

IBTEX No. 28 of 2018

February 07, 2018

USD 64.19 | EUR 79.48 | GBP 89.62 | JPY 0.59

Cotton Market		
Spot Price (Ex. Gin), 28.50-29 mm		
Rs./Bale	Rs./Candy	USD Cent/lb
19027	39800	79.01
Domestic Futures Price (Ex. Gin), February		
Rs./Bale	Rs./Candy	USD Cent/lb
20040	41919	83.22
International Futures Price		
NY ICE USD Cents/lb (March 2018)		76.19
ZCE Cotton: Yuan/MT (Jan 2018)		15,075
ZCE Cotton: USD Cents/lb		92.39
Cotlook A Index - Physical		87.6
<p>Cotton guide: Cotton price for March delivery at ICE slipped below 76 cents and made an intraday low of 75.93 while closed the session at 76.19 cents per pound down by 38 points from previous close. The trend has been bearish altogether for more than a fortnight however; it has now taken a very strong support near 75.70 cents which is 50% retracement of the recent price rally from 66.30 to 84.75 cents per pound. We believe unless market makes a clear breakdown below 75.70 either cotton will continue to trade sideways or a good rebound in the price could be witnessed.</p> <p>On the trading front volume continues to be good near 60K+ contracts while total open interests are slipping down. As of Tuesday the open interest is declined to 0.298 million contract from a recent high of 0.321 million contracts. We believe</p>		

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decelerating price, lower open interest and higher volume indicate the strength in the existing trend is good to remain overall bearish for cotton price.

As said above if 75.70 cent is well respected then market may continue to trade in the range of 75.70 to 78 cents in this week. This week on Thursday we have two key events related to cotton i.e. weekly export sales data and the monthly WASDE report.

As per the Bloomberg survey the ending stocks, production of US is expected to be slightly lower from previous month while the exports are expected to rise to 14.91 million bales. In the meanwhile, global production is also expected to decline marginally from previous month. We believe any further major change in the number (higher side or lower side) could bring in price volatility.

This morning ICE cotton is seen trading marginally higher by 0.60% at 76.77 cents per bale. As said market may have taken strong support and thereon is taking a good rebound in the price. Market may be continued to trade sideways on today's trading session.

On the domestic front despite the daily arrivals of Tuesday fell below the last 10 days average arrival and stood at around 177K bales the spot price fell. The Shankar-6 spot price slipped down from Rs. 40,300 per candy to Rs. 39,900 per candy ex-gin (around 79.20 cents per pound with the reference exchange rate of USD/INR). This has brought in good price correction in the domestic future market so the most active February future fell down to close the session at Rs. 19780 per bale down by Rs. 260 from previous close.

We believe on today's trading session market may remain sideways while due to almost overbought nature price may restrict from major fall and trade in the range of Rs. 19630 to Rs. 20000 per bale.

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

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INTERNATIONAL NEWS

USA: Apparel Import Share Shifts as China Holds Steady and Ethiopia Expands

Patterns of change are emerging in U.S. apparel imports, and market share is shifting more and more to non-traditional nations.

Textile and apparel imports to the U.S. rose 4 percent to 4.99 billion square meter equivalents (SME) in December compared to a year earlier, finishing off 2017 with a 3.2% gain for the year to 64.89 billion SME.

Among the Top 10 suppliers, China posted a 4.8% increase for the month and rounded out the year with a 5.4% gain over 2016, bouncing back from a 2.1% year-to-year decline in 2016, but still not in the ballpark from its heyday of 15 percent increases annually several years ago, according to data released Tuesday by the Commerce Department's Office of Textiles & Apparel.

India continued to show strength at No. 2, with a 2.7% increase in December from a year earlier and a 7 percent hike for the full year to 5.15 billion SME on top of a 5.7% hike in 2016. Vietnam's imports finished strong with a 9.5% year-to-year gain for the month and a 7.7% jump to 4.83 billion SME for the year, topping 2016's 2.5% gain.

The Asia story

Though still the most dominant apparel player, things in Asia are shaping up differently than they had in the past.

"We're in a period of consolidation amid a lot of uncertainty. China is still the dominant apparel supplier and Vietnam is No. 2 and the two of them combine for 55 percent of all apparel imports by volume," Julia Hughes, president of the U.S. Fashion Industry Association, explained.

"The fact remains that they are essential to the industry, which really matters when it comes to the trade policy agenda and concerns over how aggressively the Trump administration will go after China, and the potential for trade skirmishes."

Adding to that, Nate Herman, senior vice president of supply chain for the American Apparel & Footwear Association, said, “Despite the rising costs, China is still the best place to do business. It has access to raw materials and is reliable.”

Hughes noted that despite Trump’s removing the U.S. from the Trans-Pacific Partnership trade talks—which was expected to fuel great growth for Vietnam—the Asian nation is still the fastest growing supplier.

“We’re charging full duty on everything from China and Vietnam, but they still are strong suppliers because they clearly are meeting the needs of the retailers for product, price and on-time delivery,” Hughes said, noting that China has likely also picked up market share from places like Cambodia and Bangladesh as they remain problematic and somewhat risky. “We’ve heard from some companies that China remains the safe haven...It might be a little bit more expensive, but they have the infrastructure and logistics to ensure prompt delivery.”

Herman added of Vietnam, “The one trend that continues is that Vietnam has the biggest growth for any country or region right now.”

When it comes to India, Hughes called it “kind of a sleeper” but said the country is still expanding as an apparel supplier and that growth will likely be ongoing.

Elsewhere in Asia, Pakistan, the No. 4 supplier to the U.S. for apparel and textiles, saw imports fall 5.6% in December, but pulled out a slim 1.7% rise to 2.52 billion for the year after falling 6.2% in 2016. Imports from Bangladesh, the No. 7 supplier, dropped 10.8% for the month and rose only 2.1% for the year to 2.24 billion SME after a flat 2016.

Indonesia’s imports fell 7.7% in December and declined 6.3% in 2017, while South Korea, the eighth largest supplier, saw imports grow 12.5% in the month and 3.1% for the year to nearly 1.6 billion SME.

In the West

In the Western Hemisphere, Mexico, the No. 5 supplier to the U.S. for textiles and apparel held its own with a 4.5% gain in the month and 3.8% increase for the year to 2.51 billion SME. That’s on top of a 2.6% increase the prior

year despite threats from President Trump that he would terminate the North American Free Trade Agreement. Talks to renegotiate the trade pact are ongoing.

Canada's imports jumped 14.4% in December and finished the year with a 1.7% increase to 1.08 billion SME, while Honduras saw its shipments dive 27.3% for the month and fall 3.9% to 1.07 billion SME in 2017.

Hughes said demand remains strong in Mexico and companies rely on the supply chain there—especially for the denim market.

“If there's a withdrawal from NAFTA, there will be a long-term shake out,” she warned. “Mexico can be competitive with duties because they make a good product, but what happens when price becomes an issue?”

What happens, according to Herman, is that, “People are not going to invest in [Mexico] until they know what's going to happen.”

Out of Africa

For apparel sourcing in Africa, Ethiopia appears to be the rising star.

“Ethiopia is everybody's go-to-spot right now,” said Gail Strickler, president of Global Trade for Brookfield Associates. “The combination of VF and PVH making that determination, plus the fact that the government has liberalized things has made it a shining star.”

Electricity in Ethiopia comes mostly from renewable resources like hydroelectric power, and the costs are quite low, said Strickler, who is doing work with the industry there to try and reestablish polyester manufacturing, as the cotton supply chain is already fairly robust. Both the Ethiopian government and outside industry are investing in factories and industrial parks, as well as adding resources and training that can lead to growth in production for the country.

Ethiopia's imports to the U.S. rose a robust 45.53% year-on-year to 24.4 million SME in 2017, almost entirely in apparel.

Also of note for sourcing in Africa, Strickler said, “Kenya has continued to grow, Lesotho has a really nice business. On the other hand, Mauritius has

seen its business dwindle due to increased costs,” adding, “The exciting thing about West Africa is the transit time—nine days shipping to the East Coast of the United States.”

“The word from members is that there does seem to be a lot of interest in Ethiopia. It’s a hot place to go. There’s investment from China and elsewhere flowing in, it has duty free access under AGOA,” Herman said.

Where goods are made is becoming more important to consumers—especially millennials—and in particular with e-commerce companies where a brand can tell a story and create an image.

“I think Haiti has a compelling story, with 100 percent of the factories are part of the Better Works program,” Strickler offered by way of example. “So you can rest assured that if it has a Made in Haiti label on it that factory is not just inspected but it has training in how to treat people.”

Haiti’s imports, however, dipped 2.27% to 327.11 SME in 2017, all in apparel products.

For the Central American Free Trade Agreement countries—Honduras, Nicaragua, El Salvador, Guatemala, Costa Rica and the Dominican Republic—the uncertainly surrounding NAFTA, could prove beneficial, as could the expansion of inputs and the integrated supply chain there, notably in Honduras, which has made major investments in knit fabric production.

“In general, there are more sophisticated factories in Central America,” Strickler said.

Imports from the CAFTA countries declined 3.1% to 3.1 billion SME last year. Shifting market share map aside, 85 percent of apparel imports are coming from the top 10 suppliers, pointing to the need for a stable trade environment.

Of the growing areas, Ethiopia, Myanmar and other African countries are on the upswing, and Jordan and Egypt have shown strength despite political uncertainty, Hughes noted.

Myanmar's imports to the U.S. jumped 90.2% to 43.55 million SME in 2017. "Myanmar production is going gangbusters, but still from a very small base," Herman added.

Source: sourcingjournalonline.com- Feb 06, 2018

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Women's wear segment to dominate global fashion market in 2018

Hong Kong Trade Development Council (HKTDC), the international marketing arm for Hong Kong-based manufacturers, traders and service providers, released the results of its annual Centrestage Survey recently.

The Council's report said that the women's wear segment will continue to dominate the global fashion market in 2018.

HKTDC survey covered more than 200 buyers and 70+ exhibitors from Hong Kong, the Chinese mainland and other regions. The aim of the survey was to get an overview of the current market prospects, new product trends and the latest e-tailing developments.

In the survey, women's wear attracted the highest level of 'likes' from both buyers and exhibitors (66 per cent and 82 per cent), casual wear garnered second place (23 per cent and 3 per cent).

If one looks at markets, Hong Kong has the greatest 2018 growth potential as noted by around 90 per cent of the respondents in their traditional markets followed by South Korea and Taiwan, the report stated.

The fashion brand-promotion survey noted a positive sales performance in 2018. 75 per cent of respondents held the view that Mainland China would emerge as the most promising emerging market in 2018 followed by Eastern Europe (43 per cent), followed by the ASEAN countries (43 per cent).

58 per cent of buyers saw no change in the retail price of their products in 2018, while 39 per cent hope for an increase in retail price.

In terms of FOB selling price, 70 per cent of exhibitors said they expect to see a status quo in 2018, while 17 per cent of respondents predicted an increase. 13 per cent expect to see a decrease in the overall FOB selling price.

Discussing sourcing prices and production costs, those covered (buyers, exhibitors) under the survey had varied opinions. 55 per cent of the buyers expect an increase, 44 per cent anticipate no change while 1 per cent expects to see a price decline. On exhibitor's side, 21 per cent of respondents expect production cost increase, while 79 per cent predicted either a fall or no change.

Source: fashionatingworld.com- Feb 06, 2018

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Nigerian govt working to revive textile industry: minister

The Nigerian Government under President Muhammad Buhari is committed to revive the textile industry according it high priority, minister of state for industry, trade and investment Hajiya Aisha Abubakar said recently while visiting the headquarters of the National Union of Textiles Garment and Tailoring Workers of Nigeria (NUTGTWN) in Kaduna.

Once the country produces enough cotton, it can feed the industry, Nigerian media reports quoted her as saying.

It is surprising that the National Cotton, Textile & Garment (CTG) policy, adopted by the government since 2014, was not built into the Economic Recovery and Growth Plan (ERGP), Issa Aremu, general secretary of the Textiles Workers Union, said.

The textile industry is yet to revive despite government efforts, he said, adding that the industry witnessed about 700 direct job losses due to retrenchment in some factories.

Source: fibre2fashion.com- Feb 06, 2018

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Indonesian TPT sector happy with tax break

The textile and textile product industry (TPT) is one of the main drivers of Indonesia's exports. The government provides an incentive of corporate income tax by 30 per cent for 6 years or 5 per cent annually. This incentive is needed for the domestic TPT industry to be competitive. Anne Patricia Sutanto, VP, Director of PT Pan Brothers Tbk (PBRX) says the tax incentive is like a breath of fresh air for this sector, however, the government must be serious in implementing these rules.

As an export-oriented textile industry player, it asks for a government reference effort with all competitor countries so that all government policies related to the textile industry can be competitive. The government should also look at the dynamics in the global textile industry to take advantage of opportunities in future because this sector is stable and can be one of the pillars of Indonesia's development efforts.

Sutanto says what is important to them is the seriousness of the government in negotiation FTA with the EU, Canada, Mexico and Asian countries as a whole. In addition, the government must also build a vocational school for textile industry equipped with industry-based curriculum facilities. Although the conditions are not yet ideal, PBRX set a growth target at 12 to 15 per cent this year.

Bhima Yudhistira Adhinegara, Economist of the Institute for Development of Economics and Finance (INDEF) says the regulation is timely. The reason for global textile demand is currently recovering and this year TPT exports are good prospects, so it can be a stimulus for production. The current fiscal incentives are needed to encourage investment in the textile sector, especially investments in the opening of new factories or the reversal of old textile machinery that has been less productive.

Source: fashionatingworld.com- Feb 06, 2018

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Vietnam to host Denims and jeans from June 27

Vietnam is set to host the 3rd edition of Denims and jeans, beginning June 27. Themed Rock N Roll, the two-day show will bring into light important places that denim occupies in the rock and roll history.

Vietnam has currently about 6,000 garment related companies that employ 2.5 million people and exported \$31 billion worth of clothing and textiles in 2017.

The international denim show will be a small tribute to the classic era of Rock N Roll Fashion and their pioneers including Elvis Presley & James Dean. The organisers are in touch with major European associations to bring higher focus of European buyers to Vietnam during the show – specifically keeping in mind the upcoming FTA.

"Buyers from US and especially from EU are showing keen interest in Vietnam in anticipation of European Union – Vietnam Free Trade Agreement and our show enables them to find all the international and domestic suppliers at one place and therefore we are pretty much sure about its success and initial trends of buyers' registrations for 3rd edition has strengthened my belief," said Sandeep Agarwal, founder and CEO of Denimsandjeans.com.

Source: fibre2fashion.com- Feb 06, 2018

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Bangladesh RMG sector holds high growth potential for next decade: Study

A new survey identifies Bangladesh's readymade garment industry, and five other sectors, as the highest potential growth segment for the coming decades. LightCastle Partners, reported in its survey of 102 top executives across 12 leading Bangladeshi industries in Dhaka and Chittagong.

The confidence index was targeted at gaining an in-depth understanding of the business of private sector players representing varied industries across the economy.

The survey showed business confidence went up from “low-to-moderate confidence of +39” in 2016 to “a cautiously optimistic confidence level of +43” in 2017.

The index is determined on a scale of -100 to +100. Some serious areas of concerns were the classified loans condition, bureaucratic red tape for doing business, the fall in readymade garment prices, transportation and logistical issues and infrastructure problems such as port congestions which were decelerating the natural growth rate of business.

Further, power outages have increased production costs and final prices as businesses including apparel manufacturing are heavily depend on backup generators. Bijon Islam, Chief Executive Officer (CEO) of LightCastle, says Bangladesh needs to move export reliance on the garment sector, helping ease of doing business and improving infrastructure/logistics.

A deeper look at the report suggests business leaders are confident about verticals like power and energy, ICT and agriculture, while cautious about sectors like readymade garment, banking and finance, real estate and logistics.

Source: fashionatingworld.com- Feb 06, 2018

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Will robots completely replace humans from textile factory floors?

A lot of the work that goes into making a t-shirt or a pair of jeans has been automated, except for cutting and sewing. Now machines are taking over one of these last surviving manual jobs, which humans have performed for hundreds of years.

Automation threatens to displace millions of workers, and governments are doing very little to tackle the challenge.

Some forty years ago, Ijaz Khokhar’s father set up a factory in Sialkot, a dusty industrial town of Pakistan, to make karate and martial arts uniforms. Over the years, as the country faced several political and economic upheavals, Khokhar's clothing company, Ashraf Industries, prospered.

It has now become one of the the country's largest exporters of karate and martial arts outfits with loyal clientele from Japan to Europe.

Along the way, Khokhar saw profound technological shifts in the way business was done. The just-in-time inventory system, cross-border outsourcing, internet and cloud computing—innovations that have drastically shaped his business since the 1960s.

Every year, Khokhar travels to textile machinery exhibitions to see the latest innovations in manufacturing processes.

“I try to keep myself up to date with new trends,” he told TRT World. “There’s no escaping it.”

Yet he never imagined that one day he’d be talking about the possibility of robots becoming a threat to the way garments are sewn in his factory.

“I remember watching a documentary on it, but never thought it could become a reality.”

The automation onslaught

From harvesting cotton in the farms, to making thread, then weaving it into cloth in looms, followed by the stage of printing—the textile manufacturing cycle has largely been automated in the past two hundred years.

What remains in the hands of humans is when fabric is sewed into the clothes that we wear.

That might change as tech start-ups, encouraged by lightning technological changes, make robots that can imitate humans.

Softwear Automation, a company based in Atlanta, in the US, has built an entire assembly line manned by robots that can pick a piece of garment, arrange it properly and then sew it. This technology is called the Sewbot.

Softwear Automation's work line of robots, which is much faster than humans, is being installed in countries where wages are high.

Softwear Automation's work line of robots, which is much faster than humans, is being installed in countries where wages are high. (TRTWorld)

Just picking up a piece of fabric is a massive step forward for robots. Sewing and stitching has eluded machines because cloth is floppy and crumbly, difficult to handle even for humans who are not trained tailors.

Nimble finger movements can quickly adjust a piece of fabric under the needle of a sewing machine. It's a grueling job for a worker to continuously adjust the garment under the striking needle, making sure the seam stays straight and smooth.

It's a skill that garment factory workers in developing countries such as Pakistan, Bangladesh and India acquire over many years of mentorship.

What has come to drive them out of the factories is a combination of powerful algorithms, fast computing speed and the ever-decreasing cost of technological products.

The Sewbot work-line robots rely on high speed cameras, which see the individual threads in fabric, pinpointing the exact location where a needle strikes and adjusting the garment accordingly.

Softwear Automation sees this as a disruptive technology, which will have a lasting impact on how apparel, home textiles and garments are made. And it can do that without workers.

“Our Sewbot work-line can produce nearly twice as many finished t-shirts in an eight-hour shift as manual sewing and can running 24 hours a day,” Softwear Automation’s CEO Palaniswamy Rajan said.

“It’s 80 percent more efficient.”

Rajan, a venture capitalists, invested in Softwear Automation after the company was founded in 2012.

Multiple studies by organisations such as the OECD and the World Bank have warned that automation can leave millions of people jobless, not just in developing countries but also in advanced economies.

The use of industrial robots across the automotive, electronic and others industries, is at its highest with Asian nations driving the growth.

The use of industrial robots across the automotive, electronic and others industries is at its highest, said the International Federation of Robotics.

The growth in industrial robot sales is led by Asia. Between 2011 and 2016 robot sales increased by an average of 12 percent.

An inevitable transition

Besides Softwear Automation, another start-up working to automate the repetitive sewing job, is called Sewbo, the brainchild of 30-year-old New Yorker Jon Zornow.

He devised a method to stiffen fabric by using a dissolvable chemical solution. This allows cardboard-like hard patches of material such as denim to be handled by robots. Once sewed the garment is washed with water without compromising its quality.

Zornow's inspiration came from 3D printing. "That technology also uses water-soluble scaffolding to temporarily support objects as they are being created on the 3D printer," Zornow told TRT World.

His robots come off the shelf, making it easier for companies to find replacements when needed.

That's a tell-tale sign of how one technology is giving birth to another. It also explains why prices are continuously coming down.

In his seminal book, *The Rise of the Robots*, Martin Ford writes that advanced vision technology being used in industrial robots emerged from gaming consoles.

Sewbo's inventor Jon Zornow wants developing countries to train their workforce for new jobs before it's too late.

The US government has played a crucial role in the promotion of this technology as well.

Softwear Automation's Sewbot concept was conceived by Dr. Steve Dickerson, a Professor Emeritus of Mechatronics at Georgia Tech.

The US Department of Defense supported him with \$1.7 million, seeking locally manufactured military uniforms for the US soldiers in return.

His firm was later acquired by Rajan's investment fund, CTW Venture Partners.

Made in USA—by the robots

Softwear Automation and other proponents of robotics say that automation will help bring manufacturing back to the US.

But unlike what US President Donald Trump has been telling his supporters, this won't necessarily translate into more jobs.

Up until the 1990s, the US met most of its garment and apparel needs from domestic factories. But then the tide turned.

Production was outsourced to Mexico, China and India, almost eliminating all local production, and leaving thousands of people jobless.

Between 1990 and 2012, the US textile and apparel sub-sector lost 1.2 million jobs, or more than 76 percent, as imports replaced domestically produced garments, according to The New York Times.

The companies that do remain in business face ageing workers on sewing machines, high wages and an uninterested workforce that views textile factories as sweatshops.

Garment manufacturers in the US are facing difficulty in finding new recruits as aging seamstresses retire.

And it's not just the wages that pose a challenge.

"In the firms I visit, people have forgotten how it is to run this business," said Zornow.

Even though some manufactures want to bring apparel and garment production back to the US, chances of that happening on any large scale are slim, he said.

“People ask me if it's possible for factories to move back to the US, and they want the answer to be yes. But I am not sure. Garment manufacturing is a complicated process. You still need humans to analyse every piece that comes off the line.”

Khokhar agrees.

“Take silk or chiffon. How do you think the machine will handle that?”

The supply chain plays a crucial part as well, he said. “Where do you source the cotton from, do you have all the materials? All these things come into play,” Khokhar said.

Perhaps the most encouraging point for bringing back the automated sewing work to the US is proximity to the consumer market.

Big retailers such as Walmart, which source garments and apparel from developing countries, have to wait months before they can put a new line clothes on the shelf. This is because clothing samples are sent back and forth for approval.

Softwear Automation has received funding from Walmart as the retail giant wants to meet the demand of its customers before fashion wears out.

What about the people?

Both Rajan and Zornow are focusing primarily on the US market for their robots. They see a timeline of at least five years for the technology to start making any marked change.

“A brand or manufacturer that’s willing to commit can have up to 10 percent of its manufacturing to the US within five years of setting up a Sewbot factory,” Rajan told TRT World.

Zornow's Sewbo is expected to start making an impact in next five years.

However, the change, they said, is inevitable. And it won't necessarily be bad for the workers.

“Sewbots are not meant to replace all of garment manufacturing,” said Rajan.” Using automation for high-volume basic apparel enables sewing machine workers to focus more on complex garments, while advancing their skill sets and commanding higher wages all around the world.”

The shift to e-commerce and on-demand manufacturing makes this even more important, he said.

For Zornow, automation is a necessary step in the cycle of industrialisation. “Two hundred years ago, how many people were living in poverty and dying of starvation? Has industrialised technology helped? The answer is definitely yes.”

He said he went public with his plans at an early stage to provide an opportunity to people in textile-dependent countries such as Bangladesh to prepare for the technological onslaught.

“I read Bangladeshi newspapers everyday. There is so much fanfare every time there is investment in the garment sector. But I don't wanna see that because we know that economic landscape is changing and that money could be invested in other sectors.”

The fear of automation replacing humans has already pushed industry leaders like Elon Musk to debate this incoming disruption. "AI is a fundamental risk to the existence of human civilisation and I don't think people will fully appreciate that," Musk said in July 2017.

Here again, it would be the workers in developing countries that are most likely to be hit by automation.

Pakistani businessman Khokhar said it won't be easy for governments of developing economies to deal with large scale job losses in the textile industry.

“I'm still skeptical. Automaton is not going to take jobs away from humans any time soon. This work is too complicated for machines to handle,” he said.

“But if that happens, the consequences would be devastating.”

Source: trtworld.com- Feb 06, 2018

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Pakistan: Ginners ask govt to stop import of pest-infested cotton

Pakistan Cotton Ginners Association (PCGA) has appreciated the role of the Plant Protection Department of the Ministry of National Food Security and Research in halting cotton imports through Wagah, Torkham and Chaman borders.

In a statement, PCGA leaders, including its chairman Haji Muhammad Akram, said the government should strictly monitor cotton imports at seaports and should not allow offloading of contaminated and disease-infested varieties.

They emphasised that the policies favouring the All Pakistan Textile Mills Association at the cost of overall agriculture sector were not acceptable to the ginners and growers.

India had been a major beneficiary of duty-free import of cotton yarn by Pakistan for about four years, which had badly hit the domestic industry and agriculture sector under a “well-planned conspiracy”, they said.

Akram cautioned that there would be a huge loss of cash crops if the farmers opted for cultivating other profit-yielding crops due to bad returns.

He pointed out that exemption from customs and regulatory duties and sales tax may hit the domestic industry hard as it would drive down the demand for cotton produced in the country.

Indian cotton represents the largest chunk of increased cotton imports since the neighbouring country provides huge subsidies in the form of duty drawback, interest rate concessions and infrastructure schemes for its cotton industry.

“Under these circumstances, the import of cotton will be tantamount to slaughtering the growers and ginnerers who have just heaved a sigh of relief after a reasonable increase in cotton prices,” Akram remarked.

Source: tribune.com.pk- Feb 06, 2018

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Australia : Is apparel headed for trouble in 2018?

Australian consumer interest fell short of expectations this past Christmas, even with spending during December 2017 hitting record highs, the Australian Bureau of Statistics (ABS) has revealed.

Clothing was a major concern within the apparel sub-group, as the seasonally adjusted estimate fell 0.5%. Department stores also saw negative results as the seasonally adjusted estimate fell 0.6%.

Footwear and other personal accessory retailing yielded a stronger result, growing 0.9%.

Despite these figures, the National Retail Association (NRA) elected to focus on Australian's record spend of \$47.5 billion during the 2017 Christmas period.

The figures closely align with the pre-Christmas forecasts made by the NRA, who predicted \$48 billion in sales over Christmas.

NRA CEO Dominique Lamb said the ABS retail trend figures revealed that retail experienced another strong Christmas period.

“For the entire Christmas trade period – which covers half of November and all of December – the ABS figures show there was a record retail spend of \$47.5 billion,” Ms Lamb said.

“The final Christmas figures for 2017 are almost identical to those that the NRA released last November when we forecast sales of approximately \$48 billion.

“It is clear that Australian retail experienced another strong sales period in Christmas 2017 and this bodes well for retail as we enter the second month of 2018.”

The December 2017 ABS retail figures showed that sales grew by 0.5% in trend terms and rose by 2.0% for the December 2017 quarter compared with 2016.

Clothing, footwear and personal accessories experienced a trend growth of 0.5% for the month.

All states and territories, other than the Northern Territory, recorded a rise in trend terms for December 2017 with the largest increases in South Australia (0.6%) and Victoria (0.5%).

Source: ragtrader.com.au- Feb 06, 2018

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NATIONAL NEWS

Textile policy for 2018-23 gets Cabinet nod, aims to attract Rs 36,000-crore investment

Several schemes of Rs 4649 crore will be implemented under the policy. The policy intends to create infrastructure for textile cluster and garment parks. The policy has suggested to prepare proposal for setting up textile university in Vidarbha region

The state Cabinet Tuesday gave its approval to the new textile policy for 2018-2023 with an aim to attract investment of Rs 36,000 crore in Maharashtra and generate 10 lakh employment. Sources in the government said some of the major aspects of the policy include reducing the power tariffs and increasing capital subsidy to 45 per cent for spinning mills.

Officials from the state textile department said the policy takes forward the Make in Maharashtra concept to strengthen the cotton industry and silk business. It aims to reduce the regional imbalance in the state as higher concessions would be given for setting up units in Vidarbha, Marathwada and North Maharashtra region. Separate emphasis will be on cotton producing regions, which have reported large number of suicide by farmers, said an official.

Several schemes of Rs 4649 crore will be implemented under the new policy. The policy intends to create infrastructure for textile cluster and garment parks. The policy has also suggested to prepare a proposal for setting up a textile university in the Vidarbha region.

“We have made provisions in reducing power tariffs for spinning mills. Besides, spinning mills were given financial assistance in several installments. Now, we have decided to give them financial assistance in two installments only,” said Subhash Deshmukh, state Textile Minister.

Another official said one of the major reasons for spinning mills incurring losses is the higher power tariffs, compared to other states. “The power tariffs in Gujarat, Karnataka and a few other states are between Rs 4 and Rs 6 per unit while it is Rs 9 per unit in our state.

So, the spinning mills will be encouraged to set up solar power plants on their land and the power generated from it will be utilized by the spinning mills. Hence, the power tariffs are likely to be reduced to Rs 3.5 per unit,” said an official adding that it would give major boost to spinning mills.

Besides, capital subsidy has been increased substantially for processing units, spinning mills, and modernisation of power looms. It proposes to give 45 per cent capital subsidy for processing units, and 25 per cent for spinning mills and modernisation of powerlooms. It has also proposed to give additional subsidy of 20 per cent for processing and garment units in Vidarbha, Marathwada and North Maharashtra.

Source: indianexpress.com- Feb 06, 2018

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From plate to plough: The MSP smokescreen

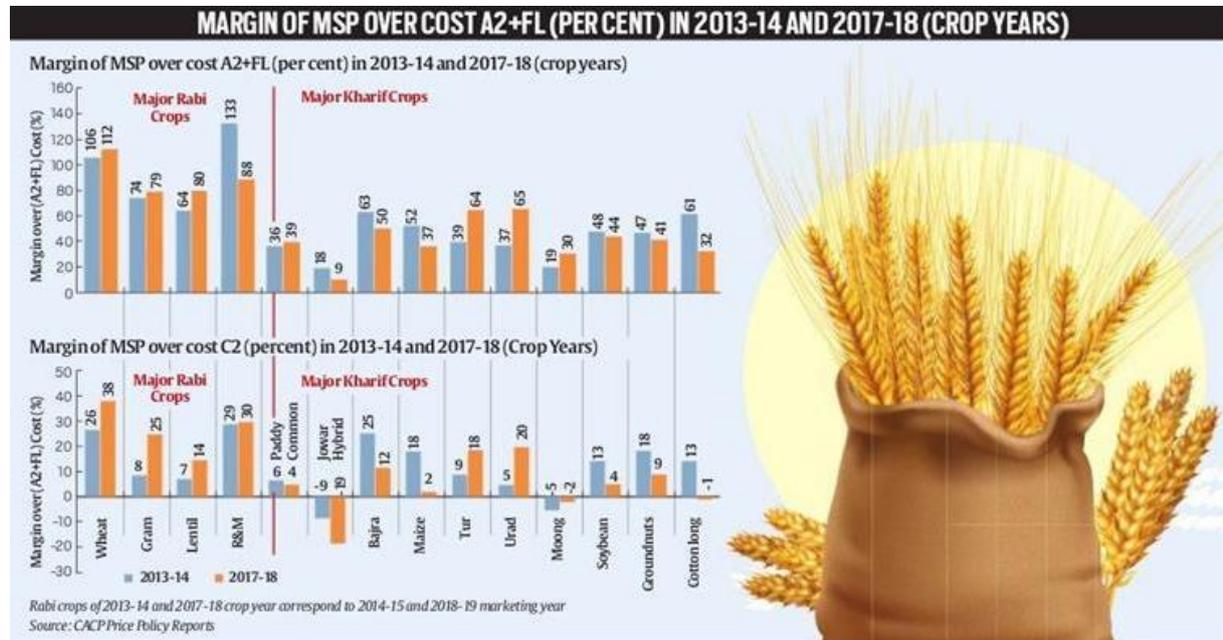
Government's claim that it has given support prices that are 50 per cent over input costs to farmers is a sleight of hand. Tall talk could increase farmer resentment

The finance minister (FM) has made a smart move by announcing in the Union budget speech that the government has already fulfilled its election promise of giving minimum support prices (MSPs) of at least 50 per cent higher than their costs in rabi crops, and this principle will be followed with other crops too.

But this statement has also created a smokescreen and, perhaps, blinded the Opposition temporarily with a tear gas shell. We look at it closely to gauge what it means for farmers.

The whole issue boils down to what was the cost considered in the BJP's election manifesto in 2014. For those who are not familiar with the exercise of MSP recommendations, there are several cost concepts that the Commission for Agricultural Costs and Prices (CACP) considers while recommending MSPs of 23 crops.

There are the costs the farmer actually pays out of his/her pocket for buying various inputs ranging from seeds to fertilisers to pesticides to hired labour to hired machinery or even leased-in land, which are all put under the cost A2 concept.



However, in agriculture, farmers also use a lot of family labour and if their cost is imputed and added to cost A2, that concept is called cost A2+FL. But then there is also a comprehensive cost (cost C2), which includes not only imputed costs of family labour but also the imputed rent of owned land and imputed interest on owned capital.

It is 50 per cent margin over C2 which has been at the centre of the farmers' demand, and also the M S Swaminathan Commission's recommendation. But what the FM seems to have suggested in his budget speech when he said the government has already given at least 50 per cent margin in rabi crops, is that they have covered cost A2, or maybe cost A2+FL, as MSPs are still lower than cost C2.

But it bothers those who have ploughed the fields for long when this 50 per cent margin of MSP over cost A2+FL is being touted as a big game-changing decision which no other government in the past could undertake. That is simply not true. Even in the last year of the UPA government, in 2013-14, the MSPs for all rabi crops were way above 50 per cent over cost A2+FL.

For example, in wheat, the margin was 106 per cent and in rapeseed-mustard 133 per cent. For the current year of the NDA government, the margins are 112 per cent for wheat and only 88 per cent for rapeseed-mustard (see Figure 1). And this has been more or less the same for more than 10 years. So, the current government has done nothing earth-shaking in this regard.

What was this election promise of 50 per cent margin over cost about when margins were already far higher in rabi crops in 2013-14? Certainly, it was not cost A2+FL. It was cost C2, though this was never spelt out in detail. However, like the previous government, which rejected the Swaminathan Commission's recommendation on this issue, and rightly so, this government too found that it was impractical to give 50 per cent margin over cost C2 in all crops. This would have required massive increases in MSPs (for example, paddy MSP would have to go up by 46 per cent; cotton by 52 per cent and so on; see Figure-2).

But the government was in a fix about honouring its election promise. So it simply changed the reference cost from C2 to A2+FL without uttering a word about it. It may be noted that cost C2 is normally 35-40 per cent higher than cost A2+FL. So, by lowering the reference cost drastically, the government could claim that it has fulfilled its election promise in case of rabi crops and can do so for kharif crops soon. This is a smart sleight of hand. But saying that it is a game-changer and will be a major step towards doubling farmers' incomes is going overboard and may soon boomerang if the Opposition is smart enough to see the issue through.

Although the current proposed increase would still need an upward revision in MSP, of say paddy by about 11 per cent, cotton by 18 per cent, moong by 20 per cent and hybrid jowar by 41 per cent etc, the real question is whether this would reduce farmers' woes given that less than 10 per cent of the peasantry has ever benefited from an MSP regime in the past. Does the government plan to go for price deficiency payments (PDP) at an all-India level for 23 crops?

The Madhya Pradesh experiment in PDP shows that market prices are prone to manipulation by traders, and can end up helping traders more than farmers.

Given that agri-GDP growth has plummeted to just 1.9 per cent in the first four years of the Narendra Modi government compared to 3.8 per cent in the first four years of the UPA-I government, the Modi sarkar seems to be heading towards “India shining” days of NDA-I — a lot of over-confidence, but with feet of clay in the agri-rural sector. Politically, that may prove costly.

It may also be mentioned that cost plus pricing of MSPs, be it cost A2+FL or C2, is fraught with dangers as it totally ignores the demand side. The terms of reference of CACP rightly require it to consider demand-supply, cost of production, price trends in domestic and international markets, terms of trade, inter-crop price parity, etc before recommending the MSP. If the MSP is to be determined just by adding 50 per cent margin over cost A2+FL, better abolish CACP and let any babu in the Department of Economics and Statistics, which estimates the cost of production, fix MSPs.

Source: indianexpress.com- Feb 06, 2018

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India not to impose anti-dumping duty on PSF imports

The Directorate General of Anti-dumping and Allied Duties (DGAD), under the commerce ministry, Government of India, has concluded that imposition of anti-dumping is not warranted on imports of polyester staple fibre (PSF) from China, Indonesia, Malaysia and Thailand. The period of investigation (POI) was 18 months from April 1, 2015 to September 30, 2016.

The investigation was initiated following an application filed by Alok Industry Limited, Indo Rama Synthetics (India) Limited and The Bombay Dyeing & Mfg. Co. Ltd. for imposition of anti-dumping duty on imports of non-dyed PSF ranging from 0.6 to 6 Deniers, excluding recycled PSF and specialty fibres namely, cationic dyeable, fire/flame retardant, low melt and bi-component fibres from China, Indonesia, Malaysia and Thailand.

Non-dyed PSF ranging from 0.6 to 6 Deniers are predominantly used to spin yarn of 100% PSF or in blends with natural, artificial and/or synthetic staple fibres for manufacture of textiles, sewing thread, other industrial textiles, nonwoven applications, etc.

“Though the import of product under consideration (PUC) has increased during POI as compared to base year, however, the quantum is not substantial as compared to total demand in India. The share of imports is only 7 per cent which is not significant enough to cause material injury to domestic industry,” DGAD said in its final findings released recently.

“The PUC has been exported to India from all the subject countries at dumped prices as compared to its normal value in the respective subject countries. However, the same are not solely responsible for causing material injury to the domestic industry as reflected by the analysis of various economic parameters,” the DGAD notification said.

The investigation concluded that “there is insufficient evidence to conclusively establish that dumping has caused material injury to the domestic industry. It is evident by the positive growth in domestic industry’s production capacity, production, sale volume, market share etc.”

Source: fibre2fashion.com- Feb 06, 2018

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Textile conclave on February 10

A ‘Textile Research Conclave’ will be organised here on February 10 by the Tirupur Exporters Association (TEA), NIFT-TEA Knitwear Fashion Institute, and the Indian Texpreneurs Federation.

TEA president Raja Shanmugam told reporters here that the conclave would bring together scientists and industrialists on a single platform.

“The objective of the event is to encourage product diversification, productivity, and sustainability in textile clusters,” he said.

Technical textiles and opportunities, business challenges for textile start-ups, and business excellence in textile industry would be deliberated.

The event has the support of Union Ministry of Textiles.

Source: thehindu.com- Feb 06, 2018

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Fake Indian origin fabric hits Pakistan textile sector

Indian fabrics which are a non-importable item, as per import policy order, are being surreptitiously brought into Pakistan in bulk. The textile sector, the country's major revenue generation sector, is seriously affected by these imports forcing power and silk looms operators to shut shop.

Around 400 containers, with about 20 tons of Indian fabric in each container, are imported every month, of which, around 300 containers are directly brought to Karachi market while 100 containers are re-routed to the city as transshipment consignments to Quetta.

The consignments of Indian fabric, which have no stamp of country of origin, were first shipped to Dubai and then Karachi ports under fake Chinese certificate of origin. Then, the consignments were cleared under fake certificate which ensured a Rs 2.8 billion financial loss to the country.

The embossment of the country of origin on imported fabric was a mandatory requirement for the clearance of such consignments. Despite knowing the rules, the customs department cleared the goods under fake certificates that lead to a revenue loss of Rs 240 million per month to the country.

Muhammad Javed Bilwani, Chairman Pakistan Apparel Forum (PAF) reportedly confirmed a huge quantity of Indian fabric is being imported, saying they kept requesting the government to provide level playing field to their local industry and ensure strict vigilance/policies to avoid imports of Indian fabric as the influx of the said commodity has caused suspension of operations of 90 per cent power-looms across the country.

Source: fashionatingworld.com- Feb 06, 2018

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New industrial policy to promote ‘Ease of Doing Business’ at district level

The New Industrial Policy will focus on reducing regulations and promoting ease of doing business at the district level, Commerce and Industry Minister Suresh Prabhu has said.

Interacting with members of industry body CII on Tuesday, the Minister said India will become a \$5-trillion economy within the next 7-8 years and the manufacturing sector is expected to contribute \$1 trillion to it.

“The growth would come both from the existing industries through modernisation and a part would also be from new industry,” the Minister said.

Prabhu said new products and markets need to be identified to achieve the goal of \$1 trillion and detailed sectoral planning and identification of growth areas are required.

A single digital ID for companies, self-regulation, third party certification, and easier regulations will be key to industrial growth, Prabhu added.

Help to start-ups

The Minister said that the government was also focussing on promoting start-ups and helping them become competitive.

The Ministry, on Tuesday, launched tools to rank States and Union Territories on the basis of measures taken by them to promote budding entrepreneurs. “The tools, the State and Union Territory start-up ranking framework, compendium of good practices for promoting start-ups in India and the Start-up India Kit, would help promote the start-up drive,” the Ministry said in a release.

The government has circulated the draft industrial policy to stakeholders and has sought inputs to incorporate in the policy.

Shobana Kamineni, President, CII, said there was a need for the industry to engage more with the government for the industrial policy.

A presentation outlining the New Industrial Policy stressed on skill, scale and technology. The policy focus would largely be on ease of doing business, aligning trade and manufacturing, access to credit for MSMEs, industrial infrastructure creation, skill development and promotion of technology.

Source: thehindubusinessline.com- Feb 07, 2018

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Govt moves to set up agency for ‘affordable’ redress of disputes in major ports

Firms running cargo terminals at major port trusts have balked at the Centre’s decision to set up an “affordable” dispute redress mechanism as part of the new model concession agreement cleared by Cabinet in January for upcoming public-private-partnership (PPP) projects.

The benefit of the new dispute resolution agency is sought to be extended to existing operators if they sign a supplementary pact with the port authority concerned.

Last week, the government notified rules for existing PPP operators to opt for the dispute redress mechanism named the Society for Affordable Redress of Disputes – Ports (SAROD-Ports).

Arbitral tribunal

SAROD-Ports seeks to resolve existing/future disputes “faster” in a “just and fair manner” at “affordable cost” by “enrichment” of the mechanism with “association of technical experts”, according to the Shipping Ministry.

The arbitral tribunal will comprise a sole arbitrator if the disputed claim is ₹3 crore or less and an odd number of arbitrators if the amount involved is more, in which case, the presiding arbitrator will be named by the arbitrators nominated by the parties and chosen from a group empanelled by SARD-Ports.

“Affordability of disputes was never an issue with us,” said an executive with a port operating company based in Mumbai. “Quick redress is,” he added.

The Indian Private Ports and Terminals Association (IPPTA), a lobby group, has hired top lawyers including some sitting Members of Parliament (MPs), to fight cases against the government/port trusts and Tariff Authority for Major Ports (TAMP) in courts. These legal eagles charge a few lakh rupees for each appearance in court, said an industry executive aware of the issue. A supplementary agreement has to be signed between the existing PPP operator and the concessioning authority for referring the disputes to SAROD-Ports or adjudicatory board, as the case may be.

This is because when a statutory adjudicatory board is set up after enactment of the Major Port Authorities Bill with powers to adjudicate upon disputes between the PPP operator and the port authority, the facility will also be extended to the existing concessionaire. In such a case, all disputes not settled through conciliation can be referred to the adjudicatory board with mutual consent of the parties.

Private port operators say that they were not consulted by the government for setting up SAROD-Ports as a society by the Indian Ports Association (IPA) and the IPPTA under the Societies Registration Act, 1860. “The government never told us about the formation of the Society. We have no knowledge of it,” the industry executive said.

Private terminal operators also say that the many court cases they are fighting, involving rate cuts and other contractual issues, cannot be withdrawn in order to refer the disputes to the arbitral tribunal under SAROD-Ports for conciliation.

Supplementary pact

“The supplementary agreement approved by the Cabinet states that the parties shall respect the (arbitral tribunal) award in letter and spirit and the award shall be binding upon the parties unless the parties invoke the provision of Section 34 of the Arbitral and Conciliation Act, 1996 for challenging the award,” said a second executive with a port operating company. Besides, once the dispute is referred for arbitration by the statutory adjudicatory board, the parties cannot refer the same dispute again under a different clause and the adjudication shall be “final and binding”, he said, adding that the mechanism posed risks to existing PPP operators.

“The government cannot stop us from going to higher courts if the arbitral award goes against us; it would be arbitrary and incorrect in law,” the second port executive said.

“You cannot stop someone from getting justice from the next level. Courts are meant for that only. SAROD-Ports is an arbitrary mechanism.

“The government should allow us the option of going to the higher courts,” he added.

Source: thehindubusinessline.com- Feb 07, 2018

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Centre looks at backup options to introduce e-way bill in a phased manner

The central government is looking at backup options to introduce the electronic way (e-way) bill in a phased manner. It was to be implemented from February 1, but the Centre had to defer it indefinitely as businesses faced disruptions after the portal crashed.

The bill, said sources, can now be introduced after safeguard options are installed for the portal’s smooth working. In January, the Goods and Services Tax Council decided to advance the introduction of the bill from February 1 for interstate movement of goods valued above Rs 50,000 from the earlier April 1.

It gave freedom to states to introduce the bill for intrastate movement of goods beyond 10 km by July 1. However, 13 states had volunteered to implement the bill for intrastate movement of goods from February 1 itself.

Given the wide applicability of the e-way bill system, ClearTax Chief Executive Officer Archit Gupta said its stability and performance are critical to its compliance. “The Centre may consider launching it first for interstate movement of goods.

It should also allow more time for load testing and stability by users, and relax case rules for easier movement until a full-fledged system is made available,” he said.

He also wanted the application programming interface to be made available to Suvidha providers. A tax expert said the implementation should be done in a staggered manner. For the first six months, only those transporting goods above Rs 200,000 will be required to generate the bill and subsequently lower the floor. Also, intrastate movement of goods should happen later.

National Informatics Centre, which is developing the e-way bill system, is learnt to have asked for 15 days' time from the finance ministry to address the glitches. M S Mani, partner, Deloitte India, said it would be prudent to go for a phased introduction of the bill. He said all software and hardware issues must be ironed out before the bill is made mandatory for businesses.

Compliance issue

- The e-way bill was to be implemented from February 1
- The Centre deferred it indefinitely as businesses faced disruptions after the portal crashed
- The bill, said sources, can now be introduced after safeguard options are installed for the portal's smooth working
- Experts say the bill's stability and performance are critical to its compliance

Source: business-standard.com- Feb 07, 2018

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Maharashtra approves seven new industrial policies

Ahead of the investment summit Magnetic Maharashtra, the state government on Tuesday approved seven industrial policies regarding GST concession, electric vehicles, logistic parks, garments and use of coir. Prime Minister Narendra Modi will unveil these policies during the event on February 18 at the Bandra-Kurla Complex.

Aiming to boost investments in the coming years, other approved policies include Aerospace and Defence Procurement Policy.

“The government is aiming for 200 crore dollar investment in the next five years and employment generation figure of about a lakh. The American Aerospace Industry is a one lakh crore dollar and growing with three to four per cent every year. This growth can be utilised by developing country like India to produce the requirements,” said an official from the industries department.

“Under the defence policy, the state government will set up production centers (defense hubs) at Pune, Nagpur, Ahmednagar, Nashik and Aurangabad,” the official added.

Another important policy unveiled in the cabinet meeting on Tuesday was related to electric vehicles. “The state is targeting to increase the number of electric vehicles to 5 lakh. With electric vehicles, parts, batteries, assembly enterprises and charging facilities, the industry is expected to bring an investment of Rs 25,000 crore. The electricity required for these vehicles will be given at the same tariff as residential electricity,” said an official.

In the Maharashtra Logistic Park policy, the state’s emphasis will be on creating 25 logistic clusters across Maharashtra. At present, the state lacks professional logistic facilities. With the help of the policy, the facilities will be made available, the official added.

With a view to make employment available to 1.2 million people, the government has chalked out the Industrial Parks for Readymade Garment Production Policy. It is expected that women would play a major role in the garment industry. Also, as the city is known for its diamond market, the Gems and Jewellery Policy will help in making incoming investments easy.

After implementing the GST, the state government is going to offer some concessions to the industries. “The concessions given to industries in earlier VAT scheme would continue in this policy and will be applicable for inter-state sales. In vehicle production business, the vehicles registered in the state will get concession in state GST,” the official said.

Source: asianage.com- Feb 07, 2018

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