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USD 68.09 | EUR 71.23 | GBP 83.43 | JPY 0.59

Cotton Market Update

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

Rs./Bale	Rs./Candy	USD Cent/lb
18645	39000	**73.67**

Domestic Futures Price (Ex. Gin), December

Rs./Bale	Rs./Candy	USD Cent/lb
19310	40392	**75.50**

International Futures Price

NY ICE USD Cents/lb (March 2017)	69.75
ZCE Yuan/MT (January 2017)	14,900
ZCE Cotton: USD Cents/lb	**82.55**
Cotlook A Index – Physical	**78.55**

Cotton & currency guide: Cotton rose on speculation that a recent price slide and a weaker dollar will boost demand for supplies from the U.S., the world's top exporter. March futures jumped 1.1 percent to settle at 70.13 cents a pound on ICE Futures U.S. in New York, after surging as much as 2.3 percent, the largest intraday gain since Nov. 11. Cotton arrival in major markets across India marginally decreased by 2,000 bales on Tuesday. Cotton arrival in major markets across India decreased by 16,000 bales on Wednesday.

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

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INTERNATIONAL NEWS

China inland county produces world renowned clothing brands

One could never imagine that exquisite sweaters by well-known luxury labels such as Armani could be produced in China's inland areas. But they are.

Xiayi County in central China's Henan Province is astonishing the world with its emerging textile and clothing industry.

In the plants of Jierui Clothing Company in Xiayi in the city of Shangqiu, workers produce cardigans for Spanish clothes company Zara.

Jierui Clothing Company is authorized to produce clothes for many world-renowned brands, and its products are exported to more than 20 countries and regions, including the United States, Germany, Italy and Spain.

"With 300 workers, the company produces an average of 5 million pieces of clothing annually for brands such as H&M and Zara. For Armani, we produce about 20,000 products each year. Though it is not a big order, the profit is three times that for ordinary orders," said Dai Liangwei, the company production manager.

Chen Bin, deputy director with the county's industrial cluster district administrative committee, said that seven or eight years ago there were only two or three small spinning factories in Xiayi.

Thanks to the transfer of industry from developed coastal regions to central inland regions, the county has started to see textiles and clothing emerge as its leading industry.
A total of 93 textile and garment enterprises were based in the county, and income from the industry surpassed 10 billion yuan (1.4 billion US dollars) in 2015, according to the county government.

Jierui Clothing Company is a production base for Armani, which has strict standards for product quality, and shows the improvement of workers' quality and skills, said Liang Wantao, chief of the county's Communist Party Committee.

The clothing industry has created jobs for more than 30,000 locals. Han Cuihua of Beiling Township is one of these workers, and works for Henan Dayang Yarn. She was rewarded with a 100-square-meter flat for her excellent performance this year.

"The new flat is only a 10 minute walk from the plant. I have a home in the county now," Han said.

The county built residential communities for these workers. So far, more than 500 such flats have been sold to workers, at a cheaper than average price as part of a rewards system.

The county has also issued preferential policies to ensure employees in the textile and clothing industry can enjoy pensions, education for their children and medical treatment.

Xiayi's clothing industry has a competitive edge in the international market. It has not only created jobs for local farmers but also helped transform them into industrial workers, boosting urbanization in the county, said sources with the China National Textile and Apparel Council.

China's State Council passed a plan in early December to boost development in the country's central regions for the 13th Five-Year Plan period (2016-2020).

The speedy rise of central regions is of great importance in supporting China's medium-high economic growth. China will guide and support industries in southeastern coastal areas that meet environment standards, as well as production bases for well-known brands, both foreign and Chinese, to move to central regions.

Source: globaltimes.cn– Dec 28, 2016

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VN textile firms need to tie up with logistic service providers to reduce cost

The Vietnamese textile industry to reduce costs and improve competitiveness, the domestic textile enterprises should work together with logistics service providers. The costs of logistics currently account for nearly one-third of the costs of each textile product exported, so the Vietnamese garment sector could save more than US$1 billion per year by reducing this cost, according to experts.

Nguyen Tuong, Vice Chairman of the Vietnam Logistics Association, said that the textile industry needs to import raw materials from abroad and export products to foreign markets.

Working together, many enterprises could purchase raw materials by combining their orders to create a large shipment, which will help significantly reduce transportation costs.

Additionally, Truong Van Cam, Vice Chairman of the Vietnam Textile and Apparel Association, said that most textile companies currently perform outsourcing jobs, causing them to depend on the supply of raw materials and transportation services of providers assigned by their partners.

Most of these providers are foreign companies, thus the market share for local logistics companies has been narrowed. Further, high transportation costs are undermining the competitiveness of Vietnamese goods in international markets.

According to Director of the Nam Viet Co Ltd, Nguyen Duc Chuong, during peak seasons, textile firms have to pay the container imbalance charge (CIC) - a kind of sea freight charge which a carrier requires to offset costs arising from the transfer of a large amount of empty containers from one place to another.

This charge is only affordable to enterprises with large-scale import-export orders, such as Nha Be Corporation or Viet Tien Garment Joint Stock Corporation, but is a heavy burden on small and medium-sized textile firms.
Meanwhile, there is a lack of confidence between the owners of goods and Vietnamese logistics service providers due to low-quality and high prices, said representative of the Dam San joint stock company, which specializes in producing fibers.

Located in the northern province of Thai Binh, the firm has to spend US$3 billion to US$4 billion every year on logistics costs.

To improve the quality of the supply chain and reduce logistics costs, many textile enterprises have turned towards "self-service".

A representative of the Nha Be Corporation said that the corporation has established the NBC logistics company to carry and load goods, and to export and import procedures for its shipments.

To facilitate the transaction, NBC logistics firms also opened a representative office in China's Shanghai, and many textile enterprises are seeking to hire it to perform export and import services.

So far, conducting self-logistics services for approximately 70 percent of their goods has helped the corporation save US$2 billion per year. Previously, it had to pay US$6 billion for import-export of goods annually.

It is necessary for the Ministry of Industry and Trade and the Ministry of Transport to assist the coordination and connection between shippers and the owners of goods, as self-logistics services is not a good solution for small and medium-sized firms.

Source: yarnsandfibers.com– Dec 28, 2016

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Pakistan textile industry awaiting govt to announce textile package

Pakistan Textile Exporters Association (PTEA) expressing concerns over widening trade deficit and shrinking exports due to high energy cost and other factors concerning cost of doing business has urge the government for immediate announcement of textile package.

According to Pakistan Textile Exporters Association, the country's exports plunged by 3.93 percent to $8.18 billion during July-November period of this year, which was $334.68 million less than the comparative period of last year. Compared to this, the import bill increased 8.7 percent to almost $20 billion in the same period. In absolute terms, the import bill was $1.6 billion more than in the previous year.

The high cost of production and un-competitiveness is termed as the major hurdles in export growth. If the reasons behind the industrial crisis are not addressed, situation may be alarming further in coming months; whereas drop in exports would have dire impact on economy which is already under pressure.

Pakistan Textile Exporters Association Chairman Ajmal Farooq and Vice Chairman Muhammad Naeem said that textile industry is facing a serious blow of non-viability, adding that in order to rescue the ailing textile industry, the prime minister promised a relief package as textile industry had been lagged behind in the region but after laps of months textile industry is still waiting for the relief. Non serious attitude of the policy makers towards the issues of major export industry is badly hitting the economy.

The PTEA chairman was of the view that textile industry is facing a crisis-like situation because the cost of doing business is much higher than regional competitors. Over 30 percent manufacturing capacity has become idle and productivity has been reduced on account of un-competitiveness.
They are losing out share in global trade; whereas competing countries like Bangladesh, India, China and Vietnam are rapidly multiplying their exports just because of the edge they have on the cost of doing business and other incentives offered by their governments.

The PTEA chairman urged the government to announce much awaited textile package without further delay in order to avert shortfall in exports, achieve sizeable growth, utilise idle capacity, create jobs and attract investments in the country. This would lead to resurgence of the presently impaired textile industry and reaping the socio-economic benefits for the country through a strong textile industry.

He suggested that pragmatic policies in consultation with stakeholders also needs to be formulated to reduce the cost of business by fixing rates of inputs in line with competing countries in the global market to create a level playing field.

Source: yarnsandfibers.com– Dec 28, 2016

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Pakistan: Quaid-e-Azam park could generate $4 bn in apparel exports

The Quaid-e-Azam apparel park is expected to generate $4 billion in apparel exports annually after it is fully operational. The park is all set to replace the Sundar Industrial Estate as the flagship project of Punjab Industrial Estates Development and Management Company (PIEDMC), said Rizwan Khalid Butt, the new chairman of the organisation.

Butt also said that the Quaid-e-Azam apparel park is solely designed for apparel export and a number of Chinese firms are interested in investing in it. He added that the completion of this park is a challenege for him and his top most priority.

The park covers an area of over 1,500 acres along the Lahore-Sheikhupura motorway and its plots will be sold on a first come first serve basis. The time frame for setting up production units will be 6 months, said Butt.

Around 1,000 acres of land within the park will be provided to production units of knitted or woven garments. Each unit will get a 10-acre plot. The rest of the space will be utilised for service area.

Source: fibre2fashion.com– Dec 28, 2016

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Bangladesh govt introduces e-service for textile sector

Bangladesh government has launched digital service for the textile sector in order to simplify the business process. Textile companies can carry out 18 different services under the new digital platform introduced under the 'Online One Click Registration and Other Service Delivery by Directorate of Textile by Developing an E-Centre Network Using ICT' project.
The e-service aims to help entrepreneurs carry out their business without wasting their time or money, said Muhammad Imaj Uddin Pramanik, textile and jute minister of Bangladesh, while introducing the new service at the Jute Diversification and Promotion Centre (JDPC).

Entrepreneurs in the textile sector can forward their applications through the service as well as make payments over the internet.

The Access to Information project of the Prime Minister's Office financed this programme, according to media reports.

The textile sector of Bangladesh is one of the highest foreign income generating industry of the country and holds 83 per cent share in total export earnings with $28 billion. The country seeks to achieve the target of $50 billion in textiles export by 2021.

Source: fibre2fashion.com– Dec 28, 2016

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Huntsman enters partnership with Bangladeshi knitting specialist

Huntsman Textile Effects, a provider of high quality dyes and chemicals, has entered into a partnership and collaboration agreement with Viyellatex Group, one of the leading multi-dimensional business conglomerates in Bangladesh with spinning, knitting, dyeing, accessories and printing facilities.

This agreement reinforces the recognition of Huntsman as a preferred supplier of Viyellatex Group. Under this agreement, Huntsman will support Viyellatex's mills to streamline operations and optimise processes, train technical staff, and make recommendations to help improve yield and productivity.

"The support from Huntsman will help us be more competitive in this fast-growing market. It will help us to comply with the stringent product, operational and environmental demands from our global customers," commented David Hasanat, Chairman of Viyellatex Group.
"Viyellatex Group places strong emphasis on sustainability by minimising energy usage, adopting waste and water recycling, and using only organic materials and environmentally compliant chemicals and dyes and Huntsman is the perfect partner in this regard as they share this vision."

Confidence and trust

"The textile industry is already Bangladesh's most important export earner and an important market for us and we are deeply honoured to be a trusted partner to Viyellatex Group for the past 16 years and counting. With our shared values in sustainability and innovation, this partnership is a reflection of the confidence and trust that our customers place in us," said Chuck Hirsch, Vice President, Sales and Technical Resources of Huntsman Textile Effects.

Dheeraj Talreja, Commercial Director- South Asia, Middle East & Africa of Huntsman Textile Effects, also added: "We are pleased to be conferred Preferred Supplier Status from Viyellatex Group, partnering with one of the leading apparel groups in Bangladesh. This partnership will provide greater confidence to our customers of the quality of Huntsman's proven expertise, products and service delivery."

Competitive edge

Bangladesh's textile industry is the nation's largest export sector. The ready-made garment (RMG) sector is worth US$ 28.1 billion in 2015-2016, with more than 4,300 garment factories employing about 4 million people and accounting for 82% of the country's total exports. To remain internationally competitive, local textile mills and RMG factories increasingly have to demonstrate that they operate in a socially and environmentally sustainable way.

Viyellatex Group is currently adopting advanced Huntsman Textile Effects technologies, market leading dyes chemicals and auxiliaries, including the AVITERA SE dyes. An award-winning flagship dye technology for exhaust application on cellulosic fibres, AVITERA SE dyes meet increasingly stringent environmental standards and help textile mills improve their productivity and profitability for better economic sustainability.

Now available in a broad colour spectrum, AVITERA SE dyes are said to reduce water and energy consumption and carbon emissions by up to 50%.

Source: fibre2fashion.com– Dec 28, 2016

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CM addresses Chinese companies in textile, water sector in Beijing via video link

Punjab Chief Minister Muhammad Shehbaz Sharif addressed the heads of the Chinese companies in textile sector and members of a delegation from Punjab through video conference in Beijing on Wednesday.

Speaking on the occasion, the chief minister said that the project is of vital importance for the uplift of textile and garments sector and it will have to be completed with speed, standard and transparency. He asked Chinese investors to come forward for investment in the Apparel Park project and assured that Punjab government would provide them with all the necessary facilities.

The provincial minister for Industries, secretary Industries, PIEDMC and other concerned authorities will be responsible for the completion of the project within stipulated period.

The officials of Chinese companies assured investment and described it as a splendid project.

Meanwhile, Shehbaz Sharif also addressed senior authorities of Chinese companies in water sector and discussed matters regarding Saaf Pani project. The chief minister said that Punjab government has evolved a big project of supply of clean drinking water to the people of the province but due to inefficiency, negligence and non-professional attitude of the officials of Saaf Pani Company, the project has been delayed. He further said that senior officials of the company have been suspended and instructions have been issued to blacklist the consultants.

Sharif said that this project will be implemented in a transparent manner like other projects of the provincial government. He said that due to laxity and inefficiency of some officials, time and resources had been wasted but now speedy progress will be made.

He said that Punjab government has allocated funds of billions of rupees for this project.

He further said that it is priority of the government to implement Saaf Pani project expeditiously as it is directly linked with human health.

Source: business-standard.com - Dec 27, 2016

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NATIONAL NEWS

Textile industry welcomes move on cotton purchase

The cotton textile industry in southern India has hailed textile minister Smriti Irani for announcing unique terms and conditions for procuring cotton from Cotton Corporation of India.

The cotton textile industry in southern India has hailed textile minister Smriti Irani for announcing unique terms and conditions for procuring cotton from Cotton Corporation of India for the benefit of MSME textile units.

Under the new terms and conditions for fully pressed bales of CCI facilitates, the registered MSME textile units can procure cotton by paying only 10% deposit money as against 20%, which was applicable only for the sale quantity of 30,000 bales and above, chairman of Southern India Mills' Association (SIMA), Senthilkumar said in a statement.

The deposit money up to 2,999 bales is only 15%, which would greatly help the units that are starving for working capital funds in the post-demonetisation regime, he said.

Earlier there was a difference in the free period, ranging from 30-75 days and 75 days free period was available for procurement of 15,000 bales and above, depriving MSME textile the benefit, he said, adding that the free period now has been made uniform and fixed at 45 days, which would again help actual users and the MSME units. Senthilkumar said the industry requested CCI to opt for coastal movement of bales between Gujarat and Tamil Nadu that would again yield considerable savings for mills.

He said SIMA has finalised the rates with Shreyas Relay Systems for the entire cotton season 2016-17 that is cheaper by 10-25% when compared to lorry freight. The predominantly cotton based Indian textile industry has been facing repeated recessions since 2008 due to high volatility in cotton prices.

Source:financialexpress.comom– Dec 29, 2016

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Textiles ministry unveils various initiatives in 2016

Among many initiatives in 2016, the Indian government announced the Rs 6,006 crore special package for the apparel sector and amended the Technology Upgradation Fund Scheme (TUFS). However, the textiles ministry is yet to announce the much awaited National Textiles Policy, which is expected to boost prospects of the textile and apparel sector.

The Rs 6,006 crore special package for the apparel industry seeks to create one crore new jobs in three years, while attracting investments of $11 billion and at the same time garner an additional $30 billion in exports. The package also included major labour law reforms, a long time demand of the sector.

While the textiles ministry amended the Technology Upgradation Fund Scheme (A-TUFS) to offer a one-time capital subsidy for investments in technology and employment intensive sub-segments of the textile sector.

“On the National Textiles Policy, which is in the making since the previous government, the textiles ministry invited recommendations from stakeholders in drafting the roadmap of the policy, earlier this year,” a news agency reported.

The policy has a goal to accomplish $300 billion in exports from the industry by 2024-25, while also creating 3.5 million jobs. The industry is anxiously awaiting the policy as it is expected to make Indian textile and apparel products more competitive in global markets.

Source: fibre2fashion.com– Dec 28, 2016

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Government sanctions Rs 200 crore for Tirupur dyeing industry

New Delhi: The Union government on Wednesday sanctioned a Rs200 crore interest-free loan to the Tamil Nadu government to bail out distressed textile dyeing firms.

An official statement said the state government will utilize the funds to financially support 18 effluent treatment plants set up by dyeing units in Tirupur which face a crisis. The loans will benefit the textile processing and knitting industry in the area.

Tirupur is a textile processing hub which employs over five lakh people and contributes 22% of the total garments exported from the country. Troubles in the processing industry could hit the entire garment sector in the region.

“The move will help 450 dyeing units recover from the financial crisis and help them to complete the projects to achieve 100% capacity utilization,” said the statement.

“Dyeing units in Tirupur had collectively set up 18 CETPs (common effluent treatment plants) at a total cost of Rs1,013 crore. Being the first of its kind, the project had several technical challenges and cost overruns which put them into financial crisis due to outstanding bank loans and incomplete projects," the statement added.

Earlier this month, the Union cabinet had cleared a Rs6,006 crore scheme for the textile sector aimed at creating 11 lakh direct and indirect jobs in the sector over the next three years.

Source: .livemint.com- Dec 28, 2016

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Kerala handloom sector to get back its glory with revival package

Kerala state government has come out with a revival package to bring back glory to its ailing traditional sector, Handloom. According to officials with the Directorate of Handlooms and Textiles, some 3,400 traditional weavers to be roped in during the initial phase will be assured work for 300 days.

The traditional weavers, who had been forced to go in search of greener pastures owing to lack of work and poor wages, would be wooed back and cooperative societies that closed shop would be persuaded to resume functioning.

K Sudhir, Director of Handlooms and Textiles said that the government's plan for reviving the handloom sector is both innovative and challenging as it has been found that the market is flooded with handloom and powerloom cloth manufactured in other states. On account of this, their products don't get enough brand recall. The aim now is to dissuade the handloom and powerloom products of other states, thereby promoting indigenous products.

According to K Sudhir, bringing back the traditional weavers, who had left the field was an ambitious programme. Besides, the government move is apparently intended to reduce the state's reliance on Tamil Nadu-based cooperative societies for dyeing the handloom products.

A recent directive from the government sought to put an end to the outsourcing of the dyeing business within five months and to look into the resources available in Kerala.

Free uniform fabric to government schools has been found seem to be the initial step towards achieving the said goals will be through a programme in which 360 handloom cooperative societies will be asked to produce 30 lakh metre of handloom cloth.

The cloth thus produced will be offered free of cost as uniform fabric to 13.50 lakh students of government and aided schools, in the next academic year. Most importantly, it is believed that such a programme could ensure employment to 3,400 weavers, with each weaver required to produce six metre of handloom cloth daily.

The main aim of the programme is to make the handloom sector stable in the next one or two years. Employment generation will attract more weavers to the sector and so far the response from the weavers has been pretty good. At the same time, it might be rather premature to comment on the success of the programme as they might have to wait for one month before taking stock.

Earlier, during the Revised Budget Speech, Finance Minister Dr T M Thomas Isaac had set aside Rs71 crore for handloom and powerloom industries. In addition to this, Rs30 crore was earmarked for market intervention and income assurance scheme.

Source: business-standard.com - Dec 27, 2016

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