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IBTEX No. 80 of 2018 April 18, 2018

USD 65.68| EUR 81.28 | GBP 93.90 | JPY 0.61

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
19625	41050	**80.17**

Domestic Futures Price (Ex. Gin), April

Rs./Bale	Rs./Candy	USD Cent/lb
20730	43362	**84.69**

International Futures Price

NY ICE USD Cents/lb (May 2018)	83.13
ZCE Cotton: Yuan/MT (Jan 2018)	14,880
ZCE Cotton: USD Cents/lb	**91.43**
Cotlook A Index – Physical	**92.8**

Cotton guide: Market was failing to break 84 cents on the higher side for the past five trading sessions hence took a good price correction onto the lower side. The July future made an intraday low of 81.97 cents but rebounded to close the session at 82.95 cents per pound. This was 27 points lower than the previous trading sessions.

Since there was no major news or development on market cotton was trading sideways and took brief correction. However, the July future has taken strong support near 50-day moving average indicates that the broad trend has not been damaged yet while the price range is 81 to 84. We believe unless either side of the range is cleared the market may continue to remain in the same range.

Two days past this week and the average trading volume is around 40K contracts which is relatively lower than the previous week. Since there are no development and price action is also slow the trading volumes are limited. Also there are no major changes from the macro front or FX front to move the cotton market globally to remain volatile. We see sideways trend to continue in the near term.

"Further, there was continued attention on the Texas forecast for rain later this week. Locals noted the chances of rain are still good, but less so than earlier forecasts. One report said Lubbock went from an 80 percent chance of rain on Friday to a 50 percent chance. The comment that followed, though, was that oftentimes the surprise rains bring the best results. Any rain would be a welcome to relief to drought conditions. Higher than normal temperatures and wind have continued to dry out the soil and raise the fire danger. Several inches will be needed to get the crop planted and off to a good start. Calcot Report.

Further on the domestic front, spot price is maintaining steady trend but holding slightly onto positive trajectory. The S-6 spot price traded at Rs. 41,450 per candy ex-gin. The daily seed arrivals were marginally higher at 112,500 lint equivalent bales up by around 7K bales from the previous day. On the futures front the April future corrected down from the intraday high of Rs. 20940 to Rs. 20730 majorly due to correction in the ICE future last evening. Also MCX future is much above the parity from the spot S-6 in India.

This morning ICE cotton for July is seen trading at 83.13 cents up by 0.22% and the trading range for the day would be 82.75 to 83.65 cents per pound. On the domestic front the April contract may move in the range of Rs. 20620 to Rs. 20900 per bale. .

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

NEWS CLIPPINGS

	INTERNATIONAL NEWS
No	**Topics**
1	Progressive closing of US economy to damage global trade growth, says International Chamber of Commerce
2	Global cotton consumption rising in 2017-18: USDA
3	Other Asian nations attract more US tariff than China
4	US imports rising, but threatened by growing trade war: NRF
5	Pakistan RMG exporters want liberal raw material imports
6	Sri Lankan apparel stands to gain from US-China trade spat
7	A case for technological development in apparel sector
8	Putting the "AR" in Zara: Fast-Fashion Retailer Brings High Tech to Physical Shopping
9	Vietnam: Textile-garment export target of over 34 bln USD achievable: VITAS
10	Vietnam: Exports make positive contributions to national economy
	NATIONAL NEWS
1	India needs to fundamentally alter its export strategy
2	Garments exporters seek sops to tide through liquidity crunch
3	India expected to grow at 7.4% in 2018
4	Six more states to roll out intra-State e-way bills from April 20
5	Coming unravelled: Garments output, exports slide
6	Digital platform launched for Indian MSME exporters
7	India's apparel exports drop 3.83% to $16.7bn in FY18
8	Union textiles minister Smriti Irani emphasises skill development at Home Expo zone
9	CAI to set up farmers training institute in Mumbai

INTERNATIONAL NEWS

Progressive closing of US economy to damage global trade growth, says International Chamber of Commerce

Expressing concerns over increasing trade tensions, International Chamber of Commerce (ICC) today said closing of the US economy would damage both American and global trade growth prospects.

ICC Chairman Sunil Bharti Mittal said that open markets underpinned by the rule-based multilateral trading system have been a vital driver of prosperity across the world and any erosion of that system will come at "quite a cost to us all".

"A progressive closing of the world's largest economy to trade will damage both US and global growth prospects. In an interconnected world, international commerce cannot be governed by zero-sum policy decisions," Mittal said in a statement.

He said that the chamber would encourage the US and all its trading partners to find new ways to resolve ongoing trade tensions through multilateral dialogue and without recourse to further tariff increases.

Tariff hikes will impact small businesses that often rely heavily on imported goods and services, he said.

The US has imposed high import duties on certain steel and aluminium products, triggering a global trade war.

Source: financialexpress.com- Apr 17, 2018

HOME

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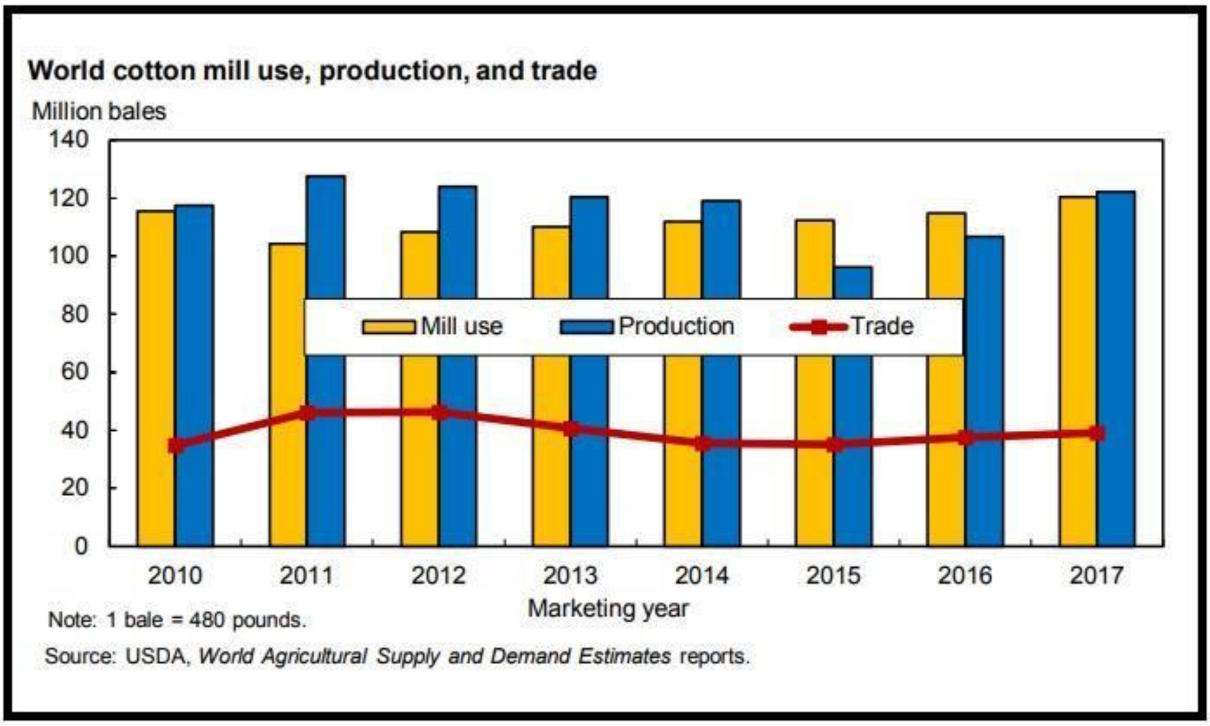
Global cotton consumption rising in 2017-18: USDA

World cotton consumption in 2017-18 is projected at 120.4 million bales, as per latest US Department of Agriculture (USDA) figures. This is 5 per cent or 5.6 million bales above 2016-17. In addition to rising cotton mill use, an expanding global economy and the slowdown in polyester production contributed to this year's above-average growth.



Despite the highest cotton consumption in a decade, 2017-18 world production is expected to exceed consumption for the first time in 3 years, the Economic Research Service of USDA said in its 'Cotton and Wool Outlook' monthly report. Prior to 2015-16, global cotton production had been above consumption for five consecutive seasons.

China—the leading spinner of raw cotton—accounts for one-third of the global cotton mill use total. The country is projected to use 40.0 million bales (up 2.5 million bales) of cotton in 2017-18.

In addition, cotton yarn imports by China could include an additional 8 million bale-equivalents of raw fibre to support its growing textile and apparel industry, the report said.

Small consumption gains in 2017-18 are seen for both India and Pakistan, where mill use is projected at 24.2 million bales and 10.4 million bales, respectively.

Larger increases, however, are expected in Vietnam, Bangladesh, and Turkey.

Cotton mill use in Bangladesh and Vietnam is projected at 7.3 million bales (+ 9 per cent) and 6.55 million bales (+ 21 per cent), respectively; investment in the fibre spinning industries of these countries has led to record use of cotton for the last several years.

Meanwhile, mill use in Turkey is forecast at 7.1 million bales, 9 per cent above 2016-17 and the highest level there in over a decade.

Source: fibre2fashion.com- Apr 17, 2018

HOME

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Other Asian nations attract more US tariff than China

Despite talks of a US-China 'trade war', the highest US tariffs are on imports from many other Asian countries, including Bangladesh, most of whose imports to the United States last year were subject to tariffs equivalent to 15.2 per cent of the total value of that country's shipments. This is the highest such average rate among 232 countries and territories.

This was disclosed recently by US fact tank Pew Research Centre that analysed data from the US International Trade Commission (ITC).

Import duties on China are by no means the highest ones the US charges, the research centre said in a press release.

Other countries with similar profiles are Cambodia (duties equal to 14.1 per cent of the total value of imports from there), Sri Lanka (11.9 per cent), Pakistan (8.9 per cent) and Vietnam (7.2 per cent). By contrast, the duties on Chinese imports totalled $13.5 billion last year, or 2.7 per cent of their total value, the analysis found.

The United States generally taxes highly clothing and other related products. Bangladesh exported about $5.7 billion worth of goods to the United States last year, 95 per cent of which were apparel, footwear, headgear and related goods.

The average US tariff rates on its other major trading partners are much lower than those on China. Mexico and Canada, the second- and third-highest sources of US imports, had average duties last year of just 0.12 per cent and 0.08 per cent of the value of their imports respectively.

The average rates for Japan and Germany are both less than 2 per cent; South Korea, with which the United States also has a free trade agreement, had duties equal to just 0.25 per cent on its $70.5 billion in total exports to the United States.

In general, US tariffs are lower today relative to the total value of imports than they were two decades ago, primarily because more imported goods are fully exempted from duties, the press release added.

Source: fibre2fashion.com- Apr 17, 2018

HOME

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US imports rising, but threatened by growing trade war: NRF

Imports at major US retail container ports are expected to grow at 5.8 per cent year-over-year in April but could be threatened in future if the developing trade war between the United States and China continues to escalate, according to the monthly Global Port Tracker report released recently by the National Retail Federation (NRF) and Hackett Associates.

According to NRF vice president for supply chain and customs policy Jonathan Gold, if tariffs lead to a reduction in imports and exports, that will put dockworkers and countless others in the supply chain out of work.

American consumers and workers should not be punished for China's wrongdoing, an NRF press release quoted him as saying.

Ports covered by Global Port Tracker handled 1.69 million twenty-foot equivalent units (TEU) in February. That was down 4.1 per cent from January but up 15.8 per cent from a year ago. A TEU is one 20-foot-long cargo container or its equivalent.

March was estimated at 1.54 million TEU, down by 1.2 per cent year-over-year. April is forecast at 1.72 million TEU, up by 5.8 per cent from last year; May at 1.82 million TEU, up by 4.1 per cent; June at 1.83 million TEU, up by 6.5 per cent; July at 1.88 million TEU, up by 4.5 per cent, and August at 1.9 million TEU, up by 3.9 per cent.

The first half of 2018 is expected to total 10.4 million TEU, an increase of 5.6 per cent over the first half of 2017. The total for 2017 was 20.5 million TEU, up by 7.6 per cent from 2016's previous record of 19.1 million TEU.

Source: fibre2fashion.com- Apr 17, 2018

HOME

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Pakistan RMG exporters want liberal raw material imports

Pakistan's readymade garment manufacturers and exporters have called for an ease of doing business, lowered cost of production, solution of the liquidity crunch through early refunds payments, equal energy tariff and relaxed import policy for industrial raw materials.

But the core issue is the high cost of doing business. The liquidity crunch is a major stumbling block in the way of improving exports.

Since the export-oriented garment sector is the highest value-added link in the entire textile value chain, exporters want a liberal import policy for raw materials for re-export like duty-free import of fabrics and accessories which are not being manufactured in Pakistan.

The unprecedented surge in cotton yarn rates has hit the export-oriented value-added textile sector hard. Exporters have appealed for duty-free yarn imports to encourage value addition, reduce the cost of doing business and bridge the gap between production and consumption.

Other proposals are: special lending rates should be given to the garment sector; all existing loans should be on zero markup with allocation on total export performance.

Exporters have also urged that the sales tax zero-rating facility to five export-oriented sectors should be continued in the upcoming budget and that the zero rating should be extended to packing material as well.

Source: fashionatingworld.com- Apr 17, 2018

HOME

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Sri Lankan apparel stands to gain from US-China trade spat

The apparel industry, which is Sri Lanka's leading export revenue earner, is set to gain fresh impetus from the U.S. market in the coming months, as American garment importers look for producers outside China due to the increasing threat of a trade war between the two economic giants.

"Because of the U.S.-China trade war, some of the U.S. apparel importers who were sourcing their products from China are coming to Sri Lanka," Sri Lanka Apparel Exporters Association President Felix Fernando told Mirror Business.

After investigating China's 'unfair' trade practices, the US Trade Representative this month determined to impose higher tariffs on US$ 50 billion worth of imports from China, subject to a consultation period running until late May.

These tariff lines did not include textiles and apparel. However, US President Donald Trump has instructed that the tariff lines be expanded to include US$ 100 billion worth of products, as he is unhappy with the U.S. trade deficit with China.

This follows after Trump imposed higher tariffs on aluminium and steel, which affected Chinese industries disproportionately, and resulted in China imposing US$ 3 billion worth of retaliatory tariffs on US products. Neither Trump nor his Chinese counterpart Xi Jinping appears to be backing down.

In this context, Fernando said that some of the members of the Sri Lanka Apparel Exporters Association have already been approached by top U.S. clothing buyers to partially manufacture some of the orders currently being serviced by China.

“We don’t have the economies of scale that China has to deliver the size of orders China receives. So we will produce partial orders, around 20 percent of regular order sizes, while other countries like Bangladesh and Vietnam which have cheaper costs will produce the rest,” Fernando said.

The U.S. currently sources approximately one third of its apparel imports from China, and just 2.4 percent from Sri Lanka.

Sri Lankan apparel manufacturers, some of whom are considered the world’s best with regard to the quality of products and technology utilization, have extensive operations in such countries in South Asia and South East Asia as well, potentially allowing Sri Lankan firms to capitalize on the opportunity to a great degree.

Fernando opined that once the orders previously placed with China begin to come Sri Lanka’s way, the situation won’t reverse easily, even if the US and China reconcile their differences.

“China won’t be a threat in the apparel industry in the future because their costs are rising. That is why we’re witnessing a movement of production from China to places like Vietnam. But even though Sri Lanka’s costs also are not that low, buyers prefer our quality,” he said.

Fernando said that the impact from the U.S.-China trade war would most likely be reflected in Sri Lanka’s export figures in another four to five months time.

However, the hurdle Sri Lankan apparel companies would have to overcome would be the acute labour shortage in the industry. The government’s statistics office released a report this January, which said that of the half a million job vacancies present in the country, 77,000 were for sewing machine operators.

The US market, during the first two months of 2018 was not in a favourable condition for Sri Lankan apparel exports, absorbing US$ 364 million, or 45 percent of Sri Lanka's total apparel exports, while recording a 1.1 percent decline year-on-year (YoY).

Meanwhile the EU, which in May 2017 restored the duty free GSP Plus facility to Sri Lanka, took in approximately 42 percent of Sri Lanka's apparel exports worth US$ 335 million, growing at a pace of 8.06 percent YoY, which was slightly lower than the average double digit growth experienced after the first few months of regaining GSP Plus, from July to December 2017.

Source: dailymirror.lk- Apr 17, 2018

HOME

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A case for technological development in apparel sector

The government of Bangladesh is moving ahead with a plan to establish 100 Special Economic Zones by 2030. Construction on some zones has already begun, including one in Mirsarai of Chittagong where 500 acres of land have been set aside as a dedicated zone for the garment industry after the signing of a Memorandum of Understanding (MoU) between Bangladesh Economic Zones Authority (BEZA) and BGMEA. This project is expected to attract both local and international investment and generate some 150,000 new jobs over the next two years.

While these recent endeavours should be applauded as the new zones will come to represent the future for the Bangladeshi textile and garment manufacturing hub, it is time to consider what factors should be prioritised by the BEZA while constructing the zones and the agreements that will be made with the companies that invest in the sites after they are established.

There are several fundamental elements that must be considered when the development of each zone commences. The zones, it goes without saying, need to have access to an uninterrupted supply of power and other utilities including gas and water, and construction of the sites needs to follow the highest possible international standards. Companies taking plots within the zones must abide by the highest ethical and environmental standards.

In addition, one area that needs to be especially promoted and developed is that of technology for businesses within the economic zones. To cite a recent interview of Gerry McGovern, Design Director and Chief Creative Officer for Land Rover cars: "You need to embrace technology to elevate the desirability of the product, to make it safer, faster and more modernist."

This thought-process is one that needs to be embraced when setting up our next stream of economic zones. As a nation, we can no longer rely on the appeal of lower labour costs to attract and develop business. We need to embrace technology from top to toe in the garment cycle—from fabric development and concept design to cutting and sewing technology, adoption of technology-aided washing and finishing machinery, to purchasing and delivery systems, all of which will improve our efficiency and competitiveness in terms of price as well as the overall quality of product, and result in a reduction in lead-times to customers.

Technology, if used correctly, can greatly improve the whole production cycle and the wellbeing of the workforce. What needs to be established is a strategy for the economic zones that promotes the use of technology and encourages companies to invest in the necessary technical infrastructure to ensure that this next phase of development is fit for purpose in the years to come. This will require careful consideration and, possibly, on a case-by-case basis, as different manufacturing companies will require different forms of technological support.

It may also be necessary to offer incentives to secure the necessary investment in technology. Furthermore, there should be guidelines to ensure the necessary training and development of the workforce—to both appreciate and become skilled in the use of technology—and also to ensure that appropriate technological aids are in place. Companies that agree to take plots within the economic zones should be asked to utilise an agreed level of technological sophistication and guarantee the appropriate training and development of the relevant workers.

BEZA and all other interested parties would do well to consider the adoption of an approach similar to that adopted by the Indian government. At the beginning of 2016, the Indian government developed a system called Technology Upgradation Fund Scheme (TUFS).

This scheme was established to promote ease of doing business within the country, and with the specified aims of generating employment within the textile and garment manufacturing industries as well as promoting exports made in India with “zero effect and zero defect”.

In short, the scheme was established to facilitate the augmentation of investment, productivity, quality, employment and exports, together with import substitution for the textile and garment industries.

Through the scheme, textile (spinning, dyeing and weaving) companies and garment manufacturers can apply for a Capital Investment Subsidy (CIS) for investments made in machinery and technology to meet the benchmark laid out in the scheme. Technological upgradation has been defined in the TUFS as “the induction of state-of-the-art, or near state-of-the-art” technology by the textile and garment industries, and the levels of performance that the machinery and technology must attain are reviewed and updated on an annual basis.

By adopting this approach, the Indian government ensures that investors are committed to the introduction of the highest grade of machinery and technology that are available and are also willing to accept the overall challenge of the upgrading of their finished product, with the added benefit of having the possibility to diversify into other textile or garment segments.

The establishment of the new economic zones within Bangladesh is a great initiative. We need to now ensure that the developments run hand in hand with the technological advances to ensure a bright future for our industry.

We need to show the world that we are preparing for the future market demands, have a fit-for-purpose business model, and are investing in an advanced garment industry that has foundations guaranteeing longevity, encouraging further investment from both local and international companies.

Source: thedailystar.net- Apr 18, 2018

HOME

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Putting the "AR" in Zara: Fast-Fashion Retailer Brings High Tech to Physical Shopping

Augmented reality is one of the latest technologies that fast-fashion retailer Zara hopes will help to shore up its position against competition from pure-play e-commerce brands.

Online-only fashion player Asos recently rolled out its own AR tool that lets shoppers see how an item of apparel looks on disparate body types, which could give customers greater confidence prior to buying, plus reduce costly returns.

Now Zara is going experiential with a limited-time AR feature that leverages shoppers' smartphones to bring merchandise presentations, store window displays and e-commerce delivery boxes to life.

Brick-and-mortar retailers find they must enliven their stores and shopping experiences to lure customers who increasingly flock online to the likes of Amazon.

The ZaraAR app, which will be available starting April 12 for a period of two weeks, aims to bring some of the high-fashion runway excitement to 120 of its physical stores around the world.

When consumers hold their phones over the previously mentioned activation point in stores, or on their Zara deliveries, they'll see models showing off styles from the SS18 Studio collection, and they'll be able to hear them speak, too. Consumers can purchase the featured products with one click through the AR app or in stores.

RetailNews Asia reports that the AR app will feature a fresh new set of looks for the second week of its run, in order to keep consumers interacting and discovering something new.

Though this latest effort is experiential in nature, Zara has been fine-tuning its store experience of late. The retailer has deployed robots to accelerate the order pick-up process for click-and-collect shoppers, who often faced lengthy queues when arriving in store.

Meanwhile, AR continues to push into the mainstream. Amazon recently added augmented reality to its Android app, largely so shoppers can better visualize how big-ticket items such as furniture will look in their domiciles.

Still, though 74 percent of consumers polled by mixed-reality company DigitalBridge last fall said they expect retailers to offer an AR app, most retail companies still haven't invested in any augmented reality solutions.

Source: sourcingjournal.com- Apr 17, 2018

HOME

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Vietnam: Textile-garment export target of over 34 bln USD achievable: VITAS

With the bright outlook of both global and domestic economies, the textile-garment sector's exports target of 34 – 34.5 billion USD for 2018 is achievable, Vice Chairman of the Vietnam Textile and Apparel Association (VITAS) Truong Van Cam said.

At a meeting on April 17 to review the sector's performance in Q1, he said textile-garment firms received enough orders until the end of the second quarter of 2018, and some even had orders through the third quarter.

Many companies said they have been working to diversify export markets. Apart from the key markets like the US, the EU, Japan and the Republic of Korea, they are also stepping up export to China, Russia and Cambodia.

Cam said in the coming time, VITAS will push ahead with trade promotion programmes, specialised training, and experience sharing.

It will also encourage the application of smart production models to help businesses boost sustainable development.

He noted that Vietnam's textile-garment sector gained positive outcomes in Q1 amid the global economy forecast to post higher growth rate in 2018 and the stable domestic economy.

Textile-garment exports in Q1 are estimated at 7.62 billion USD, up 13.35 percent from the same period of 2017. Of this figure, 5.98 billion USD worth of apparel was shipped abroad, rising by 12.49 percent year on year.

Exports to the key markets like the US, the EU, the Republic of Korea, China, ASEAN, and members of the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP) enjoyed strong growth.

In 2017, the industry gained a year-on-year increase of 10.23 percent in export revenue to 31 billion USD, higher than its target set at the beginning of the year at 30 billion USD.

Source: en.vietnamplus.vn- Apr 17, 2018

HOME

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Vietnam: Exports make positive contributions to national economy

In the first quarter of 2018, Vietnam's export turnover continued to advance with a total export value of US$54.31 billion, an increase of 22% over the same period last year, which was also higher than the rate of 21.1% for the whole of 2017 and nearly double the rate of only 12.8% in the first quarter of 2017.

The export growth rate of the domestic economic sector also recovered, posting an increase of 18.9% over the same quarter of 2017, while the export growth rate of the foreign direct investment (FDI) sector went up strongly by 23.2% over the same period in 2017.

However, the domestic sector remained sunk in a trade deficit of approximately US$6.3 billion in the first quarter of this year.

Thanks to a huge trade surplus of US$7.6 billion from the FDI sector, Vietnam enjoyed an overall trade surplus of US$1.3 billion in the first quarter of this year, while the country suffered a trade deficit of US$1.9 billion in the corresponding period of 2017.

While the trade deficit in the first quarter of 2017 reduced the overall economic growth by 4.42 percentage points, the trade surplus in first quarter of this year contributed 1.19 percentage points to the overall economic growth.

The structure of key export goods has been established and continued to be maintained and consolidated in the first quarter of 2018. The export turnover of the group of telephone and components reached US$12.3 billion, accounting for 22.6% of the total export turnover in the first quarter, which also soared 58.8% over the same period in 2017.

The group of textiles and garments firmly secured the second position despite its export turnover being equivalent to just half of the leading group and its growth rate was just 12.9%.

The export revenue of the group of electronics, computers and components surged by 13.2% in the first quarter, much lower than the record high rate of 42.3% in the same period last year but equivalent to the revenue of US$6.3 billion in the textiles and garments group.

In addition, the structure of Vietnam's key export markets has changed as the EU has surpassed the US in becoming the largest export market of Vietnam in terms of export revenue in the first quarter of this year.

Vietnam's exports to the EU increased sharply by 19.7% over the same period last year to US$9.8 billion, while exports to the US rose 11.6% to US$9.6 billion.

In particular, Vietnam's export revenue to China jumped 46% to US$9 billion in the first quarter, even higher than the rate of 43.3% in the same period in 2017. Of which, the export revenue of telephones and components increased dramatically by 674.4% in the first quarter of this year (the export revenue in the first quarter of 2017 also increased by 115.5%).

The upward trend of exports to China demonstrates that this market will probably occupy the top position ahead the US and the EU in the near future.

The ASEAN market did not see any significant changes as it remained the fourth largest export market of Vietnam, accounting for 10.3% of Vietnam's total export revenue.

The Republic of Korea (RoK) and Japanese markets contributed almost the same to Vietnam's export revenue with export revenues of US$4.3 billion and US$4.2 billion respectively.

Exports have helped to create a driving force for the first quarter of 2018 and have contributed positively to the economic growth while boosting exports for the whole of 2018.

Export prospects will depend on the Government's efforts to boost trade, commodities and market restructuring amid more risks and challenges facing global trade.

Source: nhandan.org.vn- Apr 17, 2018

HOME

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NATIONAL NEWS

India needs to fundamentally alter its export strategy

India's exports for the month of March this year have contracted by 0.7% compared to a year ago. There is need for a fundamental shift in our export strategy

India's revenue from exports of merchandise over the last four fiscal years was $310 billion, $262 billion, $275 billion and $302 billion, respectively. Thus over the four years from April 2014 till March 2018, the total growth was zero, or, rather, a tad negative.

Even the ratio of exports to gross domestic product (GDP), at 11.6%, is at a 14-year low. This at a time when the world is experiencing synchronized income and consumption growth and our Asian peers are clocking decent export numbers.

India's exports for the month of March this year have contracted by 0.7% compared to a year ago. This slowdown in exports is across all sectors, led by the scandal-plagued gems and jewellery sector, whose exports fell sharply by 16.6% from a year ago. Garment exports too have suffered and have now fallen behind Bangladesh and Vietnam in absolute dollar terms. Vietnam's garment exports grew by 10% last year and are expected to continue at that pace this year too.

Most notably, the Vietnam Textile and Apparel Association (VTAS) has now tapped into newer markets like Russia and China, in addition to traditional markets like the US and European Union (EU). In a telling statement from the VTAS chairman, he said the heat of competition is from China, Bangladesh, Sri Lanka and even Myanmar. The country not mentioned in this list is India.

What happened? Why is India lagging behind in ready-made garment exports? This is one sector where India has had a traditional advantage, and should have raced ahead, due to the low-cost space vacated by China. India is capable of investing in modern machinery and automation, as also in skilling its personnel, just like its competitors.

But Bangladesh and Vietnam have now outpaced India even in absolute, not just relative, terms. Of course, a country like Bangladesh has greater labour flexibility, and allows three shifts even with women, who now dominate the garment sector in that country. It may be argued that Bangladesh has special duty-free access to the US and EU, accorded to low-income countries. Even then, however, it does not explain India's lacklustre performance.

The immediate proximate factors affecting the garment and footwear sectors are as follows. First are the lingering effects of demonetisation. Due to last year's cash disruption, orders were lost, and these can't be regained easily from competitor countries. There is a kind of hysteresis as lost orders and jobs are not fully reversible.

Second is the delay in getting goods and services tax (GST) refunds, and the burden of the cost of locked capital. The delayed refund does not include the interest cost. We need to urgently zero-rate our exports (goo.gl/kf3XFD). Third is the overvalued exchange rate, which makes India's exports relatively expensive. Fourth is the continuing unreliability of electricity and other infrastructure facilities. Small and medium enterprises need a common plug and play, seamless hard and soft infrastructure—whether it's effluent treatment or inspection or logistics.

But why dwell only on ready-made garments or footwear exports, or even on immediate proximate causes? There is need for a fundamental shift in our export strategy.

In 2014, the trade policy announced by the Union commerce minister envisaged total exports worth $900 billion by 2020. That looks almost impossible, unless exports grow by 40% per annum from now on. Incidentally, even services exports show zero growth over the past four years.

A 2010 paper of the commerce ministry outlining the strategy to double exports in three years is worth revisiting. Many of those ideas are still relevant. We need to move from merely focusing to becoming obsessed with rejuvenating our exports.

For exports create jobs, bring in precious foreign exchange and validate our international competitiveness. The world market is the ultimate test of our strengths.

No matter some bit of rising protectionism or an overvalued rupee, both of which are temporary, there is no reason why we shouldn't be winning a larger market share of world trade. We left our export pessimism behind long ago. We now are entering a phase when China promises to import $24 trillion of goods and services in the next five years. It will hold the world's first mega import expo (yes, import expo!) in November. China's consumer market represents a huge opportunity, but India is largely absent.

We only export primary materials like cotton, iron ore and copper to China. Indeed, one-fifth of our goods export is petrol and diesel, whose prices fluctuate with the price of crude. The decline in 2015 is partly explained by the steep fall in the price of crude. But we don't need to just depend on commodity exports.

The following principles may be useful.

Firstly, focus on labour-intensive exports such as agriculture, textiles, footwear and tourism. Secondly, have a zero GST rate for all exports.

Thirdly, shun product- and market-specific incentives (which run afoul of World Trade Organization rules), but focus on regional or cluster subsidies, which benefit all producers, small or large, domestic or export oriented.

Fourthly, reduce and further reduce inspector raj. Fifth, actively and aggressively promote participation in global value chains.

Do not insist on large value addition in India in your trade agreements. Insist instead on large-scale job creation. Lastly, be committed to open borders, notwithstanding the pressure to raise trade barriers.

It is not by protection that domestic industry will become world leaders in competitiveness. And that's an absolute prerequisite to winning in world markets.

Source: livemint.com- Apr 18, 2018

HOME

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Garments exporters seek sops to tide through liquidity crunch

India's exports fall while global demand is on the rise

Garments exporters are looking at the government for some succour to check the continuous decline in exports over the last few months.

Exporters say the fall is mostly due to the liquidity crunch faced by units following the implementation of the Goods and Services Tax (GST) last year which worsened over the months due to inadequate steps taken by policy-makers to address the problems.

"Apparel exporting units are woefully short of cash and many can't take new orders. A sharp reduction in reimbursements under the duty drawback scheme and Remission of State Levies (RoSL) scheme after the implementation of GST has hit apparel exporters.

"So has the 5 per cent GST that they are made to pay and which is not getting refunded properly," pointed out A Sakthivel, a Tirupur-based garments exports who heads a number of export bodies.

Because of the reduction in duty drawback rates and the RoSL rates, there has been a net decline of receipts by exporters up to 5.5 per cent of export value, despite the fact that the government had increased the reimbursement rate under the Merchandise Export Incentive Scheme scheme for garments by 2 per cent, pointed out Anil Peshawari from Meenu Creation in NOIDA.

The decline in exports from India is taking place despite robust demand in the global market, points out HKL Magu, Chairman, Apparel Export Promotion Council (AEPC). "The global demand positions are good and the industry is keen to take up more orders but cost disadvantages are affecting India's relative position as a sourcing destination," Magu said.

Shipments decline

AEPC, in a statement earlier this week, pointed out that garments exports had entered a "recessionary zone" with shipments in March 2018 falling 17.78 per cent to $1.49 billion and an overall dip of 3.83 per cent to $16.71 billion in 2017-18.

Exporters bodies, including the AEPC and the FIEO, have been approaching the government for relief in some form to help them tide over the problems being faced due to GST implementation.

"We are in touch with the Ministers of Textiles and Commerce. Both are sympathetic and understand our problems and hopefully some kind of a scheme to reimburse us of the disadvantage of 5 per cent that we are suffering will be announced soon," Sakthivel said.

He added that in the absence of a response from the government, things would only get worse for India and the competitors from countries such as Bangladesh, Vietnam and Cambodia will take away India's business.

India's overall goods exports increased 9.78 per cent to $302.4 billion in April-March 2017-18, but declined 0.6 per cent to $29.11 billion in March 2018. The fall in exports has been much more in case of India's apparel exports. The sector presently employs 12.9 million workers but due to the ongoing slide, several clusters have been impacted.

Source: thehindubusinessline.com- Apr 18, 2018

HOME

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India expected to grow at 7.4% in 2018

IMF foresees China to trail behind at 6.6%; reforms such as GST to help reduce internal trade barriers

India is expected to grow at 7.4% in 2018 and 7.8% in 2019, leaving its nearest rival China behind respectively at 6.6% and 6.4% in the two years, the IMF said on Tuesday.

With growth picking up after falling sharply in the second quarter of 2017 due to "one-off factors", India, in 2018 and 2019, would re-emerge as one of the fastest growing major economies, it said.

The International Monetary Fund (IMF), in the latest World Economic Outlook (WEO), has projected India to grow at 7.4% in 2018 and 7.8% in 2019. China is expected to grow respectively at 6.6% and 6.4% in the two years.

However, the latest IMF growth rate projection remains unchanged since the last one in October.

India's growth rate in 2016 was 7.1% as against China's 6.7%.

Two major economic reforms — demonetisation and goods and services tax (GST) — resulted in a slight lower growth rate of 6.7% in 2017.

China, with 6.9% growth, jumped marginally ahead of India in 2017.

India's projected growth provided some offset to China's gradual slowdown, the IMF said.

The latest forecast is unchanged, "with the short-term firming of growth driven by a recovery from the transitory effects of the currency exchange initiative and implementation of the national goods and services tax, and supported by strong private consumption growth," the WEO said.

According to the IMF, India has made progress on structural reforms in the recent past, including through the implementation of the GST, which will help reduce internal barriers to trade, increase efficiency and improve tax compliance.

'Key challenge'

"While the medium-term growth outlook for India is strong, an important challenge is to enhance inclusiveness," the report said. India's high public debt and recent failure to achieve the budget's deficit target, calls for continued fiscal consolidation into the medium term to further strengthen fiscal policy credibility, the report said.

The main priorities for lifting constraints on job creation and ensuring that the demographic dividend is not wasted are to ease labour market rigidities, reduce infrastructure bottlenecks, and improve educational outcomes, the IMF said. According to the WEO, growth in China and India last year was supported by resurgent net exports and strong private consumption, respectively, while investment growth slowed.

Source: thehindu.com- Apr 18, 2018

HOME

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Six more states to roll out intra-State e-way bills from April 20

E-way bills will be mandatory for intra-State trade in respect of six more states from April 20, Sushil Modi, Chairman of Group of Ministers on GST, said on Tuesday.

These six states are Bihar, Jharkhand, Haryana, Madhya Pradesh, Tripura and Uttarakhand, Modi told reporters here.

It may be recalled that e-way Bill system for intra-state movement of goods was implemented from April 15 in five states. The five states were Andhra Pradesh, Gujarat, Kerala, Telengana and Uttar Pradesh.

Already Karnataka is implementing e-way Bill system for intra-state trade.

Source: thehindubusinessline.com- Apr 18, 2018

HOME

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Coming unravelled: Garments output, exports slide

Magu said the reduction in the duty drawback and remission of state levies (RoSL) after the imposition of the goods and services tax (GST), capital blockage due to slow GST refunds and uncertainties on the future of export subsidies have affected the deeply-fragmented garment industry.

Production in the labour-intensive garment sector contracted for a 10th straight month through February while exports dropped for six months in a row and in eight out of the past 12 months, official data showed.

The contraction stokes fears of job losses and compounds problems of policymakers who are contemplating how to compensate the textile and garments sector adequately once subsidies to promote such exports are phased out (by as early as December 2018, according to some analysts) to avoid disputes at the World Trade Organisation (WTO).

Apparel exports dropped almost 4% in 2017-18 when the country's overall goods exports jumped close to 10%, while garment production declined almost 10% during the April-February period of the last fiscal from a year before. HKL Magu, chairman, Apparel Export Promotion Council (AEPC), said: “Due to the slide, several garments clusters have been impacted. Though India is struggling in exports, countries like Bangladesh and Vietnam are showing consistent growth in the apparel exports.”

Magu said the reduction in the duty drawback and remission of state levies (RoSL) after the imposition of the goods and services tax (GST), capital blockage due to slow GST refunds and uncertainties on the future of export subsidies have affected the deeply-fragmented garment industry.

In their meetings with various government officials in recent months, exporters have said they are getting less than 4% under both duty drawback and RoSL schemes, which need to be raised to around 11% (of freight on board value of exports) to offset various levies, even excluding the taxes that are subsumed by GST.

The government had said since the GST subsumed a number of state levies, including sales tax and VAT, the incentives were reduced.

RoSL, under which garment exporters get refunds from the Centre against all the levies they pay at the state level, was a key scheme in the Rs 6,000-crore garments package announced by the government in 2016 to create 10 million jobs, Rs 78,000 crore of additional investments and $30 billion more in exports over a three-year period.

The government had then said the textile and garment sector employed 31.9 million people. Most of those employed in garments factories are women.

As such, garment exporters say they have been handicapped by the duty disadvantage against key competitors like Bangladesh and Vietnam to our biggest market — the US.

Last month, the US dragged India to the WTO, alleging New Delhi had been offering illegal export subsidies worth around $7 billion a year that were harming American workers. But even before its latest move, the US had insisted that India’s stop subsidies for its textiles and garments sector, citing a WTO rule.

According to the WTO's Agreement on Subsidies and Countervailing Measures, when the share of a developing country — with per capita income below $1,000 a year — in global exports touches 3.25% in any product category for two straight years, thereby gaining "export competitiveness", it has to phase out export subsidies for the items eight years from the second year of breach.

The US had contended that India's "textiles and clothing" exports first breached the threshold in 2005 and remained above the level in 2006. India had said and insists it had time at least until end-2018 as the multilateral trade body asked it to consider phasing out the subsidies only in 2010.

Source: financialexpress.com- Apr 18, 2018

HOME

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Digital platform launched for Indian MSME exporters

A digital platform for exporters in the micro, small and medium enterprises (MSME) industry has been launched by Indian commerce and industry minister Suresh Prabhu.

The interesting idea for such a platform was given by the Federation of Indian Export Organisations (FIEO). The FIEO GlobalLinker will help MSME exporters to digitise their businesses.

"This initiative will help in expanding India's multi-focused export strategy and also aid in connecting art and artisans to the market," said Prabhu while launching the platform.

The minister informed that at least 300 Geographical Indications will be registered very soon, which will give a major boost to exports.

FIEO GlobalLinker is setup with a view to make the business growth of SMEs simpler, more profitable and enjoyable. It is a growing global network currently comprising over 140,000 SME firms, who are seeking business collaboration and growth opportunities through the use of their electronic business card and digital profiles created on the platform.

FIEO GlobalLinker is available free of cost and it offers exporters a range of features and benefits. In terms of business opportunities, exporters will be able to find clients, suppliers and advisors using the search and review facilities. They will also be able to create a free e-commerce store for direct sales and improved chain management.

Exporters can gain up-to-date business knowledge through business articles, industry news and common interest groups. The platform also provides services like company intranet, integrating e-mail, and a business calendar, which improve efficiencies.

Further, the platform would also offer FIEO's services like application for new registration cum membership certificate (RCMC), endorsement or renewal, participation in FIEO's promotional programmes and alerts.

Source: fibre2fashion.com- Apr 17, 2018

HOME

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India's apparel exports drop 3.83% to $16.7bn in FY18

India's RMG Export to World						
Month	FY 2016-17		FY 2017-18		MoM Growth of 2017-18 over 2016-17 (%)	
	In INR Crore	In US$ Million	In INR Crore	In US$ Million	INR	US$
April	8833.8	1329.0	11287.7	1749.8	27.8	31.7
May	9960.2	1488.6	10355.5	1607.4	4.0	8.0
June	10585.1	1572.9	9988.5	1550.0	-5.6	-1.5
July	9788.9	1456.5	8222.9	1275.7	-16.0	-12.4
August	8909.02	1330.89	8560.538	1338.23	-3.91	0.55
September	8570.76	1286.14	10707.86	1663.63	24.93	29.35
October	9127.85	1367.50	5402.81	830.14	-40.81	-39.30
November	7792.97	1152.36	6723.65	1036.58	-13.72	-10.05
December	9882.3302	1454.17	8591.886	1336.63	-13.06	-8.08
January	10389.05	1525.98	8887.72	1396.61	-14.45	-8.48
February	10767.74	1605.32	9275.08	1440.82	-13.86	-10.25
March	11946.37	1813.44	9694.68	1491.00	-18.85	-17.78
April-March	**116554.1**	**17382.8**	**107698.8**	**16716.5**	**-7.60**	**-3.83**

Apparel exports from India dropped by 3.83 per cent to $16.716 billion in April-March 2017-18, compared to exports of $17.382 billion in fiscal 2016-17, according to data from Directorate General of Commercial Intelligence and Statistics (DGCI&S), Kolkata, under the ministry of commerce, Government of India. March 2018 showed fall of 17.78 per cent y-o-y.

In March 2018, India's readymade garment exports were to the tune of $1.491 billion as against exports of $1.813 billion in the corresponding month of the previous fiscal. In rupee terms, exports during the month stood at ₹9694.68 crore as against ₹11946.37 crore in March 2017, registering a decline of 18.85 per cent.

Commenting on the latest figures, Apparel Export Promotion Council (AEPC) chairman HKL Magu said India's apparel exports are now in a recessionary zone. "These figures clearly show that apparel exports are not only stagnating but are heading towards recession.

The apparel manufacturing has already registered a decline for the 10th straight month in February. This clearly indicates towards an ongoing shrinkage in the industry, which is a big cause of concern."

"The (RMG) sector presently employs 12.9 million workers but due to the ongoing slide, several clusters have been impacted.

While India is struggling with the problem of stagnation in exports, countries like Bangladesh and Vietnam are showing a consistent growth in their apparel exports. We would like the government to address the issue at the earliest," Magu said.

Source: fibre2fashion.com- Apr 17, 2018

HOME

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Union textiles minister Smriti Irani emphasises skill development at Home Expo zone

Latin America joins the list of buyers at the 7th edition of Home Expo India 2018 which was inaugurated by Union minister of textiles and information and broadcasting, Smriti Z Irani on April 16 (Monday) at India Expo Centre and Mart, Greater Noida.

Organised by the Export Promotion Council for Handicrafts (EPCH) the three-day (April 16 - 18) B2B fair is a three segmented categories' show comprising of housewares, textiles and furniture under one roof.

Emphasising skill development in craft sector Irani lauded this initiative of EPCH and said "it'll need special attention and support so that intellectual property right of the creator can be protected."

Irani further said that "organising product specific Home Expo India fair covering the three products segments of handicraft sector - Houseware and Decorative, Floorings Furnishing and Textiles and Furniture and Accessories - is a step in the right direction to enable the buyers to source their requirements without wasting time, energy and resources,"

With 650 plus exhibitors participating at the fair, new bid buyers come from Latin America, Japan, Europe Middle East, USA and more

"This expo is specially focused on Indian housewares and decoratives, Indian furnishing floorings, furnitures and accessories. Its a small fair focused on home profits where we are focusing on quality of the products not quantity," said Rakesh Kumar executive director EPCH.

According to Kumar organising product specific show on home and life products was the need of the hour as demand has grown manifold in the segment since EPCH organised the first Home Expo India in 2012.

"Buyers prefer to visit product based exhibitions rather than all product categories' shows to save their time and money.

A large number of buyers from both, traditional as well as emerging markets which includes USA, European Union, Latin America, Middle East and South East Asia are visiting to source their requirement from the show seeing potential growth for Indian handicraft exporters presenting a wide range of colourful handicraft items at the fair," said Kumar.

O P Prahladka, chairman EPCH said that "EPCH has ensured that select exhibitors display premium products to very thoughtfully invited overseas buyers so that the best and exquisite products are on display for the best of people in the world."

Others present on the opening day include Ravi K Passi and Sagar Mehta vice chairmen-EPCH, Sunil Sethi pesident, Fashion Design Council of India (FDCI) and now president Academics, ACTERM (Academy of Convention, Trade Fair, Event Research and Management) and more.

Source: timesofindia.com- Apr 17, 2018

HOME

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CAI to set up farmers training institute in Mumbai

The Cotton Association of India (CAI) recently cleared a proposal to set up an All India Training Centre for Farmers in the Cotton Green commercial area in Mumbai, CAI president Atul S Ganatra announced at the inaugural session of Cotton India 2018 conference. With over 122 lakh hectare acreage, India has the largest acreage under cotton in the world.

Land holdings in India are relatively smaller and about three-fifths of the total acreage under cotton in the country is rain-fed and dependent on the vagaries of nature, Ganatra said.

The country's annual consumption of cotton is expected to touch about 330 lakh bales during the ongoing crop year as several new textile mills in Gujarat and other states have started operations resulting in about 35 lakh new spindles this year, a newspaper report quoted him as saying.

But against the world average productivity figure of 779 kilograms per hectare, cotton productivity in India is still around 500 kg per hectare, he added.

Source: fibre2fashion.com- Apr 18, 2018

HOME

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