IBTEX No. 4 of 2017 Jan 05, 2017

USD 67.78 | EUR 71.57 | GBP 83.67 | JPY 0.58

Cotton Market Update

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

Rs./Bale	Rs./Candy	USD Cent/lb
19147	40050	**75.08**

Domestic Futures Price (Ex. Gin), December

Rs./Bale	Rs./Candy	USD Cent/lb
20130	42107	**78.94**

International Futures Price

NY ICE USD Cents/lb (March 2017)	74.08
ZCE Cotton: Yuan/MT (January 2017)	14,955
ZCE Cotton: USD Cents/lb	**83.34**
Cotlook A Index – Physical	**80.70**

Cotton & currency guide: Cotton price made a high of 19860 and settled at 19820 higher by Rs 110/bale compared to Tuesday. Price gained as demand was good from textiles.

The Global market became bullish in last week after the International Cotton Advisory Committee unveiled its latest forecast for global cotton markets in 2016-17. Though the agency raised its estimates for global production to 22.77 million tons, or an 8% increase from a year earlier, it also continued to see demand stay robust at 24.13 million tons.

Under that assumption, the international cotton market is likely to see its second consecutive deficit and world-wide stocks to fall to 18 million tons, according to the ICAC

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

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INTERNATIONAL NEWS

US Expands Duty Free Benefits for Textiles from Nepal

An extended range of textiles and travel goods made in Nepal can now enter the United States duty free.

Last month, President Obama signed a proclamation to implement a trade preference program for Nepal. The so called Trade Facilitation and Trade Enforcement Act of 2015 (TFTEA) will make imports of more items like shawls, scarves and travel goods duty free to the U.S.

The Nepal Preference Program, as the deal is being called, is good for 10 years and is aimed at aiding the country's economic recovery.

"The legislation provides a unique opportunity for Nepali businesses to expand their exports to U.S. markets," U.S. Ambassador to Nepal Alaina B. Teplitz, said.

"These trade preferences will provide some support, but ultimately Nepal's broader economic development will be achieved through policy reform that incentivizes investment, an improved business environment and labor reform that supports all sectors."

A review of the products covered under the preference program by the U.S. International Trade Commission (USITC) determined the items are not import sensitive and won't affect U.S. businesses producing similar goods.

Nepal was already enjoying duty free benefits on things like hand-loomed cotton fabrics, gloves and mittens, silk fabrics and apparel including dresses, women's suits and scarves as part of the Generalized System of Preferences (GSP) program, but the new Nepal Preference Program will extend benefits to goods that weren't previously eligible.

The country's biggest exports to the U.S. include textile floor coverings, woven apparel, knit apparel and leather.

For the year ended October 2016, the U.S. took in $50 million worth of textiles and apparel from Nepal, a 5 percent decline from what it had imported as of the same time last year.

Source: sourcingjournalonline.com– Jan 03, 2017

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Pakistan's Textile Exports Could Decline by $1.2B in 2017

Pakistan's textile exports are on a downward spiral and don't show signs of improvement for 2017.

Last year, the nation's textile exports decreased by $600 million due to Pakistan's trade deficit of $28.3 billion, the Daily Times reported.

All Pakistan Textile Mills Association (APTMA) chairman Aamir Fayyaz said textile exports could further decline by $1.2 billion in 2017 if the government doesn't execute policy changes on exports and energy expenses.

"This gap cannot be bridged until export-led growth policy initiatives are undertaken at the earliest," Fayyaz said. "Due to unrealistically high energy price in the province, where 70 percent of the country's textile industry is located, the Punjab-based textile industry was exposed to a severe disparity in energy prices."

Since 2013, Pakistan's energy prices have been rising and the nation pays 4 cents more per kilowatt hour than competing nations. In the Punjab vicinity, higher energy prices caused more than 70 textile mills to shutter in the past six months, dramatically impacting Pakistan's textile manufacturing capacities.

Fayyaz said cotton and man-made fibers, two basic raw materials of Pakistan's textile industry, were imported because of national shortages.

"The acute domestic shortfall of cotton being procured at higher than import parity is having a crippling effect on the entire textile value chain," he said.

Pakistan's current tax dilemma is also impacting the nation's place in the global textiles market, since such payments could not be transferred to international buyers.

Further, a lack of interest in the nation's manufacturing sector persists, as Pakistan continues to favor free trade agreements with other nations over its domestic textiles industry.

The demise of Pakistan's textile exports follows the recent closure of many textile factories in Pakistan. Since 2014, almost 100 factories have closed and over 500,000 jobs were axed from the nation's textile sector.

The Pakistan Bureau of Statistics also reported that the country's total exports were down 7.33% in August 2016 compared to August 2015 and ready-made garment exports declined more than 10 percent to $288 million last year.

Source: sourcingjournalonline.com– Jan 04, 2017

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Cotton Prices to Drop in Second Half of 2017 on Increased Supply

World cotton production is expected to rise 8 percent in the 2016-17 season and the resulting pressure could push cotton prices down.

In a report released Tuesday, the International Cotton Advisory Committee (ICAC) said the season average Cotlook A Index cotton price will range between 66 cents and 83 cents per pound.

The current season saw ending stocks down 21 percent—owed mostly to shrinkages in Southern Hemisphere countries—and the short supply kept prices firm. But now that world cotton production is projected up 8 percent to 22.8 million tons, prices are expected to fall in the second half of the year.

"With the exception of China, cotton production is projected higher in the top five producing countries," ICAC said.

India's cotton production is projected to climb 4 percent to just under 6 million tons, making it the world's largest producer of the fiber. China's cotton production is down 4 percent to 4.6 million tons, while production in the U.S. could jump as high as 28 percent to 3.6 million tons.

"Additionally, cotton production in the Southern Hemisphere, primarily Brazil and Australia, is expected to rise by 21 percent to 2.8 million tons, which could put pressure on prices through the end of 2016-17 to the start of the next season as both countries are also large exporters," ICAC said. Production in Brazil is expected to increase 10 percent, while Australia could produce as much as 64 percent (to 1 million tons) more cotton thanks to more plantings from farmers who were banking on the fiber's high prices.

World cotton consumption will likely stay stable at 24.1 million tons. China will still be the largest consumer, taking in roughly 7.4 million tons. In Bangladesh and Vietnam, where apparel production has been on the upswing, consumption is forecast to grow. Bangladesh should see cotton consumption up 5 percent to 1.3 million tons and Vietnam is projected to have 13 percent growth in cotton consumption to 1.1 million tons.

"While prices for polyester, the main competing fiber, have risen in recent weeks, they still remain well below international cotton prices, making it unlikely that cotton mill use will expand this season unless polyester prices continue to rise," according to ICAC.

Source: sourcingjournalonline.com – Jan 04, 2017

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Ghana delegation apprised of US apparel requirements

The American National Standards Institute (ANSI) through its Standard Alliance, had organised standards-related events in Washington for the members of the Ghanaian textiles and apparel industry who recently visited the US. The events helped Ghanian delegates to understand the market opportunities and requirements for textiles and apparel in the US.

The events were organised through ANSI's public-private partnership with the US Agency for International Development (USAID) known as the Standards Alliance with the help of strategic international trade advisor Sandler Trade LLC. The Ghana delegation's visit was part of the US State Department's International Visitor Leadership Program (IVLP).

The 10-day IVLP visit, from December 5-13, provided nine Ghanaian participants a detailed introduction to the US textiles and apparel market as well as the US regulatory environment. During the first day, Ghanaian participants travelled to the Office of the US Trade Representative (USTR), where they discussed international trade agreements, US trade preference programs, and technical regulations required to gain access to the US market.

Following their meeting with the USTR, delegates travelled to Sandler Trade LLC to learn about the development of the voluntary standards and testing systems that form the foundation of US testing and regulatory requirements.

Presentations by the US Consumer Product Safety Commission (CPSC) and the US Federal Trade Commission (FTC) detailed specific regulatory requirements, while ASTM International and Bureau Veritas provided context to the regulations by explaining voluntary standards and testing systems in the US.

Discussions between Sandler and the delegates about the Us textiles market helped the Ghanaian participants brainstorm how their products might fit in the US market and helped to further solidify the importance of technical regulations to gain access to the market.

The delegation also met with the American Apparel and Footwear Association (AAFA), Fair Trade America (FTA), and the Fair Trade Federation (FTF). Presentations by these organisations provided additional information on fair trade market requirements and related certifications.

The standards-related events built a foundation for the remainder of the trip. Following their Washington visit, the IVLP delegates travelled to North Carolina to view US on-the-ground design, production, and retail operations. The delegates visited US companies operating in North Carolina and learned about US marketing approaches, US import practices and state government promotion of trade. They also visited universities, trade associations and US government agencies involved in importing goods.

Source: fibre2fashion.com– Jan 04, 2017

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Pakistan: 5 PFC trade delegations to explore European market this month

The Pakistan Furniture Council, an apex body of furniture sector, will send five high-level delegations comprising leading furniture exporters and importers to European countries for promotion of trade links through mutual collaboration in areas of common interests in the second week of this January.

Chairing monthly meeting of PFC Executive Committee here on Wednesday, the Council Chief Executive Mian Kashif Ashfaq said the PFC would send delegations, one each to Italy, Portugal, Germany, Denmark and United Kingdome to explore avenues of export of 'Made in Pakistan Furniture' and share expertise, new designs and modern skills with their counterparts.

Mian Kashif added that delegates would also study new trends and requirements of interested clients, as there was a great demand of Pakistani furniture abroad due to its unique designs, besides popularity of properly processed high quality wood for its durability.

He said, Europe is Pakistan's most important and largest trading partner accounting for 21.2 percent of Pakistan's total exports and 16 percent of its total imports.

Pakistan's exports to Europe were dominated by textiles and clothing as well as leather products, while Pakistan's main imports from Europe are included mechanical and electrical machinery, and chemical and pharmaceutical products.

However, the trade volume between Pakistan and EU was not very impressive, as compared to the volume between EU and India, he said and asserted that business community of Pakistan is needed to explore European market and exploit its potential to maximum.

In this regard, he mentioned, the PFC was focusing on marketing activities in key markets of the EU and coordinated efforts were being made for holding exhibitions; websites; international trade fairs and in-depth market analyses.

Establishment of joint ventures with foreign producers of woods for provision of required machinery could bolster the quality of Pakistani furniture products and bring them at par with international standards. "Therefore, there is a dire need to transform our furniture business from cottage or small scale to highly innovative industry, for which training of skilled labour and high-end supplies are required, he underscored.

Mian Kashif Ashfaq said Pakistan did not have globally well-known trade market which could convince international business community about innovation and quality of Pakistani products.

He suggested the government to encourage and support business houses to invest and develop trust worthy trade markets. There is a need for holding exhibitions in EU member states to raise awareness about Pakistan's traditional and innovative products, he added.

He said, Europe would be the biggest market for Pakistan's textile products in future; however, Pakistan should also focus on other exportable products to increase its share in European market and reduce dependence on traditional exports. In Pakistan, he said, most of the furniture was hand-made but still it was very cheap and could be marketed in EU countries at a better price.

He said, Pakistan Furniture Council was also interested in exploration of new furniture markets in Nordic countries including Denmark, Finland, Iceland, Norway and Sweden. He said bilateral trade between the EU and Pakistan stood at Euro 10.5 billion in 2015, however, trade between Pakistan and the seven Nordic countries remained at around Euro 150 million.

"The PFC is focusing on furniture-related items to ramp up its export revenue in Nordic region; it is high time that Pakistan's exporters should look out of the box," he suggested.

PFC General Manager Hamid Mahmood also gave a detailed presentation to members about the prospects of proposed visits, while Manager PFC Adnan Afzal will co-ordinate with delegations during their foreign visits.

Source: brecorder.com– Jan 04, 2017

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Vietnam second in ASEAN in manufacturing sector growth

The Vietnamese manufacturing sector ended 2016 on a positive note, with the Nikkei Vietnam Manufacturing Purchasing Managers' Index (PMI) coming second among the top three PMIs in ASEAN region.

The Nikkei Vietnam Manufacturing PMI, a composite performance indicator of the manufacturing sector, posted 52.4 in December, down from November's 54 but continuing to signal solid monthly improvement in the sector's health.

As per the latest PMI data released by Nikkei market, in December, among ASEAN countries, the Philippines was at first place at 55.7; the second place went to Vietnam at 52.4; and Thailand took third place at 50.6. Myanmar posted 49.4, Indonesia was at 49, Malaysia at 47.1 and Singapore at 43.3.

Vietnam's PMI saw solid growth because business conditions improved on the back of rises in new orders, output and employment. The rate of expansion in purchasing activity was substantial amid efforts to build inventory reserves. Input costs continued to rise sharply, and companies responded by increasing charges at one of the fastest rates in the past five-and-a-half years.

"Solid growth in the final month of 2016 completed a generally positive year for the Vietnamese manufacturing sector," said Andrew Harker from IHS Markit, which compiles the survey.

"Local firms continue to be able to secure new work, and the joint-record rise in new export business is a highlight in the latest survey. The sector seems in good shape heading into 2017, and IHS Markit forecasts a rise in GDP, at 6.3 per cent."

The Nikkei Vietnam Manufacturing PMI is based on data compiled from monthly responses to questionnaires sent to purchasing executives in around 400 industrial companies.

The panel is stratified by GDP and size of company workforce.

The manufacturing sector is divided into eight broad categories: basic metals, chemicals and plastics, electrical and optical, food and drink, mechanical engineering, textiles and clothing, timber and paper, and transport.

On the whole, however, the ASEAN manufacturing sector ended 2016 on a weaker note, with business conditions in the region worsening in December at the quickest rate in 13 months, the survey said.

At 49.1, down from 49.4 in November, the Nikkei ASEAN Manufacturing PMI signalled the sector's deteriorating health for the third month in a row. The December survey data also indicated a disappointing fourth quarter for ASEAN manufacturing companies.

Strong declines in output and in new orders drove the ASEAN PMI lower at the end of 2016. Figures also indicated decreasing new business from abroad last month. Both production volumes and new export orders shrank at the fastest pace since November 2015.

A weaker client demand led ASEAN manufacturers to purchase fewer inputs for the third straight month, which in turn saw pre-production stock levels drop to their lowest in 16 months.

Cost inflation intensified across the ASEAN manufacturing industry in December, with input prices rising at the sharpest rate since October 2015. To help preserve profit margins, firms raised selling prices, although at a slower pace.

The sustained deterioration in ASEAN manufacturing conditions was accompanied by broadly weaker national performances. Even countries with better business conditions reported marginal or slow rates of improvement compared to November.

Source: vietnamnews.vn– Jan 04, 2017

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Bangladesh: Charting future course of RMG industry

It is usually heard that China is putting up the shutters on its textile mills and garment factories and as a result Bangladesh's industry is going to be flooded with business migrating from there. Some others think otherwise. They are worried whether the industry is seeing its end and is becoming a sunset industry soon.

We think both conjectures are incorrect. China is not done yet with its textile and garment manufacturing. On the contrary, it has laid out plans to effectively counter the challenge of rising cost of production in the current bases of manufacturing by shifting them to low-cost areas within the country. According to some sources, they have already started working on implementation of the mega project and investing billions of dollars.

So, China is not yet allowing itself to close its eyes on this kind of shift. Even, for the sake of an argument, if it is going to happen, in a big way or not, then there are other emerging markets too. We can't and shouldn't ignore what the readymade garment (RMG) industries in Vietnam, Cambodia, Sri Lanka, India and the Philippines can do right away.

They may be even better prepared policy-wise, investment-wise, infrastructure-wise and location-wise to grab most of this opportunity. Also, we have to consider the cases of Myanmar and some countries in Africa, which too are eyeing RMG as saviour of their respective economies. Bangladesh has been their role-model.

So to compete against these countries, stay and grow in the business, we have a lot to do. The task is not easy but not impossible either (as we have lots of advantages) and to make it a success we all have to work in tandem, the government included.

To face and work around those challenges, the government has to control, facilitate and oversee RMG affairs more seriously and consistently. Following are our suggestions:

The government needs to engage and remain with business apex bodies like BGMEA, BKMEA, Bangladesh Textile Mills Association (BTMA), foreign buyers' association in the country and International Labour Organisation (ILO).

The government should have some role to play with regard to buyers remaining least concerned about the price they pay. Most of these buyers are always very firm and united when to ask for more. They have a tendency of resorting to informal bidding on prices to ultimately getting the cheapest out of the makers going beyond all reasons and logic.

There are examples where big volume buyers allure a manufacturer to go bigger in capacity assuring him of big business. The manufacturer thus falls into a trap and then with a bigger stomach it has to accept any price just to keep the factory running.

Here the buyer is the sole winner. The government can do something to stop this from happening and can work in close relation with respective business associations.

The government also has to work on improvement of export and import handling of cargos at sea ports and as well as in international airports of the country.

Modern equipment, up-gradation of facilities, increasing capacities of cargo handling keeping the standard in line with international ones, ensuring safety of cargo in waiting at the ports for export and inland transportation and safety of export cargo and imported raw materials between factories and ports are of vital importance for sustenance and growth of the industry. Proper and prompt repair and maintenance of busy and most important routes for imports and exports need to be ensured.

It will be very useful if the government could oversee the industry as a whole how it is performing and meeting industry leaders from time to time to learn about the state of affairs for betterment or solving important issues. Factories, which run businesses below the line of profit and do so continually also need to be monitored for subsequent actions and remedies.

Taking interest in learning about training of the management staff at all levels in the industry by engaging both public and private universities for that purpose. (The good news is that recently the government is working on a massive plan in this direction where Asian Development Bank and other donors would also fund generously along with the Bangladesh government. This news is very encouraging).

The government needs to ensure uninterrupted supply of gas and electricity for sustenance, expansion and further growth of the industry. This industry should be treated with exception and electricity and gas could be supplied at subsidised prices with conditions ensuring its growth.

Bank loans for modernisation and expansion of the industry also need to be competitive in terms of interest rates against those in other competing countries. Without this how could the government expect it to touch the massive export target of 50 billion US dollars by 2021 which it appreciates?

Apex bodies like the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) have to always improve on the way they solve issues and attend to the affairs keeping in mind that challenges are increasing. The target of reaching the export figure of 50 billion dollars by 2021 is not easy and this must not end in a failure as a mere tall talk. There are also other concerns for them to worry about.

One of them is to grab business opportunities that may come out of China and compete against other interested parties in other South Asian countries. Beyond electioneering times also, they need to engage heavily with the member-factories and do the needful for raising awareness with regard to what are a must to do to become efficient manufacturers for now and years ahead.

The top leaders need to listen to the predicaments and miseries what the manufacturers suffer from in daily lives individually. There is nothing more effective than updating the association with info worth learning for setting targets and actions thereupon.

It is time to make BGMEA-sponsored University of Fashion & Technology (BUFT) more industry-specific establishing direct dialogue with the factory management, reaching out and liaising with public and private universities to explore the possibilities how they can change the perception of the industry from a poor one to a better one, training the existing human resources and creating a pool of future resources.

Bangladesh University of Engineering and Technology (BUET) and other public engineering and technology universities, Dhaka University and private universities all can play a huge role.

Some of these have textile departments, but what's about garment manufacturing departments? There are so much that can be done in cutting rooms to finishing floors of the RMG industry. Research needs to be done on better methods of sewing, designing work aids in the sewing room etc. The effort of production and industrial engineers from BUET and Shahjalal University of Science and Technology, Sylhet, including those from other similar universities, seem to be inadequate for the time.

The universities themselves can come forward and take up the industry as their test case for their contributions. Contributions can be made from so many sides. Some of them could be on improving energy efficiency and use of cleaner energy; saving dye and chemical in washing, dyeing and printing, use of steam and water, machine repair and maintenance keeping environment in view.

Environment, pollution of the same, etc. have been the recent priorities for international buyers and our government. Creating awareness among owners/Chief Operating Officers (CEOs) about investing substantially in human resources and technology including viable automation in machinery and resource planning for better and more efficient output is the crying need of the time now.

Readymade garment industry has been the lifeline of our economy as the highest foreign exchange earner, job provider to uneducated and unskilled labour force, educated jobless youths and also university graduates from almost all disciplines.

This industry also has facilitated growth and rapid flourishment of associated businesses, which include manufacturing of all kinds, laundries, printing businesses, embroidery business, and what not. Because of this industry the basic textile (yarn spinning, woven fabric weaving, knitting, dyeing etc.) industry also has gained momentum. Local consumer businesses also have got the taste of new vitality. Hospitality and tourism industry has been thriving because of this.

Besides, many owners of RMG industry also have been reinvesting their profits in other non-textile sectors like pharmaceuticals, leather, agriculture, paper mills, hospitals, software, etc.

The positive and far-reaching impact of the RMG industry can hardly be over-exaggerated. Because of dearth of properly educated and trained mid-level managers we see that thousands of foreign nationals get jobs in the industry and billions of dollars are being remitted annually to their respective countries. This has been happening for years.

According to one source, Indian nationals alone send more than $6.0 billion and then there are Sri Lankan, Chinese and the Philippines nationals, Pakistanis and also some Europeans. While our total exports from this sector are about 28 billion dollars, the estimated flight of such a huge amount of foreign exchange from the country is truly mind-boggling. With our readiness, we can stop this or at least reduce this figure to a great extent and the dollars thus saved would then remain with us helping our economy.

Not only we can do it but also we can reverse this scenario. We should be able to send our garment and textile experts, laundry managers and printing technicians to go to other emerging markets in foreign countries and work there to remit their earnings home.

Source: thefinancialexpress-bd.com - Jan 04, 2017

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NATIONAL NEWS

Cotton rates firm on Cotton Corporation of India intervention

Cotton prices have moved up and the market sentiment has improved with the Cotton Corporation of India (CCI) resorting to purchase of the commodity at commercial rates from different parts of key cotton growing regions in the country.

According to top officials of CCI, prices have now firmed up to R41,500 per candy from the prevailing rates of R38,000 and farmers are now beginning to get better rates from traders.

International rates are currently at R42,000 per candy. CCO has stepped in to protect the interests of farmers and industry, M M Chokhalingam, CMD (in-charge) said.

CCI has purchased 10,000 bales so far and for the last couple of days has been going slow on purchases because rates have improved, he said. This is the first time after a gap of four years that CCI has stepped in to make commercial purchases.

Chokalingam said the Corporation will step in aggressively if the market rates slip down and it shall remain for the entire season. The Corporation expects to purchase around 15 lakh bales for the season of 2016-17.

In the start of the season, cotton prices were ruling between R5,000 and R5,200 per quintal in various markets while Minimum Support Price (MSP) was at R4,160 per quintal.

However, prices dropped down later because of which the CCI intervention helped, he said.

Chokhalingam pointed out that CCI now uses the e-purchase and e-sale modes for sale and purchase of cotton and therefore had called for bids through e-auction.

Apart from MSP operations, CCI also has to perform commercial operations at times in the interests of the farmers and to keep the market stable. If CCI does not have stocks then traders can control markets and bring out cotton during lean season," he explained.

"The intent of the CCI is to ensure that this does not happen and keep prices uniform. Instead, CCI will purchase some 15-20 lakh bales of kapas and make it available to the industry in times of need," he said.

CCI has been purchasing kapas or raw cotton from markets wherever the prices are lower, Chockalingam said, adding that the commercial purchase of up to 15 lakh bales would be mainly from the west, central and southern parts of the country as prices in the northern markets are ruling much higher.

Meanwhile, the Maharashtra State Cooperative Cotton Growers Federation has urged both the state and the Centre seeking permission to purchase cotton from farmers at commercial rates.

We are usually the sub-agents for CCI and have been purchasing cotton at MSP rates but this time the prices are higher and therefore we would like to purchase at market rates, N P Hirani, chairman of the federation said.

Chokhalingam said that the Corporation has authorised the federation to make purchases. It is only private groups that have been told to register as buyers or sellers, he clarified.

The Centre had declared an MSP of R4,160 per quintal for the current season for the long staple fibre and R3,860 for the medium staple length. Besides protecting cotton growers' interests, CCI caters to the needs of its customers, such as the National Textiles Corporation and several co-operative mills. It also meets the demand of private sector mills, mainly during the lean season, by releasing the fibre from its stocks.

Over the last three-four years, CCI has stepped into the markets to protect farmers when prices fell below the minimum support price (MSP) levels. Although Indian cotton acreage had dropped by close to a tenth this year to around 110 lakh hectares higher yields, on account of widespread rains in key producing states, it is expected to help maintain output.

Source: financialexpress.com– Jan 05, 2017

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Over 380 Indian companies to participate in Heimtextil

India will be the second largest participant at Heimtextil 2017, as over 380 Indian companies are set to come together to showcase the country's textile expertise at the fair. The trade event, regarded as one of the biggest and most important international platforms for home furnishings and textiles, will be held in Frankfurt from January 10 – 13.

The first trade fair of the year for its sector, Heimtextil 2017 will be a trend barometer for the whole business year, spotlighting new trends and innovations in interior textiles, home furnishings, household textiles and a range of allied services.

Home furnishing and textile manufacturring companies such as Alps Industries, D'Decor, Indo Count, K.G. Denim, Trident and Welspun will present their latest collections and textile innovations at the fair. Riddhi Jain, the winner of Interior Lifestyle Awards 2016 , will be showcasing 'Re-' by Medium, a collection of home textiles and wall art born from the idea of recycling, using the spontaneity of natural textures and tie and dye wastes.

Leading government bodies including the Cotton Textiles Export Promotion Council (TEXPROCIL), Handloom Export Promotion Council (HEPC), Powerloom Development Export Promotion Council (PDEXCIL) and Export Promotion Council for Handicrafts (EPCH) will also participate in the fair.

Domestically, Indian home textile industry is expected to expand at a CAGR of 8 per cent and reach $5.29 billion by 2018. During the same period, curtains and upholstery and rugs and carpets will grow at a CAGR of 8 per cent and 9.4 per cent, respectively.

Vying for lucrative Indian market, global players are set to come to the Indian edition of Heimtextil in June this year. Among these are leading industry giants such as D'Decor, Welspun, Raymond, Rumors, RR Decor, Shri Lakshmi Cotsyn and V& J Furnishing.

Heimtextil India will take place from June 20 – 22 in New Delhi alongside the world-renowned Ambiente India fair, thus targetting the full spectrum of home textiles, furnishings and interior decor.

While Heimtextil India will provide the much needed impetus to the India's home textile, decor and handicrafts sector by fostering trade and design exchange, India's participation in Frankfurt is set to inspire confidence among global consumers.

Source: fibre2fashion.com– Jan 04, 2017

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Melange of Iranian handloom, pottery, textiles at Delhi show

With an aim to revive old civilisational and creative links, Iranian craftspersons and artistes are showcasing a colourful melange of handloom, pottery and textile at an exhibition at Dilli Haat here.

The 31st Annual Dastkari Haat Craft Bazaar will also see artisans from Iran and India participating in crafts workshops where creative processes and live demonstrations will provide visitors a chance to interact, learn, appreciate and explore Iranian handicrafts and textiles.

The fortnight-long crafts bazaar which began this new year will also exhibit traditional Iranian crafts while focusing on the rich traditions of India, along with 200 popular works of art, crafts and textiles.

Iranian pottery pieces, metalworks in a variety of ornaments, decorative objects along with exotic carpets serve as major highlights of the festival.

The bazaar will also have cultural performances including by Baul singers and Chaau dance from Bengal.

"Considering that we are celebrating 60 years of India-Iran cultural ties that were renewed during Prime Minister Narendra Modi's visit to Iran last year, I am sure exhibition and workshops of Iranian crafts will craft a new chapter in increasing cooperation between India and Iran in Textiles sector," Textile Minister Smriti Irani said.

"I generally do not see any difference between Indians and Iranians. I think Iran was the first country which initiated cultural exchange with India after Independence. This rich and ancient heritage has varied manifestations each of which displays the past pride and civilisation of India and Iran in its own way," Iran Ambassador to India Gholamreza Ansari said.

Jaya Jaitly, President of Dastkari Haat Samiti, said the event will give Indian craftsmen an understanding of Iranian art.

With the help of Iranian calligrapher Ali Kheiri, Indian artiste Jai Prakash Lakhiwal and calligrapher Rajeev Kumar, the Dastkari Haat Samiti will also come up with a book which will feature stories told by traditional storytellers and Modi's visit to Iran.

"The book will look like an old manuscript but will have contemporary stories which will be published by the end of the festival," Jaitly told PTI.

"This platform aims to provide inputs to the crafts sector in India while enhancing diplomatic ties at the ground level," she said.

Source: business-standard.com- Jan 05, 2017

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TN Govt kick-starts free dhoti and saree scheme

Tamil Nadu Government today announced free dhoti and saree scheme costing Rs 486.36 crore to the exchequer in view of the coming harvest festival of 'Pongal'.

As part of kick-starting the scheme, Chief Minister O Panneerselvam handed over the first set of free dhotis and sarees to seven families at the Secretariat, a government release said.

The scheme, which was formally introduced by late AIADMK Founder M G Ramachandran in 1983, benefitted the downtrodden besides giving jobs to those engaged in textile and handloom industries.

In view of Pongal, the government said it had allocated Rs 486.36 crore in which 3.24 crore sarees and dhotis would be given to the downtrodden under the scheme.

Textile Minister O S Manian, Revenue Minister R B Udhaya Kumar and senior government officials were present.

Source: business-standard.com - Jan 04, 2017

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Centre, states, industry to discuss export situation tomorrow

Centre, state governments and industry representatives will meet tomorrow to deliberate upon ways to further boost the country's exports.

The meeting of the 'Council for Trade Development and Promotion' will be chaired by Commerce and Industry Minister Nirmala Sitharaman.

The council was constituted to promote India's overseas shipments.

In its previous meeting in January last year, faster refund of state taxes, improved rail-road connectivity, land and environment clearances were among the major issues discussed.

They had also deliberated on quality and standards of products, labour issues and the Assistance to States for Infrastructure Development of Exports (ASIDE) scheme.

The other members of the council are trade/commerce ministers of states and Union Territories, besides 14 secretaries of the central government including commerce, revenue, shipping, civil aviation, agriculture, food processing and economic affairs.

The council provides a platform to state governments and UTs for articulating their perspective on trade policy to help them develop and pursue export strategies in line with national foreign trade policy.

Expanding for the third straight month, exports rose 2.29 per cent to USD 20 billion in November on account of healthy growth in shipments of petroleum products and engineering goods.

Source: business-standard.com - Jan 05, 2017

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Nirmala Sitharaman set to firm-up India's WTO strategy

After submitting a concept note on a trade facilitation agreement (TFA) on services at the World Trade Organization (WTO), India is planning to firm up strategy for the next course of action across key issues at the multilateral body.

Commerce minister Nirmala Sitharaman has convened a meeting of senior officials of her ministry as well as those posted at the WTO headquarters in Geneva later this month, the minister said. The idea is to not just take stock of steps already taken by the country at the WTO but also to prepare a road map for the post-Nairobi ministerial world order.

Already, in a mini-ministerial gathering of trade ministers in Oslo on October 21-22, Sitharaman reiterated the country's commitment for a successful conclusion of the 2001 Doha Development Agenda (DDA) and other issues of interest to developing countries, apart from making a fresh pitch for the TFS on services.

The minister had also "underscored the need for prioritising the implementation of Bali and Nairobi Ministerial decisions". All these issues, among others, are expected to come up for discussion in the meeting later this month.

The Doha round of negotiations have remained stalled since 2008, primarily over the issue of huge trade-distorting subsidies being given to farmers by the rich countries. The fundamental objective of the DDA was to improve trading prospects for developing nations.

While India and other developing nations want a reaffirmation to conclude the DDA first, developed countries seek to mostly dilute the negotiations and widen the mandate with new issues, including e-commerce and global value chain.

India has also been seeking concrete work plans on a special safeguard mechanism (SSM) for developing countries to protect their farmers from a spurt in imports, and on a permanent solution to the issue of its official grain procurement and food security in the country, as agreed on in the Bali ministerial.

Inputs for FTP review sought from exporters

The commerce ministry has asked exporters to submit inputs for the mid-term review of the foreign trade policy (FTP) for 2015-20, Sitharaman said. The exercise is expected to be over by September. The current government unveiled its first FTP in April 2015, targeting to double exports of goods and services to $900 billion by 2020.

Source: financialexpress.com- Jan 05, 2017

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Indian exports haven't done too badly

The fall is more a feature of select sectors, with the exchange rate effect amplifying the decline

Of late, there has been much concern expressed in business and political circles about the declining trend of Indian exports, after a period of steady growth. Focusing too much on fluctuations in the short run can lead to distortion; one needs to look at exports not at an arbitrary point in time but over a period of at least three to five years to gain perspective.

A quick glance would show that Indian exports, which stood at $312 billion during 2011-12, dropped by 14.4 per cent to $262 billion in 2015-16. However, we need to drill down beneath the headline numbers to discern the underlying reasons.

From 2011-12 to 2015-16, Indian exports fluctuated both ways — they dropped from $306 billion in 2011-12 to $300 billion in 2012-13, and rose 4.7 per cent to $314 billion in 2013-14, dropped again by 1.3 per cent to $310 billion in 2014-15. Again, they dropped steeply by 15.6 per cent to $262 billion in 2015-16.

Export scenario

Let us examine the apparent fall in two stages. First, in the four fiscal years between 2011-12 and 2014-15, one can see that Indian exports were almost flat, hovering around the mean value of $308 billion. Over the same period however, the rupee depreciated against the US dollar by 22.7 per cent, from 51.2 rupees per US dollar as on March 31, 2012, to 66.3 rupees per US dollar as on March 31, 2015.

Remember, the export numbers are reported in US dollars which therefore embody the element of exchange fluctuation. Given that Indian exporters are more price-takers than price-setters, the depreciation of the rupee yields benefits to exporters in the short run but is usually eroded by cost increases as well as tough negotiating on the part of overseas buyers.

By contrast, the difference between the high point of $314 billion exports in 2013-14 and the low of $300 billion exports in 2012-13 is just 3.5 per cent. In other words, between 2011-12 and 2014-15, export values in US dollars increased marginally by 1.3 per cent, while the rupee depreciated by 9.5 per cent over the same period.

Thus we see that allowing for the appreciated dollar, Indian exports would actually have grown during the period, disguised by the exchange rate effect. The relatively flat US dollar values embody higher rupee values and physical units. To conclusively state this, one would need to drill down into quantities and physical units. The logic, however, is quite clear. Given that this occurred in an environment of weak global demand, Indian exporters deserve much credit.

Let us come then to the steep drop in 2015-16. Undoubtedly, a 15.5 per cent fall from $310 billion in 2014-15 to $262 billion in 2015-16 is no small matter. To understand the reasons, we need to look at the components of the export basket and identify where exactly the drop occurred.

As may be seen, over 80 per cent of the five year decline in exports is accounted for by three industry sectors. These are gems and jewellery, which fell by 15.1 per cent, petroleum products which fell by 46.4 per cent and agricultural products which fell by 3.7 per cent.

Import challenges

At this point, it is counter-intuitively useful to see the other side of the coin as well, so let us look at the import basket. We see that Indian imports rose marginally from $489 billion in 2011-12, to $491 billion in 2012-13, then dropped by 8.3 per cent to $450 billion in 2013-14, marginally further to $448 billion in 2014-15, then plunged steeply by 15.1 per cent to $380 billion in 2015-16.

Interestingly, two industry sectors account for almost the entire drop in imports. Crude petroleum imports dropped by 46.5 per cent from $155 billion in 2011-12 to $83 billion in 2015-16. In parallel, imports of gold fell by 43.9 per cent from $57 billion in 2011-12 to $32 billion in 2015-16.

Now the picture begins to emerge. In large part, what we are seeing is a price effect in petroleum. India is an importer of crude petroleum and an exporter of refined petroleum products, having the advanced refining capacity to tackle heavy and sour crudes (from Venezuela etc.) that challenge older refineries in other parts of the world.

The sustained drop in oil prices per barrel have led to a fall in the dollar value of our crude petroleum imports; however with gross refining margins remaining more or less on trend, the realised dollar value of refined petroleum product exports has also fallen in tandem.

If, in a thought experiment, we were to draw up a balance of trade in crude and refined petroleum alone (highly simplified), our petro trade deficit of $98 billion in 2011-12 (accounting for 53.6 per cent of the total merchandise trade deficit) dropped by 46.5 per cent to $53 billion in 2015-16 (accounting for 44.3 per cent of the total merchandise trade deficit).

Gold options

Now for the story on gold. Remember that 2011-12 and 2012-13 were years of high inflation. The headline rates of inflation in those two years was 8.3 per cent and 10.2 per cent respectively; the street rate of inflation as perceived by people was undoubtedly higher.

With inflation a real problem and inflation expectations hardening, the rate of return on savings became critically important.

The rate of interest payable on bank deposits for one year at that time was 8 per cent (State Bank of India), i.e. a materially negative real rate of return, more so after factoring in tax payable.

Savvy Indian savers responded to this iniquity by shifting from financial savings to real savings with high-value low-volume gold being the option of choice.

Gold imports of $57 billion in 2011-12, up by 39 per cent from $41 billion in 2010-11) were an all-time record for India. In the second half of 2013 however, with the rupee under pressure, the Government and the RBI took stern measures (tariff and non-tariff restrictions) in tandem to reduce the relative attraction of gold. While some gold demand would surely have shifted to unofficial channels, the efficacy of the measures can be seen in that gold imports dropped to just $29 billion in 2014-15 and $32 billion in 2015-16.

The import compression driven by gold policy measures and the drop in crude petroleum prices, outweighed the drop in refined petroleum products exports, thus leading to very material compression by 35.4 per cent in the trade deficit from $183 billion in 2011-12 to $118 billion in 2015-16.

In conclusion, one may reasonably state that Indian exports have held up well in a very challenging environment of weak global demand. The apparent fall in Indian exports is predominantly a price effect that has also compressed the import side of the equation, leaving us with a small trade deficit.

Source: thehindubusinessline.com- Jan 05, 2017

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