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IBTEX No. 3 of 2019 January 04, 2019

USD 69.82| EUR 79.62 | GBP 88.25 | JPY 0.64

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
20670	43200	**78.78**

Domestic Futures Price (Ex. Warehouse Rajkot), January

Rs./Bale	Rs./Candy	USD Cent/lb
21030	43953	**80.15**

International Futures Price

NY ICE USD Cents/lb (March 2019)	70.83
ZCE Cotton: Yuan/MT (May 2019)	14,810
ZCE Cotton: USD Cents/lb	**97.75**
Cotlook A Index – Physical	**79.65**

Cotton Guide: Yesterday, ICE March settled at 70.83 i.e. with a change of (-1) having a high figure of 72.00 and a low of 70.65. ICE May settled with a positive of +2 at 72.27 cents/lb whereas July settled at 73.65 cents/lb with a figure of +7. On Thursday March hit 72 and then closed near 71 cents. The same price is quoted this morning and we expect it to trade in the range of 70.30 to 72 cents/lb.

The Total open interest has increased by 2,852 contracts to 218,000. A decrease of 171 contracts was seen in the open interest of March at 125,415 contracts. The May open interest increased with a figure of 1,928 contracts to 40,176 contracts.

At MCX the contracts have also shown positive settlement figures. The MCX January contract ended with positive figures of +60 at 21,030 Rs/Bale, whereas the February and the March contract ended with positive figures of +50 and +60 at 21,270 and 21,540 Rs/Bale. Volume for January contract decreased by (-165) to 1855 lots, whereas open interest increased by +130 to 8277 lots.

Prices of Shankar 6 declined further. It was available to be exchanged at 43,200 Rs/Candy, whereas Punjab J-34 has also moved downward at 4,400 Rs/Maund. The arrival figures are estimated to be at 150,500 lint equivalent bales (source cotlook), including 37,000 from Gujarat, 34,000 from Maharashtra and 29,500 from Andhra Pradesh. Cotlook A Index has been adjusted to 79.65 cents/lb i.e (-1.20) cents decline.

There is talk that CCI has procured some good quantity of cotton from the open market. Therefore we think cotton may maintain the same price range of 43,200 to 43,500 Rs/Candy. The global cotton has been highly vulnerable and taking cues from various means.

It is seeking support from lower USD while pressured oil prices is not allowing cotton prices to move much Higher. Crude oil is trading at 47 USD/Barrel and the range for it would be 45 to 48 USD/Barrel.

Another week will end without US Export Sales report due to the government shutdown. After a Meeting between the Senate and the house, there was still no conclusion attained. The US President has asserted that he is not in favor of the new Bill. The market participants would have to speculate based on just news and no concrete figures.

On the Technical Front, ICE Cotton March futures is trading below the crucial support of 71.90 zone (76.4% Fibonacci level), with RSI in daily charts is hovering around 27 levels. Both price and momentum suggest weakness in base trend for very near term.

Meanwhile immediate support exits around 70.30 levels, only decline below could weaken further towards 69 levels (100% Fibonacci extension). From the above it is expected that price could trade in the range of 72.60 to 70.30 with sideways to negative bias. On the higher side above 72.60, 74.00, 75.50 are the crucial resistance levels. In the domestic markets trading range for Jan future will be 20820-21220 Rs/Bale.

Currency Guide

Indian rupee appreciated by 0.3% against the US dollar to trade near 69.95 levels. The US dollar is pressurized against major currencies amid mixed economic data, continuing government shutdown and lower bond yields.

The ISM Manufacturing Activity index fell to 54.1 points in December, the lowest since November 2016. ADP jobs report noted a 271,000 increase in jobs against forecast of 180K increase. US government shutdown has entered 13th day with no end in sight. The US 10-year bond yield has slumped to the lowest level since January 2018.

RBI's attempt to revive foreign investor interest has also lent support to rupee. As per reports, RBI has called a meeting of foreign investors this month amid waning interest in corporate bonds. However, weighing on rupee is volatility in crude oil price and general weaker risk sentiment.

Global risk sentiment is weak amid US government shutdown and concerns about US and Chinese economy and this has kept pressure on equity markets. Brent crude trades near $55 per barrel as support from drop in OPEC's production is countered by demand uncertainty.

Concerns about missing fiscal deficit target are also high as government is said to be preparing to unveil a farm-relief package ahead of general elections due by May. Rupee has strengthened on back of weaker outlook for US dollar however weaker risk sentiment will challenge gains. USIDNR may trade in a range of 69.75-70.35 and bias may be on the upside.

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

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INTERNATIONAL NEWS

China cotton output up seven per cent

China's cotton output increased 7.8 per cent this year.

The total area of cotton fields expanded 4.9 per cent and the yield per hectare edged up 2.8 per cent.

Northwest China's Xinjiang Uygur Autonomous Region, the country's largest cotton growing area, saw an 11.9 per cent jump in cotton output and accounted for 83.8 per cent of the national total output this year, up three percentage points from 2017.

World cotton production for 2019 is forecast to be down, led by Pakistan, China, and India more than offsetting higher production in Brazil.

Trade is projected up with higher Brazil exports and rising Pakistan demand.

Global use is down sharply mainly because of China's lower-than-expected annual growth amid uncertain economic prospects and textile exports.

China's cotton stocks have drastically fallen, from 60 million bales in 2014 to just under 13 million bales.

This dramatic reduction has been due to three years of aggressive selling with 11.5 million bales sold in the latest annual round of selling which ended in September.

China was able to increase reserves dramatically as additional imports were allowed to offset purchases from the domestic crop.

In 2015-16, China's shift away from a price support program for cotton caused internal prices to fall, which helped to boost consumption but also helped to lower production.

Source: fashionatingworld.com- Jan 03, 2019

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The 10 economic challenges of 2019

Fashion confronts twelve months of uncertainty, in which trade war, Brexit, populism and currency volatility will be key for the sector.

Less growth and more uncertainty. This is the scene that the international economy and the fashion industry will have to face in 2019. The peak of far-right movements, the trade war between the United States and China and the outcome of Brexit will define the rhythm in a year when, according to all forecasts, economy will slow down. Which are the largest macroeconomic challenges for 2019 and how can they affect fashion?

1. Populism

Two years after the arrival of Donald Trump at the White House, populism continues to spread around the world. Last year, the Northern League was victorious at the Italian elections, lifting far-right power (in coalition with the Five Star Movement) to the first line in one of the most important markets in Europe. In Latin America, the relief of the left populisms for right populisms reached its peak with the rise of far-right politician Jai Bolsonaro, supported by Trump, to the presidency of Brazil.

This year will entail a litmus test for the advance of this type of movements. Between 23 and 26 of May, the elections for the European Parliament will be hold, and it remains to be seen which role will take The Movement, a political action group lead by Trump's former chief strategist Steve Bannon, who intends to unite all the right-wing populist parties in Europe. Spain will also try the scope of Vox after its success in the Andalusian elections, with regional and local polls all around the country.

2. Interest rate increase

After years of expansive monetary politics, the European Central Bank has opened a door to an interest rate increase in 2019. The ECB follow thus the steps of the Fed, which started to increase the price of money in 2015.

With all that, tensions with Italy and the slowdown of economy can spoil the initial plans of Mario Draghi, President of the Institution, to put an end to seven years of zero rates. For the time being, the Central Bank has already put a stop to the quantitate easing, an assets purchase program that was key to avoid a major collapse during the crisis.

A rate increase now would mean the end of cheap money, what would raise the price of the access to credit and could impact in consumption, for which a slowdown is likewise expected.

3. Slowdown

“The worldwide growth has peaked”. That was the conclusive message given at the end of the previous year by the Oecd., which joined a few other international organisms that revised the previous growth forecast downwards.

The International Monetary Fund (IMF), for instance, reckons that the global gross domestic product (GDP) will increase by 3.7% in 2019, two tenths less than what was expected in its report at the beginning of 2018.
One of the main threats to global growth is the United States and China’s trade war, which could have an impact on what has been the driving force in economy for the last decades.

4. Brexit

Next March 29, the United Kingdom will leave the European Union, though it is not yet known in what conditions it will do it. Prime Minister Theresa May reached an initial agreement with Brussels at the end of last year, which is going to be put to the vote in the British Parliament during the week of 14 January.

The draft includes a safeguard to avoid the restoration of a physical barrier between Northern Ireland and the Irish Republic, something that would allow the United Kingdom to remain in the customs union until a commercial agreement is reached between London and Brussels.

The fashion industry, having in the United Kingdom one of its most important markets, closely follows the progress in negotiations. According to an analysis carried out by the British Retail Consortium (BRC), a Brexit without agreement would lift by 7% the price of fashion imports into the country. The organism warns that, even if customs tariffs are not imposed to the United Kingdom, there are still 405 controls applied by the European

Union to all the extra-community products that are imported, among them clothing and textiles.

5. The impact of the foreign currency

In a globalized business as fashion, the exchange rates will continue to impact in a direct manner on the results accounts of its companies. The euro, which turned twenty on the 1st January, remained stable during 2018 and consolidated its strong currency position, despite the dollar's revaluation.

The experts deem the euro to become stronger in 2019, considering its value will be between 1.20 and 1.30 dollars. On the other hand, a throwback for the dollar is expected in the following year, as it is overvalued, and the president Trump himself expressed to be against the currency strengthening.

6. Elections in India

India, one of the main countries in the fashion industry and a growing consumer market as well, will hold parliamentary elections in May 2019, in which the Prime Minister, Narendra Modi, expects to "break all records".

With all that, in the regional elections held in December, the opposition party, led by Rahul Gandhi, was victorious, while Modi's party could only win in two out of the five states at stake.

The victory in the following elections will be key in a country that, in the last few years, has opened up the borders to international fashion, what until now (with some notable exceptions like Pepe Jeans) barely had been introduced in the second most populated country in the world. At the same time, India adopted a protectionist policy for textile industry, with tariffs on imports from China.

7. The end of zero tariff for Cambodia

Changes are underway regarding the provisioning in the Southeast Asia. This year, Brussels will put to the vote the exclusion of Cambodia from the program Everything but Arms (EBA), with which the country profits from the zero tariff in their commercial exchanges with the European Union.

The retirement of the tariff preferences could cause a change in the provisioning of the region, key to fashion industry, and benefit the other productive poles such as Bangladesh or Myanmar. Currently, Cambodia carries out 95% of its exports to the European Union through EBA, with the textile as the spearhead.

8. Free trade agreements

In the middle of the trade war, Europe seeks for new allies. After ratifying the free trade agreements with Singapore and Japan, the European Union will culminate in 2019 the actualization of its agreement with Mexico.

In 2019, trade agreements with other two key markets for the fashion sector will get their final touches: Mercosur and Vietnam. The trade agreement with Mercosur began negotiations two decades ago and there is practically an agreement between the parties. In respect of Vietnam, the negotiation has been settled and the signing of the agreement will be achieved this year.

9. The trade war

This will be critical year for the United States and China's trade war. Last December, both countries approved a 90 days-long truce that started last Tuesday, in which both parties will try to reach an agreement.

However, the truce is fragile, as their positions are still distant in the main matters in dispute, such as forced transfer of technologies, intellectual property protection, non-tariff trade barriers or cyber intrusions, among others.

These dialogues are key to the fashion industry, a global agent that depends largely in freedom of movement between markets. Moreover, if the trade war worsens the consequences in economic slowdown will be even greater, as FMI and OMC already alerted.

10. More polyester and less cotton

The International Cotton Advisory Committee (ICAC) forecasts the price of cotton will raise to 89 dollar cents per pound in the 2018-2019 season, 1.13% more than last year.

This way, cotton will continue the escalation started in the 2017-2018, when the prices raised by 6%, going from 83 to 88 dollar cents, according to ICAC reports.

The rise of the prices is directly related to the fall in production and growth of demand, which would cause a contraction in worldwide stocks in 2019.

Meanwhile, it is estimated that the oil price will continue its descent, according to the analysts. JP Morgan foresees the Brent barrel will stand in 73 dollars, facing the previous estimation of 83.5 dollars, due to the increase in supplies in the United States.

Source: themds.com- Jan 03, 2019

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Schumpeter Robots will help Chinese firms cope with wages and the trade war

FEW ITEMS of clothing convey seriousness quite like the white-collar shirt. It took the exuberance out of the Elizabethan ruff and put the starch into Victorian Britain. It defined a sense of upward mobility, whether for bank clerks, Japanese salarymen or anyone keen to push around paper and professional underlings.

But few white shirts are sold as earnestly as those at the PYE stores in China. You half expect the shop assistants to whip out a slide rule rather than a tape measure. The name PYE, the brand enthuses, “combines the Chinese character for flair with its homonym, the mathematical constant π.” Its white shirts are named, unfashionably, after mathematicians; Euclid and Newton for ones with a Western collar, Zu and Liu for Mao-like Mandarin ones.

Esquel, owner of PYE and a big shirtmaker for Hugo Boss, Tommy Hilfiger and other global brands, is not just serious about its shirts. It is also concerned with the upward mobility of its 56,000-odd employees, half of whom work in factories in China. Unusually for the textile and apparel industry, it is keen to raise their pay and productivity via mechanisation.

As a private firm, it can do so with long-term thinking that borders on Confucianism. But it also has a hard-headed determination to adapt in the face of a tighter domestic labour market and a trade war with America. Other Chinese manufacturers are doing the same, meaning that these twin threats could, counter-intuitively, make them stronger.

Tech styles

The garment trade is not where you usually find stories of business success that are also inspiring, especially in cut-throat China. The supply chain is brutal. The work is repetitive; piece work makes it all the more soul-sapping. It is relatively hard to automate soft materials like textiles; making Esquel's shirts involves up to 65 fiddly sub-processes, such as stitching sleeves and cuffs. As soon as labour costs rise, textile and garment factories tend to fly away, seeking cheaper fingers to work to the bone, be they in Bangladesh or Ethiopia. Esquel plans instead to keep lots of its work in China.

Textiles is not the only Chinese manufacturing industry to face rising wages, high turnover of workers and an ageing population; electronics does too, for instance. In some cases, such difficulties are exacerbated by the trade war; Japanese firms have reportedly shifted production of devices for cars, such as radios, from China to Mexico where they can evade tariffs.

Yet even if American tariffs rise further, many Chinese companies are betting heavily on automation to remain competitive. In 2017 China's installations of industrial robots rose by 59% to 138,000, more than in America and Europe combined. While downplaying its controversial "Made in China 2025" industrial policy, to soothe the fears of the Trump administration, the Chinese government is happy to throw money at existing manufacturing industries in order to help them tool up. That will help keep the robot revolution running.

Walk through Esquel's biggest factory in Foshan in the Pearl River Delta and it is clear that even here the robots are coming. The hundreds of workers sitting, heads down, in pink caps are a sight to behold. They are also outnumbered by machines. On some lines, robotic arms swish, trimming collar bottoms and pressing plackets. The devices do fiddly jobs like making sure that tiny pearl-coloured buttons for Banana Republic have the word Banana on the top. Israeli cameras, adapted from military devices, use artificial intelligence to scan for flaws in the fabric, automating one of the most mind-numbing of jobs.

Some workers have been displaced but productivity has improved, keeping the firm's profits stable despite a tripling since 2006 of its average monthly wage in China, to 4,500 yuan ($650). At first workers reacted to the machines rather as English Luddites eyed automated looms. But now they help design them. Esquel managers joke that they do so out of laziness—they want to make their jobs easier.

Take "Sister Yan", a matron in black dress and sensible shoes, who started on the factory floor aged 21. She worried about the shoddy quality of many of the hand-stitched garments, and helped the firm's engineers to design mechanisms to do the job better. Now she is a senior manager, and with "Brother Ming", the chief engineer, shares credit for several industrial patents. Tian Ye, an Esquel executive, quips that the increasingly tech-savvy seamstresses are no longer strictly blue-collar workers but nor are they yet white-collar ones either. Instead, he says, they are "checked or striped".

Automation is also expected to help Esquel in the trade stand-off with America. Despite the frictions, Marjorie Yang, Esquel's chairman, is in effect doubling down on China.

She touts a 2bn yuan investment in a new factory in Guilin, a picturesque region, including a yarn-spinning division so high-tech that visitors are not allowed to walk the floors. So far Esquel's products have been spared American tariffs. American clients are nervous, so if need be the firm could shift some production to its factories outside China, such as in Mauritius, while moving other lines back home.

Two factors are likely to encourage manufacturers in China to remain loyal to their home market. The first is its sheer size. Willy Shih of the Harvard Business School says this enables them to practice and refine their production processes on a scale that allows them to keep cutting costs. The other is the skill of the robots themselves. He says there is so much "embedded knowledge" in today's machine tools that China can quickly start creating products that may have taken a generation to develop previously, such as cars with top-of-the-range automatic transmissions.

It is worth remembering this amid the fears about a trade-war-related slowdown in China's factory activity. If Esquel is any guide, Chinese firms may use the opportunity to become even more efficient, rather than wilting in the face of adversity. In the long run, that would make China's economy as a whole more resilient.

Source: economist.com- Jan 03, 2019

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Wages Set to Rise 38 Percent by 2023 for Apparel Workers in Honduras

Honduran textile and apparel industry workers received a minimum wage increase of 38.5 percent over the next five years under an agreement between representatives of the workers and employers.

The deal was announced by Honduras President Juan Orlando Hernández, who stressed that the agreement, which runs from 2019 through 2023, will allow for greater development of the industry and create certainty to domestic and foreign investors.

Mario Canahuati, president of the Honduran Maquila Association (AHM) representing factory owners, said the contract also provides for social compensation benefits for workers and gives impetus for existing and future investments in facilities.

The workers were represented by the Trade Union Network. The agreed wage increases over the term of the contract call for an 8 percent hike this year, increases of 7.5 percent in 2020, 2021 and 2022, and an 8 percent rise in 2023. According to AHM, the current monthly minimum wage for garment workers in Honduras is $446.

The U.S. imported $2.52 billion worth of apparel and textiles from Honduras for the year through October, a 0.47 percent decline from the year-ago period. According to the CIA World Factbook, Honduras, the second poorest country in Central America, has diversified its export base from a heavy reliance on coffee and bananas to include apparel, pushed by its duty-free status as part of the Central America Free Trade Agreement.

Source: sourcingjournal.com- Jan 03, 2019

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China exports textiles to India through Bangladesh to evade import tax

China is exporting textiles to India through Bangladesh to evade import tax, undermining New Delhi's efforts to support local manufacturers. Earlier this week, India doubled the import tax on more than 300 textile products to 20 per cent, marking the second tax jolt on textiles in as many months.

This is aimed at providing relief to the country's domestic textile industry, which has been hit by cheaper imports. Total Indian textile imports increased by 16 per cent to touch a record value of $7 billion in the fiscal year ending March 2018. Of this, about $3 billion were from China alone.

Textiles are India's second largest job provider directly employing nearly 51 million people and accounting for 5 per cent of India's gross domestic product and 13 per cent of its export earnings.

Imports of clothing accessories and apparel from Bangladesh – the world's second largest exporter of ready-made garments -rose over 43 per cent to $200.9 million during the year ended March 2018, according to Indian government data.

India, Bangladesh and Sri Lanka are among the signatories of the South Asian Free Trade Agreement (SAFTA) that created a in the South Asian region.

Source: fashionatingworld.com- Jan 03, 2019

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Pakistan: Aptma lauds cut in power rates for Punjab industry

The All Pakistan Textile Mills Association (Aptma) chairman Syed Ali Ahsan has appreciated the government for notifying the provision of electricity at Rs7.50 cents/kWh to the export-oriented industry in Punjab. Earlier, the industry was getting power supply at Rs14 cents/kWh.

He said this step will help for revival and growth of the textile industry and the industry is committed to achieve targets of increasing exports to $28 billion textile and clothing exports, creation of 6 million direct jobs and $1.4 billion new investment per annum uptil 2023-24.

He said the time has come for the formulation of a long term export-led growth policy and its implementation in letter and spirit unlike the previous policies which remained unmet and only 15 percent implementation of it was made possible.

He said there is an immediate need of removal of upfront incidentals on import of raw materials short for industry consumption, i.e., cotton and polyester staple fibre, release of all outstanding refunds of sales Tax and DLTL etc. and enablers for investment for the installation of greenfield and technology up gradation projects.

He added that policy implementation should be the focus of the economic managers of the country that would enable the industry and exports to grow at more than 10-15 percent per annum without interruption and yield precious foreign exchange to mitigate trade deficit.

He said the industry has regained confidence with the positive response from the government towards its demands and is poised to recapture its lost share in the global marketplace in the days to come.

APP adds from Karachi: Former chairman and founder member of Pakistan Weaving Mills Association (PWMA) Asif Siddiq on Wednesday hailed the new gas and electricity rates for textile sector.

In a statement, he said announcement of the new gas and electricity rates will help establish new small and medium weaving units across the country and promotion of exports.

He said that new units should be encouraged even more to further boost exports.

"Our existing members have bought land for expansion after the announcement of the policy but the attitude of the bureaucracy is not good in implementing the new policy initiatives taken by the new government", he added.

He appealed the authorities concerned to remove the issues in way of implementation of new initiatives.

Source: nation.com.pk - Jan 03, 2019

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Bangladesh: Export earnings post 14.42% growth in six months of current FY

Apparel, agricultural products accelerate the pace

Bangladesh's export earnings posted a robust growth during the first half of the current fiscal year(FY) 2018-19, rising by 14.42% to $20.50 billion during the period, riding mostly on apparel and agricultural products.

Political stability, government's economic support measures, and the US-China tariff war that forced global brands to change their sourcing destination to Bangladesh, are some of the reasons for the leap in outbound shipments, economists and industrialists said.

Apparel items alone earned $17.08 billion, counting for 83.34% of total earnings. The sector made a growth of 15.65% during the period from July to December, according to data of Export Promotion Bureau (EPB).

Among other sectors, agricultural products have been steadily making the stride in export business, as the sector with the lionshare of its value being added locally has posted a 66.80% growth to $517.64 million.

The export figure of $20.50 billion is 9.13% higher than the target of $18.78 billion set for the half of the 2018-19 fiscal year, the EPB data said.

In December 2018, Bangladesh's export earnings rose by 2.1% to 3.42 billion, which was $3.35 billion in December last year.

Industry people and trade experts opined that the export performance showed a stable and sound growth due to political stability, continuation of government policy support,and safety improvement in the apparel sector.

They said tariff tensions between the USA and China have expedited the growth as buyers chose Bangladesh as an alternative to China.

“Global apparel buyers are looking for a safe sourcing destination due to the tension centring the US-China tariff war. They chose Bangladesh as an alternative option,” Abdur Razzaque, a director of Policy Research Institute (PRI), told the Dhaka Tribune.

“A solid US economy and rise in their employment rate also created demands for Bangladeshi clothing products.”

"On top of that, there has been a stable political situation in the country and policy consistency, which helped to deliver export orders timely," added Razzaque.

Apparel exports show better growth

The ready-made garments(RMG) sector was in the driving seat during the period to lead the export earnings high as the sector contributed $17.08 billion to the total export earnings.

As per EPB data, during July-December, Bangladesh earned $17.08 billion, up by 15.65%, which was $14.72 billion in the same period of the last fiscal year.

Knitwear exports went up 13.92% to $8.65 billion in the given period, which was $7.60 billion in the same period the previous year, while shipment of woven garments rose by 17.48% to $8.43 billion over the same period.

“China, the largest exporter of clothing products, is shifting focus to higher end products and moving towards tech-based production.

The gradual shift in business strategy by the Chinese manufacturers has created an opportunity for Bangladesh," former BGMEA vice president Shahidullah Azim told the Dhaka Tribune.

Azim, also the managing director of Classic Group, said global buyers have placed more work orders due to rise in tariffs on Chinese goods by the US government, which helped Bangladesh to push up its export earnings.

Besides, Bangladeshi apparel makers have spent huge amounts of money for years to improve safety standards in their apparel factories, said Azim.

'Modern and compliant factories remain an attraction for global brands," he added.

Economists attributed the surge in export earnings largely to the US-China trade war.

In the beginning of the year, export performance was slow, but it rose sharply in the second half of the year. Global buyers have changed their sourcing destination, which pushed Bangladesh's export earnings up, Centre for Policy Dialogue (CPD) Research Director Khondaker Golam Moazzem told the Dhaka Tribune.

"One of the important side of the growth perspective remains the growth in non-RMG export sectors. It is a good sign for the country to diversify its export basket and reduce dependence on the apparel sector ," said the economist.

In the first half of FY18-19, the non-RMG export earnings registered an 8.64% growth to $3.41 billion, which was $3.14 billion in the same period last year.

Export performance of other major sectors

Among other major sectors, agricultural products have posted a sharp rise, making a 66.80% growth to $517.64 million in the first six months of the current fiscal year.

In addition, export earnings from the pharmaceuticals sector rose by 38.42% to $70 million, and plastic goods by 21.25% to $56.54 million.

Specialized textile sector saw a 49.53% growth to $72.3 million, while home textile products rose 0.3% to $405 million.

However, earnings from leather and leather goods witnessed a 7.15% negative growth to $532.3 million during the period, which was $620.27 million last fiscal year.

Jute and jute goods, the third largest export earning sector, registered a 6.66% negative growth to $421 million.

Exports of frozen and live fish returned to positive territory and earned $314.73 million during July to December, which was $312.46 million over the same period the previous year.

Source: dhakatribune.com- Jan 03, 2019

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Bangladesh: Textile, finance stocks trading below face value

Of the 348 companies listed on the Dhaka Stock Exchange, 23 traded below their face value as of yesterday -- an alarming development for the market that is already low on confidence.

Eleven of the companies are from the textile sector and seven from the financial sector.

Historically, most of the companies de-listed from the market are from the textile sector, according to Abu Ahmed, a former chairman of Dhaka University's economics department.

Normally, finance stocks are considered good bets, said the managing director of a merchant bank requesting anonymity. So, the large number of finance companies trading at lower or close to their face value is an anomaly.

“Investors' confidence in financial institutions is not very good due to the huge bad loans in the sector,” said Ahmed, now a stock market analyst.

At the end of the third quarter of 2018, banks' non-performing loans went close to Tk 1 lakh crore -- the largest yet in Bangladesh's 48-year-history, according to data from the Bangladesh Bank.

The amount of bad loans increased 11.23 percent between the months of July and September to Tk 99,370 crore.

Due to the huge bad loans, some of the stocks sank to lower than their face value while many are trading close to the standard face value of Tk 10, said Ahmed.

Of the seven stocks trading below their face value, one is a bank (ICB Islamic Bank) and six are non-bank financial institutions (Bangladesh Industrial Finance Company, Fareast Finance, First Finance, Peoples Leasing, Premier Leasing and Prime Finance). Some 23 NBFIs are listed.

Not only that, of the 30 banking stocks, 11 are trading between Tk 10 and Tk 15. Non-performing loans caused capital shortage in some of the banks and NBFIs, which created a fright among investors, said Khairul Bashar Abu Taher Mohammed, secretary general of the Bangladesh Merchant Bankers' Association.

“This fund crisis hit the confidence of investors despite the good earnings by the sector,” he added.

The general sentiment among investors is that the banks and NBFIs' toxic loans are bigger than what the institutions have shown in their balance sheets, said the managing director of the merchant bank.

The pessimism has spread into the mutual funds sector: Out of the 37 mutual funds, 34 are trading at lower than face value.

It was the textile sector though that traditionally bore the cynicism of investors.

Of the 53 listed textile companies, 11 are trading below face value. The companies are Alif Manufacturing, C&A Textile, Dacca Dyeing, Delta Spinners, Familytex, Generation Next, Maksons Spinning, Metro Spinning, RN Spinning, Tallu Spinning, and Tung Hai Knitting.

Market insiders said some of the listed textile companies are suffering from lower growth and some of them cursed because of the conditions set by the Accord and the Alliance, the two western buyers' agencies working to improve workplace safety in Bangladesh's garment sector.

Besides, Federal Insurance, Beximco Synthetics, Keya Cosmetics, United Air and BD Service are also trading at lower than Tk 10.

Source: thedailystar.net- Jan 04, 2019

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Bangladesh: Raw cotton imports saw 5% rise to $1 billion in Q1

Bangladesh's cotton imports have registered a 5% rise to $1 billion in the first quarter of the current fiscal year 2018-19, thanks to the rise of apparel exports.

According to Bangladesh Bank (BB) data, in July-September period of the current fiscal year, Bangladesh's raw cotton import went up by 5% to over $1 billion, which was $983 million in the same period of the last fiscal year.

Meanwhile, cotton yarn import also saw a sharp rise by 34.65% to $690.33 million, which was $512.77 million in the same period a year ago.

In the reaction with the Textile Today, trade analysts and sector people have explained that the raw cotton import increased due to the rise in apparel work orders.

While the harvesting season also expedite the imports as the spinners moved to improve stock capacity for the future.

"It is the peak season for the cotton collection of cotton and spinners usually book for import to store for the next season. While the prices of cotton is comparatively low," Khorshed Alam, Managing Director of Little Star Spinning Mills Ltd told the Textile Today.

As a result, the import of raw cotton has gone up, said Alam, also director of Bangladesh Textile Mills Association (BTMA).

On the other hand, apparel makers and trade analysts opined that due to the rise of RMG export orders there are more demands of fabrics.

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On the other hand, apparel makers and trade analysts opined that due to the rise of RMG export orders there are more demands of fabrics.

In meeting the demands, the spinners imported more raw cotton, which help to post a better growth in import of raw cotton, they said.

"In the last couple of month, apparel export saw nearly 20% growth. This is mostly because of the US-China trade war. Since the trade war continues, spinners moved for increasing their stock to meet the demands of fabrics," Bangladesh Garment Manufacturers and Exporters Association (BGMEA) Senior Vice President Faruque Hassan told the Textile Today.

As a result, the export of raw cotton and cotton yarn have risen sharply, he added.

"It is a good sign for Bangladesh apparel sector as it means the RMG makers are getting more work orders, which pushed the demands of fabrics, pushing the demands up," Former Caretaker Government Advisor AB Mirza Azizul Islam.

He also suggested the government to start negotiating with the cotton producing countries so that the importers can get benefits of the bilateral trade agreement.

Source: textiletoday.com.bd- Jan 03, 2019

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Vietnam should rationalize policy to ride on new FDI wave

The new wave of FDI is a chance for Vietnam to deepen its industrialisation by encouraging the development of supporting industries.

The government should introduce new FDI projects on a selective basis, improve infrastructure and offer incentives to induce import substitution for high-tech components, parts and other intermediate industrial products. A list of the products that are particularly encouraged should be announced to stimulate the development of these industries.

Most FDI in Vietnam to date have been by wholly foreign-owned firms, with weak linkages to the local sector.

The new FDI policy should aim to correct this division. Local firms should be encouraged to create vertical linkages between FDI assemblers and local suppliers of intermediate goods. Joint ventures between foreign and local firms should also be encouraged.

The government should not, of course, force foreign firms to set up joint ventures. Rather, local firms should be nourished and strengthened so that they are selected by foreign firms to be partners.

Source: fashionatingworld.com - Jan 03, 2019

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NATIONAL NEWS

RCEP: India must stop being a naysayer

Though some of India's fears over the mega trade deal are valid, the long-term benefits far out weigh the short-term costs

The RCEP recently held the 24th round of negotiations since the group first began the talks in early 2013.

The negotiations on crucial issues at the WTO have been slow and unable to keep up with the ebbs and flows of international trade and investment — shifting focus to mega-trade deals. Trade protectionism has been on the rise in the last few years, and in particular, post the 2016 US Presidential elections.

Apart from the bitter US-Chian trade war, trade conflicts are also mounting between India and US, US and European Union. But while the CPTPP (Comprehensive and Progressive Trans Pacific Partnership, the rechristened TPP) has risen from the ashes and is ready for take-off, having being ratified by six members, the ASEAN- and China-led RCEP is far from realising its aim with only five out of 18 chapters having being concluded so far.

The RCEP initiative linking ASEAN and the group's free-trade agreement partners, Australia, China, India, Japan, South Korea and New Zealand is the largest FTA negotiation in Asia, and also the biggest FTA negotiation that India has ever participated in. If negotiated successfully, RCEP would create the world's largest trading bloc.

The grouping accounts for about 45 per cent of world population, over a quarter of world exports, and it has a combined GDP of about $17 trillion.

RCEP will provide a framework aimed at lowering trade barriers and securing improved market access for goods and services for businesses in the region, through recognition to ASEAN centrality in the emerging regional economic architecture and the interests of ASEAN's FTA partners in enhancing economic integration.

RCEP aims to enable SMEs leverage on the agreement and cope with challenges arising from globalisation and trade liberalisation. SMEs (including micro-enterprises) make up more than 90 per cent of business establishments across all RCEP participating countries.

The negotiations, so far, have achieved steady progress in the market entry permits of goods and service trade. In terms of rule-making, progress has been made in economic and technology cooperation and small enterprises, according to the department of international trade and economic affairs at the trade ministry in China.

In the 24th round of negotiations, the chapter on Dispute Settlement was concluded bringing the number of concluded chapters to five. In the earlier rounds, chapters on — Economic and Technical Cooperation; Small and Medium Enterprises; Customs Procedures and Trade Facilitation; and Government Procurement — were successfully resolved.

The unique element about the RCEP in that includes developed countries and less developed ones, which has resulted in slower progress in talks caused by a combination of technical hurdles and domestic politics, and rising protectionism in the Asia-Pacific region.

While the RCEP members are keen on quick conclusion of the deal in a show of regional solidarity by limiting its ambitions to a common schedule promising more tariff cuts, a hurried deal for safeguarding strategic insurance might be difficult to sell to domestic constituencies of many members who would be unconvinced with its economic prospects.

The grouping's two largest democracies — India and Australia — notably, go to polls next year, and RCEP is likely to face significant challenge from political factors too. India, in particular, has been unwilling to yield ground on tariffs and greater market access sought by the other RCEP countries till India is granted equally meaningful reciprocal access elsewhere. And this is where India's demand for greater mobility for its service professionals assumes significance.

India's contention is significant considering that service exports — driven by the IT sector at 45 per cent, travel and transportation at 24 per cent — are not only a greater component of the Indian economy as compared to the manufacturing sector, but is critical for propelling the manufacturing sector too.

India bases its demand on AANZFTA (ASEAN-Australia-New Zealand FTA) which has transparent rules on tackling barriers to trade in services and procedures for liberalised movement of business persons engaged in trade and investment activities. Some of India's FTAs with the region, such as the services agreement with ASEAN and the bilateral FTAs with Singapore and Malaysia, have provisions for movement of professionals. But these have not produced the mobility that India expected. Most member-countries remain circumspect on India's demand.

For India its foreign and trade policy priorities sharply diverge. The Indian resistance can further be traced to the disappointment with outcomes of earlier FTAs with RCEP members (Singapore, Malaysia, Japan and Korea).

These FTAs were motivated by India's geo-strategic ambitions to integrate deeper with South-East Asia and become an important strategic actor in the Asia-Pacific — which were complemented by the expectations of several South-East Asian countries for India to play a balancing role in the region vis-a-vis China.

However, Indian industry has not been favourably disposed to these FTAs which it accuses of largely increasing imports into India rather than increasing Indian exports to regional markets.

Notably, India runs a trade deficit with 10 of the 16 RCEP member-countries at a whopping $104 billion making it all the more difficult for India to open up its market to 92 pe rcent of traded goods as per demands of RCEP countries.

So far India has offered to relax tariffs on 86 per cent of traded goods to ASEAN, South Korea and Japan under the respective FTAs it has signed with them, as well as up to 74 per cent of traded goods with China, New Zealand and Australia. But this too has been rejected by the participating countries as being too little, too late.

The Indian sensitivities could be partly true, given that large cross-border businesses like automobiles have set up assembly bases in India and are extensively importing parts and components from the region. At the same time, the fears of the Indian industry could be exaggerated as studies point to limited use of most FTAs given lack of greater knowledge about them on part of businesses.

Another issue facing India is the problem in liberalising its labour-intensive agriculture sector, which will have a huge impact on its agriculture sector. Like the pharmaceutical sector, agriculture sector risks monopolisation which can negatively affect its economy. New Zealand’s exported dairy products may rule the Indian diary market which will demolish the growth of the domestic sector.

However, the counter argument is that if India wants its ‘Make in India’ to become a global success it must shed its image of being a naysayer and participate positively in the conclusion of negotiations.

It is imperative to understand that the benefits of RCEP in the long run far outweigh the costs in the short run. The RCEP can substantially increase investment in India from countries like Japan, South Korea and China.

An RCEP without India will still go ahead, but not without locking India out from Asia.

India, thus, needs to stop procrastinating and delaying the process and have a clear vision and strategy with respect to its free-trade agreements. This would benefit India’s external sector, as India’s exports have been falling for more than two years now.

To make RCEP a success, what is most required is de-emphasising the political element to make it more about economic integration and less of a political document.

Source: thehindubusinessline.com- Jan 03, 2019

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Maharashtra's Solapur eyes to be sourcing hub for uniforms

Textile city Solapur in southeast Maharashtra is eying to be the country's uniform sourcing hub, said a trade official on Thursday.

"We plan to have about 2,000 garment units in the textile city to become the world's uniform sourcing hub by 2022," Solapur Garment Manufacturers Association president Darshan Kochar told IANS from Solapur, about 400 km from Mumbai.

The uniform manufacturing sector market size in India is estimated to be Rs 18,000 crore per annum, with Rs 10,000 crore from machinery and fabrics while Rs 8,000 crore is from sales supplying to local schools through retailors and institutions.

"There is a huge demand for our school uniforms, kids' garments and dresses for gents and ladies owing to their quality, durability, colour and texture," said Kochar ahead of the third edition of the 'Uniform, Garment and Fabric Manufacturing Fair 2019' from January 8-10 in Bengaluru.

The Association has also set up a centre in 2017 to train hundreds of women in stitching uniforms at Solapur and provide jobs for them in the cluster units.

"Mafatlal Industries has set up a garment manufacturing unit at Solapur to hire the trained women in hundreds for stitching uniforms," said Kochar.

Well-connected across the country with rail and road networks and airports in Mumbai, Pune and Hyderabad, Solapur has emerged as the investment destination in the state for the uniform garment industry in the country.

"Going forward, we will market our units as a cluster to stitch thousands of uniforms for the armed forces, police personnel in central and states, security agencies and private and state-run factories in the country," said Kochar.

To be unveiled by Union Textile Minister Smriti Irani at Prabhakar Kore Convention Centre in the northwest suburb, the 3-day Fair will promote Solapur and Maharashtra as the uniforms sourcing hub of the world.

"We are holding the Fair outside Solapur after hosting two editions in our city in view of Bengaluru's location in south India and its global status. Many overseas buyers from MEA (Middle East and Africa) and South East Asia have shown interest in our uniforms," said Kochar.

About 100 stakeholders, including buyers from America, Dubai, Ghana, Malaysia, Nepal, Nigeria, Oman, Qatar, Senegal, Sri Lanka and Vietnam are participating in the event, which will have business-to-business (B2B) sessions at the expo.

"Potential buyers from five southern states will also be at the Fair to inspect the fabrics and designs for placing orders at B2B meetings," Kochar said.

Reputed brands in uniform fabric making like Mafatlal, U Code, Valji, Qmax World, Sangam, Bombay Dyeing, Siyaram's Unicode, Sparsh Fab, Only Vimal (Reliance), Ranjit Fabs, Pushpa Textiles, J.C. Pacific Apparels, D.M. Hosiery, 10 Grams, Zoom Apparels and Wocky Tocky are participating to show case their products and variety.

Maharashtra's Textile Minister Subhas Deshmukh and its Minister of State for Textiles Arjun Khotkar, Union Textile Secretary Atul Patne, Union Textile Director Sushil Gaekwad and Karnataka's Rajya Sabha member Prabhakar Kore will participate in the inaugural event.

Brands, retailers, dealers, manufacturers, wholesalers, retail chains, traders, distributors and E-commerce agents are among the participants.

The Fair will have uniform wear, men's, ladies' and kids' wear, uniform related accessories and fabrics on display, besides socks manufacturers.

Source: business-standard.com- Jan 03, 2019

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E-commerce rules do not allow foreign investment in multi-brand retail: DIPP

The FDI rules pertaining to e-commerce have not allowed foreign investment in the inventory-based model or multi-brand retailing, the Department of Industrial Policy and Promotion (DIPP) clarified Thursday.

It also stressed that the provisions are also not against the interest of consumers, noting that only fair, competitive and transparent business practices would be beneficial for buyers.

These clarifications have come against the backdrop of new provisions announced by the DIPP related to FDI in e-commerce sector last month.

“Certain averments suggest that Press Note 3/2016 had covertly allowed multi-brand retail trading. Such a view is completely contrary to the specific provisions of Press Note 3/2016, which unambiguously provided that FDI is not permitted in the inventory-based model of e-commerce which amounts to multi-brand retail,” a note released by the DIPP said.

Under Press Note 3/2016, the government has enlisted provisions of foreign direct investment (FDI) in e-commerce.

The DIPP also said that the government continued to receive complaints that certain marketplace platforms were violating the policy by influencing the price of products and indirectly engaging in the inventory-based model.

“An e-commerce platform operating an inventory-based model does not only violate the FDI policy on e-commerce but also circumvents the FDI policy restrictions on multi-brand retail trading,” it said.

Recent provisions released by the department in FDI in e-commerce sector were needed to ensure that the rules are not circumvented, the DIPP mentioned.

Tightening the norms for e-commerce players, the government has barred them from selling products of the companies in which they have shareholdings.

E-commerce companies cannot enter into agreements for the exclusive sale of products, according to the rules.

These provisions are also not against the interest of consumers, it stressed. Fair, competitive and transparent business practices which are in compliance with the law will better protect consumers in both short as well as medium and long-term, it outlined.

Source: thehindubusinessline.com- Jan 03, 2019

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Global cotton prices set to soften on dip in offtake

The International Cotton Advisory Committee has predicted the average global cotton price for 2018-19 will be 86 cents per pound, lower than its earlier projection of 89 cents, on a likely decline in consumption. The current Cotlook Index A is hovering around 80 cents per pound.

"With a confidence interval of 95 per cent , the Secretariat of the International Cotton Advisory Committee (ICAC) has set its 2018/19 price forecast for cotton fibre at 86.45 cents per pound, down from 89 cents in December 2018," the apex cotton body said in a statement.

The forecast has a price range from a low of 75.60 cents to a high of 100.21 cents, of which the midpoint price level is 86.45 cents.

This forecast is based on the assumptions of marginal reduction in world cotton consumption at 26.7 million tonnes for the period as against 26.81 mt reported in the same period last year.

World cotton ending stocks, however, are projected at 18.2 mt, marginally down from 18.76 mt .

Earlier, in its 77th Plenary Meeting held last month, ICAC had estimated world cotton production for 2018/19 season at 26.12 mt, down from 26.75 mt in the previous season, due to a reduction in planting area, water availability, and limited improvements in yields.

However, Consumption growth has slowed during the period but at 26.8 mt is currently projected to exceed production, the ICAC statement said. Meanwhile, ICAC has projected future demand for the fibre at 121 mt by 2025, implying 25.5 mt of additional demand between 2017 and 2025, which represents an important opportunity for the cotton sector.

On the cotton yields in key growing countries, ICAC noted that if cotton yields in India and sub-Saharan Africa were as high as the world average, cotton production would increase by 5.3 mt. India's apex cotton trade body, Cotton Association of India (CAI), had expressed the need to take measures to scale up cotton yields.

At CAI's 96th Annual General Meeting (AGM), held last week in Mumbai, President, Atul Ganatra expressed concerns over lower cotton productivity in India at 500 kg at present as compared to the world average of 770 kg.

"Productivity of cotton in India ... has not been increasing for the last few years," said Ganatra, expressing concerns of India facing a threat of becoming a net importer of cotton if the supply situation is not improved soon.

Source: thehindubusinessline.com- Jan 03, 2019

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Govt takes number of steps to curb textile imports: Minister of State of Textiles

India's textile and apparel exports stood at US$ 22.9 billion in April-Oct 2018

The Minister of State of Textiles, Ajay Tamta informed the Lok Sabha that government has taken number of steps to curb imports and promote domestic manufacturing, while carried out an import analysis of textile and apparel imports.

Government raised the basic customs duty (BCD) from 10% to 20% on:

- 298 man-made fabric (MMF) fabric lines w.e.f. 27 October 2017
- 5 Silk fabric lines w.e.f. 2 February 2018
- 504 lines w.e.f. 16 July 2018:
  - 22 Fabric lines
  - 383 Apparel lines
  - 75 Carpet lines
  - 9 Made-ups and
  - 15 other lines

Further, Government has imposed antidumping duty on import of linen yarn from China and nylon filament yarn from Vietnam and EU w.e.f. 19 October 2018 and 6 October 2018 respectively.

As per India Ratings and Research Agency (Ind-Ra), the outlook for cotton and synthetic textiles is expected to remain stable for the year 2019.

This is in view of stable cotton prices and improved consumer spending outlook in key user countries.

During April-October, 2018, rupee has depreciated by 6.7% to 68.8 Rs/US$ (average) as compared to 64.5 Rs/US$ (average) during April-October, 2017.

During April-October, 2018, India's textile and apparel exports stood at US$ 22.9 billion as compared to US$ 22.3 billion during same period last year.

Source: business-standard.com - Jan 03, 2019

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Extension of interest subsidy scheme to boost exports: Prabhu

Extension of 3 per cent interest subsidy scheme to merchant exporters will help them promote outbound shipments, Commerce Minister Suresh Prabhu said Thursday.

"Inclusion of merchant exporters in the scheme is expected to make them more competitive, encouraging them to export more products manufactured by MSMEs adding to country's exports," Prabhu said in a tweet.

The government yesterday decided to provide 3 per cent interest subsidy to merchant exporters, entailing an expenditure of Rs 600 crore, to enhance liquidity with a view to boosting outbound shipments.

Sectors that will be benefited from the decision include agriculture, textiles, leather, handicraft and machinery.

The interest equalisation or subsidy scheme for pre- and post-shipment rupee export credit started on April 1, 2015. The scheme will end in March 2020.

During April-November 2018-19, the country's merchandise exports grew by 11.58 per cent to USD 217.5 billion.

Prabhu had time and again raised the issue of declining export credit for exporters. He had suggested that loans to exporters should be considered as priority sector lending by banks.

A decline in export credit has hit exporters in general and MSME (micro, small and medium enterprises) units in particular.

Source: business-standard.com - Jan 03, 2019

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Mills set to take a major hit as Jan arrivals signal poor cotton crop

Wide gap seen between initial estimates and actual output; mills may be forced to import at sky-high prices

Cotton output for the year 2018-19 (November–October) is expected fall way below initial estimates, according to trade sources. They say crop arrivals in early January are a fair measure of the estimated output, and that the current arrivals suggest a drastic decline in output. The cotton year starts on November 1 and ends on October 31 the following year.

THE BALANCE SHEET

Estimated as on November 30, 2018

(in '000 tonnes)

Supply	2017-18	2018-19
Opening stock	612.0	391.0
Crop	6,205.0	5,784.3
Imports	255.0	459.0
Total supply (A)	7,072.0	6,634.3
Mill consumption	4,760.0	4,760.0
Consumption by SSI units	493.0	493.0
Non-mill consumption	255.0	255.0
Total domestic demand (B)	5,508.0	5,508.0
Available surplus (A-B)	1,564.0	1,126.3
Exports	1,173.0	901.0
Closing stock	391.0	225.3

Source: Cotton Association Of India

The Cotton Association of India (CAI), an apex trade body, had pegged the 2018-19 cotton crop at 34 million bales a month ago, down from 36.5 million bales in 2017-18.

However, recent arrivals have been dismal, with the total this season standing at only 11.5 million bales, down from 16 million bales last year, indicating that the crop is much lower than earlier estimated.

"This means cotton import will rise to a record high. We estimate an import of 2.7 million bales in the current year as mills will need thr fibre," said Atul Ganatra, president, the Cotton Association of India. So far import has been a few hundred thousand bales but it is likely to pick up, given the latest scenario.

The year began with a lower opening stock of 2.3 million bales compared to 3.6 million bales last year. If the estimates come true, mills will be forced to import at whatever cost to keep their factories running.

Exports are also expected to shrink to 5.3 million bales this year, from 6.5 million bales the last ear. However, in view of the lower crop, if exports take place as estimated, the prices of domestic and imported cotton will remain firm.

India’s total consumption in the current year is estimated at 32.4 million bales, which is almost the same as last year. "Hence even if exports come down to 5.3 million bales from 6.9 million bales last year, as estimated by the CAI, import in coming months will accelerate and could hit a record high,” says Ganatra.

While total exports in first two month of the season stood at one million bales, about 800,000 bales of the fibre are expected to leave Indian shores in January. This quantity was in any case contracted earlier.

Prices in the international market have fallen sharply the past one month, which raises concerns for exports in the immediate future. US Cotton is down 8.2 per cent since the start of December, and the Cotlook A index, which is made up of prices of 18 nations including India, US and some African countries, has fallen 6.6 per cent. However, prices in India are not falling in tandem. Shankar-6 price has fallen only 1.2 per cent, reflecting lower arrivals.

Prerana Desai, Research Head-Agri Services and Credit, Edelweiss Agri Value Chain Limited, feels prices are bottoming out in the international market. She says, “Global cotton fundamentals would suggest that world cotton prices are at seasonal lows.

However, there is a high chance that the benchmark US cotton futures contract has decoupled from the global cotton valuations as a direct consequence of the ongoing trade war.” is to be seen whether US cotton, the benchmark for price, recovers from here.

The International Cotton Advisory Committee said today that it sees prices moving in a range of 76 cents to a dollar with the mid-point at 86 cents. This means prices should go up from current level, increasing the competitiveness of Indian exports.

Desai, however believes that the world cotton balance sheet is substantially tight compared to last year and hence demand and supply suggests that the seasonal lows of the last year should not be breached. "If the last season's low levels are breached, it would be due to factors outside the fundamentals of the commodity.

The ongoing trade war between the world's two biggest economies has brought the global economy on the verge of another financial meltdown. This has a direct bearing on cotton textile consumption and demand. If global cotton prices breach and sustain at last year's low levels, there is a high chance of this event materialising," she says.

In such a scenario, if India's exports also remain lower that estimated, imports will also not rise as mills will get domestic cotton.

Source: business-standard.com - Jan 03, 2019

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8 fashion entrepreneurs shortlisted for sustainability award

Eight fashion entrepreneurs have been shortlisted for a first-of-its-kind sustainability award in fashion.

The Circular Design Challenge saw over 900 registrations from over 30 cities in India. It is a collaborative initiative of Reliance Industries Ltd's R | Elan 'Fashion For Earth', the UN in India and Lakme Fashion Week (LFW).

The finalists include Pozruh by Aiman Sabri, Bareek by Aman Singh, IRO IRO by Bhaavya Goenka, I Was A Sari by Poornima Pande & Stefano Funari, Lifaffa by Kanika Ahuja, Saltpetre by Pooja Monga, Miesu by Seerat Virdi and Doodlage by Kriti Tula, read a statement.

These designers were chosen based on innovative collections made by them using materials from diverse sources of waste including plastics. The aim of this initiative is to bring to the forefront environmental champions of tomorrow in the Indian fashion and textiles industry.

Chosen applicants will be mentored across personality, pitch and presentation development, before the challenge culminates in a final round where a winner will be chosen on January 31. It will be celebrated as Sustainable Fashion Day at LFW Summer Resort 2019.

The winner will be felicitated with Rs 20 lakh to build their sustainable fashion brand, and will also avail an opportunity to showcase at the LFW Winter/Festive 2019.

Vipul Shah, COO - Petrochemicals, Reliance Industries Ltd, said: "We are confident that the Circular Design Challenge will provide enormous opportunities for budding concept creators, fashion designers and the entire textile value chain to exhibit their innovative ideas and designs with a focus on circularity and sustainability.

"The initiative will help the entire Indian textile value chain to become a global leader in ingraining circularity in their business strategy and operations."

According to Atul Bagai, UN Environment, Country Head, India, total greenhouse gas emissions from textiles production, at 1.2 billion tonnes annually, are more than those of all international flights and maritime shipping combined.

"Creative approaches such as Circular Design Challenge are a perfect opportunity to promote sustainable textile production and consumption and accelerate sustainable development in general," Bagai said.

Source: business-standard.com - Jan 03, 2019

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Telangana govt allots Rs 500 cr for modernisation of powerlooms in Sircilla

Hyderabad Cut Piece Cloth Merchants Association President, Subhash Agarwal stressed the need for modernisation of state's textile industry in a big way.

The Telangana government has allotted Rs 500 crore for modernisation of powerlooms in the textile town of Sircilla to give a fillip to the textile industry and the powerloom weavers in the region.

Speaking after inaugurating a four-day buyer-seller meetorganised by the Textile Ministry, Handlooms and Textiles Joint Director Purnachandra Rao said the meeting would provide an opportunity to power loom manufacturers to expand their markets, an official release said.

"All the government orders are being given to them to help increase their earnings," he said. Regional Textile Commissioner (Regional Office) Bengaluru, Assistant Director Gaurav Gupta said the textile industry was the second largest after agriculture, providing employment to lakhs of people.

He noted that the government was organising buyer-seller meets at various places in the country to provide market support for the development of the powerloom sector.

Hyderabad Cut Piece Cloth Merchants Association President, Subhash Agarwal stressed the need for modernisation of state's textile industry in a big way.

The government's schemes are to some extent helping the market, but lack of processing units, marketing opportunities are to be improved for the industry to thrive, the release quoted him as saying.

Source: moneycontrol.com - Jan 04, 2019

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Try graphene, a new clothing material that can keep you cool

The textile industry is now evolving from traditional cotton and silk to new materials — graphene, for instance. The space is seeing start-ups and established textile houses, alike, jumping on the bandwagon to tap into the growing interest in the material.

Graphene is a form of carbon, whose properties can act as a filter between the body and external environment to ensure ideal temperature for the wearer. This makes it ideal in extreme temperatures, sportswear and wearables.

Bengaluru-based start-up Big Phi Technologies that makes Turmswear brand of apparels has partnered with newly-opened Graphene Engineering Innovation Centre at the University of Manchester to research on how to produce low-cost graphene.

Graphene is a multi-million dollar industry and has varied applications from aeronautics to textiles. However, the trick is to make the production cost effective to take it to larger audience.

Rohit Gupta, Co-founder and Director, Big Phi, said: “One of the pain points of graphene is that it is expensive.” One gram of graphene costs ₹3,500 — more than the cost of gold.

Nascent market

“But it has wide usage and applications. Our team has experience working in graphene and are aiming at a cost-effective level,” he said.

The UK-based clothing start-up Vollebak launched Graphene jacket worth $695. Ahmedabad-based Arvind Ltd has partnered with Directa Plus, a producer and supplier of graphene-based products, to make denim jeans and jackets that can be worn in hot climate.

Reports peg the smart textile industry globally at $100 billion by 2025. This includes wearables, nanotechnology and other advancements including graphene. Though the industry is enthusiastic, graphene as a market is too nascent and difficult to gauge.

Vineesh Chadha, President, Big Phi, said: “One of the major challenges is awareness.” However, with affordability, Chadha is confident the market will pick up in no time given the traction the industry is getting.

Health concerns

David Bradley, a science journalist, in a report, states that graphene’s properties itself are a cause for health concerns.

He quoted a research paper published in the American Chemical Society journal ACSNano, which states that In vitro tests also showed that graphene particles trigger the inflammatory response in lung cells and those found in the pleural space. However, industry experts and researchers say there are no concrete studies on the health impact of such materials.

According to a researcher in a material science space, “The field is still new and research Is ongoing. There are no concrete results.”

Gupta of Big Phi agrees. “In addition, there is no such regulatory body certifying any kind of proven toxicological tests for materials. There are contradictory statements from around the world. But people are still working on it.”

Gupta said a company can make sure they are not harmful based on the existing standards such as Oeko-Tex provided by the International Association for Research and Testing in the field of textile and leather ecology and Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) by the European Union.

Source: thehindubusinessline.com - Jan 03, 2019

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SGTPA seeks land for shifting textile mills out of city

South Gujarat Textile Processors’ Association (SGTPA) has urged state government to allocate 100 hectare land near Pandesara GIDC or Sachin GIDC for shifting of textile mills located in the Walled City, Ashwani Kumar Road, Katargam, Varachha, Kadodara and Udhana areas there.

A meeting in this connection was held with industries minister Saurabh Patel in Gandhinagar on Wednesday. About 55 mill owners are willing to shift their units out of the city, provided the state government allots them the land.

About 65 textile mills are operating in the city’s residential areas including Khatodara, Udhana, Ashwani Kumar Road, Ved Road, Bombay Market, Puna Kumbharia, etc. In these areas, Particulate Matter (PM10) level is exceedingly high than the national average at 184 per micrograms per cubic meter of air (UG/M3) per annum.

SGTPA president Jitu Vakharia told TOI, “More than 55 textile mill owners are willing to shift their units out of the city. We have urged the state government to allot 100 hectare land to facilitate shifting of these mills.

The state government is very positive on our proposal and we hope that sufficient land will be allotted for this. The mill owners are willing to pay the price for the land fixed by the state government.”

When original development plan of Surat Urban Development Authority (SUDA) was prepared three years ago, a land at Pinjrat near Olpad some 35 kilometres from the city was earmarked for relocation of these textile mills. However, due to CRZ and severe opposition from villagers, the proposal had to be shelved.

Source: timesofindia.com - Jan 04, 2019

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