TEXTILE INTELLIGENCE CENTRE
IBTEX
INFORMATION BUREAU
TEXPROCIL

TEXPROCIL
NEWS CLIPPINGS

An ISO 9001:2015 CERTIFIED COMPANY

The Cotton Textiles Export Promotion Council (TEXPROCIL)
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai 400004. Maharashtra State. INDIA
W. www.texprocil.org E. ibtex@texprocil.org T. +91-22-23632910 to 12 F. +91-22-23632914

IBTEX No. 58 of 2019 March 19, 2019

USD 68.56| EUR 77.79 | GBP 90.96 | JPY 0.62

Cotton Market		
Spot Price - Shankar 6 (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
20766	43400	**80.84**
Domestic Futures Price (Ex. Warehouse Rajkot), March		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
21290	44496	**82.89**

International Futures Price

NY ICE USD Cents/lb (May 2019)	75.27
ZCE Cotton: Yuan/MT (May 2019)	15,275
ZCE Cotton: USD Cents/lb	103.21
Cotlook A Index – Physical	**84.35**

Cotton Guide: The ICE cotton futures traded in a sideways band. The intermittent red and green candlesticks denoted that market sentiments were mixed yesterday. The range of change seen in all the ICE Futures were from -23 to +18. The most active ICE May contract settled -23 points lower at 75.27 cents/lb touching a high figure of 75.91 cents/lb with a low figure of 74.89 cents/lb. The market emanated mixed signals with total volume at 25,043 contracts. The ICE May contract displayed a volume of 13,716 contracts as compared to the previous figure of 14,623 contracts which is a decline of 907 contracts or in percentage terms 6.2%. The Open Interest increased by 30 contracts to 221,011. The May OI decreased by 1,459 contracts to 107,316. The July and December OI increased by 718 and 612 contracts to 47,789 and 55,690 contracts respectively.

The MCX future contracts on the other hand remained positive thus driving the prices higher. The MCX March contract settled at 21,290 Rs/Bale with an escalation of +120 Rs. The April and the May contracts also escalated by +110 Rs and +80 Rs at 21580 Rs/Bale and 21820 Rs/Bale respectively. The MCX May contract however could not gain a triple digit increase. The total volumes seen at MCX were 11,171 lots as compared to the previous 3102 lots. This shows that the Volumes shot up by almost 300%. Domestic Market sentiments are seen to be bullish whereas the International market sentiments are consolidated with a bullish bias.

The arrival figures are estimated to be 100,500 lint equivalent bales (source cotlook) which includes 33,000 registered in Gujarat, 32,000 in Maharashtra and 13,000 in Andhra Pradesh. The prices of Shankar 6 are seen to head straight North. With an increase of Rs 400, the average prices of Shankar 6 are at 43,400 Rs/Candy. We expect the prices to further increase. The cotlook Index A has been positively adjusted to 84.35 cents/lb with a positive slide of 1.30 cents/lb.

The trading band for today should be 73.50 to 76 cents/lb. An either side break shall make a move of 1 to 2 cents. For MCX we expect the price band of 21,100 and 21,400 Rs/Bale. Despite the floating positive news, the US China Trade deal has not come to any point and the meeting is likely to be postponed to June.

ICE Cotton May future failed to sustain above the psychological levels of 76.00 and continued to remain sideways during the week. For the day immediate support holds around 74.45-74.00 zones. Meanwhile the strength in the rally was supported by positive cross over in short term EMA above the long term EMA, accompanied by channel breakout. Meanwhile crucial resistance is at 76.14. Only a move above would bring further buying in Cotton future. Likewise, below 71.80 crucial support exists around 70.80. So for the day price is expected to remain in the range of 74.00- 76.14 with side ways to positive bias.

Currency Guide

Indian rupee may trade with a positive bias against the US dollar however the gains could be limited. Indian rupee has been strengthening for last few days and has tested the highest level since August. Rupee has largely benefitted from firmness in domestic equity markets, continuing investor inflows, easing geopolitical risks and increased expectations that ruling BJP government may be reelected. As per Bloomberg reports, foreign inflows into Indian stocks are the highest in Asia this month. We are seeing a general strength in emerging market equities amid expectations of Fed's patient rate hike stance and China's commitment to continue with growth supporting measures. However, rupee's gain continues to be challenged by persisting strength in crude oil price and increasing global uncertainty. Brent crude trades near $68 per barrel amid OPEC and allies pledge to continue with measures to rebalance global market. Global economic uncertainty is also high amid mixed economic data from major economies and uncertainty about US-China trade deal and Brexit. US-China trade talks have stalled and no resolution is expected in the near term. UK is possibly looking at a longer extension for Brexit given lack of support for the deal. Rupee has been on upward momentum for last few days which could extend further with the currency now below key 69 levels. USDINR may trade in a range of 68.3-68.75 and bias may be on the downside.

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

NEWS CLIPPINGS

INTERNATIONAL NEWS

Despite difficulties, China continues to lead World Textile & Apparel Market

Year 2018 was a landmark in the history of global apparel manufacturing as China's dominance declined due to rising labor costs, slower economy and the government's desire to decrease exports and increase production for domestic consumption.

However, China will continue to remain top supplier to the US for some time even though growth would be limited to single digits instead of high-single digit or double digit annual percentages.

Apparel import sees marginal increase

According to the US Commerce Department's Office of Textiles & Apparel (OTEXA), apparel imports by the US from China increased a meager 1.34 per cent in 2018 to reach $27.37 billion.

Imports from Vietnam increased 5.78 per cent year-on-year to $12.22 billion, shipments from Bangladesh increased 6.65 per cent to $5.5 billion, imports from India rose by 3.42 per cent to $3.81 billion while Cambodia's shipments increased 12.19 per cent for the year to $2.42 billion.

US apparel imports from the world increased by 3.38 per cent in 2018 to $82.88 billion. Exports increased 6.38 per cent to $6.08 million, led by knitwear and bottoms.

Other countries gain more than China

A recent study by the United Nations Conference on Trade and Development (UNCTAD) shows, trade war benefited other countries rather than protecting the domestic industries in the US or China.

The study further estimated, out of $250 billion Chinese exports, only 12 per cent will be retained by Chinese firms, and 6 per cent by US firms. Similarly, of the approximately $110 billion in US exports subject to China's retaliatory tariffs, roughly 85 per cent will be taken by companies in other countries, while US firms will retain less than 10 per cent and Chinese companies will keep only 5 per cent.

While exports of countries like Vietnam, Cambodia, India and Bangladesh to the US will continue to grow, they are likely to beDespite difficulties China continues to lead world textile apparel market 002 plagued by issues like labor and corruption as in the case of Brookfield Associates or protectionist measures or capacity problems like India or Vietnam.

Duty-free manufacturing by the Western Hemisphere

Some sourcing managers are also worried about the suspension of duty-free status to Cambodia by the European Union over its labor and human rights issues. Meanwhile Central America has witnessed steady growth in recent times with Honduras attracting substantial demand. According to Hughes, the Western Hemisphere provides immense opportunity for “duty free, closer to home” manufacturing, including Mexico and the Central American Free Trade Agreement (CAFTA) countries and Colombia.

Imports increase 5.13 per cent

Imports from all CAFTA countries increased 5.13 per cent for the year to $8.34 billion. US yarn exports to the CAFTA countries increased 5.06 per cent to $1.68 billion, while fabric exports increased by 6.05 percent to $962.7 million.

Imports from Mexico declined 5.76 per cent in 2018 to $3.36 billion. This decline could be attributed to the uncertainty of its duty-free status as the US, Mexico and Canada were renegotiated the North American Free Trade Agreement, which resulted in the trilateral US-Mexico-Canada-agreement signed in November and pending legislative approval.

African countries like Ethiopia, Lesotho, Mauritius and Ghana also continue to grow on account of increased investment in African factories and infrastructure from US and Chinese companies. Thus, though certain countries witnessed prominent increases in apparel business, China continues to dominate with its quality products and timely delivery.

Source: fashionatingworld.com - Mar 18, 2019

HOME

****

Global textile industry learning to survive difficult times

Poised delicately between a slow recovery of a second slide, the global economy demands a collaboration between brands and solutions for the entire supply chain. It is important for brands now to deliberate on the current situation and formulate future strategies.

Continuous global crisis, high oil prices and turmoil & political instability is creating huge concern for textile business with lack of support from two of the biggest world markets, the US and Europe adding to its woes.

China continues to be the world leader in most fields with its textile and clothing exports rising fourfold since 2000.But its capacity development is likely to peak soon with a decline in government investment and increasing competition from other mills.

Challenges facing textile industry

Some of the major challenges that the textile industry faces today include a strong dollar and depression of global currencies, high oil prices, a stagnant US economy, national protectionist policies, greater importance of emerging economies, hunting new consumer markets, investment on product mix and research, hunting new low cost production facility. Another priority challenge includes bringing back the globalisation process and creating one big market.

Since the last few months, Chinese middle class has been critical of the government's economic and sociopolitical policies. ThisGlobal textile industry learning to survive difficult times 001 criticism, especially evident in online public discourse, focuses on the way the government has handled its relations with the US.

This discontent among the middle-class threatens President Xi Jinping's broader position and economic vision. It might thwart latent demand in major manufacturing centers, specifically in Southeast Asia.

Though India will continue to be a major textile production center catering to huge domestic market, imports from China, Bangladesh are likely to cause a disturbance in the supply chain.

Strategies to survive tough market conditions

The Middle East is a big importer of textile products. But the effects of global economic slowdown have also been felt on the textile business of the Middle East. To survive competition, the industry needs to focus on integrating research and innovations in the textile business with quality control made an everyday assignment.

It should also leverage new opportunities in emerging segments such as defence textile, camouflage fabrics, industry textiles and coated fabrics. Textiles in medical sector, construction industry also offer great opportunities for the sector.

It is important for brands to look at their customers more as partners. They cannot just focus on prices but have to also ensure reliability, expertise, quality and service are important for a successful business relationship.

Developing the trend of global trade requires a tremendous study of trend, forecasting, political situation et al. It is getting complicated everyday as recession in various countries is causing fluctuations. However, in spite of all these business has to go on.

Source: fashionatingworld.com - Mar 18, 2019

HOME

****

Myanmar's CMP export volume reaches $2 bn in 5 months

The export volume of cut-make-produce (CMP) industries in Myanmar reached nearly $ 2 billion from October 1 last year, the first day of the current fiscal, to March 1.

This was higher by $880 million compared to the figure during the same period in the last fiscal, according to Khin Maung Lwin, assistant secretary in the ministry of commerce.

on an average Myanmar earns 10 per cent as sewing fee, which varies according to quality. Some countries earn only 8 per cent and some 12 per cent, said Khine Khine Nwe, secretary of Myanmar Garment Entrepreneurs Association.

Myanmar earns about $300 million from CMP enterprise annually.

Source: fibre2fashion.com- Mar 19, 2019

HOME

****

Asia's exports slump to deepen as global economic slowdown hits regional powerhouses

Asia's exports slump is expected to deepen, with analysts saying regional trade is heading for its lowest point since 2015.

Amid a slowdown in global demand, Asian exports will continue to decline until at least April, according to an index compiled by Nomura Bank.

The index combines eight economic elements to predict exports three months in advance for China, Hong Kong, India, Indonesia, South Korea, Malaysia, the Philippines, Singapore, Taiwan and Thailand and it shows a rocky road ahead.

Among these early gauges are purchasing managers' index for global manufacturing, which is a finger on the pulse of factory output around the world, semiconductor orders and China's import growth.

China's import growth, meanwhile, crashed by 4.9 per cent, said Rob Subbaraman, a managing director at Nomura, who co-authored the research, which is bad news for other economies in the region, which are heavily reliant on Chinese demand.

Nomura's research shows that global semiconductor sales growth declined by 5.7 per cent year on year – an indicator of a sluggish electronics sector, a dominant industry in the region.

The index feeds into a wider picture of underwhelming official trade data across Asia's exporting powerhouses, including South Korea and Taiwan, and Indonesia – the largest economy in Southeast Asia.

While a trade war deal between China and the United States may ease extreme business pessimism, the health of many Asian economies is more closely related to the wider global growth picture, which is negative.

"Exports by major Asian economies have been on a downward trend since they peaked at the end of 2017, and the deceleration became more rapid towards the end of last year. With the softening global demand and uncertainties related to the US-China trade dispute, this trend could continue, at least in the first half of 2019," said Chen Dong, senior Asia economist at Pictet Wealth Management.

Exports from Indonesia tumbled 11.33 per cent from a year earlier in February, well below the market consensus of a 4.5 per cent drop. It was the fourth straight monthly decline and the steepest slump since June 2017.

In South Korea, home to a host of leading car and electronics manufacturers, exports crashed 11.1 per cent in February.

In the Philippines, the latest available data was for January, when exports declined for the third successive month, by 1.7 per cent. This was, however, an improvement from December's 12 per cent decline.

Exports decreased the most in the electronics equipment and parts sector, followed by metal components, gold, and machinery and transport equipment.

Japan too is experiencing a tough time in trade terms. In January, Japan's machine orders, which exclude those of ships and electrical equipment, declined 5.4 per cent month-over-month, worse than an expected 1.7 per cent fall.

This marked the third straight decrease in core machinery orders and the steepest since September. The decrease was led by a 51.2 per cent plunge in textile mill products while non-manufacturing orders also declined by 8.0 per cent
With the world economy faltering, global central banks and governments have taken a dovish turn to try to arrest the decline.

The Bank of Japan acknowledged this week that "exports and production have been affected by the slowdown in overseas economies", and that the labour market has "shown some weakness recently".

The European Central Bank has also expressed fears over a "period of continuous weakness and pervasive uncertainty" this year.

China's government pledged for more stimulus measures, especially cuts in value-added tax and personal income tax, although it is keeping monetary policy "prudent", after exports tumbled by 20.7 per cent in February, the biggest fall in three years.

However analysts are sceptical as to whether central bank have the capacity to issue the required amount of stimulus.

"Is there any place in the world now that can really start a new stimulus programme and achieve results?" said Kevin Lai, chief economist Asia equity research at Daiwa Capital Markets. "China has already done a lot of stimulus and its debt is already very high so it has very limited bullets left."

Chen at Pictet Wealth Management added that China's stimulus measures will be slow to show up in the economy. So far there are still no signs of a sharp rebound, even if a hard landing is not expected.

Furthermore, domestically-driven Asian economies may outperform exporters in the current environment, Chen said.

However, these economies are not without their domestic risk factors. Both India and Indonesia, which have huge consumer bases, will have general elections in the coming months that may add to the Asia-wide picture of uncertainty.

Source: hellenicshippingnews.com- Mar 18, 2019

HOME

****

Vietnam earns larger garment export in 2 months

Vietnam gained nearly 4.9 billion U.S. dollars from exporting garments and textiles in the first two months of this year, up 19 percent year-on-year, according to the country's Ministry of Industry and Trade on Tuesday.

Between January and February, products witnessing significant export growth included fabrics made from natural fibers (up 14 percent), fabrics from synthetic fibers (up 14 percent) and clothing (up 11 percent).

The revenue surge was mainly attributable to strong market demand, with many orders already placed for the first six months of this year or even the whole year, said the ministry.

By the end of this year, total export turnovers of the industry may reach 40 billion U.S. dollars, the Vietnam Textile and Apparel Association forecast.

Vietnam, among the world's five biggest exporters and producers of garments and textiles, posted garment and textile export turnovers of over 30.4 billion U.S. dollars in 2018, up 16.6 percent from 2017.

However, Vietnam had to spend more than 12.9 billion U.S. dollars importing cloth last year, up 13.5 percent, the association said, noting that most of local cloth has yet to satisfy quality requirements of the country's key garment export markets.

Source: brinkwire.com- Mar 18, 2019

HOME

****

Counterfeit and pirated goods represent 3.3% of global trade: report

Global sales of counterfeit and pirated goods have soared to USD 522 billion a year, amounting to a whopping 3.3 per cent of world trade, according to a report published Monday.

The latest assessment by the EU Intellectual Property Office (EUIPO) and the OECD found the share of counterfeit goods had seen a "considerable" rise since its previous 2016 estimate of 2.5 per cent of global trade.

Such goods represented 121 billion euros worth of imports into the European Union alone - a massive 6.8 per cent of total imports into the bloc, up from five per cent in 2016, EUIPO said in a statement.

"Counterfeiting and piracy pose a major threat to innovation and economic growth, at both EU and global level," EUIPO executive director Christian Archambeau said.

He said that the "deeply concerning" rise "clearly calls for coordinated action, at all levels, to be fully tackled".

The companies most affected by counterfeiting and piracy are mainly based in developed OECD nations like the United States, Japan, South Korea and EU states, the report said.

But businesses in China, Brazil and Hong Kong are being increasingly hit, it added.

The countries exporting the most counterfeit and pirated goods were China, Hong Kong, United Arab Emirates, Turkey, Singapore, Thailand, India and Malasysia.

The report was based on data from almost half a million customs seizures by international enforcement agencies.

Source: business-standard.com- Mar 18, 2019

HOME

****

Bangladesh urges US to reinstate GSP facilities

Bangladesh commerce Minister Tipu Munshi has again called on the United States to reinstate the generalised system of preferences (GSP) to the country.

Urging the newly-appointed US ambassador Earl R Miller to Bangladesh to take initiatives in this regard at the US Trade Show 2019 recently, he said GSP suspension is not a financial loss but an image issue.

The American Chamber of Commerce in Bangladesh (AmCham) and the US Embassy in Dhaka jointly organised the trade show, according to Bangla media reports.

Munshi also urged US entrepreneurs to invest in Bangladesh taking benefit of special incentives for investors in the economic zones.

Bangladesh is establishing 100 special economic zones across the country.

The United States had revoked the GSP facilities on June 27, 2013, following two major industrial accidents in Bangladesh—the Tazreen Fashion fire in 2012 and the Rana Plaza collapse in 2013.

The US Administration had placed a set of conditions, including improvement of the working conditions in garment factories, to revive the GSP benefit.

Source. fibre2fashion.com- Mar 19, 2019

HOME

****

Pakistan: Textile exports stagnant despite rupee depreciation, cut in energy prices

Pakistan's textile exports had not increased despite the fact that the government had depreciated the currency and reduced the prices of electricity and gas.

The country's textile exports had marginally enhanced by over one percent to $8.9 billion in eight months (July to February) of the ongoing fiscal year.

Meanwhile, the country's overall exports had also shown 1.9 percent growth and recorded at $15.1 billion in July to February period of the 2018-19, according to Pakistan Bureau of Statistics (PBS).

The incumbent government had announced various incentives for the exports oriented sectors to boost the country's exports. The government had depreciated the currency by around 25 percent as the dollar value had gone to Rs140.

Similarly, the government had also announced to reduce the gas and electricity prices for the exports oriented sectors. However, the exports had not increased so far despite all these measures.

"Impact of rupee depreciation would be visible in next five months," said an official of the ministry of commerce last week. He further said that exports will pick up momentum and imports will record further steep decline in the months ahead.

In textile sector, according to PBS, exports of knitwear had enhanced by 11.36 percent during July to February period of the year 2018-19 over a year ago.

Similarly, exports of bed wear had also recorded an increase of 3.53 percent and exports of made-up articles had gone up by 2.12 percent. Meanwhile, exports of ready-made garments had also surged by 2.72 percent in first eight months of the current financial year.

Similarly, exports of raw cotton had tumbled by 72.49 percent. Exports of cotton yarn witnessed an increase of 13.53 percent.

Meanwhile, exports of towels had declined by 1.29 percent. Meanwhile, the exports of food commodities had recorded increase of 1.08 percent during first eight months of the current fiscal year. In food commodities, exports of fruits recorded growth of 15.29 percent, vegetables 1.21 percent and oil seeds, nuts and kernels exports had gone up by 121.7 percent.

The country’s exports have increased by 1.85 percent to $15.11 billion during July to February period of the current fiscal year from $14.84 billion of same period of last year.

On the other hand, the imports have gone down by 6.13 percent to $36.64 billion in first eight months of the year 2018-19 from $39.03 billion of previous year. Therefore, the trade deficit was recorded at $21.52 billion in the period under review.

The country spent $9.6 billion on the imports of petroleum group, 6.7 percent higher than a year ago. In the petroleum sector, the government imported petroleum products worth $4.2 billion and spent $3.04 million on petroleum crude. Similarly, the country imported liquefied natural gas (LNG) worth $2.2 million and liquefied petroleum gas (LPG) worth $182 million.

The PBS data showed that country had spent $6 billion on importing machinery during July and February period of the ongoing fiscal year. The third biggest component was food commodities whose imports rose to $3.9 billion during first eight months of the ongoing financial year.

Source: nation.com.pk- Mar 19, 2019

HOME

****

NATIONAL NEWS

India Textile Exporters Eye U.S., Europe After Tax Boost

Indian clothing suppliers to American and European brands say new tax incentives will help them lower prices and reclaim ground they've lost to competitors elsewhere in Asia.

A new program to make textile exports effectively tax free comes as buyers in places like the U.S. are looking to diversify their supply chains after years of relying heavily on countries like China, said Sanjay Arora of Wazir Advisors, a textile industry consultancy.

India is the second largest exporter of textiles in the world, selling to companies like Walmart Inc., Target Corp., Gap Inc. and Bed Bath & Beyond Inc. Italian fashion brand Benetton Group, which has around 5,000 retail outlets, said it sources 92 million items—7 percent of its total production—from India.

The industry is a major contributor to the country's economy, employing 45 million people and contributing 15 percent to India's export earnings.

The country's commerce and finance officials are finalizing the details of the program, set to start this month. It would give exporters a rebate on central and state taxes that can total as much as 8 percent of the value of the item.

The idea is to compensate for taxes on items like petrol used in manufacturing textiles.

The tax rebate means Indian exporters can reduce prices 5 percent or more, said Dr. Siddhartha Rajagopal, Executive Director of the Cotton Textiles Export Promotion Council.

"U.S. buyers want to shift some of their capacities from China and Bangladesh to India, and this decision will help," Arora said, adding that Indian exporters have begun receiving queries from American brands looking to buy more from the country.

Clawing Back Lost Ground

India's exporters have lost ground as competitors like Bangladesh take advantage of trade agreements with key buyers and domestic incentives to boost trade. The value of Indian textile exports slid from $37.66 billion in 2015 to $32.75 billion last year, according to the India Brand Equity Foundation.

"We are definitely more competitive than what we used to be," said K.V. Srinivasan, managing director Premier Fine Linens Pvt Ltd, whose bed linen ends up in U.S. chains like Crate & Barrel. "We would like to get a larger market share."

Some are skeptical of how much extra business Indian exporters will be able to attract. For example, Indian fabrics still face import tariffs of 8 percent in the European Union compared with zero percent for those from Bangladesh and Pakistan. Reviving the industry will take time, said Anish Narang, managing director of Karavan Advisory Enterprises LLP, who has worked with textile exporters. "It will not happen overnight," he said.

But T.K. Sengupta, president of the Textile Association of India, said exporters are concentrating on expanding their footprint in the U.S. market, where they don't face a tariff disadvantage against their South Asian neighbors.

India is currently the fifth largest clothing supplier to the U.S. Increasing their share of the U.S. market is key to helping Indian exporters reach their growth target, Sengupta said.

The Indian Brand Equity Foundation expects the total industry to increase to $223 billion in 2021 from $150 billion in 2017. "In today's competitive environment, margins are thin.

If you get even 2 to 5 percent rebate back from the government, it's a decent amount," said Harpreet Singh, an indirect tax partner at KPMG. "It would definitely help Indian textile brands compete."

Source: bloombergtax.com- Mar 18, 2019

HOME

****

How India's trade basket changed between 2013-14 and 2018-19

India's merchandise exports in the current financial year are expected to top the levels achieved in 2013-14 for the first time in five years, thanks to a little help from the elevated petroleum product prices.

Estimates are that the value of India's exports will rise above $314 billion, as it had already earned $298 billion between April 2018 and February 2019.

However, the composition of the basket of goods that helped India earned over $300 million in 2013-14 is significantly different now, with the share of petroleum products declining and that of manufactured items rising.

Top earner

Yet, petroleum products continue to be the top earner of foreign exchange, although total earnings are lower than five years ago, an outcome of volatile global prices. Crude and product prices, although elevated, are far lower than it was five years ago.

Therefore, its share in the export basket has declined to 14.8 per cent of the earnings in 2018-19, between April and January, the period for which comparable disaggregated data is available from 20.4 per cent in the corresponding period of 2013-14.

In contrast, the share of electric machinery and equipment as well as aluminium and aluminium products in the export basket has doubled and tripled, respectively, since 2013-14.

Electric machinery and equipment now account for 2.6 per cent of the export basket, up from 1.2 per cent in 2013-14 and aluminium and its products account for 1.8 per cent, up from 0.6 per cent.

At the commodity group level, contribution of chemicals and related products recorded a jump in export earnings from 9.8 per cent in ten months of the 2013-14 to 13.2 per cent in the current year, helped by a jump is export of agro and organic chemicals mostly.

Drugs formulations and biologicals, which are also categorised as chemicals, continue to be a key export commodity.

Significant changes are also seen in the direction of trade, even though the US continues to be the top destination of exports and China the top source of imports.

The US is now a more important destination for India than it was in 2013-14, with 16 per cent of the exports headed there now compared to 12.5 per cent five years ago.

Bangladesh and Nepal are also among the top ten destinations for India's export.

Source: thehindubusinessline.com- Mar 18, 2019

HOME

****

In duty drawback, a readymade short-term gain for SMEs: CRISIL

Export growth has slowed in recent years due to waning cost-competitiveness compared with China, Vietnam and Bangladesh.

CRISIL expects the export incentives announced by the government in December 2018 to materially benefit the readymade garments (RMG) segment. In fiscal 2018, the segment housed about 37,400 SMEs, accounting for a quarter of the market. These units undertake job work for branded apparel companies.

RMG is the largest segment of India's textiles sector. The domestic market accounts for about 76 per cent of its revenues, and grew at 10 per cent in 2018, while exports fell two per cent.

Export growth has slowed in recent years due to waning cost-competitiveness compared with China, Vietnam and Bangladesh. Growth in non-traditional markets (other than US and EU) also likely slowed. In addition, demonetisation, GST and a cut in duty drawback hurt.

To rebound and attain the target of $82 billion exports by fiscal 2021, duty drawback rates were hiked and the cap on products where the rates were less than two per cent was removed.

This should improve competitiveness in markets where India has preferential tariff agreements. The withdrawal of the US from the Trans-Pacific Partnership will also help. But withdrawal of benefits under the Merchandise Exports from India Scheme could be a dampener and a key monitorable.

In the domestic market, deeper penetration of organised retail and the growing preference for RMG over tailor-made garments would lead to a growth of 10 per cent in the domestic market in 2019.

Source: business-standard.com- Mar 18, 2019

HOME

****

Govt's proposed new industrial policy put on the back burner

Efforts to unveil the policy before poll dates were announced come a cropper

Time has run out for the current government to announce the much-publicised new industrial policy that hoped to attract foreign investments worth $100 billion annually, create jobs and ease regulations as the Model Code of Conduct now in place makes it difficult for new measures to be implemented.

"Officials who gave the final shape to the new industrial policy tried their best to speed up things and get the last-mile issues sorted out before the announcement of election dates, but it did not work out.

It can now be hoped that the new government that comes to power after the general elections takes forward the work already done and announces the policy soon," a government official told BusinessLine.

Delay in approval

The Department for Promotion of Industry and Internal Trade (DPIIT), formerly known as the DIPP, had drawn up the new industrial policy sometime last year, and had also sent it to the Union Cabinet for its approval. The proposal, which when implemented would have replaced the 27-year-old existing policy, however, led to a lot of questions from Cabinet members.

"DPIIT officials gave an extensive presentation on the nuances of the proposed policy including changes in labour laws, policy to ease investments and business and also ushering in of new technology including artificial intelligence," the official said.

But doubts on various aspects of the new industrial policy remained and a Cabinet approval was elusive.

"One reason why there was a delay in approval was the fact that the proposal was multi-faceted and included sensitive issues such as labour regulations, foreign investment rules, reversing the inverted duty structure, and lending to the micro and small sectors," the official said.

The new industrial policy proposes to increase share of manufacturing in the country's GDP to 25 per cent by 2022 from the existing 15-16 per cent.

The draft policy also proposed the establishment of a body with representation from the Centre and the States to work on changes in labour laws whenever required. It suggested strengthening of municipal bodies as well.

Increased competition from China was also factored in by the draft policy and its effects on the MSME sector and ways to deal with it discussed.

Source: thehindubusinessline.com- Mar 18, 2019

HOME

****

Textile products export fall in February

Except the cotton yarn/fabs/made-ups/handloom products category, all the other categories under the textile segment reported a decline in exports in February.

Man-made yarn/fab/made-ups category has reported a decline of 2% in the month to $388 million, compared with $398 million in the year-ago period. Similarly, jute manufacturing (including floor covering) reported a decline of 10% to $23 million as compared to $26 million in February 2018.

The carpet and handicraft categories reported a decline of 3% each to $111 million ($114 million) and $151 million ($156 million), respectively, in exports during the month, said the Confederation of Indian Textile Industry.

Exports of the apparel segment, however, grew 7% during the month to $1.544 billion, compared with $1.44 billion in February 2018. Following this, textiles and apparel exports in February saw a growth of 3% to $3.094 billion, against $2.992 billion in February 2018.

Cumulatively (April-February 2019), except the jute category, all the other categories under textile segment grew marginally.

Source: financialexpress.com- Mar 19, 2019

HOME

****

Indian brands/retailers increase sourcing from Bangladesh

Bangladesh's apparel exports to India are up by 115 per cent. Readymade garments constitute around 80 per cent of Bangladesh's exports.

The hiking of the import duty on 328 textile products, which is not applicable to Bangladesh, and the withdrawal of the 12 per cent countervailing duty on textiles after the introduction of GST helped increase the exports of readymade garments from Bangladesh to India.

Retailers like Reliance, Future Group, Aditya Birla Retail, Arvind Retail, Woodland are aggressively increasing their sourcing from Bangladesh.

Reliance Retail sourced 60 lakh pieces of garments from Bangladesh last year.

The target for Reliance Retail is to increase the same to one crore pieces this year. The company is looking for manufacturers that can offer 20 per cent of their capacity with over 600 machines.

Only 15 per cent of Reliance Retail's current sourcing—mainly in shirts, bottoms and fashion knits--comes from Bangladesh.

The wide opportunities Bangladesh presents to Indian retailers are largely underutilised.

For some retailers, the key product is bottom wear. However, shirts, jackets, knits, suits and lingerie are potential products which too can be sourced very competitively from Bangladesh.

Today Bangladesh is second only to China in the global apparel sourcing business matrix.

After capturing the markets of the west, the country is looking at developing new markets, among which India is the most important.

Source: fashionatingworld.com- Mar 18, 2019

HOME

****

FIEO expresses concern over rupee surge

The Federation of Indian Export Organisations (FIEO) on Monday said the sharp appreciation in the rupee is a cause of concern and called for intervention to manage extreme volatility in the domestic currency.

The Indian rupee surged by 57 paise on Monday to close at an over seven-month high of 68.53 against the US dollar, also marking a sixth straight session of gains, driven by sustained foreign fund inflows and narrowing trade deficit.

“Such sharp appreciation is causing concern both amongst the exporters as well as importers, as uncertainty in the exchange rate is driving volatility,” FIEO President Ganesh Gupta said.

“Exporters who have contracted at ₹74 to a dollar but could not hedge it due to non-availability of limit by banks, tend to incur huge losses,” he said.

Source: thehindubusinessline.com- Mar 18, 2019

HOME

****

India to renew essential commodities quota for Maldives

To hold Maldives-India Business Forum in 2019

India will renew the quota for essential commodities for Maldives, including river sand and stone aggregate, for a period of three years, starting April 1, 2019, Minister for External Affairs Sushma Swaraj has said.

In a meeting between Swaraj and her counterpart Abdulla Shahid in Male, the two noted the increase in bilateral trade volume over the past few years and agreed to improve connectivity as a means to promote the exchange of goods and services, culture, and people, according to a joint statement released by the two sides.

“The Ministers also agreed on the need to boost private sector involvement, and agreed to hold the Maldives-India Business Forum in 2019,” the statement added.

Swaraj is on a two-day visit to Maldives at the invitation of her counterpart Shahid.

At present, India’s exports to the Maldives are worth $212 million, which is a miniscule part of the country’s total exports of over $300 billion. Its imports from the tropical country are negligible at round $5 million.

Last January there were reports that India had cut down on Maldive’s quota for essential commodities such as onions and eggs. The Indian government had denied the allegation and clarified that the quota for the items were based on the actual utilisation by the country in the recent past.

India's relationship with Maldives improved significantly after pro-India opposition candidate Ibrahim Mohamed Solih won in the September 2018 elections and became the new president after defeating Abdulla Yameen, who was seen as being close to China.

"FM Shahid thanked the Government of India for the provision of financial assistance in the form of budgetary support, currency swap, and concessional lines of credit," the statement said.

The Foreign Ministers welcomed the entry-into-force, on March 11 2019, of the Agreement on Visa Facilitation and expressed their commitment to address the issues related to the welfare of their respective communities residing in both countries, including the speedy provision of consular services.

Source: thehindubusinessline.com- Mar 18, 2019

HOME

****

Punjab Agricultural University (PAU) inks pact with Japanese firm to develop coloured cotton

Punjab Agricultural University (PAU), Ludhiana, signed a memorandum of understanding (MoU) with Japan-based Nippon Steel and Sumikin Bussan (NSSB) Corporation for development of cotton through biotechnological means.

The pact was inked by PAU Vice-Chancellor Dr Baldev Singh Dhillon and Eiichi Nakamura, senior managing executive officer, NSSB, in the presence of the delegation from Japan and deans and directors of the PAU.

Tetsuya Uetake, First Secretary, Embassy of Japan, Dinesh Oswal, chairman, Nahar Group, Dr DS Brar, member, PAU Board of Management and Dr Jagdish Kaur, additional director communication also graced the occasion.

The NSSB is a global leader in steel with an annual turnover of $18 billion and has interests in textiles and food items as well. Its textile division is engaged in all the steps starting from material development, product planning, production and distribution.

"This MoU is a significant milestone for the PAU as a leading international conglomerate has stepped forward to fund a crucial research project," said Dr Dhillon. He said this was a new beginning and more collaborations would be done at national and international level.

Dr Sakae Suzuki of the Tokyo University of Agriculture and Technology has cloned the genes responsible for pigment (colour) production in flowers. Using the same analogy, the PAU would be working on developing coloured cotton.

Uetake appreciated efforts of the PAU and NSSB in formulating the collaboration and hoped that more Japanese companies would come forward to tap the strength of the PAU.

Dr NS Bains, Director of Research, PAU, gave a brief overview of the proposed research project.

He said, "The PAU is known for its strength in developing superior crop varieties and use of biotechnological tools for speeding up breeding process. An interest in the development of cotton varieties with specific quality characteristics led the NSSB to PAU."

Source: tribuneindia.com- Mar 19, 2019

HOME

****

Higher Local Cotton Prices To Impact Margin, Says Vardhman Textiles

Textile makers may not be able to sustain the strong growth in margins as seen in the last quarter due to higher support price for cotton, according to Neeraj Jain, joint managing director at Vardhman Textiles Ltd.

"The increase in minimum support price has made the local cotton prices much higher this year," Jain told BloombergQuint in an interview. The trading gains, he said, aided the increase in profit margin last year.

"The trading advantage, however, due to the difference in prices could return this year due to lower overall cotton output."

Jain said the new rebate scheme of all embedded taxes and levies announced by the Ministry of Textiles will “indirectly help” the company as it supplies raw materials to home textiles and garment makers.

Source: bloombergquint.com- Mar 18, 2019

HOME

****

Power loom weavers hope to spin profit without middlemen

Similar to co-operative agricultural bodies to market produce directly and ensure value addition, textile department officials are now looking to create ‘weaver companies’ for small power loom weavers. A definitive measure, which attempts to weed out middlemen to increase the scope and income of small weavers, said officials.

Sourcing cheap raw material from Tamil Nadu and selling it elsewhere, the middlemen work to restrict the business potential of weavers here. "Middlemen place bulk orders of around 10,000m or more to master weavers, who in turn outsource it to smaller power loom weavers.

The small weavers are paid daily wages," said M Balasubramanian, deputy director at the regional office of the textile commissioner in Coimbatore.

This has made the weavers dependent on these job orders and has been stopping them from realizing their full potential, said Balasubramanian. Those small weavers who buy yarn and weave grey fabric for individual orders too don’t have ready investment prospects as they have to wait 120 days to get the payment, he said.

The middlemen sell the fabric in other states which come back here as value-added textiles. "If small weavers form companies, they could get big orders, but and also do value addition to improve their marketing prospects," he said.

Officials at the regional office of the textile commissioner, under the ministry of textiles, Government of India, said a proposal has been sent to the ministry seeking support for small power loom weavers in the region to set up companies.

"So far nine weaver clusters have volunteered to form companies. Each of these clusters has 500 power looms and around 1,500 to 2,000 beneficiaries," he said.

The state's proposal seeks financial assistance for the weaver clusters so that they can get big orders for grey fabric and also produce value-added fabric such as dyed and printed fabrics. I

t seeks to facilitate interest-free loans meant for weavers for a period of five years. Small power loom weavers from areas such as Palladam, Somanur, Pallipalayam and Veerappanchatram in Coimbatore, Tirupur, Erode and Namakkal districts have shown interest.

Weavers who have come forward to form companies as it gives them an MSME status. This would not only get them big orders, but also a representation for government orders.

V T Karunanidhi, former vice-chairman of Powerloom Development and Export Promotion Council, said the initiative would transform small power loom weavers, who now operate for wages, into entrepreneurs.

Source: timesofindia.com- Mar 19, 2019

HOME

****