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IBTEX No. 42 of 2017 Feb 28, 2017

USD 66.75 | EUR 70.68 | GBP 83.02 | JPY 0.59

Cotton Market Update

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

Rs./Bale	Rs./Candy	USD Cent/lb
20389	42650	**81.46**

Domestic Futures Price (Ex. Gin), March

Rs./Bale	Rs./Candy	USD Cent/lb
21080	44094	**84.22**

International Futures Price

NY ICE USD Cents/lb (March 2017)	74.97
ZCE Cotton: Yuan/MT (May 2017)	16,275
ZCE Cotton: USD Cents/lb	**87.77**
Cotlook A Index – Physical	**85.15**

Cotton & currency guide:

Cotton price in India corrected on Monday's trading session from the recent high. The arrivals increased sharply to around 200,000 bales dragging prices lower. The spot price traded around Rs. 42,800 per candy.

The effect was clearly visible on the futures contract. The most active March future which made an intraday high of Rs. 21,300 per bale ended the session lower at Rs. 21080 per bale. We believe profit booking at the futures contract amid expectation of higher supply has pulled the cotton price lower.

However, from the global front initially the front month contract traded higher to mark an intraday high of 77+ cents per pound however later during the day the contract corrected to end the session lower at 76.12 cents per pound amid sharp profit booking.

On today's trading session we may see further correction in the price especially domestic cotton with the expectation of higher supply coming to market.

While we also expect there may be disconnect between ICE and domestic cotton price where in the latter may remain under stress.

From the price perspective we expect cotton spot price on today's trading session to trade in the range of Rs. 42,600 to Rs. 42800 outside the previous range with a lower trading band.

From the futures front the March contract may move in the range of Rs. 20850 to Rs. 21200 per bale and recommend selling from higher levels.

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

NEWS CLIPPINGS

INTERNATIONAL NEWS

COTTON USA displays quality cotton at Paris tradefairs

COTTON USA, which promotes US cotton fibre and manufactured cotton products around the globe, recently showcased quality cotton at the Texworld and Premiere Vision trade shows in Paris, offering sourcing support to major apparel industry players and providing information on responsibly-produced US cotton and global cotton market developments.

COTTON USA exhibited with Supima at Texworld and jointly exhibited with Cotton Incorporated at Première Vision.

The shows, representing the largest combined exhibition of the world's apparel manufacturers, provided a venue for COTTON USA to promote U.S. cotton and its global marketing and licensing program. Thirteen companies from China, India, Turkey, and Bangladesh expressed interest in becoming COTTON USA licensees.

Additionally, 20 COTTON USA-licensed mills from China, India, Hong Kong, Indonesia, Pakistan, Thailand, and Turkey displayed their products at Texworld.

International brands and retailers visited the booths, including Marks and Spencer, La Redoute, John Lewis, Gerry Weber, Artsana, and Wolford. Approximately 69,810 visitors from 124 countries attended both fairs, with a total of 2,885 exhibitors from more than 60 countries. Texworld reported an increase of visitors of 6.9 per cent and Premiere Vision of 2.3 per cent.

In addition to sourcing support and COTTON USA licensing, the booths also supplied information on the Cotton LEADS program and global developments in the cotton and apparel sectors. Various segments of the cotton textile supply chain met at the booths, and COTTON USA helped buyers and manufacturers looking for cotton garments and cotton yarn suppliers to identify new business contacts.

Source: fibre2fashion.com – Feb 27, 2017

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Mexico Threatens to Walk Out of NAFTA Talks Over Tariffs

Mexican Economy Minister Ildefonso Guajardo warned recently that his country will walk out of negotiations to renegotiate NAFTA if the U.S. presses forward with President Trump's threat to impose tariffs on imports from Mexico.

Talks are expected to get underway in the next few months and the three partner countries will likely attempt to conclude a revamped deal ahead of elections in the U.S. and Mexico in 2018.

The White House has floated the idea of a 20 percent tariff on goods imported from Mexico, but Guajardo made clear that Mexico would not accept such a proposal. "The moment that they say, 'We're going to put a 20 percent tariff on cars,' I get up from the table," he said in an interview with Bloomberg News.

Guajardo asserted that even though the U.S. is a major export market for Mexico the country's dozens of other existing and pending free trade agreements would render the elimination of NAFTA "manageable."

Trump has consistently criticized NAFTA, terming it "one of the worst deals ever made by any country" in a recent speech, and blamed it for the loss of millions of U.S. manufacturing jobs.

However, the Congressional Research Service has reported that the agreement's net overall effect on the U.S. economy appears to have been relatively modest and that it did not cause the huge job losses or the large economic gains that had been predicted.

Talks on overhauling NAFTA are expected to begin relatively soon after the Trump administration's trade negotiating team is in place. Trump has said that Commerce Secretary-designated Wilbur Ross will take the lead in the NAFTA negotiations, and the Senate was expected to confirm Ross Feb. 27.

Robert Lighthizer, the president's nominee for U.S. trade representative, has yet to be considered in the Senate. Treasury Secretary Steve Mnuchin was recently confirmed, while National Trade Council chief Peter Navarro and special representative for international negotiations Jason Greenblatt were directly appointed and did not require Senate approval.

Source: strtrade.com– Feb 28, 2017

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Making Nepal FDI friendly

Nepal's net foreign direct investment (FDI) inflows are the lowest in the region as well as among least developed countries (LDCs). The country received $52 million net FDI in 2015, 0.1% of the amount that South Asia received and 0.13% of what LDCs received.

Least-developed countries like Afghanistan, Ethiopia and Haiti mobilised FDI worth $169 million, $2.2 billion, and $109 million in 2015 respectively.

The early 1990s saw a dramatic rise in FDI inflows into Nepal, primarily in garments, carpets and food processing industries, stimulating job creation in the industrial sector, and expanding the manufacturing sub-sector to an all time high of 9.6% of GDP in 1996. But the conflict and instability reduced FDI inflows in the late 1990s.

Although FDI has rebounded since 2009, the bulk of it has come mostly in energy, tourism and services, and not in manufacturing. The industrial sector shrank to 15.4% of GDP and manufacturing to 6.3% of GDP in 2015. Slow job creation has resulted in expansion of the informal economy and overseas job migration.

For the past two decades, Nepal failed to be part of global production networks while Bangladesh, Sri Lanka, and Vietnam attracted FDI in textiles and clothing, and moved steadily up the value chain. These countries also experienced rapid income and productivity growth for a mass of their industrial labor force.

India and China, which currently dominate world manufacturing (accounting for 25% of global manufacturing) are upgrading to produce high-technology goods, including vehicles, machinery, machinery spare parts and smart phones by opening up these sectors to FDI.

Nepal must take stock of its own experience as well as draw upon that of its neighbors to mobilise greater FDI.

The first litmus test is instituting a FDI friendly regime is for all state agencies to coordinate effectively and welcome FDI as a general principle. A 'negative list' of industries and business in the government's proposed new FDI law might be valid from the viewpoint of protecting small producers but would prevent those sectors from reaping productivity gains.

The Foreign Investment Related Act 2017 (which will replace Foreign Investment and Technology Transfer Act 1992) needs to be supported by new legislations governing agriculture, the labour market and infrastructure. Various studies have reiterated the urgency of reforms in these three crucial areas as well as in addressing regulatory hassles.

The absence of contract farming legislation limits economies of scale in farm production. Nepal is currently import-dependent on both staple and cash crops, whose domestic production is short of filling domestic demand. Frequent labour disputes and politically-motivated disruptions have relegated Nepal's formal non-agricultural sector to a low productivity trap, shielded from competition and new investments.

An immediate outcome of opening restricted sectors to FDI and allowing labour flexibility can bring a marked improvement in Nepal's manufacturing and export performance. Preferences provided to Nepal's products (both agricultural and manufactured) by both developing and industrialised nations often fall sort of production and safety standards.

The country must deliver on large energy, transport and communication projects to lower transaction costs and boost return on investments.

Improvement in the ease of doing business, identified by Doing Business (DB), should also be one of the main priorities. Rwanda, an LDC like Nepal, was ranked 56 among 190 economies in DB 2017. It attracted $323 million in FDI – six times more than what Nepal, ranked at 107, received – in 2015.

Many conflict-torn and transition economies are making a complete turnaround from their poor economic performance by adopting FDI friendly policies. As a small landlocked LDC emerging from conflict and transition, Nepal must make up for two decades of lost growth and foregone opportunities.

The state should ensure a participatory development process, strengthen governance and incentivise economic agents. The private sector must show it is capable of mobilising resources to promote growth. Both must form a partnership in driving the country's industrial policy forward.

Source: nepalitimes.org– Feb 27, 2017

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Technology to help stop forced labour in Uzbek cotton production

Applied DNA Sciences, a provider of DNA-based supply chain, anti-counterfeiting and anti-theft technology, product genotyping and product authentication solutions, has identified lead genetic markers that are unique to certain cotton cultivars grown in Uzbekistan, where forced human labour is used to cultivate the cotton. To date, the biomarkers have been tested in raw and ginned cotton. The testing of yarn and finished textiles is forthcoming, the company reports.

Applied DNA is looking for partners to aid in halting forced labour in cotton fields, while facilitating a global collaboration in identifying and highlighting Uzbek cottons that are harvested by modern machinery specifically without forced labour.

The company offers a molecular tagging and authentication service to brands and retailers who want to exclude adulteration by forensically proving the origin of their cotton. The platform is based on a *SigNature T* molecular tag, applied at the point where locally grown cotton is ginned, and forensically authenticated at each stage of the supply chain to allow traceability for fibres to finished goods back to their origin.

De-risking supply chains

Applied DNA proposes that machine harvesting and modern ginning be introduced to the Uzbek cotton industry as soon as possible, perhaps funded by governments, NGOs and the global cotton industry. Molecular markers supplied by the company could ensure that every relevant fibre is recognizable as free of forced labour.

In collaboration with leaders within the cotton industry and cotton research, Uzbek cotton fibres could be introduced to the global market as a superior upland cotton, untainted by ethical compromise.

“Even if a retailer's brand were surreptitiously adulterated with Uzbek cotton, the damage to their equity would be irreparable. When combined with a programme of molecular tagging at the source, our products and services can de-risk supply chains for every cotton retailer, brand and manufacturer,” explained Dr James Hayward, President and CEO of Applied DNA.

Forced labour in Uzbekistan

According to the Cotton Campaign, every year the Uzbek government forces more than a million Uzbek citizens, including teachers, doctors and nurses, to work long hours picking cotton for state-run industries under threat of penalties, including loss of their jobs or education. The government of Uzbekistan operates the largest forced-labour system of cotton production in the world.

“DNA technology can help businesses and regulators enhance traceability and transparency in global supply chains. Applied DNA's advances in molecular tagging and cotton genotyping can provide technical guidance on cotton produced with forced labour from countries like Uzbekistan and Turkmenistan that can then be used by brands, retailers, supply chain intermediaries and law enforcement to ensure responsible sourcing,” said Kirill Boychenko, Coordinator of the Cotton Campaign at the International Labour Rights Forum.

More than 250 brands and retailers have signed, *The Cotton Pledge*, promising not to knowingly source cotton from Uzbekistan.

Transparency in supply chain

Uzbekistan is one of the largest exporters of cotton; sixth in the global economy. The countries that import the largest quantities of Uzbek cotton are also the countries that rank among the largest suppliers of finished textiles to the USA and UK, such as Bangladesh and China.

The US recognises Uzbek cotton as a product made with forced labour and has stopped goods made with Uzbek cotton at the border under a law prohibiting import of goods made with forced labour.

The California Transparency in Supply Chain Act requires businesses to report their efforts to combat forced labour in their supply chains. The Modern Slavery Act in the UK requires businesses that trade in at least £36 million in goods a year to report what steps, if any, they are taking to address forced labour in their supply chains. Until today, however, there has been no mechanism to discriminate fibres of Uzbek origin.

Andrew Wallis, OBE, the catalyst behind the Modern Slavery Act, and Founder and CEO of Unseen, a UK charity that works towards a world without forced labour stated: "The innovative use of technology by Applied DNA Sciences to tackling some of the world's most complex problems - transparency in supply chains and modern forced-labour abuses - is to be applauded."

Source: innovationintextiles.com – Feb 27, 2017

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UAE: Over 100 exhibitors expected to participate in IATF

Over a 100 exhibitors are expected to showcase their products at the 6th International Apparel and Textile Fair (IATF) that will take place from April 8-10, 2017 at the Dubai World Trade Centre. The event provides exhibitors a platform to showcase their collections to new and established retailers, wholesalers and manufacturers and build brand identity.

The event will open opportunity for buyers, distributors and designers to view a large range of fabric from the most prestigious textile mills all over the world – all under one roof.

Organised by Nihalani Events Management, the 6th IATF is supported by the Istanbul Ready-Made Garment Exporters' Association (IHKIB), an organisation that aims to enhance the apparel exports of Turkey by having its members participate in trade related activities. In line with this, various exhibitors from Turkey will showcase their products at IATF.

Turkish exhibitors will showcase diverse products including intimate apparels, thermal wear, nightwear, swimwear, sportswear, lingerie, corsets, undergarments and loungewear. A majority of the Turkish exhibitors specialise in homewear and lingerie, thus it is expected to have a huge selection of these during the event.

Some Turkish exhibitors to look forward to during the event are Mendo, Anil, Nurteks, Bondy, Iberya, Shirly, Sevim and many more. The exhibitors will cater to men, women and children's apparel and textile needs, said the organiser in a press release.

Exhibitors from the Asian region including China, India, Korea, Japan, and Pakistan will also participate in the event. A number of exhibitors are coming from the Middle East, Europe, Africa and the US.

Print studio collections, machineries, home textiles and accessories and trims will also be showcased at the IATF.

Source: fibre2fashion.com– Feb 28, 2017

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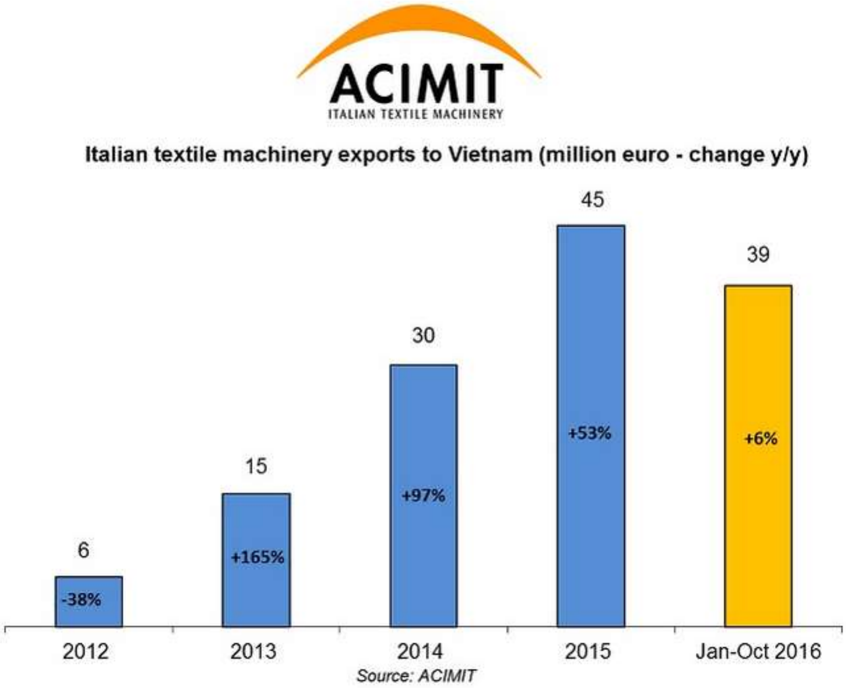
Italian textile machinery on display in Vietnam

An essential production hub for the garments manufacturing sector thanks to its low labour costs, Vietnam is currently a major industry supplier for both the European and US markets.

An important contingent of Italian machinery and technology exhibitors will be presenting at the upcoming edition of Saigontex, a leading textile machinery trade fair, which opens on 12 April in Ho Chi Minh City.

Among these, 12 will set up their stands in a common exhibition space organised by the Italian Trade Agency, together with ACIMIT, the Association of Italian Textile Machinery Manufacturers.

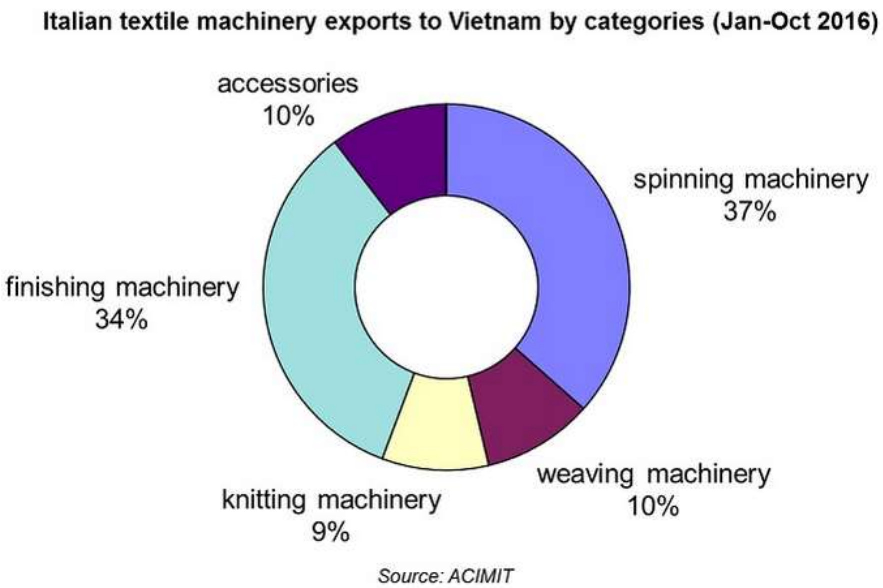
Italian machinery on display



ACIMIT represents an industrial sector comprising around 300 manufacturers, employing close to 12,000 people and producing machinery for an overall value of about EUR 2.6 billion, with exports amounting to more than 86% of total sales.

The 12 companies, all ACIMIT associated members, are: Brongo, Carù, Cibitex, Ferraro, JK Group, Lgl, Marzoli, Mcs, Mei, Ptmt, Roj and Texma.

Vietnam's market



In light of the growing importance of Vietnam's textile and garments industry worldwide, the need for upgrading and technologically modernising production facilities has become a priority for local authorities.

Vietnam now figures as a stable, primary market for global textile machinery manufacturers.

For Italy's textile machinery industry, Vietnam currently ranks among the top ten export markets. Over the first 10 months of 2016, exports to Vietnam amounted to EUR 39 million; a 6% increase compared to the same period for 2015, ACIMIT reports.

The knitting machinery constituted 9% of the total Italian textile machinery exports to Vietnam, whilst spinning machinery, with 37%, was most exported in the first 10 months of 2016.

Source: knittingindustry.com– Feb 27, 2017

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'Brands & buyers should help Bangladeshi factory owners'

Brands and buyers should come forward to help factory owners in Bangladesh to overhaul their units, said Prime Minister of Bangladesh, Sheikh Hasina.

The government will also offer its support in this regard. She also said that apparel manufacturers should diversify their products to remain competitive in the global market and explore new markets.

Short-, medium- and long-term plans should be adopted for bolstering demands for apparel and garments made in Bangladesh, said the Prime Minister at the inauguration ceremony of the Dhaka Apparel Summit held on February 25.

She said that the country needs to add value to its products as its export list is heavily dependent up on RMG.

The country's exports are also limited to a few countries in West Europe and North America. Hasina said that such a situation in exports is not healthy.

The government will also extend its support to increase export earnings, she added. The RMG sector can help turn Bangladesh into a middle-income country.

Bangladesh products are exported duty free to the European markets, but the country pays about $850 million in taxes when exporting products worth $3 billion to the US. She said that as a least developed country, Bangladesh can get duty free benefits from the US.

Hasina also spoke about the safe working environment of the factories in Bangladesh and said that only 39 out of 3,869 units were closed due to poor conditions after inspections were conducted in each of them.

The Prime Minister said the government will provide all the cooperation to reach the target of earning $50 billion in export by 2021.

The second Dhaka Apparel Summit 2017 was held with much enthusiasm and spontaneous participation of speakers and audience from home and abroad. International experts and local speakers took part in three sessions on separate topics.

Source: fibre2fashion.com– Feb 27, 2017

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Bangladesh : Call to build self-monitoring capacity for RMG sector

Bangladesh's apparel industry has to move on with the progress made so far in terms of safety standards to build self-monitoring capacity in course of time.

Besides, it has to concentrate on higher productivity and social dialogue to resolve workers-owners dispute.

Discussants comprised of researchers, trade analysts, economists, trade unionist and sector people came up with the recommendations at a launching ceremony of a research paper titled "Pains and gains of the ready-made garments sector: Post 2013" in Dhaka recently.

Bangladesh University in collaboration with the State University of San Francisco brought out the paper on which The Daily Star and Bangladesh University jointly held the discussion.

"The human capital and technology already exist in Bangladesh, and suppliers' job is to tap into that local knowledge," said the researchers.

Bangladesh has to ensure higher productivity, increase of wages for workers and more profit for the manufacturers for the sustainability of apparel sector, said Debapriya Bhattacharya, distinguished fellow of the Centre for Policy Dialogue.

Debapriya called for an effective social dialogue for resolving some outstanding issues in the garment sector and saving entrepreneurs.

He suggested sharing the remediation cost of factories by the retailers, suppliers and other stakeholders to reduce the burden only on manufacturers.

"We want to brand ourselves as the most compliant supplier of products. Investment in social dialogue is very crucial at this moment as manufacturers are spending millions of dollars for remediation and relocation of their factories," said Rubana Huq, managing director of Mohammadi Group.

The recent labour unrest at Ashulia indicates that Bangladesh needs more engagement of stakeholders, she added.

According to Fahmida Khatun, executive director of CPD, said the garment manufacturers should also increase the wages of the workers.

"We are spending a lot on factory remediation and relocation to make the factory compliant, but buyers are not paying higher prices for clothing products made in Bangladesh, but they pay higher in China, India, Vietnam and Pakistan," said Mahmud Hasan Khan, vice-president of BGMEA.
This is not a level playing field, he added.

Source: dhakatribune.com– Feb 27, 2017

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For More Chinese Firms, It Pays to Make It in the U.S.A.

A hefty U.S. import tax on goods produced in China could accelerate a trend already well under way: Chinese companies setting up factories and expanding in the U.S.

Manufacturers in China face a host of pressures. Wages have risen substantially, while land and electricity prices are up. This challenges China's decadeslong orthodoxy of producing mass-market goods at extremely low cost.

At the same time, Chinese companies that have saturated their home market are looking elsewhere for growth. "Many Chinese firms have become so dominant in their domestic market that they are now forced to look beyond the Chinese borders," said John Ling, Georgia's managing director for investment in China and president of the Council of American States in China. Mr. Ling helps attract and facilitate expansion by Chinese companies in the state.

President Donald Trump has called for a rejuvenation of U.S. manufacturing, in an effort to boost employment. He campaigned on a promise to tax Chinese imports at roughly 45%, and House Republicans are proposing a border-adjusted system that would effectively tax all imports.

Since his inauguration, the president has talked of taxing imports from Mexico. A White House spokeswoman said the administration had no comment on taxing Chinese imports.

Some firms are already well-placed should there be a rise in tariffs for Chinese goods. Keer America Corp., a subsidiary of Keer Group Co., a textile producer from Zhejiang province in China, plans to invest $68.5 million in the first phase of a $218 million, five-year project to double the capacity of its yarn-spinning facility in Indian Land, S.C., said chairman Zhu Shanqing.

The facility has been in operation since mid-2015. Keer now employs 208 full-time, mostly line workers in the U.S. and plans to hire another 300.

Source: morningstar.com– Feb 27, 2017

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NATIONAL NEWS

Govt encourages industry to create value chains with CLMV countries to get export benefits from US, EU

The government has encouraged Indian manufacturers to create value chains with four South Asian countries to leverage the benefits doled out by the US and EU to the exporters of less developed countries.

Cambodia, Laos, Myanmar and Vietnam or CLMV countries get benefits under Generalised System of Preferences (GSP) for developing countries under which imports are allowed at zero or less duty.

"If Indian manufacturers setup businesses in Myanmar, they will get GSP benefits to export in the EU and US," commerce and industry minister Nirmala Sitharaman said at the Fourth India-CLMV Business Conclave organised by the Department of Commerce and Confederation of Indian Industry here

This is especially important for the textile sector. Many LDCS import cotton yarn from India and use it as an input for textile products which they later export to the US and EU.

By setting some part of textile manufacturing outside India, domestic manufacturers will be able to get the export benefits and also create a value chain since they would import the yarn from India.

Moreover, developed countries have been threatening India to end preferential tariffs because of its rising share in world exports.

The minister added that the move would be fast tracked with the the CII opening offices in Myanmar and Vietnam.

The CLMV region grew an average rate of 7.1% in 2015 compared with the ASEAN's average of 4.8%.

The CLMV are a part of ASEAN bloc with which India already has a free trade agreement and negotiating a broader Regional Comprehensive Economic Partnership agreement that spans across 16 countries.

In the last ten years, India's total trade with the CLMV countries has grown more than sevenfold from $1.4 billion in 2005 to $10.3 billion in 2015.

Source: economictimes.com- Feb 27, 2017

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Create value chains with nations getting US, EU sops: Government to companies

The government is encouraging Indian manufacturers to create value chains with four South Asian countries to benefit from the sops offered by the United States and the European Union to the exporters of less developed countries.

Cambodia, Laos, Myanmar and Vietnam or the CLMV grouping gets benefits under the Generalised System of Preferences (GSP) for developing countries, under which imports are allowed at less or zero duty.

“If Indian manufacturers set up businesses in Myanmar, they will get GSP benefits to export in the EU and US,” commerce and industry minister Nirmala Sitharaman said at the Fourth India-CLMV Business Conclave organised by the Department of Commerce and Confederation of Indian Industry in Jaipur.

This is particularly important for the textile sector.

Many less developed countries import cotton yarn from India and use it as an input for textile products which they later export to the US and EU. By setting up some part of textile manufacturing outside India, domestic manufacturers will be able to get the export benefits and also create a value chain since they will import the yarn from India.

Moreover, developed countries have been threatening India to end preferential tariffs because of its rising share in world exports. This will provide Indian manufacturers some cushion. India’s total trade with the CLMV countries grew more than sevenfold from $1.4 billion in 2005 to $10.3 billion in 2015.

India's exports to the bloc grew from $0.8 billion in 2005 to $6.4 billion in 2015. India has a trade surplus with Vietnam and Cambodia, and a deficit with Myanmar and Laos.

An official said that with the US-led Trans Pacific Partnership agreement not working out, it might be easier for India to develop these value chains even though the threat of GSP going away remains. Vietnam is part of the TPP.

The minister said that the move will be fast-tracked with the CII opening offices in Myanmar and Vietnam.

India has been pumping investment in the CLMV countries to tap into their high growth markets, low wage labour and reserves of natural resources, and has already created a Rs 500 crore Project Development Fund to boost investments in the region. In April-December 2016, India invested $33.5 million in the four countries.

The CLMV region saw 7.1% growth on average in 2015 compared with the Association of Southeast Asian Nations' average of 4.8%. The four countries are part of the ASEAN bloc with which India already has a free trade agreement and is negotiating a broader Regional Comprehensive Economic Partnership agreement that covers 16 countries.

Source: economictimes.com- Feb 28, 2017

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India pips China in retail exports

Indian manufacturers registered a double-digit growth and have superseded China in exports of locally made retail and lifestyle products, signalling the improving competitiveness of the domestic manufacturing sector.

According to DAMCO, one of India's leading providers of freight forwarding and supply chain management services firm, India registered a strong 10 per cent compounded annual growth rate (CAGR) between 2013-2016 in exports of retail and lifestyle products while China registered a mere 5 per cent growth during the same period.

Traditionally, the textile sector is known to be the largest contributor to India's exports, but DAMCO's data shows that home bedding & bath, followed by home décor & furnishing actually lead India's retail and lifestyle exports, with textiles coming in third place.

Together, these three categories dominate the total volume of exports from India at 53 per cent consolidating India's position as a global hub for these products.

The DAMCO India sourcing report also noted that the footwear and stationary categories are growing in popularity globally registering 43 per cent and 63 per cent CAGRs respectively.

Interestingly, demand for emerging categories like children's toys, hand tools, camping material and building stones and tiles from India are also on the rise. "India based manufacturers are benefiting significantly from access to quality raw materials that are competitively priced.

Their improving agility combined with the efforts of the government is making India an increasingly attractive destination for global brands, especially in the retail and lifestyle category," said Vishal Sharma, CEO – India, Bangladesh, Sri Lanka, DAMCO.

Source: deccanchronicle.com- Feb 28, 2017

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Invista plans to divest apparel & advanced textiles business

Invista - an integrated producers of chemical intermediates, polymers and fibres - is exploring strategic alternatives for its apparel & advanced textiles business, a global producer and marketer of premium fibres and fabrics. These alternatives include potentially selling, or retaining and further investing in the business within Invista, a wholly owned subsidiary of Koch Industries.

Comprised of a line-up of global consumer brands - including Lycra and Coolmax fibre - the business delivers comfort and fashion in premium garments and maintains a presence in every major region of the world.

"A key element of our Market-Based Management business philosophy is to continuously assess the external value of our assets against our internal value to make sure that the asset is owned by the company that values it most highly," said Jeff Gentry, chairman and CEO, Invista.

Gentry added, "The apparel business is a strategic part of our portfolio - we are extremely pleased with the results of the business and remain confident in its continued and future success.

We are simply considering all available options. In the event that no other company values the business more than we do, we will gladly hold the business and continue to invest for the future."

Invista offers advantaged technologies for nylon, spandex and polyester that are used to produce clothing, carpet, air bags and countless other everyday products.

Source: business-standard.com– Feb 27, 2017

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Titan forays into premium sarees, women's ethnic wear

Tata group firm Titan Co Ltd today said it has forayed into premium sarees and women's ethnic wear category under the brand name "Taneira".

The company has opened its first Taneira store at here that has a collection of handwoven sarees and ethnic wears from across the country with products ranging up to Rs 2.5 lakh.

Taneira is in its pilot phase and the company will decide on its further growth plans in a year's time, Titan Company Limited Senior Vice President (Strategy and Business Incubation) Ajoy H Chawla said.

"We are right now in pilot to explore, experiment and learn to figure out how we can make a difference to the consumer and this category, and how to also build a profitable business model around," he told PTI.

Responding to a question on how much Titan is planning to invest to grow this category, he said, "we have not put a number yet; we have simply said we will explore a few stores, a few pilot stores.

This is first of our pilot store, we will learn from it."

"We will give ourselves twelve to fifteen months before decide what to do. Not in a hurry to expand, roll out and set up a large number..." he added.

Titan currently has its presence in watches and accessories, jewellery, eyewear and fragrances categories.

Taneira has tied up with about 200 supply sources to source the products from different parts of the country.

"We are working closely with weaving communities, weaving societies, weavers, intermediaries, master weavers and designers... we are tied up with close to 200 supply sources across twenty different clusters in the country," Chawla said.

According to the company officials, Taneira which is focused on the women's ethnic wear category, has no plans about the men's section as of now.

Stating that Titan has gone into categories that have been largely "unorganised, undeserved and fragmented," Chawla in response to a question about the reason for choosing women's ethnic wear category said, "we have succeeded in these kind of industries, where we have been able to address the consumer needs and deliver a superlative experience both on the product,service and the retail front."

He said "it is pretty much a large category which is growing. It celebrates craft as we have celebrated craft in jewellery. Like most of our products this is also all about life style and special occasions, and it serves women consumers and celebrate Indianness like most of our products do. This is another category which fits perfectly into what we do," he added.

Source: economictimes.com- Feb 27, 2017

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Companies seek higher price for BT cotton seed in coming Kharif season

Citing rising costs of production, the seed industry across the country has demanded a hike of R50 per pack on BT cotton seeds in the coming Kharif season. At present, BT cotton seeds are sold for R751 per pack of 450 gm.

The demand has been put forth by industry body National Seed Association of India (NSAI) ahead of the Centre's annual review meeting, which is slated to be held on March 6, seeking views of seed companies, NSAI, the representatives of government and non-government organisations and farmers' bodies.

In the representation made to the joint secretary, (seeds), department of agriculture, NSAI has submitted a case for fixing the Minimum Support Price of cotton seeds for FY 2017-18.

"The National Seed Association of India has been supporting the steps taken by the department of agriculture to regulate the cotton seed prices… including the components of the seed cost, trait value (inclusive of taxes) and trade discounts," the association has said.

"However, after the price order dated 08.03.2016, we have represented that the seed component of R751 considered for BG-II seeds and the MSP without any trait value for BT cotton seeds with single gene at R635, was inadequate to meet the costs," it said.

According to the association, due to inflation and also enhancement of minimum wages by the Centre, as well as increase of the MSP of cotton and other agri commodities, the seed production costs have enhanced substantially in the last one year.

The production costs for BT cotton seeds containing single gene or two gene technology are the same except the testing charges, certain R&D costs and trait value, Kalyani Goswami, executive director of NSAI, said in the representation.

The association pointed out that the efficacy of the two gene Bollgard II trait has dwindled due to Pink Bollworm developing resistance and therefore the trait value may be reduced appropriately.

Source: financialexpress.com- Feb 28, 2017

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Exporters make a pitch for Australian cotton

Australian cotton growers and exporters asked Indian traders and industry owners to buy the Austrialian cotton, during a seminar organised by Australian Cotton Shippers' Association here today.

Members of the association said the Australian cotton consumption was the highest in India last year — around 22 per cent of it was consumed in India. Stuart Gordon, research scientist from Advanced Fibres and Industrial Chemistry Group, Australia, said that the Australian cotton had high fibre strength, and was dyeable and spinnable, making it better than cotton from other parts of the world.

He said the uniformity and consistency of the Australian cotton was more because most of it was grown by large growers, using one or two seed varieties, which leads to consistent and uniform quality.

The consumption of Australian cotton has increased in India due to various factors. Speaking about the international market scenario for cotton, Eimear McDonagh said China, the biggest producer and consumer of cotton in the world, had reduced imports of cotton due to a change in the government policy there, so the exports of the Australian cotton to other countries such as India and Bangladash had increased.

Less cotton crop harvest in India last year was one of the major reasons for the consumption of the Australian cotton.

Hamish McIntyre said though cotton from Africa and US had relatively been consumed more in India in terms of imports, but Indian consumers were now well-versed with the good quality of the Australian cotton, they were expecting the demand to remain high this year also.

He said the demand for the Australian cotton had been more in the southern and north India, as compared to the rest of the country. He said they were expecting high demand in Punjab.

One of the senior officials from a city-based textile company said the quality of Australian cotton was good last year, so they would use the Australian cotton this year as well.

'Demonetisation may lead to more cotton imports'

Mahesh C Thakker, an official from Perfect Cotton Company, Mumbai, said demonetisation was going to be a major factor leading to increase in imports of cotton in India this year. He said farmers in India had not been selling cotton after demonetisation.

They had been demanding cash, which was still in shortage in the market, and millers and manufacturers were not getting adequate cotton. So they would depend on imported cotton.

Source: tribuneindia.com- Feb 28, 2017

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We were having one of the best years of Raymond before demonetisation hit us: Sudhandhu Pokhriyal, Raymond

As of FY2016 Raymond's Textile Business revenue stood at Rs 2,665 crore out of which it's apparel revenue stood at Rs 1,194 crore. The apparel business includes brands such as Park Avenue, Prax fashion casuals, ColorPlus contemporary casuals and Raymond Ready to Wear. The apparel sales for the last quarter grew 6% to Rs. 329 crores Y-O-Y (Q3 FY17) on the back of sustained investments on all four brands.

Apart from demonetisation Pokhriyal further spoke to the Zeebiz team on GST, Textile Minister Smriti Irani and how US President Donald Trump's decision to end the Trans-Pacific Partnership (TPP) is beneficial to them.

For how long do you expect the impact of demonetisation to continue for your business?

Firstly where has been an impact and there is no debate about that. The impact has been varied across channels and across categories. There are certain channels that are heavily cash operated like your wholesale channels, multibrand outlets, etc. And there are other channels which are far more higher in terms of card sales. Wherever there is a cash component there is a higher impact. Even in the EBO you directly go to the end consumer, you don't really have a middleman there. But in a wholesale channels you have dealers, so you have a much bigger cash crunch there.

There are three impacts, one is that cash itself was not there, and supply becomes better if that situation will change. But the second impact was because everybody's wealth was eroded, property prices went down, gold fluctuated big time, people used all sorts of mechanisms to convert their money and they ended up losing money. Because of the erosion of wealth there is a clear reduction in demand. Third is because of the sheer uncertainty, people say lets watch for some time.

Now what you see has changed is the first part as cash now is freely available. The other two impacts still remain because the demand and wealth erosion is still there. Because of the uncertainty in people's mind though the cash crunch is gone people don't react immediately to the assurances. In my view you may see it for the whole of the next year.

For sure till the next two quarters and then by the second half the year things may be better. This is also because of the base effect. The sales may have taken a hit in the previous year and you may have grown on that. If I don't look at it that way and look at it to where the growth was previously, the impact will be very much there.

Raymond was hoping for an improvement in sales during the mid-January wedding season period, did you seen any growth?
We were having one of the best years of Raymond before demonetisation hit us. All our marketing plans and strategies were coming through in the market beautifully be it out advertising, product offerings, the kind of initiatives we are doing. However, because of this there was a setback. But the market sentiment was really good. Because it was one of those years were as per the Hindu calendar had the maximum amount of weddings. The wedding season was extremely good. In my opinion the wedding season would have been even higher. There is a period between December 15 to January 15 where there are no weddings as per the Hindu calendar. Subsequent to January 15 you see a burst in sales as wedding season continues until

June this year, which is a blessing in a way. But after June to November there is a lull, because there is a Shraddh in between and the festive season during which the weddings are not there. What is the textile industry looking from GST?

First of all GST is a fantastic initiative which the government is implementing. Somewhere it will impact every industry where there is an unorganized sector and we also have an unorganized sector. The entire textile industry is over Rs 3 lakh crore and organised players are not even 25-30%. There are a lot of unorganised players be it in the apparel industry or fabric business.

So this will force all the unorganized players to come into the tax net and it will be a far more level playing field. Structurally that is a positive. Additionally we are all waiting for the tax rates to be announced. We don't know which tax slabs we will fall in right now. And as per the government's own plan they want it to be revenue neutral. They don't want to gain revenue because of moving into GST. So I hope they do that because there is no VAT or sales taxes on fabrics. If they charge some tax on the fabrics then it could have an inflationary impact on it. There is already a tax on the apparel side of the business.

What has been the changes that Textile Minister Smriti Irani has implemented since her arrival?

What we have realised is that she is an extremely open person. She has given a ear to the industry bodies whenever they have gone and met her. For example, there are multiple bodies who try to meet the Ministry to tell them about their problems in the industry as she can influence those changes. For GST there were recommendations that for such a big industry having zero sales tax should be taxed.

However, it is not that it is zero tax because you pay for taxes in various other ways in terms of excise duty, etc. Many recommendations have been made from the industry and the Minister has been positive towards listening to us. There were some issues with the Weights and Measures Act for which there were some requirements that were to be mentioned on the label, which actually had no meaning in a business like ours. But because the laws were like that you had to mention it.

The Minister was very understanding to the problem and so the measures have been taken to remove it from the act. Because at times it can become a source for authorities to misuse it against you. There were also a lot of products that come from China which had duty evasion but the Minister has seen that there is a stoppage on that.

How the export market been a great growth driver for Raymond?
We export to more than 55 countries and our largest exports in the US, Japan and Europe. And we have a direct presence in South Asia, in the Middle East, Bangladesh, Nepal and other South Asian markets as well. Overall globally the market is not very buoyant. For instance, there are huge issues in Dubai and the Middle East and Europe when through Brexit and US went through a major change. In spite of all that our business has grown decently.

We also believe the latest changes which has happened for TPP (Trans-Pacific Partnership), which Trump has implemented after that is going to benefit us. Our suit manufacturing plant in Ethiopia, which is going to come by the middle of this year, is going to created and will be solely be supplying to the US. The cancellation of the TPP which Trump has done which will actually be beneficial to an organisation like ours because it is no longer restrictive to the trans-pacific area.
How is Raymond's tackling the competition from e-commerce companies?

There are various ways of looking at it. In my view e-commerce is another channel. For example, if you have a wholesale channel, TRS channel, MBO channel and now you have an e-commerce channel. If you look at 20 years ago when organised players came in modern trade such as Big Bazaar, D-Mart, etc. came in, everyone was worried that they will take over and the neighbourhood grocery store will shut down.

But even 20 years later the total organised players do not contribute more than 8-10% of the total FMCG sales. E-commerce is another channel and it is helping a lot of people and players in reaching products directly to consumers who do not have access. It is a great tool for manufacturers like us rather than to see them as competition.

For example we are doing more than Rs 50 crore in sales this year from e-commerce. And we don't go the discounting route, we have been selling full price merchandise and it is working very well for us. In fact, the way I see the e-commerce companies are working is on acquiring consumers and they are all making more losses than their revenues.

They will have to compete with brick and mortar players, and they will not be able to spend the money they were able to spend right now. Even when modern trade came in they started giving heavy discounts and many moved from traditional stores, but then they were all in losses for a number of years. Consolidation happened and many disappeared and now they are finally coming back.

What are your marketing plans for this year?
The brand Raymond is the largest and most important for us. We as a company will continue to spend on it and so there will be some ads on that. A large part of our business is woolen fabrics or worcester fabrics. The Raymond brand is a complete solutions brand for a man. If you see the complete man has changed right now. He has become more contemporary. The look and manifestation has changed dramatically from what it used to be 10 years from what it used to be.

And there are also specific objectives like on woolen fabrics. When advertised for the woolen fabrics we wanted people to know we are the largest worcerster manufactures in the country and that is why we created the colours of wool campaign. Now what we are looking at is promoting specific brands.

As people are looking for functional benefits we started Technosmart and now we are moving into Stretch. Globally there is a move into stretch fabrics as a functional benefit.

That is one of our focus areas so you will see some action there. We have also been doing trouser exchange, so will some action there. These are the kind of campaigns for which we are looking at working on.

Due to demonetisation will you be reducing you marketing budget the following year?
We spend 5% of our Lifestyle business revenues on advertising and promotion. Post-demonetisation we were one of the most visible brands on

TV. We did not cut our ad spends. We truly believe you have to be on TV and advertising throughout the year. In fact these are the times when you should be more on air, as the clutter is less. We have been on air, we have stuck to our advertising plans and we truly believe that it will be our brand which will take us through.

Source: zeebiz.com- Feb 28, 2017

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KT Rama Rao meets South Indian Mill association delegates to explore investment opportunities

Telangana Urban Development and IT Minister KT Rama Rao met delegation of South Indian Mill association from Tamil Nadu on Saturday in Telangana's Siricilla.

South Indian Mills association team from Tirupur and Coimbatore met minister KT Rama Rao and visited industry in Textile Park and town.

The team who paid a visit explored investment opportunities and rendered technological upgradation support to the textiles units.

The SIMA team had a meeting with entrepreneurs in the Siricilla textile park.

Source: cottonyarnmarket.net- Feb 27, 2017

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Khadi spinners' wages hiked by 75%

In a bid to make Khadi spinning a remunerative employment, the Khadi & Village Industries Commission (KVIC) on Monday revised the wages for the spinners upward to Rs 7 per hank (coiled form of Khadi yarn) - about 75 per cent hike over Rs 4 paid before November 2016.

At its 642nd meet, the KVIC management resolved to ensure minimum Rs 200 per day of wages for the Khadi spinners. "At our historic meeting at Sabarmati Ashram, we decided to increase the existing wages for spinners to Rs 7 per hank, and our effort is to provide the daily wage of Rs 200 to the millions of Khadi artisans to make it a remunerative employment alternate." Vinai Kumar Saxena, Chairman, KVIC told *BusinessLine*.

He noted that the wages for spinners remained significantly low at Rs 4 per hank till November 2016. "First, we revised it from Rs 4 per hank to Rs 5.50 per hank in November 2016.

With the inflation hovering at around 5 per cent and the drought conditions persisting in several parts of rural India, the low wages in effect have reduced the opportunities of self reliance to Khadi artisans. So, now we have enhanced it to Rs 7 per hank with effect from April 1, 2017," said Saxena adding that it will also be enforced and implemented in an effective manner.

The Khadi institutions, which fail to comply with the revised wage rates, will face strict action from the Commission such as withholding of Market Development Assistance (MDA) to such institutions.

In line with the Centre's mission to reduce cash transactions, KVIC has started paying the wages to its beneficiaries through direct benefit transfer (DBT) to their bank accounts.

At its meeting in Ahmedabad, KVIC also decided to incentivise the revival of closed/dead Khadi Institutions, which had resulted into loss of production as well as loss of employment to rural communities from Khadi activities.

The commission looks to increase its annual production turnover from the current Rs 1065 crore to Rs 5000 crore in two years. KVIC looks to achieve the target partly by reviving the closed Khadi institutions.

"To achieve the objective, KVIC formulated a programme called Khadi FOCUS, which is now under consideration at the Ministry. One of the ways of increasing production in the country is by reviving Khadi institutions by inculcating a competitive spirit among the State Directorates of Khadi and incentivising their good efforts," the chairman stated.

There are about 700 dead Khadi institutions across the country, while 2323 are in the working condition.

Further, Saxena mentioned that KVIC will also provide a selling platform to products made in the prisons as an encouragement to prison inmates to develop life supporting skills while serving their terms in prison.

"It is observed that these prison-made products attained high quality, as witnessed in the jails of Gurugaon and Tihar, where rehabilitation efforts are in progress. As an extension of these ongoing efforts, such prison made products will be provided a sale platform in KVIC's Khadi outlets," the KVIC management decided.

Source: thehindubusinessline.com- Feb 27, 2017

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Govt mulls joining global customs pact on smoother trans-shipments

India's merchandise imports and exports may soon face minimum interference by foreign customs authorities during trans-shipments as the government mulls signing an international agreement in this regard.

The Commerce Ministry is in the process of preparing a cabinet note which proposes that India become a signatory to the Convention on International Transport of Goods Under Cover of TIR Carnets (TIR Convention).

The Convention will allow India to join an international customs transit system that allows containerised goods to reach their destinations smoothly without the need to be inspected every time it crosses an intermediate border. It also provides customs authorities with the required security and guarantees.

Currently covering 69 nations and the European Union, the convention is expected to significantly bring down the cost and time involved in international merchandise movements across land, sea and inland waterways, a senior Commerce Ministry official said.

Among others, this will significantly benefit India's trade routes to the major markets of central Asia and Russia which crosses multiple land and sea borders, he added. The time taken is expected to be shortened in this route between 3 to 5 days while logistics costs will go down.

Most trade with the region still takes pace through the traditional route across the Mediterranean sea to St Petersburg but exporters are slowly starting to send goods through the Iranian port of Bandar Abbas where it is unloaded and heads north through Iran, Azerbaijan and other countries to Russia and Afghanistan, Anil Khaitan, Vice President, PHD Chamber of Commerce said.

Countries in the region, part of the Commonwealth of Independent States (CIS) are considered to be underserved markets as well as represent potential suppliers of oil, natural gas, metals & minerals to India. India's total trade with the region stood at more than $ 7.06 billion in April-November 2016-17 as compared to $ 9.46 billion in 2015-16.

The trade balance was heavily tipped against India with imports standing at $ 3.55 billion and $ 4.67 billion more than exports in April – November 2016-17 and the 2015-16 respectively.

For India, pharmaceuticals, sophisticated machinery, coffee,tea and spices constitute important exports to the region.

"The government's move may pleasantly surprise the industry as a lack of awareness existed regarding the Convention." Jasvat B Shah, Chairman of the Freight Forwarders Association of India said.

Traders were more preoccupied with the difficult transit process in the domestic scenario itself, he added.

However, the government is also planning, as part of its Ease of Doing Business initiative, to enact a multi-transhipment law in the domestic sector as well.

Still in the works, it will allow reloading of cargo on the same vessel, switch from larger to a smaller vessel and moving the vessel through foreign territory. The plan, part of the ease of doing business initiative, seeks to cut cost and time for exporters, while importers will have legal backing.

The Customs department, under the finance ministry, is working closely with the shipping ministry, to give shape to the initiative.

Today, even if the cargo is offloaded at Nhava Sheva port in Mumbai, the shipment has to be transported to the Kolkata or Cochin port through railways or by road — comparatively a more time-consuming process, involving higher costs.

However, according to the plan, the vessel, after offloading the goods meant for Nhava Sheva, will be allowed to go up to Cochin or Kolkata in the same vessel or by reloading goods into a smaller vessel.

Key points:

* The TIR Convention allows containerized goods from signatory nations to reach their destinations smoothly without the need to be inspected every time it crosses an intermediate border or docks at port in transit.

* It covers movements across sea, land and waterways and it is expected to boost trade with far destinations like Russia, Central Asia and Afghanistan whereby goods have to cross multiple borders.

* Experts point out India's trade with Russia and Central Asia operating significantly below potential.

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

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