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IBTEX No. 85 of 2017 Apr 28, 2017

USD 64.23 | EUR 69.77 | GBP 82.90 | JPY 0.58

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
19959	41750	**82.92**

Domestic Futures Price (Ex. Gin), May

Rs./Bale	Rs./Candy	USD Cent/lb
20860	43634	**86.66**

International Futures Price

NY ICE USD Cents/lb (May 2017)	79.32
ZCE Cotton: Yuan/MT (July 2017)	16,105
ZCE Cotton: USD Cents/lb	**85.62**
Cotlook A Index – Physical	**88.8**

Cotton guide:

We have been emphasizing this entire week having fresh trigger in the market which can move cotton price either direction while it was trading near the key levels of 80 cents. Finally the export sales figure came last evening from the US shook the market. The weekly export sales data showed a sharp decline.

The export sales figure as of 20th April fell to 180.80 almost half of last week's data. The repercussion was felt clearly on the price. The ICE July that was hovering close to 80 cents fell below 78 and closed the session at 77.96 cents per pound. We believe market may remain sideways to lower on today's trading session.

The effect was also felt on the domestic cotton future. The most active May contract ended the session lower at Rs. 20,860 down by Rs. 260 from the previous close.

To know more on today's likely movement and possible trend of cotton in the short term Log in through Kotak Commodities Research Reports.

In the meanwhile, USDINR which moved strong close to 63.90 has lowered this morning to 64.20. The effect of Indian rupee movement may also have impact on the cotton price.

For more details please contract Kotak Commodities Research Desk.

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

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INTERNATIONAL NEWS

Pakistan: KCA urge govt to review proposed tax on raw cotton import

The Karachi Cotton Association (KCA) claiming that cotton import was crucial for the textile industry to meet the requirements of basic raw material said that levy of any tax on imported cotton would considerably increase their cost of doing business.

Hence, KCA seeks to review cotton import for which it has appealed the government to review reported proposal regarding the levy of duty and taxes on import of raw cotton.

KCA officials on Wednesday said that cotton crop failure in season 2015-16 and shortfall in cotton crop season 2016-17 had compelled most of the local textile mills to import raw cotton from abroad.

It will make the local textile products uncompetitive in the international market, and urged the authorities to continue with free trading policy of cotton.

Free exports and import of cotton without any qualitative restrictions in the coming years was said to safeguard the interest of all sections of the cotton business.

Source: yarnsandfibers.com- Apr 27, 2017

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Pakistan: Textile certification necessary for international trade

Last year, Pakistan, Bangladesh and India – which are major textile exporters – suffered a major setback when their Oeko-Tex certification was revoked.

At an information seminar held to create more awareness of the standards and services provided by the company organised by Hohenstein Institute Pakistan about Oeko-Tex certification on Wednesday.

Khawaja Muhammad Younas, Chairman of All Pakistan Bedsheet & Upholstery Manufacturers Association speaking at the event asked the value-added industry that they could submit their compensation claims through the upholstery association.

Some members of the body had submitted their claims, which were then referred to the ministry for payments and others should submit requests as early as possible after receiving the certification, which was necessary for international trade.

Hohenstein Institute Pakistan Country Head SM Khalid pointed out that his company had been working for nearly 70 years on the testing and certification of textile products of all kinds. It is familiar with manufacturing processes and can offer to customers a range of testing services designed to meet their particular needs.

They will help to solve problems at all stages of processing and assist with the marketing of products they have tested by issuing certificates and labels both for the B2B sector and for the end-consumer.

He pointed out that Standard 100 Oeko-Tex was a certification system for raw, semi-finished and finished textile products at all processing levels as well as for accessories.
The value-added textile sector should opt for Oeko-Tex certification in order to get access to international markets without any impediments.

Source: yarnsandfibers.com - Apr 27, 2017

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EU: Textile imports: MEPs push for EU rules to curb worker exploitation

EU rules are needed to oblige textile and clothing suppliers to respect workers' rights, say MEPs in a resolution adopted on Thursday.

Textile workers around the world, many of whom are young women and children, suffer long working hours, low wages, uncertainty, violence and hazardous conditions. These practices also harm the EU industry, as they result in social dumping, MEPs note in a non-binding resolution.

In an effort to push the "flagship initiative" aimed at preventing tragedies like the April 2013 Rana Plaza factory collapse in Bangladesh, MEPs suggest a series of measures:

due diligence obligations: the EU Commission should table a binding legislative proposal for a due diligence system, based on OECD guidelines and similar to those for the so-called blood minerals, that covers the whole supply chain,

conditional trade preferences: the EU should ensure that textile exporting countries with preferential access to the EU market comply with obligations and produce sustainable textiles, while member states should promote workers' rights in their relations with partner countries,

clothing labels: making the "social impact of production" visible on clothes can help to bring about lasting change, and

role models: EU institutions should set a good example in their public procurement of textiles.

Source: europarl.europa.eu - Apr 27, 2017

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Gap Will Source 100 Percent Sustainable Cotton By 2021

Gap, Inc. recently announced that it will source 100 percent of its cotton from sustainable sources by 2021 for some of its clothing. The company, which generated almost $16 billion during its last fiscal year, says it is aiming this goal is specifically for its clothes sold under its flagship Gap brand.

Critical for that procurement goal is the sourcing of more better cotton, as certified specifically by the Better Cotton Initiative (BCI).

Gap claims to have already sourced 11.5 million pounds of better cotton since 2016, which it says is enough to manufacture 7.4 million pairs of jeans.

When asked what percentage of its current cotton supply is comprised of better cotton, Gap replied that it does not publicly reveal those numbers. In fairness, Gap faces a problem many fashion brands confront: They do not own their means of production and have little control over their suppliers.

In an interview with TriplePundit, Gap said that it is also agnostic about what types of "sustainable" cotton it will purchase over the next four years. While an increase in BCI-certified cotton is critical to the company's mission, Gap claims it will also increase its purchase of organic, American-grown and recycled cotton.

"We consider our approach to be a portfolio approach," said Melissa Fifield, senior director of sustainable innovation at Gap. "This goal will require additional innovation and further developments in current technologies."

Gap's directive on sustainable sourcing is similar to other garment companies that are trying to minimize their supply chains' social and environmental impacts.

For example, last year Timberland pledged to source all of its cotton from either BCI growers, organic cotton farms or American cotton farms by 2020. H&M has established similar goals. Other firms, such as Marks & Spencer, have yet to commit to a 100 percent figure – M&S has established a 70 percent goal for 2020.

BCI-certified cotton has become the leading sustainable sourcing standard for the global apparel industry. And BCI says its membership,

The procurement of more BCI-certified cotton is not a problem for Gap, Fifield told us, but she said the company does not want to put all of its eggs in one basket.

Other apparel companies, such as Adidas, have disclosed specific goals for BCI cotton in the past – and have been quick to announce the results if they surpass those metrics. Gap, however, will not commit to a specific amount of sustainable cotton from any one source.

What's important about Gap's commitment, however, is that it sends a signal to companies throughout the entire garment industry's supply chain. If Gap and its competitors are serious about boosting their purchase of sustainable cotton, everyone from the farmer to the textile mill know that a market for these fibers will develop — and, over the next few years, the costs of the materials will continue to decline.

One could say that Gap is pursuing an all-of-the-above approach, as the company does not have much time to revamp its supply chain in order to stock its approximate 3,700 retail locations worldwide, 2,400 of which are located in the U.S.

When asked about textile innovation, and whether Gap is conducting research internally or would work with smaller companies, Fifield said: "All of the above. When I think of 'innovation,' it relates to the internal team that I leave, new partnerships and new relationships with potential suppliers."

Could cotton recycling help Gap meet its goals? While more clothing companies, such as M&S, Levi's and H&M, are incentivizing their customers to recycle unwanted clothing items, evidence suggests that the vast majority of textiles still end up in landfills. And with the surging popularity of fast-fashion retailers, that volume of materials only keeps increasing.

And although Fifield said Gap will not commit to a specific amount of recycled fibers, the San Francisco-based company is hearing the messages from stakeholders loud and clear.

“The recycling of fibers is a challenge, but it’s still important for us to put a stake in the ground,” she said. “And we are determined to be even more ambitious as we’d like to see more cotton recycling happen.”

For Gap, more responsible cotton is not just about checking a box in meeting its sustainability goals, which also include water conservation, women’s empowerment, and a reduction in energy consumption and waste. The company also has to keep customers happy. Increased competition, not to mention the growing popularity of online shopping, imposes plenty of pressure on Gap, which has endured more than its fair share of ups and downs during its half-century of history.

Creating products made of recycled or more sustainable cotton will not do the company much good if customers are not thrilled with product quality – and the farmers growing this cotton will not benefit in the long term, either.

“Much of this is related to things we’re hearing from our customers, as in how they want these garments to perform for them,” Fifield told us. “And bottom line, we view this innovation as, how do we solve the problems of our customers, and how do we ensure that we are delivering products not only better for the planet, but also, for those who are buying our clothes?”

Source: triplepundit.com- Apr 27, 2017

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U.S. Won’t Terminate NAFTA “At This Time,” White House Says

President Trump has informed the leaders of Canada and Mexico that he has “agreed not to terminate NAFTA at this time,” according to a White House statement. The leaders also “agreed to proceed swiftly ... to enable the renegotiation of the NAFTA deal to the benefit of all three countries.”

Trump has repeatedly criticized NAFTA and had reportedly been close to issuing an executive order announcing that the U.S. would withdraw from it shortly before agreeing to renegotiate it.

According to press reports, Trump said that the U.S. will "give renegotiation a good, strong shot" but that he reserves the right to terminate NAFTA if the U.S. is "unable to make a fair deal."

Formal talks cannot begin until 90 days after the president notifies Congress of his intent to renegotiate the agreement.

A Reuters article cited one administration official as saying that will not happen until the full Senate confirms Robert Lighthizer as U.S. trade representative. The Senate Finance Committee approved Lighthizer's nomination April 24.

Source: strtrade.com- Apr 28, 2017

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USA: Duty-Free Imports of Apparel from Dominican Republic under Annual Review

The International Trade Commission is conducting its annual review of the Earned Import Allowance Program for trousers and certain other garments made in the Dominican Republic.

The EIAP provides an uncapped duty-free benefit for U.S. imports of certain woven cotton bottoms (pants and trousers, bib and brace overalls, breeches and shorts, and skirts and divided skirts) wholly assembled in the Dominican Republic from third-country fabric.

To qualify, the bottoms must be accompanied by a certificate documenting the purchase of certain U.S.-produced woven cotton fabric.

For every two square meter equivalents of qualifying fabric (woven cotton fabric wholly formed in the U.S. from yarns wholly formed in the U.S. that are suitable for use in the manufacture of woven cotton bottoms) purchased for apparel production in the Dominican Republic, a one SME credit is received that can be used toward the duty-free importation into the U.S. of eligible apparel that has been manufactured using third-country fabric.

The ITC is required to review this program annually to evaluate its effectiveness and make recommendations for improvements. The ITC has not scheduled a public hearing in connection with this investigation; instead, interested parties are invited to file written submissions no later than June 30.

The ITC's report will be submitted to the House Ways and Means and Senate Finance committees by Sept. 28.

Source: strtrade.com- Apr 28, 2017

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Philippines, Vietnam meet on collaboration in manufacturing garments for export

A joint trade committee (JTC) meeting was held earlier this week between officials from Vietnam and the Philippines to discuss a possible collaboration in the manufacturing of garments for exports and the further expansion of their current markets.

Trade Undersecretary Ceferino S. Rodolfo said that the committee discussed how the Philippines could help Vietnam in light of the latter's participation in major trade arrangements with the European Union and the remaining member states of the Trans-Pacific Partnership (TPP).

They discussed the possible expansion of the current coverage of the Generalized System of Preferences (GSP) with the United States in order to include goods that were "important" to the local market such as garments and leather goods.

They also talked about joining forces for a common advocacy so they can expand the GSP of the US to cover more goods but noting that the raw materials could possibly be sourced from Vietnam.

Vietnam has been ramping up the production capacity for textiles in anticipation of the TPP. However, since the US has pulled out of the mega trade deal, there was a lot of room to fill in.

They are discussing possibilities so that their textile could be brought here and then the resulting garments here would be exported to the US and the EU.

Source: yarnsandfibers.com- Apr 27, 2017

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Latest knitting technology will be presented at Techtextil 2017

Techtextil 2017, held concurrently with Texprocess, a show for the textile processing industry, will be held from next month, one of the biggest leading event that will showcase the latest solutions for technical textiles.

According to its organisers, Messe Frankfurt, the show is getting ready to open its doors to welcome an international audience which will be featuring an extensive programme of complementary events.

A number of knitting machinery specialists will present their latest developments promoting knitted applications in the field of technical textiles, including functional apparel, home fabrics, construction materials and automotive textiles.

Shima Seiki, a leading Japanese manufacturer of computerised flat knitting machinery together with its Italian subsidiary Shima Seiki Italia S.p.A., to present its latest developments.

On display will be Shima Seiki's line-up of advanced computer design systems and computerised flat knitting machines, including the new SVR123SP flat knitting machine that features an extra loop presser bed for a wider range of knitting techniques including inlay.

The company is looking forward to presenting a unique warp knitting machine equipped with a selection of different warp knitting modules.

As well as providing detailed insight into the working method of the modules, the exclusive exhibit will offer space for discussion.

Karl Mayer, an Obertshausen-based manufacturer of warp knitting machinery, will be participating in Techtextil with a focus on textile-reinforced concrete and functional clothing for the sports and athleisure sectors.

Karl Mayer Technische Textilien offers the RS MSUS-G weft-insertion warp knitting machine for producing the textiles that are used as an innovative way of reinforcing concrete. This high-speed raschel machine with weft insertion in line with the stitch courses can produce heavy carbon-fibre grids, which are used by members of TUDALIT e.V..

Jakob Müller, a Swiss specialist in the technology for manufacturing of woven and knitted tapes and webbings, as well as technical textiles, printed narrow fabrics and winding machinery, will exhibit its latest technological solutions at the fair.

The company will present its COMEZ ACOTRONIC 8B/600 high-efficiency, electronic crochet knitting machine that employs compound needles for the production of a wide range of ribbons, technical and medical textiles, both elastic and non-elastic.

Another German company, Stoll, a long-established manufacturer of flat knitting machines, will be presenting designs and applications of its flat knitting technology at Techtextil.

The new cluster concept for TT sport, TT med, TT home, and TT mobility will be unveiled, along with the new CMS 330 HP W flat knitting machine for TT sport, which is suitable for the manufacture of shoe uppers, orthopaedic supports, and textile accessories with complex shapes.

Source: yarnsandfibers.com- Apr 27, 2017

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Watch out for Myanmar

The neighbour may dent Bangladesh's apparel trade, says a global consultancy firm

Recovering from embargo, Myanmar has begun its comeback to the textile and apparel business as the country with the most potential to emerge as a formidable player among the garment producing nations, according to a study.

Myanmar has deep experience in the textile industry, but it does not cover all parts of the value chain.

However, foreign direct investment tripled within the last two years emphasising the high potential, according to the Kurt Salmon Global Sourcing Reference 2005-2015.

Kurt Salmon, a leading global strategy consulting firm focused on the retail industry, conducted the survey on the basis of Production Cost Indices (PCI) among six garment producing nations: Bangladesh, China, India, Morocco, Myanmar and Turkey.

Bangladesh is the most attractive destination to European retailers among the six nations due to its competence in the supply of quality products at competitive prices, according to the study.

The firm analysed the import data of apparel items from the six countries between 2005 and 2015. Among the six nations, China is in the second position because of higher costs of production and dearth of skilled workers.

India is the third most attractive destination, Morocco fourth, Myanmar fifth and Turkey sixth.

There is no back-up nation to Bangladesh for the global garment business at this moment, said Dhyana van der Pols, a sourcing consultant for a group of European garment buyers. “So, business will continue to grow in Bangladesh.”

However, Bangladesh needs to shift production to value-added items from basic garment goods, she said.

“Although we are passing a dull season now, the future outlook is very positive,” said Siddiqur Rahman, president of the Bangladesh Garment Manufacturers and Exporters Association.

However, in global comparison of Kurt Salmon, Bangladesh is the second most attractive destination after Cambodia. Globally, Cambodia is ahead of Bangladesh only because it uses more technology in production, the study said.

Production costs in China are almost reaching the level of Eastern Europe and Turkey and are even exceeding costs in Southern European rim locations such as Morocco. As China no longer has transportation lead times, and as a consequence, considerable less sourcing flexibility, its competitive strength is eroding rapidly, it said. “China is no longer a low-cost production country.”

Wages have tripled in China over the last decade and productivity gains were unable to level out this effect on overall production costs. On the other end of the cost continuum, Myanmar and Bangladesh are showing the lowest PCI value.

Ongoing efforts to improve social and infrastructural conditions, such as the established minimum wages in Bangladesh and Myanmar, indicate further increases in sourcing costs for the future -- but still on a very competitive PCI level. Bangladesh is gaining market share in sourcing for Europe and North America, the report said.

But the country is still mainly focused on less complex products. Bangladesh has the potential to further strengthen its relative position if production capabilities can evolve and quality can be improved while ensuring social and environmental compliance standards, according to the report.

The study said denim apparel shows a clear move away from China, which lost 7 percent in 2014, while most other markets have been able to strengthen their position.

Looking at the example of denim, Turkey, Tunisia and Poland have been able to expand their position, although cost structures are significantly higher than in the traditional low-cost Asian countries.

These countries offer better prices but come with limitations such as slow lead time, lower capability levels and concerns over corporate social responsibility.

China is wedged in the middle between both ends of the continuum, neither being fast nor cheap.

Nevertheless, the high level of capability and integration of production in China will no doubt continue to play a major role in the coming years, Kurt Salmon said.

“These developments are further supported by the survey of global leaders in sourcing. Highest future growth potential is observed in Vietnam, Bangladesh, Turkey, and Myanmar in contrast to expected ongoing losses in China.”

Garment exports accounted for nearly 85 percent of Bangladesh's total products sold overseas in 2016. The country's share in the global apparel market is about 6 percent.

Source: thedailystar.net- Apr 28, 2017

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US trade deficit: Inconvenient truths

The United States has a trade deficit of about $450 billion, or 2.5 per cent of GDP. That means that Americans import $450 billion of goods and services more than they export to the rest of the world. What explains the enormous US deficit year after year, and what would happen to Americans’ standard of living if it were to decline?

It is easy to blame the large trade deficit on foreign governments that block the sale of US products in their markets, which hurts American businesses and lowers their employees’ standard of living.

It’s also easy to blame foreign governments that subsidise their exports to the US, which hurts the businesses and employees that lose sales to foreign suppliers (though US households as a whole benefit when foreign governments subsidise what American consumers buy).

But foreign import barriers and exports subsidies are not the reason for the US trade deficit. The real reason is that Americans are spending more than they produce. The overall trade deficit is the result of the saving and investment decisions of US households and businesses. The policies of foreign governments affect only how that deficit is divided among America’s trading partners.

The reason why Americans’ saving and investment decisions drive the overall trade deficit is straightforward: If a country saves more of total output than it invests in business equipment and structures, it has extra output to sell to the rest of the world. In other words, saving minus investment equals exports minus imports — a fundamental accounting identity that is true for every country in every year.

So reducing the US trade deficit requires Americans to save more or invest less. On their own, policies that open other countries’ markets to US products, or close US markets to foreign products, will not change the overall trade balance.

The US has been able to sustain a trade deficit every year for more than three decades because foreigners are willing to lend it the money to finance its net purchases, by purchasing US bonds and stocks or investing in US real estate and other businesses.

There is no guarantee that this will continue in the decades ahead; but there is also no reason why it should come to an end. While foreign entities that lend to US borrowers will want to be repaid some day, others can take their place as the next generation of lenders.

But if foreigners as a whole reduced their demand for US financial assets, the prices of those assets would decline, and the resulting interest rates would rise. Higher US interest rates would discourage domestic investment and increase domestic saving, causing the trade deficit to shrink.

The smaller trade deficit would help US exporters and firms that now compete with imports.

But a decline in the trade deficit would leave Americans with less output to consume in the US or to invest in the US to produce future consumption.

And that is only part of the story. In addition to shrinking the remaining amount of goods and services available to US households and businesses, reducing the trade deficit requires making US goods and services more attractive to foreign buyers and foreign goods less attractive to US buyers.

That means lower US export prices and higher import prices, brought about by a fall in the value of the dollar. Even with the same physical volume of national output, the value of US output to domestic consumers would fall, because the US would have to export more output to obtain the same value of imports.

Trade experts estimate that reducing the US trade deficit by one percent of GDP requires export prices to fall by 10 per cent or import prices to rise by 10 per cent.

A combination of these price changes is about what it would take to shrink the current trade deficit by 2 per cent of our GDP, bringing the US close to trade balance.

But, because US exports and imports are 15 per cent and 12 per cent of GDP, respectively, a 10 per cent decline in export prices would reduce average real (inflation-adjusted) income by 1.5 per cent, while a 10 per cent rise in import prices would reduce real incomes by an additional 1.2 per cent.

Thus, eliminating the trade deficit would require shifting about 2.5 per cent of US physical production to the rest of the world, as well as a change in export and import prices that reduces their real value by another 2.7 per cent of GDP.

In short, with no change in the level of national output, Americans' real incomes would decline by about 5 per cent.

Over the longer run, the growth rate of national output depends on what happens to overall US investment in plant and equipment.

If the trade deficit shrinks because consumption rises and investment falls, the lower level of investment would cause the growth rate to decline, further decreasing the long-run level of real income.

But if the trade deficit narrows because households save more and government deficits are reduced, it is possible to have a higher level of investment — and thus higher incomes in the long term.

So changes in America's saving rate hold the key to its trade balance, as well as to its long-term level of real incomes. Blaming others won't alter that fact.

Source: business-standard.com- Apr 28, 2017

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NATIONAL NEWS

Maharashtra govt working on second textiles policy

The textiles department of the government of Maharashtra is working on the second textiles policy and is seeking suggestions for it, said Ujjwal Uke, principal secretary, textiles, Maharashtra.

He also said that the industries and the government should have a broader vision to ensure textile sector's development and should work together for its growth.

Uke was addressing the workshop organised by The Textile Association India- Vidarbha (TAI) and Indian Textile Accessories and Machinery Manufactures Association (ITAMMA) in Nagpur. He was the chief guest at the event.

The textile industry can also try to connect with universities and other educational institutes to promote innovations and help the sector, according to the principal secretary.

A panel discussion was held on the topic 'Creating ecosystem for innovation and technology development' and things like consumer needs, machine availability and product costing were also discussed at the workshop.

Kishor Khaitan, president, ITAMMA and a panelist, said that India lacks an ecosystem for innovations and textile manufacturers should give innovators an opportunity.

Source: fibre2fashion.com- Apr 27, 2017

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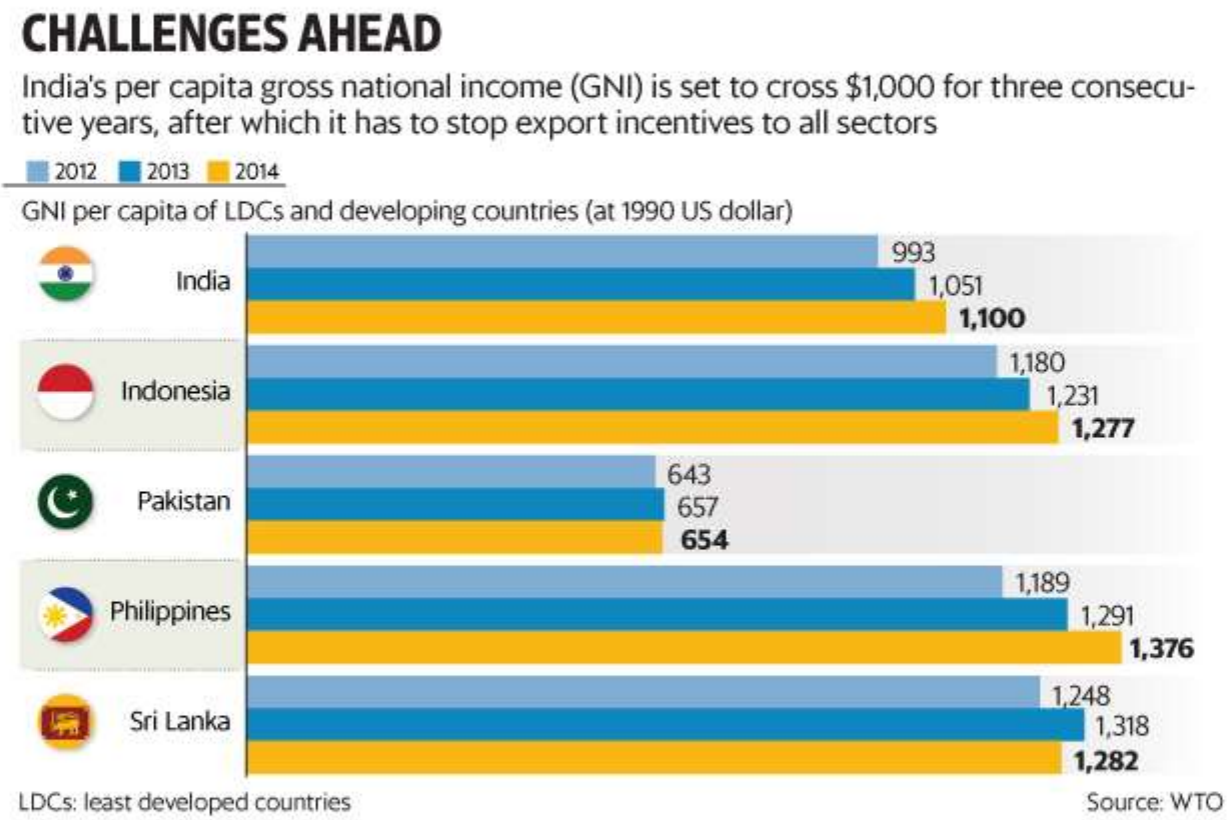
India export subsidies may have to be phased out soon

India may soon have to phase out its export subsidy regime in the current form as World Trade Organization (WTO) rules bar it from offering export incentives to any sector, including textiles, when it reaches certain thresholds that it is nearing. The deadline for ending direct subsidies to textile companies is December 2018.



Under the special and differential provisions in the WTO's Agreement on Subsidies and Countervailing Measures, least developed countries and developing countries whose gross national income (GNI) per capita is below $1,000 per annum at the 1990 exchange rate, are allowed to provide export incentives to any sector that has a share of below 3.25% in global exports.

In case a sector in such a country crosses the 3.25% threshold for two consecutive years, it has to phase out export subsidies for that sector within eight years. India's textile exports crossed the 3.25% mark in 2010, requiring it to end its export incentives to the sector by December 2018.

Schemes such as the Merchandise Exports from India Scheme, Export Promotion Capital Goods scheme and interest equalization scheme for the textiles sector under the Foreign Trade Policy (FTP) 2015-20 are likely to get impacted.

The commerce ministry looks ill-prepared to handle the change.

An official at the Directorate General of Foreign Trade, which is now in the process of conducting a mid-term review of the FTP, said it is not looking at reviewing such export subsidies. “We are not concerned about it right now. We will look at it when it happens.

Under the mid-term review of FTP, we are mostly looking at compliance of such incentives under the goods and services tax (GST) and other such issues,” he added on condition of anonymity.

Simultaneously, India is also set to face the larger challenge of completely phasing out all export incentives. Its per capita GNI is set to cross $1,000 for three consecutive years, after which it has to stop export incentives to all sectors.

According to a notification by the Committee on Subsidies and Countervailing Measures last year, India’s GNI crossed the $1,000 mark for 2013 and 2014. A commerce ministry official, speaking on condition of anonymity, said the GNI notification for the year 2015 is set to be released as early as May or June.

The official said India is likely to seek two to four years’ extension to comply with the norm for the textile sector and maintained there is no clarity yet on what happens once India crosses the $1,000 GNI per capita mark for three consecutive years.

“When the issue comes up next year, we will definitely ask for more time, till 2020 or 2022, to phase out export subsidies for the textiles sector. Our industry is certainly not ready as it is already operating on very thin margins. We will also highlight the regional disparity within the country even though the country as a whole may have a higher share in global market and may need more time to trade up,” he said.

A Delhi-based trade expert said WTO rules are very clear and it would be only "wishful thinking" on the part of the government to imagine that it will allow India more time to phase out export subsidies. This person also requested anonymity.

A second commerce ministry official said India has to move towards WTO-compatible, production-based subsidies from export-based subsidies.

"It needs to provide support for technology upgradation, capacity building and resolve infrastructure bottlenecks and move away from direct incentives to exporters," he added on condition of anonymity.

Ajay Sahai, director general of the Federation of Indian Export Organisations, said industry needs to be made aware that existing export subsidies will have to be phased out. "We should move to a permissible subsidy regime under WTO rules," he added.

Source: livemint.com - Apr 28, 2017

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Rejigged cotton project on the anvil: Textile Commissioner

Draft of the plan will be sent to the ministry soon

In an effort to give a thrust to the cotton sector, the Textile Ministry is looking to introduce a revamped Technology Mission on Cotton, Textile Commissioner Kavita Gupta told *The Hindu*. The office of the Textile Commissioner would send a draft on the revamped project to the Textile Ministry in a couple of months. "We have had a series of meetings with stakeholders and researchers," Ms. Gupta said.

Four parts

"We will propose it to the Ministry. The mission will have four parts. The first two will deal with cotton productivity and will come under the Agriculture Ministry. The third and fourth missions will be under the Textile Ministry."

A Technology Mission on Cotton was implemented by the Union Government from 2000 to 2012 and it had four “mini missions.” India is now the largest producer of cotton globally.

“There is a need for a revamped Technology Mission on Cotton as the country needs to adopt global standards and focus on quality,” said J. Thulasidharan, president of Indian Cotton Federation. Ms. Gupta added that apart from this, in order to get a clear picture on production and capacity of various segments in the textile value chain, the Ministry has now made annual and monthly filing of data mandatory.

All units from ginning to garmenting will have to file data on quality and quantity. Till October, this can be done manually or online and from October it can be done only online.

The annual data will give the profile of the unit and the monthly information will give a clear picture on production of various textile products. “This is filed by the industry and for its benefit. It will help the Government come out with the right policy interventions,” she said.

The system is simplified for the MSMEs and for the very small units, a survey will be done, she added.

Source: thehindu.com - Apr 27, 2017

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Powertex Scheme key to ‘zero defect’ products: Smriti Irani

Union Textiles Minister Smriti Irani said here on Thursday that the new Powertex scheme would pave way for the manufacture of 'zero defect’ products, in line with the Prime Minister’s vision for India, and cluster development. The Minister took stock of the facilities at the Powerloom Service Centre at Surampatti in the city and held discussions on the implementation of central schemes in the textile sector.

Industry sources said the Minister’s visit was to accord thrust to replacement of old looms with new rapier shuttleless looms, under the Powertex scheme that brings together all existing schemes for the sector, while also tailoring them to meet the practical industry requirements.

Components of the Power tex India Scheme encompass In-situ Upgradation of Plain Powerlooms; Group Workshed Scheme (GWS); Yarn Bank Scheme; Common Facility Centre (CFC); Pradhan Mantri Credit Scheme for Powerloom Weavers; Solar Energy Scheme for Powerlooms; and Facilitation, IT, Awareness, Market Development and Publicity.

Powerloom units in the region that were looking for technological upgradation received assurance that this would be facilitated to derive utility of Tex Venture Capital Fund; Grant-in-Aid and Modernisation and Upgradation of Powerloom Service Centres (PSCs); Amended Technology Upgradation Fund Scheme (ATUFS); Modified Comprehensive Powerloom Cluster Development Scheme (MCPCDS); Universal Insurance Coverage Scheme; and Integrated Skill Development Scheme (ISDS).

Tirupur Staff Reporter adds:

Interacting with garment exporters in Tirupur, Ms. Irani assured them that her Ministry would facilitate the organising of the 'science conclave' planned by the Tirupur Exporters Association and NIFT-TEA Knitwear Institute, to promote research and information dissemination.

In a representation to the office of Textiles Commissioner, the association had sought the Ministry's support for the conclave. "We are going to launch shortly the science conclave as an annual event.

The support of the Ministry is very much required to ensure participation of technocrats and scientists from reputed research organisations across the country and for the presentation of new concepts that could suit the Tirupur garment industry", TEA president Raja Shanmugam later told *The Hindu*.

Ms. Irani also told garment manufacturers that her Ministry was considering instituting an award of excellence to textile clusters that perform well both in terms of production and achievement of environmental compliance.

The manufacturers appealed for the removal of anti-dumping duty on spandex yarn, which the exporters also wanted.

The other demands included speedy setting up of Knitwear Board and larger financial allocation for market promotional activities.

Ms. Irani visited Nethaji Apparel Park and various other facilities in the apparel production chain to understand the work culture followed in the Tirupur knitwear cluster.

Source: thehindu.com- Apr 28, 2017

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Traditional textiles get a push in states' brand-building bid

Following the footsteps of the Centre's Make in India drive, many states have started promoting their traditional and indigenous textiles on national and international platforms.

With hefty budgetary allocations for the promotion of traditional textiles, states like West Bengal, Manipur, Assam, Telengana and Madhya Pradesh are concentrating on developing state-owned brands.

They are also tying up with fashion designers to enhance the commercial viability of the products. State-run initiatives are bringing fabrics like Pochompally, Baluchari, Narayanpet, Kutch Kala Cotton and Muga to the limelight, with many state governments assigning a day in the week as handloom day.

On such days, state government employees are advised to wear handloom outfits to work. Telangana, for instance, has their government employees sporting handloom wear on Mondays every week.

Handlooms from Telengana, like the Pochompally, Garwal, Narayanpet, Siddhipet and Gollabhama are getting modern touches under the mentorship of designers like Rahul Mishra and Chelna Desai.The fabrics are also fetching attention through corporate tie-ups with brands.

"With Rs 325 crore allocated for the promotion of handlooms in the Telangana state budget, the state is taking up aggressive research and development and also looking at organising fashion shows to promote the fabrics," said Damoder Seetha, director at the Pochompally Handloom

Park, Telangana. Besides planning to develop a state-owned brand of Telangana handlooms, the state has also roped in South Indian actress Samantha as the brand ambassador handloom promotions.

In Andhra Pradesh too, government officers have been urged to wear handlooms on Mondays. Students too have been urged to wear handlooms, and some schools may soon have handloom uniforms made by weavers.

The state is also concentrating on the development of weavers and the Andhra Pradesh Handloom Weavers' Cooperative Society (APCO), is concentrating on increasing their e-commerce business through APCO's website. "It is only through the welfare of the weavers that the handlooms can be revived and brought to the limelight.

Under a recent partnership of Snapdeal and the University of California, Berkeley and Andhra Pradesh government, Snapdeal will provide local handloom weavers direct market access to buyers across the country, through its platform," said Johar Basha, MD, Society for Welfare of Weavers in Andhra Pradesh.

In West Bengal, a lot of commercialization of state handlooms is on the cards. While the state already runs two brands, Biswa Bangla and Club Muslin, it has also come up with a new Baluchari dedicated to reviving of the fabric under the mentorship of designer Abhishek Dutta.

Source: mumbaisamachar.in - Apr 27, 2017

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Union Textiles Minister visits Tirupur Knitwear Cluster

The visit of the Union Textile Minister Smriti Irani to Tirupur knitwear cluster this morning seems to have boosted the morale of the exporters in the region.

After a brief visit to one of the units, the minister left for Pallipalayam near Erode. "She is expected later in the day; the minister will be visiting two more units in this knitwear cluster before visiting Arulpuram CETP plant and Palladam Hi-tech Weaving Park," Tirupur Exporters' Association President Raja M Shanmugham told Business Line.

Sharing details of the Minister's discussion with the exporters, he said: “we sought the need for conduct of an annual Scientific Conclave in Tirupur. Such an event will help the scientific community understand the industry's needs as also help them showcase their inventions which the sector can put to productive use.

“At present, most of the research findings remain either on paper or is not transferred from lab to land. Such a conclave would help bring about a win-win situation for both the industry and the scientists. The transformation in the textiles sector is rapid.

“The minister, in response to this request, asked the textiles commissioner to follow up and get it done,” the TEA President said.

Yet another request that was placed before the minister this morning was for upskilling the workers in a scientific manner, Raja Shanmugham said and pointed out that the minister had promised to take up this issue with the Ministry of Skill Development.

Source: thehindubusinessline.com- Apr 27, 2017

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Fabindia in fresh row for calling its fabrics Khadi

Ethnic wear brand Fabindia faces fresh challenges over using the term khadi to describe its fabrics owing to the raw material used and the weaving pattern employed in their creation.

Earlier, the company was slapped with a legal notice by the Khadi and Village Industries Commission (KVIC) for using the term without permission. The Textile Laboratory and Research Centre, Mumbai, said Fabindia has been using blends of flax with cotton, which doesn’t qualify as khadi.

A report by the Ahmedabad-based Khadi Gramodyog Prayog Samiti, an independent research institute, earlier this month said, “Since right twist was used in weft of the sample, it is not at all a khadi fabric.” The laboratory, which comes under the textile ministry, also confirmed that an ‘Z’ twist had been used, rather than one that resembles an ‘S’.

“Khadi is identified by the direction of twist in the yarn,” said Sumantra Bakshi, an assistant professor at the textile and knitwear design department of the National Institute of Fashion Technology, Kolkata.

“Usually, it is called left twist and this makes a distinction between khadi and mill-spun yarn. Any other twists cannot be passed off as khadi.” Fabindia said it hadn’t seen any of the reports ET cited. “We will not be able to comment as we have not seen any reports,” a spokesperson said.

“We would, however, like to clarify that Fabindia sources the fabric from a number of grassroots suppliers, including certified institutions, across the country.”

Bakshi explained the flap over flax. “Khadi is made out of any indigenous material and though flax is a natural fibre, historically speaking, it is not an indigenous fibre,” he said.

“The whole quantity of flax that is widely used in the country today is imported mostly from Europe and China.” The Khadi Village Industries Commission Act of 1956 states ‘Khadi means any cloth woven on handlooms in India from cotton, silk or woollen yarn handspun in India or from a mixture of any two or all of such yarns.’ GS Ray, in charge of the Khadi Gramodyog Prayog Samiti said,

“Khadi doesn’t allow the use of flax. Neither does it allow the Z twist, hence the sample sent for test clearly doesn’t qualify as khadi.” The Khadi & Village Industries Commission (KVIC), an autonomous body under the MSME ministry, had first sent a letter to the company in August 2015, asking it to stop using the word khadi on its products without proper permission.

Fabindia sought and failed to get the requisite approval.

Source: mumbaisamachar.in - Apr 27, 2017

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Exports of Indian cotton yarn to China may increase if GST rate cut

It was reported that the textile industry in India has urged the government to apply the lowest GST rate of 5 per cent across all value chains in the textile and apparel sector, to avoid any possibility of tax evasion.

But we did not know whether the final decision has been made, and such appeal also reflected indirectly that textile mills in India has been bothered by cost pressure.

As for the impact to China, the cut of tax is expected to lower the cost of textile industry in India, which will improve its global competitiveness to certain extent, including the advantage of Indian cotton yarn, which is the major Indian textile product exported to China.

If the production cost of Indian cotton yarn moves down benefitting from lower GST rate, exports of Indian cotton yarn to China are supposed to increase later.

Just as we know, price of Indian cotton yarn lacks competitiveness now for Chinese buyers, so export of Indian cotton yarn has been largely sluggish this year.

Therefore, the cut of GST rate is supposed to boost export of Indian cotton yarn to China to certain extent.

Source: ccfgroup.com - Apr 27, 2017

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Continue existing Duty Drawback, ROSL scheme post GST: TEA

Tiruppur Exporters' Association (TEA) has made requisitions to textiles minister Smriti Irani for continuance of existing Duty Drawback and Rebate of State Levies (ROSL) Schemes after the implementation of Goods and Services Tax (GST) for another two years.

It has also requested to fix GST rate at 5 per cent for the textile sector as it is the biggest job creator.

TEA has also emphasised on the usage of manmade fibre (MMF) and production of MMF garments as it is the major requirements for the growth of the industry. Irani interacted with select exporters and office bearers of TEA after visiting Netaji Apparel Park (NAP) in New Tiruppur to observe the activities in one of the exporting unit in NAP.

Raja M Shanmugham, president, TEA, said the minister has promised to take efforts for inking trade agreements with EU, Britain, Australia and Canada. He also said that Irani immediately accepted the requisition for organising scientific conclave annually in Tiruppur by inviting all Textile Research Associations like SITRA, NITRA, BTRA, ATIRA and SASMIRA by which the findings and development of new products can be introduced to the knitwear garment sector.

The president of TEA added that after hearing the DNA of growth of Tiruppur, Irani was appreciative and said 'yesterday labour in Tiruppur is today owner' is a catch line and it should be popularised everywhere in the country which would attract many people from various places to come, work and set up their own units.

When the Zero Liquid Discharge and the investment made by Tiruppur entrepreneurs in production of power through wind mill and solar was mentioned to her, she lauded the efforts of Tiruppur entrepreneur and said she would ask the environmental ministry to setup an award and provide to the sustainable clusters which are keen in the protection of environment and production of green energy, according to a press note released by the association.

The minister also hailed the development of Tiruppur and expects that other clusters like Kanpur should also evolve like Tiruppur.

She advised a delegation from Tiruppur exporters to visit Kanpur to help them follow the practices prevailing in Tiruppur.

Source: fibre2fashion.com - Apr 28, 2017

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NITI Aayog bats for continued labour reforms

As part of its suggestions for a wide range of labour reforms, the NITI Aayog has argued for extending fixed term employment beyond apparel manufacturing to all sectors.

THE FRUITS OF LABOUR

- The NITI Aayog has bet on labour-intensive sectors to increase the number of formal workers in the economy and draw in MSME entrepreneurs to such sectors
- Streamlining and easing labour laws across the country, with help from the states, has been suggested
- Laws regarding fixing of overtime hours for workers and worker retrenchment have been pointed out

It has also said that all enterprises, which are less than five years old with annual turnover of less than Rs 25 crore, be considered start-ups, thereby significantly reducing the labour compliance burden on them.

The suggestions to streamline labour laws across the country are part of the Aayog's three-year action agenda, the draft of which was shared with chief ministers in a recent meeting last Sunday.

While the last economic survey had made a case for arming labour-intensive manufacturing in apparel and leather to add steam to India's export growth, the Aayog has pointed out that streamlining labour rules is crucial for increasing the number of formal jobs in the economy.

According to the fifth Annual Employment Unemployment survey conducted between April and December 2015, 83 per cent of all workers in the country were self-employed, casual or contract workers.

In this regard, it has batted for making the regulatory atmosphere easier to draw entrepreneurs to invest in labour-intensive sectors.

Taking note of the seasonal nature of the garment industry, fixed-term employment had been announced in apparel manufacturing as part of the Rs 6,000-crore textile package back in June last year. The textiles industry, of which apparel constitutes the largest share, is currently estimated at around $108 billion by government estimates.

It's also the second-largest employer after agriculture, providing employment to over 105 million people directly or indirectly and contributes approximately five per cent to India's gross domestic product and 14 per cent to overall Index of Industrial Production.

To reduce laws restricting entry of newer players to the organised apparel industry, the central body has also advised that the government take the help of states. Reform at the state level has been suggested for fixing the overtime hours and changing norms regarding the retrenchment of workers.

While the government has passed a law in the Lok Sabha to extend the cap on number of overtime hours to 100 per quarter from the earlier 50, it is stuck at the Rajya Sabha. On the other hand, while the Industrial Disputes Act, 1947, effectively forbids factories employing more than 100 workers from retrenching them under any circumstances, states such as Rajasthan, Haryana and Madhya Pradesh have raised the limit to 300 workers.

Another issue raised by it is the regulatory burden placed on an employer when he reassigns a worker.

On the latest push to classify small and medium sector enterprises as start-ups, industry insiders said it is along expected lines of the government pushing for greater participation of such enterprises in sectors which can absorb them, such as apparel. Prime Minister Narendra Modi's had announced in January that the credit guarantee limit for small and medium businesses will be doubled to Rs 2 crore.

Source: business-standard.com - Apr 28, 2017

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