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IBTEX No. 71 of 2017 Apr 10, 2017

USD 64.39 | EUR 68. 59 | GBP 80.29 | JPY 0.58

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
20246	43350	**83.77**

Domestic Futures Price (Ex. Gin), March

Rs./Bale	Rs./Candy	USD Cent/lb
20860	43634	**86.31**

International Futures Price

NY ICE USD Cents/lb (May 2017)	74.51
ZCE Cotton: Yuan/MT (July 2017)	15, 435
ZCE Cotton: USD Cents/lb	**86.03**
Cotlook A Index – Physical	**85.55**

Cotton guide:

Cotton price fell sharply in the last week both at domestic and global markets. The May contract cotton futures at ICE ended the week at 73.46 down by 387 points from the previous close. Similar kind of impact was felt on the subsequent contracts. The spread between May and July contract widened to 2.64 cents which earlier was trading around 1.80 cents. The rise in the spread could be emphasized on the open interest movement. The May contract OI has receded sharply from 0.164 million contracts to 0.100 million contracts while the major portion has been switched to July futures. The July OI has increased from 48000 to 75000 contracts. This also indicates in other perspective that along with roll over of positions there has been a huge cut in the speculative long positions in the form of profit booking. It is also essential to look at the December contract price and position movement. The last contract of the season has also seen a sharp rise in the OI. As of last week the OI for December contract which is in invert to May and July has the highest open interest of almost 80,000 contracts. We believe market has got into roll over of positions with profit booking which may keep the underlying on a bearish tone.

However, in other perspective recently released unfixed on call sales data by CFTC indicates that cotton on call weekly unfixed call positions sales stood at 113,357 contracts which is still 44% of aggregate open interest. The data released last week is lowest in last 11 weeks however, market remain nervous. We expect any time these players start fixing the price would keep the underlying price well supported or may also turn positive.

Looking at the current momentum cotton price may remain sideways to lower however, fresh trigger would be needed. We have the Monthly USDA report releasing tomorrow from the US and believe shall give a fresh cues in the market and until then price may remain sideways.

From the technical perspective cotton futures for May has breached both 50 and 100 day SMA indicates market to remain bearish in the near term. However, while we analyse the July future the epitome is slightly different. Despite huge fall in the price last week July contract is still holding above the 100-da SMA. We believe this remains a delicate situation for the market because the entire world would now be looking at July contract price movement. In addition; we expect unless 100-day SMA is breached market would either remain shaky or price may continue to trade in a sideways zone. From the price perspective we expect 75 is a very critical support levels (100-day SMA and 50% retracement level). On the higher side the resistance could be seen at 76/40 cents. Since that we have the key data on Tuesday from the US market until then would continue to move in the given range and any fresh trigger shall give a fresh move.

From the domestic front the set-up is slightly different and the spot price continues to hold a positive stance. Shankar-6 remains close to Rs. 44,500 per candy. The equivalent parity price ex-gin with the prevailing exchange USD/INR rate quoted at 88.35 cents per pound around 15 cents higher than the ICE futures price. The Indian cotton continues to hold a premium over the global pricing. However, the futures contract has lost the ground and taking strong cues from the global market. The MCX April future ended the week at Rs. 20,650 down by Rs. 390 from the previous week's close. We believe cotton price may remain down and recommend selling for the day from higher levels. The trading range would be Rs. 20800 to Rs. 20450 per bale.

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

Indicative Prices of Overseas Ring Spun Cotton Yarn in Chinese market:

Indicative Prices of Cotton Yarn in China Date: 09/4/2017 ***Prices in US$ FOB***		
Country	**20s Carded**	**30s Carded**
India	2.50	2.80
Indonesia	2.56	2.85
Pakistan	2.44	2.82
Turkey	2.90	3.10
Source: CCF Group		

China yarn

Tracking previous trend, cotton yarn market still presented stable on the whole with mild decrease in some places. Polyester yarn sales warmed up and in some places, the offer went up 300yuan/mt, yet traded price still needs time to follow up. Rayon yarn kept declining while polyester/cotton yarn and polyester/rayon yarn showed stable on the whole with some drop in some places.

International yarn

Transactions of spot imported cotton yarn remained sluggish this week. Quoted price of imported siro-spun low count cotton yarn increased by 200yuan/mt but transactions were not active in Guangdong. Spot stocks also reduced, lower than the same period of last year and demand was negative because orders decreased and environment protection affected demand for cotton yarn.

Source :CCF Group

NEWS CLIPPINGS

	INTERNATIONAL NEWS
No	**Topics**
1	USA: Textile and Apparel Imports Plummet as Shipments from Southeast Asia Tumble
2	Vietnam: Textile, garment expo opens in HCM City
3	Pakistan: Policy demanded to avoid repeat of cotton crop failure
4	Jakarta : Textile Industries Provide 3 Million Jobs: Industry Minister
5	Bangladesh: Africa can be cheaper cotton source for BD textile sector
6	Pakistan: Exporters fear loss as duty drawback payment delayed
7	Belarus aiming to be a hub for technical textiles
8	New York Fashion Industry Benefits From Open Border, H-1B Visa Labor
9	IFC to support cotton production in Cameroon
10	Bangladesh : Garment shipments to Canada slide in Jul-Dec
11	American Apparel is making its first products outside America
12	Cotton Lower Trajectory extended
	NATIONAL NEWS
1	SGCCI is inching closer to developing mega textile park
2	Surat Textile trade comes to standstill due to lack of raw material
3	Indian textile firm invests in first Monforts units
4	India could win from a US-China trade row: Here is how
5	Garments unit owners urged to increase wages
6	Khadi body taps into private sector to boost sales
7	Russia - a forgotten trade partner?

INTERNATIONAL NEWS

USA: Textile and Apparel Imports Plummet as Shipments from Southeast Asia Tumble

The Department of Commerce's Office of Textiles and Apparel reports that monthly imports of cotton, wool, manmade fiber, silk blend, and non-cotton vegetable fiber textile and apparel products totaled 4.71 billion square meter equivalents in February, down 14.1 percent from January and 9.7 percent from February 2016.

Textile imports totaled 2.62 billion SME, down 14.4 percent from January and 8.0 percent from the previous year, while apparel imports of 2.09 billion SME were down 13.6 percent from January and 11.8 percent from a year earlier.

Country	Feb. imports (SME)	Monthly change (%)	Year-on-year change (%)
China	2.08 billion	-23.8	-15.4
India	411.8 million	-0.6	+7.3
Vietnam	378.0 million	-10.5	-5.1
Bangladesh	204.6 million	-3.3	+0.6
Mexico	194.9 million	+4.3	-0.9
Pakistan	191.7 million	-14.2	-2.8
Indonesia	139.4 million	-11.2	-15.7
South Korea	115.3 million	-9.6	-2.3
Canada	82.3 million	n/a	-10.5
Cambodia	79.2 million	-10.2	-22.0

Total year-to-date imports were 10.2 billion SME, down 0.8 percent from the previous year, as textile imports fell 0.6 percent to 5.68 billion SME and apparel imports lost 1.0 percent to 4.51 billion SME.

For the year ending in February 2017 imports were 62.8 billion SME, down 2.8 percent from a year earlier, as textile imports fell 2.7 percent to 36.0 billion SME and apparel imports lost 3.1 percent to 26.9 billion SME.

With respect to specific sources, imports of textile and apparel products (except cotton and silk blend textiles) saw the following changes in February.

Source: strtrade.com- Apr 10, 2017

HOME

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Vietnam: Textile, garment expo opens in HCM City

The Vietnam Saigon Textile and Garment Industry / Fabric and Garment Accessories Expo (Saigon Tex) is under-way in HCM City, showcasing a wide range of cutting edge machinery and equipment for the textile and garment industry.

The 35,000sq.m expo has attracted nearly 1,200 exhibitors from 23 countries and territories, including Belgium, Canada, China, the Czech Republic, France, Germany, Hong Kong, India, Indonesia, Italy, Japan, South Korea and Việt Nam.

It will feature several seminars, including talks on increasing the value of Vietnamese textile and garment products, investment opportunities in the textile and footwear sectors and trade barriers from the free trade agreement between the EU and Việt Nam, today's global apparel and fashion market.

Speaking at the opening ceremony on Wednesday, Phan Chí Dũng, director of the Ministry of Industry and Trade's Light Industry Department, said textiles and garments are among the country's biggest exports.

The garment and textile industry earned US$28.5 billion from exports last year, a year-on-year increase of 5.2 per cent. The US, the EU, Japan and South Korea were the largest buyers.

But its value addition was low compared to its counterparts in other countries, since enterprises mainly did sub-contracting work for foreign buyers, he said.

Another factor is that "we have not developed a supply chain for the industry," he said.

Dũng said Saigon Tex 2017 would offer garment companies a gilt-edged chance to foster relations with foreign enterprises and explore investment opportunities, acquire technologies to increase local content in garment products and improve quality to meet the needs of local and international buyers.

This would add value to Vietnamese garment and textile products, contributing to the development of the industry, he said.

Source: vietnamnews.vn - Apr 07, 2017

HOME

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Pakistan: Policy demanded to avoid repeat of cotton crop failure

The government has been urged to formulate a new cotton policy to avoid losses suffered due to crop failure over the last two consecutive years.

Analysts say the key crop failure should be taken seriously also because it did not occur in any of the cotton-growing countries except Pakistan.

The cotton crop failure has far-reaching impact in the country where 60 per cent population lives in rural areas.

A short crop resulted in job losses to rural workforce, particularly women cotton pickers.

Pakistan's cotton production stood at 15 million bales in the 2013-14, which dropped to around 10m bales during the last two seasons. It translated into a shortfall of 10m bales in the last two years which, according to experts, cost the country around Rs500 billion.

Moreover, the country also had to foot a huge import bill to meet the demand.

Dr Jassu Mal T. Leemani, chairman of Pakistan Cotton Ginners' Association (PCGA), told Dawn the biggest problem facing the cotton crop was the absence of support price for cotton.

"The government was giving support price and subsidy to other crops such as sugar cane and wheat, but not cotton. It encouraged growers to shift to those crops which ensure fixed and secured income", he said.

The sugar cane support price fixed by the government is Rs182 a maund (around 37 kilograms); besides, the government gives subsidy on the export of sugar.

Mr Leemani, who is also the country's biggest cotton exporter, said that around 30pc cotton area in Punjab has gone under sugar cane or maize cultivation. At the time of independence, around six million acres of land used to come under cotton cultivation, which has now shrunk to 4.5m acres.

In Sindh, the area under cotton cultivation remains unchanged at 1.5m acres.

He also admitted that poor ginning was also causing huge loss to the country as the 1952 technology of saw-gin was damaging cotton quality and the length of its fibre.

The new cotton policy should also come up with incentives for ginners so that they could be encouraged to shift to modern ginning technology.

The electricity to the ginning industry should also be given on minimum rates as was being offered to the textile industry, he added.

Karachi Cotton Brokers Forum chairman Naseem Usman Osawala also warned that any delay in giving incentives and support price or subsidy to the next cotton crop would be detrimental.

Source: dawn.com - Apr 09, 2017

HOME

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Jakarta : Textile Industries Provide 3 Million Jobs: Industry Minister

Industry Minister Airlangga Hartarto said textile products and textile industries are strategic industries that give a big contribution for the economy.

According to him, the government prioritizes the development of these labor-intensive and export-oriented industries in order to be able to compete at the global level.

“Textile industries can also become social security networks because it the industries provide a big number of works as around 3 million people are employed at the industries,” said Airlangga in Bandung on Saturday.

In 2016, investment values of textile and textile product reached Rp 7.54 trillion. The industries also give the country US$11.87 billion in foreign exchange reserves.

In the meantime, around 17.03 percent of employment in manufacturing industries is absorbed by these industries.

Source: tempo.co - Apr 09, 2017

HOME

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Bangladesh: Africa can be cheaper cotton source for BD textile sector

African countries could be a highly suitable and cost-effective alternative source of raw cotton for Bangladesh's textile sector, Finance Minister AMA Muhith said Sunday.

"The demand for cotton in the local textile sector is here to stay as RMG will lead our export sector for another twenty to twenty five years," he told the African-Asian Cotton B2B Meeting held in the capital.

"In this context, our textile sector can look towards Africa as an alternative source of raw cotton due to its cost effectiveness," he added, amid a growing consensus among the stakeholders about the country's overdependence on Indian cotton.

Bangladesh is currently the largest cotton importing country in the world. It spends more than US$ 3 billion to import cotton a year -- more than half of it comes from India.

Statistics showed that while China's cotton import from India was falling, Bangladesh's cotton import from India was actually rising.

If the current trend continues, insiders said, Bangladesh might well become the largest importer of Indian cotton.

The finance minister was also not quite optimistic about the prospect of local cotton as a large source of raw material for the local textile industry.

"Local cotton farmers are unlikely to be able to meet the bulk of the huge demand for cotton due to land shortage," he said. "At the same time, the rising demand for chemical and other fibre materials as a substitute for cotton is also not helping the local cotton industry."

Currently, Bangladesh grows around 180,000 bales of cotton a year, which is just 1.0 per cent of the annual demand. However, the local producers have a target to meet 10 per cent of the demand by the end of 2025.

Speaking on the occasion, the local cotton traders sought better policy incentives for importing cotton given its importance in feeding the country's export-oriented RMG sector.

President of Bangladesh Cotton Association M Shahidullah said that African countries were increasingly becoming an important source of cotton for Bangladesh's garments industry.

"Nevertheless, there are ample scope for diversifying our sources and explore Africa further as a bigger source of cotton, considering the issues of cost effectiveness." Vice President of Bangladesh Textile Mills Association Mohammad Ali Khokon and Baba Berthe of Bangladesh Cotton Association also spoke on the occasion.

Source: thefinancialexpress-bd.com- Apr 10, 2017

HOME

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Pakistan: Exporters fear loss as duty drawback payment delayed

The value-added textile exporters are exposed to heavy financial losses as they have passed on the benefit of cut in cost to the international buyers immediate after the announcement of PM incentive package to the export-oriented industry but not a single penny has been released so far in this regard.

This was stated by Pakistan Hosiery Manufacturers Association (PHMA) Chairman Adil Butt while expressing his concern on undue delay in refunds payment to the exporters.

Prime Minister Nawaz Sharif had announced incentives worth Rs180 billion in a bid to boost Pakistan's sagging exports, declaring 7 percent duty drawback rates for value-added textile exporters, he said.

“The international buyers’ local representatives, who are fully aware of all government policies, demanded the cut in prices of our goods with the same ratio declared by the government. And we have to pass on this benefit to them to keep Pakistan goods competitive in the world market. But it is unfortunate that payment of duty drawback is being delayed constantly.”

The PHMA chairman said that the exporters will defiantly go into losses if the Federal Board of Revenue (FBR) does not release funds, as they have already sold their items on 5-6 percent less margin. He said that the value-added textile exporters would not meet their export commitments due to severest liquidity crunch.

He termed the liquidity crunch as major hurdle in promotion of exports. The textile industry had been facing unprecedented crises for many years and consequently, a sizeable textile capacity had been impaired, he said.

He said exports in terms of quantity and value could not get momentum and remained below the bar. He said the GSP plus facility had brought the new hope of significant jump in textile exports but lack of necessary funds could hurt the outcomes of this duty relief.

He said that the government would have to set its priorities right and accord preferential treatment to textile sector to get full advantages of duty waiver facility and save the industry and the economy.

He appealed the government to release funds to the central bank for immediate payment of duty drawback of taxes to the hosiery exporters.

He also condemned the FBR for rolling back all sales tax refund payment orders (RPOs) issued to the export-oriented sectors.

He urged Prime Minister Nawaz Sharif to intervene and direct the FBR to make payments without any further delay. He said that only the immediate payment of all outstanding refunds of sales tax to the exporters against the already issued RPOs could save the industry.

Source: nation.com.pk – Apr 09, 2017

HOME

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Belarus aiming to be a hub for technical textiles

Production of nonwovens and technical textiles has the potential to fortify the textile market in Belarus and make it a new hub for European textile production.

Mogilevkhimvolokno, a textile company and the largest European producer of polyester yarns and fibers, will create a new industrial cluster.

The first stage of this project will focus on production and processing of technical yarns, while the second stage will focus on production of products aimed at exports.

This new cluster will also house research and development facilities for testing and design of new products, and will operate from processing of raw materials to production of final products.

Production from the cluster will be exported primarily to North America and Europe, with a special focus on Germany, where demand for technical textiles has increased substantially over the last few years.

The increased production that Mogilevkhimvolokno's new project will provide is expected to contribute significantly to the overall success of Belarus's textile industry and technical textiles, and will open new doors and opportunities for other textile manufacturers in the country.

Additionally, companies in Belarus are establishing contracts and agreements with companies in Pakistan to capitalize on the growing demand for yarn and technical textiles in Pakistan.

Source: fashionatingworld.com - Apr 08, 2017

HOME

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New York Fashion Industry Benefits From Open Border, H-1B Visa Labor

The Council of Fashion Designers of America (CFDA), represented by Chairwoman Diane Von Furstenberg and President Steven Kolb, will join Mark Zuckerberg's open borders lobbying group FWD.us' President Todd Schulte to "share findings from a new white paper about the impact of immigration policy on the United States' fashion industry, and its ability to create jobs for American workers," according to a news release on the coming event.

"Immigration challenges are increasingly slowing the innovation that fuels the fashion industry, particularly as fashion houses compete for designers, scientists, researchers and textile specialists to develop wearables and smart textiles," the CFDA news release claims.

"The fashion industry thrives on the talents of individuals from around the world, including designers, models, seamstresses, tailors and garment workers.

Roughly 20% of workers in clothing manufacturing are undocumented immigrants."

Though the press conference will tout jobs for American workers in the fashion industry, the event will be a clear depiction of the New York fashion establishment's growing friendship with the open borders lobby and top immigration law firms.

Most notably, CFDA Vice Chairman Michael Kors, primarily known for his all-American style cashmere knits and luxury handbags, is one of the largest American luxury brands that uses the H-1B foreign guest worker visa to outsource American jobs to foreign workers.

Since 2013, Michael Kors USA Inc. has steadily increased its requests for H-1B workers. The company applied for at least 56 foreign workers between Fiscal Years 2014 and 2016, according to data from the U.S. Labor Department.

Like other H-1B employers in the fashion industry, Michael Kors uses the foreign worker visa to fill jobs dealing with human resources, e-commerce, writing and fashion merchandise.

When Breitbart Texas reviewed the salaries for these positions with immigration expert John Miano, a multitude of the jobs requested the foreign worker fill the role for less pay than what the mean wage for that position would be paid if the worker were American.

For instance, in 2016 Michael Kors requested an H-1B visa for a foreign worker to fill an ‘Associated E-Commerce Front End Developer’ job. The so-called “prevailing wage” for that job was listed at $61,797.

Nonetheless, the prevailing wage touted by H-1B employers is generally the lowest possible salary for any job, Miano told Breitbart Texas.

The mean wage for the e-commerce job is $104,936, which adds up to a more than $19,500 in savings for Michael Kors by hiring a foreign worker rather than an American.

Likewise, Michael Kors requested an H-1B visa for a junior digital designer and a junior copywriter in 2016, each paying less than the mean wage paid to an American worker doing the same job. The junior digital designer job was offered to an H-1B foreign worker at $45,000, despite the mean wage for the job being over $66,000 a year.

In the case of the junior copywriter job, employers paid the H-1B foreign worker a $55,000 per year salary. But, the job’s mean wage is well over $80,000 a year — saving the fashion brand about $30,000 by outsourcing the job to a foreign worker instead of hiring an American.

To request H-1B foreign workers, Michael Kors hired Fragomen, Del Rey, Bernsen & Loewy LLP, the leading open borders law firm that regularly lobbies for increased legal immigration levels and higher numbers of foreign guest workers entering the U.S. who take jobs from American workers.

Other American designers like Ralph Lauren, who famously dressed First Lady Melania Trump for her husband's Presidential Inauguration, and designer Alexander Wang requested H-1B foreign guest workers over Americans since at least 2013.

Phillip Lim, known for his luxury clothes and accessories in the 3.1 Phillip Lim brand, hired Fragomen to help him apply for at least 23 H-1B foreign guest worker visas between Fiscal Year 2014-2016. Lim is a member of the CFDA, winning awards for his accessory designs and womenswear.

Fragomen's work for the open borders lobby has long been reported on by Breitbart News, noting how Fragomen helped the Carnival Corporation and Viacom replace hundreds of American workers with cheaper, foreign replacements through the H-1B visa.

Miano, who worked closely with conservative columnist Michelle Malkin on research exposing the H-1B foreign guest worker visa, told Breitbart Texas how Fragomen was partially responsible for Sen. Marco Rubio's (R-Fl) 'Gang of Eight' amnesty legislation in 2013.

In 2015, Malkin chronicled Rubio's relationship to Fragomen, writing "Rubio hired Enrique Gonzalez, a Democratic donor and partner with the global-immigration-law firm, Fragomen Del Rey, to be his chief adviser on the [Gang of Eight] bill."

Like Zuckerberg, Fragomen has successfully crafted and structured a network of open borders organizations including the Council for Global Immigration, according to Miano.

Coincidentally, Fragomen regularly promotes Zuckerberg's FWD.us, featuring the open borders group in a panel discussion about the impact of President Donald Trump's executive orders on immigration.

Since its creation, FWD.us and Zuckerberg have been called out specifically by Attorney General Jeff Sessions, with the longtime immigration critic saying in 2014 "Well, the masters of the universe are very fond of open borders as long as these open borders don't extend to their aggregated compounds and fenced-off estates," as Breitbart News reported.

Multinational trade agreements and globalization devastated fashion manufacturing production in the U.S.

Over the past two decades, fashion manufacturing jobs in the U.S. have declined by more than 80 percent, dropping from about 900,000 jobs in 1990 to just 150,000 jobs in 2011, the Bureau of Labor Statistics reports.

Just two years after the federal government enacted the North American Free Trade Agreement (NAFTA), companies laid off a total of 706 American workers from fashion manufacturing jobs in the U.S., with 67,511 workers initially filing for unemployment. Between 1996 and 2011, companies laid off an average of 323 American workers every year in the fashion manufacturing industry.

In that same period, American workers in textile mills suffered an average of 200 layoffs per year. In 1996, some 1,040 American workers in the clothing, textile, and leather manufacturing industry were fired from their jobs

Trump has not only criticized the importation of foreign workers to replace American workers; he has particularly blasted NAFTA, saying it has led to ruinous times for America's once-thriving blue collar workers.

The new President signed an executive order officially terminating the Trans-Pacific Partnership (TPP), which he argued would further strip jobs from U.S. workers and outsource them to foreign nations.

Source: breitbart.com - Apr 09, 2017

HOME

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IFC to support cotton production in Cameroon

IFC, part of the World Bank Group, has signed a €15.5 million investment deal with Standard Chartered Bank Cameroon. The investment is part of a €31 million one-year pre-export facility being set up by the Standard Chartered Bank for Société de Développement du Coton (Sodecoton), a state-owned enterprise, which purchases 100 per cent of the country's cotton.

the facility will be used to finance the cotton campaign, mainly for the purchase of seed cotton from smallholder farmers, the ginning of seed cotton by Sodecoton and the transportation of lint cotton to the port of Douala for exports to international markets. Sodecoton purchases 100 per cent of the country's seed cotton production. Cotton is the most important agriculture crop in Northern Cameroon.

Mehita Sylla, IFC country manager for central African sub-region, said "It is crucial for IFC to support the cotton sector in Cameroon. As you know, Cotton is the largest source of employment in Northern Cameroon, providing livelihood to approximately three million people".

Chuks Ugha, CEO, Standard Chartered Bank Cameroon, said, "This is an excellent example of collaboration between Standard Chartered Bank and IFC/World Bank to support Sodecoton. The company has been in operation for more than 40 years. It is a strategic company for the Government of Cameroon."

IFC will also explore the provision of advisory services to farmers in collaboration with Sodecoton to strengthen the cotton value chain. This will likely include financial management, good agricultural practices and soil management.

Source: fibre2fashion.com - Apr 07, 2017

HOME

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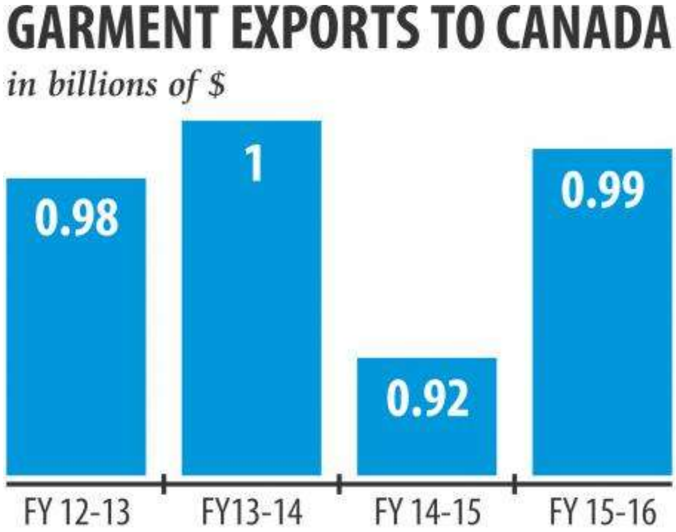
Bangladesh : Garment shipments to Canada slide in Jul-Dec

Garment shipments to Canada, one of the major export destinations for Bangladeshi manufacturers, dropped 7 percent to $437.78 million in the first half of this fiscal year on the back of lower demand.

“The decline is due to global slump in demand for apparel,” said Faruque Hassan, vice-president of Bangladesh Garment Manufacturers and Exporters Association.

In 2015, the demand for apparel items slid 7.8 percent globally and the decline continued in 2016 at the same rate, he said.



As a result, Bangladesh's garment exports to some other major countries declined as well.

In recent years, Bangladesh's competitors like India, Vietnam, Cambodia and Sri Lanka have managed to increase their shipments to Canada, which might be another reason for the decline, Hassan said.

Masud Rahman, president of the Canadian Chamber of Commerce in Bangladesh, begs to differ. “The figure for the July-December period is just a temporary blip.”

He is optimistic that shipments to Canada, where Bangladesh enjoys zero-duty benefit, will pick up soon.

Bilateral trade between the two countries crossed the $2 billion mark a few years ago, which is a significant achievement, he said. Garment exports now make up 95 percent of Bangladesh's exports to Canada.

To make the most of the zero-duty benefit it enjoys, Bangladesh should diversify its export basket, incorporating products like leather and leather goods, plastic goods and pharmaceuticals, Rahman added.

Rahman's optimism is not unfounded as Canadian apparel retailers have invited many Bangladeshi garment factories to attend the Apparel Textile Sourcing Canada, the biggest garment exhibition in the North American country.

The gathering, which is scheduled to take place from August 21 to 23, will be attended by apparel and textile manufacturers from more than 20 countries.

Manufacturers China, Bangladesh, India, Pakistan, the US, UK, Canada, Turkey, Jordan, Switzerland, Vietnam, Nepal and more will share with Canadians their latest products and production processes in an effort to forge new business relationships.

Source: thedailystar.net - Apr 10, 2017

HOME

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American Apparel is making its first products outside America

American Apparel built its image as a purveyor of casual basics on two foundations: its famously sexy, sometimes lurid advertising; and a commitment to making all its product sweatshop-free in the US.

For the first time, however, products bearing the American Apparel name will have tags that read “Made in Honduras” and “Made in Nicaragua.”

The New York Post reports that Gildan Activewear, which won the bankruptcy auction to buy the brand early this year, confirmed that it is manufacturing American Apparel t-shirts at some of its factories in Central America. They will start appearing in American Apparel’s wholesale offering this summer.

A spokesperson for Gildan explains that Gildan has “committed to maintaining a Made in the USA collection of key American Apparel styles,” and has secured contract manufacturers in southern California to produce the fabrics and garments. But, he added, “there is a portion of their loyal customers who are seeking a more price-centric offering.

It is this incremental collection, which we will be bringing to the wholesale (printwear) market in mid-summer, which will be manufactured using our current manufacturing infrastructure."

Gildan is a vertically integrated business with factories in the Caribbean and Central America. It can produce its products more cheaply in countries, such as Nicaragua and Honduras, where manufacturing costs, including workers' wages, are lower than they are in Los Angeles, where American Apparel had manufactured most of its clothing. The spokesman points out that almost all the company's products start with US-grown cotton, which it spins into yarns in the US before turning them into textiles at its non-US facilities.

Gildan made it clear from the time it took over American Apparel that its interest was primarily about folding it into its own large wholesaling business. American Apparel's retail operations weren't part of the deal, and have since been focused on liquidating products as they prepare to close down.

Gildan wanted the American Apparel brand, too. Though it resembles less and less the label once beloved by urban millennials, who went to it for items such as tube socks, t-shirts, and body suits. Meanwhile, that "Made in USA" claim, once so important to the company, is still being promoted on American Apparel's website.

Source: qz.com- Apr 08, 2017

HOME

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Lower Trajectory extended

Cotton price fell sharply in the last week both at domestic and global markets. The May contract cotton futures at ICE ended the week at 73.46 down by 387 points from the previous close. Similar kind of impact was felt on the subsequent contracts.

The Spread between May and July contract widened to 2.64 cents which earlier was trading around 1.80 cents. The rise in the spread could be emphasized on the open interest movement.

The May contract OI has receded sharply from 0.164 million contracts to 0.100 million contracts while the major portion has been switched to July futures. The July OI has increased from 48000 to 75000 contracts. This also indicates in other perspective that along with roll over of positions there has been a huge cut in the speculative long positions in the form of profit booking.

It is also Essential to look at the December contract price and position movement. The last contract of the season has also seen a sharp rise in the OI. As of last week the OI for December contract which is in invert to May and July has the highest open interest of almost 80,000 contracts.

We believe market has got into roll over of positions with profit booking which may keep the underlying on a bearish tone.

However, in other perspective recently released Unfixed On Call Sales Data by CFTC indicates that cotton on call weekly unfixed call positions sales stood at 113,357 contracts which is still 44% of aggregate open interest.

The data released last week is lowest in last 11 weeks however, market remain nervous. We expect any time these players start fixing the price would keep the underlying price well supported or may also turn positive.

Looking at the current momentum cotton price may remain sideways to lower however, fresh trigger would be needed.

We have the Monthly USDA report releasing tomorrow from the US and believe shall give a fresh cues in the market and until then price may remain sideways.

From the Technical Perspective cotton futures for May has breached both 50 and 100 day SMA indicates market to remain bearish in the near term. However, while we analyze the July future the epitome is slightly different. Despite huge fall in the price last week July contract is still holding above the 100-da SMA.

We believe this remains a delicate situation for the market because the entire world would now be looking at July contract price movement. In addition; we expect unless 100-day SMA is breached market would either remain shaky or price may continue to trade in a sideways zone. From the price perspective we expect 75 is a very critical support levels (100-day SMA and 50% retracement level).

On the higher side the resistance could be seen at 76/40 cents. Since that we have the key data tomorrow from the US market until then would continue to move in the given range and any fresh trigger shall give a fresh move.

Source: Kotak commodities.com- Apr 10, 2017

HOME

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NATIONAL NEWS

SGCCI is inching closer to developing mega textile park

Southern Gujarat Chamber of Commerce and Industry (SGCCI) is inching closer to realizing its dream of setting up the first-of-its-kind mega textile park at Pinjrat in Olpad taluka of Surat district.

Following the successful presentation on the project before the chief secretary to Gujarat government in Gandhinagar last week, the state government will be sending industries commissioner Mamta Verma for site survey and seek a viability report on it on April 17. SGCCI office-bearers said the presentation was prepared by IL&FS and that it was well received by the government officials.

For the mega textile park, the SGCCI has formed a special purpose vehicle (SPV)-Textile Processing Park Association (TPPA). It has also appointed 15 directors to head the SPV for the mega textile park. The park will be set up on 70 lakh square meter of land owned by the state government with an initial investment of Rs1,500 crore. The park will accommodate around 100 textile processing units, 40 water jet weaving units, around 225 garmenting units and textile ancillary units.

The average capacity of manufacturing at the textile processing units will be over 3 lakh meters of fabric per day. Around 50 per cent of the fabric manufactured in the processing units will be converted into home textiles and garments. The rest will be sold outside the state.

At present, the textile sector contributes around 40 per cent of the synthetic cloth in the country, but its share in export is meagre, because the export market requires huge quantity of cloth of same quality which cannot be supplied by the processing units in Surat.

SGCCI president B S Agarwal told TOI, "Issues relating to water availability for textile mills, disposal of waste water and electricity were discussed at length. The state government officials are convinced about the mega textile park and they will be sending a team headed by the industries commissioner on April 17."

Agarwal said the processing units in Surat are located in Pandesara, Kadodara, Palsana and Sachin industrial, each having one CETP plant. At present, all CETPs are working to its fullest capacity and they are not allowed to expand, because they do not have further capacity to dispose of the effluent. Thus, these processing units could be shifted to the mega textile parks.

Source: timesofindia.com- Apr 08, 2017

HOME

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Surat Textile trade comes to standstill due to lack of raw material

The country's largest wholesale market for man-made fabric (MMF) in Surat is starting to incur losses due to the indefinite strike by the transport operators in south India. South India being a big market for sarees and dress materials, the unavailability of transportation due to the ongoing strike is causing a lot of problems for textile traders in Surat as their supplies remain stocked.

Talking to KNN, Arvind Sinha, President, The Textile Association said "The textile Industry supplies that are meant for south Indian states is almost 15-20%, while the overall situation of the textile industry is functional, yet the consignments that were to reach the southern states are not able to reach there".

The transport strike called by the truckers is mainly against the 50% hike in the 3rd party insurance premium.

According to media reports, President of Surat Textile Goods Transporters Association (STGTA), Yuvraj Deshle said, "We can't take risk by accepting the delivery of textile goods towards the south Indian states, The truckers' strike has entered into its third day and it is going to continue till their demands are not met. We have stopped taking bookings for south India."

Source: knnindia.co.in- Apr 08, 2017

HOME

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Indian textile firm invests in first Monforts units

Monforts, a leader among the manufacturers and exporters of textile machines in Germany, has announced that India's leading producer of 100 per cent, fine-quality cotton bed and table linen and textiles and part of the Premier Group, Premier Fine Linens, is investing in its first Monforts installation to improve and control the quality of its output.

Premier Fine Linens is investing in a new Monforts Monfortex Sanforiser 8000 and a Thermex E-Control to enhance the quality and innovative potential of its production.

The machines are being installed at the Fine Linens mill in Coimbatore, Tamil Nadu. They will handle widths of 3200 millimetres and typically be handling weights of between 125 and 250 g/m2, although heavier fabrics of up to 450 g/m2 can also be handled.

Monforts' representative in India, ATE Enterprises Private Ltd, is installing the new units. The new installation will greatly enhance quality control of the production, which is at the very top of the fine-quality segment of this market.

Vice president for Fine Linens' production, R Mathiyazhagan, said, "The division uses 100 per cent cotton, organic cotton, Supima and Egyptian and Supima Tencel blend. All of our dyeing is done in-house, using organic dyes and low-impact chemicals.

We recover, process, and re-circulate our own wastewater, using 99 per cent of our own supplies. Monforts will also allow us to increase the innovations and product potential that we offer to our customers. We can offer better colour control, and better shrinkage."

Source: fibre2fashion.com - Apr 07, 2017

HOME

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India could win from a US-China trade row: Here is how

The prospect of a trade war between China and the U.S. elicits frequent warnings of the risk to the global economy. India sees it somewhat differently. Senior officials in Prime Minister Narendra Modi's party say India stands to benefit from the tensions. President Xi Jinping will need India's huge market as President Donald Trump threatens punitive measures against Chinese manufacturers and U.S. firms that produce goods offshore, according to Seshadri Chari, a national executive member of the Bharatiya Janata Party.

The requirement for Beijing to maintain economic growth and domestic political stability also gives New Delhi geopolitical leverage as it seeks to counteract China's inroads in South Asia, including in Pakistan, he said. "China's production strength requires a market, and the U.S. is no longer a Chinese market," Chari said in an interview. "China at this stage cannot risk a meltdown in its economy. It's too politically risky for Xi Jinping. They need a big market. And in Asia, we are the largest market."

China and the U.S. have both indicated they are keen to avoid a full-blown trade war, and Trump is yet to follow through on campaign pledges to take action against Beijing. But with Trump meeting Xi on Friday after a renewed bout of Twitter criticism and a pledge to review U.S. trade deficits, the future of the trade relationship is unclear. In South Asia, potential changes to U.S. policy toward the region could prove a boon for New Delhi, particularly if Washington decides to erect protectionist measures against Chinese manufacturers — or cuts military aid to India's rival Pakistan.

Yashwant Sinha, a senior BJP member who served as both foreign and finance minister in previous governments, said if the U.S.-China relationship "were to implode," India would not be the only country trying to profit. Still, India's vast domestic market means it has an advantage with both countries, he said.

"The consuming class in India is far, far bigger than the population of many countries, so we represent a huge market, we don't have to go around advertising it," Sinha said. "That is our big leverage. That gives us the heft to demand concessions in return for Indian goods and services" and the movement of personnel.

The statements from Sinha and Chari offer a glimpse into the BJP's foreign policy calculus at a time of global uncertainty. They also reveal the confidence India brings into trade negotiations, where it has often held back from signing or moving ahead on deals granting greater access to its more than 1.2 billion people.

Still, there are potential risks to India if China and the U.S. engaged in a fully-fledged dispute. And more broadly, India has found itself in the cross-hairs of Trump's efforts to clamp down on visas often used by Indian technology workers in the U.S. Prime Minister's Office spokesman Jagdish Thakkar and Commerce Ministry spokeswoman Mattu Singh did not respond to requests to comment.

Collateral Risk

"A protectionist America hurts China more than it hurts India, though India is not without concerns," said Ashok Malik, a distinguished fellow at the Delhi-based Observer Research Foundation. China could respond to trade frictions by starting a destabilizing currency war. And while India is a potential market for Chinese infrastructure funds, it is "not a market for the whole range of consumer goods that the U.S. is," he said.

"While there are political benefits to a deteriorating relationship between the U.S. and China, the economic impact of that is likely to be much more mixed, and could have collateral impact on India and on several other countries."

Source: financialexpress.com- Apr 08, 2017

HOME

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Garments unit owners urged to increase wages

Leading trade unions in Tirupur knitwear cluster have collectively represented to various textile associations asking the garments unit owners to give an increase of 5 % in wages to workers calculated with effect from April 1.

"We have reminded the units to enhance the weekly and monthly wages at this rate, which was agreed upon when the four-year wage pact was signed last year.

In the past, many units have increased the wages in the first year and then not give the scale of increase agreed upon for the subsequent years.

“Hence, this reminder asking for strict compliance to the wage agreements,” said C. Moorthy, district assistant secretary of CITU.

According to the wage agreement, the scale of increase in wages was 18 % for 2016-17 financial year, and 5 % each for the next four fiscal years.

Source: thehindu.com - Apr 08, 2017

HOME

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Khadi body taps into private sector to boost sales

After getting public sector undertakings (PSUs) like ONGC, NTPC, Air India and Indian Railways on board, the Khadi Village Industries Commission (KVIC) is now tapping the private sector for khadi sales. With a push from PM Narendra Modi, KVIC has been able to bag orders JK White Cement, while it is in talks with The Indian Hotels Company Limited of the Tata Group and GMR Group.

So far, seven PSUs have given orders of over Rs 266 crore to khadi institutions across India through KVIC. ONGC has given order of Rs 52 crore to the khadi institutions while Indian Railways has planned to buy khadi of Rs 150 crore. KVIC is aiming khadi sales of Rs 2,000 crore in the current financial year and Rs 5,000 crore by the end of FY2018-19.

“We have received good responses from the government’s own companies and now we are looking to tap private sector companies to increase khadi and village industries products across India. Corporate support will help us to achieve our target of Rs 5,000 crore by the end of FY 2018-19,” V K Saxena, chairman of KVIC, told Business Standard.

The commission is meeting and talking with private players like GMR Group, Taj Hotels and J K White Cement and so far KVIC has claimed that responses are positive. ONGC usually distributes bonuses and gifts to its employees in the form of cash, recognising their services to the nation and rewarding their hard work.

This year, an agreement had been reached with the KVIC and ONGC in the month of January, under which while the staff bonus gains an additional value, the mechanism itself contributes to a wider public good. The company has 34,236 regular employees and 1,063 non-regular employees to total 35,299 across India.

Saxena said, “J K White Cement has already started procurement of khadi for their workers’ dress and we are hopeful of others. Adoption of khadi by private companies and PSUs will help artisans and our aim behind it is to increase the income of khadi artisans. PSU orders are very encouraging for us and we are looking to continue working with them.”

KVIC has also given a free hand to the khadi institutions to directly talk to private or government organisations for orders. Some institutions have started doing this and have received good responses. Gondal-based Udyog Bharti, a six decade-old khadi institution, is supplying school dress to Shishuvan School in Mumbai. The institution is in talks with the government and private schools in Gujarat to supply khadi.

Chandrakant Patel, secretary of Udyog Bharti, said, “More orders will increase the sales of khadi and this will improve artisans’ earning. The initiative taken by KVIC will help this. We are also trying to tap government and non-governmental orders.”

The commission had set about Rs 1,900-2,000 crore sales target of khadi and village industries’ products in 2016-17, with the KVIC chairman claiming 80 per cent of the target has been reached so far. Last year its sales stood at Rs 1,510 crore. KVIC is aiming at sales to the tune of Rs 5,000 crore in the next two years.

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

HOME

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Russia - a forgotten trade partner?

India's 2015 goods exports to Russia were worth just $1.6 billion, compared with $40.3 billion to the U.S.

This year, the world's largest democracy, India, and the biggest country by area, Russia, are celebrating the 70th anniversary of establishment of diplomatic relations between them. Russia continues to be among India's major politico-diplomatic and defence partner nations.

While India has inked separate strategic partnership pacts with more than two dozen countries, the Indian and Russian governments in December 2010 elevated their bilateral 'Strategic Partnership' to what they termed a "Special and Privileged Strategic Partnership."

The New Delhi-based think tank 'Foundation for National Security Research', which did a comparative assessment of India's strategic partnerships — meaning, 'political-diplomatic, defence and economic cooperation' (during the 10-year period prior to November 2011), had said, "Russia emerges as the most important strategic partner of India (followed by the U.S., France, the U.K., Germany and Japan in that order)."

The November 2011 report had found that Russia had provided strong political and diplomatic support to India and helped enormously in building India's defence capability. However, it warned that the "economic content of the (India-Russia) partnership is extremely weak," and recommended that "urgent and vigorous steps need to be taken to improve economic relations if this (India-Russia) partnership is to be sustained and made durable."

New Delhi and Moscow are renewing efforts to bolster their seven-decade-old relationship regardless of the perception of India's increasing closeness to the U.S., Russia's growing friendship with China and even with Pakistan especially in the context of defence and strategic partnership, as well as criticism that India and Russia are neglecting the glory of their past ties due to their preoccupation with other parts of the world.

In June this year, Indian Prime Minister Narendra Modi is slated to take part as the Chief Guest in the St. Petersburg International Economic Forum — also known as the 'Russian Davos' after the World Economic Forum, which is an international organisation whose flagship annual meeting is held in Davos, Switzerland.

Watershed events

Until 1990-91, India and Russia — the main constituent of (the erstwhile) Soviet Union — had enjoyed robust trade ties. In 1990, the Soviet Union was India's top goods exports destination with shipments to the tune of $2.9 billion, according to data from the World Integrated Trade Solution (WITS) software. In the list of nations from where India imported goods, Soviet Union figured seventh in value terms with $922 million. Then in 1991, two watershed moments happened — economic liberalisation was introduced in India, and the Soviet Union was dissolved.

In the following two-and-a-half decades, Russia remained India's strong politico-diplomatic and defence partner like the erstwhile Soviet Union used to be. However, since 1990-91, India's trade underwent further diversification and Russia is now not anywhere near the top in the list of India's trade partners. WITS data showed that in 2015, India exported goods worth $1.6 billion to Russia, but had shipped more items in value terms to 37 other countries. In 2015, India's imports from Russia were valued at $4.5 billion, but had imported goods worth more than that from 23 other nations.

This slippage in trade is a huge demotion for Russia, considering that the erstwhile Soviet Union was among India's leading trade partners. Worse still, India's goods exports in 2015 to Russia were worth just $1.6 billion as against $40.3 billion during that year to the U.S. — which was India's leading export destination. Also, in 2015, India's goods imports from Russia were worth only $4.5 billion as against $61.6 billion from China — which was India's leading source of imports that year.

If one takes into account India's GDP of about $2 trillion and Russia's GDP of $1.3 trillion, it becomes clear that their bilateral trade and investment ties are far below potential. Pointing out that India-Russia trade in 2015-16 amounted to about $6.7 billion, a concept note by the New Delhi-based think-tank Research and Information System for developing countries (RIS) said while Russia comprised just 1% of India's total trade, India accounts for a minuscule 1.2% of Russia's overall trade.

'Expedite negotiations'

Stating that both the countries have set a target to raise bilateral trade to $30 billion by 2025 and increase bilateral investment from $10 billion to $15 billion, the RIS suggested that expediting the conclusion of negotiations of the proposed India-Eurasian Economic Union (EEU) Free Trade Agreement would provide opportunities to India and Russia for regional cooperation and development as well as concessional trade and investment in the region. Members of the EEU include Russia, Armenia, Belarus, Kazakhstan and Kyrgyzstan.

The September 2016 meeting of the India-Russia Inter-Governmental Commission on Trade, Economic, Scientific, Technological and Cultural Cooperation had identified expeditious implementation of the International North South Transport Corridor (INSTC) project as well as the launch of the 'Green Corridor' project for Customs facilitation (by easing Customs norms) as what would be major steps towards better connectivity and trade facilitation.

According to the RIS, the INSTC — a multi-modal transportation route connecting the Indian Ocean and Persian Gulf to the Caspian sea through Iran and onward to Northern Europe through St. Petersburg in Russia — will enhance trade and investment linkages between these regions.

Referring to reports of Russia and China proposing to bring the EEU closer to China's One-Belt-One-Road (OBOR) initiative (a massive project to develop infrastructure in more than 60 countries, primarily in Asia and Europe), Ashok Sajjanhar, former ambassador of India to Kazakhstan, while addressing a recent RIS event, said India should study the impact of this development in the context of the proposed India-EEU FTA.

Citing reports of the EEU being supportive of the China-Pakistan Economic Corridor (or CPEC — the so-called 'flagship' project of OBOR), Mr. Sajjanhar said India should look into its impact as well. Incidentally, India has strategic concerns regarding the OBOR as the CPEC is expected to cover areas including Pakistan-occupied-Kashmir. Mr. Sajjanhar said India should also carry out an assessment of U.S.-Iran ties and its impact on INSTC as part of a study on the strategic relevance of INSTC.

Gulshan Sachdeva, professor, Jawaharlal Nehru University, said instead of focusing only on the geo-political dimension of OBOR and CPEC, India should consider if it could gain from such mega infrastructure projects from a developmental perspective.

India-Russia trade ties have been below-potential and lopsided (in favour of Russia) as it is primarily a buyer-seller relationship and not one based on collaborations through investments, according to Pranav Kumar, Head (trade and international policy), Confederation of Indian Industry. Besides, if the emphasis continues to be on sectors such as defence, hydrocarbons and nuclear power, it would result in Russia gaining more, he added.

Therefore, he said, to ensure a balance, sectors such as IT/ITeS, pharmaceuticals and healthcare — where India has considerable strength — should also be encouraged, apart from seeking Russian investments in India in areas including defence manufacturing to push the ‘Make In India’ programme and in infrastructure and space technology to take forward the Smart City and Digital India initiatives respectively.

What would also help in boosting bilateral ties is trading in local currencies, setting up pipelines for direct gas delivery from Russia to India as well as operationalisation of the proposed $1-billion fund through India's National Investment & Infrastructure Fund and the Russian Direct Investment Fund for investment in infrastructure and technology projects.

Source: thehindu.com - Apr 10, 2017

HOME

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