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The Cotton Textiles Export Promotion Council [TEXPROCIL]
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai - 400 004. Maharashtra State. INDIA
W. www.texprocil.org E. enews@texprocil.org T. +91-22-2363 2910 to 12 F. +91-22-2363 2914

IBTEX No. 128 of 2018 June 21, 2018

USD 68.22| EUR 78.86 | GBP 89.74 | JPY 0.62

Cotton Market

Spot Price (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
21919	45850	**85.52**

Domestic Futures Price (Ex. Gin), June		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
22100	46228	**86.22**

International Futures Price	
NY ICE USD Cents/lb (July 2018)	83.21
ZCE Cotton: Yuan/MT (Jan 2019)	16,840
ZCE Cotton: USD Cents/lb	**100.11**
Cotlook A Index – Physical	**101.70**

Cotton guide: Cotton futures took a pause on Wednesday from the last 3 days of loss. Most months finished higher, but not far from unchanged. Prices set new 4-week lows during the day. For reference, December contract settled at 84.18, up 36 points from previous close. Likewise, July settled at 83.21, down 11 points. That was its 6th consecutive loss totaling 1200 points.

On the trading front the volumes were less on Wednesday. Volume was 37,236 contracts. Cleared previous day were 71,932 contracts. Open interest began today at 272,846 contracts, down 11,467 contracts yesterday. In the last 4 sessions open interest has dropped by a total of 37,767 contracts to the lowest level since May 1st. From China ZCE futures dropped to their lowest levels in 5 weeks, again on heavy volume.

For reference, 2019 January contract ended the Wednesday session at 16840 Yuan/MT. For detailed report please access Kotak Commodities Research Desk.

Currency Guide:

Indian rupee has depreciated by 0.15% to trade near 68.185 levels against the US dollar. Weighing on rupee is general strength in US dollar against major currencies on prospect of Fed's rate hikes.

Federal Reserve chairman Jerome Powell said on Wednesday that the Fed should continue with a gradual pace of interest rate rises amid a strong economy to balance its employment and inflation goals. However, supporting rupee is some stability in equity market after recent sell-off on intensifying US-China trade war.

Rupee lately also benefitted from reports that RBI will buy bonds in 5 different maturities for a total of up to 100 billion rupees via open market operation on June 21.

RBI minutes showed that the central bank raised interest rate in June on back of stronger growth and rising inflationary expectations. Inflationary expectations will determine further path for RBI monetary policy. Rupee may remain under pressure on general strength in US dollar and concerns about US-China trade war. USDINR may trade in a range of 67.95-68.4 and bias may be on the upside.

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

NEWS CLIPPINGS

	INTERNATIONAL NEWS
No	**Topics**
1	EU Retaliatory Tariffs Moved Up to June 22
2	US commerce department finds dumping of low melt PSF
3	Turkey and Portugal Gain US Market Share in Home Goods Despite Asia's Dominance
4	China's share in EU textile imports on the decline: Euratex report
5	Korea, Taiwan big 2 investors in Vietnam's textile sector
6	Certification for Philippine garment firms availing GSP
7	Bangladesh: $40 billion export target: Ambitious or lacklustre?
8	Pakistan: Textile exports increase to $1.204 billion in May
	NATIONAL NEWS
1	After slapping tax on US farm items, China looks to India for cotton
2	TEXPROCIL: Export incentives needed for competitiveness
3	Standardization boosts domestic growth, exports: Prabhu
4	Government clears Rs 38,062 crore refund claims of exporters till June 16
5	Scrapping of sops causes dip in cotton yarn exports: TEXPROCIL
6	Strong demand to lift cotton price by 8-10% in ongoing season
7	Arvind to scale up textiles biz to 10,000 crore by 2023
8	Rise in linen prices troubles exporters

INTERNATIONAL NEWS

EU Retaliatory Tariffs Moved Up to June 22

The European Commission adopted June 20 the regulation to implement the European Union's "rebalancing measures" in response to a June 1 increase in U.S. tariffs on steel and aluminum from EU and other countries.

As a result, starting June 22 the EU will impose an additional 25 percent tariffs on a list of products worth €2.8 billion.

Affected products include textile, apparel, and footwear items, rice, orange juice, bourbon whiskey, tobacco products, cosmetic products, steel and aluminum products, playing cards, sailboats, and motorcycles.

Trade Commissioner Cecilia Malmström said that the EU "did not want to be in this position" but that "the rules of international trade, which we have developed over the years hand in hand with our American partners, cannot be violated without a reaction from our side."

Malmström defended the EU tariffs as "measured, proportionate, and fully in line with WTO rules" and said they would be removed if the U.S. removes its tariffs.

The Commission notes that the retaliatory tariffs are part of a three-pronged EU response that also includes the June 1 launch of a World Trade Organization case and the March 26 initiation of a safeguard investigation meant to protect the European market from disruptions caused by the diversion of steel from the U.S. market.

The EU has also warned that tariffs on another €3.6 billion worth of U.S. goods could be increased by 10 to 50 percent in March 2021 (or sooner, if the WTO case is decided against the U.S. before then) if the U.S. has not rescinded its steel and aluminum tariffs by that time.

Source: strtrade.com- June 21, 2018

HOME

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US commerce department finds dumping of low melt PSF

The US department of commerce (USDC) has announced affirmative final determinations in the antidumping duty (AD) investigations of imports of low melt polyester staple fibre (PSF) from two countries.

USDC determined that exporters from South Korea and Taiwan sold low melt PSF at dumping margins ranging from 0–16.27 per cent and 49.93 per cent, respectively.

As a result of this decisions, USDC will instruct US Customs and Border Protection (USCBP) to collect cash deposits from importers of low melt PSF from South Korea and Taiwan based on the final rates, as appropriate.

In 2017, US imports of low melt PSF from South Korea and Taiwan were valued at an estimated $75.5 million and $26.9 million, respectively.

The petitions were filed by Nan Ya Plastics Corporation, America (SC).

Meanwhile, the US International Trade Commission (ITC) is conducting investigations to determine whether or not the domestic industry is materially injured, or threatened with material injury, by imports of low melt PSF from Korea and Taiwan.

The ITC is currently scheduled to make its final injury determinations on or before August 1, 2018.

If the ITC makes affirmative final injury determinations, USDC will issue AD orders. If the ITC makes negative final determinations of injury, the investigations will be terminated, and no orders will be issued.

Source: fibre2fashion.com- June 20, 2018

HOME

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Turkey and Portugal Gain US Market Share in Home Goods Despite Asia's Dominance

The finest Italian linen. Intricate embroideries from Madeira. Warm, cozy flannel sheets from Austria.

If those are your notions about home textiles products from Europe, you're living in an ancient fairy tale. With the emergence of Asia–particularly China, India and Pakistan–as the mainstay resources for sourcing soft home products like sheets and towels, Europe has retreated as an exporter of these products to the American market.

But now, thanks to a variety of circumstances, two European countries are expanding their efforts in the U.S. market and picking up small, but meaningful, market share for their products.

Together Turkey and Portugal still represent just a tiny fraction of the American market, less than 5 percent overall, which is nominal compared to the 90 percent plus share held together by the three Asian powerhouses. But this represents an increase over just a few short years ago, and each country is poised to continue to pick up business as the marketplace evolves.

This is happening as a result of several factors. Increased prices from Asia (due primarily to currency rate shifts and higher manufacturing costs driven by rising labor costs) are making the European exporters more competitive in the U.S. Shifting priorities, especially in China, are redirecting resources to other, more value-added industries like technology and automotive and away from textiles production.

Global politics and threatening tariff increases by the Trump administration are causing U.S. importers to look to other sources for product outside of Asia.

European politics are playing their part, too. Turkey's prime export markets have always been Russia and Iraq, two countries going through, respectively, economic and political crisis, causing suppliers there to look elsewhere for business. For Portugal, its main trading partner, Spain, is also experiencing widespread economic hardship including massive unemployment. The answer for both Turkey and Portugal has been America.

And speed to market has also been a factor. Goods from Asia can take four weeks on the water to reach American warehouses and stores, while European exports arrive in two weeks, even faster when air freighted, a less costly alternative than similar transportation across the Pacific. American retailers continue to hone their supply chains to take out as much time lag as possible and that plays into the European suppliers.

All of these factors have made Portugal and Turkey more attractive resources for American importers. Likewise, factories in those two countries have made substantial investments over the past decade to become more efficient, cost-effective manufacturers.

Each country has also learned to specialize in products that may be harder to source elsewhere in the world.

For Turkey, that usually means premium towels, though the country also does business in lower price points. Turkish terry still has a cache that goes back thousands of years, and towels using Turkish cotton are usually slotted at the upper ends of the market.

RH, the retailer previously known as Restoration Hardware, features Turkish towels across its assortment, ranging up to as high as $85 for a bath sheet, and calls attention to the country-of-origin as a strong selling point.

But Turkey is not just at the high-end for American retailers. A mainstream retailer like Bed Bath & Beyond now carries a number of core, solid-color towel programs at a variety of price points sourced from Turkey. Just a few years ago, most of its towels were from Asia.

Today Turkey is the second largest supplier of textiles and garments to the European Union, and and exports to more than 160 countries around the world.

For Portugal, the emphasis is also on premium products, though it also supplies bed and bath items at a variety of price points. Portuguese towels are often found in better direct-seller product line-ups from retailers like Pottery Barn, West Elm and Crate & Barrel. Bedding products include both sheeting and top-of-the-bed accessories like duvet covers, throws, matelasse covers and blankets.

Two Portuguese associations represent most of the exporting vendors in the country: ATP, the Portuguese Textile and Apparel Association; and Home from Portugal, which primarily represents companies in one specific textiles-producing region of the country.

Last year ATP said Portuguese textile industry sales were close to $7.3 billion, with 70 percent of that going to export. In the past, representatives of Portuguese textiles suppliers have said the American market is their second largest export market after Spain.

Home from Portugal organizes an annual trade fair in Guimares, the heart of the textiles producing region in the northern portion of the country, about an hour east of Porto. This year the fair is scheduled for the last week of June.

Small amounts of soft home products still come from other European countries like Germany, Italy, France and the U.K. but together Turkey and Portugal dominate the market today for European goods in America.

Source: sourcingjournal.com- June 20, 2018

HOME

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China's share in EU textile imports on the decline: Euratex report

China's leading position is continuously being threatened with the arrival of low coast production regions like Bangladesh and Vietnam.

A Euratex report states even though emerging countries are gradually gaining market share, it should be noted that some of the businesses are actually Chinese companies that have relocated.

Mediterranean countries, which have long benefited from their proximity to the EU-28, have held the same position for the last few years.

Contrary to China, SAARC and ASEAN zones have grown slowly but surely since 2010, improving gradually their share in EU textile & clothing imports.

In 2017, these four zones still accounted for over 86 per cent of total extra-EU textiles and clothing imports.

China losing ground

As for products, China prevailed as the main supplier of woven garments. However, its share continued to decline only to the benefit SAARC and ASEAN regions whose shares went up.

Traditional suppliers of the EU-28, the Mediterranean countries expanded their market share. In import of knitted garments, China was again overtaken by the SAARC region whose share now make up one third of total EU imports.

Clothing accounted for more than half of EU-28 exports in 2017, due to sharp rises of exports to EU's top customers.

In 2017, extra-EU exports went toChinas share in EU textile imports on the decline Euratex report 001 four main defined country groupings whose respective shares were Mediterranean countries: 13.3 per cent; Group of autonomous countries: 12.4 per cent; EFTA group of countries: 16.4 per cent; NAFTA group of countries: 17.0 per cent.

These four groups accounted for 59 per cent of extra-EU textile and clothing exports in 2017. Woven fabrics were the major textile product in EU-28 textiles exports.

The NAFTA zone and the Mediterranean countries are the biggest purchasers of textile goods.

Articles of clothing accounted for more than half of all exports, almost two thirds of which was woven items. EFTA and NAFTA areas make up the two main buyers.

Items of apparel continued to interest developed countries and certain consumer categories in developing countries with increasing purchasing power.

Source: fashionatingworld.com- June 21, 2018

HOME

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Korea, Taiwan big 2 investors in Vietnam's textile sector

More than 2,000 foreign companies from 16 countries and territories have invested around $15.75 trillion in Vietnam's garment and textile sector so far, according to Vietnam Textile and Apparel Association (VITAS) chairman Vu Duc Giang.

South Korea is the biggest investor with its investment exceeding $4.4 billion, followed by Taiwan, Hong Kong and Japan.

Taiwan's investment is worth $2.5 billion, Hong Kong's $2.1 billion and Japan's $789 million, according to a Vietnamese news agency report.

Earlier this year, Japan's ITOCHU Corporation purchased additional 10 per cent shares of Vietnam National Textile and Garment Group (Vinatex) by investing $47 million, raising its stake to 15 per cent and making it the second-largest stakeholder after the Vietnamese industry and trade ministry.

Other big foreign direct investment projects include the $80-million Nam Dinh Ramatex Textile and Garment Factory by Singapore and the $80-million Ha Nam YKK Factory specialising in zippers and other materials for the garment industry.

Low labour costs and free trade agreements, including the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), have made the Vietnamese garment and textile sector alluring to foreign investors, Giang said.

Once the CPTPP comes into effect, Vietnam can increase shipments to CPTPP member countries, which spend up to $40 billion on garment and textile products annually.

Source: fibre2fashion.com- June 20, 2018

HOME

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Certification for Philippine garment firms availing GSP

The Philippines has adopted rules on securing certificate of accreditation for garment manufacturers, exporters and subcontractors availing of preferential tariffs under the generalized system of preference (GSP) scheme.

A certificate will be issued by the department of trade and industry (DTI) accreditation board confirming that minimum labour standards have been met.

The Workers' Rights Review Committee shall consider freedom of association and the effective recognition of the right to collective bargaining; elimination of all forms of forced or compulsory labor; effective abolition of child labor; and elimination of discrimination with respect to employment and occupation as grounds for review.

It will also review acceptable conditions of work provided under Philippine laws and regulations related to minimum wages, hours of work, social security system, Home Development Mutual Fund, Philippine Health Insurance Corporation (PHIC or PhilHealth), Employee Compensation Commission (ECC) and occupational safety and health, and international labour standards to protect basic worker rights and enhance workers' job security and improve their terms of employment.

Source: fibre2fashion.com- June 20, 2018

HOME

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Bangladesh: $40 billion export target: Ambitious or lacklustre?

A whopping $33.5 billion is expected to come from the RMG sector. The second largest target is set for leather and leather goods at just $1.13 billion

The government plans to set a $40 billion goods export target with a 7.14% growth for fiscal year 2018-19, riding largely on the apparel industry's success, the largest contributor to overall export earnings.

The Export Promotion Bureau (EPB) sent a proposal to the Commerce Ministry for consideration on Tuesday. After a review of the proposal, Commerce Minister Tofail Ahmed, will formally announce the export target within a week or two.

In the proposal, the EPB recommended an export target of $40 billion with 7.14% growth. The projected export earnings target is $2.5 billion higher than the outgoing fiscal year's export target of $37.5 billion.

SECTOR-WISE EXPORT TARGETS

Products	Proposed target for FY19 in millions USD	Expected growth (%)
RMG	33,516	7.64
Home textiles	993	9.11
Jute and jute goods	1125	5.11
Leather and leather products	1137	2.81
Pharmaceuticals	120	12.95
Agricultural products	733	8.73
Engineering products	366	1.02
Frozen and live fish	515	-0.01
Plastic products	100	0.33
Ceramics products	46	2.56

Of the total amount, $33.5 billion is expected to come from the garments sector. The second largest target is set for leather and leather goods at $1.13 billion.

In a meeting with export industry stakeholders on June 12, the EPB discussed the export target and heard opinions about industrial capacity.

In July-May of the current fiscal year, Bangladesh earned $33.72 billion against a target of $37.5 billion.

In setting the export target, the world economic outlook, policy changes at important export destinations, stakeholder feedback, supply chain capacity, change in exchange rates, and global business trends were taken into consideration.

'It should be higher'

"Over 82% of our export earnings come from the apparel sector. Bangladesh has enough capacity to meet the export target. We have the confidence of global retailers. But manufacturers are losing their competitive edge due to a rise in production costs," Exporters Association of Bangladesh (EAB) president Abdus Salam Murshedy told the Dhaka Tribune.

In the proposed budget for FY19, beginning July 2018, "the government has increased corporate tax to 15%, while the tax-at-source returned to 1% from 0.70%. This will have an adverse impact on investment as well as production cost," said Salam, a former BGMEA president.

If the government reduces the corporate tax and brings down tax-at-source to the previous level to increase competitiveness, Bangladesh will be able to reach the target, said Salam.

On the flip side, experts are saying the target, though higher than that of the previous year's, is not in line with the development goals of the government.

"This export growth target, which is below 10% and it has been contracted, is unambitious. Our development strategy is driven by exports, but the GDP to export ratio has been falling. What does that signal?" said Policy Research Institute (PRI) Executive Director, Ahsan H Mansur.

"In attaining development goals as well as the GDP target, the export target should be much more ambitious," he said.

"Present policy towards export-oriented industries, rate of target achievement, and performance is disappointing. This is because of lack of proper policy support to export oriented industries," said Ahsan.

BANGLADESH EXPORT TARGETS

Fiscal Year	Export target in millions USD	Growth (%)
2013-14	30,500	12.85
2014-15	33,200	10.02
2015-16	33,500	7.34
2016-17	37,000	8.01
2017-18	37,500	7.27
2018-19 (proposed)	40,000	7.14

'Balance needed'

Export business leaders say they want a comprehensive and balanced export policy to achieve the export target.

"There is a lack of coordination between concerned ministries in setting the export target. The government is not taking necessary steps to remove export barriers," Md Jashim Uddin, president of Bangladesh Plastic Goods Manufacturers and Exporters Association (BPGMEA), told the Dhaka Tribune.

The government has offered incentives to promote plastic exports but exporters are yet to enjoy the benefits. Due to lack of proper implementation, government incentives and policy support fail to reach the target," Jasim said.

"We need policy continuity and equal treatment in terms of government incentives to provide space for emerging export industries to grow. If we can ensure this, it will help diversify the export basket," said Jasim.

In the proposed budget, the government offered 15% corporate tax for the RMG sector while other export-oriented sectors are to pay 35% corporate tax.

To achieve the export target, the government should prioritize the emerging sector and take measures to expand the export basket, according to business people.

An exporter who is in the IT industry said Bangladesh's export is dominated by the apparel sector, which contributes over 82% to total export earnings.

"This is not a good development strategy. If the sector fails or falls into trouble, the whole economy will suffer," he said.

"The apparel sector always enjoys the highest government benefits due to their strong lobby, which discourages others and creates an unfair situation," he said.

Bangladesh needs to concentrate on emerging sectors such as pharmaceuticals, information technology, jute diversified goods, plastic goods, and the leather sector, he added.

Source: dhakatribune.com- June 21, 2018

HOME

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Pakistan: Textile exports increase to $1.204 billion in May

Textile exports clocked in at $1.204 billion for May, up 28.4 percent year-on-year and 4.8 percent month-on-month, official data showed on Wednesday.

Pakistan Bureau of Statistics (PBS) data showed that textile exports amounted to $938 million in May last year and $1.148 billion in April.

Analysts attributed a nominal sequential surge in exports to the part release of exporters' stuck refunds. The last government disbursed refunds worth Rs31.5 billion in the last week of May.

PBS data showed that textile exports rose 9.82 percent to $12.336 billion in the first 11 months of the current fiscal year of 2017/18. Textile exports amounted to $11.23 billion in the same period a year earlier.

In May, total exports stood at $2.144 billion, up staggering 32.4 percent year-on-year, but they were marginally up 0.52 percent month-on-month. The country's total exports rose 15.3 percent to $21.345 billion in the July-May period.

Muffasar Malik, president of Karachi Chamber of Commerce and Industry (KCCI) said exports had sharply descended to several destinations around the world in the past because of rising cost of doing business.

"It must be kept in mind that rising dollar would lead to costlier imports and the exporters will also bear the brunt due to rise in cost of imported raw materials," Malik said.

"Any further devaluation would increase their cost and make Pakistani exporters less competitive, plunging the economy into further deep crisis."

Rupee lost around 14 percent since December last year as the government let the rupee depreciate against the US dollar.

The Federation of Pakistan Chambers of Commerce and Industry (FPCCI) said textile sector's share in the country's total exports remained stagnant at 60 percent for long.

“The area of concern is that Pakistan’s competitors have set targets for textile exports, while Pakistan remains far behind them,” FPCCI said in a report. “Pakistan’s total exports declined to $20 billion from $25 billion.”

An exporter said the country is only getting spillover orders and that too would stop coming once the competitors increase their capacity. “The government should come with a concrete and sustainable policy to facilitate exporters,” the exporter added.

In May, cotton yarn exports increased 41.3 percent year-on-year to $130.13 million; knitwear exports rose 39.2 percent to $258.86 million; bed wear exports surged 27.9 percent to $199.97 million; readymade garments exports climbed 23.99 percent to $223.37 million while cotton cloth fetched $199.6 million in May, up 22.08 percent over the same month a year earlier.

PBS data showed that imports increased 14.2 percent to $55.232 billion during the first 11 months. In May, total imports amounted to $5.814 billion, up 14.8 percent year-on-year and 13.8 percent month-on-month.

Oil and machinery continued to be the big-ticket import items during the July-May period.

Oil imports surged 30.4 percent to $12.928 billion. Machinery imports, however, marginally fell 2.2 percent to $10.632 billion. Imports of agriculture products and other chemicals amounted to $8.137 billion, up 17.5 percent.

Food imports inched up 1.1 percent to $5.715 billion. Metal group’s import surged 22.1 percent to $4.917 billion.

Transport group’s imports stood at $3.821 billion, up 27.9 percent, while textile imports amounted $3.291 billion, depicting an increase of 6.4 percent in the July-May period.

Source: thenews.com.pk- June 21, 2018

HOME

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NATIONAL NEWS

After slapping tax on US farm items, China looks to India for cotton

America's loss will be a gain for other cotton producers

India's cotton shipments to China could grow five-fold to 5 million bales (850,000 tonnes) in the next crop year as exporters rack up orders amid a trade war that is forcing the world's top consumer to look for other sources of supply. A bale is 170kg.

The US, the world's biggest exporter of the fibre, has cornered the bulk of Chinese imports for at least a decade. But China's decision to impose a 25 per cent import tax from July 6 on American farm commodities, including cotton, in retaliation for tariffs enacted by the administration of US President Donald Trump will allow India to grab a bigger share of the Chinese market.

Enquiries up

"In the last few weeks we are getting good inquiries from China for the new season crop," said Arun Sekhsaria, managing director of D D Cotton, an exporter that earlier this month sold cotton to China for shipments in November and December. "If the 25 percent duty stays there as announced, then India could export 5 million bales to China," he said.

India has already signed contracts to ship 500,000 bales (85,000 tonnes) of its new season harvest to China, officials said last week, in rare advance deals. In response to US tariffs on $50 billion in Chinese goods, Beijing slapped import taxes on cotton, as well as on other commodities and products from the US, even as its own state reserves of the fibre are depleting.

"Everybody is worried about the trade war nowadays so everyone is switching from the US to other origins," said a Chinese trader.

Once the world's top cotton importer, China has seen its imports shrink from more than 5 mt in 2011/12 to around 1 mt last year, mainly due to efforts to reduce its state stockpiles.

Dwindling inventories

But, as the inventories work down, China has begun allowing more imports. Last week, China approved 800,000 tonnes of additional cotton import quotas for 2018, the first time it has given any additional quota in five years.

China is set to return as a major cotton importer, taking 10 - 15 million bales (2-3 mt) a year by 2019-20, compared with 5 million bales this year, according to Tim Bourgois, head of the cotton platform at Louis Dreyfus Company.

“Chinese demand is huge. This is an opportunity for India to raise exports,” said Atul Ganatra, president of the Cotton Association of India.

Strong demand from China could help lift India's overall exports to as much as 10 million bales in 2018/19, highest in five years, as demand from traditional buyers like Bangladesh, Vietnam and Pakistan also remains healthy, said Ganatra.

For the 2017/18 crop year ending on Sept. 30, India is likely to export around 1 million bales to China, Ganatra said.

Chinese buyers would first try to replace US cotton with machine-picked, non-contaminated fibre from Australia and Brazil, and then they would go for Indian cotton, said a Beijing-based trader with an international company.

Quality concerns

Indian cotton is not free of impurities such as bits of leaves and empty bolls, but if buyers have no other origin to choose from, they will pay extra to get rid of the contaminants, another China-based trader said. The extra cost would still be cheaper than paying a 25 percent duty on US cotton imports, the trader said.

China is familiar with Indian cotton, and previously would buy as much as 6 million bales a year, said Nayan Mirani, partner at cotton exporter Khimji Visram & Sons.

At present, India also benefits from a depreciating rupee and nearness to China as compared with other competitors.

"India will benefit not only because of the tariffs, but because emerging nations' currencies have generally lost value against the dollar in the last couple of months," said Gabriel Crivorot, an analyst at Societe Generale in New York.

Vinay Kotak, a director at Kotak Commodities, a Mumbai-based brokerage said, "If India manages to produce a bigger surplus, then it can certainly export more as the demand is there."

Source: thehindubusinessline.com- June 21, 2018

HOME

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TEXPROCIL: Export incentives needed for competitiveness

Without a level playing field and burdened by high transaction costs, inadequate export benefits, the Indian textile industry's export competitiveness is taking a hit.

The industry has sought a hike of the duty drawback incentive to 3-4 per cent (at 1 -2 per cent now) and extinguishing of embedded tax (in the GST regime such as electricity duty and on petroleum products) to be able to bounce back, Ujwal Lahoti, Chairman, The Cotton Textiles Export Promotion Council (Texprocil) said.

Highlighting the opportunities and challenges in export of cotton yarn, Lahoti said that India is the largest exporter accounting for 26 per cent of the global share.

"Our yarn quality is well-accepted. Yet, because of the export duty that Indian yarn attracts, we are losing our market share in China."

India exported 603 million kg (mkg) of cotton yarn to China in 2013-14. This fell almost by half to 315 mkg in 2017-18.

At the same time, Vietnam's exports to China increased from 287 mkg in 2013-14 to 718 mkg in 2017-18. Currently Vietnam's export is well over twice that of India's export to China.

China is importing from India only to bridge the gap in demand from supplies from its domestic spinners.

Vietnam has no raw material base but imports from the US, India and China. It competes with Indian suppliers due to the advantage of zero tariff in most of the importing countries.

Texprocil and the Southern India Mills Association have taken up this tariff correction issue both at the Asia Pacific Trade Agreement (APTA) and RCEP (Regional Comprehensive Economic Partnership) forum, seeking some concession, Lahoti said.

The problem is more severe in fabric than yarn.

Despite being the world's largest exporter of cotton yarn, India's share fell from 30 per cent in 2015 to 25 per cent in 2017. Vietnam is second with with a share of 19.94 per cent.

The ratio of yarn production to export slipped to 26 per cent in 2017-18 from 33 per cent in 2013-14 indicating a growth in domestic consumption. (Yarn production grew from 3,900 mkg in 2013-14 to 4,065 mkg in 2017-18).

Though over 3 million spindles and 60,000 rotors were added to the spinning capacity in the last five years yarn production has stagnated at around 4100 mkg as 1.6 million spindles were scrapped and capacity is under utilised, he said.

The industry is showing an uptick as cotton yarn prices are tending to increase over the last two months mainly due to continuous increase in cotton prices from mid-February, he said.

Source: thehindubusinessline.com- June 21, 2018

HOME

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Standardization boosts domestic growth, exports: Prabhu

Minister of Commerce and Industry Suresh Prabhu Tuesday released a national strategy for standardization, adding that standardisation helps both domestic businesses and exporters.

Speaking at the 5th National Standards Conclave - Implementing the Indian National Strategy for Standardization, being held in New Delhi on 19-20 June 2018, Suresh Prabhu said standardisation boosts both exports as well as domestic economic growth by enabling realisation of value of product and services and consumers will be the biggest beneficiary.

The Minister said that unless products are standardised it becomes difficult to market them.

Two reports were also released by the Minister, Indian National Strategy for Standardization (INSS) and CII-ASL Study on TBT/SPS Notifications. INSS is the result of the combined efforts of Ministry of Commerce and Industry, Ministry of Consumer Affairs and industry stakeholders.

It provides a vision for the country to achieve the highest quality standards in production and distribution of goods and services in an attempt to reclaim Brand India.

The INSS report addresses four broad pillars of Quality Ecosystem: (i) Standards Development (ii) Conformity Assessment and Accreditation (iii) Technical Regulations and SPS Measures (iv) Awareness and Education.

Commerce Secretary, Rita Teaotia and Joint Secretary, Department of Commerce, Sudhanshu Pandey were also present during this occasion.

Source: smetimes.in- June 20, 2018

HOME

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Government clears Rs 38,062 crore refund claims of exporters till June 16

The government has cleared pending GST refunds to the tune of Rs 38,062 crore to the exporters so far, an official statement said today.

"In all, Rs 21,142 crore (IGST refunds), Rs 9,923 crore (RFD-01A refund by CBIC) and Rs 6,997 crore (RFD-01A refund by states), all totalling Rs 38,062 crore has been sanctioned till June 16, 2018," CBIC said in a statement. The Central Board of Indirect Taxes and Customs (CBIC) had conducted a refund fortnight from May 31 to June 14, which was later extended by 2 days to June 16.

During the refund fortnight, the pending refunds of integrated GST (IGST) of exporters based on shipping bill was cleared. Also those businesses making zero rated supplies or those wanting to claim input credit, and filled up Form RFD-01A were also given refunds.

The CBIC said as on June 16, Rs 6,087 crore of IGST refunds has been sanctioned in the refund fortnight.

Besides, RFD-01A claims worth Rs 1,548 crore were sanctioned by the centre and Rs 2,290 crore by the states during the fortnight. This is out of the Rs 9,816 crore RFD-01A refund claims received by the centre as on April 30, 2018. Thus, the total IGST and RFD-01A refund claims sanctioned by the government during the refund fortnight was Rs 9,925 crore.

The government had last month said about Rs 14,000 crore of refunds of exporters were stuck due to various mismatches. The CBIC had organised the special refund drive to fast track clearances.

The amount of RFD-01A refund claims disposed as on June 16, 2018, by the centre stood at Rs 10,824 crore and by the states at Rs 7,287 crore. Thus, the total amount of RFD-01A claims disposed off stands at Rs 18,111 crore so far, the CBIC added.

Source: financialexpress.com- June 21, 2018

HOME

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Scrapping of sops causes dip in cotton yarn exports: TEXPROCIL

Despite being the largest exporter of cotton yarn, India's share has dipped to around 26 per cent in 2017 from 30 percent in 2015 for various reasons, including withdrawal of incentives, Chairman of Cotton Textiles Export Promotion Council (TEXPROCIL) Ujwal Lahoti said on Wednesday.

Exports have stagnated in the last two years, whereas Vietnam has become the second largest cotton yarn exporters in the world with a marketshare of 20 percent in 2017, Chairman Lahoti told reporters.

Attributing the dip to the absence of a level-playing field, high transaction cost and lower rate of export benefits, he said the fall in demand was mostly because of China. China was shifting its yarn production to Vietnam, which has become a conversion centre for Chinese cotton, following rise in labour cost, he said.

India exported 603 million kgs of cotton yarn to China in 2013-14, which fell by half to 315 million kgs in 2017-18, while Vietnam's exports to China increased from 287 million kgs to 718 million kgs during the period, Lahoti said. China is importing from India only to bridge the gap in demand from supplies from its domestic spinners and imports from Vietnam, he said.

However the drop in exports to China was to some extent compensated by the increase in exports to Bangladesh, Turkey, Portugal, Pakistan and Egypt, he said.

Stating that Indian cotton yarn attracted 3 percent to five per cent import duty in China, supplies from Vietnam did not attract any such tariff, Lahoti urged the union commerce ministry to get zero duty benefits for Indian cotton yarn by initiating talks through fora such as APTA (Asia-Pacific Trade Agreement) and RCEP (Regional Comprehensive Economic Partnership).

"If the tariff is corrected, our exports will get a boost," Lahoti added.

Source: moneycontrol.com- June 21, 2018

HOME

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Strong demand to lift cotton price by 8-10% in ongoing season

Cotton price is expected to increase in the range of 8-10 per cent for the ongoing cotton season following strong demand from both domestic as well as international markets, according to a report.

The cotton price is expected to increase with a marginal cut in the production estimate and producers increasing prices following rising prices of man-made fibres, which went up due to high crude oil prices, Care Ratings said in a report.

Also, it said, demand for raw cotton as well as cotton yarn in the international markets, mainly China and Bangladesh, has been on an upward trend and is expected to continue to increase going forward.

The prices are likely to increase in the range of 8-10 per cent for the ongoing cotton season, it added.

This downward revision in production is largely attributed to the pink boll-worm infestation on cotton crops in many states including Maharashtra, Andhra Pradesh and Telangana, it said.

The current year's output estimate is, however, still higher by about 6 per cent compared with the production in Cotton Season (CS) 2017 which stood at 350 lakh bales, it said.

Meanwhile, Care Ratings said, in line with the cotton prices, the cotton yarn prices have also witnessed an increase during the period on back of increased demand from international markets mainly China following its trade war with the US along with rupee depreciation.

China has imposed a 25 per cent duty on import of cotton from the US and is meeting its demand by increasing imports from India, it added.

Source: business-standard..com- June 20, 2018

HOME

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Arvind to scale up textiles biz to 10,000 crore by 2023

The company plans to invest Rs 1,500 crore over the next three years to meet its target which will be funded entirely from the company's regular cash flow.

Textiles-to-retail conglomerate Arvind Limited is planning to scale up its textiles business to Rs 10,000 crore by 2023, from Rs 6,000 crore now, a top company official said today.

The key drivers to this growth will be verticalisation, more garmenting, ramping up advanced materials division which is into specialised textiles, and adopting newer technologies that will help scaling up operations and build on the Arvind brand, Susheel Kaul, CEO, Lifestyle Fabrics, Knits and Wovens of Arvind Ltd said.

He said the company plans to invest Rs 1,500 crore over the next three years to meet its target which will be funded entirely from the company's regular cash flow.

"We do not need to dig into our reserves. We have enough regular cash flow," he said.

"We will be 'verticalising' more as that is a new revenue line for us. We plan to grow the technical textiles division and get into newer fabrics more and more, focusing on athleisure and activewear and scaling up the brand Arvind," Kaul said.

Under textiles, the company has denims, knits and wovens, and 'Ankur' which is a women's brand.

Kaul said the brand Arvind, which is worth Rs 400 crore now from its B2C (business-to-customer) business, will be scaled up to Rs 1,000 crore, as per the targets that the company has set.

Kaul, who was in the city to launch a festive collection called 'Millennial's Choice', said the company is manufacturing over 32 million pieces of garments a year from the 250 million metres of fabric that it produces annually.

"Only 10 per cent of the fabric we produce is being garmented now. We would like this to grow at least to rpt to 40-50 percent but a lot will depend on the brands who we work with," Kaul said.

Arvind works with several top global brands like GAP, Levi's and Zara and is present in 10,000 retail touchpoints and 200 exclusive outlets.

In sync with its ambitious growth plans, the company also plans to double its workforce of 43,000 over the next few years.

Source: moneycontrol.com- June 20, 2018

HOME

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Rise in linen prices troubles exporters

Rising price of linen is creating trouble for many exporter in the last one-and-a-half months, especially small and medium level ones who use linen as their main fabric.

An exporter engaging in business of just Rs 4 crore claims to have suffered a loss of Rs 4 lakhs due to this hike, which comes out to be Rs 30 per metre.

Due to higher demand and less supply prices has gone up by almost Rs 200 per kg. Even big mills are now importing fibre on current price and have increased the price gradually.

The rise in linen prices have made exports of products more challenging by making Indian exporters uncompetitive against competing exporting nations.

Though experts feel there is some constancy now in prices which are predictable to remain the same till the end of 2018. Since the hike is happening after many years, the market is taking time to adjust to the change.

Source: fashionatingworld.com- June 20, 2018

HOME

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