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TEXPROCIL NEWS CLIPPINGS

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IBTEX No. 165 of 2017 August 10, 2017

USD 63.99 | EUR 75.06 | GBP 83.04 | JPY 0.58

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
19959	41750	**82.77**

Domestic Futures Price (Ex. Gin), July

Rs./Bale	Rs./Candy	USD Cent/lb
20390	42651	**84.56**

International Futures Price

NY ICE USD Cents/lb (Dec 2017)	71.13
ZCE Cotton: Yuan/MT (Sept 2017)	15,070
ZCE Cotton: USD Cents/lb	**86.64**
Cotlook A Index – Physical	**80.75**

Cotton & currency guide: Cotton price for December delivery is holding near the upper trajectory of 71 cents though it sharply corrected on Wednesday to 70.41 as part of profit booking.

Market is failing to strong above 71.20 cents since this week start and we believe no major cues witnessed this week except that the global traders' are keenly awaiting the tonight's USDA WASDE Monthly supply demand report and hopeful that it would give a fresh cues to the market.

This morning cotton is seen trading just at 71 cents and likely initial price correction with the chart formation is likely. From the chart perspective we see for the day the trading range would be 71.30 cents to 70.40 cents/lb.

Currency Guide:

Indian rupee depreciated by 0.2% against the US dollar to trade near 63.95 levels. Weighing on rupee is weaker risk sentiment due to increased tensions between US and North Korea.

However, weighing on US dollar is uncertainty about Fed's monetary policy and concerns about Trump. USDINR may trade in a range of 63.85-64.1 and bias may be on the upside due to weaker risk sentiment.

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

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INTERNATIONAL NEWS

China: Cotton/rayon yarn price likely to be stable to weak temporarily

Production of cotton/rayon yarn gradually increases with changing downstream demand, but seasonality affects cotton/rayon yarn market greatly. Transactions of cotton/rayon yarn are subdued now during slack season.

Price of VSF increased by around 1,320yuan/mt since early-Jun, but that of cotton inched down 35yuan/mt, and that of cotton/rayon yarn dropped by around 280yuan/mt during the same period. Currently, trading price of compact-spun combed C/R 50/50 40S was mainly around 25,500yuan/mt after-tax delivered, higher at 26,500yuan/mt for 100% bleachable ones.

Profit of cotton/rayon yarn enlarged in Jan-Mar, 2017, peaked at around 1,500yuan/mt, but kept narrowing after price down continuously. Currently, margins of cotton/rayon yarn were mainly around 200yuan/mt, slanting low.

As for market outlook, from the perspective of feedstock, price of VSF is likely to decrease in later period with slacker sales and poor downstream demand, and that of cotton is expected to edge down further if cotton auction is extended. In view of demand, downstream demand is supposed keep weak before mid-Aug but may warm up from mid-Aug to Sep.

Most cotton/rayon yarn plants may be reluctant to discount offer further with low margins. Price of cotton/rayon yarn is expected to be pressed in short run with weak feedstock, but decrement may be limited in anticipation of better demand. If peak season comes, price of cotton/rayon yarn is likely to increase.

Source: ccfgroup.com- Aug 08, 2017

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Vietnam: Fibre, yarn exports surge over last 7 months

The nation's fibre and yarn exports reached 750,000 tonnes, worth more than US$1.85 billion over the past seven months, surging 17 per cent in volume and 26.5 per cent in value against the same period last year.

Over 341,000 tonnes of fibre and yarn were shipped abroad for $933.4 million in the first half of this year alone, up 18.5 per cent in volume and 29.47 per cent in value, according to the General Department of Customs.

Vietnamese fibre and yarn have been exported to nearly 20 countries worldwide. Of them, mainland China is the leading importer, accounting for 54.4 per cent of the total value. South Korea and Turkey were the two other largest importers of Vietnamese fibre and yarn.

Other markets recording positive import turnovers included Taiwan, Hong Kong and Pakistan.

Baodautu.vn quoted the Việt Nam Cotton and Spinning Association as saying that Vietnamese businesses have shifted their export targets from Turkey to China and Pakistan after its anti-dumping duties were imposed in recent years.

Although Turkey remaied the third largest consumer of Việt Nam's fibres and yarns, exports to the market slumped signficantly by 37.5 per cent in volume to 30,000 tonnes and 28.3 per cent in value to $67.9 million from January to June period.

Source: vietnamnews.vn- Aug 08, 2017

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Pakistan: PTEA opposes independent inspections of imported yarn

Pakistan Textile Exporters Association (PTEA) has strongly opposed the unproductive and baseless proposal of a certain lobby for subjecting the consignments of imported yarn for independent inspections to control the excessive imports of cotton yarn.

Certain elements are misleading the Government for their own vested interests. Such initiative will sabotage entire value-added textile chain and free market economy principal will be compromised.

In a statement here on Tuesday, Chairman PTEA Mian Ajmal Farooq termed it highly unfortunate that a certain lobby is pleading the move in the disguise for protection of local industry. They would in fact like to block raw material imports meant for re-export on technical grounds one way or the other. Only 3 percent of total production of yarn is being imported, he said.

Chairman PTEA said that such demand does not carry any merit and it will have a severe and negative impact on the rest of the industry, he said.

The current policy to bring duty free raw material for re-export under SRO 327, 450 and 322 have empowered the value-added textile exporters to bring in raw material of good quality and at competitive prices, he added.

Our dilemma for years has been value addition. The current policy, which was made several years ago after careful study and matches with our competitors.

He said yarn import from overseas has helped textile manufacturers to increase their efficiency and productivity significantly and to remain competitive. Generally 100 percent cotton yarns quality is much better and contamination free. Import for re-export is being facilitated all over the world.

We have witnessed that textile exports of Bangladesh and Vietnam have increased by many folds in the recent years who have the same policy eg they import yarn from around the world duty free for re-export, do value addition and export.

Terming Government's current policy as balanced he said that it has maintained demand and supply mechanism within the Industry. Any restrictions in shape of pre shipment or post shipment inspection have never been prudent historically.

All emerging economies have done the reforms by removing such impediments, which have helped them increasing their exports. We need to follow their footsteps and take our industry into the right direction to achieve our national goal, he said. We need long term policies so Pakistani entrepreneurs can capitalize on them.

PTEA Chairman was of the view that competing countries like Bangladesh, India, China and Vietnam are rapidly multiplying their exports just because of the edge they have on the cost of doing business. High cost of production and un-competitiveness are major hurdles in export growth and pragmatic incentive schemes need to be announced to reduce the cost of production and to create a level playing field, he suggested.

All sectors of industry should place their own interests aside and identify the factors, which are hindering business ventures and should propose measures for raising investment, he added.

Source: par.com.pk - Aug 09 2017

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Pakistan: Home textile exports to EU surge

Pakistan's exports of home textile products to European Union (EU) surged 60 percent in 2016 as compared to 2013, a minister said.

Minister for Commerce and Textile Pervaiz Malik told APP that exports of carpets and rugs to EU increased to 37.92 million Euros in 2016 from 30.30 million Euros in 2013.

Exports of cotton and other raw materials for value-added textile sector to EU, however, grew rather modest nine percent in 2016 as compared to 2013.

"In EU markets, Pakistan has a huge opportunity for exporting different goods and after signing the generalised scheme of preferences plus, Pakistan increased its exports in EU," Malik said.

"We are committed to enhance the trade volume with EU and other regions of the world." Commerce minister said the ministry will evolve a short-, medium- and long-term strategy for enhancing the multilateral trade with different potential markets of the world.

Source: thenews.com.pk - Aug 09, 2017

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Chinese trade weaker than expected in July

Chinese trade growth for July was weaker than expected, with both exports and imports growing more slowly than economists had predicted.

Exports grew by 11.2%, down from 17.3% a month before. Capital Economics had forecast growth of 15%, with Bloomberg predicting 14.9% growth.

Imports, meanwhile, grew by 14.7%, which is down from 23.1% in June – again failing to meet economist forecasts.

The slump raises questions about consumer demand: if China's exports are slowing, it means fewer people are buying the goods it makes. This is particularly true given the broad-based nature of the slowdown, sectorally.

Overall trade growth was 8.8% for the month of July, the slowest of the year to date. It suggests that earlier optimism after GDP growth for the second quarter beat expectations may have been premature.

"Overall, today's data imply that the Chinese economy may not have had quite as strong a start to Q3 as previously thought. In particular, the decline in industrial commodity imports suggests that, after an uptick at the end of Q2, investment growth may have begun to cool again," says Julian Evans Pritchard, China economist at Capital Economics.

He adds: “Looking ahead, we think a further downside to export growth should be relatively limited given the positive outlook for China’s main trading partners. But with the headwinds to domestic demand from policy tightening increasing, we think the slowdown in import growth has further to run.”

The data release comes at a time when some analysts are drawing comparisons between current economic conditions and those before the global financial crisis kicked in 10years ago today (August 9).

Weakening consumer demand and inflated investment markets were harbingers of the crisis a decade ago, when BNP Paribas’ announcement that it would suspend redemptions from three of its funds due to “the complete evaporation of liquidity in certain market segments of the US securitisation market” sparked the start of the greatest financial crisis since the Great Depression.

Source: gtreview.com - Aug 09, 2017

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Manufacturing flocks to new corners of Asia, but must first overcome China's pull

If Asian economies are to succeed in tapping on manufacturing to boost economic growth, they must first displace China, argues the Financial Times’ Robin Harding,

Bangladesh has achieved an economic miracle in the past 20 years. A few decades ago it was one of the poorest countries on earth, stricken by famine and flood. Now it ranks as middle-income. Vietnam has done the same; Cambodia is close behind.

Their spectacular growth shows fear of "premature de-industrialisation" is misplaced as a new generation of manufacturing powers rise to shape the 21st century.

What Bangladesh has done is all the more remarkable because the world has taken so little notice. Growth has steadily accelerated to more than 6 per cent, driven by the classic cheap-labour starter industry of textiles. It is now the world's second largest garment exporter.

Powerful gears of growth have begun to turn. The textile factories employ millions of young women, giving them economic power, prompting rural families to invest in education and triggering a demographic dividend.

The growth of these new manufacturing centres is one of the most exciting changes in the global economy. They offer new markets for consumer goods, huge opportunities for investors and a way to lift millions of people out of poverty.

Yet even as Bangladesh takes off, there are doubts about whether others can follow.

THE FLYING GEESE MODEL

Harvard economist Dani Rodrik has found a pattern of early manufacturing collapse in poor countries, with factories disappearing at much lower levels of development than they did in Europe or the US. He charts an industrial slump in South America, Africa and parts of Asia since the 1980s, in terms of output and employment.

That is grave news for developing countries. As Mr Rodrik notes, manufacturing powers productivity. It is hard to get rich without it.

In the 1960s, Asian economies were sometimes compared with flying geese. As Japan ascended the manufacturing value chain - into electronics, for example - then Taiwan or South Korea could move into the textile market left behind. The result was development by echelon, like migrating birds.

But if automation and robotics can now compete with even the cheapest labour, then these opportunities will never open up. Developing countries will either have to find a new growth model via services or be forever stuck selling commodities.

Yet, such fears are mistaken. It is more likely that Bangladesh heralds the start of a new wave of industrialisation in poor countries; one that will, in time, extend even to sub-Saharan Africa.

CONCENTRATION OF MANUFACTURING IN CHINA

Researchers at the UN confirm that the share of manufacturing and manufacturing jobs in the average developing economy has fallen. But for developing economies as a whole, they find the share of manufacturing and manufacturing jobs is at a record level.

In other words, it is not that there is less manufacturing going on, or that robots are doing it all. Rather, all the manufacturing has become heavily concentrated in one place, causing a loss of industry everywhere else.

That place, of course, is China. The geese were trying to migrate across China but getting gunned down by its formidable comparative advantage in making things.

If other manufacturers are to grow, they must displ

China's factories are investing heavily in automation and robotics in order to raise productivity and stay competitive as local wages rise. But there is little reason to think it will work any better than it did for the rich countries China itself displaced in the 1990s.

Robotics technology has moved forwards but fully automated production lines are still vastly expensive and difficult to adjust. For that reason, robots are little used beyond automobiles and electronics, where the volumes are high enough.

Robots are decades away from displacing skillful human fingers willing to work for dollars a day in an industry where customer demand changes as quickly as clothing.

Much will depend on whether Beijing lets its low-skill industries die or fights to keep them. Its move away from currency intervention and a weak renminbi has directly aided the rise of new manufacturing hubs. Its sky-high rates of saving and investment, on the other hand, create overcapacity and suppress the growth of industry elsewhere.

Other developing countries should hope Beijing succeeds in rebalancing its economy towards consumption. Nothing would do more to speed their growth.

If China's population stops making cheap clothes but wear more of them, it will mean the available market is larger than ever in history. China had hundreds of millions of rich consumers in Europe, the US and Japan to sell to in the 1980s. Now there are billions of people buying clothes, shoes and toys.

Whatever automation there is, bigger markets will offset it.

For the global economy, Bangladesh and others offer fresh growth with less reliance on China. There are important implications for prices in advanced countries.

One cause of low global inflation is the impact of China's entry into global markets. The rise of Bangladesh suggests prices will not pick up as China's own income rises. There are still others wanting to manufacture their way to wealth - not least in Africa.

Ever since the industrial revolution began in the mid-18th century, manufacturing has been the path from poverty to plenty, and despite a bout of congestion as China followed it, the route is as open as ever.
The geese are ready to migrate again.

Source: channelnewsasia.com - Aug 09, 2017

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Ethiopia's manufacturing sector export revenue disappoints

Ethiopia managed to earn 436.73 million U.S. dollars from the manufacturing sector exports in the Ethiopian Fiscal Year (EFY) 2016/17 that ended on July 8.

The export revenue met only 47.8 percent target of the 913.66 million U.S. dollars the East African nation had planned to earn during the EFY.

Assefa Tesfaye Corporate Communications Director at Ethiopia Ministry of Industry (MoI) told Xinhua on Tuesday that lack of management and technological capacity of some industries, insufficient supply of manufacturing inputs, quality problems with manufacturing inputs and delay in commissioning of several industries contributed to the disappointing result.

MoI in particular mentioned a commissioning lag in some manufacturing plants operating in Ethiopia's highly advertized Hawassa Industrial Park for the disappointing export revenue.

Built by China Civil Engineering Corporation (CCECC), the Hawassa Industrial Park 275 kms south of capital Addis Ababa was inaugurated back in July 2016.

Eighteen companies have already started operations inside the industrial park and six of them are presently exporting their products to the global market.

Once operational at its full potential, the park is expected to generate 1 billion dollars for the Ethiopia annually mainly from textile and garment sector.

It is the textile and garment sector that showed its most disappointing result earning the East African country 89.3 million dollars in export revenue out of a planned 271 million dollars.

Source: xinhuanet.com- Aug 09, 2017

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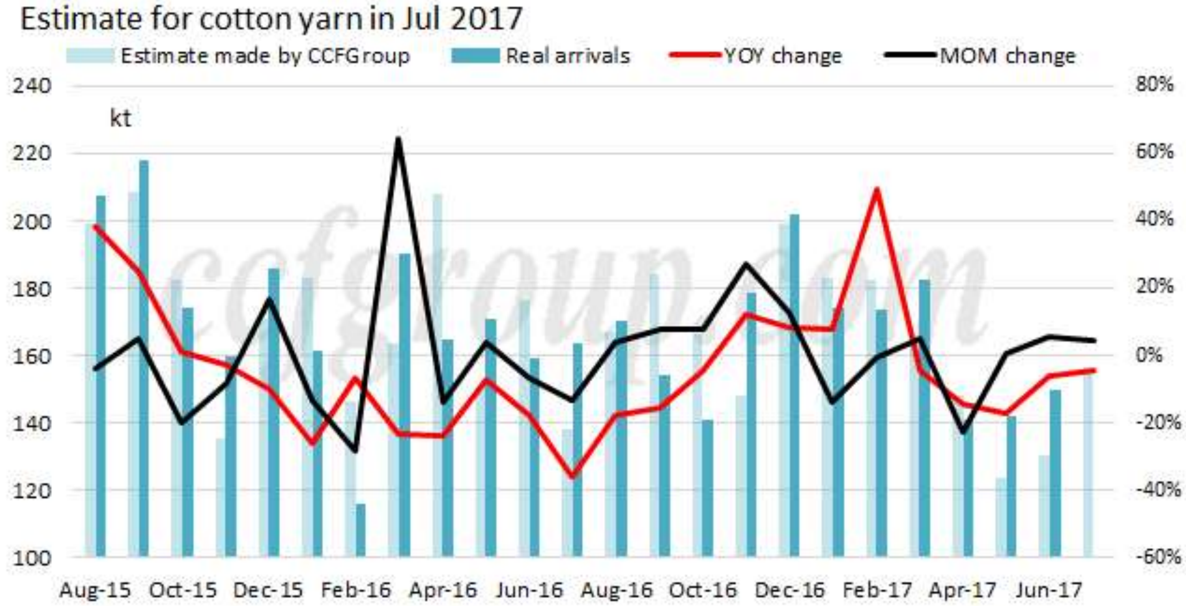
China: July cotton yarn imports may rise by 4.19% m-o-m to 156.3kt

Traders' reflection

46% of traders under survey reflected that Jul arrivals of imported cotton yarn may rise compared with Jun, 18% of traders thought Jul arrivals may slightly decrease on the month and 36% of traders thought Jul imports of cotton yarn may be flat with Jun. Most players under survey reflected that cotton yarn imports may be not high in Jun-Aug as current cargos were not profitable and price of forward cargos were higher than spot goods in China.

2. Estimate of arrivals

2.1 Cost of mainstream products



Jul arrivals of Indian cotton yarn were mainly ordered in end-May and end-Jun, with price for forward carded 32S for air-jet staying at $2.85-2.87/kg, equal to around 23,800-24,000yuan/mt after-tax, flatting with spot goods in China, with slightly rising orders.

Jul arrivals of Pakistani cotton yarn were mainly ordered in May, with forward grade-A siro-spun 10S reaching $2.34-2.35/kg, equal to around 19,600-19,700yuan/mt, with disparity with spot goods in China at 500-600yuan/mt, with smaller spread, and trading improved slightly.

Jul arrivals of Vietnamese cotton yarn were mainly procured in Jun with forward price for carded 32S for rapier staying at $2.86-2.90/kg, equal to around 23,100-23,400yuan/mt after tax, flatting with spot goods in China, with slightly better transactions.

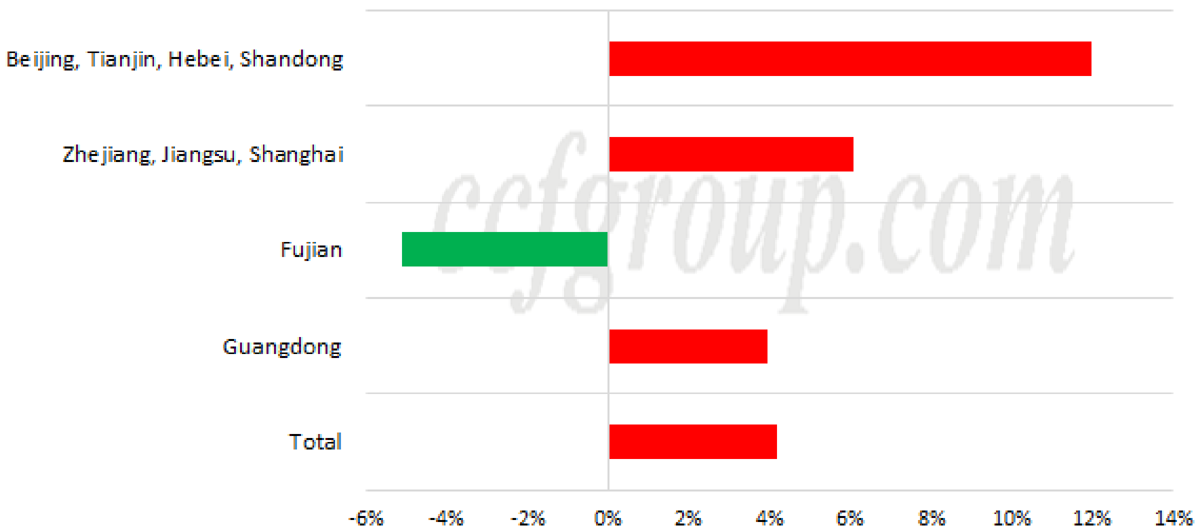
In conclusion, transactions of Indian, Pakistani and Vietnamese cotton yarn in Jul all slightly increased on the month during slack season.

2.2 Survey on sampling companies

According to survey made by CCFGroup, most traders expected cotton yarn import to rise in Jul. Cotton yarn imports may increase to around 156.3kt in Jul, up 4.19% m-o-m and down 4.51%y-o-y, and imports of cotton yarn containing more than 85% of cotton may be around 144.9kt.

3. Regional estimate

Regional change of cotton yarn imports in Jul 2017



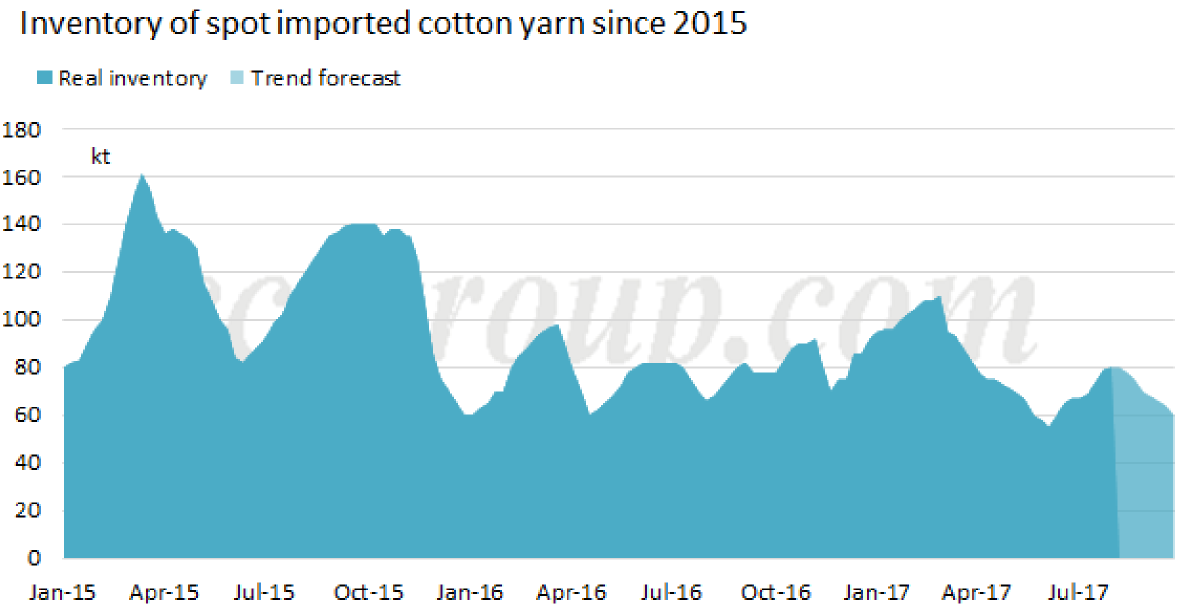
Arrivals in Guangdong in Jul is expected to rise by 3.94% m-o-m. Demand for spot imported cotton yarn was dull and inventory slightly accumulated, dragging down price slightly. Pakistani A- grade siro-spun 10S was mainly pegged at around 19,300yuan/mt after-tax ex-ships. Demand for spot imported cotton yarn may increase in Aug in Guangdong, and price is expected to slightly move up in anticipation of falling stocks.

Arrivals of imported cotton yarn are anticipated to decline by 5.11% on the month in Fujian. Spot goods were not ample in Fujian in Jul and downstream demand was poor when weavers ran at below 50% of capacity. Trading of imported cotton yarn was slack. In Aug, price of spot imported cotton yarn may stabilize with not ample spot goods and slightly better demand.

Arrivals in Zhejiang and Jiangsu in Jul are supposed to increase by 6.09% m-o-m. Demand for spot imported cotton yarn remained bleak in Jul with mounting stocks and meager demand, and price was fragile. In Aug, price of spot imported cotton yarn may be divided in Zhejiang and Jiangsu and stocks may reduce in anticipation of better demand.

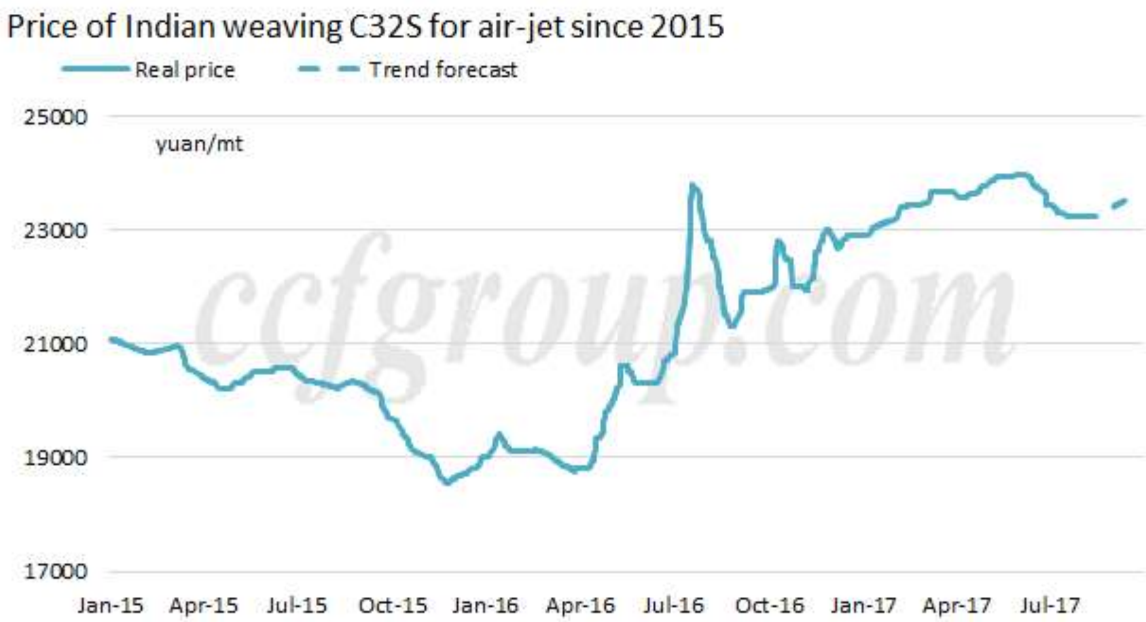
Arrivals of imported cotton yarn in North China in Jul are likely to rise by 11.96% on the month. Inventory of imported cotton yarn accumulated in Jul with dull demand and price was weak. Stocks of imported cotton yarn may decrease in Aug in North China, and price is likely to be divided.

4. Inventory assessment



Arrivals of imported cotton yarn may rise on the month in Jul, and stocks of imported cotton yarn have increased to around 80kt at major China ports with dull demand and slow sales. Arrivals of imported cotton yarn may keep increasing in Aug and stocks may reduce in anticipation of better demand.

5. Market outlook



According to arrivals assessment for cotton yarn, spot inventory of traders and downstream demand, arrivals of imported cotton yarn may increase in

Aug, cost for later imported cotton yarn may dip slightly, stocks of imported cotton yarn may reduce slightly, operating rate of weavers may be stable, and price of spot imported cotton yarn is expected to be divided and stable.

Source: ccfgroup.com- Aug 09, 2017

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Russian imports from non-CIS countries up by 27% in January-July

Russia increased imports of goods from non-CIS countries in January-July 2017 by 27.4%, compared to the same period of 2016, to $107.55 billion, according to the Federal Customs Service (FTS).

According to preliminary data of the Customs statistics, imports of products of engineering industry decreased by 0.2% month-on-month in July and amounted to $9.42 bln, imports of chemical products - rose 0.1%, to $3.12 bln, imports of textiles and footwear - increased by 15.9%, to $1.21 bln, imports of food products and raw materials for their production fell by 3.8%, to $1.8 bln, the report says.

The total value of imports of goods from non-CIS countries in July amounted to almost $17.82 billion, which is 0.4% up month-on-month and up 29.3% year-on-year.

In July, imports of vessels decreased 2.2 times, imports of aircraft fell 1.8 times. Purchases of optical instruments and vehicles fell by 4.6%, purchases of land transport were down by 3.3%, purchases of electrical equipment fell by 2.5%. At the same time, shipments of mechanical equipment increased by 15.8%, imports of components for railway locomotives - by 12.7%.

Among the chemical products, import of organic and inorganic chemistry products, soaps and synthetic detergents increased by 9.5%, imports of perfume and cosmetics grew by 4.3%, imports of polymers and rubber - by 0.5%. At the same time, imports of pharmaceutical products decreased by 6.4%.

Among food products and raw materials for their production, imports of vegetables decreased 2.9 times, imports of fruits were down by 13.9%, imports of fish by 3%.

In turn, the value of imports of meat and by-products increased by 18.3%, imports vegetable oil grew by 17.5%, imports of dairy products were up by 12%, imports of alcoholic and non-alcoholic beverages by 5.1%, cereals - by 3.6%, tobacco - by 1.6%.

Among imports of textiles and footwear purchases of footwear grew by 1.5 times, imports of textile clothing were up by 21.1%, imports of cotton grew by 13.4%.

Source: tass.com- Aug 08, 2017

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WTO members deliberate on cotton expanse in West Africa

At a recent discussion on cotton, majority of WTO members affirmed their support for a meaningful and specific outcome on cotton domestic support, the chair of the agricultural negotiations, Ambassador Stephen Ndung'u Karau of Kenya, highlighted. Ambassador Eloi Laourou of Benin, speaking on behalf of the four West African cotton-producing countries, Benin, Burkina Faso, Mali and Chad (Cotton-4), stressed domestic support remains the cornerstone of cotton trade problem.

Laourou said the Cotton-4 countries reflected on their priorities for cotton negotiations when they gathered at the 5th ministerial meeting of the Cotton-4 that took place in April 2017 in Cotonou, Benin.

He reminded members that these priorities are to follow-up on the effective implementation of all WTO ministerial decisions on cotton and the progressive phase-out of all forms of trade-distorting domestic support for cotton and its by-products.

The Cotton-4 countries have been attempting to derive an outcome on domestic support for cotton at the WTO's 11th Ministerial Conference to take place in Buenos Aires in December 2017.

Cotton trade policies

Karau informed members these negotiations must be based on recent and up-to-date data on members' policies and support levels, especially in terms of domestic support. A background paper prepared by the WTO Secretariat was also discussed. The paper provides updated information on cotton based on new notifications, and includes new tables showing export volumes and share of world exports for major cotton exporters.

The WTO Secretariat and International Trade Centre (ITC) deliberated on the market analysis tools that can help members better understand trade trends and policies in the cotton sector and presented a project, 'cotton portal' that would provide a single-entry point containing all the information available in the various WTO and ITC databases on market access, trade statistics, notified requirements, country-specific business contacts, etc.

Global cotton market

An International Cotton Advisory Committee (ICAC) presentation highlighted global cotton market is still characterised by a high level of cotton stocks while production has remained stagnant in recent years. India is now the largest cotton producer in the world, followed by China and the US, and the yields for many African cotton producers are still low with some potential to catch up in the coming years. The US is the main cotton exporting country, followed by West Africa and India. Bangladesh is now the largest importer, followed by Viet Nam and China.

Cotton-4 also highlighted the importance of diversifying cotton products for export. Ambassador Sékou Cissé of Mali highlighted African leaders' commitment to develop cotton value chains in Africa, upgrade skills and create more jobs in the sector. He noted that African cotton value chains are rich in knowhow and traditional craft, and are especially beneficial for women. To achieve tangible results, donors, governments and the private sector must work together to ensure the inclusive and sustainable development of cotton value chains.

Source: fashionatingworld.com- Aug 09, 2017

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Intex, the Sri Lankan sourcing event to be held in November

Intex will be held in Sri Lanka from November 15 to 17. This is South Asia's largest textile sourcing platform. More than 225 suppliers from 15 countries and regions will showcase their best in yarns, apparel fabrics, denim fabrics, clothing accessories, textile dyes and chemicals, software solutions and other allied services to connect and explore business opportunities with leading buyers from across South Asia and other international markets.

India, Pakistan, China, Taiwan, Turkey will set up pavilions. Sri Lanka has an international repute and is a preferred destination for high-end apparel sourcing across Asia.

The country is repositioning itself as a hub for supplier countries in the South Asia region.

Intex South Asia was created as a meeting point to bring the best in fibers, yarns, apparel fabrics, denims and allied services from around the world to interact with buyers from the biggest manufacturing and consuming region in the world - South Asia and other international markets.

It provides visitors the opportunity to meet potential customers, explore new market opportunities, know about next season's trends and forecasts, improve their supply chain, diversify their brand and add value to their international business.

The event delivers access to industry developments, networking opportunities and strategic initiatives with other suppliers from across South Asia and the world.

Source: fashionatingworld.com- Aug 09, 2017

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Bangladesh's July exports rise 26.5 pct y/y

Bangladesh's exports in July rose 26.5 percent from a year earlier to $3.2 billion, the Export Promotion Bureau said on Wednesday, but was slightly below target.

Shipments of key readymade garments, comprising knitwear and woven items, totalled $2.48 billion for the first month of the current financial year, up 17 percent on year. That was 4.8 percent below the target.

The government has set an export target of $37.5 billion for the 2017-18 financial year, with readymade garments earning $30.16 billion. The strategic exports target for the month of July was $3.239 billion.

Exporters blamed the lacklustre growth for the previous financial year on a number of factors, including sluggish demand in key markets, structural reforms in the garment sector, a weak euro and appreciation of the local currency against the U.S. dollar.

Garments are a key foreign-exchange earner for the South Asian nation, whose low wages and duty-free access to Western markets have helped make it the world's second-largest apparel exporter after China.

But the industry, which supplies many Western brands, came under scrutiny after a string of fatal factory accidents, including a 2013 building collapse that killed more than 1,130 people.

Last month, Bangladesh's central bank left key interest rates unchanged, saying it was trying to balance economic growth and inflation risks.

Source: reuters.com- Aug 09, 2017

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NATIONAL NEWS

Cut in textile job work GST a huge relief: Texprocil

The reduction in Goods and Services Tax (GST) rate for job work for the entire value chain of textiles sector to 5 per cent is a huge relief for the sector, The Cotton Textiles Export Promotion Council (Texprocil) has said. Prior to GST Council's recent decision, job works related to man-made fibres yarns and madeups / garments was 18 per cent.

"The reduction in the GST rate for job work in the madeups and garment sectors is welcome and a positive measure which will bring down the costs for the textiles sector across the value chain," said Texprocil chairman Ujwal Lahoti in a media release.

"Majority of the manufacturing activities in the textiles sector take place through job work and the reduction in the GST rate for job work has come as a huge relief for the sector," he added.

With regard to exports, Lahoti said, "Merchant exporters cannot benefit from the facility of exports under bond/ letter of undertaking (LUT). There is no enabling document prescribed so far by the Government under which goods can be cleared by a manufacturer without charging IGST meant for exports by a merchant exporter against bond/LUT."

In the absence of a prescribed provision, manufacturers charge IGST on the goods supplied by them to the merchant exporter meant for exports under bond/LUT.

While in the erstwhile Central Excise regime, there was a facility under which a merchant exporter who had executed a Bond (B-1 Bond) was provided with C.T.1 certificates. The manufacturers supplied the goods without charging Central Excise duty to the merchant exporters against the C.T.1 certificates.

Texprocil chairman urged the government to introduce a facility similar to the one that existed previously, at the earliest so that the merchant exporters exporting under bond/LUT can get IGST free goods from the manufacturers.

The Foreign Trade Policy allows fulfilment of export obligations under various schemes though 'third party exports'. Such a provision of getting exports goods without payment of IGST from the textiles manufacturers will lead to ease of doing business and also seamless flow of credits, according to Lahoti.

Further, to operate under the facility of bond/ LUT, a Bank Guarantee is required to be furnished by the exporters. However, in the Central Excise regime, merchant exporters who were members of an Export Promotion Council (EPC) were exempted from furnishing Bank Guarantees while executing B-1 Bond. Texprocil chairman urged the government to exempt those exporters holding a valid membership with an EPC from furnishing Bank Guarantees as it increases costs for the exporters.

Source: fibre2fashion.com- Aug 09, 2017

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Growing US market for Indian textiles

Table 1: USA's Total T&A Trade (In US$ Bn.)

Year	Imports	Exports	Trade Balance
2012	108	27	-81
2013	112	27	-85
2014	115	26	-89
2015	120	25	-95
2016	110	24	-86
CAGR	0.4%	-3%	-1.5%

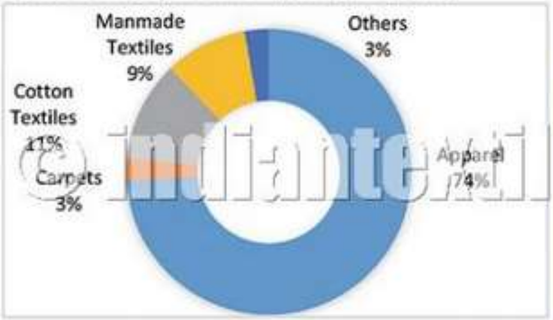
Data Source: UN Comtrade

The US is the biggest importer of textile and apparel products. Over the last five years, total textile and apparel imports by the US increased at a CAGR of 0.4 per cent to reach $110 billion in 2016, while its exports decreased at a CAGR of -2 per cent to touch $24 billion. The textile and apparel trade balance recorded a relatively large deficit of $86 billion in 2016.

Apparel is the largest imported category by the US, representing 74 per cent of total textile and apparel imports (2016). This is followed by cotton textiles, man-made textile, carpets and others with a share of 11 per cent, 9 per cent, 3 per cent and 3 per cent respectively.

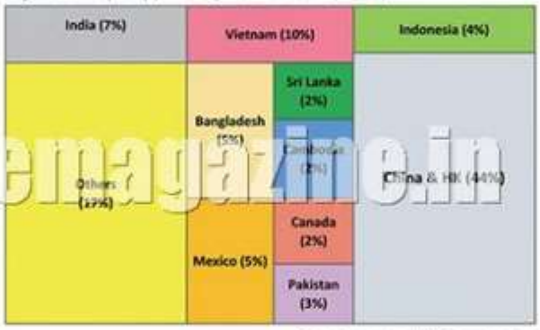
Top 10 suppliers accounted for 83 per cent of textile and apparel imports by the US. China is the largest supplier accounting for a 44 per cent share, followed by Vietnam and India with a share of 10 per cent and 7 per cent respectively.

Figure 1: Category-wise T&A Imports by USA (2016)



Note: Textiles comprise of fibre ,yarn, fabric and home textiles

Figure 2: Top Suppliers of T&A to USA (2016)



Data Source: UN Comtrade

India is the third largest supplier of textile and apparel products to the US after China and Vietnam. India's exports of T&A to the US stood at $8 billion in 2016. It has grown at a CAGR of 1.1 per cent over the last five years. India's share has increased from 4.9 per cent in 2011 to 7.3 per cent in 2016.

Apparel is the largest category with a share of 51 per cent in India's T&A exports to the US. This is followed by cotton textiles, carpets and man-made textiles having share of 32 per cent and 11 per cent, and 4 per cent respectively.

Table 2 : USA's Top 10 Textile and Apparel imported commodities — Values in US$ mn

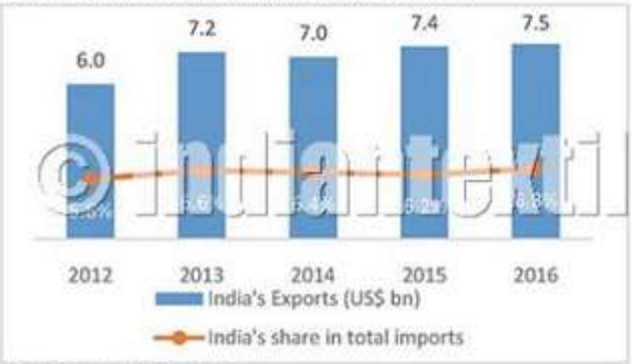
	Commodity	2014	2015	2016	CAGR
1	Knitted jerseys, pullovers, cardigans, vests etc.	15,409	15,441	14,294	-3.7%
2	Woven women's suits, ensembles etc.	10,202	10,504	10,242	0.2%
3	Woven men's suits, ensembles etc.	8,873	8,919	8,434	-2.5%
4	Knitted women's suits, ensembles etc.	6,225	6,533	6,164	-0.5%
5	Knitted T-shirts, Singlets, tank tops etc.	5,625	6,008	5,993	3.2%
6	Bed linen, table linen toilet & kitchen linen	5,554	5,791	5,615	0.5%
7	Made-up articles of textile materials	4,037	4,426	4,553	6.2%
8	Woven men's shirts	3,859	3,865	3,670	-2.5%
9	Knitted women's slips, pajamas, etc.	3,229	3,441	3,328	1.5%
10	Bras, girdles, garters etc.	2,619	2,911	2,849	4.3%

Data Source: UN Comtrade

The US is the top market for textile and apparel products with imports worth $110 billion and domestic apparel consumption worth $315 billion.

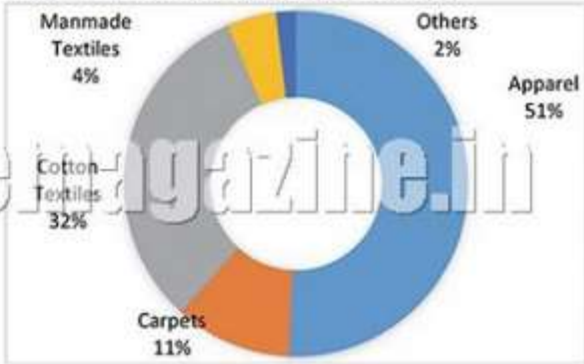
India's textile and apparel exports to the US have increased by 2 per cent over the last year while the exports from major competing nations, viz., Bangladesh, Indonesia and Vietnam, have shown decline.

Figure 3: India's Textile and Apparel Exports to USA



Data Source: UN Comtrade

Figure 4: Category-wise T&A Exports to USA (2016)



Calling off the proposed Trans-Pacific Partnership trade deal has weakened the prospects for Vietnam, which signals better growth opportunities for India's textile and apparel exports to the US. India, the largest and more resourceful country of all those listed above is yet to tap the real potential as far as apparel and cotton textiles exports are concerned. India has advantage in terms of manpower availability and infrastructure.

Manufacturers need to be ready to undertake suitable investments for product and infrastructure expansion to cater to the demand, which China may no longer cater exclusively.

Table 3: India's Potential Categories of textile and apparel exports to USA

Market Segment	Existing Products	New Products
Cotton Textiles	• Toilet, table, bed and kitchen linen • Curtain/ drapes, woven • Textile furnishing articles, other than bed spread, woven	• Other made up textile articles including dress patterns • Denim fabrics
Apparel	**Woven** • Women's shirt/ blouse of cotton and man-made fibres • Men's shirt of cotton • Women's dresses of synthetic fibres **Knitted** • Men's shirt of cotton • Women's dresses of synthetic fibres • Babies' garments of cotton	**Woven** • Women's trousers, breeches and shorts of cotton • Men's trousers, breeches and shorts of cotton **Knitted** • T-shirts and Singlets • Jerseys & pullovers of cotton &MMF • Women's trousers, breeches & shorts of cotton • Women's dresses of synthetic fibres

Source: indiantextilemagazine.in- Aug 09, 2017

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Carrying Forward the Success of Textiles India 2017

Government sets up Institutional Mechanism to help realize full potential of Textiles Sector

Building on the overwhelming success of Textiles India 2017, Ministry of Textiles has set up institutional mechanisms to synergize efforts of the Ministry of Textiles, related Ministries and state governments to enable the textile industry achieve its full potential of production, exports and employment.

Textiles India 2017, held at Gandhinagar, Gujarat from 30th June 2017 to 2nd July 2017, was not only the largest ever international trade event in Textile Sector in the country, but also hosted a series of roundtables (26) and international conferences with participation of eminent persons from the business fraternity, academia and policy makers to deliberate on various opportunities for growth of the sector.

Several key recommendations emerged from the deliberations. To carry forward the recommendations, the Ministry of Textiles has set up the following institutional mechanisms involving relevant Ministries, State Governments and Industry partners:

Knowledge Network Management System on Product Diversification

A Steering Committee has been set up to oversee implementation of a Knowledge Network Management System (KNMS) to facilitate exchange of knowledge amongst academia, farming community and the industry on the productivity of natural fibres and diversification of their bye-products. The KNMS on Product Diversification would cover jute, silk, wool and cotton.

The Committee under the chairmanship of Additional Secretary, Ministry of Textiles will have senior functionaries from the Ministry of Agriculture and Farmers Welfare, Ministry of Skill Development and Entrepreneurship, Department of Industrial Policy and Promotion (DIPP), Department of Animal Husbandry, Dairying and Fisheries, and the senior officers handling the fibres in the Ministry of Textiles.

Inter-Ministerial Synergy Group on Man-Made Fibre (MMF)

An Inter-Ministerial Synergy Group on Man-Made Fibre (MMF) comprising senior officers from Ministry of Petrochemicals; Department of Heavy Industries; Association of Synthetic Fibre Industry; Chairman, SRTEPC; Chairman, Indian Technical Textile Association; and ED, SRTEPC has been set up under the Chairmanship of Secretary, Textiles to formulate policy interventions to enhance growth and competitiveness of MMF industry in India.

Task Force on Textiles India

A Task Force on Textiles India, chaired by Secretary, Textiles and consisting of representatives of Department of Industrial Policy and Promotion, Consumer Affairs, Heavy Industry of Government of India, representatives of Partner/Focus states of Textiles India 2017, Export Promotion Councils, Textiles Associations and representatives from Consumer Associations has been set up to steer follow-up action on various outcomes of Textiles India 2017 for growth of the textiles sector.

Source: business-standard.com- Aug 10, 2017

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Namaskar Africa 2017: India Seeks Stronger Trade Ties with West Africa

Namaskar Africa, an initiative of the Federation of Indian Chambers of Commerce & Industry (FICCI) and the Government of India that aims to promote the country's economic cooperation with regional block of African countries, will be organized this year on August 16-17 at Ghana International Trade Fair Centre, Accra.

The event is meant to help Indian industry connect with the private sector and the government of the host country as well as the other participant nations.

Brand India

The upcoming event is expected to promote trade and project exports between the countries, position brand India as a leading economic player in the West African region, facilitate Indian investments into the region, and create awareness about the best technologies and products that India has to offer. The occasion will also present opportunities offered by the West African region to Indian participants.

The sectors that will be in focus are agriculture and food processing, automobile, healthcare and pharmaceuticals, education, energy, infrastructure and construction, and textiles and clothing, Ghanaweb reported. An industry delegation of around 60 Indian companies representing these sectors will participate in the business forum and exhibition, it added.

Ghana Top Destination for India

The initiative is held at various locations in Africa. Ghana was chosen as the focus country this year for several reasons. India figures in the top 5 import destination for Ghana, and imports from Ghana are increasing, leading to negative trade balance for India.

Ghana has also been preparing to implement the ECOWAS Common External Tariff (CET), a platform for a Customs Union that facilitates free trade and greater regional economic integration.

The west African country is also seen asone that can contribute towards energy and food security of India. The leaders of both the countries during the recent visits emphasised upon the need to leverage their economic interactions to $5 billion by 2020, according to Ficci’s statement.

Looking at the strong response from African as well as Indian industry, and the demand for increasing the scale of the programme, it expanded to include three critical components of exhibition, conference and B2Bs with an objective to reflect India’s engagement cutting across trade, investment, technology transfer and capacity building.

Namaskar Africa 2017, which will be inaugurated by MJ Akbar, Indian Minister of State for External Affairs, is also expected to see participation from Ghana’s neighbouring countries like Benin, Burkina-Faso, Cameroon, Congo, Cote-d-Ivoire, Gabon, Liberia, Nigeria, Senegal, Sierra-Leone and Togo.

Source: littleindia.com- Aug 09, 2017

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1190 acres acquired for mega textile park in Warangal

A mega textile park will be coming up in Warangal City soon with an estimated outlay of ₹1,150 crore and it is expected to provide direct employment to 13,000 people, Deputy Chief Minister Kadiam Srihari said.

The textile park would attract investments of over ₹ 11,000 crore and it would have ginning, spinning, weaving, dyeing and other units all at one place.

Once completed the industrial cluster would bring back the weavers and textile workers who migrated to distant places like Sholapur, Gujarat, Bhiwandi and others, the Deputy Chief Minister said.

Saplings planted

Taking part in Haritha Haaram programme at the Textile Park site, Mr. Srihari said it was decided to plant 20,000 saplings and already 10,000 were planted on the site. The state government has acquired 1,190 acres of land for the proposed textile park with consent of farmers.

Later, he inaugurated the additional classrooms at Government Junior College at Sangem mandal headquarters. MLA C. Dharma Reddy, district collector Mr. P. J. Patil and RDO Mahendar were present.

Source: thehindu.com- Aug 09, 2017

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Amazon India, Telangana tie up to train weavers

Amazon India has signed an agreement with the Telangana department of handloom and textiles to educate and train weavers and artisans to directly sell their products to the firm's customers online.

This will boost sale of popular handloom products from Pochampally, Warangal, Gadwal, Narayanpet and Siddipet, the company said in a recent statement.

The training programmes will include computer and internet training, registration assistance sessions and methods to make the products more attractive, appealing and marketable across the online domain. Telangana has over 17,000 handlooms.

The partnership also intends to empower and generate livelihood opportunities and income for the artisans and transform their economy, according to Amazon.

Source: fibre2fashion.com - Aug 09, 2017

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Textile exporters seek GST exemption to boost presence in global markets

Textile exporters have urged the government to exempt the sector from the integrated goods and services tax (IGST) to boost the country's exports as they fear that Indian products will become uncompetitive in global markets.

The GST Council has finalised between 5 and 18 per cent of applicable IGST on various products depending upon the type, value and services involved in it. Additionally, 5 per cent GST is applicable on job work also.

"Merchant exporters cannot benefit from the facility of exports under bond / LUT (Letter of Undertaking). There is no enabling document prescribed so far by the government under which goods can be cleared by a manufacturer without charging IGST meant for exports by a merchant exporter against bond/LUT," said Ujwal Lahoti, chairman, the Cotton Textile Export Promotion Council (Texporicil).

"In the absence of such a provision, therefore, the manufacturer charges IGST on the goods supplied to the merchant exporter meant for exports under Bond/LUT. In the erstwhile central excise regime, there was a facility under which a merchant exporter who has executed a bond (B-1 bond) was provided with C T 1 certificates. Introduce similar facility at the earliest so that the merchant exporters exporting under bond / LUT can get IGST free goods from the manufacturers," Lahoti added.

The GST Council in its meeting held on Saturday cut GST levy from 18 per cent to 5 per cent. Earlier, the GST for job works related to textile yarns, other than man-made fibres and textile fabrics, was fixed at 5 per cent, while for man-made fibres yarns and made ups/garments, the same tax levy stood at 18 per cent.

"The reduction in the GST rate for job work in the made ups and garment sectors will bring down the costs for the textiles sector across the value chain," said Lahoti.

The majority of the manufacturing activities in the textiles sector take place through job work and the reduction in the GST rate for job work has come as a huge relief for the sector.

The Foreign Trade Policy allows fulfilment of export obligations under various schemes through "third party exports". Such a provision of getting exports goods without payment of IGST from the textiles manufacturers will lead to ease of doing business and also a seamless flow of credits.

Meanwhile, Texprocil also urged the government to exempt the textile industry from furnishing bank guarantees while executing B-1 bond especially for those players who hold a membership with an export promotion council. Bank guarantee increases cost unnecessarily, said Lahoti.

Sanjay K Jain, vice-chairman of the Confederation of Indian Textiles Industry (CITI) said, "The job workers could not avail the input tax credit that had been increasing the cost of the products and affecting the export competitiveness and also the domestic consumers. Therefore, the domestic textiles industry needs a classification of all the textile job works under 5 per cent GST rate service list."

Source: business-standard.com- Aug 09, 2017

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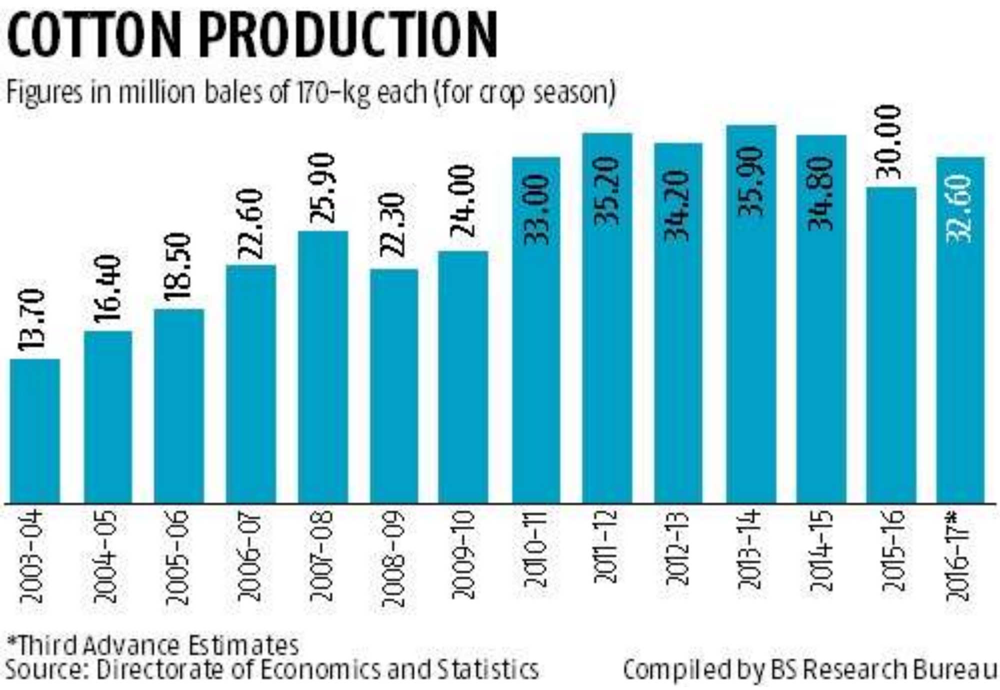
India's cotton yield to decline on whitefly, pink bollworm attacks

In a major disappointment for new entrant farmers, cotton crop has come under severe pest and bollworm attacks in major producing states, which is sparking fears of a sharp decline in India's fibre productivity this Kharif season.

While a substantial cotton area came under whitefly attack in Punjab and Haryana, pink bollworm was reported to have attacked standing crop in Maharashtra, Andhra Pradesh and Gujarat. Consequently, analysts have started revising estimates of cotton output growth for the current season to 4-5 per cent now from 10 per cent earlier on a sharp increase in acreage.



If this estimate proves true, farmers who shifted from pulses and edible oilseeds to sow cotton for better realisation would certainly get disappointed with a possible decline in their income this year due to low cotton output. Therefore, despite farmers' strategic shift for high income-oriented crops, their woos are likely to continue even this year as well.

"Cotton crop is reported to have damaged in Gujarat due to flood. There is no such report in Maharashtra. An assessment of crop damage and its overall impact on productivity would be decided in the next Cotton Advisory Board (CAB) meeting scheduled next week," said Kavita Gupta, Textile Commissioner, Ministry of Textiles, Government of India.

Meanwhile, the Minister of State for Agriculture Parshottam Rupala on Tuesday stated in the Lok Sabha that the Central Institute for Cotton Research (CICR), Nagpur, assessed the sporadic incidents of pink bollworm damage in Maharashtra, Andhra Pradesh and Gujarat.

Acting immediately to avoid farmers' menace, the government of Maharashtra, according to sources, has ordered seed firms to pay a compensation of Rs 36,83,000 to farmers in the state.

"Pest/bollworm attacks have been a regular phenomenon which appears every year," said Arun Sakseria, a city - based cotton trader and exporter.

Incidentally, high yielding cotton seeds with Bt technology are claimed to have protection from bollworm which helped farmers increase their income in initial years of its launch of around 15-year ago.

But, cotton crop in India has witnessed sporadic attacks of bollworms in the last few years with over 90 per cent of farmers adopting Bt seeds. Meanwhile, many hybrid seed companies are studying to introduce seeds with better potential of cotton productivity.

Meanwhile, farmers are looking for high yielding seeds for better returns from hybrid or Bt genes. The government's enactment of Protection of Plant Varieties & Farmers' Rights Authority (PPVFR), to which Nuziveedu seeds is an active promoter, protects farmers' legitimate right to obtain seeds at an affordable cost.

The Union Ministry of Agriculture in its bulletin dated August 4 estimated India's cotton acreage at 11.43 million hectares (ha) so far this sowing season 2017-18, over 18 per cent increase from its level at 9.65 million ha by the same time last year. Many oilseeds and pulses farmers shifted from their perennial crop in anticipation of high returns.

Following high acreage, Gupta had earlier estimated at least 10 per cent increase in cotton output this year. Interestingly, however, analysts and spot markets traders have feared massive crop damage across Punjab and Haryana due to whitefly attacks. Crop damage was also reported in Gujarat, Andhra Pradesh and Maharashtra on whitefly attacks following excessive rainfalls and flood thereafter.

A Religare report, citing a reference from the Central Institute for Cotton Research, estimates whiteflies affect around 15,000 ha of cotton crop in Haryana, the state which witnessed a record 25 per cent increase in sowing area to 630,000 ha (500,000 ha last year) till July-end.

Reflecting the trend, the benchmark Shankar 6 variety of cotton jumped by 1.5 per cent over the last two weeks in spot trade to Rs 11,923 a quintal here on Tuesday.

"Many farmers who grew pulses, such as pigeon pea, and green gram or oilseeds, such as groundnut, are going for cotton as the cash crop fetched a good price last year.

However, crop damage reports from excess rains were reported later on. Heavy rains in Gujarat have created apprehensions of crop damage with 22 - 25 per cent damage in Kharif sowing as per initial estimates. Banaskantha and Patan districts are where a sizable amount of Kharif crop, sown over 600,000 ha, has been destroyed in flood," the report said.

Source: business-standard.com- Aug 10, 2017

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