TEXTILE INTELLIGENCE CENTRE
IBTEX
INFORMATION BUREAU
TEXPROCIL

TEXPROCIL
NEWS CLIPPINGS

The Cotton Textiles Export Promotion Council (TEXPROCIL)
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai 400004. Maharashtra State. INDIA
W. www.texprocil.org E. ibtex@texprocil.org T. +91-22-23632910 to 12 F. +91-22-23632914

IBTEX No. 156 of 2018 July 26, 2018

USD 68.67| EUR 80.55 | GBP 90.65 | JPY 0.62

Cotton Market		
Spot Price (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
22601	47275	**87.46**
Domestic Futures Price (Ex. Gin), July		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
22130	46291	**85.64**
International Futures Price		
NY ICE USD Cents/lb (Dec 2018)		86.70
ZCE Cotton: Yuan/MT (Jan 2019)		15,780
ZCE Cotton: USD Cents/lb		**89.57**
Cotlook A Index – Physical		**98.20**

Cotton Guide: The US ICE December cotton future was volatile on Wednesday's trading session. It was an extravagant price movement as the trading range was 86.69-88.59. The active Dec futures settled at 87.97 up by 127 points. The active futures gained by 1.5% as weather concern in west Texas led to the speculative buying. West Texas is a big part of US cotton crop. The cotton fields are dusty and dry in West Texas which is leading to the crop concern. Also the President Trump's $12.5B farm aid package was mentioned as being supportive to cotton sentiment, although the program's ultimate market impact remains unclear.

On the other side of the world Chinese cotton price also rallied overnight, ZCE future advanced sharply. Traders attributed the rally to unseasonably hot weather in Eastern Chinese growing areas. Turnover on the daily reserve auction was high at 70.5% of the quantity offered.

On the trading front ICE future volume was 17,400 contracts compared to 14,633 on previous day. However, open interest was marginally lower and stood at 260,195 down 303 contracts from previous day. On technical price analysis front, market has bounced as short term trend had reached to oversold condition. Prices also held key short-term support in the 8600 area during the prior three sessions. We see resistances near 88.50/89 range and then 9050 to 92 cents per pound.

Resistance is roughly 8850 to 8950 and then the 9000-to-9200 area. Support is the 8200-to-8650 area. However, daily momentum is a neutral. Also in the daily chart we see a Flag pattern which is to be considered as bullish trend for cotton in the near term. Coming to domestic front, a rate for Shankar-6 has ruled steady again at Rs. 47,550 per candy, ex-gin. At the prevailing exchange rate equivalent value is approximately 88.20 US cents per lb. Punjab J-34 has advanced slightly, to Rs. 4,795 per maund (84.70 cents per lb). Lastly the MCX October future is seen trading at Rs. 23560 per bale and we expect it to trade in the range of Rs. 23400 to Rs. 23700 per bale.

Currency Guide: Indian rupee has appreciated by 0.13% to trade near 68.695 levels against the US dollar. Rupee has benefited from general correction in US dollar and stability in equity markets. The US dollar index trades weaker near 94.15 levels after a 0.4% decline yesterday. Dollar's safe haven appeal weakened as President Donald Trump and European Commission President Jean-Claude Juncker agreed to suspend new tariffs while negotiating over trade. However, weighing on rupee is firmness in crude oil price.

Brent crude trades above $74 per barrel supported by bigger than expected decline in US crude stocks and reports that Saudi Arabia halted oil shipments via Bab el-Mandeb Strait after two tankers came under attack by Yemeni Houthi militia members Wednesday. Rupee has once again corrected after testing 69 levels but the gains will sustain only if US dollar continues to weaken. We however expect US economic optimism and Fed's stance to keep a floor to US dollar hence rupee's appreciation could be limited. USDINR may trade in a range of 67.55-67.9 and bias may be on the upside.

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

NEWS CLIPPINGS

	INTERNATIONAL NEWS
No	**Topics**
1	China: At trade show, sourcing concerns prominent
2	Mexico and Canada Optimistic on NAFTA Deal Amid Tariff Tensions
3	Sourcing Countries Talk Contingency Plans Amid Global Trade Tensions
4	China files complaint to WTO over Trump's $200bn tariff plan
5	Cambodia's H1 garment-footwear exports rise 11% to $4 bn
6	Experts fret over Chinese capital inflows into Vietnam
7	Pakistan: Textile exports drop 2% as production cost rises
8	Bangladesh sees steady rise in RMG orders
9	Bangladesh emerges top trousers supplier to the EU market
10	Global demand for cotton increases
11	Pakistan: Govt released Rs32 billion under PM export package to enhance exports
	NATIONAL NEWS
1	Exports likely to touch $350 bn in current fiscal: Suresh Prabhu
2	Tariff war looms as US spikes India plea for duty rollback
3	Textile, clothing exports up marginally to USD 39.2 bn in 2017-18: Textile Min
4	Centre must exercise caution
5	Govt looking at drafting a retail policy: Prabhu
6	India's cotton exports to increase by 20% in 2017-18; Cotton Advisory Board
7	India to hold top spot for economic growth but oil poses risk
8	Raw silk output may touch 38,500 tonnes by 2019-20: Govt
9	Khadi, village industries product sales rise to Rs 59,098 cr in 2017-18: MSME Min

INTERNATIONAL NEWS

China: At trade show, sourcing concerns prominent

Chinese and American textile and apparel organizations expressed concerns about the escalating trade conflict and their opposition to protectionism during a major trade show in New York on Monday.

Tariff increases are not just a tax on consumers, they will also bring uncertainty to the stable global supply chain for top brands, Xu Yingxin, vice-president of the China National Textile and Apparel Council, said in remarks at the show's opening ceremony.

"Neither American consumers, fashion brands, nor Chinese textile and apparel manufacturers will benefit from the conflicts," said Xu, whose council organized the 2018 China Textile and Apparel Trade Show New York with Messe Frankfurt North America. About 1,000 exhibitors from 17 countries attended the event, with more than 600 from China.

About 1,000 types of products listed in the textile and apparel category are part of the $200 billion in Chinese imports potentially subject to 10 percent tariffs imposed by the Office of the US Trade Representative. Hearings will be held Aug 20-23 before a final decision will be made at the end of August.

The products, mainly raw materials such as yarns and fabric, range from silk to cotton, to lace to embroidery, and total about $4 billion, according to Xu.

"We are against a trade war. We believe trade conflicts should be solved within the WTO framework," he said.

Julia Hughes, president of the Washington-based United States Fashion Industry Association (USFIA), which represents brands and retailers, said the organization is opposed to tariffs.

The association's annual survey showed that for the second year in a row, a protectionist trade agenda in the US is the top concern for the American fashion industry. The survey was conducted between April and May of executives from nearly 30 leading fashion brands, retailers, importers and wholesalers, including some of the largest brands and retailers in the country.

Companies are very concerned about broader implications of protectionism for the US economy, consumers and the global economy, Hughes said in an interview at the trade show.

She said one strategy for American companies is to find other sourcing opportunities, but most sourcing executives say there aren't enough viable options to replace China.

Companies are sourcing from many other countries for many reasons, she said. Everyone has some sourcing in China; many companies have some sourcing in Vietnam. And Bangladesh, India and Indonesia are sources, as well as countries in the Western Hemisphere.

"There isn't enough sourcing in the world to replace China. And especially not the quality sourcing that American brands and retailers want," she said. "I don't think the solution is we just find an alternative to China. We are doing some analysis on what some other options might be. I have to say we hope it never comes to that."

Hughes said she believes the Trump administration has heard her association's message, so in order to not hurt consumers, the tariffs have been focused on manufacturing inputs rather than clothing, footwear and home textiles.

"We are hopeful we never get to the last $200 billion of products, which has to include us," she said.

"I know President Trump tweeted about it last Friday, saying he's ready to retaliate on all imports from China," she said. "But we are pushing hard with the administration, with the Congress, with decision-makers in Washington to not — let's not get to that place.

"Let's find a solution to what are real issues," she said. "The tariffs are the wrong responses, as we argue, to the real issues that we have between our two economies."

The association will continue its opposition to consumer products its members import to and sell in the US are not on the tariff list, Hughes said, adding, "That's our battle."

For Pan Yu, an exhibitor from Southeast China's Fujian province, the ongoing tariff disputes have her concerned but have motivated her to stay competitive through innovation.

"Only through innovation can you avoid being replaced," said Pan, deputy general manager of Hong Gang Textile, a supplier of upscale warp-knitted fabrics, whose business with US companies accounts for less than 20 percent for the company.

Since 2003, the company has focused many resources on research and development for patented fabric designs.

"We have patents in both Europe and the US," she said. "We have business with top US companies."

For the past 40 years, China's textile industry has been deeply integrated into the global textile and apparel supply and value chains.

China and US textile and apparel trade hit more than $44 billion in 2017 compared with $4.9 billion in 2001. China remains the biggest textile exporter to the US, while the US is the No. 1 export market for China's textile industry, accounting for 17 percent of China's exports in the industry.

"We are convinced that Chinese companies will continue to be the most stable and reliable suppliers of American brands, and a long-term mutually beneficial partnership between China and the US textile industries will remain unchanged," said Xu of the Chinese textile council.

Source: usa.chinadaily.com.cn- July 24, 2018

HOME

****

Mexico and Canada Optimistic on NAFTA Deal Amid Tariff Tensions

Mexican and Canadian officials are optimistic they can reach a Nafta trade deal with the U.S. in the next several months, even amid sticking points on car production, an automatic expiration clause and President Donald Trump's threats to impose tariffs on foreign vehicles.

The nations will work to land an agreement before U.S. mid-term elections in early November, Mexican Economy Minister Ildefonso Guajardo said Wednesday as he and Foreign Minister Luis Videgaray hosted their Canadian counterpart Chrystia Freeland in Mexico City.

While some of the negotiations take the shape of meetings between just two nations, and the U.S. has expressed a preference for bilateral deals, Mexico and Canada remain committed to a trilateral agreement, they said.

High-level talks on the North American Free Trade Agreement are picking up again this week after two months of limited negotiations that were marred by tit-for-tat tariff battles and diplomatic fallout. Guajardo is traveling to Washington on Thursday for talks with U.S. Trade Representative Robert Lighthizer. Combined with Wednesday's meeting in Mexico, the bilateral gatherings are the busiest Nafta negotiations have been since May.

Read about the accelerating pace of Nafta negotiations and the biggest issues

Many of Trump's senior economic advisers expect him to impose a 25 percent tariff on about $200 billion in foreign-made automobiles later this year, the Washington Post reported on Wednesday, citing three people briefed on the matter.

Freeland reiterated her view that slapping tariffs on automobiles from Canada based on a national security review is "absurd." She said she's confident the U.S. will follow common sense and refrain from imposing the tariffs. Videgaray also said Mexican vehicles don't pose a threat to the U.S.

"In the next few months and definitely before the election process in the United States, we are trying to constructively advance this negotiation," Guajardo said Wednesday. "We believe that there is the possibility of finding a safe landing zone."

Source: sourcingjournal.com- July 25, 2018

HOME

****

Sourcing Countries Talk Contingency Plans Amid Global Trade Tensions

While President Trump hasn't set what most would consider a positive tone in trade, apparel manufacturing countries out of the direct line of China-U.S. fire are touting their appeal as Plan B, or alternative sourcing options.

At a global sourcing panel at Texworld USA Monday, panelists pointed out that while each country comes with its own challenges, some may still prove more stable than those caught in a tariff war that changes by the tweet.

Demand in Central America, for one, has ramped up in the last year, both as companies look to better accommodate speed to market and as they look to dodge trade bullets.

"We are definitely seeing this year, 2018, an increase in customers," said Diego Cuenca, sales representative for Mercardo Internacionales, S.A. de C.V., which promotes business in the region. Companies, Cuenca continued, "don't want the risk of having big volumes in places like China where this commercial war is going on."

As such, the region has been stepping up its efforts to accommodate the increased demand. In El Salvador in particular, factories all along the synthetic supply chain collaborate in a synthetic cluster to give customers the kind of vertical sourcing experience that keeps things quick and efficient. Each link in the synthetic cluster—from yarn to garment—is within one hour's drive from the other, which also keeps the country's carbon footprint down.

"Central America is like Plan B for America," Cuenca said.

But perhaps the biggest benefit of a Central America sourcing strategy is that the region enjoys a duty free relationship with the United States under the Dominican Republic-Central America Free Trade Agreement (CAFTA-DR). For now, at least, the agreement has remained more or less untouched by the Trump administration.

In Bangladesh, manufacturers are rallying around ways to deliver quicker turns and improved sustainability as value adds for brands and retailers sourcing there. “Some factories have turnaround time as little as 20 days for knit,” said Fatima Anwar, founder and CEO of Sustainable + Ethical Apparel Sourcing, which connects brands in North America with leading manufacturers in Bangladesh. “We’re moving toward cutting down that lead time.”

Bangladesh has been plagued with a poor reputation since the Rana Plaza building collapse cast a light on subpar working and building conditions there, but the country has been working its way out of that negative shadow and working on ways to improve transparency for companies that may still be uneasy about doing business there.

And according to Anwar, blockchain may be the technology that gives Bangladesh a leg up in traceability and transparency—and the country is looking into ways to incorporate it into supply chains. “You can’t change [something in blockchain] once it’s inputted,” Anwar said. “So if someone’s put in some fraudulent information, you’re going to see who it was and when it was.”

Turning to India, where sustainability has been a driving factor in setting the country apart from other sourcing locales, Marci Zaroff, founder and CEO of Metawear, which operates one of its key international manufacturing platforms in India, said the country has “incredible verticality,” an “astronomical” workforce and opportunities in sustainability—particularly where cotton is concerned.

Though there’s been a challenge to secure organic cotton seeds in the country, and the weather has posed problems for the crop, the government is getting involved in sustainability as a competitive offering for the country.

“There’s a wakeup now, there’s a focus on sustainability. The government is actually starting to step up and recognize organic cotton,” Zaroff said. “India is very well positioned when you think about the Trump rollercoaster. For risk mitigation, we need to start looking at other countries that have that good labor force and have that verticality.”

Source: sourcingjournal.com- July 25, 2018

HOME

****

China files complaint to WTO over Trump's $200bn tariff plan

China has filed a complaint against the US at the World Trade Organization after Donald Trump's threats to place tariffs on an additional $200bn (£150bn) worth of Chinese goods.

The one-sentence announcement by the ministry of commerce comes less than a week after the US president called for a second round of tariffs on China, in retaliation for Chinese tariffs placed on American goods.
IMF warns on trade wars; China's economic growth slows – as it happened

On 6 July, the US imposed 25% tariffs on $34bn in Chinese goods, prompting Beijing to hit back with levies on the same amount of US exports to China. In response, the White House last week released a wide-ranging list of Chinese goods, from tobacco to pet food, worth $200bn it would target with a 10% tariffs. Beijing said it would "fight back as usual" and would file a complaint with the WTO.

The latest round of tariffs would not come into effect until September, making China's response uncharacteristically quick. Up to now Beijing has waited for Washington to "fire the first shot" in the escalating trade war.

Chinese economic data on Monday fanned fears that trade frictions between the two countries may soon have an impact on the world's second largest economy.

China's $12.5tn economy expanded 6.7% in the second quarter compared with the same period a year earlier. It was in line with expectations but was modest by recent Chinese standards.

The FTSE 100 index was down just over 1% by lunchtime in London on Monday. In Asian trading, MSCI's index of Asia Pacific shares except for Japan fell 0.36%, while mainland Chinese stocks, already among the world's worst performing this year, fell 0.6%.

Mao Shengyong, a spokesman for China's National Bureau of Statistics said the economy's growth was stable, but added: "The uncertainties of the external environment are mounting.

"Generally speaking, trade frictions unilaterally started by the US will have an impact on the economy of both countries."

In total, the US has threatened to place tariffs on more than $500bn worth of Chinese goods to the US, an amount that Beijing cannot reciprocate. US exports to China last year were worth about $130bn.

Some US business groups worry the disparity will push Beijing to hit back with "qualitative measures" such as delaying approvals for inward investments into China, extra customs inspections for goods or boycotts of American brands.

The trade war is not the only potential drag on China's economy. Over the last few years the Chinese government has launched a campaign to reduce financial risk by tightening lending and reining in excess debt. Analysts say that has led to a broader slowdown.

Factory output in June fell to a two-year low. The country also faces a slowing property market and slower-than-expected domestic consumption. Retail spending rose 9% in June, half a percentage point higher than the month before.

"Uncertainty about the scale and composition of US tariffs on China's exports is already dampening business confidence and delaying investment," Louis Kuijs, the head of Asia economics at Oxford Economics, said in a note.

"If the US and China do not resume talks in the next two months or so, the conflict will escalate further, with major economic implications for themselves and the global economy."

Despite the slowdown, China's monthly trade surplus with the US hit a record high in June, widening to $29bn, from $24.6 in May. For the first half of this year, Chinese exports to the US were 13.6% higher.

China has repeatedly said it can weather a trade war better than the US but the prospect of tariffs on as much as $500bn of Chinese goods has worried investors and businesses.

Forecasters say if the first US round of tariffs, implemented on 6 July, is expanded to cover another $200bn of goods as Trump has threatened, China's economy could lose 0.4 percentage points, according to HSBC estimates.

Source: theguardian.com- July 25, 2018

HOME

****

Cambodia's H1 garment-footwear exports rise 11% to $4 bn

Cambodia's garment and footwear exports rose by 11 per cent to around $4 billion in the first half of this year compared to the same period last year, according to the National Bank of Cambodia (NBC) semi-annual report.

The year-on-year growth rate last year was 6.9 per cent. The report did not, however, reveal the reasons behind the rise.

The growth could be attributed to the global economy's better performance, especially in the United States and the European Union (EU) where the country exports, said Garment Manufacturers Association of Cambodia (GMAC) deputy secretary general Kiang Monika.

The country's exports to Canada, Japan and China, he said, are all on upward swing as well, but their relative share of exports is still small.

The country's garment sector grew four per cent last year to hit $7.6 billion, up from $7.3 billion in 2016, a Cambodian English daily reported citing a labour ministry document.

Source: fibre2fashion.com - July 26, 2018

HOME

****

Experts fret over Chinese capital inflows into Vietnam

Vietnam purchases intermediate products and raw materials from the northern neighbor, according to the Development and Policies Research Center.

Wood and wooden products are one of the main product groups that Vietnam imports from China.

To Xuan Phuc, a senior policy analyst at U.S.-based Forest Trends, told the Saigon Times that the depreciation of the Chinese yuan (or renminbi) would give China an advantage in its exports but place its imports at a disadvantage.

On an annual basis, Vietnam sells wood and wooden products to China with total revenue of about US$1 billion while its import bill for these items from the neighboring country is roughly US$400 million. As such, the trade surplus of the Vietnamese wood industry from China is some US$600 million per year.

“The depreciation of the yuan will be detrimental to the Vietnamese wood sector in exporting its products to the Chinese market,” Phu said. However, this is also a favorable condition for Vietnam in buying wood and wooden products from China.

Vietnam mainly exports wooden materials such as wooden lathe chips, sawn timber, wooden planks and woodworking tools to China.

“China’s market suffers less impact than its export markets,” Phuc said, adding that the Chinese market is more stable, while its level of vulnerability, due to external factors such as trade war, is lower than that of other markets.

Overall, the export growth of Vietnam’s wood and wooden products to the Northeast Asian nation this year may not be as high as in previous years. However, it is unlikely that there will be sharp declines in Vietnam’s exports of wood products to this market.

Regarding the textile and garments sector, the majority of Vietnam’s materials are imported from China, so it will suffer no impact when the yuan depreciates in value, according to Nguyen Xuan Duong, chairman of Hung

Yen Garment Corporation, who is also vice president of the Vietnam Textile and Apparel Association (VITAS).

The fall of the yuan will stimulate China’s exports. Duong expressed concern that if Chinese textiles and garments are not easily shipped to the United States over the long term, these products could find their way to the U.S. market through ASEAN countries, including Vietnam. Chinese products are also subject to zero tariffs given the free trade agreement between the ASEAN and China.

The United States has imposed 25% tariffs on Chinese textiles and garments. However, China also ships its products to Japan, Europe and other major markets.

VITAS President Vu Duc Giang said that if Vietnam maintains its current exchange rate, Vietnamese textiles and garments would not be able to compete with Chinese equivalents in terms of prices. But the rapid adjustment of the exchange rate could have positive effects on Vietnamese textile and garment companies.

“What worries me most is that China will further depreciate the yuan so that the prices of its products become more competitive than those of other exporting countries, including Vietnam,” Giang said, suggesting that the U.S. dollar-Vietnam dong exchange rate be adjusted up to VND24,000-25,000 per dollar so that Vietnamese textiles and garments could be more competitive.

He also expressed concern over the large Chinese capital inflows headed for Vietnam, allowing Chinese products to claim Vietnamese origins, so they can be shipped to other countries at lower tariffs.

China’s investment in the wood processing industry in the southern provinces of Dong Nai and Binh Duong has been substantial. Chinese companies compete for Vietnam’s labor and wood material resources, and then export their products to the U.S.

Sudden increases in wood exports to the world’s largest economy could lead to the U.S. imposition of antidumping duties on Vietnam.

Given the yuan devaluation, the situation may expand to the Vietnamese textile and garment sector.

"I have advised local governments to be cautious with foreign investment flows," Giang said, explaining that foreign clothing products could be shipped to Vietnam and may later bear made-in-Vietnam labels. Foreign investors will be likely to invest in the final production stage in Vietnam, while other stages are executed in their home countries.

Nguyen Duc Thanh, director of the Vietnam Institute for Economic and Policy Research, said the Vietnamese dong should be weakened to match the recent decline of the yuan.

"Devaluing the dong by 2-3% is still acceptable," he noted, pointing out that Vietnam primarily imports raw materials from China. Thus, the devaluation of the yuan will make raw materials originally from China cheaper. Products made from Chinese materials will be shipped abroad, and if the exchange rate rises slightly, Vietnamese companies will still benefit.

Source: vietnamnet.vn - July 25, 2018

HOME

****

Pakistan: Textile exports drop 2% as production cost rises

Textile exports in June 2018 dropped 2% despite government's efforts to boost shipments in an attempt to reduce trade deficit and rein in the runaway current account deficit.

The fall in June's textile exports, which account for around 60% of Pakistan's total overseas sales, has been attributed to more expensive cotton this year and heavy sales in June last year.

Textile exports were recorded at $1.19 billion in June 2018, down 2% on a year-on-year basis compared to $1.22 billion worth of shipments in the same month of 2017.

According to JS Research analyst Ahmed Lakhani, the decline in exports was primarily the result of a significantly higher cotton price that went up in the past one year from around Rs6,500 per maund (37.324kg) to Rs9,500.

"The international market is highly competitive and if cost increases, our textile exporters will be unable to pass on the impact," Lakhani told The Express Tribune.

"Cotton price has increased 22% in the world market, but in Pakistan, it has gone up nearly 40% due to rupee depreciation during the last year."

A 22% rupee depreciation since Dec 2017 has made it lucrative for cotton dealers to export, which pushes up the price of the commodity in the domestic market.

2011 to 2017: Textile, clothing exports fall 10% in six years

For the last one and a half year, the government has been trying to boost exports and has extended the Prime Minister's Export Package in an effort to restrict the fast growing current account deficit and support falling foreign currency reserves, which have depleted to an alarming level of $9.06 billion.

Lakhani added that in June last year sales swelled because of clearance of a backlog of May 2017 when goods transporters went on strike against a court ruling that stopped them from coming on roads during day time.

Owing to the crisis, according to media reports, the industry claimed that on average about Rs6 billion was lost in exports every day.

In June this year, exports of cotton yarn and cotton cloth grew, but value-added categories such as garments, towels and bedwear underperformed and all of them recorded a decline in shipments. In the full fiscal year 2017-18, textile exports came in at $13.53 billion compared with $12.45 billion in 2016-17, recording an increase of 8.67%. In rupee terms, the hike in exports was calculated at 14.15% following Pakistani rupee's massive depreciation.

Textile exporters will struggle in the days ahead in the current fiscal year 2018-19 as cotton sowing target has been missed.

In addition to that, duties and taxes have been re-imposed on cotton imports, which will be costlier, also due to the US dollar's strengthening against the rupee. In the meantime, expensive re-gasified liquefied natural gas (LNG) has forced the closure of several small mills in Punjab.

"Spinners are expected to partially pass on the rise in cotton prices to the domestic market due to higher demand for yarn. But value-added goods manufacturers such as Nishat Mills, which has bulk of its sales, say 75%, in overseas markets, will not be able to pass on the impact to competitive export markets," said Lakhani.

However, textile goods exporter Zubair Motiwala believes exports will get better in the future.

"There had been several factors in June this year that may have reduced sales including low productivity in Ramazan, Eid holidays and the backlog at the close of financial year. I believe textile sales will get better," he said.

Source: tribune.com.pk- July 26, 2018

HOME

****

Bangladesh sees steady rise in RMG orders

The readymade garment industry of Bangladesh has transformed over the last five years. Global apparel brands and retailers are placing a higher volume of work orders to compliant factories in Bangladesh.

Bangladesh's overall apparel exports to the US rose by 3.76 per cent during January to May 2018.

Bangladesh is the fifth sourcing destination for US-based apparel and fashion companies in 2018 mainly because of the most competitive price it offers. Bangladesh was also the fifth sourcing hotspot in 2016.

Made in Bangladesh enjoys a prominent price advantage over many other Asian suppliers. In terms of sourcing cost, China scores 3 points, Vietnam 4 and Bangladesh 4.5.

Companies are interested in expanding sourcing from Bangladesh in the next two years. They are actively seeking alternatives to Chinese and Vietnamese products.

Besides Vietnam and Bangladesh, buyers also plan to increase sourcing from India, Indonesia, Cambodia and Africa.

Trade barriers as well as compliance with factory, social, and environmental standards are driving up sourcing costs this year. Labor cost remains the top factor driving up sourcing cost in 2018.

Wage levels are continuing to rise quickly in many Asian countries where US fashion companies primarily source, including China, Vietnam, Cambodia, Sri Lanka and Bangladesh.

Source: fashionatingworld.com - July 25, 2018

HOME

****

Bangladesh emerges top trousers supplier to the EU market

Bangladesh emerged as the top trousers supplier to the European Union during January -April 2018.

The country exported 147.63 million kg of trousers during the period accounting for 35 per cent of overall trousers imported by EU.

Overall, the Union imported 420.91 kg up 9.53 per cent) of trousers worth € 6492.46 million with a marginal rise of 0.17 per cent during the January-April period.

Bangladesh too upped its shipment values by 1.73 per cent to the EU. This marked an impressive growth of 17.84 per cent on the yearly note in volume-terms.

The growth is even more significant, as China, which once was the top exporter of trousers to EU, has become a laggard and Bangladesh has been able to occupy its position.

Source: fashionatingworld.com - July 25, 2018

HOME

****

Global demand for cotton increases

As per Hank Reichle, Executive Vice President, Staplcotn Cooperative, Greenwood, there is a huge increase in overall demand for cotton globally, and the new year is likely produce the most cotton worldwide.

This growing demand for cotton is also likely to reduce ending stocks from 85 million at the beginning of the current marketing year to 77.8 million a year from now, July 31, 2019.

Though there will be more acres planted worldwide, there will be 1.5 million fewer acres harvested. This will lead to a 7 million bale shortfall this year in matching consumption with production.

The world production will be led by the US, China and Australia while the consumption will be led by Bangladesh, China, India, and Vietnam, who will together account for 83 percent of the growth.

Source: fashionatingworld.com - July 25, 2018

HOME

****

Pakistan: Govt released Rs32 billion under PM export package to enhance exports

The total claims for clash payment were recorded at Rs34 billion during Jan-June 2017, leaving a balance of Rs8 billion outstanding to be paid to exporters

Around Rs32 billion have been released by the government for enhancing clothing and textile exports in the last 1.5 years.

The disbursement of funds was done under the prime minister’s incentive package for the textile sector and it helped enhance the speed of growth of the value-added products segment, reported Dawn.

According to official data, the government released Rs26 billion cash subsidies under the PMs special textile package for Jan-June 2017.

And no conditions had been in place in the cash subsidies released during the aforementioned period.

The total claims for clash payment were recorded at Rs34 billion during Jan-June 2017, leaving a balance of Rs8 billion outstanding to be paid to exporters.

In the just concluded FY18, the government got claims totalling Rs11 billion till June 2018. An official source said these claims will rise as export proceeds increase.

The source told that cash subsidy amount claims could rise as high to Rs60 billion for FY18. Till now, the government has disbursed Rs2.5 billion cash subsidy on exports for FY18, leaving a balance of Rs9 billion.

The country's textile and clothing exports touched $13.53 billion in FY18 compared to $12.45 billion in FY17, showing a growth of 8.67 percent.

This indicates cash subsidies partially grew due to increased export proceeds from the sectors.

And the growth trends in exports of value-added sectors in knitwear, bedwear and garment were much higher during the just concluded FY18.
Under the PM's textile package, cash support provided in the shape of duty drawback rates for textile governments were recorded at 7 percent; processed fabric 5 percent, yarn and grey fabric 4 percent and textile made-ups 6 percent.

Nevertheless, half of the rates unrestricted, whilst the rest were conditioned to exhibit a rise in export proceeds.

Also, an additional 2 percent will be provided on exports to non-traditional markets which has 147 countries on the list.

Till now, no payment has been collected under this category.

Source: profit.pakistantoday.com.pk - July 25, 2018

HOME

****

NATIONAL NEWS

Exports likely to touch $350 bn in current fiscal: Suresh Prabhu

Services sector set to become a dominant driver of the Indian economy

India's goods export is likely to touch $350 billion in the current fiscal despite increasing global protectionism, Commerce & Industry Minister Suresh Prabhu has said.

This would translate into a 16 per cent growth over last fiscal exports worth $302 billion, the healthiest the country has seen over the past few years. Prabhu was speaking at the 2nd Services Excellence Awards and Summit – 2018 organised by Assocham on Wednesday.

The Minister said that the services sector was set to become a dominant driver of the Indian economy and would contribute $ 3 trillion of the envisaged $ 5 trillion GDP by 2025.

"The Commerce Ministry has identified 12 champion services sectors for which the Cabinet has approved a dedicated fund of Rs 500 crore to support initiatives for sectoral action," he said.

The Minister pointed out that the services sector contributed significantly to India's increased productivity and competitiveness and high quality of the champion services sectors will further boost the export of various services from India and give a boost to employment generation.

India is pushing for export of services to countries in Africa and Latin America. It has a two pronged agenda with its trading partners -- allowing professionals from India to travel abroad and trade facilitation in services export.

Source: thehindubusinessline.com-July 25, 2018

HOME

****

Tariff war looms as US spikes India plea for duty rollback

USTR office asks Steel Ministry to submit reworked proposal on steel, aluminium

India and the US failed to reach an agreement on the withdrawal of penal duties imposed by the Trump administration on Indian steel and aluminium, at a crucial meeting of officials last week: a development that could lead to a tariff war between the countries.

"The US Trade Representative's office rejected India's proposal of a complete rollback of the penal tariffs on the metals. The Steel Ministry has been asked to come up with a fresh proposal that could be acceptable to both. It seems it will take time to sort out the matter," an industry official close to the development told BusinessLine.

Deadline nearing

If the two countries fail to resolve their differences over the tariff issue by August 4, which now appears to be the likely scenario, the retaliatory import tariffs announced by India on 29 items from the US, ranging from almonds to steel, are likely to come into force.

"New Delhi already delayed imposition of the retaliatory duties by a month-and-a-half to give the US time to resolve the issue. It is unlikely that it will bend over backwards and give the US more time in the absence of a resolution, unless it is given some tangible assurance," a government official said.

The Indian delegation comprising officials from the Commerce Ministry and the Steel Ministry, which visited Washington last week, reiterated India's position that the additional import tariff of 25 per cent on steel and 10 per cent on aluminium imposed by the US was unfair.

India not only exported much lower volumes than other countries, including China, South Korea and the EU, but also did not pose any security threat, as stated by the US as the official reason for the duties, the team argued.

"The USTR officials said India's representation was unlikely to be accepted by the White House and advised Steel Ministry officials to rework the proposal and pare it down," the industry source said.

However, it is not certain whether the Steel Ministry will be willing to change its demand. While it will come up with a reworked proposal, it could still ask for a complete rollback of the duties or settle for a partial one.

"The Steel Ministry will carry out its own internal consultations and see if it could come up with a reworked proposal that will not harm the interests of the industry," the government official said.

As per a Finance Ministry notification dated June 20, import duties on 29 items from the US will be increased; these include almonds, walnuts, boric acid, diagnostic reagents, chickpeas, lentils, shrimp and certain iron products.

The import value of these items annually is approximately $240 million, which is the estimated loss suffered by Indian exporters due to US tariffs on steel and aluminium.

US may oppose

"The Indian action could bring about some reaction from the US. It could drag India to the WTO, the same way it has done five other members, including the EU, China and Turkey, which have imposed retaliatory duties for US action against their steel and aluminium. But we hope to settle the matter after some more negotiations," the official added.

Source: thehindubusinessline.com-July 25, 2018

HOME

****

Textile, clothing exports up marginally to USD 39.2 bn in 2017-18: Textile Min

Textile and clothing sector exports have increased marginally to USD 39.2 billion in 2017-18 from USD 39 billion in the previous fiscal, Parliament was informed today.

On the other hand India's imports of textile and apparel have increased by 17 per cent from USD 6.3 billion in 2016-17 to USD 7.3 billion in 2017-18, Minister of State for Textiles Ajay Tamta said in a written reply to the Rajya Sabha.

He said that government has increased customs duty on different types of fabric, apparel, made-ups and carpets from 10 per cent to 20 per cent to curb textile and apparel imports in the country.

In a separate reply, he said that the Cotton Advisory Board (CAB) has estimated the cotton production for the current cotton season 2017-18 (October 2017 to September 2018) at 370 lakh bales.

"From October 2017 to April 2018, the total amount of cotton exported from India was 51.21 lakh bales," he said adding CAB has estimated that during the current cotton season 2017-18, the export of cotton is likely to increase by 20 per cent over last year and is expected to touch 70 lakh bales by September this year.

"Domestic prices of cotton are ruling below the international cotton prices," he added.

Source: timesofindia.com-July 25, 2018

HOME

****

Centre must exercise caution

Expanding CEPA with South Korea is not a good option unless it enhances Indian exports

South Korea is aggressively pushing for speeding up negotiations on expanding the existing Comprehensive Economic Partnership Agreement (CEPA) with India. But instead of rushing ahead, New Delhi should pause and take a clear look at where it is heading.

Since the bilateral CEPA was implemented in 2010, South Korea's exports to India jumped from $10.47 billion in 2010-11 to $16.36 billion in 2017-18. India's exports to South Korea, however, remained sluggish and increased insignificantly from $3.72 billion in 2010-11 to $4.46 billion in 2017-18. As a result, the trade deficit between South Korea and India increased to a staggering $12 billion in 2017-18.

These are numbers that should not be taken lightly. They show that while Indian businesses have not been able to take advantage of the provisions of the CEPA. But Korean companies have increased their exports taking advantage of the lower duties.

Moreover, much of the Indian exports to South Korea are still taking place outside the CEPA at higher duties. According to various studies, including one by the ADB, the average utilisation of free trade pacts ranges between just 5 per cent and 25 per cent in India. That is mostly because Indian exporters find it too onerous to meet obligations such as rules of origin. Low awareness is another reason for low utilisation.

With lack-lustre growth in India's exports to South Korea, and much of it happening outside the ambit of the CEPA, there is clearly no point in expanding the pact, until and unless it provides more market access to Indian goods.

But that is certainly not going to happen as South Korea has made it clear that it wants increased market access in a number of items including sensitive ones like automobiles and textile that got excluded in the original CEPA.

Agreeing to an Early Harvest Programme for the CEPA, under which India would speedily cut down duties on 11 items and South Korea on 17 items, might have been a diplomatic necessity to mark South Korean President Moon Jae-in's visit last week. Going beyond it would be foolish.

Source: thehindubusinessline.com-July 26, 2018

HOME

****

Govt looking at drafting a retail policy: Prabhu

The government is considering formulation of a retail policy for the balanced growth of trade in the country, Commerce and Industry Minister Suresh Prabhu has said.

The Minister said he had written to the Consumer Affairs Ministry in this regard, an official release from the Commerce & Industry Ministry said. "The government will protect the interests of small retail traders while allowing FDI in retail sector," Prabhu said at the national conclave of traders on Wednesday.

Traders have been opposing FDI in retail trade as they fear that it would push small retail shops dotting the country out of business and result in large-scale unemployment. The size of India's economy will double in next eight years and touch $10 trillion by 2035, the Minister said, adding that with the expansion in the size of the economy was bound to benefit trade and business.

The Commerce & Industry Ministry is also working on a draft e-commerce policy. A task force headed by Commerce Secretary Rita Teaotia has been set up which is putting together suggestions on the proposed framework policy from Ministries and Departments including finance, information technology & telecom and consumer affairs.

The taskforce will suggest a framework for a comprehensive e-commerce policy by the end of August and submit it to the e-commerce thinktank led by Prabhu.

Source: thehindubusinessline.com-July 26, 2018

HOME

****

India's cotton exports to increase by 20% in 2017-18; Cotton Advisory Board

The Cotton Advisory Board (CAB) has estimated that during the current cotton season of October, 2017 to September, 2018, the export of cotton from India is likely to increase by 20% over last year and is expected to touch 70 lakh bales by September, 2018, a release from the Press Information Bureau said.

From October, 2017 to April 2018, the total amount of cotton exported from India was 51.21 lakh bales. CAB has estimated that the cotton production for the current cotton season will be 370 lakh bales.

Domestic prices of cotton are ruling below the International cotton prices. domestic sale prices of the representative variety of S-6 cotton vis-à-vis international prices of its equivalent variety was lower by 7.18% as on July 14.

Source: economictimes.com-July 25, 2018

HOME

****

India to hold top spot for economic growth but oil poses risk

India is expected to grow 7.4 per cent in this fiscal year

India will remain the fastest-growing major economy this year supported by increased government spending ahead of next year's general election, but rising oil prices pose the biggest downside risk, a Reuters poll of economists showed.

The over $2 trillion economy, which surpassed France recently to become the world's sixth-largest economy, is expected to grow 7.4 per cent in the fiscal year ending in March 2019 and 7.6 per cent next, according to average forecasts in the latest poll of nearly 70 economists, taken July 19-24.

In contrast, analysts in the most recent Reuters poll expect China's economy, the world's second largest, to grow 6.6 per cent this year.

But record high costs of diesel and petrol—which are the biggest items on India's import bill—at a time when the rupee is weakening and close to a record low has become a major burden, posing a risk to those forecasts.

Over 60 per cent of 41 economists who answered an additional question on risks to the outlook said the recent rise in oil prices was the biggest threat, as that would increase the prospect for more interest rate hikes by the Reserve Bank of India. “We think that for every 10 dollar rise in oil prices, India growth declines by 30-40 basis points. This impacts growth by lowering consumption and raising input costs,” said Shashank Mendiratta, economist at ANZ.

Recovery

India's economy has started to recover after a slowdown caused by a ban on high-value currency notes in November 2016, followed by the hasty implementation of a goods and services tax (GST) in July last year.

Indeed, growth has been accelerating over the past year from a low of 5.6 per cent to above 7 per cent in recent quarters. But, while the quarterly growth outlook for India is relatively steady through to the end of next year, it is not expected to match or surpass the 7.7 per cent rate reported for the latest quarter.

“Relatively higher interest rates, high oil prices, uncertainties on the exchange rate, gradually building up political risks from the 2019 elections are all headwinds that can slow down the growth momentum,” noted Samiran Chakraborty, senior economist at Citi. “Much will depend on the extent of (government) spending in fiscal year 2019 and its multiplier effect on the rural economy.”

The consensus for growth has remained largely unchanged for almost a year in Reuters polls, despite worries about escalating trade disputes, which has dented confidence among economists surveyed on most other major economies.

Indeed, the Reuters poll growth forecast for India this fiscal year is now a touch higher than the International Monetary Fund's projection, at 7.3 per cent.

Some respondents also said the trade dispute between the United States and its trading partners will have only a minimal impact on the Indian economy, compared to others in the region. “The big concern for many economies in Asia at the moment is the growing protectionist threat from the US. It is difficult to know how events will unfold, but the key point for India is that it doesn't look particularly exposed to a more protectionist US,” noted Shilan Shah, senior India economist at Capital Economics.

Another hike?

The latest Reuters consensus was for India retail inflation to average 4.9 per cent in the year ending March 2019, up from 4.7 per cent predicted just three months ago.

While inflation has been above the RBI's medium-term target of 4 per cent for eight months and is expected to stay that way through to the end of 2019, economists in the poll were almost evenly split over the next rate hike.

Thirty-seven of 63 economists said the RBI will raise rates again in August and 22 respondents said the next rate hike would come by end-2018 or in the January-March quarter next year. While one economist still expects a hike in the third quarter of next year, the remaining three respondents do not expect any change until end-2019.

That suggests, several economists have merely brought forward their expectations for tightening compared to the poll taken ahead of the central bank's June meeting, when the median consensus was for a hike in the last quarter of this year, followed up by an increase in early 2020.

“We had previously expected the start of the rate hike cycle in Q4 2018. However, reflecting this earlier than expected move (in June), we now expect the rate hikes to be front-loaded,” noted Morgan Stanley.

If the RBI does raise rates next month, it would be the first time since October 2013 that the central bank has hiked borrowing costs at two consecutive policy meetings.

Source: thehindubusinessline.com-July 26, 2018

HOME

****

Raw silk output may touch 38,500 tonnes by 2019-20: Govt

India's raw silk production is expected to reach 38,500 tonnes by 2019-20, Parliament was informed today.

However, despite several schemes and programmes for increasing silk production in the country, India still imports silk products from China, Japan and Korea, Minister of State for Textiles Ajay Tamta said in a written reply to the Rajya Sabha.

"The import of raw silk has consistently reduced from 5,683 tonnes during 2011-12 to 3,712 tonnes in 2017-18 due to the thrust given for the production of import-substitute Bivoltine raw silk within the country," he said.

Tamta added that the government has taken several steps for increasing production of import substitute quality bivoltine silk.

The steps include focus on R&D to evolve productive bivoltine hybrids, and package of practices for production of high quality silk in the country.

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

HOME

****

Khadi, village industries product sales rise to Rs 59,098 cr in 2017-18: MSME Min

Sales of khadi and village industries products have increased to Rs 59,098 crore in 2017-18, Parliament was informed today.

The sales stood at Rs 52,138 crore in 2016-17, according to the data shared by MSME Minister Giriraj Singh in a written reply to the Rajya Sabha.

Production of these products too increased to Rs 48,013 crore in 2017-18 from Rs 42,631 crore in the previous fiscal.

"The growth of khadi and village industries has increased considerably during the last two years," he said.

In a separate reply, Singh said that 15.19 lakh MSMEs (micro, small and medium enterprises) have been registered on Udyog Aadhaar Memorandum Portal in 2017-18 and 4.90 lakh in 2018-19.

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

HOME

****