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The Cotton Textiles Export Promotion Council [TEXPROCIL]
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IBTEX No. 126 of 2018 June 19, 2018

USD 68.08| EUR 79.17 | GBP 90.25 | JPY 0.62

Cotton Market

Spot Price (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
21967	45950	**86.20**
Domestic Futures Price (Ex. Gin), June		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
22390	46835	**87.86**

International Futures Price

NY ICE USD Cents/lb (July 2018)	87.32
ZCE Cotton: Yuan/MT (Jan 2019)	17,365
ZCE Cotton: USD Cents/lb	**103.85**
Cotlook A Index – Physical	**101.70**

Cotton guide: Cotton Guide: The first most noticeable point on cotton is the spread between July and December contract has narrowed down to .20 cents which was all the way hovering in the range of 1 to 3.50 cents for the past one month. The spread has considerably declined in last two trading sessions as each underlying contract has declined over 500 points while July has declined more than the December. Last Friday i.e. on 15th June the June option contract expiry was scheduled; post that there has been clear squaring off position on the underlying July future contract. On Monday July contract settled at 87.32 while December ended at 87.77 cents per pound. Both the contracts trading steady this morning. The 1st notice period for July contract is on 25th of June hence the trading volume and open interests are rapidly reducing and being parked on the subsequent contracts. We think the major focus is on December contract.

In fact any development related to weather in the US especially in West Texas region, speculative activities, funds movement and large movement of trading volume and open interests are all taking place on December contract.(The new crop contact) We think the said contract is more prune to current fundamental factors running across the world. For detailed report please access kotak Commodities Research Desk.

Currency Guide:

Indian trades little changed near 68 levels against the US dollar. Rupee is pressurized by general weaker risk sentiment amid intensifying trade war between US and China. US President Donald Trump has threatened China with additional import tariffs and China has vowed to retaliate. Also weighing on rupee is choppiness in crude oil price ahead of OPEC decision on June 22. Brent crude is trading near $75/bbl amid uncertainty about extent of production hike by OPEC members. Also weighing on rupee is Fed's forecast of two more rate hikes this year on back of stronger US economy.

However, supporting rupee is RBI's move to ease foreign investment rules. On Friday, RBI eased some rules to provide foreign funds more flexibility to invest in the securities. RBI said that the cap on total foreign portfolio investment in any single federal-government security was raised to 30% of outstanding stock from 20%, among other changes. Rupee may remain under pressure on weaker risk sentiment. USDINR may trade in a range of 67.85-68.15 and bias may be on the upside.

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

Indicative Prices of Overseas Ring Spun Cotton Yarn in Chinese market:

Indicative Prices of Cotton Yarn in China Date: 16/06/2018	***Prices in US$ FOB***	
Country	**20s Carded**	**30s Carded**
India	2.80	3.10
Indonesia	2.56	2.85
Pakistan	2.44	2.82
Turkey	3.10	3.30
Source: CCF Group		

China yarn

Cotton yarn trading sustained weak and price fell 200-500yuan/mt in some places. Polyester yarn fell amid weak virgin PSF and demand. Rayon yarn was stable. Polyester/cotton yarn and polyester/rayon yarn was stable while cotton/rayon yarn inched down.

International yarn

The cotton yarn market has been fairly steady in Pakistan, with good demand in evidence during the run up to Eid holidays.

Open-end spinners in Turkey have continued to complain of difficult trading conditions. Some mills have reduced operations.

China was the major destination for Indian cotton yarn exports during March.

Source: CCF Group

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INTERNATIONAL NEWS

Led by Declines in Asia and Brazil, Global Yarn and Fabric Production Falls 23%

Global yarn production decreased 23 percent in the fourth quarter of 2017 compared to the third quarter, while fabric output fell 2 percent in the same period, according to a new report from the International Textile Manufacturers Federation (ITMF). Europe and Africa saw the biggest gains, while Brazil and Asia saw the largest declines.

Yarn production was down 23 percent in Brazil, 14 percent in Asia and 4 percent in the U.S., dragging on a 15 percent increase in Europe and 12 percent growth in Africa, ITMF reported. All surveyed countries, except Brazil and Germany, are expected to register a decrease in yarn output in the first quarter, too.

Global yarn stocks were stable between the third and fourth quarters, according to ITMF. An 11 percent reduction in Brazil, 9 percent falloff in Egypt and 4 percent dip in Europe were balanced out by a 3 percent increase in Asia.

Overall, yarn stocks reached 96 percent of their previous year level for the same quarter. Yarn orders increased on average quarter to quarter, with an 8 percent contraction in South Korea equaled by positive trends in the other reporting countries.

The global fabric production decline was led by a 12 percent drop in Brazil and a 2 percent decrease in Asia, while Europe saw declines of 10 percent, and Africa was down 6 percent.

The world output level reached 95 percent of its fourth quarter 2016 level. On the brighter side, Europe and Brazil are expected to post production increases in the first quarter.

The global fabric stock level grew 3 percent in the fourth quarter, driven by Brazil's 15 percent gain, and brought the index of fabrics stocks 3 percent above year-ago levels. In 2017, stocks have been stable in Asia and the U.S., and they increased steadily in Europe and Brazil, while falling in Egypt.

On average, fabric orders reduced 23 percent between the third and fourth quarters in the countries under review, ITMF noted.

The growth of 11 percent in Egypt and 2 percent in Europe was not sufficient to compensate for reductions of 31 percent in Brazil. The global index for fabric orders fell 3 percent from the fourth quarter of 2016.

Source: sourcingjournal.com- June 18, 2018

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Global Cotton Prices Top $1 Per Pound for First Time In Six Years

Driven by overall trade volatility, a lower production forecast and China's uncertain policies, cotton prices are headed upward toward recent historic highs.

In its newly released monthly outlook, Cotton Incorporated said, "The global cotton market was volatile over the past month, with values for most benchmark prices moving strongly higher in the second half of May."

Values for the July New York futures contracts surged to 95 cents a pound of late from levels near 84 cents a pound a month ago, the report noted. Values for the December New York futures contracts rose more sharply than those for July–to 93 cents a pound from 80 cents in early May. The A Index, an average of global spot prices, also climbed.

"One month ago, values for the A Index were near 94 cents a pound. The latest values have been over $1 a pound, marking the first time since March 2012 that the A Index has been over a dollar," Cotton Inc.'s June report said. The high water mark was reached in 2008, when cotton prices topped $2 a pound due to a confluence of factors.

The U.S. Department of Agriculture's (USDA) latest report shows spot prices averaged 90.27 cents per pound for the week ending Thursday. This is the highest weekly average since week ending Jan. 19, 2012, when the average was 90.39 cents, USDA said.

Synthetic fiber prices have also spiked recently, but eased off a bit in May. The U.S. Bureau of Labor Statistics Producer Price Index (PPI) showed the PPI dropped to 128.2 from 128.4 in May from April, but was still up 5.5% from a year earlier.

Gasoline prices have helped feed to the rise in synthetics. A barrel of light sweet crude oil was up 25 cents to $66.89 at Thursday's close on the New York Mercantile Exchange compare to $42.50 a year ago.

This month's USDA report on cotton featured a reduction in the 2018-19 global production forecast to 120.4 million bales from 121.2 million bales and a marginal change to the global mill-use forecast.

"With the estimate for 2018-19 beginning stocks unchanged, the net effect of this month's revisions was to lower the forecast for 2018-19 ending stocks by virtually the same amount as the reduction in the production number," to 83 million bales from 83.7 million," the report said.

The largest changes to harvest expectations were for China, Pakistan, Australia and Brazil. Despite continued hot and dry conditions in the important West Texan region, no change was made to the U.S. production forecast.

Cotton Inc. said analysis suggests that this latest round of global volatility has a lot to do with China, where "in response to domestic volatility, the Chinese government made a series of announcements in early June.

Generally, these statements emphasized the existence of adequate supply in the near-term and the ability to secure additional cotton as needed into the future."

To curb speculation in cotton sold from reserves, the government banned traders and merchants from buying at auction, the report noted.

Chinese officials also indicated that adverse weather throughout the spring in the important Xinjiang province, where 75 percent to 80 percent of Chinese production is, should have only a limited effect on yield, and that fears of a collapse in the domestic harvest were overblown.

"Importantly for the rest of the world, the Chinese government also reported that plans are in place to increase import quota, with officials indicating that sliding-scale quota can be released in the near future," Cotton Inc. said.

"These comments highlight a central source of uncertainty for the global cotton market during the 2018-19 crop year, which is how much more China cotton may import.

With dry conditions affecting the largest growing region of the largest exporting country (West Texas, U.S.), the possibility of stronger than forecast Chinese imports underline the possibility of lower than expected ending stocks outside of China."

The report did not make mention of potential U.S. or Chinese tariffs on imported cotton. But recent reports have warned of the price disruption they could cause.

USDA forecasts indicate that ending stocks outside of China will increase in 2018-19, adding to the record volume estimated for 2017-18, the report said.

"This volume will serve as a buffer against rising Chinese import demand, but there are questions about the accuracy of the USDA's estimate for non-Chinese stocks," the report noted.

"The actual volume of stocks available for export to China, as well as the size of the increase in Chinese imports can be expected to determine price levels in 2018-19 and beyond."

Source: sourcingjournal.com- June 18, 2018

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Canada: Legislation introduced to ratify Trans-Pacific free trade deal

Canada's Liberal government has introduced a legislation to ratify a free trade deal with 10 other Pacific nations that would grant Canada preferential access to some of the biggest and fastest-growing economies in the Asia-Pacific region. According to Global Affairs Canada the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) will create a free trade zone covering a market of 500 million people with a combined GDP of $13.5 trillion. In 2017, Canada's merchandise trade with the 10 other CPTPP countries amounted to more than $95 billion.

The original 12-member Trans-Pacific Partnership (TPP) deal negotiated by the previous Conservative government was thrown into limbo early last year when U.S. President Donald Trump withdrew from the agreement to prioritise protecting American jobs.

However, the remaining 11 member countries led by Japan, finalised a revised trade pact in January. It was eventually signed by representatives of all member countries on March 8, in Santiago, Chile. The agreement will enter into force 60 days after at least six of the partner countries complete their respective ratification procedures.

Source: fashionatingworld.com- June 18, 2018

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Vietnam's Economy Going Strong but Global Forces Could Curtail Growth

Vietnam's economic growth has been driven by renewed strength in foreign direct investment (FDI) and an ongoing shift in labor away from agriculture into more productive manufacturing and service sectors.

The country's broad macroeconomic stability and a cyclical increase in global demand has also boosted its economy, however, "Taking Stock," the World Bank's latest economic update for Vietnam, said external risks, include "escalating trade protectionism, heightened geopolitical tensions and faster-than-expected monetary tightening" could lead to disorderly financial market movements and stall the country's momentum.

“Vietnam’s high economic growth in 2017 and in the first quarter of 2018 is impressive and gives the country a firm foundation to move forward,” Ousmane Dione, the World Bank country director for Vietnam, said. “This period of robust economic activity is a great opportunity to invest in human capital, so that the country can address the challenge of maintaining this growth momentum.”

Vietnam’s real gross domestic product (GDP) expanded nearly 7.4% during the first quarter of 2018, benefiting from a favorable external environment, with global GDP growth expected to peak at 3.1% percent this year, the report noted.

Vietnam’s trade balance improved thanks to strong exports and FDI inflows, contributing to a current account surplus estimated at 6.8% GDP in the first quarter, the World Bank said. The country’s exchange rate has been relatively stable, while reserves continued to rise, reaching roughly $63 billion in the first four months of 2018—equal to around 3.6 months of imports.

Vietnam was the third-largest U.S. supplier of apparel and textiles for the year through April, with imports hitting 4.88 million square meter equivalents, representing a 7.41% market share.

The Southeast Asian nation holds a 14.48% market share of apparel imports to the U.S., worth $11.71 billion for the same time period.

Against the backdrop of low inflation, monetary policy remains accommodative, the report said. Vietnam’s consumer price index has been ticking up slightly, rising to 2.8% year on year in April, pushed up by electricity and health services price hikes. Rapid credit growth and abundant liquidity could worsen volatility in Vietnam’s financial markets, especially against the anticipated tightening of global monetary conditions, the Work Bank warned.

Real GDP is projected to expand 6.85 this year from 6.5% percent in the previous World Bank forecast in December, before moderating to 6.6% in 2019 and 6.5% in 2020, based on an expected slowdown in global demand. Inflation is expected to remain around the 4 percent government target.

“The current favorable economic conditions with high growth and low inflation offer a unique opportunity to push ahead with reforms,” Sebastian Eckardt, lead economist for the World Bank in Vietnam, said.

“Prudent macroeconomic policies should be accompanied by comprehensive and deep structural reforms, including regulatory reforms to remove barriers to and reduce the cost of private sector activity, human capital and high-quality infrastructure investments, and further reforms to enhance productivity of state-owned enterprises.”

World Bank said risks remain significant, despite improved short-term prospects. Slow progress in restructuring state-owned enterprises and banking sectors could adversely impact the overall financial situation, undermine growth prospects and create large public-sector liabilities, the Taking Stock report noted.

Looking at reform priorities for reducing trade costs and enhancing competitiveness in Vietnam, World Bank noted that while Vietnam has made progress in reducing tariffs, there is still significant potential to reduce trade cost through rationalization of non-tariff measures or specialized controls, more efficient border management and logistics.

This can be achieved by a comprehensive program comprising four pillars– reducing trade cost related to time-consuming measures and procedures before and at the border, improving trade-related infrastructure and quality of connectivity, building a competitive logistics service sector and strengthening interagency coordination and partnership with the private sector.

The report argued that the National Logistics Action Plan has been issued as an initial effort toward implementing reform priorities on trade facilitation and logistics, but it can be further improved to better reflect an integrated approach.

Source: sourcingjournal.com- June 18, 2018

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Colombia looking to join CPTPP trade deal

Colombia has formally requested for permission to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), says Mexico's Economy Minister Ildefonso Guajardo. The South American nation has formally notified New Zealand, the depositary of the 11-national deal, of its interest in joining the agreement once it comes into force.

The CPTPP has replaced the Trans-Pacific Partnership (TPP), which was thrown into question early last year when U.S. President Donald Trump withdrew from the deal after his inauguration. The CPTPP comprises: Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam.

The United States withdrew from the deal as one of President Donald Trump's first acts, but has in recent months discussed a return. Prime Minister Malcolm Turnbull stated that the United Kingdom had also shown real interest in joining the deal once Brexit was finalised.

Source: fashionatingworld.com- June 18, 2018

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US clothing retail sales up 8.2% over last year in May

As US economy continues to grow, retail sales in May 2018 at clothing and clothing accessory stores were up 8.2 per cent year-on-year and 1.3 per cent from April seasonally adjusted, the National Retail Federation (NRF) has said. Overall retail sales during the month increased 0.7 per cent seasonally adjusted over April and 5.6 per cent unadjusted y-o-y.

NRF's numbers are based on data from the US Census Bureau, which said overall May sales – including automobiles, gasoline and restaurants – were up 0.8 per cent seasonally adjusted from April and up 5.9 per cent year-over-year.

The increase in sales was due to consumers continuing to spend prompted by a growing economy.

"The economy is looking strong and households have a solid financial foundation on which to base their spending," NRF chief economist Jack Kleinhenz said, noting increased take-home pay thanks in part to tax cuts, unemployment at a long-time low and good availability of consumer credit.

"We have seen ongoing momentum over the last several months and believe sales growth should remain healthy and consistent with our 2018 outlook. Nonetheless, inflation and rising oil prices are complicating the picture. And new tariffs or a trade war would certainly be negatives that would increase prices and reduce both consumer purchasing power and consumer confidence."

The three-month moving average was up 4.6 per cent over the same period a year ago, topping NRF's forecast that 2018 retail sales will grow between 3.8 per cent and 4.4 per cent over 2017.

The May results build on improvement seen in April, which was up 0.5 per cent monthly and 2.8 percent year over year.

During the month, online and other non-store sales were up 9.1 per cent year-over-year and up 0.1 per cent over April seasonally adjusted. However, sales at sporting goods stores were down 0.5 per cent year-over-year and down 1.1 per cent from April seasonally adjusted.

Source: fibre2fashion.com- June 18, 2018

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Australia keen on FTA with EU

Australia has kicked off negotiations for a free trade agreement with the European Union to drive Australian exports, economic growth, and create new Australian jobs. The agreement will give Australian businesses preferential access to the EU.

Australia will look to lock in access and create new commercially meaningful opportunities for Australian services exporters, with a focus on education, financial, and professional services. It will also explore rules and initiatives to support the digital economy, innovation, and increase opportunities for high-technology startups.

Australia similarly signed a free trade agreement earlier this year with 11 Pacific Rim nations. This is the Comprehensive and Progressive Agreement for Trans-Pacific Partnership CTPP 11 signed by Australia, Canada, New Zealand, Singapore, Vietnam, Malaysia, Japan, Mexico, Peru, Brunei, and Chile. It will take effect in Australia by the end of 2018. South Korea, Thailand, and Indonesia have shown strong interest in joining the TPP as well as Colombia. The United Kingdom, which will complete Brexit next year, could also join.

The original TPP was signed in February 2016 by the US, but was then dumped. China is unwilling to join instead favoring the RCEP, which is being negotiated between China, Australia, India, Japan, South Korea, New Zealand, Singapore, Malaysia, Vietnam, Brunei, Cambodia, Indonesia, Laos, Myanmar, the Philippines, and Thailand.

Source: fashionatingworld.com- June 18, 2018

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Vietnam: Garment-textile sector seeks to optimise opportunities from CPTPP

The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) is expected to come into force in early 2019, which will open up numerous opportunities for Vietnamese garment-textile sector.

According to the Vietnam Textile and Apparel Association (VTAA), the industry could access many markets with huge potential, including those with which Vietnam has yet to sign free trade agreements (FTA).

Under the CPTPP, import tariff on most products will reduce to zero over the course of seven years, which will help businesses achieve high economic efficiency and increase competitiveness.

Garment-textile firms will be also able to make use of raw material supply and learn about production technology and management skills from CPTPP member countries.

To realise an annual export growth of 10 percent, the sector needs to make best use of markets of member countries of the trade deal.

The pact will provide new opportunities for businesses in both export and import. For example, currently Vietnamese apparel makers have to rely on materials imported from China, Japan and the Republic of Korea. With the CPTPP, enterprises could import material from other CPTPP countries such as wool from Australia.

In order to capitalize on opportunities presented by the CPTPP, enterprises will need strong support from State management agencies. On their part, the enterprises must spare no effort to penetrate into the markets, first of all by studying thoroughly their target markets. They should also invest in modern machines and sharpening skills for workers.

The original Trans-Pacific Partnership (TPP) was signed by 12 countries in February 2016 but US President Donald Trump pulled his country from the deal upon taking office in January 2017.

The remaining 11 countries, namely Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam, continued to sign the pact and renamed it the CPTPP in March 2018 in Chile.

The pact, which delivers a strong message against the protectionism in the world, is expected to boost economic growth, create more jobs, reduce poverty and improve the quality of life for people in member countries.

The deal will create one of the world’s largest free trade blocs with a combined market of 499 million people and GDP of around 10.1 trillion USD, accounting for 13.5 percent of the global GDP.

More than 2,000 foreign businesses from 16 countries and territories worldwide have invested some 15.75 trillion USD in Vietnam’s garment and textile sector so far, according to the VTAA.

The total textiles and garment import turnover of the CPTPP member countries exceeded 53 billion USD in 2017. Vietnam earned over 4.8 billion USD from exporting textiles and garments to the other CPTPP member nations in 2017, making up 9.07 percent of the market share.

Source: en.vietnamplus.vn- June 18, 2018

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Vietnam yarn exports up 14 per cent this year

In the first quarter of 2018, Vietnam's exports of yarns and fibers were up 14.2 per cent in volume and 17.3 per cent in value compared with the same period last year.

Two thirds of yarn produced in Vietnam is for export.

Yarn and fiber exports performed well in the early months of 2018, especially to the US, Korea and India.

Prior to 2000, the domestic fiber sector had only one million spindles but since then, fiber production expanded to 3.7 million spindles in 2007 and is seven million spindles at present.

Vietnam's fiber sector can take advantage of new-generation free trade agreements to develop further.

Under such agreements with Korea and Vietnam, import taxes applied to Vietnamese fiber have been reduced to zero per cent.

Vietnam is seen as an ideal destination for foreign-invested spinning projects. Korea, China and Hong Kong are leading investors of spinning factories in Vietnam. Japan also outsources yarn products to Vietnam.

In 2017, Vietnam exported 7,00,000 tons of fiber and yarn to China. Yarn and fiber exports are forecast to reach about $3.9 billion in 2018 compared with $3.59 billion dollars in 2017.

As a leading yarn and fiber exporter, the Century Synthetic Fiber Corporation has recorded high export growth in the past two years.

Source: fashionatingworld.com- June 18, 2018

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Rwanda to pay tax of exporters affected by AGOA suspension

Rwanda will take over the tax obligations of its apparel exporters to ensure they are not adversely affected by the anticipated suspension of duty-free access to the US market under the African Growth Opportunity Act (AGOA).

The US Government had announced in March its intention to suspend duty-free treatment to all AGOA-eligible apparel items for Rwanda.

The Rwandan Government is putting up an adjustment facility to pay taxes imposed on the exporters for the next one year. This would allow firms work on accessing new markets as well as meet existing contractual obligations to the US market, Rwanda Development Board CEO Clare Akamanzi told in an exclusive interview to a leading Rwandan daily.

The suspension is a result of implementation by Rwanda of an East African Community decision to phase out second-hand clothes imports to help boost the region’s textile industry.

The aim is to identify alternative markets in Europe, Asia and the African continent that can allow duty free access, Akamanzi said.

Source: fibre2fashion.com- June 18, 2018

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NATIONAL NEWS

India's merchandise exports jumps 20.2% in May 2018

Trade deficit remains elevated at US$ 14.62 billion in May 2018

India's merchandise exports jumped 20.2% to US$ 28.86 billion in May 2018 over a year ago. Meanwhile, merchandise imports moved up 14.9% to US$ 43.48 billion. The trade deficit rose 5.6% to US$ 14.62 billion in May 2018 from US$ 13.84 billion in May 2017.

Oil imports surged 49.5% to US$ 11.50 billion, while the non-oil imports rose 6.0% to US$ 31.98 billion in May 2018 over May 2017. The share of oil imports in total imports was 26.4% in May 2018, compared with 20.3% in May 2017. The price of India's basket of crude oil galloped 48.9% to US$ 75.31 per barrel in May 2018 over May 2017.

Among the non-oil imports, the major contributors to the overall rise in imports were electronic goods imports rising 19.9% to US$ 4.99 billion, electrical & non-electrical machinery 30.9% to US$ 3.23 billion, organic & inorganic chemicals 28.3% to US$ 2.10 billion, iron & steel 39.1% to US$ 1.48 billion, crude & manufactured fertilizers 73.5% to US$ 0.86 billion, coal, coke & briquettes etc 17.9% to US$ 2.18 billion, non-ferrous metals 20.5% to US$ 1.24 billion and transport equipment 19.6% to US$ 1.24 billion.

The imports also improved for artificial resins, plastic materials etc by 11.8% to US$ 1.36 billion, chemical material & products 26.4% to US$ 0.69 billion, medicinal & pharmaceutical products 21.9% to US$ 0.54 billion, wood & wood products 4.7% to US$ 0.52 billion and silver 0.5% to US$ 0.45 billion.

However, the imports have declined for gold by 29.8% to US$ 3.48 billion, pearls, precious & semi-precious stones 24.8% to US$ 2.22 billion, pulses 86.5% to US$ 0.04 billion, vegetable oil 14.7% to US$ 0.92 billion and metaliferrous ores & other minerals 14.9% to US$ 0.52 billion in May 2018.

On exports front, the petroleum products recorded an increase in exports by 104.5% to US$ 5.24 billion, followed by engineering goods 14.8% to US$ 7.15 billion, organic & inorganic chemicals 34.2% to US$ 1.72 billion, drugs & pharmaceuticals 25.7% to US$ 1.52 billion, cotton yarn/fabrics/made-ups, handloom products etc 24.7% to US$ 0.94 billion and plastic & linoleum

36.0% to US$ 0.68 billion. The exports also moved up for rice by 15.2% to US$ 0.74 billion, electronic goods 18.7% to US$ 0.60 billion, man-made yarn/fabrics/made-ups etc 12.6% to US$ 0.42 billion, meat, dairy & poultry products 14.6% to US$ 0.36 billion and mica, coal & other ores, minerals including processed minerals 13.4% to US$ 0.35 billion in May 2018.

Further, the exports has improved for ceramic products & glassware by 16.6% to US$ 0.20 billion, spices 6.7% to US$ 0.27 billion, marine products 2.1% to US$ 0.56 billion, leather & leather products 2.0% to US$ 0.43 billion and fruits & vegetables 1.5% to US$ 0.18 billion in May 2018.

However, the exports declined for RMG of all textiles by 16.6% to US$ 1.34 billion, gems & jewellery 6.5% to US$ 3.68 billion, and handicrafts excluding handmade carpet 2.3% to US$ 0.15 billion in May 2018.

Merchandise exports in Rupees increased 26.0% to Rs 194928 crore, while imports moved up 20.4% to Rs 293660 crore in May 2018 over May 2017.

The trade deficit rose to Rs 98732 crore in May 2018 compared with Rs 89175 crore in May 2017.

India's merchandise exports increased 12.6% to US$ 54.77 billion, while merchandise imports moved up 9.7% to US$ 83.11 billion in April-May 2018. An increase in imports was driven by a 45.6% jump in oil imports to US$ 21.91 billion.

India's merchandise trade deficit rose to US$ 28.34 billion in April-May 2018 from US$ 27.09 billion in April-May 2017.

Source: business-standard.com- June 18, 2018

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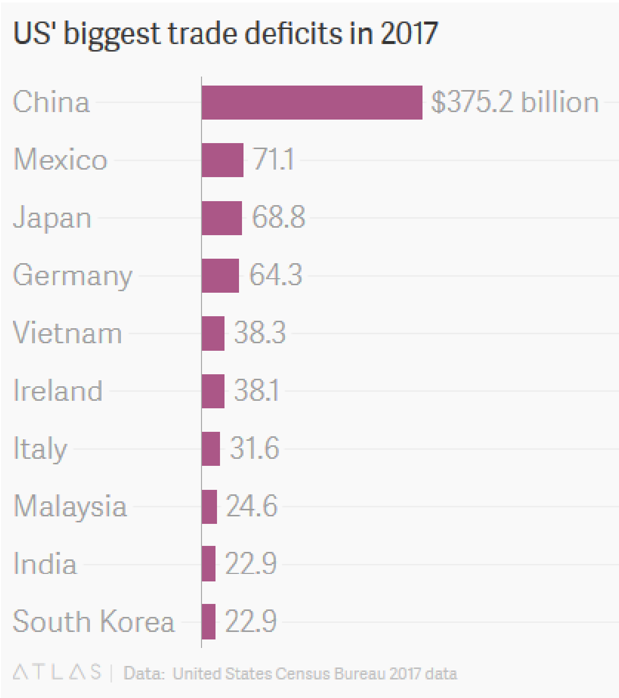
India is starting to fight back in Trump's global trade war

The ongoing trade war between the US and China has caught global attention. However, US president Donald Trump's trade tantrums have put the world's largest economy in conflict with other countries, too, like Canada and those in Europe. And some of them have even retaliated in kind, including India.

On June 16, India's ministry for commerce reportedly notified the World Trade Organisation (WTO) that it would hike tariffs on 30 imported American goods, by up to 50% over the current duties. These include motorcycles, heavy machinery, chocolates, almonds, and shrimps.

This hike is in response to the US increasing the duty on aluminium and steel imported from India in March this year. India's reprisal follows the US government's reported snubbing of a request from India to be exempted from the higher tariffs.

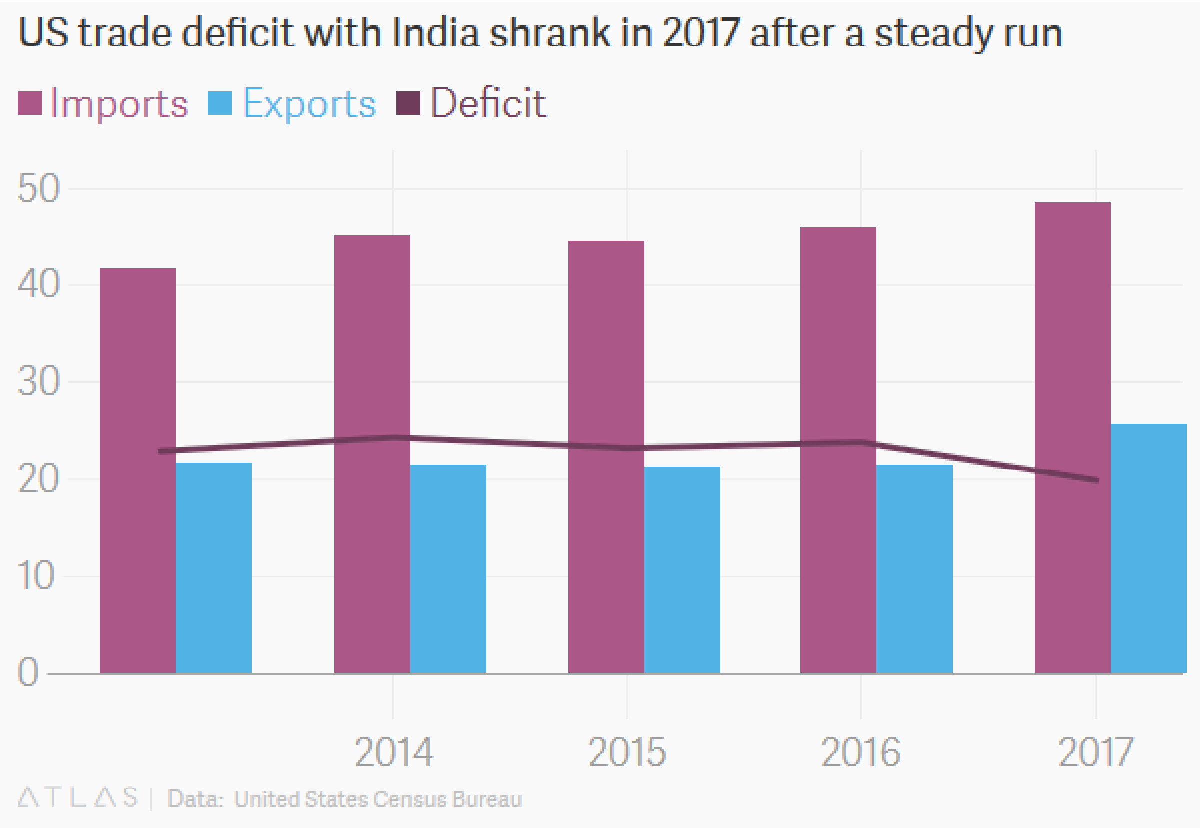


"Our estimates place a combined $240 million loss for India on account of Mr. Trump's steel, aluminium tariffs and we felt a reciprocal tariff of a similar amount on US imports would be fair," a senior commerce ministry official told the Business Standard newspaper.

Trump's trade policy is based on his "America first" rhetoric aimed at boosting the competitiveness of the manufacturing industries and jobs in the US. As the world's second-biggest consumer of steel and the third-biggest of aluminium, the US has a huge trade deficit with most exporting countries.

A trade deficit is the amount by which a country's imports exceed the exports. India ranks ninth on that list.

America's trade deficit with India has, however, come down a bit lately. India primarily sells pearls, pharmaceuticals, chemicals, and textiles to the US, and imports nuclear reactors, machinery, mineral fuels, and oil among other products.



India's letter to the WTO has come amidst similar moves from the European Union and China.

US consumers will now have to pay more for imported goods from Europe like whisky, denim, and motorcycles. This come after the Trump administration bumped up duties on metal bought from across the Atlantic.

On Saturday (June 16), Beijing announced higher duties on agricultural products, automobiles, and seafood imported from the US. Higher tariffs on another 114 items, including chemicals, medical equipment, and energy products, will come into effect later.

Source: qz.com- June 18, 2018

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Govt to spend $1 bn to expand services exports, says Suresh Prabhu

A strategy of products in new markets is being developed and exports are also being promoted in regions like Africa, Latin America and Central Asia, says Prabhu

Commerce and Industry Minister Suresh Prabhu on Monday said the government has planned to spend $1 billion to boost export of services from the country as trade in services is growing faster than trade in goods.

"The government is working on a comprehensive strategy to boost services exports and $1 billion will be spent to promote 12 champion services sectors," he said in his keynote address at 6th Growth Net Summit organised by CII here.

For the first time, a strategy of products in new markets is being developed and exports are also being promoted in regions like Africa, Latin America and Central Asia, Prabhu said.

"Services trade is growing faster than merchandise and such dynamic changes need to be captured in the global trading system," he said. The services trade requires movement of people, unlike merchandise trade, he added. Prabhu said that India is aiming at a $5 trillion economy by the year 2026-27 and goods and services exports are targeted at $1 trillion of this.

Noting that the World Trade Organisation (WTO) was created as part of a rules-based, multilateral, democratic and participatory institution for expanding global trade, he said that countries recognize the value of global trade for fostering growth and creating jobs.

At a time when some countries led by the US are raising their tariff rates, questioning the benefits of international trade and challenging the institutions that facilitate global trade, Prabhu said: "India is working with other countries to ensure that WTO remains relevant."

Source: business-standard.com- June 18, 2018

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Exporters waiting for Rs 250-bn refunds stuck in GSTN lacuna: Amit Mitra

He said an average of only 35-40% of these applications have come to states for manual verification

West Bengal Finance Minister Amit Mitra on Monday said that exporters across the country were awaiting refunds to the tune of Rs 250 billion, which have been stuck due to the "inability" of the GST Network (GSTN).

"There have been three lakh applications from exporters of the country, involving Rs 250 billion, which are awaiting refunds," Mitra, also a GST Council member, said here during an exports conclave, a part of the Bengal Global Business Summit 2019 roadshow.

The GSTN auto verifies refund claims, but it is unable to do so, and therefore, manual verification is relied upon that leads to huge pileup of applications and impacts the working capital of the exporters, the minister said.

He said an average of only 35-40 per cent of these applications have come to states for manual verification, and the situation remains grim for West Bengal as well.

Mitra has been critical of the GST implementation in the past, too, accusing the Centre for its "hurried" introduction without adequate infrastructure, which has made the indirect tax system more "primitive" than the VAT regime.

He also said that he will raise the issue with the GSTN.

Mitra had earlier assured the state's exporters of some advance credit to partially tide over their crisis.

The Bengal minister said the state was aiming to double exports from the existing $9.15 billion, over the next three years.

Towards this goal, it has decided to adopt measures to improve infrastructure for exporters at the district level.

The WBIDC and MSME will work together to set up export facilitation centres at district headquarters, he said.

Mitra added that steel, foundry, garments and leather are among a few focus sectors to push exports from the state.

Source: business-standard.com- June 18, 2018

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Trade row: India, US officials to hold meet on June 26

Senior trade officials from India and the US will hold a crucial meeting on June 26 to hammer out solutions to contentious trade issues, including the additional duty slapped by the Trump administration on Indian steel and aluminium, that have threatened to escalate into a broader trade war, sources told FE.

The US delegation will be led by assistant US trade representative (south and central Asian affairs) Mark Linscott. Both the sides will first try to "address low hanging fruits", including greater market access for each other's products, in the meeting and see how to resolve all the crucial issues without further flaring up the situation, said one of the sources.

New Delhi has proposed to impose up to 50% extra duty on 30 American goods, including Harley Davidson bikes, almonds and apples, stung by the US move to slap additional 25% import tariff on steel and 10% on aluminium supplies from a number of countries, including India.

It raised a complaint against the US duty at the WTO, seeking retaliation claim to recoup the cost of $241 million levied on its steel and aluminium exports.

India's proposal for retaliation came after its efforts to persuade the US to exempt it from the extra levy on the metals failed to elicit a positive response. The next week's meeting will lend more clarity as to where both the sides are heading and how serious are both the sides in addressing each other's concerns.

The decision to convene the meeting was made by both the countries during commerce and industry minister Suresh Prabhu's visit to the US last week. India has already dragged the US to the WTO over the duty on steel and aluminium recently, having raised objections to massive illegal subsidies by the US in the renewable energy and agriculture sectors.

The US has sought to raise a dispute at the WTO against India's export subsidies, claiming that such sops hurt US workers. Apart from relief on the metal duty, India wants relaxed visa regime for skilled professionals; delinking of a special tariff regime from market access talks, among others.

For its part, the US wants greater market access to reduce its trade imbalance with India; zero import duty on Harley Davidson bikes and removal of price curbs on stents and other medical equipment by New Delhi. US President Donald Trump recently attacked India for its alleged high tariff regime, which, he claimed, is as high as 100% in some cases. India accounted for only 2.8% of the US goods trade deficit of $810 billion in 2017 and occupied the 9th spot in the list of nations with which the Trump administration seeks to pursue a trade balance agenda.

Source: financialexpress.com- June 19, 2018

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GST helped gather info on small manufacturers, bring entire Textile chain under tax net: Fin Min

The Goods and Service Tax (GST) has helped both Centre as well as States to gather data on small manufacturers and consumption, entire Textile chain is now brought under tax net and segment of land and real estate transactions has also been brought into tax net "works contracts", Finance Ministry said today.

According to a release by the Ministry of Finance, GST has resulted in formalization of economy and consequently information flow would eventually augment not only the Indirect Tax collections but also Direct Tax collections.

In the past, the Centre had little data on small manufacturers and consumption because the excise was imposed only at the manufacturing stage while the States had little data on the activities of local firms outside their borders.

Under the GST, there will be now seamless flow of availability of common set of data to both the Centre and the States making Direct and Indirect Tax collections more effective, the Ministry said.

There are early signs of tax base expansion. Between June and July 2017, 6.6 lakh new agents, previously outside the tax net, sought GST registration. This is expected to rise consistently as the incentives for formalization increase.

Entire Textile chain is now brought under tax net.

Further, a segment of land and real estate transactions has also been brought into tax net “works contracts”, referring to housing that is being built. This in turn would allow for greater transparency and formalization of cement, steel and other sales which earlier tended to be outside the tax net. The formalization will occur because builder will need documentation of these input purchases to claim tax credit, said the Ministry release.

The introduction of GST, a common Indirect Tax for both the States as well as the Central Government with its end to end digitization of all processes, is the biggest reform measure which is already creating more jobs in formal sector and eliminating transactions which are not recorded earlier in the books of accounts and thus, were outside the tax net so far.

GST is designed to bring about better tax compliance and transparency in tax system. It is putting a premium on honesty. It would make increasingly difficult for those (who are liable to pay tax) to remain outside the tax net.

A number of procedural changes have also been made since the roll-out of GST on 1st July, 2017 in order to simplify the processes.

An extensive exercise was undertaken for tax payers education and facilitation by way of knowledge sharing, dissemination of information and replies to FAQs among others.

Further, steps are also being undertaken for further simplification in order to facilitate the tax payers and to extend benefit to the customers.

Source: knnindia.co.in- June 18, 2018

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E-textiles to control home appliances

Too lazy to get up from the bed to switch off your TV or the oven in the kitchen?

A new invention by Chinese researchers has a way out. Just swipe your finger on your wristband made from a new type of electronic textile (e-textile), according to a report in the "ACS Nano" journal published by the American Chemical Society (ACS).

Jiaona Wang, at the School of Materials Science & Engineering in Beijing and co-workers have developed the new type of e-textile that allows a person to control household appliances or computers from a distance simply by touching a wristband or other item of clothing, "something that could be particularly helpful for those with limited mobility", the report says.

E-textiles are not new, but most existing versions have poor air permeability, can't be laundered or are too costly or complex to mass-produce, ACS said in a press release. "The self-powered E-textile developed by the researchers overcomes all of these limitations, is washable and highly sensitive to human touch."

According to the report, the researchers made a self-powered "triboelectric nanogenerator (TENG)" by depositing an electrode array of conductive carbon nanotubes on nylon fabric. Nanogenerator is a type of technology that converts mechanical energy -- as produced by small-scale physical change -- into electricity.

Fabrics or fibers can be easily woven into textiles to manufacture TENGs for harvesting human mechanical energy

The washable e-textile (WET) is mainly constructed of three layers. The top layer is silk fabric, serving as one frictional material; the bottom layer is nylon fabric, which is regarded as the substrate and the middle layer is the carbon nanotube (CNT) electrode array.

To make the E-textile washable, the researchers incorporated polyurethane into the carbon nanotubes which made the nanotubes firmly adhere to the nylon fabric. They covered the array with a piece of silk and fashioned the textile ..

"The Washable E-Textile (WET), incorporated into a wristband, can perceive the touch by human fingertips, thus generating a pulse signal," the report says. When swiped with a finger in different patterns, the e-textile generates electrical signals to wirelessly trigger household objects to turn on lights, a fan or a microwave from across the room.

This kind of e-textile can be manufactured on common fabric at large scales, the researchers say. "Our E-textile exhibits highly sensitive touch/gesture sensing performance and has potential applications for human-machine interfacing."

According to the report, the application of WET is not limited to smart home control, but can also "be extended to factories, hospitals, and railway stations.

"Considering the advantages of being durable through washing, low cost, available for mass production, and skin-friendly, the WET shows great potential in multifunctional wearable devices and human-machine interface systems," it says.

Source: economictimes.com- June 18, 2018

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Tamil Nadu to organise international textile fair in Coimbatore

To encourage and also for the development of the textile industry in Tamil Nadu, the state government would organise an international textile fair at Codissia Trade Fair Complex, Coimbatore this year.

This was announced by chief minister Edappadi K Palaniswami in the state legislative assembly. The government would spend ₹2 crore in organising this event.

Welcoming the announcement, Tiruppur Exporters' Association (TEA) president Raja M Shanmugham said Tamil Nadu is a major player in the country's textile value chain, so organizing the international textile fair would largely help in promotion of the industry, including exports.

"The textile industry in Tamil Nadu is exporting about ₹45,000 crore worth of goods annually, and organising such a fair will help in increasing exports," Shanmugham said in a press release. "The textile industry will get an opportunity to showcase quality products and penetrate new markets and also get new buyers."

Shanmugham thanked Phanindra Reddy, secretary, Handlooms, Handicrafts, Textiles & Khadi Department, for his unstinted support and efforts for the announcement of international textile fair in Coimbatore.

Source: fibre2fashion.com- June 18, 2018

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Why retailers are flocking to tier II, III towns for expansion

Rising incomes, increasing awareness and high aspirations in rural areas spell big opportunity for several retailers who are making a beeline for tier II and tier III towns.

As these locations are unexplored and real estate costs here are 30-40% lower than those in metros and tier I cities, retailers are all the more interested. Govind Shrikhande, managing director, Shoppers Stop, said: "We are likely to open five new stores in 2018-19 and will enter four new locations of Calicut, Nashik, Guwahati and Bhubaneswar. Rs 120 crore has been earmarked for opening five department stores, 12 beauty stores and on improving our technology."

Currently, Shoppers Stop has 83 stores operational in 38 cities spanning across 4.26 million sq ft. In May, international brand Hennes & Mauritz (H&M) India opened one store in Mysuru and another in Aurangabad. The company currently operates 32 stores across Delhi-NCR, Mumbai, Hyderabad, Chennai, Bengaluru, Pune, Amritsar, Indore, Coimbatore, Kolkata, Mohali, Mysore, Ahmedabad and Raipur.

Pankaj Rehenjn, managing director, JLL, said: “Around 50-60% expansion by modern trade is happening in the tier II and tier III cities as the appetite to spend in these smaller cities is increasing and customers are becoming more fashion-conscious. Also, real estate costs are lower in these areas.

With online retailers delivering in smaller towns and cities, customers are now aware of more brands and there is demand. Moreover, these markets are virgin and competition is less as of now.”

Sumit Dhingra, chief operating officer, heritage brands division, Arvind Lifestyle Brands, said the company is focusing to expand Arrow stores in locations like Nashik, Rohtak, Gorakhpur and suburbs of Pune.

Arrow at present has 250 stores in the country. While big retailers are penetrating smaller towns, Vmart, which has always focused on tier II cities, is now planning to penetrate into even smaller towns.

Lalit Agarwal, chairman and managing director, Vmart, said: “Currently, the company is operating 174 stores across 147 cities and 14 states, and we plan to open more than 40 stores in 2018-19, mainly in small cities as these markets are unexplored by modern retail and there is a lot of opportunity.”

However, industry experts have a word of caution for retailers expanding to smaller cities. They are of the view that customers may initially aspire to buy these brands, but getting them to return might be a challenge if the retailers don’t cater to price points and suitable merchandise in stores.

Pinaki Ranjan Mishra, partner and national leader, Ernst & Young India, said: “High-end fashion available in cities may not appeal to customers residing in smaller towns. Prices also might be high for small towns, which will make it difficult for retailers to survive in these markets. While real estate costs are low, product prices and merchandise will play a large role for success in these locations.”

Source: financialexpress.com- June 19, 2018

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Hosiery exporters welcome CM's announcement on global fair

The Tirupur Exporters' Association (TEA) today welcomed the Tamil Nadu govenment's proposal to organise an international textile fair here this year, saying it would help in promotion of the textile industry.

In a statement here, TEA president Raja M Shanmugha said the Chief Minister K Palaniswami's announcement on the fair in the assembly was a welcome measure.

The textile industry in the state ws exporting about Rs 45,000 crore worth products annually and the fair would help in increasing the exports, he said.

It would provide an opportunity to showcase quality products and help the exporters penetrate into new markets, the TEA official added.

Source: business-standard.com- June 18, 2018

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