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IBTEX No. 117 of 2017 June 09, 2017

USD 64.27 | EUR 72.07 | GBP 81.76 | JPY 0.58

Cotton Market (08-06-2017)

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

Rs./Bale	Rs./Candy	USD Cent/lb
19935	41700	**82.59**

Domestic Futures Price (Ex. Gin), May

Rs./Bale	Rs./Candy	USD Cent/lb
20630	43153	**85.47**

International Futures Price

NY ICE USD Cents/lb (July2017)	77.22
ZCE Cotton: Yuan/MT (Sept 2017)	15,625
ZCE Cotton: USD Cents/lb	**6.94**
Cotlook A Index – Physical	**87.20**

Cotton guide:

Quite interesting trading session for cotton on Wednesday. Most of the ICE contracts traded positive except the near month July contract which settled lower at 75.79 cents/lb.

Broad based sell off amid position rolls from July to December and unusual square off early by the speculative funds have pulled the near month contract lower.

The December contract which holds the highest open interest of more than 133+K contracts has closed slightly positive at 72.88 cents up by 16 points from the previous close.

Currency Guide:

Indian rupee trades marginally lower near 64.37 levels against the US dollar. Rupee is range bound post RBI's decision.

RBI kept repo rate unchanged at 6.25% in line with expectations. However, weighing on rupee is uncertainty about outcome of major global events and geopolitical tensions in Gulf region.

Rupee may trade in a range of 64.25-64.45 and bias may remain weak on uncertainty in global markets.

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

NEWS CLIPPINGS

INTERNATIONAL NEWS

Shanghai to host Autumn edition of Intertextile in Oct

Picking up the baton from March's Spring Edition, the 2017 Autumn Edition of Intertextile Shanghai Apparel Fabrics, the most influential industry trade event of the year, is on track to exceed last year's sourcing options, with around 80 per cent of the available exhibition space already booked. The event will take place in China from October 11-13.

This year the hall layout will make it easier to navigate around the fairground. All international exhibitors will be located on level 2 including in the International Halls (5.2 & 6.2), Beyond Denim (hall 7.2) and Accessories Vision (hall 4.2) – the latter two shared with domestic exhibitors. The International Halls will host overseas exhibitors covering a diverse selection of quality products from around the globe, and include various pavilions and product zones to streamline buyers' sourcing experiences.

International highlights of the fair include SalonEurope featuring Italy's Milano Unica Pavilion, France Pavilion, Germany Pavilion and numerous exhibitors from Belgium, Switzerland, Turkey, the UK and elsewhere, which will gather an impressive range of premium European-made fabrics and accessories. Asian Pavilions from Hong Kong, India, Japan, Korea, Taiwan and Thailand will expand the sourcing options on offer.

Industry leaders and organisations including DuPont, Hyosung, Invista, Korea Textile Trade Association (KTTA), Lenzing and Oeko-Tex will organise Group Pavilions to feature their worldwide partner mills and members. There will also be six product zones to accommodate current market demands. All About Sustainability, Functional Lab, Premium Wool Zone and Verve for Design in hall 6.2, Accessories Vision (hall 4.2) and Beyond Denim (hall 7.2) will gather the foremost suppliers from those product sectors.

Meanwhile, apart from denim, accessories and one of the two ladieswear fabrics halls on level 2, all domestic exhibitors can be found on level 1, and will be categorised by product end-use such as casual wear, functional and sportswear, ladieswear, lingerie and swimwear, shirting as well as suiting.

"The whole industry knows Intertextile as a fair where you can find everything you're looking for given its size and product range, but look a little closer and it's clear that the fair has become much more than that in recent years.

It is also a hub for the latest fashion, particularly the trendy options available in the Japan Pavilion, the cutting-edge patterns in Verve for Design, as well as the new Chinese talents beginning to emerge, to name just a few. Being in the heart of Asia, the fair is also a focal point for fabric innovations, best evidenced in the Korea & Taiwan Pavilions, Functional Lab and Group Pavilions, as well as increasingly from Chinese exhibitors also," said Wendy Wen, senior general manager of Messe Frankfurt (HK) Ltd, the organiser of the fair.

Intertextile's well-attended fringe programme is the ideal way to ensure exhibitors can stand out from their competitors, both before and during the fair. This comprehensive programme includes Intertextile Directions Trend Forum envisioned by top trend forecasters from France, Italy, Japan and the US, this popular forum will reveal the Autumn/Winter 2018-19 international trends through exhibitors' products.

Fabrics China Trend Forums will focus on the China market. Various forums will explain the upcoming trends in different consumer markets. Seminars & panel discussions will also be held by worldwide industry associations, leading experts from different fields and trendsetters, including many exhibitors themselves, to share and discuss the latest trends as well as the hottest industry topics.

The event will be a valuable platform for exhibitors to present their latest products and innovations. Innotex-Space, which is a display zone, will be set up for innovative textile applications and technologies. China International Fabrics Design & Fabrics Creation Competition, one of the most authoritative competitions in the Chinese textile market, will be held to recognise the design talents and innovators in the local market.

Source: fibre2fashion.com- June 08, 2017

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UK textiles sector needs imaginative industrial policy for a sustainable future

The UK textiles sector needs a more imaginative industrial policy to help it build the capabilities needed for a sustainable future, claimed a major new report by researchers at the University of Manchester. The project that produced the report was funded by the British Cotton Growers' Association Work People's Collection Fund.

The findings of the research 'Coming Back? Capability and Precarity in UK Textiles and Apparel' are directly relevant to the current UK Government consultation on industrial strategy and to debates about reshoring manufacturing as the Textile and Apparel sector remains important but is now dominated by small and micro-firms with, on average, low investment, productivity and wages. While it is possible to make high quality products in the UK, many producers struggle with low returns, its authors said.

The report said, the UK T&A sector has been considered largely a part of the UK's industrial past, not its future and the sector has been in long-term decline since the 1970s. As a result, by the mid-2000s, more than two-thirds of manufacturing capacity had been eliminated and nine-tenths of the employment had disappeared. At present, more than 80% of the UK's annual consumption (by weight) of clothing and textile products is manufactured abroad.

Policy makers tried to halt decline around 2000 through the National Strategy for the UK Textiles & Clothing Industry, when jobs in clothing were being lost at a rate of 30,000 per year continuously. Industry and government then came up with a 12-point plan to provide support for reforming the supply chain, supporting designers, technical textiles, export, e-commerce, education and training, innovation and investment, however, it failed to stem the decline of T&A manufacturing and, when industrial policy was more generally revived after 2008, textiles were not on the agenda.

The report also informed with criticism that the Alliance Project initially suggested that 5,000 new jobs could be created nationally, on the basis of an apparently modest replacement of 1% of current imports with UK production (equivalent to a 5% increase in domestic production).

Meanwhile the enthusiasm of consultants PWC led to a much higher estimate of a possible 20,000 new jobs by 2025 if the expansion of UK production could be sustained. The researchers criticized it as they think it is not indicating sustainable long-term growth.

The report said, “Overall, the priority is not simply the number of jobs but the sustainability of firms and of clusters of textile and apparel manufacturing.”

The report argues that industrial policy needs to have a more explicit focus on important mundane sectors like textiles. Policy also needs to move beyond generic concerns around innovation and skills by addressing some of the specific challenges that a diverse sector presents.

It also pointed out that drawing on sub-sector cases, the report explains how the business environment acts as an ecology that offers both opportunities and challenges to producers. Ecological conditions therefore shape the way in which firms develop the productive, marketing and finance capabilities that they needed to be sustainable.

They said, showing an example, that carpet manufacturing includes some of the largest, capital-intensive firms paying higher than average wages. The relative success of this sector reflects technical capabilities that lead to distinctive high quality Made-in-Britain products and co-operation between producers and retailers, which support marketing and distribution.

In contrast, many small clothing manufacturers have little power in their relationships with major retailers, resulting in low and uncertain profit margins. These conditions make it more difficult to achieve prices necessary to pay UK wages, manage risk, secure a modest return for business owners and invest for the future. The result here for many firms is precarity not sustainability.

The researcher called for an effective industrial policy, which will address such obstacles to developing sustained capability such as, in the apparel sub-sector this should include supporting co-operation between producers, fostering innovative ideas that improve garment makers’ bargaining power within the supply chain and enforcing minimum wages.

In other sub-sectors, ensuring management succession and securing patient capital that can withstand the cyclicality of the industry are relevant to sustaining capabilities.

The report contains total six chapters where the chapter 6 draws on the analysis of national cases and UK sub-sectors to explore the scope for industrial policy in textiles and apparel in the context of the 2017 government consultation on the development of industrial strategy.

To read full report click here.

Source: textiletoday.com.bd- June 08, 2017

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German textiles and clothing industry in an uptrend in March and positive for all of 2017

The improvement in the two industries in March 2017 is encouraging, since turnover, order situation and foreign trade are in an upswing. This is particularly true for the clothing sector, having lacked positive impulses over months. Also textile retailing seems to slowly improve, and the job situation is stable, and an extraordinary robust Ifo-economic index is nurturing the hope that after the slight economic downturn in the previous months will further improve in the coming months

Turnover in the first quarter of 2017 have further improved with a strong month of March – in comparison to the same period of 2016 – thus textiles up-trended with a plus of 0.8 % and clothing with 0.4 %.

Both sectors settle with a plus of 0.6 % against 2016, the latter was a strong quarter and thus the actual result is quite positive.

For the entire 2017 textil+mode, the German umbrella organisation, is expecting for the two sectors a turnover plus of 1.7 %, thereof +2.0 % for textiles and 1.5 % for clothing.

The occupational rate was up 0.5 %, whereas the one in the clothing sector was negative with 0.3 %, however in the two sectors there are 0.3 % more people employed than 2016.

The effective working hours increased in March 2017 by 2.1 % (textiles 2.7 %, clothing 0.9 %).

Domestic production was up in textiles by 4.3 % in the first quarter, and in March resulted a strong plus of 7.1 % for the clothing sector, however during an entire year this percentage varies, and the shown value does not correlate with the turnover situation.

The order intake situation has markedly improved in the textile sector and added up also in the clothing sector, and the month of March brought a thrust. In both sectors the orders on hand were improving as against 2016. At the end of March the figure for textiles was +15.0 % and for clothing + 3.8 %.

Producer prices were up in both segments over the past months, as per March 2017 the price levels increased by 0.3 % in both sectors.

Turnover in specialised clothing retailing was in March – after the losses of the previous months – with a plus of 3.8 % positive. However the result of the first quarter was 0.9 % behind 2016 and also behind the turnover of total German retailing.

Foreign trade was ascending for both sectors, but markedly for clothing in March (+10.4 %), for textiles the figure was 0.3 % and totally + 6.0 %. Imports were also higher, for clothing + 8.0 % in March, textiles recorded decreasing imports in March by 3.7 %. Textile imports fell in the first quarter by 5.6 %, whereas clothing imports improved by 0.9 %. The import surplus decreased by 12.7 % against 2016.

In March 2017 the raw material imports were up 4.5 %.

The ifo-index for the total German economy has reached an all-time high, and also the textile and clothing industry show a clear uptrend that should continue in the future also due to the fact that the expectations of the firms in both sectors are very positive.

Source: textile-future.com - June 08, 2017

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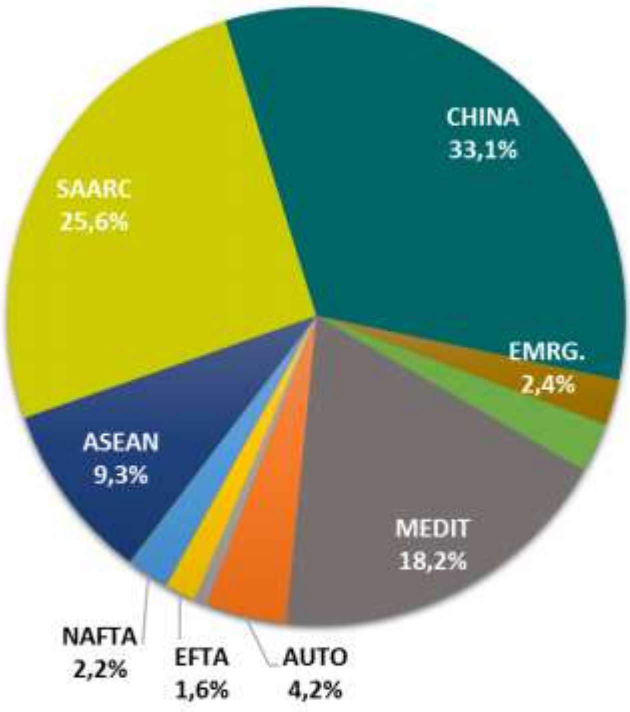
Euratex Report & Analysis on the EU External Trade for the Textile and Clothing Sector Released

The report analyses the 2016 EU external trade for the textile and clothing sector as well as the main EU suppliers and customers, evaluates the weight of regions and sectors in total EU trade and includes detailed tables and graphs for the 33 main EU trade partners.

China's share in EU imports declined further in 2016 to the benefit of South Asian countries

The leading position of China has continued to be eroded by the increasingly vigorous entry of other production zones. Mediterranean countries have experienced the same scenario as China between 2010 and 2015, but import shares have stabilized or even improved in 2016.



Undeniably, the main beneficiary was the SAARC zone, which has grown slowly but steadily since 2010. The ASEAN zone, a smaller area than SAARC, performed in a comparable way.

In 2016, these four zones accounted for over 86% of total extra-EU textile and clothing imports.

EU-28 imports originating from these groupings primarily related to clothing goods.

EU-28 exports struggled to grow in a difficult global economy and faced issues in maintaining market shares, principally in made up articles

Compared to last year, EU exports' shares remained stable for the four main defined country groupings: NAFTA, EFTA, the Mediterranean countries and the group of autonomous countries. These four groups accounted for 58% of extra-EU textile and clothing exports in 2016.

Woven fabrics were the major textiles exported by the EU. The NAFTA zone and the Mediterranean countries are the biggest purchasers of textile goods. While EFTA and NAFTA areas make up the two main buyers of clothing articles. However, in absolute value, there was little growth in EU exports to these two zones.

Source: textilesupdate.com - June 08, 2017

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Pakistan: Textile Ministry to improve cotton fibre testing labs capacity building

The Pakistan Textile Ministry has been urged to enhance the capacity building of cotton fibre testing laboratories in Sindh and Punjab stations by the cotton sector stakeholders as these testing units have either fallen to the dull interest of the officials of Pakistan Cotton Standard Institute or Textile Ministry's unmoved stance for the last many months showing lull interest towards the workability of these laboratories.

Around 5 established modern and start-of-the-art cotton fiber testing laboratories were set up around 2007-2009.

The laboratories fully equipped with High Volume Instruments (HVIs) have been working under the supervision of PCSI trained manpower at Multan, Vehari, Raheemyar Khan and Karachi. Sanghar lab is also not fully functional.

Shakeel Ahmad of Sindh Agriculture Forum, Ghulam Rabbani and Rana Abdul Sattar senior members of PCGA were of the view that these laboratories have been extending this facility at cheaper rates.

The cotton growers, ginner spinners and exporters are requested to avail from this facility.

The HVI testing charges per sample is minimal (Rs 200-300). Trash Analyzer machines are also in repair conditions of replacement besides there was need to add more numbers of such laboratories in existing numbers by the Ministry.

Another five laboratories had to be established during three years period to provide the facility of Instrumental Classification in almost all cotton producing districts of Pakistan. Establishment of these laboratories was the aim in view of the importance of instrumental classification of cotton all over the world.

Source: yarnsandfibers.com- June 08, 2017

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ASEAN trade expansion and RCEP

Despite various protectionist rhetoric by many world leaders against free trade, deep inside they know that there are "net gains" from trade and there are "net losses" under protectionism and restricted trade. Thus, while the multilateral trading agreement under the World Trade Organization (WTO) is not moving significantly, bilateral and regional free trade agreements (FTAs) are everywhere.

Trade within the Association of Southeast Asian Nations (ASEAN) is among the most dynamic in the world because of their consensus on faster unilateral trade liberalization policy and near zero tariff for all 10 member-countries since 2016.

The region of some 630 million consumers would naturally attract the attention of its neighbors that want to source many of their needs and imports and want to export many of their products and services.

Thus, the ASEAN + 6 (Japan, China, South Korea, India, Australia, New Zealand) evolved and later these 16 countries moved towards creating the world's biggest FTA covering half of the planet's total population + the Regional Comprehensive Economic Partnership (RCEP).

Plenty of negotiations still ongoing but member-countries are hoping that RCEP will be formalized within the next two years. The main thorn in the agreement is not on tariffs but on non-tariff barriers (NTBs) or non-tariff measures (NTMs).

Last May 8, Stratbase-Albert del Rosario Institute (ADRi) organized a small group economists' roundtable discussion on the "Global Geopolitical Situation: its Impact on Australian and Philippine Economies" at the Manila Peninsula Hotel. The main speaker was Mark Thirlwell, chief economist of Australia Trade and Investment Commission (Austrade).

It was a good forum with lots of useful data and insights. Among Mark's points were the following: (a) Global tariffs are still low but have stopped falling, (b) Free Trade Agreement (FTA) coverage has grown but may have plateaued, (c) Non-tariff barriers are rising, including temporary barriers like anti-dumping, countervailing duties and safeguards, (d) trade liberalizing measures are surpassed or outnumbered by discriminatory/protectionist measures, and (e) ASEAN countries fit this global pattern as shown in these two very clear charts.

During the ASEAN Summit in Manila, Malaysian PM Najib Razak reemphasized the need to reduce the NTBs or non-tariff measures (NTMs) in the region, which have surged from 1,634 in 2000 to 5,975 in 2015.

Mark also said that e-commerce is also enabling trade citing the role of eBay, Amazon, and he asked if the world has already attained "peak trade" as global trade/GDP ratio has somehow plateaued at around 63% over the past few years. I argued during the open forum that like "peak food" (formulated by Thomas Malthus and later by Paul Ehrlich, others) and "peak oil" (formulated in the '70s, reformulated in the '90s), "peak trade" will not happen.

The average merchandise exports/GDP ratio from 2010-2015 of these Asian economies are as follows: Hong Kong 352.2%, Singapore 260.7%; Vietnam 152.7%; Malaysia 134.7%; Taiwan 114.6%; Thailand 113.6%. Yearly data I got from the ADB's Key Indicators, November 2016 report.

These are exports of goods alone. If exports of services are included, the ratio will grow much higher.

ASEAN countries should proceed with further trade liberalization and reduce the number of NTBs/NTMs at least among themselves. There is economic prosperity in trade expansion and misery in protectionism.

Source: bworldonline.com- June 09, 2017

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A New NAFTA Is Having a Ripple Effect in Los Angeles

With changes in the North American Free Trade Agreement in the wind, Los Angeles blue-jeans factories have been fielding more inquiries from denim labels thinking about switching production from Mexico to California.

"We have had some people visit—big brands that are used to doing production in Mexico and China. They came to see if they could do American made," said Mateo Juarez, the general manager of **United Jeans**, a factory with 80 workers that has been doing premium-denim manufacturing in south Los Angeles since 1994. "I think they want to do more production in the U.S., but they want to pay Chinese and Mexican prices."

That is particularly challenging in the city of Los Angeles and unincorporated areas of Los Angeles County, where the minimum wage for businesses with more than 26 employees rises to $12 an hour on July 1, up from the current $10.50 an hour. "Nobody wants to pay this minimum wage," Juarez said. It is only adding to the additional cost of an already higher production price that keeps going up in California with new laws and regulations.

"If you make blue jeans in China, including the fabric washes, it is $6. If you do the same jeans in Mexico, you can make it for $10, which includes dropping if off here in Los Angeles. And if you do it in the U.S.A., you are looking at $40 to $50. That's a big difference," Juarez explained.

He calculates that if you manufacture 100,000 jeans in Mexico, it will cost $1 million. Make those jeans in Los Angeles, the price skyrockets to $4 million. The difference is astronomical and only economically practical if blue jeans are selling for $100 to $200.

Steve Rhee, owner of **Jean Mart Inc.**, another major Los Angeles denim factory with 300 workers, said he has been getting a lot of phone calls and inquiries about switching production from Mexico to Los Angeles. But he is not sure if it is because of NAFTA or brands shifting to a fast-fashion production model.

He did get one big order from a brand that traditionally has done production in Mexico, but he notes that the July 1 rise in the minimum wage could put a damper on that. He will be forced to increase his prices and wonders if customers will be willing to accept the higher production price. “The only option we have is to raise prices,” he said.

Atomic Denim—which has 200 workers who have made premium blue jeans for **Tom Ford**, **Diesel** and **Hudson**—has been getting its share of telephone calls from brands doing an exploratory search for possible Los Angeles production facilities. “I definitely think there is a bigger interest from brands for manufacturing in Los Angeles, but I don’t think I have seen any significant production changes. Time will tell,” said Claudia Bae, Atomic Denim’s vice president.

The manufacturing facility used to be a principal production site for **True Religion**, Bae said, but the company switched its production to Mexico and Vietnam after True Religion in 2013 was sold for $835 million to **TowerBrook Capital Partners**. She doesn’t think they’re coming back to Los Angeles.

NAFTA renegotiations

Public hearings on NAFTA’s renegotiations will be held June 27 in Washington, D.C., where companies, industries and interested parties can suggest what changes they would like to see or not see implemented in a revamped trade agreement that hasn’t been overhauled in 23 years.

The real heavy lifting starts on Aug. 16, when the renegotiations on the free-trade agreement between the United States, Canada and Mexico are scheduled to be launched. U.S. Trade Representative Robert Lighthizer has been keeping NAFTA renegotiation plans under wraps.

Many believe that more effort will be spent on overhauling big industries such as autos, dairy, sugar, energy and e-commerce. Apparel and textiles may be less affected because clothing imports from Mexico look minuscule compared with imports from China and Vietnam.

"Textiles and apparel are not going to be making headlines," said Nicole Bivens Collinson, an attorney who leads the international trade and government-relations practice at international law firm **Sandler, Travis & Rosenberg**. "Many think the textile and apparel positions of NAFTA have been beneficial to both sides, but there are some changes that could be implemented."

She pointed out that some of those changes could include the de minimis requirements that under NAFTA allow 7 percent of the total weight of the component that determines the classification of a garment to be from outside the NAFTA region. Under the Dominican Republic–Central America Free Trade Agreement, the accord allows for 10 percent to be from outside the region.

Sewing thread, pocket lining and other inputs are another subject that is likely to be addressed. Currently, NAFTA rules allow the use of sewing thread, narrow elastic fabric and pocket lining fabric from outside of the United States, Mexico and Canada.

But under DR-CAFTA, which began to be implemented in 2006, the rule is that sewing thread, narrow elastic fabric, visible linings and pocket-lining fabric must come from the region unless they are short-supply fabrics.

Under free-trade agreements, garments have to be made of regionally made fabrics coming from regional yarns, but exceptions to this rule can be requested if a fabric is not made in any of the countries that are part of the free-trade agreement. This means fabrics can be added to a short-supply list after a formal request is made to the trade authorities of the participating member countries in the free-trade pact.

Under DR-CAFTA, the addition of a fabric to the short-supply list takes about 45 days. Under NAFTA, it can take years, Collinson said. Many would like to see a speedier process implemented under a new NAFTA.

Then there are the trade-preference levels, which allow a certain amount of yarns and fabric produced outside the free-trade-agreement region to be used in apparel production as long as the non-regional goods are cut and sewn within the free-trade countries.

Many U.S. yarn and textile manufacturers would like to see TPLs done away with under a revised NAFTA, giving more opportunity for U.S.-made products to be incorporated into clothing production. Currently, Mexico is allowed to bring in 45 million square-meter equivalents of yarn and fabric a year from places such as China, which it normally uses up halfway through the year. These preference levels don't expire.

Under DR-CAFTA, the TPLs were limited to Nicaragua and Costa Rica. Nicaragua's TPLs expired at the end of 2014. For Costa Rica, the TPLs should expire in 2019.

Some see stricter origin rules for NAFTA. "The objective under the renegotiation of NAFTA will be reciprocal access for U.S. and Mexican apparel and textile products and to improve the competitive opportunity for U.S. exports," said Jonathan Fee, an international trade attorney with **Alston & Bird** in Washington, D.C. "They want to make original rules that support U.S. production and jobs."

There could also be stronger enforcement of countervailing duties and anti-dumping laws that add tariffs on goods being subsidized by foreign governments or on goods priced below fair-market value.

Julie Hughes, president of the **U.S. Fashion Industry Association** in Washington, D.C., is hoping there won't be too many changes to NAFTA for the apparel and textile industries. "After 20 years, companies have spent a lot of time and energy trying to understand and work with NAFTA as it exists today," Hughes said.

"In the current environment with tough retail and a tough consumer environment for fashion products, we don't think it is the time to tear it apart and start all over again."

Source: apparelnews.net- June 08, 2017

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Could This Yarn Tech Transform Athletic Socks?

Solara, a South American hosiery solutions provider, introduced TransDRY, a new yarn technology that could revolutionize the athletic sock industry worldwide. TransDRY better absorbs moisture in cotton athletic socks and makes them cooler to wear.

This results in minimizing and eliminating both odor and foot fungi. Solara is the only producer creating socks with this exciting new cotton technology.

TransDRY's patented moisture management system allows socks to better wick away moisture from the body and more efficiently spread perspiration. It delivers the softness of cotton with exceptional drying capabilities.

TransDRY technology begins in the yarn, using a special process that makes the yarn water repellent. Then, by combining this water repellent yarn with more absorbent cotton yarn, cotton fabrics are created that mimic the qualities of absorbency of polyester and nylon, but with the softness and comfort of cotton.

This results in athletic socks that dry up to two times as fast as untreated cotton. Even when exercising, these socks resist over-saturation. Any moisture that is absorbed into the fabric quickly dries. This makes TransDRY socks a more comfortable alternative to synthetic fabrics.

Solara Hosiery is a hosiery mill based in Lima, Peru. It is devoted to the development and production of the highest quality socks as demanded by today's market. It is a one-stop shop offering solutions to your brand needs.

Source: apparel.edgl.com- June 08, 2017

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Pakistan: Lint trading remains selective on firm physical prices

Trading activity at the cotton market witnessed selective buying amid firm physical prices while around 900 cotton bales changed hands. The Karachi Cotton Association (KCA) spot rate stood unchanged at Rs 6,800 per maund.

Floor brokers said buyers made deals for second grade of lint on bargaining prices at around Rs 6,650 per maund during the trading session. A senior trader, Ghulam Rabbani said mills were ready to pay premium price for better grades and the ginning units in Sindh and Punjab stations were maintaining quality on demand from textile made-up and yarn sector.

The textile sector consolidated long positions while market remained in fair tone and buyers increased their grade-wise purchase in order to consolidate their future positions with fresh fine lots, he added. According to KCA, 100 bales of Mirpurkhas changed hands at Rs 6,475 per maund, 100 bales of Rahimyar Khan at Rs 6,700 per maund, 100 bales of upper Sindh at Rs 6,550 per maund and 200 bales of southern Punjab at Rs 6,750 per maund.

In domestic market buyers would remain keeping an eye on quality lint on the back of growing demand of cloth and yarn. The ginners of Punjab offered cotton of all grades to the buyers around Rs 5,975 per maund to Rs 6,775 per maund while ginners of Sindh offered low-grade lint to the buyers around Rs 5,975 per maund, depending on trash level.

New York Cotton July Futures 2017 contract closed slightly depressed at 75.69 cents per pound, October Futures 2017 contract closed at 75 cents per pound and Cotlook A Index closed at around 86 cents per pound.

Source: dailytimes.com.pk- June 09, 2017

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Pakistan: Implementation of PM Rs180bn 'Trade enhancement package' to boost exports

The government is committed to implement Prime Mnister's Rs 180 billions "Trade Enhancement Package" on priority basis which would help promote industrial growth, besides boosting country's exports.

Ministry of Textile through implementation of the policy will provide incentives worth Rs 162 billion for the modernization and development of textile sector, a senior official of Ministry of Textile told APP here on Thursday.

"Textile sector will get Rs 162 billion out of the Rs 180 billion "Trade Enhancement Package" announced by Prime Minister Muhammad Nawaz Sharif." The package is for a duration of 18 months starting from January 2017 to June 2018. The government had given relaxation on the import of textile machinery to enhance the capacity of the sector, he added.

The official said that through this package cost of doing business would reduce which would lead to further boosting in the business activities.

He said the Ministry had started a training programme for cotton growers to help them control pest and better manage crops. About 5,000 progressive farmers and workers of field extension sections of the provincial agriculture departments were initially trained to control pest and manage crops, he added.

Source: brecorder.com- June 08, 2017

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Vietnam's textile-garment heavily relies on imported fabrics

Vietnam's textile-garment industry still relies heavily on imported materials, with domestic producers importing 86 percent of their fabrics, according to the Vietnam Textile and Apparel Association (VITAS).

The Ministry of Trade and Industry revealed that the country imported 3.3 million USD worth of fabrics in the first four months of 2017, up 6.75 percent from the same period last year, largely because Vietnamese-made fabrics are still below the standards of foreign markets.

The fabrics were mostly originated from Asian countries, with China accounting for 52 percent of the imports. Once the EU-Vietnam Free Trade Agreement comes into force, the EU will eliminate tariffs on textile and garment products from Vietnam. However, the agreement will impose long transition phase of up to 7 years for textiles and garments as it is among products sensitive to EU producers.

Furthermore, the strict rules-of-origin scheme will likely stop Vietnamese manufacturers from immediately benefiting from the deal.

Vietnam will have to satisfy "double transformation" rules-of-origin in return for full-fledged tariff removal that requires weaving and sewing and all subsequent manufacturing stages to be carried out within Vietnam.

The move aims to cut inputs from suppliers in countries outside of the agreement.

Source: en.vietnamplus.vn- June 08, 2017

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NATIONAL NEWS

GST a mixed weave for textile units

There are four possible consequences of GST on various raw materials, fabric and garments.

First, the 18 per cent service tax on job working activities such as knitting, cutting, weaving and packaging could hurt small textile units badly.

Integrated textile units, which do the job working internally, will not be impacted.

Second, GST of 18 per cent on manmade fibres will have considerable negative impact on manmade fibre manufacturing companies such as RSWM and Sutlej Textiles.

Third, subsuming of countervailing duty in GST for garments and fabrics will result in intense competition from companies in Bangladesh and Sri Lanka.

Fourth, the government will cap GST at 12 per cent on garments priced above Rs 1,000 and at 5 per cent on garment below Rs 1,000.

Experts say companies that sell garments below Rs 1,000 will see cost savings of 2-3 per cent while those selling garments above Rs 1,000 may report a 2-3 per cent increase in costs.

Source: economictimes.com- June 09, 2017

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Dear FM, rate cuts are killing jobs and you're pushing for it!

While Finance Minister Arun Jaitley may be justified in seeking an interest rate cut to pace up growth in the economy, the demand may be going against the government vision and popular demand for more job creation in the economy.

We tell you how!

Even when most market analysts and the Reserve Bank of India expect inflation to show a spike in the second half of the calendar year, the consensus view is that interest rates should ease a little more in the coming months.

A rate cut is always seen as market-friendly and history suggests a good negative correlation between interest rates and the Sensex PE.

But the catch is, lower cost of money for industry is hampering job creation in an economy, hamstrung by slower demand, even when around 1 million people are entering the workforce every month.

Remember, the Modi-led BJP government came to power with the promise of creating 10 million jobs.

Earlier this week, Jaitley pitched for an interest rate cut, given the stability in inflation, good monsoon projection and no likelihood of a spike in oil prices anytime soon.

"Any Finance Minister under these circumstances would like a rate cut; the private sector would like a rate cut," Jaitley was quoted by PTI as saying.

Recent ASI data suggests that the cost of one unit of capital, i.e. interest plus depreciation, has fallen from as high as 16 times the cost of one unit of labour in the early 1980s to less than 0.6 times in FY15.

Essentially, this means the cost of capital has become cheaper than that of labour, thus making it remunerative for companies to replace labour with capital (read, use of technology and machinery & equipment).

Considering the productivity differences and stringent labour laws, it is not surprising to see Indian factories preferring capital over labour, brokerage Motilal Oswal Securities said in a note.

These facts question the legitimacy of further interest rate cuts in the economy, as lower cost of money will encourage companies to replace labour with capital in a labour-abundant economy, the brokerage said.

In case policy makers want the manufacturing sector to increase employment meaningfully, making capital relatively cheaper is certainly not the right thing to do, it said.

Data suggests employment has grown in India at an average rate of 1.9 per cent per annum over the past 35 years, while capital employed has increased at a CAGR of 14 per cent in the same period.

In other words, although the number of employees per factory has fallen from 80 in the early 1980s to about 60 in FY15, total capital employed per factory has increased from less than Rs 50 lakh to more than Rs 10 crore.

Now here is the dilemma: While employment generation is among the top priorities of the government which aims to create 100 million jobs in the manufacturing sector by 2022, the corporate sector has been demanding further rate cuts as many companies are burdened with high leverage.

“With lower costs, relatively better productivity and no restrictive laws on capital, the Indian manufacturing sector does not seem to be incentivised to increase labour employment,” the brokerage said.

The Motilal Oswal report cites one glaring example. Traditional labour-intensive industries such as garments (textiles & wearing apparels) and food products & beverages are the largest employers, and they together account for 31 per cent of total employment under ASI.

However, their employment growth has weakened over the past few years, despite such industries witnessing relatively strong GVA growth. Although nominal GVA has grown at a CAGR of 12 per cent for all three labour-intensive industries over the past seven years (since FY08), employment has grown only at 2.5 per cent. This is much lower than average growth of 4 per cent for all industries.

Not surprisingly then, the share of traditional labour-intensive industries in total employment has fallen from 36 per cent a decade ago to 31 per cent now.

Source: economictimes.com - June 08, 2017

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Mafatlal to foray into apparel; aims to regain past glory

Mafatlal Industries, which has been a leader in textiles for over 100 years in the Indian market, is aiming to regain its past glory by foraying into apparel business. A part of Rs 1,300 crore Arvind-Mafatlal Group, Mafatlal Industries has textile manufacturing units in Nadiad (set up in 1913) and Navsari (establised 1931), both in Gujarat.

“We want to make a strong foray into the apparel business and for this we have identified three-four anchor categories,” Aniruddha Deshmukh, MD and CEO of Mafatlal Industries, told media persons in Chandigarh.

“Mafatlal countrywide is known for its whites and we want to bring it in readymade,” Deshmukh said. Another anchor category would be denims, as Mafatlal has been manufacturing denim fabric for nearly 20 years now. T-shirts would also be a focus of Mafatlal’s readymade clothing, according to Deshmukh.

Explaining the strength of the company, he said, “Our main strength is fabrics. We are one of the large manufacturers of denim in the country, and we also supply to domestic brands and international brands.

“The other large business we have is textiles, where we do basically shirting fabrics, whites and prints ... we are also doing school uniforms and the size of this business is about Rs 300 crore.”

Elaborating further on the decision to foray into garments, he said, “As a fabric company, at some point of time it will need to make an entry into the readymade segment. It is sort of a re-launch for us because the brand has been around for some time, but somehow never got the traction or momentum... Our intention is that we convert our expertise and skill in fabrics into readymade.”

Mafatlal has good retail presence in the western India. “But we are now going to expand into regions including north, where we see a good scope,” said Deshmukh.

Source: fibre2fashion.com- June 08, 2017

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India's textile, fashion heritage now part of Google project

Working with 183 renowned cultural institutions from around the world including India, Google's project 'We Wear Culture' lets people explore history of clothes dating as early as 3,000 years ago from the ancient Silk Road, to the courtly fashion of Versailles, to the unmatched elegance of the Indian Saree

A large part of a culture is defined by what is worn by its people, and in India it is a vast and varied spectrum of cultures and clothes, which can now be explored through Google's latest virtual exhibition project.

Working with 183 renowned cultural institutions from around the world including India, Google's project 'We Wear Culture' lets people explore history of clothes dating as early as 3,000 years ago from the ancient Silk Road, to the courtly fashion of Versailles, to the unmatched elegance of the Indian Saree.

"We invite everyone to browse the exhibition on their phones or laptops and learn about the stories behind what you wear.

"You might be surprised to find out that your Saree, jeans or the black dress in your wardrobe have a centuries-old story. What you wear is true culture and more often than not a piece of art," Amit Sood, director of Google Arts and Culture, said.

The online project includes collections from Chhatrapati Shivaji Maharaj Vastu Sangrahalaya (CSMVS) and varied weaves from across India, from Gharchola to Patola to Temple to Ikat sarees, as it traces the story and importance of Indian textiles from ancient sculptures, the company said.

The world fashion exhibit also showcases designs from north-eastern India including the weaves of tribes such as the Nagas, Meitis and the traditional attire from Meghalaya called 'Dhara' or 'Nara' worn by the Khasi women.

"The unique colourful and rich embroidery arts, applique and mirror work from different communities such as the Ahir, Rabari, Chaudhury Patel and many others from the western part of India have also been brought online by SEWA Hansiba Museum as part of this exhibit.

"The exhibition by Salar Jung Museum brings alive the Sherwani and how it became the royal fashion of the Nizams from 19th century Hyderabad. Colonial Indian attires can be revisited with Dr Bhau Daji Lad Mumbai City Museum," it said.

Fashion and textiles enthusiasts can explore over 400 online exhibitions and stories sharing a total of 50,000 photos, videos and other documents on world fashion.

Some of the highlights available online from 'We wear culture' project include icons, the movements, the game changers and the trendsetters like Alexander McQueen, Audrey Hepburn, Christian Dior, Yves Saint Laurent, Gianni Versace and many more.

Source: moneycontrol.com- June 08, 2017

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Manipur: Women weavers collaborates with FabIndia to boost economic prosperity!

Manipuri women are well-known for weaving dreams on fabrics. Weaving is a favourite hobby of almost all Manipuri women as they are apt in handling the loom. Just hold a piece of moiraingphee, leirum, lasingphee or phanek fabric; you will know what we are talking about. From intricate motifs to the quality of fabrics, Manipuri women create world class garments.

Unfortunately, till date the women artisans of the state have not got their dues as they have hardly managed to turn their expertise in earning their livelihoods. However, things are changing fast.

Now, the women of Manipur will not only create best of fabrics on their handlooms but will also earn handsome money out of it. Next time you visit a store of Fabindia, a popular brand that deals with handloom and handicraft products, don't forget to admire and buy designer palazzos, shrugs and kurtis made out of Manipuri fabrics.

The collaboration between the traditional Manipuri artisans and the brand has been made possible because of the intervention by several NGOs and government-run bodies under a special project.

As a part of the initiative, the Control Arms Foundation of India and the Manipur Gun Survivors Network, two NGOs, collaborated with the Northeast Centre for Technology Application and Reach (NECTAR), a government agency under the Union ministry of science and technology, and the craft company Rangsutra, joined hands to sell Manipuri handloom products to Fabindia last year.

In order to make the fabrics more trendy and fashionable, two Delhi-based designers provided training to the women weavers. Recently, Fabindia has bought textiles from weavers who work in remote parts of the northeastern state.

According to a report, deal is worth Rs 14 lakh. "The order includes 1,000 kurtis, 500 palazzos and 350 shrugs. Women in Manipur have traditionally been associated with weaving but they need better training in design to cater to demand in stores like Fabindia.

This order has come as a morale booster for the weavers as Fabindia is a popular brand and we hope the customers will also love the products. This will double the income of the weavers and we hope it will add brand value to the traditional textile products of Manipur," the product manager of the project, Majai Ibungo said

He added another Goa-based textile company has also placed an order for the products. According to an estimate, around 33.7 per cent of the state's households are associated with the handloom industry. In fact, the handloom industry comes second only to agriculture in terms of employment generation for women.

Unfortunately, as the state has been ravaged by militancy for several decades, the weavers have failed to promote their products and turn handloom industry into a profitable business.

Officials of the Control Arms Foundation of India said nearly 300 women become widows in Manipur every year and earning a livelihood is a challenge for them. “Lack of contact with domestic and international market space has kept the exquisite textiles limited to the state market only. As market space is limited, the profit margin remains restricted.

Most products lack a national and international appeal. Hence, we decided to work upon a skills upgrade for the artisans, provision of cheap yarn and adequate market links,” said Binalakshmi Nepram, a rights activist who heads the two NGOs.

The report stated that the NECTAR provided loans to acquire yarn and set up better looms, along with skills training for the women weavers. The foundation, in collaboration with Rangsutra, helps to market the final products in cities and putting them in touch with other buyers and retailers like Fabindia.

“Such efforts will go a long way because when we economically empower women, we empower a community, a state and region and usher in peace and development in the Northeast,” Nepram said.

Source: thenortheasttoday.com- June 08, 2017

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World Bank approves Rs 23 cr for Srinagar silk factory

The silk factory at Rajbagh in Srinagar, the capital of Jammu & Kashmir, will receive Rs 23 crore by the World Bank for its revival and restoration. The factory was damaged due to the devastating floods of 2014. All the available resources will be pooled together to revive the factory, said Chander Parkash Ganga, minister of industries and commerce.

Ganga visited the factory in Srinagar and said that the World Bank has already approved Rs 23 crore for its restoration.

The fund has been approved under the 'Livelihood for Composite Market Implementation Centre for Whole chain of Silk Activity at Silk Factory Rajbagh Srinagar' scheme, according to J&K local media reports.

The factory's looms, raw material as well as finished silk products had deteriorated during the floods of 2014, concerned officials told Ganga during his visit.

The officials also said that monetary support from World Bank will help in the upgradation of the factory's infrastructure and increasing its manufacturing capacity to 5 lakh metres from 12,000 metres per year.

Source: fibre2fashion.com- June 09, 2017

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Time to start planning for a cotton glut

Under India's lead, the world market is likely to witness a marked increase in cotton production in 2017-18 with higher output anticipated in major origins such as China, US, Pakistan and Brazil.

Weather across the northern hemisphere is expected to be reasonably benign or less threatening. Market prices in recent months have been producer-friendly, motivating growers to respond well with higher acreages and improved agronomic practices.

Specifically, all indications point to a substantial expansion of planted area in India, arguably the world's largest producer of the natural fibre and a significant stakeholder.

Cotton growers here have already signalled their intention to plant more. Area coverage as of June 2 was 12.2 lakh hectares, sharply up from 9.4 lakh hectares this time last year. The aggregate area planted to cotton may well test 120 lakh hectares, going by the current pace.

There is likely to be a shift of area from pulses and oilseeds to cotton. Growers of pulses such as tur/arhar or pigeon pea and oilseeds such as soybean are a disillusioned lot as their price expectations have been belied.

Market rates have often stayed below the minimum support price and government procurement has been tardy and unequal to the task of supporting large harvests.

Bumper crop

Subject to normal weather and pest incidents remaining below minimum threshold levels, India can well expect to produce a bumper crop of cotton in 2017-18, possibly some 20 per cent higher than the 32.6 million bales (170 kg each) produced in 2016-17. In other words, the country must brace itself to handle a crop size of anything between 38 million and 40 million bales depending on the aggregate planted area and eventual yields.

A surge in domestic production has the potential to depress domestic prices. There will be an abundance of raw material available for the domestic user industry and at consumer-friendly prices. But how about cotton growers? Their price expectations could be belied. This is something policymakers must guard against.

The fate of oilseed and pulse growers in 2016-17 should send a stern warning signal for the government to ensure that it is not repeated in cotton in the upcoming harvest season. Indeed, the government must begin to gear itself for an accelerated procurement and price support operation.

Because the world market is going to face a surfeit of supplies, export opportunities will turn limited and be subject to fierce competition. Whether China will continue to de-stock or begin to restock in 2017-18 is the multi-million dollar question.

Large domestic production and limited export opportunities will challenge the country’s cotton sector. A strong rupee will make export much less competitive in a situation of falling world prices. This can exacerbate the domestic price situation to the detriment of the growers’ interest.

It is time for New Delhi to start thinking about effective ways to handle the emerging situation.

Industry and trade bodies have to provide appropriate policy inputs to the government.

Importantly, the user industry must rise to the occasion. In the past, through lobby pressure, cotton textile mills got away with favourable trade policies.

Often, they would wait for arrivals to turn heavy so that they would be able to purchase at depressed rates. The upcoming season is the time for the mills to support cotton growers for a change.

Source: thehindubusinessline.com- June 08, 2017

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DGFT may come under Revenue dept.

The Centre is considering a proposal to shift the entire Directorate General of Foreign Trade (DGFT) office to the Department of Revenue (DoR) from the Department of Commerce (DoC) — as part of measures to simplify processes relating to export and import.

The suggestion — billed as a major trade facilitation measure and in line with the Centre's 'Ease of Doing Business' initiative — was mooted recently by the Central Board of Excise and Customs (CBEC) in the DoR within the Finance Ministry.

The DGFT's role includes Foreign Trade Policy (FTP) formulation and implementation — to in turn boost India's exports. It is manned mainly by the Indian Trade Service (ITS) cadre officials, but is usually headed by an Indian Administrative Service (IAS) officer.

IRS officials

If the proposal, that the CBEC put forward in a recent inter-ministerial meeting convened by the Cabinet Secretariat, is accepted, the DGFT will be placed within the DoR and staffed entirely by Indian Revenue Service (IRS) officials, official sources told *The Hindu*.

To enable an IRS official to head the DGFT, a new post — Principal/Chief Commissioner (Foreign Trade) equivalent to Additional Secretary to Government of India (the rank of the official currently heading the DGFT)

— will be created, they added. The proposal will be taken up again soon, most probably in the first week of July.

This development follows the DoC recently seeking to hive off non-core areas including FTP implementation. This is to better utilise the DoC's resources (including ITS cadre officials) in 'core focus areas' such as FTP formulation as well as in India's trade negotiations.

The DoC wanted to retain the DGFT as an office attached to it for FTP formulation.

The CBEC, however, is learnt to have said that it was getting several complaints from those in the foreign trade sector saying the current division of trade facilitation-related work between DoC and DoR was resulting in 'red tapism' and delays.

Trade facilitation

Therefore, to ensure greater ease of doing business, it will be better if the entire trade facilitation work is brought under a single interface, the CBEC said. India is currently ranked 130th out of 190 countries in the World Bank's (ease of) Doing Business report (2017) and further lower at 143rd when it comes to 'trading across borders'.

The shifting of DGFT office would require amendments in the concerned laws — the Foreign Trade (Development & Regulations) Act and the Customs Act. Another factor that could strengthen the CBEC's proposal is that it (CBEC) currently houses the Secretariat of the inter-ministerial National Committee on Trade Facilitation (NCTF), which was established in August 2016, consequent to India ratifying the WTO's Trade Facilitation Agreement (TFA) in April 2016.

The TFA has provisions to help ease flow of goods across borders. The pact has measures to ensure effective cooperation between customs and other concerned authorities on trade facilitation and customs compliance issues.

The NCTF is chaired by the Cabinet Secretary and comprises Secretaries of the departments concerned with trade issues including DoR and DoC.

It also has the CBEC Chairman, the DGFT and Railway Board Chairman as Members.

Source: thehindu.com- June 09, 2017

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Job growth not in tandem with GDP: Report

17-20 mn jobs need to be created every year, says CII

The growth seen in India's gross domestic product (GDP) has so far not helped job opportunities grow at a similar rate, according to experts and officials from various sectors.

"GDP growth levels and new job creation in India have not been growing at the same rate," Rajiv Lall, managing director and chief executive officer, IDFC Bank, said at the Confederation of Indian Industry (CII) conference on 'Future of Jobs in India' in Mumbai.

However, according to CII, if the right steps were to be considered, job creation in the country could help drive GDP growth.

Jamshyd N Godrej, CMD, Godrej & Boyce Co, said, "The gap between number of jobs created and jobs required has widened despite strong GDP growth during the past few years."

According to a CII report titled 'Future of Jobs in India – Enterprises and Livelihoods', a systems approach could help add 2-3 percentage points to the GDP growth rate in the long run.

"Government at all levels, including the Centre, states and district administrations, should be coordinated under the leadership of the Prime Minister's Office and chief ministers with systematic methods for policy formulation and stakeholder participation to drive jobs growth," noted Chandrajit Banerjee, director-general, CII.

"Job creation must be a principal metric in performance scorecards for governments at all levels to ensure adequate employment generation," said the report, which is based on consultations with over 170 experts and stakeholders.

The report suggested strengthening network of small enterprises, clusters, introduction of life-long learning systems, social security and technology as enablers to improve job creation in the country.

The report pointed out that 10-12 million young people join the labour force every year, and millions more leave agriculture, thus necessitating creation of 17-20 million jobs annually.

The report also said the need was higher than the rate of 8 million at which non-agricultural jobs addition grew every year up to 2012.

Arun Maira, former member, Planning Commission, speaking on the sidelines of the conference, said, “The focus needs to be more on the process of creating jobs, than projecting the number of jobs that will be created. In that (projection) process, we may end extrapolating the current scenario which is rapidly changing.”

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

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