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IBTEX No. 099 of 2013 JUNE 14, 2013

NEWS CLIPPINGS

INTERNATIONAL NEWS

Pakistan: Cotton prices stay firm

KARACHI, June 13: Steady conditions prevailed on the cotton market on Thursday where sustained buying at lower level from spinners helped prices to stay firm.

The current spell of rains in Punjab and Sindh has brightened the prospects of harvesting good cotton crop this season (2013-14). Many cotton growing areas in both the provinces had been going through the shortage of irrigation water, but the timely rains would immensely benefit the crop, brokers said.

Some deals in new crop phutti (seed-cotton) have already been finalised to be delivered next month, they added. Meanwhile, recent rains across India starting from state of Gujarat to Mumbai will boost cotton crop where after facing initial short arrival of up to 720,000 bales YoY the crop yields will be increased.

Similarly, devaluation of Indian rupee from Rs53 to Rs59 to a dollar has also encouraged cotton export and many contracts are being made with China for cotton and cotton yarn, brokers said. The world cotton market also remained steady where New York cotton finished all around higher for its future contracts. The Karachi Cotton Association (KCA) spot rates were unchanged. The following deals were reported to have changed hands on ready counter: 200 bales, Mirpurkhas (low quality), at Rs5,150, 200 bales, Ghotki, at Rs6,125, 917 bales, Kassowal, at Rs6,000 to 6,300, 200 bales, Bahawalpur, at Rs6,125, 300 bales, Bahawalpur, at Rs6,300 and 200 bales, Rajanpur, at Rs6,900.

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Published in beta.dawn.com/ – 13 June 2013

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Pakistan: Prices soft as monsoon rains begin to hit cotton belt

Easier trend prevailed on the cotton market on Thursday as monsoon rains started in most parts of cotton belt, dealers said. "The official spot rate was down by Rs 50 to Rs 6,450. In the ready business, over 2,000 bales of cotton were sold between Rs 5150-6900. Prices for seed cotton per 40 kg from Sindh were at Rs 3100-3200, they said.

According to the market sources, prices of low type cotton came down as mills were sure about fall in rates. It was expected that buyers might adopt wait-and-see mood ahead of fresh seed cotton arrivals, dealers said. Cotton analyst, Naseem Usman said monsoon rains would compensate shortage of irrigation water and target of cotton crop for the next season might be achievable.

Besides, the US cotton stocks will reach their lowest level in three years by the end of the 2013/14 crop year, the US Department of Agriculture (USDA) said on Wednesday, as it reduced its US production forecast to below industry expectations. The reduced forecast comes as global supplies outside of China have been tightening on heavy demand for imported cotton headed to the world's top textile market.

According to the Reuters, cotton prices surged on Wednesday for a third straight day after the US government cut its inventory forecast more than expected for the upcoming season as drought in the Southwest threatened crops. The most-active December contract, which represents the 2013/14 crop, surged 3.5 percent to 88.18 cents per lb, its highest since early April as the report spurred buying by funds and merchants alike.

The December contract settled at 88.07 cents, up 2.89 cents or 3.4 percent. The July contract closed above 90 cents for the first time since March, settling at 90.06 cents per lb, up 2 cents or 2.3 percent. The following deals reported: 200 bales of cotton from Mir Pur Khas (low) quality at Rs 5150, same figure from Ghotki at Rs 6125, 917 bales from Kasso Wal at Rs 6000-6300, 200 bales from Bahawal Pur at Rs 6125, 300 bales from same station at Rs 6300 and 200 bales from Raan Pur at Rs 6900, they said.

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Published in brecorder– 13 June 2013

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Frankfurt: Techtextil exhibitors present innovations in the field of pressure and heat sensors

What do medical technology (high performance) sports and personal protective equipment have in common? They are sectors in which a high drive for innovation is being coupled with equally high investment to develop textile sensor solutions that serve to maintain, and potentially even increase human performance or to prevent a drop in performance in dangerous environments.

As is often the case, these discoveries subsequently become part of everyday and leisure apparel and so benefit a wider group of users. These textile sensors can also provide assistance to people who, due to illness or accident, have lost their own sensory capacity. Techtextil takes place between 11 and 13 June 2013 in Frankfurt and will feature the latest developments in the wide range of applications for textile sensors.

The path now followed by sensor research can be seen basically as a counter-concept to so-called 'wearable electronics'. Whereas the latter integrated electronic components into clothing for communication or entertainment purposes in a way that was as compatible with textiles as possible, the approach taken in the sensor sector is quite literally more sensitive.

In this area it is state of the art to incorporate conductive fibres and/or polymers into clothing for measurement purposes. It is possible to measure a myriad of different data and relay them either to external stations for measurement / analysis or to recording devices worn on the body.

Next there are pressure sensors. The company Alpha-Fit has developed a sock that incorporates threads which are both conductive and capable of measurement at crossover points to create a diagnostic tool that is used to fit orthopaedic shoes for people with diabetes.

In contrast to previous development models, it is possible to capture the pressure distribution in 3D and show the relative dynamic pressures that act on the whole foot when walking. Using these precise data the orthopaedic shoemaker is able to make shoes that have the necessary width and support at the critical points to help prevent the effects of diabetic foot.

What has been initiated by Alpha-Fit in the field of medical technology can also be applied to other applications. Ski shoe fitting could be one such application, for example. Downhill skiers will know the 'pain' feet are obliged to endure following several hours of sport.

Further areas of application include pressure mats to measure pressure distribution when someone lies on a mattress. In this case ‘good sleep’ textile sensors react to the hardness or softness of the underlayer. Bicycle saddles and wheelchairs are other conceivable application areas for short term implementation.

The sock example demonstrates not only the wide range of potential applications, but also how important interdisciplinary cooperation is in this industry. Partners in this development included, for example, the company Novanex from Leipzig who helped Alpha- Fit in terms of design, production development, research and marketing. The companies are currently working together on body mapping solutions that illustrate the distribution of pressures on the body as it moves during high-performance sports so as to potentially provide new insights for the design of supportive clothing.

At the Institute of Textile Technology and Process Engineering (ITV) in Denkendorf two research projects supported by the German Federal Ministry for Education and Research involve quite different sensors. The lead project is called ‘SensProCloth’ and is concerned with the issue of ‘system-integrated sensory protective apparel for the fire service and incident response units’, while the second, related project is termed ‘iBePol’ and is derived from the first as ‘intelligent operational apparel for police and security forces.

The overall goals of both projects are to use system-integrated protective apparel to continuously capture and relay information about vital and status parameters, activities, ambient conditions and events in addition to providing emergency services’ communication and data transfer for the fire service and incident response units.

Highly sensitive textile aids

Furthermore the sensors should help determine the location of the emergency services in buildings or out in the field and in an emergency enable medical assessment of a condition by the emergency services so that assistance can be provided in time. In addition the communication and monitoring system should help the mobile operational control take decisions.

All the sensors to capture the vital parameters are contained in a t-shirt that is worn against the skin. The vital parameters collected include hear-rate / ECG, breathing rate, body temperature and activity level. Ambient temperature on the outside of the clothing is measured to determine the environmental parameters and optical harmful gas sensors are used. These optical signal devices are also located on the outside of the clothing.

The risk status is signalled by a three colour LED traffic light and a buzzer. When the completed protective apparel was subjected to the Thermo-Man test, involving eight second exposure to fire at 1,000 degrees Celsius, there was no impairment of any kind to the protective function of the sensor system.

After the test all the sensors and LEDs worked perfectly. In a flashover container it was shown that the sensors also measured temperatures over 250 degrees Celsius. Consistent heart rate measurement was possible and evaluation of the subsequent ECG curves showed that the quality of the data was high. Even the steel skin of the container did not impair communication.

The 'iBePol' project builds on these developments and is intended for use in apparel systems for both civilian and protective use. It is also intended to integrate sensors for hazardous substances. The Swiss company Forster Rohner is using an age old textile technology; its Textile Innovations division is working with development partners to create highly innovative textiles on ultramodern, high-tech embroidery machines. They develop and produce functional textiles for their clients based on embroidery technology.

Examples are the production of textile-based sensory surfaces, heating elements or antennae structures in addition to the incorporation of LEDs and solar cells. These products are mostly the result of cooperative development and are to a large extent subject to confidentiality; anyone interested is advised to contact the company directly. Techtextil offers the best opportunity to do this. Ultimately all innovations and research projects are presented live for visitors to see and experience at ongoing Techtextil from 11 to 13 June and at the Texprocess trade fair that is being held in parallel

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Published in Tecoya Trend – 14 June 2013

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Germany: Cotton quotes climb slowly in Bremen market

The Cotlook A and CIF Bremen quotations moved upwards slowly. Prices at the ICE fluctuated much stronger due to technical reasons although fundamental developments had hardly altered on the cotton market.

The low prices at the beginning of the reported week encouraged some customers to satisfy not only immediate need but also to order quantities until the year end. The total business diminished again in view of increased prices.

The interest continuously focused on medium staple cotton. Extra-long staple varieties did not dominate contracts.

The following contracts were closed:

Medium staple cotton: Spanish rgd., Brazilian and West African cotton were traded for prompt delivery, Spanish rgd. for the 3rd and 4th quarter 2013 as well. Greek, Spanish sgd. and Brazilian cotton were sold for the 4th quarter 2013.

Long and Extra-long staple cotton: Sudan Barakat was ordered for the 3rd and 4th quarter 2013.

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Published in Fibre2fashion– 14 June 2013

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USA: USDA cuts US cotton inventory more than expected on lower crops

The US government on Wednesday lowered its forecast for cotton inventory in the United States for the upcoming season to below expectations due to a lower-than-expected crop as drought ravages Texas, the country's biggest producing state. In one of its most bullish monthly cotton reports in years, the US Department of Agriculture cut its forecast for the US carryover by 400,000 bales to 2.6 million 480-lb bales, lowered its crop forecast and increased its price forecasts for the upcoming 2013/14 season to 15 percent from the current year.

The revised outlook sent prices on ICE Futures US up over 3 percent to their highest level since April. The surplus, known as carryover, for the season starting on August 1 would be the country's lowest in three years and is well below industry forecasts of 3.07 million ahead of the report.

The improved outlook also marks a turnaround for the domestic market, the world's third largest producer, which has struggled to whittle down a big excess of stock after a surge in output in recent years. While the US picture has brightened, the global one remains bearish, with the USDA leaving most of its world forecasts largely unchanged on Wednesday.

The government still expects a record global surplus and more than 60 percent of world supplies will be held in China, the world's largest textile industry, where the government has been hoarding fibre for the past three years. "Traders of all types remain confounded by the bullish US situation versus the obviously bearish world fundamentals," said INTL FCStone analyst Andy Ryan. Beijing's stockpiling policy remains the "big wild card" as the government looks to make sweeping changes to head off a potential crisis for the country's textile mills.

In Wednesday's report, expectations that farmers in the Southwest will abandon crops due to dry weather prompted the government to cut its US crop estimate by 500,000 bales to 13.5 million bales for the upcoming year. That output estimate is down more than 20 percent from this year and below industry forecasts of almost 14 million. In the spring planting season, US farmers have also switched to higher-priced grains, data shows. The report also forecast a drop in exports. The USDA raised its estimate for prices for the next marketing year by 5 cents to between 73-93 cents per lb from last month. That would be up 15 percent from this year.

On Wednesday, cotton was the best performing commodity out of 19 commodities in the Thomson Reuters-Jefferies CRB index. The most-active December contract on ICE Futures US jumped 2.89 cents, or 3.4 percent, to settle at 88.07 cents a lb, after touching 88.18 cents a lb, the highest level since April. Most remember the roiling of 2011 when prices soared to $2.2 per lb, its highest since the US Civil War in the 1860s, only to plunge almost as quickly as demand evaporated. Mills used more lower-priced manmade fibre instead.

The USDA lowered its forecast for global inventories for the crop year through July 2014 slightly to 92.49 million from 92.74 million in May due to reduced expectations for global output, though that number would still represent a record level and surpass industry expectations. More than two-thirds of the global carryover is expected to be held in China, where inventories will total 58.93 million bales by the end of July 2014, the USDA said. That is 64 percent of the global carryover in 2013/14 and up from 58.18 million bales last month, the USDA said on Wednesday.

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Published in Brecorder – 14 June 2013

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China: European home textiles to feature at Intertextile

Leading home textiles suppliers from throughout Europe have already confirmed their participation at Intertextile Shanghai Home Textiles – Autumn Edition.

The high calibre of overseas exhibitors participating this year confirms that this fair is the most effective platform to reach the booming home textiles markets in China and the Asian region. Held at the Shanghai New International Expo Centre, it runs from 27 – 29 August, and is expected to attract around 42,000 visitors.

Debut Proposte pavilion from Italy will showcase premium European exhibitors

For the first time, the Italian trade fair organiser Proposte will host a pavilion – titled 'Proposte China Pavilion @ Intertextile' – featuring premium Italian and European decorative and furniture fabrics exhibitors. MYB Textiles from the UK is one these exhibitors. They are the only producer in the world manufacturing patterned lace with original Nottingham Lace looms, and will be launching their new wool sheers products at Intertextile Shanghai Home Textiles.

Wendy Murray from MYB Textiles notes that they have been receiving more interest from both small and large companies in China for their products. "We feel it is the perfect time to exhibit in China and have face-to-face time with prospective customers. We have exhibited at Proposte in Italy for the past 15 years and it is known to attract a prestigious clientele. We hope it will have the same attraction in China."

Viganò SpA from Italy is another company participating in the Proposte pavilion. Established in 1930, they will be showcasing their high-end velvet range at the fair. Explaining their reasons for participating in Shanghai, Piercarlo Viganò says there is increased demand for high-end Western products in China.

"We decided to approach the Chinese market because we feel consumers there are very interested in Italian design and style. We chose this fair to better understand the market in order to establish the most efficient approach there, and to combine local needs and wishes with the existing high standards of our products."

Apart from local exhibitors and the Proposte pavilion, country / region pavilions from Belgium, India, Italy, Korea, Pakistan, Taiwan and Turkey will also be featured. What's more, individual exhibitors from countries around the world will also be looking to take advantage of the booming demand in the local economy.

One such exhibitor is Hield Brothers from the UK, who were first invited to China by the government in 1985 and have been exhibiting at Intertextile Apparel Fabrics, the sister show of this fair, for over 10 years. "We have noticed a significant increase in demand for Western products from Chinese consumers which we hope to meet with our high-quality woollen products," explains Hield's Sales Manager, Laila Chamsi-Pasha. "It seemed a natural step to begin showcasing our furnishing collection at this fair too," she said, explaining their rationale for extending their participation to Intertextile Home Textiles.

Special product zones to help international visitors better understand the evolving Chinese market

With so many opportunities in the domestic home textiles market, this fair will feature special product zones to help overseas visitors understand the evolving trends. Reflecting the growth areas in the Chinese market, a Bedding & Towelling Zone and a European Zone have been organised.

Plus, carpets, interior decorations and wall coverings will also be heavily featured by various exhibitors. Of further interest to visitors will be the Intertextile Design Boutique, returning for the second time, which will comprise designer studio displays, booths, workshops and a design-related resource sharing lounge.

And the Intertextile International Lifestyle Trend Forum, designed by the International Lifestyle Trend Committee which is led by Nelly Rodi, will present four lifestyle trend themes for 2014.

This committee is comprised of members from the lifestyle trend forecasting, interior styling, interior design & decoration, contemporary interior furnishing, creative art decoration, retail channel styling and home textiles & bedding design sectors.

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Published in Fibre2fashion – 13 June 2013

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Belarus, Germany discuss Belarusian textile supplies

MINSK, 13 June (BelTA) - Prospects of Belarusian textile supplies to Germany and further mutually advantageous cooperation between Belarusian and German partners were discussed at meetings of Belarusian and foreign participants of Techtextil 2013,International Trade Fair for Technical Textiles and Nonwovens, in Frankfurt am Main from 11 to 13 June, BelTA learned from the press service of the Foreign Ministry of Belarus.

Techtextil 2013 was attended by over 1250 exhibitors, including the world's largest textile companies. The Belarusian industry was represented by Khimvolokno, OAO Grodno Azot, OAO Mogilevkhimvolokno, OAO SvetlogorskKhimvolokno, Polotsk –Steklovolokno, Polymir Plant, Naftan oil refinery, and the private company Makhina-TST from Mogilev.

Techtextil 2013 was visited by the head of the Office of the Belarusian Embassy in Bonn Viktor Alexandrov. When meeting with foreign parties, particularly with German firm MAGEBA, an agreement was reached to hold negotiations with a delegation of the Belkhudozhpromysly company to discuss the supply of the weaving equipment for the Slutsk Belts company as part of the state program to revive the traditional manufacture of Slutsk belts and to develop the production of national souvenirs for 2012-2015.

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Published in news.belta.by – 13 June 2013

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Vietnam: Korean firm to set up $14mn textile plant in Vietnam

The authorities of Vietnam's southern province of Dong Nai have granted license to South Korean firm JingWoo Vina Co. Ltd. for setting up a US$ 14 million textile plant.

The new plant would be constructed on an area of 4 hectares of land in Tan Tao garment and textiles industrial zone in Nhon Trach district of the province, and would specialize in fabric production, according to Vietnam Plus report.

In 2005, the South Korean firm invested US$ 15 million in a textile plant in Long Thanh industrial zone.

In recent years, Dong Nai province has become one of the leading Vietnamese provinces in attracting foreign investment.

So far, the province has attracted US$ 546 million in foreign investment this year, taking the total foreign investment in the region to US$ 23.4 billion.

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Published in Fibre2fashion – 13 June 2013

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Belgium: EURATEX discusses changing economic environment

Euratex held its General Assembly the 29th May in Brussels in presence of industrialists, Textile and Clothing (T&C) experts and EU officials under the theme "Textile and Clothing Industry in a changing economic environment".

In this context Euratex President Alberto Paccanelli said "The T&C Industry in Europe is facing a challenging environment with a consumption slowdown in traditional markets, particularly in the EU countries, and increasing market opportunities in emerging economies.

Our companies are adjusting to this new reality trying to seize these opportunities in spite of sometimes very difficult market access conditions. We thought it would be important to share the experience of European T&C companies active in different stages of the supply chain framed by the independent views of a EU "think tank" - ECIPE- that has extensive economic and trade knowledge ".

As key note speaker Mr Hosuk Lee-Makiyama, from ECIPE - European Centre for International Political Economy, drew a picture of the current world market for T&C, the position of EU T&C Industry as compared to some of its major competitors and what might be the situation in future. Among the main ideas developed by Mr Lee-Makiyama:

(a) The EU T&C Industry is still highly dependent on the internal market and we should take advantage of the incoming Free Trade Agreements (FTAs) to increase exports to Third Markets;

(b) The trade growth is more important among LDCs and among developing/emerging partners (South-South Trade) but the share of EU in T&C world trade is also growing;

(c) Important competitors are now investing mainly on Textiles and they are also experiencing the higher growth rates in R&D spending even if the EU continues to lead in this chapter;

(d) Taking into account that the overall EU share in world GDP will be cut by half in 15 years it is key to seize business opportunities in fast growing economies;

(e) The Doha Round crisis is enhancing trade regionalization with important agreements in the pipeline like the Trans-Pacific Partnership (TPP) or the EU-US Agreement (TTIP);

(f) This should entail a consolidation of the regional supply chains as rules of origin play an important role in these agreements. The industrialists in the panel provided a practical view of the current business environment with different strategic approaches. Mr Paolo Piana from Sinterama (Italy) talked about the experience of its company as Specialty Yarn producer.

The company made the strategic option of specialization and proximity to customers (e.g. automotive manufacturers). In this context it was decided to foster cooperation and develop joint business solutions with other companies active in key third markets.

Currently the company is a global player present in important markets such as Brazil, China, Mexico or Turkey and trading worldwide. Mr Jean-François Gribomont from Utexbel (Belgium) gave the perspective of a Fabric manufacturer producing only in the EU but exporting all over the world.

The company has concentrated its strategy in providing solutions for its customers and to be successful, a considerable amount of the turnover is invested every year in product development – around 4%. To succeed in future the company needs to have access to highly qualified human resources and requests from public authorities a competitive framework that allows industry to remain in the EU as a key driver of employment.

He also pointed out to the need to enhance Industry-Distribution relations also as a way to enhance social and environmental standards along the T&C supply chain. Finally Mr Martin Strzelecki from Henri Lloyd (United Kingdom) presented the views of a specialized (sailing) clothing brand/retailer that being a family owned SME has managed to adjust to a changing business environment by fully integrating IT technologies in their sales process.

In his views the future lies in product specialization but also in ensuring that the customer is able to buy the product he wants whenever he needs it. In this context access to finance and credit insurance are critical to ensure a sustainable development for this company as is the case for other SMEs.

The debate that followed was enriching, pointing out to some of the strategic priorities of the T&C Industry in the coming years: (a) improved access to world markets, (b) favourable competitive environment in the EU, (c) enhanced cooperation between Industry and Distribution.

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Published in Fibre2fashion – 13 June 2013

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Turkey's Clothing Exports Recovering in 2013

Turkey's clothing exports are clearly recovering in the first months of 2013, with however sharp differences depending on products and destinations, as reflected by our series of statistical tables. Our report covers Turkey's apparel exports per HS 4-digit category and per destination, with 5-year data in US dollars, euros and liras, % shares of total exports and 5-year indices.

Turkey's clothing exports rebounded in the first months of 2013, according to latest available official data.

Exports rose 8.2% in US$ terms in January-April, from the same period last year.

In full 2012 by contrast, clothing exports had only gained 2.6%, following a jump of 9.4% in 2011.

Taking advantage of better European demand

Turkey is back on a series of European markets, taking advantage of the recovery in EU's clothing imports this year.

Shipments to Germany rose 5.7% in US$ terms after falling 9.8% in 2012.

Similarly, exports to France increased by 3.4% in January-April, after plunging by 18% in last year.

Sales to Belgium experienced the same recovery.

However, shipments to the UK only gained 1% after climbing 7.8% in 2012.

Higher unit prices on EU's market

EU import data for the first quarter are confirming the rise of Turkish shipments in value terms, with a gain of 6% in euros.

In volume terms however, shipments only rose 2% while overall imports were up 2.45%.

This is reflecting the strong increase in unit prices of Turkish shipments, up 4% over the first quarter in Euro terms.

Pullovers, more than T-shirts

If Turkey's results are strongly different depending on destinations, they also significantly differ if considering HS 4-digit product categories.

Turkish exports of knit suits and trousers surged 33.5% in January-April in lira terms.

T-shirt exports only gained 5.8% over the same period of time.

Pullover exports were up 16%, by contrast.

Such trends are mostly reflecting the European demand.

Turkish exports are however slightly less dependent this year on EU's market than in the past with shipments further surging to Ukraine, Russia, or Saudi Arabia.

Sales to Iraq only rose 3.7%, however, from 53% in full 2012.

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Published in Emerging Textiles – 13 June 2013

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Three Cotton Spinning Enterprises to Start Production in Turkmenistan by 2014

Ashgabat, Turkmenistan – Trend News Agency reports about three new cotton spinning enterprises to start up in Turkmenistan by 2014.

The building of cotton mills is being carried out in the Kunyaurgench Etrap (district) of the Dashoguz velayat (region) and the cities of Turkemabat and Seydi of Lebap velayat, Turkem Ministry of Textile Industry reported.According to the report, construction of these complexes is entrusted to the Turkish Norsel International Insaat Dis Ticaret Sanayi Limited, which undertook to put them into operation in February 2014.

Production of 6000 tons of cotton yarn per year is planned to be launched in the Kunyaurgench Etrap (district) of the Dashoguz velayat (province) of Turkmenistan. The facility in the city of Seydi will have the same output. The plant in the city of Turkmenabat will produce up to 4000 tons of cotton yarn per year.

Over the past three years, the largest cotton mills in the cities of Turkmenabat, Dashoguz, Geoktepe and Abadan Etrap of the Turkmen capital and a textile complex in Ruhabat Etrap, Ashgabat were put into operation.

Products of such enterprises as Turkmenbashi tekstil kompleksi, Turkmenbashi jins kompleksi and the Serdar cotton mill in the Kaahka settlement were awarded the ISO 9001 System of production management and quality control certificate and the ISO 14001 Environmental Protection certificate.

In addition, the global responsibility in the production of ready-made clothes standard of WRAP and OHSAS 18001 the safety management system and safety standard, are being implemented in a number of facilitates. Oerlikon Schlafhorst has also awarded the Abadan cotton mill with the international certificate Belcoro for the high quality of cotton yarn.

The ministry reports that in October the commissioning of the second stage of the Ashgabat textile complex for the production of home textiles is planned.

Source: Trend News Agency

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Published in Textilesupdate – 13 June 2013

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NATIONAL NEWS

Bangladesh garment industry will bounce back'

Garment exporter Ambattur Clothing, which has a huge manufacturing base in Bangladesh, says the current disenchantment with the working conditions in some of the country's garment factories has not impacted its business.

The industry will clean itself up and bounce back in a year, according to Vijay Mahtaney, Managing Director of the Chennai-headquartered company.

Recent accidents (a fire accident and a building collapse) at two garment factories in Bangladesh, which killed several people, have raised questions about safety standards here.

In an immediate impact, buyers have shifted some of the orders to India, Vietnam and Cambodia.

The business here may shrink five per cent this year, but Bangladesh, seen as a strong threat to India, will get its act together, says Mahtaney.

Cheaper production costs prompted Ambattur Clothing to set shop in Bangladesh in 2007.

The company has two manufacturing units, three lakh sq ft each, in Bangladesh, employing 8,000 people. (It also has manufacturing units in Bahrain, Jordan and Chennai.)

Over 60 per cent of its business comes from Bangladesh, supplying to brands such as Zara, Gap and Taylor. Chennai accounts for just 15 per cent.

"My business in Bangladesh has not been hit by the crisis due to the compliance standards we have developed. The delinquent factories will also catch up. Bangladesh has a productive labour base which is hungry to grow."

Labour and factory laws exist in Bangladesh, but they have not been adequately enforced.

The Indian garment industry too, was in a similar situation a few years ago, before the laws tightened, says Mahtaney.

While Disney has reportedly pulled out of Bangladesh, Walmart has severed ties with factories not following standards. Global media has reported that the US may restrict or remove import breaks to Bangladesh, but Mahtaney feels such a move will only be deemed "anti-poor".

"Especially when European companies have signed a pact to help Bangladeshi factories improve safety standards."

Bangladesh's garment exports stand at $20 billion. Six years ago, it was just $8 billion. India exports approximately $30 billion worth of garments and textiles.

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Published in Business Line – 13 June 2013

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Let the rupee slide, and fast

It is the duty of policy helmsmen to build confidence in the macroeconomic policy to say that there would soon be a return to the halcyon days of 8 per cent growth; inflation will be back to acceptable levels of less than 5 per cent; fiscal consolidation will be on track to around 3 per cent of GDP and that the balance of payments current account deficit (CAD) would be down to the safe level of 2.5 per cent of GDP. Furthermore, we would take comfort from green shoots in the global economy recovery which should raise all lifeboats. An article of faith appears to be that lower interest rates are a panacea for all the problems.

Global Situation

What would global economic policymakers do if it ultimately dawns on them that the world is in the midst of a long cycle of low growth? This view was brilliantly articulated in a path-breaking work by a Russian economist Nickolai Kondratieff entitled "Long Waves in Economic Life" (1926) with each cycle lasting 50-60 years. While I have, for many years, written on the possibility of the long cycle of low growth (*Business Line*, November 7), it is not very comforting to recall that poor Nickolai was shot for what was considered as a veiled attack on Stalin's policies!

Domestic impasse

When the financial crisis hit the world economy in 2008, India was enjoying a 8-9 per cent growth rate, but it was soon hurt by lower and lower growth rates till ultimately in 2012-13, the growth rate fell to 5 per cent and consumer price inflation was in double-digits.

With the Indian policy of lower and lower interest rates and a widening of the gap between savings and investments, the balance of payments current account deficit (CAD) rose to 5 per cent of GDP. Added to this, the rupee was kept relatively strong.

Historically, in India, effective revival of the economy has been through a step up in public sector investment which, then, triggered private sector investment and a revival of industrial growth. In the current context, with the constraints on fiscal expansion, the authorities lay great store by offering lower interest rates to stimulate private investment. A corollary of lower bank lending rates is lower interest rates on deposits and other forms of financial savings.

The exchange rate is clearly unsustainable, given the high CAD and relatively high inflation rate. It is an article of faith that capital inflows will continue uninterrupted, that inflation will come down and that the large CAD will shrink.

A gloomy possibility is low growth around 5 per cent, close to double-digit consumer price inflation, a 5 per cent fiscal deficit and a CAD of 5 per cent of GDP. Large capital outflows could put the economy into a tailspin.

The policymakers' focus on the Wholesale Price Index (WPI) is one of convenience as it shows a rate below 5 per cent; the more relevant index for the masses is the Consumer Price Index (CPI) which is slightly below double-digits. Essential to tackling the domestic side of the problem would be to provide for sufficiently attractive interest rates to encourage savings. The Government seems to erroneously believe that low interest rates and ample liquidity will step up investment.

Hopefully, the RBI would not be too enthusiastic about the early break of the monsoon and refrain from cutting policy interest rates on June 17.

There is irrefutable evidence to show that bans on gold and raising import duties do not help reduce the CAD, as all that happens is that gold comes through the unofficial channel financed by lower invisible inflows such as remittances.

Again, the Government took comfort that the decline in international gold prices would reduce payments on account of gold; all that happened was that more quantities of gold were imported and there was no reduction in the amount spent on gold imports.

The effective solution for the CAD would be to allow a depreciation of the rupee. It is best to allow the rupee to depreciate quickly rather than periodically support the rupee by forex sales by the RBI.

The authorities should not be unnerved by the depreciation of the rupee during the past few days.

Tackling CAD

A premature intervention would halt the depreciation for a while, but still leave a disequilibrium. It is only when the rupee correction goes too far out of alignment, than warranted by inflation rate differentials, should the RBI intervene.

The present rate of Rs 58-59 is still heavily overvalued and intervention at this stage would be premature. A very slow depreciation encourages large capital outflows.

While most observers are arguing how soon the rate will move to $1 = Rs 60, the correct question is how soon it will move to Rs 70, which indeed is the appropriate rate given the inflation rate differentials.

To curb gold imports and correct the CAD, what is required is very attractive instruments which would be better than the return on gold.

A 3 per cent real rate plus the consumer price inflation of, say, 9 per cent would yield a nominal return of 12 per cent plus inflation adjustment for the capital — such an instrument would knock cold the demand for gold. As the CAD and inflation come down, the cost of such an instrument would also come down.

Disequilibrium trap

There is a strong possibility that if we persist with the present macroeconomic policy, we could end up with a disequilibrium trap of a 5 per cent growth, a 10 per cent consumer price inflation and a 5 per cent CAD — a situation which would sooner or later explode.

Early corrective action is imperative.

The rupee is overvalued. The RBI should allow it to fall rapidly to about 70 to the dollar, as an effective solution to the current account deficit.

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Published in Business Line – 13 June 2013

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INDIA: Eyes key role in reviving Burma apparel factories

India is hoping to play a key role in re-opening 300 apparel factories in Burma/Myanmar, offering finance, technical assistance, and advice on compliance and best practice.

The plans emerged during a meeting at the World Economic Forum last week between Myanmar President U Thein Sein and India's Minister of Commerce, Industry and Textiles, Shri Anand Sharma.

The textiles minster offered US$5m in credit to help "revive" the factories, with the South India Textile Research Association (SITRA) drawing up plans for their regeneration.

"A delegation comprising the experts, officials and businessmen will visit Myanmar within two weeks," Shri Sharma said after the meeting.

India will also cooperate with Burma to formulate a common compliance code for standards and best practices in the factories to meet the concerns of key export destinations, such as the US and the countries of the European Union.

This is likely to be based on the DISHA - Driving Industry Towards Sustainable Human Capital Advancement - initiative launched by India's Apparel Export Promotion Council (AEPC) and its Textiles Ministry.

This code of conduct for the garment industry is designed to promote improved social and environmental practices in areas like child labour, health and industrial safety.

India is also offering scholarships at the National Institute of Design (NID, the National Institute of Fashion Technology, and under the Integrated Skill Development Scheme.

And it revealed plans to set up India-Myanmar Apparel Sector joint ventures in the Thilawa SEZ in collaboration with international brands, said Shri Anand Sharma.

Dr U Aung Win, vice-chairperson of the Myanmar Garment Manufacturers Association, recently admitted to just-style that despite interest from US firms in the country's garment sector, "no concrete steps have been taken yet because the sector still faces many challenges here."

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Published in Just Style – 13 June 2013

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MSME secretary urge textile entrepreneurs to take benefits under govt schemes

SURAT: Madhav Lal, secretary in ministry of micro, small and medium enterprises (MSME), government of India has said the manufacturers in the diamond city in particular and Gujarat in general are lagging behind when it comes to taking benefits under the various government schemes to increase production and export.

Madhav Lal, who was in the city to attend the installation of Kamlesh Yagnik as the new president of Southern Gujarat Chamber of Commerce and Industry (SGCCI) visited the textile processing, weaving and embroidery units in the city to understand the country's biggest Man-Made Fibre (MMF) industry on Wednesday.

Sources said that the MSME secretary met the textile entrepreneurs including the textile processors, weavers and embroidery unit owners and discussed about the various government schemes that could increase the manufacturing capacities.

Kamlesh Yagnik, president, SGCCI said, "As per the statistical information from the MSME ministry, Tamil Nadu is the only state in the country where the textile and other entrepreneurs are taking maximum benefit of the government schemes. The entrepreneurs in Surat and across Gujarat are lagging far behind in taking the benefits."

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Published in TOI – 13 June 2013

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Cotton Planting in India Seen Gaining on Early Monsoon Rains

Farmers in India, the world's second-largest cotton grower, may plant more of the crop than estimated after monsoon rains covered the main growing regions early, easing a drought that cut production the previous year.

Prices declined. The area under the crop in the 12 months starting Oct. 1 may match 11.77 million hectares (29 million acres) in 2012-2013, said Dhiren Sheth, chairman of the Cotton Association of India. That compares with an estimate for a 6.5 percent decline to 11 million hectares in a Bloomberg survey published on April 8.

Prospects for better yields and a jump in inventories may boost India's exportable surplus, potentially pressuring prices in New York that climbed 13 percent this year, the biggest gain among the 24 commodities tracked by the Standard and Poor's GSCI Spot Index.

Global output will drop 4.8 percent in the season starting Aug. 1, while demand climbs 2.3 percent, the International Cotton Advisory Committee estimates. Dry weather is hampering crops in Texas, the biggest U.S. growing state. "The monsoon is fairly cooperative and the progress has been good," A. Ramani, secretary of the Indian Cotton Federation, which represents 350 spinners, ginners and traders, said by phone from the southern Indian city of Coimbatore. "We should see a normal crop next year."

Monsoon Progress

Farmers have sown 1.17 million hectares as of June 7, compared 1.18 million hectares a year earlier, according to data from the Agriculture Ministry. The harvest dropped about 4 percent to 34 million bales of 170 kilograms each this season, the state-run Cotton Advisory Board said on April 17. Exports may total 9.5 million bales this year, more than the government's estimate of 8.1 million bales, Sheth said.

The monsoon, which accounts for more than 70 percent of the country's annual rainfall, reached Maharashtra and Gujarat states at least five days earlier than normal, according to the India Meteorological Department. Showers, which have been 17 percent more than a 50-year average since June 1, were as much as 166 percent above average in Gujarat and 107 percent more in Maharashtra, the department's data showed.

The states are the nation's top growers, representing almost 50 percent of the crop. "In certain areas such as Gujarat, the farmers planting intentions suggest that they will plant less, but this will be compensated by higher area in other states such as Andhra Pradesh, Maharashtra and Karnataka, where the rains have already arrived," Ramani said.

Craze Missing

The area may be lower by 100,000 hectares in Gujarat this year as farmers will shift to more profitable crops such as peanuts and guar, said Hasmukhbhai

Raval, chairman of the Gujarat State Co-operative Cotton Federation Ltd. "During the harvesting season last year prices of cotton were less, so the craze for it has gone down," Raval said.

"Rains have just begun, but there is not enough water to drink, leave alone farming. So sowing may be delayed by a month." Cotton for December delivery declined 0.3 percent to 84.97 cents a pound on ICE Futures U.S. in New York at 1:21 p.m in Mumbai today.

Futures tumbled 18 percent last year, extending a 37 drop in 2011. April-delivery contract on the National Commodity and Derivatives Exchange Ltd. in Mumbai declined 0.3 percent to 1,068.50 rupees ($18.4) per 20 kilograms. "'If the rains continue positively, than it will be positive not only for cotton but for other crops also," Sheth said.

"Planting looks promising. We have to see how the next three months go." Monsoon rainfall during the four months through September may be 98 percent of a 50-year average, a level considered normal, according to the weather department. The precipitation was 8 percent below average last year and reduced water for crops in Maharashtra, Gujarat and Karnataka, cutting cotton and sugar cane harvests.

Source: Bloomberg .

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Published in Bloomberg– 13 June 2013

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