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IBTEX No. 20 of 2017 Jan 25, 2017

USD 68.15 | EUR 73.11 | GBP 85.28 | JPY 0.60

Cotton Market Update

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

Rs./Bale	Rs./Candy	USD Cent/lb
20055	41950	**78.50**

Domestic Futures Price (Ex. Gin), March

Rs./Bale	Rs./Candy	USD Cent/lb
20530	42944	**80.36**

International Futures Price

NY ICE USD Cents/lb (March 2017)	73.57
ZCE Cotton: Yuan/MT (January 2017)	15,250
ZCE Cotton: USD Cents/lb	**87.43**
Cotlook A Index – Physical	**83.95**

Cotton & currency guide: Cotton was highly volatile on Tuesday's trading session. The most active February future price at MCX traded both side while eventually ended the session lower. The contract settled at Rs. 20350 down by Rs. 380 from the previous close with higher trading volume and steady open interest. The fall was attributed as part of heavy profit booking amid adjustment of basis difference between ICE cotton price and Indian cotton price offerings. We saw a hefty profit booking and likely that the same scenario should be continued on today's trading session. We expect the given future contract to trade in the range of Rs. 20500 to Rs. 20000 pe bale and recommend selling from higher levels

From the spot front the interior asking rates for Shankar-6 has advanced further today, to be placed at Rs. 42,900 per candy, ex-gin, its highest level since early October. S-6 prices have risen in the past six consecutive sessions. With a slightly weaker rupee, the equivalent value is approximately 80.30 US cents per lb. In the meanwhile, seed cotton arrivals are estimated at roughly 175,000 lint equivalent bales (170 kgs), including 38,000 from Gujarat and 64,000 from Maharashtra

However, the majority of losses were noticed during the evening session in India or early morning session in the US. The US ICE March future contract which moved to almost test 74.50 cents drifted down sharply to end the session lower at 73.57. We believe with the price correction in the US also had an impact on the domestic cotton futures prices. Overall we expect cotton price to remain lower.

This morning ICE cotton is seen trading at 73.78 mostly unchanged from the previous close while Chinese cotton future is seen trading a tad lower at 15505 Yuan/MT

For the day we expect cotton futures price to remain volatile with selling pressure emerging from higher levels

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

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INTERNATIONAL NEWS

TPP members vow to keep trade deal alive despite Trump withdrawal

Asia-Pacific countries hoping to create a regional trading zone as part of the largest-ever trade deal said Tuesday they would push on without the United States despite President Donald Trump's decision to withdraw from the Trans-Pacific Partnership (TPP).

"It's a great shame but not unexpected," Australian Trade Minister Steve Ciobo said in response to Trump's decision, adding he was interested in seeing if a TPP of 12 nations, minus one could work.

Australia would keep alive the option of ratifying the deal and has already had discussions with Canada, Mexico, Japan, New Zealand, Singapore and Malaysia about working towards an alternative, Ciobo said.

"Australia and quite a number of the other TPP countries are very focused on making sure we still capture the gains that were agreed to under the TPP," he told Sky News television.

New Zealand Trade Minister Todd McClay expressed the same sentiment, saying that his country too would pursue the TPP with the remaining members.

The agreement still had value as a free trade agreement with the other countries involved, he added.

The order to withdraw the US from the TPP was one of the plans that Trump, who took office Friday, had outlined for his first 100 days in office. "We've been talking about this for a long time," he said as he signed the document

Without the US, the remaining TPP members are Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam.

The agreement sought to lift key trade barriers in the region and would have eliminated or reduced about 18,000 tariffs on industrial and agricultural goods, including textiles and clothing.

Several other governments of Asian TPP members have voiced an interest in continuing the agreement without the US.

Including the US, TPP countries have a combined population of 800 million and account for around 40 per cent of the world economy and 26 per cent of world trade, valued at more than 11 trillion dollars.

Source: theborneopost.com – Jan 24, 2017

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Pakistan textile exports decline to $6.156 bn first half of current FY

Pakistan in the first half of the current fiscal year despite an improvement in export earnings from value-added sector, witnessed decline in textile exports to $6.156 billion from $6.259 billion in the corresponding period of the last fiscal year, according to the Pakistan Bureau of Statistics (PBS) data.

Textile value-added sector, accounting for more than half of the industry's foreign earnings, recorded a surge in exports during the July-December period of 2016/17. Knitwear exports inched up 0.17 percent to $1.193 billion. Bedwear fetched $1.043 billion in exports revenue, up 4.66 percent year-on-year. Readymade garments rose 5.87 percent to $1.101 billion.

In July-December 2016, cotton cloth exports dropped by 5.57 percent to $1.048 billion, while exports of raw cotton and cotton yarn decreased more than 49 and seven percent, respectively.

Analysts said that the recently-announced Rs180 billion incentives package is likely to give a boost to flagging exports.

The government announced the export incentives scheme for five export-oriented sectors, including textiles. The stimulus includes a score of rebates given that the exporters are able to increase exports by 10 percent in the second half of the current fiscal year.

The PBS data showed that textile exports amounted to $1.035 billion in December 2016, almost flat as compared to December 2015, but down 1.21 percent over November 2016.

Exports of knitwear increased 4.21 percent year-on-year (YoY) and 1.54 percent month-on-month (MoM) in December 2016. Bedwear exports rose 9.26 percent YoY and 0.11 percent MoM. Exports of readymade garments soared 9.23 percent YoY and 11.88 percent MoM in December 2016.

Machinery imports surged 40.84 percent to $5.666 billion in July-December 2016/17, highest among all the importing heads. In December, machinery imports bill stood at $1.032 billion, up 30.42 percent over the same month last year and 13.38 percent as compared to the preceding month.

Source: yarnsandfibers.com– Jan 24, 2017

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USA: Information Collections on Textiles, Vinyl Film, Mattresses under Review

The Consumer Product Safety Commission is seeking comments by March 27 on the proposed extension of a collection of information from manufacturers and importers of clothing, textiles, and related materials intended for use in clothing under the Standard for the Flammability of Clothing Textiles and the Standard for the Flammability of Vinyl Plastic Film.

Clothing and fabrics intended for use in clothing (except children's sleepwear in sizes 0 through 14) are subject to the Standard for the Flammability of Clothing Textiles. Clothing made from vinyl plastic film and vinyl plastic film intended for use in clothing (except children's sleepwear in sizes 0 through 14) are subject to the Standard for the Flammability of Vinyl Plastic Film.

These standards prescribe a test to help ensure that articles of wearing apparel, and fabrics and film intended for use in wearing apparel, are not dangerously flammable because of rapid and intense burning.

The CPSC uses the information compiled and maintained by firms that issue guaranties that a product complies with an applicable flammability standard to help protect the public from risks of injury or death associated with clothing and fabrics and vinyl film intended for use in clothing. In addition, this information helps the CPSC pursue corrective actions if any products covered by a guaranty fail to comply with the applicable standard in a manner that creates a substantial risk of injury or death to the public.

Mattresses. The CPSC is accepting comments through March 27 on the proposed extension of approval of an information collection associated with the Standard for the Flammability of Mattresses and Mattress Pads (16 CFR part 1632) and the Standard for the Flammability (Open Flame) of Mattress Sets (16 CFR part 1633).

The mattress/mattress pad standard prescribes requirements to test whether a mattress or mattress pad will resist ignition from a smoldering cigarette.

It also requires manufacturers to perform prototype tests of each combination of materials and construction methods used to produce mattresses or mattress pads and to obtain acceptable results from such testing. Manufacturers and importers must maintain the records and test results specified under this standard.

The mattress set standard requires manufacturers to maintain certain records to document compliance, including maintaining records concerning prototype testing, pooling, and confirmation testing, and quality assurance procedures and any associated testing.

The required records must be maintained for as long as mattress sets based on the prototype are in production and must be retained for three years thereafter.

Source: strtrade.com – Jan 25, 2017

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Vietnamese Factories Hum at Full Capacity Despite Trump Snub

Vietnamese clothing maker NhaBe Garment Corp. had a lot riding on the Trans-Pacific Partnership.

The supplier to brands such as Calvin Klein, Michael Kors and Kenneth Cole has seen its exports more than doubled since 2011 to $729 million last year -- and it increased its factories two-fold to 35, betting on a big drop in tariffs from Vietnam's membership in the 12-nation trade pact.

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With a pen stroke, President Donald Trump killed the ambitious trade agreement, a deal that promised to deliver an estimated 8 percent boost to Vietnam's gross domestic product by 2030, according to the World Bank. Yet that hasn't dented enthusiasm among multinationals for the communist country, which was on track to be the top exporter of goods to the U.S. last year among the Association of Southeast Asian Nations.

"We have filled all the factories," said NhaBe managing director Michael Laskau in charge of order, design and manufacturing. "I don't expect our customers to leave us."

Trump's incendiary trade rhetoric directed at China and his threat to impose 45 percent tariffs on Made-in-China products remains a powerful incentive for companies to shift manufacturing to other countries, with Vietnam emerging as a strong contender.

While TPP's demise takes some of the shine off Vietnam, the country's young and low-cost workforce are magnets for international investors.

"Vietnam will continue to attract foreign direct investment in labor intensive firms as well as those that want to capture the burgeoning domestic market," said Trinh Nguyen, a senior economist at Natixis SA in Hong Kong.

Vietnam plans to continue its reform process and will fulfill trade agreement commitments, Ministry of Foreign Affairs spokesman Le Hai Binh said in a statement late Tuesday.

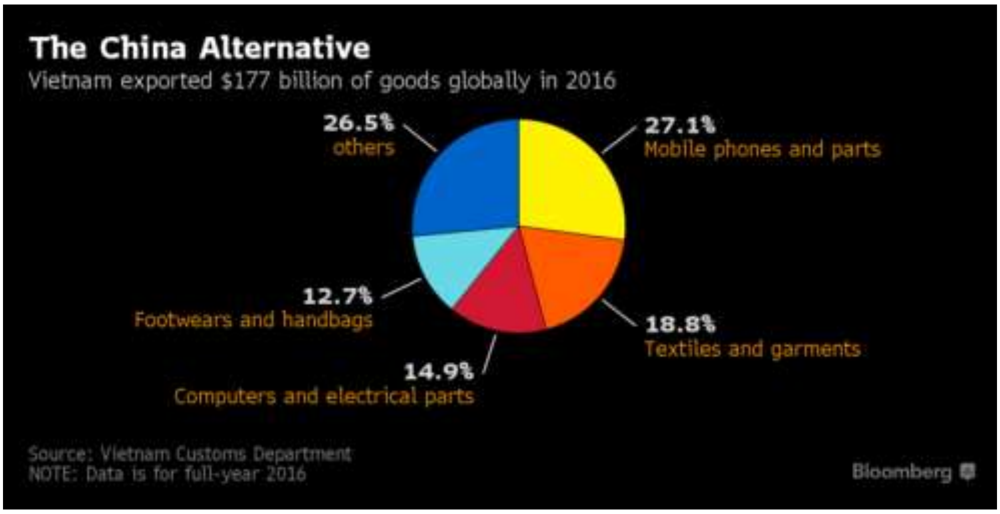
The country has been enjoying a foreign investor-led economic boom for years as it transformed from mainly an exporter of agricultural commodities, such as rice and coffee, to a Southeast Asian manufacturing hub.

Tainan Spinning Co., a textile company based in Taiwan that employs 4,500 workers in Vietnam, said in an e-mailed statement that the demise of TPP won't affect its plans there. "Given the company's strength and commitment, Tainan Spinning is considering further expansion in Vietnam in the second half this year," it said.

China Bashing

Few China alternatives can match Vietnam's low wages that are about a third of its northern neighbor as well as good access to ports, said Joseph Incalcaterra, Asia economist with HSBC Holdings Plc in Hong Kong. "Vietnam still looks quite good," he said.

Companies that may need to look for China alternatives include Yue Yuen Industrial Holdings, a major supplier of shoes to brands including Adidas AG and Nike Inc., according to Bloomberg Intelligence analyst Catherine Lim. Yue Yuen and textile maker Shenzhou International Group Holdings "may shift production to factories in countries such as Vietnam and Indonesia to mitigate the impact on customers" of U.S. penalties against Chinese imports, Lim wrote in a Dec. 14 report.



Yue Yuen relies on Vietnam for more than 40 percent of its production, according to a spokeswoman, thanks to its low salary costs, local government support and a skilled workforce. “We don’t expect any material impact from TPP on our decision of Vietnam production line,” the spokeswoman said.

There’s no question that TPP would have been a big win for Vietnam. Vietnam’s exports to the U.S. climbed 15 percent to $38.5 billion last year, according to Vietnam Customs. Textiles and garments account for almost 19 percent of Vietnam’s exports.

The TPP would have eliminated the 17 percent tariff on U.S. imports of garments from Vietnam, Nguyen Xuan Huy, an analyst with CIMB Securities Vietnam, wrote in a report published Monday.

The TPP would have given Vietnam-based garment makers “a major advantage in exporting their products to the U.S.,” he wrote. Without the trade deal, “that advantage has evaporated.”

Also, as Nguyen with Natixis pointed out, “Vietnam still does not have a free trade agreement with the US -- a very important trade partner and the largest economy in the world.” TPP would have reduced tariffs in Vietnam’s key footwear and garment industries.

U.S. companies in Vietnam were disappointed by Trump’s move. “The President’s action to withdraw from the TPP is bad news for American and Vietnamese companies, investors, workers, farmers and consumers,” Adam Sitkoff, executive director of the American Chamber of Commerce in Hanoi, said in an e-mailed statement.

FDI Boom

Still, there are signs that Vietnam has already made the transition to the post-TPP era. Last year, despite the announcements by Trump and Democratic rivals Hillary Clinton and Bernie Sanders against the trade deal, Vietnam continued to attract foreign direct investment in record numbers.

The country's FDI hit a record last year, growing 9 percent to an estimated $15.8 billion. Manufacturing and processing accounted for the bulk of pledged foreign investment, led by two Korean projects: a $1.5 billion investment by LG Display Co. and a $550 million investment by LG Innotek Co.

The impact of U.S. withdrawal from the TPP on LG Display's operations will be limited, the company said in an e-mailed statement on Wednesday. The decision to invest in Vietnam "was not purely based on a tariff benefit issue," the company said. "Therefore, there will not be much change in our decision on investment in Vietnam or on our business strategy there."

As part of the TPP negotiations, Vietnam's government agreed to accelerate reforms to state-owned enterprises. While the TPP is unlikely to proceed without the U.S., the government isn't going to retreat from those investor-friendly reforms, according to Vu Tu Thanh, chief Vietnam representative of the U.S.-Asean Business Council.

That should help Vietnam and other Southeast Asian countries avoid suffering from a post-TPP investment letdown, he said.

"I don't think investment in the U.S. will come at the expense of Asean," he said. "There is enough money out there sloshing around."

Source: bloomberg.com– Jan 25, 2017

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How Mexico's Textile and Apparel Industry Would be Affected by Trump's Presidency

Textiles and apparel industry in Mexico have a long and rich history: textile manufacturing in some form has existed in Mexico since at least 1400 BCE. Over the last few years, the prospects for the Mexican textile and apparel industry have looked promising.

Textile production processes in Mexico have become more advanced and efficient, and the industry as a whole has embraced innovation and versatility, introducing high-tech and protective textiles on a wide scale. At the end of 2015, the Mexican government introduced a program to further strengthen the textile and apparel industry.

The program protects the industry from counterfeit products and smuggling from Asia, and aims to provide financial support to small- and medium-sized textile businesses, which make up most (about 85%) of the industry. Many Mexican textile businesses and factories have a reputation for being safe for workers, both in terms of physical safety and labour relations.

The comparably low wages in the country and its proximity to the United States have made Mexico a popular location to outsource business. Currently, Mexico's textile and apparel industry employs 20-25% of the country's population. Mexico produces and exports more textile inputs than it does constructed textiles and clothing, but there is demand for print fabric, embroidery, and traditional Mexican textiles.

Despite these developments, as inauguration day in the United States just finished, the industry's road to further success faces a 2,000 mile long barricade: the impending presidency of Donald Trump. Trump's presidency is expected by many to have a negative effect on the production of textiles—and overall industrial production—in Mexico.

Amongst other things, the new President wants to re-negotiate or repeal NAFTA, has proposed tariffs of up to 35% on Mexican exports to the United States, and, of course, has generated a lot of discussion about his intention to build a massive border fence between the two countries.

Many in the textile industry are worried—and rightfully so. The majority of Donald Trump's trade policies and ideas (especially regarding NAFTA) do not bode well for many of Mexico's industries, including the textile industry. Over 80% of all of Mexico's exports, including the majority of textile and apparel exports, go to the United States. As president, it will be easy for Trump to almost immediately restrict trade with Mexico, making the textile industry's future murky and unpredictable.

However, all is not lost for Mexico. What Trump actually will do for trade and relations between Mexico and the US is, at present, not entirely clear, and it is even less clear whether or not he will actually be able to go through with everything he has proposed (that 2,000 mile border fence, for example, would require extensive environmental studies and legal consultation before construction could begin, and would be so expensive to build that Trump will not be able to do it without congressional authorization).

In any case, despite the changes that the new president will bring, Mexico has ways to weather the storm. Losing Mexico as a trading partner—its top export partner for textiles, in fact—would ultimately be detrimental to the US in terms of money and jobs: it exports more textile products to Mexico than Mexico does to the United States. In 2015, the US exported USD 6.5 billion worth of textiles and apparel to Mexico, while Mexico exported USD 4.5 billion to the US.

Additionally, while a trade war is ultimately not ideal, experts have suggested that Mexico may impose its own tariffs on American imports in retaliation as it did to almost 100 American products in 2009, in response to the US banning Mexican trucks from its roads to prioritize the jobs of American truck drivers.

Reportedly, Mexico has already been taking steps to strengthen its economy, lessen its reliance on textile trade with the US, and strengthen existing relationships with other trade partners. It has the opportunity to import necessary textile materials and machinery from India instead, which is looking for non-traditional avenues of trade due to fierce competition from Vietnam and Bangladesh. Trade between Mexico and India has been increasing at an average of 30% per year.

Mexico has also begun to import raw material from China for textile production instead of the US due to reduced costs. Canada and Colombia also import significant amounts of textile and apparel products from Mexico.

Predictions for the Mexican textile and apparel industry cannot be made with great certainty until Trump officially takes office on January 20th and starts putting his proposed plans into action—but the Trump presidency does not mean the end for the industry at all.

Mexico is preparing for what the next four (or perhaps eight) years will bring, and is expected to persevere. Thousands of Mexico's leading textile companies can be in your contact list if you register to join BizVibe today! Whether you are looking reliable suppliers, top textile manufacturers, wholesalers and potential customers in over 90 major countries, or finding out what your competitors are buying and which suppliers they're using, BizVibe can help you reach out to sales prospects and decision-makers in the textile industry across the globe.

Source: bizvibe.com – Jan 24, 2017

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Pakistan: Duty drawback of taxes allowed for exporters

Ministry of Textile Industry has allowed duty drawback of taxes collected from garments, home textiles, processed fabric, greige fabric and yarn manufacturing-cum-exporters units under the prime minister''s package of incentives for exporters.

The duty drawbacks under this order shall be allowed for exports GDs, filed on or after Jan 16, 2017 to June 30, 2017. Further, duty drawback of taxes under this order shall be allowed for exports GSs, filed on or after July 1, 2017 to June 30, 2018, if the exporter would achieve an increase of 10 per cent or more in exports over 2016-17 exports.

The notification issued here on Tuesday states: " In pursuance of entry 7 of item 39 of Schedule II of the Rules of Business, 1973 under the Prime Minister Package of Incentives for Exporters approved by Economic Co-ordination Committee (ECC) of the Cabinet in order to provide duty drawback of taxes collected from garments, home textiles, processed fabric, greige fabric and yarn manufacturing-cum-exporters units, the ministry is pleased to make the following order, namely "Duty Drawback of Taxes Order 2016-17."

Elaborating, the notification says that it extends to the whole of Pakistan, including Export Processing Zones. It shall come into force at once. The duty drawbacks under this order shall be allowed for exports GDs, filed on or after Jan 16, 2017 to June 30, 2017.

Further, duty drawback of taxes under this order shall be allowed for exports GSs, filed on or after July 1, 2017 to June 30, 2018, if the exporter would achieve an increase of 10pc or more in exports over 2016-17 exports. The procedures for applying for claims of shipments made during 2017-18 will be notified in the month of July 2017.

The duty drawback shall be provided to manufacturing-cum-exporting units on exports of products under specific tariff codes of the Pakistan Customs Tariff at specified rates.

The drawback shall be available only to manufacturing-cum-exporting units. The units availing the drawback shall be registered with the Ministry of Textile Industry. The unit availing the drawback shall be a registered sole proprietor, partnership or a company and shall be a member of a textiles association, registered with the Directorate of Trade Organisations, Ministry of Commerce.

The units shall furnish data and any information relating to its operations, domestic sales, accounts and exports as and when required by the Ministry of Textile Industry.

Each textile association shall be responsible for certifying the authenticity of information provided by the exporting units pertaining to application documents for claims. The association concerned shall exercise due diligence in ensuring authenticity of the documents.

Only notified executive members of the association shall be eligible for verifying the claim documents. The units shall file claims for the incentive in the form as specified this and get online verification on the form from the respective association of which the unit holds valid membership.

Submit the printouts of the form duly certified by the association and supporting documents as mentioned, within 90 days of the date of realisation of export proceeds to the field offices of the State Bank of Pakistan - Banking Services Corporations (SBP-BSC) - through nominated authorised bank. The units shall declare the association for processing claims relating to the product being exported.

The association once designated for a product by the unit shall not be changed subsequently. The authorised banks shall scrutinise the claim forms and submit the same, duly certified with an undertaking, in the form specified to this order, to the field offices of the SBP-BSC during banking hours.

The admissible duty drawback payment as approved by the field offices of the SBP-BSC shall be made by crediting the account of the authorised bank after allocation of funds by the Ministry of Finance, which shall pay the amount to the unit within 24 hours. In order to avoid delay or rejection of the duty drawback claim, the authorised banks while certifying the e-form, shall ensure that the description of the commodity is recorded in the e-form and the invoices is correct and corresponds with the nomenclature given in Pakistan Customs Tariff 2016-17.

Authorised banks, while forwarding applications for payment of drawback shall affix rubber stamp at the top of the copy of the relevant e-form with the following narration, namely: "Applications for Duty Drawback of Rs ___submitted to field office, SBP-BSC vide forwarding scheduled No. dated _at serial No.

For manual bill of exports, the unit shall affix a stamp at the top of the copy of the Goods Declaration Form (containing examiner''s report and MR dated) prescribed under the Customs Act, 1969 (IC of 1969), the following narration, namely: "Duty drawback as notified shall be claimed for this consignment."

Applications containing discrepancies shall be returned by the State Bank of Pakistan to the authorised banks within a week from the date of submission of claims for re-submitting the applications, authorised banks shall quote the reference of the "forwarding schedule" under which the application was originally submitted.

No remittance on account of foreign importer''s subsequent claims for refund of money on account of quality or short quantity, etc, shall be allowed, unless proportional amount of drawback is refunded. In case of exports against advance payments, claim for duty drawback may be lodged once the shipment of the goods has been made. Ninety days period shall be accounted from the date of shipment.

Any unit which in contravention of the provisions of this order, through acts of omission or commission, files fraudulent or false claims shall be liable to penalty of 100pc of the claim along with reversal of the claim amount. The association concerned may also become ineligible for future verification of documents.

The receipt of drawback payments shall be properly reflected in the book of accounts or balance sheets of the claimant. The appellate authority for penalties on units shall be the SBP.

Textiles associations verifying the duty drawback claims shall submit quarterly reports of verifications to the Ministry of Textile Industry with the chairman''s signature after taking printout from their online panel.

The order further states: "The federal government reserves the right to make any changes, additions, deletions and modifications in the scheme under this order which, it may consider necessary. Any interpretation or clarification required regarding the application of this order shall be made by the Ministry of Textile Industry.

The drawback under this order shall be allowed for the shipments made till June 30, 2017, it added.

Source: brecorder.com- Jan 25, 2017

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Distinctive product zones return to Intertextile Shanghai Apparel

The distinctive product zones return to Intertextile Shanghai Apparel Fabrics – Spring Edition 2017, which will run from March 15-17, 2017 in Shanghai. These zones include, All About Sustainability, Functional Lab, Premium Wool Zone and Verve for Design, all in hall 5.2, while Accessories Vision and Beyond Denim zones are in halls 8.1 and 6.2, respectively.

Hohenstein Institute, Intertek, Testex and SGS are among those returning to the Educational Zone of All About Sustainability, which will also feature an Ecoboutique display area showcasing eco-friendly garments and a Forum Space for presentations on the latest products, services and market information.

Around 300 domestic and overseas functional fabrics suppliers will feature in the Functional Lab Zone and will feature two pavilions hosted by the Gyeongbuk Natural Color Industry Institute and Dyetec, both from South Korea.

The Premium Wool Zone will see wool and cashmere fabrics exhibitors from Peru and the UK, like Aris Industrial, Beijing Vitality Textiles, Harrisons of Edinburgh, Huddersfield Fine Worsteds, Loa Hai Shing, Merino Brothers and Scabal.

The Beyond Denim Zone will have around 100 exhibitors from China and abroad, with products including denim yarn, as well as stretch, embroidered, jacquard and knit denim fabrics on offer.

Source: fibre2fashion.com - Jan 25, 2017

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NATIONAL NEWS

Textile industry demands cut in import duty on raw materials

The Rs 50,000-crore textile industry based in Northern region has sought enough provisioning for technology upgradation fund, rationalisation of duty structure on man-made fibres and lowering of import duty on raw materials used in making finished products in the forthcoming Union Budget.

According to credit rating firm ICRA, increasing the allocation under the Technology Upgradation Fund Scheme (TUFS) to a level equivalent to average of actual releases over the past 3-4 years would be beneficial for the industry in order to attract capital investments in the downstream sectors (fabric-making and apparels), thereby facilitating higher value-addition in the country.

The industry also pitched for rationalisation of duty structure on man-made fibres to enhance the sector's competitiveness globally and increase its share in the global textile trade. At present, man-made fibres attract 12.5% excise duty.

Harkirat Singh, MD, Woodland, while talking to The Tribune, said, "Being an essential item for the common man, textile items should be kept under GST with the minimum possible tax slab of 4-5%. Secondly, there are lots of raw materials like nylon and technical fibres which we wish to import from other countries and manufacture finished products here.

However, high duty acts as a deterrent and instead we import finished products. So, the government must lower the import duty to promote "Make in India" initiative.

He said tax on import of some of the raw materials was higher vis-a-vis tax on import of finished products. In Punjab, the textile industry accounts for 19% of the total industrial production and contributes around 38% of the total exports from the state. Punjab accounts for 14% of the total cotton yarn production in the country and is one of the leading exporters of yarn, hosiery and ready-made garments.

The MD of Ludhiana-based Vallabh Fabrics Ltd said, "Punjab is one of the major states for textiles. The government must allocate some textile park for the state to give fillip to the sector. In addition to this, we demand that any new scheme by the Centre should be directly transferred to the textile players rather than through the state government as it only results in delay and confusion."

Ajit Lakra, MD, Superfine Knitters Ltd., said: "Due to demonetisation, there was a considerable slowdown in consumer demand for apparels in December. So, we want some kind of relief from the government. Reduction in interest rates is a welcome step but there is a need to further lower it. Also, there is a need to cut tax rates to widen tax net. Moreover, the customs duty on capital goods of textile industry should be reduced from 20-22% to 10%."

Source: tribuneindia.com- Jan 25, 2017

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Special package for textile industry should be considered in the budget: Deepak Chiripal, Nandan Denim

Textile industry is one of the largest employers in India and contributes about 14% to industrial production, 4% to the GDP and gives direct employment to around 45 million work force. The industry has gone through lot of difficulties post demonetisation and needs special attention in the budget.

Introduction of GST, reduction of interest rates in parity with the international money market, tax rationalisation measures, and incentives for investments in innovation and infrastructure are few of the many demands from the textile industry for the upcoming budget.

It should also address concerns related to skilled workforce, labour law reforms, attracting investments in the textile sector and providing a future road map for the textiles and clothing industry. Incentives should also be considered for training workforce.

Corporate income tax needs to be lowered to 28% in the upcoming budget and lowering it further to 25% in coming years as promised by FM.

The Rs 6,000 crore package announced in 2016 for textiles and apparel sector was a step in the right direction but the industry needs lot of reforms for the revival of the growth.

A major challenge for textile industry is that it is highly capital and labour intensive sector and payback period is quite long which is many a times a big constraint for new investment in the sector.

Further the government has set a target to create another 30 million more jobs in the industry over the next three years which is possible only if special incentive schemes for new investment in textile sector are announced.

Thanks to TUFS, India has made strong strides in the fabric manufacturing sector but garmenting has still not been taken up, primarily due to labour laws and it needs special attention for the success of Make in India, an initiative launched by Government of India under leadership of the Honourable Prime Minister of India Government should consider extending TUFS for another five years or so to enable companies to avail maximum benefit.

Exports are another challenge and industry is well below its targets. We want finance minister to introduce measures which can boost our exports as India has the potential to become one of the biggest exporters in the world.

Cotton-based textile goods accounted for almost 90% of India's total textile exports of about $40 billion in 2015-16 and if supported well can take the industry to new heights.

The neighbouring countries are having duty advantage for exports to the US and EU market on selective basis. Insertion of Trans Pacific Partnership (TPP) with US has further increased the challenges for Indian textiles in the long term.

Coupled with the recent announcement of the newly elected president of the US, there are fairly good chances for protection of select countries for exports to the US which happens to be the second largest importer of Indian textiles.

And therefore, the GoI should accelerate arrangement with EU market economies to provide concessional imports into these territories to maintain competitiveness of the Indian exports. The political disadvantage to India needs be compensated in terms of money through additional benefits for the Industry to survive and grow as the largest employment generator for the national economy.

Industry also needs to upgrade its technology to meet world standards. The industry, especially the micro, small and medium enterprise sector, does not have access to capital to upgrade technology on its own. A fund should be set up for Technology Up-gradation and Innovation and support may be extended to the companies at lower rate of interest. This will help industry in improving quality of output and become more competitive.

Source: indiainfoline.com – Jan 24, 2017

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Indian Cotton Crop Estimated at 34.1 Million Bales

India is estimated to produce 34.1 million cotton bales (170 Kgs each), this season (October 2016-September 2017).

Mumbai-based Cotton Association of India (CAI) released the estimate on January 23, as the country was experiencing a steady increase in cotton price. The total available supply this year will be 40.4 million bales.

While crop production is expected to increase this year by about 300,000 bales against last year, organized sector mill consumption will decrease to about 25.6 million bales. Last year, estimated mill consumption was about 27.5 million bales.

The current year will end with a surplus of about 11.4 million bales.

Given that production will remain almost same as last year and consumption is expected to be lower, price should not see a steady rise based on demand-side economics. However, the lack of supply during the current peak arrival timeframe is the main cause for such price volatility.

CAI President Nayan Mirani has stated that the arrivals during this season are estimated to be lower than those during the same timeframe last year. There is a consensus among marketers and mill people that farmers are stockpiling kapas cotton to realize more value, which is resulting in drastic price fluctuations.

Another issue that is causing concern among mills in the State of Tamil nadu is the quality of cotton due to some mix-up with comber noil and other waste cotton, according to a technical source from a reputed spinning mill. The quality issue is also affecting the price situation in India, added the source.

The southern state of Tamil nadu is home for over 2,000 spinning mills and has to depend on other states for its cotton supply.

Source: cottongrower.com- Jan 24 , 2017

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India, Bangladesh need to increase business cooperation: Smriti Irani

Textiles Minister Smriti Irani on Tuesday emphasised on the need to increase cooperation between businesses of India and Bangladesh in areas like jute and fabrics to promote trade and investments.

Businesses of both the countries can collaborate in sectors like textiles to explore global markets, she said.

She was speaking at the Indo-Bangladesh Multi-Sectoral Cooperation International Conference.

When asked about India imposing anti-dumping duty on imports of jute from Bangladesh, she said dumping of the commodity has impacted the livelihood of farmers, lower income workers and the Indian jute industry.

The minister suggested that Bangladeshi companies that are leaders in jute diversification can cooperate with Indian jute industry and possibly explore "the world market".

Similarly, she said firms of both the sides can join hands in the fabric sector.

"Both sides can also work on the issues of standards and non-tariff barriers and jointly address,"she added.

Further, Irani talked about promoting textiles tourism and modernising infrastructure at borders to promote border haats.

Source: business-standard.com– Jan 25, 2017

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After long, cotton close to Rs 6000/quintal

The suicide-prone cotton growers of the region could look forward to 'acchhe din' this year. Raw cotton prices ruled around Rs 5700 a quintal on Monday. Experts do not rule out the prevailing uptrend continuing and rates touching Rs6000 soon.

If that happens, it will be a five-year high providing much needed relief to the ever-distressed farmer of Vidarbha. The government-fixed minimum support prize is Rs4160.

Farmers burned their fingers last year having sold the produce in a hurry at prices of Rs4000/quintal. Traders ramped up rates to around Rs5000 by the end of last season. Wiser now, farmers are playing the waiting game. So even as Sankranti, when arrivals in market are at peak, has passed only around 95 lakh quintals have come to the market.

As per figures floated by Cotton Corporation of India (CCI) and Cotton Association which track availability, this year the yield is bumper and certain to be around 450 lakh quintal. So with more than 350 lakh quintal of crop still with farmers and demonetization having slowed down the business in most of November and December, things are getting to normal now.

Traders from Gujarat have descended in large numbers in Vidarbha and are buying at farmer's doorstep. Starting from Rs5000, rates have firmed up to Rs5700 a quintal.

"The demand is high this time from Bangladesh and Pakistan that have developed into large textile, garment markets for the world. Also, rates of cottonseed and cake used as cattle feed have gone up benefiting the entire business," explained N P Hirani, chairman of the Maharashtra Cotton Growers Cooperative Marketing Federation.

"Indeed the demand is high and sentiment firm in open market," confirmed Kishore Tiwari, chairman of the task force to address farm distress in 14 cotton-growing districts of Maharashtra. "CCI has now opened procurement centres and is paying Rs5400 a quintal in race with private traders who have cornered all supplies so far," said Tiwari.

"At Rs6000 a quintal, cotton growers can make some money. Anything less than that is a losing proposition," said Hirani pitching in for farmers. "In fact, like Gujarat, which pays a bonus amount over and above the MSP, Maharashtra should also chip in to protect its farmers," he said. For years, the federation ruled the roost in state but now their procurement centres are deserted as farmers prefer open market where private traders offer much more than the MSP at which federation purchases.

Source: timesofindia.com- Jan 25, 2017

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As an industry, fashion will strut its stuff

Currently, fashion is not considered an industry, despite the fact that its contribution to GDP is high and this sector is one of the topmost employment generators in the country at the moment. But still, the sector is meted out step-motherly treatment.

If the government wants to realise the true potential of this sector, a special department should be established under the textiles ministry, including the handloom and handicraft sector, that will look into issues being faced by the booming fashion sector in the country.

A small push by the government can work miracles and will help the industry step up its game in the future.

Cut taxes

It is high time the government starts promoting Khadi and handloom products, especially handicraft.

Currently, this sector invites a small amount of tax, which, if suspended, can do wonders for the sector. Also, the sector should be provided a fillip by promoting the sale of such products through the tourism industry as hand works such as Kanchivaram, Patola and Chikankari are going extinct and the government should do enough to protect this traditional textile craft and stop such artisans from abandoning their professions.

Introduce scholarships for artisans

Create a kind of scholarship or a corpus fund for the children of artisans and help them keep alive age-old family traditions. If handholding is done by the government and the artisans are stopped from leaving their family businesses, it will help the country preserve this lost art. Also, proper education will mean that the products could be marketed well and presented in a way that can capture the current market and will give a much-needed boost to this sector.

Handlooms over powerlooms

The demand for Indian handmade products is very high in the international market, but there has been a tectonic shift among artisans who are now adopting powerlooms over the traditional handloom as the former is highly subsidised. But in this process, it is the industry that is facing flak from consumers as the finished products from powerlooms fail to impress. As a result, the market for such products shrinks.

Need for more NIDs

There are only 11 National Institutes of Design for a population of 1.3 billion and it is high time the government takes note of this sector and promotes more design schools to cater to the rising demand for a workforce in the textile industry. Vertical integration of these institutes with the industry in future will pave the path of glory for the fashion industry, that is growing exponentially in the country.

Source: bangaloremirror.com- Jan 25, 2017

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India-EU FTA to benefit apparel sector: Report

A free trade agreement with the European Union (EU) besides rationalisation of taxes and duties would help in promoting the growth of India's apparel sector, says a report.

The CII-BCG report also suggested that the state governments should promote infrastructure with plug and play facilities. "Duties and taxes must be rationalised to avoid inefficiencies and high energy and overall costs.

A power subsidy, inclusion of power charges under GST, and similar rates for both cotton and synthetic products are recommended," the report said.

It said industry should engage in driving productivity through extensive training and investments in process improvements and automation. The report "strongly calls for a free trade agreement with the EU.

An added provision could be to treat the poor states of India on a similar basis as least developed countries," the report added.

India and EU are negotiating a free trade pace since June 2007. The talks were stalled on several issues including IPR.

It also said that rebranding is essential, accompanied by focused marketing interventions such as global roadshows.

Companies should invest in product development and in cutting edge innovations, it said.

Source: moneycontrol.com- Jan 25, 2017

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India will wait & watch US move on TPP, says Commerce Minister

India will watch how things pan out following US President Donald Trump's decision to get out of the ambitious Trans-Pacific Partnership (TPP) agreement with eleven other Pacific-rim countries, including Japan, Australia, New Zealand and Canada, as it was never a part of the pact, Commerce Minister Nirmala Sitharaman has said.

"What the new US administration is doing is probably what they had said they would do during the election campaign. We can only watch as we are not part of the TPP," Sitharaman replied when asked by the media to comment on the development on the sidelines of a CII event to promote services trade.

While the US decision to exit TPP may not directly affect India, it could have ramifications on trade pacts being negotiated by the country such as the RCEP deal with the 10-member ASEAN and five others, including China and bilateral pacts with Australia and New Zealand, a Commerce Department official told *BusinessLine*.

"We will have to see how the negotiating strategies of other countries change because of the US walking out of the TPP. Our reactions have to be carefully measured," the official said.

The Minister also said that India was working on a formal proposal on a pact on Trade Facilitation in Services (TFS) and hoped to submit it at the World Trade Organisation before the next Trade Ministers' meeting in Buenos Aires in December.

Services exhibition

Speaking at a curtain raiser for the Global Exhibition on Services scheduled in April, Sitharaman said the manpower advantage that India had would help scale up the sector.

As many as 400 buyers from 70 countries are expected to participate in the four-day event beginning April 19.

There would be around 600 delegates represent 20 services sectors. The three new areas being added are retail and e-commerce, sports services and Railway services.

Source: thehindubusinessline.com - Jan 25, 2017

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Welspun interested to invest and join Ethiopian textile industry

Welspun India, textile manufacturing company from India which has presence in home textiles, line pipes and infrastructure, shows interest in making investment and joining the Ethiopian textile industry.

The company's chairman, B. K. Goenka after discussions with Hailemariam Dessalegn, Prime Minister of Ethiopia, on the sidelines of Davos World Economic Forum disclosed.

Welspun also has plans to acquire a shade in one of the industrial parks and commence textile production. Goenka noted, the attention given for the construction of industry parks by the country has made him consider investing in Ethiopia.

Speaking at the occasion, the Chairman explained that he realized the favorable investment environment for the textile industry in Ethiopia.

Source: yarnsandfibers.com - Jan 24, 2017

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