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The Cotton Textiles Export Promotion Council [TEXPROCIL]
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IBTEX No. 61 of 2018 March 26, 2018

USD 64.90| EUR 80.30 | GBP 91. 89 | JPY 0.62

Cotton Market

Spot Price (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
19194	40150	**78.77**
Domestic Futures Price (Ex. Gin), March		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
19950	41731	**81.87**

International Futures Price	
NY ICE USD Cents/lb (May 2018)	81.83
ZCE Cotton: Yuan/MT (Jan 2018)	14,935
ZCE Cotton: USD Cents/lb	**91.17**
Cotlook A Index – Physical	**91.55**

Cotton guide: The trade dispute related to tariff structure between US and China is becoming more prominent in the world market. Broad based sell off in both commodities and equities are noticed. Three consecutive weeks cotton price depleted from its recent high of 86.60 and ended at 81.83 cents per pound. The most active May future traded at ICE declined over 122 points from the previous week. Likewise the subsequent contracts also witnessed lower trading trend.

One of the major reasons that we attribute to recent fall in price is the tariff dispute as explained aforementioned while the cut in net long positions by the speculative funds gradually pulling the price down. In fact specs who earlier bought cotton few weeks ago may have started booking profits. Also a bit of panic looming in the market except bullion and Crude oil price rest of commodities and both Asia and US equities are declining sharply.

On the cotton front the export sales of US continues to be good and the major buyers have been Vietnam, Bangladesh and South Korea and others. As per recent weekly export sales data released last week stood at 490,700 bales lower from previous but at a good higher pace in last few months. Interestingly lower ICE price may be attracting higher US exports.

Further as data showed the unfixed on call sales report released is at record high for across all contracts at ICE. This factor at this juncture doesn't show any sort of clarity. On the China side the daily auctions have been two weeks but disappointing standing below 55% of the total offerings.

The cotton continues to be around 82 cents at ICE this morning. From the technical perspective 81 continues to be a strong support level while the structure is turning weak having resistance at 83.50 to 84 cents.

On the domestic front spot is hovering around Rs. 40500 per bale for the entire last week. The March future ended lower in the last week. We expect market to trade lower in the price band of Rs. 300 per bale.

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

NEWS CLIPPINGS

INTERNATIONAL NEWS

US, China trade measures could impact global economy

If tariffs increase to erode trade relations, global economy would be negatively affected, Moody's says .

The trade measures that the U.S. and China have taken against each other could have a negative impact on the global economy, Moody's said on Friday.

The U.S. President Donald Trump said he will impose tariffs of $60 billion on Chinese imports on Thursday. In return, Beijing later announced retaliatory tariffs of $3 billion on its American imports.

Moody's said the direct impact of these trade measures on the American and Chinese economies will be limited; but warned that if they escalate, the global economy would be threatened.

"If they mark the start of an unravelling of the current rules-based architecture, the U.S. and global economy will be significantly negatively affected," the rating agency said in a statement.

The rating agency added other major economies around the world could take similar actions in their trade policies, which could further weaken the global trade relations.

"Under such a scenario ... a slowdown in trade, higher prices and weakening of business and consumer confidence would take a toll on economic growth globally," Moody's said.

Source: worldbulletin.net- Mar 25, 2018

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China's Alibaba to invest another $2 bn in Lazada

China's Aibaba Group will invest a further $2 billion in Singapore-based Lazada, a southeast Asian online shopping giant, as part of the group's efforts to accelerate the region's e-commerce, the company recently announced.

The move will deepen Lazada's integration into the Alibaba ecosystem and makes the latter's total investment in the former $4 billion.

In 2016, Alibaba acquired control of Lazada with an investment of $1 billion and raised its stake to 83 per cent in 2017 by investing another $1 billion.

Lucy Peng, who currently serves as Lazada's chairwoman and is one of the 18 founders and a senior partner in the Alibaba Group, said the region is a hot spot for growth and exciting opportunities, according to an Alibaba press release.

Lazada founder Max Bittner, who has served as its CEO since 2012, will take on the role of senior advisor to Alibaba Group to assist in the transition and future international growth strategy.

Launched in 2012, Lazada is the leading online shopping and selling destination in Southeast Asia, with presence in Indonesia, Malaysia, the Philippines, Thailand and Vietnam.

The platform now has over 145,000 local and international sellers, 3,000 brands and more than 560 million consumers.

Source: fibre2fashion.com - Mar 24, 2018

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Turkey to host three textile exhibitions

ITM 2018 International Textile Machinery Exhibition, will be held from April 14 to 17, 2018 organised by Tüyap and Teknik Fairs in cooperation with Textile Machinery and Accessories Industrialists' Association (TEMSAD). The 15th International Istanbul Yarn Exhibition, HIGHTEX 2018 International Technical Textiles & Nonwoven Exhibition and the 8th International Textile Conference will be held at the same location.

At the ITM 2018 Exhibition, many textile machinery leaders will announce their world launches. This is the most important textile technology show in the region. The Istanbul Yarn Exhibition will showcase high performance products from the yarn sector along with latest technological innovations and state-of-the-art products of the leading yarn manufacturers in the world and Turkey. The Yarn Exhibition, will host sector representatives and display high-performance and quality products of the major producers of the yarn sector.

The exhibition, which focuses on international marketing activities to open the yarn sector to new markets, will offer significant commercial opportunities to all participants. Another exhibition to be held simultaneously with ITM 2018 is HIGHTEX International Technical Textiles and Nonwoven Exhibition organised by Tüyap and Teknik Fairs Ltd Co. In addition, HIGHTEX 2018 Exhibition is the first and only exhibition in its field in Turkey.

Nonwoven, technical textiles and smart textiles are among the most crucial markets of the textile sector, which quickly adapts to technological developments. The latest textile products related to these markets will be advertised at the 7th HIGHTEX Exhibition held in 2018.

The HIGHTEX Exhibition will display technical textiles and nonwoven raw materials, intermediate and final products and production technologies.

The 8th International Istanbul Textile Conference (ETT 2018) organised by Marmara University will be held between April 14-16 at TÜYAP Fair and Congress Centre. The conference, which will be have presentations by academicians and sector experts, will be held simultaneously with ITM 2018, Istanbul Yarn Exhibition and HIGHTEX 2018.

The theme of the ETT 2018 Conference is "Current and Future Developments in Innovations and Enterprises in Traditional Textile, Technical Textile and Ready-Made Clothing Areas".

Source: fashionatingworld.com - Mar 24, 2018

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Post Brexit, UK to continue tariff-free access for Bangladesh goods

Simon McDonald, Permanent Under-Secretary of the UK's Foreign and Commonwealth Office disclosed that post Brexit the UK would continue to provide tariff-free market access for Bangladeshi goods. This was announced during the UK-Bangladesh second Strategic Dialogue in London.

The discussions centred on political and bilateral issues, economic and development cooperation, security and defence cooperation, amongst other issues. McDonald elaborated,

"The Strategic Dialogue was held at an important juncture for both countries as the UK prepares to leave the EU and Bangladesh advances to middle-income country status. I repeated the UKs commitment to continue tariff-free market access for Bangladeshi goods entering the UK market after the UK leaves the EU."

Bangladesh's Md. Shahidul Haque said, "The second Strategic Dialogue provided us an important opportunity to discuss how both sides can encourage the transition to a broader relationship between the UK and Bangladesh in the post-Brexit and post-LDC context. We agreed to plan now for a future development partnership focussed on innovation, knowledge, skills development and employment while continuing to ensure that no-one is left behind, especially women, girls, and people with disabilities.

We appreciated the UK Government's firm commitment to continue to provide duty-free, quota-free market access to Bangladeshi goods to the UK market after it left the EU. We highlighted the valuable contribution that the British-Bangladeshi community continues to contribute to British society and prosperity," he added.

The UK welcomed Bangladesh's efforts and commitment to improving performance against the World Bank's "Doing Business Index". Both sides agreed that trade was an important tool in tackling poverty and that increasing bilateral trade could bring significant benefits to both countries.

Source: fashionatingworld.com- Mar 24, 2018

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Data drive: Risks of trade frictions broadening

Given how the United States runs significant goods-trade deficit with major trading partners like China, Mexico, Japan, Germany, Italy, India and Korea, President Donald Trump imposed heavy tariffs on imported steel (25%) and aluminium (10%) from all countries, except Canada and Mexico.

Other countries would have to negotiate with US Trade Representatives if they want exemptions from the steel and aluminium import tariffs. The President also signed an executive memorandum that will impose tariffs on up to $60 billion of Chinese imports, a move that could flare up already tense trade relations between the two countries.

China, which has a trade surplus of $375 billion with the US, said it may target 128 US products, like wine, fresh fruit, dried fruit and nuts, and steel pipes, with an import value of $3 billion.

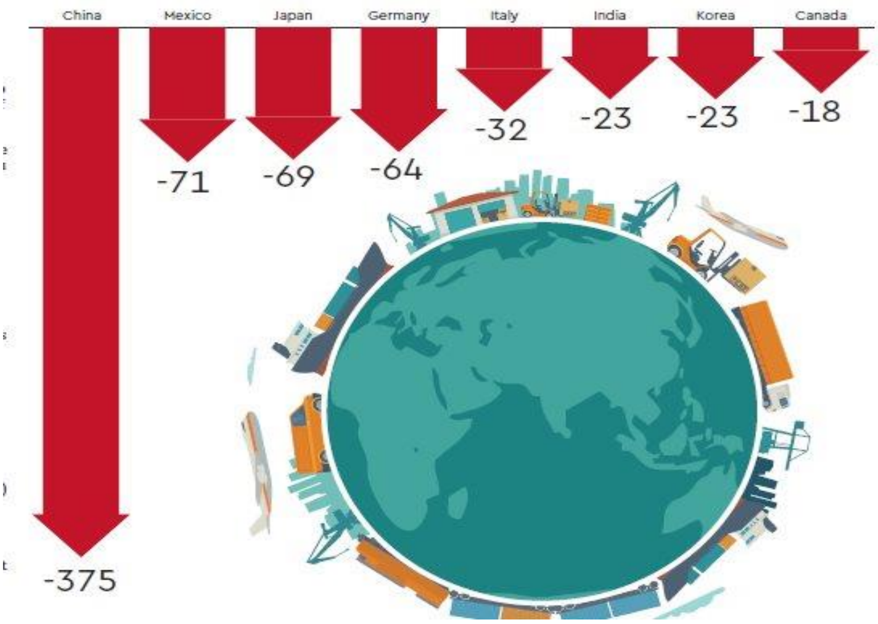
A report by Morgan Stanley says the direct impact on global trade and economic growth from the trade measures (on solar panels, washing machines, steel and aluminium) will be limited as it will only affect an estimated 1.7% of US goods imports, taking into account exemptions for Mexico, Canada and Australia.

Since assuming office, Trump has taken a hard line on trade, abandoning a 14-nation Pacific trade pact and threatening to pull out of the North American Free Trade Agreement (NAFTA) with Canada and Mexico.

An increase in trade frictions would pose downside risks to global growth, particularly if there are more aggressive responses from major trading partners like China. It would also move the world closer towards a protectionist push scenario.

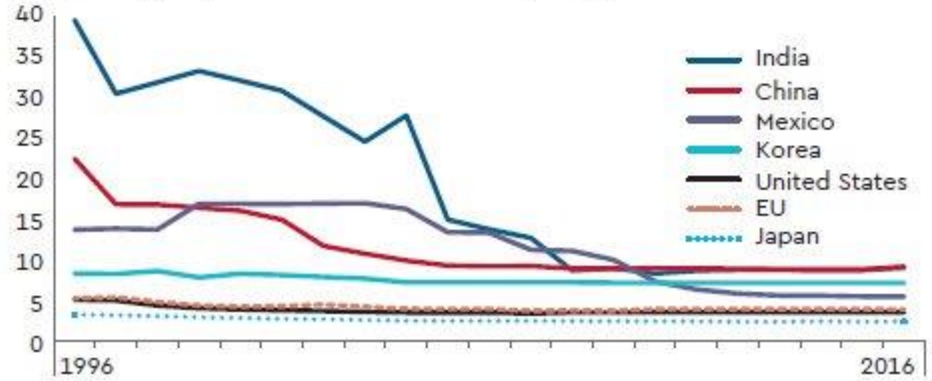
US has trade deficit with many countries

(Total US trade balance, $bn)



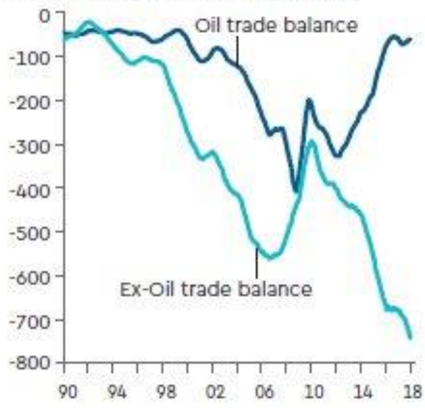
Import tariffs have been declining across major regions

(Simple average import tariff rate on manufactured goods, %)

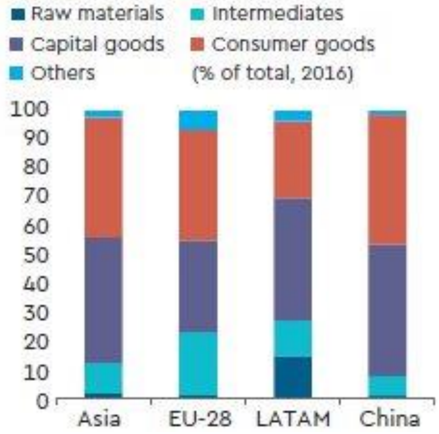


US non-oil trade deficit has widened significantly

US: 12m rolling trade deficit ($ billion)



US imports by region and type of goods



Trade intensity more than doubled since the mid-1970s

Announced tariffs measures have a relatively small direct impact on trade partners

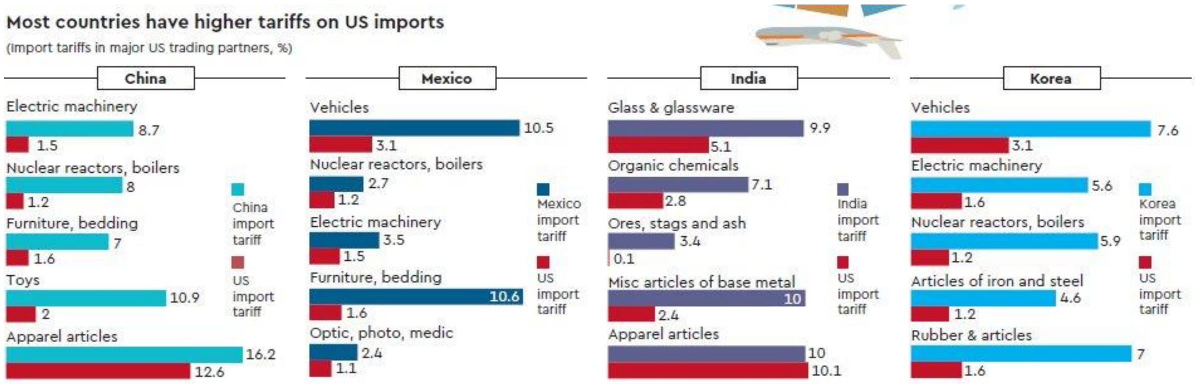
(Exports to US as % of total exports)

	China	Japan	Korea	Germany	Canada	Mexico	Brazil	Russia
Steel products	0.04	0.3	0.5	0.1	1.0	0.5	1.0	0.1
Aluminum products	0.1	0.03	0.03	0.04	1.6	0.1	0.04	0.6
Washing machine	0.03	0.0	0.04	0.0	0.0	0.1	0.0	0.0
Solar panel	0.1	0.1	0.3	0.0	0.0	0.2	0.0	0.0
Sum	0.2	0.4	0.8	0.1	2.6	0.9	1.0	0.7
Exports to US as % of GDP	0.05	0.05	0.3	0.1	0.6	0.3	0.1	0.1

Source: Morgan Stanley, UNCTAD, HSBC

Most countries have higher tariffs on US imports

(Import tariffs in major US trading partners, %)



Source: financialexpress.com- Mar 24, 2018

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Turkey to support textile, garment investments

Turkey's Economy Minister Nihat Zeybekci said on Friday that the country will support investment incentives for textile and garment industries.

Zeybekci's remarks came at an award ceremony of Istanbul Textile and Raw Materials Exporters Association for the top exporters in 2017.

"From now on, investment incentives for textile and garment [industries] will be supported," Zeybekci said, adding that a decree would be announced soon.

Source: aa.com.tr- Mar 24, 2018

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Pakistan: Govt agrees to stop cotton imports during crop picking

According to a report submitted to the cabinet by a special committee, cotton production has faced virtual stagnation since 1991-92 fluctuating in the range of 10 to 12 million bales. In 2015-16, the output even dropped below 10 million bales, standing at 9.9 million.

Workshop on drought-resistant crop varieties held

Pakistan's annual consumption needs are estimated at 15 million bales, turning the country into a net importer of cotton.

The committee, headed by Planning Commission Deputy Chairman Sartaj Aziz, was constituted by the cabinet in order to examine the challenges faced by the cotton farmers.

It recommended that cotton import should not be allowed during crop picking. It suggested that cotton seed supply industry should be regulated by rationalising over 700 such companies.

The seed act and plant breeders' rights act may be implemented properly and extension services may be improved through promoting better crop husbandry and employing information technology-based solutions, it said.

The committee suggested that cotton cultivation may be expanded in Khyber-Pakhtunkhwa and Balochistan – the two provinces that have a very insignificant contribution to the overall cotton production.

It also focused on improving spinning and ginning processes by adopting better technology, shifting the current weight-based pricing system to the one based on quality and cotton labeling by ginners to show quality features.

The committee proposed that partnerships may be initiated for a variety of development and marketing activities and the capacity of National Biosafety Committee and the Federal Seed Certification and Registration Department should be built as regulators.

For two and a half decades, Pakistan's cotton output remains virtually stagnant

It also outlined different causes for the stagnant production which included the use of inappropriate first generation rather than fourth generation Bt technology, absence of better quality seeds, lack of solution to the cotton leaf curl virus, low-quality ginning process and heavy contamination in cotton.

Owing to these reasons, the income of farmers had gone down and plantation area shrank 20% between 2004 and 2016.

It recommended that the target for cotton production should be set at 25 million bales by 2025 by increasing the plantation area from 2.4 to 3.5 million hectares, up 45%, and the yield up to 1,200 kg per hectare.

It suggested that research funds may be provided for a restructured Pakistan Central Cotton Committee.

It proposed a Rs2.5-billion cotton research fund for a period of five years through competitive grants managed by the Pakistan Agricultural Research Council (Parc) under an inter-provincial committee.

The cabinet, in a meeting held in the first week of March, approved all the recommendations of the committee.

Source: tribune.com.pk - Mar 25, 2018

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Pakistan: Cotton prices firm on strong demand

The cotton market reflected steady conditions on Saturday amid sustained demand for quality lint. Depreciation of the rupee against the dollar helped cotton prices stay firm.

However, trading activity could not rise due to short supply quality cotton. According to market sources, around 0.5 million bales are currently lying with ginners but hardly 20 per cent of these stocks are of quality cotton.

Earlier, major textile groups had booked around 3m bales for import. Almost 1.5m bales of imported cotton have already reached the country. There is hardly any quantity of phutti (seed cotton) left behind in the fields.

The country has managed to produce around 11.52m bales as per last ginners' body cotton production figures showing a growth of 7.74pc over the last year's cotton production.

It is encouraging that demand for cotton yarn further increased after rupee devaluation. Exports of textile goods have already recorded 9pc growth during last eight months.

On the other hand, world leading cotton markets closed easy with New York cotton declining for all future contracts after US slapped higher tariffs on Chinese import, triggering fears of a trade war between US and China.

The Karachi Cotton Association (KCA) spot rates closed steady at Rs7,600 per maund.

The following deals were reported to have changed hands on ready counter: 600 bales, Sanghar, at Rs5,650; 400 bales, Khanpur, at Rs7,900; 200 bales, Liaquatabad, at Rs7,900; 400 bales, Rahimyar Khan, at Rs7,800 to Rs7,900; 200 bales, Fazilpur, at Rs7,350; 600 bales, Lodhran, at Rs6,600; 200 bales, Yazman, at Rs6,500; 1,600 bales, Haroonabad, at Rs7,000 (conditional); and 400 bales, Chani Goth, at Rs7,700.

Source: dawn.com- Mar 25, 2018

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NATIONAL NEWS

US-China Trade War: Decline in global trade may hurt India

Any sharp escalation of the US-China trade war is likely to drag down global trade growth and hurt India, although in its present form, the face-off between the world's two largest economies may not jeopardise the country's export prospects, trade analysts said on Friday.

In fact, if the US extends curbs on Chinese garments and textiles, India will have an opportunity to exploit that advantage and ship out more to the largest economy, which is already its single-biggest market in these items. But the country may have to gear up with more anti-dumping measures to counter any potentially massive inflows of products, including steel, that will be targeted by these countries.

Analysts said international agencies may soon start revising down their growth projection for global trade if the situation escalates. Only in January, the International Monetary Fund had raised its growth forecast for global trade by 0.6% and 0.5% for 2018 and 2019, respectively, from its earlier forecasts to 4.6% and 4.4%.

One of the major drivers of this growth was an upward revision in global economic expansion, led by the US. US President Donald Trump's plans for tariffs on up to $60 billion in Chinese goods in his bid to address his country's $375 billion goods trade deficit with China has already prompted the world's second-biggest economy to propose a list of 128 US products as potential retaliation targets. US goods with an import value of $3 billion in 2017 could be targeted. These goods include wine, fresh fruit, dried fruit and nuts, steel pipes, modified ethanol, and ginseng.

"The trade war is a cause for concern for India, but we need not be unduly worried. A lot will depend on the details of the US tariff plans and the products both these countries will be targeting. At the moment, a lot of it is just rhetoric. In fact, after slapping a 25% tariff on steel supplies and 10% on aluminium imports from various countries, the US has now drastically cut down on the number of targeted countries," said Ajay Sahai, director general at FIEO.

Just before its planned tariffs on steel and aluminium imports were to be enforced on the EU, the Trump administration announced it was exempting the bloc, along with Australia, Argentina, Brazil, Canada, Mexico and South Korea. However, China or even India has yet got a reprieve from this measure. In a note, CARE Ratings said:

"If global trade volume shrinks on account of this trade war, our exports are bound to be buffeted. The expected double digit growth in exports in FY19 may not happen." Global growth can be affected as a trade war will mean higher prices and lower growth in these two main geographies and it will impact our exports, it said.

The global GDP was valued at $75.3 trillion, with the US and China accounting for $19.4 trillion and $ 11.9 trillion, respectively.

Source: financialexpress.com - Mar 24, 2018

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Export subsidies should go

India keeps fighting for an eight-year extension. However, it would be better served putting in place a contingency plan

It is tempting to pass off the recent US action against India's export subsidies at the World Trade Organisation as yet another example of the superpower's growing economic aggression against trade partners. But that would be incorrect.

Since August last year, when the WTO officially notified that India's per capita Gross National Income (GNI) had crossed $1,000 three years in a row, a formal complaint against India at the multilateral forum was just waiting to happen. According to WTO rules, countries can give export subsidies only as long as their per capita GNI is below $1,000.

Once it is established that the higher income is there to stay (with three consecutive years of GNI breaching the $1,000 threshold), countries can no longer enjoy the special dispensation of export subsidies which is otherwise banned under WTO rules.

The fact that it was the US that complained against India was just a matter of chance. It could have been any other member such as the EU, Japan or Australia that could have raised the dispute as all of them are unhappy with India's continued use of export subsidies.

For and against

One might argue that expecting a country to change a plethora of export subsidy schemes, including extremely popular ones like the Merchandise Export from India Scheme (MEIS) used across sectors, at a drop of a hat, could be considered harsh. The fact, however, remains that breaching the $1,000 mark was not an overnight development: India could see it coming. In fact the Foreign Trade Policy, which was announced in 2015, as well as the review of the policy announced last year, talked about the need to re-calibrate existing export promotion schemes. However, nothing was done on the ground.

Instead of trying to wean exporters off the export subsidy schemes, the FTP review went ahead and increased the number of items covered under MEIS and also increased the level of entitlement in certain cases.

In its defence, India has said that it believes that it is entitled to an eight-year phase-out period and would put this forth in the discussions it has with the US. Its contention is based on the argument that when the Agreement on Subsidies and Countervailing Measures was implemented in 1994-95, the countries with GNI higher than $1,000 got eight years to get rid of their export subsidies and, therefore, it should get the same.

But obviously the two situations are not comparable as initially the phase-out period was extended to give comfort to members when the pact kicked in and more than two decades have passed since then. India's efforts to establish that it would be fair to extend the same dispensation to all have not borne fruit yet at the WTO.

Pushing its case

Recently, officials from the commerce ministry, in their interaction with the media, pointed out that India had submitted a paper way back in 2011 stressing that the phase-out period for export subsidies should be eight years from the time it crossed threshold; it has been demanding and discussing the matter at the WTO since then. An effort to make the demand a part of the discussion agenda at the Nairobi ministerial meeting of the WTO in December 2015 did not succeed.

So, what exactly is making the country optimistic about having its demand met now?

The least that India should have done to prepare for the eventuality was to have a contingency plan ready. It should have held wide-ranging discussions with industry and related ministries to look at the best possible alternatives to the export subsidy schemes which could include technology upgrading funds, capital expenditure subsidies and funds for research and development.

Some discussions happened but no concrete plan emerged. Especially in the area of textiles, where India itself has accepted that its time to extend export subsidies runs out in 2018 (the sector reached export competitiveness as defined by the WTO back in 2010), there should have been some movement.

Although the textile ministry held a few meetings with the commerce ministry on the issue, nothing moved on the ground as it did not want to push the industry out of the comfort zone of receiving the subsidies it is familiar with.

However, it is not too late for action. Since it takes at least a couple of years for a dispute at the multilateral forum to run its course, New Delhi has to use this time effectively to draw up alternative schemes.

All the ministries need to take the matter seriously and cooperate with the commerce ministry to decide on ways to continue extending support to exporters without violating WTO rules. India cannot afford to be caught napping the second time round when the WTO is ready to pronounce judgment on the matter.

Source: thehindubusinessline.com - Mar 24, 2018

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India to talk tough on trade deficit

Amid a trade war with the US, China will have to brace for some tough talks on its massive — and rising — trade surplus with India when its commerce minister Zhong Shan visits New Delhi on Monday.

At the same time, both the nations are expected to find some common ground in their united opposition to unilateral trade protectionism by the US. In his meeting with Zhong under the aegis of India-China joint economic forum, commerce and industry minister Suresh Prabhu will impress upon China to take concrete measures to set right the massive trade imbalance, an official said.

India will express its deep concern over non-tariff barriers (NTBs) and inadequate access to the Chinese market in sectors ranging from agriculture and marine products to pharma and IT, despite several rounds of talks in recent years to achieve trade balance, said the official.

Even the promise of Chinese Prime Minister Xi Jinping in his meeting with Prime Minister Narendra Modi in September 2014 to raise investments in India to $20 billion in five years, purportedly in lieu of the neighbour's ever-rising exports to this country, is yet to materialise. Inflows of foreign direct investment (FDI) in equity from China hit $1.78 billion between April 2000 and December 2017, representing a meagre 0.5% of total inflows into India during this period.

Even economies like the Netherlands, Spain and Luxembourg that are far smaller have invested more in India than China, according to FDI data compiled by the department of industrial policy and promotion.

Official data show China's exports to India were 1.8 times India's outbound shipments to that country in 2000-01. But at $63.2 billion, what China exported to India in the first 10 months of the current fiscal was more than six times of what India shipped out to China.

Trade analysts have said China has been very effectively using non-tariff barriers to curb imports that it wants to avoid. So while India's average tariff rate of 13.5% (it's the highest among Regional Comprehensive Economic Partnership nations of which China is a part) is criticised by some global analysts as a deterrent to greater trade flows, China's restrictions on imports by stealth, through the application of NTBs, often remain invisible.

Analysts have attributed the issue of inadequate market access and NTBs to China's frosty political ties with India and acute self-centred trade policies. However, they have also stressed that more than our imports, which are crucial to meet the appetite of a fast-growing economy, it's the inadequate market access offered by China and the inability of Indian industry to produce enough value-added products at competitive rates that have to be highlighted.

Ajay Sahai, director general at the Federation of Indian Export Organisations, said while efforts must be made to keep trade balance at a healthy level by securing greater market access, industry must also supplement the government's efforts by being competitive and widening its profile of production of value-added items to cater for the Chinese market.

Also, much of India's supplies to China used to be those of raw materials like iron ore and cotton. While restrictions on mining in key states reduced iron ore supplies for Indian exporters, China's decision to shift from labour-intensive industries like textiles and garments to beat soaring wage costs at home have reduced its reliance on Indian cotton.

While half of India's top 10 segments of items for exports to China in recent years are low-value primary goods, almost all the top 10 product categories that China ships to India are manufactured goods, mainly electronics items, although the neighbour ships out a lot of inputs as well.

But an earlier study by policy research institute RIS punctured the conventional wisdom that China was flooding the Indian market because its products were cheaper.

It said India imported "uncompetitive products that can easily be supplied by other competitors of China at cheaper prices to India" to the tune of $9.7 billion, or 19.5% of its total imports from the neighbour, in 2012.

Source: financialexpress.com - Mar 24, 2018

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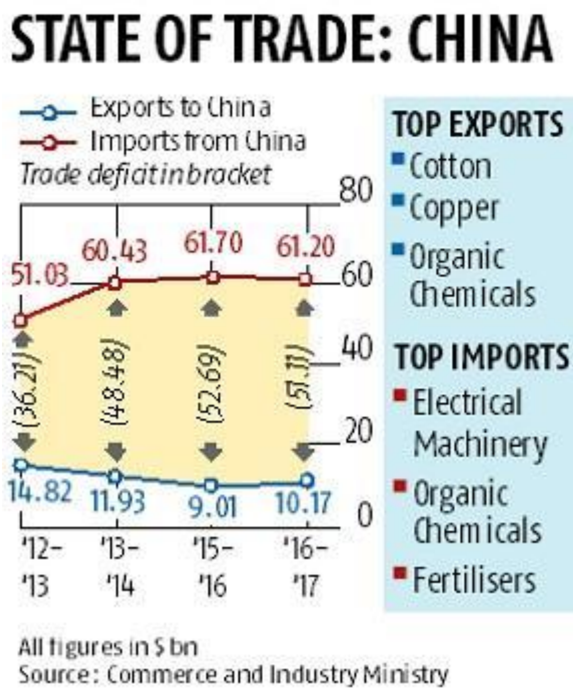
China Commerce Minister arrives today: India to push on huge trade deficit

India's import from China was $61.3 bn and exports stood at a much lesser $10.2 bn, leaving in its wake a massive $51.1 bn trade deficit in 2016-17.

Chinese Commerce Minister Zhong Shan reaches New Delhi on Monday for official trade talks. In the backdrop of a possible trade war between the United States and China, India is looking to get China to reduce tariffs on our export, senior government officials suggested.



The bilateral engagement, under the aegis of the India-China joint economic forum, will be significant for India since Beijing has decided to discuss India's ballooning trade deficit, commerce and industry minister Suresh Prabhu said. India's import from China was $61.3 billion and exports stood at a much lesser $10.2 billion, leaving in its wake a massive $51.1 billion trade deficit in 2016-17.

The government has been worried by increasing friction between the US — India's largest export destination — and China, India's largest import source, which could lead to a fall in global demand and rise in the cost of trade. However, Delhi also feels the current situation offers an opportunity to push for trade concessions from Beijing.

"After the lengthy military standoff between both nations at the disputed Doklam plateau of Bhutan, further conclusive talks on trade issues looked slim but Shan's visit signifies they want to engage a major trade partner," an expert said.

Trying hard to find balance Both nations signed an agreement in September 2014 to achieve bilateral trade balance by 2019. The five-year programme is a joint medium-term road map for promoting trade and investment.

"The agreement acknowledges the pitfalls of one-way trade but since it is non-binding, the scope of deliberations with regard to reducing the trade deficit depends heavily on intent, as well as the presence of a free environment for discussion," a senior commerce ministry official said.

The agreement also talks of easing of restrictions by the Chinese government against high potential export items from here, such as bovine meat, fruit & vegetables and basmati rice. Of these, only basmati has seen a breakthrough, with 14 firms allowed to export to China in 2016.

The government is throwing its weight behind a long-term plan of revising the export basket to China. Raw materials like cotton, iron ore and copper have come under scrutiny as the government and exporters try to shift priorities towards value-added products. The ministry has identified key sectors such as hardware, electronics, pharmaceuticals, textiles and auto components to boost export.

Aiming higher up the value chain "The government aims to slowly but steadily revise its export basket to China, so that over the next few years, higher forex-earning value added goods make up the majority of export rather than raw materials," the official said. With a burgeoning middle class and rising labour costs, China is expected to relinquish its dominance over the labour-intensive and low-end manufacturing space in the near future.

The commerce ministry is egging domestic firms to step up into this space, spread across textiles, leather and food processing, among others.

But, this is expected to take time. In the last financial year, India's highest export earners with regard to China were iron ore, cotton and organic chemicals worth $1.4 billion, $1.3 billion and $887 million. These, with other raw materials like copper, constituted more than 70 per cent of India's export to China, said Ajay Sahai, director general Federation of Indian Export Organisations. "However, the trend is slowly changing.

While now cotton is increasingly being imported from China and manufactured yarn exported back, the reverse was true five-six years back," he added. Currently, the top five export categories to China are all input products. These are used by China to manufacture costlier goods, which it then ships abroad — often back to India.

India imports products much higher up the value chain from its northern neighbour with electrical machinery topping the list at $21.98 billion, organic chemicals at $5.61 billion and plastic articles at $1.8 billion.

Source: business-standard.com- Mar 26, 2018

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Unmade in India: the story of Tirupur's decline

External shocks apart, India's policy is unfavourable too

The city of Tirupur was always known as an entrepreneur's paradise — a place where unskilled labour arrived from across the country to receive on-the-job training before ultimately starting their own micro to small units to service India's largest knitwear export cluster.

Demand was always growing, labour was continuously learning and moving up into higher skill jobs and credit, secured only by trust within the fraternity of over 20,000 small to medium units, was extended freely within the value chain. So, why then are there reports of young entrepreneurs committing suicide in Tirupur?

The reasons for Tirupur's woes are both external and internal. On the external side is the emergence over the last several years of strong competitors such as Bangladesh and Vietnam.

Rupee appreciation in real terms has hurt Tirupur's exporters, making it hard to compete on a cost basis with lower income countries such as Bangladesh. Further, in the new era of bilateral free trade agreements where countries across south and east Asia are rushing to sign agreements with the biggest export markets, India has faltered.

This has been primarily due to the FTA-related revenue losses for domestic manufacturers in sectors such as auto and winery. Bangladesh has already signed an FTA with the EU which has given them a 10.5% cost advantage over India.

Similarly, Vietnam is currently negotiating a free trade agreement with the EU and is already part of the Trans-Pacific Partnership.

1-2 punch combination

While Tirupur's exporters managed to overcome external shocks in the past, and ride through periods of slowdown such as the 2008 crisis, the cause of Tirupur's pain this time is domestic policy. The 1-2 punch combination of demonetisation and a hurried, faulty GST implementation has brought Tirupur to its knees.

Demonetisation completely decimated domestic demand by removing all liquidity from the market. GST has increased costs, not only of compliance but also of materials, services and working capital.

Prior to GST implementation, the sum total of export incentives amounted to 13.65% of FOB value. Subsequent to GST, this fell to 8%, a steep reduction of 5.7 percentage points

Of this, exporters can claim GST paid, which will be 2 percentage points, assuming it is paid on time by suppliers to exporters. So, the net loss in incentives is 3.7 percentage points.

The Centre had promised 90% of GST would be refunded within 9 days from the date of export, with the remaining being refunded in 90 days. However, most have still to receive their GST refunds or the promised refund of State levies that were part of the incentive package.

This has led to a severe tightening of liquidity for exporters which, in turn, has led to a contraction in demand for downstream processing units, leading to their inability to pay back loans on their capital.

If this wasn't enough, the e-way bill bogey continues to hang over Tirupur's textile manufacturers. The many complications of a badly implemented GST are slowly eating away at India's largest cotton textiles export cluster.

One can only hope the Centre expedites payments and institutes a mechanism for faster rebates in future. If not done soon, a labour-intensive industry that generates 2,400 jobs per ₹1 crore of investment will leave lakhs of low-skill workers unemployed, leading to a demographic disaster.

Source: thehindu.com- Mar 25, 2018

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Weaving its mark: Sustainable, eco-friendly Ramie promises to be a fabric of the future

During a visit to Shillong last year, fashion designer Hemant Sagar of Indo-French fashion house Lecoanet Hemant got to know something surprising. He found out that Meghalaya grew India's first crop of ramie, a flowering plant used to make textile fibre of the same name, in 2017.

Native to China, ramie is a linen-like fibre and makes for a great sustainable alternative to the many artificial fibres flooding the Indian market today. Plus, the monsoon-favouring plant provides Meghalaya new hope for business opportunities. So when the state government approached Sagar for assistance in exploring the potential of the fibre, he jumped at the chance.

"When I got to know that they (Meghalaya) are growing a linen-like fibre in industrial proportions and it may have close to four crops a year, I felt the Indian market could really benefit from it," says the 50-year-old designer, who roped in 17 contemporary designers from across the country (including Rajesh Pratap Singh, Payal Khandwala, Alan Alexander Kaleekal of KALEEKAL, Priyanka Ella Lorena Lama of P.E.L.L.A., Shristi Arora of AKIHI, etc) for the project, sending them ramie samples woven by eri silk weavers of Meghalaya. The designers, in turn, experimented with the material to create either apparel or decor using their imagination.

The result of their efforts was presented last month at the residence of Alexandre Ziegler, ambassador of France to India, in the national capital. The exhibition, which showcased the work of the 17 fashion designers, examined the potential of ramie through drape, cut, colour, design and dispensability. "When we first got it, it took us a while to understand its potential," says Rekha Bhatia of Mumbai-based clothing brand KISHMISH, which was part of the project curated by Sagar.

Used to working with natural fabrics such as cotton and khadi, Bhatia and KISHMISH co-founder Kikki Kalia decided to experiment. "We dyed it in a couple of colours and the samples came out looking so great that we decided to create a garment from them," says Kalia, adding that their interpretation of ramie as a patchwork dress is intended to capture its versatility, as well as its natural ability to create a fall similar to linen or silk.

Highlighting its benefits, Alan Alexander Kaleekal of Kochi-based fashion label KALEEKAL says, “Working with silk is lovely, but it’s an expensive affair. Ramie, on the other hand, could be looked at as a potential cheaper alternative as it’s a plant fibre.” Kaleekal’s namesake label is driven by unconventional designs, anti-fits and a reinterpretation of tailoring techniques by the 28-year-old.

The designer, who creates clothes that question beauty, fit and tailoring, works with natural fabrics such as kasavu cotton and silk. “As it’s a plant fabric, I was expecting ramie to be like hemp... but the weaving gave it a smooth finish. It looks like linen, but acts like silk,” the designer says.

Kaleekal, who came up with a deconstructed blazer and a pair of pants for the exhibition, feels that the defining feature of the fabric is how it can be used to create ethnic Indian-wear. “Even though it has been around for centuries and is an old fabric, it has only just gained recognition in India. The best part is that you can make any Indian garment out of it because it drapes so well,” says the designer.

There’s more. While working with ramie, Bengaluru-based designer Priyanka Ella Lorena Lama discovered that the cloth has an astonishing resistance to creases. It was, in fact, easier working with ramie than silk as the cloth doesn’t crease, says the designer, who drew inspiration for her work from a friend’s dream about Bastet, a cat goddess from Egyptian mythology, to create an interweave of ramie and Darjeeling rice paper.

The result is a feminine silhouette patterned with hieroglyphs along the edges. “It has the significance of hope... that things will work out,” says Lama, the founder and creator of clothing brand P.E.L.L.A., adding, “I always try to envision the finished product before I start working on an idea. Using ramie came very easy to me, as I am used to working with similar textures.”

Then there is Jaipur-based fashion designer Srishti Arora, who crafts jewellery pieces adorned with embroideries and fabrics instead of gemstones under her label AKIHI. For someone who works regularly with silk, ramie was a great find. “Not only is the textile very similar to silk, it’s also a stronger material. This obviously increases the life of the products made out if it, something that’s essential for designers and patrons,” she says.

Ramie may have just made its initial foray into the world of fashion, but it sure has the potential to rewrite the Indian fashion story.

Source: financialexpress.com- Mar 25, 2018

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Made to measure: What does an 'India Size' mean and do we need it?

Retail giants in India, however, are missing out on sales, as the likes of Kaushik would rather get their clothes stitched than pick up ready-to-wear attire that needs altering.

Akanksha Kaushik, an instructional designer, is usually a disgruntled shopper. The 34-year-old from New Delhi dreads apparel shopping. She doesn't like going to stores, as she is unable to get a size that accommodates her heavy arms and thighs, and online shopping is a mix of trial and error. "The ill-fitting clothes have put me off ready-to-wear outfits completely," she says. "If I match my waist size, I have to sport clothing that's tight on my arms and if I pay attention to my arms, the waist goes for a toss," she rues.

Kaushik may be among the growing number of customers who are now opting for customised clothing. So it's not without reason that the good old neighbourhood darzi is now a corporate entity, running an online portal and delivering your choice of western or Indian attire. Retail giants in India, however, are missing out on sales, as the likes of Kaushik would rather get their clothes stitched than pick up ready-to-wear attire that needs altering.

But all this could soon be a thing of the past when the National Institute of Fashion Technology (NIFT), under the aegis of the ministry of textiles, comes up with a standardised 'India Size' chart for the ready-to-wear garment industry. For this, a National Sizing Survey will be carried out across six Indian cities—New Delhi, Mumbai, Bengaluru, Hyderabad, Shillong and Kolkata—which will collect sample measurements of 25,000 people starting June. Interestingly, this is the biggest sample size ever undertaken for such a survey. "During the Textiles India conference held in July 2017, there was a round table on the 'India Size' project," Sarada Muraleedharan, director general, NIFT, tells us.

"At that time, leaders of the industry came forward and said they wanted a national size chart. This included big e-commerce and retail giants. We had a discussion with the Fashion Design Council of India as well... and designers also said they were interested in a size chart," says Muraleedharan, adding, "Finally, it's being executed."

Size matters

Globally, 14 countries, including China, Spain and Germany, have their own size charts. In India, most home-grown brands adopt US/UK size charts, while international brands sell their global sizes. "Currently, we are using international sizes, but Indians aren't anthropometrically made the same way," says Noopur Anand, a professor at NIFT-Delhi and the principle investigator of the India Size project. "If you ask somebody their size, they will give different sizes for different brands, so what we are looking at is to have a numeric value, which I can pick up from anywhere in the world," she adds.

NIFT has already put out a tender to acquire heavy-duty, high-tech, whole-body 3D scanners that would be used for the survey to extract hundreds of measurements from a person. After this, the NIFT will work out a weighted average to develop a comprehensive India size chart. "The numeric nomenclature will be the closest to the Indian body type.

We are also taking inputs from experts who have undertaken sizing surveys internationally. Once the basic sizing is out, we will further customise the data to get archetypes for different body types, like 'petite', 'pear-shaped', etc," says Anand. Around 120 anthropometric elements—including height, weight, waist size, hip size, bust size, wrist measurement, etc—will be included in the survey. The project, to be conducted over a period of two-three years, will incur a total cost of Rs 31 crore and the resultant size chart (expected to be out by 2021) will be available at no cost for retailers.

In the absence of a standardised size chart providing well-fitted garments, most big players have come up with their own sizes that they feel best cater to their clientele. Take, for instance, Fabindia, one of the country's oldest retail chain stores, which started offering ready-to-wear garments in the Eighties. "As ready-to-wear was a new and relatively unexplored area at that point, we evolved our own size charts and grading logic... this was followed by others as well.

Over the years, we have further evolved our sizing based on feedback, research and customer expectations," says Charu Sharma, director, Fabindia, adding, "The feedback is an ongoing process, which helps us evolve sizing and fits. Over the last few decades, we have evolved fits and sizing that answer the needs of Indian consumers."

Then there is aLL, a clothing brand of Future Group, which caters exclusively to plus-sized people. aLL, too, developed its sizes through market inputs, observation and customer feedback. "Our country is different-bodied and following international sizes wasn't a great idea for us," says Hetal Kotak, CEO, aLL, whose online portal has seen a 300-400% jump in business in the last four months. "It's largely because we offer well-fitted and suitably-styled clothing to Indian women, keeping in mind several details like post-pregnancy shape and post-marriage weight gain," says Kotak, adding that their exchange rate is as low as 6-7%.

Women's branded apparel-maker TCNS Clothing, too, commissioned an anthropometric study of Indian women in the early 2000s and introduced six sizes. The company, which sells women's clothing under the brands W, Aurelia and Wishful, utilises in-depth market research and data analysis to emphasise its fits. "In 2010-11, we revisited the study undertaken to assess apparel sizes and introduced a seventh size to offer the best fit possible to our customers," says Anant Daga, managing director, TCNS Clothing, which filed draft papers for an initial public offer last month.

But even though big retailers have spent years researching the Indian body type, they are looking at the developments keenly. Fabindia has "welcomed the initiative" and is "looking forward" to the survey's inputs and findings. Kotak of aLL agrees: "This survey should help everyone—brands and customers," he says. A point reiterated by others. "Some of our sizes are altered as per the regions we cater to," says Ajay Chablani, head of sourcing, FBB, a retail apparel brand under Future Group.

"In the north-east, for instance, our medium size would be smaller than what it is in the rest of India. In the south, the medium size would be a little larger than the normal range, as it's a different body type there," says Chablani, adding, "Sizing is a vast subject. So if the NIFT comes up with more data than what is available today, it would definitely make sense to incorporate the changes."

But not everyone is convinced. Fashion designer Anita Dongre, whose retail brand AND caters to the contemporary western-wear market for women, says she won't adopt the national size. "We follow the UK sizes, but we tweak the sizing, keeping in mind the Indian woman. The lack of a national size hasn't affected the brand in the Indian or international market," says Dongre, adding, "So we won't be carrying out any changes."

Customise & cater

As per a 2016 report by management consulting firm Technopak, the Indian fashion retail market, whose size was Rs 2,97,091 crore in 2016, is expected to grow at a CAGR of 9.7% to reach a market size of Rs 7,48,398 crore by 2026. Interestingly, over 10% of this market consists of online portals—a number that's expected to go up to 30% by 2020. Also, according to a study by India Retailing, a website that keeps track of retail news, the ready-to-stitch segment in India accounted for a 20% share of the apparel market in 2015, growing at an annual rate of 5.5%. To tap this market, ready-to-wear retail giant Biba, which specialises in women's ethnic-wear, partnered with Amazon India for a ready-to-stitch collection in January.

The demand for fitted silhouettes has also led to the opening of several customised clothing outlets. One such is Corporate Collars, a custom tailoring retail store in Mumbai, which started operations in 2013. Corporate Collars offers 'tailoring on wheels' where a mobile van goes to a customer's doorstep to customise his/her clothes.

"The consumer has evolved from not being bothered about the fit of his clothes to making well-fitted clothes his priority when buying either off the rack or custom-tailored clothes," says Harssh Chheda, founder, Corporate Collars. The company, which offers customised western-wear for both men and women, is currently seeing an year-on-year client growth of 140-150%.

It was a market full of ill-fitting clothes that led Chheda to start his own venture. "When I returned to India after graduating from the US, I could not find the right fit for my clothes. A medium size was too large for me and a small was not big enough. Frustrated by the lack of options, I decided to start Corporate Collars," he says. Then there are online portals that offer "custom-tailored" ready-to-wear options.

Take, for instance, FableStreet, an online professional-wear portal for women. To tap the market that exists in the absence of well-fitted ready-to-wear clothes, FableStreet is following a middle path—it offers ready-to-wear clothes (70%) and customised clothing (30%). "NIFT's survey is a great initiative and much needed. Being such a large industry and not have our own size chart is a big disadvantage that we face," says Ayushi Gudwani, founder and CEO, FableStreet.

It was her own experience of not finding "proper-fitting" western-wear for women in the Indian market that made Gudwani open her online store in September 2016. To develop her brand's size chart, she did market research for a year, taking measurements of around 1,000 women, and got a basic chart developed for the portal, which caters to clients across the country and even internationally. "We have seen a 200% growth year-on-year since our launch," says Gudwani, adding, "Our exchange rate is less than 5% compared with the 15-30% seen by most other players."

It's this lacunae of people not being able to find their 'right fit' that the NIFT believes it would fill once the India Size is released. "We are moving into fitted silhouettes for both men and women. In India, with various ethnicities, there are different body types and these can't be boxed into 'small', 'large', 'medium', 'extra-large', etc.

The need for a proper size then becomes all the more crucial," says Muraleedharan of NIFT. Till that happens, though, Kaushik and her ilk may have to spend a few more harrowing hours outside trial rooms of different brands or keep visiting their neighbourhood darzi.

Source: financialexpress.com- Mar 25, 2018

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Welspun proposes technical textile, pipe-making projects in TS

Interest subsidy, power tariff subsidy and SGST reimbursements will be some of the other incentives. Besides land, the incentives approved range from one-time capital subsidy of ?40 crore, interest subsidy, power tariff subsidy, SGST reimbursement and benefits under T-TAP.

Technical woven fabric. The other proposal pertaining to technical textile is by Welspun India Ltd. With an investment of ?409 crore, the project, on 150 acres, is for manufacturing technical woven fabric, stitch bonded fabrics and non-wovens.

The $2.3 billion, diversified Welspun Group proposes to set up three manufacturing facilities in Telangana entailing an investment of over ?1,900 crore. Two of them would be dedicated to the high growth technical textiles, while the other would be for making line pipes.

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The employment opportunities, both direct and indirect, estimated to be generated would be more than 5,000. The Group, with companies that are fully integrated players in home textiles as well as pipes, plates and coils, has presence in steel, infrastructure and energy space too.

Welspun is the latest to join the growing list of well-known names preferring Telangana, something both senior officials and Ministers attribute to the TS-iPASS policy, industry-friendly climate and a support eco-system in the State.

The Welspun companies that proposed the projects – all three to come up in Shabad mandal, Ranga Reddy district – are expected to firm up their plans with the State government approving a set of customised benefits for them recently. Approved incentives

For the ?1,261-crore technical textile project of Welspun Flooring, for manufacturing floor covering carpets and LVT, the incentives approved by the government include allotment of 500 acre of encumbrance-free undeveloped industrial land with external infrastructure such as roads, power and water.

A one-time capital subsidy of ?80 crore, interest subsidy at the rate of 8% per annum on eligible capital investment; power tariff subsidy, 100% gross SGST reimbursement for a stipulated period, besides benefits applicable under the Telangana Textile and Apparel Policy (T-TAP) are to be made available.

The project is expected to provide direct employment to 1,000 people and indirect job opportunities to 2,000 people. Technical woven fabric The other proposal pertaining to technical textile is by Welspun India Ltd.

With an investment of ?409 crore, the project, on 150 acres, is for manufacturing technical woven fabric, stitch bonded fabrics and non-wovens.

Source: nyoooz.com- Mar 25, 2018

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