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USD 67.79| EUR 78.23 | GBP 89.95 | JPY 0.62

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
20605	43100	**81.00**

Domestic Futures Price (Ex. Gin), May

Rs./Bale	Rs./Candy	USD Cent/lb
22360	46772	**87.90**

International Futures Price

NY ICE USD Cents/lb (July 2018)	93.21
ZCE Cotton: Yuan/MT (Jan 2019)	18,205
ZCE Cotton: USD Cents/lb	**109.21**
Cotlook A Index – Physical	**94.9**

Cotton guide: Another bullish move for cotton is noticed this morning on Wednesday at the Asian session. The ZCE cotton for active 2019 January contract is up by 4.25% trading at 18960 Yuan/MT. The repercussion is already seen on the ICE electronic platform. The ICE July is seen trading at 95 cents per pound up by close to 2% from previous close. For ready reckoner the ICE cotton has surged over 20% YTD while ZCE cotton surpassed to rise over 24%.

No major new development in the market while the ongoing factors are driving cotton price to trade higher globally. To iterate these facts the Chinese start has not been very good as the weather remains unpromising dry lands in West Texas region due to inadequate rain is causing a major issue in the US. Also India's seed issues related to quality is indicating a decline in the acreage and much known fact is that farmers' are switching to other crop like Soybean this season. Overall the global cotton balance is expected to be tighter from the perspective of Supply and we think the effect will be soon felt as the ending stocks starts to deplete.

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On the demand side, ever since there is hailstorm and crop loss concerns in China the daily state run auction of cotton is hitting cent per cent bid to offer ratio. The Chinese State Reserve auction had its 7th consecutive 100 percent sales versus offers. The latest data suggests there were 30,005.87 tons (137,817 bales) offered and sold. The cumulative turnover rate is 62.64 percent (offered versus sold). This auction series started at 24.1 million bales and today 19.39 million bales were remaining.

Meanwhile, US exports have been robust this entire season while recently with ICE cotton rising so strong importers have been attracted towards the Indian cotton. Earlier India had estimated its cotton exports to be around 6 million bales which however now look to see a major revision. As per recent news on media CAI is estimating to revise the exports to 7.5 million bales. This itself is going to change the scenario of Indian cotton balance sheet as this year India is already facing tight condition amid lower ending stocks.

Broadly the supply and demand to witness mismatch this year and by which price may remain on the positive note. Soon we are expecting the ICE cotton to touch 1USD per pound price. This morning ICE cotton has already made an intraday high of 96.40 cents and currently trading at 95.50 cents. We expect it to trade in the range of 94.70 to 97 cents per pound.

Coming to domestic markets, spot price of Shankar-6 variety has reached to its season high price of Rs. 43,750 per candy ex-gin. With the prevailing exchange range the equivalent price is around 82.30 cents per pound. In the meanwhile, the daily arrivals have been lower. As per the record the arrivals stand at 52K bales and out of which 18K from Gujarat, 16K and 9K in MH and AP/TG states. On the futures fronts with the both spot price in India and the ICE cotton rising so much the MCX cotton future price also has advanced. The MCX June cotton posted a close at Rs. 22360 per bale. This morning market might open with a gap and the trading range for the day would be Rs. 22200 to Rs. 22600 per bale.

Currency Guide:

Indian rupee trades mixed near 67.9 levels against the US dollar after 0.7% depreciation yesterday. Rupee has benefitted from weakness in crude oil price. Crude oil trades near 6-week low amid expectations that OPEC and allies may raise output to compensate for supply loss from Iran and Venezuela. However, weighing on rupee is weaker risk sentiment amid political uncertainty in euro-zone and renewed worries about US-China trade conflict. Italy faces fresh elections after major parties failed to form a government. Spain's ruling government will face a confidence vote on Friday. President Donald Trump said he's moving ahead with plans to impose tariffs on $50 billion of Chinese imports and curb investment in sensitive technology. Also weighing on rupee is general strength in US dollar. The US dollar index is near 6-month high as political uncertainty has pressurized euro. Rupee may witness choppy trade on mixed cues but weakness in crude oil may support the currency. USDINR may trade in a range of 67.65-68 and bias may be on the downside.

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

NEWS CLIPPINGS

	INTERNATIONAL NEWS
No	**Topics**
1	Cotton makes a comeback in U.S. Plains as farmers sour on wheat
2	Led by China, Global Shipments of New Textile Machinery Increased in 2017
3	China is back in business reckoning in textiles and apparel business
4	T-Shirts, Pants, Bed Linen, and Leather Footwear Among Targets of Threatened EU Tariff Hike
5	In Columbus, Georgia, textile mills adapt to survive
6	Myanmar builds 250 garment and footwear factories
7	Japan: Weavers keep Japan's indigo dying production alive
8	Why the Colombian Fashion Industry is Leading the Region on Sustainability
	NATIONAL NEWS
1	Centre promises to refund textile GST dues in 20 days
2	Exports may reach $ 350 bn this fiscal: FIEO
3	Falling apparel exports hit Punjab, Haryana the most
4	Cotton exports estimated to reach 7.5 million bales, highest in 4 years
5	Agriculture Ministry mills to make buying jute and cotton at MSP must for textile industry
6	India may have to immediately end export promotion schemes if found prohibited in WTO
7	Govt owes exporters ₹20,000 cr in refunds under GST, ITC heads
8	Experts stress on need for relaxation of norms for expansion of industries
9	Latest edition of IIKF in Tirupur sees subdued mood
10	Cotton prices firm up as demand rises and season nears end

INTERNATIONAL NEWS

Cotton makes a comeback in U.S. Plains as farmers sour on wheat

Farmers in Kansas and Oklahoma are planting more land with cotton than they have for decades as they ditch wheat, attracted by relatively high cotton prices and the crop's ability to withstand drought.

A 20-percent increase from last year marks a sharp turnaround for the crop that once dominated the Mississippi Delta into Texas. Just three years ago, low prices led to U.S. farmers planting the fewest acres with cotton in over 30 years.

The switch to cotton in the southern plains of the United States could be long term as farmers move away from a global wheat market that is increasingly dominated by fast-growing supply from top exporter Russia. U.S. farmers have struggled to make a profit on wheat due to a global glut.

Cotton is a safer bet than wheat because it can be grown with less water, at a time when drought has hit some areas of the U.S. farm belt.

"I have switched out of grain pretty much completely," said southern Kansas farmer Darrin Eck. "It's rough to raise beans or corn. But, if we get a little bit of rain, the cotton works."

Eck said he will plant 3,000 of his 4,000 acres with cotton, up from 1,700 last year. He also spent around $500,000 to purchase a used John Deere cotton harvester.

Even with expectations for more planted acres, cotton futures are hovering above 80 cents per pound, near the highest levels in about four years. Wheat futures have recovered from 2016's decade-low of $3.60, fetching about $5.43 per bushel on Friday.

The other that crop farmers typically turn to during periods of drought or low rainfall is the animal feed sorghum. Both cotton and sorghum need less water than soybeans, corn or wheat.

But China in April targeted sorghum for punitive import tariffs in a tit-for-tat trade dispute with the United States, a move that sent prices plunging and made cotton the clear winner for many farmers this year. China has since removed the sorghum tariffs, but by then, most farmers had made their planting choice.

Growing more cotton is still a gamble. China had threatened to impose tariffs on U.S. cotton imports, before tensions eased last week between the world's two largest economies.

In Kansas, farmers planned to sow 130,000 acres of cotton, the most ever, according to the U.S. Department of Agriculture. Oklahoma cotton plantings were forecast at 680,000 acres, the largest since 1980.

Across the country, farmers will likely plant 13.469 million cotton acres, the most since 14.735 million in 2011, after total acres of wheat planted last winter fell to 32.7 million, smallest in about a century.

SEEDS AND GINS

Seed firms are already seeing the benefits. U.S. sales of Monsanto cotton seeds and traits in the first half of fiscal-year 2018 were $243 million, up from $224 million during the same period in 2017, according to a company spokeswoman.

With both Monsanto and rival DowDuPont offering cotton seed with traits that help boost yields, the crop will likely be an option for many farmers for years, said Kansas farmer Eck.

"Cotton will be here to stay until the grains get better," he said.

Some peanut farmers in states such as Georgia are also turning to cotton. USDA projected peanut plantings will drop 18 percent. Peanut production reached a record last year, but high cotton prices are luring farmers who need to rotate crops.

"Because cotton prices are attractive... it gives peanut farmers a chance to get their rotation back in order," said Bob Parker, president and chief executive of the National Peanut Board, an industry group.

Demand for cotton harvesters, which strip cotton from the plants and make bales, is “off the charts,” said Greg Peterson, founder of the Machinery Pete website which hosts auctions for farm equipment.

The Southern Kansas Cotton Growers in Anthony, Kansas, plans to double its capacity to separate cotton fibres from seed this year.

The machine that does that, the gin, has already run at record capacity after a big harvest last year, said Gary Feist, president of the Kansas Cotton Association that operates the gin.

HEAVY EQUIPMENT

At Hurst Farm Supply in Lorenzo, Texas, there are roughly five farmers interested in each Deere & Co CS690 cotton harvester they have to sell, said Randy Sparks, a sales manager. The store collected names from farmers interested in the equipment and pulls a name out of a hat when a harvester becomes available, to ensure they are fair to their local customers.

“These guys out of Oklahoma and Kansas, there’s no local machinery for them to purchase so they have to come where it’s at,” Sparks said.

The machinery demand is a bright spot for Deere, which has been battling tepid demand in North America due to four years of declining U.S. farm income.

Equipment sales suggest the turn to cotton may be longer-term, said CoBank analyst Ben Laine.

“When you see producers making that type of investment, it gives confidence... You are going to see more acres switching,” Laine said.

Source: uk.reuters.com- May 29, 2018

HOME

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Led by China, Global Shipments of New Textile Machinery Increased in 2017

The 40th annual International Textile Machinery Shipment Statistics report showed the continued investment by China in new machinery, despite the slower pace of growth in its apparel and textile manufacturing in recent years.

The report, produced by the International Textile Manufacturers Federation, showed that deliveries of new short-staple spindles, long-staple spindles and open-end rotors increased 21 percent, 46 percent 24 percent, respectively, in 2017 from 2016.

The report revealed that shipments of new short-staple spindles increased for the first time since 2013. About 95 percent of the new short-staple spindles were shipped to Asia, with shipments rising nearly 24 percent year-on-year. Shipments to China, the world's largest investor of short-staple spindles, increased 34 percent, with deliveries to Bangladesh and Vietnam decreasing 33 percent and 39 percent, respectively. Shipments to Indonesia grew 135 percent. The six largest investors in the short-staple segment in 2017 where China, India, Uzbekistan, Bangladesh, Pakistan, and Indonesia.

Global shipments of long-staple wool spindles rose 46 percent, as deliveries to Iran jumped 445 to about 59,000 spindles in 2017. The majority (68 percent) of long-staple spindles were shipped to China, while 30 percent went to Europe.

Shipments of open-end rotors rose 24 percent, with about 85 percent destined for Asia, a 15 percent increase over 2016. China, the world's largest investor in open-end rotors, increased its investments by just 6 percent in 2017, as Iran, Brazil, Uzbekistan and Japan all posted strong increases compared to 2016. The world's second and third largest investors in 2016 were Turkey and India, respectively.

Shipments of new draw-texturing spindles and shuttle-less looms increased 23 percent and 13 percent, respectively, while deliveries of new electronic flat knitting machines and finishing machines each rose by 44 percent year-on-year. In contrast, deliveries of circular knitting machines were basically flat and finishing machines fell 2 percent.

The 2017 survey was compiled in cooperation with more than 200 textile machinery manufacturers representing a comprehensive measure of world production, ITMF said.

Global shipments of single heater draw-texturing spindles, mainly used for polyamide filaments, fell 87 percent, while double heater draw-texturing spindles, mainly used for polyester filaments, saw global shipments increase 27 percent, reversing a downward trend. Asia's share of worldwide shipments was 90 percent, as China remained the largest investor, accounting for 66 percent of global shipments.

Source: sourcingjournal.com- May 29, 2018

HOME

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China is back in business reckoning in textiles and apparel business

In the first quarter of 2018, the domestic market for China's textiles and apparels grew at a faster pace. Exports of textile and apparel grew in both volume and value. In the first quarter, the main business income of textile enterprises above a designated size saw year-on-year rises of 3.1 per cent.

Revenues of textile machinery industry, technical textile industry and home textile industry increased 16.8 per cent, 7.1 per cent and seven per cent year-on-year. The textile and clothing industry in China has eight major categories: garments, cotton fabrics, chemical fabrics, wool fabrics, silk fabrics, knitted fabrics, textile machinery and bast fiber.

Textile fiber production in China accounts for 54.36 per cent of the world's share. As much as 64.2 per cent of the world's chemical fibers, 64.1 per cent of synthetic fibers and 26.2 per cent of cotton are produced in China.

The textile and clothing industry is seeing steady investment growth over the last few years. China is playing an increasingly important role as a textile supplier for apparel exporting countries in Asia. Bangladesh's textile imports from China, measured by value, rose from 39 per cent in 2005 to 47 per cent in 2015. Similar trends can be seen in Cambodia, Vietnam, Malaysia and other developing countries in Asia.

Source: fashionatingworld.com- May 29, 2018

HOME

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T-Shirts, Pants, Bed Linen, and Leather Footwear Among Targets of Threatened EU Tariff Hike

A recent European Union regulation paves the way for additional 25 percent duties to be imposed as early as June 20 on hundreds of U.S. products, including the following.

- knit T-shirts and tank tops (any fiber content/gender)
- men's and women's denim trousers
- men's and women's cotton woven shorts
- men's synthetic woven industrial and occupational trousers
- cotton woven bed linen (not printed)
- footwear with uppers and outer soles of leather, not covering the ankle, other than sports footwear or footwear incorporating a metal toecap or footwear with an upper consisting of a leather strap across the instep and around the big toe

The EU is threatening to impose these and other duty increases if the U.S. does not permanently exempt the EU from the additional tariffs the U.S. imposed on imports of steel and aluminum as of March 23. A temporary exemption for the EU is slated to expire June 1.

The EU has also set forth a second group of products on which duties could be increased by up to 50 percent in March 2021 if the U.S. has not rescinded its steel and aluminum tariffs by then.

U.S. producers and exporters of the above apparel, bed linen, and footwear items should take steps to prepare for these potential duty increases.

Part of a thorough response is an effort to educate members of Congress and the Trump administration on the negative impact the tariffs would have on your company.

Source: strtrade.com- May 29, 2018

HOME

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In Columbus, Georgia, textile mills adapt to survive

Manufacturing in this country has changed. We make things differently than we used to, and it's a smaller slice of the economy overall than it was just a few decades ago. Marketplace host Kai Ryssdal took a trip down to Columbus, Georgia, to get some insight into the question: What does manufacturing in the economy look like now?

To understand Columbus, Georgia, you have to understand its history as a textile town.

Columbus's first textile mill opened less than a decade after the city's official founding in 1828. By the 1850s, the city had five mills. The city's strategic location on the Chattahoochee River helped make it one of the South's earliest and largest mill towns.

During the Civil War, Columbus' Eagle Mill supplied the Confederate army with materials for uniforms, tents and other goods. Though Eagle Mill and Columbus' other textile mills burned down in the last major battle of the war, part of the complex was rebuilt and named the Eagle and Phenix mill. The Eagle and Phenix mill rose from the ashes of the Civil War to become the largest in the South and produced over 80 percent of Columbus' industrial output, according to researchers at Georgia State University.

It did not take long for Columbus' textile mills to rebuild after the Civil War. According to the Columbus Museum's website, textile mills were major employers in Columbus for the next 125 years.

How NAFTA Changed Columbus

Monte Galbraith is the owner of DNA Textile Group in Columbus, Georgia. Ryssdal talked to him about a year and half ago for a series on the North American Free Trade Agreement called NAFTA Explained. At that point, DNA Textile was one of three denim manufacturing businesses in the United States and Galbraith was trying to keep his denim business afloat.

"This was a textile town, Galbraith said. "There were thousands of looms and hundreds of thousands of spindles all up and down this area. You know, of course times have changed. Since NAFTA was put into place, just about everybody has gone out of business in the textile business. There's just very, very few of us remaining."

When they talked, Galbraith invited Ryssdal to come see his operations in Columbus. Now, with the United States, Canada and Mexico in the process of renegotiating NAFTA, Ryssdal took him up on the offer.

His operation is massive — 275,000 square feet. He showed Ryssdal huge machines, yarn bundles, looms — all pieces of the process of producing textiles and denim.

The room where DNA Textiles has its "indigo dyeing range" for dyeing denim is dark.

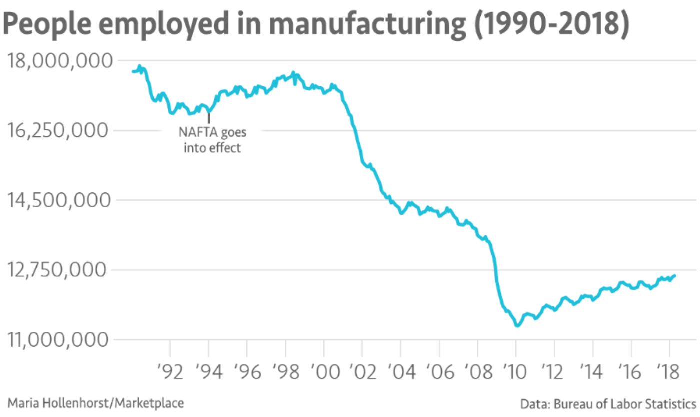
Galbraith decided to shut down his denim operations this year due to sagging demand and low selling prices.

"We're transitioning from denim and apparel fabrics to technical specialty fabrics. What you're seeing here, these are the last run outs of fabric that we were keeping our commitments to our customers," Galbraith said, showing Ryssdal the giant rolls of denim left in the warehouse. "We've been doing business with these guys for 20, 30 years. And we made the decision to get out of the business. We felt it was important to honor these agreements and obligations that we had with them as well as to help them build a bridge to other vendors."

DNA Textile Group started making denim in 2002. Some of its longtime denim customers were Levi's, Wrangler, American Eagle Outfitters, Gap, Old Navy, Abercrombie & Fitch and True Religion. His final denim contract is with Polo. All these brands are now bringing in finished jeans primarily from China, Bangladesh, Vietnam and Egypt. In the early days, DNA Textile employed over 350 people. Now, after the latest layoffs in January, it's less than 100.

"We had 300 folks here the last round of layoffs," Galbraith said. "These are really good people. Some of them are like family to me that have done nothing but great things their whole life, and now because of trade laws, they are out of work, and they are looking for jobs, and they are scared to death."

Bigger picture



When NAFTA became law in 1994, there were almost 500,000 people working at textile mills in this country making material for everything from sheets to socks, T-shirts and jeans. According to the Labor Department, there are just over 111,000 people who work in textiles as of April.

Now that DNA Textiles is shutting down its denim business, there are just two mills making denim in the United States.

Overall, the number of people employed in manufacturing jobs has fallen from 16.8 million before NAFTA to 12.6 million today, according to the Bureau of Labor Statistics.

How Columbus is moving on

Columbus' economy has changed. Today, the most common industries by employment are health care, social services and retail. Some of the historic mills have been converted into restaurants, hotels and commercial spaces. The Eagle and Phenix mill is now an apartment building.

As for Galbraith, he's trying to make the turn from being a full-blown denim manufacturer to making technical, high-end fabric, wall coverings, airplane and auto seat covers, and flame-retardant uniforms and clothing. He said the transition will cost his company $7 million.

"You know, and it's a cliché, but it's not the biggest and the strongest but it's most adaptable that survive," Galbraith said. "And I think we've already shown our ability to adapt just to stay as long as we did.

Being adaptable is kind of a hallmark of this group of folks." The change hasn't been easy for Galbraith. But he doesn't think there's anyway Columbus could go back to its pre-NAFTA economy.

"It still makes you upset that good people when they lose their jobs, but there's no turning back. No, there's not any way have I ever said can we go back to the old days because things do change. I just wish I'd looked a little forward and moved a little faster a little earlier."

Source: marketplace.com- May 29, 2018

HOME

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Myanmar builds 250 garment and footwear factories

Myanmar, in the last five years, has built around 250 garment and footwear factories.

The country's, export earnings from the CMP garment sector in 2017 reached nearly US$ 2.7 million.

Its exports from the industries have increased around three times during five years.

The garment sector sees an inflow of foreign investments. In 2017, the EU overtook Japan which is also placing more garment order.

Currently, the EU has topped the list of garment orders placed."

Myanmar earns an average of 10 per cent income for sewing. Some garment industries earn eight per cent and 12 per cent incomes respectively based on products.

Source: fashionatingworld.com- May 29, 2018

HOME

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Japan: Weavers keep Japan's indigo dying production alive

A number of small companies in Tokushima City, the capital of the Japanese prefecture of the same name, are keeping traditional weaving and natural dyeing techniques alive, despite competition from modern industry and synthetic dyes.

“Aizome” is a dyeing method using “sukumo”, a natural dye made by fermenting indigo leaves. It started being used around the 16th century. Sukumo produced in Tokushima Prefecture, distinctively called “Awa-Ai”, became known for its high quality and brought prosperity to the prefecture, the largest centre for such production in 17th-century Japan.

Although indigo dye production declined once synthetic indigo became popular at the end of the 19th century,

Tokushima Prefecture still produces about 60 per cent of sukumo in Japan and co-ordinates the entire process, from farming indigo plants to making dyes, dyeing fabrics, and making the products.

Weaving and dyeing is primarily based in the capital.

Tokushima City economic policy division subsection chief Ikuko Ichimaya tells The National that according to 2009 figures, five companies (one has since ceased operations) employed 53 people, with some more employed by a number of tiny companies. Sales amounted to ¥270 million, but figures have come down in recent years.

Synthetic dyeing, being easier and cheaper, has increased, Ms Ichimaya says. “Today, a lot of fabrics are imported from China and other Asian countries,” she says.

Since Tokushima City’s aizome industry cannot compete on price, the only option is to emphasise its handmade and traditional qualities, Noriko Ariuchi, Faculty of Life Sciences professor at Shikoku University in Tokushima University, tells The National.

One of the city’s four dyeing techniques is “shijiraori”, invented by a local woman called Hana Kaifu in 1865. It uses material woven with yarns dyed with only the natural indigo of Tokushima. Because of the uneven texture of the shijiraori's puckers, the fabric is breathable and does not cling to the skin, which makes it perfect for summer clothing.

Founded in 1897, Nagao Orifu started out as a shijiraori textile maker. The company, which employs 20 people, now also not only makes traditional Japanese clothing, but men's shirts and interior products like tapestry.

The company imports its cotton and uses a combination of synthetic and natural dyes for its lower-end products, reserving natural-only dyeing for its higher-end fabrics, fifth-generation owner Itaro Nagao says.

Nagao Orifu's higher-end products sell for between ¥100,000 (Dh3,372) and ¥200,000.

The company exports small quantities to Hong Kong and the US, and is waiting for the result of a sample order it filled out to France.

"If we can build the demand, we would be glad to expand our export business," Mr Nagao says.

Denim makers in Tokushima City dye yarns with natural indigo and weave them with traditional shuttle-weaving machines to make selvedge denim fabric.

A selvedge is a self-finished edge of fabric which keeps the fabric from unravelling or fraying. Textile maker Rampuya started making selvedge denim 40 years ago, even before the fabric became popular.

"Big demand started 10 years ago, but it came down in the past few years," company president Masakazu Okamoto says.

Many textile companies are switching to new looms, but that would require a huge investment from his 15-employee company, Mr Okamoto says. "So we're sticking to selvedge," he says.

Textile production here seems destined to continue being a small-scale craft activity, as indigo dyeing tends to be an individual enterprise, and there are only a few fabric suppliers.

Nor can producers put much hope in increasing business through exports. Inquiries from overseas, from both individuals and companies, are increasing slightly, but it seems that it will not lead to actual business, Ms Ariuchi says.

“It is quite difficult to increase demand,” she says. Polly Leonard, editor-publisher of the London-based textile monthly magazine Selvedge, would beg to differ.

Ms Leonard investigated Tokushima Prefecture’s textile and dyeing industry last October and expressed awe at everything she saw.

Since the Rana Plaza disaster in 2013, when a five-storey garment factory outside Bangladesh’s capital of Dhaka collapsed, killing 1,134 people and injuring about 2,500 others, there has been a seismic shift in perception in Europe about inexpensive imported textiles, primarily from China, Ms Leonard tells The National.

“Customers are demanding provenance,” she says.

Enlightened consumers want to know where their textiles come from and how they have been made. “This bodes well for the producers we met [in Tokushima City] on the whole,” Ms Leonard says.

Indigo is steeped in Japanese cultural traditions, which is both a blessing and a curse for the dyeing technique.

The very thing that makes Japanese blue so prized is also responsible for its downfall in recent years. The products, such as kimono, fans and jinbei (traditional summer clothing) are no longer relevant in the wider community, Ms Leonard says.

“If indigo can find a new purpose away from these cliched products, it has a future,” she says.

Denim stands as the primary example, where the old narrow looms have found a new purpose: weaving selvedge denim, Ms Leonard says.

“Narrow fabric is not economically viable for anything other than jeans and here this major drawback of these narrow looms has become an asset, a selling point, with Japanese selvedge denim a cult item in the West," she says.

Source: thenational.ae- May 30, 2018

HOME

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Why the Colombian Fashion Industry is Leading the Region on Sustainability

The Global Fashion Agenda, a leadership forum on sustainability, released a report last week that highlights that even though the fashion industry is making small progress on sustainability, there's still plenty of things to fix and improve.

In its Pulse of Fashion Industry Report 2018, the group stated, "The fashion industry has a responsibility to continue to improve its environmental and social performance. As one of the largest and most creative industries, it has a vital interest in securing a prosperous and sustainable future."

Colombia is one of the countries in the Americas that has been taking this topic seriously and has been engaged in promoting and acting to tackle this social responsibility issue.

Why Colombia?

The South American country is Latin America's No. 1 in sustainable development and ethics practices. It is also ranked second on social responsibility thanks to its support of single mothers, indigenous communities and national artisans, according to the IMD World Competitiveness Yearbook, 2015. Its industry supports equal opportunities as well as the development of better job practices and conditions. As a result, its industry creates more than 200,000 direct jobs and 700,000 indirect jobs.

Colombia also supports environmental initiatives and fair trade with companies earning international certificates such as: BASC, ISO 9000. ISO 14000, among others. It has a trade platform with more than 16 commercial trades agreements that allow investors preferential access to third markets.

In addition to these sustainability practices, Colombia has become a key international powerhouse by offering duty free, being flexible on production quantities, operating in the same time zone as many of its partners, operating on 30 to 45-day lead times and building vertically integrated facilities.

Colombia works with leading brands like Levi's, Old Navy, Hollister and J.C. Penney in jeans; Neiman Marcus, Arena, Vineyard Vines in swimwear; and American Airlines, Burger King, Dunkin Donuts and Hard Rock Café in uniforms. It also counts Patagonia, Columbia, Oakley, Adidas, Under Armour and Kappa as clients in sportswear, works with Target, Jockey and Hanes in hosiery, and partners with Victoria's Secret and Avon in underwear.

Colombia is also the No. 1 exporter of control/shape wear in the Americas and the third largest in the world.

Source: sourcingjournal.com - May 29, 2018

HOME

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NATIONAL NEWS

Centre promises to refund textile GST dues in 20 days

The Centre has promised to refund the entire pending claims of textile exporters under GST and IGST (Integrated GST) in 15-20 days.

In a meeting held recently with the Textile Export Promotion Council (TEXPROCIL) and other associations, Union Finance Minister Piyush Goyal agreed to clear the dues arising out of ROSL (Refund of State Levies) of textile exporters in 15 days by providing the required funds. He also said all pending claims under GST and IGST will be refunded in 15-20 days.

Further, Goyal promised to consider the Pillai committee recommendations on duty drawback and examine issues of embedded taxes for all textile products.

Review of ROSL rates

The Centre will review ROSL rates for made-ups and look at alternative export promotion schemes in consultation with the Commerce Ministry, said Texprocil Chairman Ujwal R Lahoti in a statement on Tuesday.

Speaking at the meeting, which was also attended by Textile Minister Smriti Irani, Lahoti said cotton textiles exports, which rose 7 per cent to $11 billion last fiscal, can touch $20 billion in five years if the Centre supports the sector.

This could include policy measures such as refund of embedded taxes as recognised by the Economic Survey 2017-18, extension of ROSL scheme (which refunds State levies such as VAT on fuel used in transportation and generation of captive power, mandi tax, duty on electricity and stamp duties on export documents), as well as speedy refund of GST, IGST claims.

India is blessed with an end-to-end textile value chain, Lahoti said, adding that a holistic and integrated approach is needed to ensure all the segments in the value chain, such as yarn, fabrics and made-ups, get the tax benefits.

"By ensuring an integrated approach, India can increase its share in world trade in cotton textiles from the present 10 per cent to 15 per cent in five years. This will in turn spur higher investments and employment generation," he added.

Source: thehindubusinessline.com- May 29, 2018

HOME

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Exports may reach $ 350 bn this fiscal: FIEO

India's exports are expected to record a growth of about 15-20 per cent and touch $ 350 billion in the current fiscal on account of a host of factors including rise in commodity prices, exporters body FIEO said today.

Federation of Indian Export Organisations (FIEO) President Ganesh Gupta said despite increasing global protectionism, the country's exports would continue to register healthy growth rates.

"Growth is looking promising this fiscal. Indian exports, which are hovering at around $ 300 billion, should show 15-20 per cent growth so as to reach $ 350 billion in this fiscal," he told reporters here.

He said the northward movement in petroleum and commodity prices and the recent depreciation of Indian rupee are supporting exports.

He also urged the government to provide fiscal and non-fiscal incentives to boost the shipments in both advanced and emerging markets.

Job creation

Gupta also said that although exports have recorded growth in 2017-18, labour intensive sectors such as carpet and handicrafts have definitely dented the job creation opportunities.

"On a rough estimate, over $ 1 million exports create 100 jobs. Therefore, additional exports of $ 27 billion in 2017-18 should have created 2.7 million jobs in exports," he added. In 2017-18, exports stood at about $ 303 billion.

Economic sanctions on Iran

Commenting on the US decision to impose economic sanctions on Iran, Gupta said it would create an opportunity for domestic exporters to increase their shipments to that country.

He said that when the sanctions were imposed during 2013-14, the country's exports to Iran increased to $ 5 billion and it was only $ 2.56 billion last year.

"The crucial issue is that what kind of sanctions are being imposed by the US. This time Europe is not there. If sanctions will be imposed on the financial system, it may create a challenge for us but otherwise it will help boost rupee exports to Iran," he said.

In such situation, Indian banks should help exporters by providing affordable credit.

"I do not feel that India's exports will be impacted due to the US sanctions," he said.

Source: thehindubusinessline.com- May 30, 2018

HOME

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Falling apparel exports hit Punjab, Haryana the most

India's apparel exports, particularly from Punjab, Haryana and Uttar Pradesh, have seen a steep decline due to high input cost, delay in Goods and Services Tax refund and stiff competition from Bangladesh, Vietnam, Pakistan and China.

The three states have been the worst sufferers in the declining apparel exports, which continues to fall for the seventh month in a row. The country has experienced about 23 per cent decline in apparel exports in April 2018 compared to April last year.

The decline in exports is giving sleepless nights to around 200 exporters in Punjab and Haryana, said Harish Dua, managing director of Ludhiana-based KG Exports. He said the input cost in Punjab, Haryana and Uttar Pradesh was much higher compared to the Tiruppur cluster in Tamil Nadu.

Concerned over the steep fall in exports, apparel exporters met Finance Minister Piyush Goyal and Textiles Minister Smriti Irani recently. “The Finance Minister has assured exporters that the government will expedite the refund of the GST and remission on state levies (RoSL) in a time-bound manner and has directed the bureaucrats to do the needful,” a member of the Apparel Export Promotion Council (AEPC) said.

Declining business is a major concern for exporters. “The government should swing into action and must do something to boost the exports, otherwise many units would be forced to close down operations,” said Dua.

Total readymade garment exports in April this year were around $1.34 billion while it was $1.74 billion in the same month last year. In rupee terms, exports in April 2018 were around Rs 8,860 crore, a decline of 21.4 per cent compared to the corresponding period last year.

“Previously (2016-17), the industry had witnessed a strong growth, but now exports are in a negative territory since October last year.

It is because of the continued backlog in the GST and RoSL, which is affecting the business sentiments,” AEPC chairman HKL Magu said.

According to garment sector experts, due to the increasing un-competitiveness of Indian apparel exporters in the international market, many exporters have increased their exposure in the domestic market.

“This will not be good in the long run for India, which used to be a dominant player in the international apparel export market,” Dua said.

India’s readymade garments export to the international market in the previous financial year was around $16.71 billion, compared to $17.38 billion in 2016-17.

Total readymade garment exports:

APRIL 2017: $1.74billion

APRIL 2018: $1.34billion

Source: tribuneindia.com- May 30, 2018

HOME

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Cotton exports estimated to reach 7.5 million bales, highest in 4 years

This will result in relatively large exports in the lean season

A sharp rise in international cotton prices, following abnormal weather conditions in major cotton-producing countries such as the US and China has improved India's prospects for cotton exports.

Analysts and trade organisations are revising cotton exports estimates upwards for 2017-18 (October to September is the period of active cotton production).

Now, exports are estimated to reach 7.5 million bales, highest after 2013-14. Exporters' margins have also increased to a record high. Currently, the free on board (FOB) price of cotton being exported is 83.78 cents against the US benchmark ICE traded cotton price of 89-90 cents.

Such a high margin was never seen before, said an exporter, who is focusing on supplying cotton yarn, which has been preferred as a proxy to cotton because of India's inferior cotton crop quality in the season following a pink bollworm attack. Monthly cotton yarn exports in March were a record high at 158 million kg — the highest since December 2016.

Prerana Desai, research head at Edelweiss Agri Services and Credit said, "Indian cotton prices have remained subdued throughout the current cotton season. This is mainly due to the early reports of PBW damaged crop. With the sharp rally in the global prices, there is stiff competition.

This will result in relatively large exports in the lean season. India has exported around 6.1 million bales (with each bale of 170 kg) between October and April in the current season. The potential export capacity is 7-7.5 million bales.

A weak rupee will provide a fillip to the cotton textile value chain exports, and thus end up supporting cotton prices for the rest of the season." Prices are rising because of heavy rainfall in the cotton-growing regions in China two weeks ago, and the country's depleting reserves, which is currently one-fifth of what it was three years ago.

Hence China's domestic supply is falling. US cotton has always been in demand, and India's cotton was less preferred because of its presumed inferior quality.

Again, some importers of Indian cotton had shifted their focus to the US variety. As a result, in 2018, the price of the Indian Shankar-6 variety has increased 5.4 per cent, while prices of US cotton are up 14.4 per cent.

A sharp rally in US cotton, as against the slow increase of Indian prices, has spoiled arbitrage and traders are incurring heavy losses as the trend in price movement is unusual, said a trader.

Atul Ganatra, president, Cotton Association of India said, “The cotton deficit in India is set to vary from earlier estimates, with exports likely to touch 7.5 million bales, up from earlier estimates of 6.5 million. Imports, which were estimated at 2 million bales, are now revised downward at 1 to 1.2 million bales."

Ganatra said, "Next season will start late, around the middle of October, as early sowing has not happened this season."

Around 10 per cent of cotton seeds are sown before the rains starts.

However, to avoid pink bollworm risk, the government has advised farmers not to opt for early sowing. This will extend the lean supply season period.

Source: business-standard.com- May 30, 2018

HOME

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Agriculture Ministry mills to make buying jute and cotton at MSP must for textile industry

Effort to get mills to foot bill for ensuring 50% profit for farmers over production cost

The agriculture ministry is weighing an option to mandate the textile industry to buy cotton and jute from farmers at least at the minimum support prices (MSPs) fixed by the Centre.

The move is part of the efforts to make the government's promise of ensuring a 50% profit to farmers over their cost of production a reality, without letting the Centre's procurement expenses spiral out of control. Inter-ministerial consultations are currently being held on procurement-based price support schemes for agricultural crops.

The ministry's proposal — fraught as it is with serious implementation challenges — could spell trouble for the labour-intensive textile and garment industry by inflating the cost of cotton, a key input. The sale of raw materials to industry at state-fixed prices is currently adopted in cane where sugar mills are bleeding while footing the bill for the profligacy of states and the Centre.

MSP for cotton will increase by at least 28% for 2018-19 from the current level if the government's promise to farmers is to be met. A back-of-the-envelope calculation suggests cotton accounts for roughly 60% of yarn costs, and yarn makes up for 50% of fabric costs. Fabric, in turn, makes up for 50% of garment costs. So higher cotton prices will push up costs in the entire value chain and jeopardise its competitiveness.

"For cotton and jute, there are two options. Either the Cotton Corporation of India (CCI) and the Jute Corporation have to buy the two crops at MSP everywhere and later sell it in the open market, or the mills are asked to buy at MSP and in return get some incentives," said a government official.

The idea is being mooted at a time when garment production has dropped for 11 months in a row and exports have contracted for a seventh straight month through April, with most units reeling under elevated costs. Garment production dropped 11% in 2017-18 and exports contracted almost 4%, even though the country's overall merchandise exports rose 9.8%.

Given its traditional focus on a balance between the interests of both producers and industrial consumers, and exports, the textile ministry will most likely oppose the farm ministry's idea. “We are unaware of any such proposal on cotton procurement that will potentially render the Cotton Corporation of India irrelevant,” said a senior textile ministry official.

The CCI had bought a record 8.9 million bales — or nearly a third of the cotton production — in 2008-09, and procurement levels have been below average in the past three to four years. However, since cotton is almost entirely consumed by industrial users, the burden of procurement will be too high for them if market prices trail the inflated MSPs by a substantial margin. In such a case, the value chains of the textile industry that work on thin margins will be substantially hit.

Noted textiles sector expert DK Nair said: “The proposal is impractical and will be very difficult to implement, considering the existence of thousands of units. More importantly, it will have a substantial damaging impact on the entire textile value chain.” Unsurprisingly, such a system has choked the growth of the sugar sector that experiences recurrence of massive cane arrears when sugar prices crash.

Mills haven't quite expanded capacity in almost a decade and are now saddled with cane arrears of over Rs 22,000 crore. However, while the sugar sector is highly organised with only 720-odd factories operating in select states, cotton is grown by most states and thousands of textile units, mostly the micro ones, are spread across the country. Ensuring compliance of any such proposal, therefore, will be an uphill task.

Currently, the CCI and even Nafed procure cotton from the market at the MSP if prices crash below the benchmark levels, to prevent distress sales by farmers. Subsequently, they sell the stocks to mills or other bulk consumers. Any losses in this operation are reimbursed by the government.

In 2017-18, the MSP of medium-staple cotton was Rs 4,020 per quintal, which is 22.71% more than its estimated cost of production (A2+FL) of Rs 3,276 per quintal. According to an Icrier study, the A2+FL cost could rise to Rs 3,439 a quintal in 2018-19, which means the government will have to fix the MSP at Rs 5,160 per quintal for the year to meet the promise of providing 50% profit over cost.

In 2017-18 season (October-September), the CCI has so far purchased 3,88,758 bales of cotton whereas it didn't procure any last year as prices were generally higher than MSPs.

Some incentives to textile mills, along the lines of a similar subsidy of Rs 5.50 per quintal the government offers on cane supplies, is considered for cotton and jute so that World Trade Organisation rules are not violated, the sources said.

Source: financialexpress.com- May 30, 2018

HOME

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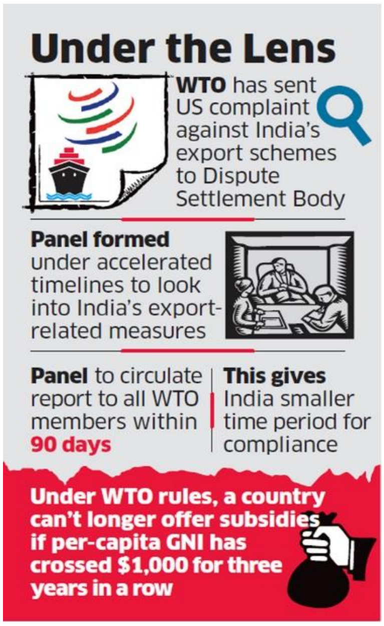
India may have to immediately end export promotion schemes if found prohibited in WTO

India's export promotion programmes have come under the global trade watchdog's scanner and would need to be stopped if found prohibited as per World Trade Organisation (WTO) norms.



Based on the US' request, the WTO on Monday referred Washington's complaint on India's export promotion schemes to the Dispute Settlement Body by establishing a panel to look expeditiously in the matter. Failing to find a mutually agreed solution in the stipulated 30 days to India's export promotion programmes which the US claims harm American workers, the US had requested the establishment of a panel ten days ago

"A panel has been established in the DSB today under accelerated timelines of the agreement on subsidies and countervailing measures (SCM) on our export related measures," an official privy to the details told ET.

The SCM agreement provides for accelerated procedures with several shorter time-periods. Regarding prohibited subsidies, the complainant, the US in this case, can request the establishment of a panel if consultations have not led to a mutually agreed solution within 30 days.

Further, the panel has to circulate its report to all WTO members within 90 days of the date of its composition and the establishment of its terms of reference.

“This means we have smaller time period for compliance and if any subsidies are found to be prohibited, then we will have to stop them as soon as possible. This is difficult,” said an expert on WTO issues.

Pegging the quantum of subsidies at $7 billion, the US had in March, dragged India to WTO for violating commitments under the ASCM in five of its most used export promotion schemes—the export-oriented units scheme and sector-specific schemes including electronics hardware technology parks scheme, merchandise exports from India scheme, export promotion capital goods scheme, special economic zones and duty-free import authorisation scheme.

It alleged that despite the expiry of India’s exemption under the WTO’s special and differential provisions for developing countries in 2015, New Delhi has increased the size and scope of these programmes.

The agreement envisages the eventual phasing out of export subsidies and provides eight years for graduating countries (least developed and developing), which cross the $1,000 mark at 1990 exchange rate to phase out export subsidies.

Under existing WTO rules, a country can no longer offer export subsidies if its per-capita GNI has crossed $1,000 for three years in a row. In 2017, WTO notified that India’s GNI was $1,051 in 2013, $1,100 in 2014 and $1,178 in 2015.

Source: economictimes.com- May 30, 2018

HOME

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Govt owes exporters ₹20,000 cr in refunds under GST, ITC heads

FIEO says technical glitch has affected the refund filing process

Pending refunds to exporters under Integrated GST and Input Tax Credit (ITC) heads total ₹20,000 crore, the industry has estimated.

“Many exporters have not been able to file for refund of ITC due to technical glitches as input tax credit and exports happened in different months,” according to the Federation of Indian Export Organisations (Fieo).

“The GST refund process has considerably slowed down after the clearance fortnight. Refund of over ₹20,000 crore is still pending on account of IGST and ITC.”

Despite the snag, India’s exports could touch $350 billion in 2018-19 from $302 billion in 2017-18, clocking a 15-20 per cent growth, FIEO President Ganesh Kumar Gupta told a press conference on Tuesday.

Despite increasing protectionism, global economic growth in 2018 looked promising, he said, adding that the increase in petroleum and commodity prices would also add to export growth. The recent depreciation of the rupee is also supporting exports, though its impact varies across sectors and companies, he added.

India’s exports clocked $314 billion in 2013-14, only to fall for two consecutive years after that. It inched up to $302 billion in the last financial year.

FIEO urged the Finance Minister to look into the issue of refunds and organise a drive to clear the dues and bring the refund process on track.

Liquidity is a major area of concern, particularly for the MSME sector, which contributes the bulk of the exports in employment-intensive sectors. “The challenges on the GST front continue, though the fortnight clearance drive, which was highly successful, gave us the hope that refunds will be provided on a real-time basis,” Gupta said.

While claims of over ₹7,000 crore were cleared in March 2018, the amount for April is only a little over ₹1,000 crore.

Source: thehindubusinessline.com- May 30, 2018

HOME

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Experts stress on need for relaxation of norms for expansion of industries

The Federation of Indian Chambers of Commerce and Industry (FICCI) on Tuesday hosted an industrial meet ahead of 'Technotex 2018' which will be the seventh edition of international exhibition and conference on technical textiles to be held from June 28 to 29 at Bombay exhibition centre.

The keynote speakers at the meet spoke about the 'Challenges and Opportunities in Indian Technical Textile Industry'. The meet, which saw a gathering of around 80 participants associated with the textile industry from and around Punjab, have a riveting discussion about the current state of the textile industry and what steps need to be taken to ensure continuous growth in the sector.

Focusing on creating awareness about the technical textile sector, Dr Kavita Gupta, Textile Commissioner, Ministry of Textile, Government of India, said technical textile was a sunrise sector in India.

"Unfortunately, growth in technical textiles is not as encouraging as expected. The government is providing benefits for textile sector but most industries are unaware of it," said Gupta.

She said the garment industry had more subsidy than other industries that include a 25 per cent of subsidy,12 per cent EPF, income tax benefit, import duty waiver and some more benefits enjoyed by the garment industry.

Mukul Verma, secretary, sports goods manufactures and exporters association demanded park for sports good industry in Jalandhar.

He said a well-connected place for sports goods industry with proper roads, electricity and sewerage should be there to hold joint meetings for research and development project.

Talking about present industry, he stated that the government should relax norms for the industry so that they can expand their areas.

The traders highlighted the need for government to pay attention to import duty as well. Indian industry had to pay 10 per cent import duty to send items outside the country whereas Pakistan and Bangladesh had zero import duty.

Source: tribuneindia.com- May 30, 2018

HOME

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Latest edition of IIKF in Tirupur sees subdued mood

India International Knit Fair (IIKF) was held in Tirupur from May 16 to 18, 2018. The spotlight was on spring/summer 2018 with a complete display of latest fashion wear. This time, the fair was comparatively a dull show. The apparel sourcing fair witnessed only 30 companies displaying latest offerings. The event also witnessed a low footfall from the buying community.

In spite of the perfect venue, participation by top exporters displaying their diverse products' range, tickets and the stay (hospitality) support given to visiting buyers, the visitation on all three days -- be it from overseas buyers or Indian buying houses – was limited.

Tirupur is the knitwear capital of India. Witnessing the worst decline in last three decades, Tirupur's apparel export industry recorded business worth Rs 23,000 crores during the last financial year, significantly less when compared to Rs 26,000 crores the previous year.

IIKF has emerged as one among of the most reputed knitwear trade fairs in the world. It aims to showcase end-to-end products pertaining to the knitwear segment. India Knit Fair Association has been conducting the India International Knit Fair for 21 years with the objective of presenting the capabilities of knitwear items from India.

Source: fashionatingworld.com- May 29, 2018

HOME

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Cotton prices firm up as demand rises and season nears end

With arrivals slackening at the fag end of the season, cotton prices have firmed up by around Rs 350 to Rs 400 per quintal. According to industry experts, prices are likely to remain on the higher side with international market prices also on the rise.

According to P Alli Rani, CMD, Cotton Corporation of India (CCI), cotton prices usually go up at this point in the season because of the slowdown in arrivals.

According to market sources, cotton prices are around `44,000 per candy and they have been going up in the last 10 days. With more demand coming from spinning mills as well as ginners, prices are likely to remain firm.

According to Rani, so far, 320 lakh bales have arrived in the market and the season is likely to continue for another 30 days. Arrivals have slackened to 0.5 lakh bales a day and therefore the prices are up.

According to cotton ginners, market sentiment is up because of speculation that demand from China is surging due to depleting buffer stock. China, earlier, had a buffer stock for one-and-a-half years and this has now reduced to a year's stock. Exports from India, therefore, are likely to touch 75 lakh bales instead of the originally estimated 65 lakh bales, experts said.

According to market reports, the country's 2017-18 cotton exports are likely to jump nearly 30% to a four-year high of 75 lakh bales as climbing global prices and a weaker rupee have boosted overseas demand.

Higher international prices are driving up shipments, industry people said. So far, India has exported some 63 lakh bales. Last year, the country's exports had touched some 58 lakh bales. Pakistan, Bangladesh, China and Vietnam are the main buyers of Indian fibre.

Interestingly, Bangladesh has emerged as the biggest importer of Indian cotton this season, according to industry experts.

Bangladesh has imported around 21 lakh bales of cotton this season, overtaking China, which has remained the largest importer of Indian cotton until now.

The Cotton Association of India (CAI) has retained its earlier estimate of cotton crop at 360 lakh bales (each of 170 kg) for April for the season 2017-18, beginning from October 2017. The CAI has noted that around 86% of the crop has already arrived in the market by April 2018.

The apex cotton trade body has also made minor changes in the production figures for the states.

The production figures for the states of Maharashtra and Karnataka are estimated to be higher by 2 lakh bales and 50,000 bales, respectively, while the production in Telangana and Andhra Pradesh are now estimated lower by 1.50 lakh bales and 1 lakh bales, respectively, thus retaining the crop at the same level as in the previous estimate made by the CAI.

Source: financialexpress.com- May 30, 2018

HOME

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