iBtex. TEXTILE INTELLIGENCE CENTRE
INFORMATION BUREAU TEXPROCIL

TEXPROCIL NEWS CLIPPINGS

The Cotton Textiles Export Promotion Council [TEXPROCIL]
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai - 400 004. Maharashtra State. INDIA
W. www.texprocil.org E. enews@texprocil.org T. +91-22-2363 2910 to 12 F. +91-22-2363 2914

IBTEX No. 143 of 2017 July 12, 2017

USD 64.52 | EUR 74.06 | GBP 82.93 | JPY 0.57

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
20198	42250	**83.20**

Domestic Futures Price (Ex. Gin), July

Rs./Bale	Rs./Candy	USD Cent/lb
20400	42672	**84.03**

International Futures Price

NY ICE USD Cents/lb (Dec 2017)	68.97
ZCE Cotton: Yuan/MT (Sept 2017)	15,625
ZCE Cotton: USD Cents/lb	**83.06**
Cotlook A Index – Physical	**83**

Cotton & currency guide:

Cotton Market remained sidelined on Tuesday. The December future ended the session marginally positive at 67.67 cents/lb. Traders' across the globe are awaiting the today's monthly supply-demand USDA report.

We believe until then market may remain calm however, any surprise in the data shall give a fresh trigger to market.

To reiterate upon the last report released in the month of June stating US Production to be around 19.20 million bales while world production should be around 114.73 million bales. – For detailed Report access KCSPL Research.

Currency Guide:

Indian rupee appreciated by 0.1% to trade near 64.52 levels against the US dollar. Rupee has benefitted from strength in domestic equity market amid upbeat economic outlook.

The US dollar has also corrected against major currencies amid positioning ahead of Fed Chair Janet Yellen.

However, weighing on rupee is lower domestic bond yields. Focus today will be on India's industrial production and CPI data which will help form outlook for RBI's monetary policy.

Rupee may trade in a range of 64.35-64.7 and some gains are likely.

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

NEWS CLIPPINGS

	INTERNATIONAL NEWS
No	Topics
1	Pakistan- Drop in textile and clothing exports
2	EU technical textiles & menswear exports up in 2016
3	USAID signs grant to create 2000 apparel jobs in Kenya
4	Germany: Apparel Sourcing Paris registers 25% more exhibitors
5	Global Cotton Production Continues to Recover
6	Economic Watch: Economic development in Xinjiang on fast lane
7	EU's apparel import stats reveal China's losing ground to Bangladesh
8	Bangladesh export grows at snail's pace in 2016--17 fiscal year
9	Bangladesh to cultivate Bt cotton to increase production
10	USA: Fashion M&A, like a crop top, is hard to pull off
	NATIONAL NEWS
1	Why India must have a new textile policy
2	India's technical textiles grows at nine per cent
3	Restriction likely on import of items that hit local companies
4	ITF and TEA representatives meet FM Arun Jaitley
5	CCI urged to open 150 cotton procurement centres in TS
6	India emerges a hotspot for global retail giants
7	India needs to attract global investments to be textile hotspot
8	Telangana: Cotton yield to rise by 20%
9	Rising rupee to squeeze export margins: CRISIL

INTERNATIONAL NEWS

Pakistan- Drop in textile and clothing exports

The textile and clothing exports of Pakistan feel for about 1.98% on year-on-year basis to a net worth of 11.23 billion curing the first 11 months of the current fiscal year.

The main reason for this graph is the lower proceeding from the raw material and the low value-added products like fabric, and cotton yarn. According to the Pakistan Bureau of Statistics, the decline in exports proceeds was also evident in rupee terms during the period of July-May 2016-17.

The product wise detail shows that the exports of the readymade garments rose to about 4.15pc, while that of the knitwear dropped to 1.85pc in July-May. The exports of bed-wear touched the number of 3.22pc, while that of towel fell to 4.77pc.

In primary commodities, the export of cotton yarn was recorded with a year-on-year decline of about 3.64pcs, while that of cotton cloth and yarn dropped for about 5.81pc and 27.32 PC respectively.

The exports of made-up articles, excluding towels, fell about 0.45pc and those of tents, canvas and tarpaulin grew 52.85pc.

Proceeds from art, silk and synthetic textile exports declined 33pc while exports of raw cotton also recorded a year-on-year decline of 47.14pc. Overall export proceeds in July-May were down 3.13pc to $18.540bn.

Source: textalks.com- July 11, 2017

HOME

****

EU technical textiles & menswear exports up in 2016

Technical textiles and menswear exporters in EU-28 nations registered good performance in 2016, according to The European Apparel and Textile Confederation, Euratex.

Technical textiles sector is a pillar of textile exports outside the EU with a 38 per cent share in 2016, while menswear exports accounted for 23 per cent of total clothing exports.

Technical textiles exports outside the EU-28 once again increased year-on-year to almost €10 billion, an increase of 2.4 per cent in value. “With 20 per cent of technical textile purchases from the EU-28, the US was far and away the main client,” Euratex states in its Bulletin 2|2017, which provides an in-depth analysis of the EU textile and clothing external trade for 2015-2016.

The report includes trade trends by sector, i.e. fibres, yarns, fabrics, carpets, technical textiles, home textiles, home textiles, workwear, mens and womenswear, by products and by EU main trading partners.

Menswear exports outside the EU-28 amounted to more than €5 billion with a 2 per cent year-on-year increase. The leading buyer of menswear, Switzerland, reduced its purchases in value by 3.9 per cent. However, there was noteworthy double-digit growth in the value of exports to South Korea, Australia, Mexico, Serbia, Israel and Ukraine.

The three major menswear products for export were: trousers (32 per cent of category exports), shirts (19 per cent) and coats (17 per cent). Purchases of all three were up owing to the weak euro.

Furthermore, exports of rugs and carpets outside the EU-28 expanded again strongly in value by 5.5 per cent. This sector represented 4.3 per cent of all textile exports outside the EU. Customer-wise, the four main buyers—the US, Switzerland, Norway and Russia—absorbed 49 per cent of exports of rugs and carpets outside the EU.

Source: fibre2fashion.com- July 11, 2017

HOME

****

USAID signs grant to create 2000 apparel jobs in Kenya

The US Agency for International Development (USAID) East Africa Trade and Investment Hub (the Hub) has signed a grant with Generation Program Kenya Limited, a local subsidiary of the McKinsey Social Initiative. It aims to create 2,000 full-time jobs and provide over 100,000 hours in skills development for young people in the apparel industry.

Working hand-in-hand with Kenya's ministry of industry, trade and cooperatives, the Kenya Association of Manufacturers and apparel companies, the pilot programme will set up and equip seven training centres throughout Kenya and screen 4,000 youth for participation. The pilot activities include recruitment, training and job placement in the apparel industry.

By the end of the programme, the 2,000 trained Kenyan youth will help address the skills gap that currently hinders growth in the apparel sector in Kenya. In addition, the goal of the pilot is to create a sustainable and replicable model for apparel sector skills development throughout East Africa.

"The programme focuses on at-risk youth employment, skilled workforce development and economic expansion through global supply chain enhancement. It aligns well with the priorities of our new administration by providing a business-enabled environment that supports both US and African businesses and investors," said Tina Dooley-Jones, USAID Kenya acting mission director.

The signing of this grant is also the official kick-off of the Hub's larger 'East Africa Cotton, Textile and Apparel Workforce Development Initiative', a collaborative effort with the private sector based on a partnership agreement between the Hub and the American Apparel and Footwear Association. The partnership ensures that US brands' and retailers' goods are manufactured in accordance with best business practices and operations in East Africa, producing a win-win for trading partners.

East Africa is establishing itself as a key-sourcing destination for buyers of global apparel, footwear and travel goods. Recently renewed to 2025, the African Growth and Opportunity Act (AGOA) is a major incentive which provides up to 35 per cent in duty savings for eligible countries exporting to the US. The Hub's new initiative will further cement partnerships between US and East African business under the Act.

Source: fibre2fashion.com- July 11, 2017

HOME

****

Germany: Apparel Sourcing Paris registers 25% more exhibitors

The 13th edition of Apparel Sourcing Paris 18 has received 25 per cent more registrations of the exhibitors. The four day trade show in Europe for worldwide sourcing of clothing will begin from September 18, 2017. The sourcing platform will offer a wide range of products from international manufacturers, which are chosen by a selection committee.

"Always in tune with the needs of buyers and exhibitors' observations, Messe Frankfurt France is introducing the Texworld Denim segment at the next show. A true reflection of the dominant position that denim occupies in the fashion industry. From the outset, we have welcomed denim manufacturers to the show in a dedicated segment.

When it comes to the show this September, it has become obvious that it is necessary to group producers of materials and clothing manufacturers to achieve better synergies for business and to make the most of visitors' time.

Our artistic directors have dreamed up a new way to give visitors an appreciation of the different products by opening up the exhibition stands as much as possible, set against a lively and fanciful backdrop," said Michael Scherpe, president of Messe Frankfurt France.

Myanmar will be exhibiting for the first time, with the MGMA (Myanmar Garment Manufacturers' Association) supported by the German AVE. Chiefly known for its ranges of casual wear, Myanmar will be showcasing far more technical products, one of the drivers for growth in the country, at Apparel Sourcing Paris.

A series of lectures about the latest developments in the sector, news from exhibitors and the catwalk shows will be held during the international sourcing event.

Source: fibre2fashion.com - July 11, 2017

HOME

****

Global Cotton Production Continues to Recover

In 2015/16, world cotton production declined by 19% to 21.3 million tons, which was the lowest volume since 2002/03. This was a result of both a 9% contraction in area due to low cotton prices and a 10% fall in the world average yield.

However, world cotton production is expected to grow for the second consecutive season by 7% to 24.6 million tons in 2017/18. World cotton area is projected to expand by 7% to 31.8 million hectares, which remains below the average of 32.3 million hectares of the previous ten years despite prices above their long-term average. India will likely be the world's largest producer for the third consecutive season with production growing by 6% to 6.1 million tons.

An early and adequate monsoon, a higher minimum support price, and the prospect of better returns from cotton compared to competing crops have encouraged farmers in India to expand area by 8% to 11.3 million hectares. Cotton area in China is expected to expand by 3% to 3.2 million hectares due to high cotton prices and the new subsidy announced during the planting season.

Assuming an average yield of 1,558 kg/ha, production could increase to 5 million tons. Production in the United States is forecast to increase by 12% to 4.2 million tons, which is the largest volume since 2007/08. High prices, sufficient soil moisture in dryland areas and beneficial weather during planting is driving the increase in area and production.

After two seasons of decline, cotton area in Pakistan is projected to grow by 8% to 2.7 million hectares. Production could reach 2 million tons, assuming an average yield of 741 kg/ha, up by 11% from 2016/17.

World cotton consumption is expected to increase by 2% to 24.7 million tons based on expectations of growth in the global economy. China leads as the world's largest consumer of cotton, though its mill use remains unchanged from 2016/17 at 7.7 million tons.

High domestic and international cotton prices and constrained supply are likely to limit any growth. After a 3% decline last season, India's consumption is forecast to recover by 3% to 5.3 million tons. Pakistan's consumption is expected to increase by 3% to 2.3 million tons. Mill use in Bangladesh and Vietnam is projected to rise by 5% to 1.5 million tons and 7% to 1.3 million tons, respectively.

The United States will continue as the world's largest exporter of cotton in 2017/18 despite a projected 7% reduction in exports to 2.9 million tons. This is due largely to the fact that there will be a much larger supply of cotton from other countries on the global market compared to 2016/17. As a result, its share of world exports is expected to fall from 50% in 2016/17 to 37% in 2017/18.

After declining by 28% to 900,000 tons in 2016/17, exports from India are projected to rise by 2% to 930,000 tons. While imports in China will likely be limited by quota, they are projected to increase by 1% to 1.1 million tons. Imports by Bangladesh are expected to increase by 7% to 1.5 million tons and Vietnam by 8% to 1.3 million tons.

World ending stocks are forecast to decline by 1% to 17.1 million tons in 2017/18. China's stocks are expected to decline by 18% to 7.6 million tons, and its share of world stocks is expected to decline to 44%, which would be the first time since 2011/12 that it held less than half of global stocks. Stocks held outside of China are expected to rise by 17% to 9.6 million tons. This would be one of the highest volumes on record and indicates that prices should fall.

WORLD COTTON SUPPLY AND DISTRIBUTION

	2015/16	2016/17	2017/18	2015/16	2016/17	2017/18
				Changes from previous month		
	Million Tons			Million Tons		
Production	21.30	22.93	24.57	0.00	0.03	0.04
Consumption	24.28	24.31	24.73	-0.01	0.05	0.13
Imports	7.55	7.93	7.84	0.00	-0.12	-0.24
Exports	7.55	7.93	7.84	0.00	-0.12	-0.24
Ending Stocks	18.68	17.30	17.15	0.06	0.04	0.47
Cotlook A Index*	70	82*	69**			

*The price projection for 2016/17 is based on the ending stocks/consumption ratio in the world-less-China in 2014/15 (estimate), 2015/16 (estimate) and in 2016/17 (projection); on the ratio of Chinese net imports to world imports in 2015/16 (estimate) and 2016/17 (projection). The price projection is the mid-point of the 95% confidence interval: 81 cts/lb to 83 cts/lb.

** The price projection for 2016/17 is based on the ending stocks to mill use ratio in the world-less-China in 2015/16 (estimate), 2016/17 (projection) and 2017/18 (projection); on the ratio of Chinese net imports to world imports in 2016/17 (projection) and 2017/18 (projection); and on the price projection of 2016/17. The price projection is the mid-point of the 95% confidence interval: 53 cts/lb to 85 cts/lb.

Source: textilesupdate.com- July 10, 2017

HOME

****

Economic Watch: Economic development in Xinjiang on fast lane

Every evening, workers gather in the Shenzhen Industrial Park in Kashgar, Xinjiang Uygur Autonomous Region, waiting for buses to take them home.

Companies based in the park, including electronic components makers and clothing manufacturers, have hired more than 3,000 workers from nearby villages and towns, making the industrial park one of the most bustling areas in the region.

A large number of highly competitive companies from outside the region have set up factories or subsidiaries in Xinjiang under the "pairing assistance" program, helping local residents find jobs close to their homes. The program has allowed 19 provinces and municipalities to offer financial and personnel support to remote Xinjiang, building new infrastructure and funding local industry.

According to the National Development and Reform Commission, China's economic planner, since late 2012, the provinces and municipalities have allocated more than 13 billion yuan (about 1.91 billion U.S. dollars) to promote local industries and created more than 500,000 jobs in Xinjiang.

Thanks to support from other parts of the country, Xinjiang has seen rapid economic growth in the past few years, with infrastructure projects bringing the region closer to the rest of China.

According to official data, Xinjiang's regional economy grew by 7.6 percent in 2016, 0.9 percentage points above the national average. Per capita disposable income grew 8.9 percent to 18,355 yuan, also faster than the national rate.

By the end of 2016, the incidence of poverty in the region had dropped to 10 percent or less, according to a white paper issued by China's State Council Information Office.

The fast growth was partly boosted by infrastructure upgrades, which the region's authorities deemed as crucial for tackling overcapacity, deepening supply-side reform, and supporting the Belt and Road initiative.

Covering an area of 1.66 million square kilometers, or about one-sixth of China's land area, Xinjiang is huge and its infrastructure is still far from enough to support its development.

According to the provincial government work report issued earlier this year, Xinjiang plans to spend over 1.5 trillion yuan on infrastructure in 2017, including more than 200 billion yuan on new roads, 34.7 billion on the rail network, and 14.4 billion to upgrade the airport in the capital Urumqi.

The region also plans to invest over 227 billion yuan in projects including water diversion, power transmission, and cloud computing, according to the report.

Xinjiang already has 4,395 kilometers of expressway and 717 kilometers of high-speed railway, as well as 18 civil airports, according to the white paper.

The Belt and Road Initiative, aimed at building a trade and infrastructure network connecting Asia with Europe and Africa along the ancient trade routes of Silk Road, has injected new impetus to Xinjiang's development.

Since the initiative was proposed in 2013, Horgos, an old port bordering Kazakhstan in Xinjiang, has seen "explosive development," local officials said.

Last year, more than 2,400 companies were registered in Horgos. The city's GDP was 5.12 billion yuan in 2016, up 278 percent from 2015.

At the core of the Silk Road Economic Belt, Xinjiang is also quickly building up strong industries, including chemicals, information technology, machinery manufacturing, and textiles.

In 2017, industrial investment is expected to hit 461 billion yuan, of which manufacturing totals 280 billion yuan, up 51 percent from last year.

Source: xinhuanet.com - July 11, 2017

HOME

****

EU's apparel import stats reveal China's losing ground to Bangladesh

Exports of technical textiles outside EU-28 increased year-on-year. This sector is a pillar of textile exports outside the EU with a 38 per cent share in 2016. The growth translated into almost €10 bn of exports, an increase of more than 2.4 per cent in value. With 20 per cent of technical textile purchases from the EU-28, the USA the biggest client.

With a plus 2 per cent year-on- year increase, menswear exports outside the EU-28 still accounted for 23 per cent of total clothing exports amounting to more than €5 bn. The leading buyer of menswear, Switzerland, reduced its purchases in value (-3.9 per cent). There was noteworthy double-digit growth in the value of exports to South Korea, Australia, Mexico, Serbia, Israel and Ukraine.

The three major menswear products for export were trousers (32 per cent of category exports), shirts (19 per cent) and coats (17 per cent). Purchases of all three were up, thanks to the weak euro (€). Furthermore, exports of rugs and carpets outside the EU-28 expanded again strongly in value by +5.5 per cent. This sector represented 4.3 per cent of all textile exports outside the EU.

Customer-wise, the four main buyers (USA, Switzerland, Norway and Russia) absorbed 49 per cent of exports of rugs and carpets outside the EU. EU imports surge in home textiles and clothing

Homebuilding activity varied widely depending on the member state, and purchasing of homeware. Nevertheless, imported home textiles took advantage of lower average unit prices, resulting in a rise of plus 3.3 per cent in value corresponding to an increase of €192 million. This growth was mainly attributed to bed and home linen.

Import of home textiles from outside the EU reached €6 bn and mainly divided among four countries: China (33 per cent), Pakistan (25 per cent), Turkey (16 per cent) and India (11 per cent). Besides, there were remarkable gains in value for Vietnam, Morocco, Taiwan and Ukraine.

In 2016, EU's menswear imports increased to more than €20 bn (25 per cent of total clothing imports), with a plus 0.5 per cent increase in value and +4.4 per cent in volume terms, leading to a -3.7 per cent fall in the average unit price. Of the five main imported menswear items (trousers, shirts, coats, underwear, jackets), only shirts suffered weak demand. China remained the main supplier of menswear.

In value terms, its share of total imports stood at 28 per cent, representing another year of steady decline. The EU-28's second ranked supplier, Bangladesh, continued its rise adding +8.5 per cent to improve its market share. A comparable situation was observed in imports coming from Pakistan, which added +5.8 per cent in value.

Imports of womenswear reached €29 bn (36 per cent of total clothing imports), with a +0.8 per cent increase in value. Imports rose for the five main imported items: trousers, skirts and dresses, coats, blouses and underwear.

China continued to be the main supplier but its share is being eroded year-on- year. Due to continued annual expansion of its import share, Bangladesh was inevitably next in line, with value increasing by +13.7 per cent. In third place, Turkey continued to be a preferred traditional supplier even with a slight dip of -0.3 per cent.

Among other clothing articles, EU imports of worn clothing achieved an outstanding growth while pullovers & cardigans have pointed down.

Source: fashionatingworld.com - July 11, 2017

HOME

****

Bangladesh export grows at snail's pace in 2016--17 fiscal year

Bangladesh exports grew at a snail's pace in the just concluded 2016-17 (July 2016-June 2017) fiscal year, showing few signs of speeding up in the new financial year.

Exports inched up 1.69 percent to nearly 35 billion U.S. dollars in the 2016-17 fiscal year, an official from Export Promotion Bureau (EPB) told Xinhua Monday.

"2016-17 fiscal year export reached 34.83509 billion U.S. dollars."

With 3.04 billion U.S. dollars export earning in June this year, down 15.27 percent over the same period a year ago, the EPB official who did not like to be named said the country's overall export earnings in the immediate past fiscal year also fell short of the target of 37 billion U.S. dollars by 5.85 percent.

Bangladesh's export income in the previous 2015-16 fiscal year (July 2015-June 2016) was registered at 34.24 billion dollars.

As always the growth in 2016-17 fiscal year largely attributed to demand for ready-made garment industry though the country's main export engine performed poorly in the immediate past year.

According to the official, knitwear garment export grew 3.01 percent to 13.76 billion U.S. dollars while woven garments fell 2.35 percent to 14.39 billion dollars in the 2016-17 fiscal year, comparing with the same period of previous fiscal.

Growth in earnings from garment exports, which make up more than three fourths of the country's annual incomes since the beginning of this decade, hovered 15--20 percent.

But in the recent years ready-made garment (RMG) manufacturers remained in export doldrums.

The EPB official said, many other traditional major exportable items, like frozen foods, jute, footwear, home textiles, leather and leather products, did not perform well in the last fiscal year.

"Multifarious adverse conditions in international market have created slight pressure on RMG export," Bangladeshi Finance Minister AMA Muhith said.

Of the two major export destinations, Muhith said export to the European Union has improved significantly.

"I believe export to the U.S. market will also increase considerably with accelerated economic recovery in the United States," said Muhith in his budget speech last month.

The United States is by far the largest destination for Bangladesh's garment exports.

Bangladesh's apparel exports to the U.S. in 2016 reportedly declined 1.96 percent year-on-year to 5.49 billion dollars due mainly to the volatile U.S. economy and its presidential election.

Thanks to its cheap labor force, Bangladesh is now the world's second largest garments exporter following China, producing global brands for customers around the world.

The country's garment industry has been severely criticized for safety concerns and labor unrest over rock-bottom wages in recent years.

Source: xinhuanet.com - July 11, 2017

HOME

****

Bangladesh to cultivate Bt cotton to increase production

Bangladesh will begin cultivating genetically modified organism (GMO) cotton or Bt cotton in order to boost the crop's production, according to Matia Chowdhury, agriculture minister of the country. The decision to cultivate Bt cotton has been taken as the harmful pest bollworm is posing as an obstacle in increasing the production of the crop.

Chowdhury disclosed this information while replying to a query that was raised in Jatiya Sangsad.

She also said that the Cotton Development Board (CDB) has set up demonstration farms to introduce the new cotton variety. Initiative will be taken to extend its cultivation after the trial period by distributing it to farmers, said Bangladeshi media reports quoting Chowdhury.

The 'research development for developed variety cotton and its seed' project is also underway to develop a variety of cotton which is high-yielding and takes relatively short time for cultivation, she added.

Source: fibre2fashion.com - July 11, 2017

HOME

****

USA: Fashion M&A, like a crop top, is hard to pull off

Mergers and acquisitions for fashion retailers are like a crop top t-shirt: a risk best braved by a select few and avoided after a certain age.

Abercrombie & Fitch Co (ANF.N), the teen brand with a 125-year heritage, became the latest to demonstrate that on Monday, ending talks about a potential sale after failing to agree terms with potential suitors.

Successful deals in the mercurial world of U.S. fashion are rare, and now look even less likely to succeed as sales dip across the board. Cost savings can be counterproductive if it means squeezing money out of marketing and design, and buyers are taking a risk on a style that can easily go out of favor.

As a result, established brands like Abercrombie are having problems finding a savior.

"Often, as well as spending the money to buy the brand or business, you then have to spend more to do something strategic that will propel growth, and that means paying out twice before getting a return," said Neil Saunders, managing director of market research firm GlobalData Retail.

Five of the 20 companies involved in the biggest private equity apparel deals of the last decade have been restructured or gone bankrupt. All struggled under the debt load of a leveraged buyout. The biggest acquisition, Apollo Global Management's roughly $3.1 billion leveraged buyout of Claire's Stores Inc, restructured in 2016.

The second-largest acquisition, J. Crew Group Inc, which TPG Capital and Leonard Green & Partners bought for about $3 billion, is now being restructured. Gymboree Corp filed for bankruptcy last month, seven years after Bain Capital's $1.8 billion purchase.

Mounting Pressure

Many U.S. fashion bosses are finding they have no option but to consider a sale as pressure mounts from more affordable fast-fashion chains from Europe such as Zara (ITX.MC) and H&M (HMb.ST), and customers abandon malls in favor of Amazon.com Inc (AMZN.O) and other online retailers.

Outerwear brand Eddie Bauer, for example, is exploring a sale while also seeking relief from its debt load, sources have told Reuters. Teen brand American Apparel explored a sale last year before ultimately filing for bankruptcy.

As Abercrombie's experience shows, finding a willing buyer at the right price is difficult.

"Public company board members are reticent about green-lighting large-scale mergers and acquisitions because it's hard to find a good example of a business that has been rewarded by the equity market for doing so," said Rohit Singh, who specializes in retail at UBS Investment Bank, not speaking specifically about Abercrombie.

Struggling retailers are a tough sell to potential acquirers. Merging with another company risks double the trouble – more brands falling flat and more stores bereft of customers.

Most fashion retailers are locked into store leases, and as landlords watch their malls empty out, they are increasingly unwilling to give their tenants an easy path out.

"Perhaps the reason the Abercrombie deal didn't get done was that they've got way too many stores in way too many malls that don't make any money, and the cost to unwind those pieces and get out of those stores is just too great to compensate for the upside," said Mark Belford, a retail specialist at KPMG Corporate Finance.

After failing to strike a deal, Abercrombie now has no choice but to go it alone. On Monday, the New Albany, Ohio-based retailer said it will focus on its growing surf-wear brand Hollister and try to reposition its flagship brand, which has reported falling quarterly sales since 2014.

Sinking Rocks

The most successful acquisitions have been those of younger brands, which have room for growth and have yet to develop expensive supply chains and costly, little-used store bases.

Gap Inc's (GPS.N) $150 million purchase of athletic and yoga clothing line Athleta Inc in 2008, for example, gave it a foothold in a growing fashion trend. The acquisition helped save Gap when sales of its jeans slowed as shoppers shifted to leggings.

Apparel retailers which bought rivals in the hope of finding growth or eliminating competition have found little payoff.

"Oftentimes, the companies themselves aren't growing, so it doesn't solve the underlying challenge," said Josh Chernoff, managing director, retail at consultant Parthenon-EY. "If you tie two rocks together, they sink just as fast or faster."

The changing winds of fashion derailed Wolverine Worldwide's $1.2 billion acquisition of boat shoe maker Sperry and other brands in 2012, several of which Wolverine tried to sell this year.

Shoppers' addiction to discounting crushed Men's Wearhouse Inc's $1.8 billion acquisition of rival Jos. A. Bank, the value of which was almost written off. The suit retailer's sales plunged after it abandoned its famous "buy-one-get-three-free" specials in the wake of the 2014 merger.

Ascena Retail Group Inc (ASNA.O), one of the few serial acquirers in U.S. apparel, has been laid low by its roughly $2.1 billion acquisition of Ann Inc, parent of work-wear line Ann Taylor.

The 2015 acquisition was meant to give it a full portfolio of womenswear brands and enable it to cut $150 million over three years in costs as it centralized the different lines' internet infrastructure, distribution and manufacturing.

But sales for all its brands have dropped, most recently a combined 8 percent in the third quarter of 2017. Ascena's market value is now $400 million, roughly 85 percent lower than before the deal.

"Fashion is not something you can solve with math," said Belford. "Fashion – you either get it or you don't, and it either sells or it sits on the shelf."

Source: reuters.com - July 12, 2017

HOME

****

NATIONAL NEWS

Why India must have a new textile policy

India's textile sector, covering everything from fibre to garments, has the second-largest employment after agriculture, employing an estimated 32 million workers. It has the potential to double this employment in the next seven years as per the vision document of the union textiles ministry. It is a sector which not only provides livelihoods to millions of households, but is a storehouse of traditional skills, heritage, and a carrier of heritage and culture too.

Artisans, weavers, handloom workers are custodians of designs and skills which they have been inheriting and bequeathing for ages. This is also a sector which is undergoing a huge churn due to automation, digital printing and the relentless rise of e-commerce. All these three developments threaten to completely change the face of this industry. What is India's strategy to ride this disruptive wave? Should we leave it to free market forces to determine who survives, who prospers, who innovates and who perishes? Surely not.

We need a national textile policy document, an articulation much like the national telecom policy of 1999, which was a game changer, and led to the upsurge of India's telecom revolution, An equally imaginative, bold and futuristic blueprint is urgently needed. The last official national textile policy is from 17 years ago. The one prior to that was in 1985. Talk of a new policy has been in the works for several years. We do have a vision document for 2024-25, from which we got the employment numbers quoted at the beginning of this column.

Consider this. The world operated under a patently unfair quota system called the Multi Fibre Agreement (MFA), which shackled the growth of India's textile and garment exports. The MFA was dismantled completely in 2005 and India was supposed to surge ahead.

Instead we have lost steam. India's share of textile exports in total exports, at 12%, is half of what it was in 1996. If you think that's not so bad, because other sectors like petrol and diesel went from zero to 20% of export share, think again!

Bangladesh's garment exports exceeded India's in absolute terms back in 2003. Today it exports more than $35 billion worth of garments, twice that of India. Indeed, there are Indian entrepreneurs who have set up operations in Bangladesh for exports to Western markets. Even late starter Vietnam overtook India in 2011, and now exports garments worth $32 billion.

The fact that these two smaller nations have preferential access to the European Union and US markets doesn't quite explain their huge lead over India. Their growth in exports has been at 20% per year, against India's 8%. In overall textile trade globally, India has a share of merely 5%, against China's 39%. In the sub-segment of synthetic fibres, India's share is just 2%, against China's 66%.

While India has a rich mix of synthetic and natural fibres and yarns, including cotton, jute, silk, polyester and viscose, it remains a cotton-focused country. The presence of cotton in yarn, fibre, fabric and garments is close to 70% of usage within India, which is also reflected in exports. Only 30% is from synthetics and man-made fibres. The global trend is exactly the obverse, i.e. 70% consists of man-made fibres. So India's domestic and export mix is the opposite of global fashion and demand trends.

Till recently, thanks to the Chinese government's support for stockpiling cotton yarn, India was also finding it profitable to export raw cotton to China. The inverse skew of fibre usage in India is due to the skewed tax treatment.

Until the roll-out of the goods and services tax (GST), the cotton value chain was completely free of indirect taxation. Whereas the man-made fibre suffered a dead-weight tax of 12% excise, which resulted in unutilized VAT (valued-added tax) credit in the chain.

That anomaly was supposed to be removed by uniform GST treatment for the textile sector. Instead of a fibre-neutral policy, we have a dual GST structure, with 18% GST on upstream, and 5% on all downstream, leaving an inverted duty structure. In addition, the offsetting credits cannot be used to get a refund by downstream entities.

This has already led to much disruption, as can be seen in shutdowns or strikes in powerloom clusters such as Surat, Bhiwandi or Coimbatore.

Some of this is because of the reluctance of the informal sector to step into the limelight of the formal sector with GST. But some of it is also because of the effect of inverted duties and the disallowing of GST refunds.

The other big factor looming large on the sector is the overhang of excess capacity in the fibre and yarn sectors in China. That causes a downward pressure on prices and the flood of imports also remains a constant threat.

With rising wages in China, the labour-intensive garment sector is perhaps moving out, and represents a great opportunity for India. But unless that is grabbed soon with a coherent and holistic national policy, we run the risk of losing to countries like Vietnam.

Textiles, along with agriculture, construction and tourism, has large-scale job creation potential. It is a sector dotted with small and medium enterprises, which make up 80% of the units. It is ideally positioned to be a poster child for Make In India.

But it needs a national policy and implementation plan, which can address these challenges: changing consumer and fashion trends, a significant demand for investment and modernization of machinery, massive skill upgradation, meaningful export incentives, a fibre-neutral tax policy, a big digital push in design and automation, and lastly, meeting the needs of the e-commerce phenomenon. It's a tall order, but surely we can untangle this web.

Source: livemint.com- July 12, 2017

HOME

****

India's technical textiles grows at nine per cent

India's technical textiles industry is growing at a fast pace, with an expected compound annual growth rate of 9.6 per cent between 2014 and 2023. In addition, India accounts for roughly 14 per cent of the world's production of textile yarns and fibers.

It is the world's largest producer of jute, second largest producer of silk and cotton, and the third largest of cellulosic fiber. The readymade garment sector is currently the largest contributor to India's total textile and apparel exports, accounting for roughly 41 per cent.

India's growth rate has been boosted by initiatives, including its recent establishment of 75 apparel training and design centers to improve technical skills and offer training.

The vast majority of technical textiles comes from Asia-Pacific, which accounts for almost half of the global technical textiles market.

China is the largest producer of both woven and nonwoven technical textiles in the region, and is currently responsible for 30 per cent of global production. A large workforce, strong domestic market and the advances it has experienced in textile technology make the country a very strong competitor in the global industry.

China's leading position is followed by the Americas with 19 per cent of global production, India with 18 per cent, the EU with 16 per cent and the rest of the world with 17 per cent.

Source: fashionatingworld.com- July 11, 2017

HOME

****

Restriction likely on import of items that hit local companies

India is looking to impose restrictions and standards on products where imports have replaced domestic production, an attempt to give a push to 'Make in India' programme and reduce the widening trade gap.

The commerce department has instructed various ministries to analyse data and compile lists of products which are being produced domestically but losing market share to imports.

The Bureau of Indian Standards (BIS) has been assigned the task of setting standards that will have to be met by imported goods as well as goods manufactured in the country.

"We need to do an analysis of the deficit before putting any technical restrictions because there are certain areas where we do not have domestic production," said an official aware of the development.

Medical devices, solar cells, ceramics, plastic wares and toys, among other products, may be subjected to mandatory standards in the future as the government attempts to control India's large trade deficit.

Most line ministries, especially those which have a regulatory role such as textiles and health, along with the industry department, have been asked to prepare a list. The government wants to impose standards, compliance with which will be mandatory for both domestic and imported goods – called 'national treatment' in trade parlance.

The national treatment will ensure that the restrictions are consistent with the World Trade Organization commitments.

At present, about 120 products including certain qualities of cement, electronics, milk powder, cables and wires come under mandatory standards compliance. India exported goods worth $274.6 billion in 2016-17, 4.7 per cent higher than $262.2 billion in the previous year. The trade deficit in 2016-17 was $105.7 billion.

"We have asked all ministries to look at data and find products that need attention. We will take two months for a review," the official said.

Moreover, the department wants experts from all government agencies to participate in meetings of various global standard setting fora. So far, BIS has usually represented India at such meetings.

Besides keeping the trade deficit in check, the move will help make the domestic industry more competitive since it will also have to comply with the same norms.

"Consumers will benefit only if the domestic industry adopts those standards. The success of this exercise will depend on what standards are set and how much time companies take to abide by them," said an industry expert.

Source: economictimes.com- July 12, 2017

HOME

****

ITF and TEA representatives meet FM Arun Jaitley

Representatives of Indian Texpreneurs Federation (ITF) and Tiruppur Exporters' Association (TEA) met Union finance minister Arun Jaitley to present three subjects—thank the FM and put forward two appeals on behalf of the industry.

Jaitley listened patiently and asked feedback about the implementation of the Goods and Services Tax (GST) in ground level.

The ITF and TEA representatives—Prabhu Damodaran, Raja Shanmugam, Krishna Kumar, and Shrihari—expressed sincere thanks from the industry for the fantastic work by GST Council and the finance ministry for lowest slab of 5 per cent without any exemption for cotton textile sector.

On behalf of their sector, they made two appeals to the finance minister—reduction of GST rate to 12 per cent from 18 per cent for MMF yarns, and reduction of tax rate for job work for apparels and madeups from 18 per cent to 5 per cent.

The minister explained the basic logic of GST and how it will help India's economy to grow.

The meeting assumes significance as the textile business in many parts of the country has come to a virtual standstill following protests and strikes by small manufacturers and traders over various aspects of the recently-introduced GST.

Source: fibre2fashion.com- July 11, 2017

HOME

****

CCI urged to open 150 cotton procurement centres in TS

In view of the expected increase in the extent of cotton cultivation during the current kharif season in Telangana, the State Government has requested the Cotton Corporation of India (CCI) to open 150 purchase (procurement) centres when the fibre crop production starts arriving into the market later this year.

Minister for Marketing T. Harish Rao made the request to CCI Chairman and Managing Director M.M. Chockalingam at a review meeting held here on Tuesday with the officials of Marketing Department and CCI. Later, the two inaugurated the third branch office of the CCI in Telangana at Mahabubnagar. The CCI already has its offices at Warangal and Adilabad.

Speaking after inaugurating the Mahabubnagar office, Mr. Harish Rao explained that cultivation of cotton was expected to be in about 17.5 lakh hectares this season and the production was estimated to be around 19.15 lakh bales (or 32.55 lakh quintals).

He stressed the need for opening more purchase centres since the cultivation was expected to be 20% more than the last year and the matter was already brought to the notice of Union Minister for Textiles Smriti Z. Irani earlier this month.

He thanked the Centre – Food Corporation of India (FCI) and National Agricultural Cooperative Marketing Federation (NAFED) for procuring about 21 lakh quintals of redgram during 2016-17 with the help of State Government agencies – MARKFED, HACA and DCMS.

Further, the Minister asked the officials to make arrangements for procurement of cotton through e-NAM system and the payment was made to the farmers concerned within 48 hours of their selling the produce.

He also requested the CCI to take steps to purchase second quality cotton that would get discoloured following its picking after October/November rains.

Quality testing labs

Mr. Chockalingam stated that the CCI would set up cotton quality testing labs at 125 places across the country this year and they could be set up either by the State Governments or their agencies and the Centre would provide equipment costing Rs.1.5 core per every lab with 90% subsidy.

Source: thehindu.com- July 12, 2017

HOME

****

India emerges a hotspot for global retail giants

India is one of the fastest-growing economies and is expected to surpass Germany and Japan to become the third-largest economy by 2025. India represents a $1 trillion retail market and has quickly become the Mecca for Western retailers setting up base to stake claim. With the government relaxing FDI norms, it became easier for MNCs to grab a major share. The Gap Inc, Aéropostale Inc, Desigual, Levi Strauss, Rider, Ipanema and Adidas AG, are some of the companies who have aggressively forayed into Indian territory.

Growth triggers for retail

Around 86 per cent of Indian respondents in a recent study said they were likely to make online transactions with their phones. This is good news for retailers both local and foreign as India's consumers place a priority on fashion and apparel when it comes to online spending.

Many of India's consumers are technologically savvy, and mobile has become the leading Internet-enabled device for both urban (73 per cent) and rural (87 per cent) users in India. With a steadily growing middle class, and the vast majority of their population below the age of 35 (65 per cent), India is sitting on a mountain of unrealised growth potential for the mobile market.

Growing western influence

According to CLSA, India's fashion market is a $17 billion industry and is growing 25 per cent year over year. There is a growing trend among India's population in embracing Western culture and style. Indo-Western wear, a fashion trend that fuses influences from both cultures, is on the rise among pre-teens. And in a recent survey of workforce populations in top cities in India, 64 per cent said they prefer to wear jeans or denim every day.

Levi Strauss, one of the original denim brands in the US was the first to explore India as an emerging market and now boasts 185 retail points country-wide. Brands like Aéropostale, Lee and Wrangler have taken measures to regain their share of market by entering India. Zara opened its first flagship in New Delhi in 2010, followed by Mango and H&M.

Due diligence is needed

However, before a company decides to stake a claim of your own in India, one needs to consider the following aspects: Conduct research to better understand how India's regulatory environment works; familiarise with Make in India; the secret to securing customer loyalty will be in conquering the language barrier, etc.

Source: fashionatingworld.com- July 11, 2017

HOME

****

India needs to attract global investments to be textile hotspot

India's current apparel market is estimated at $63 billion out of the $80 billion domestic textile and apparel market and is expected to grow at a CAGR of 12 per cent for the next 10 years to touch $180 billion. The domestic and export market is poised for double-digit growth owing to structural changes in the country and international events shaping global trade. There are many factors that have a strong impact on growth.

One, is the strong population base with the largest GenY population in the world, coupled with a growing economy. Urbanisation and rurbanisation are other important factors shaping the Indian consumer spending habits.

Citizens are migrating from rural to urban areas in search of job opportunities and better amenities, while steps are also being taken to improve facilities in rural India. The ballooning middle class is also boosting Indian consumption patterns. Increasing brand awareness and penetration of brands to tier-II, tier-III and tier-IV cities have largely contributed to a shift in buying pattern from need-based to aspirational buying.

Gaining strength in global market

The Indian textile industry is witnessing positive growth not only in the domestic market but also in the internationally. Currently, India has a share of around five per cent in global textile and apparel trade, which stood around $765 billion in 2016, while China has a share of 36 billion.

The Chinese apparel market is expected to grow at a CAGR of 10 per cent over the next few years and become $615 billion market by 2025 from the current market size of $237 billion. The focus of the Chinese industry is expected to shift from exports to catering to the increasing domestic market. Given the shift in Chinese focus, India has the opportunity to expand its presence in the international market as well.

Changing landscape of Indian economy

The government allowed 100 per cent FDI in the retail sector under the automatic route with a clause to source around 30 per cent of the merchandise locally. This has not only attracted international brands but also boosted domestic manufacturing. The GST will further catalyse in making the unorganised segment of this industry more organised and will bring it under the GST ambit to avail input tax credit. This will help in streamlining the Indian textile value chain. The textile industry has also been recognised as a priority sector under the 'Make in India' initiative.

Competitive manufacturing landscape

India enjoys several advantages when it comes to textile and apparel manufacturing compared to competing nations like China, Vietnam, Bangladesh, Ethiopia, Myanmar, Kenya and others. India is the largest producer of cotton and the second largest producer of polyester in the world, after China.

Under the 'Make in India' campaign, the government has also put a lot of focus on increasing the skill level of the workforce to not only ensure the quantity but also the quality of the workforce. India has well established production facilities in the textile value chain from fibre to the finished products (apparel, home textiles and technical textiles). There are around 74 Integrated Textile Parks dedicated for manufacturing textile and apparel items.

Investment scenario

Though the Indian textile industry has a strong presence in the entire value chain, there are still some structural weaknesses in the manufacturing value chain. The fundamental issue within the value chain lies with the fabric manufacturing and processing sector, which suffers from lack of capacity and use of obsolete technologies to an extent that the upstream and downstream processes are not able to utilise their full potential.

In order to make strong positioning in the global market, there is a need to bring about structural transformation in the value chain. Vast opportunities lie in high-end weaving, fabric processing and manufacturing of finished products, viz., apparel and home textiles. The government has realised the same and has been providing support through schemes like ATUFS, IPDS, etc.

In order to ramp up the weak links in the value chain, investments are needed from both international companies and domestic players. Countries like China, South Korea and Taiwan among others who have become global players in fabric manufacturing and processing.

India can go for joint ventures with these players to bring the requisite know-how and economies of scale in the country. India can also look to bring in technical experts from these countries to reduce the learning curve in these segments.

Source: fashionatingworld.com- July 11, 2017

HOME

****

Telangana: Cotton yield to rise by 20%

Cotton harvest is likely to rise by at least 20 per cent in the State this year. The farmers are going for cotton crop in over 17.50 lakh hectares against 14.10 lakh hectares last year.

The production is expected to touch 19.15 lakh bales. The phenomenon is not restricted to Telangana, one of the top cotton growing States in the country.

An increase in global cotton production has also been forecast for the upcoming year and this has called for advance contingencies. Planning for the season well in advance, Minister for Marketing and Irrigation T Harish Rao wanted the Cotton Corporation of India (CCI) to open 66 cotton purchase centres rising their number in the State from 84 to 150.

As a follow-up to his meeting with Smriti Irani, Union Minister for Textiles, in New Delhi on July 5, he had a meeting with the CMD of Cotton Corporation of India, Ch Lingam and other officials here on Tuesday and urged him to ensure that the cotton purchase centres would be able to operate six days a week (instead of five days) at least in the centres known for big arrivals.

While stressing for decentralised procurement, he wanted the CCI to adopt the systems of FCI and Nafed that procured over 22 lakh quintals of red gram from the State market yards during the last season.

Implementation of e-NAM, e-trading platform for the national agriculture market supported by effective servers and "mandi analyst services" at all the purchase centres was emphasised. The Minister also insisted on making prompt payments to the farmers facilitating it within 48 hours through the e-NAM payment gateway.

The Minister called for steps to ensure purchase of second quality cotton stocks from the farmers as the harvest in the rainy days was bound to lose sheen.

Responding positively to the issues brought to his notice by the Marketing Minister, the CCI CMD said that the e-NAM software needed to be upgraded based on the extent of area and expected arrivals in the State markets. The CCI had decided to set up 125 cotton quality testing labs as part of the cotton technology mission.

Even the government or the government agencies can come forward to set up the labs on 90 per cent subsidy, he added.

Source: telanganatoday.com- July 11, 2017

HOME

****

Rising rupee to squeeze export margins: CRISIL

The appreciation of the rupee against the dollar in recent months might have dented the profitability of exporters during the June quarter, credit rating agency CRISIL said on Tuesday.

This held especially true for companies that sourced locally and had limited pricing power while those having natural offsets such as sizeable imports or foreign currency loans and currency hedges would be less affected, CRISIL said.

The rupee has since January risen by more than five per cent against the dollar to close at 64.54 on Tuesday. A weaker currency is an advantage for exporters and makes imports, foreign travel and education more expensive.

An analysis of the largest 10 export-oriented sectors from CRISIL's rated portfolio shows leather, textiles, meat, seafood and basmati rice are the most vulnerable to a stronger rupee.

Foreign currency losses for these exporters were estimated at 200-300 basis points (bps) of net sales during the June quarter taking into account the 4 per cent rupee appreciation, CRISIL said.

For pharmaceuticals and agrochemicals, the impact would be lower at 150 bps, given their imports provided a partial hedge, CRISIL said. For the gems and jewellery sector, exports largely matched imports, leading to minimal impact, it added.

The information technology (IT) sector will be the least affected, given the extensive hedging practiced there, but the extent of hedging in terms of time period will determine the impact on individual companies.

“A majority of exporters have weathered the forex storm so far. Any significant rise in the rupee will impact credit profiles of exporters in the vulnerable sectors,” said Anuj Sethi, senior director, CRISIL. Exporters rated below ‘BBB-’ (moderate safety) are vulnerable to challenges on both the demand and supply sides.

Demand-side issues include the information technology, pharmaceuticals and leather sectors facing pricing pressure or sluggish demand in major markets like the US and the EU.

Supply-side issues such as the ban on cow slaughter have squeezed margins in the leather and meat industries.

"The worst is still to come. With the currency appreciating at a fast clip, competitiveness of Indian goods will go down," said Ajay Sahai, director-general of the Federation of Indian Export Organisations.

Major exporting sectors such as engineering products, readymade goods and automobiles are expected to come under pressure.

However, with the Merchandise Exports from India Scheme covering nearly 8,000 product categories, chances of further support are slim. Under this scheme, the government provides duty benefits to exporters at two, three and five per cent, depending on the product and country exported to.

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

HOME

****