iBtex. TEXTILE INTELLIGENCE CENTRE
INFORMATION BUREAU TEXPROCIL
TEXPROCIL NEWS CLIPPINGS
The Cotton Textiles Export Promotion Council [TEXPROCIL]
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai - 400 004. Maharashtra State. INDIA
W. www.texprocil.org E. enews@texprocil.org T. +91-22-2363 2910 to 12 F. +91-22-2363 2914

# IBTEX No. 150 of 2017 July 21, 2017

USD 64.4 9 | EUR 74.11 | GBP 83.65 | JPY 0.57

## Cotton Market

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

| Rs./Bale | Rs./Candy | USD Cent/lb |
|---|---|---|
| 19744 | 41300 | **81.88** |

**Domestic Futures Price (Ex. Gin), July**

| Rs./Bale | Rs./Candy | USD Cent/lb |
|---|---|---|
| 20310 | 42484 | **84.22** |

**International Futures Price**

| | |
|---|---|
| NY ICE USD Cents/lb ( Dec 2017) | 68.97 |
| ZCE Cotton: Yuan/MT ( Sept 2017) | 15,625 |
| ZCE Cotton: USD Cents/lb | **84.03** |
| **Cotlook A Index – Physical** | **83.7** |

### Cotton & currency guide:

Cotton market this week has been quite erratic. Especially the ICE cotton December future has risen incessantly from a recent low near 66 cents and currently trading above 69 cents.

While we reiterate the fact the broad supply scenario continues to weigh on market expecting the US production to remain above 19 million bales and the world stocks to be also higher.

However, in last four trading sessions the gains have been very high amid higher weekly export sales figure, good technical buying near the key support level of 66 cents and mills fixation of on call sales.

The current gains in the price looks little uncommon because generally the December future tends to remain on the lower side amid expectation of higher supply. While we also observe the December and next year March contract is in invert by around 40 cents meaning the December gains could prolong towards 70 cents in the very near term.

For the week ended July 13, net upland sales for the current 2016-17 season amounted to 27,200 running bales and net upland sales for the 2017-18 season amounted to 166,200 running bales.

Coming onto domestic market the cotton market for physical S-6 variety has been steady. As of this week the average price has been just below Rs. 43K/Candy. Interior asking rates for better quality Shankar-6 are again steady at an average of Rs. 42,750 per candy, ex-gin.

At the prevailing exchange rate, dollar equivalent price is around 84.65 US cents per lb. Prices for Punjab J-34 have fallen to Rs. 4,400 per maund (about 83.00 cents per lb), and are quoted at a discount to those for Shankar-6 for the first time for several months.

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

# NEWS CLIPPINGS

# INTERNATIONAL NEWS

## USA: Preference Programs Turn Prime Picks for Duty Free Trade

Up in the air seems to be the modus operandi for U.S. trade deals, and the fact that the country's trade deals have either been withdrawn from or are under scrutiny for renegotiation, has many in the sector seeking duty free alternatives.

What brands and retailers will likely uncover—and what proponents will point to as a potential solution—are trade preference programs.

The U.S. uses trade preference programs as a way to aid developing nations by giving them greater access to the U.S. market through trade benefits, like no duties on America-bound exports.

Though trade preference programs are also under review by the trade powers that be in Washington, they are more likely to withstand an America First assessment, as they don't yield the trade deficits the Trump Administration has harped on as being detrimental to the U.S. economy.

But the programs are still widely underused: $3 billion worth of textile and apparel imports come from the African Growth and Opportunity Act (AGOA), Qualifying Industrial Zones (QIZ) with Egypt and Israel and the HOPE/HELP Acts in Haiti, but combined, preference programs only account for 3 percent of U.S. imports.

Seeking to highlight the perks of programs like these, a panel of experts moderated by Gail Strickler, president of global trade for Brookfield Associates, shared insight on AGOA, QIZ and HOPE/HELP, at a Texworld USA seminar Monday.

As Strickler explained, the idea with trade preference programs is that they are unilateral, not reciprocal like free trade agreements, which is what may contribute to their continuance with little to no disruption.

Considering the considerable duties on textiles and apparel (as high as 32 percent on certain synthetics), "You could be saving up to a third of the cost as opposed to sourcing it somewhere else," Strickler said, adding, "For those of you who are under pressure to reduce the cost and keep those customers coming back, this is a really good time to start looking at some of these programs."

As part of the U.S.-authorized QIZ program, Egypt can export goods to the U.S. duty free as long as the products contain 10.5% Israeli inputs.

"It's a win, win, win," Gabi Bar, the QIZ Minister of Israel, said noting how one agreement simultaneously saves U.S. brands on costs for their products, and improves trade and relations for Egypt and Israel.

There are six zones in Egypt where companies can produce goods to take advantage of the trade privilege: Greater Cairo, Alexandria, Suez Canal, Central Delta, Beni Suief and Al Minya.

As QIZ minister for Egypt Ashraf El Rabiey explained, there are five key benefits to sourcing under the QIZ program: it helps businessmen from Egypt and Israel to work together, it contributes to the Egyptian economy and the Israeli economy, it helps promote peace in the Middle East, it provides jobs in some of the countries' poorest areas, and—particularly key for brands and retailers today—it never expires.

"It's an indefinite agreement, so you don't have the kind of worries every year whether it will be extended or not," El Rabiey explained. "That enables you to have planning into the future that won't be affected sooner or later by political changes."

What's next in advancing this program, according to Ian Ross, CEO of Israeli textile firm Delta Galil, is trying to build a continental supply chain. Instead of taking eight to 10 weeks to get elastics shipped in from Asia, Delta Galil has been working with the Egyptian government to bring in an elastics manufacturer to supply themselves and the region.

When it comes to AGOA, the trade preference program is (for now) slated to run through 2025. Of the 41 AGOA eligible nations, 26 qualify for duty-free access to the U.S. on all clothing and some textile exports. From its 2015 renewal through 2025, exports out of Africa under AGOA have the potential to quadruple, which would mean as much as $480 million in duty savings for the U.S. market.

Haiti has been a hot topic at Texworld USA this time around as the country is working to rebrand itself as a viable sourcing option for more American brands and retailers—and so far, the rebranding is beginning to work.

As Mark D'Sa, special project director for Haiti explained, between the Caribbean Basin Trade Partnership Act (CBTPA) and the HOPE and HELP acts, the sector has largely underestimated Haiti.

"People tend to think of Haiti only for T-shirts, but very few people realize there are tuxedos being made in Haiti," D'Sa said. "There's industrial workwear, basic knitwear, Under Armour is already working in a few factories there, Lululemon is hoping to start by January…you can get inputs from the Dominican Republic in four hours."

Goods can be shipped from Haiti to the U.S. East Coast in 3.5 days, smaller factories are allowing bigger brands to do bite-sized test runs before coming in in a big way, and investment interest is springing up from countries like Korea, Taiwan and Sri Lanka.

"Business is coming in," D'Sa said. "If you're not looking at Haiti, you are missing opportunities. You are missing tremendous opportunity."

Source: sourcingjournalonline.com- July 20, 2017

HOME

*****************

## Bangladesh : Govt in quandary over duty concessions in China market

Facing the dilemma of accepting the zero-tariff treatment or swapping it for the Asia-Pacific Trade Agreement (APTA) benefits on the Chinese market, the government moves to conduct a comprehensive study before deciding.

Officials said the ministry of commerce (MoC) last week asked the Bangladesh Tariff Commission and the Bangladesh Foreign Trade Institute (BFTI) to carry out the study within a month, detailing the pros and cons of accepting either of the benefits.

If Bangladesh wants to avail duty-free and quota-free (DFQF) access the Chinese market, it will have to forgo the benefit being reaped from the

APTA.

"The Chinese government will no longer offer the preferential tariff rates under the APTA for your country after the DFQF enters into force," the Chinese embassy in Dhaka informed the MoC recently.

As a member of the least-developed countries (LDC) group Bangladeshi goods will get duty-free market access in 97 per cent tariff lines to the Chinese market once.

Bangladesh signs a letter of exchange with China. On the other hand, under APTA arrangement 2,372 Bangladeshi tariff lines will enjoy 5.0 per cent to 100 per cent tariff preferences in China.

Officials said Bangladesh is a founder-member of APTA and needs 35 per cent value addition to enjoy tariff preferences on the Chinese market. On the other hand, to enjoy DFQF facility under World Trade Organisation (WTO) arrangement, 40 per cent value addition is mandatory.

They said Bangladesh is expected to graduate to next stage from the lower-income bracket by 2022 and it will then lose the LDC status, as also the benefits it enjoys as a member of the world's poor-country club.

"If Bangladesh now opts for DFQF facility in the Chinese market as LDC, replacing the benefit under APTA, the loss will be greater since, after few years, it will lose both the LDC status and subsequently the zero-tariff facility, too," said a senior MoC official.

Commerce secretary-in-charge Shubhashish Bose told the FE Wednesday value-addition requirement for Chinese DFQF facility is higher than that of tariff preference under APTA.

"After graduating to next stage from LDC we may lose the benefit under zero-duty preference in the Chinese market. Then we will lose both the facilities there," he told the FE.

"We are discussing with Chinese government how to resolve it. Besides, we are studying the pros and cons of the both types of facilities," Mr Bose said.

Another senior MoC official said Bangladesh has long been requesting China to grant duty-free market access of goods only under 17 more HS Codes. With APTA facility in hand the duty-free market access of products under these 17 HS Codes will be good enough for Bangladeshi exports to enjoy a great lead on the Chinese market, he noted.

"We may seek DFQF in Chinese market keeping APTA facility intact. Because, while offering any facility under WTO arrangement a developing country can't tag any condition," said the official.

"Otherwise, we may put forward the issue to the WTO headquarters saying China is breaching WTO guidelines," he noted.

Latest statistics show Bangladesh's export to China increased by 17.48 per cent in fiscal year 2016-17 to US$949.41 million from $808.14 million last year. China is a major import source for Bangladesh with annual imports from there costing nearly $9.0 billion.

Bangladesh mainly exports woven garments, knitwear, home textiles, agri-products, footwear, raw jute, jute goods, bicycle, frozen foods, leather and leather products.

On the other hand, its major imports from China include: cotton, cotton yarn/thread and cotton fabrics, nuclear reactors, boilers, machinery and mechanical appliances, manmade staple fibres, iron and steel, plastics and articles thereof, vehicles other than railway or tramway, paper and paper board, arms and ammunition, electrical machinery and equipment, sound recorders and reproducers.

Source: thefinancialexpress-bd.com- July 20, 2017

HOME

*****************

## ITMF'17 themed on tech, trade, climate in disruptive times

The International Textile Manufacturers Federation (ITMF), an international forum for the world's textiles industry, has themed its annual conference for 2017 on technology, trade, and climate in disruptive times.

Experts and delegates from the entire textile value chain will meet and discuss on the topic at ITMF's 2017 annual conference to be held in Bali, Indonesia from September 14-16.

In a conversation with Fibre2Fashion, Christian Schindler, Director-General of ITMF, said, "The title of the general theme 'Technology, Trade, Climate: Orientation in Disruptive Times' indicates where the challenges come from. Since the financial crisis of 2008, the world has been changing ever faster driven by technological, political and environmental factors. Many of these factors are disruptive."

Adding more on the relevance of the theme, Schindler said, "Fast fashion and e-commerce have transformed the textiles industry fundamentally, Industry 4.0 is becoming a reality much faster than expected, political patterns are undergoing fundamental change (nationalism and protectionism), and environmental challenges are more visible than ever, etc."

The ITMF annual conference will also offer smaller committee meetings, workshops and seminars on specific topics that complement the conference. For example, there will be meetings of the Joint Cotton Committee, the Spinners Committee, the Home Textiles Producers Committee, and the Fibres & Applications Committee.

Jaap de Hoop Scheffer, former general secretary of NATO and former foreign minister of the Netherlands will speak on Technology, Trade, Climate: Reshaping the Geopolitical Landscape on the second day of the conference.

Source: fibre2fashion.com- July 20, 2017

HOME

*****************

# Pakistan: Govt urged to ban imports through third country

The Korangi Association of Trade and Industry (KATI) said that government should restrict import via third country and instead encourage direct imports from a country of origin.

Exporters have urged the government to ban imports through third country as this is promoting smuggling, under-invoicing and causing injury to the domestic industry.

They said there had been a rapid increase in imports particularly of Indian textile goods through Dubai, which was causing adverse implication on the local textile industry.

KATI Chairman, Masood Naqi said that when direct imports are made from a country the shipment and certificate of origin of the manufacturing country could be verified online. Citing an example, he said "when goods coming from China should be directly imported from China, rather than sending to another destination."

Former chairman of Pakistan Towel Manufacturers Association, Methabuddin Chawla said that if the government fails to check such imports the domestic industry would be destroyed.

Chairman of Pakistan Apparel Forum, Muhammad Jawed Bilwani said that already more than 221,500 power looms have been closed down and scraped amid disastrous effects of smuggled fabric into local markets.

He cited an example that Directorate General, Intelligence and Investigation, Federal Board of Revenue (FBR) recently busted an organised gang of importers who were importing banned Indian fabrics to Pakistan via Dubai.

Furthermore, the customs authorities seized 18 containers loaded with banned Indian cloth and fabric, earlier they failed to catch 106 containers loaded with India fabrics, which made their way into the local market.

Source: dawn.com- July 20, 2017

HOME

*****************

# Pakistan loses textile export share in world market by 23pc

In a mammoth blow to exports, Pakistan has lost its textile export share in global market by 23 percent from 2.2 percent to 1.7 percent raising questions on economic and trade policies of government functionaries, unfolds the latest presentation on restoration of viability and growth of textile industry prepared by Aptma.

"The investment in textile and clothing massively declined by 44 percent in 2016-17 on account of which, the country's textile production capacity has got impaired by 30-35 percent owing to which 150 industrial units have become non-functional resulting in 30 percent unemployment. More shockingly, the textile industry of Pakistan lost 15 percent technological edge advantage over competitors."

Following the non-performance of the textile sector on account of highest cost of doing business in the region, Pakistan is now facing the highest ever trade deficit of $35.609 billion and external deficit has swelled to $16.305 billion.

The Aptma presentation also mentions as to how the other competitive countries have performed far more better than Pakistan showing that Vietnam is the country that ranked first showing 107 percent in growth in textile and clothing exports followed by Bangladesh with growth of 64 percent in exports of the said items, India with 31 percent, Sri Lanka 20 percent growth whereas Pakistan stayed in the red zone with negative growth of 11 percent.

Aptma also came down heavily on the government saying that the bilateral trade agreements meaning by that free trade agreements (FTAs) finalized with various countries are faulty and failed to provide the level playing field to the real stake holders, export- oriented industrial sector.

The country's perception stagmatised with law and order situation owing to which the militants activities has resulted in barring the investors from traveling to Pakistan through travel adviseries. Though the situation has improved on account of military operations against militants, but there is a need to launch the drive on part of the government to change the country's perception so that the existing reluctance between the buyers and investors.

The presentation also reveals that prime minister's export led growth package has got reversed as despite the shortage of cotton-- 3.8 million bales, 4 percent customs duty and 5 percent sales tax has been re-imposed. It also mentions that energy cost is more than 30 percent of the total conversion cost in spinning, weaving and processing industries.

And the industrial gas tariff of Pakistan is 100 percent whereas electricity tariff is 50 percent higher than the regional competitors. More importantly, gas is burdened with various add-ons, including (GIDC, UFG and cost of supply) and textile industry cannot pass system inefficiencies to its international buyers.

Aptma Chairman Aamir Fayyaz, while talking to this scribe, demanded zero rating of raw materials for the textile industry, reducing cost of doing business, resolving the liquidity problems and filling up the policy-implementation dividing immediately to ensure restoration of the industry's viability and revival of the export potential of the country.

Fayyaz said the high cost of doing business, shortage of liquidity, the ongoing policy-implementation divide and realisation of only Rs03 billion out of Rs180 billion textile package are a few major concerns of the industry at present.

He added that the viability of the textile industry has been eroded fast but the government was not able to pay required amount of attention to it. He pointed out that the production capacity worth $4 billion has been closed down all across the textile value chain, besides an potential $12 billion exports through conversion of basic textile into the value added garments.

He said both the earliest revival and growth of textile industry is a must to steer the industry out of a bad shape and contribute to the exports of the country.

He capsuled the dreadful state of affairs in the industry by stating that the production capacity has been impaired by 35 percent across the textile value chain.

Textile exports have declined by 11 percent, its global market share has reduced by 23 percent, investment in the sector has dropped by 17 percent and 30 percent of the unemployment has already been redundant.

He also pointed out that growth of textile and clothing exports are in negative zone in Pakistan against an exponential growth recorded in the competing countries during 2011 to 2017.

He said the energy cost of industry in Pakistan is highest in the region that has reached to 30 percent of the cost in spinning, weaving and processing sectors.

Both electricity and gas tariff are higher by 30 and 60 percent respectively in the region. Meanwhile, an additional burden of Rs3.63 surcharges of various nature has crippled the industry, and it is unable to pass on this cost to the international buyers, he added.

Seeking revival-and-growth-focused measures to enable this industry to increase production, employment and exports in the larger economic interest, he has demanded full realisation of Rs180 billion textile package announced by the prime minister in January this year, duty/tax free import of cotton and polyester staple fiber, liquidation of all outstanding refunds of sales tax, withdrawal of all electricity surcharges, supply of RLNG at Rs400/MMBTU and strengthening of domestic commerce through tariff/non-affiliated measures to counter informal trade and dumped imports.

Source: thenews.com.pk- July 21, 2017

HOME

*****************

# China's War on Foreign Garbage

For more than 30 years, imports of recycled goods have fueled China's manufacturing boom. On Wednesday, the government announced that it'd had enough. By the end of the year, it told the World Trade Organization, it would stop accepting most recycled plastics, paper, textiles and other products from overseas. The decision, it said, was part of a campaign against "foreign garbage" that harms public health and the environment.

It's a crowd-pleasing stand. But far from solving China's environmental problems, this crackdown will actually worsen them -- and do so at the expense of jobs and economic growth around the world.

The rhetoric itself is nothing new. China's government has long played up stories about foreign waste, partly to deflect attention from unmanageable garbage problems at home. But it has also encouraged the import of scrap recyclables since the 1980s. Importing scrap plastics and paper is cheaper, quicker, and easier than drilling oil wells and cutting down trees. It's also cleaner: Recycling 1 ton of paper saves enough energy to power the average American home for six months, while using recycled material to produce plastic reduces the energy required by as much as 87 percent.

That's why nearly 180 million tons of recyclables worth $87 billion were traded globally in 2015. Hay-bale-sized bundles of plastics recovered from U.S. recycling bins might look like "foreign garbage" to the untrained eye. But for savvy importers, they're as good as barrels of oil.

Nowhere is that more appreciated than in China, for two decades the world's biggest importer of recycled material. China's recycling industry grew in parallel with its manufacturing boom. By the mid-2000s, scrap paper was among the leading U.S. exports to China by volume. Much of that paper went round trip -- it started as packaging for goods made in China, then was shipped to the U.S., discarded into bins, and exported back to China for recycling. By some estimates, China's paper recycling rate could be as high as 70 percent if all those returned exports are added in. Foreign garbage is really just China's recycling coming home.

That's a good thing for everyone involved. Americans are good recyclers, but they're even better consumers, and on average roughly one-third of the stuff that's tossed into U.S. recycling bins can't be made into new products domestically, because there's too much of it. Before China's market opened, that meant that lots of otherwise recyclable waste had nowhere to go. Since China's opening, public and private recycling operations have flourished across the U.S., helping keep waste out of landfills and putting lots of people to work. According to one industry study, scrap exports support more than 40,000 American jobs. In China, the number is multiples larger.

The industry isn't perfect, of course. I've seen recycled plastics imported from the U.S. covered in rotten food that poses a health risk to the folks who process it, and bales of paper stuffed with cinder blocks to make them heavier and thus more valuable.

Unscrupulous traders sometimes label shipments of hazardous medical waste as recycling to save on disposal costs. China's many small-scale recyclers are known to flout regulations. But the Chinese government has rightly cracked down on this sort of thing in recent years, and helped clean up the worst abuses. The quality of the recycling China imports today is better than ever.

If the goal is to improve the environment and public health, then, the ban on foreign garbage is counterproductive. For all the problems with imported recyclables, those generated in China are far dirtier -- which is why Chinese recyclers want to continue importing foreign garbage.

Cut off the imports and many of them will shut down, while much of the 7 millions of pounds of plastic and 29 million pounds of paper that China imports annually will end up in dumps and incinerators in other countries. And that would really be a waste.

Source: bloomberg.com- July 20, 2017

HOME

*****************

## What has caused Pakistan's alarming trade deficit?

Pakistan’s trade deficit has hit a record level of 30 billion US dollars in the first 11 months of 2016-17, showing a jump of 42 per cent as compared to the same period in the previous financial year. Exports have declined by three per cent to 18.5 billion US dollars while imports have gone up by 21 per cent to 48.5 billion US dollars.

Never before in the country’s history have imports been over two-and-a-half times of exports as they are now. This unprecedented trade deficit has occurred despite the prevalence of relatively low international prices of our biggest import, oil.

A number of questions arise about the size of this deficit. What factors explain the fall in exports and the phenomenal rise in imports? What are the macroeconomic implications of such a large trade deficit? What measures do we need to undertake urgently to address the deterioration in Pakistan’s international trade balance?

The government attributes the decline in exports to the stagnant volume of world trade and low commodity prices in global markets. But our exports have been falling since 2013-14 (after attaining the peak level of 25 billion US dollars a year earlier) much before world trade slowed down and commodity prices fell.

Additionally, non-oil commodity prices have partially recovered after falling towards the end of 2015 and the year 2016 has witnessed a 12 per cent increase in the value of global trade. Some other countries, such as Bangladesh and Vietnam, have performed well in this improved global trade environment.

The reasons why Pakistan’s exports have declined by 20 per cent since 2013-14 include a number of structural factors and wrong policies. Unlike East Asia, Pakistan has historically followed a policy of import substitution rather than export promotion.

Consequently, there has been little emphasis on broadening the export base that has remained over-reliant on textiles as the principal export. Even now, exports of cotton yarn, cloth and value-added textiles constitute almost 60 per cent of our total exports.

Exports of other items have taken a big hit in the last three years, the decrease in them ranging from two per cent to 22 per cent. Many of these exports are from the agricultural sector or by small and medium enterprises.

Unfortunately, these sectors have been neglected through overtaxation of inputs, lack of access to infrastructure, especially electricity and gas, and restricted availability of credit from commercial banks. Extraordinary skills of Pakistani craftspersons, therefore, have remained largely unrealised. In India, on the other hand, exports of precious stones and jewellery lone now earn more than twice the total export earnings of Pakistan.

Since 2014, our exports have floundered because they can no longer compete in the international market due to an overvalued rupee and the relatively high cost of inputs like electricity. We need to realise that the loss of buoyancy in world trade has led to a low-intensity trade war being waged through competitive devaluations of currencies.

Most Asian currencies have fallen by anywhere between eight per cent and 84 per cent. Pakistan, instead, has opted to maintain a relatively stable value of the rupee, with only five per cent nominal depreciation over the last year. In reality, the rupee has appreciated recently because of its link to the strengthening American dollar.

Explaining the rapid growth in imports in 2016-17, the government has stated that this is largely due to the upsurge in machinery imports, especially for projects related to the China-Pakistan Economic Corridor (CPEC).

Home remittances and money sent back by Pakistanis working abroad have financed the bulk of Pakistan’s trade deficit for the last many years

This is only partially true. Up to April, the rise in the CPEC linked imports accounted for 38 per cent of the total increase in imports. Other major contributors to the increase are food, petroleum, automobiles and other intermediate goods.

The government needs to appreciate that the burgeoning imports are not due to extraordinary growth of the economy, which continues to show a moderate growth rate of 4-5 per cent.

The principal factor is the relative cheapness of imports due to our currency being overvalued by over 20 per cent.

Consequently, many import-substituting industries within Pakistan have been unable to compete and the volume of major imports has gone up by anywhere between 18 and 56 per cent for different items. Such big increases are unprecedented for many imports.

Home remittances and money sent back by Pakistanis working abroad have financed the bulk of Pakistan's trade deficit for the last many years. In 2016-17, the substantial widening of the deficit and lack of growth in remittances together have decreased the extent of this financing to 50 per cent of the deficit.

The resulting gap in financing has increased our overall current account deficit, which will have to be financed through increased external borrowing as well as by dipping into our foreign exchange reserves (which have decreased already by over three billion US dollars in 2016-17).

If trade deficit is not contained then Pakistan could face a financial crisis over the next 18 months. This may necessitate a return to the International Monetary Fund (IMF) for help and will probably require a number of drastic prior actions, including a substantial devaluation of rupee. This is what happened when Pakistan sought the IMF's assistance last time.

The government's reluctance to use currency exchange rate to stimulate exports and simultaneously discourage imports has compelled it to resort to administrative measures like imposing cash margins and regulatory duties on imports.

An export incentive package, announced in January 2017, also increased tax rebates on a number of exports but these measures have proven to be inadequate. Delay in the payment of rebates, in fact, is affecting the liquidity of exporters.

The government needs to recognise that export growth is essential not only for the sustainability of external debt but also to raise the economy's growth rate to six per cent or more.

To achieve that, a gradual depreciation of rupee is the right path to follow. This will also help Pakistan avoid a big cut in the currency price later, which may fuel inflation to possibly reach double-digit levels.

Simultaneously, the export incentive package needs to be substantially strengthened by extending it to more items and by offering bigger incentives for exports to emerging markets.

One way to ensure timely disbursement of rebates is their payment through commercial banks rather than through the Federal Board of Revenue (FBR). These banks in turn can seek reimbursements from the State Bank of Pakistan.

Pakistan must also more actively exploit the openings created by the GSP+ status granted to us by the European Union as well as the opportunities offered by China-Pakistan Free Trade Agreement and the South Asia Free Trade Area (Safta) agreement. New markets need to be developed especially in Central Asia, Iran and Turkey.

In the case of imports, imposition of regulatory duties could lead to under-invoicing. A more effective policy to cut imports could be to introduce a regime of minimum import price on a number of items, as has been done in the case of sugar.

Also, import tariff could be doubled if a particular commodity is imported by more than a pre-specified level. This will also help in avoiding speculation by importers in the presence of an overvalued exchange rate and very low interest rates.

Pakistan needs to secure its balance of payments position urgently. The world runs the risk of growing protectionism and a rising wave of antiglobalisation.

Exports could become even more difficult to increase within this looming scenario. It is essential that the trade gap be brought down over the next three years by almost 10 billion US dollars through a strategic and vigorous trade policy.

Source: dawn.com - July 20, 2017

HOME

*****************

## USA: Provide safety net for cotton growers: Congress to Trump

A bipartisan Congressional coalition has called attention of President Donald Trump to the ongoing economic struggles of thousands of American cotton farming families across the country and their need for an effective safety net. The coalition has asked Trump to use his authority to operate on an ongoing basis the Cotton Ginning Cost Share Program.

The letter signed by 109 Democrats and Republicans reads, "Mr. President, in an effort to help stabilise the entire industry, we strongly urge you to use your authority to operate on an ongoing basis the Cotton Ginning Cost Share Program effective beginning with the 2016 crop year."

"The cost share program, administered by the department of agriculture, is desperately needed to provide policy stability in the absence of a comprehensive policy for cotton farmers in the existing farm bill to effectively respond to sustained and deep economic losses due to price and revenue declines.

The Congressmen said that without some action by the Federal government, American cotton farming families will continue to see their equity erode or take on a greater debt load as they hope to keep their family farms in operation. They argued that America's cotton farming families are struggling to compete on a lopsided global playing field heavily weighted to its competitors in countries like China and India that benefit from sharply rising government subsidies.

"It is imperative that we protect the remaining 20,000 businesses in this industry that employ 126,000 people and generate over $21 billion in revenue or America risks losing this important sector of our economy in the same way we lost much of our textile industry, once the largest part of the US manufacturing sector."

Source: fibre2fashion.com - July 20, 2017

HOME

*****************

# NATIONAL NEWS

## India firms seek to boost textile machinery exports to Vietnam

Vietnam is a potential market to which Indian businesses are seeking opportunities to boost export of textile machines and equipment, said N.D. Mhatre, Director General (Technical) of the Indian Textile Accessories and Machinery Manufacturers Association (ITAMMA).

As one of the world's leading textiles and garment exporters, Vietnam has a growing demand for machinery and equipment, thereby creating big opportunities for Indian firms, Mhatre at a Vietnam-Indian business exchange programme co-held by ITAMMA and the Consulate General of India in HCM City on July 20.

The director noted that India's export turnover of textiles-garment machinery and equipment surpassed 400 million USD in 2016, but its earnings from Vietnam reached only 400,000 USD.

Therefore, Indian enterprises wish to boost trade promotion and business networking in the garment and textiles sector in order to build up long-term cooperative ties, he added.

In addition, ITAMMA plans to set up a textiles-garment technology centre in Ho Chi Minh City to introduce machines, equipment and provide after-sale services to Vietnamese customers. It will also serve as a venue for the two countries' businesses to exchange and update on the latest technologies in the field.

Participants shared a view that Indian businesses have opportunities to supply machines and equipment with affordable prices to the Vietnamese market as machines imported from Europe have high prices.

Nguyen Thi Tuyet Mai, Vice General Secretary of the Vietnam Textile and Apparel Association (VITAS), also affirmed that India is an important trade partner of Vietnam in the field of garment-textiles and machinery, while Vietnam is a potential market for Indian businesses.

This is a convenient time for Vietnamese and Indian companies to enhance cooperation in the garment-textiles sector, she said, suggesting that Indian firms should work with Vietnamese fabric and textile factories to create material supply chains in Vietnam, bringing long-term benefits to both sides.

Source: vietnamplus.vn- July 20, 2017

HOME

*****************

## NITI Aayog selects NIFT TEA in Tirupur to set up incubation centre

NITI Aayog has chosen NIFT-TEA Knitwear Fashion Institute, Tirupur for setting up incubation centre in the first round. C M N Muruganandan, chairman of the institute, said that out of 3,800 government and private institutions across India which applied, NIFT TEA Knitwear Fashion Institute, Tirupur, to host the Atal Incubation Centre under the Atal Innovation Mission (AIM) scheme which will focus on developing product technologies of functional garments, will get Rs 10 crore for five years.

They have planned to construct a 10,000sqft building to establish the incubation centre, which will be called AIC -NIFTTEA Incubation Centre for Textiles and Apparels.

The facilities will comprise product development, training, conferencing and incubatee work space. Budding entrepreneurs who want to create start-ups in textiles and apparels could be enrolled and their innovative ideas nurtured.

Muruganandan said that Tirupur is already known for entrepreneurial promotions, and TEA is working towards achieving the goal of 1 lakh crore cluster turnover by 2020.

Even though the cluster is becoming prosperous, the product diversification and innovative startup for market development is not up to the mark. At present, the garment manufacturers in the cluster have been struggling to expand their product portfolio beyond the predominant cotton-based garments owing to lack of high quality research and development.

Venturing into all-season apparels at affordable costs has become the need of the hour for small and medium scale manufacturers in the cluster to survive in the highly priced and quality-driven global apparel market. The centre could provide needed support to overcome such issues as it will create a pool of resources for providing hand-holding support to the innovators.

The centre has taken the initiative to enter a cooperation agreement with textile research associations and industries for better access to technologies and product development.

It is a good opportunity for Corporates to be associated with the centre for supporting the incubation and start-up by spending their corporate social responsibility (CSR) funds. Successful entrepreneurs, sectoral experts and industrialists will be invited to the centre for mentoring the startups.

The recognition is a great milestone for the institute and adds feathers to the cap of the Tirupur Exporters' Association (TEA).

Source: yarnsandfibers.com- July 20, 2017

HOME

*****************

## Availability of Cotton for Textile Industry

Government reviews the cotton availability position from time to time. Adequate availability of cotton is ensured through domestic production and textile mills are able to source their requirement of cotton from the domestic market.

In this regard, Government of India had directed Cotton Corporation of India Ltd. to sell its stock of cotton (cotton season 2015-16), purchased under MSP, to Spinning Mills in the Micro Small Medium Enterprise (MSME) category to contain fluctuation in cotton prices.

There is no shortage of cotton/yarn in the country.

The details of policy initiatives/schemes/incentives/subsidies/working capital/interest subvention that are being provided to the domestic manufacturers/exporters are as under:

i) The Government has been implementing various policy initiatives and schemes like Technology Upgradation Fund Scheme (TUFS), Schemes for the development of the Power-loom Sector, Schemes for Technical Textiles, Scheme for Integrated Textile Parks (SITP) and Scheme for Integrated Textile Processing Development (IPDS) to enable the textile industry, including the small industries, to upgrade and make them competitive.

ii) The Government has also launched a Rs. 6000 crore Scheme for Production and Employment Linked Support for Garmenting Units (SPELSGU) under ATUFS to incentivize production and employment generation in the garmenting Sector. These initiatives and schemes will help in the development of the downstream value added segments which in turn will create increased demand for yarn and thereby lead to increased production of yarn.

iii) Government has introduced special packages for apparel and made-ups sector in June, 2016 and December, 2016 respectively which include schemes like Amended Technology Upgradation Fund Scheme (ATUFS), Pradhan Mantri Paridhan Rojgar Protsahan Yojna (PMPRPY) and Scheme of Rebate of State Levies (RoSL) on export of garments. Besides, with a view to modernize textile industry, increase production and global competitiveness schemes such as Schemes for Technical textiles, Scheme for Integrated Textile Parks (SITP) and Integrated Skill Development Scheme are also being run by the Government.

iv) MEIS Scheme under new Foreign Trade Policy 2015-20

v) Restoring Interest rate subvention for pre and post shipment credit for the textile sector

vi) Expanding the scope of Merchandise Export from India Scheme (MEIS) since 29.10.2015 to 110 new tariff lines and increasing rates or country coverage or both for 2,228 existing tariff lines.

vii) Increased Duty Drawback rates for some textile articles

viii) Market Access Initiative (MAI) and Market Development Assistance (MDA) Scheme

ix) Duty Free import of trimmings, embellishments and other specified items under Export Performance Certificate Entitlement Scheme

The above information was given by the Minister of State, Textiles, Shri Ajay Tamta today, in a written reply to a Lok Sabha question.

Source: business-standard.com- July 20, 2017

HOME

*****************

## Earnings momentum swinging in favour of India's largest denim maker. Fancy a buy?

With markets on a roll, investors are looking beyond frontline stocks to unearth value.

Amid the frenzy, Nandan Denim Limited (NDL), a little-known textile midcap, has lately caught the Street's fancy.

The company is India's largest denim manufacturer. Having completed its capacity expansion and backward integration, NDL looks set to garner market share in the post-GST regime as unorganized players grapple with the reality of new taxes.

Denim fabric, which contributes 80-90 percent to NDL's annual turnover on an average, is the company's forte.

Here's a look at the key tailwinds that make the stock fundamentally robust.

**Denim fabric capacity expansion:** NDL's fabric manufacturing capacity, which stood at 99 million metres per annum (mmpa) at the start of FY17, increased to 110 mmpa in December 2016, post expansion. Going forward, emphasis will be laid on fashion denim fabric to target better realizations compared to regular denim material. A combination of higher sales volumes and value added products is likely to fuel top-line growth in the coming fiscals.

**Backward integration completion:** NDL more than doubled its spinning capacity from 64 tonnes per day (TPD) in FY16 to 141 TPD by the end of FY17. This will ensure adequate availability of yarn for the company's fabric manufacturing unit, besides reducing the degree of dependence on outside suppliers for raw material and facilitating margin accretion.

**Foray into premium shirting fabric:** NDL's shirting fabric facility (annual capacity of 10 mmpa), which handled manufacturing of grey shirting fabric until now, has been equipped to manufacture superior variants. The average selling price per metre of the new fabric type is 60-400 percent higher vis-a-vis grey shirting fabric, which was previously sold at around Rs 100 per metre.

Simultaneously, a new yarn dyeing plant was commissioned during the recently concluded fiscal to meet input requirements of the shirting fabric department. The costlier dyed yarn (in comparison to non-dyed) would consequently help the company to command a premium pricing on its shirting material, eventually causing margins to go up.

**GST benefits:** Post GST implementation, a large number of unorganised manufacturers, by virtue of falling under the tax ambit, will end up losing a significant degree of the competitive edge that they enjoyed over their tax-compliant counterparts over the years. Moreover, GST rate on cotton, the key raw material for NDL, is at par with the pre-GST tax scenario, thereby keeping input procurement costs stable.

**Growing fabric demand:** India's denim market is clocking a consistent CAGR of 15-18 percent per annum and is expected to register a retail value of $361 billion by 2020 from the current level of $177 billion. Versatility of denim fabric, presence of numerous denim varieties across the country at different price points, better fashion consciousness, booming e-commerce retailing channels, higher disposable incomes, and geography-agnostic use are some of the other major industry drivers that NDL could possibly capitalize on.

**Indian denim manufacturers gaining traction globally :**
Internationally, the denim industry is expected to grow at a CAGR of over 6.5 percent till 2020, with Latin America and Asia being the front-runners in the premium and super premium segments. Of late, China, India's

biggest rival in the textile space, has been losing its export advantage, particularly to Indian entities, because of higher labour and compliance costs, in addition to declining cotton output (on account of increasing attention towards other cash crops). Evidently, a huge market awaits India's denim products.

Source: moneycontrol.com- July 20, 2017

HOME

*****************

## Government measures to boost textile and handicraft industries

The Government does not setup/establish new textile industries/units. The role of the Government is to ensure conducive policy environment, facilitating in creating enabling conditions for the industry and private entrepreneurs to set up units through its various policy initiatives and schemes such as the Technology Upgradation Fund Scheme (TUFS), Scheme for Development of Technical Textiles, Schemes for the Development of the Powerloom Sector, Scheme for Integrated Textile Parks (SITP), Integrated Skill Development Scheme (ISDS), Schemes for Development of Silk and Sericulture sectors, National Handloom Development Programme (NHDP), Comprehensive Handloom Cluster Development Scheme (CHCDS), Yarn supply Scheme, National Handicrafts Development Programme (NHDP) and North East Region Textiles Promotion Scheme (NERTPS). Last year, Government of India had notified the Amended Technology Upgradation Fund Scheme (A-TUFS) for technology upgradation in the textiles sector.

Government is also implementing the in-situ Upgradation of Plain Powerloom Scheme for upgrading the obsolete power looms to semi-automatic and automatic looms. These schemes are aimed at promotion/upgradation of textile industries/units all over the country.

Further, the Government has approved a special package for textile sector with an outlay of Rs. 6,000 crore to boost employment generation and exports, particularly in Garmenting and Made-ups.

The above information was given by the Minister of State, Textiles, Shri Ajay Tamta today, in a written reply to a Lok Sabha question.

Source: newkerala.com - July 20, 2017

HOME

*****************

## CBEC supports adoption of GST in trade and industry

Central Board of Excise and Customs (CBEC) has extended support for adoption of Goods and Services Tax (GST) in the trade and industry. CBEC will help in the transition to GST and the enforcement machinery will be liberal in execution of the provisions for the initial three to six months of GST implementation, said Vanaja N Sarna, chairperson of CBEC.

CBEC has left no stone unturned to train all its officers, both in the Centre and at the States, before the introduction of GST, said Sarna at the Confederation of Indian Industry (CII) interactive session on GST in New Delhi.

Congratulating the government on the successful implementation of GST, Harishanker Subramaniam, chairman, CII Core Group said, "While such a mammoth task is bound to have its share of glitches and concerns, the key to all such issues is the receptiveness of the Government. The Government has been actively encouraging and facilitation people towards the adoption of the biggest tax reform since independence, with an assurance to have a softer approach towards tax payers during the first few months of implementation."

"We have undertaken a large number of awareness campaigns, which have been widely attended and well received by the tax payers. The CBEC has issued FAQs and formulated sectoral groups, some of which have already come out with their reports. We expect all our officers not only to be well conversant in the GST law and rules, but also be ready to handhold industry in the registration and report filing procedures," Sarna added.

CBEC has received representations from textile traders, said Sarna. Finance minister Arun Jaitley has assured that the GST Council will look into their demands at the next meeting on August 5.

Source: fibre2fashion.com - July 20, 2017

HOME

*****************

## GST's impact on textile industry raised in RS

Business, livelihood of workers hit hard'

Opposition members in the Rajya Sabha on Thursday raised the issue of problems being faced by textile manufacturers and traders owing to Goods and Services Tax (GST) implementation. Some MPs also demanded that the sector be exempted from the new indirect tax.

Ananda Bhaskar Rapolu from Telangana highlighted the grievances of the handloom, power loom and the textile sector as a whole. "About 70 lakh workers are employed in the power loom sector. They are worried about the excessive slabs of the GST as it is hampering their livelihood. As a result, the entire textile sector is in agitation mode," he said.

Mr. Rapolu said in Gujarat's Surat and Maharashtra's Bhiwandi, lakhs of workers were agitating. "Mahatma Gandhi wore handloom clothes. The sector needs to be protected."

Ahamed Hassan and Sukhendu Shekhar Roy raised the issue of strikes by traders in West Bengal, while member Ritabrata Banerjee said the State's tailoring industry has also been affected. "The complexity of GST rules, the problem in maintaining GST audit and registration process has hit business and jobs of *Ostagar* (tailors)," he said.

Source: thehindu.com - July 20, 2017

HOME

*****************

## Ethiopia welcomes Indian investors, says Minister

Low power traffic, easy access to land with minimal lease period, excellent infrastructure, ready-to-start business facilities, and duty free and quota free market access to the EU and the US are major advantages for Indian investors in Ethiopia, according to Bogale Feleke Temesgen, State Minster for Industry, Ethiopia.

Delivering the keynote address at the Ethiopian Investment Promotion Workshop in Cotton, Textile, and Apparel Sector held here on Thursday, the Minister said Ethiopia was the largest domestic market in Africa.

Stating that textile industry would play a major role in the industry development strategy of the nation, he said Ethiopia's textile and clothing industry has been undergoing major development aided by low labour costs and highly motivated work force.

The minimum investment is $200,000, he added. "There is huge potential for expansion of cotton cultivation in Omo-Gibe, Wabi Shebelle, Baro Akobo, Blue Nile and Tekeze River basins in Ethiopia. With successful bilateral and multilateral agreements with the US and the EU, the manufacturer can easily export their products all over the world.

"We offer power for ₹ 2 per unit and unskilled labour wages was $60 per month," the Minister said.

Top priority was given for infrastructure development. 'Plug and play' facility was created for investors in all industrial parks. New industrialists would directly engage in production as industrial parks have complete set up of buildings with dedicated power supply, access to roads, and one stop services, Mr. Bogale Feleke Temesgen said. Industrial parks have been developed at Addis Ababa, Hawasa, Kombolcha, Mekelle and Diredawa. Two more parks are coming up, he pointed out.

Similarly, Adis-Djibouti railway project became operational, ensuring better logistics, he said. Other railway projects connecting ports to Mekele, Kombocha and Hawasa were under way. "We had given licence to 500 Indian companies to invest in Ethiopia he said and welcomed investors to attend an investors meet to be held on October 20 in Ethiopia.

In his address, Ethiopian Textile Industry Development Institute Director General Seleshi Lemma Bekele said Ethiopia has plans to increase power generation to 17,000 MW from 4,370 MW by 2020. Grand Ethiopian Renaissance dam was set to generate an additional 6,450 MW power. About 60 to 80 years land lease right at promotional rate was being offered with sub lease rights, he said. Three million hectares of land was suitable for cotton cultivation. Ethiopian Textile and Garment Manufacturers Association president Fassil Taddesse Hailu accompanied them.

Source: financialexpress.com - July 20, 2017

HOME

*****************

# Cotton output estimated at 337.25L bales for 2016-17

Cotton output for for 2016-17 crop year is estimated to be 337.25 lakh bales as per June estimates by the Cotton Association of India (CAI).

In its May projection, CAI had estimated the output figure at 336.25 bales for the 2016-17 crop year, beginning October 1. Production stood at 337.75 lakh bales in the previous crop year, CAI added.

The projected balance sheet drawn by the CAI estimated total cotton supply for the season at 409.25 lakh bales while the domestic consumption is estimated at 305 lakh bales.

According to Nayan Mirani, president of CAI, over 95% of the crop for the season has already arrived in the market. Meanwhile, the sector expects a 10-12% rise in production in 2017-18.

The industry pegged cotton production at 380 lakh bales against 340 lakh bales produced last year. According to Sandeep Bajoria, chairman, All India Cottonseed Crushers' Association, the country's cotton production is expected to touch some 380 lakh bales from the previous year's 340 lakh bales leaving over 125 lakh tonne of cottonseed for crushing. Cotton has been sown on 90.88 lakh hectare as on July 14, up by 17 % from 73.93 lakh hectare sown on the corresponding date of previous year.

According to Dhiren Seth, former president, CAI, cotton planting is expected to be 5-7% higher than the previous season and therefore accordingly, the crop should also increase in proportion.

Source: financialexpress.com - July 21, 2017

HOME

*****************