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IBTEX No. 156 of 2017 July 29, 2017

USD 64.16 | EUR 75.40 | GBP 84.25 | JPY 0.58

Cotton Market (27-07-2017)

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

Rs./Bale	Rs./Candy	USD Cent/lb
19792	41400	**82.08**

Domestic Futures Price (Ex. Gin), July

Rs./Bale	Rs./Candy	USD Cent/lb
20640	43174	**85.59**

International Futures Price

NY ICE USD Cents/lb (Dec 2017)	68.97
ZCE Cotton: Yuan/MT (Sept 2017)	15,625
ZCE Cotton: USD Cents/lb	**84.03**
Cotlook A Index – Physical	**83.7**

Cotton & currency guide: Cotton futures at ICE traded marginally lower on Wednesday to settle the December future at 68.40 cents/lb. This week so far cotton has been quite at the International market however, in the domestic market the scenario is bit dicey.

The spot cotton in India continued to trade steady while lot of volatility and instability in the domestic cotton futures.

The near month July future advanced in last two days ahead of expiry as short covering with steady spot market while stocks to be delivered for the said contract is around 30+K bales.

In the meanwhile, October future has also moved up with heavy trading volume and managed to close the session on a positive note.

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The October ended the session at Rs. 18340 up by Rs. 80 from the previous close while had made an intraday high of Rs. 18740 per bale.

Currency Guide:

Indian rupee appreciated by 0.3% to trade near 64.15 levels against the US dollar. The US dollar has weakened against major currencies post FOMC decision.

The US central bank kept interest rate unchanged but expressed concerns about inflation causing uncertainty about future move. Rupee has also benefitted from gains in global equity market.

Rupee may trade in a range of 63.95-64.3 and firmness may continue.

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

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INTERNATIONAL NEWS

Pakistan: Cotton yarn worth $1.243bn exported in last FY

Cotton yarn worth US$ 1.243 billion exported during last financial year ending on June 30, 2017 as compared the corresponding period of last year.

During the period from July-June, 2016-17, about 455,345 metric tons of cotton yarn worth US$ 1.243 billion exported as compared the exports of 423,624 metric tons valuing US$ 1.264 billion of same period last year.

According the data of Pakistan Bureau of Statistics, cotton yarn exports from the country during the period under review decreased by 1.69 percent as against the exports of last year.

During previous financial year country earned US$ 12.565 million by exporting the yarn other then cotton as against the earning of US$ 32.751 million of same period last year. About 8,769 metric tons of yarn other then cotton exported in 12 months of previous year as compared the exports of 12,565 metric tons.

Meanwhile, country earned US$ 42.825 million by exporting 24,976 metric tons of raw cotton as against the 49,315 metric tons valuing US$ 76.631 million of same period last year.

In financial year 2016-17, exports of cotton carded or combed grew by 62.7 percent as cotton combed worth US$ 235,000 exported as compared the exports of US$ 145,000 of same period last year.

It may be recalled here that during last financial year textile group exports recorded 0.4 percent growth as compared the same period of last year.

Textile goods worth US$ 12.452 billion were exported in 12 months of financial year 2016-17 as compared the exports of 12.447 billion of same period last year.

Source: brecorder.com- July 28, 2017

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Sourcing at Magic chooses Vietnam as their focus country

Sourcing at Magic show is your link to the entire global supply chain, which will take place this August at Las Vegas. This incredible source of inspiration, education, innovation and resources is what keeps fashion moving has chosen Vietnam as their focus country because of the country's rapid growth in export manufacturing, organisers report.

Over 40 of Vietnam's manufacturers and resources will be at the forefront of the show.

The show attendees will have the opportunity to see textiles, fibres, and garments from these Vietnamese factories, and talk with their representatives.

According to a forecast by PricewaterhouseCoopers in February 2017, Vietnam may be the fastest-growing of the world's economies, with a potential annual GDP growth rate of about 5.2%. This is partially due to the boom in jobs linked to growth in export manufacturing of textiles and garment products to over 180 countries and territories.

The industry has already begun to make significant investments in its textile manufacturing facilities. For example, Vietnam was the second biggest investor in shuttleless looms among member countries of the Association of South East Asian Nations (Asean) during 2006-15. Moreover, it was the biggest investor among these countries in ring spindles and open-end rotors.

There has also been a marked expansion in the knitting sector. The country now has a growing number of domestic knitwear and knitted goods producers, represented by state-subsidised enterprises, big factories, as well as small, family-owned companies.

Since Vietnam launched its economic renewal campaign to lift the country out of poverty in 1986 and normalised trade relations in the US in 2000, Vietnam has been able to export to a wider range of markets, rapidly expand exports in the manufacturing sector, and become an investment destination because of its large and capable workforce, whilst labour and operating costs remain low, compared to China.

In addition, Sourcing at Magic will host a Vietnam-focused seminar providing more information and exposure to the country's capabilities and advancements. There will also be a VIP Cocktail Reception on 14 August, co-sponsored by Apparel Magazine and open to all attendees.

The event will feature a seminar called The Go-To Sourcing Destination: Vietnam Continues to Lure US Firms, which will take place on 14 August, moderated by Julie Hughes, President, The US Fashion Industry Association.

Speakers at the seminar includes Ron Klein, Director Retail & Consumer Management, PWC, Chris Walker, Apparel Production Advisor/Author, Vietnam Garment Insider, Steve DiBlasi, VP Global Sourcing, Lanier Clothes, Avedis Seferian, President & CEO, World Responsible Accredited Production.

According to organizers, shifting global sourcing strategies affect fashion sourcing executives of all levels as they attempt to find the appropriate mix of regions, countries and product requirements.

Vietnam has become a leading force in the US supply chain and the expert panel will explore the ins and outs of their experiences working in this world-class production hub.

Sourcing at Magic is must-see destination which attracts designers, brands and retailers alike to discover what they need to move their business forward.

Source: yarnsandfibers.com- July 28, 2017

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China a preferred destination for Bangladesh RMG makers

Bangladesh's garment export to China increased 14.77 per cent year-on-year to $391.59 million in fiscal 2016-17 riding on duty-free trade privileges. Exporters are taking it as a sign of new opportunities waiting to be tapped.

China has transformed into a major export destination for Bangladesh because of its huge population with a growing section of middle-income households. China also has advantage of a shorter lead-time and better prices from retailers and brands, which makes it a preferred manufacturing paradise.

Exporters' delight

China itself is strong in jackets and lingerie, and Bangladesh's export of such products is not too high. Growing Chinese middle class are the main customers of Bangladeshi apparels. For Asif Zahir, Director, Ananta Group, a leading exporter, garment exports has been maintaining 10 per cent growth every year to China.

China is a new destination for them. Zahir exported garments, mainly denim and trousers, worth $15 million last year. Retailers like H&M, GAP and Zara are his main buyers from Chinese markets. Additionally, China has its own retailers and brands which buy a lot of garments from Bangladesh. Export of trousers, denim, non-denim and T-shirts, is high from Bangladesh to China.

A recently study by Switzerland-based International Textile Manufacturers Federation (ITMF) said by the end of 2020, China would produce $750 billion worth of garments up from the current $300 billion, half for export and the remaining for domestic use.

Currently, about 80 per cent of China's garment products are produced for local consumption. So Bangladesh should focus on this Asian economic giant for its future export growth. The remaining export-focused 20 per cent make up about 40 per cent of global apparel trade, worth nearly $200 billion. China has 1.35 billion people, for which many Chinese manufacturers do not bother with exports, the study said.

Chinese manufacturers produce high-end garment products which middle class consumers can hardly afford. As a result, demand for Bangladeshi garment items is high.

Since Chinese manufacturers have already shifted their focus to high-end products, Chinese government started exploring an alternative market for middle class consumers. As a measure, the Chinese government in April 2011 allowed duty-free access to 4,721 products, of which majority are garments. Since then, garment export to China from Bangladesh is on the rise.

Bangladesh advantage

Anwar-ul-Alam Chowdhury Parvez, former president of Bangladesh Garment Manufacturers and Exporters Association (BGMEA), points out the Chinese market would grow automatically as they have already shifted from producing basic items. Local garment exporters enjoy a three per cent cash incentive on export to China under a new market stimulus package introduced in 2009 to minimise fallouts of global financial recession.

China's state-owned companies and private sector entrepreneurs have also shown keen interest in Bangladesh for Chinese government's flagship Belt and Road Initiative, which includes Bangladesh. In 2016-17, overall export increased 17.49 per cent to $949.41 million from $808.14 million in the 2015-16, revals Bangladesh Export Promotion Bureau figures. Soon China would become the second Asian market after Japan for Bangladeshi exports to cross the $1 billion mark.

Source: fashionatingworld.com - July 28, 2017

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US-NAFTA Trade Heads Higher

There may be stress associated with the future of NAFTA in North American capitals, but in the commercial arena trade appears to be proceeding apace, and growing nicely.

US-NAFTA freight totaled $98.2 billion in May 2017, as all five major transportation modes carried more freight by value with North American Free Trade Agreement (NAFTA) partners Canada and Mexico in May 2017 compared to May 2016, according to the TransBorder Freight Data released yesterday by the US Department of Transportation's Bureau of Transportation Statistics.

The 9.4 percent rise from May 2016 is the seventh consecutive month in which the year-over-year value in current dollars of US-NAFTA freight increased from the same month of the previous year.

Freight by Mode

The value of commodities moving by pipeline increased 60.3 percent, vessel by 28.4 percent, air by 8.7 percent, rail by 7.0 percent, and truck by 5.0 percent. In contrast with recent months, there was only a modest year-over-year increase in the price of mineral fuels (3.8 percent). In May, the increase in the value of freight by pipeline and vessel more closely reflected a greater volume of mineral fuels moved rather than an increase in the price of those commodities.

Trucks carried 63.4 percent of US-NAFTA freight and continued to be the most heavily utilized mode for moving goods to and from both US-NAFTA partners. Trucks accounted for $32.2 billion of the $53.5 billion of imports (60.2 percent) and $30.1 billion of the $44.7 billion of exports (67.3 percent).

Rail remained the second largest mode by value, moving 15.5 percent of all US-NAFTA freight, followed by vessel, 6.4 percent; pipeline, 5.7 percent; and air, 3.7 percent.

The surface transportation modes of truck, rail and pipeline carried 84.7 percent of the total value of US-NAFTA freight flows.

US-Canada Freight

From May 2016 to May 2017, the value of US-Canada freight flows increased by 11.4 percent to $51.2 billion as the value of freight on all five major modes increased from a year earlier. The value of freight carried on pipeline increased by 66.0 percent, vessel by 26.0 percent, rail by 9.8 percent, air by 9.7 percent, and truck by 5.4 percent. The percent change in commodities moved by pipeline and vessel reflects an increase in the volume of mineral fuels moved year-over-year and only a modest (3.8 percent) increase in the price of those commodities.

Trucks carried 57.8 percent of the value of the freight to and from Canada. Rail carried 16.4 percent followed by pipeline, 10.5 percent; air, 4.5 percent; and vessel, 3.8 percent. The surface transportation modes of truck, rail and pipeline carried 84.7 percent of the value of total US-Canada freight flows.

US-Mexico Freight

From May 2016 to May 2017, the value of US-Mexico freight flows increased by 7.2 percent to $47.0 billion as the value of freight on four major modes increased from a year earlier.

The value of commodities moved by vessel increased by 29.5 percent, air by 7.0 percent, truck by 4.8 percent, and rail by 3.8 percent. The percent change in commodities moved by vessel reflects an increase in the volume of mineral fuels moved year-over-year. The value of commodities moved by pipeline decreased by 4.1 percent due to a decrease in volume of mineral fuels moved.

Trucks carried 69.6 percent of the value of freight to and from Mexico. Rail carried 14.5 percent followed by vessel, 9.2 percent; air, 2.8 percent; and pipeline, 0.6 percent. The surface transportation modes of truck, rail and pipeline carried 84.7 percent of the value of total US-Mexico freight flows.

Commodities

In May 2017, the top commodity category transported between the US and Canada was vehicles and parts, of which $5.5 billion, or 55.8 percent, moved by truck and $4.1 billion, or 41.2 percent, moved by rail.

The top commodity category transported between the US and Mexico in May 2017 was also vehicles and parts, of which $4.1 billion or 46.6 percent moved by truck and $3.7 billion or 42.3 percent moved by rail.

Source: globaltrademag.com- July 27, 2017

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US: Walmart Outlines Plan to Boost American Production

The Made in America conversation is in full swing across retail tiers. And Walmart has just added its voice with a report that outlines how to get U.S. manufacturing back on track.

On Wednesday the low-price chain detailed practical ways in which the government (federal, state and local), the manufacturing sector and the retail industry can work together to get more products made here.

It's not the first time the retailer has addressed American production. In 2013, the company committed to sourcing an additional $250 billion in goods that support American jobs over 10 years. The goal is to support the communities where Walmart stores are based and create a positive ripple effect for overall employment and the economy.

"According to data from our suppliers, items that are made, assembled, sourced, or grown in the U.S. account for about two-thirds of what we spend to buy products at Walmart U.S.," the retailer said.

And while that may be true, Walmart has recently started allowing foreign companies to sell on its marketplace. The move is an effort by the mass merchant to compete with other marketplaces like Amazon in terms of the breadth of product offered.

Walmart vice president of partner services Michael Trembley told CNBC the Chinese, British and Canadian sellers make up less than 5% of its sellers. Further, the company requires these sellers to use U.S. warehouses and return centers, he said. Vendor reaction has been swift and largely negative.

Though it has had to reach beyond the U.S. to populate its marketplace, Walmart continues to work with companies that produce here, which has taught the company a lot about the challenges facing U.S. businesses. Through this report, it is using that awareness to try to facilitate change.

"Our ongoing domestic sourcing efforts and results to date, and our scale and market share in consumer goods, provide us with a unique perspective not only on how various business challenges can be overcome, but also as a convener and facilitator for broader systemic changes that must occur," the company said in the report.

The Policy Roadmap combines insights from Boston Consulting Group as well as Walmart's own sourcing data, merchandising information and supplier knowledge. BCG says the U.S. has the capability of slashing consumer goods imports nearly in half—$300 billion of the $650 billion—by ramping up the manufacturing sector. It estimates that this would translate into 1.5 million direct manufacturing jobs and 4.5 million indirect jobs.

To realize these results, Walmart said, four areas must be addressed: workforce, coordination and financing, regulation and tax and trade.

Workforce

Here, Walmart calls upon all levels of government and the manufacturing industry to fund curriculum development that addresses the current skills gap; facilitates cooperation between the industry and educational facilities; and funds academic efforts and apprenticeships. Additionally, the retail industry is asked to coordinate with these groups in an effort to put a more positive, appealing face on the manufacturing sector, making it a job path people aspire to and can be proud of.

Coordination & financing

In this area, Walmart is looking to the Federal government to support state and local efforts to identify and nurture targeted industries by ensuring taxes and incentives are in alignment with these efforts, streamlining the foreign direct investment process and providing better foreign market access for U.S. goods.

Meanwhile, manufacturers are expected to work more closely together to close gaps in the supply chain here and—along with retailers—support R&D projects.

Tax & trade

Walmart's suggestions here include switching to a territorial tax, lowering corporate tax rates, reviewing tax credits to ensure they're having the desired effect on U.S. manufacturing and creating credits for training and capital investment. On trade, Walmart is seeking trade agreements that boost market access for U.S. goods and expand tariff relief for inputs required to make goods in America.

Source: sourcingjournalonline.com- July 28, 2017

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With TPP's demise, Vietnam looks to Europe for free trade

When Vietnamese prime minister Nguyen Xuan Phuc traveled earlier this month to Germany to attend the G-20 Summit, the communist leader had a clear ulterior motive for his presence in the heart of Europe.

Vietnam and the European Union are tentatively set to agree to and ratify a wide-ranging free trade pact, known as the EU-Vietnam Free Trade Agreement, or EVFTA, by early 2018. The agreement was first envisaged in 2012 and once enacted is expected to accelerate trade between Vietnam and individual EU states.

Recent developments mean that timeframe could be delayed, due namely to a ruling that means each EU member state must individually agree to the deal. Phuc's visit was to Germany was thus largely a lobbying effort to expedite the deal's enactment.

An article published by Vietnam's state-run media lists 14 different world leaders who Phuc met while in Hamburg for the summit. The list included European Council president Donald Tusk and European Commission president Jean Claude Juncker.

Vietnamese state media claimed the European leaders said they would try to speed up the EU's review of the free-trade agreement, although neither of the two men has spoken publicly about their chat with Phuc.

It is reasonable to assume EVFTA's ratification was also atop of the agenda when Phuc sat down with German Chancellor Angela Merkel, during which it was announced that the Vietnam-Germany Business Forum had overseen the signing of US$1.7 billion worth of new trade deals.

After the G-20 Summit, Phuc traveled to the Netherlands to meet his Dutch counterpart, Mark Rutte. There Phuc announced that Vietnam will lift restrictions on foreign investors in several areas, ranging from telecoms to banking.

Prevailing limits on how much foreigners can invest in Vietnamese companies would also be raised, particularly in state-owned enterprises that privatize, Phuc said. Phuc's choice of the two European countries was no accident. Germany is Vietnam's largest European trading partner; the Netherlands is its second.

It is estimated that Germany receives more than 20% of all Vietnamese exports to Europe, with bilateral trade worth almost US$9 billion last year. The Netherlands, meanwhile, is the largest European investor in Vietnam with US$7.7 billion in total committed capital. Trade between the two nations was worth US$6.7 billion in 2016.

For Vietnam, EVFTA is the next best thing to the Trans-Pacific Partnership (TPP), a monumental free-trade agreement between 12 Pacific Rim nations, including Vietnam, that US President Donald Trump withdrew from on his first day in office, effectively killing the deal. Vietnam was set to be one of the pact's biggest beneficiaries.

After America, Europe is Vietnam's largest export market, which readily purchases Vietnamese-made electrical equipment, footwear and garments. In 2006, trade between the EU and Vietnam was worth a paltry US$10 billion. A decade later, it has grown to US$48 billion.

Once EVFTA is signed and ratified, those trade flows are expected to accelerate, though quantified estimates have not yet been published by either side.

As Phuc wooed European leaders, his government was stepping up efforts to get Vietnamese businesses ready for the EVFTA's enactment – whenever that might be.

Dang Hoang Hai, head of the European Market Department which operates in Vietnam's ministry of industry and trade, warned this month that Europe's stricter rules on quality and safety mean that many Vietnamese firms may not be able to trade with the EU.

Uniformity of goods will have to be maintained, analysts say, as will stability in supply chains. Agricultural firms, for example, will have to adapt to the EU's strict "rules on origins" requirements. Electrical manufacturers, meanwhile, will have to deal with the stringent copyright laws that the EVFTA enforces.

Once the EVFTA comes into effect, shoddy goods and malpractice could see Vietnamese firms investigated, or worse. Hanoi clearly wants to avoid such future embarrassments, as they've endured with the US over poor food quality and anti-dumping charges.

Vietnamese businesses are generally optimistic about EVFTA and its market-opening opportunities. Diep Thanh Kiet, vice chairman of the Vietnam Leather, Footwear, and Handbags Association, told local media in March that EVFTA's zero percent tariff on exports to Europe could contribute to a doubling of his industry's output by 2025.

That, he said, could allow Vietnam to overtake China as the world's largest producer of footwear. (Vietnam is currently the second biggest globally).
With the demise of TPP and a desire to hedge reliance on China, Vietnam sees EVFTA as crucial for four main reasons, analysts say.

First and perhaps foremost, Hanoi is desperate for new foreign investment, especially for major infrastructure projects and energy production. In Europe, Phuc repeatedly spoke about the Paris climate accord, a major anti-climate change initiative signed last year, and asked European partners to help in Vietnam's push for renewable energy.

Second, Vietnam believes European investors can use the country as a springboard for expanding into the rest of the region.

Speaking in the Netherlands, Phuc said that EVFTA will allow the EU and the Association of Southeast Asian Nations (Asean) to "forge a deep and comprehensive economic connection."

The EU does not currently have a free trade agreement with any Southeast Asian country. While the EU-Singapore Free Trade Agreement (ESFTA) was agreed in 2014, analysts believe it will be ratified later than EVFTA. For the EU, EVFTA is a first step towards a possible free trade agreement with Asean.

Third, unlike TPP, the EVFTA does not come with any requirements for more political liberalism. Under the TPP, the Vietnamese government would have had to allow independent trade unions to operate, an opening that no doubt made the authoritarian regime nervous. Without such requirements, though EVFTA does advise certain reforms, Vietnam's government will not be strong-armed into liberalizing its political environment for the sake of more trade.

There are reports, however, that human rights advocacy groups are starting to seize on the issue and are starting to pressure European legislators to amend the agreement to enforce stricter rules on human rights.

Fourth, some analysts believe that reformist elements in the ruling Communist Party supported TPP because it would have compelled faster economic liberalization. This, some believe, EVFTA will also do, mainly through stipulations on transparency and fairness in government contracts.

EVFTA mandates that EU companies must able to bid for public procurement tenders under the "same conditions" as Vietnamese companies. Some hope this will force the government to curb rampant corruption in state contracts, as well as speed the privatization of Vietnam's many cash-hemorrhaging state-owned enterprises.

Source: atimes.com - July 27, 2017

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NATIONAL NEWS

Govt seeks inputs on Foreign Trade Policy review

Commerce Minister Nirmala Sitharaman on Friday sought inputs from the academia on three topics — the Foreign Trade Policy (FTP) review, the proposed revamp of manufacturing and industrial policies, as well as on India's proposal at the World Trade Organisation (WTO) on services sector liberalisation.

Delivering the convocation address at the Indian Institute of Foreign Trade (IIFT), Ms. Sitharaman said she would like inputs from the students and faculty as soon as possible on the FTP 2015-20, so that a comprehensively reviewed FTP can be released by September.

In the backdrop of the Centre working on a new manufacturing and industrial policy to increase the contribution of the manufacturing sector in the country's GDP to 25% by 2020 from the current level of around 16%, the minister said as the (global) Industrial Revolution 4.0 is happening, the country needs more research on this emerging area showing how Artificial Intelligence (AI), robotics and Internet of Things (IoT) will impact India's manufacturing and services.

It is learnt that India's new manufacturing and industrial policies will bring manufacturing and services closer to ensure an increase in the contribution of services to manufacturing. Since India is already a part of many 'global value chains', the two new policies will aim to make India a global manufacturing hub in items including textile, pharmaceuticals and electronics. The government is working on these new policies to align the current manufacturing policy (of 2011) and the industrial policy (of 2009) with the Fourth Industrial Revolution that includes AI, robotics and IoT.

Referring to India's proposal at the WTO on a Trade Facilitation in Services (TFS) Agreement for easing norms including on movement of foreign professionals and skilled workers across borders for short-term work, Ms. Sitharaman said during a recent visit to the WTO headquarters, she was informed that the TFS proposal was gaining traction. She said, therefore, the Centre for WTO Studies at the IIFT and others from the academia should contribute on what more can India do in the area of global services trade.

Speaking on the occasion, commerce secretary Rita Teaotia said "India needs to generate good quality manpower in large numbers at all stages of the knowledge pyramid if it has to become globally competitive in the manufacturing sector." She said many policy-level challenges have retarded growth in the manufacturing sector in India.

These include, among others, difficult business environment, infrastructural constraints including peak power deficit, labour market limitations including a surfeit of labour legislation(s) and trade unionism as well as the difficulty in availing commercial bank credit particularly for small firms.

Earlier, Ms. Sitharaman said soon, a new campus of IIFT will be opened in Kakinada (Andhra Pradesh).

Source: thehindubusinessline.com- July 28, 2017

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Haryana has formulated a new textiles policy: Min

The Haryana government has formulated a new textiles policy based on the requirements and suggestions of the industry, state Industries and Commerce Minister Vipul Goel said today.

The policy will soon be implemented in the state, Goel said while addressing industrialists at the 'Samadhan Divas Samaroh' here.

Goel said that keeping in view importance of this industrial, business and historical city, the state government is making all out efforts to promote the textiles industry of Panipat.

"Many times the fate of the country has been decided in this holy region and many battles have been fought here for justice.

Thus the state government will also ensure full justice with the industrialists, businessmen and workers of Panipat. The government has no intention of forcibly imposing its own industry policy," he added.

The government wants to give the industries the benefit of the new industry policy in a transparent manner, which will end 'inspector raj' in the state, he said.

A single window system has been implemented for the convenience of businessmen. Under this, NOC to industries will be given in just 45 days.

The government has also started 'Invest Haryana Portal' for the convenience of businesses. A total of 771 new industrialists have submitted their applications on this portal. This will attract investments of Rs 48,416 crore and employment opportunities for 1.84 lakh youth, he said.

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

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RCEP pact: 700 officials from 16 nations to meet in Hyderabad

About 700 officials from 16 countries including India, China and Australia would gather in Hyderabad next month to negotiate the proposed mega trade deal - RCEP.

This would be the 19th round of negotiations for Regional Comprehensive Economic Partnership (RCEP) agreement. The last meeting was held in the Philippines in May.

The five-day negotiations will start from July 24 and it will be inaugurated by Commerce and Industry Minister Nirmala Sitharaman, an official said. RCEP aims at liberalising norms for trade in goods and services and boost investment among 16-member countries.

This will be the key round of talks as the member countries have yet to finalise the maximum number of goods on which duties will be eliminated. As the talks for RCEP requires a big convention centre, the meeting is being organised at the Hyderabad International Convention Centre, which can hold a 6,000-delegates.

Source: economictimes.com- July 28, 2017

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How Raymond UCO Denim is innovating to cater to the new-age consumer

Largely focused on fancy and multi-count yarn fashion denims, Raymond UCO Denim's range of garments include sustainable denims with BCI cotton, Fair Trade Cotton, Organic cotton, Recycled Cotton, Recycled Polyester and their blends. The company also produces limited editions of printed, Jacquard and Selvedge denims.

CEO, Raymond UCO Denim Pvt.Ltd, Arvind Mathur explains that the company's fabric manufacturing facilities are located in Yavatmal in Maharashtra as well as in Romania in Europe.

"Our fabric manufacturing facility is fully integrated, covering manufacturing operations ranging from spinning, yarn dyeing, weaving, finishing and fabric inspection and packing.

The annual capacity of all plants taken together is nearly 50 million meters. Garment manufacturing is taken on lease from a 100 per cent subsidiary of Raymond Ltd. in Bengaluru. Our garmenting business is engaged in designing and production of premium jeans for top fashion brands," Mathur says.

He adds that the company is fully utilising its current capacity and the three-year '2020' strategy is to achieve a realistic double digit CAGR in its topline. He also says that the expansion of these facilities will be done in line with customer requirements and growing demands.

"Fabric capacity expansion project undertaken in FY 16 has now stabilised. Over the next 3 years, turnover of Indian operations is expected to grow at a healthy CAGR," says Mathur.

Sustainability & Retail Reach

"Our products are conceptualised and executed to meet customer requirements keeping in mind fashion, performance and commercial aspects. Sustainability is in focus for most of the brands. The use of post-consumer waste cotton and polyester, along with a clean Indigo dyeing process is something that we religiously follow so we can do our bit for the environment," says Mathur.

Currently, the company is supplying fabric to Levis, Wrangler, Lee, Pepe, Jack & Jones, Killer, H&M, Spykar, Parx, Mayoral, Scotch & Soda, Benetton, and Tommy Hilfiger in the Indian market. In the international markets, their key customers are Levis, GAP, Zara, Wrangler, Lee, Marks & Spencer, Ann Taylor, Pull & Bear, Jack & Jones, C&A as well as H&M.

Mathur says that the retail reach of his company goes from Americas to Europe to Asia including a strong presence in the domestic Indian market.

However, he says that the demand varies from region to region. “The trend has been moving towards super stretch and soft touch in International markets, whereas in India, the knit look is the dominating force. We will continue to surprise our customers with our super stretch and hyper flex products with excellent recovery properties.”

Catering to the New-Age Consumer

Mathur says the brand is on a quest to provide consumers with new and innovative products regularly to counter the constant rising prices due to rising raw material costs and strengthening of domestic currency.

“The top five predictions on denim fabric preference trends for the coming seasons will be primarily driven by comfort and performance. Stretch as a product category will grow. Bi-stretch, Soft Super Stretch, Sustainable and Performance denims will be in the limelight. The knit look will continue to dominate the domestic market,” Mathur says.

Raymond UCO Denim surveys the changing market and consumer needs and demands and in conjunction to that, plans its product / category expansion. Currently, the brand is concentrating on going deeper into the markets it has already tapped and seen potential in.

Future Plans

Accelerated product development and innovation, growth using asset light model, strengthening full package and continuing collaboration with top denim brands are some of the things on Raymond UCO Denim’s to-do list for the near future.

Mathur says that some of the top challenges the denim fabric industry is facing today are over capacity, intense price competition and – more specific to India – high raw material costs and a strong exchange rate (for exporters).

"The best way to overcome these challenges is to be different and innovate. Globally, the denim fabric industry is growing slowly, in low single digit, and in India the growth depends on the source, in the range of 10 – 15 per cent. Indian consumers tastes have changed over the years. They want new things so we are giving them variations in knit look denim in terms of structure, stretch and colours," he concludes.

Source: indiaretailing.com- July 27, 2017

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Fashion, lifestyle brands want a share of GST gains from stores chains

Indian and global manufacturers of fashion and lifestyle products have asked department store chains to pass on the benefits obtained from GST. The chains stand to save about 2 per cent due to the switchover to GST.

Retailers have paid 15 per cent service tax on premises they rented out commercially since 2010. With GST implemented from July 1, a range of indirect taxes levied by the Centre and state governments, including service tax and value-added tax, have been subsumed into one levy. Rentals account for about 10 per cent to 15 per cent of a retailer's costs.

With the introduction of GST, the tax on rental can be set off against input tax credits available for other goods and services. A certain margin is given when they buy goods from us, says the chief executive of a global brand. Everybody is pushing it hard. He says Shoppers Stop alone stands to save between Rs 30-50 crored a year.

Source: fashionatingworld.com- July 28, 2017

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Farmers grow more uradbean, cotton and bajra crops this kharif season

Farmers have increased cultivation of uradbean, cotton and bajra crops midway into the kharif crop planting season this year, a trend that traders and analysts attribute to firm prices of these commodities in the domestic market.

The total acreage under kharif crops increased by 15.47% in the past week with adequate rainfall in most parts of the country, agriculture ministry data showed. The total area under crops stood at 79.13 million hectares as of Friday, up 3.3% from 76.58 million hectares a year earlier.

Farmers are switching to other crops due to poor realisation of some crops like soyabean, arhar and other lentils. Cotton price has been especially good with exports steady. Further, uradbean prices have not fallen as dramatically as tur or other lentils.

Hence, we see an increase in planting of these crops," said Prerana Desai, head of commodity research at Edelweiss Agri Value Chain Ltd

The current price of Shankar 6 cotton variety is Rs 41,000-42,500 per candy of 356 kg in Gujarat, according to a trader in Rajkot. "Cotton farmers moved from soyabean, groundnut and pulses after their prices fell below the minimum support price level and the government had to intervene.

Also, the trade expects China to import cotton from India as it has poor stock," the trader said

The area under cotton cultivation was 21% higher than a year ago at 11.15 million hectares, with higher planting in Telangana, Gujarat, Maharashtra and Rajasthan. Cotton is expected to be grown on 12.25 million hectares this year.

Source: economictimes.com- July 28, 2017

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How will RCEP help economic reforms in India; know here

For ASEAN, India offers a huge domestic market with a growing aspirational middle class.

The year 2017 occupies a special place in India-ASEAN partnership. Exactly 25 years ago in 1992, India inked a sectoral partnership with ASEAN. In hindsight, one could argue that the raison d'etre of India's 'Look East Policy' found its relevance in the partnership that India took forward in establishing an FTA with the ASEAN, but it was a vision that resulted in forging a significant strategic, trade and economic partnership.

Since 1992 many bilateral meetings, summits and minitrial meetings have taken place on a wide range of sectors, so much so that prime minister and president of India have visited majority of ASEAN countries. India's kickstart in implementing the Free Trade Agreement (FTA) between ASEAN and India in 2010, has resulted in further tariff liberalisation and trade expansion. In addition, the services, trade and investment agreement signed in 2015, also represents major achievements in ASEAN–India integration.

India completed its tariff liberalisation obligations in December 2016. Investment flows have started coming into the country in a miniscule form, however they tend to contribute to the activity 'Make in India' programme. India is also a partner of the Regional Comprehensive Economic Partnership (RCEP), which is a comprehensive free trade agreement being negotiated between the 10 ASEAN members and ASEAN's six FTA partners.

By becoming a partner of the RCEP, India would be in a position to deepen integration among the member countries, while promoting goods and services trade, investment, the IT sector, competition and dispute settlement. Given that the possibility of India joining the TPP is still a long way off, being a member of the RCEP will help India prepare itself to better engage with mega FTAs in the future.

The RCEP itself will also benefit India. RCEP is an ambitious mega FTA that covers 16 countries, a third of the world's economy and 45% of the global population. Last couple of years, however, have witnessed dismal growth as far as trade relationships go between India and ASEAN.

However, 2016-17 is showing some signs of improvements. Countries like Malaysia, Indonesia and Singapore are emerging as India's top-three trade partners in ASEAN. Total trade increased to $70.68 billion in 2016–17, from US$65.12 billion in 2015–16. During this period, India's exports to ASEAN increased to $30 billion from $25 billion. While traditional import sources are yet to stabilise, India is gaining industrial, technological and digital production linkages with Malaysia, Thailand and Singapore.

To take this trade and economic activity forward, India needs to sharply focus on the issue of connectivity. Connectivity is just not about a strategic priority for both India and the ASEAN countries, rather it can evolve great source of trading activities which can connect India to a great extent with Australia, New Zealand and South Africa, which are the main emerging and powerful trading destinations. Improved connectivity can also help in facilitating cross-regional production networks.

India has announced a line of credit worth $1 billion to promote projects that support physical and digital connectivity with ASEAN, and a Project Development Fund with a corpus of $77 million to develop manufacturing hubs in Cambodia, Laos, Myanmar and Vietnam. India contributes to three major cooperation funds with ASEAN, namely the ASEAN–India Fund, the ASEAN–India Science and Technology Development Fund and the ASEAN–India Green Fund.

Further advantage for India-ASEAN partnership will provide India to connect itself with global value chains. ASEAN has been a great region in establishing international production network (IPN). India can gain from such experience and help micro and small-and medium-sized enterprises (MSMEs) into regional value chains.

The ministry of external affairs has taken initiative to provide project development fund to encourage integration of Indian producers into ASEAN's regional value chains. This initiative plans to help create manufacturing hubs in Cambodia, Laos, Myanmar and Vietnam leading to the establishment of a new regional economic order within ASEAN. Given that India is a world leader in the IT sector and an attractive destination for foreign direct investment, there are huge opportunities for ASEAN to forge a deep relationship with India.

Focusing on trade in services with ASEAN will give India an opportunity to use its competitive strength to become a services export hub for the ASEAN region.

Being a part of the RCEP and having strong relations with ASEAN through its existing FTA will facilitate further economic reforms in India. And, more significantly, it will allow India to establish itself as a growing economic power in Asia.

Source: financialexpress.com- July 28, 2017

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