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IBTEX No. 39 of 2017 Feb 22, 2017

USD 66.92 | EUR 70.57 | GBP 83.67 | JPY 0.59

Cotton Market Update

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

Rs./Bale	Rs./Candy	USD Cent/lb
20007	41850	**79.80**

Domestic Futures Price (Ex. Gin), March

Rs./Bale	Rs./Candy	USD Cent/lb
20700	43300	**82.57**

International Futures Price

NY ICE USD Cents/lb (March 2017)	73.52
ZCE Cotton: Yuan/MT (May 2017)	16,090
ZCE Cotton: USD Cents/lb	**87.13**
Cotlook A Index – Physical	**84.10**

Cotton & currency guide:

Cotton price on Tuesday traded firm both at spot and futures market. The spot price for S-6 variety ended the session at Rs. 42,400 per candy up by Rs. 300 from the previous close. The ex-gin traded equivalently price with USD/INR quoted at 80.75 cents/lb. Punjab J-34 quoted at Rs. 4510 per maund.

The country wide daily seed cotton arrivals were estimated at roughly 170,000 lint equivalent bales, including 45,000 from Gujarat and 55,000 from Maharashtra. The March future trades at MCX ended the session at Rs. 20,700 per bale up by Rs. 90 from the previous close while was mostly stable during the Tuesday's trading session.

Coming onto International market; the ICE cotton which snapped downside for the past four trading session ended Tuesday almost unchanged. The March future settled at 73.52 cents while the same counter is trading positive this morning higher by 0.82% at 74.12 cents while Chinese cotton is seen trading lower by more than 1 per cent

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We believe with the positive cues the domestic futures price may remain slightly positive on today's trading session. However, as stated in the weekly report the view is selling from higher levels and the same is still suggested for the rest of the week.

From the price perspective we expect cotton price to trade in the range of Rs. 20850 to Rs. 20500 per bale and recommend selling from higher levels.

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

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Indicative Prices of Overseas Ring Spun Cotton Yarn in Chinese market:

Indicative Prices of Cotton Yarn in China Date: 21/2/2016 ***Prices in US$ FOB***		
Country	**20s Carded**	**30s Carded**
India	2.40	2.65
Indonesia	2.56	2.85
Pakistan	2.49	2.88
Turkey	2.90	3.10
Source: CCF Group		

Imported yarn Market review:

Transactions of most spot imported cotton yarn are worse than last week as downstream buyers retreat to sideline, inactive in buying. Most traders are reluctant to sell at low price as low-priced resources are scarce. Some weavers intend to restock when price declines with low stocks and relatively ample capital, worried price of cotton yarn to rise later. Stocks of imported cotton yarn stay at 110kt at major China ports.

In Guangdong, spot Pakistani grade-A siro-spun 10S is mainly quoted at around 18,200-18,300yuan/mt pre-tax ex-ships, lower at 18,100yuan/mt. In Zhejiang, Jiangsu and Shandong, spot Indian carded 21S and 32S for air-jet is mainly quoted at around 21,500yuan/mt, lower at 21,200yuan/mt in some regions, and around 23,500yuan/mt respectively after-tax ex-ships. Spot Indian grade-A combed 21S and 32S for knitting is mainly stayed at around 23,800yuan/mt and 25,700yuan/mt after-tax ex-ships. Cost of new arrivals of Indian carded 32S for air-jet is around 23,100yuan/mt, with profit staying at 200-400yuan/mt. Cost of new arrivals of Pakistani grade-A siro-spun 10S is around 19,800yuan/mt, and losses are around 400-600yuan/mt. Cost for new arrivals of Vietnamese carded 32S for rapier is around 23,000yuan/mt, and margins are around 200-300yuan/mt.

Market outlook

Price of spot imported cotton yarn is supposed to be largely stable in short run, and may decline in some regions.

$1=CNY6.90

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INTERNATIONAL NEWS

UK textile & apparel exports up 7.05% in 2016: UKFT

The exports of apparel and textiles from the UK have increased by 7.05 per cent to £9.1 billion in 2016, compared to exports of £8.5 billion in 2015, figures released by the UK Fashion & Textile Association (UKFT) show. The European Union was the biggest market for UK's textiles and apparel, accounting for 74 per cent of all UK textile and apparel exports.

UK's textile and apparel exports have grown over the last five years. During 2012-2016, apparel exports alone have risen by 41 per cent to £6.2 billion, up £1.8 billion, UKFT data revealed.

This rise in exports is due to a number of effects including an increased interest in heritage UK manufacturing, the creativity of British fashion designers as well as the importance of the UK as a key apparel trading hub.

UK apparel and textile exports to the EU rose from £4.9 million in 2012 to £6.7 billion in 2016, representing an increase of £1.8 billion or 36 per cent.

Meanwhile, the UK trade deficit, which reflects the difference between imports and exports, increased to £15.4 billion in 2016, up from £15 billion in 2015. This figure represents an increase in the value of imports from £23.4 billion in 2015 to £24.5 billion in 2016.

Export is a fundamental part of UKFT's activities, utilising the largest amount of Department for International Trade TAP grants of any industrial sector. In the fashion and textiles industry, for every £1 the government invests in trade show support, almost £70 comes back to the UK in export revenue.

This season UKFT has taken 650 British companies to international shows including Pitti Uomo, Berlin Fashion Week, Paris Fashion Week, New York Fashion Week and Premiere Vision.

Source: fibre2fashion.com– Feb 20, 2017

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Bangladesh Unrest Costs Garment Sector $50 Million

Since garment workers went on strike in December demanding higher wages—some of them subsequently getting fired for failing to go through appropriate legal channels with their grievances—Bangladesh has been facing backlash both for its treatment of the situation and its lack of substantial progress in the realm of labor rights.

The unrest has already cost the sector $50 million, according to the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

Workers from as many as 59 factories protesting in Ashulia area were seeking a threefold increase to a 5,300 taka ($66) minimum wage that hasn't risen since 2013, among other requests they felt would improve their living conditions.

The strike forced factories to shutter for a week when workers walked out, but because the workers didn't go through what the BGMEA calls "established enterprise grievance channels," their acts were deemed illegal and many faced repercussions.

Hoping to clear the air on what has really transpired, the BGMEA issued a statement Sunday saying the aftermath of the Ashulia incidents hasn't been kind to the country.

"These illegal acts by some employees and a minority of local union leaders is damaging to the reputation of Bangladesh and casts doubt on the great progress we have made in improving the occupational health and safety of our workers and communities," the statement noted.

BGMEA said labor leaders did meet with workers to hear their demands on multiple occasions, but workers weren't appeased and their absences ultimately led to the closures.

During the closure period, however, the BGMEA said workers met with factory owners and expressed their desire to resume operations (despite a lack of progress toward their demands) and on the first day the factories were reopened, attendance was at 95 percent. By that time, however, damage had already been done.

"These incidents have resulted in severe economic and reputational damage for the sector," BGMEA said. "We estimate that the affected units have lost over $50 million in production and will incur a similar amount in discounts, air freights and lost business. We cannot put a value on the reputational damage at the international level for our sector."

In examining Bangladesh's handling of the protesting workers, global unions said the country wasn't supporting workers' right to unionize and be heard, and went as far as calling on the European Union to reconsider the country's eligibility for trade benefits under the Generalized System of Preferences (GSP) program.

"We would like to reemphasize, that the BGMEA is dedicated to the principle that no worker should be deprived of his or her constitutional rights," the statement noted. "At the same time, people have to respect the law of the land."

According to the BGMEA, among the nearly 200,000 workers who participated in the protest, 1,420 were served with temporary suspension. The process for investigating their cases could take as much as eight weeks. Though the global unions said workers were fired from their posts, BGMEA says many of the workers "opted to resign" and most were given their full benefits based on salary and length of service.

"BGMEA has communicated with the factories that have filed criminal cases to request and ensure that no innocent bystanders are inadvertently included in the cases and to comply with the Bangladesh Labor Laws," the BGMEA statement noted. "The law enforcement agencies have also arrested nine labor leaders allegedly involved in instigating the general workers toward violent & illegal protests and forcing/intimidating them to abstain from work."

The BGMEA said it is dedicated to the dialogue about supporting workers while also ensuring there's no misuse of law.

Though wages haven't been raised since the 77 percent jump in 2013 that brought them to their current rate, BGMEA said minimum wages have increased 219 percent in the last six years, and that an annual wage increment of 5 percent was made also mandatory in 2013.

What the organization didn't say, however, was why rages aren't 15 percent higher than they were in 2013 if they are legally supposed to increase 5 percent each year. There was also no mention of further discussion on a wage increase for workers.

Source: sourcingjournalonline.com– Feb 20, 2017

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USA: With These Loopholes, Trump Can Change Trade Almost Entirely on His Own

If Donald Trump wants to deliver on his potentially significant changes to trade, there's quite a lot he can do without consulting Congress much at all.

Since taking office, the president has floated the idea of a blanket tax on imports from Mexico and China (two nations Trump has emphasized for having the largest trade deficits with the U.S.), begun the process of renegotiating NAFTA and cleared the Trans-Pacific Partnership off his desk from day one.

And little of these moves, it seems, has been made with much prior consultation, nor have they complied with the more conventional ways of handling trade.

"There seems to be this mentality on the Hill that we're plowing ahead no matter what," said Matt Priest, president of the Footwear Retailers and Distributors of America. "We constantly hear the president's style is to toss a grenade in the middle of the group, get everyone off kilter and then go in and level the playing field."

If Trump is throwing grenades, mulling a potential 20 percent tax on all imports from Mexico (despite NAFTA) and an even more punitive potential 45 percent tax on goods coming from China, were two that certainly served to get the global trade community off kilter.

Relations with Mexico, one of the United States' biggest trading partners, have grown increasingly strained in recent weeks, and China has threatened to commence a trade war, possibly imposing retaliatory tariffs on the U.S. if Trump's promises pan out.

Though many retailers are paralyzed for next moves in trade considering the level of uncertainty still surrounding it, the big question has really been: what can Trump legally do on his own with regard to trade and how will it affect business?

"Anytime you have this kind of very significant change in trade policy dynamics, people are going to be wanting to understand where the new direction is going to take them," Andrew Samet, principal at trade law firm Sorini, Samet and Associations. "The president has definitely successfully changed the political framework about how trade is being discussed, but there's a lot of open questions still on what that new legal framework is going to look like."

What's the latest in terms of changes to trade?

For now it seems, the trade change most firmly in play is renegotiating NAFTA.

"The administration has indicated that it intends to formally renegotiate NAFTA," John Foote, an associate at Baker McKenzie, said. "And to conduct a formal renegotiation, the president will have to work in consultation with Congress."

With Trade Promotion Authority (TPA), which was granted to President Obama last year in anticipation of finalizing the TPP deal, Trump has to consult with Congress 90 days prior to any formal renegotiations, and then ultimately get the renegotiated deal over to Congress for an up or down vote, though it isn't for Congress to weigh in and make changes.

Both political parties have already met with the president on the NAFTA renegotiation, and Mexico has taken the comparable step on its end to get the process started, so things look to be moving in that direction. Both Republicans and Democrats, Canada and Mexico appear open to the idea of taking another look at the nearly 25-year-old agreement and finding ways to improve it, and some are even seeing the renegotiation process as a potential for opportunity rather than solely a risk.

Things like stipulations on labor and environmental standards that have made their way into more recent trade agreements could end up finding a place in a new-and-improved NAFTA.

"Ultimately, I think there will be some kind of meeting of the minds about what needs to happen to open up NAFTA. Mexico has really strong interest that NAFTA continues, as do we," Priest said, adding however, "In all essence, NAFTA has been renegotiated. It's just called the Trans-Pacific Partnership."

If the U.S. happened to opt for withdrawing from NAFTA altogether (following Trump's assurances that he would pull the U.S. from the deal if, in effect, he didn't get what he was going for), though unlikely, the process could also be a fairly simple one for the president to do singlehandedly.

All Trump would have to do is give Canada and Mexico six-month's notice of his intent to drop out of the deal (under Article 2205 of NAFTA)—there seems to be no legal requirement that the president would have to consult with Congress on this. Trump would also have the authority to cut duty-free benefits for NAFTA originating goods before that six-month withdrawal period was up. From there, if the U.S. had withdrawn from the deal, the president could slap Canada and Mexico with duties as high as 37.5% for an unfixed duration of time.

What's less simple than withdrawing from NAFTA, however, is whether potential proposed blanket taxes, like the floated 20 percent on Mexican imports, would actually be legal, and how that would work when free trade agreements are already in place.

How legal are these potential blanket taxes anyway?

What's giving lawyers and trade experts pause is that some of Trump's promises would be in direct conflict with U.S. trade commitments as a member of the World Trade Organization. Some of them also go against agreements made as part of existing trade pacts.

The U.S. and all other members of the WTO have commitments in place called tariff bindings, an upper limit members have agreed not to impose duties higher than. Those upper limits are also known as bound rates. As Foote explained, the duty rates WTO members pledge to apply to imports from other members, generally known as the most favored nation rate, are typically lower than the bound rates. From there, countries can negotiate their own, even lower duty rates through arrangements like free trade agreements.

So while Trump technically has the authority to impose a blanket duty rate like the one he's threatened Mexico with, the U.S. would be in conflict with its WTO commitments, should he do so.

"The problem is," Foote said, "Unless a member can validly claim an exception under WTO law, unilaterally imposing a 20 percent to 45 percent tariff on all imports from another WTO member would likely violate our WTO obligations by raising the applied duties to a level that is higher than the U.S. bound rates."

Now, membership in the WTO is all voluntary, and though there doesn't seem to be much talk of Trump considering nixing U.S. membership in the organization since that membership brings with it a slew of trade benefits for the U.S. as well, it is wholly possible that the president won't consider WTO rules a constraint if he's set on locking in a blanket tax. Considering Trump's position on not letting multilateral organizations hinder U.S. autonomy in the name of bureaucracy—the president may push forth as he sees fit.

"Regardless of WTO rules, there's authority the president would have to address what he would deem unfair trade acts or national security concern or balance of payments deficits, or any kind of national economic emergency that he might declare," Samet explained. "The question is—and it would certainly go against NAFTA—would the president invoke some authority to try to justify it, and would there be any possibility of being successful if the claim was litigated?"

What authority does Trump have to unilaterally act on trade?

If the president wanted to, he could make certain declarations that could see these trade changes take shape just as quickly as his travel ban.

Drawing on loopholes in things like the Trade Expansion Act of 1962, Section 301 of the Trade Act of 1974 and the International Emergency Economic Powers Act, Trump could, for one, declare a state of national economic emergency. To do that wouldn't take much other than the president simply issuing an order saying that there's a state of national economic emergency, and that could serve as a "defense" for a 20 percent blanket tax on Mexican imports, say.

"There are other statutes that would allow him to accomplish something similar, but at the core they all run into the same problem, which is squaring that with our WTO participation," Foote said. "If challenged at the WTO, the U.S. could always try to defend a duty like that by invoking a national security exception. The risk of doing so is that other countries might follow suit, which could ultimately jeopardize the global trading system."

The global trade system lives and dies on the notion of exchange of offers and exchange of commitments, so throwing those to the wind could most certainly be grounds for a global trade war.

"It's a pretty big undertaking to say you want to reshape trade policy as it's been done for the last 50 years into something different. It remains to be seen how that's developed and put forward," Samet said. "The potential of the administration to upend the existing rules of the game is clearly there, but putting in rules of the game that are going to be effective and accepted by other trade partners is no small task."

What contingency plans should apparel brands and retailers have in place?
With so much still unclear, it's hard for apparel retailers—or any American trading businesses for that matter—to place bets on how to move forward. But trade lawyers are advising the rush of clients concerned with trade changes to have at least some kind of contingency plan in place.

"Given the attention recently paid to imports from China and Mexico, if U.S. brands and retailers dependent on supply chains in these countries have not already begun formulating supply chain contingency plans, now is the time to be doing so," Foote cautioned.

Rather than wondering what could happen or how quickly it could happen, companies should be prepared for the potential of anything to happen—and rather quickly. It didn't take long at all for the immigration ban to take effect and shake everything up.

By executive order, the president could declare a state of national economic emergency and raise the duties, and though he may not do that, he could, and the issue is enough within the administration's focus that it warrants devoting resources to mapping out alternative supply scenarios.

Looking on a positive side of things, Samet added, "People need to plan defensively to protect their supply chain and their operations, but also need to look at what potential upside opportunities there may be going forward." He added, "The new administration hasn't taken off the table the potential to do new free trade agreements with new countries, or when they talk about modifying existing agreements, well there can potentially be some win-win modifications."

In short, all brands and retailers should be prepared for changes in trade which could either be drastic or simply "tweaks."
"Ultimately, if the president is determined to take certain steps, probably he can find the authority to do that," Samet said. "Even if the authorities would be challenged subsequently."

Source: sourcingjournalonline.com– Feb 21, 2017

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Portugal: Textile, clothing exports up 5%, beating 2020 sector target of €5bn

Portugal's exports of textiles and clothing last year exceeded expectations last year, the Portuguese Textile and Clothing Association (ATP) said, after the National Statistics Institute (INE) reported that they totalled €5.063 billion, up more than 5% on 2015.

The figures published by the INE earlier in the day "exceeded ATP estimates that pointed to 5.055 billion euros," the association said in a statement.

Its strategic plan for the sector had set a target for exports of €5 billion by 2020, meaning that this has been reached four years earlier than expected. That, the ATP said, was thanks to the "strong dynamism that the industry has revealed in recent years, showing itself to be a model benchmark for the Portuguese economy."

In particular, exports of clothing and knitwear were up 12%, or €227 million, on the year, while cotton thread and cloth, up 19.4% or €27 million.

Portugal thus enjoyed a trade surplus in this sector of €1.151 billion, with exports equivalent to 129% of imports.

The 2016 export total for the sector is just short of the all-time record, achieved in 2001 with €5.075 billion.

The ATP's managing director, Paulo Vaz, noted that the 2016 total was achieved "with half the companies and half the workers" of 2001, exemplifying the huge productivity gains achieved over the period.

Source: senhorcabo.com – Feb 20, 2017

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Amazon UK to create 5,000 full time jobs this year

Amazon UK said it will create more than 5,000 full time jobs this year, which will take the number of employees working at the online retailer to 24,000 in UK.

In addition, Amazon UK will also strive to graduate seasonal positions into new permanent roles. More than 10,000 of its 19,000 current employees started off with Amazon UK in seasonal roles.

The positions offered by the online retailer range from software developers, engineers and technicians, to those seeking entry-level positions and on-the-job training, as well as for people with all types of experience, education and skill levels.

Amazon also announced a new apprenticeship programme, offering hundreds of apprenticeship opportunities in engineering, logistics and warehousing roles in fulfilment centres across the country.

Source: fibre2fashion.com– Feb 22, 2017

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Bangladesh : Garment exporters seek duty-free access to US, Brazil markets

As the US and Brazil pay no duties on the cotton they export to Bangladesh for its apparel industry, they should offer duty-free access for Bangladeshi RMG products made from their cotton to their markets, said manufacturers.

Bangladeshi RMG products currently do not have duty-free access to these markets, even though the two countries enjoy duty-free access for the cotton they export to Bangladesh.

Moreover, the US suspended Generalised System of Preferences (GSP) facilities for Bangladesh on June 27, 2013.

In a letter sent to the US ambassador to Bangladesh on February 16, Bangladesh Garment Manufacturers and Exporters Association (BGMEA) President Siddiqur Rahman asked for duty-free access to the US for Bangladeshi RMG products made from cotton imported from the US.

A similar proposal was sent to the Brazilian government via the Ministry of Foreign Affairs on Sunday.

"Bangladesh has long been importing cotton from the US to make apparel for export... We firmly believe that US exports of cotton will grow significantly if apparel products made of the US cotton receive favourable treatment in terms of tariff in accessing the US market," the BGMEA president said in the letter.

Bangladesh is the second largest importer of cotton in the world; the country imported 6.1 million bales of cotton last year. There are 430 textile mills in Bangladesh with a spindle capacity of 11.50 million.

Siddiqur said if the US government extended duty-free market access for Bangladeshi RMG products made from US produced cotton, it would create a win-win situation for bilateral trade between the two countries.

The US is the single largest export destination for Bangladeshi products, especially apparel.

According to BGMEA data, in July-December of the 2016-17 fiscal year, Bangladesh earned $2.56bn, a 9.11% decline from the $2.81bn earnings during the same period in 2015-16.

However, in the 2015-16 fiscal year, export to the US saw a 6.36% growth, amounting to $5.62bn, compared to the $5.28bn earnings in the 2014-15 fiscal year.

Brazil has high potential for Bangladeshi apparel products, but their import duty is high, ranging from 30% to 35%, said the BGMEA letter sent to the Ministry of Foreign Affairs.

Bangladesh needs to find a way to secure duty-free access to the Brazilian market and the Brazilian government should consider providing duty-free access for Bangladeshi apparel products made from Brazillian cotton exported to Bangladesh, the letter said.

This arrangement would prove profitable for both Bangladesh and Brazil in terms of trade, the BGMEA argued.

In July-December of 2016-17 fiscal year, Bangladesh earned $41m from garment exports to Brazil compared to $75m in the same period a year earlier. In FY2015-16, total RMG exports to Brazil reached $120m.

Source: dhakatribune.com– Feb 21, 2017

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Pakistan: Facility of GSP plus to remain intact by Dec 31, 2023: minister

Federal Minister for Commerce Engineer Khurram Dastgir on Monday said the facility of GSP plus granted to Pakistan by European Union would remain intact by December 31, 2023, so Pakistani exporters should fully concentrate on enhancing their exports to the potential markets of EU countries.

Addressing a function in Faisalabad Chamber of Commerce and Industry (FCCI), he termed Faisalabad as the engine for the progress and prosperity of Pakistan and said some elements were expressing undue apprehensions about the disruption of GSP Plus facility.

He said mid-term review of GSP plus was also scheduled during next year but it did not mean that this facility was being withdrawn. He said, "There is a huge untapped potential to increase trade with eastern EU countries and hence we should fully exploit these available opportunities."

The federal minister said the present government had privilege to recruit 13 commercial officers purely on merit basis who had been deputed in various potential countries and the business community should remain in touch with them to fully avail from their expertise.

He said the exporters must remain in contact with them while travelling to these countries. He told that few months back he was in Brussels to attend a meeting regarding GSP Plus. During this visit he also chaired a two-day conference of commercial officers deputed in European Union and added that they also responded to the questions asked by representatives of various associations of Karachi on Skype. He said such meeting could also be arranged for FCCI.

"Pakistan has inked Free Trade Agreements with China, Malaysia, Sri Lanka and Indonesia which are underutilized," he said and added that the business community should fully exploit these FTAs and he was ready to depute commercial officer from TDAP or from his ministry to guide them in this respect.

Khurram Dastgir said the situation had improved in Pakistan as compared to 2013. "We are going to establish a banking system with Iran within next couple of weeks which will open new opportunities for the Pakistani businessmen." He said the federal government had already approved this proposal and work on it would be started as soon as it was signed by the concerned authorities.

He said the Prime Minister had successfully made breakthrough in five major fields including restoration of peace, stability in the financial affairs of the government, stability in foreign reserves, switching over to historically lowest interest rate and resolving energy crisis. He hoped that 2017 would be the best year for the economy of Pakistan.

He further said the prices of electricity and gas would start decreasing during this year while the construction of motorway up to Karachi would ensure safe and secure connectivity between all parts of the country.

He said international flights had already started from the airports of Faisalabad, Multan and Sialkot. Similarly, the stability in the democratic system was yet another achievement of this government, he said and added, “Now we are in a position to request foreign countries that have issued travel advisories to withdraw it as such directives are not feasible in the prevailing circumstances.”

He asked the businessmen to submit their proposals specifically for the export oriented industry through which the surcharge of Rs. 3.4 could be eliminated for the exporters.

Regarding Rs 180 billion textile package, he said the government was not restricted to this amount. “We are ready to pay them much more incentives up to Rs 360 billion provided exporters play their role in doubling their exports.”

He further clarified the subsidy would be for total export proceeds made up to June 30, 2017. He said in this connection after the approval of government the State Bank had issued a circular however he would try to adopt a system for the payment of subsidy on quarterly basis from next year.

About the payment of refund cases Khurram Dastgir said the government had paid refund amounting to 50 billion. He would request the PM to pay yet another big traunch within next few months, he said and intended that all pending refund cases should be disposed of positively before the announcement of next year budget.

Regarding duty on cotton yarn, he said he would review these issues in a scheduled meeting of Pakistan Textile Board. About Faisalabad Expo Center, he said that funds from EDF would be released as soon as the land was transferred to the construction company.

Earlier, President Faisalabad Chamber of Commerce and Industry Engineer Muhammad Saeed Sheikh presented his address of welcome and underlined various issues faced by the business community of Faisalabad.
A question answer session was also held in which Chaudhry Muhammad Nawaz, M Ismael, Dr. Khurram Tariq, Mian Imtiaz Ahmad and Mujtaba Hasan participated.

Later, President FCCI presented FCCI shield to the Federal Minister while VP Engineer Ahmad Hasan offered vote of thanks.

Source: dunyanews.tv– Feb 21, 2017

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Bangladesh : Apparel summit in Dhaka on Saturday

The second Dhaka Apparel Summit will be held in the capital on Saturday to discuss the future roadmap of the country's main export earning sector.

Speakers from home and abroad will talk about business policy and the environment, responsible sourcing and the apparel sector's transformation at the daylong summit at Sonargaon Hotel.

Prime Minister Sheikh Hasina is expected to inaugurate the event.

The event will also highlight the achievements the sector has made in the last three and a half decades, said Siddiqur Rahman, president of Bangladesh Garment Manufacturers and Exporters Association.

Bangladesh made foray into the apparel business in January 1980 with the first shipment of just 1.2 lakh pieces of boy's shirts to German company MNR.

Currently, Bangladesh holds nearly 6 percent of the $450 billion global garment trade, standing just behind China in the export earnings rankings. In 2015-16, Bangladesh shipped clothing items worth $28.09 billion, up 10.42 percent year-on-year.

Rahman said the summit will also highlight the progress on factory inspection and the overall improvement in case of workplace safety since the Rana Plaza building collapse in 2013.

At the summit, the sector people will discuss issues related to achieving the $50 billion garment export target by 2021 when the country will celebrate its 50th year of Independence.

The sector needs a lot of investment, adequate supply of gas and power and improvements in infrastructure to reach the target in time, Rahman said.

Garment accounts for more than 80 percent of the country's annual exports. The overseas sales need to grow by 12.25 percent per annum to reach the goal.

Source: thedailystar.net– Feb 22, 2017

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Pakistan invites Chinese entrepreneurs to invest in textile, garments sector

Pakistan Ambassador to China, Masood Khalid Tuesday invited the Chinese companies to take advantage of investment-friendly policies of present government and come forward to invest in textile and garments sectors in Pakistan.

"The government is focusing for the development of textile and garments sectors in Pakistan as it is considered to be the backbone of Pakistan's economy," he said while addressing the representatives of about 76 Chinese companies at a road-show of Quaid-e-Azam Apparel Park (QAAP), Sheikhupura, held here.

Welcoming the Chinese businessmen and entrepreneurs, he said, "Your presence here not only reflects your confidence in the market potential in Pakistan but also shows friendship with Pakistan and its people."

Giving the details of the project, he said, it is aimed at development of textile and garment sector in Pakistan, adding, textile sector is one of main segments of Pakistan?s economy and Pakistan exports bulk of its textile products to China.

Masood Khalid said, the present government has launched various mega projects for the development of Pakistan, a home of more than 200 million people.

Pakistan and China, partners in the China-Pakistan Economic Corridor (CPEC), are executing a large number of projects including energy, roads network, infrastructure, Gwadar port and new industrial zones along its route, he added.

The Ambassador apprised audience about Punjab government's development projects and said these development projects included provision of clean drinking water, farms to city roads and a knowledge park in Lahore.

He asked the Chinese entrepreneurs to take advantage of enormous opportunities offered by the government as Pakistan particularly the Punjab province is emerging as a hub for economic activities.

"It is matter of taking interest and lead to explore the market potential of Pakistan," he said.

About investment and working climate in Pakistan, he informed that more than 90,000 Chinese national are already working on different development projects in Pakistan, adding, the government has taken special measures for their safety and security.

While drawing the attention of Chinese companies toward the project, he said, the QAAP being established near Lahore is a big project which requires their attention.

"We are looking for good contractors for executing this project aimed at making it a good quality project besides its implementation at par international standard," he added.

He said, Pakistan's government has offered special incentives for the investors including the Chinese friends and added, Pakistan has strategic location and is linked with two big neighbours - China and India while it provides easy access to Central Asia and Africa.

He said, cheap raw material along with hardworking work force and managerial teams are available besides profit margins are very good in Pakistan.

"We are working to modernize the development process and all the industries have been integrated," he added.

The Ambassador said, all the important world financial institutions have expressed satisfaction over the performance of Pakistan economy and they termed it as strong and stable.

Project Director, Shahzad Sheikh who arrived here from Pakistan to organize the road-show, said, the objective of the road-show is to invite the international contractors to participate in the infrastructure development of QAAP project.

He said, ideally located on Lahore-Islamabad Motorway at the junction of Sheikhupura, QAAP is connected through a dedicated interchange on M2, with a network of national highways to create an uninterrupted link to all major cities, sea ports and dry ports of the country.

A comfortable distance of 40 KM from Lahore, 55 KM from International airport and just 6 KM from Railways station bring the project site more close to the international market, he added.

He said, the Apparel Park will have the capacity to create 250,000 new jobs along with setting up a precedent of empowering skilled women work force. He said the garments produced by QAAP will be exported to Europe and Latin America at a huge scale, crowding in Rs 5 billion in country's annual GDP.

Source: brecorder.com– Feb 21, 2017

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Asia's exports rebound

It is easy to be downcast about the state of global trade. It has faced stiff headwinds in recent years: in 2016, for the first time in 15 years, it grew more slowly than the world economy. Regional and global trade deals are going nowhere, slowly. And America's new president has promised to protect his country from trade-inflicted "carnage".

Amid all this gloom, optimism seems foolhardy. But in Asia's export dynamos, trade is picking up steam. In January, Chinese exports rose year-on-year for the first time in ten months; South Korean shipments have increased for three months in a row. Surveys reveal strong export pipelines in Japan, Singapore and Taiwan. Healthy order books for Asia's manufacturers normally bode well for global trade and indeed the global economy. It is too soon to declare a definitive upturn in global trade, but it looks like more than a blip (see chart).

The simplest explanation for the rebound is that global demand is itself on solid ground. Global growth is still slower than before the financial crisis of 2008, but is heading in the right direction. Both the IMF and the World Bank think it will speed up a bit this year. Investors have turned more bullish: the MSCI all-world index, which covers 46 different markets, hit a record high this week. The rebound in Asian exports is more reason for bullishness.

Structural changes may also be at play in Asia. A much-cited factor behind the slowdown in global trade in recent years has been China's tightening grip on complex supply chains. As more production takes place inside a single country, fewer cross-border transactions are needed to produce final goods.

Yet this consolidation within China is starting to meet more friction. China is still aiming for a bigger share of high-tech industries, but less-developed countries in Asia are scooping up more of its low-end manufacturing, and wealthier markets are also fighting back.

Over the last nine months of 2016, China's export performance trailed the rest of Asia.

Nevertheless, there are good reasons to restrain the optimism. The rebound in exports from Asia's commodity producers such as Indonesia and Malaysia is mainly the result of higher prices for oil and metals. Growth in their trade volumes has been much slower.

For Asia's high-tech economies, the rebound's durability hinges on the fickle tastes of consumers. Both Samsung and Apple are expected to launch shiny new gadgets this year. Semiconductor makers around the region have gone into overdrive in anticipation. If demand falls short of expectations, exports of electronics will quickly dive again.

And looming large over all these trends is Donald Trump. Fears that he might declare China a currency manipulator in his first few days in office came to naught. But his threats during the election campaign to slap heavy tariffs on Chinese products still linger in the background.

A trade war would be unwelcome at any time. If it came just when the world was breaking free from a long slump in global trade, the irony would be all the more cruel.

Source: economist.com– Feb 22, 2017

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NATIONAL NEWS

Govt should improve ease of doing business: ASSOCHAM

The government needs to continuously invest in improving the ease of doing business environment, develop sound infrastructure and ensure availability of trained workforce, according to a recent report. This is required as India is set on a growth trajectory that promises all-round development, economic welfare and strong macro-economic indicators.

"Improved governance, favourable conditions to conduct business, transparency in government procedures and responsive policy making with an immediate focus on effective implementation of government reforms will continue to evolve India into a preferred destination for foreign investment," highlights the report titled 'India: Transforming through radical reforms,' jointly conducted by The Associated Chambers of Commerce & Industry of India (ASSOCHAM) and global advisory firm Ernst & Young (EY).

The report also terms demonetisation as a major step aimed at strengthening India's proposition of becoming a transparent economy by curbing black money, terror financing and fake currency circulating in the economy.
"Combining demonetisation with Digital India and Pradhan Mantri Jan Dhan Yojna will ensure transparency in financial transactions. Transfer of subsidies through bank accounts opened under the scheme has removed the middlemen, thus eliminating one of the biggest contributors to corruption," says the report.

Goods and Services Tax (GST), which is expected to be rolled out by July 2017, will further boost the economy by simplifying the indirect tax structure and eliminating the cascading effect of taxes on customers and make doing business easier in the country, according to the study.

The report also says that the Make in India initiative has provided robust support to India's manufacturing sector, backed by domestic demand and many regulatory reforms. It has helped India become the sixth largest manufacturing economy in the world in 2016.

Reforms like 'Power for All', 'Smart Cities', 'Skill India' and 'Startup India' are expected to work in tandem with 'Make in India' to help the country achieve the goal of becoming a manufacturing hub, the report adds.

"All these radical reforms are acting as enablers for boosting the domestic environment, which in turn is improving the country's stature globally. The major reforms from the Government will continue to boost investor sentiment and India's outlook across the world," notes the report.

The study also complements the government's view of promoting innovation and entrepreneurship through various reforms to equip the young workforce to face the changing global economic environment and technological disruption.

While the pace of India's radical reforms may vary, the direction is firmly set toward higher growth. The economy will continue to benefit from significant progress in trade, proactive policy actions and robust external buffers.

Source: fibre2fashion.com- Feb 20, 2017

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Demonetisation lowers sales, raises textile inventories in Q3

After a strong start this festive season, textile and apparel manufacturers and retailers suffered a sharp contraction in demand due to the liquidity crisis following demonetisation of high value currency notes in November 2016.

If the latest study by Edelweiss Securities is an indication, India's leading pure fashion and lifestyle company, Aditya Birla Fashion and Retail (ABFRL), has lost Rs 100 crore in sales across all its textile business verticals due to demonetisation.

The producer of India's most admired apparel brands such as Louis Philippe, Van Heusen, Allen Solly, Peter England and Pantaloons has posted 4.8 per cent growth in revenue (y-o-y) and 8.8 per cent dip in EBIDTA.

"ABFRL saw a strong start to the festive season till first week of November 2017, after which the growth trajectory was largely impacted by demonetisation. The wholesale channel has largely reverted to normal in Q4FY17 and up-stocking should start in Q1FY18, resulting in better growth.

The company has reduced working capital by Rs 50 crore compared to FY17 start, and has increased inventory turns.Store rationalisation is largely complete. Anchored by revival of Madura and Pantaloons, we are confident of a strong growth trajectory coming back starting Q1FY18," said Abneesh Roy, analyst with Edelweiss Securities.

The situation in branded fabric and fashion design leader, Raymond Ltd was similar. The company said in an investor presentation available on the Bombay Stock Exchange website that its branded textile segment declined during the October-December 2016 quarter mainly due to lower sales volume following demand contraction. Raymond's wholesale and MBO (management by objectives) channels were affected most due to the cash crunch.

Raymond's branded apparel segment, however, grew in single digits following a recovery in retail apparel sales. The company also opted for cost optimisation initiatives, apart from renegotiating with vendors for credit period extension.

Sameep Kasbekar, an analyst with Emkay Global Financial Services Ltd, said the 18 per cent decline in the revenue and 33 per cent fall in net profit of Monte Carlo Fashion's for October-December 2016 quarter were "below estimates".

"While inventory build-up and demonetisation impacted the quarter, there are indications of retail channel inventory declining by 10-15 per cent following liquidation in Q3FY17. This bodes well for Monte Carlo. Restocking of inventory in the retail / wholesale channels, increased penetration and product diversification will drive growth going forward," said Kasbekar.

Following two consecutive years of weak winters, there was substantial build-up of inventory in the wholesale channel. Accumulation of inventory coupled with demonetisation impacted the MBO channel resulting in a decline of 23 per cent y-o-y to Rs 160 crore.

Monte Carlo Fashions expects to report a y-o-y decline in revenues for FY17, but remains focused on growing its cotton segment by penetrating the west, south and central regions of India.

Demonetisation blues did not spare even synthetic textiles manufacturers. Indo Rama Synthetics, India's largest dedicated polyester manufacturer, posted an over 400 per cent increase in its losses during the October-December 2016 quarter to Rs 37.95 crore from a mere Rs 7.75 crore in the corresponding quarter last year. Its revenue, however, reported a marginal decline to Rs 623.92 crore during the October-December 2016 quarter from Rs 663.25 crore in the same quarter last year.

"The synthetic textiles industry witnessed a sharp increase in oil prices in the last three months and consequent increase in raw material prices such as PTA and MEG. But because of demonetisation impact, the increase in the price of raw material could not be passed on to customers.

As of now, with some improvement in financial markets and also increase in cotton prices the cost is being passed on. Also there was sizeable drop in volume terms immediately after demonetisation, leading to negative financial impact which is now slowly getting back to normal.

There has been dumping of polyester fibre from China & other countries for more than one year which has been putting pressure on prices and impacted the margin," said O P Lohia, Chairman & Managing Director, Indo Rama Synthetics.

Textiles and apparel manufacturers and retailers eagerly await implementation of the Goods and Services Tax (GST) for uniform pricing of goods across the country.

Source: business-standard.com- Feb 22, 2017

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GST to reduce documentation for logistics firms: CBRE

The Goods and Services Tax (GST) is likely to result in a reduction of documentation for logistics companies, helping them improve their turnaround time and client outreach. The removal of various federal tax barriers and creation of a common market will also improve supply chain efficiency and attract more foreign direct investment (FDI).

Stipulations in the proposed law are expected to result in better tax conformity, while removing the cascading effects of the current tax regime.

"The GST will make doing business in India tax neutral, irrespective of location. For a warehousing operator, investment decisions will no longer be dictated by the comparative tax advantages of various states, thereby enabling them to make decisions based on supply chain efficiencies," said Jasmine Singh, head – industrial & logistics services, CBRE South Asia Pvt. Ltd., in his article.

According to a survey conducted by CBRE on India's warehousing industry, more than 63 per cent of the respondents felt that GST would be positive for their overall business operations in India. They are hoping for reduced operating costs, and aiming to consolidate their facilities and expand their footprint around major consumption centres.

Approximately 45 per cent said that their cost of warehousing operations is likely to decline once the GST comes into play, while around 25 per cent were cautious and felt that it is too early to assess the actual impact. However, the majority of respondents said that they are already prepared for GST and would be able to align their business to the new regulations.

About 65 per cent believe that they will need a minimum of 3 to 12 months to align their existing business strategies with the new tax structure.

Close to 52 per cent of survey respondents currently have multiple warehousing facilities in one state/city. When questioned, 28 per cent of respondents said this is the most effective way to operate given the multiple local taxes involved. Close to 38 per cent of companies surveyed also feel that this is the most suitable mode of operation based on their current business model.

However, in the post-GST scenario, the concept of a mother warehousing hub for a region supplemented by spokes is expected to become more popular. Around 11 per cent of companies surveyed said they would prefer to adopt the hub and spoke approach in the post-GST regime, compared to only 6 per cent now.

"Once the GST comes into play, the focus of players is likely to be on supply chain efficiencies which will result in consolidation of warehouses. This will result in increased demand for larger, better quality warehouses thereby providing an ideal platform for the emergence of large scale nationwide players," added Singh.

The CBRE survey reiterates the fact that most warehousing players view the implementation of GST as a positive move. On the whole, the reform will be in the larger good of the sector resulting in the emergence of better quality, investment worthy assets.

Source: fibre2fashion.com- Feb 21, 2017

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Tiruppur firms commit to invest in Warangal Textile Park

Around 10 Tiruppur based textiles manufacturers have committed to invest in the Warangal Textile Park in Telangana.

The Textile Park is being set up on 2,000 acres of land, of which the first phase of development will be on around 1,200 acres. Once the Park is operational, it is expected to offer high employment opportunities for people in the region.

A leading daily quoted the Telangana minister for industry and commerce KT Rama Rao, as adding that the vision behind setting up the Park is to make it a fibre to fabric destination.

“Telangana produces 6.0 million bales of raw cotton; however, consumption is only one million bales by local mills. Mills from the Tirupur belt can relocate and take advantage of the proximity and also surplus of cotton,” the minister observed.

The minister promised to grant approval within 15 days for anyone setting up a project, post which, the project would be deemed certified.

Source: fibre2fashion.com- Feb 21, 2017

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India's FIEO aims at setting up technical textiles cluster in TN

The Federation of Indian Export Organisation (FIEO) is reportedly in talks with various agencies for setting up a technical textiles cluster in Tamil Nadu where common facilities including R&D centres could be provided for start-ups in the sector.

Dr. A. Sakthivel, Regional Chairman, FIEO (Southern Region) stated, "Very few are into export of technical textiles at present. Though potential is immense, but exporters would have to look at product diversification to achieve higher growth."

With the increase in disposable income, the consumption of technical textiles is expected to increase. Based on past trends and estimated end-user segment growth, the technical textiles market in the Indian market is expected to reach Rs. 1,58,540 crore by 2016-17 at a year-on-year growth rate of 20 per cent as targeted in the 12th Five Year Plan.

Referring to the needs of technical textiles in Indian export sector, Shaktivel cited the example of the textile sector, where emerging demand in the world was for the technical textiles sector in past decade.

It may be noted here that with per capita consumption of technical textiles in the country is at 1.7 kg as against 10-12 kg in developed countries; the potential is huge for the sector in India.

Further commenting on the textile export performance of India in the month of January, Shaktivel said, "The positive growth, coming after two years of consecutive negative growth, was the result of various steps taken by the Government, including special packages for textile and leather sector, interest equalization scheme announced for five years."

Source: apparelresources.com- Feb 20, 2017

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'India expected to be self-sufficient in silk production in 3-4 yrs'

With an annual growth rate of 19 per cent, India is expected to be self-sufficient in silk production by 2020, Central Silk Board (CSB) Chairman K M Hanumantharayappa has said.

"Our output is 28,000 MTs (metric tonne) to 30,000 MTs at present. Our production is growing year to year. We are aiming to stop imports from China and produce that much in three-four years," Hanumantharayappa told PTI here.

China produces 80 per cent of global silk output, while India's share is 13 per cent, he said.

The production in other countries account for the remaining 7 per cent.

However, there is a 19 per cent growth in production and the aim is to produce around 34,000 MTs to make the country self-sufficient, he said.

"We have come closer. If we can continue this momentum, we can do it in the next three-four years," he said.

Silk imports have come down to 3500 MTs now from about 6,500 MTs, he said.

China produces only mulberry, but India produces other varieties, including Tasar and Muga, he said.

The CSB, a statutory body established in 1948 by an Act of Parliament, functions under the control of Union Ministry of Textiles.

Its mandated activities include, research and development, maintenance of silkworm production seed production network, leadership role in commercial silkworm seed production and standardising quality parameters in various production.

The CSB chairman said the Board is offering a number of services like technological support to farmers, subsidies on machines and free training to the farmers.

The state governments can pitch in to increase silk production by supporting farmers through monetary benefits and through other means, he said, adding that the Board would also help the cause.

Source: economictimes.com- Feb 21, 2017

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Govt may free up retail FDI for domestic goods

Government may remove restrictions on retailers like Walmart and Amazon under the new foreign direct investment (FDI) policy for goods produced in India.

It is mulling over freeing up the FDI policy in order to attract more investments and boost the 'Make in India' initiative. The decision is likely to be made after the assembly elections of Uttar Pradesh.

The policy is meant for removing restrictions on offline as well as online retailers, a senior official told a leading daily. He added that the matter will be taken up by the government in the near future.

The announcement comes days after finance minister Arun Jaitley said in his Budget speech that the government is working on liberalising the FDI policy. Over 90 per cent of the FDI in India is coming through the automatic approval route.

Experts believe that doing away with restrictions will benefit Indian producers. Manufacturing industry will get a boost and jobs will not be affected if the rules are relaxed, said Devraj Singh, executive director of EY.

As manufacturing is lagging behind services in total FDI, the Indian government is looking at boosting the manufacturing sector to create more jobs.

According to the current FDI policy foreign retailers can set up marketplaces and cannot have an inventory for selling goods on their own. Multibrand retailers also have a lot of restrictions and they can own not more than 51 per cent of Indian ventures.

Source: fibre2fashion.com- Feb 21, 2017

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Telangana CM seeks better life for handloom weavers

Chief minister of Telangana, K Chandrashekhar Rao assured handloom and powerloom weavers in the state, that his government would announce a comprehensive policy to enable them to earn a decent wage.

He added that the government's goal is to ensure that the state's handloom workers generate an income of between Rs 15,000 and Rs 20,000 per month.

"Instead of handloom workers in Siricilla and Pochampally committing suicide, they should be known for leading a life with confidence," Rao was quoted as saying by a news agency.

Earlier last week, Rao had held a review meeting for the handloom and powerloom sector and directed state government officials to frame a policy which will help these weavers.

Rao also assured the weaver's that the government will procure fabrics from these two sectors during festivals and other occasions.

Source: fibre2fashion.com- Feb 22, 2017

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Cotton dips on rising arrival

Rising arrival put pressure on cotton price on Monday. With this, downtrend in foreign markets and slow export demand also weighted the cotton price.

Trader said, gradually cotton arrival has improved in this month from 35,000 bales to 45,000 bales a day in Gujarat.

Similarly, supply of cotton in India has gone up to 1.90 lakh bales. Gujarat Sankar-6 cotton decreased by Rs 300 to Rs 41,800-42,300 per candy of 356 kg. Kapas or raw cotton was declined by Rs 15 to Rs 1,050-1,120 per 20 kg and gin delivery kapas was quoted Rs 1,120-1,165 per 20 kg.

The Cotton Association of India (CAI) has estimated 341 lakh bales of cotton production for the year 2016-17.

The association has however increased cotton consumption for the ongoing crop year to 295 lakh bales against its previous estimate of 290 lakh bales.

Source: thehindubusinessline.com- Feb 21, 2017

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India set to lose out on forex despite likelihood of meeting cotton export target this season

Around 30 lakh bales of cotton has been exported from the country so far as against a planned target of some 50 -60 lakh bales this cotton season, according to top officials of the Cotton Corporation of India (CCI). Most traders feel that the country is likely to meet the export targets although some orders were cancelled and some shipments have been postponed.

M M Chokalingam, CMD in-charge , CCI, says majority of the shipments have gone to Bangladesh followed by Pakistan and Vietnam. According to him, most of the contracts were signed when the prices were around R38,000 per candy as a result of which the country is likely to lose out forex since the current international prices are in the range of R42,000 per candy.

Indian cotton exporters had cancelled orders for around 25,000 bales and postponed shipments of about 200,000 bales by up to a month after a supply shortage pushed up local prices.

According to market reports, exporters had signed contracts at around 75 cents (per lb) in December and January and since domestic prices had shot up to 84 cents, these traders could not fulfill orders and the contracts to export nearly 25,000 bales to Pakistan and Bangladesh were cancelled. Raw cotton supplies usually peak in India between December and February, pushing down prices.

According to Pradeep Jain, president, Jalgaon Cotton Ginners Association, the country will meet the export targets this season. Prices in Jalgaon touched R5,500 per quintal as against R6,000 per quintal. And, prices were dropping on increased arrival pressure.

This season, farmers have been delaying cotton sales in the hope of a further hike in prices. The government's move to scrap high-value currency notes had disrupted trading in a cash-oriented market traders estimating that some farmers sold atleast 155 lakh bales of cotton between October and January.

Pakistan, Bangladesh, China and Vietnam are key buyers of Indian cotton. This season China has not been an aggressive buyer and purchased most of its cotton from US.

As per unconfirmed reports, Pakistan has purchased some 20 lakh bales, Bangladesh has purchased around 10-12 lakh bales, China some 15-20 lakh bales. Besides, 5-6 lakh bales have reached other markets. Moreover, traders are coming from Gujarat in large numbers and are purchasing cotton from farmers.

The Cotton Association of India (CAI) has maintained the cotton crop for the 2016-17 season at 341 lakh bales of 170 kg each, same as in the previous month. The CAI has increased cotton consumption for the ongoing crop year to 295 lakh bales against previous estimate of 290 lakh bales.

Source: financialexpress.com- Feb 22, 2017

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‘Workers’ mobility issue is key to U.K.-India FTA’

Real potential of bilateral trade has not been tapped: Envoy

Resolving the issue of workers’ mobility would be “key” to a post-Brexit free trade agreement, said Y.K. Sinha, India’s High Commissioner to the United Kingdom.

Speaking at an event on opportunities for post-Brexit collaboration between the two countries, he said that while negotiating a bilateral trade agreement would potentially be easier than one with the entire block, for India, it was essential to ensure that its professionals, particularly in the financial services sector and IT services sectors, were able to visit and return freely. “For India, mobility is key.”

“The EU and India have been negotiating a free trade agreement since 1997, but we didn’t make headway for various reasons,” he said, adding that among them were issues that Britain had with the draft agreement.

“When you are negotiating with a large grouping there are other interests you have to keep in mind. However, when you are negotiating a bilateral deal, it makes it easier,” Mr. Sinha said, pointing to a joint working group that had been set up last year.

Enabling free movement of workers would benefit both Britain and India, he said. “They contribute immensely to the economy they live in and when they go back they contribute immensely to India.”

The event, organised by FICCI and the University of East Anglia, is the latest in a number of discussions taking place around the potential of the relationship. Britain is eager to negotiate an FTA with India. During a visit to India last November, Prime Minister Theresa May stressed her eagerness to secure such a deal.

‘Uncertain situation’

“We are confronted with an uncertain situation,” Mr. Sinha said. “Whatever scenario emerges, we need to be prepared and it’s important for us to see how we can leverage the situation to our advantage. Of course, trade is good but we haven’t tapped its potential.”

He pointed to a Commonwealth study published last year that estimated a 25% boost to U.K.-India trade should a post-Brexit FTA be implemented.

While bilateral trade could see a boost, in the short term, the Brexit uncertainty is likely to hit Indian investment into the U.K., said Dr. Didar Singh, Secretary General of FICCI.

Source: thehindu.com- Feb 22, 2017

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A digital future

Digital options via a disruptive marketing approach would yield better realisation for textile firms

Indian textile companies must look at digital avenues as part of disruptive marketing efforts to reach out to domestic and global consumers rather than being private labels to global retailers.

Being at the crossroads-in the aftermath of demonetisation as well as global concerns with regard to the Trans-Pacific Partnership--the Indian textile industry is in an already over-leveraged position with a task on hand. Over the past several years, textile companies had opted for the Technology Upgradation Fund Scheme (TUFS) to modernise their manufacturing capacity keeping the future growth in global markets in mind.

But with limited success in the domestic market as also lower realisation, the companies have not been able to build robust repayment capacity to service its debt over the past few quarters. According to a study of 35 textiles companies, interest coverage ratio (ICR), which was over two times in 2015 and early 2016, had deteriorated to 1.4 times, indicating lower ability to service interest costs.

The lower realisation and margins was a result of higher volume and waferthin margins with supplies of private label to global retailers. To add to their woes, the brick and mortar retail foray for many has not been an encouraging experience, but e-commerce may be the way to go.

At a marketing summit held last week, it was observed that the postdemonetisation days have clearly showed how the country is set to leapfrog a few stages to embrace the power of the digital medium.

Mobile technology is being rapidly adopted and marketers have an incredible opportunity to enhance the game of digital communication and deliver great customer experiences at each point of the journey.

A recent report by KPMG on marketing stated that keeping the consumer in mind at every step of design, the conversation has been transformed into a humanmachine conversation, with artificial intelligence (AI) powering apps, websites and other touch points.

The marketer's role will now shift to new methods of marketing technology. Here, marketers will have to make significant investments to understand and use the technology.

To conclude, textile companies will have to adopt the new digital order and redefine their marketing efforts to improve their brand building with improved realisation yields for their products and justify their scaling up of capacity undertaken at a higher leverage.

Source: epaperbeta.timesofindia.com- Feb 20, 2017

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Global retailer's India plans continue unfazed

Notwithstanding the slowdown in overall demand and deferment of investment by domestic companies, large global retailers are counting big on India and are going ahead with their plans to open their stores in India

■ While at least 20 large global retailers have received approvals for their proposals under Single Brand Retail Trading since June 2014, media reports suggest that luxury goods retailer Saks Fifth Avenue is in advanced talks with Aditya Birla Fashion Retail to open two stores — one each in Delhi and Mumbai.

■ The inflow of retailers has been a constant over the last few years. While GAP, Zara and Marks & Spencer made entry to the Indian markets via partnerships with Arvind Ltd, Trent Ltd and Reliance Retail, respectively, H&M entered on its own as a single-brand retailer, complying with the foreign direct investment (FDI) regulations.

LARGE GLOBAL BRANDS ASSOCIATED WITH LEADING INDIAN RETAILERS

RELIANCE RETAIL
- Marks & Spencer
- Hamleys
- Diesel
- Kenneth Cole
- Steve Madden

ADITYA BIRLA FASHION
- Louis Philippe
- Allen Solly
- Van Heusen
- Hackett
- Forever 21

ARVIND LIFESTYLE
- GAP
- GANT
- Ed Hardy
- Tommy Hilfiger
- US Polo

SINGLE BRAND RETAIL TRADING PROPOSALS

Applicant/investor	Brand	Foreign equity (%)
Bulgari International	Bvlgari	51%
Luxury Lifestyle Trading India	Luxury	100%
Innisfree Cosmetics India	Innisfree	100%
Bestseller United Singapore	Vero Moda	100%
Bestseller United Singapore	Jack & Jones	100%
Lush Limited	Lush	100%
Bestseller United Singapore	Only	100%
Wacoal International Hong Kong	Wacoal	51%
Montblanc Services	Montblanc	51%
Forever Living Imports (India)	Forever	100%
Technocorp Holding	Swatch	100%
Swarovski International Switzerland	Swarovski	100%
Adidas AG Germany	Adidas	100%
Ryohin Keikaku, Japan	Muji	51%
Kiko International, Italy	Kiko	51%
Skechers Retail India	Skechers	51%
Nike India	Nike	100%
Austria Puma Dassler Gesellchaft, Austria	Puma	100%
Tommy Hilfiger Arvind Fashion	Tommy Hilfiger	50%
Adidas India	Adidas	100%

since June 1, 2014

Source: indianexpress.com- Feb 21, 2017

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Foreign retailers seek to overcome barriers to India expansion

Foreign retailers are embarking on ambitious expansion plans in India, where regulatory reform, the rise of e-commerce and shifting attitudes towards female clothing are finally widening access to a challenging market that has long resisted western brands.

But with many Indians still fiercely loyal to traditional dress — and with less purchasing power than their counterparts elsewhere in the world — analysts warn that commercial success will not come easily. Ten years ago, India relaxed rules restricting foreign investment into retail. European companies such as Marks and Spencer and Benetton, which already had stores in India through franchise and licensing agreements, were joined by Mango, Next and Debenhams as well as big Spanish fashion group Inditex, the owner of the Zara and Massimo Dutti brands.

H&M, Gap and Adidas followed suit after further reforms in 2012 that allowed international retailers to trade under their own names — provided they sourced 30 per cent of their materials locally. Progress has been slow. “The ones that will succeed are doing better at understanding the Indian consumer psyche,” says Baqar Naqvi, director at Wazir Advisors, a consultancy for international retailers in India.

“Even if you are an international brand, it’s only an initial impetus you get from that — consumers don’t have that euphoria about foreign brands any more.” Nonetheless, Inditex Trent Retail India, the joint venture between Zara’s owner and the retail arm of the Indian conglomerate Tata, recorded a rise in sales of 16.9 per cent to Rs8.4bn ($125m) for the year to March 31 2016. H&M reported sales of Skr606m ($68m) in the year to the end of November — only a year after its launch in the country.

Early entrants such as UK retailer M&S struggled to capitalise on their cultural cachet because prices were too high as a result of costly import duties. This changed for M&S after it partnered with Reliance Retail, a unit of the Indian conglomerate Reliance Industries, and developed a domestic supply chain.

"Through our local sourcing — around 60 per cent of which is from south Asia — we are competitively priced in India," says Venu Nair, managing director for Marks and Spencer Reliance India. These initial challenges mean foreign retailers' presence in India is still much sparser than that in China, another fast-growing market.

Inditex has 18 stores in India, compared with 607 in China, while H&M has 12, compared with 444 in China. Both plan to expand in India, with H&M saying it will open 50 stores by 2020, targeting middle-class shoppers in smaller cities.

Retailers are optimistic despite their relatively small footprints in India. "We believe there is tremendous potential in India today to open stores in metros as well as tier two and three cities," says H&M.

Inditex and H&M, which both have garment factories in India, have aggressively cut prices and taken a lead among foreign fashion chains targeting urban Indian women.

Devika Kundu, a 28-year-old shopping at H&M in a New Delhi mall, says the brands have "cracked the pricing for India". She encourages her mother, who is dressed in a traditional salwar kameez, to wear western clothes.

"You get more respect and independence from men in western clothes," agrees Lovely Kundu, her mother. Shreyansh Kocheri, a research analyst at data provider Euromonitor, says younger Indians are more comfortable with western clothes and will drive future demand. However, he says international retailers are "still very niche" in a country where traditional dress is commonly worn, and supply might outpace demand.

"There are challenges: the country is diverse . . . 50 per cent of womenswear is still ethnic-wear like saris and churidhars [tight-fitting under-trousers]." Radhika Chopra, a sociologist at Delhi University, says globalisation has nevertheless shifted women's aspirations.

"They're trying to make a statement about themselves as global citizens . . . able to meld into any boardroom across the globe or any shopping mall or streetscape," she says. "Western eveningwear has become very important" in terms of female emancipation.

Nitin Chhabra, chief executive of retail consultancy Ace Turtle, says the internet will catapult foreign brands into the mainstream by reducing distribution costs. "It's taken so long [for foreign brands to grow] because of distribution challenges. What has changed in the last couple of years is the internet."

Still, only 10 per cent of India's internet users shop online, according to data from the internet and Mobile Association of India, compared with almost 50 per cent in China. Some say rising incomes are key. As India's middle classes grow along with its economy, more of the country's consumers will turn to branded, western clothes.

Euromonitor forecasts the number of middle-class households in India will increase by 5.6 per cent to more than 80m by 2020. But data gathered by the Pew Research Center has questioned the assumption that India's middle class is growing rapidly.

It shows middle-income earners in India increased from 1 per cent of the population to just 3 per cent between 2001 and 2011 — compared with an increase from 3 per cent to 18 per cent over the same period in China.

Pew argues that poverty reduction in India has contributed to growth in the number of lower income, not middle income, workers. Retail executives say Gap, which plans to open 40 stores in India by 2020, is a test case for the spending power of Indians — and brands that attempt to keep prices high. Mr Naqvi says Gap has not "done anything to capture share of market while H&M and Zara are doing more.

Pricing here is a lot more competitive." Gap declined to comment. Yet foreign retailers caution that it is early days for India and remain pragmatic in their outlook. The chief executive of one UK high-street retailer, which has a supply chain in India but no stores, says "the size of the prize" might not offset the risks of "red tape, poor infrastructure and foreign investment constraints".

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