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IBTEX No. 27 of 2019 February 05, 2019

USD 71.70| EUR 81.96 | GBP 93.52 | JPY 0.65

Cotton Market

Spot Price - Shankar 6 (Ex. Gin), 28.50-29 mm

Rs./Bale	Rs./Candy	USD Cent/lb
20239	42300	**75.13**

Domestic Futures Price (Ex. Warehouse Rajkot), February

Rs./Bale	Rs./Candy	USD Cent/lb
20580	43012	**76.39**

International Futures Price

NY ICE USD Cents/lb (March 2019)	72.76
ZCE Cotton: Yuan/MT (May 2019)	15,250
ZCE Cotton: USD Cents/lb	102.56
Cotlook A Index – Physical	**83.00**

Cotton Guide: ICE futures settle near a 20 day low. It failed to break 75 cents and plunged below 73. The ICE March futures settled at 72.76 cents/lb with a negative decline of (-88) points. The ICE may contract settled at 74.08 cents/lb with a negative decline of (-85) points whereas the ICE July contract settled at 75.44 cents/lb with a decline of (-77) points. All the ICE contracts mentioned settled towards their low figures for the day. The reason attributed to this was – stronger dollar. Fundamentally speaking, a stronger dollar makes commodities priced in it, expensive for holder of the other currencies. The total open interest increased by 3089 contracts to 238,074. The March interest decreased by 2,274 contracts to 106,075 while the May OI increased by 1,689 and the July OI increased by 1,594 contracts to 57,930 and 31,030 contracts respectively.

The MCX contracts have plummeted substantially. The MCX February contract settled at 20,580 Rs/Bale with a decline of (-320). Eye next level for MCX February at 20400 Rs/Bale and Start buying.

The MCX March contract settled at 20,880 Rs/Bale with a decline of (-310) and the MCX April contract settled at 21,180 Rs/Bale with a negative decline of (-270) Rs. The volume for the most active MCX February contract saw a big jump of 1006 lots heading towards 2616 lots, whereas the OI for the MCX February contract increased by 272 lots to 10667 lots.

The estimates of arivals in India have been 151500 lint equivalent bales (source cotlook) including 55,000 in Maharashtra, 41,000 in Gujarat and 19,000 from the Northern Zone. Indian cotton is hovering around Rs 42,400 per Candy. The Cotlook A index was negatively adjusted to 83.00 cents/lb CFR main Far Eastern Ports with a decline of -0.75.

A drop in the volume of unfixed on call mill purchases against the March contract has been noticed. On the other hand, there has also been some speculative demand from the mills. ICE will continue to trade in the same band of 72 to 75 cents/lb.

The USD and oil played the entire roll. Cotton has been taking strong cues from the both. Oil was erratic on Monday. It fell by around 2.5 to 3% but ended with no major change.

Indian Rupee continued to slide against the USD, the concern of fiscal deficit, dollar appreciation and oil movement. Indian cotton is expected to trade steady, rupee depreciation might attract some exports however looks very unlikely given the parity condition.

ICE cotton futures witnessed sharp decline as it failed to hold the intermediate rising channel. Meanwhile price almost retraced 38.2% of the range (81.85-70.65) during last week and erased its gains as weakness in strength persists in the market.

The RSI continued to trade below 50 suggesting momentum is still lagging for price to move above the 21 day EMA. In the near term strong supports exists around 71.90, followed by 70.60, 70.00 levels.

Likewise crucial resistance seen around 74.60, 75.18, followed by 76.50 levels. For the day price is expected to move in sideways to downward bias. In the domestic markets trading range for Feb futures contract will be 20400-20500 Rs/Bale.

Currency Guide

Indian rupee may trade with a weaker bias against the US dollar. Weighing on rupee is fiscal concerns post Budget announcement, higher crude oil price and stability in US dollar. Indian government has announced sops in its Annual budget which will put further pressure on fiscal deficit.

Brent crude is holding above $62 per barrel amid OPEC's production cuts and strength in US equity market. The US dollar has come off recent lows as better than expected US non-farm payrolls data pushed bond yields higher. RBI on Monday noted that India will sell 360 billion rupees more bonds as part of its revised borrowing plan for the fiscal year ending March.

Government revised its gross borrowing for FY19 to 5.71 trillion rupees in the budget from earlier 5.35 trillion rupees. Amid other news, the audit committee of the Reserve Bank of India has cleared the payment of interim dividend of 280 billion rupees to the government. Government was seeking up to 400 billion rupees as interim dividend a bid to improve its strained finances.

However, supporting rupee is stability in global equity markets and Fed's dovish monetary policy stance. Rupee may remain under pressure amid higher crude oil price and concerns about fiscal health of Indian economy. Market players may also position for RBI decision later this week. USDINR may trade in a range of 71.55-72.1 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

US-China tariff hike would trigger downturn, trade diversion: UN

"The implications are going to be massive," Pamela Coke-Hamilton, head of international trade at UNCTAD, told a news conference. "The implications for the entire international trading system will be significantly negative."

A US plan to hike tariffs on China next month could trigger an economic downturn and let other countries take over about $200 billion of China's exports, a study by the U.N. trade and development agency UNCTAD said on Monday.

The United States levied additional duties of between 10 percent and 25 percent on $250 billion of Chinese goods last year as punishment for what it called unfair trade practices, and the 10 percent tariffs are set to climb to 25 percent unless there is significant headway on a trade deal by March 1.

"The implications are going to be massive," Pamela Coke-Hamilton, head of international trade at UNCTAD, told a news conference. "The implications for the entire international trading system will be significantly negative."

She said the US tariff hike and a retaliatory move by China would trigger an economic downturn due to instability in commodities and financial markets, while company moves to adapt would put pressure on global growth.

"There'll be currency wars and devaluation, stagflation leading to job losses and higher unemployment and more importantly, the possibility of a contagion effect, or what we call a reactionary effect, leading to a cascade of other trade distortionary measures." Smaller and poorer countries would struggle to cope with such external shocks, she said.

The higher cost of US-China trade would prompt companies to shift away from current east Asian supply chains, but the impact of the tariffs would not primarily benefit US firms.

US companies would capture only 6 percent of the $250 billion of the affected Chinese exports, while Chinese firms would retain 12 percent, despite the higher cost of trade, the study said.

Other countries would capture an estimated 82 percent of the value of the $250 billion of Chinese exports and 85 percent of $85 billion of US exports hit by the tariffs.

“The EU will capture $70 billion of the US-China trade. Japan, Mexico and Canada will capture over $20 billion each.”

Source: financialexpress.com- Feb 05, 2019

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ASEAN, EU to enhance bilateral cooperation

ASEAN and the EU confirmed their commitment to enhance bilateral cooperation at the 22nd ASEAN-EU Ministerial Meeting on in Brussels. Both agreed to harness cooperation in shared fields of interest and concern like economy, trade, investment, connectivity, climate change, counter terrorism, cyber security, sustainable development, maritime security and trans-national crime prevention, at the meeting.

On the basis of bilateral deals between EU and ASEAN countries, both sides agreed to step up efforts towards ASEAN-EU free trade agreement. They also reached a consensus of upgrading ASEAN-EU strategic partnerships based on relations and adopted a statement satisfying both sides during the meeting.

The ministers also exchanged views on complex and unpredictable developments on global economic and political situations. They agreed to continuously coordinate in the promotion of multilateral, open, fair and rule based trade systems, while working closely on resolving challenges, enhance dialogue, prevent conflicts and build trust.

The European Union is the second biggest partner in trade for ASEAN with the bilateral trade reaching $261 billion in 2017, up 11.9 percent from previous year. It is also one of the largest sources of FDI to ASEAN with its direct investment hitting $25.4 billion in 2017, which accounts for 18.6 per cent of the total FDI in the ASEAN region.

Source: fashionatingworld.com- Feb 04, 2019

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How Trade, Trends and Tech Will Shake Up the Denim Industry in 2019

Trade, technology, sustainability, collaborations and trends make the denim world go around.

The topics were also among Rivet's most-read and written about subjects in 2018.

To offer insight into how these buzzwords may evolve in 2019, Lenzing's director of global business development for denim Tricia Carey, Soorty executive director of global sales and marketing Ebru Debbağ, Tejidos Royo sales manager Alberto Guzzetti and House of Gold designer Shirley Zheng sat down with Rivet managing editor Angela Velasquez at Bluezone in Munich last week for a panel titled, "Future Denim."

From the uncertainty of trade wars and the new opportunities that come with it, to the impact of collaborations on the supply chain and retail sector, the denim insiders share their predictions for what's next and what these topics will mean for the denim industry in 2019 and beyond.

Trade

U.S. President Donald Trump's trade war with China, Carey said, has created a lot of confusion for Lenzing's customers who are often left wondering what the news will mean for them. "You could wake up one morning and suddenly there's a quota on imports coming in," she said. "What does that mean for your business?"

Staying nimble is part of the solution. With production facilities in the U.S., U.K., Australia, Indonesia and China, Carey said the fiber producer has looked at how it needs to shift production. "I think most importantly is that we're listening closer to our customers and we're asking them where do you see some of the changes happening so that we can shift our fiber supply and our stocks to where they need to be," she explained.

Carey added that she sees supply chains shifting away from China. U.S. brands are diversifying their supply chains and more companies are looking at Vietnam and Pakistan, she reported. Others are sourcing closer to home to eliminate the confusion. “We see a lot of activity coming from the mills in Mexico that are currently customers of ours,” she said.

Spanish denim mill Tejidos Royo sees more European brands that typically source in the Far East taking a serious look at sources closer to home. The strategy, Guzzetti said, is “fabulous” for Tejidos Royo because the opportunities for new business are get stronger. “For us, it’s a good move,” he said.

House of Gold, which operates denim and knitwear mills in China, initially felt the effects of the U.S. and China trade war. “We definitely took a little hit,” Zheng said. While the mill’s European customers are still buying textiles from China, she said prices for packaging and manufacturing in China are getting too high for most.

The company’s Chinese laundry facility caters to a premium client. However, House of Gold is looking outside China for large-scale production. “When we get into manufacturing for larger quantities, we’re looking to partnerships with a few countries,” Zheng said, naming Pakistan, Bangladesh, Vietnam and Mauritius as options.

For Soorty, which operates denim and garment mills in Pakistan and laundering facilities in Bangladesh, Debbağ said trade wars are driving the mill to re-evaluate its business model. “We’re claiming to be a global company with actually local solutions,” she said. “We are looking at how can disrupt ourselves for nearshoring.”

With Adidas Speedfactory as an example of how a brand can achieve localized on-demand product, and speed-to-market becoming an increasingly important topic for the mill’s customers, Soorty is considering collaborative concepts to manufacture closer to the end consumer in 2019. Debbağ said the company is reviewing opportunities to manufacture out of Turkey for the European market and in North America for its U.S. customer base.

“I think the trade wars have opened up a more disruptive discussion, which could provide more potential for the future of our industry if we can take it with a positive approach,” Debbağ said.

Technology

Technology and sustainability go hand in hand. “Technology for a denim company is a very important way to be a big player in the market. And what is actually important is to have the technology that is transparent,” Guzzetti said. Brands, he said, are approaching the mill to use its waterless Dry Indigo technology to produce customized product. And ultimately, he added, the transparent technology adds value to the product, giving brands a sustainable story they can share with the end-user.

The 2017 launch of Refibra, a lyocell fiber made with cotton scraps collected from garment production and wood pulp from responsibly managed forests, is an example of how Lenzing invests in technology to advance circularity. “This is where we see we can bring technology into the supply chain,” Carey said.

In the future, she expects to see more technology develop around indigo dyeing, adding that the future rests on layering technologies. For example, Carey urged brands to take Lenzing fiber technology and combine it with sustainable dyeing technology to create garments that still maintain the authentic character of denim.

“Designing with a purpose” is where Debbağ sees technology going in 2019 and beyond. And the topic of technology, she added, should not be overlooked as a marketing tool toward young generations. “That’s what they understand,” she said. “All of the millennials, who will have a majority of the purchasing power by 2020, understand digitalization.”
Sustainability

Lenzing sees transparency becoming a larger part of the sustainability conversation. To stay ahead of this, Carey said the company added a fiber identification to verify Refibra lyocell. The company is also taking a closer look at its own supply chain and is working with its pulp and tree suppliers to create a transparent value chain. The move recently led Lenzing to the rank of the No. 1 producer of wood-based fibers by Canopy, an NGO that looks at forestry policies.

In order for sustainability to become of greater importance to consumers, Debbağ said the supply chain needs to look at what the consumer is asking for, which she said is certified sustainable materials and garments. “I believe very strongly that blockchain by 2020 will become a new business model in our industry as it will enhance all the traceability and the tracking of [products] as well as be a gateway for the consumers to be integrated into the value chain," she said.

Along with traceability and transparency, Debbağ said the industry needs to consider the re-commerce model. "The re-commerce market is estimated to be around $20 billion right now and by 2021, it's going to grow to $33 billion," she said. "This should make us work towards more circular models, starting with purposeful design and more sustainable materials like Tencel, Refibra and any other materials that are becoming available."

Trends

Baggy jeans, gender fluid styling and streetwear are dominating the Fall/Winter 19-20 men's runway shows, but the experts don't see a major shift to wide silhouettes just yet.

"Every brand is coming back to their own identity," Guzzetti said. "Every brand is looking for something different." As a mill, he said Tejidos Royo is responding by customizing fabrics and color.

While skinny jeans remain core to collections, House of Gold sees some momentum with straight legs. "But we're doing it with carpenter detail for more utility," Zheng said.

Carey sees fewer destroyed jeans coming down the pipeline, which she noted allows more focus on the laundry and finishes. "And we definitely see more color," she added. "Color is very important. And I think that's appealing to the customer to buy a color to add in with their indigo products."
Collaboration

For Soorty, Debbag said collaborations are more than two partners coming together. "Effective collaboration means that everyone works on an open-source idea, because collaborations are actually platform business models," she explained. "And when you become a platform, it is very important to share the innovation."

"For Lenzing, we are only the fiber—without collaboration we are nothing," Carey said. The company recently teamed with Teijdos Royo, Officina+39 and Tonello for Planet REHab, a capsule collection designed by Guatemalan designer Juan Carlos Gordillo. The partnership offers an opportunity for Lenzing and its collaborators to show designers how they can use the supply chain to achieve their desired look. "I think this is where we want to be a solution provider for what brands and retailers are looking for," she said.

More importantly, Carey added, is to have conscious collaboration. "This is where we aligned with companies that have the same strategic goals and most of the time it is related around sustainability," she added. "The collaboration has make great sense for the companies that are working well together."

And following popular collaborations like Ralph Lauren x Palace and Levi's x Kith, Zheng expects to see more partnerships crop up on the brand side of the denim business. "I think through collaboration you bring a new customer or you bring a new product—something that feels fresh."

However, Zheng warned that collaborations could become too much of a good thing, especially when they originate from the same designer, such as in-demand creative Virgil Abloh. "I do think there's a downfall to that because [Abloh] is the 'It' collaborator right now.

He's doing collaborations with Nike and Converse and some of the products are beginning to look too similar," she said.

Source: sourcingjournal.com- Feb 04, 2019

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Zero Tariff Benefit Draws Increased Interest for Denim Made in Mauritius

Made in Mauritius denim is making its mark on the industry—particularly at a time when the promise of zero tariffs proves an even more precious perk.

The tiny isle off the coast of Africa enjoys the benefits of the yet untouched African Growth and Opportunity Act (AGOA), a trade privilege program that means it can ship product to the U.S. duty free. And Mauritius enjoys a similar perk with Europe, shipping goods duty free there under its Everything But Arms (EBA) trade program.

The trade agreements alone position Mauritius to serve global brands that can ship to key customers in both regions without tariffs straining margins that are likely already tight.

And at Denim De L'Ile (DDI), there's also the benefit of the Italian expertise in denim fabric. The 100 percent Italian owned mill has been operating its fully vertical facility in Mauritius since 2004. There, DDI buys bales of cotton, spins its own yarn, weaves its own fabric, cuts and washes it to sell a full package product. Much of that is also done using Italian machinery.

"We have Italian technologies for the washing. We have Tonello machines for the washing with the latest techniques that Tonello incorporates to minimize the water consumption and the chemical consumption," DDI owner and marketing manager Stefano Caccia said. "The characteristic of the company is that of course we have an Italian heritage, which means we know very specific washes."

Sustainability is also part of the ethos at DDI, which counts Emporio Armani among its clients. The company sources Cotton Made in Africa (CMiA) for as much as 70 percent of its production, has a recycled cotton program in place, and shreds its waste back into fiber form to put back into production.

"We are almost achieving a zero landfill waste company," Caccia said. "The main characteristic of our company is our sustainability. It's our main characteristic."

In Mauritius, in fact, sustainability is commonplace among the manufacturers, both because the companies are employing more eco-friendly thinking and because resources aren't as easy to come by.

"Mauritius does not have a lot of resources, so we have to optimize them. And because of the optimization, we have a higher standard than the rest of the market," Caccia said.

In terms of exports, Mauritius ships roughly $800 million worth of textiles and apparel to its main export markets—the U.S., UK, France and South Africa, according to the country's Economic Development Board.

“Denim is the third major apparel product after T-shirts and shirts,” said Geerish Bucktowonsing, head of traditional manufacturing for the Economic Development Board.

Other vertically integrated denim manufacturers in the country include Palmar & Firemount, which Bucktowonsing said has been working in the U.S. and Europe at the mid-premium tier for roughly 20 years.

The company produces stretch, rigid, selvedge, sateen and 3×1 denim for companies like Calvin Klein, Chaps, Lucky Jeans, Tommy Hilfiger and Rocawear.

For Fairy Textiles, which specializes in denim, using its own dye house and a focus on the latest trends in washing, sourcing in Mauritius is about the quality, above all else.

“We are far better than China and Bangladesh for quality,” said Fairy Textiles director Ajay Bhowaneedin. The company sources some of its denim from DDI and some from local FM Denim, which also produces its own fabric on island, meaning the majority of Fairy Textiles denim is almost wholly made in Mauritius.

GNP Wear, another denim factory in Mauritius, also sources its denim fabric from DDI, which means it’s local, close and cuts time out of the development cycle.

“We can be fast in terms of a delivery, and for a niche market it’s very important,” a spokesperson for GNP Wear said. Smaller runs work here, too, as GNP Wear will make orders for a minimum of 500 pieces, though it has the capacity to produce as much as 5,000 pieces per style.

What’s more, the spokesperson continued, “In term of communication, credibility in terms of delivery, we are faster than Asian countries, and the big advantage is AGOA.”

Mauritius manufacturers exhibiting at the recent Texworld USA said they’ve seen an uptick in interest when it comes to sourcing there as companies look to minimize their reliance on China and the risk as a result of it, while the ongoing trade war between the U.S. and China gives rise to new tariffs with little warning.

"Landed price we are actually cheaper than China on many products," DDI's Caccia said. "Companies need to look at different sources."

Mauritius may not yet be making headlines as a supplier of denim, but that's something Caccia owes to a lack of open-mindedness about new sourcing locales. But the benefits may be manifold if brands and retailers can look past that.

"If you decided to come to Mauritus, it's not only for denim but for knitwear, casual shirts, formal wear, swimwear, sweaters...if you are a medium sized company, you come here, you stay here," Caccia said.

Source: sourcingjournal.com- Feb 04, 2019

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New York-New Jersey Ports Set Record Cargo Volume in 2018

The Port of New York and New Jersey achieved 7 percent cargo growth in 2018, surpassing the 7-million-container mark for first time and strengthening its position as the busiest port on East Coast.

The Port Authority of New York and New Jersey, which manages the area's port facilities, said during 2018 they handled 7.18 million 20-foot equivalent units (TEUs), maintaining the position as third busiest port complex in the U.S. following Los Angeles and Long Beach. Cargo growth was boosted by an 8.2 percent increase in imported goods, including clothing, furniture and electronics, over the previous record for imports set in 2017.

Part of this growth has come from the expansion of the Panama Canal in 2016 that allowed for larger ships and others to travel more quickly in the Pacific and Atlantic Ocean crossing, and made the Asia-to-New York route more viable. The Panama Canal closed its 2018 fiscal year with a record 442.1 million Panama Canal tons, which was a 9.5 percent increase from the previous year.

The Port Authority's facilities processed 33 percent of all containers on the East Coast of North America, a 2.8 percent increase in market share over last year. In addition to cargo containers, the port also set a new all-time record for cargo handled by rail, moving 645,760 containers by that mode, up 13.8 percent over the previous record set in 2017.

The Port Authority said the growth partially can be attributed to the completion in June 2017 of the Bayonne Bridge Navigational Clearance Project that raised the clearance under the bridge to 215 feet from 151 feet, allowing the world's largest container ships to pass under it and serve port terminals in New York and New Jersey.

Since the bridge project was completed, the port has seen a large increase in the size of vessels calling on the port. Nearly 30 percent of all containerized cargo at the port is now carried on vessels with the capacity to handle 9,000 or more TEUs.

To accommodate the record cargo growth, the Port Authority recently announced a major expansion of the rail network serving the ports as part of the agency's five-year strategic goal to expand rail capacity for cargo destined for outside the region. The expansion will reduce congestion and emissions on local roads from decreased truck traffic and convey goods to their final destination more efficiently and at lower cost.

The new ExpressRail Port Jersey facility culminates a $600-million Port Authority capital investment program dating back to the 1990s that established direct rail access to on-dock and near-dock intermodal rail services at all of its major marine terminals.

The opening of the final rail facility will allow the port to reach its goal of handling more than 900,000 rail lifts in 2023, the equivalent of more than 1.5 million fewer truck trips traveling through the local roads.

“We are pleased that our facilities, which were built to handle customer and cargo levels from a bygone era, are able to support the record activity we are seeing today,” Port Authority executive director Rick Cotton said.

“We are committed to rebuild and invest to [ensure] the agency can meet future growth as well as provide facilities of the quality that the region deserves.”

Source: sourcingjournal.com- Feb 04, 2019

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Pakistan: Spinning a 'winning yarn' with synthetic fibers

An interesting scenario is emerging in the all sub-sectors of textiles that are expecting substantial surge in exports after numerous facilitations announced by this government including bringing power and gas rates to regional level; however the question is: will this buoyancy last without technology upgrade?

Syed Ali Ahsan, a top textile industry leader, being fully aware of lag in technology, has said the sector would invest $7 billion in new technology in next five years. If this materialises then it would be the highest investment ever in textiles in five years period. The surviving spinning mills are comparatively better equipped than 125 odd mills that have packed up in the last few years.

The chances of revival of these mills are very slim. In fact, many of them have disposed of their machines at throwaway prices. Some have converted their facilities them into cold storage, some have opened recreation facilities for families, while others are managing marriage halls on the premises of erstwhile textile mills.

Ahsan says most of the problems impeding exports have been resolved, but laments the concession on gas and power would end after June. He thinks a five year commitment on stable energy rates would attract huge investment including joint ventures with foreign entrepreneurs. Pakistani businessmen are however happy that the present government is not only interacting with them, but also accepting their prudent suggestions.

Textile exports have much higher potential that could only be fully tapped if we restructure our industry on the lines of the existing global trends. There, for instance, exists a structural flaw in that the Pakistani industry makes products predominantly made from cotton. Our fiber mix is 70 percent cotton and only 30 percent manmade fibers. The global trend is exactly opposite, which prevents us from exploiting the huge global market of synthetic fibers.

This skewed situation was not created by the private sector but it is due to flawed government policies. We have the potential to take our textile exports much above Bangladesh's level but to achieve that we would have to address the structural problems in textiles.

The use of manmade fiber in Pakistan remained subdued because successive governments have provided protection to the domestic producers of polyester fiber as well as purified terephthalic acid or PTA which is the main polyester feedstock. The protection provided in 1997 for first 10 years was 15 percent. The industry could not compete globally with products made from manmade fiber that cost them 15 percent higher than global rates.

The most unwise decision in this regard was subject even those synthetic fibers that were not produced in Pakistan. It was only three years back the government allowed zero rated import of all synthetic fibers except polyester.

Some exporters are now blending these fibers with cotton to produce products needed in most of the global markets. It will take some time to take share from other countries that are already entrenched in those markets.
Still the case of polyester fiber has not fully resolved. Pakistan produces a few varieties of this fiber and many of its types used globally by textile millers are not produced in Pakistan, but due to protective duty under polyester fiber head, their imports are hampered.

The Harmonized Commodity Description and Coding System or generally known as Harmonized System (HS) code for all polyester fibers is the same. Every commodity that enters or crosses most international borders has to be declared to customs by means of this code.

The government would have to find a way out so that protective duty is charged on polyester fibers that are produced in Pakistan. Another structural imbalance is that we produce more yarn and fabric than we can consume in our exports. Yarn and fabric are low value-added products. We can add $3-5 billion in exports if these yarns and fabrics are converted into value-added garments and knitwear.

The problem however is that we do not have enough garment factories that could consume these low value-added intermediate raw materials. Ahsan, who chairs all Pakistan textile mills association, says there are 4,000 stitching units in Bangladesh, while we have only 200.

He said we need at least 3,000 units of the same size as in Bangladesh. He said local investors could at the most add another 500 stitching factories; for the rest the government would have to attract foreign investment.

Foreign investment would come on the strength of long-term textile policy. Abdul Razzak Dawood, the advisor to the PM on textiles, is formulating that policy.

Moreover the government would have to speed up its efforts for improving the yield and quality of cotton crop. On average, the country produces 10.5 million bales, consumes around 14 million bales, and imports the difference from foreign sources.

Source: thenews.com.pk - Feb 05, 2019

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Pakistan: Power looms Textile industry in crisis as owners forced to sell

The power looms industry, an important segment of the textile industry of Faisalabad, is facing a great crisis which has forced factory owners to sell their machinery for pennies on the dollar.

The power loom factories of Faisalabad were first established in 1960. These factories provided jobs for educated and illiterate workers and were set up in various neighbourhoods of Ghulam Muhammad Abad. The production of machine-made garments was a boon for local industry, and the venture proved to be highly profitable, with businesses continually expanding and helping develop the textile sector.

After Ghulam Abad, traders established factories on Jhang Road at Lakri Mandi, Baowala, Sadhar, Thikriwala, and around Jaranwala Road. Expansion of the sector was followed by a steady increase in demand for labour to sustain it.

In the fiscal year 2007-2008, the number of power loom units had crossed 300,000 and those employed in direct labour on the machines increased to 70,000. But power outages severely curtailed production between 2008 and 2013. This led to labourers staging protests all over the city and blocking various roads and intersections, while factory owners also ran their own protest campaigns.

Although, load-shedding reduced after the Pakistan Muslim League-Nawaz (PML-N) government came to power in 2013, the industry continued to face other challenges.

The government increasingly raised import taxes on yarn, with total duties on account of import duty, regulatory duty, and customs duty running as high as 17%.

This was a major problem because the loom industry had only just begun recovering from the power crisis. Some months later, the government imposed an overwhelming 36% duty on polyester imports, making matters worse for the industrial sector.

Industrialists said that under the weight of such heavy taxes, it had become difficult to continue the power loom operations.

Owners claimed that beyond the increases in wages and production costs, rising taxes caught factory owners off guard, as they now had to pay motor tax, professional tax, property tax, civil defence, and social security fees, which heavily cut into profitability. By November 2018, factories began shutting down, a trend that is still ongoing. The All Pakistan Power Loom Association has also been protesting.

Factories are now being sold for a pittance. Factory owners have put up banners saying that, per kilogramme, tomatoes are more valuable than power loom machinery. There are over 300,000 power looms but only 250,000 are currently operating.

Power Looms Owners Association Chairman Waheed Khalid Ramay says over 300 production units have been shut so far, leaving thousands unemployed.

Ramay laments that owners were still trying to figure out how to deal with the additional tax burden when they were subjected to more 'misery' in the form of cuts in cotton production and misuse of re-export facilities. Ramay adds that Pakistan currently needs 14 million bales of cotton, but production is only going up to 10 million bales. "Loom owners must import cotton to make up for the shortfall of four million," he said.

Abuzar Ghaffari, who works at a loom factory in Ghulam Muhammad Abad, says many people worked in the local industry for well over 20 years. “They were in absolute shock when they lost their jobs. They didn’t know any other craft and did not know where to go next,” he said.

Ghaffari said even the labourers who still have jobs are finding it impossible to make ends meet. Many daily wage workers are forced to buy flour and other basic groceries on credit.

They pay shopkeepers when they get money, and many have had to sell their belongings to stay afloat.

Labour union leader Lateef Ansari said he is conducting a campaign for the loom workers’ rights, adding that he is hopeful that the new government will waive some of the taxes imposed by former governments to let the industry get back on its feet.

To complicate matters, a Cloth Market Association member said the prices of garments have also risen because of the power looms’ closure.

The price increase has been shifted onto consumers. He thinks prices may be slashed if the power looms industry can return to full capacity.

Meanwhile, Chamber of Commerce President Syed Alamdar Shah said the chamber is working to resolve the issues surrounding the factories.

He demanded that the government cut taxes so factories can resume operations and labourers receive a stable livelihood once more.

Otherwise, a knock-on effect could continue.

Source: tribune.com.pk- Feb 05, 2019

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Bangladesh apparel exports to new markets up 36 per cent

Bangladesh's garment exports to non-traditional markets grew 36.21 per cent year on year in the current fiscal year's first six months. This was made possible by a stimulus package and duty-free market access.

Apart from the US, European Union and Canada all others are considered non-traditional or emerging markets for Bangladesh.

Of those, eleven are performing stronger than others. Australia, Brazil, Chile, China, India, Japan, South Korea, Mexico, Russia, South Africa and Turkey are the eleven stronger markets.

Garment exports to non-traditional markets have been growing since 2010-11 with a five per cent cash incentive as a stimulus package to offset the fallout of the financial recession that affected the global economy in 2007 and 2008.

The stimulus package has encouraged exporters to start exploring new markets. Most of these new markets have duty-free access facility for Bangladeshi exporters.

Japan extends duty-free trade privilege to garments imported from least developed countries to reduce overdependence on China.

Similarly, China, the largest apparel supplier worldwide, has also been turning into a major export destination for Bangladesh.

China also allows duty-free access to over 5,000 Bangladeshi products, most of which are garment items. India, Brazil, Mexico and Chile are also turning into major export destinations for Bangladesh.

Source: fashionatingworld.com- Feb 04, 2019

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Zimbabwe, SA urged to revisit bi-lateral trade agreement on clothing sector

The Zimbabwe Clothing Manufacturers' Association (ZCMA) has urged Zimbabwe and South Africa to revisit the bi-lateral trade agreement (BTA) between the two countries as a matter of urgency.

South Africa in November 2017 gave a year's notice of its intention to terminate the 1964 pact opting for the Southern African Development Community (Sadc) Trade Protocol on Trade.

But ZCMA chairperson Jeremy Youmans told NewsDay that the issue had not been settled.

"It is our understanding that South Africa postponed the meeting to January and so the matter has not yet be concluded. We are pursuing this with the Ministry of Foreign Affairs and International Trade and the Ministry of Industry and Commerce," he said.

For South Africa, the Sadc Trade Protocol on Trade is more comprehensive, but for Zimbabwe — which in 2016 imposed a ban on a wide range of South African imports under Statutory Instrument 64 — the deal means Harare stands to lose its preferential access to Pretoria.

The bilateral agreement in question favoured Zimbabwean exports of clothing and textiles due to relaxed rules of origin of "single transformation" compared to "double transformation" under the Sadc Trade Protocol on Trade.

The prior arrangement allowed local clothing makers to import fabrics from foreign markets, especially Asian suppliers such as China, India and Bangladesh, to produce finished clothing items, and then re-export to South Africa under favourable terms.

Under the Sadc protocol, however, there is the double-transformation rule, which requires that the fabric should be produced in Zimbabwe or within Sadc.

Impact on the industry will be significant as South Africa has always resisted liberalising the rules of origin for the Sadc Trade Protocol. The bi-lateral trade agreement had preferential terms to Sadc, which requires garments to be made from regional fabric to allow for preferential access," Youmans said.

"The problem is that while there are suppliers of certain fabrics in the region, they are not sufficient to meet the demands of all manufacturers in quantity and fabric type.

So the loss of the BTA would severely restrict the ability of many clothing manufacturers to export to South Africa. We really need this resolved," he said.

Source: newsday.co.zw- Feb 04, 2019

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Indian textile exports facing duty disadvantage against LDCs

As per World Trade Organization's (WTO) systems, the Least Developed Countries (LDCs) enjoy Generalized System of Preferences (GSP) because of which they enjoy duty advantage, said Minister of State of Commerce and Industry, C. R. Chaudhary.

In a written reply to the Lok Sabha,Chaudhary said India faces duty disadvantage up to 9.6% against other neighbouring LDCs. The global demand of textiles has also declined significantly in 2014-17, contributing to reduction of textiles exports from India, he added.

The minister informed that the Duty Drawback scheme rebates the incidence of Customs and Central Excise duties suffered on inputs used in manufacture of export goods. Duty Drawback scheme is not related to lack of innovations in the textile industry or its losing out to neighbouring countries, he added.

He said that to increase exports of textile industry, Government announced a Special Package for garments and made-ups sectors.

The package offers Rebate of State Levies (RoSL), labour law reforms, additional incentives under ATUFS and relaxation of Section 80JJAA of Income Tax Act.

Further, the rates under Merchandise Exports from India Scheme (MEIS) have been enhanced from 2% to 4% for apparel, 5% to 7% for made-ups, handloom and handicrafts w.e.f. 1st November 2017.

Products such as fibre, yarn and fabric in the textile value chain are being strengthened and made competitive through various schemes, inter alia, Powertex for fabric segment, Amended Technology Upgradation Fund Scheme (ATUFS) for all segments except spinning, Scheme for Integrated Textile Parks (SITP) for all segments, etc.

Assistance is also provided to exporters under Market Access Initiative (MAI) Scheme. Further, Government has enhanced interest equalization rate for pre and post shipment credit for the textile sector from 3% to 5% w.e.f. 02.11.2018.

Source: smetimes.in- Feb 04, 2019

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Merchandise exports to surpass 2014 peak of $314 b, says Commerce Secretary

The achievement comes against the backdrop of a very challenging global environment

Shrugging off a ‘challenging global environment’, the country’s merchandise exports are poised to exceed $314 billion recorded in 2013-14, according to Anup Wadhawan, Secretary, Department of Commerce, Union Ministry of Commerce.

“We are confident of surpassing the peak export figure this year. This is despite a challenging global environment where petroleum prices are coming down and about 15 per cent of our exports are petroleum products,” he said.

Wadhavan delivered a keynote here on Monday at the inaugural of the 19th edition of IndiaSoft 2019 and the GlobalSoft2019.

Addressing the media, he said that the IT industry will grow at 10 per cent. Sectors such as pharma, engineering products, textiles, gems and jewellery and leather products will drive exports.

“After achieving the peak, there was a downturn for a couple of years. But after that our exports have been growing consistently barring one or two months,” he said.

He said the government was regularly discussing issues related to policy and regulation and has been adjusting accordingly. “This has become part of the strategy,” he said. The Commerce Secretary said that the current trade tussle between the United States and China could benefit India.

Source: thehindubusinessline.com- Feb 05, 2019

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Worried over drop in shipments, govt to hold discussions with exporters

Exports of many labour-intensive goods saw a decline recently

Concerned about the drop in exports of labour-intensive items such as gems & jewellery, engineering, leather products, man-made textiles and handloom, senior officials from the Commerce and Industry Ministry will meet exporters on Tuesday to discuss the situation and find a way out.

“Exports have not been increasing consistently this year as was expected. The matter is of greater concern as exports are falling in sectors that engage a large number of workers, including gems & jewellery, textiles and engineering goods.

The government wants to find out how it can work with exporters to address the situation,” a government official told BusinessLine.

Export growth in December 2018 was almost flat at $27.93 billion due to a fall in shipments of labour-intensive goods. In the April-December 2018 period, there was a 10.18 per cent growth in exports at $245.44 billion.

While the export growth in the initial months of the current fiscal was encouraging, in the third quarter it slackened.

“The idea behind the meeting is to find out from exporters if there were some particular problems that they were facing that could be addressed through government intervention.

The government also wants to know if the incentives given to exporters are working,” the official added. All export promotion councils as well as representatives from export organisations will participate in the meeting.
No Budget measures

The Interim-Budget announced by stand-in Finance Minister Piyush Goyal did not have any incentives for the export sector. “There was not much expectations of any major announcements for exporters in the Budget as incentives have been extended to exporters in the past through notifications. If the government deems fit, it could do so now as well,” the official said.

Source: thehindubusinessline.com- Feb 05, 2019

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India's e-commerce industry likely to reach $125-150 billion by FY20

India's e-commerce industry is expected to reach $125-150 billion by FY20 on increased internet penetration, analysts at Care Ratings estimate. Cheap mobile data tariffs have aided internet consumption in the country, which is adding approximately 10 million daily active internet users each month. Internet subscribers are expected to increase to 830 million by 2021 from around 560 million as of September 2018, the firm said.

India had 400 million smartphone users in 2018 and this number is likely to reach 650 million by CY2022, market research firm RedSeer Consulting estimates. Of over 500 million active internet users in 2018, 110 million shopped online at least once and this number is expected to grow by 32% by CY2022, analysts at the firm said.

Convenience, promotional prices, improved supply side and various payment options will also drive growth in the sector that stood at $38.5 billion in 2017, accounting for 5.7% of the overall retail industry, according to the Care Ratings report. Giving a leg-up to e-commerce players is also the fact that organised retail penetration in newer markets like India and China is low, unlike in developed markets.

"In relatively mature markets, like US, where the organised retail penetration is high, multi-channel retail chains lead to online markets. While in newer markets like India and China, web-only players are dominating the market." A mere 9% of the $670 billion retail industry in India is organised retail, the report adds.

Rising online spending by consumers attracted hefty funds into the sector. The e-commerce sector saw 21 private equity and venture capital deals amounting to $2.1 billion during 2017 and 40 deals valuing $1.12 billion during the six months to June 2018, according to analysts at Care Ratings.

The report claims that in the festive month beginning October 10, 2018, gross merchandise value (GMV) for Flipkart grew 90% year-on-year and for Amazon, it grew as much as 70% y-o-y.

Analysts opined that the interim budget 2019-20 that announced tax reliefs for three crore middle-class taxpayers will further boost online consumption.

However, the government's new foreign direct investment guidelines that came into effect on Friday "will impact e-commerce majors such as Amazon.com and Flipkart Group, owned by Walmart, preventing deep discounts and regulating prices in the online marketplace," the Care Ratings report says.

In late December, the department for promotion of industry and internal (DPIIT) trade issued the new FDI guidelines that bars online marketplaces with foreign investments from selling products of the companies where they hold stakes or control inventory, and also ban exclusive marketing arrangements.

It said the inventory of a vendor (except food retail) will be "deemed to be controlled by an e-commerce marketplace if more than 25% of purchases of such vendor are from the marketplace entity or its group companies" As a result, Amazon which has an investment in Cloudtail, can't sell the latter's products on its platform, and RetailNet can't sell on Flipkart.

Amazon's website hardly shows the mention of sellers Cloudtail and Appario Retail. The companies will need to restructure their operations, analysts noted.

Source: financialexpress.com- Feb 05, 2019

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Demand, depreciating ₹ to drive Indian textile sector

India Ratings and Research (Ind-Ra) has maintained a stable outlook for the country's textile sector for 2019-20. Strong domestic demand, along with the waning impact of the disruptions due to the goods and services tax (GST) and demonetisation and the rising export of textiles aided by a weak Indian rupee, is likely to lead to volume growth and make firms profitable.

Ind-Ra expects textile industry players to register improved cash flow from operations for fiscal 2019-20, as their working capital would stabilise as challenges related to demonetisation and GST subside, according to a press release from the agency.

The liquidity of the majority of players in the sector is likely to remain adequate, along with a considerable improvement in operational cash generation, backed by steady raw material costs and strong demand from end user segments.

Ind-Ra expects the domestic and global stock-to-use ratios to remain under pressure during cotton year 2018-19. The agency expects global cotton production to decline in cotton year 2018-19 owing to a low acreage and adverse weather conditions in key cotton-growing nations.

Domestic cotton price moderated to an average rate of ₹128/kg during the third quarter of 2018-19 from the average level of ₹134/kg during the second quarter. While expectations of a high acreage during cotton year 2019-20 narrowing global production gap could keep cotton prices range-bound, an upward risk to cotton prices prevail, Ind-Ra said.

China's cotton production continues to be significantly lower than its consumption. Its cotton deficit was increasingly met through imports, apart from a drawdown of its reserves, over the last three years. With its cotton reserves dwindling, the sensitivity of international cotton prices to China's cotton policies have increased in the past few quarters.

China increased the cotton import quota by 0.8 million tonnes, amid concerns of declining inventory levels after the imposition of a 25.0 per cent import duty on US cotton. Any decision by China to further increase imports could lead to a rise in global cotton prices, the agency said.

Domestic textile exporters are likely to continue to benefit from improved cost competitiveness due to a weak Indian rupee, which would drive volume growth.

India's apparel exports showed signs of recovery in the third quarter of 2018-19 and are likely to rise in the next fiscal after remaining weak for three years. However, the continuance of export incentives remains critical as they meaningfully contribute to the operating profits of textile exporters, particularly those in the downstream segment of apparels and home textiles, Ind-Ra added.

Source: fibre2fashion.com- Feb 03, 2019

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Relief for exporters as Gujarat HC strikes down notification on pre-import riders

Conditions hindered exporters in getting exemption from IGST, compensation cess

What could be seen as major relief for the exporters, the Gujarat High Court has struck down the October 2017 notifications of the Central Board of Indirect Taxes & Custom (CBIC) and correspondingly by the Directorate-General of Foreign Trade (DGFT) prescribing pre-import conditions to avail I-GST (Integrated Goods and Services Tax) exemption.

The ruling will bring clarity on liquidity issue being faced by the exporters. "The Gujarat High Court, through a landmark decision pronounced in various cases, put a permanent end to this misery by striking down the pre-import condition as arbitrary, ultra-vires and violative of the Constitution," Abhishek A Rastogi, Partner at Khaitan & Company, who argued in this matter, said.

Commenting on the decision, Ajay Sahay, Director-General at FIEO, said, "This will end all doubts on the liquidity issue during the intervening period between October 2017 and January 2019)."

The CBIC notification dated October 13, 2017, prescribed certain conditions, which in practical term denied benefits to exporters who import input goods after their finished products are exported. This notification was challenged in the High Court.

Though, the Finance Ministry did issue another notification in January this year to remove pre-import condition and include specified deemed export supplies for exemption from integrated tax and compensation cess for materials imported against Advance Authorisations and Advance Authorisations for Annual Requirement. However, this relief was given prospectively while demand was to allow relief from October 2017 itself.

Accordingly, the petitioners continued challenging the issue in the High Court. It was said that exporters importing duty-free items under Advance Authorisation licences have been going through unfair and undue hardships ever since the GST introduced from July 1, 2017.

Advance Authorisation

While BCD (Basic Customs Duty) exemptions continued under GST, the Government did not extend the exemption to IGST on imports under Advance Authorisation. Though, the Government extended exemption to IGST as well, when imported against valid Advance Authorisation licences but with 'pre-import' condition. The petitioners argued that the 'conditions were arbitrary and violative of Article 14 of the Constitution.'

Rastogi said the imposition of 'pre-import' condition on imports made under Advance Authorisation licences by the Government on October 13, 2017 was causing enormous hardships to exporters. Advance authorisation licences are issued to allow duty-free import of inputs, which are used to make finished products for export.

There was no such condition imposed on the scheme in the pre-GST period. Change in the condition meant that imports done after exports cannot avail exemptions from IGST and compensation cess.

The Directorate of Revenue Intelligence (DRI), the anti-smuggling agency, started issuing show-cause notices to exporters for wrongfully availing of exemptions in cases where their exports preceded imports.

They were asked to pay IGST in cases where raw material was imported only after goods were partially or fully exported. Now, after the ruling, exporters will not face such problems.

Source: thehindubusinessline.com- Feb 05, 2019

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3rd Denimsandjeans Show to focus strongly on India

The 3rd Denimsandjeans India will bring renewed focus on the strengths of India not only as a market but also a large and increasing supply base for local and global markets. India, which was for various reasons, was left behind due to large apparel exporting countries, seeks to catch up again to cater to its own demand as well as to serve global clients.

The two-day trade show beginning July 17 will be held in Bengaluru. With a consumer size of 125 billion people, liberal FDI norms and unified taxation, India has all which an investor looks for. Most of the large global retailers already have a presence in the country and over 20 important International brands are further expected to enter India by the end of 2020.

"We feel that the inflexion point both in terms of buoyancy of markets and sourcing base is about to be reached and it will entail large growth in both segments. The restructuring of the taxation systems etc. did have some impact on the industry but we see a large overall growth coming up in 2019-20 and following years," Sandeep Agarwal, founder of Denimsandjeans, said.

The show will have over 50 companies which will cover the give a good mix of companies in the supply chain from across the world and also from India. All the major retailers and brands including H&M, Marks & Spencer, VF Corporation (all major divisions), Landmark Group, Future Group, Future Retails, Naygard (Canada), Li Fung, GAP Inc, Zara, Tesco, Pepe Jeans, Killer Jeans, Spykar, Target, Benetton, Shopper Stop, Reliance Trends, Myntra, ITC Limited, Mothercare, Levis, C&A, PVH, Being Human, Blackberry, Jabong, Pantaloons, FFI, Ajio, Westside, Asmara India, Asmara Bangladesh, Bestseller, Ostin, Mufti, Aditya Birla Fashion, Arvind Brands, Raymonds Apparels, Newtimes, and others will visit the show with their sourcing and design team.

"We found this event a very relevant event because a lot of new stuff, a lot of things which is very progressive in the denim industry have been actually showcased here and I think this as a very good opportunity where you get to meet everybody from the industry," Anudeep Nagalia from Madura Coats said who was a part of the second edition.

"It's the first time we are participating in denimsandjeans India show and it is really crowded. We liked the reactions and hope to join the show next year as well," another visitor Zennure Danisman from Orta said.

Source: fibre2fashion.com- Feb 04, 2019

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Minimum support price hike fails to cheer cotton farmers

In the face of strong headwinds in the global market, the price of cotton seems to be wilting under immense pressure, this despite a quantum leap in the minimum support price (MSP) of cotton (long staple) to Rs 5,450 per quintal from 4,320 per quintal.

The adverse weather conditions have also played a spoilsport in bringing price of cotton down across erstwhile Warangal district. Farmers appeared jubilant when the Central Government had announced MSP increase of 26-28 per cent for the cotton over last year.

When the arrivals had begun in October (2018), the initial prices hovered above MSP Rs 5,450 per quintal, depending on the moisture content. But as the season progressed, the price started to plummet with the traders purchasing cotton anywhere between Rs 4,500 and Rs 5,000 per quintal.

It's alleged that procurement centres of the Cotton Corporation of India (CCI), a Government of India agency, engaged in diverse activities related to trade, procurement, and export of cotton, has also maintained the same price, citing higher moisture content.

According to trade reports, Warangal Enumamula Market Yard had witnessed cotton purchases to the tune of 5.50 lakh quintals. Of which the traders accounted for 95 per cent and the rest by CCI, sources said.

Speaking to The Hans India, Telangana Cotton Association president Bommineni Ravinder Reddy said: “For the last three months, there has been a massive slide in demand for cotton. Export of bales and yarn fell drastically.

China is not buying cotton as much as it were earlier. The devaluation of Chinese currency, Yuan, also has its impact on world fiber markets.” It may be mentioned here that China, Bangladesh, Pakistan and Vietnam are the main importers of Indian cotton.

On the other hand, the adverse weather conditions have its impact on the yield of fibre crop. According to agriculture department, farmers took up cultivation of cotton in 2.20 lakh hectares in the erstwhile Warangal district.

Due to indifferent rainfall and pink bollworm at critical stages of cropping, the yield has come down significantly.

Rythu Sangham State joint secretary Peddarapu Ramesh said: “Even though there is an impact caused by the global market, the local traders who formed a cartel are robbing the farmers. The CCI should play an active role in protecting the interests of the farmers.”

Kodem Ramesh, a tenant farmer of Adavi Rangapuram under Duggondi mandal in Rural Warangal district, said that despite an increase in MSP, what I got is a pittance. The factors that affected the farmers are insufficient rainfall, pink bollworm attack on crop and finally traders.

Amid all problems, farmers have a respite in the form of the cotton seed which is hovering above Rs 2,100 per quintal. The cotton seeds are used for extracting oil and cattle feed called as de-oiled-cake (DOC).

Source: thehansindia.com- Feb 05, 2019

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Projects worth over Rs 11,000 crore to be launched in Paradip

A slew of mega projects of Indian Oil (IOCL) and Paradip Port Trust (PPT) worth over Rs 11,000 crore will be unveiled on Wednesday at Paradip in Odisha, officials said on Monday.

The projects are slated to be launched in the presence of Union Road Transport & Highways and Shipping Minister, Nitin Gadkari, Union Tribal Affairs Minister Jual Oram and Petroleum Minister Dharmendra Pradhan.

Details of these projects were presented at a joint press meet here by by PPT chairman Rinkesh Roy, executive director, IOCL, Paradip Refinery, TDVS Gopalkrishna and ED, IOCL, Pritish Bharat.

IOCL's state-of-the-art 15-MMTPA refinery will take a leap forward with the inauguration of a Polypropylene (PP) plant built at an investment of Rs 3,150 crore, they said.

The 680-KTA Polypropylene Plant at Paradip Refinery will increase Indian Oil's petrochemicals capacity to 3.15 MMTPA, with many other projects to follow. It will also considerably reduce import of polypropylene grades, thereby saving foreign exchange for the exchequer, they said.

The PP Plant will act as the mother unit in nurturing downstream plastics processing industry in the region. PP-based downstream industries include Injection Moulding Products, BOPP Film, TQPP Film, Raffia, Fibre & Filament and Thermoforming.

This apart, foundation stone is slated to be laid for a 357-KTA Monoethylene Glycol (MEG) Plant at Paradip Refinery being set up at an estimated cost of Rs 5,654 crore. Ethylene Glycol is extensively used in the manufacture of items like polyester fibre, bottle & film grade chips, solvents, coolant, textiles, packaging, PET film, sheet and molded containers for food packaging, which have a sustained industrial demand.

The project is seen as a key driver for the growing textiles industry in the region and will cater to the rising demand for polyester fibre. With a textiles park proposed at Bhadrak, there will be huge opportunity for supplying raw material to downstream textile units, the officials said.

An estimated Rs 2,000 crore is likely to be invested in downstream units, generating large scale employment.

Work will also commence on IOCL's LPG Import Terminal. To augment LPG import infrastructure at Paradip, IOCL will set up new 0.6 MMTPA capacity LPG Import Terminal at an estimated cost of Rs 690 crore.

The terminal is imperative for enhanced penetration of cooking gas in eastern region. With increased availability of LPG at Paradip through imports, LPG can then be moved through the Paradip-Haldia-Durgapur-Barauni-Patna-Muzaffarpur pipeline to LPG bottling plants in Odisha, West Bengal, Bihar, Chhatisgarh and the Northeast.

Regarding projects in Paradip port, the officials said a Multipurpose Berth developed for handling clean cargo, including containers, and for diversifying its cargo profile will be launched. The capacity of the terminal is 5 MMTPA and the estimated cost of the project is Rs 430.78 crore.

A dust suppression system completed at a cost of Rs 17.50 crore will also be launched in the mechanised coal handling plant.

Foundation stones will be laid for several projects, including mechanisation of berths to enhance their capacity to 30 MMTPA, enabling cargo handling of thermal coal exports in an eco-friendly manner through closed conveyor system, at a cost of Rs 1,437.76 crore.

Similarly, a new coal berth will be developed for handling of coal imports at Paradip Port on BOT basis at an estimated cost of the project is Rs 655.56 crore.

A Rs 66.4 crore project will also be taken up for transfer of thermal coal received through BOXN wagons from Iron Ore Handling Plant (IOHP) to Mechanised Coal Handling Plant (MCHP) stockyard.

Among other projects at the port are installation of Container Scanner with a project cost of Rs 40 crore and a second exit from PPT including flyover to reduce traffic inside city area and provide improved connectivity at a cost of Rs 94 crore.

A Multi Modal Logistics Park being developed an estimated cost of Rs 200 crore over an area of 100 acres will also be launched in Paradip.

Source: business-standard.com- Feb 04, 2019

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ASEAN Chamber of Commerce and Industry business meet from Feb

The first edition of ASEAN Chamber of Commerce and Industry Business Meet 2019 will be held here from February 25 to 27, Karnataka Minister for large and medium scale industries K J George said Monday.

Speaking at the curtain raiser of the event, George said, "The event will showcase Karnataka to the ASEAN and special invitee countries.

It will also make trade and industry of Karnataka aware of the opportunities for trade and investment in ASEAN and special invitee countries."

George said the government's endeavour will be to bring together the chambers of commerce, business persons, exporters and importers of ASEAN countries along with some special invitee countries on one platform to promote trade, business and investment.

The event will be hosted by the Federation of Karnataka Chambers of Commerce and Industries.

The FKCCI said in a statement that the three-day summit will be the first of its kind as there has not been any meet of the major chambers of commerce of ASEAN and that too in Bengaluru.

It will create a high-level networking ground for people to explore new collaborations and showcase new products to stakeholders, it said.

The business body was optimistic that the event would raise over Rs 2,000 crore investments and attract industry bodies from over 23 countries.

Source: business-standard.com- Feb 04, 2019

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Aditya Birla Fashion net doubles to ₹70 cr on rising demand for lifestyle brands

Aditya Birla Fashion and Retail has reported that its net profit doubled in December quarter to ₹70 crore from ₹35 crore on the back of higher sales.

Revenue in the quarter under review was up 23 per cent at ₹2,282 crore (₹1,855 crore). Earnings before interest, tax, depreciation and amortisation was up 28 per cent at ₹186 crore (₹145 crore).

Madura's business segment consisting of Lifestyle brands (Louis Philippe, Van Heusen, Allen Solly and Peter England) Fast Fashion (Forever 21 and People) and Others (Innerwear and International brands) recorded 18 per cent revenue growth at ₹1,345 crore (₹1,139 crore), while Ebitda rose by 24 per cent to ₹101 crore (₹81 crore).

Revenue for lifestyle brands increased by 16 per cent to ₹1,137 crore, while that of Pantaloons was up 28 per cent to ₹961 crore.

The company expects the growth to gain momentum led by product innovation, network expansion, growth category expansion and marketing campaigns.

Source: thehindubusinessline.com- Feb 05, 2019

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