

IBTEX No. 106 of 2018

May 23, 2018

USD 68.18 | EUR 80.21 | GBP 91.43 | JPY 0.62

Cotton Market		
Spot Price (Ex. Gin), 28.50-29 mm		
Rs./Bale	Rs./Candy	USD Cent/lb
20079	42000	78.73
Domestic Futures Price (Ex. Gin), May		
Rs./Bale	Rs./Candy	USD Cent/lb
20770	43446	81.44
International Futures Price		
NY ICE USD Cents/lb (July 2018)		87.35
ZCE Cotton: Yuan/MT (May 2018)		17,975
ZCE Cotton: USD Cents/lb		108.84
Cotlook A Index - Physical		92.05
<p>Cotton guide: The five days run up was halted on Tuesday for Cotton price across the globe. The ICE future for July snapped gains to end at 87.35 cents down by 107 points from previous close. The December future also traded down but relatively lesser effect than July. December ended at 83.84 down by only 32 points from previous close.</p> <p>We think after excessive rally in price last five days there has been good profit booking on the trades pulled the price down.</p> <p>The trading volumes were around 40K contracts at ICE while open interests added up to a new high of 290+K contracts.</p> <p>Interestingly with the recent surge in price the state run cotton auction hit 100% offer to sold ratio. The last two days auction is at cent per cent.</p>		

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We think good amount of sales taking place with the fear and expectation that the future gains in the price could be robust in the near term.

The supply side concerns from Asia- China to US on the sowing are causing threat of losing overall lower acreage this season in total world supply. In the meanwhile demand continues to be good at daily cash sales in the domestic market and rising export trend supporting cotton price to trade positive.

Coming to technical front early Asian session on Tuesday July future made a high of 89.88 cents near 90 cents approaching overbought state hence a minor correction is witnessed. We believe as long as it holds above 85 to 86 zone the trend is considered as bullish. On the higher side 90 remains as resistance.

Overall we hold a bullish view on Cotton while on today initial correction may be witnessed. The range for the day would be 87 to 88.40 cents per pound.

On the domestic front spot continued to trade steady near Rs. 42000 to Rs. 42200 per bale. However, future has corrected down from its intraday high of 21100 and ended at Rs. 20760 down by Rs. 250 from previous close. For the day we expect it to trade in the range of Rs. 20600 to Rs. 20900 per bale..

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INTERNATIONAL NEWS

US eyes India's dairy market, seeks to pull sops to textiles industry

Given the large size of the India dairy market due to growing demand from the middle classes, the US reckons that India can be a lucrative destination for its dairy sector

The US wants to capture the Indian market for dairy products and medical instruments, while preparing the ground to discontinue benefits of around \$6 billion for Indian textiles and leather products under the generalized system of preferences (GSP) scheme, according to people aware of the development.

India, which is largely self-sufficient in the production of dairy products following the "Operation Flood" and "White Revolution" launched by Verghese Kurien in 1970, is now the prized target for American dairy products for the Trump administration, said a trade analyst, who asked not to be identified.

The US also remains determined to increase its exports of high-end medical equipment to India, the analyst said. "Both dairy and medical equipment are top priorities for the US in the Indian market," the analyst said last week.

Given the large size of the India dairy market due to growing demand from the middle classes, the US reckons that India can be a lucrative destination for its dairy sector.

Also, India's increasing disease burden as well as the rapid privatization of the health sector offers a huge market for American medical equipment makers, the same analyst said.

Despite its ambitious drive to turn India into a win-win destination for American dairy products and medical equipment, the US is in no mood to relent on its current hard line positions to terminate benefits offered to the Indian textile and leather exports under the GSP scheme.

The developing and the least-developed countries are allowed to export textiles, leather and other products on a preferential tariff framework by industrialized countries on an MFN (most-favoured-nation) basis that requires all partners be treated on an equal footing.

The donor countries—the US, the European Union (EU), and Japan, among others—want to discontinue the MFN framework that would allow equal treatment for all countries for GSP benefits and introduce “differentiation” wherein they will decide which countries can avail of GSP benefits on their conditions.

In a separate development, India signalled to the US at the World Trade Organization (WTO) on Friday that New Delhi may impose trade retaliatory measures to the tune of \$165.56 million on a range of sensitive American farm products from 21 June if the Trump administration makes its controversial duties on steel and aluminium products from India permanent.

The US enacted tariffs of 25% on steel and 10% on aluminium against all countries, invoking national security considerations.

Several countries—China, the EU, India, Russia, and Thailand, among others- called upon the US to enter into safeguard consultations. The US, however, rejected the calls from China, the EU, India, and other countries.

In a four-paged notification filed with the WTO’s Council for Trade in Goods, India notified the US that it “proposes to suspend concessions and other obligations” to the US on a range of American agricultural products due to the steel and aluminium safeguard duties. India said the US’s duties amount to definitive safeguard steps despite the US’s rejection that measures imposed under security considerations are not safeguard duties.

“India believes the measures taken by the US are not consistent with its obligations under the relevant provisions of the GATT 1994 and Safeguards Agreement.”

India said its proposed additional duties on American products will come into effect on 21 June “in case the US decides to continue the period of application of the measures in accordance with Article 7 of the Agreement on Safeguards.”

The US said it will decide whether to make the steel and aluminium duties permanent by 31 May.

Significantly, India has targeted American walnuts (100% additional duty), cashew nuts and almonds (10%), apples fresh (30%) and several other products between 10% and 20%.

The European Union also signalled its intention to impose trade retaliatory measures in case Washington makes the steel and aluminium duties permanent.

Source: livemint.com- May 22, 2018

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US textile employment on a decline

"Significant investment in automation in the U.S. textile and apparel industry, particularly in yarn, thread, and fabric production, has depressed U.S. employment despite increases in domestic shipments", according to the report titled "The Economic Effects of Significant U.S. Import Restraints" by the US International Trade Commission

In coming years, increased capital investment in automation should contribute to a further expected decline of 3.7 percent, on average, in employment in the textile and apparel industry during 2015–20.

The most significant decline is projected in the textile products (5.9 percent) and textile mills sectors (5.7 percent).

At the same time, U.S. textile and apparel exports are expected to increase 2.8 percent, with U.S. apparel exports increasing by 10 percent as a result of growing demand for higher-quality, specialised, or "Made in the USA" apparel.

Source: fashionatingworld.com- May 22, 2018

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Why China remains unaffected by Vietnam's blossoming manufacturing industry

With more and more manufacturing companies setting up shop in Vietnam, many see the nation as a natural competitor to China. But with both countries seeing big growth in this sector, rather than being rivals, they may be playing in completely different leagues

Manufacturers in China would be wrong to consider their Vietnamese counterparts as serious competition. And if a management team were questioning this, it would be a clear signal their company's business model in China was no longer viable because in reality, the competition already has the upper hand.

Executives who worked and traveled in China during the 1990s and early 2000s often make the mistake of assuming that China is as it was then: a low-cost and rapidly developing economy. While the latter may be true, cost and a lack of regulation are quickly becoming antiquated aspects of China's competitive advantage.

China is instead embracing rising labour costs and increased regulation as a means of building up a new competitive edge – deep technical talent pools, efficient quality control and a huge domestic consumer market.

China's increasing economic costs, while opening doors for new investment, have left the first wave of outsourced manufacturing operations, which set up shop in China decades ago, with similar costs and regulatory conditions to those they originally fled.

Textiles producers, positioned at the low end of the value chain, were the first manufacturers to jump ship. Nike and Adidas began to move production facilities from China to Vietnam as early as Vietnam's accession to the World Trade Organisation in 2007.

Textiles were only the start. In recent years, electronics facilities have followed suit, becoming a staple in Vietnam's numerous industrial parks. Samsung, LG and Foxconn are prominent industry leaders that exemplify this trend and showcase the changing nature of manufacturing capacity in Asia.

Analysts may point to increased investment outflows as evidence that Vietnam is increasing its competitive position relative to China, or to substantiate arguments that China is losing its economic muster. This couldn't be farther from the truth. Despite a continued movement of low-cost manufacturing from China to Vietnam, both countries maintained healthy growth rates of 6.7% and 6.8% in 2017, respectively.

China is simply moving on from low-cost production. Investors that are no longer required to boost its GDP are finding a home in surrounding countries such as Vietnam. Firms that realise the lack of competition between China and Vietnam and start to identify the complementary production strategies between the two are going to be the winners in the next decade.

So what makes Vietnam the rising manufacturing star of Southeast Asia?

Vietnam is just starting its journey up the value chain as it models successful development policy by China and South Korea – Vietnam's largest foreign investor. Vietnam's stable governance easily outshines competitors such as Cambodia and Myanmar for all but the lowest-cost manufacturing. Investors will also find Vietnam to be consistently more receptive to foreign investment than regional competitors such as Indonesia.

Vietnam's largest asset for investors is its network of trade agreements. This is a tool that not only benefits producers in Vietnam but also underscores the complementary rather than adversarial relationship between China and Vietnam.

Vietnam's inclusion in the Asean-China Free Trade Area allows for inputs to be imported with almost no tariffs. Vietnamese investors can then assemble goods for sale in markets such as the European Union, which looks set to implement a free-trade agreement (FTA) with Vietnam in late 2018.

Electronics exemplify this advantage. Complex components can be sourced from China, Malaysia, Singapore or Korea (all of which enjoy FTAs with Vietnam) and then assembled in Vietnam with cheaper components that are sourced or produced in country.

Vietnamese assembly and limited production is usually sufficient to satisfy rules-of-origin provisions under Vietnam are various FTAs.

Companies employing this model of operation in Vietnam are often at a significant advantage over their counterparts operating exclusively in China. While Chinese talent pools run deep, increased operational costs and imposition of import duties by key import markets such as the European Union result in a clear cost advantage for companies that assemble in and export from Vietnam.

This is not to count out the benefits of China. In fact, for many industries, Vietnam and other alternatives to China are simply not capable of producing the inputs required to house an entire production chain of a more complex product.

Ultimately, Vietnam and China are not in competition over investment. Companies operating exclusively in each market are not in competition either. The real competition is between companies that are producing goods exclusively in China and those that are diversifying their production chain to include both China and Vietnam.

Source: sea-globe.com- May 22, 2018

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EU's investment in the textile, clothing 'Factories of the Future'

The EU textile and clothing industry, over the last 10 years, has invested almost € 50 billion into modern manufacturing and service facilities and technologies, creating safer and higher added value European jobs.

The industry's turnover, since 2013, has grown by 14% to € 181 billion and extra-EU exports by 15% to € 48 billion, while employment and company numbers have been maintained.

The General Assembly 2018 on June 7, Brussels, will showcase the remarkable growth of the EU Textile and Clothing sector through investment cases and success stories from a diversified group of European companies.

Keynote speakers at the event will include Mrs. Irmfried Schwimann, Deputy Director General at DG GROW, European Commission, Company owners/managers of Amann & Söhne (Germany), Beaulieu International Group

(Belgium), Cotoblaú (Spain), Eurojersey (Italy), Innothera (France), Lenzing (Austria), Rovitex (Hungary), and Valéarius (Portugal).

Source: fashionatingworld.com- May 22, 2018

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Vietnam: Exports to US need to focus on processed products: experts

Experts at the recent Vietnam-US Trade Forum in Ho Chi Minh City have suggested Vietnamese enterprises step up the export of processed goods of high added values to the US, apart from raw products.

US investors have highlighted positive prospects of the Vietnam-US trade ties, saying Vietnam's exports to the US have continuously increased over the past years.

According to the Vietnamese Ministry of Industry and Trade (MoIT), the US has remained Vietnam's leading trade partner over the past decade. In 2017, Vietnam exported 41.6 billion USD worth of goods to the US, making up more than 20 percent of the country's total export revenue.

Two-way trade expanded 47 times, from 220 million USD in 1994 when the US lifted economic embargo against Vietnam to 1.4 billion USD in 2001, one year before the Vietnam-US bilateral trade agreement took effect, and 50.81 billion USD in 2017.

Currently, Vietnam ranks 12th among exporters to the US and the 27th among the importers of US goods. The Southeast Asian nation is the US's 16th largest trade partner.

MoIT Deputy Minister Do Thang Hai said the Vietnamese and US economies are supplementary. He explained that as a developing economy, Vietnam has great demands for imported machines, high-tech equipment, technology and materials in service of agricultural production. Meanwhile, the US is in need of typical farm produce and products that Vietnam has a competitive edge in production.

However, he pointed out that Vietnam mainly ships traditional products like garments-textiles, leather and footwear, timber products, machines and electronic equipment to the US. Products of high added values or luxury consumer goods make up only a small share of the country's total exports to the US.

But to increase the shipment of products with high added values, a major challenge to Vietnamese exporters is how to satisfy standards set by the US, Hai said, adding that the US law system has imposed multiple strict regulations for imported goods, at both federal and state levels.

Besides, the US has increased regulations and standards regarding food quality and safety, and product origin, especially to agro-forestry-fishery products under its recent new trade policy, the official said.

Virginia Foote, from the American Chamber of Commerce (AmCham) in Hanoi, suggested Vietnamese enterprises increase added values for export items to the US, possibly by partnering with local businesses.

Regarding the US barriers to the fishery sector, Truong Dinh Hoe, General Secretary of the Vietnam Association of Seafood Exporters and Producers (VASEP), said his association always accompanies domestic seafood businesses to employ concrete measures in order to ensure food safety and quality of products.

Hai said the MoIT encourages Vietnamese enterprises to join hands in developing supply chains to the US, noting that his ministry is always ready to support them.

He added that linkage and cooperation among enterprises are also important in dealing with trade lawsuits

Source: en.vietnamplus.vn- May 22, 2018

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US hits pause on trade war with China

A trade war bubbling up between the U.S. and China has suddenly gone still.

As trade negotiations between the world's two largest economies have continued, China said it will cut its import tariff on automobiles from 25% to 15% beginning on July 1, a move that China's Ministry of Finance noted as an "important measure in further opening up" the country's economy, The Wall Street Journal reported Tuesday. It's also a move that may help diffuse tensions that over the last several months have resulted in tit-for-tat tariff threats between the two nations.

he announcement comes less than a week after dozens of trade groups and corporate leaders — including many in the retail space — convened in Washington D.C. over the course of three days to testify before the United States Trade Representative on the potential impact of President Donald Trump's previously announced plan to impose at least \$50 billion in tariffs on China.

The administration has threatened up to \$150 billion in tariffs against the country in recent months in response to China's "forced transfer of U.S. technology and intellectual property."

But on Sunday, Treasury Secretary Steven Mnuchin told Fox News that the U.S. was "putting the trade war on hold" and therefore pausing the implementation of tariffs while the countries negotiated. Later that day, however, U.S. Trade Representative Robert Lighthizer put out a statement declaring that tariffs were still an important tool to protect technology. The tariffs are expected to be put off at least until after the June 12 summit between President Trump and North Korean leader Kim Jong Un, a person familiar with the administration's deliberations told The Wall Street Journal.

The messages are conflicting for those in the retail space, many of which are concerned that tariffs are still on the table and could dramatically rattle global supply chains and lead to increased prices on consumer products.

In a series of tweets on Monday, President Trump expressed optimism that tariffs will come down between the countries and that China will agree to a substantial reduction of its trade deficit by buying more American exports, specifically from the agriculture industry. The administration has demanded

the country buy \$200 billion more of American goods by 2020, however, press releases put out by both sides following the talks did not contain a numerical target, according to the Journal.

Some critics say asking China to buy billions more in goods is unrealistic and signals that talks are far from over. "The fundamental problem with the idea that China could reduce the trade deficit by \$200 billion by buying more is that the U.S. economy simply cannot produce enough new goods for China to buy anytime soon," Amitrajeet A. Batabyal, a professor of economics at the Rochester Institute of Technology, wrote in an op-ed in *The Conversation*. Apart from the implausibility from an economic perspective, he added that the U.S. should be skeptical of China's end of the bargain considering the country has pulled back on previous promises.

While tariffs may be on hold, retail interest groups know it's not over. Tuesday is the deadline for submission of post-hearing rebuttal comments and it is unclear whether there will be further dialogue with parties involved before an official decision on the tariffs has been reached.

During the hearings, a number of retail trade groups and companies testified against the tariffs broadly, as well as against the inclusion of specific products. Groups like the National Retail Federation and the Retail Industry Leaders Association focused their testimonies overall on the complications that tariffs could pose to global retail supply chains and the fact that tariffs on consumer goods like mini refrigerators, TVs, smart thermostats and other products would likely be passed on to the consumer.

"Our members are now in the final stages of making purchasing decisions for the all-important holiday shopping season. Back-to-school merchandise will be arriving at U.S. ports in the next couple of weeks and holiday merchandise — already on order in most/many instances — will start to arrive at the end of the summer," David French, senior vice president of government relations at NRF, said in a testimony last week. "The sudden imposition of tariffs on any of these goods will likely be passed along to U.S. consumers."

In a separate testimony, Mike Mohan, the senior executive vice president and chief merchandising and marketing officer of Best Buy, called on the USTR to remove flat panel televisions from the list of products subject to Section 301 tariffs, adding that the vast majority of TVs between 30 inches to 46 inches it imports come directly from China.

"There is no manufacturing capabilities today and in the near term availability to actually build TVs in the United States. The only thing that exists currently is a small assembly facility that will be able at capacity, if it runs at capacity, to build and produce less than 3 million televisions. The U.S. demand on an annual basis is in excess of 35 million TVs," he said in response to a question from Ari Sulby of the state department.

While the current list of products to be taxed would not affect textiles, footwear or travel goods, the American Apparel and Footwear Association rose concerns that they could be suggested to be added to the list in the future. The group is also concerned with tariffs on machinery imported to the U.S., such as circular knitting machines for hosiery, loom weaving machines and other textile manufacturing equipment.

For weeks, groups like RILA have been calling for more transparency into the administration's algorithm that selected the products on the potential tariffs list. Hun Quach, vice president for international trade at RILA, told Retail Dive that the biggest concern she's hearing from members of the trade group is that they have no alternate means of sourcing some products. "Shifting supply chains cannot be done overnight," she said.

"Our message to the administration has always been that tariffs are not the answer and at the end of the day will only be paid for by American consumers," Quach said. "We want to make sure American consumers don't suffer the collateral damage when it comes to these tariffs."

Source: retaildive.com- May 22, 2018

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What the Middleman Really Means to Apparel Sourcing Today

For a while, as companies looked to skip the middleman in favor of greater speed to market and closer access to the consumer, “agent” became a four-letter word.

Now, though newfangled companies are still going straight to the consumer, agents are reclaiming their space in the sector by offering more—or less—depending on what the customer wants.

“I think it really depends on the customer, what they expect from an agent,” Guido Schlossman, president and CEO of Synergies Worldwide said during a panel at the Sourcing Journal Summit in Hong Kong this month.

“We have a lot of new emerging e-commerce retailers that are less involved in sourcing and product and they need a full-service provider and a sourcing solutions provider who starts from design and product development up to quality inspection.”

Recognizing that the new crop of apparel players range from influencers launching a line of dresses to traditional players catering to the global mass market, Li & Fung—itsself a traditional player in the space with 112 years under its belt—has taken to being more flexible about its supply chain offerings.

“Over the decades that I’ve been doing this...it’s been a bit of a pendulum swinging back and forth with respect to buying offices versus using an agent, and our experience is it’s a combination” said Robert Sinclair, president of supply chain solutions at Li & Fung.

“We have customers that have their own buying office who have chosen to move from a fixed cost model to a variable cost model and engage an organization like Li & Fung.”

Regardless of the varying demands, Sinclair acknowledged that the portfolio of services an agent provides has had to change, and with that has come a shift in the whole concept of sourcing.

“We don’t have a one-size fits all way of working with customers. We’re diversifying our portfolio of services to be more forward thinking,” Sinclair said. “The emphasis that we now have with our customers, the engagement that we now have with our customers is really about bringing solutions to them as opposed to just sourcing alternatives and sourcing options.”

And it isn’t that Li & Fung doesn’t provide sourcing options, but that’s just a component of the more holistic approach to addressing pinpointed supply chain challenges, Sinclair explained.

With supply chain challenges as abundant as they’ve been—with transparency, Trump and traceability among the pressing concerns—sourcing companies have had to balance that unfavorable trifecta and boost their customers’ bottom lines.

“We are entering the era where the middleman is questioned and the demands for quality and sustainability are actually increasing, but this is not something new and this is not the key challenge we are facing,” Schlossman said. “The question is more how we can, in a deflationary environment, manage our cost and still generate a margin and still offer low prices. And I think there are a lot of ways to do it.”

The not-so-secret sauce, according to Schlossman, comes down, quite simply, to how companies structure their organizations, how they skill and re-skill their people and the processes they apply to work smarter to deliver on customers’ demands. It also comes down to the back-up plans they build out to guard brands and retailers against the unpredictable wrath of a president that’s promised to bring parity to global trade deficits by all means necessary.

Trump and his actions on trade have certainly posed concerns for Synergies as tariff threats between the U.S. and China may still be waiting in the wings, but the key has been positioning itself to adjust accordingly.

“We’re operating 16 offices in 40 countries and that provides the flexibility to react and even to anticipate political uncertainties,” Schlossman said. “We are also cross costing for our customers. So we are coming up with a plan B in case something would happen to China.”

Offering the manufacturer's perspective, Raymond Tan, CEO of leading Hong Kong-based consumer goods supply chain group Luen Thai Holdings, said his company has been doing the same.

"We provide more than two sourcing locations for [our customers] as a backup," Tan said, adding, "On the other hand, we internally also have to ask ourselves where's the bulk of the confusion and what's the model to develop in each country."

The idea, he continued, is to think of the globalized and disparate apparel industry as just one place.

"I told my management team, just think of the world as one world. So, you only have one country of origin and you only have one country of destination and you are able to imagine it being one and be as flexible as you can to deal with this future," Tan said.

"I don't see the world being Asia, Africa, Europe or America. The consumer of the future will think, 'I'm going to buy this,' and India can ship directly to that consumer...so where's the boundary? There is no boundary, so are we there for this future or not?"

Source: sourcingjournal.com- May 22, 2018

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Why Smart Textiles Could Be the "Fastest Path to Sustainability"

Smart garments designed with rich features and future-proof technology built in could be a key way to achieve sustainability in fashion, IoClothes managing director Ben Cooper said at Texprocess Americas in Atlanta Tuesday. And millennials are helping to lead this shift.

"The millennial generation is coming through," Cooper said, "And they value quality over quantity. So you have products that are more treasured. You're not buying more, your experiences are going up, you're not creating more waste. There's a really great opportunity to accelerate sustainability in the textile industry by having products that offer more value, live longer and create unique experiences."

Cooper, who launched his own ill-fated wearable startup near the beginning of the wearable tech “hype cycle” that began around 2013, pointed to one example of smart clothing that could pave the way for the future of intelligent apparel.

Though insiders might be tired of hearing about the Levi’s-Google partnership that birthed the award-winning Project Jacquard high-tech commuter jacket, Cooper said what’s being overlooked is not the outerwear as a one-off garment but that the two companies are actually building a platform—the internet of clothing.

Like all true tech innovation, the Project Jacquard jacket, which was initially designed to improve tech functionality and communication for those who commute by bicycle, has gotten software upgrades enabling new gestures and other integrations, incorporating apps like Uber and Lyft and pairing with Bose wireless headphones.

What other textile product out there receives post-purchase updates and integrates with your other household technology? That, according to Cooper, is the real game changer.

Some companies had to slog through the early days of the wearable tech hype cycle in order to arrive at truly useful innovation. Cooper pointed to the experience of Colin Touhey, CEO of renewable energy firm Pvilion and a recent guest of Cooper’s IoClothes podcast. Touhey partnered with Tommy Hilfiger in 2014 to develop a solar-powered jacket.

Though that project never caught on with consumers, Tommy Hilfiger parent company PVH, incorporated some of those wearable learnings into a new solar-powered tote bag that charges mobile phones and retails at a price point similar to non-“smart” competitors.

Only with the passage of time and the advancement of relevant wearable technologies could the solar tote come to market as a meaningful, value-adding product.

Of all of the different subsets in the overall wearables market, Cooper said he’s “bullish” on e-textiles and smart textiles.

“They’re so exciting and have so much potential because 96 percent of the human experience is in direct contact with a textile,” he explained. “The opportunity to enhance the user experience, to connect devices, drive efficiencies and a better experience—you can’t convince me that this isn’t going to happen.”

Source: sourcingjournal.com - May 22, 2018

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Vietnam’s growing strength in global textile industry

Having developed textile operations in 1958 in Northern region and in 1970 in Southern region, Vietnam’s textile industry has come a long way, dominating global textile dynamics today. In 2016, Vietnam was recognised as the third top garment exporter in the world where the top two were China and Bangladesh.

Apparel exports account for 16 per cent of the country’s total exports (2017). Today there are about 6,000 textile and apparel manufacturing companies working with 2.5 million employees while the population in Vietnam is about 90 million.

Apparel and textile products of Vietnam are exported to 180 countries and territories around the world. Garment manufacturing accounts for 70 per cent of the total businesses in this sector in Vietnam with CMT (Cut, Make, Trim) being the main method (85 per cent) of export.

Main market for Vietnam textile and garment products are US, Europe, Japan and South Korea. The US has retained its position as the largest importer of Vietnamese textiles and garments, followed by Europe, which has led to rapid development of the country’s textile and garment industry.

Even after facing challenges like the abolition of the Trans-Pacific Partnership (TPP) trade deal in 2017, the country was able to exceed its 2017 target of \$30bn with an export turnover of over \$31bn, an increase of 10.23 per cent over previous year.

Le Tien Truong, Deputy Chair of the Vietnam Textile & Apparel Association (Vinatas), says major markets of the US, the European Union, Japan and South Korea maintained good growth, while there were breakthroughs in exports to other markets such as China, Russia and Cambodia.

The South Korean market grew and came close to the Japanese market, reaching an export value of \$2.7 billion in 2017 while Vietnam's textile and garment exports to China reached \$3.2 billion, the same as the export value to Japan.

Domestic market

Meanwhile Vietnam's domestic market demand too is growing powered by young consumers, increasing urbanization, and growing disposable incomes. These markets are attracting major international brands. Country's retail sales are rising at 20 per cent annually, and spending on apparel is the second highest in Vietnam, following spending on food items. As Vietnam Textile & Apparel Association stats show, the domestic textile and garment market has grown year-on-year at 10 per cent in 2017.

A recent report by Textiles Intelligence forecasts the country's textile production capacity will rise 12-14 per cent per annum from 2016-2020 and export potential is forecast to increase 15 per cent per annum. Owing to such expanse, the Vietnamese textile and apparel industry will reach \$50 billion by 2020. Le Tien Truong opined that the balance in development of the domestic market and the foreign market has been an important point for the local textile and garment industry to ensure jobs for the employees and to maintain development of the enterprises.

FDI spectrum

The first 11 months of 2017 witnessed a steep 11.9 per cent spurt in FDI in Vietnam as compared to the previous year, shows a government release, where Vietnam received a sum of \$16 billion in FDI, mainly driven by manufacturing sector.

FDI in Vietnam's flourishing textile and apparel industry is increasing rapidly, which is making the country one of the most popular destinations in Asia for textile investment.

According to the data from Vietnam's Foreign Investment Agency (FIA), FDI investments in Vietnam were up 152.78 per cent year-on-year in the first two months of 2017, and investment in Vietnam's textile and apparel industry now accounts for 21 per cent of the country's total FDI.

FIA also reports that Chinese investors have registered 123 investment projects in Vietnam between January and February of 2017. One of the largest among these Chinese investments is the \$220 million invested in a Vietnam polyester synthetic fiber plant in central Tay Ninh province.

Chinese investment in Vietnam's textile plants will enable it to have more advanced technology and increased capacity in its textile and apparel productions. Additionally, textile investment from South Korea in Vietnam is also on the rise. By early 2017, South Korea's Sea-A Group has committed a total of \$2 billion in capital in Vietnam's textile and garment industry.

Source: fashionatingworld.com - May 22, 2018

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EU apparel import volume soars

The EU's apparel imports continued to surge in Jan-Feb 2018 too. According to the data has released recently by the European Commission.

The 28-nations bloc upped its apparel volume by 11.17 per cent while value got a boost of just 1.19 per cent all because of a massive drop of 8.96 per cent in unit prices.

Unit prices remained as low as € 17.07 as against € 18.75 in the same period last year. Overall, China still holds the most supreme position in the EU's apparel market with export worth € 4.60 billion in Jan.-Feb. '18 period.

The volume of apparel shipment from China to the EU increased by 3.97 per cent on the Y-o-Y basis; however, the country noted a significant fall in value terms by 2.80 per cent.

Source: fashionatingworld.com - May 22, 2018

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Egypt adopts strategy to upgrade cotton cultivation, textile industry

The government in Egypt is keen on upgrading the system of cotton cultivation and textile industry to better meet demands of the local market and enhance exports, Trade and Industry Minister Tarek Kabil said Monday.

In a meeting of the Supreme Council of Textile Industries, Kabil stressed the importance of a national strategy outlined by his Ministry to expand production and solve problems.

A clear map of textile industries in Egypt is needed to be able to perfectly determine gaps between supply and demand, the minister said.

According to him, this should also help define priorities to lure foreign investments and maximize the value added of Egyptian cotton.

The Ministry of Trade, Kabil said, is keen on coordinating efforts with the Ministry of Agriculture to increase cotton cultivated lots in a way that would help meet needs of the local market.

Source: egypttoday.com - May 21, 2018

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Azerbaijan may establish production of world brand clothing

Azerbaijan's Textile Producers and Exporters Association plans to attract well-known foreign companies to establish clothing production in the country in the future. Chairperson of the Association Mehriban Akhundova told Trend that this can be done after the issue of reducing the cost of production is solved.

"Today, the issue of reducing the cost of textile production in Azerbaijan, bringing the price of finished products to the level of the world average, is relevant. This applies to clothes of any kind, such as knitted and baby clothes," Akhundova said. She noted that this can be done by lowering customs duties on the import of materials such as buttons, glue, locks, etc.

“The lowering of duties will lead to the development of garment production, which mainly fulfills state orders. At the same time, more affordable clothing from Pakistan, Turkey and China, which is manufactured using synthetic materials, is imported to the Azerbaijani market,” Akhundova said.

The chairperson noted that the Association is preparing an appeal to the government in order to resolve this issue. The further development of textile industry has great potential in Azerbaijan, since early 2017, the State Program for 2017-2022 was approved with an aim of strengthening measures directed at developing cotton-growing in the country.

The purpose of the State Program is to develop cotton growing, increase export potential in this sphere, ensure employment of the rural population and increase the production of cotton.

The development of cotton growing in Azerbaijan gives impetus to the development of the textile industry. In 2015, as much as 35,000 tons of cotton was harvested in Azerbaijan, while in 2017 this figure amounted to 207,000 tons. The new goal of the state is to bring the cotton production up to 500,000 tons by 2022.

Source: azernews.az- May 22, 2018

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H&M scouts out potential suppliers in South Africa

H&M is looking at South Africa as a potential supplier, with executives from the world’s second largest clothing retailer visiting some of the country’s main cities this week.

South Africa’s government helped to broker the H&M visit as part of efforts to boost the textile sector which has been hit hard by Chinese clothing imports that led to factory closures and thousands of job losses.

H&M faced protests in South Africa in January this year over an advert which featured a black child wearing a sweatshirt with the slogan “coolest monkey in the jungle.”

H&M apologised for the ad and removed it from its marketing.

“Following their apology ... we have proposed that they atone very practically by sourcing goods from South Africa,” Ebrahim Patel, Minister of Economic Development, said in a speech on May 10.

Amelia-May Woudstra, H&M spokeswoman in South Africa, said company executives would visit Cape Town, Johannesburg and Durban, but that the assessment, which would consider partnerships with local suppliers, was still in its early stages. “We have started with an assessment of South Africa as a potential sourcing market,” she said.

H&M, which has 18 stores in South Africa, currently imports all its clothing into the country, so a decision to produce clothes locally would be a big boost for the domestic textile industry, which competes with rivals such as Ethiopia and Swaziland.

“If H&M were to source garments in South Africa, it would be a huge vote of confidence in the sector. We definitely have the capacity locally to supply them and it can be turned on particularly quickly with basic commodity items such as underwear,” a textile industry source said.

The source said discussions were also underway with Australian no-frills chain Cotton On and Zara, the world’s biggest fashion retailer owned by Inditex, to source products locally.

Source: af.reuters.com- May 22, 2018

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Pakistan: Cotton market remains lacklustre

Listless conditions prevailed on the cotton market on Tuesday due to the shortage of quality cotton, with lint prices touching the higher level at Rs8,100 per maund.

The Karachi Cotton Association (KCA) spot rates were also raised by Rs100 to Rs7,500 per maund.

Cotton experts feared that rupee could further plunge down against the dollar in coming days, though it has stopped extending its losses for now.

Sources said booking of Indian cotton has increased in the local market and there are chances that 460,000 bales would be imported in July and August alone.

Pakistan imported 3.2 million cotton bales from India during 2017-18.

Meanwhile, there are reports of pink bollworm attack on the cotton crop which was sown earlier in Punjab.

Analysts said that Punjab did its best to stop early sowing but some farmers went ahead and are now faced with the attacks. Pink bollworm attack will also affect the late sown crop and reduce per acre yield.

Also the pink spots on lint will severely affect cotton quality. Meanwhile, ginners who have good quality stocks of good quality lint are hopeful that the prices will increase up to Rs8,500 soon.

There are chances that ginning factories will become functional by June 15 as the demand is very high.

Market sources said no major increase is being witnessed in the yarn market which is a matter of concern for spinners. However, there are chances that yarn prices might increase by the second week of June.

The cotton market is witnessing stability due to price increase in the international market and this prevailing situation has relaxed the ginners as chances of reduction in cotton prices are very limited, sources added.

The following deals were reported to have changed hands on ready counter: 5,311 bales, Ghotki, at Rs8,100; 400 bales, Khanpur, at Rs7,450; and 200 bales, Haroonabad, at Rs6,675.

Source: dawn.com- May 23, 2018

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Technical textiles market to double in four years: Gujarat government

The government has urged industry players to invest in technical textiles as its market is likely to double to about Rs 2 lakh crore by 2022, a top official said on Tuesday.

With growing economy and rising disposable income, the demand for technical textile products is bound to increase, creating lucrative opportunities for investment, said the official.

"The size of the Indian technical textiles market is about Rs 1 lakh crore. For the past four years, the sector has been growing at a CAGR of 12 per cent. For the next four, it is estimated to grow at a CAGR of 20 per cent and reach the Rs 2-lakh-crore mark.

We want domestic and foreign investors to invest in this sector," said Textile Commissioner Kavita Gupta while interacting with media persons on the sidelines of a roadshow in Ahmedabad, to promote the upcoming 'Technotex 2018' – the international exhibition and conference on technical textiles – to be held at the Bombay Exhibition Centre in Mumbai on June 28-29.

Gupta said that the government is also providing incentives to the tune of 15 per cent on capital investments in the sector.

Despite this, in a global scenario, the growth in technical textiles is not as encouraging as expected. The per capita consumption of technical textiles in India is 3-4 kg as compared to 30-40 kg per capita in other countries. The government is betting high on Gujarat to fuel the growth in this sector.

Chairman of Federation of Indian Chamber of Commerce and Industry (FICCI), Rajiv Vastupal, urged businesses in Gujarat to make the most of the upcoming expo.

"This is a unique platform which has made it easy to mobilise investments, forge alliances and JVs, enhance trade, project collaborations, and much more for the Indian manufacturers," said Vastupal.

Shailesh Patwari, president of Gujarat Chamber of Commerce and Industry (GCCCI), said that India still has to import technical textiles and so it is necessary to increase the capacity within the country.

Source: dnaindia.com- May 22, 2018

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Growth in cotton yarn production to improve

Falling exports to restrict growth

Cotton yarn production fell by 1.8 per cent to 40.6 million tonnes in 2016-17 and remained flat in 2017-18. It is expected to grow by two per cent in 2018-19 to 40.8 million tonnes.

This improvement is expected because of better availability of cotton, lower cotton prices and the fact that the cotton yarn industry is past its goods and services tax (GST) woes.

Cotton yarn producers are expected to benefit from the better availability of cotton during 2018-19. Production of cotton is expected to have grown for the second consecutive year in 2017-18 in spite of the pink bollworm infestation. It is projected to be 338 lakh bales, 2.3 per cent higher than in the preceding year. This growth resulted in better arrivals in the market and exerted downward pressure on cotton prices. Cotton prices remained flat at Rs.108 per kg during 2017-18.

Cotton prices are slated to rise by just two per cent in 2018-19. This two per cent rise over the preceding year's flat prices is unlikely to have any material impact on yarn manufacturers. The marginal rise in cotton prices can be attributed to subdued production of cotton during the year on account of a drop in cotton acreage.

Area under cotton cultivation is expected to fall by 6.1 per cent in 2018-19 as farmers from Maharashtra and Telangana are opting for soyabean, chilli and certain pulses instead of cotton following the pink bollworm menace in 2017.

However, the fall in cotton acreage is likely to be offset by a 6.1 per cent increase in yield. This growth in yield will be driven by a 9.4 per cent increase in the cotton yield in Gujarat, India's largest producer of cotton. Cotton production will therefore remain flat in 2018-19.

The cotton yarn industry seems to have adjusted itself to the goods and services tax which was introduced by the Indian government in July 2017. Introduction of GST had disrupted functioning of the industry by affecting the working capital management of the entire textile value chain.

Implementation of GST saw cloth and apparel manufacturers move from production to offloading existing inventory which resulted in cotton yarn manufacturers seeing a fall in their downstream demand. Cloth and apparel manufacturers, having used up old inventory during the implementation of GST, are now replenishing stocks. This has resulted in a recovery in demand for cotton yarn. Production of cotton yarn is improving since October 2017.

Cotton yarn production could have grown faster than the two per cent that we have projected. However, falling exports to China, the largest export destination of Indian cotton manufacturers will restrict cotton yarn production.

Exports, which account for nearly 30 per cent of production, are projected to fall for the third consecutive year in 2018-19. While the 3.5 per cent duty attracted by Indian cotton yarn continues to act as a headwind for the industry, China's shift towards Vietnamese cotton yarn is further hurting exports significantly.

China's imports from Vietnam are growing because Chinese spinners set up operations in Vietnam, a close neighbour, after the Chinese government started auctioning reserve cotton in 2014. Although this cotton is old and its quality is deteriorating, it is priced higher than cotton traded internationally.

In spite of this, the Chinese government has asked spinners to maintain a 3:1 domestic-to-imported cotton ratio while procuring cotton. Instead of purchasing cotton at high prices to produce yarn of low quality, Chinese yarn manufacturers moved to Vietnam, which enjoys duty-free access to Chinese markets.

India is increasingly losing Chinese market share to Vietnam. As per data released by the Indo-Asian Commodities website, exports of Vietnamese cotton yarn to China grew by 83 per cent during 2012-13 to 2016-17. In contrast, exports of Indian yarn fell by a sharp 42 per cent during the period.

At present, Vietnam is the leading supplier of yarn to China and accounts for 35 per cent of China's imports. India is a distant second with a 21 per cent share in Chinese imports of cotton yarn. As China is expected to continue its auctions till 2019-20, we expect cotton yarn exports to remain lacklustre in the next two years as well.

Source: industryoutlook.cmie.com- May 21, 2018

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Maharashtra grants sale licences for 370 varieties of Bt cotton

The Maharashtra government seems to have stepped up its vigil against co-marketing of Bt cotton seeds. This kharif season, the state government has granted sale licences for 370 varieties of Bt cotton from 42 seed companies. Farmers have been urged to purchase seeds from these companies, top officials of the state agriculture department said.

This is a fallout of the action taken by the government against co-marketing of brands for Bt cotton seed companies.

The brand marketing licences of as many as 74 companies have been scrapped, officials said. The action follows the state's decision against co-marketing of brands for Bt cotton seed companies. Selling Bt seeds that are produced in other states under different brand names is termed as co-marketing.

A couple of months ago, Maharashtra had made it mandatory for Bt cotton seed companies in the state to submit seed samples, which they wished to sell in the market, to government-approved laboratories for getting them tested in order to obtain sale licenses.

MS Gholap, director of agriculture, inspection and quality control (I&QC) said that seed companies were required to get the DNA and DUS tests done and submit the acknowledgement from the laboratories to the agriculture department for obtaining licences. The step was taken to prevent the sale of illegal varieties in the market, industry observers said.

Gholap pointed out that there are three agriculture universities in the state that conducts such tests in addition to the Central Institute for Cotton Research (CICR), Nagpur and National Chemical Laboratory (NCL), Pune.

DUS testing is a way of determining whether a newly bred variety differs from existing varieties within the same species (the distinctness part), whether the characteristics used to establish distinctness are expressed uniformly (the uniformity part) and that these characteristics do not change over subsequent generations (the stability part). DNA markers are used for assessing the genetic purity.

There are over 150 companies in the market, which include around 65 seed companies. Usually seed companies enter into distribution arrangement with companies to widen their market reach.

Nationally, annual seed market for the legally approved varieties is estimated at around 4.5-4.8 crore packets (of 450 gram each) and the area under the fibre crop is around 120 lakh hectares.

Maharashtra is targeting 40 lakh hectares for cotton sowing this season and normally some 1,6 crore packets of seeds are required for a season, Gholap said. A major portion of the crop is in Vidarbha, Marathwada and Khandesh pockets of the state.

The government had earlier asked the companies to amend their licenses issued for co-marketing as per the permissions granted by the Genetic Engineering

Source: financialexpress.com- May 23, 2018

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Rising fuel prices hurting businesses

With the cost of crude oil skyrocketing, petrol and diesel prices are now at a record high. Fuel is now burning a hole in the pockets of consumers' and manufacturing industries are badly hit, as their input and transport costs have increased significantly.

“Transporters and manufacturers of chemicals, ceramics and textiles have all indicated that their input costs have gone up,” said Shailesh Patwari, president of the Gujarat Chamber of Commerce and Industry.

The raw material costs of several industries have risen due to the spike in crude oil prices.

“Raw material costs for textile processing houses have gone up due to the rising price of crude oil. With petrol and diesel prices going up, transportation costs will also rise, increasing our input costs by 12% to 15%,” said Nitin Thaker, president of Ahmedabad Textile Processors Association.

Ceramics manufacturers, for whom transport costs for raw materials and finished goods are an important component, are staring at climbing input costs.

“Transporters will raise their prices in a few days, as fuel prices have gone up. This is a direct addition to our input costs. There is also a 5% increase in our raw material costs, because of the crude oil price hike,” said K G Kundariya, president of Morbi Ceramics Association.

The price of petrol in the city on Tuesday was Rs 76.05 a litre, with diesel costing Rs 73.07 per litre.

“Our business was already down by 25% as industries are struggling and our orders have hence gone down. The diesel price hike will adversely hurt our business as it accounts for 50% of our costs.

Over the past six months, diesel prices have risen by a significant 18%, bloating our total costs. We cannot continue to do business this way,” said Mukesh Dave, vice president of the Akhil Gujarat Truck Transport Association (AGTTA).

Industry bodies called on the government to intervene. “It is high time the government reduces excise duty on petrol and diesel, or it will hurt industry and business significantly,” said Rajiv Vastupal, president of the Gujarat State Council of FICCI.

Source: timesofindia.com- May 23, 2018

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Indian Textile Growth Strong, Moving to Value Addition

Indian textile and clothing exports continue to register positive growth. In 2017, India remained the world’s leading cotton yarn exporter, with a global market share of 25%.

The Southern India Mills’ Association (SIMA), based in Coimbatore, India, released data for textile and clothing exports from India for 2017, showing that India’s textiles and clothing exports grew about 5.37%, which was higher than the global growth rate of 3.94%.

Indian textile and clothing exports reached US\$37.4 billion in 2017 compared to US\$35.5 billion in 2016. In a telephone interview, Dr. K. Selvaraju, SIMA secretary general, noted that the future of the Indian textiles sector is good, even amidst challenges. The goal is to move towards more value addition.

Tamilnadu is strong in spinning, contributing 47% of total yarn production in India. Selvaraju stated that this is also evident in the strong membership of SIMA, with about 700 members representing the entire value chain from ginning to finished goods sector.

The Coimbatore district in Tamilnadu has about 7.2 million ring spindles and 100,000 rotors – much higher than those available in the northern states of Gujarat and Maharashtra.

The contribution of Tiruppur and Coimbatore districts in Tamilnadu accounts for about 70% of total cotton knitted goods production in India.

Source: cottongrower.com- May 22, 2018

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Export obligation under EPCG scheme made more flexible

In a move that will come as a relief to exporters, the government has decided to make the rules for meeting of export obligation under the popular Export Promotion Capital Goods (EPCG) scheme more flexible. “The excess exports done towards the average export obligation fulfilment of an EPCG authorisation during a year can be used to offset any shortfall in the average export obligation done in other year of the export obligation period or the block period as the case may be....” a notification from the Directorate-General of Foreign Trade said on Tuesday.

The decision comes at a time when exporters are struggling to meet the challenges posed by the Goods and Services Taxes (GST) regime and labour-intensive sectors such as leather, readymade garments, handicrafts, gems & jewellery and agricultural products are posting a fall in exports. The EPCG scheme allows import of capital goods including spares for pre production, production and post production at zero duty subject to an export obligation of six times of duty saved on capital goods imported under the scheme, to be fulfilled in six years from authorisation issue date.

“Condonation from non-maintenance of annual average in some years offset by excess exports in other year(s) in respect of EPCG authorisations has been granted,” the notification further explained. Under the new dispensation, an exporter has to ensure that the average export obligation imposed is maintained on an overall basis, within the block period or the export obligation period as applicable.

“Exporters have been seeking flexibility in meeting their export obligation for a long time as their performance could fluctuate from one year to the other due to a number of factors including global demand. Now they can be excused for not meeting export obligation in a particular year, if the shortfall is off-set by excess exports in previous or subsequent years (of the period under consideration),” a government official told BusinessLine.

The Commerce Ministry, in March, notified exemption from IGST (Integrated Goods and Service Tax) and compensation cess for procurement under advance authorisation and EPCG scheme till October 1, 2018.

Source: thehindubusinessline.com- May 23, 2018

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