

IBTEX No. 195 of 2018

September 20, 2018

USD 72.12 | EUR 84.54 | GBP 94.85 | JPY 0.64

Cotton Market (19-09-2018)		
Spot Price (Ex. Gin), 28.50-29 mm		
Rs./Bale	Rs./Candy	USD Cent/lb
22278	46600	81.45
Domestic Futures Price (Ex. Gin), October		
Rs./Bale	Rs./Candy	USD Cent/lb
22440	46939	82.04
International Futures Price		
NY ICE USD Cents/lb (Dec 2018)		81.31
ZCE Cotton: Yuan/MT (Jan 2019)		16,455
ZCE Cotton: USD Cents/lb		92.52
Cotlook A Index – Physical		91.30
<p>Cotton Guide: Finally Cotton price plunged and broke past the sideways range that was observed for almost a month. The range of 80.50 to 84.25 is eventually broken down. On Tuesday during ICE session the December future ended at 78.52 cents per pound. The same counter is further trading lower this morning in early Asian session at 77.98 cents. Since that the trend is set clear, out of the range momentary sell in the counter is being noticed. We think some more weakness in the price could be seen this week. The next immediate technical support that we perceive immediately is at 77.50 and then 77 cents. We also expect by the time price hit down towards 77 it may appear to reach to oversold phase in the daily price chart which may eventually revive the losses in the price.</p> <p>With the major price fall the trading volumes were high. On Tuesday volume was 56,426 contracts. That was the biggest volume since August 13th (57,560 contracts) and the second biggest volume in 3 months.</p>		

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The reason that we are attributing sell off in cotton was determined after the US-China talk rushed. New push by the US to add \$200 billion dollars of tariffs on Chinese goods got the blame for triggering the fall. These tariffs are not good for cotton.

In addition, talk of less damage than feared from Hurricane Florence in the Carolinas also encouraged sellers. Even with expected losses of some 200,000 bales plus additional quality damages, estimates for US production remained optimistic. Offsetting have been improvements from good weather, particularly in the Delta. Plus technical traders got a long term sell signal as Dec went sailing through its 200-day moving average which ended yesterday at 8041.

In the similar lines, China's ZCE futures ended at their lowest level since July 9th. Their drop was small Tuesday however; early Asian session on Wednesday the counter is trading down by more than 500 points at 15925 Yuan/MT. Chinese State Reserve cotton on Tuesday's auction had a turnover rate of 81.41 percent, spinners only. Offered were 30,243.404 tons (138,908 bales); and sold were 24,620.8618 tons (113,084 bales). The cumulative turnover rate is 58.96 percent (offered versus sold). This auction series started at 24.1 million bales and 13.25 million bales remain.

On the domestic front the Indian cotton price has been very resilient. The spot price traded steady with marginal weakness near Rs. 46750 per candy ex-gin for old crop. However, new crop is quoted marginally higher by Rs. 400 to Rs. 500 per candy. Rates for old crop Punjab J-34 are lower at an average of Rs. 4,588 per maund (77 cents per lb). New crop J-34 is quoted at between Rs. 4,600 and Rs.4, 610 per maund. However, the MCX cotton future price despite so many declines in the global counterparts fell minimally to end the session for October future at Rs. 22440 down by Rs.140 from previous close.

We think the market may remain weak on today's trading session. As discussed above the ICE is trading lower along with ZCE and the domestic Indian rupee slightly stronger at 72.75. The trading range for October MCX cotton future would be Rs. 22600 to Rs. 22280 per bale.

Currency Guide:

Indian rupee has opened 0.35% higher to trade near 72.71 against the US dollar. Rupee has opened on a firmer note after hitting a record low level of 72.975 in previous session. Rupee has benefitted from general stability in global equity market and in expectations that government may announce measures to support the currency. Global equity markets have stabilized as US-China trade announcements are being seen as less severe than expectations. After US imposed 10% duty on \$200 billion Chinese goods, China has retaliated with 5-10% duty on \$60 billion US goods. This is less than previous announcement of 25% import tariffs. Indian government announced spate of measures last week to bolster Indian currency but market players expect to see more measures in form of restriction on imports etc. Rupee has opened on a firmer note but the gains are unlikely to sustain as trade worries, higher crude price and concerns about emerging markets will continue to weigh. USDINR may trade in a range of 72.5-73.1 and bias may be on the upside.

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INTERNATIONAL NEWS

China's Latest Tariff Retaliation Escalates Threat to Tariff All Chinese Imports

There appears to be no end in sight for the U.S.-China trade war.

Hours after President Trump announced the latest tranche of \$200 billion in tariffs on Chinese imports set to take effect Monday, Alibaba founder and executive chairman said this battle could drag on for as long as 20 years.

And if the quid pro quo tariff attacks continue as they have—with China responding to Trump Tuesday with \$60 billion in tariffs on U.S. goods—tensions aren't yet subsiding.

In a statement following the one from the White House, China's Ministry of Commerce said, "In spite of China's resolute opposition and solemn representation, the U.S. has insisted on adopting the wrong approach of violating the rules of the World Trade Organization, seriously infringing on the legitimate rights and interests of China."

China will place 10 percent tariffs on upward of 3,000 U.S. products, with a smaller group of American goods facing a 5 percent tariff. These new tariffs will also take effect on Monday, in line with the U.S. imposed tariffs.

The latest round of targeted items—including things like leather apparel, some textiles and the machinery that goes with it—on Trump's list will face 10 percent tariffs from Monday, and if there's no deal between the two powerhouse nations, the rate will hike to 25 percent starting Jan. 1, 2019.

Following China's clapback, as has been standard practice in this ongoing trade war, Trump reasserted his threat for a whole new counter-retaliation if China doesn't back down.

In remarks ahead of a meeting with Polish president Andrzej Duda Tuesday, Trump said, "If there's a retaliation against our farmers and our industrial workers, our ranchers, if any of that goes on, we're going to kick in another \$257 billion. And that will be also at 25 percent. We don't want to do it, but we probably—we'll have no choice."

In Monday's tariff announcement, the president pegged the promised additional tariffs at \$267 billion instead of the \$257 billion he noted Tuesday, but the White House has said \$267 billion is the correct number. What's of note, though, is that "phase three" of the tariff war, as Trump refers to it, would amount to the U.S. placing tariffs on all China-originating goods coming into the U.S. Already, the U.S. has imposed tariffs on \$250 billion worth of Chinese goods.

Ahead of the latest \$200 billion, China had threatened to pull out of planned trade talks with the U.S., but Trump seems to think conversations are still forthcoming.

The president said Tuesday, "We'll see what happens. But we're making a lot of headway with China. China wants to come over and talk, and we are always open to talking. But we have to do something. We have a tremendous trade imbalance with China, tremendous trade deficit. And the way I look at it: Last year, we lost over \$500 billion to China. We can't do that. I don't want to do that. And that's been going on for many years. Other Presidents should have taken care of this situation, and they didn't. But I'm going to."

Source: sourcingjournal.com - Sep 19, 2018

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NAFTA Deal Is Said Unlikely This Week, Raising Tariff Fears

Nafta talks are picking up again but a deal is unlikely to be reached this week, four people familiar with discussions said—increasing the odds the latest deadline will be missed amid Donald Trump's threat to freeze Canada out.

Canadian Foreign Minister Chrystia Freeland, after her first in-person meeting in more than a week with U.S. Trade Representative Robert Lighthizer in Washington on Wednesday, said talks are still productive. Negotiators need to do more work, Freeland told reporters, adding she'll meet Lighthizer again in the afternoon.

The two countries remain at odds on core issues, including dairy and dispute panels. A deal is unlikely this week without major movement, the people said, speaking on condition of anonymity as negotiations continue. The talks could extend into next week, and several deadlines have been missed so far.

A Canadian official had said Thursday was the likely deadline to reach a deal in order to convert it to legal text by the end of the month.

The countries had been pressuring each other on the eve of the meeting. Representative Steve Scalise of Louisiana, a key Republican lawmaker, warned in a statement Tuesday that congressional patience with Canada was wearing thin. Prime Minister Justin Trudeau, at the same time, continues to say he would rather see no deal than be forced to accept a bad one.

“We’ve been very clear that we’re interested in what could be a good deal for Canada, but we’re going to need to see a certain amount of movement in order to get there and that’s certainly what we’re hoping for,” Trudeau told reporters Wednesday in Ottawa.

The U.S. reached a preliminary deal with Mexico in August. Barring an accord with Canada, Trump has threatened to proceed with only his southern neighbor, though Scalise stopped short of saying Congress would go along with that.

“It is growing increasingly unlikely that you can get text to the Congress by Sept. 30,” said Jennifer Hillman, a professor of law at Georgetown University and former general counsel to the Office of the U.S. Trade Representative. It’s even more unlikely to proceed quickly with only Mexico, she said. “Canada does still have some leverage.”

Scalise, the House majority whip, said if Canada does not “cooperate” then Congress would “consider options about how best to move forward,” though he didn’t specify how.

“There is a growing frustration with many in Congress regarding Canada’s negotiating tactics,” Scalise said in the statement.

‘All three countries’

There have also been numerous calls in the U.S. to include Canada. In a joint letter dated Monday, three major U.S. business groups—the U.S. Chamber of Commerce, the Business Roundtable and the National Association of Manufacturers—said it would be “unacceptable to sideline Canada,” the top buyer of U.S. goods. Prominent members of Congress have also said that Canada should be part of any new North American trade agreement.

“I think that if all three countries are in and all signed up, there’s a much higher likelihood this gets passed,” Bruce Heyman, a former U.S. ambassador to Canada under Barack Obama, said Tuesday on BNN Bloomberg television. There’s no sign a Mexico-only deal can be passed by Congress, he said, while shrugging off the significance of Scalise’s statement. “I think Steve Scalise is carrying water for USTR,” he said.

Panels, tariffs

Canadian officials are warning that they’re prepared to see the next deadline pass if they don’t get an agreement they can live with, according to two people familiar with the talks. The Canadians need effective dispute settlement provisions in anti-dumping cases, and certainty to avoid misuse of national security investigations, under which Trump has applied tariffs, one of the people said.

Sticking points in talks include dairy, where the U.S., facing a supply glut, is seeking a bigger cut of Canada’s protected market. In exchange, Canada is hoping to preserve some form of anti-dumping panels contained in Chapter 19 of the North American Free Trade Agreement, and an exemption for Canadian cultural industries.

Other American demands include longer intellectual property and pharmaceutical patent protection and a higher threshold for duty-free shipments across the U.S.-Canada border, none of which the Canadians have signaled are deal-breakers.

It’s unclear what will happen if it becomes impossible to publish text of a deal by Sept. 30. The countries could extend talks, but that means Mexico’s president-elect, Andres Manuel Lopez Obrador—who takes office Dec. 1—will have to be the one to sign the new agreement.

‘Always tough’

Trump could try to proceed with Mexico only, but will face blowback from Congress, and the actual U.S.-Mexico agreement would probably require further changes, Hillman said, because it’s written in a way—for example, a requirement that 75 percent of auto content be sourced within the trade pact’s member nations—that appears to presume Canadian involvement.

“You wouldn’t want to leave that number at 75 percent if Canada is not included,” because automakers couldn’t meet it, she added.

Trump, meanwhile, took aim at the Canadians again on Tuesday. “Canada has taken advantage of our country for a long time,” he said. “They are in a position that is not a good position for Canada.”

The president has threatened auto tariffs on the Trudeau government if it balks at a deal. Finally, Trump could use another pressure tactic: give six months’ notice of quitting the existing Nafta. Heyman said he was concerned that could happen.

Doing so “could then scramble a lot of things up,” he said. In that case, and others, Congress will be roped in. “These last few days are always tough.”

Source: sourcingjournal.com - Sep 19, 2018

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Brazilian cotton prices down as trading pace slows

Cotton quotes dropped in Brazil in the first fortnight of September due to slow trading pace in the spot market. However, the decline was not as much as seen in previous weeks. From August 31 to September 14, the CEPEA/ESALQ cotton Index, with payment in 8 days, decreased a slight 0.23 per cent, closing at 3.1822 BRL per pound on September 14.

“While purchasers were searching for high quality batches at lower prices, sellers were supplying heterogeneous batches, which increased the competition between agents,” Center for Advanced Studies on Applied Economics (CEPEA) said in its latest fortnightly report on the Brazilian cotton market.

A large volume has already been sold and, as harvesting and processing advance, cotton farmers focus on the deliveries, which, in some cases, are late. Besides, the recent dollar appreciation against real fastened the delivery pace and strengthened price fixing for contracts this month, the report added.

Meanwhile, data from IMEA (the Mato Grosso Institute for Agricultural Economics) indicate that, until September 14, harvesting of the 2017-18 crop in Mato Grosso, the largest cotton producing province in Brazil, had reached 99.47 per cent of the state area. This is above the last five years average of 93.38 per cent.

Conab (the National Company for Food Supply) has revised its estimate for the 2017-18 Brazilian crop upward by 2 million tons. Conab expects Brazil's 2017-18 crop to be 31.1 per cent higher than the previous season, chiefly due to a 25.1 per cent increase in the area sown with cotton, which touched 1.17 million hectares. The average productivity is also projected 4.8 per cent higher than 2016-17 to 1,708 kilos per hectare in 2017-18.

In terms of international trade, cotton shipments from Brazil turned positive after dropping for nine consecutive months, according to Secex (the Secretariat of Foreign Trade).

In August 2018, cotton exports were 21,400 tons, around three times of 8,700 tons exported in July 2018, but still 68.6 per cent lower than in August 2017.

Source: fibre2fashion.com - Sep 19, 2018

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Sri Lanka cuts VAT on fabric import

Sri Lanka has slashed the value added tax on fabric imports to five per cent from 15 per cent. This is aimed at helping the apparel industry, particularly small exporters.

An interest subsidized loan scheme helps medium and small-scale manufacturing industrialists obtain fabric as raw material at a low cost.

The US is the biggest buyer of Sri Lankan apparel, growing 3.8 per cent. Exports to the EU are a close second, growing 7.8 per cent. The trade dispute between the US and China is helping Sri Lankan apparel exports to the US.

However there's a concern on European markets due to the weather conditions.

Because of the long winter in Europe, the retail sector has slowed down as the long winters cause people to spend lesser time in shopping. Some manufacturers in Sri Lanka are still engaged in manufacturing basic apparel despite the country's gaining the GSP Plus concession last year.

What the industry is also doing is upgrading itself to the next level by focusing on high tech and designer apparel.

India and Sri Lanka are widening the scope of FTA they already have by including services and investments. The free trade agreement was arrived at in 2000.

Source: fashionatingworld.com - Sep 19, 2018

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China-US trade war to affect Vietnam in 3 years

As per a new report by the National Centre for Socio-Economic Information and Forecast (NCIF) under Ministry of Planning and Investment (MPI), it will take about three years for the US-China trade war to take effect on Vietnamese economy.

The report also forecasts, the war can cause Vietnam's GDP growth to lose 0.03 and 0.09 percentage points in 2019 and 2020, respectively, before reaching its peak of 0.12 percentage points in 2021. In the following years, the effect would fade gradually.

Vietnam's economy until 2017 stood at \$220 billion. Given the 6.8 per cent growth (expected) this year, the scale could be \$235 billion. With supposed GDP's growth of 6.5 per cent on average within the next five years, Vietnam economic value would reach \$302 billion.

Also, the US slaps 25 per cent tariffs on imports worth \$34 billion from China would cause an annual loss of VND6,000 billion (US\$258 million) for the Vietnamese economy during 2018-2020.

Source: fashionatingworld.com- Sep 19, 2018

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Yarn and Fabric Stay on Trump's Tariff List Despite Crafters' Pleas

Joann, the crafting and arts supplies chain, took the rare step last month of recruiting its millions of customers to help thwart President Trump's tariffs on Chinese goods. That didn't work out so well.

The closely held retailer highlighted 30 categories of products with proposed tariffs -- everything from cookie cutters to yarn and fabric -- that it wanted to be spared. But only two were left off the finalized list released on Monday. The 10 percent duties will go into effect on Sept. 24 and will increase to 25 percent next year.

The company, which dropped Fabrics from its name earlier this year, tried to make the case that many small businesses shop at its stores for supplies to make locally produced goods, leading it to dub Trump's tariffs a "made-in-America tax." Chief Executive Officer Jill Soltau even testified before the administration on the duties.

"Our customers, many of whom are nonprofit organizations and small businesses that operate on tight budgets, could not tolerate the increased pricing resulting from the tariff costs," Soltau said during a hearing on Aug. 23. The retailer, with 870 locations across 49 states, generates 50 percent of its sales from fabric and sources from China because no U.S. manufacturer can meet its quality or volume needs, Soltau said during the hearing. A variety of fabrics, including knit and woven, will be receiving tariffs. One of the few reprieves for Joann was the removal of fleece fabric.

In a statement released Tuesday, the company thanked the administration for "removing some codes that would have negatively impacted American makers and small businesses."

Nonetheless, "several codes still remain on the list, which will hurt American crafters, business owners and charities," Joann said in an email. "We hope the administration will reconsider including these as negotiations go forward."

Source: bloomberg.com- Sep 18, 2018

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Technology remains the bedrock of Japan's textile industry

Dubbed as one of the most technologically advanced nations, Japan has been bringing interesting concepts in the world of textiles. Technical textiles that integrate cyber-technologies, such as Toray's bio-electrode conductive nanofibre 'hitoe', a bio-electrode conductive fibre that monitors a user's biometric signals through IoT, are an important element of such innovation for Japan's cutting-edge textile sector. Takao Tobari, Executive Director, Japan Apparel-Fashion Industry Council points out that the efficiency in production of Japan's technical textiles, in particular for sportswear and luxury textile brands, can be improved through the use of IoT.

The government is providing financial incentives for a range of industries, including fabric and textile manufacturers. Japan's ministry of economy, trade and industry (METI) said in a statement fashion tech and smart textiles are an important theme in promoting the use of IoT and the utilisation of digital tools in the textile industry. The government has allocated Yen JPY1.04bn (US\$9.26m) for the 2018 fiscal year to create the foundation of a new industrial model to promote the use of IoT, with an emphasis on promoting the optimisation of supply chains by coordinating data among companies through IoT.

In addition, METI specifically placed JPY1.8bn (US\$16.1m) in fiscal 2018 on public offer to each company that Technology remains the bedrock of Japan's textile industry 1 can realise its concept of Connected Industry, using digital technologies to connect companies with suppliers and customers and unite their own departments. The funds can be used to build a system whereby companies share big data accumulated via IoT.

Automation boosting production

A report produced by the group outlines the potential for textile manufacturers to link individuals' clothing orders, fashion tastes and body size through IoT to offer mass customisation. As a result, made-to-order products could be made with the same level of efficiency as in conventional mass production, thereby boosting productivity and eliminating dead stock. Komatsu Seiren, a leading fabric manufacturer, based in Ichikawa Prefecture, that produces fashion and sports garments as well as highly-functional fabrics has adopted this idea.

Its virtual changing rooms allow customers to simulate wearing clothes of various sizes and patterns in front of a screen that is connected to the Internet. Factories then take orders, which are delivered direct to customers in around three weeks, allowing the company to reduce inventory losses and costs.

Marui Textile, also based in Ishikawa Prefecture, the heartland of Japan's textiles industry, has a large-scale operation that utilises more than 1,000 looms. Aya Okajima, Marui spokesperson, stated that the company installed various sensors and cameras on the machines in the factory, which are connected to the Internet.

These collect and analyse data, making the production status understandable and visible, in real time. In line with this, Kyoto-based textile machine manufacturer Murata Machinery has developed Muratec Smart Support, is a remote management system linked to IoT that is helping to deliver stable production, reduce labour costs and cut losses.

Upcoming business models

Japan's eagerness to adopt cyber-physical systems to achieve Society 5.0 has also resulted in the development of new businesses opportunities in the country's textile sector. In 2016, Hidekazu Kawano founded Tokyo-based Sitateru Inc, a model company in the government's Local Employment Development programme for the promotion of new IoT-based partnerships.

Based on the premise that optimisation in garment production requires innovative approaches that use IoT and ICT (information and communications technology), Sitateru offers three services: firstly, a chat tool called My Atelier, which allows manufacturers to respond instantly to requests from businesses for garments; and secondly, a control system that matches small-and-medium-sized companies throughout Japan with order-making businesses.

Kawano highlighted in a report that by bringing together data on their technological capacity and the items they are able to produce, as well as their price brands, lead times, and busy and quiet periods, we can now match orders from new customers with the optimal factory for their purposes; realising high-mix, low-volume production with a short turn-around time.

While Japan is clearly still developing digitalisation in the textile industry, the country's fabric-based electronics market (which uses IoT) is expected to grow to JPY21.1bn (US\$187m) by 2020, according to the Yano Research Institute, which suggests IoT understanding is set to develop exponentially.

Source: fashionatingworld.com- Sep 19, 2018

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Pakistan: Textile exports grow 4pc

Pakistan's textile exports have shown 3.72 percent growth during first couple of months (July and August) of the current fiscal year.

The country exported textile and clothing products worth \$2.26 billion during July to August of the year 2018-19 as against \$2.18 billion of the preceding year, according to the latest data Pakistan Bureau of Statistics (PBS).

Pakistan's overall exports have surged to \$3.66 billion in July-August period of 2018-19 due to growth in textile sector.

The PTI led government has recently decided to give incentives to the exports oriented sectors including textile, leather, sports goods, surgical goods and carpets to boost the overall exports.

The government has recently maintained the gas price at 600 MMBTU for the exports oriented sectors. Similarly, the government would provide imported LNG to private sector at subsidized rates.

The government is optimistic that decision would help 5, 00,000 labours in getting back their jobs which were lost due to unavailability of gas to the industries.

The government has given relief worth of Rs44 billion for exports oriented sectors by not increasing the gas prices and providing LNG at subsidized rates.

Meanwhile, the government is also contemplating to give electricity at subsidise rates for the exports oriented sectors and releasing pending refunds of the exporters. These measures would help in enhancing exports of the country.

The government wants to control the soaring current account deficit by increasing exports.

The current account deficit is expected to reach in the range of \$18 to \$21 billion during current fiscal year.

According to the PBS, the main driver of growth was the value-added textile sector. Exports of ready-made garments went up by 4.12 percent in first couple of months of the current financial year.

Similarly, exports of knitwear increased by 11.29 percent during the period under review. Exports of bedwear went up by 2.72 percent in value. Similarly, exports of made-up articles, excluding towels, increased by 1.7 percent.

Exports of cotton yarn witnessed an increase of 6.52 percent. Art, silk and synthetic textile exports have gone down by 4.62 percent during the period under review. Exports of cotton cloth recorded a decline of 69 percent.

Exports of raw cotton tumbled by 62.14 percent. Exports of tents, canvas and tarpaulin have also recorded minor decline.

Meanwhile, the exports of food commodities recorded massive increase of 10.61 percent during first couple of months of the current fiscal year. In food commodities, exports of fruits recorded growth of 33.78 percent, sugar 58.11 percent and vegetables exports went up by 3.61 percent.

On the other side, the country's imports have grown by only one percent to \$9.8 billion during July-August period of the year 2018-19. The country spent \$2.64 billion on the imports of petroleum group, 30.08 percent higher than a year ago.

In the petroleum sector, the government imported petroleum products worth \$1.07 billion and spent \$880 million on petroleum crude. Similarly, the country imported liquefied natural gas (LNG) worth \$658 million and liquefied petroleum gas (LPG) worth \$30 million.

The PBS data showed that country had spent \$1.59 billion on importing machinery during July and August period of the ongoing fiscal year. The third biggest component was food commodities whose imports rose to \$949 million.

Source: nation.com.pk- Sep 20, 2018

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Vietnam: Textile, garment industry expo opens in Hanoi

The Hà Nội Textile & Garment Industry – Fabric & Garment Accessories (Hanoitex 2018) opened on Wednesday in Hà Nội.

The three-day expo co-organised by the Việt Nam National Textile and Garment Group (Vinatex) and CP Exhibition Hong Kong has attracted more than 100 companies and suppliers from 15 countries and territories such as mainland China, Germany, Hong Kong, India, Indonesia, Korea, Italia, Taiwan and Malaysia.

The expo is showcasing modern machinery, equipment, chemicals and the latest technologies in the textile and garment industry.

Deputy Minister of Industry and Trade Cao Quốc Hưng said that the Fourth Industrial Revolution was having significant impacts on the textile and garment industry, and urged companies to make changes and invest in new technologies and staff.

Hanoitex 2018 is an opportunity for Vietnamese textile and garment companies to learn about the latest machinery, equipment, chemicals and technologies to help increase the local procurement rate and added value of the industry.

Source: vietnamnews.vn.com- Sep 19, 2018

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NATIONAL NEWS

India may impose up to \$4.83 per kg anti-dumping duty on Chinese flax yarn

The DGTR has concluded that due to dumped imports, the domestic industry has suffered material injury

India may impose anti-dumping duty of up to \$4.83 per kg on a certain kind of flax yarn, used in apparel industry, from China for five years with a view to guard domestic players from cheap imports from the neighbouring country.

The commerce ministry's investigation arm Directorate General of Trade Remedies (DGTR) has conducted a probe of alleged dumping of 'flax yarn of below 70 lea count' from China, following a complaint from Jaya Shree Textiles unit of Grasim Industries.

In its final findings of the probe, the DGTR has concluded that due to dumped imports, the domestic industry has suffered material injury.

"The authority considers it necessary to recommend imposition of definitive anti-dumping duty on the imports... for five years," the DGTR has said in a notification.

The recommended duty ranges between \$1.30 per kg and \$4.83 per kg. The decision to finally impose the duty was taken by the finance ministry.

Flax yarn is used for making flax fabric, which has applications in apparel sector such as dresses, jackets, shirts and home textiles.

Countries carry out anti-dumping probe to determine whether their domestic industries have been hurt because of a surge in below-cost imports.

As a counter measure, they impose duties under the multilateral regime of World Trade Organization (WTO).

The duty is also aimed at ensuring fair trading practises and creating a level-playing field for domestic producers with regard to foreign producers and exporters.

India has already imposed anti-dumping duty on several products to check cheap imports from countries including China, with which India has a major concern of widening trade deficit.

Source: business-standard.com- Sep 19, 2018

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Indian business lobbies government over tariff fears

Indian business leaders are engaged in frantic last-minute lobbying to persuade ministers not to hit their sectors with import tariffs as the government struggles to stabilise the fast-dropping rupee.

New Delhi is expected to announce the details of a plan to shore up its battered currency within days, which Arun Jaitley, the finance minister, said last week would include curbs on “non-essential” imports.

The government’s plans would make India the latest country to turn to protectionist measures in an attempt to boost its own economy. On Tuesday its neighbour Pakistan imposed import restrictions as it battled to restore its depleted reserves of foreign currency, while the US and China are engaged in an escalating trade war.

Mr Jaitley’s announcement on Friday came after the rupee dropped to its lowest ever level against the dollar, hit by worries about emerging economies generally, and specifically by concerns over India’s widening current account deficit. India announced this month that the deficit had widened to \$15.8bn, or 2.4 per cent of gross domestic product, during the April-to-June quarter. The rupee has lost about 12 per cent against the dollar this year.

Officials are now drawing up a list of items that could fall under the new restrictions, with gold, textiles, electronics and telecoms equipment all reportedly under consideration.

Business groups are urging the government, however, to limit the number of goods that will be targeted, warning the measures inadvertently risk hurting exports. “You cannot target such a broad base of things,” said one business leader who did not want to be named.

“Many of these goods are used as inputs into exported goods, or in widely-used domestic items. It would have the opposite effect to what they want to achieve.” Telecoms companies, for example, import around 90 per cent of their network equipment, including receivers, antennas and routers. They say it would not be possible to buy such items domestically.

Recommended Markets charts that matter India’s equity market exploits plunging rupee Rajan Mathews, director-general of the Cellular Operators Association of India, said: “Mobile operators cannot immediately substitute their imports for domestically made goods.

“If they have to pay more for these items, mobile users will pay more. If they cannot buy them, they will hold back on developing mobile infrastructure.” One of the most sensitive items reportedly under consideration is gold, which is used across India as a common means to store wealth, and is also used extensively in jewellery exports.

Colin Shah, vice-chairman of the Gems and Jewellery Export Promotion Council, said: “While they want to bring in import curbs, they also want to increase exports.” He noted that the import duty on gold and silver had already been raised from 2 to 10 per cent over 15 months from March 2012.

Analysts warned that restrictions on steel imports would damage industries such as construction and carmaking. Amit Dixit, an analyst at Edelweiss Securities, said: “[Steel import restrictions] would be a boon for steelmakers but downstream industries would definitely suffer.” Officials are also having to tread carefully to avoid breaking World Trade Organization rules.

India is already under pressure at the WTO, having been challenged by the US over six different export subsidy schemes, worth a total of \$7bn. Under the WTO’s information technology agreement, for example, members cannot levy import tariffs on a range of telecoms equipment.

On other goods, such as textiles, India is already close to the maximum allowed tariff. “In many cases we do not have much headroom — we are already close to our bound rates,” said Biswajit Dhar, an economics professor at Jawaharlal Nehru university. Mr Dhar added that these rules could be bent in special circumstance, but only if there is an impending crisis.

“We still have enough foreign currency to cover eight months’ worth of imports,” he said. “That is not likely to be bad enough for the WTO.” Pakistan, in contrast, has less than two months’ worth of import cover and may soon have to approach the International Monetary Fund for a bailout.

Source: ft.com- Sep 19, 2018

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High crude oil prices, weak rupee to make synthetic textiles costlier

Operating with a wafer-thin margin, synthetic textile players to pass on the raw material price hike to the consumer

Synthetic fabric and textiles are likely to become costlier by 2-5 per cent due to an unabated increase in their production cost on rising raw material prices following crude oil move and a weak rupee.

Synthetic yarns are made from petrochemicals like DMT, PTA, which are refined from crude oil and usually domestic makers of these raw materials also price them at import price parity. Therefore, Prices of these raw materials for synthetic yarns are rising in the Indian market.

The spurt in raw material price is a clear indication of a proportionate increase in cost pressure for user industries. Apart from a steep depreciation in rupee against the dollar is set to make import of raw materials costlier, leaving thereby no room for synthetic textiles manufacturers but to raise their product prices.

“Rising raw material prices and rupee depreciation are going to make the entire textile products costlier. Synthetic textile industry is already working with a wafer thin margin.

Since there is no room for the industry to absorb the raw material price hike, the cost-push, therefore, has to be passed on to consumers,” said O P Lohia, Managing Director, Indo Rama Synthetics (India) Ltd, one of India’s largest producers of synthetic textiles.

The benchmark Brent crude oil prices have jumped by a staggering 12.9 per cent in the previous one month to trade at \$78.9 a barrel on Tuesday. Also, the rupee has depreciated by 4.1 per cent in the last one month to quote at 72.9 against a dollar on Tuesday.

Meanwhile, the Union Ministry of Agriculture has estimated India's cotton output at 34.89 million bales (of 170 kgs each) for the crop year 2017-18 (ending September 2018), a rise of 32.58 million bales from the previous year.

For the ongoing kharif sowing season, however, pink bollworm attack is set to affect India's cotton crop area by 10-20 per cent of the total area sown of 12.06 million hectares as of September 14.

Demand from China is set to increase in favour of India following a heavy import duty levied on cotton imports from China and also a 20-25 per cent of cotton output in Pakistan expected to decline by a fourth, the fibre prices are likely to remain elevated.

"With limited supply in the market during H1 cotton season 2018-19 on account of increased orders from China, prices are expected to register a growth of about 5-7 per cent and reach Rs 122-125 per kg during this period and average at about Rs 127-130 per kg for the season 2018-19 registering a y-o-y growth of about 9-11 per cent," said Madan Sabnavis, Chief Economist, Care Ratings.

But, given that analysts forecast crude oil price to remain firm, synthetic fibre and yarn prices may also remain firm with its consumption to partly replace by derivatives of the natural fibre.

"An improvement in cotton price to polyester staple fibre price spread is likely to result in volume growth of synthetic textiles and support the profitability of the synthetic value chain," said Prakash P, Analyst, India Ratings and Research.

Source: business-standard.com- Sep 19, 2018

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Textile, apparel exports in August up 18% at Rs 21,895 cr

Overall, all commodities exports (ACE) witnessed a stupendous growth of 30% in August

The exports of textile and apparel grew 18% in August 2018 to stood at Rs 21,895 crore as compared to Rs 18,533 crore in August 2017. Similarly, the cumulative figures (April-August 2018) grew 6% at Rs 1,01,727 crore as compared to Rs 95,888 crore during April-August 2017.

Overall, all commodities exports (ACE) witnessed a stupendous growth of 30% in August 2018 while for cumulative, it witnessed a growth of 22%, said the Confederation of Indian Textile Industry (CITI).

Quoting union ministry of commerce & industry, DGCI&S' quick estimates for August 2018, Sanjay K Jain, chairman, CITI, said that the export of textile yarn fabric, made-ups for August 2018 grew 32% to R1,196 crore as compared to R907 crore and for the five month period of the current fiscal, the growth was 11% to Rs 5,347 crore as compared to Rs 4,799 crore in the April-August 2017 period.

The positive trend in exports for the entire textile value chain has been the result of CITI's continuous persuasion with the government and pragmatic approach shown by the union finance minister, union commerce & industry minister and union textiles minister on the issues of T&C industry especially post GST implementation.

The timely policy support and intervention to boost the industry which was reeling under severe stress especially after the implementation of GST should be highly appreciated, he added.

According to him, the exports of cotton yarn fabrics, made-ups, handloom products in August 2018 grew 39% to Rs 7,456 crore as compared to Rs 5,380 crore in August 2017. Similarly, the exports of man-made yarn fabrics, made-ups grew 24% to Rs 3,196 crore in August 2018.

Source: financialexpress.com- Sep 19, 2018

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Suresh Prabhu seeks Arun Jaitley's help to boost flow of bank credit to exporters

Commerce and industry minister Suresh Prabhu has written to finance minister Arun Jaitley requesting his intervention to improve bank credit flow to the export sector.

Banks should restore export credit and extend the 'gold card' scheme wherein exporters with proven track record can avail credit on good terms, Prabhu said in a letter to the finance minister on Wednesday.

He complained that banks are asking for a number of documents and "taking abnormally long time to renew the limits" for export credit, which is "seriously affecting the flow of credit" to the sector.

"Even renewal of limits has become problematic for the export sector even in respect of companies having excellent track record," Prabhu wrote in the letter referring to representations made by exporters.

He sought solution for the "critical situation arising from the sharp decline in export credit, which is affecting exporters in general and micro, and small units in particular". ET reviewed a copy of the letter.

Prabhu's letter comes in the wake of exporters complaining that some small and micro sectors are reeling under pressure because banks and financial institutions have been tightening lending norms while input tax credit refund continues to pose a challenge. Outstanding export credit, which was Rs 28,300 crore on March 30, 2018, had come down to Rs 22,300 crore as of June 22, a decline of 21.2%.

Prabhu has urged Jaitley to issue suitable instructions to banks to restore flow of credit to the export sector to its expected regular levels in line with current exports growth. India's exports rose 19.21% on-year to \$27.84 billion in August.

Strict timelines for grant of credit, including the renewal of limits, to be monitored by top management of banks, may also be stressed, Prabhu said in the letter.

Officials said such a move will give an immediate boost to exports by removing procedural bottlenecks.

Source: economictimes.com- Sep 19, 2018

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Indian apparel body urges central govt to extend exemption on IGST payment

The Indian textile and apparel body, Tirupur Exporters Association (TEA) has requested the central government to extend the exemption from the payment of IGST while importing machinery under EPCG scheme, which is currently valid till the end of this month.

Raja M Shanmugham, President, TEA marked out that if the exemption is not extended, exporting units will come under the additional burden of paying IGST.

“Upfront payment of IGST will affect the working capital of the exporting units as the refunds of GST through ITC refund route will take time to reach in hands of the exporter,” the president added.

The textile and apparel body elucidated that since over 80 per cent of the exporting units is (Micro Small And Medium Enterprises) MSMEs, it is difficult for them to meet their financial requirements, which eventually affects their day to day operations.

Shanmugham added that constant modernization is the need of the hour for the apparel exporting units, as nowadays the buyers are demanding consistent quality and installation of state of the art machinery.

Notably, TEA’s president said that he has sent letters to the central government urging it to extend the IGST payment exemption on urgent basis.

Source: apparelresources.com- Sep 19, 2018

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Duty-bound

The Indian government recently increased the import duty on over 400 textiles and apparel items. Anubha Seghal and Soumya Gupta explore the issues of rising imports of textiles and apparel products from its competing nations like China and Bangladesh.

India's imports of textiles and apparel products has increased at an alarming rate of 16 per cent in 2017-18. One of the keys reasons for rising imports is implementation of the goods and services tax (GST) because of which the imports have become cheaper by 15-20 per cent.

Now, in order to restrict the imports, the government recently increased the import duty on over 400 textiles and apparel items. This article explores the issues of rising imports of textiles and apparel products from its competing nations like China and Bangladesh. Furthermore, it outlines the steps undertaken by the Union government to curb rising imports and the measures that may be taken by the government to restrict imports from countries which have duty free access to Indian market.

Indian textiles and apparel imports on the rise

India imported a total of \$7 billion worth of textiles and apparel from the world in 2017-18. This figure has gone up by 16 per cent from previous year's \$6 billion. This number is huge considering that India is among the world's largest textiles and apparel manufacturers and second largest exporter. Yarn imports witnessed the largest growth of 31 per cent followed by apparel (30 per cent) and fabric (27 per cent).

Table 1: India's Textile & Apparel Imports (Values in US\$ Million)

Category	2016-2017	2017-18	Share in 2017-18	% Change
Fibre	1,920	1,950	28%	2%
Filament	553	639	9%	16%
Yarn	332	433	6%	31%
Fabric	1,834	2,336	33%	27%
Apparel	595	773	11%	30%
Home Textiles	260	295	4%	13%
Others	551	607	9%	10%
Total	6,045	7,032	100%	16%

Source: DGCI&S

China was the largest supplier of textiles and apparel products to India with a share of 41 per cent in 2017-18. Other major suppliers include the US, Bangladesh, Australia and Vietnam. Indian imports of textiles and apparel from China have grown at 26 per cent y-o-y. Fabric is the largest category imported from China, followed by apparel and yarn. Imports of all these categories have shown a y-o-y growth of over 30 per cent.

Table 2: Textile & Apparel Imports from China (Values in US\$ Million)

Category	2016-2017	2017-2018	Share in 2017-18	% Change
Fibre	235	244	8%	4%
Filament	186	217	7%	17%
Yarn	196	262	9%	34%
Fabric	1,182	1,574	54%	33%
Apparel	221	295	10%	34%
Home Textiles	182	179	6%	-2%
Others	100	133	5%	33%
Total	2,302	2,905	100%	26%

Source: DGCI&S

Source: fibre2fashion.com- Sep 19, 2018

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