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The Cotton Textiles Export Promotion Council [TEXPROCIL]
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IBTEX No. 149 of 2018 July 18, 2018

USD 68.48| EUR 79.74 | GBP 89.72 | JPY 0.61

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
22565	47200	**87.80**

Domestic Futures Price (Ex. Gin), July

Rs./Bale	Rs./Candy	USD Cent/lb
22580	47232	**87.86**

International Futures Price

NY ICE USD Cents/lb (Dec 2018)	88.17
ZCE Cotton: Yuan/MT (Jan 2019)	15,850
ZCE Cotton: USD Cents/lb	**91.33**
Cotlook A Index – Physical	**96.45**

Cotton Guide: Cotton was quite volatile on Tuesday's trading session. It moved just opposite to Monday's trading behavior. The ICE December future moved in the wide range of 86.80 to 88.40 and settled the day higher at 88.34 cents per pound.

However, trading volumes were mostly low while open interests have increased marginally. In last five days the aggregate open interests have increased by around 5K contracts to 0.257 million contracts.

As such there was no new development related to cotton while general market trend pushed price higher or technical support near 86 cents may have prompted some speculative interests.

The other markets like US equity ended the session marginally higher, grains were mixed to positive while USD index managed to trade positive. For detailed report please access Kotak Commodities Research Desk.

Currency Guide:

Indian rupee trades little changed near 68.45 levels against the US dollar. Rupee is range bound amid mixed cues. Weighing on rupee is general strength in US dollar against major currencies. The US dollar index rose 0.5% yesterday as Fed Chairperson Jerome Powell reiterated optimism about US economy making a case for continued interest rate hikes.

Also weighing on rupee is IMF's downbeat growth outlook and concerns about deepening global trade war. However, supporting rupee is correction in crude oil price and stability in equity market. Brent crude trades weaker near $72 per barrel on prospect of higher supply from US, Saudi Arabia and Russia.

Global equity markets stabilized amid no fresh threats from US or China on trade policies and amid upbeat outlook for US economy. Rupee may witness choppy trade but general strength in US dollar may pressurize the Indian currency. USDINR may trade in a range of 68.3-68.6 and bias may be on the upside.

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

NEWS CLIPPINGS

	INTERNATIONAL NEWS
No	**Topics**
1	Global: IMF warns of less even economic growth and rising trade tensions
2	How US Trade Protectionism Threatens Developing Countries
3	US clothing retail sales up 4.6% in June 2018
4	Japan and EU form world's largest free-trade bloc
5	Cotton yarn - main export product of light industry of Uzbekistan
6	US cotton exports to Vietnam up
7	Nepal seeks lift of Bangladesh's ban on yarn import thru Banglabandha
8	Pakistan lags behind peers in synthetic textiles exports
9	Does Bangladesh need expos to lure apparel buyers?
	NATIONAL NEWS
1	Boost for textile sector with import duty on over 50 products doubled
2	Exploring growth opportunities in Tirupur
3	20% import duty on Chinese fabric relief for local MMF makers
4	Increase in customs duty cheers garment makers
5	Centre cracks down on illegal HT cotton
6	Bangladesh, Vietnam, make up for drop in cotton exports to China, Pak
7	GST refund still stuck? How to claim it: Date, department, process; all you need to know
8	India to hold fiber exhibition

INTERNATIONAL NEWS

Global: IMF warns of less even economic growth and rising trade tensions

Global growth is projected to reach 3.9% in 2018 and 2019, but the expansion is becoming less even, and risks to the outlook are mounting, says the IMF in its July 2018 World Economic Outlook Update.

Among advanced economies, growth divergences between the US on one side, and Europe and Japan on the other, are widening. Growth is also becoming more uneven among emerging market and developing economies, reflecting the combined influences of rising oil prices, higher yields in the US, sentiment shifts following escalating trade tensions, and domestic political and policy uncertainty

Advanced economy growth is expected to remain above trend at 2.4% in 2018—similar to 2017—before easing to 2.2% in 2019.

In the US, near-term momentum in the economy is expected to strengthen temporarily, with growth projected at 2.9% in 2018 and 2.7% in 2019. Substantial fiscal stimulus together with already-robust private final demand will lift output further above potential and lower the unemployment rate below levels last registered 50 years ago, creating additional inflationary pressures. Imports are set to pick up with stronger domestic demand, increasing the US current account deficit and widening excess global imbalances.

Growth in the euro area economy is projected to slow gradually from 2.4% in 2017 to 2.2% in 2018 and to 1.9% in 2019.

Asia

The growth forecast for Japan has been marked down to 1.0% for 2018 following a contraction in the first quarter, owing to weak private consumption and investment. The economy is expected to strengthen over the remainder of the year and into 2019, aided by stronger private consumption, external demand, and investment.

Emerging and Developing Asia is expected to maintain its robust performance, growing at 6.5% in 2018–19.

Growth in China is projected to moderate from 6.9% in 2017 to 6.6% in 2018 and 6.4% in 2019, as regulatory tightening of the financial sector takes hold and external demand softens.

India's growth rate is expected to rise from 6.7% percent in 2017 to 7.3% in 2018 and 7.5% in 2019, as drags from the currency exchange initiative and the introduction of the goods and services tax fade.

Growth in the ASEAN-5 group of economies (that is, Indonesia, Malaysia, Philippines, Thailand, and Vietnam) is expected to stabilise at around 5.3% as domestic demand remains healthy and exports continue to recover.

Trade tensions

The report points out that the balance of risks has shifted further to the downside, including in the short term. The recently announced and anticipated tariff increases by the US and retaliatory measures by trading partners have increased the likelihood of escalating and sustained trade actions. These could derail the recovery and depress medium-term growth prospects, both through their direct impact on resource allocation and productivity and by raising uncertainty and taking a toll on investment.

Policy priorities

Avoiding protectionist measures and finding a cooperative solution that promotes continued growth in goods and services trade remain essential to preserve the global expansion, says the Update. Policies and reforms should aim at sustaining activity, raising medium-term growth, and enhancing its inclusiveness. But with reduced slack and downside risks mounting, many countries need to rebuild fiscal buffers to create policy space for the next downturn and strengthen financial resilience to an environment of possibly higher market volatility.

Source: asiainsurancereview.com - July 18, 2018

HOME

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How US Trade Protectionism Threatens Developing Countries

The trade policies of a country as powerful as the U.S. can have global repercussions, and Trump's recent use of protectionism has come to threaten developing countries. Over the course of this year, Trump has put steep tariffs on steel and aluminum imports from Canada, Mexico and the European Union. Most recently, the president implemented 25 percent tariffs on $34 billion worth of Chinese imports.

Global Trade War

Each of these economies has retaliated with similarly steep tariffs that target American producers, effectively putting the U.S. at the center of a global trade war. In addition to tariffs, the Trump administration has backed out of the Trans Pacific Partnership (TPP) and is in the midst of renegotiating the North American Free Trade Agreement (NAFTA). However, the recent tariffs on America's neighbors could complicate these negotiations.

Some analysts argue that there are no winners in a trade war. The tariffs and termination of trade deals will merely raise costs and limit choices for consumers, dampening economic progress around the world.
Protectionism's Impact on Developing Countries

History shows that protectionism threatens developing countries and the global economy. The Smoot-Hawley Act of 1931 increased tariffs on around 20,000 imports by an average of 20 percent. It resulted in retaliation by the targeted countries, inciting a trade war, and global trade decreased by 67 percent.

The U.S. had another bought with protectionism in the 1970s and 80s. Several wealthy nations, including the U.S. implemented non-tariff barriers to trade. These included tighter restrictions on textiles and clothing, and subsidizing agricultural exports.

Such actions decreased the ability of developing countries to export goods, especially agricultural products. As a result, many countries had limited ability to import the resources they needed.

Trade is especially important to the smaller economies of developing countries, so any restrictions could have devastating effects. The way protectionism threatens developing countries goes beyond the implicated sectors; it really affects use of resources and distribution of resources. In addition, protectionism limits foreign investment, which decreases growth opportunities.

Then after the global financial crisis, the U.S. implemented new trade restrictions. Between 2008 and 2010, one study found that 692 new trade barriers had been enacted, primarily by G20 members. This caused a significant decrease in global trade. But the resulting loss of trade was disproportionately felt by some of the poorest countries. Of the total decrease in trade caused by the new protectionist measures, 40 percent hit the least developed countries.

All of the classified least developed countries (except Tuvalu) suffered from these new policies; in fact, 141 of measured trade barriers caused detrimental effects for these countries. The ones impacted the worst included Tanzania, Ethiopia, Yemen, Bangladesh and Senegal.

The Global Economy and Economic Nationalism

Trump's recent actions pose similar threats to the global economy and developing countries. Implementing tariffs and terminating trade deals disrupts the world trade system and undermines America's commitment to the World Trade Organization (WTO) and free trade system.

Major economic organizations warn of the potentially catastrophic outcomes of Trump's economic nationalism. If worldwide tariffs continued to rise up to the levels permitted by the WTO, global trade is predicted to decrease by nine percent. But again, it will be the developing countries that suffer the worst. This is because the income of developing nations is closely tied to the strength of the wealthier economies.

A recent speech by Christine Lagarde, the Managing Director of the International Monetary Fund (IMF), warned of the global effects of protectionism by highlighting the benefits of multilateral trade agreements. The multilateral system has decreased living costs and created millions of jobs with higher wages over the past generation.

The increased trade played a crucial role in halving the proportion of people living in extreme poverty. Multilateral trade agreements and the rules implemented by the WTO also help protect developing countries. These agreements limit the ability of powerful countries to dictate terms of trade that benefit them at the expense of the poorer country.

Fueling Positive Change

The WTO also includes special treatment for developing countries so as to provide more freedom in agreement implementation and national commitments, as well as accommodate nations' limitations.

Multilateral cooperation and trade negotiations have decreased the average value of tariffs by 85 percent since 1947. This, combined with technological advances, has rapidly increased global trade to account for nearly 60 percent of the world's GDP. In turn, this has fueled economic growth of developing countries and influenced positive social changes.

But a trade policy that undermines this multilateral system and advocates protectionism threatens developing countries. The trade war that Trump has started could lead to average tariffs on developing countries increasing from three percent to 37 percent. But some of the poorest countries, such as Costa Rica, Sri Lanka, Ethiopia and Bangladesh, may face tariffs around 40 to 50 percent.

Trump has incited a trade war by raising tariffs and terminating trade agreements. This could have catastrophic effects on the interconnected global economy, but ultimately, this protectionism threatens developing countries the most.

The tariffs and trade barriers will decrease developing nations' ability to export, which lowers the import capacity and investment. Abandoning trade deals and undermining the world trade system leaves developing countries vulnerable to the power of larger economies dictating terms of trade.

Protectionism threatens the significant development and progress made under the cooperative world trade system of the last 20 years; thus, it will take concentrated effort to ensure developed and developing nations' economic cooperation.

Source: borgenmagazine.com- July 17, 2018

HOME

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US clothing retail sales up 4.6% in June 2018

Despite the US trade war with China and other countries, sales in June at US retail stores were up 4.2 percent unadjusted year-over-year and 0.07 per cent seasonally adjusted, the National Retail Federation (NRF) has said.

Sales at clothing and clothing accessory stores were up 4.6 per cent y-o-y but down 2.5 per cent month-over-month seasonally adjusted.

“This is a healthy retail sales report and consistent with underlying economic momentum that has fueled a steady run of retail sales increases,” NRF chief economist Jack Kleinhenz said.

“The big question is whether households can continue this spending pace, which is helping drive the current economic cycle. We think they can, but the big risk to the outlook is the trade war, which could raise prices while reducing consumer confidence and household buying power.”

The three-month moving average was up 4.4 per cent over the same period a year ago, matching the top end of NRF’s forecast that 2018 retail sales will grow between 3.8 percent and 4.4 percent over 2017. The numbers exclude automobiles, gasoline stations and restaurants.

The June results build on improvement seen in May, which was up 1 per cent monthly and up 6.1 per cent year-over-year.

NRF’s numbers are based on data from the US Census Bureau, which said overall June sales – including automobiles, gasoline and restaurants – were up 0.5 per cent seasonally adjusted from May and up 6.6 per cent year-over-year.

Source: fibre2fashion.com- July 17, 2018

HOME

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Japan and EU form world's largest free-trade bloc

Japan and the European Union on Tuesday signed a historic Economic Partnership Agreement, creating the world's largest free-trade bloc.

The deal sends a clear message against the protectionism evolving under U.S. President Donald Trump. Japan and the EU account for about 30% of the world's gross domestic product, and 40% of global trade.

The signing ceremony was held at the Prime Minister's Office in Tokyo, and attended by European Council President Donald Tusk and European Commission President Jean-Claude Juncker, in addition to Japanese leader Shinzo Abe.

"This is an act of enormous strategic importance for the rules-based international order, at a time when some are questioning this order," said Tusk at a news conference after the ceremony. "We are sending a clear message that we stand together against protectionism."

"Protectionism produces nothing," Abe echoed. "Japan and the EU intend to lead the world as flag bearers of free trade."

The agreement now needs to be ratified by the Japan and EU parliaments. The two sides aim to bring the deal into force by March 2019, before the U.K.'s scheduled departure from the EU. An agreement had been reached in principle in July 2017 and the details were finalized in December.

Japan and the EU will gradually reduce or immediately abolish tariffs on industrial goods such as cars. Levies on most of agricultural products will also be removed.

The deal will be "a new engine for Abenomics," said the Japanese prime minister, referring to his signature economic policy. According to his government, the EPA will push the nation's GDP up by 1%, or 5 trillion yen ($44.5 billion), and create 290,000 jobs. The European side expects to triple agricultural shipments to Japan and boost its total exports to the country by one-third.

Japan and the EU also signed a Strategic Partnership Agreement covering a wide range of issues, such as national security and climate change.

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

HOME

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Cotton yarn - main export product of light industry of Uzbekistan

Uzbekistan supplied abroad textile products worth a total of $652 million in the first half of 2018, which is 16.7 percent more compared with the same period of 2017, "News of Uzbekistan" reported referring to the State Statistics Committee of Uzbekistan.

Some 8.4 percent of total volume of exports fell to the share of textile exports.

Analysis of the information provided by the State Statistics Committee shows that the main export product of the Uzbek light industry is still a semi-finished product in the form of cotton yarn. Some 58.4 percent ($381 million) of total textile exports fell to the share of this product. Statistics showed that, yarn exports increased by almost a quarter in the first half of the current year compared to the same period last year.

Some 22.2 percent ($144.5 million) fell to the share of knitwear and garments. The three leading positions include cotton fabrics and knitted fabrics, which were exported in the amount of $29.7 million and $33.2 million respectively (4.5 percent and 5.1 percent of the total volume of export supplies of textiles) in the first half of the year.

The finished textiles in the amount of $ 18 million were sold to foreign consumers during this period, representing a relative share of 2.8 percent in the total volume of exports.

Official statistics have recorded a significant increase (by 66 percent compared to the same period last year) of silk exports. The volume of silk exports amounted to $16 million (2.4 percent share in total exports) in January-June.

Source: azernews.az- July 17, 2018

HOME

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US cotton exports to Vietnam up

Vietnam's cotton yarn exports are the fastest growing in the world, thanks to orders from the largest importer in the market, China. This dynamic is having a positive impact on US cotton exports to Southeast Asian countries.

The United States accounts for more than half of Vietnam's cotton imports, compared with a third just three years ago. These larger needs in Vietnam are likely to lead to record consumption in 2018-2019. Vietnamese mills continue to attract foreign investment, new or existing.

Costs are much lower in Vietnam than in Japan or South Korea, and the country is attracting more and more foreign textile exporters, such as China, India and Pakistan. Vietnam's exports of cotton yarn to China have almost quintupled since 2012-2013, showing stronger links between the textile industries of both countries.

In 2016-17, Vietnam was the main destination for US cotton exports. For the moment, this continues to be true. Cotton is the most valuable agricultural product for the United States, accounting for about 40 per cent of the sector's total exports.

Over the period from August 2017 to June 2018, US cotton exports to Vietnam again reached record levels. The world's second largest importer of cotton, Vietnam helped propel US cotton exports in 2017-2018 to their highest level in a decade.

Source: fashionatingworld.com- July 17, 2018

HOME

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Nepal seeks lift of Bangladesh's ban on yarn import thru Banglabandha

Nepal has sought withdrawal of Bangladesh's restriction on yarn import through the Banglabandha land port in Bangladesh saying that the ban was causing financial losses to the Nepalese manufacturers of the product.

Bangladesh commerce ministry has also requested the National Board of Revenue to consider Nepal's proposal to allow yarn export by the landlocked Himalayan nation through the port in Tetulia of Panchagarh.

Commerce ministry officials said Nepal had repeatedly been seeking permission for export of yarn, particularly acrylic yarn, to Bangladesh.

The issue was also discussed at the secretary-level talks between the two countries, they said.

Commerce secretary Shubhashish Bose sent a semi-official letter to the NBR in this connection, they added.

On various occasions, Reliance Spinning Mills Ltd, a Nepalese yarn manufacturer, requested Bangladesh foreign minister and Bangladesh ambassador to Nepal for taking necessary steps to relieve the restriction for them.

It argues that Nepal exports only acrylic yarn and it has no production of cotton yarn.

Bangladesh imposed the restriction of yarn import through land ports back in 2002 to safeguard the local cotton yarn industry from Indian export.

After few years, the NBR withdrew the ban for the Benapole land port but the ban remains in place for the Banglabandha land port.

Bilateral trade between Nepal and Bangladesh takes place through Banglabandha and Fulbari (Shiliguri of West Bengal in India) land ports.

In this context, the NBR on July 7 arranged a meeting with stakeholders at its conference room to examine the Nepalese proposal.

NBR officials said that most of the participants from both private and public sectors opined that the NBR should examine related issues very carefully before taking any positive decision.

Participants from the private sector were also against lifting the ban, they said. At the meeting, the representative of Bangladesh Textile Mills Association expressed concern that there was a possibility of coming yarn from third country if the NBR permits import of the product through Banglabandha from Nepal.

There is also no laboratory for measuring the quality of yarn (yarn count) at Banglabandha, unlike Benapole land port, that may cause duty evasion through misdeclaration and providing false information about the rules of origin, he said.

The representative of Bangladesh Garment Manufacturers and Exporters Association said that they found no necessity of import of yarn from Nepal.

The representative of jute and textile ministry suggested examining some issues including the number of spinning mills and quantity of yarn export of Nepal and the possibility of exporting yarn of third country misusing the permission before taking any decision on the issue.

A foreign ministry official who attended the meeting said that though the issue had been discussed on many occasions at the diplomatic channel of the two countries, the NBR would have to take the decision considering the physical infrastructure, manpower and other facilities including laboratory at the port, and the interest of the country.

A senior NBR official told New Age that at the meeting stakeholders opined against withdrawal of the restriction.

So, the meeting decided to take written opinion from jute and textile ministry, foreign ministry, BTMA, BGMEA, Bangladesh Knitwear Manufacturers and Exporters Association and Federation of Bangladesh Chambers of Commerce and Industry, he said, adding that the NBR would also seek directive from the finance minister.

Source: newagebd.net- July 17, 2018

HOME

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Pakistan lags behind peers in synthetic textiles exports

The Central Bank said local industry would benefit and tariff-based policy measures to enhance the use of man-made fibers in domestic textile industry will become effective, only if the influx of smuggled goods is contained.

The share of cotton in global fiber consumption has fallen from nearly 70 percent back in 1960, to only 27 percent by end 2016. Its place has now been captured by synthetic or man-made fibers (MMF) – especially polyester. Synthetic polymers are popular with respect to travel and sportswear, mostly due to their superior resistance to wrinkling and moisture compared to conventional cotton counterparts.

Despite its growing appeal, however, Pakistan's textile industry is advancing into synthetics at a snail's pace, at best: the fiber mix still stands at 80:20 in our garment exports with only 25 percent of Pakistan's spinning machines currently using MMF to produce blended yarn.

Moreover, the country's share in MMF apparel market is almost negligible (only 0.4 percent in the US market). More than 80 percent of the world's production of polyester staple fiber (PSF) takes place in China, India and Southeast Asian countries. Therefore, it is not surprising that these countries are also the dominant exporters of synthetic textiles, the SBP stated in its State of Pakistan's Economy – third quarterly report 2017-8.

Vietnam, Bangladesh, and Cambodia import man-made fibers, yarns and fabric from other countries to produce and export synthetic garments. In fact, Vietnam is the second biggest exporter of synthetic textile to the US (with China being the biggest), followed by Bangladesh and Cambodia at 7th and 11th positions, respectively.

This implies that with adequate availability of raw materials in the country, Pakistan too could have excelled in global synthetic textiles market. However, domestic policies and market conditions have hindered the country's foray into this emerging market.

In January 2017, the government (upon recommendation from the Ministry of Textiles) exempted customs duty on the import of a number of synthetic fibers (acrylic, viscose and nylon), which are not produced locally. The import of these items posted a sharp increase during July-March FY18.

However, for other (and probably more commonly used) fibers like polyester, the government has kept the customs duty at 7 percent as part of protectionist policy in favor of local manufacturers.

To give some relief to garment exporters, the government allowed duty drawback on the use of imported as well as domestically produced synthetic fiber on deemed import basis.

While the duty exemptions granted on the import of various fibers are yielding positive results, there is a room to broaden their scope. The government can reconsider protectionist policies for polyester fiber and filaments, if a meaningful change in the fiber mix is to be achieved in the country, added SBP.

Source: dailytimes.com.pk- July 18, 2018

HOME

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Does Bangladesh need expos to lure apparel buyers?

Expos can create an opportunity for smaller manufacturers to help them display their products for global buyers

Apparel manufacturers need to showcase their products on a platform to draw the attention of global buyers and brands.

The global fashion business is still heavily influenced by expos—gatherings of buyers and sellers. International trade shows – such as: Kingpins, Premiere Vision, Magic Show, and Sourcing Connection – attract hundreds of manufacturers in search of buyers. These events are successful as they create opportunities for both groups.

Bangladesh, the world's second-largest apparel exporter with $30.61 billion in earnings, and a sourcing hub for global retailers, does not host expos that would create opportunities for smaller manufacturers to display their clothing products for global buyers.

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) used to organize the Bangladesh Apparel and Textile Exposition (BATEXPO) to create opportunities for its members. However, no expo has taken place since 2013.

Large businesses take part in global expos, but smaller companies cannot participate in the shows due to expenses and other complications.

“Since there is no platform on which to display products – or meet buyers or their representatives –we have to depend on buying houses or foreign agents to get work orders. And it costs more due to commission,” Shakil Rizvi, managing director of Rizvi Fashion, told the Dhaka Tribune.

He further said: “For entrants like me, a domestic platform is very important to get in touch with buyers. Since it has not happened, I am trying to join global shows in foreign countries to meet my target buyers.”

However, manufacturers alleged that they are not getting equal opportunities. Sometimes influential entrepreneurs get chance at reduced rates to participate in global expos.

Why Bangladesh needs expos

Bangladesh needs aggressive promotional activities to tap into global opportunities—given the fact that it has only a 6.4% share of the global market. Around 85% of exports are still concentrated in the European Union and North American markets.

Bangladesh has opportunities and abilities to explore them, by organizing expos in the country.

“An exposition is an effective means that brings buyers and sellers closer to each other and finds the best match. So, there is no alternative to promotions as long as we are in the market, because there are always untapped opportunities,” Mostafiz Uddin, founder and CEO of Bangladesh Denim Expo, said.

He said organising expos in a domestic venue means more opportunities for businesses— especially smaller factories, which have less exposure and financial ability to participate in international expos. “There is a strong need for domestic expositions to create a space for small-scale entrepreneurs to showcase their products. It should be in line with the latest update happening across the fashion world,” Md Fazlul Hoque, managing director of Plummy Fashions Ltd, the greenest knitwear factory of the world, said.

Expos to show strength

Bangladesh needs positive branding and to inform the world about its capacity and industry strength—to increase the global base for its export market. Traditionally, expos perfectly create this opportunity.

"After a complete turn-around from the Rana Plaza accident, Bangladesh is now an example for safe workplaces. In terms of eco-friendly manufacturing, Bangladesh is the first with 67 green factories, the highest amount in the world," Abdus Salam Murshedy, managing director of Envoy Textile, a green factory, told the Dhaka Tribune.

He said Bangladesh is manufacturing valued products for several countries such as Japan and EU member-states.

"To make it tangible to global retailers, we need to organize international shows to display products and arrange visits to the production floor—to show industry strength," Murshedy added.

Challenges for expos

In its 35-year journey, Bangladesh has marched a long way, through ups and downs, and reached today's position. In terms of value added, it is a newcomer to global buyers.

Since the industry was more focused on expansion, it could not concentrate on developing infrastructure to organize an international-standard expo. Neither the government nor trade associations like BGMEA and BKMEA have taken initiative on this subject.

"Marketing trends have seen a lot of changes in the global arena. Now people take part in the expo, not only to find buyers but also, to explore the latest trends and products," Fazlul, a former president of Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), said.

He said Bangladesh lacks the quality to arrange international-standard shows. "We have to bring a new dimension to expositions, based on research and innovation, to attract global visitors."

On the other hand, there is not enough space and infrastructure to arrange an international- standard exposition in Bangladesh—and the old tradition is not an effective one, he added.

“As an apex trade body of the garment sector, BGMEA is farfrom its role in promoting the sector to the international arena. It has lost its glory, in recent years, due to a lack of proper leadership,” an apparel manufacturer, seeking anonymity, told the Dhaka Tribune.

However, the BGMEA denied the allegation, saying that it is focusing on the branding and image of the sector. Earlier, BATEXPO needed to showcase products to attract buyers. But now, the buyers are well-informed about Bangladesh.

“Now Bangladesh needs branding and strategy, which we focused on during the Dhaka Apparel Summit,” BGMEA Vice President Mohammed Nasir said.

However, the BGMEA is considering organizing an exposition at the apparel summit in the next edition if the board of directors agreed, said the leader.
“As an organisation to promote export, we are ready to take any kind of initiative. But do the people of the sector want it?” Bijoy Bhattacharjee, vice chairman of Export Promotion Bureau, said.

“We are helping exporters to take part in the international expo at a discount rate,” he added.

Ways forward

Bringing buyers to expos is a process that may not produce immediate results but could generate momentum over time.

To this end, Bangladesh has to restore the confidence of buyers and ensure their time, investment, and efforts make it worthwhile to join the expo..

Mostafiz, who already successfully arranged eight editions of the Bangladesh Denim Expo, a special international expo dedicated to Denim goods, said: A quality presentation; ensuring the right combination between suppliers and buyers; a congenial atmosphere with modern amenities; and most of all, safety, security and comfort for the visiting buyers–are some of the necessities for an expo

Furthermore, regular marketing, promotion and social media campaigns are crucial for global outreach and creating brand value for an expo. But it is a gradual process and needs to start at ground zero with consistent efforts and perseverance, he added.

Source: dhakatribune.com- July 17, 2018

HOME

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NATIONAL NEWS

Boost for textile sector with import duty on over 50 products doubled

New rates will cover items from fibre to apparels

In a major relief to the domestic textile industry, the government has doubled the import duty on over 50 textile products — from fibre to apparels.

The import duty on apparels such as coat and pants, jackets, and ladies garments, which earlier was 10 per cent, will now be 20 per cent, according to the notification issued by Central Board of Indirect Taxes and Custom.

Similar rates will be applicable to clothes made from jute or paper yarn, different varieties of carpets, laminated fibre and sheets made from fibres, and so on.

On some items, the rates will be 20 per cent or ₹38 per sq metre whichever is higher. According to the board, there have been 45 changes, including in specific and ad valorem rates.

Though nothing has been said about the effective date of the new rates, it is believed that the revised rates will come into effect from the date of gazette notification which is July 16, as changes in indirect taxes come into effect immediately unless specified.

Ajay Sahay, Director General, Federation of Indian Exporters (FIEO), said that such a move will affect trade done on normal tariff line. "However, imports from least developed countries such as Bangladesh are unlikely to be affected," he said.

As per WTO norms, India will not be able to give any further incentive to the textile sector and the government has increased the import duties to encourage domestic manufacturing. This will certainly boost 'Make in India,' experts felt.

Cost advantage

MS Mani, Partner with Deloitte India, said the Customs duty increase on certain finished textile products would lead to a cost advantage for Indian textile manufacturing. "Many foreign companies may now consider manufacturing in India to cater to the domestic demand as well," he added

Imports of textile yarn, fabric, made-up articles grew by 8.58 per cent to $168.64 million in June. However, exports of cotton yarn/ fabrics/made-ups, handloom products and so on grew by 24 per cent to $986.2 million.

Man-made yarn/fabrics/made-ups exports grew 8.45 per cent to $403.4 million. Exports of all textile ready-made garments dipped by 12.3 per cent to $13.5 billion.

Our Coimbatore Bureau adds: The announcement brought cheer to garment exporters in the Tirupur knitwear cluster. Hailing the announcement, Raja M Shanmugham, President, Tirupur Exporters' Association, said the hike in the basic Customs duty on import of 23 knitted garment items and one knitted fabric would help protect the domestic textile industry.

The association has been appealing for swift action in this regard as textile product imports from China, Bangladesh, Vietnam and Cambodia had increased significantly.

He specifically noted that under the South Asian Free Trade Area (SAFTA) agreement, specified garment items imported from Bangladesh were also exempted.

Source: thehindubusinessline.com-July 18, 2018

HOME

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Exploring growth opportunities in Tirupur

ThreadSol, a leading garment technology firm, headquartered in Singapore, organised the first edition of Apparel Tech-Up India in Tirupur, the knitwear capital of India, this month, in association with Mehala Machines.

Tirupur accounts for 90% of India's cotton knitwear export and has driven the textiles industry in India for the past three decades, contributing a huge amount of foreign exchange to the country. Special Industrial Parks have been developed to support the industry, and Nethaji Apparel Park, Tirupur Export Knitwear Industrial Complex, SIDCO Industrial Estate and J.S.Apparel Park are a few that are operational. Nethaji Apparel Park has 53 companies manufacturing knitwear for exports.

Some of the world's largest retailers including C&A, Nike, Walmart, Primark, adidas, Switcher, Polo Ralph Lauren, Diesel, Tommy Hilfiger, M&S, FILA, H&M, and Reebok import textiles and clothing from Tirupur.

The tenth edition of the Apparel Tech Up Series was to explore a range of pivotal subjects set to understand how technology can be an enabler for the Tirupur ready-made garment (RMG) industry to stay cost competitive, in particular, focusing on three fundamental elements: resource optimisation, lowered costs and improved outputs.

The event began with a keynote by T.R. Vijaya Kumar, Managing Director, CBC Group, and General Secretary, Tirupur Exporters Association. Kumar discussed the evolution of the Tirupur garment industry over the year and concluded: “With the rising competition in terms of cost and skill from countries like Bangladesh and Vietnam, it is imperative that Tirupur also adopt technology and automation to stay in the game.”

This was followed by a talk by Anuj George, Country Head – India, ThreadSol. He talked about the current sourcing trends in the apparel market, including fast fashion and ecommerce and consequently the result these trends have on garment manufacturers. He added: “Brands all over the world have two basic requirements from vendors – cost control and decision postponement. These are the attributes of the super vendors. Brands want good cheaper and faster.” The talk was followed by a quick presentation on ThreadSol solutions – intelloCut and intelloBuy by Nawaz Khan, Key Account Manager, ThreadSol.

The last speaker of the event was Sasi Kumar, from Mehala Machines. Mehala is a technology reseller with renowned presence in the Tirupur region. Kumar spoke about the different technology tools available in the market today for complete cutting room automation. The event was concluded with a panel discussion about the acceptance level of technology in Tirupur and the barriers that exist today.

Garment manufacturers formed the majority of the audience and included higher management from CBC, Cotton Blossom, Clifton Exports, Armstrong and Best Corporation to name a few. The introduction of such a platform of discussion was appreciated by all. "Apparel Tech-Up was a great way to network and understand the common problems all of us manufacturers face every day," said Mr Murthy, from AKM India.

ThreadSol was established in 2012 and now has offices in Delhi, Bangalore, Jakarta, Colombo, Istanbul, Ho Chi Minh City and Dhaka. It serves more than 120 customers in 15 geographies. ThreadSol solutions are currently used by manufacturers in India, Sri Lanka, Bangladesh, Pakistan, Vietnam, Thailand, Indonesia, Turkey, Philippines and China.

Source: knittingindustry.com- July 16, 2018

HOME

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20% import duty on Chinese fabric relief for local MMF makers

Power loom weavers and traders in the country's largest man-made fabric (MMF) are elated over central government imposing 20 per cent duty on polyester fabric imported from China and other countries.

In a notification issued by the ministry of finance, department of revenue, on July 16, a range of polyester fabrics imported into the country will attract 20 per cent customs duty as against 10 per cent.

From last one year, the power loom sector has made a series of representation to the textile ministry and the ministry of commerce, Government of India, to impose higher anti-dumping duty on import of under-invoiced polyester fabric from China.

The import of heavily under-invoiced fabric from China had crossed Rs 5,500 crore in last one year. The imported fabrics are heavily under-invoiced and could be worth Rs 10,000 crore.

Industry sources said the government of China provides heavy subsidy to the textiles industry of China, which ultimately reduces the production cost per unit.

President of Pandesara Weavers' Cooperative Society Limited Ashish Gujarati said, "The quality of fabrics imported from China are man-made and of synthetic fibre as cotton is expensive in China compared to India.

This fabric has assumed significance as it has caused irreparable damage to India's small and medium-sized enterprises (SMEs), particularly in Surat. The imported fabrics are heavily under-invoiced and as such it would be worth Rs 8,000 to Rs 10,000 crore."

Gujarati stated that India despite having production capacity has lost production leading to massive unemployment. Import of fabric are taking place at unit price of Rs 5 to Rs 15 per metre. This price is unbelievably low for any kind of fabric as a simple handkerchief (10 handkerchiefs are made out of one square metre) cost more than Rs 5 per piece in the market.

"Following the imposition of 20 per cent duty, the fabrics imported from China will be costlier and traders and weavers will have a competitive edge," Gujarati added.

Secretary of Federation of Surat Textile Traders' Association (FOSTTA) Champalal Bothra said, "In the last few months, the import of fabrics had increased by almost 30 per cent compared to last year.

Post-GST (goods and service tax), the Chinese fabric attracted only 10 per cent duty. Now, the imposition of 20 per cent duty will provide us level-playing field."

Source: timesofindia.com- July 18, 2018

HOME

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Increase in customs duty cheers garment makers

The Union finance ministry's decision to increase basic customs duty on readymade garments to 20% from 10% has brought relief to the garment industry.

The move comes at a time when there has been a sharp spike in garment imports, especially from Bangladesh. Readymade garment imports increased to Rs 4,983 crore in 2017-18 compared to Rs 3,994 crore in 2016-17.

India imported textile and apparel products valued at about $7 billion in 2017-18, a 16% year-on-year increase. The government has increased import duty for products, which account for around 26% ($ 1.8 billion) of total textile imports into India, according to the Confederation of Indian Textile Industry (CITI).

In all, 48 apparel items for which the import duty has increased accounts for nearly 82% ($630 million) of the total apparel imports. "This will definitely prevent apparel imports from China, which is the largest supplier of apparel to India," said Sanjay Jain, chairman, CITI.

Industry officials, however, said that the problem is not yet over. "There is a big issue of imports from Bangladesh where there is full exemption of 'Basic Customs Duty' and hence it is a gateway for Chinese fabric entering India duty free," Jain said.

"This is because no rules of origin are in place for duty free imports from Bangladesh," he said. In 2017-18, imports of apparel from Bangladesh surged 44% y-o-y to $201 million.

"The government can consider imposition of safeguard measures such as 'Rules of Origin' on the countries that have FTAs with India to prevent cheaper fabric produced from countries like China routed through these countries," CITI said.

The Department of Revenue, Ministry of Finance, has increased the basic customs duty to 20% for import of 23 knitted garment items and on one knitted fabric item, which came into effect from July 16.

Textile imports from China, Bangladesh, Vietnam, Cambodia and Sri Lanka have been growing at a robust pace registering a CAGR (compounded annual growth rate) of 17% in the last five years. There has been a continuous rise in imports of textile products, especially after the implementation of GST (Goods and Services Tax) last July.

In the pre-GST era, import of garments from Bangladesh was attracting Rs 77 per piece (where MRP is Rs 999 per piece) in duties and Rs 116/pc (where MRP is Rs 1,500/pc) in the shape of CVD (countervailing duty) plus education cess and thereon.

However, in the post-GST scenario, there was no cost for import of garments from Bangladesh. "Leading retail stores in the country have also started importing garments from Bangladesh and other countries as it is cheaper compared to garments produced here," said Raja M Shanmugham, president, Tirupur Exporters' Association (TEA).

Several industry associations including TEA have been continuously making representations to the government citing the vulnerability of the Indian textile industry and the serious threat to employment caused by imports. TEA also submitted a white paper to union textile minister Smriti Irani providing details on the issue.

The while paper explained how China, by setting up their factories in border countries, is taking advantage of the abundant availability of labour, low wages and customs duty exemption available to these countries in key export markets such as European Union and Canada.

"Bangladesh imports Chinese fabric, converts them into garments using its cheap labour and exports them to India without paying any duties," industry officials said in their representations to the government.

Since import of 'Made in China' fabrics is meant for exports, Bangladesh doesn't impose import duties. Some specified garment items imported into India from Bangladesh is exempted under agreement on South Asian Free Trade Area (SAFTA).

Source: timesofindia.com- July 18, 2018

HOME

****

Centre cracks down on illegal HT cotton

The government has advised states growing cotton but not tea, to disallow the sale of the herbicide glyphosate with a view to curbing the proliferation of unapproved, genetically-modified (GM), herbicide-tolerant (HT) cotton.

The agriculture ministry had called a meeting of state representatives on Tuesday to implement the recommendations of the Field Inspection and Scientific Evaluation Committee (FISEC), which had been set up at the instance of the Prime Minister's Office (PMO) to make an assessment of the scale on which unapproved HT cotton was cultivated and suggest measures to curb it.

FISEC had members from the Indian Council of Agricultural Research, department of biotechnology, the environment ministry, the agriculture ministry, and state agriculture departments. It was chaired by the co-chair of the Genetic Engineering Appraisal Committee (GEAC), the regulatory body for GM crops.

One of the recommendations of the committee was to regulate the use of glyphosate strictly as per the Insecticides Act, 1968.

Under the Act, glyphosate is allowed for use in tea gardens and 'non-cropped areas'. States have been advised to act accordingly, a senior agriculture ministry official who was present at Tuesday's meeting said on a non-attributable basis.

Among the cotton-growing states only Tamil Nadu, which has tea plantations, can allow its crop protection chemical dealers to stock glyphosate, the official said.

But the Crop Care Federation of India said the advice was legally flawed and could be challenged. The Act does not define 'non-cropped areas,' Ajit Kumar, director and leader (technical committee) at Crop Care, said.

Farmers have been using the herbicide on bunds and ridges of fields. According to him, farmers could buy it for use in non-cropped areas and spray it on HT cotton.

FISEC had estimated that 15% of the cotton area in Andhra Pradesh, Telangana, Maharashtra and Gujarat was HT cotton on the basis of 13,361 leaf and seed samples. The incidence was 5% in Punjab. The HT trait purity ranged from 68-100%. The event identified in the HT positive sample was Monsanto's MON88913 and "no other event."

The site inspection team had visited fields in Andhra Pradesh, Telangana, Maharashtra, Gujarat and Punjab. It found that farmers were growing cotton with the unapproved trait for the past one or two years. They were "satisfied" with the technology because it saved the cost of weeding and was, therefore, "cost beneficial." They complained about trait purity but "could not do much" as there was no proof of purchase. Middlemen directly handed over the seed packages to the farmers.

Globally, HT cotton has been grown commercially since 1995. Australia, Canada and the United States are some of the countries that have permitted cultivation of herbicide-tolerant cotton after assessing its "impact on human and environment and concluding no significant impact to the environment or humans," the FISEC report said.

In India, regulated research under contained conditions and confined field trials was conducted in HT cotton between 1998-2000 and 2005-13. When it was on the verge of being authorised for cultivation, Mahyco or Maharashtra Hybrid Seeds Company withdrew its application in August 2016 from GEAC fearing India's flip-flops on the patentability of GM traits would prevent it from enforcing its intellectual property rights.

Currently, there is no approved HT cotton seed. But there is a felt need from farmers owing to the rising cost of manual weeding. This has spurred a large, clandestine trade in unapproved HT cottonseed, which is said to be retailing for more than Rs 1,000 per packet of 450 grams, much more than the controlled price of approved insect-resistant GM-cotton (aka Bt cotton).

FISEC said Mahyco hybrids, which were in the regulatory pipeline and later withdrawn, were not found in any of the field samples indicating that there was no deliberate release of hybrids by Mahyco into the market. But, in May, the Maharashtra government ensured that Mahyco burnt its stock of 58 quintals of HT cottonseed produced in the course of confined field trials.

One of Mahyco's parental lines used for producing hybrids had high genotypic match with three of the parents collected from illegal seed production plots, FISEC said. Further investigation as to how it was available for illegal breeding needed investigation, the committee said.

The 14 illegal hybrids collected from the field fell into two major groups, indicating a very narrow genetic base reflecting organised breeding activity by a couple of companies, FISEC said. The genotyping studies revealed that the spread of HT gene was not due to pollen/gene flow from field trials, as claimed by some. The studies also ruled out smuggling of the seed from countries where HT cotton is approved and cultivated as the genotypes found were native to India.

FISEC had made six immediate, five short-term and four long-term strategies to be implemented by various agencies. Since states have to enforce the action, their participation was very necessary, it said. At Tuesday's meeting, FISEC's report was shared with state representatives and they were told to implement its advice.

FISEC said all HT cotton hybrids and their parental lines must be declared illegal.

All HT cotton seed, including that found on the premises of seed companies, their dealers and retailers must be destroyed immediately so that there was no leakage and use in the 2018 cotton-sowing season.

Labelling requirement of GEAC-approved seeds including their commercial hybrids and varieties must be reinforced. "The identity and denomination of cotton hybrids should remain unchanged in all batches of seeds produced as expressed in the seed packets," FISEC said.

A representative of Telangana said the state had registered cases under the Seed Act, the Environment Protection Act and the Indian Penal Code (Section 420, for cheating) against 19 entities. Notices have been sent to them, he said.

Source: financialexpress.com- July 18, 2018

HOME

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Bangladesh, Vietnam, make up for drop in cotton exports to China, Pak

Pakistan and China slow purchases on higher prices

Amid changing market scenario, Bangladesh, Vietnam and Indonesia are emerging prominent markets for Indian cotton. Traditional buyers such as China and Pakistan have cut down on their purchases.

According to the data shared by the Directorate General of Foreign Trade (DGFT), in 2017-18, India exported 3.92 lakh tonnes (lt) of cotton (with length of 28.5 mm and above but not exceeding 34.5 mm) worth $715 million to Bangladesh, up 12 per cent from 3.50 lt worth $600 million in 2016-17.

Cotton exports from India (Figures in '000 kgs)

Country	2016-17	2017-18	% change	Apr 2018*
Bangladesh	350,488.53	392,709.66	12.05	42,488.59
Vietnam	105,960.96	176,139.41	66.23	14,855.58
Pakistan	146,225.70	147,629.81	0.96	25,969.41
China	154,857.48	69,219.11	-55.30	13,681.70
Indonesia	44,666.69	62,258.16	39.38	7,614.60

Source: DGFT *Latest available data for the current 2018-19 exports

Exports to China, however, fell by 55 per cent between 2016-17 and 2017-18 from 1.54 lt to 69,219 tonnes.

Exports to Pakistan remained almost flat at 1.46 lt in 2016-17 and 1.47 lakh tonnes in 2017-18.

“Bangladesh is now the biggest buyer for India. More than 25 lakh bales (of 170 kg each) have been bought by them till now. According to trade estimates, about 65 lakh bales have been shipped so far this year. But the current rates are not favourable for more exports,” said Shirish Shah of Bhaidas Karsandas & Company in Mumbai.

However, higher prices are hurting exports. “For most of the time last year, Pakistan had banned imports from India. When India wanted to export, we couldn’t but when Pakistan wanted the fibre, they allowed it around March-April.

But cotton exports are again being banned by Pakistan," said Arun Sekhsaria, a Mumbai-based trader.

The current rate of ₹48,300-49,000 per candy (of 356 kg) seems to be high for the trade considering the grim situation in the export market. "Now the prices are not very comfortable. They bought it already. We are very costly now.

The forward contracts are also lack-lustre. For November-December forward contracts are executed for about 5 lakh bales. Uncertainty on the crop and yield is impacting the price scenario," said Shah.

On all-India level, about 40 per cent cotton sowing is yet to take place as rains in most of the regions were delayed.

Source: thehindubusinessline.com- July 18, 2018

HOME

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GST refund still stuck? How to claim it: Date, department, process; all you need to know

The Central Board of Indirect Taxes and Customs (CBIC) has announced another GST refund fortnight programme starting July 16. Like previous two refund fortnight programmes, traders and business, whose refunds are still stuck can visit the refund cells and helpdesks set up by the department and claim it.

"In order to liquidate pendency further, and to handhold/guide the trade for applying for the refund claims in a proper manner, it has been decided to observe another refund fortnight from 16th July, 2018 to 30th July, 2018," CBIC said in a statement.

Earlier, the CBIC had released Rs 4,265 crore IGST refunds and Rs 1,136 crore ITC refunds in the first-fortnight programme and Rs 6,087 crore IGST refunds and Rs 1,548 crore ITC refunds in the second one.

Businesses were facing liquidity issues due to stuck GST refunds. The government said that some of the refunds were stuck due to the incorrect entry in their returns form. "

Dedicated refund cells and helpdesks would be provided for exporters to get their refund claims processed, in each Commissionerate," the CBIC said on Monday. Businesses can find out more about the Commissionerate from the GST official website.

Businesses seeking pending IGST refunds can avail the information provided on ICEGATE. The Goods and Services Tax (GST) was launched on July 1, 2017.

Initially, there were reports of GST refunds worth Rs 20,000 crore pending before the government. The CBIC, however, through these special drives is trying to sanction at the soonest.

Source: financialexpress.com- July 17, 2018

HOME

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India to hold fiber exhibition

Source India 2018, India's largest manmade fiber exhibition, is expected to provide opportunities for Vietnamese textile firms to network and strengthen business relationships, Shri P. Harish, Ambassador of India to Việt Nam, said at a business meeting yesterday in HCM City.

The event, to be held in Surat, India from September 21-23, is expected to attract the participation of around 200 international suppliers of man-made fiber and 200 global buyers in the textile and garment industry, according to India's Synthetic & Rayon Textiles Export Promotion Council.

Exports of cotton, fabric, yarn and other textile materials from India to Việt Nam in 2017 was around US$550 million, Harish said.

He said that Indian textile companies are capable of satisfying Việt Nam's demand for textiles and urged India's export promotion council to increase material exports to Việt Nam.

"This would also meet a strategic objective of Việt Nam to have a more diverse supplier base for the garment industry, so there is no over-reliance on only one or a group of suppliers," he said.

Textile and garment exports from India to Việt Nam totalled US$429 million in 2017, 44 per cent higher than 2016, according to the Indian government. Vietnamese textile and garment exports to India were $178 million in 2017, 42 per cent higher than 2016.

Nguyễn Thị Tuyết Mai, deputy general secretary of the Vietnam Textile & Apparel Association, said that Việt Nam imports a great deal of high quality fiber, materials and technology from India.

She said that arranging a bilateral free trade agreement and setting up a bonded warehouse at Việt Nam for Indian materials would improve trade between India and Việt Nam. In 2017, Việt Nam exported around $31 billion of garments and imported over $19 billion of materials.

Source: vietnamnews.vn- July 18, 2018

HOME

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