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The Cotton Textiles Export Promotion Council [TEXPROCIL]
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IBTEX No. 213 of 2017 October 25, 2017

USD 65.12 | EUR 76.58 | GBP 85.52 | JPY 0.57

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
18310	38300	**75.08**

Domestic Futures Price (Ex. Gin), October

Rs./Bale	Rs./Candy	USD Cent/lb
18180	38028	**74.55**

International Futures Price

NY ICE USD Cents/lb (Dec 2017)	69.54
ZCE Cotton: Yuan/MT (Jan 2018)	15,040
ZCE Cotton: USD Cents/lb	**87.59**
Cotlook A Index – Physical	**77.6**

Cotton & currency guide: Cotton on Tuesday was quite post Monday' massive rally in the price. The December future hit 70.12 cents per pound while settled at 69.54 cents down 18 points from previous close. The other months were also steady as March ended the session at 69.13 cents keeping the spread of around 40 points. From the trading perspective volumes were around 35K+ contracts slightly lower than Monday but above the daily average of last 15days.

Market continues to hold the bullish scenario with US crop condition being on a dicey state especially the West Texas region. Also Government's payment in the form of bonus to Gujarat farmers in India has kept the price higher.

Besides as of today there are no certified stocks being allocated to December future. This seems little tricky however it would be just matter of time when new additions would be made. We believe if fresh additions are made the scenario of December contract could change.

On the open interest front, total open interest was up 3,904 contracts yesterday to 231,951 contracts. That was its biggest one day jump since September 8th when it added 5,289 contracts to 246,407 contracts. The September 8th open interest happened to be the recent peak; and Friday's open interest at 228,047 contracts was the recent low.

Market perspective: Cotton is hovering near 69.60 cents and believes sideways tone could be maintained. A fresh booking or selling may be witnessed near 70s cents as we have observed several times in the recent past. As discussed price moving to 71 cents remains a challenge.

Overall we expect cotton at ICE to trade in the range of 69 to 70.50 cents while volatility cannot be ruled out.

On domestic front, actions are quite imminent. Recently Gujarat state government has announced bonus to cotton farmers by Rs. 500 per quintal on the MSP. According to announcement the bonus will apply to the three varieties of cotton- small, medium and long staple cotton which have MSP of Rs. 4020, 4270 and 4320 per quintal respectively. This development would put a burden of Rs. 1250 Crores on state government exchequer. Nonetheless price action for across varieties has been positive. In fact other state cotton prices have also been supported. This has clear impact on cotton futures price. At MCX the across contracts have broadly traded positive. For reference the November future ended the session at Rs. 18510 per bale. The trading range for the mentioned contract for the day would be Rs. 18370 to Rs. 18670 per bale.

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

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INTERNATIONAL NEWS

Egypt launches largest trade fair for Chinese investors

Egypt launched Tuesday the largest trade fair for Chinese investors, as Chinese companies in Egypt showcased their products and services to local consumers.

The inauguration ceremony of the China Trade and Investment Exhibition held at the Cairo International Fair Ground was attended by a number of Egyptian and Chinese businessmen as well as officials from both countries.

The participant Chinese companies and manufacturers displayed various products such as textile and garments, furniture, home electronics, building materials and cars.

"China ranks 21st among foreign countries investing in Egypt and we are targeting to have China among top 10 investors in Egypt," Mona Zobaa, chairman of Egyptian General Authority for Investment, told Xinhua.

She added that China and Egypt are currently strengthening cooperation in trade and economic spheres through improving investment climate, creating investment opportunities and furnishing investment map in Egypt.

China is Egypt's largest trading partner with a trade volume of about 11 billion U.S. dollars in 2016 and about 5.2 billion dollars in the first half of 2017.

Xie Manding, managing director of China COSCO shipping company in Egypt, said his company, which opened a branch in Egypt about two decades ago, hopes to increase its operations in Egypt under the framework of the Belt and Road Initiative proposed by China.

China COSCO provides various services ranging from container shipping, customs clearance to logistics for Chinese enterprises exporting goods to Egypt.

Xie said his company is "now mulling new regional shipping routes, including an Egypt-Ukraine-Russia-Turkey route and a route linking Egypt to Northern European countries through Morocco."

This will facilitate Egypt's efforts to sell its products to more countries, as China has promised to share development opportunities with other countries under the Belt and Road Initiative, he added.

The initiative, proposed in 2013, aims to build a trade and infrastucture network that connects Asia with Africa and Europe along the ancient Silk Road trade routes to seek common development and prosperity.

The three-day exhibition is co-organized by the Egyptian Chinese Trading Center in Egypt, Chinese Chamber of Commerce in Egypt, the China Development Bank, Egyptian Chamber of Commerce, China-Egypt Friendship Association, and the Al-Ahram Foundation.

Source: xinhuanet.com - Oct 25, 2017

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OECD urges UK for close EU ties to meet Brexit challenges

The British economy has weakened following the decision to leave the European Union (EU) in June 2016. Maintaining close ties with the EU and implementing policies to boost productivity will be key to maintaining future living standards, according to an economic survey of the United Kingdom by the Organisation for Economic Cooperation and Development (OECD).

The growing uncertainties and risks post Brexit include the hit on household purchasing power from rising inflation, declining savings rates and a fall in net migration, an OECD press release said quoting the survey.

The survey, presented in London recently by OECD secretary general Ángel Gurría and British finance minister Philip Hammond, identifies priority areas for future action, including new productivity-enhancing fiscal initiatives and comprehensive policy reforms to boost the economic performance of lagging regions.

Sustained economic progress will hinge on a successful outcome to negotiations with the EU, the survey says. It recommends efforts to ensure high value chain integration for network industries and high levels of access for services sectors to overseas markets.

The survey suggests that the government consider swift deployment of productivity-enhancing investment initiatives if the low-growth trap continues. It also notes scope for a tax and spending review, to identify additional fiscal initiatives, including the potential for higher national Income contributions for the self-employed and indexation of state pensions on average earnings only.

Addressing the regional productivity divide – between high-productivity areas like London and southern England and lower-productivity regions in the north – can be a key channel for fostering long-term growth and sharing prosperity across the country, the survey says.

With employment at high levels, labour and social policy should be directed at improving job quality as well as the productivity of low-skilled workers, it adds.

Source: fibre2fashion.com- Oct 24, 2017

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Italian textile machinery orders index rises 6% in Q3

For the period from July to September, the order index for Italian textile machinery manufacturers rose by six per cent compared to the same period in 2016. The primary foreign markets for Italian textile machinery showed a constant demand while growth has been ongoing for Italy's domestic market, even if at a lower overall rhythm compared to the quarter from April to June.

Creativity, sustainable technology, reliability and quality are the characteristics which have made Italy a global leader in the manufacturing of textile machinery. Exports amount to more than 85 per cent of total sales. About 30 per cent of Italy's revenue from the sale of textile machinery derives from the production of technical and innovative textiles.

Demand for such products has consequently also driven a demand for ad hoc machinery specifically designed for this sector. The offering promoted by Italy's textile machinery industry is thus expanding to the new demands of customers operating in this specific sector.

Italy is the world's second largest producer of machinery for the textiles industry. In the production of machinery for tanning, and for the footwear and leather goods industry, Italy accounts for over 50 per cent of world production.

The dynamic trend for Italy's domestic market originates from a renewed climate of enhanced trust that is currently perceived in the textile sector. This has been triggered by the government's commitment to enact a range of significant incentives for the country's manufacturing system.

Source: fibre2fashion.com- Oct 24, 2017

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Gas Crisis Delays Production at 350 Factories in Bangladesh

Bangladesh has been facing a shortage of gas for the last month and that lack has led to hampered production in more than 350 factories in Gazipur, Ashulia, Savar and Kashimpur—where the bulk of the country's apparel factories are located.

"Even a few days ago we have discussed the gas crisis issue with the government high-ups," The Daily Star reported Bangladesh Garment Manufacturers and Exporters Association (BGMEA) president Siddiqur Rahman as saying at a press conference Friday. "They assured us that they will normalize the gas supply to this industrial belt as soon as possible, but it is not resolved yet."

The insufficient gas supply turned into a crisis after two wells in the Shahjibazar Gas Field were damaged, according to local reports in The Daily Star. Now, factories are facing daily losses, delivery delays and more air shipments just to try to keep to promised lead times.

Bangladesh has been facing ongoing gas shortage issues in recent years and has faced government-led interruptions of the gas supply. An article in The Daily Star last year said transport workers stopped supplying fuel to the country's plants, which led power generation to plummet, leading to the load shedding despite the fact that Bangladesh has enough power generation and supply capacity to meet demand.

The other problem, beyond the gas supply, is a port that's ill-equipped to handle the influx of apparel product moving around the country.

According to Rahman, the number of trucks traveling to and from the Chittagong port has been increasing 17 percent to 18 percent each year, though the port's capacity has remained the same for the last 40 years.

What's more, the number of jetties at the Chittagong port was slated to increase to 60 but still currently stands at 7, which, naturally, has led to problems with cargo management and on-time deliveries. As Rahman noted, importers and exporters are falling behind in lead time by 10 to 15 days compared to what their competitor countries can do.

On top of that, traffic congestion is severe, and it's not uncommon to spend three hours driving fewer than 10 miles. That time spent in traffic not only sets back shipments, but hinders worker productivity.

The present gas crisis is expected to be corrected in short order, though there's no telling quite how short that will be or if the correction will provide enough fuel and power supply to get factories back on time with their deliveries.

Source: sourcingjournalonline.com - Oct 24, 2017

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Pakistan and India Take Divergent Paths on Duty Drawbacks, but Prices to be Impacted

A month after neighbor and rival India slashed duty drawback rates, causing disruption for exporters, Pakistan has raised incentives to promote exports.

Pakistan's Economic Coordination Committee (ECC) approved a proposal that 50 percent of the export package incentive for eligible textile and non-textile sectors, announced in the Prime Minister's Export Package, be provided on the same terms as for the period January to June, according to Pakistani news reports.

Drawback is the refund of certain duties, internal revenue taxes and certain fees collected upon the importation of goods when they are then used for export.

A meeting of ECC of the cabinet chaired by Prime Minister Shahid Khaqan Abbasi also gave approval for a stipulation that the remaining 50 percent of the rate of incentive would be provided if the exporter achieves an increase of 10 percent or more in exports compared to the corresponding period of the last year.

It was also approved that an additional 2 percent drawback would be provided for export to non-traditional markets. In addition, expeditious settlement of payments claims by the State Bank of Pakistan was also included in the incentive package.

The new All Industry Rates for cotton garments was dropped to 2 percent from 7.7%, while the duty drawback rate on garments containing cotton and man-made fiber blends is now 2.5% compared to the existing 9.5%, and the rate on garments made of man-made fibers is 2.5% compared to 9.8% previously.

Clothing items made of silk are now subject to a rate of 4.8% compared to the earlier 7.6%, while the rate on wool apparel also came down to 3.5% from 8.7%.

"The apparel industry needs to book orders in advance for the next season," said Ashok G. Rajani, chairman of the Apparel Export Promotion Council.

"I think the present new rates are unacceptable and the ministry of textiles should immediately consider AEPC's recommendation for extending the current transition rates till March 31, 2018, to instill confidence in the sector and…for sustaining employment in the sector.

In the absence of an encouraging drawback rates, the exports will further witness a sharp decline just ahead of the peak festival season when the industry was expecting recovery."

Source: sourcingjournalonline.com - Oct 24, 2017

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Technical textiles to grow by four per cent, Asia-Pacific to be largest market

The global technical textile market is likely to grow at a CAGR of 4.7 per cent over the next 10 years. By that time Asia-Pacific will be the world's largest market for technical textiles.

It has been estimated more than 50 per cent of global technical textile revenues will be earned by the Asia-Pacific region. The infrastructural development of this region increases the demand for technical textiles.

The meditech segment is projected to soar in the coming years because of its application in the areas of patient clothing and surgical equipment. By 2027 this segment is projected to show a rise of 4.9 per cent CAGR.

Demand for geotextiles is also increasing. These are being used in civil engineering, geotechnical and environmental design. Rise in civil engineering activities is also expected to promote the uptake of this material in the near future.

Companies like DuPont, Low and Boar, Ahlstrom, 3M, Avintiv, Arville Textiles, Milliken, Dickson-Constant, Baltex and Freudenberg are playing a leading role in the technical textile market.

Possible chances of newcomers in the global market are likely to intensify the overall competition. Players are expected to focus on delivering customized solutions in the years to come to widen their consumer base.

Source: fashionatingworld.com- Oct 24, 2017

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New Study Finds USA Apparel Value Chain Adds More Jobs Than We Can Risk

The U.S. adds as much as 75 percent value to the final retail price for apparel made overseas—which makes U.S. trade relations ever important to a sizable amount of American jobs.

A study commissioned by the U.S. Global Value Chain Coalition, a newly formed organization with the aim of educating policy makers and the public about how much economic growth—not to mention American jobs—is generated through global value chains, shows the shift to world sourcing has come to support more apparel manufacturing jobs than the country can afford to risk.

The newly released study builds on a 2011 version, which found U.S. value-added at the time was 70.3%. By product, the average U.S. value added as a percentage of retail price ranged from 65.8% for women's man-made fiber outerwear, to 75.4% for women's cotton knit shirts.

"It is widely known that most apparel sold in the United States is assembled overseas," the report noted. "What is less well known is the fact that millions of American jobs are included in the global value chains that design, produce and market clothing sold in the United States."

Most apparel goods—despite being labeled as made in one country—could really be considered "Made in the World," when you factor in all the various sourced parts and components, as the recently published "Global Value Chain Development Report 2017" noted.

When it comes to U.S. workers' role in these globally-made goods, they are designing and managing apparel production, U.S. carriers are transporting it, customs employees are handling apparel and clearing it, there are workers addressing compliance, workers managing warehousing and distribution once a garment lands stateside, others marketing apparel products on TV, in print media, online and via social media.

American workers are also handling retail and customer service activities whether the apparel goods are sold in stores, online or in catalogues. The apparel value chain jobs for U.S. workers are often the ones that are higher skilled and better paid than those in the steps being done abroad.

"The total value-added by these U.S. workers far exceeds the value-added overseas in manufacturing activities even when the yarn and/or fabric is acquired abroad. Moreover, the level of U.S. value added varies little regardless of the kind of apparel product or the company involved," the report noted.

The Trump Administration has been narrowly focused on U.S. manufacturing jobs, but disrupting the global value chain that's in place today could impact global value chains in a way the administration likely isn't aiming for.

"Saying manufacturing shouldn't be done overseas is short-sighted because you're ignoring all of the other jobs here in the U.S. supported by production overseas," said Julie Hughes, president of the U.S. Fashion Industry Association, a member of the U.S. Global Value Chain Coalition.

When you look at the global value chain curve, most of the value is added in pre-production (management, design, sourcing) and post-production (distribution, marketing, logistics). Production is where the least amount of value is added.

The commercial components necessary for designing and selling garments made overseas, including things like material inputs, manufacturing and shipping, amount to as much as three times the value of manufacturing and input costs added abroad.

"Stepping back and looking at the value captured at each stage of the value chain, it is clear across all companies that the activities carried on in the United States in support of manufacturing abroad dwarf the value-added in foreign countries," the report noted. "This ratio of U.S. value-added to foreign value-added translates directly into U.S. jobs."

That's precisely why—as the U.S. Global Value Chain Coalition makes clear—the U.S. can't risk trade relations with key countries or policies that could hinder success of the apparel industry.

Source: sourcingjournalonline.com- Oct 23, 2017

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Karl Mayer detects increasing demand in Vietnam

Karl Mayer, a leading manufacturer of warp knitting machines, is assisting Vietnamese companies with the installation of more up-to-date machines and equipment in the warp knitting sector. The company has detected this increasing demand from the state of its order books.

"A great deal of money is being invested in Vietnam," commented Rainer Müller, the Sales Director for Asia. Many domestic manufacturers are currently modernising and extending their plants.

Companies have specialised in the production of mosquito nets and are now looking for new applications. Italian, Korean, Taiwanese and Chinese companies are also investing in Vietnamese subsidiaries."

Vietnam's market

Vietnam's textiles and clothing companies are currently being upgraded. Last year, the Ministry of Industry and Trade (MOIT) presented the government with a general restructuring plan for the period covering 2016 to 2020.

The document cites numerous objectives, which relate to the geographic relocation of companies, as well as the closure of fibre- and textile-producing companies working with out-dated technology, and increasing the productivity of the Vietnamese textile industry by for example using fewer highly efficient machines.

Karl Mayer Workshop Vietnam

There will be a *Karl Mayer Workshop Vietnam* in November 2017 to support this modernisation and expansion process, not only by supplying high-tech machines, but also by providing the necessary know-how.

The event is presented by the sole agent of Karl Mayer in Vietnam, ILLIES Engineering Vietnam.

The topic of the workshop is the introduction to the principles of warp knitting on tricot machines with focus on *HKS 3-M*. It is providing following services:

Display of Karl Mayer's machinery

- Explanation of Karl Mayer's machinery functions based on the Karl Mayer's guidelines
- Guidance for installation services of Karl Mayer's machinery
- Guidance for exchanging spare parts of Karl Mayer's machinery
- The workshop is taking place from 13-17 November and 20-24 November 2017.

Source: knittingindustry.com- Oct 24, 2017

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IFC promotes implementation of Better Cotton standard in Uzbekistan

Ecologically sustainable cotton varieties will be grown in Uzbekistan in accordance with the 'Better Cotton' world standard.

The project is implemented by the International Finance Corporation (IFC), a member of the World Bank Group with the financial support of the Hungarian EXIM Bank.

The presentation of the project took place on October 24 in the framework of the 13th International Uzbek Cotton and Textile Fair.

The goal of the project, designed for 2017-2022, is to increase the efficiency of cotton production by implementing the best world practice, and thereby minimizing the risk of using forced labor in the cotton sector.

The estimated cost of the project in the form of investments from IFC is $5 million, Uzbek media outlets reported.

At the first stage (in 2017-2018), IFC carries out a pilot program - the development and testing of a system of standards for sustainable cotton production based on the world standards in Fergana (3 cotton plants and 6 farms) and Jizzakh (2 cotton plants and 4 farms) areas . After successful testing, the system will be scaled to 3000 farms and agribusinesses that produce cotton in these areas.

In 2019-2022, it is planned to expand the application of the system of standards for sustainable cotton production to the rest regions of Uzbekistan.

The Better Cotton standard does not imply the use of manual labor in the collection of cotton.

The head of IFC consulting services in industry, agribusiness and services Tatyana Lozanskaya said that support for sustainable development of the private sector is a strategic objective of IFC.

“Our project on the development of the cotton sector in Uzbekistan will accelerate the transformation processes in Uzbekistan aimed at increasing the role of the private sector in the country's economy. The introduction of the best practices in the production of cotton will also provide an opportunity to increase the global competitiveness of Uzbek cotton fiber and textile products," she noted.

Uzbekistan will achieve full processing of cotton fiber in 2021. At the same time by 2021 the production of textile and clothing and knitted products will increase by 2.2 times compared to 2016, including ready-made fabrics - 2.7 times, knitted fabrics - 3 times, knitted goods – 3.4 times, hosiery – 3.7 times. It is planned to increase the export of products by 2 times.

One of the policy priorities of Uzbekistan, the world’s sixth-largest cotton producer, is further development of its textile industry. Uzbekistan takes consistent steps to increase the volume of cotton fiber processing.

In particular, it is planned to create 112 modern, high-tech industrial factories, expand, modernize and technologically upgrade 20 operating capacities. All this will increase the export potential of the industry up to $2.5 billion a year and create more than 25,000 jobs.

In the period 2010-2014, the textile industry of Uzbekistan received and spent foreign investments worth $785 million while 147 new textile enterprises with participation of investors from Germany, Switzerland, Japan, South Korea, the U.S., Turkey and other countries were commissioned.

Export potential of these enterprises amounted to $670 millions.

Source: azernews.az- Oct 24, 2017

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Ghana government asked to help revive cotton industry

The Ghana Cotton Farmers Association has appealed to the government to revive the cotton industry to create job opportunities for unemployed people in the Northern Savanna Zone and the country.

Osofo Patrick Adingtingah Apullah, chief of Ghana Cotton Farmers Association, said the agricultural sector employs many people, hence the need for more attention to be given to the sector.

Osofo Apullah, who is also Chief of Nyankpala Zongo in the Tolon District of the Northern Region, was speaking in an interview with GNA at his palace at Nyankpala over the weekend.

He said government should include the cotton/fibre industry in the Planting for Food and Jobs programme for the employment of many people in the Northern Savannah Zone and also include textile and jute industries in Kumasi, Juapong and Tema.

He said there is the need for government to make the right investment as well as put in place strategies to empower cotton farmers, which would earn the country a substantial exchange in return.

Osofo Apullah urged the public and farmers to desist from cutting down trees that protected the soil and also plant more trees to combat climate change as it was greatly affecting the agricultural sector.

He appealed to all to embrace peace in the region to promote productivity saying "peace must be preached in homes, towns and cities across the country."

Source: ghanabusinessnews.com - Oct 24, 2017

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Turkmenistan to host international textile fair next month

Turkmenistan, the ninth largest cotton producer in the world, will host the seventh International Trade Fair of Cotton Products and International Conference 'Cotton products of Turkmenistan and World Market' next month. More than one million tons of cotton is grown in Turkmenistan, mainly in the four inner-most regions of Mary, Lebap, Akhal, and Dashoguz.

Turkmen ministry of agriculture and water resources, state commodity and raw materials exchange and the chamber of commerce and industry will participate in the two-day event beginning November 25 in the capital city of Ashgabat, Turkmen media reports said.

This year, cotton was sown in nearly 50 per cent of all irrigated fields in the Central Asian country. Turkmenistan exports cotton to several countries, including China, South Korea, Iran, Russia, Indonesia, Ukraine, Turkey, Singapore, the UK and Baltic countries.

A portion of cotton is also consumed by about 20 domestic textile firms that operate predominantly with Turkish partners.

Source: fibre2fashion.com- Oct 23, 2017

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NATIONAL NEWS

Australia, India join hands to promote fashion, clothing and textiles

Earlier this year, the Indian government approved a Memorandum of Understanding (MoU) with Australia under which the two countries will work together to promote textiles, clothing and fashion sectors.

Besides facilitating cooperation within the textiles and fashion sectors the MoU includes measures to connect the Australian and Indian textile and fashion industry; promote collaboration and international engagement between the two; nurture skills and talent; promote economic opportunities and encourage professional engagement, training, skill development and public exhibition of products derived from these sectors in the two countries.

The partnership will also give Indian textiles and handloom industry international exposure and help boost exports as under the partnership, Australian fashion designers will produce garments using Indian woven textiles and market them across the globe.

Australia a potential market for Indian textiles, handicraft

Australia is fast emerging an important market for Indian textiles, clothing and handicrafts.

Major department stores like Myer and David Jones already source from India. Australia is a small but high-end market where buyers are willing to pay for quality. They value for Indian art and don't negotiate with prices very hard. India is also attractive for sourcing as it has the capability of providing flexible volumes, as in China, the quantities are too big for a small entrepreneur.

Indian exhibits are more creative and give the option of better quantities to order, making it easier for small and medium entrepreneurs to enter the market. Australian designers have an opportunity to put their product to major retailers.

And as an EPCH official says, “Export of Indian handicrafts to Australia has so far been very small in India’s total exports of handicrafts. Export Promotion Council for Handicrafts (EPCH) spots an emerging potential in Australia.”

Ashok Rajani, Chairman, Apparel Export Promotion Council points out, India's garment export sector is poised to register positive growth in 2017-18. What is driving change are factors like: government initiatives along with good quality products aided by innovative design prowess. Highlighting the achievements of the industry in 2015-16, he goes on to say, "In 2015-16, the share of textiles and apparels in total exports increased to 15 per cent from 13 per cent in 2013-14.”

Meanwhile Union minister of textiles Smriti Zubin Irani said recently, to promote exports, we are looking for increased exports to emerging markets. And Australia offers a much bigger scope for exports from India. India and Australia have a strong and productive bilateral partnership. Underpinned by trade and investment, the scope of Australia’s relationship with India has increased in line with India’s rapid economic and strategic growth.

India significant for Australian textiles and clothing market

Export statistics from Cotton Textile Export Promotion Council of India (TEXPROCIL) reveal, Australia’s total import of all textiles and clothing articles in 2016 were worth $8629.34 million; India ranked third with 4.82 per cent share, ahead of Indonesia, Vietnam, US, New Zealand, Thailand, Italy and Pakistan . China was on top with 59.85 per cent share, followed by Bangladesh at 7.35 per cent.

Looking at only textiles (all articles) Australian imported worth $2717.23 million in 2016. India ranked second with a share of 8.88 per cent, only behind China which had a share of 47.38 per cent.

Australia’s clothing import was worth $5912.12 million; India stood fifth with 2.96 per cent share, whereas the top four positions are held by: China, Bangladesh, Vietnam and Indonesia with respective shares of 65.58, 9.92, 3.40 and 3.35 per cents

Cotton products are an important import for Australia, out of total cotton fabric imports worth $ 197.66 million in 2016, India stood fifth with a share of 3.85 per cent, behind China, South Korea, US, and Pakistan with respective shares of 41.77, 13.04, 7.39, 4.43 per cents.

Australia's total import of cotton made-ups was worth $878.24 million and India ranked second with 13.94 per cent share, behind China which had the lion share of 58 per cent.

India's growing share in Australia's shrinking imports

As per Apparel Export Promotion Council (AEPC), an apex government of India export promotion body, statistics in clothing imports, that's 68.52 per cent of total of Textiles & Clothing (T&C) imports worth $5912.12 million in 2016, Australian imports shrunk by 3.6 per cent during 2015-16 while India's share of Australian clothing imports grew in 2015-16 by 8.7 percent, indicating a good growth scope.

Interestingly during 2015-16 Australia's imports from the world shrunk in a few products, while India's share grew in Australia's imports. For example, in knit/crocheted fabrics global imports decreased by 2.23 percent, while India's share of imports to Australia increased by 6.85 percent.

Similarly Australia's knit apparel imports from across the globe decreased by 3.61 per cent, while India's share increased by 6.53 per cent. In woven apparel imports from across the globe there was a 3.42 per cent decrease, while India's share increased by 4.15 per cent Fastest growing Indian products in Australian imports

In terms of products import of women's dresses (made from artificial fibres) grew fastest in 2015 and 2016 with a change of 51per cent, followed by babies garments and clothing articles which grew in the same period by 26.5 per cent and T-shirts (and knitted/crocheted vests) grew by 19.4 per cent, whereas men's/boy's shirts (woven/cotton) saw maximum decrease in share by 18.3 per cent in 2015 and 2016.

Source: fashionatingworld.com- Oct 24, 2017

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India, US to talk trade for first time under Trump

The urgent need for a totalisation agreement, besides the long pending issue of higher charges for H-1B visas, will be taken up by India in its first ministerial-level deliberation with President Donald Trump-led United States later this week.

The deliberations will be a part of the upcoming two-day visit by Commerce and Industry Minister Suresh Prabhu to Washington DC starting Thursday.

Prabhu is expected to meet US Trade Representative Robert Lighthizer as well as US Commerce Secretary Wilbur Ross, a senior Commerce Department official said.

The talks on trade come close on the heels of the first visit by US Secretary of State Rex Tillerson to New Delhi beginning Tuesday to reaffirm the bilateral strategic partnership.

Currently, bilateral trade between the countries is more than $100 billion (around Rs 6.67 lakh crore), with the merchandise trade accounting for $64.51 billion (around Rs 4.14 lakh crore) both ways. Both the sides have agreed to increase this to $500 billion in the coming years.

While India wanted to merge the talks with the three-year-old Strategic and Commercial Dialogue, the Trump administration, which took charge in January, earlier this year, suggested another format for the talks, the senior official quoted above said.

Totalisation agreement priority for India

India is tipped to push for a totalisation agreement that will allow temporary Indian workers in the US to repatriate their social security contributions when they leave the country. In its annual meeting in July 2015, India had pressed for setting up a high-level group to discuss its concerns on the Totalisation and Social Security Act of the US.

According to India, this law discriminates against Indian workers in the US, who end up losing their social security contributions because of a discrepancy in the visa and social security schemes.

India wants early conclusion of the issue, aiming to protect the interests of Indian professionals who contribute around $1 billion (Rs 6,670 crore) each year to the US social security. Under this pact, professionals of both the countries would be exempted from social security taxes when they go to work for a short period in the other country.

Former Commerce Minister Nirmala Sitharaman had tried to maintain a tough stance on totalisation. Earlier this year, she had said the US government should realise that the subsidiaries of US companies based in India also send their earnings to the US. Experts asserted that her statement meant that the government might be exploring capping royalty payments by India-based subsidiaries to US companies as an option.

Such a move ran the risk of harming investors' confidence in the country, experts said. Royalty is paid to a foreign collaborator for transfer of technology and use of brand names or trademarks. “Any move to curb royalty payments will dent investor confidence and be retrospective since such conditions were not present when those investments were made," Jayant Dasgupta, executive partner at legal firm Lakshmikumaran and Sridharan had said.

Lowering the ticket to the US

The issue of increase in visa fee and reduction in the number of available H1B and L1 visas proposed by the US lawmakers will also be discussed. While India claims it will adversely affect the Indian information technology industry, previous US Commerce Secretary Penny Pritzker had claimed earlier that a majority of such visas were granted to Indians.

"In 2014-15, as much as 69 per cent of all the H1B visas and 30 per cent of L1 visas were issued to Indians," she had said. Indian companies are an important part of the US economy, with the Indian foreign direct investment into the US reaching in $11.8 billion in 2015.

Other sticky issues

The government may also push to break through some of the differences in policy stances that have deadlocked the India-US bilateral investment agreement, another official said. However, Edward Monser, vice-chairman of the US-India Strategic and Partnership Forum recently said that he doesn't believe the issue ranks as a high-level priority for the US government as of now.

On the issue of Intellectual Property Rights (IPR), India has consistently maintained its stand that its IPR laws are compliant with the global and World Trade Organisation (WTO) norms, but the US has raised concerns over the patent regime, particularly in the pharmaceuticals sector. On trade secrets, the US wants a separate law.

Crucial issues like visa regulations, customs cooperation, greater market access for goods, and intellectual property rights are also expected to be discussed.

The US is the sixth largest source of foreign direct investment (FDI) into India.

The cumulative FDI inflows from the US during April 2000 to June 2017 amounted to $20.98 billion constituting 6 per cent of the total FDI inflows into India. However, investments slid from more than $4.12 billion in 2015-16 to $2.37 billion in 2016-17.

Source: business-standard.com- Oct 25, 2017

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Headwinds hit readymade garment exports in April-September

GARMENT EXPORTS
(Figures in $ bn)

Months	2015-16	2016-17	2017-18
Apr	1.444	1.327	1.747
May	1.569	1.486	1.605
Jun	1.582	1.57	1.55
Jul	1.547	1.455	1.28
Aug	1.282	1.329	1.338
Sep	1.139	1.284	1.662

After seeing a fall for three months in a row, ready-made garment (RMG) exports rose by 25 per cent in rupee terms and 30 per cent in dollar terms in September. But exporters say this will not be sustainable since government policies are not favourable.

RMG exports rose to Rs 10,707 crore in September 2017 from Rs 8,583.55 crore in the same month a year ago. In dollar terms, these figures were $1.662 billion as against $1.284 billion. Of the total RMG exports, 52 per cent is woven and 48 per cent is knitwear.

The sector started the year in April with 27.60 per cent growth in rupee terms and a 31.65 per cent increase in dollar terms. But in the following month growth (in rupee terms) was only 3.84 per cent.

Exporters say that garment exports this year will surpass last year's total exports of $17.358 billion as, generally, exports tend to grow in the second half.

January to March are the crucial months for RMG exports. Around 30-40 per cent of exports have taken place during these three months in the last few years.

Exporters attributed the increase mainly to the upcoming Christmas season in western markets. The other factor is that inventories piled up due to the GST are now being cleared. Tirupur Exporters' Association President Raja Shanmugam said that people are now becoming used to the system. In the last three months while global demand was increasing, exporters could not cater to it due to tax-related confusion.

"Now we don't have a choice, but the GST makes our products costlier compared to other countries," said Shanmugam. He added the September numbers are not sustainable in the current environment.

Another exporter agreed and said unless India signs an FTA with European countries exporters will be in deep trouble. Competing nations have a duty advantage, which India does not possess.

Customers have also started asking for a reduction in price after the rupee started strengthening against the dollar. This comes at a time when the cost of doing business is going down for exporters.

Customers are sourcing from India as part of a de-risking strategy. "The day is not far when competing nations will catch up with this trend," said a leading exporter.

Source: business-standard.com- Oct 25, 2017

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Birla Century - First Manufacturing Plant in India to receive LEED & MIG (Made in Green) Tag Certifications for Sustainable Textile Production.

Birla century, Jhagadia - the largest production campus of Century Textiles & Industries Ltd. has become the first fabric manufacturing unit in India to be awarded with STeP by OEKO-TEX® certification for its sustainable textile production.

The scope of certification covers Spinning, Weaving, Yarn Processing and Fabric Processing. Auditors have audited all of the areas of the company in relation to environmentally friendly production processes and socially responsible working conditions were first analyzed using a web-based assessment tool.

This included the handling of chemicals and possible hazardous materials, environmental performance measured using a wide range of criteria, the implementation of an environmental management system, as well as the company's social responsibility in relation to employees, efficient quality management and safety in the workplace.

Mr. Deepak Jadhav, lead auditor and his fellow auditor Mr. Vignesh Amalraj from Hohenstein India Pvt. Ltd. reported very positive results during the assessment. Impressively, the manufacturer of premium cotton top weight and bottom weight fabrics along with sheeting fabric production carried out the assessment required for STeP certification, including the company audit, in just a few weeks.

During the subsequent audit of the production facilities, the OEKO-TEX® auditors verified the specifications provided by the company on site and a detailed audit report was created. The result of the sustainability assessment is displayed in a clear scoring system on the issued STeP certificate. Mr. Deepak Jadhav explains benefits of STeP by OEKO-EX® certification:

“Each module and each tested area is weighted individually and thus enables a much more comprehensive analysis of a company's efforts in the area of sustainability than other certifications. For customers of Birla Century in particular, the STeP certification will establish a firm basis for placing more trust in company as a responsible textile producer. Consequently, Birla Century can count this way forward as a long term and significant benefit to company image."

While deciding for adoption and implementation of STeP by OEKO-TEX® at Birla century, Mr. R.K. Dalmia, Senior President, quoted about work culture of his company by saying, “Century group has a legacy of more than 100 years and pioneer in the field of 100% cotton woven fabrics through ever better quality, ever quicker response to customer, ever greater flexibilities, ever higher values through dedicated customer focus along with maintenance of sustainability in every walk of life”.

Please click below for more details.

https://www.hohenstein.de/en/inline/pressrelease_140800.xhtml

Source: hohenstein.de- Oct 24, 2017

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India gained from trade pact despite Korea's competitive edge: Govt

Contrary to the perception that India has not gained from the free trade pact with South Korea, a government study shows New Delhi's exports of aluminium and man-made yarn, among other zero-tariff items, has seen a rise since the pact came into being seven years ago.

However, Korea has had a higher competitive advantage compared to India, shows a first-of-its-kind analysis of the Comprehensive Economic and Partnership Agreement (CEPA) between the two nations, which will now form the basis for talks to upgrade the pact.

"Korea has gained a higher relative competitive advantage as compared to India. This is due to India's higher Most Favoured Nation rates, which translate into a higher margin of advantage to Korean suppliers," said a government official.

Aluminium and its product exports increased from $113.12 million in 2009-10 to $538 million in 2015-16, while that for man-made yarn exports rose from $4.22 million in 2009-10 to $63.23 million in 2015-16.

At the same time, there has been a shift in the commodity basket for imports, after CEPA, with many principal commodities being replaced by new ones. Iron and steel, for instance, showed a rise in imports from $1.12 billion in 2009-10 to $1.8 billion. Plastic raw material imports rose from $504 million in 2009-10 to $1.06 billion in 2015-16.

The report, prepared over eight months, was presented to Commerce Minister Suresh Prabhu. While analysing the trade prospects for a product, the report not only brings out the India-Korea trade trends but also Korea's product trade with the rest of the world.

"This allows for greater understanding of the competitive advantages at a global level and the nature and quality of trade engagement with Korea," said one of three researchers working with the Ministry of Commerce.

The study, carried out internally by foreign trade (NEA) division research associates, would help in superior trade negotiations, said another official.

The report with numbers till March 2016 relied not only on publicly available data but also on Indo-Korea trade data that was first exchanged with the Korean Customs in 2016. The gains of India and Korea CEPA signed in 2010 has been a debatable issue since the domestic industry argues that it had not benefitted much from it.

The report covered products ranging from merchandise trade to the services sector under the CEPA. It also analysed a wide description of the investment trends. To enable superior understanding of the CEPA trade arrangement, various indices have been computed, for example, Trade Openness Index, Trade Complementarity Index and Hirschman Herfindahl Index. These indices provided an insight into the size, importance, composition, and growth of trade exchanges between India and Korea.

Services trade has not improved much between the two countries so far despite the complementarities and services forming a large part of the GDP of both economies. The volume of trade is small, as India’s exports to Korea account for only 1 per cent of the country’s total services exports. The English programme in Korea has, however, seen a push since Koreans are keen to acquire English language skills.

The study shows that a partnership can emerge, wherein Korea’s E2 visa requirements include and recognise India as a ‘Native English Speaking’ country.

On the foreign direct investment front, the report indicates that there has been a marginal increase in Korea’s investment inflows into India. While during 2013-14 and 2014-15, it remained marginal, primarily because of the global economic downturn, initiatives like opening up of a Korea Plus Cell to facilitate investment in India helped.

Source: business-standard.com- Oct 25, 2017

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Think global, act local

All governments must work to improve the condition of their economies and their policies before they rush into strategies to cope with Industry 4.0. The world is wading into many global challenges. Climate change is one of them. The misuse of social media is another. The impact on jobs (and the 'future of work') by advances in digital technologies is yet another. All countries must take actions to protect their citizens against the adverse effects of these challenges. They should also cooperate to implement appropriate, universal solutions. Think global, act local.

The right response

Though some forces creating these challenges will cross borders, and are therefore global, responses must fit different local conditions. When hurricanes were advancing recently from the Caribbean towards the US, weather channels broadcast pictures of their movements across national and state boundaries. Citizens were warned to protect themselves. For some, living in areas likely to be severely flooded, the appropriate action was to get into their cars and flee. Those living on higher ground would be better off if they stocked up on water, food, and fuel. The right response to a global challenge will be contextually apt.

Consider the bundle of technologies that, it is feared, will cause large-scale destruction of jobs — robots, artificial intelligence, 3-D printers, etc — collectively bundled into 'Industry 4.0'. The anticipation of consequences and preparation have become a multi-billion-dollar consulting industry. Governments in developed and developing countries are being advised to develop strategies. It seems they may be sold medicines for a disease they may get in the future when they should be diagnosing the disease they already have, that of slow job growth in their economies, even before these technologies have spread.

Exaggerated report

The recent report from the World Bank, 'Trouble in the Making?', says that the impact of these new technologies may have been exaggerated. It estimates that technology will eliminate less than 8 per cent of present jobs in any country in the foreseeable future. Therefore, governments should be focused on why jobs are not being created now, to understand the mix of forces creating so-called 'jobless growth', of which technology is only one. A Ficci-Nasscom report on 'The Future of Jobs in India 2022' prepared by E&Y says that, whereas new technologies will be disruptive for the IT/ITES, retail and financial services sectors, their effect on sectors such as apparel, textiles, leather, etc which are the primary sources of jobs in India, will be relatively marginal in the short term.

'Sewbots' developed by SoftWear Automation, based in Atlanta, can replace human beings in sewing apparel. Sewbots can make simple items like pillow cases and bath mats. A Sewbot will be able, as soon as next year, to tailor a T-shirt. However, this will not reduce jobs in garment factories in Bangladesh, says Palaniswamy Rajan, the firm's founder. While a Sewbot can produce 17 times the number of T-shirts a traditional garment worker can, it may not be economically sensible to replace cheap Bangladeshi labour with expensive Sewbots. Rajan says that Sewbots will automate only 20-25 per cent of the garment industry even 20-25 years in the future.

Why is India not creating more jobs in apparels and textiles, industries in which it should have competitive advantages? A special report in *The Economist* (October 7-13) on premature de-industrialisation in emerging markets, suggests many causes, including poor logistics, and an import policy to protect some Indian manufacturers that raises the cost of manmade fibres which are the principal staples of the global textile and apparels business. The point is, all governments, including that of India, must look inwards at the condition of their economies and their policies and improve them before they rush to strategies to cope with Industry 4.0 which providers of technology would love to sell them.

Where now?

W Brian Arthur, professor at the Santa Fe Institute writes (in *The McKinsey Quarterly*, October 2017) on where technology is taking the economy. He says we are entering a new economic era, where intelligence resides in the virtual economy, and where different rules apply. It is an insightful analysis. Here too, the question is what India (and other countries) should do now. Certainly, we should be cognisant of the change in the economic climate which is under way. However, we would be wise to know that it will not change overnight, and that its effects will be differentiated according to local conditions.

The old rules of the economy will continue to apply alongside the new rules for a long time. Technological transitions always work out well in the end, propagators of new technologies, including Industry 4.0, say. Therefore, we should not resist them. Technological and economic transitions may always work out well in the end, but transitions take many years. The mechanisation of agriculture in the US and Europe, which improved the productivity of economies, took decades. During the transition, populations moved from rural areas seeking jobs in cities and factories. The transitions were not painless. Many policy changes were necessary to support millions who were affected, including labour laws in factories, and social security systems.

Variations rule

The Santa Fe Institute is a pioneer in the new sciences of complexity. Natural systems, such as ecological and biological systems are complex, self-adaptive systems. They differ from ‘engineered’ systems, which are designed by an expert outside them. Natural systems follow a few universal laws. Within those laws, they produce remarkable variations and innovations. Thus, no two human beings are completely the same, nor two trees. Similarly, no two economies are alike. Therefore, there cannot be a standard application of Industry 4.0, or the emerging new rules of the economy.

Local governments and stakeholders must do a systems analysis of their present situation and of how new forces will affect it and evolve contextually apt solutions. A good ‘industrial policy’ for an economy must be an ongoing process of systematic stakeholder collaboration, to continuously self-adapt and produce outcomes desired by stakeholders as the environment changes. Any economic policy can only be as good as the process that produced it.

Source: thehindubusinessline.com- Oct 25, 2017

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India eyes trade deals with Central American, Caribbean countries

India is looking to expand its trade footprint in America with initial discussions initiated in the government for a possible free trade agreement (FTA) with Caribbean and Central American countries and a logistics hub in Panama to help shipment of goods. The move comes with fresh overtures to Cuba, which is returning to the global mainstream.

Sources told TOI that a plan for Indian logistics centres in Panama has been discussed internally. The Central American country is a major shipping and airline hub and the facility can be useful to encourage warehousing facilities to enable Indian goods to be delivered 'just in time' to companies in the region.

Although it's still in initial stages, a section in the Centre believes that it would be useful to explore a trade agreement with Carricom, the 15-nation trading bloc, along with a limited deal with the Central American countries, the sources said.

While India had earlier tried to diversify its trade basket with a focused scheme for Latin America, the move has seen limited impact. The region's share in India's exports is less than 3%, with Brazil, Chile, Argentina, Columbia and Peru accounting for over 70% of this.

Commerce & industry minister Suresh Prabhu is making a rare visit to Cuba, where India is a partner country for the Havana Trade Fair, and is due to meet his Cuban counterpart apart from trade ministers from Suriname, Barbados, Dominican Republic and Haiti, sources told TOI.

He is also expected to meet Cuban president Raul Castro, and the first secretary of the Cuban Communist Party. He then goes to Panama, where a logistics hub — something that China has already done — is expected to figure on the agenda.

Describing it as a "winwin" deal, the tropical farm produce from the Caribbean countries is unlikely to put pressure on India's farm sector, a no-go area as far as opening up is concerned, sources told TOI.

On the other hand, government officers said, a trade agreement can open the doors for Indian companies to provide lowcost medicines, automobiles, engineering, textiles and leather products.

Source: timesofindia.com- Oct 23, 2017

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SAATHI: EESL to provide powerloom equipment to small units

Ministries of power and textiles today jointly announced a new scheme SAATHI under which state- run EESL will provide energy efficient powerloom equipment to small and medium units at no upfront cost.

"Ministries of power and textiles join hands under new initiative SAATHI (Sustainable and Accelerated Adoption of efficient Textile technologies to Help small Industries)," a Power Ministry statement said. According to the statement, Energy Efficiency Services Ltd (EESL) will provide energy efficient powerloom equipment to small and medium units.

It said that under this initiative, EESL, a public sector entity under the administrative control of Ministry of Power, would procure energy efficient powerlooms, motors and rapier kits in bulk and provide them to the small and medium powerloom units at no upfront cost. The SAATHI initiative of the government will be jointly implemented by EESL and the office of the Textile Commissioner on a pan-India basis.

To kick start the implementation, cluster wise demonstration projects and workshops will be organised in key clusters such as Erode, Surat, Ichalkaranji, etc. The use of these efficient equipment would result in energy and cost savings to the unit owner and he would repay in instalments to EESL over a 4 to 5 year period.

This is the aggregation, bulk procurement and financing model that EESL has successfully deployed in several sectors like LED bulbs, smart meters and electric vehicles. The unit owner neither has to allocate any upfront capital cost to procure the equipment nor does it have to allocate additional expenditure for repayment as the repayments to EESL are made from the savings that accrue as a result of higher efficiency equipment and cost savings.

The aggregation of demand and bulk procurement will also lead to reduction in capital cost, benefits of which will be passed on to the powerloom units so that their repayment amount and period would reduce.

The powerloom sector in India is predominantly an unorganised sector and has a large number of micro and small units which produce 57 per cent of the total cloth in the country. There are 24.86 lakh powerloom units in India, most of which use obsolete technology.

Source: business-standard.com- Oct 24, 2017

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Adidas-owned Reebok cleared to open own stores in India

The Department of Industrial Policy and Promotion today approved Reebok India's proposal to set up single brand retail stores in the country. "The proposal to undertake single-brand retail trading of Reebok branded products in India has been approved. It entails foreign direct investment (FDI) inflows of Rs 20 crore," official sources said.

Reebok India had sought government's nod to set up single brand retail stores in the country. The company had submitted its proposal to the Department of Industrial Policy and Promotion (DIPP). At present, Germany's Adidas AG sells Adidas and Reebok sports shoes and clothes in India.

As per the foreign direct investment (FDI) policy, 100 per cent equity investment is allowed in single brand retail trading. FDI of up to 49 per cent is permitted under the automatic route but government's nod is required beyond that limit.

Foreign investment is allowed subject to certain conditions, which require products to be of a 'single brand' only and to be sold under the same brand globally. Furthermore, in respect of proposals involving FDI beyond 51 per cent, it is mandatory to source 30 per cent of the value of goods purchased from India, preferably micro small & medium enterprises.

Source: business-standard.com- Oct 24, 2017

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