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IBTEX No. 61 of 2017 Mar 24, 2017

USD 65.45 | EUR 70.49 | GBP 81.70 | JPY 0.59

Cotton Market

Spot Price (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
20318	42500	**82.81**
Domestic Futures Price (Ex. Gin), March		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
21540	45057	**87.79**

International Futures Price

NY ICE USD Cents/lb (March 2017)	77.27
ZCE Cotton: Yuan/MT (May 2017)	15,790
ZCE Cotton: USD Cents/lb	**85.22**
Cotlook A Index – Physical	**86.85**

Cotton guide: Cotton price continues to trade sideways both at domestic and global markets for the past one week. The domestic cotton price is trading close to Rs. 44,000 per candy while the future contract for March is hovering in the broad range of Rs. 21400 to Rs. 21800 and on Thursday the same underlying ended the session at Rs. 21650 lowered from its intraday high. From the supply front the daily arrivals continues to lower.

On Thursday the arrivals were only 131,000 lint bales including 35,000 from Gujarat and 50,000 from Maharashtra. In the entire week the average daily arrivals have been around 140,000 bales lower by at least 30,000 bales from the last week's average. This has been supporting cotton price to trade positive. Although demand is only hand to mouth market is holding steady to positive. However, coming to futures price performance market has been taking cues from both domestic spot market and the ICE futures price performance.

From the global front ICE cotton for May contract is trading near 77 cents per pound. On Thursday the same ended the session at 77.27 and this morning the counter is trading at 77.29 cents per pound. Currently market is hovering in the lower trajectory while holding the strong support at 76.50. Likewise, on the higher side the resistance is at 78.20.

We believe in the near term market may continue in the defined range while any fresh move shall be noticed only if the speculative positions may their movement of trade. As stated in our previous report the open interest (aggregate) has declined a tad from the last week which pulled the cotton price lower and believe shall notice the movement of OI very critically which will decide the fresh trend of cotton. Nonetheless, while only observing the price performance and behavior we believe market is likely to breach the suggested support levels and move towards 75 zones. In another perspective the unfixed on call sale position as of latest report released by CFTC on 17th of March suggesting has increased to 119,291 contract higher by 1% from the last week's figure. This could be the factor which is not letting cotton price to fall so much as the millers in the US and globally are now effectively booking their contracts at higher price.

Further on the news from the US about the weather scenario: According to the latest US Drought Monitor map for the week ended March 21, soil moisture levels deteriorated across most of the cotton belt. The greatest decline was reported in Texas, where the unseasonably hot, dry, windy weather has increased soil moisture evaporation rates. Nearly all of West Texas was rated 'abnormally dry' as of March 21.

Export sales figure: During the week ended March 16, net export sales registrations of upland cotton for shipment during the current 2016/17 season amounted to 328,200 running bales. Increases were reported for China (98,100, including 900 switched from Japan and a decrease of 100), Vietnam (63,800, including 900 switched from Japan), Turkey (53,900, including a decrease of 100), Indonesia (29,800, including 1,800 switched from Japan and 700 from Thailand) and India (27,300). Reductions were reported for Brazil (4,400) and Japan (1,900). For 2017/2018, net sales of 201,300 running bales were reported for Thailand (56,700), Indonesia (54,100), China (39,600) and Pakistan (11,900).

Overall on today's trading session we expect Cotton for May ICE contract to trade in the range of 76.80 to 77.50 cents per pound. Likewise, the MCX cotton future for April contract is to move in the range of Rs. 21350 to Rs. 21620 per bale.

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

NEWS CLIPPINGS

	INTERNATIONAL NEWS
No	**Topics**
1	EU Mulling Duty Increase on U.S. Women's Jeans
2	Bulgaria's economy: a tale of extremes
3	Europe: Textile workers: the human cost of cheap clothes
4	Pakistan: Textile, clothing exports drop 2.5pc
5	USA: 2016/17 US cotton crop to be largest since 2012/13
6	Garments training institute to be set up in Pakistan
7	Despite govt support, Pakistan's textile industry lags behind
8	UK's National Living Wage to be £7.50 from April 2017
9	Bangladesh: Surge of apparel export to newer markets
10	The South Korea-US trade agreement turns five
	NATIONAL NEWS
1	India Sourcing Fair to open in Lanka tomorrow
2	Textile scrips rise on revival in sentiment
3	There's cotton aplenty, so why are mills importing fibre?
4	NITI Aayog suggests strategic divestment in 12 PSUs: Report
5	Market consolidation keeps growth hopes alive for home textile exporters
6	Package for powerloom sector on April 1: Irani
7	Tiruppur garment cluster hopeful of meeting export target
8	GST will make exports competitive, says Nirmala Sitharaman
9	India wants to hasten talks on proposed global services pact
10	Jobs impact of 'Make In India' under review
11	E-fashion industry to grow four times by 2020: Report
12	Warehousing companies part of JNPT's new plan

INTERNATIONAL NEWS

EU Mulling Duty Increase on U.S. Women's Jeans

The European Commission is proposing to increase from 0.45 percent to 4.3 percent, effective May 1, the EU's retaliatory duty on women's and girls' jeans classified under HTSEU 6204.62.31 that are made in the United States. This duty was 26 percent during the year beginning May 1, 2013, but was lowered to 0.35 percent during the year beginning May 1, 2014, raised to 1.5 percent during the year beginning May 1, 2015, and again lowered to 0.45 percent during the year beginning May 1, 2016.

The additional duty on jeans is part of a continuation of sanctions authorized by the World Trade Organization in retaliation for the United States' failure to fully comply with a WTO ruling against the Continued Dumping and Subsidy Offset Act of 2000.

Commonly referred to as the Byrd Amendment, this law allowed the U.S. to distribute antidumping and countervailing duties collected on foreign-made goods to affected domestic industries. The law was found to violate WTO rules and subsequently repealed, but distributions were allowed to continue for cases initiated prior to the repeal.

In response, the WTO allows each affected country to raise its tariffs on goods imported from the U.S. in direct relation to the amount of AD and/or CV duties on goods from that country that were distributed during the previous year.

When the amount distributed in 2012 with respect to EU goods spiked, so did the value of U.S. exports the EU could target, prompting Brussels to add women's and girls' jeans to the retaliation list for 2013 and impose an additional 26 percent duty. However, distributions decreased substantially in 2013 and have remained lower every year since, resulting in varying but fairly modest retaliatory duties.

Sandler, Travis & Rosenberg, P.A., has been actively working since the EU originally imposed the retaliatory duty on jeans to obtain relief for affected U.S. manufacturers.

For example, the United Kingdom's customs and tax department accepted a legal argument crafted by ST&R attorney Elise Shibles that certain jeans, despite being made of denim as that term is used in the apparel industry, do not fall within the legal definition of denim under the Harmonized Tariff Schedule because the dye used to make them is not colorfast.

The alternative classification of the subject jeans is only subject to the basic 12 percent tariff.

Source: strtrade.com- Mar 24, 2017

HOME

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Bulgaria's economy: a tale of extremes

Bent over the machines for hours with headphones to block out the whirring noise, textile workers in Bulgaria, which holds elections Sunday, earn a pittance even after 10 years of EU membership.

"We sew more cheaply here than in China," industry association chief Radina Bankova shrugged in her factory in the northern town of Lovech as her employees cut, stitched and sewed.

The women working here produce high-end clothes for a German fashion brand but with monthly salaries starting at 230 euros ($250), they are unlikely to be able to afford to buy what they are making.

And ahead of the third parliamentary election in four years in the European Union's poorest country, they are not expecting any improvement to their lives any time soon.

"I don't care about politics. Whoever comes, it's all the same. I commute here and I am happy to have a job, as low-paid as it is," said a Roma woman in her 50s employed at the factory.

"We work from 8 am to 5 pm with one half-an-hour break five days a week for the minimum wage. If there is a big order to finish, we also work Saturdays without additional pay," said another worker in a textile company from the town of Dupnitsa.

"Nobody dares to say a word for fear of being sacked."

The textiles and clothing sector was a major employer under communism and 25 years after the advent of democracy it remains the second largest employer, after the state, with about 100,000 workers.

Salaries have improved in recent years but not by much. Workers in similar sectors such as construction, hospitality and farming also earn around 300-400 euros per month.

Bulgaria's average monthly salary is 500 euros, the lowest in the EU, around half the bloc average, and a fraction of what workers earn in western Europe.

This has put many people off working, leading to a slump in labour force participation rates, and prompted over three and a half million Bulgarians to emigrate since 1990.

In 2016 alone, 30,000 young and highly educated workers upped sticks, taking advantage of the ability to work anywhere in the 28-country EU.

Out of an economically active population of 4.7 million only 2.9 million people work, with the majority of the rest being long-term unemployed or not looking to find a job.

But there are also some bright spots, as can be seen in the spacious and peaceful offices of US software company EPAM in downtown Sofia where rows of people work in front of computers.

The sector, which employs 40,000-50,000 people, contributes some 3.5-4.0 percent of Bulgaria's economic output -- twice that of textiles despite half the number of employees.

The average salary in the sector is 1,400 euros per month but industry sources say that top professionals with niche or very specialised qualifications can earn 10 times that.

"(They) can negotiate the same conditions in Bulgaria as in any other Western country in terms of net salary, if you take into account the lower cost of living here," EPAM Bulgaria director and Outsourcing Association chairman Stanimir Nikolov said.

Together with other booming areas like auto parts, Bulgaria's IT and outsourcing sector has attracted billions of euros in foreign direct investment in recent years.

They helped Bulgaria to notch up economic growth of 3.4 percent in 2016, one of the highest rates in the EU.

But putting many investors off is the high level of corruption.

"Decisive action needs to be taken to unburden the economy from monopolisation, cartels and corruption," analyst Evgeni Daynov said.

Source: thedailystar.net - Mar 24, 2017

HOME

****

Europe: Textile workers: the human cost of cheap clothes

More than 1,100 workers were killed and 2,500 injured when a building housing several clothes workshops collapsed in Dhaka, Bangladesh, nearly four year ago. The tragedy drew attention to working conditions in the sector. Parliament's development committee has adopted a report calling for new legislation to ensure that the clothes and textiles we buy are not produced at the expense of the workers. Watch our video to find out more.

The global clothing trade is worth €2.86 billion and employs more than 75 million people. Asia accounts for 58.4% of world clothing and textile exports, as it is very cheap to produce clothes there. More than 70% of EU imports of textiles and clothing come from Asia.

However, the constant search for lower prices and shorter delivery timeframes can sometimes result in dangerous and harsh conditions for workers.

The Rana Plaza disaster in 2013 drew attention to the working conditions in the sector and has launched a series of initiatives, many of them at national level or on a voluntary basis..

The own-initiative report adopted by the development committee on 21 March calls on the European Commission to propose that European companies outsourcing production to countries outside the EU would be made responsible for checking that all of their supply chain respects OECD guidelines and international standards for human and social rights.

Report author Lola Sánchez Caldentey, a Spanish member of the GUE/NGL group, said: “If we do not have a mandatory framework that makes it clear how businesses are meant to act, then we will never see a real commitment to respecting workers’ labour rights, human rights and social rights.”

The report also proposed other measures, such as incentives and special labels for textiles that are produced in a sustainable manner. All MEPs are expected to vote on it during the plenary session on 26 April.

Source: eureporter.co - Mar 23, 2017

HOME

****

Pakistan: Textile, clothing exports drop 2.5pc

Textile and clothing exports fell 2.53 per cent year-on-year to $1 billion in February, mainly driven by lower proceeds from raw material and low value-added products such as cotton yarn and fabrics, the Pakistan Bureau of Statistics said on Wednesday.

The decline in export proceeds was also evident in rupee terms. However, exports of value-added products grew during the month, both in terms of value and quantity.

Product-wise details show that exports of readymade garments rose 5.3pc while that of knitwear grew 2pc in February. Exports of bed linen edged up by 2.7pc while those of towels fell 3.9pc in February.

In primary commodities, exports of cotton yarn witnessed a year-on-year decline of 11.5pc, while those of cotton cloth and yarn (other than cotton’s) dropped 14.8pc and 46.6pc, respectively.

Exports of made-up articles, excluding towels, increased 2.2pc and that of tents, canvas and tarpaulin grew 28.7pc. Proceeds from art, silk and synthetic textile declined 18.2pc while those from raw cotton also recorded a year-on-year increase of 13pc.

One reason why Pakistan's exports of textile products are in decline is that the preferential access to the European Union under the GSP+ scheme hasn't helped boost proceeds due to slump in demand.

In the eight months to February, the value of exported textile and clothing products fell 1.74pc year-on-year to $8.214bn. Overall export proceeds in July-February were down 3.9pc to $13.317bn.

Last year, the government announced a textile policy that gives a 4pc rebate on the exports of readymade garments on a 10pc incremental increase over the preceding year, 2pc on home-textiles and 1pc on fabric. No support was announced on raw material or yarn exports.

Under this policy, the government paid out Rs2.5bn to exporters in the preceding fiscal year. This shows the policy worked to some extent and promoted exports of value-added textile products.

From Jan 15 onwards, the government has not only increased the rebate to 7pc for readymade garments, but it has also allowed cash support of 4pc on yarn and grey cloth under a Rs180bn package announced by the prime minister.

One reason for the textile package — from January 2017 to June 2018 — was the need to counter the rising cost of production.

Source: dawn.com - Mar 23, 2017

HOME

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USA: 2016/17 US cotton crop to be largest since 2012/13

The latest 2016/17 US cotton crop estimate of the US Department of Agriculture (USDA) is one third larger than the prior season's crop and would be the largest since 2012/13.

The March projection has increased the 2016/17 US cotton crop by 271,000 bales to 17.2 million bales, of which 16.7 million bales is upland and extra long staple is at 565,000 bales.

Based on the current crop estimate and beginning stocks of 3.8 million bales, USDA estimates the 2016/17 cotton supply to total about 21 million bales, 27 per cent higher than last season and the largest since 2010/11.

For 2016/17, US cotton demand is projected at 16.5 million bales, similar to the total reached in 2012/13, while US mill use in 2016/17 is estimated at only 3.3 million bales, with exports, anticipated to rebound significantly to 13.2 million bales.

For the week ending March 2, US cotton export shipments surpassed 500,000 bales, a first for the season and one of the largest shipment weeks recorded since the early 1970s.

US share of global trade is forecast to rise to nearly 37 per cent, the highest since 2010/11.

Source: fibre2fashion.com– Mar 23, 2017

HOME

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Garments training institute to be set up in Pakistan

Arrangements are being made to establish the Pakistan Readymade Technical Training Institute (PRITI) that will require an investment of Rs 125 million.

Efforts are being carried out to select a suitable site in central area for the institute, which will produce trained workforce for stitching, quality control, pattern designing and sewing machine mechanics.

Training will be separately provided to male and female workforce at the institute, said Ijaz A Khokhar, chairman of Pakistan Readymade Garments Manufacturers and Exporters Association (PRGMEA) while addressing media persons.

He also said that PRITI will be helpful for exporters dealing in readymade garments industry for employing trained workforce and improve productivity as well as overall quality of the products.

Speaking about the Sialkot industry, Khokhar said that close to 50 units in the area produce Martial Arts uniforms, while about 100 units manufacture tracksuits and sportswear.

Source: fibre2fashion.com – Mar 23, 2017

HOME

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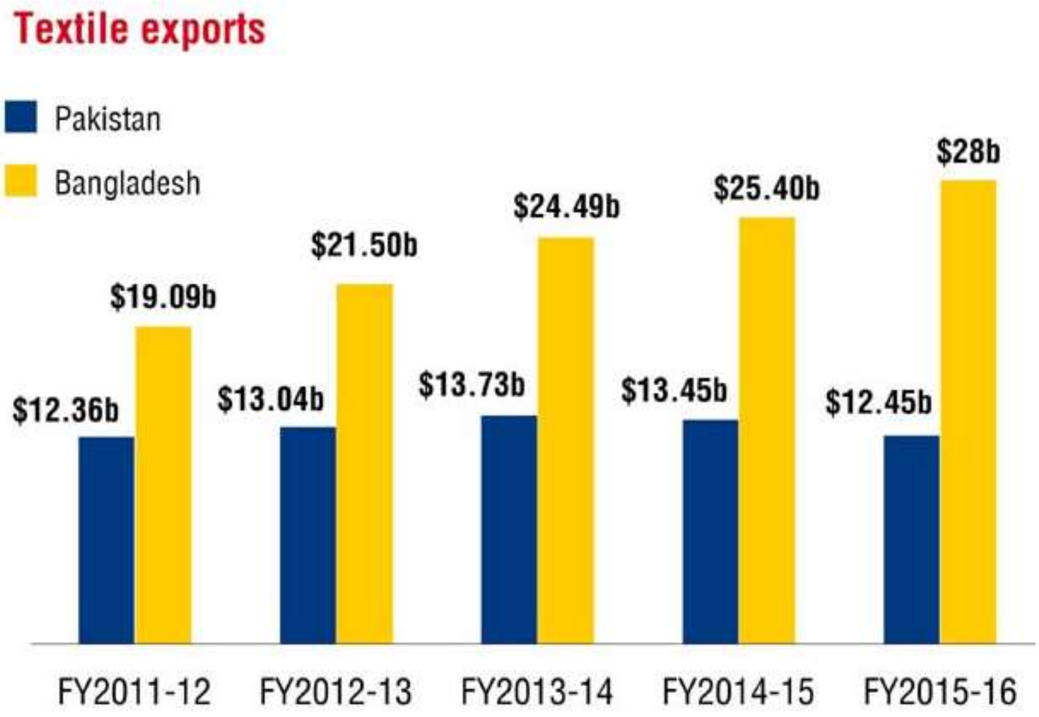
Despite govt support, Pakistan's textile industry lags behind

We often hear that Pakistan's textile exports are not growing and that the country is lagging behind especially compared to Bangladesh. But why is it that the industry that receives so many incentives from the government is barely able to sustain itself?

Considering that the textile industry contributes about 60% to the country's total exports, successive governments have tried their best to support it so that overall exports could be increased.



SOURCE: PAKISTAN AND BANGLADESH BUREAUS OF STATISTICS

Like previous governments, this government has also doled out different packages to the industry, but the situation has remained the same over the past four years. In fact, instead of increasing, Pakistan's exports have declined by 20% in the tenure of the current government.

Some of the major problems faced by the textile sector are similar to the other industries like security concerns and energy shortages. But there are some issues that are textile-specific.

Factory owners have squarely placed the blame on government policies, security conditions and high cost of doing business. However, analysts and industry experts do not completely agree with them.

Why does Pakistan lag so much behind Bangladesh?

Analysts typically point to Bangladesh's least developed country (LDC) status as the main force that made it a powerhouse of finished garment exports. The country is now the second biggest garment exporter in the world, just behind China.

Invest and Finance Securities CEO Muzammil Aslam also believes that one of the major reasons why Bangladesh has moved ahead of Pakistan is due to its advantage as an LDC.

According to the United Nations, there are 48 LDCs that have the lowest socio-economic indicators in the world. These countries get tax exemptions in developed markets like the European Union (EU) and the United States (US), which help them increase their exports.

Since Pakistan is not in this list, it does not enjoy the import duty benefits like Bangladesh.

One of the biggest problems for Pakistan is that its annual cotton production has dropped considerably from about 15 million bales to just 10 million bales. As a result, the country imports cotton and this increases the cost of production, said Aslam.

Pakistan is the fourth largest cotton producer in the world after China, India and the US. Despite having this advantage, Pakistan has been unable to compete with Bangladesh, a country that imports almost 95% of cotton.

Is devaluation the only way to increase exports?

Leading textile exporters say Pakistan has been left behind in the region because of a stronger rupee against the dollar. However, if we look closely at how exchange rates of Pakistan rupee and Bangladesh taka have moved against the dollar in the last five years, this claim looks very weak.

From mid-2011 to mid-2016, the rupee depreciated from 85.9 to 104.6, down 21% against the dollar. In the same period, Bangladesh taka depreciated by just 5.2% from 74.4 to 78.3 against the dollar. Going by this logic, Pakistan’s textile exports must have increased much faster because its currency depreciated more than four times compared to Bangladesh taka. But the reality is completely opposite.

The rupee lost considerable ground against the dollar from 2012 to 2013 when it moved from 90 to 108. But it then strengthened to 98 and swung in the range of 98-105 during 2014 and 2015.

The rupee finally stabilised in the range of 104-105 at the start of 2016 and it still remains the same for over one year.

Analysts say currency depreciation is just one of the ways through which a country can temporarily support its exports, but this is not a long-term solution.

Opportunity lost

Today, China, the world's largest apparel exporter, is facing problems due to rising labour wages.

The rise in labour wages to over $1 per hour meant apparel manufacturing, a $80 billion industry in China, could no longer be done cost effectively, said Saquib Saeed, an entrepreneur who has worked in Bangladesh's garment industry.

This challenge had to be taken over by Bangladesh, Pakistan and Vietnam where wages are less than one-third or about $0.3 per hour. After China, only these three have the economies of scale and the idle labour capacity, he added. Pakistan should have taken at least one-third to half of this $80 billion apparel share. But instead, it largely went to Bangladesh and Vietnam.

"Sadly, both weren't even cotton producers like Pakistan. Nor did they have large-scale upstream industry such as ginning, spinning, weaving and fabric processing, like we do," said Saeed.

However, there are some who believe that despite all the shortcomings, the government should continue to support the textile industry.

"Due to the importance of the textile industry, the government needs to provide support to this sector," said JS Global Limited analyst Ahmed Lakhani.

He believes that concerns that the over-valued rupee is hurting textile exports are quite valid, especially when regional countries have supported their exports through currency devaluation. "Over-valued rupee is a genuine problem that is pulling back the textile industry's growth," he added.

Source: tribune.com.pk – Mar 24, 2017

HOME

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UK's National Living Wage to be £7.50 from April 2017

The National Living Wage in the UK for workers aged 25 and above is set to increase from the current rate of £7.20 per hour to £7.50 per hour from April this year.

The government targets to have £9 as the National Living Wage by the year 2020. The National Living Wage for people in the age group of 21 to 24 years will be £7.05 from next month.

Workers in the age group of 18 to 20 years will get £5.60, those under 18 will get £4.05 and apprentices will get £3.50 for every hour from April, according to the government of the UK.

Retailers in the country are expected to suffer from the increase in the National Living Wage and close to 3,700 shop workers are already redundant as leading chain retail stores in UK have cut low-skilled jobs.

New technological advancements in the field have been cited as the reason for rendering these jobs obsolete.

Retail stores are insisting that job cuttings are being done to increase store efficiency, however, UK media reports say that the changes are being made to counterbalance rising labour costs.

Source: fibre2fashion.com – Mar 23, 2017

HOME

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Bangladesh: Surge of apparel export to newer markets

Signs are clear that the country is on its way to overcoming a major constraining factor of its readymade garments (RMG) sector -- concentration on a few traditional markets.

The export of its apparel items to new and non-traditional markets is registering a healthy surge. Coupled with this, a more heartening aspect is diversification and adaptation of products in line with market demand.

In a situation where exports to the major markets such as the European Union (EU) and North America are likely to experience stagnation, the newer markets mean a lot for the country, not just for sustaining the huge industry and the employment it provides to millions but also for maintaining its robust contribution to the economy.

Garment exports to non-traditional markets increased 3.4 per cent year-on-year to $2.08 billion in the six months (July-December) of the current fiscal year (FY). Chances are high that by the end of the fiscal, export figures would look healthy enough to strenthen the belief that the newer markets are potentially capable of contributing to the growth of the industry.

Although there is a perception that the government's cash incentive - now reduced to 2.0 per cent from earlier 4.0 per cent - has been responsible for the boost over the past couple of years, industry insiders do not attribute it solely to the cash benefit but to market exploration efforts and simplification of the Rules of Origin by some importing countries as well.

Interestingly, while some giant garment exporters comprise the list of non-traditional markets, Bangladesh's largest export destination in the list is Japan. Export to Japan registered a rise of $367.22 million in July-December of the current fiscal over that of the past one. The other markets that have also demonstrated good prospects include Australia, China, Turkey and Russia- to name only the front runners.

What is significant about the penetration into non-traditional apparel markets is not only the growth itself but also the opening up of alternative avenues for Bangladesh's apparel products.

The overwhelming concentration on the main markets of the EU and the US for decades has, despite consistent growth, been foreshadowed by uncertainties lately.

Although these uncertainties stemming from rights issues, workplace environment etc., caused a damper to the sector's future, promises to make amends, coupled with some initiatives taken so far, are supportive of shielding the sector from any major dent.

In fact, efforts for diversifying the markets were on for a while, and exports did take place to a large number of markets across the continents, but the prospect of sustaining the market presence for a longer time did not seem convincing. This was because exporters were more focused on bulk orders from their known markets - the US and the EU.

With the current levels of growth, prospects of exporting to newer and non-traditional markets on an increased scale should be equally rewarding. Given the prospect, Bangladesh needs to penetrate vigorously into the non-traditional apparel markets, and at the same time retain its stronghold on the EU and US markets.

Source: thefinancialexpress-bd.com – Mar 23, 2017

HOME

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The South Korea-US trade agreement turns five

It should have been a happy anniversary. On March 15th 2012, KORUS, a trade deal between America and South Korea, came into effect. It slashed tariffs, tightened intellectual-property rights and opened up South Korea's services market. When it was signed, the head of an American manufacturing lobby hailed it as meaning "jobs, jobs and jobs". Wendy Cutler, its American negotiator, calls it "the highest standard deal we have in force".

Five years on, jubilation has given way to anxiety. On the campaign trail, Donald Trump referred to the deal as a "job-killer". On March 1st his administration's official trade-strategy document singled it out for criticism. America's trade deficit in goods with South Korea has more than doubled since 2011. "This is not the outcome the American people expected," it lamented.

Trade between America and South Korea has indeed fallen short of expectations. When the deal was signed, the United States International Trade Commission predicted that it would boost American goods exports to South Korea by around $10bn. In fact they fell by $3bn between 2011 and 2016. The deal suffered teething problems.

As tariffs fell, American carmakers griped that South Korean regulators were erecting other barriers. Most incendiary for this administration, the South Korean government was accused of devaluing its currency for competitive advantage.

But weak exports cannot be blamed on KORUS. As it came into force global trade slowed sharply; total South Korean imports have fallen steeply (see chart).

Without the deal, which slashed tariffs, American goods exports would have been even lower. American exports of services rose by almost 30% between 2011 and 2016. The stock of South Korean investment in America has more than doubled.

At least Philip Seng, chief executive of the United States Meat Export Federation, a trade body, remains pleased with KORUS. American exports of chilled beef to South Korea have risen by 152% over the past five years.

The tariff cuts have offset the strong dollar. “We are now the number-one supplier of beef,” he says proudly. And by 2026 the duty is due to be phased out entirely.

If American export performance overall has been disappointing, then dawdling by its trade negotiators could also be to blame, says Jeff Schott, an economist and trade-deal veteran. Nine months before KORUS came into force, a deal between the EU and South Korea gave European companies a head start.

In South Korea fears of what an “America first” agenda might mean are in the air. Some potential candidates in the forthcoming South Korean presidential election have suggested pre-emptively renegotiating the deal on their own terms. Meanwhile, the South Korean government is playing down talk of a renegotiation.

Since no tweak to KORUS could produce the trade balance that the Trump administration wants, this seems wise.

A sensible upgrade to the deal is possible. A revised version might include new rules on digital trade and e-commerce, and more transparency over currency intervention. But its terms would then look remarkably similar to the Trans-Pacific Partnership (TPP), a 12-country trade deal that the Trump administration has scrapped.

(South Korea was not in TPP, though it had not ruled out joining, and took part in a trade summit on March 14th-15th in Chile devoted to Pacific integration.)

For now, though, the Trump administration's aggressive bilateralism seems more likely to promote rancour than trade.

Source: economist.com – Mar 23, 2017

HOME

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NATIONAL NEWS

India Sourcing Fair to open in Lanka tomorrow

Over 30 Indian companies will take part inthe India Sourcing Fair to be held in the Sri Lankan capital from tomorrow, showcasing the latest range of textile fabrics, industrial fabrics, home textiles among others.

The fair is being organised by the India Trade Promotion Organization from March 24 to 26, the Indian High Commission here said.

The companies dealing in women apparel and kids wear; food& hospitality industry;utensils& kitchenware; machine- tools; handtools; gifts and handicrafts; health and beauty products; consumer goods; food and beverages; FMCG; agro products; ayurveda and herbal products; hardware will participate in the event.

The companies will be showcasing the latest range of textile fabrics, industrial fabrics, specialty fabrics, made- ups & home textiles like bed linen; kitchen linen; bath linen; living & dining linen and technical textiles etc. At the Expo.

On March 27 and 28, the IITExpo 2017 - COLOMBO Exhibition cum Buyer Seller Meet would be organised, the High Commission added.

It is being organized by the Powerloom Development & Export Promotion Council under Ministry of Textiles, India.

Source: business-standard.com- Mar 23, 2017

HOME

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Textile scrips rise on revival in sentiment

The share price of textile companies jumped by up to 10 per cent on Thursday, on the expectation of a sharp recovery in textile and apparel export in the coming months, due to less shipment from China.

The domestic market is also gradually overcoming the dull demand sentiment which had arisen out of demonestisation of high-value currency notes in November 2016.

The share price of Trident jumped by 9.8 per cent to close on Thursday at Rs 87.90. Garden Silk and Banswara Syntex rose seven per cent and 5.6 per cent to Rs 33.65 and Rs 151.30, respectively. Garware Synthetics and Nahar Spinning rose by 4.9 and 2.6 per cent.

Trade sources believe India's share in the global textile market would rise after China's decision to reduce energy and personnel-intensive industries, including textiles and apparel. With around 39 per cent market share, China leads in global textile export. India's share is five per cent.

"While the domestic market suffered a temporary setback, with the entire trade at a standstill following demonetisation of high-value currency notes, it is gradually coming back on track. Steady business growth was witnessed in January and February, after subdued sales in November and December.

With the wedding season on, we expect sales to remain up this season," said Rahul Mehta, president, Clothing Manufacturers' Association of India. Industry sources said even if one per cent of China's market is captured by Indian exporters, there would be a big boost to our overall shipment in the sector.

recent study by ratings agency ICRA said the global apparel trade remains under pressure, having contracted for a second year in 2016, owing to subdued demand in key importing countries.

While the volume growth was marginally positive, primarily aided by a recovery in demand from Europe, realisations fell. Further, the latest trends point to a modest recovery so far in 2017.

"Amidst the weak and volatile phase in global apparel trade, India's exports remain flat and unencouraging, growing by a tepid one per cent (in dollar terms) for a consecutive year in FY17. This, however, needs to be looked into in conjunction with the decline in global apparel trade in value terms during the period," said Jayanta Roy, senior vice-president at ICRA.

BANKING ON A RECOVERY

Name	BSE price in ₹ Mar 23	%chg*
Trident	87.90	9.81
Pranavaditya Spinning Mills	28.70	9.13
Garden Silk	33.65	7.00
Gravita India	63.95	6.41
Deepak Spinners	94.70	6.11

* Change over previous day's close

Compiled by BS Research Bureau

The pace of growth for other Asian apparel exporters Bangladesh, Cambodia, and Vietnam had also moderated in the past two years, though they continue to grow at a relatively better pace than India's. Even so, the scrapping of the proposed Trans-Pacific Partnership has weakened prospects for Vietnam, which augurs well for India, as the risk of increased competition from Vietnam has abated to an extent, for now.

Given the global trend, domestic market-focused apparel manufacturers are expected to do relatively better than exporters in FY17, too, though less so because of the demonetisation effect in demand.

China was earlier known for low production costs and a stable currency. It experienced a record rise in production costs (21 per cent over 2013-15) and is trying to mitigate the volatility of its currency, the yuan.

"China's competitiveness in cotton textiles is dropping rapidly, while India's competitiveness is steadily improving. This has offered an opportunity for Indian textiles on the market share of China in the developed world, especially the European Union and the United States, which cumulatively comprise around 60 per cent of the global export market," said Akhand Pratap Singh, an analyst with Axis Securities.

Source: business-standard.com - Mar 23, 2017

HOME

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There's cotton aplenty, so why are mills importing fibre?

When there is surplus cotton in the country, why are mills importing the fibre? Spinners: are quick to provide the answer: High trash content, rampant adulteration and abnormal moisture content.

A cross-section of spinners *BusinessLine* spoke to said that mills in Tamil Nadu have stopped procuring cotton from Gujarat, in particular, and reduced the quantity purchased from Maharashtra due to quality issues.

Said Indian Cotton Federation President J Thulasidharan: "They mix quality cotton such as Sankar 6 with Comber Noil and card waste. In Maharashtra, when demand surges, ginners sell cotton without removing trash.

While 2 per cent trash is permissible, in recent months it has soared to 7 per cent. Many traders also liberally douse kapas with water, adding to the moisture content."

The industry fears this could adversely affect the India Cotton branding initiative. "It could be a threat to the entire textile value chain," said Thulasidharan, who is also the Managing Director of Rajratna Mills (P) Ltd. The ICF has estimated cotton production for the 2016-17 season at 320-330 lakh bales and consumption at 295 lakh bales.

Surge in imports

According to Thulasidharan, contracted import volumes could easily touch a record 30 lakh bales. "Mills in Tamil Nadu invariably take the lead in importing the fibre, but this year, spinners in the North have also taken to imports as the realisation is 3-4 per cent better than the domestic fibre."

Thulasidharan urged urgent government intervention. "The Cotton Control Order should be brought back and ISI standards enforced.

Such measures will not just conserve forex reserves, but also help every stakeholder in the textile value chain."

He ruled that despite being the largest producer of cotton and the biggest exporter of yarn, India continues to depend on the US, West Africa and Australia for supply of quality fibre.

"Cotton farming is sustainable with minimum support from the government. The present state of affairs though would push farmers away from cotton cultivation," he said.

Source: thehindubusinessline.com- Mar 23, 2017

HOME

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NITI Aayog suggests strategic divestment in 12 PSUs: Report

The companies listed so far include National Textile Corporation, Fertilisers and Chemicals Travancore, Hindustan Antibiotics, Scooters India and Hindustan Fluorocarbons.

As the new fiscal year about to start, the government is back with its strategic divestment drive as NITI Aayog has recommended the stake sale in 12 central public sector enterprises (CPSEs), reports the Economic Times.

The companies listed so far include National Textile Corporation, Fertilisers and Chemicals Travancore, Hindustan Antibiotics, Scooters India and Hindustan Fluorocarbons.

A senior government official told the newspaper that this list of twelve public sector undertakings (PSUs) has been sent to a core group of secretaries headed by the cabinet secretary. This group will further suggest the maethod and quantum of strategic divestment to the Cabinet Committee on Economic Affairs.

After the cabinet's approval, the disinvestment process will be started by the department of investment and public asset management (DIPAM).

"The government will continue to push for closure and strategic sale of loss-making CPSEs," the official said.

For FY18, the government hopes to raise Rs 72,500 crore by divesting stakes in public sector firms. Compared to the revised estimate of Rs 45,500 crore for FY17, this is an increase of around 60 percent.

For the upcoming financial year the government plans to achieve the target amount of Rs 72,500 crore by raising Rs 46,500 crore via minority stake sale, Rs 15,000 crore through strategic stake sale and Rs 11,000 from the listing of various insurance companies.

As per dipam.gov.in, till date, the government has received Rs 29589.98 crore from selling its minority stake in various public sector undertaking (PSU) companies and Rs 9,778.71 crore by divestment of SUUTI holdings in L&T and ITC.

Source: moneycontrol.com- Mar 23, 2017

HOME

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Market consolidation keeps growth hopes alive for home textile exporters

Rupee appreciation and firm cotton prices undermine home textile exporters' profitability, but investors are attaching little importance to these emerging risks.

A firm rupee, higher raw material prices (cotton) and subdued demand in the key export market (US) are doing little harm to home textile exporters' stocks.

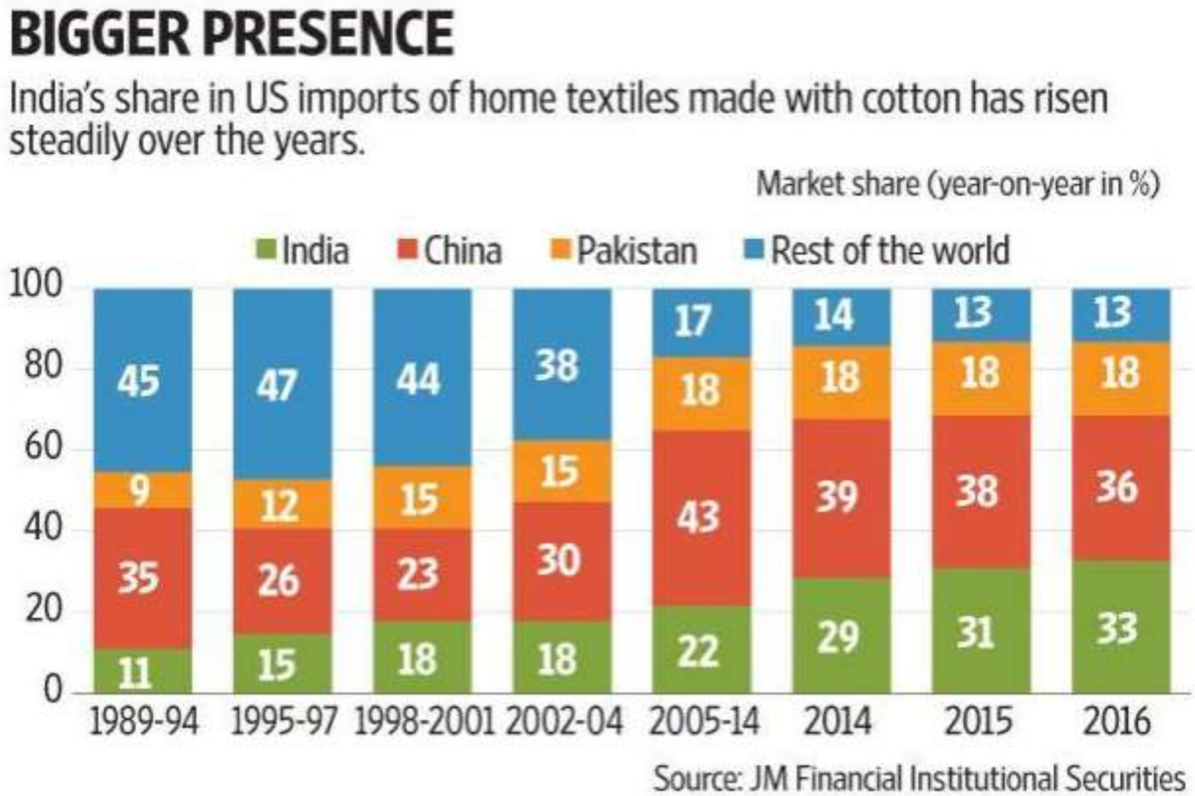
Even as the rupee appreciated 3.8% against the US dollar in the last three months and cotton prices rose 20% from a year ago, shares of Indo Count Industries Ltd, Trident Ltd, Himatsingka Seide Ltd and Welspun India Ltd gained 20-40% in the last three months.

The rupee appreciation and firm cotton prices undermine home textile exporters' profitability. JM Financial Institutional Securities Ltd warns that cost pressures can impact India's competitive advantage.

"Higher Yuan depreciation vs. INR (Indian rupee) appreciation and reduced cotton price spread between India and China is impacting the Indian advantage," adds JM Financial.

To be sure, companies get to pass on the costs. But that happens with a three-six months' lag. In the meantime, they will have to absorb the cost pressures. The recently notified duty drawback scheme is expected to provide some cushion, but as one analyst with a domestic broking firm points out, cost pressures outweigh the benefits from the scheme.

Still, as can be seen from the gains in share prices, investors are attaching little importance to these emerging risks. Why? There are two reasons.



One, many see the cost pressures as transitory and not risky yet. One analyst says the situation can turn adverse if the rupee continues to appreciate, say 5-6% from hereon. Pawan Jain, president (corporate affairs) at Trident, says that while cotton prices remained firm on tight supplies, as the new crop arrives he expects the cotton prices to turn range bound.

The second and another important reason for the resilience in the home textile stocks is consolidation in the market. According to Jain, organized and large firms are gaining market share in the export market. So, even as the US market is not seeing notable growth, companies like Trident see much scope for market share gains, he adds.

Also providing growth and earnings visibility is backward integration and capacity expansion. Himatsingka Seide expanded sheeting capacity (bed linen) and is aiming to commission spinning capacity, which helps in backward integration, next fiscal year.

Similarly, Indo Count Industries is expanding bed linen capacity and is planning to build a new plant. Analysts expect the new capacities to help these firms improve profitability and market share. "(Indo Count) expects 10-12% volume growth in FY18. Also, Indo Count believes its volume growth has the potential to grow at a higher rate post FY18," IDBI Capital Market Services Ltd said in a note.

Of course, the new capacities will be of no help if the market situation deteriorates or the rupee appreciation and cotton price rise intensifies. But if the external environment does not turn for the worse, home textile makers can overcome the current cost pressures with scale benefits.

The key is market share gains. "Ability to garner incremental market share in the context of the recently added capacity by Indian players will be the key monitorable, going forward," adds JM Financial.

Source: livemint.com- Mar 24, 2017

HOME

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Package for powerloom sector on April 1: Irani

The government will announce a package for the powerloom sector on April 1, Textiles Minister Smriti Irani informed the Lok Sabha on Thursday.

The policy will reportedly be announced by Prime Minister Narendra Modi in Surat, ahead of the Gujarat Assembly polls scheduled to be held later this year, according to sources.

In reply to another supplementary, Irani said the Centre will facilitate Tangaliya weavers in Surendranagar, Gujarat, in purchase of looms by providing them an assistance amounting to 90 per cent of the price of looms.

On a question related to the weaver community, Irani said 30 per cent of the family members of weavers do not go to school and just one per cent complete their graduation.

She said the Development Commissioner for Handlooms under her Ministry had entered into two separate memoranda of understanding with IGNOU and the National Institute of Open Schooling on August 7, 2016, to provide education to handloom weavers and their children through open schooling and distance learning.

Irani said the Indira Gandhi National Open University (IGNOU) has dentified two academic programmes — Bachelor Prepatory Programme and Computer Literacy Programme. “So far, 6,175 students from the weaver' community have been enrolled in these programmes,” she added.

Source: thehindubusinessline.com- Mar 23, 2017

HOME

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Tiruppur garment cluster hopeful of meeting export target

The Tiruppur garment cluster is hopeful of meeting its target of exporting apparel worth Rs 25,000 crore in fiscal 2017 after having exported clothing amounting to Rs 23,253 crore in the first 11 months of the fiscal beginning April 1.

The cluster reported exports of only Rs 16,600 crore between April 1 and December 31, causing anxiety of reaching the target.

"Now with sudden surge in exports, we are hopeful of meeting the target of Rs. 25,000 crore comfortably by March 31," a leading daily quoted the Tiruppur Exporters' Association president Raja Shanmugam as saying.

"If not for the market slowdown, which happened subsequent to UK's decision to exit European Union and few other factors, the cluster could have reached an annual turnover of Rs. 28,000 crore," he added.

According to the daily, India exported both woven and knitted garments totalling to Rs 104,443 crore in the 11 months to February 28, 2017, a growth of 3.5 per cent in rupee terms and 0.58 per cent in dollar terms, as against the same period of earlier fiscal.

Source: fibre2fashion.com - Mar 24, 2017

HOME

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GST will make exports competitive, says Nirmala Sitharaman

The Goods and Services Tax (GST) regime, when implemented, will result in eliminating barriers between the States and make exports more competitive, according to Minister of State for Commerce & Industry Nirmala Sitharaman.

“GST gives a feeling that market in India is one now and there are no barriers between regions or provinces. Even within the country, the value chains — which will get integrated — will have a simpler and straightforward flow (of goods) and therefore, it should make exports more competitive rather than expensive,” Ms. Sitharaman said.

The Union Cabinet on March 20, 2017, approved four GST legislations — the Central GST Bill, Integrated GST Bill, Union Territory GST Bill, and the Compensation Bill — which had earlier been approved by the GST Council over 12 meetings spanning about six months.

The Bills now need to be passed by the Parliament, while the State GST Bill needs to be passed by the legislative Assemblies of each State.

Responding to a query on the status of talks between India and the U.S. on H1-B visa-related issues, the Minister said, “The new U.S. administration is focusing on the larger issue of immigration and the notification which they have given for H1-B for 2018 says there is no change in position and we find no change.”

Source: thehindu.com - Mar 24, 2017

HOME

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India wants to hasten talks on proposed global services pact

India on Thursday pressed for expediting the negotiation process for a global services pact, that among other things, aims to ease norms for movement of skilled workers across borders.

India had, in February, submitted to the World Trade Organisation (WTO) a legally-vetted proposal for a Trade Facilitation in Services (TFS) Agreement. The proposal was taken up by an expert committee at the WTO headquarters in Geneva recently, and it will be considered for discussion by all the WTO members.

“I hope it (negotiations on TFS) will not take too long because the disillusion that multilateral institutions are delivering slowly cannot be afforded any longer in the political reality of the globe today,” Commerce and Industry Minister Nirmala Sitharaman said at a TFS workshop organised by her ministry along with the World Bank Group.

The proposed TFS, among other things, aims to ensure portability of social security contributions and cross-border insurance coverage to boost medical tourism. According to India, the proposed pact is similar to the WTO’s Trade Facilitation Agreement (TFA) in Goods, that recently came into force, and aims to ease customs norms to boost global goods trade.

India had specified that the proposed TFS pact is also about ‘facilitation,’ that is “making market access ‘effective’ and commercially meaningful and not about ‘new’ (or greater) market access.”

She said the lessons learnt from the discussions on TFA in Goods were very critical, and wanted the World Bank to closely engage with the WTO on TFS to help it gain traction.

Responding to the allegation that India was in list of countries that imposes high level of restrictions on services trade, the minister said, “this is not right and the reality is different.”

She also rejected charges that TFS could mean more market access and not facilitation, adding that "facilitation is going to bring in transparency and also great deal of reduction of regulatory (burden).

Speaking on the occasion, Commerce Secretary Rita Teaotia said the TFS, when agreed upon and implemented, would enormously benefit all economies and "therefore there is no better time to start talking about TFS."

"We need to debate extensively on the barriers (to services trade)... discussion on services in WTO has been timid," she added.

Source: thehindu.com - Mar 24, 2017

HOME

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Jobs impact of 'Make In India' under review

Centre working on report assessing compliance by agencies

The Centre is working on a 'compliance report" of its flagship 'Make In India' (MII) initiative that attempts to transform India into a global design and manufacturing hub as well as generate large-scale employment.

The objective of the exercise, among other things, is to find out whether the government departments and agencies implementing the MII programme are meeting the deadlines envisaged in the 'MII Action Plan' of December 2014.

MII initiative

The MII initiative covers 25 focus sectors ranging from automobiles to wellness. The 'MII Action Plan' had set short-term (one year) and medium-term (three years) targets "to boost investments in the 25 sectors" and to "raise the contribution of the manufacturing sector to 25% of the GDP by 2020."

At a national workshop held in December 2014 on these 25 sectors, an Action Plan was finalised with the help of Secretaries to the Indian Government as well as industry leaders.

As per the National Manufacturing Policy, "the share of manufacturing in India's GDP has stagnated at 15%-16% since 1980 while the share of comparable economies in Asia is much higher at 25%-34%."

Government sources said a detailed study is also being undertaken on the impact of the MII initiative including a sector-wise assessment regarding job creation and foreign direct investment inflows using the National Industrial Classification Code.

RBI, CSO data

Data from the Reserve Bank of India and the Central Statistics Office are also being looked into in this regard, they said, adding that inputs are being sought from the State governments as well.

The compliance report is being monitored and evaluated at the highest level, including by the Prime Minister's Office, the sources said. Recently, the Parliamentary Standing Committee on Commerce wanted an assessment to be done on how the MII initiative has helped the country's micro, small and medium enterprises.

It recommended that dedicated steps should be taken to ensure that FDI promotes the MSME sector, and sought to know the factors behind the Foreign Portfolio Investments turning negative and its impact on the Indian industry. The panel also wanted to learn if the MII initiative has seized the opportunity of demographic dividend in the country.

$1 trillion by 2025

According to the India Brand Equity Foundation (IBEF), "India's manufacturing sector has the potential to touch $1 trillion by 2025. There is potential for the sector to account for 25-30% of the country's GDP and create up to 90 million domestic jobs by 2025."

"FDI inflows in India's manufacturing sector grew by 82% year-on-year to $16.13 billion during April-November 2016," according to the IBEF, a trust formed by the Commerce Ministry to promote of the 'Made in India' label overseas.

It said, "The government has an ambitious plan to locally manufacture as many as 181 products. The move could help infrastructure sectors ... that require large capital expenditure and revive the $27.75 billion Indian capital goods business."

The Parliamentary Standing Committee on Commerce's recent report had also said manufacturing growth in the country has to become robust, adding that "the manufacturing sector has grown only by an average of 1.6% in the last five years till 2015-16."

Underlining the importance of the capital goods sector for the country's industrial growth, the panel said, "Appropriate measures may be taken to revive the growth of capital goods sector."

A December 2016 a 'policy brief' prepared by K.S. Chalapati Rao, Professor (Retd.), Institute for Studies in Industrial Development, and Biswajit Dhar, Professor, Jawaharlal Nehru University, had suggested the examination of FDI in the 25 sectors under the MII initiative "from the points of (i) adding fresh domestic production capacities (including meaningful indigenisation), (ii) net addition to capital instead of round-tripping of funds remitted abroad on one pretext or the other, (iii) the monetary value of all the incentives and exemptions availed and (iv) ...delayed reporting and gross inaccuracies."

Source: thehindu.com - Mar 24, 2017

HOME

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E-fashion industry to grow four times by 2020: Report

Fashion and lifestyle products continue to rule the heart of online shoppers in India. Of the total Indian fashion market which is at present valued at $70 billion, the size of online fashion industry ranges between $7-9 billion, as per a recent report titled 'Fashion Forward 2020' released on Thursday by The Boston Consulting Group (BCG) along with Facebook.

The report further highlights that the size of online fashion industry is expected to grow four times to $12-14 billion by 2020 accounting for a significant 11-12% share of Indian fashion market. More importantly, it is mobile which is expected to drive shopping online with as many as 85% online apparel shoppers preferring mobile over any other device.

Umang Bedi, managing director, Facebook India and South Asia said, "Mobile has become central not just to the way brands market and sell, but also how they design products, plan merchandizing and engage with customers end-to-end."

As per the report, nearly 30% of new shoppers are likely to start buying online with apparel and footwear.

While large part of the growth will be driven by a spurt in new shoppers, the remaining will constitute of mature existing shoppers.

Rohit Ramesh, partner and managing director, The Boston Consulting Group, India said, “By 2020, nearly half the shopper base will be women, more than 50% will come from tier 2 or even lower and 37% will be older than 35 years of age.”

Source: financialexpress.com - Mar 24, 2017

HOME

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Warehousing companies part of JNPT's new plan

In a likely breather to Container Freight Station (CFS) operators which otherwise ran the risk of losing massive amounts of business, the customs department at the Jawaharlal Nehru Port Trust (JNPT) has put out a tender calling for bids for CFSs to be part of the operations in the new Direct Port Delivery regime that the Narendra Modi government is trying to implement.

CFSs are port warehouses where the cargo is stored after being offloaded from a vessel. DPD ideally seeks to cut out the presence of CFSs facilitating direct transfer of shipments from the port terminal to an importer.

JNPT, which handled India's largest container cargo tonnage, currently has 33 CFS operators including Allcargo Logistics, Ameya Logistics, GDL and Hind Terminal.

Under DPD, the customs department and JNPT had appointed one single CFS to which all goods would be transferred if they were not cleared 48 hours after landing.

Under the latest call for bids that was out on Friday, a maximum of 10 CFSs may be selected, giving importers more options to stock their goods, JNPT deputy chairman Neeraj Bansal told ET in an interview.

"We are in the initial phase of DPD and are doing very well," said Bansal. "But you have to understand that JNPT is a CFS port, and our aim is to increase ease of doing business for the importers. Hence the new tender," he said.

The move came after many stakeholders raised issues that an all-out shift to the new regime would create logistical problems. Some have already complained their costs have increased, instead of being cut.

ET had reported about the issues on Monday, citing a letter from airconditioner maker Voltas and opinions expressed by executives of VIP Industries in a recent meeting.

Bansal said that the main aim of DPD is to cut transaction costs and to this end, the key criteria of the tender would be to have one fixed cost of handing to be charged by all CFS operators. Currently, CFS operators charge different rates based on market dynamics.

Also, like in the case of a single stipulated CSF, the goods would only go to the new selected ones 48 hours after idling at the port terminal. This would mean that unlike earlier, the customs clearance will have completed before the goods move to a CFS.

CFS operators have been opposing an all-out implementation of DPD, saying that importers should be given an option on whether they want to use their services or not. The new tender too is unlikely to go down well with them.

"Why should we agree to a single stipulated rate? On what basis is that being fixed? And what are the criteria for choosing a handful of operators?" asked a top executive at a CFS operator who didn't want his or his company's name to be cited.

To be sure, DPD is a global phenomenon actively prevalent in more efficient ports and is slated to cut down dwell time for a shipment from nine days to a day, making a massive difference in turnaround time and transaction costs.

Also, the Modi government has taken a terse stance than its predecessors in implementing decisions which it feels will be beneficial for the economy.

The recent example was of demonetisation which it went with full spate ahead, despite criticism from the opposition and economists worldwide.

JNPT on Tuesday also put out another tender to select one single transporter or aggregator to handle all truck operations for carriage of cargo out of JNPT, said Bansal.

This, he said was part of a larger initiative of providing a complete logistics solution to the importer.

"We are looking at changing the routes and the stacking processes for cargo too. As in the case of CFS, the transporter or aggregator we select will levy one regulated charge and will be more accountable," he said.

Source: economictimes.com - Mar 24, 2017

HOME

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