha Development Agenda," the commerce and industry ministry said in the Foreign Trade Policy "...the existing export promotion schemes would need to be phased out and replaced with WTO compatible schemes," the policy said.

Pointer for Future

Both the policy and its review said that "this is a pointer to the direction that export promotion efforts will have to take in future". "All schemes contingent on income tax concessions will have to be scrapped but those which give indirect tax exemptions to manufacturing products meant for exports, can be tweaked," said an expert on WTO matters.

The FTP review was specific in stating the need to streamline and finetune programmes such as the Merchandise Exports from India Scheme (MEIS) to more precisely target the distortion being addressed.

Source: economictimes.com- Mar 17, 2018

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2.5 lakh new jobs created in garments, made-ups segment

About 2.5 lakh new jobs have been created in the garments and made-ups sector since the government announced a relief package for them in June 2016, Union textile commissioner Kavita Gupta has said.

The government aims to double the annual revenue of the textile industry in the country to $300 billion by 2025, she said

The union government showered the garments sector with a host of benefits including bearing employer's contribution to the employee provident fund (EPF) for new workers who are earning less than Rs 15,000 per month during the first three years. The government also increased the overtime hours from three hours to eight hours per week.

EPF was also made optional for workers earning less than Rs 15,000 per month. "Job creation is gaining momentum in the garments and made-ups segment," Gupta, who was here to inaugurate the 'Regional Office of the Synthetic & Rayon Textiles Export Promotion Council (SRTEPC)' at SIMA (Southern India Mills' Association) premises in the city here on Friday, said.

The readymade garment industry is the largest contributor to the country's textile exports and employs about 12 million persons now.

Source: timesofindia.com- Mar 17, 2018

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February trade deficit narrows yet higher than last year; What's dampening India's exports growth

In the month of February, India's exports grew by 4.5% and the trade deficit narrowed to $12 billion from $14 billion recorded in the previous month, which experts said brought some respite yet the overall trend is still worrying.

"The trade deficit in February 2018 printed considerably higher than the year-ago level, signalling that a sharp Y-o-Y deterioration in the current account deficit in the last quarter of the current fiscal is imminent," Aditi Nayar, Principal Economist, ICRA said.

The Commerce Ministry on Thursday said that India's exports have been on a positive trajectory since August 2016, except for a temporary setback in October 2017. However, the Federation of Indian Export Organisations (FIEO) said that exports data for February were not encouraging.

The exports body said that engineering, apparels, gems and Jewellery, cotton textile and carpets are showing negative growth. "We are worried about gems and Jewellery exports," Ganesh Kumar Gupta, President, FIEO said, adding that the sector is facing huge liquidity issue as banks are tightening their norms.

Aditi Nayar, too, said that pace of exports of gems and jewellery would take a cue from demand, as well as the availability of funding for this sector in the aftermath of the fraud reported by PNB.

"Export growth was dampened by contraction in textiles, iron ore, engineering goods and gems & jewelery.

"Import growth outpaced that of exports despite the contraction in imports of gold and transport equipment in February," she added.

Commerce Secretary Rita Teaotia told reporters on Thursday that India's merchandise exports are showing continuous positive growth.

The positive growth in merchandise imports on a Y-o-Y basis in February 2018 was predominantly led by Petroleum, Oil and Lubricants and electronic goods. Besides merchandise, it was the services sector that showed a remarkable growth.

The services exports outpaced services imports by expanding 20.4% growth as against 17.1% growth in imports. The services surplus rose to a 25-month-high to US$6.5 billion in January 2018.

Source: financialexpress.com- Mar 16, 2018

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India-US export subsidies row at WTO: Not yet a trade war; Here's what you need to know

A day after the United States challenged Indian export subsidies at the World Trade Organisation, the Narendra Modi government said that it does not consider the stand-off to be the beginning of a trade war. Commerce Secretary Rita Teaotia on Thursday said that India will engage with the US and convey its position for the exports subsidies programme.

The Trump administration, which is advocating protectionism, on Wednesday challenged Indian export subsidies at the WTO and contended that it is hurting US companies. US Trade Representative Robert Lighthizer said that the subsidies are letting Indian exporters sell their goods in the US market at a cheaper price, Reuters reported.

The US alleged that "India had failed to remove the subsidies as required by WTO rules after the country reached certain economic benchmarks".

India provides exemptions from some exports duties, taxes and fees that benefit the exporters in the steel, chemicals, pharmaceuticals, textiles and information technology sector, Robert Lighthizer said.

In January, to make Indian exports more competitive in the global market, the government had raised duty drawback rates on 102 items.

The duty drawback rates were raised on marine and seafood products, automobile tyres and bicycle tyres/tubes, leather and articles of leather, yarn and fabric of wool, glass handicrafts and bicycles.

Source: financialexpress.com- Mar 16, 2018

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Textiles ministry pitches for GI tag for more Bengali sarees

So far, only three types of sarees from West Bengal — Baluchari, Santipur and Dhaniakhali have obtained the GI tags.

The textiles committee of the Union Ministry of Textiles has asked the various weaving communities of West Bengal to apply for the Geographical Indication (GI) tag for Intellectual Property Rights (IPR) protection.

So far, only three types of sarees from West Bengal — Baluchari, Santipur and Dhaniakhali have obtained the GI tags.

“We are asking the different weaving communities of West Bengal to go for GI registration. Some of them are the weavers of Bengali Jamdani, Begumpuri and Bengali Tangail sarees which have huge export markets,” deputy director of the Textiles Committee of the textiles ministry T.K. Rout told PTI.

The weavers of scarves and stoles of Fulia should also apply for GI registration, he said.

Mr. Rout said that once these weaving communities get the GI tag, their IPR would be protected and legal action could be initiated against those who were not bonafide claimaints of these textile products. “Even the export markets of these products would be protected,” he said.

“GI is IPR which provides protection to the products which have origins in a particular geographical location and different from patents and trademarks,” Mr. Rout added

It also gives protection to those weaving communities from counterfeit claims by others, he said adding that the ministry was working to facilitate this process.

As of date, 270 products of the country had been registered under the GI Act, out of which 151 of those belong to the textiles and handicrafts segment.

Source: thehindu.com- Mar 16, 2018

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Exporters yet to get Rs 10k cr IGST refunds

Several exporters across Gujarat in various industries such as chemicals, ceramics, textiles and pharmaceuticals, among others are yet to get refunds of Integrated Goods and Services Tax (IGST).

Estimates by Gujarat Chamber of Commerce and Industries (GCCI) indicate that exporters are yet to receive IGST refunds to the tune of Rs 10,000 crore.

“IGST refunds to the tune of Rs 10,000 crore are pending for processing. There are several issues including discrepancies in invoice and errors in the returns that had been filed so far which are leading to non-processing of refunds,” said Shailesh Patwari, president, GCCI.

Of the total refunds that are yet to be processed, ceramic exporters alone claim that refunds to the tune of Rs 600 crore are pending to be processed.

“Refunds to the tune of Rs 600 crore ranging from Rs 7 lakh to Rs 7 crore are pending for exporters. This is leading to a working capital crunch among exporters and in turn, impacting their order books,” said KG Kundariya, president, Morbi Ceramics Association.

Meanwhile, pending refunds is an issue that is plaguing textile exporters as well. “Pending refunds is an issue that continues to have adverse impact on the industry, as it blocks working capital. Small and Medium Enterprises (SMEs) are often in a fix as a result and are forced to seek bank loans to meet capital needs.

With the recent surfacing of banking scams, banks have also made their norms much more stringent when it comes to loan disbursals, which is an issue with financial year-end nearing," said Nitin Thakker, a city-based textile manufacturer.

Meanwhile, GCCI and the principal customs commissioner have jointly undertaken the initiative to process pending IGST refunds. "From March 15-30, officials of customs department will be available at GCCI along with other regional chambers in Surat and Gandhidham from 10am to 6pm to address issues regarding errors S005/ S006, regarding shipping bill documents and discrepancies. These mistakes will be rectified manually," said Patwari.

"Estimates indicate that refunds of nearly Rs 2,500 crore would be processed once discrepancies regarding these errors are resolved," he added.

Source: timesofindia.com- Mar 16, 2018

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