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IBTEX No. 252 of 2017 December 18, 2017

USD 64.16 | EUR 75.45 | GBP 85.55 | JPY 0.57

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
18860	39450	**78.20**

Domestic Futures Price (Ex. Gin), December

Rs./Bale	Rs./Candy	USD Cent/lb
19740	41291	**81.85**

International Futures Price

NY ICE USD Cents/lb (March 2018)	75.92
ZCE Cotton: Yuan/MT (Jan 2018)	14,890
ZCE Cotton: USD Cents/lb	**86.86**
Cotlook A Index – Physical	**85.9**

Cotton & currency guide: In the week gone by cotton price surged sharply to end the ICE March future above 76.20 cents per pound. There have been huge gains in the price upon a clear breakout above 75 cents. The other months also settled from unchanged to 77 points higher on last Friday. For the week they settled from 235 points higher to 52 points lower. For comparison to March, in the last 8 weeks net gains range from 321 to 856 points. Overall March has posted a 3 per cent gain and other months have also moved positive by close to 3% each. Broadly as we understand speculators have been pushing prices higher. The weekly CFTC Commitment of Traders Report confirms that the 4th consecutive week of speculators adding net long positions driving prices higher. The trading volumes have been slowly rising while open interest was at 261,667, up 4,528 contracts; the biggest open interest since May 17th.

The effect was clearly visible on the Indian cotton price while domestic factors have also supported price rise. Prices for Shankar-6 new crop have again moved higher to an average of Rs. 39,750 per candy, ex-gin (79.10 US cents per lb at the prevailing exchange rate). Quotes for new crop Punjab J-34 are also firm at Rs. 4,098 per maund (about 77.70 cents per lb).

There has been sharp drop in arrivals on last Friday which was around only 80K bales. The figure was significantly lower as ginners are holding a nationwide strike in protest at new arrangements under the GST scheme. The GST committee is scheduled to meet on December 21 and the Cotton Association of India plans to make representations on behalf of ginners. Further strikes are planned to begin on December 22 if the issue cannot be resolved at the meeting. We believe this would further fuel on the market.

The effect was clearly seen on the futures contracts. The December future settled the week at Rs. 19740 per bale up by Rs. 530 from the previous week's closing price

We believe with the domestic factors supporting cotton price higher and the US cotton rising on a daily basis is making the overall cotton price to trade on a positive tone.

This morning ICE cotton is seen trading at 76.30 cents up by almost half a per cent and the direction still looks positive. From the technical front the key resistance of 76 is breached and possibly the trend may remain upbeat though on daily price chart the market looks slightly overbought. On pricing front we expect ICE March future to trade in the range of 75.60 to 76.80 cents per pound. On the domestic front December future may trade in the range of Rs. 19590 to Rs. 19960 per bale. Also with Indian rupee depreciating today against the USD may keep the market volatile.

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

NEWS CLIPPINGS

INTERNATIONAL NEWS

Business Analysts' Top 10 Economic Predictions for 2018 Show Positive Signs

The global economy will expand 3.2% in 2018, matching the rate of growth achieved in 2017 and marking the first time since 2011 that global growth topped 3 percent, according to an annual forecast released Thursday by business information provider IHS Markit.

"The global economy finally broke through the doldrums in 2017 and the stage is set for continued solid growth in 2018," said Nariman Behravesh, chief economist at IHS Markit. "We expect continuing expansion in the U.S. and emerging markets to offset plateauing in the Eurozone and Japan. While economic risks remain, most are low-level threats to the overall picture for 2018."

The global growth forecast is No. 1 in Behravesh's annual Top 10 Economic Predictions that were also announced Thursday. Here are the rest:

2. Strong economic momentum in the U.S. will carry over into 2018 and IHS Markit forecasts the world's largest economy will grow 2.6% next year, up from 2.3% in 2017 and well above the 1.5% growth in 2016. Economic fundamentals and increasing employment in the U.S. will provide strong tailwinds for consumer spending, capital expenditures and housing, the forecast said.

3. In Europe, 2.4% growth in real gross domestic product outperformed expectations in 2017. Falling unemployment, a competitive euro helping exports and a supportive policy backdrop lead IHS Markit to forecast still solid 2.2% European growth in 2018. Non-performing loans in Italy and Spain and the risk of a "hard" Brexit are among threats to continued economic expansion in Europe. Economic growth in the U.K is expected to slow to 1.1% in 2018, from 1.5% for 2017.

4. IHS Markit predicts the price of Brent crude oil will average $56 in 2018, and with little upward pressure from oil, other commodity prices are likely to be range-bound, but volatile. Geopolitical risks could change the landscape, but continued strength in U.S. crude production teamed with lower demand from China should keep a cap on prices.

5. The economic growth rate in China will continue to decelerate from 6.8% in 2017 to 6.5% in 2018, primarily due to the fundamental problems of excess industrial capacity, debt overhang and a glut in housing.

6. Japan's economy will begin to level off after seven quarters of growth. Continued growth in Japanese exports, resilient domestic demand and infrastructure investment ahead of the 2020 Olympic Games contribute to the IHS Markit forecast of 1.2% growth in 2018.

7. Economic growth in emerging markets will improve from 4.7% in 2017 to 4.9% in 2018. In the IHS Markit forecast, emerging economies in Asia Pacific and Latin America will outperform "Emerging Europe" and Sub-Saharan Africa.

8. Inflation will remain below the 2 percent target of central banks.

9. The U.S. Federal Reserve will raise interest rates at least three times in 2018, IHS Markit predicts. Even more rate increases could take place if economic growth and unemployment trends couple with the passage of a large tax cut.

10, The risk of recession remains low. IHS Markit calls the risk of trade friction "uncomfortably high," but forecasts a low chance of a significant trade war. Global expansion is currently strong and synchronized, so derailing global growth would require a large shock or black swan event.

Source: sourcingjournalonline.com- Dec 15, 2017

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Strong exports, consumption fuel growth in Asia: ADB

Economic expansion in developing Asia will accelerate to 6 per cent in 2017 as stronger than expected exports and domestic consumption fuel growth, the Asian Development Bank (ADB) forecasts. Excluding Asia's newly industrialised economies, growth is now expected at 6.5 per cent this year, according to a new ADB report.

In a supplement to its Asian Development Outlook Update 2017 report, ADB upgraded its 2017 growth domestic product (GDP) outlook in the region by 0.1 percentage points compared to its September 2017 forecast, while its 2018 forecast remained unchanged at 5.8 per cent, according to an ADB press release.

"Developing Asia's growth momentum, supported by recovering exports, demonstrates that openness to trade remains an essential component of inclusive economic development," said Yasuyuki Sawada, ADB's chief economist.

South Asia will stay the fastest growing of all sub-regions in Asia and the Pacific, despite a downward revision from previous projections from 6.7 per cent to 6.5 per cent in 2017, and is expected to pick up to 7 per cent in 2018. GDP growth in India was revised down to 6.7 per cent in 2017 and 7.3 per cent in 2018.

Combined growth for the major industrial economies was revised upward to 2.2 per cent for 2017 and 2 per cent for 2018 due to robust domestic demand in the euro area, and in Japan due to private investment and net exports. Growth projections for the United States remain unchanged at 2.2 per cent in 2017 and 2.4 per cent in 2018.

By sub-region, growth for East Asia was revised upward to 6.2 per cent in 2017 from 6 per cent, while 2018 projections of 5.8 per cent remain unchanged. Growth prospects in China were revised up on resilient consumption and are now expected to expand by 6.8 per cent in 2017 and 6.4 per cent in 2018.

Growth for Southeast Asia is picking up faster than earlier forecast with GDP set to expand by 5.2 per cent in 2017 and 2018, compared to September 2017 forecasts of 5 per cent and 5.1 per cent. The sub-region is benefiting from stronger investments and exports and robust domestic demand, particularly private consumption and investment, will continue to support growth in the sub-region, said the report.

Growth in Central Asia is expected to reach 3.6per cent in 2017 compared to the 3.3 per cent earlier projected. The 2018 forecasts for the region stay unchanged at 3.9 per cent.

Source: fibre2fashion.com- Dec 16, 2017

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Global trade and anti-dumping

Global trade's importance can hardly be overemphasised. After the ravages of the Second World War, a new architecture for world trade was erected. The General Agreement on Tariffs and Trade (GATT) was the centrepiece of these new trade arrangements. Developed countries lowered their tariffs. The emerging markets, especially Japan and Taiwan, took full advantage of this and were recently followed by China, Malaysia, Vietnam and Thailand.

No country in post-World War history has grown by 7 per cent or more without its export growing by 10 per cent. But like all good things unfettered trade may sometimes harm countries, especially those dependent on commodity exports or one or two product lines. The World Trade Organization (WTO), which was a successor institution of the GATT, recognised this principle.

As one of the exceptions to the general objectives of the WTO, Anti-dumping Agreement (AD Agreement) provides for the right of the contracting members to apply anti-dumping measures to safeguard their domestic industry against the dumping and its injurious effect.

The broad principles enunciated under the framework of the AD Agreement are that no country shall export a commodity to another WTO member country at a price that is lower than the price at which like commodity is traded in the ordinary course of business in the exporting country. In other words, an export sale of a commodity at a price lower than the normal value (the price at which like goods are ordinarily sold) prevailing in the exporting country is construed as dumping. On the contrary, if such export sales are affected, the country of export or an exporter from such exporting country is said to have been engaged in dumping.

However, the AD Agreement provides that dumping is not actionable per se. A country can exercise trade remedial action against dumping only if dumping is causing injury or threat of injury to its domestic industry and it is factually established that injury has been actually caused due to dumping. The purpose of the trade remedy action against dumping is to provide a level playing field to the domestic industry by imposing additional duty against an unfair competition created by dumped imports.

Therefore, the WTO AD Agreement disciplines the member countries as to how they can or cannot react to dumping.

Member countries, however, adopted a different set of anti-dumping laws which allowed them considerable amount of flexibility and subjectivity to determine the quantum of injury and therefore the appropriate rate of dumping to be applied. Disputes arising due to imposition of unfair anti-dumping duties are resolved either through mutual consultation or through the mechanism of the dispute settlement body of the WTO. India has been one of the countries which have tended to use the antidumping instrument in a number of cases not always successfully.

The main principle which is followed in any anti-dumping investigation conducted by affected countries involves the construction of what is termed as the “non-injurious price”. To do this the authorities call for costing information from the complainant and undertakes detailed analysis of relevant factors such as best utilisation of raw materials, utilities, production capacities, propriety of expenses/cost charged to production of commodity, extraordinary or nonrecurring expenses, apportionment of depreciation, allocation of direct expenses, apportionment of common overheads and other administrative and general expenses.

In order to disprove the assertion that dumping has harmed the importing economy, producers/exporters have an uphill task of convincing the custom authorities. In this task collation of data becomes important. They need to demonstrate that the export price is higher than the price at which they themselves sell the same products in their own domestic market.

It is seen commonly that many of the producers/exporters are unable to satisfy the investigating officials of the importing economy about levying either a nil or lower anti-dumping rate. This allows the authority to compute the anti-dumping duty based on the cost data provided by the complainant and in the manner they think appropriate.

To sum up member countries of the WTO have the responsibility to exercise restraint in invoking the anti-dumping provisions. Unfairly invoked duties can unleash a trade war and diminish growth in the world economy. Genuine competitive disadvantages should not be masked by the cloak of anti-dumping duties. These should be used in the rarest of rare cases and should be the exception rather than the rules.

Source: business-standard.com- Dec 18, 2017

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Bangladesh calls for Indian investment to boost garment production businesses

Bangladesh has called for investments from Indian entrepreneurs to give a boost to its growing readymade garment manufacturing sector.

"It is an opportunity waiting to be tapped. While Indian entrepreneurs can gain out of their investment in the sector in Bangladesh, more number of our workers can have employment there. It's a win-win situation for both," President, Rangpur Chamber of Commerce and Industry (RCCI) Mostofa Sohrab Chowdhury told ET at Siliguri. RCCI is one of the largest Business and trade community platforms of Bangladesh.

According to World Trade Statistical Review 2017 of WTO, while global clothing products market has gone down to $444 billion in 2016 from $450 billion in 2015, Bangladesh could have increased its share in global apparel export up to 6.4% from 5.9% during the period to maintain its second position in the sector. But share of China, the undisputed first, had gone down from 39.3% to 36.4% while the other close competitors Vietnam, India, Turkey and Combodia recorded share of 5.5%, 4%, 3.4% and 1.4% respectively.

As Director of RCCI, Debabrata Sarkar explained, China's market share loss is a major vacuum that could not be taken up by any other major player and remained untapped. With its huge expertise in the sector and available efficient manpower, Bangladesh can utilize this with proper investment inflow. "There lies the opportunity for Indian investors," said Sarkar.

Indian entrepreneurs also found the prospect as bright. "With friendly political and commercial environment, over 4000 km common boundary and well set immigration as well as communication facility, Bangladesh is definitely a favourrable land for Indian entrepreneurs. Quite similar social environment between the two countries is another positive factor. Garment sector there is definitely a worth exploring arena for us. We have definite plan to verify the opportunities," said Rajiv Lochan, Chairman, Confederation of Indian Industries, North Bengal Chapter.

Source: economictimes.com- Dec 16, 2017

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Pakistan: Trade show promotes Pak products in Canada

Pakistan has a strong industrial base of products, which are exported globally as well as in growing volume into Canada, said Tariq Azim Khan, High Commissioner of Pakistan, while visiting Trade Show and cultural event, organised by Pakistan Canada Business Chamber (PCBC) in coordination with the Consulate General of Pakistan, Montreal, at Crowne Plaza Hotel, Montreal.

In order to give a boost to its exports by showcasing Pakistani niche products the trade show was organized at a large scale in which 32 companies, representing goods and services, exhibited their products including textiles, carpets, surgical instruments, handicrafts, sporting goods, leather, jewellery, food and basmati rice etc. Three restaurants entertained the visitors with Pakistani cuisine.

High Commissioner, accompanied by Muhammad Aamer, Consul General of Pakistan in Montreal, and PCBC directors visited all booths. A large number of businesses as well as the general public visited the booths and highly appreciated the fine quality of Pakistani products. Later, a seminar was organized by PCBC to educate the Pakistani exhibitors about the import laws and regulations and certifications required for entry of their products into the Canadian market.

The visitors highly appreciated the initiative taken by PCBC for promotion of Pakistani products that will deepen the trade ties between Pakistan and Canada. High Commissioner said that Pakistan's economy is growing at over 5% rate and coupled with friendly investment policies, it is expected to become the 20th biggest economy of the world by2030.

He noted that during the last two years bilateral trade volume between the two countries has doubled.

To showcase the high quality of Pakistani textiles, a fashion show was presented by Ali Xeeshan, a famous Pakistani fashion designer, and Ms Maleeha Malik, a Pakistani canadian fashion designer. The audience highly appreciated the high quality and elegance of Pakistani bridal and semiformal garments. Pakistani pop, folksinger,

Abrar-ul-Haq performed live to entertain large audience with his hits songs.

Ms. Emmanuella Lambropoulos, Member of Canadian Parliament, Mayors of St. Laurent and Lasalle, Canadian officials, diplomats and a large number of Pakistani diaspora also attended the event.

Source: nation.com.com.pk- Dec 17, 2017

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EU parliament resolution calls for Cambodia sanctions

Following the ongoing crackdown in Cambodia on the opposition and civil society, the European Union Parliament has passed a resolution calling for imposition of visa restrictions on Cambodian officials and freezing their assets, and reviewing the Everything But Arms (EBA) agreement's human rights clauses for a potential temporary suspension.

After highlighting their concerns over the prevailing political situation in the country, EU parliamentarians urged the European Commission to review Cambodia's obligations under conventions in Article 19 of the EBA regulation and withdraw tariff concessions if the country is acting in violation of its obligation, according to Cambodian media reports.

The EBA covers Cambodian garments as well. This is the fifth resolution on Cambodia adopted by the European Parliament in its legislative term since 2014.

European Commission representative Karmenu Vella said the European External Action Service (EEAS) and the commission are monitoring the situation and checking whether conditions were fulfilled for a potential temporary withdrawal.

The United States has already imposed visa restrictions on officials involved in undermining democracy, and both the EU and US have withdrawn funding for the National Election Committee in Cambodia.

Source: fibre2fashion.com - Dec 16, 2017

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Dhaka to host global summit on textile industry in Feb

The Bangladesh Apparel Exchange (BAE) will organise the first ever Bangladesh Fashionology Summit in Dhaka on February 12 to bridge the gap between the present and the future of the textile and fashion industry.

Global brands, garment makers, technology companies, fabric producers and software service providers will participate in the day-long event.

BAE wants to bring together inspiring and innovative thinkers and companies from across the globe to initiate the much-needed conversation around technology, digitalisation and innovation in the country's apparel and fashion industry, Bangladesh media reports quoted BAE founder-CEO Mostafiz Uddin as saying.

The event will also discuss automation, robotics, cobots for apparel industry to latest radio frequency identification controlled digital shop-floor control systems, virtual photorealistic simulation for apparel prototyping and product development to cyber security.

Source: fibre2fashion.com- Dec 18, 2017

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Australian wool production to lift a little in 2017-18

The Australian Wool Production Forecasting Committee (AWPFC) has revised its forecast of shorn wool production for the 2017-18 season upwards to 345 million kilograms greasy, a 1.4 per cent increase on its final estimate of 340 mkg for the 2016-17 season. This reflects an increase in the number of sheep shorn as producers respond to the high wool prices.

"Seasonal conditions in the major sheep producing areas across Australia were very mixed through winter and into spring. Large areas of New South Wales, Queensland, Western Australia and parts of Victoria, South Australia and Tasmania experienced very dry conditions from July to

September. Western Australia, in particular, is being affected after the exceptional season in 2016-17.

Despite this, spring shearing in New South Wales and Queensland has benefited from the good seasonal conditions seen for at least part of 2016-17, resulting in good fleece weights to date. Fleece weights could pull back as the season progresses," said AWPFC chairman Russell Pattinson.

"Other regions have seen excellent conditions, notably in the western half of Victoria and the south-east of South Australia. Fleece weights in these regions have been good and are likely to increase in these states as a result.
"The high and rising wool prices have encouraged producers to shear their sheep and deliver as quickly as possible into the market. In some cases, producers are reported to be shearing earlier than usual to take advantage of these high prices. This has boosted the volume of wool tested and wool being offered at auction in the first five months of the season," Pattinson added.

The weight of wool tested by Australian Wool Testing Authority (AWTA) in the first five months of 2017-18 is up by 5 per cent, but AWPFC expects that wool volumes will slow in the second half of the season, partly because some clips that are usually delivered in the second half of the season have already been sold.

By state, AWPFC predicts that shorn wool production will increase in New South Wales, Victoria, South Australia and Tasmania in 2017-18. In contrast, shorn wool production in Western Australia and Queensland is expected to fall, with production in Western Australia dropping most.

For the 2017/18 season to November, the AWTA test data showed a significant decline in the weight of wool tested of 16.5 microns and finer. There has also been a decline in 21 micron wool and wool between 24 and 26 micron. Wool volumes have increased for other micron ranges, with substantial percentage increases for wool broader than 28.5 micron.

The average mean fibre diameter for the season to November was 20.8 micron, up by 0.1 micron. The average staple length has fallen by 1.7 mm in the first five months to 88.4 mm, with all states except for Tasmania recording shorter staple length.

Source: fibre2fashion.com- Dec 16, 2017

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Uzbekistan reforms its cotton, textile industry

A new scheme for selling cotton to textile enterprises will appear in Uzbekistan starting from next year.

The corresponding decree was signed by Uzbek President Shavkat Mirziyoyev, podrobno.uz reported.

“Starting with the harvest of raw cotton in 2018, as an experiment, the system of ordering and advancing the production of raw cotton directly from farms and other agricultural producers by domestic textile enterprises will be introduced,” the presidential decree said.

Over the years, enterprises purchased raw materials from the monopoly supplier Uzpahtasanoatexport.

According to the new order, textile enterprises will finance the basic costs of farming to grow raw cotton by advancing at least 60 percent of the contract’s value. All delivered raw cotton should be used only for further deep processing and production of finished competitive products, the document noted.

The price for raw cotton purchased by enterprises will be established on a contractual basis based on an analysis of actual costs and profitability of farms. At the same time, it should not be lower than the cost of cotton purchased for state needs. Therefore, the president instructed the government to establish government procurement prices for the “white gold” harvest of 2018 until January 15, 2018.

Enterprises of the textile industry sell cotton seeds to fat-and-oil enterprises, additional products -- to other consumers through exchange trades. This year Uzbekistan collected more than 2.9 million tons of raw cotton. President of Uzbekistan Shavkat Mirziyoyev also signed a decree on liquidation of the Uzbekengilsanoat joint-stock company.

Thus, the head of state supported the proposal of the textile industry enterprises, the shareholders of the Uzbekengilsanoat JSC and a number of other departments on the establishment of the Uztekstilprom Association. At the same time Uzbekengilsanoat JSC, which combined state regulatory and economic functions, is liquidated.

As indicated in the document, the current system of management of the industry does not meet the current trends in the development of the textile industry and is not capable of supporting producers.

Uzbekengilsanoat includes 436 enterprises, which makes up only 6 percent of their total number. The activities of this society basically comes down to collecting statistics, holding various meetings, organizing exhibitions. Its organizational form also does not correspond to the legal status of the joint-stock company.

The experience of foreign countries has shown that one of the most effective forms of development of the textile industry is the creation of clusters. This model implies the organization of a single production cycle, which includes the cultivation of raw cotton, primary processing, further processing at cotton ginning enterprises and the production of final textile products with high added value.

Proceeding from this, the special Working Commission was entrusted to develop a draft Concept of development of cotton-textile clusters for the medium-term perspective, taking into account the results of the organization of similar clusters in the Bukhara and Navoi regions.

Along with this decree, measures to support textile industry enterprises, including the provision of privileges for customs payments are envisaged.
For the first time, an advisory body, the Council of the enterprises of the textile and apparel and knitted industries, will appear in the structure of organization. It is interesting that all enterprises included in the association will be obliged to export products with the unified marking Uztextile.

The president also provided members of the Uztekstilprom Association with a number of privileges and preferences. Among them are exemption from payment of customs fees for imported cotton, artificial and synthetic fiber, wool, raw materials and other materials necessary for the production of textile products until January 1, 2021.

Currently, Uzbekistan is the world's sixth-largest cotton producer among 90 cotton-growing countries. The country exports cotton mainly to China, Bangladesh, Korea and Russia.

Uzbekistan is expected to achieve full processing of cotton fiber in 2021. By 2020, the capacity of local enterprises will ensure the full processing of cotton produced in Uzbekistan, which can lead to a significant decrease in the export supplies of this crop. Only in 2017, the country intends to bring internal processing of cotton fiber to 70 percent.

At the same time, by 2021 the production of textile and clothing and knitted products will increase by 2.2 times compared to 2016, including ready-made fabrics - 2.7 times, knitted fabrics - 3 times, knitted goods – 3.4 times, hosiery – 3.7 times. It is planned to increase the export of products by 2 times.

One of the policy priorities of Uzbekistan, the world's fifth-largest cotton exporter, is further development of its textile industry. Annually, the country grows about 3.5 million tons of raw cotton, produces 1.1 million tons of cotton fiber.

Uzbekistan takes consistent steps to increase the volume of cotton fiber processing. In particular, it is planned to create 112 modern, high-tech industrial factories, expand, modernize and technologically upgrade 20 operating capacities. All this will increase the export potential of the industry up to $2.5 billion a year and create more than 25,000 jobs.

In the period 2010-2014, the textile industry of Uzbekistan received and spent foreign investments worth $785 million while 147 new textile enterprises with participation of investors from Germany, Switzerland, Japan, South Korea, the U.S., Turkey and other countries were commissioned. Export potential of these enterprises amounted to $670 millions.

Currently, Uzbekistan continues to attract foreign investments for construction of textile enterprises in the country.

Source: azernews.az- Dec 15, 2017

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Mozambique wants to lead in Better Cotton

Mozambique has a goal of becoming the first country in the world to produce 100 per cent Better Cotton.

The country is working with the Better Cotton Initiative (BCI) to take its domestic cotton sector to the next level with additional economic and environmental efforts. BCI's presence provides a host of benefits for Mozambique's cotton sector—including providing cotton producers access to new markets, collaborating with local cotton organizations for optimal production and upgrading concession holders' extension services for farmers.

Mozambique is a cotton production hub. Cotton remains a crucial industry to Mozambique—contributing to roughly one-fifth of the nation's agricultural exports.

With BCI, Mozambique's cotton producers can establish new market relationships that reduce price volatility risk. Additionally, BCI will enable cotton producers, local cotton organizations and international bodies to work together on minimizing the cotton sector's carbon footprint.

BCI also has a capacity building program in Mozambique that monitors the nation's cotton supply chain. Rather than check cotton compliance standards through licensing, BCI invests in capacity building by upgrading concession holders' extension services and providing farmers with training to meet the Better Cotton standard.

National associations, government bodies and cotton companies will also receive training on BCI's Better Cotton system, so they may apply more sustainable cotton practices on a national scale.

Source: fashionatingworld.com- Dec 16, 2017

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Vietnam textile industry facing challenges brought by automation

Vietnam textile and garment industry facing a great challenge in meeting the requirements of productivity, quality and fashion trends as the yarn, fabric and dyeing sectors need some 300-400 engineers every year, while universities supply only around 30, according to experts.

Hoàng Xuân Hiệp, principal of the Hà Nội Industrial Garment and Textile University said that trained workers only account for around 25 percent of the workers in the sector. There is a training shortfall.

For instance, 11 schools in HCM City offer training in textile and garment-related skills and produce 1,900 graduates a year, but demand in the city runs into several thousands.

The remaining 75 percent of workers in the sector are not trained or are trained for less than three months.

Fashion designers are not capable of designing and overseeing production on a large scale they are trained mostly in small-scale production.

The Party Central Committee's Economic Commission said that the fourth industrial revolution, which is ushering in automation, is reducing the need for manual labour in the textile industry.

As a result, 86 percent of garment and footwear workers are expected to be affected by the labour-replacement process in Vietnam.

The annual demand for workers is expected to rise to 60,000 by 2025.

But the demand for unskilled labour will be only around 50 percent of that, with workers with intermediate- and college-level training and technical training accounting for the rest.

On the other hand, the demand for skilled engineers is increasing, according to the World Bank. Vietnam should focus on developing modern skills for its young people, the bank added.

As per experts, it would be essential to train workers to modernize production in the country.

In countries adapting more slowly to the technological changes, the labour-replacement process would also be slower.

Source: yarnsandfibers.com- Dec 17, 2017

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NATIONAL NEWS

TEXPROCIL celebrates its member exporters at the Annual Awards presentation

The Cotton Textiles Export Promotion Council popularly known as TEXPROCIL celebrated the achievement of its member exporters at a glittering awards function at Hotel Sahara Star on 14th December 2017.

The Hon'ble Minister of Textiles and Information & Broadcasting, Smriti Zubin Irani was unable to come to the event but in a gracious video message to the industry she complimented the award winners to keep up the good work in the sector. In the Minister's absence, the Textiles Commissioner, Dr. Kavita Gupta graciously accepted to be the Chief Guest at the function.

The event was inaugurated with lighting of traditional lamp by Dr. Kavita Gupta, Textiles Commissioner along with the Chairman of Texprocil Ujwal Lahoti and the Vice Chairman, Dr. K V Srinivasan.

Ujwal Lahoti, Chairman, Texprocil in his opening remarks congratulated all the award winners for facing the challenges of a slow global demand and intense price pressures to emerge leaders in their respective line of businesses during the year 2016-17.

In his speech, the Chairman complimented the Hon'ble Minister of Textiles and Information & Broadcasting, Smriti Zubin Irani for her untiring efforts in conducting extensive consultations with all the stakeholders from time to time to understand the issues faced by the textiles industry.

He said that she was instrumental in the inclusion of Made ups under the ROSL Scheme which was originally introduced to cover only readymade garments and also thanked her for keeping the entire cotton textiles sector at the GST rate of 5 percent and for reducing the GST rate on job work in the textile sector to 5 percent.

Shri Lahoti mentioned that the Government recently increased the ROSL rate for cotton Made ups from 1.55 percent to 2.20 percent and also the entitlement of the duty credit scrips on export of Made ups from 2 percent to 4 percent under the MEIS.

These measures will enable Made ups exporters to partially overcome the disadvantage which they are facing in leading markets like the EU and the US as compared to products from some of the competing nations which enjoy zero duty access, he added.

He also said that the GST will certainly lead to growth of the textile sector in the days to come by improving the competitiveness of the textiles sector by bringing down costs which is the primary objective of this landmark indirect taxation regime. However he added that delays in GST refunds are leading to serious working capital and financial problems for many of the textiles units in addition to the procedural & compliance issues faced by them.

Lahoti stated that Cotton Yarn was one single product for which there were no benefits under the Foreign Trade Policy 2015-20. He urged the government to include Cotton yarn under the MEIS and 3 percent Interest Equalization Scheme. He said that it will give the necessary boost to the Cotton spinning sector and ensure its survival and sustenance.

Concluding his speech, the Chairman also urged the government to get fabrics included under the ROSL scheme and also to increase the MEIS from 2 percent to 4 percent rate at par with Made ups as the weaving sector is labour intensive and can create additional employment opportunities.

In her address to the textile industry, the Chief Guest at the function Dr. Kavita Gupta lauded the efforts and performance of the exporters as well as the winners of the prestigious Texprocil Awards.

She encouraged the industry to align their growth with more innovation as it was the key to increase exports. She stressed the fact that the industry should focus on technical textiles as it still remained a vastly unexplored segment in the textile sector.

She added that the government's support through various schemes like the recent increase in MEIS should spur the industry to spiral towards healthy growth.

Dr Gupta also mentioned that India should occupy the relative space that is being vacated by China as that is one opportunity that India should not let go.

She mentioned that along with exports the industry should also look at signing MoUs with intra segments like the signing of MoU between PDEXCIL and CMAI in the Textiles India Show held at Gandhinagar in July 2017, where fabrics from the power loom sector will be used for making garments by the CMAI members.

She concluded by saying that the government is always there to back and support the industry but it finally depends on each company within the industry to grow by supporting each other thereby scaling greater heights in the exports sector.

Dr. Kavita Gupta later distributed the awards for excellence in exports of yarns, fabrics and home textiles. The coveted highest global exports platinum trophy was presented to Welspun Global Brands Ltd. Other recipients of the Awards included Vardhman Textiles, Trident Ltd., Alok Industries, Arvind Ltd, Loyal Textiles, Premier Mills, Lahoti Overseas among others.

Dr. K V Srinivasan, Vice Chairman of Texprocil then proposed a Vote of Thanks.

Source: aninews.in- Dec 15, 2017

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Exports jump 30.5% in November 2017

Trade deficit rise 3.2% to US$ 13.83 billion in November 2017

India's merchandise exports surged 30.5% to US$ 26.20 billion in November 2017 over a year ago.

Meanwhile, merchandise imports increased 19.6% to US$ 40.02 billion. The trade deficit rose 3.2% to US$ 13.83 billion in November 2017 from US$ 13.01 billion in November 2016.

Oil imports moved up 39.1% to US$ 9.55 billion, while the non-oil imports also surged 14.6% to US$ 30.47 billion in November 2017 over November 2016. The share of oil imports in total imports was 23.9% in November 2017, compared with 20.7% in November 2016. India's basket of crude oil galloped 37.9% to US$ 61.32 per barrel in November 2017 over November 2016.

Among the non-oil imports, the major contributors to the overall rise in imports were pearls, precious & semi-precious stones imports rising 85.8% to US$ 2.92 billion, electronic goods 25.0% to US$ 4.37 billion, coal, coke & briquettes etc 51.8% to US$ 2.00 billion, organic & inorganic chemicals 49.1% to US$ 1.80 billion, electrical & non-electrical machinery 23.2% to US$ 2.70 billion, non-ferrous metals 42.8% to US$ 1.14 billion and iron & steel 35.8% to US$ 1.26 billion.

The imports also improved for metaliferrous ores & other minerals by 50.2% to US$ 0.85 billion, artificial resins, plastic materials etc 18.2% to US$ 1.15 billion, medicinal & pharmaceutical products 32.9% to US$ 0.51 billion, chemical material & products 24.5% to US$ 0.57 billion, professional instrument, optical goods etc 31.5% to US$ 0.40 billion and wood & wood products 16.0% to US$ 0.51 billion.

However, the imports have declined for gold by 26.0% to US$ 3.27 billion, pulses 37.7% to US$ 0.38 billion, transport equipment 8.4% to US$ 1.93 billion and project goods 46.4% to US$ 0.11 billion in November 2017.

On exports front, the engineering goods recorded an increase in exports by 43.8% to US$ 7.18 billion, followed by petroleum products 47.7% to US$ 3.59 billion, gems & jewellery 32.7% to US$ 3.36 billion, organic &

inorganic chemicals 54.3% to US$ 1.65 billion, marine products 32.2% to US$ 0.75 billion, and plastic & linoleum 40.9% to US$ 0.61 billion.

The exports also moved up for drugs & pharmaceuticals by 13.4% to US$ 1.44 billion, rice 44.7% to US$ 0.51 billion and electronic goods 26.1% to US$ 0.58 billion in November 2017.

Further, the exports has improved for cotton yarn/fabrics/made-ups, handloom products etc by 15.4% to US$ 0.88 billion, man-made yarn/fabrics/made-ups etc 28.0% to US$ 0.38 billion, spices 31.3% to US$ 0.24 billion and oil seeds 39.9% to US$ 0.18 billion in November 2017.

The exports also moved up for meat, dairy & poultry products by 10.0% to US$ 0.52 billion, mica, coal & other ores, minerals including processed minerals 14.1% to US$ 0.29 billion, and leather & leather products 1.0% to US$ 0.42 billion, while it declined for fruits & vegetables by 9.5% to US$ 0.18 billion, and RMG of all textiles 10.0% to US$ 1.04 billion in November 2017.

Merchandise exports in rupees increased 25.2% to Rs 169913 crore, while imports moved up 14.7% to Rs 259612 crore in November 2017 over November 2016. The trade deficit rose to Rs 89700 crore in November 2017 compared with Rs 87973 crore in November 2016.

India's merchandise exports increased 10.1% to US$ 170.29 billion, while merchandise imports surged 22.3% to US$ 256.43 billion in April-November 2017. An increase in imports was driven by a 20.6% jump in oil imports to US$ 56.25 billion.

India's merchandise trade deficit galloped to US$ -86.15 billion in April-November 2017 from US$ -54.91 billion in April-November 2016.

Source: business-standard.com- Dec 16, 2017

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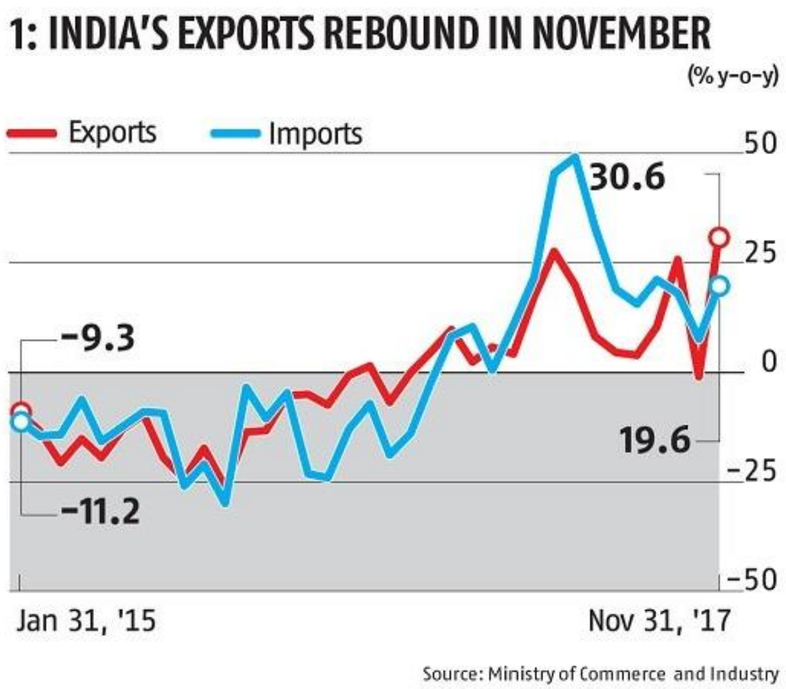
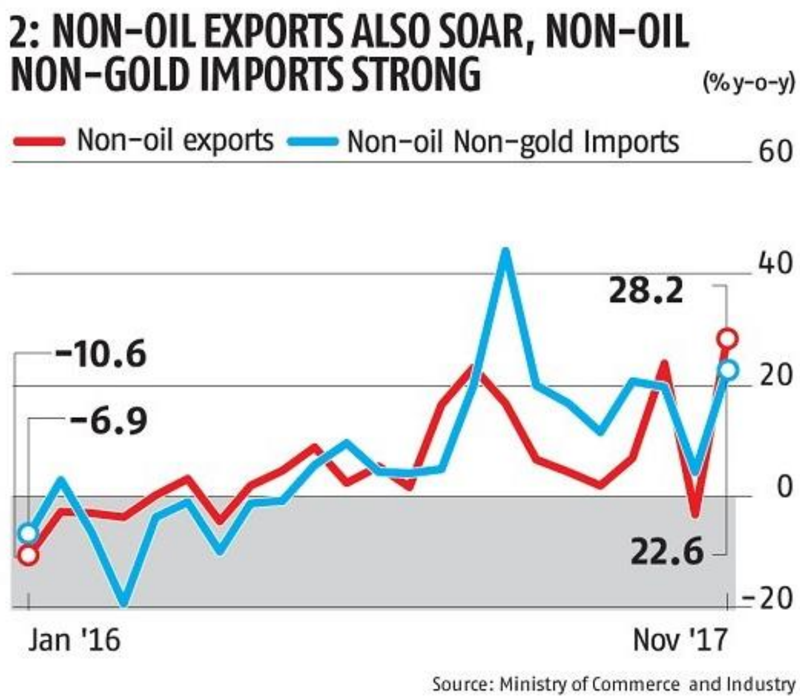
Statsguru: Exports rebound

The trade deficit for November is pegged at $13.82 billion



After contracting by 1.1 per cent in October, India's merchandise exports grew by a staggering 30.6 per cent in November, showed the latest data from the Ministry of Commerce and Industry (Chart 1). Excluding oil, exports grew at a robust 28.2 per cent (Chart 2). Over the entire April-November period in FY18, exports grew at a healthy 12 per cent.



Imports also registered a strong performance, growing by 19.6 per cent in November.

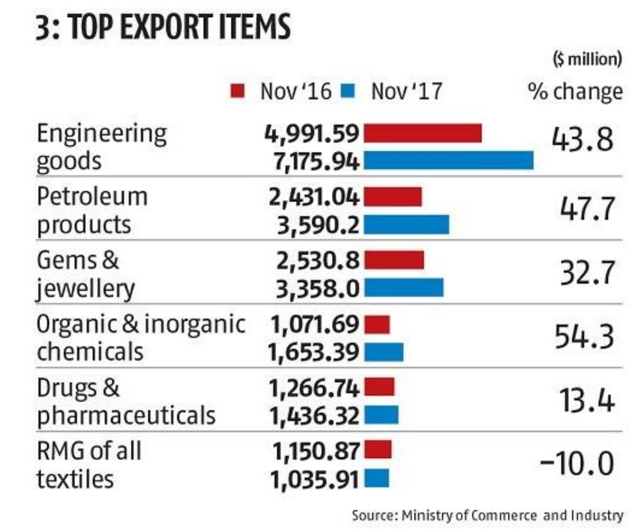
Excluding oil and gold, imports were up 22.6 per cent, suggesting strong domestic demand.

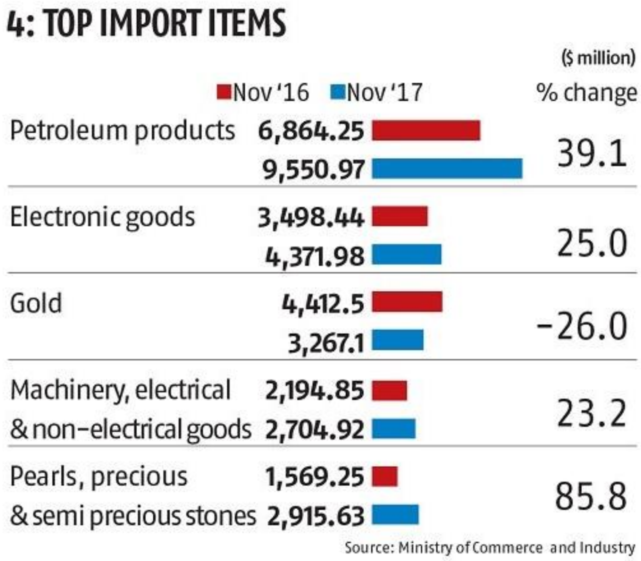
As shown in Chart 3, the top export items in November were engineering goods followed by petroleum products, gems and jewellery, organic and inorganic chemicals, pharmaceuticals, and textiles. On the other hand, the top import items were petroleum products, electronic goods, gold, machinery, electrical and non-electrical products, and pearl, precious and semi-precious stones (Chart 4).

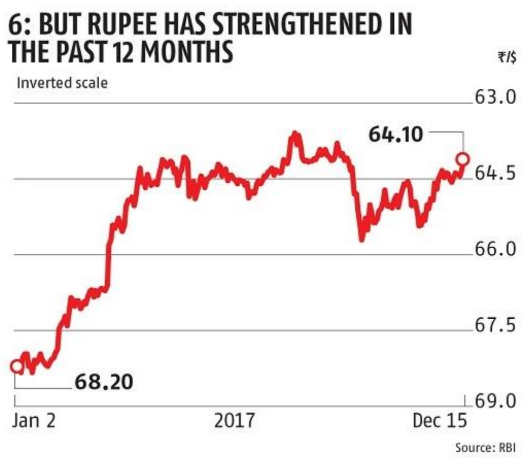
Based on these numbers, the trade deficit for November is pegged at $13.82 billion, which is only slightly lower than the 35-month high of $14 billion recorded in the previous month.

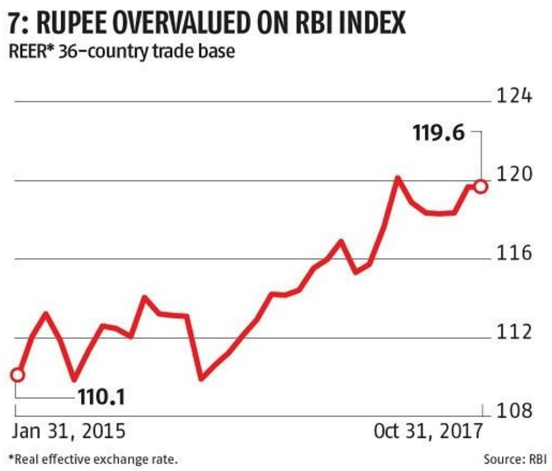
This recent spurt in exports, the contraction in the previous month notwithstanding, comes at a time when the rupee has strengthened against the dollar (Chart 6).

As shown in Chart 7, on the Reserve Bank of India's (RBI) index too, the rupee continues to remain overvalued.

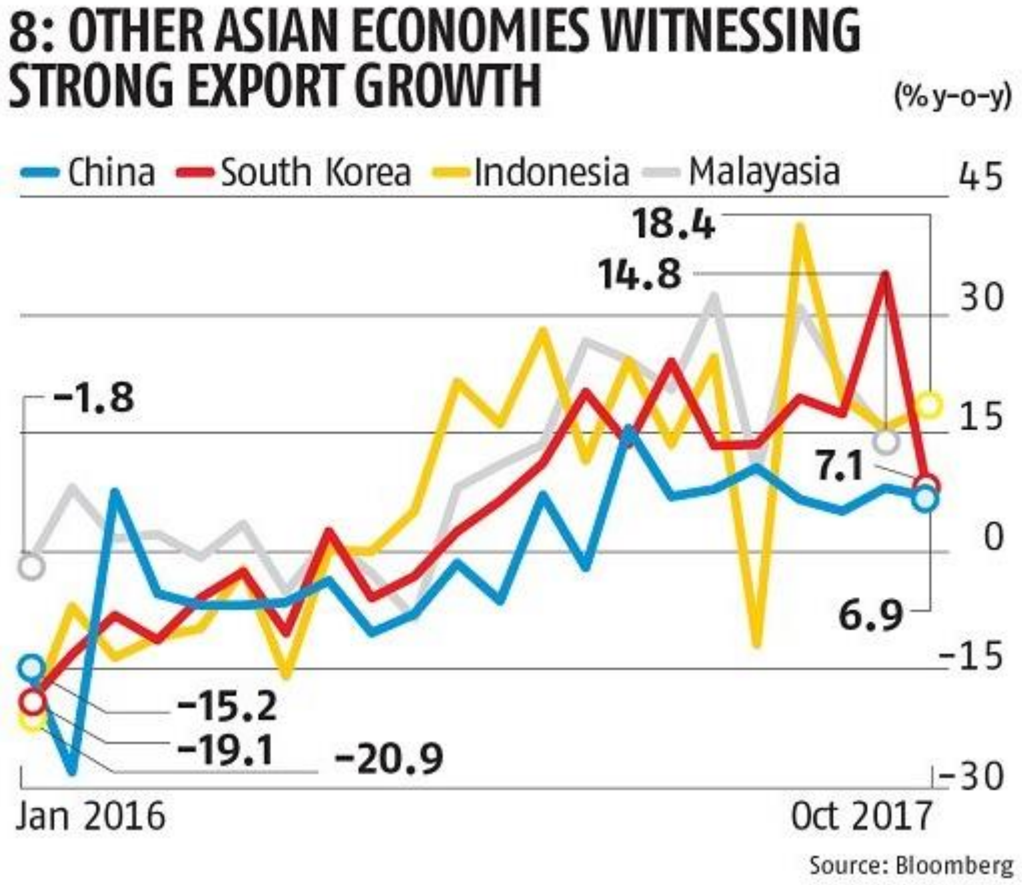








Perhaps stronger global growth, other Asian economies are also witnessing strong export growth (Chart 8), is helping push the country's exports despite an overvalued currency.



Source: business-standard.com- Dec 18, 2017

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India much behind China in containerised cargo capacity

India's total containerised cargo capacity of 8.75 million twenty-foot equivalent units (TEUs) at its 12 major ports is less than a quarter of the 36.5 million TEUs containerised goods handled at the Shanghai port, making it imperative for India to pay attention to this gap, says a study by the Associated Chambers of Commerce and Industry of India (ASSOCHAM).

The total containerised cargo capacity is a key indicator of a country's integration with global supply chain for value-added manufactured goods.

The study titled 'Indian ports sector: challenges of scale and efficient operations,' was released recently by ASSOCHAM secretary general DS Rawat and chief advisor Arvind Kumar in Bhubaneswar, capital of Odisha state.

China has four ports — Shanghai, Shenzhen, Ningbo & Zhoushan and Hong Kong China — that handle more than 20 million TEUs.

Even on the parameter of overall cargo, both with or without containerisation, India has a fragmented capacity at different ports.

In China, there are six cargo ports which can handle over 500 million tonnes cargo per annum and it has another eight ports which handle cargo more than 100 million tonnes up to 500 million tonnes, said an ASSOCHAM press release citing the study.

"The port scaling in China is not only ahead of us, but it over-awes even the major countries. Of the world's top 20 ports, 14 are in China. No Indian port figures in the world's top 20," Rawat said.

"In contrast, India has just two ports which handle beyond 100 MT – Kandla and Mundra....Large productivity gains can be achieved by improving existing ports at a much lower marginal cost," the study noted.

Though India's ports have handled the rapidly expanding traffic, handling more than a billion tonne of cargo in 2016-17 and the capacity is expected to increase to 2.5 billion tonnes by 2025, the freight mainly comprises POL (petrol, oil, and lubricant), coal, iron ore and other commodities.

It is only recently that freight in containers, which are easy to load, unload and can be carried to the hinterland through multi-modal transport, is catching up in India. The ASSOCHAM report said that use of containers is imperative to promote multi modal transportation.

The study suggested that it would be appropriate to augment capacity of existing ports to create ports with large capacity of 100 MT rather than creating new ports and spreading resources thinly.

It also recommended the need for India to revisit the Major Ports Trusts Act, 1963 to modernise the institutional structure of major ports and to secure greater operational freedom for ports, matching with present requirements.

Source: fibre2fashion.com- Dec 18, 2017

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Indian exports to China goes up by over 53 per cent in Oct

India's exports to China registered a sharp increase of over 53 per cent year-on-year to reach USD 1.24 billion in October, but the trade deficit continued to mount, according to data released by the customs.

The trade deficit for October stood at USD 3.86 billion.

Despite the strains in the bilateral ties, India-China trade increased by 13.56 per cent year-on-year to reach USD 6.33 billion in October.

Significantly, India's exports to China increased by 53.04 percent year-on-year to reach USD 1.24 billion though the trade deficit continued to grow. The Indian exports to China around the same time last year was USD 0.81 billion, data showed.

China's exports to India also continued to grow registering an year-on-year growth of 6.87 per cent to reach USD 5.09 billion.

The Indian exports were boosted by natural pearls, precious stones and precious metals, organic chemicals, copper and articles, cotton, including yarn and woven fabric, ores, slag and ash.

Since this year, India's exports which were on the decline for a number of years started showing increase.

In the first seven months, the exports registered 40.69 per cent year-on-year to reach USD 10.60 billion.

However, the trade deficit expanded to USD 44.51 billion in the first seven months despite surge in Indian exports as imports from China continued to increase.

Last year, the trade deficit climbed to USD 52 billion in little over USD 70 billion trade. India has been pressing China to open up its pharmaceutical and IT software sectors to expand the base of Indian exports.

Source: economictimes.com- Dec 17, 2017

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Weavers still awaiting directive on import duty on fabrics

The country's largest man-made fabric (MMF) hub in Surat is still awaiting central government's notification on increase in basic customs duty (BCD) on imported fabrics.

After the government's announcement on increasing BCD on MMF fabrics from 10 per cent to 25 per cent in October, the industry is still awaiting the official notification in this connection.

Industry leaders said import of fabrics, especially from China, has seen a sharp increase post-GST at almost 30 per cent.

Confederation of Indian Textile Industry (CITI) chairman Sanjay Jain said, "MMF yarn, cotton fabric and MMF fabric are largely affected by cheaper imports from China, Indonesia, Thailand and North Korea where fabric industry is subsidized substantially to increase their share of fabric in world textile trade.

Moreover, Indian fabric manufacturers have no protection from FTA countries that have been importing fabrics from China, Indonesia and Pakistan and selling garments made from such fabrics to India."

Industry sources said over Rs 5,000 crore worth of undervalued fabrics are imported from China and other countries to India per annum. With fixing of floor price by the government, the importers will have to show the real value of fabrics and undervaluation is impossible.

The import of cheap and undervalued fabrics in the country has resulted in the closure of 40 per cent of powerlooms in the textile hubs of Surat, Itchalkaranji, Malegaon, Bhiwandi, Burhanpur, Varanasi, Salem and

Erode. The situation of Banarasi weavers is very tough as imported silk fabric is quite cheap than what is manufactured by Banarasi weavers.

Surat's power loom weavers manufacture 4 crore metre of fabrics per day, which have been reduced to 1.5 crore metre per day post-GST. Around 95,000 power loom machines have been sold in scrap and more than 50,000 textile workers rendered jobless.

Federation of Indian Art Silk Weaving Industry (FIASWI) chairman Bharat Gandhi said, "There was an announcement from central government on the increase of import duty from 10 per cent to 25 per cent in imported fabrics, but the same is yet to be implemented.

Still, imported fabrics is being dumped into the country. Last month, the imports have seen an increase of more than 30 per cent."

Gandhi added, "The situation of fabric manufacturers in the textile hubs across the country, including Surat, is very bad. Many units have shut shops. Now, the government has to act fast or else the textile sector will be on the death bed soon."

Source: timesofindia.com- Dec 16, 2017

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Raymond starts linen unit in cotton country

Textile major Raymonds commissioned the first phase of its greenfield project in the cotton growing district of Amravati. However, the company will be currently manufacturing only linen, a high-end fabric made from flax, a crop grown in France and Belgium. Plans for the second phase, which may use locally grown cotton, would be announced in due course. The commercial operations of the unit are slated to begin by April 2018.

The government has been encouraging textile units in the district to provide a boost to local cotton growers. Raymonds was being dubbed as an anchor investor, which would pull more units to the district. The unit set up at MIDC's Nandgaon Peth industrial estate here, is also the first industry in the state to start operations after a MoU was signed at Prime Minister Narendra Modi's Make-in-India event, last year.

The MoU was signed in February last year, and the unit has been set up in a record time in December. This would be Raymond's third unit in Central India, and the second in Vidarbha. The company has a denim plant at Yavatmal, and a woollen fabric unit in Chhindwara district, on the Madhya Pradesh-Maharashtra border.

The plant has been set up with an investment Rs220 crore. It would be providing direct employment to 500 persons, which gives it the status of a mega project as per the state's industrial norms.

The unit was inaugurated in the presence of Raymond Group chairman, Gautam Hari Singhania, chief minister Devendra Fadnavis and union surface transport minister Nitin Gadkari.

Fadnavis also attended the stone laying ceremony of Mahi Terri Cot, which will be setting up a unit to make towels, on Sunday. He said, "Prime Minister Narendra Modi's idea is to have industries to process agriculture produce. With Amravati being a cotton growing area, the stress was to have an integrated chain from the crop to garment itself."

However, Raymonds will not be depending on local cotton in its first phase at least. This is Raymond's first plant to make linen directly out of fibre. The fibre is, however, made from flax, which India does not grow in the desired quality or quantity. The company officials did not reveal any fixed plans for the second phase of the unit, which is supposed to use cotton.

Earlier, there was a plan to have a denim manufacturing unit in the second phase, for which cotton is required. But now it would not be denim, and further plans are still to be firmed up, said SK Gupta, company's president (corporate), told TOI without divulging further details.

"The company already has a denim facility at Yavatmal, which has been expanded by 10 million meters over last two years with Rs150 crore investment.

The country already has an excessive capacity for denim at 1.8 billion meters a year. This leaves little space for expansion," said Gupta.

At Yavatmal, which is also a cotton growing area, Raymonds purchases 2,200 tonnes of cotton, 98% procured locally, he said.

Fadnavis asked the company to come up with the second phase at the earliest.

Singhania said the company will also have a Singhania School, with capacity to take in 3,500 students, including outsiders. The company also inaugurated a 200-unit residential complex, which will also be expanded later.

Gadkari said he supported industries not because he favoured industrialists, but because they could create jobs. Being a union leader himself, he has been instrumental in reviving units.

Source: timesofindia.com- Dec 18, 2017

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Efforts to prioritise textile technologies

Textiles is among the sectors identified by Technology Information Forecasting and Assessment Council (TIFAC) to bring down emission levels by using better technology.

Gautam Goswami, who heads the TIFAC Technology Vision 2035, told The Hindu that a meeting was held in Coimbatore recently in this regard.

“We met about 50 people and 40 % of them were from the industry. SITRA is an active participant in this project. Tirupur cluster is another important area. We are looking at how to go for textile processing with lesser water and more automation,” he said.

Mr. Goswami explained that as part of the Paris agreement on climate change, India has to reduce emissions by 30 % to 35 %. TIFAC is preparing a report on the technologies required, indigenous technologies available, what needs to be borrowed, and ways to use the green climate fund. The report is expected to be finalised in a year.

Sectors identified

“We have identified 10 sectors, including industrial processing, transport, agriculture, water, waste, and renewable energy. In industrial processing, major manufacturing industries such as steel, cement, textiles, leather and fabrication are covered," he said.

In textiles, we have identified about 30 areas and have asked the industry to prioritise (technology prioritisation techniques) these. The meeting held here was part of this effort.

G. Thilagavathi, professor and head of textile technology at PSG College of Technology, said the Centres of Excellence of the department will organise more meetings with textile industry here to get their views on the technologies available and needed in different segments of the textile value chain and submit a report to TIFAC.

Source: thehindu.com- Dec 16, 2017

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Foreign trade policy: Mid-term review reaffirms Centre's belief in Make In India

Amidst a series of changes in the tax framework of the country, the government of India recently announced the highly anticipated policy development with regard to foreign trade. This was a crucial development as the much-needed changes came in the wake of dwindling exports, global economic slowdown and a highly uncertain business environment across the world.

The mid-term review of the Foreign Trade Policy (FTP) 2015-20 was an opportunity before the government to make corrective changes in the Indian foreign trade policy to adjust with the changing global trade scenario and realign the policy provisions to harmoniously sync with GST made applicable with effect from July 1, 2017.

These changes were imperative to provide a boost to the Indian economy and position India as an evolved manufacturing so as to resolve some of the unaddressed issues left behind by the newly introduced GST provisions. The issue of working capital blockage for exporters due to upfront payment of GST was badly hurting exporters and was taken up by the courts through various writ petitions.

While the government has been consistently taking steps to facilitate provision of refunds, integrating the mechanism into the FTP has been a welcome move.

The issue of non-availability of import benefits against old advance authorisation licences has also been addressed in the mid-term changes, as now, under advance authorisation, export promotion of capital goods and 100% EOU scheme, exporters have been extended the benefit of sourcing inputs/capital goods from abroad as well as domestic suppliers for exports without upfront payment of GST. In addition, the government has promised the launch of e-wallet facility from April 1, 2018.

These measures are expected to resolve the liquidity challenges faced by exporters to a large extent. As part of the global export repositioning strategy, the government laid out mechanisms for continued support for multilateral treaties and agreements.

This would help businesses in India integrate with major regions of the world and expand markets in new regions, enhance participation of Indian industry in global value chains, increase farmers' income through focused policy for agricultural exports and promote exports by MSMEs and labour-intensive sectors to generate more employment.

The revised policy also seeks to extend incentives of up to Rs 2,743 crore to the garments and textile industry.

There has been an increase of about 2% on incentives under MEIS and SEIS schemes across the board with increased validity of the duty credit scrips from 18 months to two years, benefiting a wide range of sectors such as leather, agriculture, carpets, hand tools, marine and rubber products, ceramics, sports goods, medical, scientific products as well as electronic and telecom equipment.

This translates into reduced costs and increased savings for the exporters which would yield competitive and quality products from India into international markets. Besides, scrips have been made freely transferable as GST rates on such transfer or sale of scrips have been reduced to zero from the earlier rate of 12%.

This would incentivise service exporters without significant imports who would have unutilised scrips which they can sell and generate additional revenue. The government have given the hint that it is interested in looking at incentivising new products and exploring new markets for targeted incentives, such as Africa, Latin America and the Caribbean regions. The new policy envisages hand-holding, support and assistance to exporters with their export-related problems.

One can now expect a more proactive assistance from the DGFT to exporters looking to meet regulatory obligations and access new export markets. Procedures related to clearances involved in cross-border trade will also be simplified. Self-certification scheme for duty-free imports and establishment of a new trade data analytics division under the DGFT to analyse real-time data for fine-tuning the policy are indeed futuristic initiatives.

The mid-term review has ushered in a promise for interesting times ahead. This reaffirms the government's resolve and belief in Make-in-India. This shows the government is paying serious attention to the issues faced by businesses and is ready to take immediate action to resolve them. It is hoped the central government will closely collaborate with all state governments to implement this efficiently at the ground level.

Source: financialexpress.com- Dec 18, 2017

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Overcapacity hurting denim fabric industry, say experts

Capacity utilisation has dropped to 60%-65%, say sources

Even as denim fabric production is increasing in the country, a decline in capacity utilisation is said to be hurting the industry.

The installed denim fabric production has increased to 1,500 million metres, from 800 million metres in 2012 and another 150 million metres of capacity is in the pipeline, according to the Denim Manufacturers' Association.

The annual domestic demand is roughly 800 million metres and exports are about 200 million metres.

Price correction

Sources said that the industry had seen a price correction of 20% in the last two years. Further, capacity utilisation had dropped to 60%-65%. Some of the new companies are facing financial problems and risk turning into non-performing assets.

The government should also give a fillip to exports. Though denim fabric production is by large-scale, organised industries, denim garments are made mostly by small-scale units.

With relaxation in labour laws and industry-friendly policies, more organised industries would be getting into garment production in the next five years, the sources added.

In exports, China, Bangladesh and Pakistan are the countries that Indian manufacturers would have to compete with for both denim fabric and garments.

Though garment production is more viable in Bangladesh, there is scope to improve denim fabric exports.

Post GST, the denim industry has temporarily closed down 30% to 40% capacity and if the present situation continues, there could be more production cuts, said Sharad Jaipuria, chairman of the association.

Source: thehindu.com- Dec 16, 2017

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Industry seeks restoration of export benefits for cotton yarn

In the first six months of this financial year, cotton yarn exports declined 10 %, mainly due to policy lapses, according to Confederation of Indian Textile Industry.

Sanjay Kumar Jain, chairman of the confederation, has said in a press release that cotton yarn exports between April and September in 2016 was 517 million kg and it was 464 million kg during the same period this year.

In 2013-14, spinning mills took advantage of the 2 % incremental export incentive, 2% interest subvention, and 3 % focus market incentive. In 2014, these incentives were withdrawn and cotton yarn exports in 2016-17 registered 26 % decline in value terms.

Mr. Jain said that the country exports almost 20 % of its cotton produced. During the current cotton season, the prices might touch minimum support price level as the production is expected to be high.

According to the Financial Stability Report of the Reserve Bank of India, textiles has one of the highest levels of non-performing assets.

When exports benefits such as MEIS and IES were introduced, all segments of the textile value chain were covered except cotton yarn. Thus, cotton yarn exports to China dropped.

"Withdrawal of export incentives for cotton yarn has reduced our competitive edge by increasing our prices to the tune of 5 % to 6 %."

IES benefit

The 3 % IES benefit is essential to maintain six to nine months cotton inventory and to ensure consistency in quality of yarn supplied.

He appealed to the government to restore the MEIS and IES benefits for cotton yarn.

Source: thehindu.com- Dec 16, 2017

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What is e-way bill and who will generate it? Here is all you need to know

In a GST Council meeting held on Saturday, the decision to implement the e-way bill mechanism throughout the country by June 1 was taken, in a bid to plug gaps. Under the e-way bill system, goods worth more than ₹ 50,000 have to be pre-registered online before they can be moved from one state to another.

An e-way bill is an electric-way bill for the movement of goods which can be generated on the GSTN (common portal). After the implementation of this bill, any movement of goods of more than Rs 50,000 in value cannot be made by a registered person without an e-way bill. It will be allowed to be generated or cancelled through SMS.

When an e-way is generated, a unique e-way bill number (EBN) is allocated and is available to the supplier, recipient, and the transporter. As per the schedule of implementation, the nationwide e-way bill system will be ready to be rolled out on a trial basis latest by January 16, 2018, the Finance Ministry statement said. Trade and transporters will be able to use it on a voluntary basis from January 16. Now, the bigger question is that when is an e-way bill generated?

The e-way bill is generated when there is a movement of goods:

1. In relation to the supply.
2. For reasons other than a supply (say a return).
3. Due to inward supply from an unregistered person.

In this case, a supply can either be:

1. Sale – sale of goods and payment made
2. Transfer – branch transfers for instance
3. Barter/Exchange – where the payment is by goods instead of in money

This brings us to the other part which is who generates an e-way bill? It has to be generated to or from a registered person if the movement of goods is more than Rs 50,000 in value. A registered person or transporter can choose to generate and carry e-way bill even of the value of goods is less than Rs 50,000.

Unregistered persons or their transporters may also choose to generate an e-way bill. This means that an e-way bill can be generated by both registered and unregistered persons.

However, where a supply is made by an unregistered person to a registered person, the receiver will have to ensure all the compliances are met as if they were the supplier.

Source: financialexpress.com- Dec 17, 2017

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Goalless draw at WTO

The “collapse” of talks at last week’s trade ministerial may have raised questions about WTO’s future, but they did not go off too badly for India. Unlike the ministerials at Bali (2013) and Nairobi (2015), India did not concede any ground. At Bali, India agreed to trade facilitation rules in exchange for virtually nothing — a ‘peace clause’ till 2017 on its food procurement subsidies. At Nairobi, India unconditionally agreed to phase out export subsidies by 2023. Perhaps, India fielded a better prepared negotiation team this time.

The focus of the Buenos Aires meet was public stockholding and e-commerce. India, backed by China, managed to get the developing countries, including LDCs, to push for a permanent solution to public stockholding.

To the credit of the Modi government, it managed to prolong the ‘peace clause’ soon after the Bali meet, till a permanent solution was arrived at — a view reiterated in Argentina. India’s joint paper with China on how the US and EU are chiefly responsible for trade-distorting farm subsidies has helped in pushing for a solution where the existing method of evaluating subsidies is dismantled.

The WTO allows price subsidies to the extent of 10 per cent of the gross value added of the product concerned; the controversy over the years has been over which subsidies should come under scrutiny and manner of arriving at the market price, or fixed reference price, against which the amount of subsidy was calculated.

With these wranglings not getting anywhere, and the rich countries managing to mask their subsidies while blaming the rest, there has now been a change of tack. That said, India should reconsider allowing exports out of its PDS pool (it is the world's largest rice exporter) if it is to push towards a new regulatory order.

A food security arrangement does not sit well with one that confers export advantage. By presenting a joint front with the LDCs on e-commerce and stalling efforts by the developed world to fast-track rules, India managed to buy time for its MSME-dominated brick and mortar trading sector.

Efforts by the rich countries to introduce Singapore Round issues, such as investment rules did not gain traction. The Doha Round (2001) principles of according differential treatment to developing countries and not piling on issues extraneous to trade were implicitly underscored here.

But the question is what happens to WTO if there is no broad consensus on trade rules. It does not seem to matter much if the US plays spoiler in multilateral forums, as the progress on TPP and even climate talks seem to indicate.

India cannot set store by FTAs, given its experience over the last decade. It needs to play a leadership role in working out a new multilateral trade paradigm, because that's its best bet in an increasingly chaotic world. Inconsistencies between its positions at WTO and other forums such as RCEP need to be avoided.

Source: thehindubusinessline.com- Dec 17, 2017

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