TEXTILE INTELLIGENCE CENTRE
iBtex.
INFORMATION BUREAU TEXPROCIL

TEXPROCIL NEWS CLIPPINGS

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

# IBTEX No. 168 of 2017 August 16, 2017

USD 64.26 | EUR 75.45 | GBP 82.73 | JPY 0.58

## Cotton Market

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

| Rs./Bale | Rs./Candy | USD Cent/lb |
|---|---|---|
| 19959 | 41750 | **82.81** |

**Domestic Futures Price (Ex. Gin), October**

| Rs./Bale | Rs./Candy | USD Cent/lb |
|---|---|---|
| 18380 | 38447 | **76.25** |

**International Futures Price**

| | |
|---|---|
| NY ICE USD Cents/lb ( Dec 2017) | 67.16 |
| ZCE Cotton: Yuan/MT ( Sept 2017) | 15,310 |
| ZCE Cotton: USD Cents/lb | **88.48** |
| **Cotlook A Index – Physical** | **78.7** |

**Cotton & currency guide:** Cotton price continued to trade bearish whole of last week and two days of this week. The December future at ICE settled lower at 67.16 cents/lb.

The straight four days of decline out of 5 trading sessions. Primarily supply story continues to weigh on market. The recently released crop condition report giving more emphasis on the largest US cotton production near 20.55 million bales of estimates is likely having negative impact on the price.

However, the weather needs to improve to warm up level to meet the estimated crop. With the recent downturn ICE cotton futures continued to move lower with moderate volume of mill buying has been reported from various markets.

Some demand for prompt shipment has been evident in Vietnam and Bangladesh.

**Currency Guide:**

Indian rupee depreciated by 0.25% to trade near 64.27 levels against the US dollar. The US dollar is supported by better than expected US economic data. However, supporting rupee is improved risk sentiment as is evident from stability in equity markets. Mixed factors may keep rupee in a range today. USDINR may trade in a range of 64.15-64.5 and bias may be on upside on general strength in US dollar.

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

# NEWS CLIPPINGS

| | INTERNATIONAL NEWS |
|---|---|
| No | Topics |
| 1 | US needs China trade deals, not 'remedies' |
| 2 | North Korea Becomes A Textile Manufacturing Hub For Chinese Firms |
| 3 | AGOA Talks Conclude Without Concrete Outcomes |
| 4 | USA Report: Party Affiliations the Biggest Divider in NAFTA, Trade Opinions |
| 5 | Heilongjiang in China eyes hemp as cotton substitute |
| 6 | Bangladesh a test for the next wave of industrialization |
| 7 | EU amends criteria for Ecolabel of textile products |
| 8 | Minimum wage in Vietnam may increase by 6.5% in 2018 |
| 9 | Tough time for Mexico as talks for updating NAFTA start |
| 10 | EU displaces Japan as Myanmar's largest apparel market |
| 11 | Denim in Mexico overshadows US & China |
| 12 | Chinese cotton auctions continue |
| 13 | Bangladesh: Is garment export paradox just a passing phase? |
| 14 | Bangladesh: Yarn price to fall as supply rises |
| | NATIONAL NEWS |
| 1 | Export growth in July slows to 3.94% |
| 2 | India pips China to become top exporter of knitwear to US |
| 3 | Export revival |
| 4 | 'Govt to support powerlooms' |
| 5 | Mumbai to host digital textile event in November |
| 6 | India, Mexico plan to set up CEO Forum to boost trade ties |

# INTERNATIONAL NEWS

## US needs China trade deals, not 'remedies'

China is the largest market for General Motors, but there is no GM China. Instead, there is SAIC-GM, a joint venture between China's largest state-owned auto company and GM.

All auto companies operating in China have a similar partner, such as SAIC-Volkswagen, GAC-Toyota and Changan-Ford. And the partners are typically state-owned companies, and their names come first.

Doing business in China requires such joint ventures in several other industries as well, including finance and telecommunications. Even when they are not formally required by law, joint ventures are often needed to help foreign companies navigate the complex Chinese business environment. This restricted entry leaves foreign companies choosing between sharing profits and technology with a local partner, sometimes affiliated with the government, or forgoing the largest and fastest-growing market.

Not surprisingly, despite these market entry rules, foreign companies invest in China anyway, because of the unrivaled growth prospects. In 2000, the year before China entered the World Trade Organization, fewer than two million vehicles were sold in China; last year 23.9 million were sold. In comparison, about 17.5 million vehicles were sold in the US in both years.

For China, the benefit of strict entry rules is that the government or local companies get a sizable chunk of the profits that would otherwise accrue to foreign companies. Because competition is limited, the main costs are higher prices and less product variety than would be the case in a free market. New products are frequently absent on the Chinese market because US and other foreign companies don't want their Chinese partners to gain access to cutting-edge technology.

The Growing Problem: During the 2000s, while China's economy was growing at double-digit rates, there were few complaints about the compromise. US companies were glad to have access to the growing market. Now, with slower global growth and the rise of Chinese competitors, they are becoming less complacent.

Among the foreign companies' concerns are laws aimed (directly or indirectly) at boosting technology sharing. For example, to combat pollution, China's five-year plan targets 8 percent of vehicles sold to be electric by 2018 and 12 percent by 2020. From an environmental perspective, the plan is impressive, but from a manufacturing perspective, there are some strings attached.

A 25 percent tariff on foreign autos means less than 5 percent of cars in China are imported. Foreign producers are essentially being told to bring their new electric-vehicle technologies or go home.

Rules tend to be especially strict for computer and technology companies. IBM divulged propriety source code to get support to expand in the Chinese market. Apple was temporarily barred from selling a phone that was similar to one offered by a Chinese brand.

After facing a $975 million fine in 2015 for anticompetitive behavior, Qualcomm is now working on high-tech computer chips with a government-financed partner on government-supplied land. All tech companies are struggling under data localization requirements.

China is charging a high entry fee, one that many companies choose to pay to gain access to its large and fast-growing market. To the extent the rents extracted by China's government or local companies help fuel development, it has been a smart policy.

But China is a big economy, which should start behaving in line with world norms to help make globalization sustainable. Such policies are not entirely novel for a rising economy (the US pursued British trade secrets in its early years, smuggling in textile workers and technology, with the support of government funds under Alexander Hamilton). But they should be phased out as an economy develops. In China, investment reform has been slow.

Remedies or deals?” The concerns of the US government and American companies in China are real. One way to respond is with tariffs and investment restrictions on Chinese companies operating in the US market. The rumored Section 301 investigation of China's intellectual-property abuses would be a step in this direction, potentially allowing the president to impose tariffs on China.

This type of method might work if the US could impose more pain on China than China can inflict on the US But escalating trade tensions is a risky strategy, given our interdependence in the global economy. The US government will also be perceived as violating international rules, making the US, not China, the villain.

There is little doubt China will retaliate if duties are put in place. In 2015, when the US put antidumping duties on Chinese solar panels, China responded with antidumping duties on a US input to the very same panels. Even the threat of tariffs can lead China to respond. Back in 2011, when the US threatened tariffs on solar panels, China responded with antidumping tariffs on several American SUV models. Punitive across-the-board tariffs on Chinese goods would likely lead China to target major US exports, like soybeans and airplanes, and make it even more difficult for American investors to do business there.

Source: dailytimes.com.pk- Aug 15, 2017

HOME

*****************

## North Korea Becomes A Textile Manufacturing Hub For Chinese Firms

Reports indicate that textile firms from China are using factories based in North Korea since the labor is cheaper. According to businesspeople and traders in the Dandong border city, the clothes which are manufactured in North Korea bear the 'Made in China' label and they are exported all over the world.

This is an indication that sanctions imposed on North Korea may not work since once one door is slammed shut by UN sanctions another opens. The sanctions which were recently tightened even further by the international body did not place a ban on exports of textiles.

"We will ask the Chinese suppliers who work with us if they plan on being open with their client — sometimes the final buyer won't realize their clothes are being made in North Korea. It's extremely sensitive," said a Korean-Chinese trader in the border city of Dandong who requested anonymity before speaking to the media to the matter's sensitivity.

## Dandong border city

According to the trading there are numerous clothing agents who ply their trade in the border city of Dandong and they act as middlemen between clothing suppliers from China and buyers stationed in Russia, Canada, South Korea, Japan, Europe and the United States.

Last year the second-largest export from North Korea were textile products after coal. The value of textile exports was $752 million as per KOTRA data. This was almost a quarter of all North Korean exports which amounted to $2.82 billion last year having grown by 4.6% from the previous year.

## Market reforms

The flourishing textiles sector in North Korea is a demonstration of how North Korea, which has limited market reforms, has adapted since the first nuclear missile test in 2006. It is also a demonstration of how reliant North Korea is on China with regards to its economy. In this year's first half, imports from China increased by close to 30% to reach a figure of $1.67 billion.

This was mostly textile materials since suppliers in China send fabrics to the hermit state so that they can manufactured into clothing in North Korean factories before they are exported around the world. According to some Chinese traders, manufacturing in North Korea can generate savings of up to 75%.

Source: cctnews.com- Aug 15, 2017

HOME

*****************

# AGOA Talks Conclude Without Concrete Outcomes

A meeting to discuss the African Growth & Opportunity Act (AGOA) last week concluded without any real resolution, though the consensus seems to be the trade preference program is underutilized.

AGOA, which gives 41 sub-Saharan African countries duty free access to the U.S., is due to run through 2025, following a 2015 renewal of the law. But the Trump Administration, which is undertaking a comprehensive review of all trade agreements and preference programs, may have other ideas.

Questions about the future of the program surfaced this summer when Commerce Secretary Wilbur Ross said in a speech at the U.S.-Africa Business Summit in Washington, D.C. that the U.S. needed to move from an "AID-based" relationship with Africa to a "TRADE-based" relationship in which programs like AGOA would give way to bilateral trade agreements.

He said Africa is on the path to self reliance and that bilateral trade agreements would do more for the countries there—and the U.S.—than temporary trade preference programs. Trade agreements between the U.S. and each of these countries individually would also dovetail with President Trump's own preference for bilateral deals.

Twenty-six nations are eligible for duty free access to the U.S. on all clothing and some textile exports. Through 2025, exports out of Africa under AGOA could quadruple, which would mean as much as $480 million in duty savings for the U.S. market, but AGOA, along with other preference programs like Qualifying Industrial Zones (QIZ) with Egypt and Israel and the HOPE/HELP Acts in Haiti are underused, currently only represent $3 billion of textile and apparel imports.

Businessman Sylvain Adewoussi of the African nation Benin told the publication, "AGOA is an excellent opportunity but we aren't making the most of it, mainly due to a lack of knowledge about it."

U.S. Trade Representative Robert Lighthizer was among the U.S. officials who met in Togo with representatives from African nations last week. Reuters reports that during the two-day meeting, the countries involved agreed to develop a plan to make better use of the program, start bilateral trade talks with the U.S. and develop a way to protect producers from price fluctuations.

"Not all the countries eligible have benefited from the law," said Bernadette Legzim-Balouki, Togo's trade minister. "We are trying to examine the constraints that prevent some African countries from profiting."

Meanwhile, the USTR has already begun a review of the status of Tanzania, Uganda and Rwanda under AGOA, the results of which could withdraw, suspend or limit the countries' tariff and duty-free benefits. The out of cycle review was triggered by a petition filed by the U.S. Secondary Materials and Recycled Textiles Association (SMART) over the East African Community's (EAC) decision to ban imports of secondhand clothing. SMART said the ban violates AGOA, which calls for the countries to eliminate barriers to U.S. trade.

Source: sourcingjournalonline.com- Aug 14 2017

HOME

*****************

## USA Report: Party Affiliations the Biggest Divider in NAFTA, Trade Opinions

With renegotiation talks set to begin tomorrow for the North American Free Trade Agreement, a new poll reveals how Americans view international trade, in general, and this trade deal, in particular.

Despite the president's statements to the contrary, more than half of Americans believe NAFTA is good for the U.S. economy, though party affiliations weigh heavily on their beliefs. Of the 2,020 adults polled in the 2017 Chicago Council Survey, 53 percent feel positively toward NAFTA, up from 42 percent in 2008.

A deeper dive shows that 71 percent of self-professed Democrats hold this opinion while only 34 percent of Republicans do. The partisan divide has grown steadily over the years with Republican opinions on the deal essentially flat around 43 percent from 2008 to 2013 after which it began to fall. On the Democratic side, approval of NAFTA has remained on an upswing from 41 percent in 2008.

Not surprisingly, given that the president once said, “NAFTA was the worst deal ever made in the history of the world,” Trump supporters find the deal least favorable.

“President Trump’s core supporters—those who express a very favorable view of him—are the least likely to say NAFTA is good for the US economy (23%),” the report noted.

When asked about each trade partner individually, core Trump supporters were the most critical of Mexico, a favorite punchbag of the president’s. Only 20 percent of this group see Mexico as a fair partner, compared to 28 percent of Republicans and 60 percent of Democrats. The country was pretty much in agreement on Mexico through 2006, after which parties began to diverge, with Democrats feeling more positive and Republicans more negative. The biggest and most sustained dip occurring after 2012.

Overall, 47 percent of respondents were pro Mexico, which stands in contrast to 79 percent who feel Canada is fair in its dealings with the U.S. Here, there’s little divide between parties with 75 percent of Republicans and 83 percent of Democrats in agreement.

When it comes to trade deals in general, 50 percent of those polled feel they’re beneficial to all countries involved. Thirty-four percent say only the other countries benefit while 7 percent say the U.S. is the only winner and 6 percent think no one comes out better. Democrats represent the largest group that tends to believe both countries share the rewards while 47 percent of Republicans say the U.S. gets the short end of the stick.

Further, Trump supporters tend to share the president’s suspicious view of these aggrements.

“Reflecting President Trump’s statements about trade agreements on the campaign trail, a majority of core Trump supporters (58%) say that other countries make out better than the United States, and a plurality of Republicans (47%) agree,” the report stated.

Though the deals themselves may be divisive, Americans seem to be in agreement on the benefits of international trade. More than 70 percent of respondents feel international trade is good for the U.S. economy and consumers.

Even more surprising, given the president's contention that only protectionism can help protect U.S. jobs, 57 percent feel international trade is a job creator. Here again, party matters. The number of Democrats that feel this way outpace the number of Republicans.

More than 60 percent of those who support Trump agree that the economy and consumers are better off due to international trade and 48 percent believe it creates jobs.

"More Americans than ever are convinced that international trade is generally advantageous to the United States, despite some misgivings about the fairness of trade agreements," the report said. "The 2017 results mark the first time since these questions have been asked that a majority credit international trade for creating jobs in the United States."

Source: sourcingjournalonline.com- Aug 14 2017

HOME

*****************

## Heilongjiang in China eyes hemp as cotton substitute

China's Heilongjiang province has intensified its research and development efforts to make fine, environment- friendly hemp fibres a large-scale alternative to cotton and will review its hemp production value chain to produce hemp on an industrial scale. The total area under hemp cultivation in this province may reach 150,000 acres by early 2018.

The area under hemp cultivation in the Heilongjiang province has grown from below 2,500 acres to more than 74,000 acres within a few years, a level on par with the overall hemp cultivation area in Canada or Europe, according to a report by Germany-based private institute nova-Institut GmbH. China is the second largest hemp planting country in the world.

The province, where experts work on hemp foods and pharmaceuticals, hosted an international hemp conference in the first week of August in Harbin with the theme 'Developing global hemp industry — innovation, cooperation, green, win-win'. Participants from Europe, Canada and Australia attended the conference to establish global networks and exchange technologies, products and marketing strategies.

Scientists at the conference highlighted the benefits of hemp fibres: a complex three-dimensional structure, very good moisture absorption characteristics, anti-bacterial properties, sound UV protection and allowing textiles to dry fast.

Cotton needs a lot of water, soil salinity and the use of pesticides, all of which cause environmental problems and Chinese cotton is not very competitive, either qualitatively or price-wise, according to the nova-Institut.

Universities from the Chinese province and partners from Ukraine and Canada have developed new, high-yield hemp varieties using enzymes through a technique called 'enzymatic cottonisation' of hemp fibres.

The fibres may then be processed alone or together with other fibres by cotton machines.

The Chinese army buys hemp uniforms and socks for its soldiers. Hemp fibres are now also used in the country in compound materials for door and pillar panels, dashboards and parcel shelves, the nova-Institut report added.

Source: fibre2fashion.com- Aug 14, 2017

HOME

*****************

## Bangladesh a test for the next wave of industrialization

The spectacular success Bangladesh has achieved over the past twenty years has seen the country's economic growth rise to more than 6%, and has seen the poverty rate more than cut in half. The transformation has been driven largely by the textile industry, as jobs are finally moving from China, which had maintained a comparative advantage for decades.

But are rapid advancements in automation moving too fast to allow a new wave of developing countries to rely on cheap labor to fuel their economic development? Many see this happening, and research from the UN last November found that the developing world will lose two-thirds of all jobs due to automation.

Robin Harding has a different view, writing for the Financial Times this week that automation is not yet ready to displace the human hand, and that Bangladesh will lead the way for a new wave of industrialization:

“If other manufacturers are to grow, they must displace this industrial giant, and Bangladesh suggests that is now possible. China’s factories are investing heavily in automation and robotics in order to raise productivity and stay competitive as local wages rise. But there is little reason to think it will work any better than it did for the rich countries China itself displaced in the 1990s.

Robotics technology has moved forward but fully automated production lines are still vastly expensive and difficult to adjust. For that reason, robots are little used beyond automobiles and electronics, where the volumes are high enough. Robots are decades away from displacing skillful human fingers willing to work for dollars a day in an industry where customer demand changes as quickly as clothing.”

Source: atimes.com - Aug 14, 2017

HOME

*****************

## EU amends criteria for Ecolabel of textile products

The European Commission (EU) has recently issued a notice in its official journal establishing the ecological criteria for the award of the EU Ecolabel to textile products by amending certain clauses. The notice modifies the definition of textile products to include intermediate products that can now benefit from the environment-friendly label.

The validity of the Ecolabel requirements for textile products has been extended to 78 months. The criteria were due to expire in June 2018.

Under the EU Ecolabel voluntary scheme, companies can label their products as having a lower environmental impact than other products within the same group. In the textile sector, the Ecolabel can be awarded to all sorts of products made of textiles, including clothing and accessories, interior textiles, fibres, yarn and fabric.

The EU Ecolabel assures customers of a number of environment and health related factors, including the limited use of substances harmful to the environment and human health, reduced water and air pollution, resistance to shrinking when the textile is being washed and dried, and colour resistance to perspiration or when the product is being washed.

Under the amended definition, textile products include the following three categories:

(1) Textile fibres, yarn, fabric and knitted panels: intermediate products intended for use in textile clothing and accessories and interior textiles, including upholstery fabric and mattress ticking prior to the application of backings and treatments associated with the final product.

(2) Non-fibre elements: intermediate products that are incorporated into textile clothing and accessories and interior textiles, including zips, buttons and other accessories, as well as membranes, coatings and laminates.

(3) Cleaning products: woven or non-woven products made from textile fibres and intended for the wet or dry cleaning of surfaces and the drying of kitchenware.

The sentences explaining the exceptions that apply to recycled fibres or organic cotton fibres have been amended for clarity. Clarifying on how the percentage of cotton in a product should be calculated for the purpose of ensuring compliance, the July notice says the recycled cotton fibre shall be deducted from the required minimum percentages in all cases, except for clothing for babies under three.

Amendments have also been made to the sentences explaining organic cotton, transgenic cotton, IPM cotton and pesticides restriction requirements for textiles to harmonise them with those used for the requirements for footwear and furniture product groups.

A criterion on the substitution of hazardous substances used in dyeing, printing and finishing has also been amended to make it clear that "functional substances incorporated into synthetic fibres and man-made cellulose fibres during their manufacturing" that are hazardous may also be subject to restrictions.

Other changes include those relating to the criteria for corporate responsibility and the standards for colour fastness of textiles.

Source: fibre2fashion.com- Aug 14, 2017

HOME

*****************

## Minimum wage in Vietnam may increase by 6.5% in 2018

Vietnam's National Wage Council has announced that the regional minimum wage may rise by 6.5 per cent in 2018 to VND180,000-230,000 ($8-10) a month following a consensus reached between employer and labour representatives. The rate will be submitted to the government for approval. Minimum wage in the nation is determined regionally and on a per month basis.

Vietnam increases the regional minimum wage every year to meet the minimum standard of living for domestic labourers. It ranks its four regions according to their socio-economic development.

The urban parts of Hanoi and Ho Chi Minh City come under Region I, while Region II covers rural areas of these two cities along with the urban zones of Can Tho City, Da Nang City and Hai Phong City. Region III consists of provincial cities and the districts in the provinces of Bac Ninh, Bac Giang, Hai Duong and Vinh Phuc. The rest of the areas come under Region IV.

The 2018 regional minimum wage will increase from the current VND 3.75 million ($165) to VND 3.98 million ($175) for Region I, from VND3.32 million ($146) to VND 3.53 million ($155) for Region II, from VND 2.9 million ($127) to VND 3.09 million ($136) for Region III and VND2.58 million ($113) to VND2.76 million ($121) for the Region IV, according to a news agency report.

The unsatisfied Vietnam General Confederation of Labour (VGCL) feels this rate will fail to achieve the minimum standard of living by 2020 as envisaged by the government. The Vietnam Chamber of Commerce and Industry (VCCI), which represents employers' interests, also criticised the proposed increase, saying the rate could go beyond companies' ability to pay and affect their growth.

Initially, the VGCL had proposed an increase of 13.3 per cent and the VCCI had proposed no increase.

Source: fibre2fashion.com- Aug 15, 2017

HOME

*****************

## Tough time for Mexico as talks for updating NAFTA start

The first round of talks on updating the trilateral North American Free Trade Agreement (NAFTA), which came into effect on January 1, 1994, is scheduled in Washington from August 16 to 20. Mexican officials expect a tough situation as US President Donald Trump has blamed free trade agreements for the loss of millions of US manufacturing jobs.

NAFTA, signed by the United States, Canada and Mexico, allows goods to be shipped across borders without being taxed, as long as the products meet certain conditions. In one of his campaign speeches, US President Donald Trump had called NAFTA 'the worst deal ever made'.

The Trump administration, however, will seek a much better agreement that reduces the US trade deficit and is fair for all Americans by improving market access in Canada and Mexico for US manufacturing, agriculture, and services, according to a July press release by the office of the US trade representative (USTR), a department dealing in trade negotiations.

The United States seeks to maintain existing duty-free access to NAFTA country markets for US textile and apparel products and wants to improve competitive opportunities for exports of such products while taking into account US import sensitivities, says an USTR document.

Key figures in the US negotiating team, that hopes to translate President Trump's protectionist rhetoric into policy without affecting big business and trade partners, include 18th US trade representative Robert Lighthizer, secretary of commerce Wilbur Ross and assistant US trade representative for the western hemisphere John Melle.

For Mexico, Kenneth Smith Ramos will be the chief technical negotiator and Salvador Behar Lavalle will be the chief adjunct negotiator. Economy minister Ildefonso Guajardo and foreign minister Luis Videgaray will also be part of the negotiating team.

The Canadian team is led by foreign minister Chrystia Freeland, ambassador to the United States David MacNaughton and former prime minister Brian Mulroney. Freeland recently released the country's list of key demands, which include new chapters on labour standards, gender rights and indigenous rights, freer movement of professionals and reforms to the investor-state dispute settlement process.

Source: fibre2fashion.com- Aug 16, 2017

HOME

*****************

## EU displaces Japan as Myanmar's largest apparel market

After the reinstatement of Generalised Scheme of Preferences (GSP) rights to Myanmar, orders from European Union have been increasing, and it has now become the top market for Myanmar's cut-make-pack (CMP) garment sector. This has reduced Myanmar's heavy dependence on Japan for its CMP exports, according to Myanmar Garment Entrepreneurs' Association.

"In the past the sector had to rely heavily on the Japanese market. Now it receives more orders from the EU market," association chairman Myint Soe said, Myanmarese media reported.

The Myanmar Investment Commission had approved numerous applications this year for setting up of new CMP units in the country, according to the Directorate of Investment and Company Administration. In the past, these investments were mainly from South Korean and Japanese companies, but now there is inflow of investment from China as well, Soe said.

There are more than 400 companies in Myanmar's garment sector which together employ over 400,000 people. These companies together fetched export earnings of $2.2 billion last year, beating estimates of $2 billion.

In the first four months of the ongoing fiscal year, CMP export earnings have reached nearly $700 million, and they are expected to touch $3 billion this fiscal, according to the commerce ministry.

Currently, garment exports account for around 16 per cent of total export earnings by Myanmar.

Source: fibre2fashion.com- Aug 13, 2017

HOME

*****************

## Denim in Mexico overshadows US & China

The global denim market is worth about $56 billion, says Statistic Brain. And the denim industry was expected to grow at a CAGR of over 6.5 per cent from 2015 to 2020, as per Technavio. The US accounts for $13.7 billion of that. Euromonitor International study says, jeans is growing not just in the US but also in China and Mexico.

In the United States, jeans showed slight growth both in volume and current value terms in 2016, after declining over the previous two years. In China, jeans registered current value growth of 5 per cent in China in 2016, with sales approaching $11.8 billion. In Mexico, standard and premium denim saw the fastest growth in 2016, increasing 8 per cent in current value terms.

In the US, jeans made a slow comeback in 2016 as images 13consumers began investing in denim again after the athleisure trend matured a little. Millennials are willing to spend on clothing and accessories, Euromonitor International remarks. They tend to be more aware of the latest fashion trends and are looking for clothing and accessories to personalise their fashion style and update their look. This generation supported growth in sales of economy and standard jeans.

Denim has continued to adapt to ever-changing trends with new innovations in fabrics and the adoption of new silhouettes not typically designed for denim. Fabric mills keep up with the demand for more performance functionality and comfort with the development of innovative fabric blends and weaves.

Dio Kurazawa, Director-Denim, WGSN, believes the denim industry is on track for even the newest market trend — sportcore. Sportcore embraces a more streetstyle approach to athleisure.

Functional fabric

Kurazawa says denim makers were smart to increase denim's comfort, as it helped them compete better against the athleisure influx. Stretch (denim) fabrics are relied upon from all three regions. The latest advancements in stretch technology allow for greater recovery than previously experienced. This is important for those consumers looking to achieve control and comfort without losing shape. Men's skinny jean purchases have increased year-over-year (2016 to 2017 S/S) in the US, following its success in the EU.

Ripped denim with a relaxed cut also witnessed good sales in China in 2016, with rompers becoming a trending item there, as well. In Mexico, skinny jeans continue to be popular with women, and are increasingly so among men. Moreover, personalisation seems to be a growing trend in jeans, with brands offering many different types of washed out and ripped jeans, as well as stenciling and ripping.

Plus-sized brands are increasingly finding market in Mexico. The Euromonitor International cites Levi's leading the way with its Shaping Plus line, targetted at curvy women and featuring renowned singer Carla Morrison as brand ambassador.

Denim diversity

Monitor™ Research highlights the diversity in denim is important in the Mexican market as consumers there wear jeans just over 4 days a week. This is significantly more than the 3 days a week consumers wear denim in the US and China. Mexican consumers also own the most denim garments (which includes jeans, jackets, shirts and skirts) at about 12 items. This is significantly more than denim ownership in the US (9) and China (7). Mexican consumers also own the most denim jeans on average at about 7 pairs, followed by the US at 7 and China at 3.

In the US, consumer interest lies with more authentic and comfortable-looking jeans, said Kurazawa. Consumers are no longer as interested in over-washed and processed jeans. The desire for real vintage jeans has begun to overshadow the factory-washed looks with their imitation distressing and whiskers. The EU market has seen a decline in the sale of these jeans as consumers opt for the true vintage experience. This trend will be followed in China too as they are often not far behind the North America market.

Source: fashionatingworld.com- Aug 15, 2017

HOME

*****************

## Chinese cotton auctions continue

Sales from China's State Reserve remain strong with cumulative sales since the start of auctions on March 3 reaching over 10 million bales this week. About 30,000 tons have been offered for sale each business day with a base price calculated from the average of internal and world prices over the previous weeks. Daily sales rates have varied widely with much of the fluctuation due to buyers' expectations of changes in the base price.

Sales have been split almost equally between cotton from the 2012 and 2013 crops, while sales from the 2011 crop account for only three per cent of the total. Purchasing has been evenly split between spinners and traders.

Demand has been strong for cotton from Xinjiang with over 99 per cent of its cotton offered being sold, amounting to just over 60 per cent of total sales. This is in stark contrast to cotton from the eastern provinces which, overall, has represented less than 40 per cent of the cotton sold. Furthermore, sales rates in the eastern provinces vary greatly. The determining factor for eastern sales appears to be the location of warehousing, while quality factors, such as length or color grade, are less influential.

Source: fashionatingworld.com- Aug 15, 2017

HOME

*****************

# Bangladesh: Is garment export paradox just a passing phase?

Even though inspection has enhanced awareness about the stake involved in ensuring compliance standards, no fresh local investments could occur at a time when plenty of work orders were expected from not just China but also from the Western world, Japan and a few other emerging markets, writes Marksman

Recently, there have apparently been contrasting but mutually reinforcing reports in the media on the future of Bangladesh's garment sector. The common denominator around which crystal-ball gazing is taking place is the potential replacement of China as the foremost supplier to the world's apparel market. China has been moving rapidly into up-end manufacturing ,high-tech industries away from labour-intensive sectors for quite a while. Such a trend has coincided with high wage bills that even if theoretically Beijing would stick with garments, she couldn't hope to be competitive vis-a-vis others.

In this context , China is keen on passing the baton of its predominant position in the field on to a deserving successor.She can do it in two ways: First transferring work orders her factories have been receiving to other exporting countries. Secondly,on a permanent footing ,China could think of relocating some of her apparel industries ,if necessary under buy-back arrangements. Since the balance of trade is heavily tilted towards Beijing,such an option merits consideration by way of bridging some of the prevailing inter-state trade gap.

Alternatively, Chinese investments in the Special Economic Zones that are said to be in the offing would be welcome. It is, however interesting, though not inexplicable to note that investors from a number of countries have been 'lobbying the governments over the years to get permission to invest in garment factories outside of the export processing zones.'But as a matter of policy,FDIs have been confined to those zones.

Bangladesh being the second largest exporter of garments ,knitwears etc in the world market,should be a natural contender for taking the Chinese place there. But Bangladesh RMG sector leaders know it full well that no one will offer that position on the platter; they have to deserve and earn it.

Even China,for that matter, would place business ahead of any subjective considerations.

As if to prove this point, it is reported that Bangladesh is failing to take advantage of the shifting work orders from China. Ahsan H Mansur,executive director of the Policy Research Institute(PRI) was quoted as saying ,"Bangladesh was supposed to get more of the shifted orders from China but unfortunately those were received by some other countries like Vietnam,Myanmar and Cambodia."

On top of that Chinese entrepreneurs are said to have invested in Myanmar,Vietnam and Cambodia. If one probes the matter, one finds that although China is willing to invest in Bangladesh she faces hindrance in terms of prompt availability of land ,gas and power.

There is an issue with capacity as well. According to the Bangladesh Garment Manufacturers and Exporters Association( BGMEA), more than 1000 small factories had to shutter down 'due to strict inspection and remediation by the Accord and Alliance ,two foreign building oversight bodies.' Even though inspection has enhanced awareness about the stake involved in ensuring compliance standards, no fresh local investments could occur at a time when plenty of work orders were expected from not just China but also from the Western world, Japan and a few other emerging markets.

In contrast,we have a report with an effusive story-line saying, 'Bangladesh is buttressing world's confidence in challenging Chinese monopoly in readymade garments'. In an article by analyst Robin Harding titled "Manufacturing Focus to New Corners of Asia' published in prominent newspapers including The Financial Times one comes by an observation reading-'in the last 20 years, Bangladesh has staged an economic miracle.'Adding it pointed out,'low labour cost is the moving force' behind the garments wagon wheels.

Much as this factor is a strong point for us , it also enhances our obligations to ensure their safety and welfare for the sake of greater productivity and quality assurance.

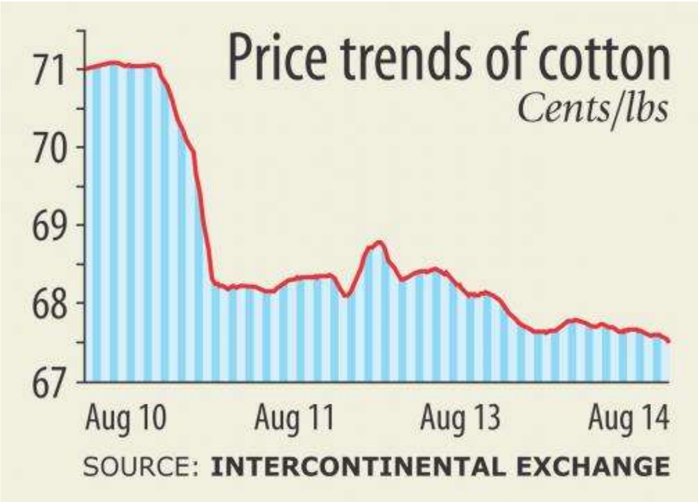
Source: thefinancialexpress-bd.com- Aug 15, 2017

HOME

*****************

# Bangladesh: Yarn price to fall as supply rises

Local merchants and spinners expect the yarn market to stabilise thanks to a price fall in the global market amid rising supplies, especially from China, and higher cotton production.




Cotton, the main source for producing yarn, traded between 67.7 and 68 cents per pound in the international market yesterday, down from 71.8 to 72.8 cents a few days ago. The widely consumed 30-carded yarn traded between Tk 100 and Tk 107 a pound in Bangladesh.

“This price level has been persisting over the last seven to eight months. We hope that the price will continue to decrease further as the price of cotton declined worldwide,” said Liton Saha, former president of the Bangladesh Yarn Merchant Association.

As the price of the fibre declined and the production increased, the consumption of cotton may go up in Bangladesh. “Yes, our import and consumption of cotton will increase this year too, as in previous years,” said Mehdi Ali, general secretary of the Bangladesh Cotton Association.

The import and consumption of cotton in Bangladesh has been swelling over many years due to higher shipment of cotton-made garment items and increasing number of spinning mills in the country. Both Ali and Saha stated that the price of yarn would remain stable in the country.

The latest report of the United States Department of Agriculture (USDA) also mentioned of higher crop production, price fall and higher import of cotton by Bangladesh in the cotton year of 2017-18.

The import of cotton in Bangladesh will increase by 100,000 bales from 7.1 million to 7.2 million bales in 2017-18, the USDA data showed.

One bale equals 480 pounds or 218 kg, and the cotton year begins on August 1 and ends on July 31. Bangladesh is the largest importer of cotton in the world after China stopped sourcing the raw material from outside of the country three years ago. Local growers can meet less than 3 percent of the annual demand, leading to the imports worth over $3 billion.

The demand for the natural fibre is on the rise in Bangladesh as it is the only country that is still mainly dependent on raw cotton to make yarn and fabric.

Other countries have shifted to manmade fibres like filament, polyesters and viscose. As a result, the global consumption of cotton has been on the decline.

By the end of 2020, cotton consumption in Bangladesh will hit 7.9 million bales, said local importers. Currently, Bangladesh imports 55 percent of its demand for cotton from India, thanks to favourable prices, geographical proximity, shorter lead time and the quality of the fibre.

The global supply of cotton has been increasing as recently the State Reserve of China announced an extension of sales to September 29 from the previously scheduled August 31, as has been expected by many observers for some time.

If sales through the end of September maintain the rate seen so far, total sales will be about 13.3 million bales, the USDA said.

Due to a more optimistic yield forecast, this month's report featured a large increase to the US production number, with the projection rising by 1.5 million bales, from 19 to 20.5 million.

If realised, this would be the first crop year since 2006-07 that the US produced more than 20 million bales.

Even with a large upward revision to the 2017-18 forecast for US exports from 13.5 to 14.2 million bales, the addition to production caused the estimate for US ending stocks to climb significantly higher from 5.3 to 5.8 million bales.

The current projection indicates that US stocks at the end of 2017-18 will swell to more than twice the volume in storage at the end of 2016-17 from 2.8 million bales in 2016-17 to 5.8 million bales in 2017-18.

Global production increased by 1.9 million bales, from 115.4 million bales to 117.3 million bales. If realised, this would be the largest world harvest since 2014-15.

The global mill-use forecast was mostly unchanged by about 375,000 bales more, from 117 million bales to 117.4 million bales.

With the upward revision to global production exceeding the upward revision to global mill-use, the projection for global ending stocks increased by 1.4 million bales, from 88.7 to 90.1 million bales.

The lower price of cotton may affect garment prices as well, said Cotton Incorporated in an analysis. The sourcing costs of garment could decrease by 6 percent to 7 percent.

In reality, upward pressure on costs from rising wages and other non-fibre costs like that of dyestuffs may partially offset decreases in sourcing costs made possible by lower cotton prices, added Cotton Incorporated.

Source: thedailystar.net- Aug 15, 2017

HOME

*****************

# NATIONAL NEWS

## Export growth in July slows to 3.94%

***Slowest since Nov. '16, in dollar terms***

Goods exports rose for the twelfth consecutive month with shipments in July registering a 3.94% year-on-year growth to $22.5 billion. However, this was the slowest pace of growth since November 2016, when exports grew by 2.56%.

Data released on Monday by the commerce ministry showed that major commodity groups of export showing positive growth in the month included engineering goods (15.16%), petroleum products (20.27%), organic and inorganic chemicals (20.67%), cotton yarn/fabrics and made-ups and handloom products (5.39%) and marine products (30.53%). Non-petroleum and non-gems and jewellery exports in July increased 6.93% to $22.5 billion. Meanwhile, goods imports in July recorded 15.42% to $33.99 billion — the slowest pace since 1.13% growth in January 2017.

This led to trade deficit (goods) narrowing on a month-on-month basis to $11.45 billion, the lowest since $10.5 billion recorded in the month of March 2017.

T.S. Bhasin, chairman of the country's apex engineering exports body EEPC India, said, "growth in exports has certainly slowed, with rising value of rupee (against the U.S. dollar) adversely impacting the bottom line of exporters.

**'Rising rupee hurts'**

"This is quite evident from the trade data that shows that while exports for July grew by 3.94%, in rupee terms the growth has turned negative." In rupee terms, exports shrunk 0.32% in July to ₹1.45 lakh crore.

Mr. Bhasin added that, "while engineering exports have still been growing at a respectable pace, it is due to pick up in base metals. But, the rupee value is a cause of concern for exporters."

Major commodity group of imports showing high growth in July were petroleum products (15.02%), electronic goods (22.5%), machinery, electrical and non-electrical (7.34%), pearls, precious and semi-precious stones (6.86%) and gold (95.05%).

Oil imports grew 15.02% in July to $7.84 billion, while non-oil imports rose 15.55% to $26.14 billion. The commerce ministry said global Brent prices rose 8.03% in July 2017 vis-à- vis July 2016 as per World Bank commodity price data.

Exports during April-July 2017-18 increased by 8.91% over the corresponding period in the previous year to $94.75 billion, while imports during the same period grew 28.3% to $146.25 billion. Non-petroleum and non-gems and jewellery exports during this fiscal so far jumped 9.05% to $94.75 billion. Oil imports during April-July, 2017-18 saw a 20.87% jump to $31.02 billion. Non-oil imports during the FY'18 increased 30.46% to $115.23 billion.

Source: thehindu.com- Aug 15, 2017

HOME

*****************

## India pips China to become top exporter of knitwear to US

For the first time in the history of India's garment exports to US, the country has clocked number one position in terms of market share in the category Men/Boys cotton knit shirts for the six months period of 2017. This was attributed to the slowdown in China. However, exporters said they will not be able to retain the slot.

Exporters said that since US market gives them a level-playing field, they were able to compete and grow. But the recent appreciation of the rupee against the dollar could be a major hurdle in the upcoming months.

Data released by Office of Textile and Apparel, US department of commerce, shows India exported 8.5 million dozens of men/boys cotton shirts to US. India's share in total men/boys knitwear shirts import in US stood at 8.7 per cent in June.

After a dip in 2014, India's market share has grown steadily. In 2013, India's market share was 6.4 per cent, it dropped to 6.2 per cent in 2014. Since then, it has steadily increased and in 2016 it stood at 7.8 per cent.

Contrary to that China's market share which was 11 per cent in 2012 dropped to 9.6 per cent in 2016 is now at 8.5 per cent.

In other segments including women/girls cotton knit shirts/ blouses, men/ boys cotton trousers, breeches, shorts, cotton nightwear/ pyjamas, India and others countries have also increased their market share.

While China's loss is India's gain, the exporters are unhappy as Vietnam is giving them tough competition. Bangladesh is also increasing its market share.

Everyone is blooming at the cost of China, said an exporter.

The data shows that Vietnam exported 8.47 million dozens of men/boys knitwear to US. The difference with India's exports is just of 29,778 dozens.

Tirupur Exporters Association President Raja M Shanmugam said that the factors which have led to the increase of India's share include exporters investing heavily in capacities to take on more orders from US expecting that they would get more orders, which were traditionally going to China.

China decided to reduce its exports in textile as it found other sectors to be more lucrative.

This opened doors for India, Vietnam, Bangladesh and other developing countries for the global textiles. However, India could not compete with other nations in Europe and other parts since it does not enjoy benefits like Vietnam, Bangladesh, Cambodia and others under trade agreements.

“US is the only country, which gives us level playing field, that is why we could compete and grow only in US,” said Shanmugam, adding that the country is losing its edge now as the cost is increasing in India.

“We will not be able to compete with Vietnam or any other country. This is because the Made-in-India products are getting costlier due to various factors including rupee appreciation against US dollar,” said an exporter.

For example, exporters quoted 3-5 per cent higher prices after the rupee appreciated, while the hike should be of around seven per cent to compensate for the losses accruing from currency fluctuation. On the other hand, competitors' currency depreciated which led them to bring down their prices.

Source: business-standard.com- Aug 14, 2017

HOME

*****************

## Export revival

Amidst the general lack of optimism on industrial growth, what has generally gone unnoticed is the quiet improvement in India’s merchandise export performance. This began in 2016-17 and has continued into this fiscal, with merchandise trade growth up 8.9 per cent in April-July 2017, even as July posted a growth of 4 per cent.

While there can be no denying that a growth rate of 5.3 per cent in value terms in 2016-17 comes after two consecutive years of negative growth (minus 15.5 per cent in 2015-16), pointing to a ‘base effect’, it is surprising that improvement should have taken place amidst sluggish trends in world trade. Further, it seems to have bucked the demonetisation effect.

A plausible factor at work here is the execution of earlier orders. What seems to have helped lift exports is the uptick in commodity prices, reflected in the turnaround in petroleum and ore and minerals exports. Engineering goods and gems and jewellery, which account for 38 per cent of India’s exports, recorded growth rates of nearly 11 per cent each, against minus 17.2 per cent and minus 4.8 per cent, respectively, in 2015-16.

With agriculture and marine products exports also showing a sharp jump, after a degrowth in 2015-16, it would seem that the export turnaround in 2016-17 has been broadbased, even as labour-intensive sectors such as textiles and leather, besides drugs and pharma, registered negative growth. The growth has been geographically dispersed as well, with exports to Europe, the US and China up by 5.5 per cent, 5 per cent and 13.1 per cent, respectively, in 2016-17.

It is surprising that exports have performed well despite the rupee remaining firm right through the year. This raises larger questions about whether policymakers at times focus too much on the currency alone as a determinant of exports. India's efforts at improving export and import procedures may have helped, a factor that has helped it improve its 'ease of doing business' ranking. It is important to focus on logistics, product development and quality as well.

While it certainly helps India's cause that world trade growth (of goods and services) is expected to touch 4 per cent this year and 3.9 per cent in 2018, against 2.3 per cent in 2016 and 2.5 per cent in 2015, there are worries on the services trade front. Services exports were down 0.3 per cent in dollar terms this June, as against a positive growth of 4 per cent in May 2017.

In 2016-17, net invisibles receipts fell 10 per cent, owing to, as *Economic Survey* 2016-17 puts it, "a decline in net receipts of software, insurance and pension services, charges for use of intellectual property rights..." The paradigm shift in services, led by technology and the anti-globalisation sentiment in the West, along with the collapse of the remittance economy with the end of the oil boom, poses a major economic challenge. While India's external account looks comfortable owing to FDI flows, these issues require a considered response.

Source: thehindubusinessline.com- Aug 15, 2017

HOME

*****************

## 'Govt to support powerlooms'

*Steps being taken to modernise looms, says IT Minister K. Taraka Rama Rao*

The State government has adopted a three-pronged strategy to give a fillip to the textile industry and powerloom weavers of Sircilla textile town in the district, Minister for IT, Handlooms and Municipal Administration K. Taraka Rama Rao said.

The government would procure fabric produced by the weavers on their powerlooms, it would provide yarn and other chemicals on subsidy and also take up marketing of products made by the powerloom weavers, he said speaking after hoisting the national flag on the occasion of 71st Independence day celebrations in Sircilla town on Tuesday.

**Increase wages**

The State government was taking measures to increase the wages of the weavers and accordingly providing them orders for the production of school uniforms, KCR Kits and Bathukamma sarees, among others. He said that they were also taking measures for the modernization of the existing looms to produce value added fabric to meet the demand in the market.

He said that they had proposed an Apparel Park on 60 acres of land on the Sardapur village on the outskirts of the town to provide employment to over 6,000 womenfolk in the garment industry. He also said that the Rajanna-Sircilla district was first district in the Telangana state to be open defecation free (ODF).

**Fighting drought**

Listing out various welfare and developmental programmes, the Minister said that the government was according priority for providing irrigation sources in the uplands by lifting waters from MMD, Sripada Yellampalli, and Kaleshwaram projects and remove drought permanently from the district.

He said that the completion of ongoing Kothapalli-Manoharabad railway line would transform the Rajanna-Sircilla district with rail connectivity and increase of pilgrims rush to the Vemulawada and other temple shrines in the district.

Vemulawada legislator Ch. Ramesh Babu, ZP chairperson Tula Uma, Collector D. Krishna Bhaskar, Superintendent of Police Viswajit Kampati and others were present.

Source: thehindu.com- Aug 16, 2017

HOME

*****************

# Mumbai to host digital textile event in November

Digital Textile Symposium will be held in Mumbai on November 16, 2017. The conference will look at opportunities and market growth enabled by new high speed and high performance digital textile systems and consumables.

The focus will be on creating business opportunities for stakeholders of digital textile printing industry and charting out a sustainable growth part for this technology in India.

The conference will feature an array of topics covering the entire breadth of the industry including high speed digital fabric printing solutions, digital fabric printing for increasing profits, pigment inkjet technology for textiles, software solutions enabling digital textile printing, latest technologies for textile sublimation printing, emergence of new business models driving digital textile printing, solutions for durable printing of home textiles, direct disperse inkjet printing onto synthetic fabrics.

Concurrent to the symposium, and in Mumbai, an exhibition on textile processing will be held on November 17 to 18. This is dedicated to innovations in textile processing across various application sectors. This exhibition should be of particular interest to ink manufacturers, OEMs, fashion designers, service providers, processing houses, textile mills, brands, print service providers, garment manufacturers, home textile manufacturers, fabric manufacturers, digital textile printers, apparel manufacturers, fabric printers, screen printers, investors and entrepreneurs, and technologists.

Source: fashionatingworld.com- Aug 14, 2017

HOME

*****************

# India, Mexico plan to set up CEO Forum to boost trade ties

India and Mexico are planning to set up a CEO Forum of top businesses to coincide with Mexican President Enrique Pena Nieto's proposed visit to India next year.

While the initiative to bring the industry closer follows Prime Minister Narendra Modi's visit to Mexico last year, US President Donald Trump's decision to cold shoulder its long-term ally and neighbour may have speeded up things, a government official told *BusinessLine*.

"A meeting between Commerce & Industry Ministry officials and trade diplomats from the Mexican Embassy is scheduled this week on promoting exchanges between the business communities. Details on the proposed CEO Forum is likely to be discussed," the official said.

Mexico, which is looking at intensifying its economic partnership with big markets such as China and India following the cooling of relations with the US, believes that bilateral trade with India could touch $10 billion in the next five years from $6.41 billion at present with the right kind of policy push.

**US impact**

India, too, is eager to have closer business relations with the country which could be an alternative destination for Indian IT companies located in the US if the country stiffens its visa rules further. Top companies such as TCS and Infosys already have operations in Mexico.

When Modi met Nieto in Mexico last year, both underscored that trade and investment relations could develop to its full potential only through increased exchanges between people of the two nations. "A CEO Forum, through its regular meetings, could not only identify and work on areas of cooperation but also point out to both governments the irritants that need to be ironed out," the official said.

In the joint communiqué released by Modi and Nieto after their meeting last year, the two stressed on encouraging cooperation in the infrastructure sector, among small and medium enterprises, in pharmaceutical products, in energy, in the automobile sector, in information and communication technology, in agriculture, in food processing and in other related sectors.

India also wants both countries to liberalise visa norms for easier movement of people including professionals which will give a boost to trade, investment and tourism. "Once the CEO Forum is in place more details on the areas of cooperation could be worked out. We hope to come up with names of corporates who could be part of the Forum in the next few months," the official said.

A bilateral High Level Group on Trade, Investment and Economic Cooperation already exists between the two countries but it has not met often since its inception in 2007.

Source: thehindubusinessline.com- Aug 16, 2017

HOME

*****************