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CHAIRMAN'S MESSAGE



Dear Friends,

As the 1st fortnight of the new fiscal year ended, export data for the fiscal year 2015- 2016, in the form of quick estimates were published by the Ministry of Commerce.

The export data showed an overall decline in exports for the 16th consecutive month. Exports of Textiles & Clothing during the fiscal year 2015- 2016 reached US\$ 35.44 billion, slightly lower than US\$ 35.96 billion during fiscal 2014-2015, declining by around (-) 1.46%.

Exports of cotton textiles with which we in the Council are concerned, declined by (-) 6% due to a decline in exports of cotton yarn and fabrics.

While the decline in textile exports is a cause of dismay all round, a bright spot in these gloomy times was a recent report published by the Labour Bureau stating that the maximum employment during the year 2015 was generated in the Textile & Clothing sector. This data vindicates the claim that our sector continues to be well poised to create mass employment in the country compared to other sectors like Auto and IT sectors and needs to be encouraged with higher policy support by the Government.

Another important development during the fortnight under review was a meeting of the Indo - EU Joint Working Group (JWG), which took place on 13-14 April at Brussels. Executive Director, Texprocil was a member of the Indian Delegation which was led by Ms Sunaina Tomar, Joint Secretary, Ministry of Textiles.

The meeting was successful as the Indian delegation put forth its strong views on granting of preferential access to Pakistan under the GSP+ scheme which was distorting trade as India had also lost business to Pakistan in 19 textile and 18 clothing items during the previous year on account of the discriminatory tariff regime practiced by the European Union.

The EU side appreciated India's concern but stated that preferences were given to Pakistan on fulfillment of certain criteria. They suggested that the only alternative for India was to negotiate a Free Trade Agreement (FTA) with the EU at the earliest.

Friends, we at the Council are pushing for an early FTA between India and EU but the other sectors like Automobiles remain opposed

CHAIRMAN'S MESSAGE

CONTINUED FROM PAGE 1

to it as they do not expect much gain from the agreement.

We hope better sense prevails and the Indo - EU FTA gets signed at the earliest.

Another important development likely to impact global trade in cotton textiles is the announcement made by the Chinese Government that they will be commencing sales of the cotton reserves Held by them from May 3, 2016, upto 31 August, 2016. The country plans to auction about 2000 Mn kgs during this period, which is almost equal to total shipments expected this season from American growers. Even though the cotton quality would have worn off on account of storage for long periods, yet it will be found useful in production of cotton yarn below 40s Counts.

Added to this are reports that yarn output from the Xinjiang area in China increased by 54% as the large spinning projects put up or acquired by companies like Shandong Ruyi , Fuli Zhenlun, Texhong Jiye, Litai Silu are commencing operations.

There is also growing evidence that the Chinese companies producing yarn in Vietnam have increased their production and consequent exports of cotton yarn from Vietnam

to China have also recorded steady increase, thereby posing threats to Indian exports of yarn. Vietnam's exports of textile products to China have shown an increase of 18% in 2015.

Friends, as can be seen, considerable structural changes are taking place in the Chinese economy. Exports of Textiles and Clothing from China have also declined for the first time in six years in 2015 by 5% reaching a level of US\$ 286.8 billion. During the first two months of the present year, exports have declined by 16%.

This decline is explained partly on account of slowdown in Europe and South East Asia's sluggish growth. Another factor is the soaring labor costs, which many believe is primarily responsible for deflating exports and not the temporary external factors. Wages in China have doubled in the past five years. Monthly wages in the Shanghai region were about US\$470, in fiscal 2014, about three times higher than in Hanoi, Vietnam.

The Trans- Pacific Partnership (TPP) Agreement with it's attraction of duty free imports into USA and the "Yarn Forward Rule", is pulling in investments into Vietnam. Japanese Companies like TORAY are shifting

their production base to Vietnam from China in anticipation of the ratification of the TPP Agreement by the signatory countries.

All these trends should serve as "warning bells" for India's exports of textiles and even clothing. It is quite clear that a "business as usual", approach may not stand the test of time anymore as the dynamics of the world trading environment are changing in fundamental ways.

We need to think "out of the box" and become more creative in terms of product- mix and marketing strategy. We should seek joint collaborations and intensify our engagements in investment related activities in manufacturing, distribution and brand building.

Friends, the time has now come for all of us to depend on our own entrepreneurial ingenuities and abilities and look towards the Government for assistance only occasionally.

To a large extent, we have to help ourselves. The earlier we recognize this reality, the better it will be for all of us.

R K Dalmia
Chairman

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COVER STORY

China set to release Cotton reserves



The National Development and Reform Commission of China (NDRC) has announced that the State cotton reserve sales will commence from May 3, 2016 and last until August 31, 2016.


TEXPROCIL E-NEWSLETTER

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Highlights of the cotton auction policy are:

- The total selling volume will be no more than 2,000 million kgs.
- Daily auction volume will be capped at 30 million kgs.
- The base selling price is set at the average price of International cotton price (Cotlook A index) converted to RMB price (landed, duty and vat paid) & Domestic Cotton price (CN Cotton Index).
- Base selling price will be adjusted on weekly basis.
- In principle, State reserve will be sold during March – August every year.
- Reserve cotton procurement by the State in subsequent years will be based on the selling

volumes and the supply/demand in the season. In principle, the reserving volume will be no more than 30% of the selling volume of previous season.

- Volume of auction / stock will be increased or decreased depending on the market demand.
- Reserved cotton will be re-inspected and the problems like underweight and inferior quality will be compensated suitably.

Potential impact on Cotton and Cotton Yarn market:

Even though the Cotton reserves have been stored in State warehouse for years and the quality of cotton is likely to have degraded but according to reports it will still be good for the production of cotton yarn below 40s. Price of reserve cotton that is able to produce carded 21s and 32s is likely to be low based on the auction pricing scheme.

COVER STORY (CONTD FROM PAGE 3)

China set to release Cotton reserves

- **Impact on Chinese domestic market**
- ❖ Quality of reserve cotton may not be suitable for producing medium-to-high count cotton yarn.
- ❖ Volume of imported cotton yarn is expected to decline.
- ❖ Spot market prices of imported cotton yarn in China is expected to decline in tandem with decreasing demand for imports.
- ❖ Quality of domestic cotton yarn may decline to some extent on account of an inferior quality of reserve cotton.
- **Impact on International suppliers**
- ❖ Price of Indian cotton yarn may not decline much

owing to stable local demand and diversification to other markets.

- ❖ Pakistani cotton yarn may not drop too much with reducing cotton production.
- ❖ Vietnamese cotton yarn prices may decline in China owing to its high dependency on Chinese market.

Outlook for the year 2016-17

China will continue to be a net importer of Cotton and Cotton Yarn, albeit in a lesser volume compared to the previous year. It is expected that the price difference between domestic yarn and imported yarn will narrow down thereby putting pressure on prices, particularly on Indian suppliers.

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PRESS RELEASE

Despite being the largest employment generator textile sector not given required impetus – CHAIRMAN, TEXPROCIL

In a statement issued today, Shri R K Dalmia, Chairman Texprocil stated that even though the textile sector was in the forefront of creating employment in the country, “the cotton textiles business is fast losing its market share worldwide.” Drawing attention to a report of the Labour Bureau published recently, Shri Dalmia stated that it was a matter of abundant satisfaction that the textile industry – one of the oldest industries in India - was at the forefront of creating maximum employment in 2015 as compared to other sectors like Auto and IT.

He said that more employment can be generated provided the government gives greater priority to the needs of the textile sector and recognizes its huge potential by giving timely impetus in terms of policy support. Some of the issues relating to exports such as cost of funds and adverse impact of preferential access given to competing countries need to be addressed on a war footing.

The Chairman stated that it was a matter of deep concern that India has already lost market share to Pakistan in 19 textile and 18 clothing products during 2013-14 due to the preferential

access extended by EU to that country under the GSP Plus Scheme. If urgent action is not initiated to address the issue then India stands to lose its market share in many more items.

This has happened entirely due to the duty free access given to Pakistan while Indian exporters were paying a duty of 9.6% for made-ups and garments and 6.5 - 8% in fabric items.

According to Shri Dalmia, the signing of the Indo-EU FTA at the earliest would help the textiles sector gain immensely in terms of market access. However, he expressed his concern at the slow progress of the negotiations being made on this FTA and urged the Government to revive the talks under the Indo-EU FTA and conclude it at the earliest, if need be as a separate sectoral agreement.

Recognising exports as a priority lending sector and including cotton yarns in the MEIS and interest equalization scheme are a few other key issues that need to be addressed to keep up the momentum in exports which will further lead to employment generation.

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SPECIAL FEATURE

Increasing yarn output in Xinjiang Province

Xinjiang is the major cotton producing Province and also an important centre for maintaining State reserves of cotton. There has been a spurt in new spinning capacity build-up in Xinjiang over the past few years mainly due to attractive incentive schemes. Some of the new spinning mills are being set up by companies like, Shandong Ruyi, Fuli Zhenlun, Litai Silu, Texhong Jiye and Bazhou Jinfu.

Apart from attractive incentives, availability of stock as well as fresh cotton at their doorsteps, Spinners in Xinjiang are all geared up to substantially increase their output. It is reported that Cotton yarn output in Xinjiang was 550 million kgs in the year 2015 at an average output of 46 mn kgs per month, recording a growth of 54% over the previous year.



A few more large scale spinning Mills are under construction and are likely to commence production by the end of the current year. Considering the subsidised cost of production in the Province and transport subsidy granted to move yarn to weaving and knitting centres in East China, one can anticipate declining trend in the domestic cotton yarn prices and consequent impact on cotton yarn imports.

1 million textile jobs to be created by 2023 in the autonomous region

According to the regional government's 13th Five-Year Plan (2016-2020), Xinjiang is expected to become a key hub for textile production. It will also extend the industry chain from cotton spinning to making garments. By 2020,

Xinjiang is expected to produce about 500 million garments annually and create more than 600,000 jobs.

Aksu, in southern Xinjiang, will become one of three textile cities in the region, the plan for 2016-2010 said. It also will encourage residents to start their own

textile workshops to make traditional ethnic clothing and carpets.

Xinjiang fits into Beijing's larger vision of shifting labor-intensive industries such as textiles out of the Pearl River Delta and into the interior. China is putting less value on being "the world's workshop" amid labor shortages and competitive pressures from Southeast Asia.

The textile hub is also a key initiative in President Xi Jinping's Belt and Road Initiative, which seeks to link development from western China to Central Asia and onward to Europe.

Cotton to garments

More than 60 percent of China's cotton crop is grown in Xinjiang. It's a major advantage for companies that process the fiber into cotton thread to be close to supplies. The automated spinning factories also benefit from

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EXIM POLICY
at TEXPROCIL GREIVANCE REDRESSAL CELL
email: ravikumar@texprocil.org

SPECIAL FEATURE

Increasing yarn output in Xinjiang Province

electricity prices around half those in coastal provinces.

Spinning needs relatively few workers. Creating 1 million textile jobs will require a build-out of the entire industry chain, from dyeing to weaving to garment production. And that poses a far greater challenge than attracting more spinners.



Belt and Road Initiative

The president's Belt and Road Initiative, announced in late 2013, aims to restore China's old maritime and overland trade routes. Xi has said he hopes to increase trade with more than 40 countries to \$2.5 trillion within a decade.

Xinjiang is at the heart of the new Silk Road into Central Asia. China is making huge investments in new railways running from eastern China through Xinjiang to Central Asia and on into Europe.

That should eventually cut transport times to some markets by weeks, giving Xinjiang companies an edge over manufacturers relying on ocean freight.

By subsidizing transport, staff training and insurance, and offering generous support for financing, Beijing's efforts to build a textile hub in Xinjiang could counter the tide of textiles investment pouring out of the country.

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email: ravikumar@texprocil.org

TRADE NOTICE **EServe No. 37 of 2016** **Dated: April 06, 2016** **To: The Members of TEXPROCIL**

Sub.: Combined Indian Textile & Clothing Exhibition in Bangladesh during May 2016

Dear Member,

We have been informed by SRTEPC that they are organising "INTEXPO BANGLADESH", Dhaka on 30 & 31 May, 2016.

This stand alone Exhibition is organized in association with the High Commission of India in Dhaka and with the support of the Ministries of Commerce & Industry and Textiles, Government of India and also be supported by the leading Trade Bodies of Textiles & Clothing in Bangladesh.

Bangladesh is the second largest Apparel exporting country in the world, next only to China. Readymade Garment Industry (RMG) in Bangladesh, which is a fast growing market for textiles, has been a meteoric rise from 30 enterprises in 1980 to about 6000 in 2014-15 fiscal year.

Members interested to participate in this event may please

contact SRTEPC at below mentioned co-ordiantes under advice to us:

Mr SrijibRoy, Additional Director

The Synthetic & Rayon Textiles Export Promotion Council (SRTEPC)

Resham Bhavan
78 Veer Nariman Road,
Chuchgate, Mumbai – 400 020

Tel : 0091-22-22048797 / 22048690

Fax : 0091-22-22048358 / 22810091

E-mail : tp@srtepc.in ; srtepc@srtepc.in

Regards,

N. Ravindranathan
Director

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TRADE NOTIFICATION

MEMBERSHIP SATISFACTION SURVEY

Dear Member,

The Council has recently obtained ISO-9001:2008 Certification. As part of the ISO documentation concerning 'Customer Satisfaction' we are seeking feedback from our Members on the services offered by the Council. Accordingly kindly fill in your complete information below and respond to the questions below by tick (✓) marking appropriate response in the space provided or with suggestions in brief wherever necessary. We value your association with us and prompt feedback.

COMPANY INFORMATION

Name of the Company	:	
Contact Person & Designation	:	
TEXPROCIL Membership (RCMC) No.	:	
Email Address & Website	:	

1) Kindly rate the following services offered by Texprocil on rating of 5 to 1. in order to serve you still better.*
 5= Excellent, 4=Good, 3 = Satisfactory, 2 = Needs Improvement., 1 = Not Availed (N.A.)

Membership	Rate Here	Trade Development	Rate Here	Trade Promotion	Rate Here	Trade Services	Rate Here	Trade Intelligence	Rate Here
Procedure for New Membership	<input type="text"/>	Publication: E-Newsletter	<input type="text"/>	Intl. Fairs & Events	<input type="text"/>	Certificate of Origin	<input type="text"/>	Interactive Website	<input type="text"/>
Membership Renewal	<input type="text"/>	E-serve	<input type="text"/>	Seminars & Workshops	<input type="text"/>	Grievance Redressal Services	<input type="text"/>	E-News Clippings	<input type="text"/>
RCMC Amendment	<input type="text"/>	Circulation Trade Enquiries Award	<input type="text"/>	MDA/MAI Schemes	<input type="text"/>	Information on Exim policy/Amendment DBK	<input type="text"/>	Information Disseminated	<input type="text"/>

2) a. Are you generally satisfied with the services actively availed by your company and marked above? Tick (✓)	YES	<input type="text"/>	NO	<input type="text"/>
b. If you have replied 'no' above, please suggest how the Council can improve the services (use additional sheet if required)	Suggestions:			

3) How is your company benefitting from the Exhibitions / BSMS being organized by the Council? Tick (✓)	Accessing new Markets	<input type="text"/>	Generating additional business	<input type="text"/>
<i>Others (Pls. Specify):</i>	Making new Contacts (Trade Enquiries)	<input type="text"/>	Any Others	<input type="text"/>

4) How is your company benefitting from the Export Facilitation services being provided by the Council?	Information on Export Policy / Procedures	<input type="text"/>	Responses to various EXIM queries	<input type="text"/>
<i>Others (Pls. Specify):</i>	Redressal of Trade related grievances	<input type="text"/>	Any Others	<input type="text"/>

5) Have you recommended TEXPROCIL Membership to other companies? Tick (✓)	YES	<input type="text"/>	NO	<input type="text"/>
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6) Do you have any other suggestions to offer regarding TEXPROCIL Member Services? (use additional sheet if required)	Suggestions:			
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*Kindly ignore this feedback form, if you have already responded.

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**TRADE
NOTIFICATION****TEXPROCIL MEMBERSHIP
ANNUAL RENEWAL SUBSCRIPTION**

The annual renewal subscription amount for the financial year 2015-2016 (due from 1st April, 2015) is as follows: -

- 1) **MEMBER EXPORTER** - **RS. 11,450/- (MEM FEES 10,000 + S. TAX 1,450)**
 2) **REGISTERED TEXTILE EXPORTERS (RTE)** - **RS. 5,725/- (MEM FEES 5,000 + S. TAX 725)**

Special Discount: Texprocil is announcing a special discount scheme for those who wish to renew their membership for a period of 3 or 5 years as follows:

Period	Membership Fees		Discount Slab	Discounted Fees		Benefit to Exporters	
	RTE	Member		RTE	Member	RTE	Member
For 3 years	15,000	30,000	10%	13,500	27,000	1,500	3,000
For 5 years	25,000	50,000	15%	21,250	42,500	3,750	7,500

[RTEs and Members have to pay service tax on the discounted amount at the rate of 14.5%.]

Note for Members:

Members are also requested to submit the CA Certificate as per the format given below certifying the Export Turnover for the financial years 2013-2014 & 2014-2015 i.e. the amount of actual FOB value of exports of Cotton Textiles excluding Readymade Garments and Handloom Textiles.

Members may note that the eligibility criterion of annual export turnover is minimum Rs. 2 Crore. Those not fulfilling the criteria will automatically be renewed as RTE i.e. Registered Textile Exporter.

RTEs are not required to submit the CA certificate.

Format of Chartered Accountant Certificate to be submitted by Members only:**CHARTERED ACCOUNTANT CERTIFICATE
(on C.A.'s Letter Head)****TO WHOMSOEVER IT MAY CONCERN**

This is to certify that M/s. _____ (Name and full address of the Member) having IE code No. _____ have exported Cotton / Cotton Yarn / Cotton Fabrics / Cotton Madeups (Excluding Handloom Items / Readymade Garments and Silks, etc.) during the financial year 2013-2014 & 2014-2015 as follows:

Sr. No.	Description	2014-2015 (Rs. FOB Value)	2013-2014 (Rs. FOB Value)
1	Cotton		
2	Cotton Yarn		
3	Cotton Fabrics		
4	Cotton Made-ups		
	TOTAL		

(Stamp & Signature of Chartered Accountant)
 (Membership No. of Chartered Accountant)
 (Firm Registration No. of Chartered Accountant)

PLACE:

DATE:

Note to Members & RTEs whose RCMC is expiring on 31.03.2015:

Please apply immediately for renewal of RCMC with the following documents:

- [1] Copy of your Import-Exporter Code (IEC)
- [2] In case of Manufacturer Exporter, a copy of Manufacturing Licence
- [3] In case of changes in Partners, a copy of revised deed of partnership
- [4] In case of changes in Directors, a copy of Form 32/DIR-2 or Board Resolution for those who have resigned or newly appointed.

(For any further queries please write to Mrs. Smita Dalvi on email : smita@texprocil.org)