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IBTEX No. 10 of 2017 Jan 12, 2017

USD 68.11 | EUR 72.18 | GBP 83.13 | JPY 0.59

Cotton Market Update

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

Rs./Bale	Rs./Candy	USD Cent/lb
19577	40950	**76.68**

Domestic Futures Price (Ex. Gin), March

Rs./Bale	Rs./Candy	USD Cent/lb
20690	43279	**81.04**

International Futures Price

NY ICE USD Cents/lb (March 2017)	73.14
ZCE Cotton: Yuan/MT (January 2017)	15,140
ZCE Cotton: USD Cents/lb	**84.36**
Cotlook A Index – Physical	**82.25**

Cotton & currency guide: Cotton price in India traded higher on Wednesday. The spot price advanced to 41650 per candy up by around Rs. 400 from the previous close. The market is rising because of lower arrivals and news of likely crop loss in Gujarat due to pest attack. As of previous day the arrivals were around 152,000 bales where in seasonally at this period in early January every year the average daily arrivals are around 200,000 bales. The effect is felt over the price therefore future contracts also have advanced on Wednesday. The most active January future closed the session higher at Rs. 20410 up by Rs. 210 from the previous close. Likewise, subsequent contracts have also traded positive

It's the only domestic scenario that is pushing price higher while ICE cotton continues to trade steady to lower. The ICE March future for cotton contract ended the session lower at Rs. 73.14 cents per pound and this morning the same is seen trading steady while Chinese cotton is also lower by quarter per cent at 15100 for the front month contract.

Basically we are seeing a divergent approach in cotton between two markets. The spot price in India with equivalent exchange rate is quoting around 77.85 cents/lb. We believe for now the domestic cotton price is holding positive however believe the divergent price performance and excessive rally in the local bourse should soon make the local price to either halt from the recent run up rally or the domestic price may tend to correct. Also from the technical perspective market has reached to an overbought scenario and believes price should correct from higher levels. For reference the active January future at MCX is expected to face tough resistance near Rs. 20580-20600 and likely that market may correct from there on. The trading range for the day could be Rs. 20600 to Rs. 20250 per bale. For today we do not recommend making fresh buying while insist traders to start booking their prior long positions.

NEWS CLIPPINGS

INTERNATIONAL NEWS

USTR: US Exports to China up 505% Since Joining WTO

The United States Trade Representative released its annual report to Congress on China's World Trade Organization Compliance, and the findings may serve to further fuel President-elect Trump's promise to push a punitive tariff on China.

Since China joined the WTO in 2001, U.S. goods bound for China have increased "dramatically" and the country's membership "remains complex," according to USTR.

U.S. exports of goods to China have increased 505 percent since 2001, to $116 billion in 2015, establishing China as America's largest goods export market outside of North America. Looking at exports of services, those have increased a substantial 802 percent to $48 billion in 2015.

For textiles and apparel specifically, the U.S. exported $343 million worth to China in 2002, the first full year after China's WTO membership, and in 2015, that number reached $1 billion, according to the U.S. Department of Commerce.

Trump campaigned—and won—at least in part on his idea of cleaning up current trade policies, including bringing cases against China for its "unfair subsidy behavior," which he said is prohibited by WTO terms, and for the thousands of manufacturing jobs the move cost America and the thousands of factories that shuttered as a result.

Throughout the 15 years of China's WTO membership, the U.S. has brought 20 WTO cases against the country, more than double the amount any other country has brought against China.

"Many of the problems that arise in the U.S.-China trade and investment relationship can be traced to the Chinese government's interventionist policies and practices and the large role of state-owned enterprises and other national champions in China's economy, which continue to generate significant trade distortions that inevitably give rise to trade frictions."

Frictions may be putting it on the mild side as some are calling the brewing tensions between the U.S. and China the onset of a trade war.

China has promised to push back on the U.S. if Trump goes ahead with the 45 percent proposed tariff on imports from China, saying that it would answer in kind with a punitive tariff of its own.

Now U.S. businesses are concerned about the fate of their exports to China. USTR said it has dealt with trade frictions that arise with China by pursuing a dialogue, but when that doesn't lead to a resolution, it hasn't hesitated to get the WTO involved.

China's current leadership, according to the USTR report, has highlighted the need for further economic reform in China but little progress has yet been made.

"If pursued appropriately, a concerted reform effort offers the potential for addressing the problems brought on by a state-led economy and for helping to realize the tremendous potential of the U.S.-China trade and investment relationship," the report noted.

Source: sourcingjournalonline.com– Jan 11, 2017

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USA: Apparel Trade Was Quiet in November

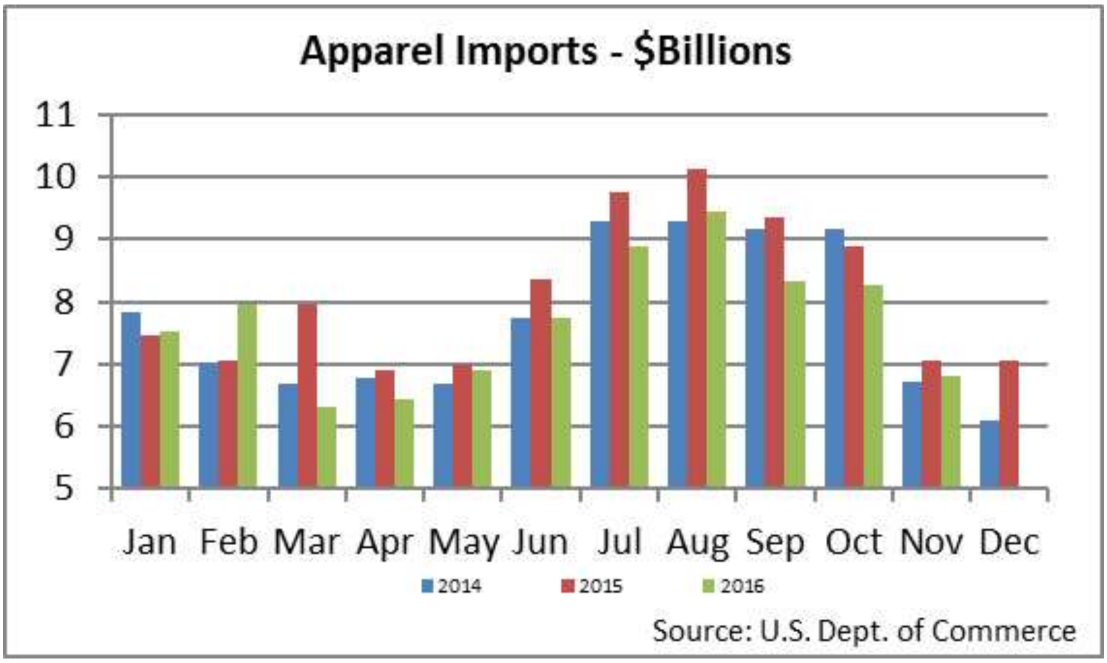
U.S. apparel imports dropped in November, further evidence of the declining consumer demand that has retailers and brands curtailing their orders from overseas factories.

According to the U.S. Census Bureau, total U.S. goods and services imports increased by 5 percent in November to $193 billion compared to the same month in 2015, while exports rose by 2.2% to almost $124 billion.

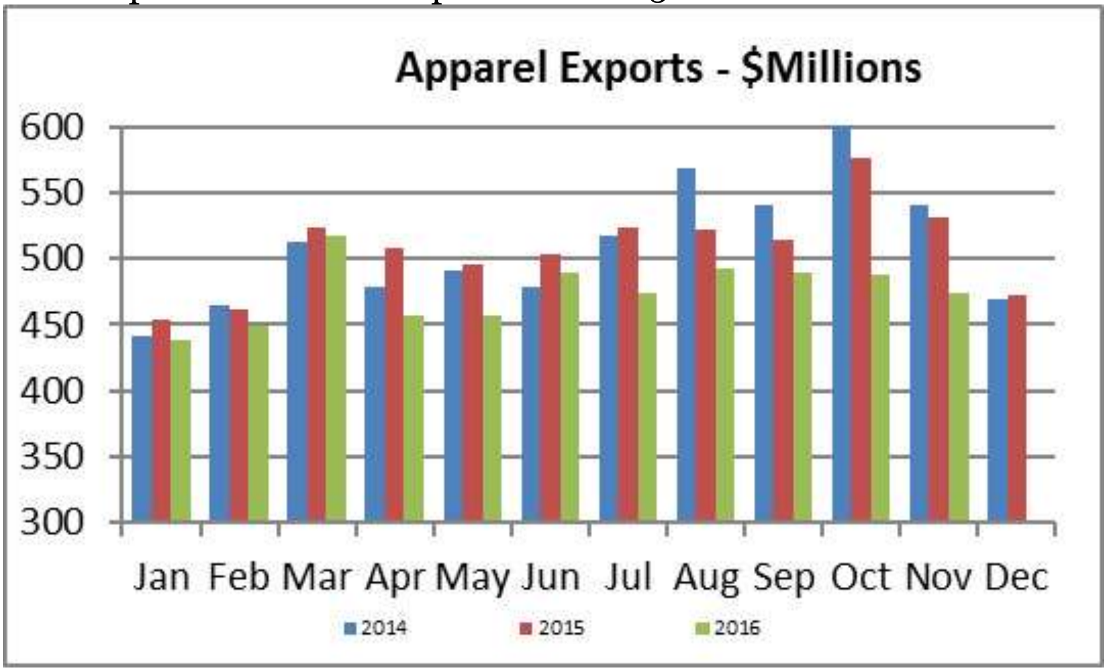
Apparel imports dropped by 3.4% in the month, to $6.8 billion on a CIF basis, their ninth straight month of year-over-year decline.

The average cost per square meter of apparel imports has fallen by more than 4 percent in the year to November 2016 compared to 2015.

Apparel brands have negotiated cost reductions in order to enhance profitability amid the highly competitive and promotional apparel market, and as off-pricers and e-commerce players continue to gain share from traditional retailers.



Apparel exports plunged by 11 percent in October, to $474 million. Total apparel exports on an FAS dollar basis have fallen every month this year so far compared to the same period in 2015.



Canada, Mexico and the United Kingdom remain the top trading partners, together representing more than half of all U.S. apparel exports. ‘

US IMPORTS AND EXPORTS				
In $ Millions				
	% Chg vs LY	Nov 2016	Oct 2016	Nov 2015
Total US Imports	5.0	193,199	193,874	184,011
Total US Exports	2.2	123,986	128,950	121,324
Total US Deficit	10.4	69,213	64,924	62,687
Apparel Imports	-3.4	6,818	8,264	7,055
Apparel Exports	-10.9	474	488	532

Exports to The United Arab Emirates and Netherlands have grown the fastest in 2016.

Source: sourcingjournalonline.com– Jan 10, 2017

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Pakistan’s New Trade Package Cuts Duties on Textiles, Garments and Cotton

Pakistan has new plans in place to boost trade for the country, and many of them involve cutting duties on goods for its largest grossing export sector. As part of its new Trade Enhancement Initiative, Pakistan will invest 180 billion Pakistani rupees ($1.72 billion) to boost the country’s exports over the next five years.

“The package will strengthen the country’s economy as exports will increase,” Pakistan’s prime minister Nawaz Sharif said Tuesday, according to the Nation. “The package will help in ending poverty, illiteracy and backwardness and generating employment opportunities in the country.”

To strengthen those exports—namely in the textile sector—the trade package will see an 8 percent duty drawback on garments, 6 percent for home textiles/knitwear and 3 percent for yarn/greige fabric. Import duties for cotton, the customs duty on man-made fibers other than polyester and sales tax on textile machinery imports will also be eliminated.

The country's commerce minister Khurram Dastgir told local media in a briefing that the scheme would continue for 18 months, from now through June 2018.

"There will be no condition on getting duty drawback in the first six months (January to June) under the scheme," the Nation reported Dastgir as saying. "However, exporters will have to record 10 percent growth in exports during the next fiscal year 2017-18 as compared to the ongoing financial year."

Pakistan has been in need of a pick-up for its garment sector as exports have been on a continuous decline, plagued by energy expenses that were high enough to force more than 70 mills to shutter. Last year, the country's textile exports fell by $600 million.

The country has already allocated 110 billion rupees ($1.05 billion) toward an area of land it will use to complete a dam expected to generate 4,500 megawatts of so called "cheap" electricity, and 10,000 additional megawatts will be added to the national grid by 2018, Pakistan's Associated Press said.

Railways are getting some attention too. So far, $8 billion has been designated for upgrading Pakistan Railways to increase the passenger and cargo capacity and cut down travel time.

Source: sourcingjournalonline.com– Jan 11, 2017

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Germany: Heimtextil 2017 hosts 2963 companies from 67 countries

Heimtextil 2017, the world's leading trade fair for home and contract textiles currently underway in Frankfurt, Germany, is playing host to over 2,963 companies from about 67 countries across the world.

Numerous events are accompanying the ongoing industry meet-up and providing valuable stimulation in terms of design, trends and new textile products.

"With its high density of global market leaders and the huge variety of its product portfolio, Heimtextil is unique and highly attractive for the international industry. For the seventh time in a row, the trade fair has grown, both in terms of the exhibitor numbers and surface area, underlining its globally leading position," said Detlef Braun, member of the executive board of Messe Frankfurt.

The product group 'upholstery', which offers décor and upholstery fabrics as well as upholstery and imitation leather, has experienced considerable growth over the past three years. New suppliers for this segment from countries like Italy, Spain, Poland and Turkey are attending the event, making it an ever more important point of contact for contract furnishers and architects.

Everything related to the product segment 'bed' from machines via the fibre to the end product of a mattress, bed cover or pillows are being exhibited at Heimtextil. Accessories such as lamps or bathroom items that complete the portfolio and offer an opportunity for dealers to expand their product ranges are also present at the event.

Under the roof of 'Design live', a platform for textile design, 230 international studios are presenting their new designs. Design live has gradually become one of the core elements of Heimtextil over the years and is a hotspot for creativity and design from all over the world.

The product group 'digital print technology' with its machine suppliers for digital print processes continues to be a focus. A variety of international market leaders including Epson, Hewlett Packard, Mimaki and MS Printing are on board.

In partnership with the German Institute for Textile and Fibre Research, a 'Digital Textile Micro Factory' has been installed for the first time. Visitors are experiencing a complete digital production chain live, from the design, digital printing and finishing to automatic cutting and confection.

More than 30 new companies are exhibiting their fresh product and design ideas as part of the start-up programme 'New & Next' spread out over the product groups Design live, floor, bed, bath and table. Exhibitors from Europe, Japan, Iran and Korea among other countries are participating in this programme.

The 'Theme Park' is a trend and inspiration area where visitors are finding new design products.

The overarching theme is 'Explorations'. An accompanying programme of talks and guided tours give far-reaching insights into new design projects. For the 2017/18 season, a team of six international design studios have isolated the most important themes from various general trends.

Source: fibre2fashion.com – Jan 11, 2017

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Pakistan industry concerned over China's plan to set up business units under CPEC

Heads of various business chambers in Pakistan have expressed concern over reports that China is planning to set up or establish industrial units and warehouses under the ongoing over 50 billion dollar China Pakistan Economic Corridor (CPEC).

Media reports and sources have quoted representatives of the chambers of commerce and industry of Gujarat, Gujranwala and Sialkot, as saying that Pakistan runs the risk of turning into a purely consumer-driven market if clearance is given for such planning.

Urging the Nawaz Sharif-led government to take the business community in these three industrial cities into confidence about the nature of China's planned industrial units in the country, the presidents of these business chambers -- Abrar Saeed Sheikh (Gujarat), Majid Raza Bhutta (Sialkot) and Saeed Ahmed Taj (Gujranwala) -- said not doing so would further weaken Pakistan's manufacturing sector.

It was decided that all three presidents would call on Prime Minister Nawaz Sharif to share their concerns over the proposed establishment of Chinese industrial units along the CPEC route.

Mr. Bhutta, in particular, was quoted by the media, as saying that the concerns of local manufacturers with regard to the impact of proposed CPEC projects should be addressed forthwith, as this had the potential to hit export performances from these cities.

The chambers' presidents also sought easing of China's visa policy for local businessmen. In a related development, the Pakistan Readymade Garments Manufacturers and Exporters Association (PRGMEA) has warned that the country's textile sector faces the eminent possibility of decline, given the advantages being offered to Chinese companies under the CPEC.

PRGMEA senior vice president Javad Choudhry was quoted, as saying that he is concerned about hearing reports of Chinese firms relocating their textile units to various free industrial zones in Pakistan and also being given energy/power at concessional rates.

He said that the government should ask Chinese investors to establish joint ventures with local stakeholders in an equity ratio of 49 percent to 51 percent.

Source: indialivetoday.com – Jan 12, 2017

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European Commission proposes GSP Plus to Sri Lanka

The European Commission, the executive body of the European Union (EU), yesterday proposed to restore the special concessions under the Generalized Scheme of Preferences Plus (GSP Plus) for imports from Sri Lanka in exchange of an improved human rights and labour record.

“The European Commission today proposed that a significant part of the remaining import duties on Sri Lankan products should be removed by the European Union in exchange for the country’s commitment to ratify and effectively implement 27 international conventions on human rights, labour conditions, protection of the environment and good governance.

These one-way trade preferences would consist of the full removal of duties on 66 percent of tariff lines, covering a wide array of products including textiles and fisheries.

These preferences would come under a special arrangement of the EU Generalised Scheme of Preferences, known as GSP+,” a statement issued by the European Commission said.

It also noted that the European Parliament and the Council have now up to four months to raise potential objections before the measures become effective.

Trade Commissioner Cecilia Malmström said, “The GSP+ preferences can make a significant contribution to Sri Lanka’s economic development by increasing exports to the EU market. But this also reflects the way in which we want to support Sri Lanka in implementing human rights, rule of law and good governance reforms.”

“I am confident of seeing timely and substantial further progress in these areas and the GSP+ dialogue and monitoring features will support this reform process. This should include making Sri Lankan counter-terrorism legislation fully compatible with international human rights conventions,” she added.

The European Commission statement noted that granting access to the GSP Plus scheme does not mean that the situation of the beneficiary country with respect to the 27 international conventions is fully satisfactory.

Instead, it offers the incentive of increased trade access in return for further progress towards the full implementation of those conventions and provides a platform for engagement with beneficiaries on all problematic areas.

“As is the case for all GSP+ countries, the removal of customs duties for Sri Lanka would be accompanied with rigorous monitoring of the country’s progress in the area of sustainable development, human rights and good governance,” the statement noted.

Sri Lanka had already benefited from GSP Plus in the past. In 2010, the EU decided however to stop the preferential treatment for Sri Lankan imports due to the failure to address the reported human rights violations in the country.

In 2015, Sri Lanka’s new coalition government set out a path of major reforms aiming for national reconciliation, respect of human rights, the rule of law and good governance principles, as well as sustainable economic development.

The government applied for GSP Plus in July 2016 and the European Commission's assessment has concluded that it met the GSP Plus entry criteria set out in the EU regulation.

The EU is Sri Lanka's biggest export market accounting for nearly one-third of Sri Lanka's global exports. In 2015, total bilateral trade amounted to 4.7 billion euros.

The EU imports from Sri Lanka amounted to 2.6 billion euros and consisted mainly of textiles as well as rubber products and machinery. There are currently eight GSP Plus beneficiaries: Armenia, Bolivia, Cape Verde, Kyrgyzstan, Mongolia, Pakistan, Paraguay and the Philippines.

Source: dailymirror.lk - Jan 12, 2017

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Italy to partake in Ethiopian textile machinery expo

An Italian textile machinery delegation is set to participate at the upcoming multi-industry Addis Chamber International Trade Fair (ACITF), showcasing products from business services, gifts & handicrafts, industrial products, plant, machinery & equipment industries, to be held in Addis Ababa exhibition centre, Ethiopia, from 23 February to 1 March 2017.

Ethiopia is an emerging production hub for the global textile and garments industry.

Cheap labour costs, free trade agreements with major Western markets and a constantly growing economy (with a forecast GDP of 10 per cent for the coming years) have made this Sub-Saharan African country a choice destination for the manufacturing of garments by major industry retailers.

The 21st edition of the multi-industry ACITF trade fair will feature a delegation of Italian textile machinery manufacturers at the Italian pavilion organised by the ICE-Agency. The ACIMIT associated members partaking in the event include Carù, Corino, Fadis, Ferraro, Itema, Marzoli, Mei, Reggiani, Roj, Salvade, Savio, Sicam, and Simet.

ACIMIT president Raffaella Carabelli said, “Our exports have grown significantly over the past five years, although their overall value remains quite modest (4.4 million in 2015). The quality of our machine technology is superior to that of our competitors currently operating in this market.

Our focus is on getting potential buyers to get to know and appreciate the quality of our technology, through opportunities such as the ACITF, as well as through the institutional missions organised in recent years, thanks to the support of the Ministry of Economic Development and ICE-Agency.”

To further strengthen Italy’s presence in Ethiopia, in 2015 ACIMIT signed a memorandum with the Ethiopian Textile Industry Development Institute for the creation of a technology centre providing expert training on textile machinery, thereby contributing to the professional training of future textile operators in Ethiopia.

Source: fibre2fashion.com - Jan 12, 2017

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Vietnam: VINATEX expects double digit growth in 2017

One of the biggest manufacturer and exporter of garments, Vietnam National Textile and Garment Group (VINATEX) expects that its sales will rise 12 per cent, production value 14 per cent, while exports will grow 11 per cent, all over the prior year in 2017.

VINATEX also added that it has enough orders in hand to keep them busy in the first quarter of 2017.

Vietnamese media quoted VINATEX general director Le Tien Truong as also informing that the industry will face various challenges in the current year, which includes that trade deals like the EU-Vietnam FTA and the Trans-Pacific Partnership, will not come into effect in 2017.

According to Truong, competition will turn more fierce as competitor countries helped by advantages in exchange rates as well as tax rates will continue to bag orders, while economic instability in the EU too will become a matter of concern for the Vietnamese sector.

In 2016, VINATEX saw its revenue growing 5 per cent over 2015 to $2.5 billion, with pre-tax profits also rising at the same pace to reach VND 41 trillion. These results came in the year when, overall Vietnamese garment exports climbed 5.7 per cent year over year to $28.3 billion.

Source: fibre2fashion.com - Jan 11, 2017

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Bangladesh: Trade growth reflects buoyancy

International trade of Bangladesh has passed another year of buoyancy against the backdrop of global slowdown as well as some internal shocks. Sluggish global demand was particularly a matter of concern for external trade.

Overall export earnings in 12 months (January-December, 2016) registered a modest 8.0 per cent growth over the previous year. Total export earnings stood at around $35 billion in 2016 compared to $32.3 billion in 2015. On the other hand, import registered around 6.9 per cent growth in 11 months (January-November) of 2016 over the same period of 2015. Import payments (C&F price) stood at $40.75 billion in 11 months of 2016 (December data not available so far).

Total value of merchandise trade may be estimated at $78 billion (after adding the December figure) in the last calendar year which was 74.40 billion in 2015. Thus, the trend in external trade is moving upward and it is expected to do so in the near future provided that there is no serious disruption in external or internal situation.

It is relevant to note that Bangladesh is the leading manufacturing exporter among the Least Developed Countries (LDCs), according to the World Trade Statistical Review 2016 released by World Trade Organisation (WTO).

The country's manufacturing exports stood at $32.3 billion in 2015, followed by $12 billion by Cambodia and $2.3 billion by Madagascar, the report mentioned. In 2015, LDCs' total export earnings posted 25 per cent growth over the previous year. Bangladesh also topped the list of LDCs' in import of manufactured products in 2015.

COPING WITH EXTERNAL SHOCKS: The major shock last year was terrorist attack at a cafe in Gulshan area of the capital city. The terrorist attack came as a big blow to business and economy. It became very challenging for the government as well as businessmen to keep business confidence high after the incident.

Earlier in February, the cyber heist of $101 million foreign exchange reserve from the Bangladesh Bank account, kept with New York Federal Reserve, wobbled the country's financial sector and gave a wrong message to foreign investors and trading partners. The situation, however, calmed down within a short period of time and foreign buyers were somewhat assured by government efforts.

Thus, two major external shocks were subdued successfully. But labour unrest in some of the readymade garments (RMG) factories in Savar area at the beginning of December caused much unease in the export-oriented sector. However, the owners with the help of law enforcing agencies were able to repress the legitimate demands of the workers.

Interestingly, some of the leaders of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) attributed the decline in apparel exports to the latest labour unrest.

Export earnings of woven garment declined by 9.36 per cent in July-December period of 2016 (also first half of current fiscal year or FY17) while export of knit garment increased by 2.45 per cent in the same period.

Blaming the labour unrest of a few days for the decline in six months' export is indeed a mockery. Most of the output of December was not delivered in the same month and receipts against the December consignment will be realised by January or maybe February.

In fact, BGMEA leaders are now trying to project decline in export as a crisis of the sector, as they always used to do. They are also demanding some incentives from the government.

GLOBAL ENVIRONMENT: The global situation was not very buoyant last year. The World Trade Organisation (WTO) in its September-2016 projection mentioned that world trade volume would grow by 1.7 per cent in the 2016 which was the slowest since the global financial crisis.

It also mentioned that trade growth was weak than expected in 2016 due to falling import demand and slowing GDP growth in several major developing economies as well as in North America.

Nevertheless, in line with the WTO projection, Bangladesh's external trade situation last year is not disappointing as overall external trade grew by around 5 per cent while it marginally declined in 2015. Thus, trade growth actually rebound last year mainly due to increase in import.

Export earnings, as per the data of Export Promotion Bureau (EPB), registered 6.5 per cent growth in 2015 over 2014 while it stood at 8.0 per cent in 2016 over 2015. Import payments declined by 4.5 per cent in 2015 which increased by 6.8 per cent in 2015 (11 months). The rebound of import, however, raises some concerns. The sudden surge in opening letters of credit for capital machineries indicates that there could be some sort of capital flight.

OUTLOOK FOR 2017: For the new year, WTO projected a growth rate of global trade between 1.8 and 3.1 per cent. The multilateral body is expecting that global trade will get some boost in 2017 as global demand will increase.

The demand from the country's exporters, especially from those of the garment sector to depreciate the value of local currency against the US dollar to boost export may intensify in 2017. But one has to keep in mind that export value is actually built-in with the fluctuation of exchange rates. Again, the country's exporters are actually price-takers, not price-setters. So, depreciation of Bangladeshi taka may yield benefits to exporters in the short-run. Last year, relatively flat US dollar value showed higher value of Bangladeshi taka.

As these things happened in an environment of lower global demand, the exporters of the country deserve some credit for their performance. The performance will hopefully continue this year if they put more thrust on market exploration and productivity.

Source: thefinancialexpress-bd.com - Jan 11, 2017

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NATIONAL NEWS

Made-ups units in textiles to get add'l 10% subsidy

Units in the made-ups segment of textiles, which includes products like bedsheets, blankets and curtains, will get additional 10 per cent capital investment subsidy of up to Rs 20 crore under the Amended Technology Upgradation Fund Scheme.

"Every eligible made-ups unit which has availed 15 per cent benefit under ATUFS will be paid an additional 10 per cent capital investment subsidy on their investment up to an additional maximum cap of Rs 20 crore," the Textiles Ministry said in a notification.

"Thus, the total cap on subsidy for such a unit is enhanced under ATUFS from Rs 30 crore to Rs 50 crore (Rs 30 crore for 15 per cent CIS and Rs 20 crore for additional 10 per cent CIS respectively)," it said.

The additional subsidy will be disbursed after a period of three years. The disbursement will be based on a verification mechanism linked to production volume, employment and turnover.

"Funds for meeting additional CIS for made-ups units will be provided for in the ATUFS budget in the respective years," said the notification.

The government last month approved reforms in the apparel made-ups sector, aimed at creating large scale direct and indirect employment of up to 11 lakh persons over the next three years and boosting exports.

The reforms, part of the Rs 6,006 crore apparel package announced earlier, include providing production incentive through enhanced Technology Upgradation Fund Scheme (TUFS) subsidy of additional 10 per cent for made-ups similar to that provided to garments based on the additional production and employment after a period of 3 years.

The made-ups segment of textiles include products like bedsheets, blankets, curtains, crochet laces, pillow covers, towels, zari, embroidery articles and other articles.

It is the second largest employment generator after apparels in the entire textiles value chain.

Source: business-standard.com- Jan 11, 2017

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Welspun to invest Rs 4,000 crore on textile projects in Gujarat

The group, which has presence in home textiles, line pipes and infrastructure, will invest Rs 2,000 crore in setting up an integrated textile manufacturing zone.

Diversified Welspun Group has said it would invest Rs 4,000 crore on three large textile projects in Gujarat.

Welspun India said in a BSE filing that three MoUs are being signed with the state government at the ongoing Vibrant Gujarat Summit 2017.

The group, which has presence in home textiles, line pipes and infrastructure, will invest Rs 2,000 crore in setting up an integrated textile manufacturing zone.

It will invest Rs 1,000 crore on capacity enhancement of its technical textile business, while a similar amount has been earmarked for its advanced textile arm that makes specialised materials for aerospace, defence and automobiles.

Welspun Group Chairman B K Goenka said: “Our continuous investment in the state is a testament to our long term commitment to Gujarat. It is our aim to make Gujarat the textile hub of the world.

“Welspun continues to invest into development of well- researched products and technology of the future and the current investment is in line with this philosophy.” Welspun has already invested Rs 10,000 crore in Gujarat so far and fresh investments take the total to Rs 14,000 crore.“These investments will further consolidate Welspun’s global leadership position and explore new avenues for its upcoming businesses in Technical as well as Advanced Textiles,” the company said.

Welspun is developing an integrated textile manufacturing zone, which will be a part of the government's Sagarmala project wherein Kutch is among the first identified key locations.

"The company aims to develop a large, modern and futuristic textile industrial complex that will manufacture and supply world class textile products for the global markets," the company said.

The Kutch facility, it added, will provide an ecosystem for entrepreneurs to set up manufacturing facilities and would generate direct employment of nearly 5,000 as well as indirect employment to nearly 15,000 people.

The group is also enhancing capacity of its technical textile business with the addition of new products and training and skill development.

"Under this vertical, the company has already made its mark with products for specialised use in healthcare, fire departments and other utilities," Welspun said, adding that it will give direct employment to nearly 1,500 people.

There are plans to generate direct employment to 2,000 persons and indirect employment of 5,000 through the expansion of its advanced textile arm, under which it focuses on manufacturing specialised materials for applications in aerospace, defence and automobile sectors.

Source: thehindu.com – Jan 12, 2017

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Arvind plans to shift its focus on garment business

India is the world's second-largest raw cotton producer and textile exporter, next to China. Owing to increasing labour costs, China is losing its competitive edge in textiles. This should help Indian textile companies such as Arvind. Government initiatives, such as 'Make in India' and enhanced Technology Upgradation Fund Scheme, will also benefit the sector.

Arvind, one of the leading integrated textile players in India with exposure to both textile and apparels segments, is also one of the largest denim manufacturers in the world.

Though the textile segment continues to be Arvind's strength, contributing Rs 465 crores to cash flows in 2015-16, the company now plans to focus on its garments business. To increase its margins, Arvind is looking to increase the share of fabric sold as garments from 6 per cent now to 20 per cent in the next few years.

The expected growth in the Indian retail space, due to rising incomes, urbanisation, attitudinal shifts, etc., will be the main trigger for this expansion. Since its garments segment holds several well-known foreign-licensed brands such as Arrow, Tommy Hilfiger, US Polo, Flying Machine, Calvin Klein, Nautica and Izod, Arvind should be able to benefit from the growth in the retail sector.

Rejig to boost brand growth

Arvind recently sold a 10 per cent stake in its fully-owned subsidiary, Arvind Fashions, for Rs 740 crores to Multiples, a private equity firm. This strategic investment will help Arvind Fashions improve its position in the domestic apparels market.

The transaction was done at overall enterprise valuation of Rs 8,000 crores for the company's branded apparels business, significantly higher than the previous estimates of around Rs 5,000 crores.

This higher valuation captures the increased growth opportunity in the garments business and will help in the counter's re-rating. The amount, to be used for paying-off debt, will provide Arvind with the required financial muscle for future investments and acquisitions and is another reason why the counter is ready for a rerating.

Arvind is already planning two garments units in Ethiopia and this should give additional annual revenue of around Rs 1,000 crores. There is also a possibility that Arvind Fashions may go for a separate listing, another re-rating trigger. Since 50 per cent of its revenues come from the domestic market, pressure is expected to mount in both December and March quarter numbers due to the demonetisation impact.

Source: fashionunited.in – Jan 11, 2017

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"Adopt eco-friendly dyeing technologies for clean and green environment"

Ms A Sharada Devi, Emeritus Scientist, College of Home Science, Agriculture University, Hyderabad, has called upon the textile industries to adopt eco-friendly dyeing technologies for clean and green environment.

Addressing the two-day national conference on 'Emerging strategies in green textiles and sustainable fashion' organised by the Alagappa Institute of Skill Development here on Tuesday, she said as the country was confronted with pollution issues, it has become imperative for textile industries to adopt strategies for using eco-dyeing technologies.

She expressed concern that the consequences of environmental pollution owing to artificial dyeing colours was on the rise. "Use of eco-friendly products such as natural dye and eco-fabrics would go a long way in addressing the pollution issues," she said.

Presiding over the conference, Prof S Subbiah, Vice Chancellor, Alagappa University, said gone were the days when the European countries dominated the textile sector. A century ago, European countries monopolised the textile sector but now, most of the Asian countries have become hubs of textile industries," he said.

About 50 per cent of global textile production has come from countries such as India, China, Bangladesh, Vietnam and Indonesia, he said adding the textile industry provided direct employment to more than 45 million people in India.

The conference should help the participants to adopt strategies for coming out with natural and organic clothing, which was free from herbicides and pesticides, he said.

T.R. Vijayakumar, General secretary, Tirupur exporters' association said Tirupur has emerged as the major knitwear export hub and about seven lakh workers contributed to the success of the sector.

By adopting modern technologies, the industries started using recycled water and saved enormous amount of water, he said. Prof P Sivakumar, Dean, Faculty of Education, Alagappa University and K. Mohana

Sundaram, Managing Director, Priya Knit Faabs, Tirupur offered felicitations.

Source: thehindu.com- Jan 11, 2017

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Commerce Ministry starts review of foreign trade policy: Nirmala Sitharaman

The commerce ministry has started the review of the foreign trade policy by consulting all stakeholders to see whether any support is required for certain sectors to further boost exports.

Commerce and Industry Minister Nirmala Sitharaman said the foreign trade policy (FTP) is in the process of a review.

"When it (FTP) was announced in 2015, we had said we will go in for a mid-term review so that if there is any tweaking that has to be done, it will be done," she said here at the Vibrant Gujarat summit.

She said that the exercise of consulting people and taking stakeholders into confidence is on. The ministry is doing this "to see as to where and which sectors need that kind of tweaking in the policy".

Since December 2014, exports fell for 18 months on the trot till May, due to weak global demand. Shipments witnessed growth only in June this year, thereafter again entered the negative zone in July and August.

The outbound shipments are growing from September. But the global situation is still uncertain.

In April 2015, the government unveiled its first five-year Foreign Trade Policy (FTP), aiming to double exports of goods and services to USD 900 billion by 2020.

In the FTP (2015-20), the government replaced multiple schemes with Merchandise Exports from India Scheme and Services Exports from India Scheme.

Sitharaman also said that the ministry had requested the states to appoint export commissioners and formulate a policy.

"The strategy behind that is that the states must have, in line with the FTP, but highlighting their own states' strengths," Sitharaman added.

When asked extending extra concessions to US-based iPhone maker Apple to set up manufacturing unit in India, the minister said: "we have not taken a final call" on this.

A team of the US-based iPhone maker Apple will meet a group of senior officials from ministries, including IT and finance, on January 25 to discuss its demands for setting up a manufacturing unit in the country.

The company had sought exemption on the ground that it makes state-of-the-art and cutting-edge technology products for which local sourcing is not possible.

Source: economictimes.com– Jan 11, 2017

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SIMA urges Irani to curb adulteration of cotton in Gujarat

Alleging adulteration of cotton by ginners in Gujarat, Southern India Mills' Association today sought Union Textile Minister Smriti Irani's intervention to curb the practice.

"Majority of the textile mills have reported that cotton purchased from Gujarat is adulterated causing grievous problems.

A section of ginners in Gujarat are mixing cotton waste (comber noil - waste extracted by spinning mills) in the virgin cotton with profit motive," the Southern India Mills' Association (SIMA) alleged.

SIMA Chairman M Senthilkumar in a statement said that the industry has been facing the problem of adulteration for the last few years and the magnitude has increased substantially from the last cotton season.

He stated that the issue was brought to the notice of the Minister of Agriculture, Government of Gujarat and the Gujarat Ginners Association in

December 2015. However, Senthilkumar claimed that there was no action taken by the Gujarat government.

"Since the adulteration problem has still been persisting, the Association today sent a representation to the Union Textile Minister Smriti Irani requesting her intervention and prevail on the Gujarat government to take necessary steps to curb the adulteration practice followed by certain section of the ginners in Gujarat," Senthilkumar said.

The textile mills in southern states, particularly in Tamil Nadu, mainly depend on cotton from western states like Gujarat and Maharashtra for cotton. Textile mills in Tamil Nadu mainly prefer Shankar 6 variety of cotton grown in Gujarat as it is suitable to produce hosiery yarn for garment sector. Tamil Nadu consumes 100 to 120 lakh bales of cotton annually while producing only around 5 lakh bales.

"As a result, textile mills have reduced the volume of purchase form Gujarat by 40 to 50 per cent are sourcing from Telangana besides importing from countries like West Africa and Australia," Senthilkumar said.

Normally, textile mills used to import five to six lakh bales of cotton to meet the customers' requirements, especially the Extra Long Staple (ELS) cotton. But in the last cotton season, due to adulteration problem, 23 lakh bales of cotton were imported incurring cost towards foreign exchange of Rs 3,600 crore for the additional 17 lakh bales, SIMA said.

Source: business-standard.com - Jan 12, 2017

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Stone for Textile Park to be laid likely by Feb 15

Deputy Chief Minister Kadiyam Srihari has directed the district administration to expedite the land acquisition for Textile Park proposed at Chintalapalli in the district. He said the land acquisition should be completed by January end so that foundation stone could be laid for the park by February 15. He lauded District Collector Prashanth Jeevan Patil for ensuring speedy acquisition of land to the extent of 1,000 acres so far.

Kadiyam along with Parkal MLA Ch Dharma Reddy, District Collector Jeevan Patil, Joint Collector M Haritha, RDO Ch Mahender, TSIIC Managing Director Narasimha Reddy and others has visited the park site on Wednesday.

Speaking to press persons, Kadiyam informed that it was planned to invest around Rs 11,586 crores in developing the Textile Park which could provide employment to about 13,000 persons. He proposed to set up a steering committee to speed up the works.

Earlier in the day, the Deputy CM along with Finance Minister E Rajender reviewed the progress of development and welfare works in Warangal Urban district. He directed the officials to chalk out a plan to make the district open defecation-free (ODF) by June 30.

He stressed the need of taking measures to strengthen government educational institutions by focusing on providing basic amenities at all government schools and colleges by June this year.

The Dy CM also wanted education department officials to achieve 100 per cent results in SSC examinations. He asked officials to clear all pending bills related to the midday meal agencies and maintain cleanliness in kitchens.

Eatala told the officials to forward the applications related to Kalyana Laxmi, Shaadi Mubarak and others schemes to concerned legislators at the earliest.

Source: thehansindia.com - Jan 11, 2017

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Global textile investors summit in Hyderabad

The Minister for IT and Industries, K T Rama Rao, announced on Wednesday that a global investors' summit will be organised in Hyderabad in March solely to promote the textile sector in the State.

He was speaking to the media after calling on the Union Minister of State for Textiles, Smriti Irani, in New Delhi when he sought her support to make the summit a success.

Irani not only assured the Minister of the Centre's support but said she would also participate in the summit and wanted it to be scheduled on a convenient date.

Rama Rao said that the key announcement pertaining to textile promotion and policy was expected at the summit. The summit will provide a global platform for interaction with investors being invited in large numbers from different countries as well as within the country.

Fashion show too

Irani came out with a proposal to organise a fashion show involving eminent designers from all over the country to showcase and promote handloom fabrics. She also shared her ideas for promotion of Deccani sheep wool and proposed certain programmes for the purpose. "I told the minister that the State would extend all support for the initiative," Rama Rao said.

He said the Union Minister, during her visit to the State, was expected to announce the Centre's support for the Warangal Textile Park, especially the Effluent Treatment Plant proposed by the State as part of the project.

He also urged the Union Minister to sanction a mega powerloom cluster at Sircilla town that had some 36,000 to 40,000 powerlooms.
The Union Minister assured him of sending it for clearance from the Ministry of Finance.

Irani also commended the efforts being made by the State government to promote handlooms by making it mandatory for government staff to wear handloom clothes at least once a week. Rama Rao said he had also switched over to handlooms in solidarity with the weavers.

Later in the day, Rama Rao called on Finance Secretary Ashok Lavasa and apprised him of the need for the powerloom cluster to be established in Sircilla.

He also called on Amitabh Kant, CEO of Niti Aayog, and shared the State's experiences in the innovation sector, Ease of Doing Business and Quality of Doing Business. Kant, who visited the T-Hub a few weeks ago, wanted it to be replicated all over the country.

Rama Rao also shared with Kant feedback from investors on different aspects, including the price control policy in medical devices sector during his recent visit to the USA.

Source: telanganatoday.news- Jan 12, 2017

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World Bank projects India's growth at 7.6% in 2017-18

India is expected to regain its momentum, with growth rising to 7.6 per cent in fiscal 2017-18 and strengthening to 7.8 per cent in 2019-20, the World Bank has said.

A benefit of 'demonetisation' in the medium-term may be liquidity expansion in the banking system, helping to lower lending rates and lift economic activity, says the latest report.

"the 'Make in India' campaign may support India's manufacturing sector, backed by domestic demand and further regulatory reforms. Moderate inflation and a civil service pay hike should support real incomes and consumption, assisted by bumper harvests after favourable monsoon rains," says the January 2017 report Global Economic Prospects: Weak Investment in Uncertain Times.

However, for 2016-17, the World Bank decelerated India's growth to a 'still robust' 7 per cent from its previous estimate of 7.6 per cent due to demonetisation.

"The immediate withdrawal of a large volume of currency in circulation and subsequent replacement with new notes announced by the government in November contributed to slowing growth in 2016," the report says.

Despite this, India continues to hold the distinction of being the fastest growing emerging market economies of the world, bypassing China.

India's growth in the first half of 2016-17 was underpinned by robust private and public consumption, which offset slowing fixed investment, subdued industrial activity and lethargic exports.

Consumption was supported by lower energy costs, public sector salary and pension increases, and favourable monsoon rains, which boosted urban and rural incomes, it said adding that economic activity also benefited from a pickup in foreign direct investment (FDI) and an increase in public infrastructure spending.

Source: fibre2fashion.com- Jan 11, 2017

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Missing the Asian tailwind?

India should review relations with neighbours, focus on the economy and join the One Belt, One Road to shape the 'Asian Century'

There has been a tectonic shift in the global geopolitical economy, to which powers such as the U.S., China and Russia have responded. However, India is yet to formulate a worldview even as Asia, after a gap of 260 years, is again set to become the centre of the world.

Till 1757, India was the richest country with its wealth based on textile export: India clothed the world. The choices we made enabled the British to secure the "Diwani" of Bengal. The loot oiled the Industrial Revolution (textile production), and brought about colonisation and impoverishment. In 1950, India was richer than China; now it is a fifth the size of the Chinese economy. China will soon surpass the U.S. as the largest economy, and a young and digital India can overtake China by 2050. How do we achieve our potential?

Recognising global trends

The "Look East Policy" enunciated in 1992 does not have much to show for it other than the sale of coastal patrol craft to Vietnam. In the west, India's investment of $500 million in the Chabahar port, mooted some years ago, is minuscule compared to China's investment of $46 billion in the China-Pakistan Economic Corridor (CPEC) ending in Gwadar, a port just 100 miles away. Despite investments in Afghanistan, political discussions there exclude us. In South Asia, only Bhutan can still be considered to be in our "sphere of influence".

India now finds itself increasingly isolated in continental Asia. Russia and the Central Asian countries are linking their infrastructure to China's One Belt, One Road (OBOR), launched in 2013, meeting their long quest for a warm-water port. Chinese investment is also attractive to Europe, Malaysia, Thailand, Myanmar. With two-thirds of global wealth soon going to be in Asia, can we achieve our potential without being deeply integrated into the Asian market?

NITI Aayog has yet to develop a strategy laying out how India can become a $10- trillion economy by 2032. Currently, there is no national perspective on the uncertainties, challenges and opportunities from global forces and technological innovation reshaping global politics, economy and society. Consequently, the stress remains on the military balance in dealing with other countries. Remaining Pakistan-centric and ignoring trade cannot constitute the foreign policy of an aspiring global power.

It's now about connectivity

The post-1950 world order designed by the U.S. rested on a "tripod" of rules with coercive power: global trade with dispute settlement, global security system resting on alliances, and deliberations in the United Nations based on a division between donors and recipients.

The re-emergence of China has limited the ability of the U.S. in setting the global agenda. U.S. President Barack Obama failed in writing trade rules for a re-emerging Asia through the Trans-Pacific Trade Partnership, deterring China from claiming the strategic South China Sea despite the military pivot, and preventing the establishment of the Asian Infrastructure Investment Bank by asking Europe to keep out.

U.S. President-elect Donald Trump election rhetoric notwithstanding, a trade war is unlikely as both economies restructure, with Chinese manufacturing — low labour cost — eroding, and factories, using high-efficiency robotics, shifting to the U.S., as Mr. Trump wants.

In the global economy, digital flows are now adding more wealth than goods and services. As the U.S., Russia and China have strengths in individual sectors, their relations may well get better.

China is fast replacing global rules with connectivity, the OBOR, through infrastructure, new institutions and integrated markets. The massive investment has been welcomed, with prospects for shared prosperity. India alone in continental Asia does not support the OBOR, which spans more than 65 countries, three-quarters of known energy resources, envisages an investment of $4 trillion and is estimated to cover two-thirds of the global population and GDP.

China, rival or partner?

Mr. Trump is also moving away from military alliances to ramping up military superiority based on technological leadership, characterising the UN as a talk shop, and could end up recognising China's primacy in Asia. Similarly, a deal with Russia recognising spheres of influence in Europe and West Asia would make NATO redundant, with implications for military alliances in Asia viewing China as an adversary.

Where do we fit in this realignment? The primary concern of the U.S., Russia and China in South Asia is the threat to themselves from terrorist safe havens in Pakistan, while India is no longer a "swing state" with the shift in international politics moving from containment to spheres of influence. For example, the U.S. Senate has both designated India a "major defence partner" to facilitate defence sales and provided Pakistan with nearly $1 billion in military assistance conditional on action against the Haqqani network operating in Afghanistan while being silent on the safe havens for terrorists operating in India.

Mr. Trump's policy shift considering a deal with China on trade as more important than security concerns has important lessons for us; focus on GDP rather than the NSG, Masood Azhar and the Cold War military logic of a two-front conventional war. These problems will be resolved after we become a $5 trillion economy and the leverage it will provide.

China's national goal is to double its 2010 GDP and per capita income by 2020 for which the OBOR is considered essential. China is keen that India join that initiative, providing the opportunity to reset relations. The Modi-Xi joint statement in May 2015 recognised the two countries as "two major poles in the global architecture".

We should become a partner in the OBOR adding a “Digital Sustainable Asia” component, an area where we have global leadership,shaping the infrastructure and markets around two nodes. We should also see Pakistan-sponsored terrorism as a symptom of the domination of the military with the OBOR leading to strengthening of democratic control.

There are encouraging signs that we have begun to think strategically by balancing cross-border terrorism with cross-border water flows and greater reliance on endogenous cybersecurity and missiles. Participation in the OBOR and treating the Line of Control as a “soft border” will be the bold vision needed to exorcise the ghosts of 1757.

Source: thehindu.com- Jan 12, 2017

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Banarasi sari sector fades, as traditional credit vanishes after note ban

The ‘batta’ system of rolling financing has shrunk as money cannot be withdrawn from banks, and bearer cheques pile up

For already distressed weavers and poorly-paid labourers in the famous Banarasi sari industry, demonetisation has come as a crippling blow.

Withdrawal limits of Rs. 50,000 on current accounts (around a tenth of the actual requirement in the trade) and falling business post-November 8 have constrained traders from paying weavers and producers for saris in cash. They are struggling to meet their own expenses.

The weavers and small producers, starved of cash, struggle to purchase raw material or pay labourers, many of whom have taken to other jobs like driving battery-powered rickshaws. Cost of raw material — yarn, colour, lotion, etc. — has soared. The entire production cycle has come to a standstill.

“What will my family eat if I use up the little cash I have managed to get to purchase raw materials,” asks weaver Akhlaq Ahmed, 48, who has three daughters. Mr. Ahmed has stopped production even as he struggles to recover dues. A friendly trader offered him some advance money.

But most are not so lucky. As they truggle to make ends meet, the prospects of weavers are further hit by the paralysis of the local “batta” system after demonetisation.

From production (weavers and small-time producers) to marketing (traders in Varanasi and wholesalers from metro cities), the trademark Banarasi sari industry primarily works on credit — a complex and age-old system of rolling credit relying on post-dated bearer cheques exchanged against cash. This ensures cash flow.

Business in the market is much above capital available always and traders pay weavers and producers by bearer cheques, which act as credit. The traders may themselves be awaiting payments for sales. The weaver uses the cheques, each less than Rs. 20,000, in one of three ways. With good financial standing, he may wait to encash it after it matures. Second, he may forward the bearer cheques, which usually have random names, to suppliers of raw material.

Third, if the weaver is short on capital, has to pay unbanked labourers and meet daily expenses, he cannot wait for the cheques to mature. He may set aside a part or take all cheques to the “batta” market, and get them exchanged for cash, for a commission.

The *batta* (discount) rate ranges from 0.5% to 3% a month but may rise during festivals or emergencies, when weavers are desperate.

After demonetisation, most of the few dozen battawallahs in Varanasi have shut shop as they are unable to withdraw money or encash the cheques.

They have stopped accepting new post-dated bearer cheques. This has halted the supply of cash downstream, affecting the weavers as well as the labourers.

Source: thehindu.com- Jan 12, 2017

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Mafatlal eyes sales of Rs. 1,000 cr. in uniforms

Mafatlal Industries Ltd. (MIL), the flagship company of Arvind Mafatlal Group, is targeting the market for readymade uniform garments to achieve Rs. 1,000 crore in sales by 2020-21, a top official said.

“We have drawn up plans to touch Rs. 1,000 crore in four years. Corporate uniform garments account for 70 per cent of sales and it will come down to 60 per cent as there is a spurt in school uniform garments volume.

We have two manufacturing units in Gujarat that have adequate capacities to meet the future needs. Over the last two financial years, we had invested close to Rs. 300 crore in capex in these units,” said M.B. Raghunath, President, Sales and Marketing, MIL.

“The market size for Indian uniform garments is pegged at Rs. 12,000 crore and it is growing by 10 per cent per annum. The uniform garment sector is also witnessing a 10–15 per cent year-on-year growth. While we see a replacement for uniform garments once in every two-three years, corporate/institutions take a longer time,” he said.

MIL is expected to close 2016-17 with a sales income of Rs. 625 crore against Rs. 545 crore registered in 2015-16.

To sell online

MIL will start selling uniform garments online from April 2017. “We will start offering it through our own portal. It will take a while as we have to load huge content for over 4,000 schools and colleges,” he said.

Source: thehindu.com- Jan 12, 2017

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