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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. 256 of 2017 December 22, 2017

USD 64.04 | EUR 75.88 | GBP 85.67 | JPY 0.56

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
18645	39000	**77.44**

Domestic Futures Price (Ex. Gin), December

Rs./Bale	Rs./Candy	USD Cent/lb
19580	40957	**81.33**

International Futures Price

NY ICE USD Cents/lb (March 2018)	77.94
ZCE Cotton: Yuan/MT (Jan 2018)	14,655
ZCE Cotton: USD Cents/lb	**85.55**
Cotlook A Index – Physical	**85.95**

Cotton & currency guide: The ICE cotton continued to trade positive. After several years the ICE cotton surpassed 78 cents for the active contract while settled Thursday at 77.94 cents per pound. Ever since market has breached 75 cents it has been onto positive tone though the move has been gradual. Good cash sales, speculative additions of long has supported cotton price to trade higher. The other months have also moved higher.

For reference the May contract ended the session at 77.96 keeping the spread between March and May almost nil. We believe though daily chart is almost near overbought but the momentum is aggressively positive. Looking at the market behavior we may see it testing 79 cents soon. Note 79 is a very strong resistance level and by any means if that is broken onto the higher side then there would be shift in price band above 80+ cents.

On the trading front, volume was 41,203 contracts, much heavier than would be expected for a pre-holiday session. Cleared yesterday were 26,553 contracts. Open interest moved to highest level since 6th April. Open interest stood at 267,236 contracts, up 2,148 contracts from previous day. The highest open interest in 2017 was 282,834 contracts on March 24th.

The positive factor that pushed cotton price higher was the weekly USDA export sale data. Combined sales for the week ended December 14th were 337,700 bales (upland 326,500/pima 11,200). That included cancelations of 71,500 bales. The 7 countries with cancelations had net increases in sales. 2017/18 sales for the season through December 14th totaled 10,874,600 bales, 2.6 million bales ahead of last year. Weekly shipments were 163,300 bales (upland 148,200/pima 15,100); bringing total shipments to 2,894,300 bales (upland 2,751,200/pima 143,100). Shipments are 566,600 bales behind last year.

Further, post the ICE market was closed the weekly CFTC numbers were out. It recorded a new number of on-call sales. Total on-call sales were 149,936 contracts, up 2,452 contracts. The record high total ever was 147,500 contracts, set 5 weeks ago (11-10-17). Total on-call purchases were 28,482 contracts, down 1,553 contracts.

This morning ICE cotton is seen trading at 77.45 down by 0.63% from the previous close. We believe during early Asian session market is trading marginally lower while as long as it holds above 76 cents either market may correct until that level or continue to consolidate in the range of 76 to 79 cents.

On the domestic front, it is interesting to note that the spot price continues to hold near Rs. 39750 per candy no change from previous close. The arrivals are also high near 190K+ bales. We believe market is very disordered for now with heavy supply and steady demand amid no sign yet for export. We expect market may remain close to Rs. 40K per candy. However, the reaction in the future contract is bit mixed as it is taking strong cues from steady spot market and upbeat ICE futures price.

On Thursday the December future contract ended the session at Rs. 19910 up by Rs. 300 from the previous close and other months were also onto positive trajectory. We expect market may remain upbeat however looking at the chart structure it is near overbought stage so anytime price may correct down side. The trading range for the day would be Rs. 19750 to Rs. 20100 per bale for December future at MCX.

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

NEWS CLIPPINGS

	INTERNATIONAL NEWS
No	**Topics**
1	Belgium: MMF production grew by 5% annually in 10 yrs: CIRFS
2	Pakistani apparel units seek tax-free yarn import
3	Pakistan: Textile exports surge 7.66 percent, mount to $5.510bln in five months
4	Vietnam Publishes New Requirements on Formaldehyde and Azo Dye Use in Textiles
5	UK textile manufacturing boom in 2017
6	ASEAN-India complete 25 years of partnership
	NATIONAL NEWS
1	Short-term fixes won’t boost exports
2	Digital revolution big threat to jobs; NITI Aayog proposes solution
3	New US Tax Cuts and Jobs law looks inwards: Here is how it impacts Indian companies
4	India needs to up its exports competitiveness in textiles and apparels
5	Here's a new method to manufacture graphene-based wearable e-textiles
6	Prabhu to take stock of states’ export strategies
7	Tiruppur exporters laud approval of SCBTS

INTERNATIONAL NEWS

Belgium: MMF production grew by 5% annually in 10 yrs: CIRFS

Man-made fibres (MMF) production grew by around 5 per cent annually in the last ten years while those of cotton and wool fell by 1.6 per cent and 1.2 per cent respectively, says the 53rd edition of 'Information on Man-made Fibres' published by the European Man-made Fibres Association (CIRFS).

The report analyses worldwide production, trade and consumption.

Europe is the world's largest exporter of acrylic and cellulosic fibres and the biggest producer of ultra-high strength fibres and of polypropylene fibres.

It is one of the global leaders in man-made fibres innovation and quality and its output is used in fashion, home textiles and various technical uses, the report said.

The European man-made fibres industry is the largest supplier of raw materials to the European textile industry, a press release from Brussels-based CIRFS quoted director general Frédéric Van Houte as saying.

The report shows continued and solid growth of the world's MMF industry while cotton and wool shares stagnate, said Houte.

In 2016, MMF constituted 75 per cent of all textile fibres produced worldwide, this percentage going up to 81 in Europe.

Source: fibre2fashion.com- Dec 22, 2017

HOME

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Pakistani apparel units seek tax-free yarn import

The Pakistan Readymade Garments Manufacturers & Exporters Association (PRGMEA) has urged the government to relax duties on yarn import to encourage value addition, reduce cost of doing business and bridge the gap between production and consumption.

The request comes as the government is preparing to withdraw sales tax and customs duty on import of cotton.

The government's decision on duty exemption for imported cotton followed demands by the spinning industry, but it displeased growers and ginners.

To bridge the soaring gap of trade deficit, the government should provide a level-playing field to the whole textile chain instead of supporting only yarn manufacturers, which have just around 350 units, compared to the value-added sector of 10,000 units, Pakistani media reported quoted PRGMEA chief coordinator Ijaz Khokhar as saying.

If the government could help the spinning industry on the plea that domestic cotton is of short staple though around 1.86 million bales of cotton are lying unsold in the country, it should remove restrictions on yarn import as well under the same plea, said Khokhar.

As the apparel sector has a limited production line because of lack of latest fabric varieties at the local level, the harsh duties are resulting in significant decline in apparel export, he added.

Source: fibre2fashion.com- Dec 22, 2017

HOME

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Pakistan: Textile exports surge 7.66 percent, mount to $5.510bln in five months

The overall textile exports from the country were recorded at $5.510 billion during July-November (2017-18) against the exports of $5.118 billion during July-November (2016-17), showing growth of 7.66 percent, according to the latest data of Pakistan Bureau of Statistics (PBS).

The products that contributed in positive growth in external trade included raw cotton, the exports of which grew by 49.78 percent by going up from $33.513 million last year to $50.195 million during the current fiscal year.

Similarly, the exports of cotton yarn increased from $549.753 million to $553.391 million, showing growth of 0.64 percent while the exports of yarn (other than cotton yarn) increased from $11.061 million to $12.810 million, an increase of 15.81 percent.

During the period under review, the knitwear exports from the country increased by 12.07 percent, from $980.489 million to $1098 million while the bed wear exports increased from 6.65 percent from $888.448 million to $947.517 million.

The export of readymade garments increased by 14.69 percent by growing from $888.456 million to $1018.991 million while the exports of art, silk and synthetic textile increased by 55.30 percent, from $79.905 million to $124.096 million.

During the period under review, the exports of made up articles (excluding towels and bedwear) also increased by 7.92 percent, from $261.272 million to $281.967 million.

Meanwhile, the textile products that witnessed negative growth in trade included cotton cloth, the exports of which declined by 1.16 percent, from $898.265 million to $887.760 million while the exports of cotton (carded or combed) decreased by 95.71 percent from $0.210 million to $0.009 million.

The exports of tents, canvas and tarpaulin decreased by 33.26 percent, by declining from $52.940 million to $35.330 million, the PBS data revealed.

Meanwhile, on year-on-year basis, the textile exports during November 2017 increased by 7.45 percent compared to November 2016.

According to PBS data, the textile exports during November 2017 were recorded at $1132.848 million against the exports of $1042.573 million during November 2016.

It is pertinent to mention here that the total exports from the country during July-November (2017-18) stood at $9.030 billion against the exports of $8.173 billion during the correspondent period of last year, showing growth of 10.49 percent.

The imports into the country during the period under review also increased by 21.12 percent, from $19.864 billion to $24.060 billion, according to the data.

Based on the figures, the trade deficit during the first five months of the current year was recorded at $15.030 billion against the deficit of $11.691 billion, showing growth of 28.56 percent in the overall deficit.

Source: samaa.tv- Dec 21, 2017

HOME

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Vietnam Publishes New Requirements on Formaldehyde and Azo Dye Use in Textiles

On October 23, 2017, the Vietnamese Ministry of Industry and Trade (MOIT) released new regulations regarding the use of formaldehyde and azo dyes in textile products. These were published in Circular No. 21/2017/TT-BCT, “the national technical regulation on the content of formaldehyde and certain aromatic amines derived from azo colorants in textile products”.

The new regulations contain specific requirements relating to the permitted limits for formaldehyde and azo dye content in textile products. These apply to all goods manufactured, imported, distributed and sold in Vietnam.

According to the regulations, the limits on formaldehyde content in textile products shall not exceed:

- Textile products for children under 3 years old: 30 mg/kg
- Textile products in direct skin contact: 75 mg/kg
- Textile products without direct skin contact: 300 mg/kg

Limits on content of aromatic amines derived from azo colorants:

- Content of each aromatic amine shall not exceed 30 mg/kg for all textile products

- The regulations do have exemptions, including:
- Unbleached or undyed fabrics and textile products
- Textile products in transit or stored in warehouses for assembling
- Textile products temporarily imported for re-export
- Foreign tourist belongings temporarily entering Vietnam
- Commercial samples with no market value or samples for scientific study

Textile products that are manufactured, imported, distributed and marketed in Vietnam are required to declare conformity with the CR mark at the point of sale and provide a conformity certificate either by:

• Self-declaration of conformity based on results of self-assessment made by the applicant. The testing for declaration of conformity shall be carried out by a testing organization certified by MOIT

• Declaration of conformity based on results of certification or assessment made by the appointed certifying organization. The testing for declaration of conformity shall be carried out by a testing organization certified by MOIT.

The new requirements will come into effect on May 1, 2018. Stakeholders are now advised to check their products are compliant with the latest clothing regulations in Vietnam.

SGS Softlines Services

SGS has a worldwide network of over 40 state-of-the-art laboratories specializing in softline testing. Their committed team is drawn from multi-disciplinary backgrounds, allowing them to carry out a comprehensive range of physical, chemical and functional testing services for components, materials and finished products.

SGS helps companies ensure quality, performance and compliance with international, industrial and regulatory standards worldwide.

SGS SafeGuardS keep you up to date with the latest news and developments in the consumer goods industry. Read the full Vietnam Issues New Regulations on Formaldehyde and Azo Dyes Requirements in Textile Products SafeGuardS.

[www.sgs.com/en/news/2017/12/safeguards-18617-vietnam-issues-new-regulations-on-formaldehyde-and-azo-dyes]

Source: nbherard.com- Dec 21, 2017

HOME

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UK textile manufacturing boom in 2017

Average production in the UK textile manufacturing industry was up 25% this year, despite looming economic uncertainty.

Half (50%) of the 100 fashion and textile manufacturers surveyed by Make it British saw turnover increase compared to last year.

Almost a third (30%) said they exported more this year than in 2016 as the exchange rate worked in many businesses' favours.

A third (33%) said they do not currently export, which Make it British said was a "massive opportunity" for growth.

Morale was strong as respondents scored a weighted average of 3.2 on a scale of one to five when asked how optimistic they felt about their industry's future.

The workforce, however, remained a key concern as more than two thirds of firms (69%) reported that the average age of their workforce is over 40, with the average employer having only taken on one person under the age of 30 in the last year.

More than half (58%) said that they are receiving more enquiries than they were a year ago, as an increasing number of companies look to source locally and restore production back in the UK.

Kate Hills, founder and CEO of Make it British, said: "This survey reveals that 2017 has been another great year for the sector. There is increased interest from overseas and more companies are looking to source locally.

"As a result, more factories are opening or working longer hours and taking on apprentices to keep up with demand".

Source: drapersonline.com - Dec 21, 2017

HOME

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ASEAN-India complete 25 years of partnership

Leaders from 10 member states of Association of South East Asian Nation (ASEAN) met in the recently held India-ASEAN partnership summit to commemorate 25 glorious years of ASEAN-India relationship.

The summit focussed on strengthening India-ASEAN multi-faceted relationship and bringing out significant changes in world's economic and political scenario.

ASEAN-India share a decade long friendly relationship and over the years all the south East Asian Nations, along with India, have played a pivotal role in bringing significant changes in the economic, social and political scenario of the world.

Consolidating mutual cooperation, promoting trade and business and strengthening bilateral ties between nations remained one of the major highlights of the summit.

Development of eastern borders in order to simplify the implementation of Act East Policy was also stressed during the summit.

Minister of Development of North Eastern Region (DoNER) Jitendra Singh said that in last few years, the north-east region has witnessed increased impetus as it remained India's pivot to its pragmatic and realistic policy of 'Act East'.

Stressing upon the need of mutual cooperation, he said, "If we have to promote trade and business, then we have to promote mutual cooperation to the countries across these borders, we have to produce from this region (north-east), because of our common lifestyle, traditions and eating habits, we would be able to send what is produced here."

Reaffirming the fact that 98 per cent of the north-eastern states share their borders with South Asian neighbours, Minister of State for Home Affairs Kiren Rijiju shed light on the central government's keenness to improve border infrastructure.

He also stressed on the basic requirements such as road, power and schools in the region for betterment.

Addressing the summit, Rijiju said there was a need to explore the region's potentialities, keeping aside the negative aspects and focus on the idea to improve the connectivity to boost bilateral trade and cultural ties.

The summit also highlighted the need to enhance skill development of the youth for the betterment of the country and government is also targetting to improve social perception of technical and vocational education and training.

Making intelligible about the importance of India's Act East Policy, Minister for Petroleum and Natural Gas, Dharmendra Pradhan said, "India embark on the policy of look east for a long time.

However, PM has given further importance by initiating the policy of Act East to reinforce relation with the economical vibrant Asian region."

He went on to say, "The upgrade from the Look East to Act East policy with Asian as the core was the earliest initiative of the Modi government.

The ASEAN region is considered as our extended neighbourhood and enhancing connectivity is crucial to improve India's diplomatic, economic and cultural ties with the countries."

"The Act East Policy can be significantly supported by India's northeastern region. It is becoming a bridge head for India to booming Asian markets," he concluded.

The partnership summit was attended by delegates of both India and ASEAN member states.

Source: business-standard.com - Dec 21, 2017

HOME

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NATIONAL NEWS

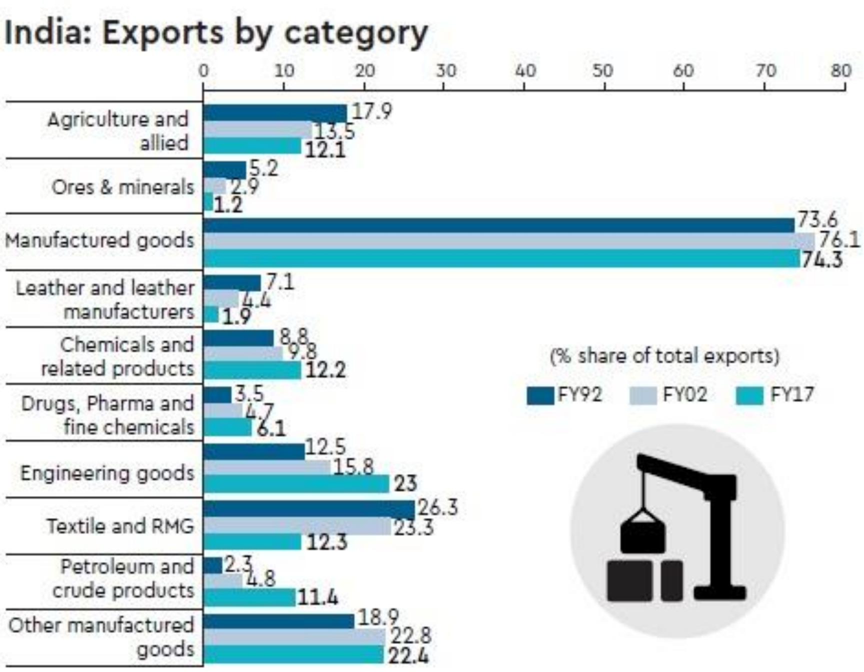
Short-term fixes won't boost exports

Even though the exports target of $900 billion by 2020 looks unrealistic, India can achieve significant exports growth if it implements the right mix of sustainable policies in a time-bound manner. There is no short cut to boosting exports and the phasing out of export subsidies is a reality

The Indian industry cheered the recently released mid-term review of the foreign trade policy (FTP 2015-20) by the ministry of commerce. The reason was obvious—the government offered additional export incentives amounting to Rs 8,450 crore under the Merchandise Exports from India Scheme (MEIS) and Service Exports from India Scheme (SEIS).

Out of this, Rs 4,567 crore has been allocated for MSME and labour-intensive sectors covering leather, agriculture, carpets, handicraft, marine, rubber, ceramics, sports goods, medical and scientific products, and telecommunication equipment.

Textiles (ready-made garments and made-ups) will receive benefit of around Rs 2,743 crore from the above pool. The remaining Rs 1,140 crore has been allocated for SEIS benefits for export of notified services such as business, legal, accounting, architecture, engineering, education, hospital, and hotels and restaurants. Overall, industry tariff lines that will receive benefits under MEIS were increased to 7,914 from 4,914 in the FTP released in 2015.



Exports have grown at a dismal pace of -1.2% (average year-on-year growth since January 2014) for the past four years. There is no doubt that India has diversified its exports since the 1990s, both geographically and product wise.

In terms of destination, India now exports over 50% of its export volumes to emerging and developing economies, surpassing the share of advance economies. In fact, the EU and the US now account for only 30% of India's total exports compared to 45% in 2000.

In terms of product mix also, there has been a gradual shift as the export sector has moved up the value chain, leading the way with high-value products like industrial machinery, automobiles and car parts, and refined petroleum products. The accompanying table shows that, over the years, there has been a significant increase in the share of petroleum and crude products and engineering products in the export basket.

The share of engineering goods in total exports almost doubled from 12.5% in FY92 to 23% in FY17, and the share of petroleum and crude products rose from a mere 2.3% to 11.4% over the same period. The latter can be attributed to increase in petroleum refining capacity in the country. The share of traditional exports like textiles, ready-made garments and leather products has nearly halved in the past decade. In fact, petroleum products and engineering goods together now account for almost 35% over India's exports.

In light of the recently-released FTP review and incentives offered, the more fundamental question is whether export sops are the real solution to India's trade woes? Thus, it is important to understand what drives India's exports and why? Indian exports are sensitive to price changes, global demand and supply-side bottlenecks. The way India's export basket has evolved over the past two decades, it has made them much more responsive to global demand as compared to price changes. This is because India now exports more income-sensitive items like engineering goods, petroleum, gems & jewellery and chemical products.

According to the International Monetary Fund (IMF), "in the long-run, a 1% increase in India's international relative export prices could reduce export volume growth by about 0.9% for all industries and by about 1.1% for the manufacturing sector." The long-run coefficient on global demand is estimated to be slightly above 1.5, which suggests that India's exports are more sensitive to changes in external demand than price changes. Thus, increase in global demand drives exports much more than price cuts.

Further, the IMF research suggests that binding supply-side constraints like energy shortages dampen price responsiveness of exports. In the case of industry with an energy share of about 4% in the gross value of its output (which is about the average share in manufacturing), a 1% relative price depreciation will result in export growth of 0.6%.

However, in the same industry, in case of energy deficit of about 10%, the export growth will decline to 0.4%. This shows that tackling the issue of energy deficit can boost export performance considerably. Similarly, higher logistics costs have been a major impediment to export growth. The FTP review document admits that logistics cost in India is close to double of that in developed countries.

The average logistics costs in India are about 15% of GDP, while such costs in developed countries are about 8%. Thus, improving ease of trading is a high priority area for the government as Indian exporters face high transaction costs, making them less competitive in the global market.

Moreover, the most critical issue is that Indian industry will need to adjust to eventual phasing out of export subsidy schemes, going forward. The FTP mid-term review hints at the same and highlights a move "towards more fundamental systemic measures rather than incentives and subsidies alone" as a future strategy to boost exports.

This is because, as per WTO's Agreement on Subsidies and Countervailing Measures (ASCM), any developing country which breaches $1,000 GNI per capita for three consecutive years will have to phase out its export subsidies gradually. India has breached this level for three consecutive years starting 2013 to 2015. Thus, the commerce ministry will have to do away with specific export subsidies or recalibrate existing subsidies to WTO-compatible subsidies (which does not allow specific export-based subsidies).

In this regard, one should not undermine the initiatives that the government intends to undertake to address the above issues. The document clearly states that India will have to fine-tune current export schemes (MEIS and SEIS) and move towards more fundamental export promotion strategies such as Trade Infrastructure for Export Scheme (TIES, for bridging gaps in export infrastructure) and Market Access Initiative (MAI, catalyst to promote exports on product-focus country approach) Scheme. Reviewing existing free trade agreements (FTAs) and negotiating future FTAs for greater market access will also be critical in such a situation.

A logistics division has been set up in the commerce ministry which proposes to create an effective IT backbone and get all major agencies like customs, Directorate General of Foreign Trade (DGFT), railways, ports, waterways, etc, on a single platform.

The National Committee on Trade Facilitation (NCTF) has been set up, headed by the Cabinet Secretary, following ratification by India under the Trade Facilitation Agreement (TFA), and the National Trade Facilitation Action Plan has been prepared.

According to WTO, full and accelerated implementation of TFA could boost developing countries' exports by an additional 3.5% annually. Measures such as single-point contact for trade queries launched on the DGFT portal, setting up of a professional team to assist exporters in procedural clearances, 24/7 customs clearance facility extended to all bills of entry, etc, are steps in the right direction.

Even though the exports target of $900 billion by 2020 looks unrealistic, India can achieve significant exports growth if it implements the right mix of sustainable policies in a time-bound manner.

It is high time we realise there is no short cut to boosting exports and the phasing out of export subsidies is a reality. Measures such as enhanced trade facilitation, export and production diversification, lower logistics costs, energy efficiency, lower cost of doing business—and not short-term fixes—will lead to sustainable exports recovery.

Source: financialexpress.com- Dec 22, 2017

HOME

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Digital revolution big threat to jobs; NITI Aayog proposes solution

While on one hand, the world is aggressively working to develop new techniques of artificial intelligence, the central think tank NITI Aayog has proposed a way to make sure that these developments do not pose a threat to jobs creation and job security.

According to a report in Mint, NITI Aayog has proposed that the government should set up a labour utilization fund that will make the country's workforce more skilled and cost-competitive, encouraging businesses to hire more at a time when automation and the use of artificial intelligence are making low-skill labour redundant.

Ever since Kumar took over from Arvind Panagariya, the think tank has been working on a blueprint for the government to create jobs. He said that the government is currently encouraging automation in the textile industry under a technology upgradation fund (TUF) to make it capable of competing with large production houses in countries such as China.

Rajiv Kumar believes that this step will not only help in skilling workers but will also provide them with social security, making the workforce more cost-competitive for the industry to employ. "Just like that, we should have a labour utilization fund.

It doesn't have to pay salaries but can be used for better training, for paying provident fund contribution and for covering the health costs. In advanced economies, all these things are provided by the public sector," he was quoted saying.

He said that the aim behind NITI Aayog's policies is to maximize employment generation as once you do that, everything will fall into place. He added that labour-intensive sectors such as housing, construction, exports, garments, tourism, education and health should be in focus. The economist also suggested that the impediments to growth in these sectors should be studied in detail to figure out where the shoe pinches.

Source: financialexpress.com- Dec 22, 2017

HOME

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New US Tax Cuts and Jobs law looks inwards: Here is how it impacts Indian companies

The US Senate Wednesday passed US President Donald Trump's Tax Cuts and Jobs legislation, arguably the biggest tax reform in the country over the last three decades. Trump's Republican party, which enjoys a majority in US Congress and the House of Representatives, had earlier given its nod to the legislation. Once enacted, the monumental tax reform entails a $1.5 trillion in tax cuts and is expected to impact global economies including India.

The highlight of the new legislation is slashing of corporate tax to 21 per cent, effective from January 1, 2018. It also features incentives to draw capital back into the country and, possibly, making it more financially unfeasible to move capital to offshore sites. To promote manufacturing and stop companies from moving their operations to cheaper production hubs like south Asia, China, south east Asia, Brazil etc. by allowing companies to write off the cost of equipments that they purchase.

The major Indian sectors that are likely to feel the impact are IT-ITES, pharma and contract manufacturing. The legislation makes the US a more attractive option to make gains and could also leave an impact on the transfer pricing policies.

The legislation basically brings in a territorial system of taxation. The basic principle behind this system is that corporates are not obligated to retain profits in subsidiaries in foreign lands. Corporations can bring the profits back into the US after paying a one-time tax.

For India, the federal tax outflow will reduce for the companies that have US operations. The sectors which are likely to feel the impact are IT, services and BPO, pharmaceuticals and textiles. Indian business now have an opportunity to increase investment in US business, as well as setting up manufacturing units in the US. However, the opposite may be more difficult as it ends tax advantages for companies that move abroad from US' shores.

Trump has pushed his reforms on the slogan of "Jobs, jobs, jobs and jobs." The legislation obviously seeks to generate jobs in the US but make outsourcing difficult.

"I campaigned on the fact that we're not going to lose our companies anymore. They're going to stay in our country. They have tremendous enthusiasm right now in this country. And we have companies pouring back into our country.

That means jobs, and it means really, the formation of new young, beautiful strong, companies. So that's going to be very, very important," Trump said after the bill was passed in the US senate, adding that the law will bring in at least $4 trillion that is frozen overseas. "Some of them don't even like us, and they had the money. Well they're not going to have the money long," he said.

Over four million NRIs in the US stand to benefit from the personal tax cuts but analysts, however, warn about the fine print. The tax cut will end after 10 years and personal income taxes will rise for 57 per cent of America's middle-income class.

The legislation retained the seven income tax brackets but they have been revised to 10, 12, 22, 24, 32, 35 and 37 per cent. The highest earners currently pay 39.6 per cent tax. The $1 million cap will be dropped to $600,000 per married couple. The reductions in income tax rates are also temporary and will end in 2018. It nearly doubles the standard deduction to $12,000 for individuals and $24,000 for married couples. The personal exemption clause, which is currently set at $4,050, was dropped from the new legislation.

It also brings to an end the unlimited federal deduction offered for state and local income and sales taxes. It will only allow deductions totalling a maximum of $10,000 in combined property, income or sales taxes.

Another factor to consider is the move to allow maximum deduction of dividends that are received by a US stakeholder from foreign firms including in India. This would encourage the subsidiaries of US companies in India to remit larger dividends to the US with only the Indian Dividend Distribution Tax of over 20 per cent working as a deterrent.

Source: indianexpress.com- Dec 21, 2017

HOME

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India needs to up its exports competitiveness in textiles and apparels

After registering a decline in exports from $468 billion in 2014-15 to $437 billion in 2016-17, the government recently released its mid-term review of the five-year Foreign Trade Policy 2015-20, to gauge the impact of several incentives to bring relief to exporters.

An incentive of Rs 8450 crores ($1.3 billion) was announced to help the export sector reach its goal of $900 billion by 2020 and increase India's share in global exports to 3.5 per cent. Labour-intensive industries such as leather and footwear have been granted incentives of Rs 749 crores, the handmade carpets sector Rs 971 crores, agriculture sector Rs 1354 crores, telecom and electronics sector Rs 369 crores, garment sector Rs 2743 crores and so on.

Additionally, a new logistics division has been established in the department of commerce to coordinate logistics development. The incentives also include simplified paperwork, enhanced support to high employment sectors, duty-free procurement of inputs on a self-assessment basis, and other sector-specific incentives.

The government has also announced additional steps to make processes relating to trade more straightforward, including a self-certification scheme for duty-free imports, a single point electronic contact to traders with the Directorate General of Foreign Trade for trade and consignment related queries, etc.

Global trends

After growing at a healthy 25.67 per cent export growth in September, October registered a decline of 1.12 per cent. Sector-wise, since September, there has been a 39 per cent decline in the export growth of garments, 25 per cent decline in export growth of gems and jewellery and 10 per cent decline in export growth of leather and leather products. As per recent WTO data, global trade is likely to increase by 3.6 per cent in 2017 from 1.3 per cent growth in 2016. The favourable rise can be attributed to the surge in import demand of North America. These growing numbers have led to the entire Indian textile industry introspecting as to why the exports numbers are going down.

Reasons of decline

Beyond foreign trade policies, the biggest reason that must have restricted the growth of textile in recent times is the implementation of GST and the process of receiving refunds by the exporter. Garment exporters say, competitiveness is affected by an increase in the requirement of working capital and a decrease in incentives for this purpose. Exporters are having a tough competition from countries such as Bangladesh, Sri Lanka and Vietnam. The cost disadvantage to India also includes the duty-free access to the European countries enjoyed by these countries. Moreover, value of the rupee has become strong and this has reduced its competitiveness in the global market.

Indian export growth has not even crossed 10 per cent since 2011. As per the World Bank data, no country has ever been able to sustain an overall growth rate of seven per cent while having an export growth rate less than 15 per cent. It is time for the policymakers to realise that quick-fix solutions such as cost incentives are no longer adequate for supporting the export growth in the long run.

Positive measures

To grow exports, the government needs to distinguish those sectors in which the country has a competitive advantage, and improve them in terms of market research, innovation, quality, cost, etc. Data reveals investments in R&D and human capital have been low this year.

Some other critical areas of focus include poor infrastructure, inadequate logistics and other structural issues. Transport and logistics costs, found to be costlier than tariffs, pose another barrier.

Some trade experts suggest that India's foreign trade relations are somewhat complicated and inefficient. This is also a good time to bring about structural reforms because China is losing its position as the world's manufacturing hub.

Source: fashionatingworld.com- Dec 21, 2017

HOME

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Here's a new method to manufacture graphene-based wearable e-textiles

Scientists have developed a simple and cost-effective method to manufacture graphene-based wearable electronic-textiles on an industrial scale.

Graphene is expected to be one of the most prominent materials in wearable e-textiles, however, there is no good way to manufacture them on an industrial scale, researchers said.

The new method could allow graphene e-textiles to be manufactured at commercial production rates of 150 meters per minute, they said.

"To be able to produce graphene-based wearable e-textiles in scalable quantity at very high speed is a significant breakthrough for the rapidly growing wearables market," said Nazmul Karim from The University of Manchester in the UK.

"Our simple and cost-effective way of producing multi- functional graphene textiles could easily be scaled up for many real-life applications, such as sportswear, military gear, and medical clothing," said Karim. The researchers reversed the previous process of coating textiles with graphene-based materials, Phys.org reported.

Traditionally, the textiles are first coated with graphene oxide, and then the graphene oxide is reduced to its functional form of reduced graphene oxide. Instead, the researchers first reduced the graphene oxide in solution, and then coated the textiles with the reduced form.

By making coating the final step, it becomes possible to use a coating technique called padding, which is currently the most commonly used method of applying functional finishes to textiles in the textile industry.

The researchers demonstrated that e-textiles made by a laboratory-scale pad-dry unit exhibited excellent electrical and mechanical characteristics.

Source: business-standard.com- Dec 21, 2017

HOME

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Prabhu to take stock of states' export strategies

Commerce and industry minister Suresh Prabhu will meet principal secretaries of states on Friday to take stock of states' export strategies and progress of a scheme launched in March designed to finance infrastructure creation to boost exports.

Issues related to inclusion of logistics and services are also likely to be taken up in the half-daylong deliberations.

While most states have identified their champion products and some new products with a high export potential, they are now required to improve their export logistics and infrastructure to give a push to identified products.

"With logistics coming under the purview of the department, we need to see how states can incorporate this in their export strategies," said an official in the know.

Promoting value addition in exports and organic farming too are on the agenda for discussion, which comes at a time when exports rose a sharp 30% in November.

The minister is also likely to do a status check on the projects implemented under the Trade Infrastructure for Export Scheme (TIES).

Implemented from April 1, TIES provides assistance for setting up and upgradation of infrastructure projects with export linkages such as border haats, land Customs stations, quality testing and certification labs, cold chains, trade promotion centres, dry ports, export warehousing and packaging, special economic zones, ports and airports.

"We also plan to discuss states' initiatives for standards and certification, and how they can best use geographical indicators to promote exports," the official added.

Recently, the government doled out incentives worth `8,450 crore to boost exports and employment in labour-intensive sectors hit hard by the goods and services tax (GST) roll out.

Incentives under the Merchandise Export from India Scheme were raised from 2% to 4% for leather, textiles, agriculture products and carpets as part of the mid-term review of the Foreign Trade Policy.

The official added that states will also share policy action and a strategy to promote services exports.

Source: economictimes.com- Dec 22, 2017

HOME

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Tiruppur exporters laud approval of SCBTS

Knitwear and apparel exporters in Tiruppur have lauded the Indian government for its crucial support to the garment sector by approving a new skill development scheme. The new scheme titled 'Scheme for Capacity Building in Textile Sector (SCBTS) covers the entire value chain of the textile sector excluding spinning and weaving in organised sector.

SCBTS envisages an outlay of Rs 1,300 crore during 2017-18 to 2019-20. It will have National Skill Qualification Framework (NSQF) compliant training courses with funding norms as per the common norms notified by ministry of skill development and entrepreneurship.

"The Government has considered the long requisition of association for allocation of fund to impart skilling to new workers and upskilling. Recognition of prior learning is 'need of the hour' to Tiruppur knitwear cluster, which employs six lakh workers directly.

It is only by enhancing productivity that the much-needed competitiveness can be attained and sustained in the global market," Tirupur Exporters' Association (TEA) president Raja M Shanmugham said in a press release.

"Most of the workers in Tiruppur cluster are self-groomed without any proper technical skill orientation or training and this creates an inconsistency in the production and quality parameters resulting in reputation loss for the country as a whole and this void can (now) be addressed effectively," said Shanmugham.

He explained that the estimated turnover of MSMEs in Tiruppur cluster is around Rs 30,000 crore and even a 10 per cent saving would yield a savings of Rs 3,000 crore for the industry and by a most conservative estimate, even if 25 per cent of the industry is converted into 'Zero Defect' with minimum savings of 10 per cent, it would yield a yearly savings of Rs 750 crores – which in turn would generate an income tax collection @ 30 per cent of Rs 225 crore per annum to the exchequer.

He added that the NIFT TEA College of Knitwear Fashion's skill division had already trained 15,000 workers and placed the trained candidates in TEA member units.

Source: fibre2fashion.com- Dec 21, 2017

HOME

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