

IBTEX No. 166 of 2018

August 08, 2018

USD 68.62 | EUR 79.78 | GBP 88.90 | JPY 0.62

Cotton Market		
Spot Price (Ex. Gin), 28.50-29 mm		
Rs./Bale	Rs./Candy	USD Cent/lb
22828	47750	88.67
Domestic Futures Price (Ex. Gin), October		
Rs./Bale	Rs./Candy	USD Cent/lb
23990	50181	93.19
International Futures Price		
NY ICE USD Cents/lb (Dec 2018)		87.90
ZCE Cotton: Yuan/MT (Jan 2019)		16,390
ZCE Cotton: USD Cents/lb		92.50
Cotlook A Index - Physical		99.50
<p>Cotton Guide: Indian spot price for Cotton continued to trade steady on Tuesday and hovered around Rs. 47750 to Rs. 47800 per candy ex-gin. However, domestic cotton future corrected down from the high of Rs. 24150 per bale and ended the session at Rs. 23990. The fall in the price was majorly attributed from the decline in the ICE future which posted an intraday high of 89.17 but ended sharply lower at 87.90 cents.</p> <p>Market near Rs. 48000 per candy for S-6 variety in India and ICE near 90 cents per pound is at a very critical stage and fresh development needed- may be from the physical activity, weather development, funds movement would be the key factors to look at.</p> <p>On the trading front, largely price continued to trade in the very sideways range for the past three weeks within a band of 300 points while volume on Tuesday was around 34K contracts highest in last two weeks average volume. The aggregate open interests continued to trade steady. Interestingly large chunk of volume is taking place in</p>		

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spread trading between December and March contract. One thought was funds might be moving longs or adding spread positions as today was the 5th business day of the month. Some funds have traditionally used the 5th though the 9th business days to perform rolls prior to a notice period. Also some index funds periodically use the same time frame to rebalance positions.

This morning ICE cotton is seen trading at 88.10 cents up by quarter per cent from previous close. We think the tendency of buying on dips remains clear for cotton so far. We have the key data scheduled on this Friday i.e. USDA Monthly demand-supply number. More than the US production number at a gross the state wise figure would be important to apprehend because the threat of poor rainfall in Texas will have its effect clearly on the crop number. Texas is the hot topic as analysts try to figure out the abandonment and the heat damage on what's left. Promising rains this week could greatly help the crop at this stage, especially the irrigated portions. Much of the dry land is already gone.

Also the report should give a clear understanding on the 2017-18 US exports with the final shipment figures due on Thursday. Expectations call for a reduction unless a surprise amount of shipments were reported for the remaining 5 shipment days of the season. Further there's the trade war. Maybe USDA will indicate what they think of the potential tariff impacts.

For the day we expect ICE future to trade in the range of 87.60 to 88.80 cents per pound. MCX cotton future for October contract is to trade in the range of Rs. 23850 to Rs. 24100 per bale.

Currency Guide:

Indian rupee has appreciated by 0.09% to trade near 68.62 levels against the US dollar. Rupee has benefitted from stability in Chinese Yuan and Chinese equity markets which has improved outlook for emerging economies. Yuan has stabilized on moves by Chinese central bank. People's Bank of China urged some lenders to prevent any "herd behavior" and momentum-chasing moves in the currency market. Earlier this week, PBOC raised the forward reserve requirement for foreign exchange to ease pressure on yuan.

However, weighing on rupee is choppiness in crude oil price, Fed's monetary tightening stance, concerns about US-China trade conflict and downbeat monsoon outlook. Brent crude is choppy near \$74 per barrel as market players assess impact of US sanctions on Iran crude exports. US-China trade worries rose further as Trump administration announced that it will impose 25% import duty on August 23. US announced 25% import duty on \$50 billion Chinese goods. Duty on \$34 billion was imposed in July and rest on \$16 billion will be imposed on August 23. Rupee has recovered on improved risk sentiment but gains may not sustain as general optimism about US economy will support US dollar. USDINR may trade in a range of 68.5-68.85 and bias may be on the upside.

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INTERNATIONAL NEWS

UK women's clothing sales up 4.5%; highest since Jan 2016

The long spell of warm weather has been good news for women's clothing, with spend increasing 4.5 per cent year-on-year in July—the strongest rise since January 2016—as shoppers updated their summer wardrobes.

Consumer spending was up 5 per cent, according to data from Barclaycard, which sees nearly half of the nation's credit and debit card transactions.

As Brits made the most of the long hot summer, July 2018 marked the third consecutive month of growth above 5 per cent and the strongest three-month period since Barclaycard began measuring this data in 2014.

Essential spending climbed 8.7 per cent in July, driven by a strong rise in supermarkets of 6.7 per cent, Barclaycard said in a press release.

“Consumers have been keen to take advantage of the sunshine while it lasts, with almost a quarter (23 per cent) saying the hot weather this summer has prompted them to spend more money than usual on experiences and outdoor activities,” the release said.

However, despite a willingness to spend on summer treats while the good weather lasts, shoppers remain cautious about the broader economic picture with confidence in household finances dropping six percentage points from June to 59 per cent last month.

Rising interest rates are another area of concern for some, with one in three (34 per cent) saying they are worried that the Bank of England raising interest rates on August 2 means they will have less spending money each month.

“The prolonged warm weather combined with England's World Cup performance has created a short-term boost in spending.

With the sunshine showing no sign of abating, spending levels have remained higher than we would normally expect with Brits keen to make the most of the heatwave,” said Esme Harwood, director at Barclaycard.

“It will be interesting to see if this strong level of growth continues as we move into the final stretch of summer.

It’s clear that some consumers remain cautious about what’s to come with interest rates rising and overall confidence in household finances down slightly from June,” Harwood added.

Source: fibre2fashion.com- Aug 07, 2018

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USA: Slowly but Surely, Retail Supply Chains Are Becoming More Transparent

Boosting the transparency of your company’s supply chain isn’t just a form of virtue signaling, it can actually make businesses better.

That’s the conclusion of a recent report by the Sustainability Consortium, a network of 100 companies, including boldface names like Amazon, Hanesbrands, Marks & Spencer and Walmart, that represents more than \$20 billion in annual retail sales.

But revealing how the proverbial sausage is made isn’t an easy thing to do. Most social and environmental “hotspots” exist upstream or down from a brand or retailer. To achieve full transparency, companies must understand not only a product’s genesis but also its end of life, TSC said.

As onerous as this discovery process may be, transparency is the “first necessary step” toward improving supply-chain performance. “Without transparency, consumer and investor trust is challenged, and opportunities for collective action are lost,” the group said.

To measure the pulse of the industry, TSC collaborated with its stakeholders to develop Key Performance Indicators (KPIs) suppliers could use to measure the performance and progress of their supply-chain hotspots.

Since most of the KPIs are tied with levels of transparency, they can also serve as a proxy for the amount of openness present in a supply chain, TSC said.

This year, suppliers scored an average of 36 out of 100 points, which corresponds to a scenario where the supplier might score “100 percent on one-third of the KPIs and 0 percent on two-thirds of the KPIs,” TSC said. “This means that on some of the hotspots (likely within their own manufacturing operations), they have full transparency, but on the majority of them (likely within their supply chain), they do not.”

At the same time, progress toward transparency has by and large been positive. From 2015 to 2017, the number of KPI scores between 0 and 10 percent dropped from 50 percent to 48 percent while the number of KPI scores between 90 and 100 percent rose from 22 percent to 26 percent.

For the most part, companies are trying to improve their scores. Of the suppliers who participated in TSC training, 88 percent said they took “specific actions” to increase their survey scores. Among the companies who were spurred to action, 50 percent said they worked with suppliers to promote transparency in the supply chain, and nearly 40 percent said they worked internally to increase transparency.

Another 25 percent said they made changes to their processes, 15 percent said they made new public disclosures regarding sustainability performance and 15 percent said they tweaked products or packaging to make them more eco-friendly.

Though TSC has seen a drop in “unable to determine at this time” responses, it says the number it fielded this year remains “too high” for its liking.

Because the companies that scored the highest KPIs and made the biggest improvements were also those who had worked with sustainability the longest, however, TSC says it’s hopeful that lagging businesses only need a firmer guiding hand.

“It is our hypothesis that after learning what is needed to respond to the KPIs in their first year of implementation, suppliers put in systems that give them the increased transparency to score higher in subsequent years,” TSC said.

Source: sourcingjournal.com- Aug 07, 2018

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Free Trade Is No Utopia

Removal of barriers would strain international relations as the economically strong get stronger and the weak get weaker.

President Donald Trump recently suggested the removal of all tariffs and non-tariff barriers to global trade. Sounds intriguing, but free trade is rare and it's certainly no utopia.

Historically, it's been largely confined to periods when a major global power promoted the free exchange of products in its own enlightened self-interest. That was true of Great Britain in the 19th century after it spearheaded the Industrial Revolution and wanted to insure the easy flow of raw materials for its factories from abroad and foreign markets for their output.

After World War II, Americans used trade to rebuild Western Europe and Japan to counter the Soviets, and accepted the lack of reciprocity by some of those lands, notably Japan. This was cheaper and more acceptable in the Cold War era than garrisoning more American troops around the world and risking more military confrontations.

The classical foreign-trade theory espoused by English economist David Ricardo (1773-1823) held that unfettered trade made all trading partners richer. To Ricardo, even if one country is more competitive in every area than its trading partners, that nation should concentrate on the areas in which it has a competitive advantage, leading to mutual benefits accruing to all economies involved. He used the example of English-produced wool being traded for French wine.

Subsequently, economists noted that Ricardo's simple trade model requires economies in static equilibrium with full employment and neither trade surpluses nor deficits, and similar living standards.

These aren't true in the real world. Also, Ricardo didn't consider countries at different stages of economic development and different degrees of economic and political freedom, or exchange-rate manipulations and competitive devaluations since gold was universal money in his day.

Ricardo also didn't factor in trading partners with huge wage differences, such as exists between the U.S. and China. China can produce almost any manufactured good cheaper than America, which has a competitive advantage in almost nothing. The result has been huge and chronic U.S. trade and current-account deficits. Last year, the U.S. trade deficit grew 12 percent to \$566 billion, the largest since 2008.

Completely free trade is unlikely because countries have vastly different economies in different stages of development, different degrees of domestic economic and political freedoms and separate currencies. To achieve free trade, governments would have to reverse much of the involvement in their economies and financial markets they've gained since the 1930s.

They'd have to surrender considerable sovereignty to market forces and could no longer keep out imports in the name of health and safety, either to support local industry or due to true civic concerns. Where is the dividing line between imported recreational marijuana and narcotics? Completely free trade would also require completely free-floating currencies with no government interference. It's hard to imagine politicians giving up all that control.

Still, what would this unlikely utopian world look like? It would probably be more cyclical without government actions to redress trade imbalances. In the absence of devaluations, currency controls and other stabilizing techniques, trade deficits would accumulate in weak countries.

Their currencies would collapse as foreign investors and locals fled and depleted foreign-exchange reserves. It cost China \$1 trillion to accommodate a capital flight in 2014. Political revolutions would be more frequent and international relations strained as the strong get stronger and the weak get weaker.

Without China's demand for technology transfer as the price for American firms doing business there and outright theft of U.S. technology, the American trade and current-account deficits would shrink.

More production and profits for Americans would benefit the U.S. economy, but that current-account deficit provides the liquidity the rest of the world needs to finance growth, and its shrinkage is highly deflationary.

Globalization would probably persist due to the continuing vast differences in the cost of production between developed and developing countries. Even as Chinese incomes rise, India, soon to overtake China as the world's most populous country, has a huge supply of unemployed and underemployed cheap labor. Ditto other Asian lands.

American consumers would benefit from continuing cheap imports from low-cost countries, including goods from Asia and legal, accounting and other services from India.

Americans with the skills and knowledge to compete in a free market world would continue to thrive, but the rest would suffer lower incomes as globalization wiped out more service jobs as well as manufacturing positions.

In agriculture, U.S. grain producers would gain from unrestricted exports to developed and developing economies. Rice exports would lock out expensive domestic rice from Japan, where that grain is still considered sacred and imports are severely limited. American farmers would benefit as European governments are forced to remove GMO restraints on grain and meat imports.

Wisconsin dairy farmers could export freely to Canada. Canadian maple syrup would decimate Vermont's output and free sugar imports would wipe out American producers of cane and beet sugar that are now protected by import quotas. As a result, the domestic price is 30 cents pound, compared with 11 cents on the world market. Unrestrained Canadian timber imports would squeeze American producers.

The dollar would be stronger as a haven in a volatile currency world. There would be no currency manipulation to contain the greenback.

Source: bloomberg.com- Aug 07, 2018

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Canada mulls making a Pakistan preferential trade partner

Pakistan's exports to Canada are up 4.6 per cent. Textiles, leather and food products account for 74 per cent of Pakistan's exports to Canada.

Non-textile exports are also growing. Canada is mulling a preferential trade partner status for Pakistan to encourage exports from developing economies under preferential tariffs.

Inclusion in the program would boost Pakistan's exports to Canada. It aims at assisting developing countries and their small and medium enterprises take advantage of new export opportunities created by free and preferential trade agreements with Canada.

The program places an emphasis on initiatives that will help ensure that free and preferential trade access to Canada will ultimately contribute to job growth and poverty reduction in developing countries, and those which also address gender inequality or environmental concerns in doing so.

The priorities for the bilateral international assistance program are based on Pakistan's development priorities and Canada's comparative advantage in line with its feminist international assistance policy.

Canada's development assistance to Pakistan also includes multilateral, partnership and humanitarian programming. Additionally, project funding in Pakistan has come from the International Development Research Centre.

The Canada fund for local initiatives provide direct funding assistance for small projects to local non-government organisations and, in exceptional cases, international NGOs and government institutions.

Source: fashionatingworld.com- Aug 07, 2018

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China's July exports rise more than expected despite US tariffs

China's exports growth unexpectedly accelerated in July despite fresh U.S. tariffs, though a still-wide trade surplus with the United States looks set to keep Beijing and Washington locked in a bitter dispute that has rattled financial markets.

Imports also rose much faster in July driven by still solid domestic demand, official data showed on Wednesday.

The headline numbers are the first readings of the overall trade picture for the world's second-largest economy since U.S. duties on \$34 billion of Chinese imports came into effect on July 6.

China's closely watched surplus with the United States dipped only slightly to \$28.09 billion last month from a record \$28.97 billion in June.

Washington has long criticized China's trade surplus with the United States and has demanded Beijing cut it. Still, disagreements between the two major economic powers run deeper than just the trade balance and tensions remain over market access, intellectual property, technology transfer and investment.

The United States and China implemented tariffs on \$34 billion worth of each other's goods in July. Since then, Washington and Beijing have raised the stakes by threatening more punitive trade measures in an intensifying dispute that has rattled financial markets worried about the impact on investment and growth.

The two sides have shown no signs of letting up, with the U.S. earlier Wednesday saying it will begin collecting 25 percent tariffs on another \$16 billion in Chinese goods on Aug. 23, and Chinese media resorting to personal attacks against Trump earlier in the week.

China's July exports rose 12.2 percent from a year earlier, beating forecasts for a 10 percent increase according to the latest Reuters poll, and up from a 11.2 percent gain in June.

A weaker yuan, which marked its worst 4-month fall on record between April and July, may have taken the sting out of 25 percent tariffs on \$34 billion exports to the United States. However, analysts still expect a less favorable trade balance for China in coming months given it's early days in the tariff brawl.

After a strong start to the year, growth in the world's second-largest economy cooled slightly in the second quarter, partly hit by the government's years-long efforts to tackle debt risks.

The worry is that the escalating Sino-U.S. trade war, rising corporate bankruptcies, and a steep decline in the value of the yuan versus the dollar could put a significant dent on the economy.

The government has responded by releasing more liquidity into the banking system, encouraging lending and promising a more "active" fiscal policy.

Imports grew 27.3 percent in July, customs said, beating analysts' forecast of 16.2 percent growth, and compared with a 14.1 percent rise in June.

Source: cnbc.com- Aug 07, 2018

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Turkey's Duty Benefits Under GSP Trade Program Facing Scrutiny

Turkey's eligibility to receive duty benefits as part of the U.S. Generalized System of Preferences (GSP) program, is being called into question.

The Office of the United States Trade Representative (USTR) has instituted a review over concerns that Turkey may be out of compliance with what's required for the program, specifically where the GSP market access criterion is concerned.

One of 15 defined by Congress in the statute authorizing the GSP program, the market access stipulation covers the extent that beneficiary countries have assured the U.S. reasonable and equitable access to their markets.

Turkey has imposed additional tariffs on \$1.78 billion of U.S. imports only and not to other trading partners, which has been part of the cause for concern. The U.S. imported \$1.66 billion in 2017 from Turkey under the GSP program, representing 17.7% of total U.S. imports from Turkey.

Beyond that, the White House announced sanctions last month freezing the assets of the Turkish interior and justice ministers in protest against Turkey's detention of American pastor, Andrew Brunson. On Saturday, Turkish President Recep Tayyip Erdogan said he was ordering reciprocal sanctions against two U.S. officials in retaliation for U.S. measures against two of his ministers.

The U.S. has sought Brunson's release since his detention in 2016 on charges of espionage and assisting terrorist groups. U.S. officials say Brunson is innocent and being held by the Turkish government as a bargaining chip to leverage its interests in U.S. court cases.

Tensions between the two countries also stem from American support for Kurdish fighters in Syria, and the U.S. refusal to extradite the Turkish cleric Fethullah Gulen, accused by Erdogan of instigating the 2016 coup attempt against the Turkish president.

The GSP program is the largest and oldest U.S. trade preference program, which provides developing countries with duty-free access to the U.S. for several thousand categories of products.

USTR said it will hold a public hearing and comment period for Turkey's GSP eligibility review.

"We hope that Turkey will work with us to address the concerns that led to this new review of their duty-free access to the United States," Deputy US Trade Representative Jeffrey Gerrish said.

Source: sourcingjournal.com- Aug 07, 2018

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Turkey's share in world's denim fabrics exports is 9%

Turkey is one of the world's major denim fabric production hubs. Turkey's exports of denim fabrics constitute 5% from the country's exports of textile products. Its share among the world exports of denim fabrics is, however, around 9%.

According to 2016 figures, China is the largest exporter of denim fabric in the world. Its share was 38%.

Pakistan ranked second with 11%, Hong Kong third with 10% and Turkey ranked fourth with 9%. These four countries make up 68% of total denim fabric exports.

Turkey's denim exports were US\$ 378.3 million in 2015, and US\$ 393.6 million in 2016. In 2017, the number decreased by 6.4% and amounted to US\$ 368.5 million.

Most denim fabric exports were realised in 2013. According to the official trade data released by the Turkish Statistical Institute (TUIK), US\$ 435.2 million worth of denim fabrics exports were made, setting a record for all time.

Turkey exports denim fabrics mainly to North Africa, Europe and the Far East. Tunisia, Egypt, Italy, Morocco and Bangladesh are the five major markets.

In 2017, Turkey exported US\$ 52 million worth of denim fabrics to Tunisia. The same year, exports to Egypt were US\$ 47.4 million.

Exports to the third biggest market – Italy – were US\$ 40 million. These three countries share around 38% in Turkey's exports of denim fabrics.

Source: innovationintextiles.com- Aug 07, 2018

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Pakistan: Cotton cultivated over 2.69 mn hectares in Pakistan

Cotton crop has been cultivated over 2.69 million hectares across Pakistan during the current sowing season—a 1 per cent rise over the last season—to produce 14 million bales, which is enough to meet the domestic demand and the requirement for exports, according to Khalid Abdullah, cotton commissioner in the ministry of national food security and research.

Crop cultivation targets were achieved by over 91 per cent this season, he said.

Overall cotton sowing in Punjab province registered about 11 per cent growth while in the Sindh province, it decreased by 40 per cent because of low sowing trend due to dry weather during the crop sowing time and shortage of water for irrigation, according to Pakistani media reports.

Cotton prices in the local markets are stable, which is an encouraging sign for farmers to grow more crop for maximizing their profit, he said.

Meanwhile, exports of raw cotton from the country during the last fiscal ending June 30 had registered over 33.65 per cent growth compared to the previous fiscal's figures, he added.

During the period under review, about 521,959 metric tons of cotton yarn worth US\$ 1.371 billion was also exported as compared the 458,074 metric tons valuing US\$ 1.243 billion of the same period last year, according data from the Pakistan Bureau of Statistics.

During fiscal 2017-18, export of cotton yarn grew by 10.30 per cent compared to the corresponding period in the previous fiscal, whereas the exports of yarn other than cotton grew by 38.85 per cent.

Source: fibre2fashion.com- Aug 07, 2018

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A Shift in Politics Could Boost Pakistan's Home Textiles Business

Imran Khan, expected to be Pakistan's next prime minister, has a long list of problems to address once he takes office, not the least of which is acting on his agenda in a country where the military holds so much power.

But higher up on that list will likely be helping the country's textiles industry, specifically its home textiles suppliers which represent Pakistan's single largest export category.

That business has been threatened by chronic power shortages, uneven cotton crops and the public relations nightmare of being labeled a haven for terrorists, making "Made in Pakistan" a sometimes unwelcome label, particularly in the country's largest overseas market, the United States.

In 2016, the most recent numbers available, what Pakistan calls "house linens" accounted for slightly more than \$3 billion in exports—not including other finished products, like towels, or components, like yarn.

The vast majority of that goes to the U.S., where Pakistan is the third largest supplier of home textiles products, after China and India. In some categories, such as more moderately priced sheets and bedding, Pakistan is often ranked No. 2 ahead of India.

Yet its share of the American market remains static and it has been plagued by both the specifics of textiles manufacturing and the country's perception in the U.S. While none may admit it publicly, several American retailers are believed to have unstated policies that they will not buy product made in Pakistan.

Home goods like sheets and pillowcases—as with many textiles goods in general—require three essential raw materials in their manufacturing process. The first is the fiber, either cotton or polyester in the case of bedding.

Pakistan's domestic cotton crop has been consistently inconsistent and is generally considered to be of lesser quality than cotton from other suppliers, which has pigeonholed the country's production to lower-value products.

Khan made improving relations with China a cornerstone of his campaign and now he may be able to turn there for new cotton supplies. With what is believed to be the world's largest stockpiles of cotton, China offers Pakistan the opportunity for both more consistency and quality in its cotton supplies. This could make Pakistani products more attractive in the American marketplace.

The second raw component needed in home textile production is power, which, in Pakistan, has been in chronic short supply for decades. Khan has mentioned a focus on better and more plentiful power throughout his campaign, and again, a closer relationship with China could mean investments that weren't possible before.

China's One Belt One Road policy has been targeting infrastructure initiatives like power plants as part of the country's efforts to extend its influence beyond its own borders, and for Khan, this could be just the power play he needs.

The third element in home textiles manufacturing is water, for which the Chinese connection could also come into play.

Taken together, Pakistan's expected closer ties with China have the potential to have a positive impact on its textiles industry. But the problem may yet be improving the U.S. perception of Pakistan. And either way, Pakistan is preparing to put its eggs in other baskets.

Khan has not been particularly pro-American in his political stance, and while the country's home textiles business is dependent on its U.S. exports, it may look to China as a new market for its products.

Should Khan prove successful in diminishing Pakistan's image as a terrorist haven, however, the country could become a more desirable supplier for the American market. Whichever scenario plays out, Khan's election is likely to change the dynamics of Pakistan's home textiles business in the U.S.

Source: sourcingjournal.com- Aug 07, 2018

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Vietnam looks for sustainable dyeing solutions

That foreign investors are pouring their capital into Vietnam will definitely help develop the local textile and garment industry.

However, there are fears about projects in this category, especially those involving the dyeing phase. Impact on the environment is one concern.

So far, the bulk of foreign direct investments in the textile and garment industry are in the fields of fiber manufacturing, garment and accessories. The dyeing sector accounts for only around nine per cent of the total investment.

Since the dyeing process may cause environmental pollution, one way is to license only projects that have decent water-treatment systems. High standards should be applicable to wastewater like water-treatment systems. Priority should be given to dyeing projects that bring in modern technology in wastewater treatment.

Aside from environmental pollution, some localities are also afraid of textile and garment projects because they are labor-intensive ones which require large armies of migrant workers.

A larger populace of migrant work force would also mean there must be more schools, health care facilities, accommodation and a larger force in charge of security issues.

Propelled by bilateral and multilateral FTAs signed recently, Vietnam is now emerging as one of the top spots in the world for investors in the garment and textile industry.

Source: fashionatingworld.com- Aug 07, 2018

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Bangladesh: The next hot spot for apparel sourcing

We need to actively pursue opportunities to further our textile manufacturing capabilities

Since its foundation, the Bangladesh ready-made garment sector has enjoyed rapid expansion, reaching an audience of international buyers and contributing to 83% of our nation's GDP. The sector has set itself ambitious growth targets for the 50th anniversary of the country's independence in 2021, aiming to achieve \$50 billion by that date.

It's encouraging, therefore, to read a recent survey of international sourcing executives, carried out by McKinsey and Company, that identifies Bangladesh as the next "hot spot" for apparel sourcing -- which is definitely borne out by the sector's growth since the report was written.

What is less encouraging and something that the RMG sector needs to consider, are the five challenges identified by the study, for apparel companies seeking to do business in Bangladesh.

Infrastructure and energy supply, with transportation problems creating delays in deliveries to customers and local suppliers suffering from poor energy supply. Compliance - an area where Bangladesh has taken great strides since the date of the report and in the aftermath of the Rana Plaza tragedy

Supplier performance and a skilled workforce, with the report highlighting the need for suppliers to improve productivity, develop more sophisticated products, invest in new machinery and technologies, and develop a more skilled workforce

Political and economic instability, with half of the respondents expressing concerns in this area, which may affect future decisions on sourcing from the region.

The report highlighted Bangladesh's "noteworthy" lack of natural or artificial fibres and its dependence on imported fabrics, creating sourcing risks and longer lead-times, compounded with the volatility of raw material prices in recent years

It is this last challenge for the sector that I would like to highlight and investigate possible ways that the RMG industry, government, and NGOs can contribute to the expansion in our own raw material supply capabilities.

If we look at the knitted apparel side of the RMG sector, we can see that Bangladesh is largely self-sufficient in the supply of locally produced raw materials for its production needs, but in the woven sector, approximately 60% of the raw materials used are imported, contributing significantly to the lead-time of product being produced and bringing pressure to bear on manufacturers who must bear the responsibility for the purchase and importing of the necessary goods.

Bangladesh currently has 796 woven fabric manufacturers, 31 of which are denim mills and 22 are producing home textiles, with an annual capacity of some 3,850 million metres of fabric.

The country is also home to 240 dyeing, printing, and finishing mills, producing a further 3,170 million metres of fabric per annum.

Whilst these numbers are hardly insignificant, it is obvious that the demand from domestic manufacturers of woven apparel is currently far outstripping supply, and we need to be actively pursuing opportunities to further develop our textile manufacturing capabilities.

As a nation, we have a disadvantage in that we have a limited supply of domestic cotton fibres, producing some 128,000 bales of cotton domestically, but importing in excess of 7 million bales per year, and we are hugely reliant on the importation of man-made fibres (including polyester, viscose, and Tencel) which are now firmly established as essentials for all areas of the apparel sector as an alternative to cotton, and offering improved functionality and ease of use.

As a nation, we are restricted in the amount of cotton we can produce due to climate, quality, and acreage of suitable agricultural land for cotton growth, plus the all-important need to provide land for us to produce foodstuffs, but we are able to invest in the development of man-made fibres, which are more dependent on plant and factory facilities than Mother Nature herself.

Where will the energy come from?

Another challenge is that of infrastructure and energy supply. For Bangladesh to advance in the arena of producing its own raw-materials, the issue of energy supply is crucial.

Fabric mills rely on a constant supply of water, gas, and electricity to ensure the consistency of fabrics going through the mill. A power outage when fabric is passing through the dye-range, for example, can be catastrophic, and delays in production of fabric due to power shortages impact the flow of the whole supply chain.

Similarly, we need to ensure that if new fabric mills are to be developed, that there is the infrastructure in terms of efficient road systems to allow the transportation of woven goods to the necessary garment manufacturers.

All of the above assumes that we, as a nation, are able to produce fabrics that can compete with those items being imported for manufacture in our country. Here we need to make sure that the required training and development of the necessary skilled personnel is in place -- even if this involves investment from foreign companies or the hiring of foreign specialists to offer the correct guidance.

It is imperative that we are investing in the development of fabric companies that are market aware and have the necessary capabilities to both develop right fabrics, but also have the wherewithal to develop products that both inspire and attract customers - it is not enough for us to copy existing qualities from competitors to offer at a lower price.

What is obvious about the current situation is that the RMG industry needs to redress the balance between imported woven fabrics and those domestically produced.

With 60% of our woven fabric being imported, it means that approximately 45% of our woven apparel production is facing lead-time pressure, as imported goods will incur lead-times of anything between 28 and 42 days (plus delays in delivery or customs clearance and other issues) that manufacturers may face.

Of course, the situation will always arise whereby a customer nominates a fabric from a foreign vendor, but it would be of great benefit to the industry as a whole if these occasions became the exception rather than the norm.

The apparel industry in Bangladesh faces a challenging time over the next few years, but I feel with the correct levels of support and investment, especially in the development of a fully-fledged domestic woven fabric and raw material business, some of the potential problems will be alleviated, which can only be good news for all of us.

Source: dhakatribune.com- Aug 08, 2018

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Bangladesh businesses eye profits from India textile import tax hike

It's a good news for our apparel industry. It will enable us to export more products to India," Bangladesh Garment Manufacturers and Exporters Association Senior Vice-President Faruque Hassan told bdnews24.com on Tuesday.

"We will be able to take the Indian market from China as the tax will curb Indian imports from China," he added.

Bangladesh's RMG exports rose 10 percent year-on-year in 2017-18 fiscal year, said Faruque who believes India's decision will help Bangladesh post more growth in apparel export this fiscal.

India's imports of textile products from Bangladesh, Vietnam and Cambodia also jumped in the last few years as they are not subject to any duty under free trade agreements (FTA) signed by India with these countries.

The 20 percent duty India imposed on textile products on Tuesday will not be applicable to products sourced from those countries due to the FTA.

Source: bdnews24.com - Aug 07, 2018

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NATIONAL NEWS

Import duty on over 300 textile products doubled to 20 per cent

Big relief for domestic industry

The government has doubled the import duty on textile products — for the second time in a month — a move that is expected to further incentivise the domestic industry.

A notification to increase the Customs duty on 328 tariff lines of textile products from 10 per cent currently to 20 per cent was made public on Tuesday.

As a consequence, imported garment, fabrics, specialised fabrics and carpet, among others, will become costlier. Higher duty will be applicable on shirt, trousers, coat, blazer, kids garments, lingerie etc.

This amends the notification dated October 27, 2017, under Section 159 of the Customs Act, 1962.

In July this year, the government had doubled the import duty on over 50 textile products, including jackets, suits and carpets, to 20 per cent.

The government expects that the higher duty will help the industry, which employs nearly 10.5 crore and has been facing stiff competition from cheaper imports.

May hit China

India is bound to provide concessional tariff for least developed countries such as Bangladesh, but there is no such provision in respect of imports from China.

This means the higher duty will help curb cheaper imports from China. Since India cannot give any direct incentive to the domestic manufacturing, hiking tariffs is the only available option. Imports of textile yarn, fabric, made-up articles grew 8.58 per cent to \$168.64 million in June.

However, exports of cotton yarn/fabrics/made-ups, handloom products grew 24 per cent to \$986.2 million.

Man-made yarn/fabrics/made-ups exports rose 8.45 per cent to \$403.4 million. Exports of all textile readymade garments dipped by 12.3 per cent to \$13.5 billion.

Industry hails move

The textile industry termed the government's decision as a "protective measure".

"This decision will help the entire textile sector revive," said A Sakthivel, Regional Chairman, FIEO. Due to tough competition from Vietnam, Sri Lanka and Bangladesh, garment exports took a huge hit and continued to slip. This, coupled with issues such as the delay in GST refund and the truckers' strike, added to the industry's woes and made their products more expensive.

Many of the units began to ease up on their capacity utilisation levels, which further increased the production cost. Above all, the significant rise in the import of fashion wear posed a big challenge to the garment exporting units, Sakthivel said.

Industry sources, however, said that it was too early to respond to the government's move in the absence of clarity about the list of items on which the import duty hike has been effected.

"We hear that there has been no increase in the Customs duty on fibre. If this is true, we welcome the move," said the Managing Director of a local spinning mill.

Source: thehindubusinessline.com- Aug 08, 2018

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CAI maintains 2017-18 cotton crop estimate at 365 lakh bales

However, the Cotton Association of India has revised crop estimates for Punjab and Haryana, reducing the output by two lakh bales and 50,000 bales, respectively, based on the arrivals up to July 31, a release said today.

The Cotton Association of India (CAI) has maintained its July estimate of the cotton crop for the ongoing season (October-September) at 365 lakh bales, same as the last two months. However, the CAI has revised crop estimates for Punjab and Haryana, reducing the output by two lakh bales and 50,000 bales, respectively, based on the arrivals up to July 31, a release said today.

Meanwhile, the crop estimates for upper Rajasthan and lower Rajasthan have been increased by one lakh bales and 1.50 lakh bales, respectively, compared to the last month estimates based on the arrivals. The CAI has projected total cotton supply up to July 31 at 400.45 lakh bales, which comprises the arrival of 353.45 lakh bales up to July 31.

Further, the association has estimated cotton consumption for 10 months, that is from October 2017 to July 2018, at 270 lakh bales, while the shipment of cotton till July 31 has been estimated at 67 lakh bales.

The stock at the end of July 2018 is estimated at 63.45 lakh bales, including 42.65 lakh bales with textile mills, while the remaining 20.80 lakh bales are estimated to be held by the Cotton Corporation of India (CCI) and others (MNCs, traders, ginners, among others).

The total cotton supply till end of the season, that is up to September 30, is estimated at 416 lakh bales, which includes opening stock of 36 lakh bales at the beginning of the season.

The CAI has estimated domestic consumption for the season at 324 lakh bales, while the exports are estimated to be 70 lakh bales. The carry-over stock at the end of the 2017-18 season is estimated at 22 lakh bales.

Source: moneycontrol.com- Aug 07, 2018

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Anti-Dumping Duty Likely On Nylon Filament Yarn From EU, Vietnam

India may impose an anti-dumping duty of up to \$719 per tonne for five years on imports of nylon filament yarn from the European Union and Vietnam following recommendations by the Commerce Ministry's investigation arm—Directorate General of Anti-Dumping & Allied Duties.

Imposition of duty aims at guarding domestic manufacturers of this yarn from cheap imports from EU and Vietnam. Following complaints by five domestic players, the directorate initiated a probe against the alleged dumping of nylon filament yarn from the two regions.

In its final findings, the directorate has concluded that the product has been exported to India from these countries below normal values and that the domestic industry has suffered material injury on account of such dumped imports.

The final view to impose the duty would be taken by the Finance Ministry soon. The suggested duty ranges between \$128.1 to \$719.4 per tonne. Import of this yarn from EU and Vietnam has increased to 13,799 tonnes during the period of investigation from 7,201 tonnes in 2013-14.

Five domestic firms, including JCT Ltd, Gujarat Polyfilms Pvt Ltd and AYM Syntex, had filed an application for initiation of the investigation.

The major uses of this yarn are in home furnishing and industrial application such as curtains, sewing and embroidery thread and fishnets.

Imposition of anti-dumping duty is permissible under the World Trade Organization regime. Both India and China are members of the Geneva-based body.

The duty is aimed at ensuring fair trading practices and creating a level-playing field for domestic producers. They're not a measure to restrict import or cause an unjustified increase in cost of products.

Source: bloombergquint.com- Aug 08, 2018

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Pink Bollworm attack: Maharashtra demands Rs 93-cr penalty from seed firms

The Maharashtra agriculture department has directed seed companies to pay compensation worth Rs 93 crore to cotton farmers for the damage caused by the Pink Bollworm attack, top officials said.

Notices have been issued to the companies in this regard. So far, hearings in 9 lakh complaints have been completed. A total of about 14 lakh complaints have been filed by farmers, senior officials of the department said.

The hearings in districts of Amravati division and Beed are still pending. Insurance companies, National Disaster Relief Fund and seed companies are all part of the compensation process under the Pink Bollworm attack.

Around 1.55 lakh farmers are expected to receive compensation worth Rs 93 crore for cultivation on 55,000 hectares. Hearings for Akola, Buldhana, Amravati, Washim, and Yavatmal districts in Amravati division and Beed district are yet to be completed.

According to officials, seed companies have been granted one month's time to file their replies. After this, they can appeal to the Commissioner of Agriculture. At least 12 districts are reported to be affected by pink bollworm. Maharashtra is the first state to seek National Disaster Relief Fund assistance for crop loss due to pest infestation; till now it was only sought citing drought.

The state has sought Rs 3,337 crore aid and relief for pest attack on 42.07 lakh hectares. After punchnamas and assessment of the loss of the cotton crop due to pink bollworm, the state government in December 2017, announced compensation for farmers at Rs 30,800 per hectare.

Of this, Rs 6,800 a hectare was to be given from the National Disaster Relief Fund (NDRF), Rs 8,000 from the crop insurance cover and Rs 16,000 from the claims from the seed companies.

Though the compensation from two components has to come from the respective companies, the third component has to be paid by the state government.

The state, in January, sent a memorandum to the Centre demanding Rs 2,425 crore and later revised the amount to Rs 3,373 crore in March demanding the assistance under NDRF. Since the Centre raised the queries related to the memorandum, and the delay led to further uproar among the farmers, the state government issued the GR on March 17 announcing that it would compensate the farmers from its own kitty without waiting for the Centre to release the assistance. However, the financial condition of the state was poor last year and did not allow the government to release the funds.

Source: financialexpress.com- Aug 08, 2018

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India: 18th Knit Show brings positivity to the Tirupur market

The 18th Knit Show, a three day-long event organised from August, 5-7, with more than 300 exhibitors, has brought positivity in Tirupur's apparel and textile industry.

Top technology companies, like Dhaval Colour Chem (DCC), Grafica Flextronica, Mehala Machines, Kansai Special, Cheran Machines, and Zedex, from different segments of textile and apparel industry, displayed their latest offerings at the show.

Cutting room solution, circular and flat knitting machines, sewing, printing (digital as well as screen printing) fabric and trim companies too participated in the event.

Exhibitors said market in Tirupur is now picking up as they expected good business in coming days. Exhibitors also informed since last two months, they have been getting good inquiries from apparel manufacturers.

Many small and as big companies' shared the positive reflection in their markets revealing their plans of expanding capacity. Companies like Zydex Industries, EPTA India are also working aggressively on future projects.

Source: fashionatingworld.com- Aug 07, 2018

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Fashionistas celebrate handloom, makes up for 70% of finished apparel

Handloom doesn't need sympathy as a dying product-it needs time, innovation and investment, says designer Sanjay Garg.

From international runways to showcases of New York City's Museum of Modern Art to celebrity weddings, it is handloom all the way, and how. A classic example of 'Make in India', handloom is a favourite among fashionistas too.

“Handloom is 70 percent of finished garments in the apparel industry and it still has a long way to go. While handloom purchase has gone up more than 100 percent in the last decade it is developing itself in terms of product innovation every day,” said fashion designer Gaurang Shah whose entire collection is handloom.

According to Shah, handloom has taken over bling and people prefer handloom outfits even for their own wedding. “People are ready to pay as much for handloom as they would have paid for any other outfit. If one has a budget of Rs 2 lakhs for a wedding lehenga one would invest it in a pure silk which is an investment in itself and not on blingy outfits that lose their shine and worth with time,” said Shah.

Shah's Paithani silk lehengas are a classic example of pure handloom bridal outfits. However, it is not just Shah who has gone the handloom way. There are others who are taking handloom beyond the Indian mainland to fashion capitals of the world. For instance, there is Sanjay Garg with his brand Raw Mango.

The designer who has dressed celebrities like Sonam Kapoor and Soha Ali Khan has found his way to places like New York City's Museum of Modern Art (MoMA) and the Victoria and Albert Museum in London where his handloom pieces grabbed the attention of fashionistas across the world.

For Garg handloom is sustainable fashion. “Innovation is the key to take fashion to the next level and handloom is at the peak of innovation at the moment. Handloom doesn't need sympathy as a dying product-it needs time, innovation and investment which designers like me have dedicatedly been giving to make it prosper,” said Garg.

Not just designers, handloom has got the much-required government push too, Several Indian states have started to promote their traditional and indigenous textiles on national and international platforms.

With hefty budgetary allocations for the promotion of traditional textiles, states like West Bengal, Manipur, Assam, Telengana and Madhya Pradesh are concentrating on developing state-owned brands.

These initiatives to rebrand state handloom with design intervention from the fashion designers and monetary support from the government is reviving fabrics like Pochompally, Baluchari, Narayanpet, Kutch Kala Cotton and Muga.

In Bengal, for instance, there are two state-run brands Biswa Bangla and Club Muslin and it has also come up with a new brand called Baluchari dedicated to reviving of the fabric under the mentorship of designer Abhishek Dutta.

The center has also put in its best to make handloom work. In 2015 “India Handloom Brand” was launched by Narendra Modi in order to promote the branding of high-quality handloom products, with zero defects and zero impact on the environment.

India Handloom brand had also pooled in the retail backing with collaboration with brands like Aditya Birla Fashion and Retail Ltd.’s Peter England to work together to promote the Indian handloom industry.

Source: moneycontrol.com- Aug 07, 2018

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