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IBTEX No. 45 of 2018 March 05, 2018

USD 65.04 | EUR 80.16 | GBP 89.75 | JPY 0.62

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
19362	40500	**79.27**

Domestic Futures Price (Ex. Gin), March

Rs./Bale	Rs./Candy	USD Cent/lb
20620	43132	**84.42**

International Futures Price

NY ICE USD Cents/lb (May 2018)	82.60
ZCE Cotton: Yuan/MT (Jan 2018)	15,170
ZCE Cotton: USD Cents/lb	**92.38**
Cotlook A Index – Physical	**91.2**

Cotton guide: The month February has ended positive for active May contract at 82.09 cents up by 75 points from previous week close.

This has been two consecutive week cotton prices are on the upside trend. From the price perspective cotton has rebounded from 76 cents to near 83 cents per pound.

We believe market will remain positive in the near term having immediate target to recent high of 84.50 cents.

As far as trading part is concerned the open interest is slowly adding up for the past seven consecutive trading sessions, however the volume of trading has been lower in last week marginally compared to the previous week.

We see no significant participation while expect that good amount would come in soon when funds start flowing from other markets to commodity and hedge participation increases in market. Further we have next week the USDA demand and supply report scheduled on 8th of March and expect this data will have significant impact on market. The weekly export sales data was lower at 412 vs 576 in the previous week. The number was lower compared to the market expectations. For the day we expect cotton for May contract to trade in the range of 82.20 to 83.20 cents per pound. On the domestic front spot continued to hold steady near Rs. 40800 to Rs. 40900 per candy ex-gin and the arrivals are increasing to around 170K bales. Market is expected to trade sideways to positive. Lastly on the future front the active March future settled at Rs. 20620 per bale and for the day the trading range would be Rs. 20650 to Rs. 20820 and recommend buying on lower level. Note: with the recent price action the basis difference between ICE cotton and Indian spot cotton has reduced to around 3 cents which means exports interest on Indian cotton may be good in the near term may keep cotton price near Rs. 41K per cent ex-gin at the spot market.
Compiled By Kotak Commodities Research Desk , contact us : mailto:research@kotakcommodities.com, Source: Reuters, MCX, Market source

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INTERNATIONAL NEWS

US tariffs threaten to upend the free trade order

'Trade wars are good' Trump says as China and Europe prepare countermeasures

After announcing steel and aluminum tariffs, challenging the free trade framework, U.S. President Donald Trump doubled down on Friday by tweeting that trade wars are good.

When a country is "losing many billions of dollars on trade with virtually every country it does business with, trade wars are good, and easy to win," the president wrote.

Trump's defiant stance raises fears of an outright trade war. China and Europe have expressed the need to prepare countermeasures.

At a meeting with industry representatives Thursday, Trump said he would impose a 25% duty on steel and a 10% levy on aluminum, promising to officially sign the measures next week.

"A couple of months ago, we put tariffs on washing machines coming into the country, because they were dumping the machines all over the place and we had lost our manufacturing abilities for washing machines," he declared. "Now we have plants being built."

The steel and aluminum industries, too, "will see a lot of good things happen," the president said.

The news was met with a plunge in U.S. stocks and an outcry from trading partners. "Pandora's box has opened," a Japanese trade official said.

The furor stems from Washington's justification for the tariffs. While America's 169 existing antidumping and countervailing duties on steel comply with WTO rules, the new measures are based on U.S. law alone.

The U.S. invoked Section 232 of the Trade Expansion Act of 1962, which grants the president authority to impose trade curbs for national security reasons.

Dumping of steel and aluminum by countries such as China has reduced U.S. production capacity, making it harder to ensure a stable supply for sensitive applications like arms manufacturing and defense technology, the thinking goes. This marks the first use of the provision in 36 years, since a 1982 embargo on Libyan oil.

The U.S. butted heads with Japan over trade from the 1960s through the '80s, with Washington pointing to its trade deficit as it pushed Tokyo to open up its markets for such products as textiles, steel, televisions and machine tools. The friction between the allies was resolved through high tariffs on the American side and voluntary export restrictions on the Japanese side.

But this time, countries likely to be hurt by the new tariffs are prepared to dig in their heels rather than try to avoid conflict, raising the prospect of a full-fledged trade war.

"We strongly regret this step, which appears to represent a blatant intervention to protect U.S. domestic industry and not to be based on any national security justification," European Commission President Jean-Claude Juncker said Thursday.

The European Union body "will bring forward in the next few days a proposal for WTO-compatible countermeasures against the U.S.," he said. These may include safeguard duties, a kind of temporary emergency measure, as well as a complaint to the WTO.

Germany "rejects" the U.S. tariffs, a government spokesman said Friday, adding that they could seriously affect the country's trade in steel and aluminum. WTO Director-General Roberto Azevedo said his organization is "clearly concerned" about Washington's plans.

"All countries should cope with the situation together and work with each other to explore solutions instead of taking trade restrictions unilaterally and profiting oneself at the expense of the neighbor," Chinese Foreign Ministry spokeswoman Hua Chunying said.

The Commerce Ministry said China will work with other countries to take appropriate action to protect its interests if necessary.

Domestic politics may have played a role in Trump's decision. A district in Pennsylvania -- a battleground state won by Trump in the 2016 election -- is holding a special congressional election March 13. The 18th district, near the traditional steel hub of Pittsburgh, is home to an estimated 17,000 voters who work in the steel industry. Midterm elections, widely regarded as a referendum on the president's performance, are coming up in November as well. Trump may be offering the tariffs as a gift to blue-collar voters.

But this will come at a price in a global economy increasingly dependent on cross-border supply chains. The Business Roundtable, an association of CEOs of leading U.S. companies, said Thursday that it "strongly disagrees" with the tariffs, arguing that they will "hurt the U.S. economy and American companies, workers and consumers."

Automakers, for example, use lightweight yet durable steel sheet and bars to improve fuel economy -- high-quality products for which it can be difficult to find alternatives. These companies may be forced to pass on increased costs from the tariffs to customers by raising prices, making American cars less competitive, said Keisuke Hanyuda of Deloitte Tohmatsu Consulting. Toyota Motor said the tariffs would lead to substantially higher prices for its vehicles in the U.S.

Steel duties imposed in 2002 under then-President George W. Bush sent prices surging 30-40% and led to the loss of an estimated 200,000 jobs. A safeguard tariff on tires during the Obama administration cost consumers roughly $1.1 billion in 2011 alone. Trump's steel and aluminum duties would lead to higher inflation and lower growth, U.K.-based Oxford Economics warned.

The U.S. spearheaded the General Agreement on Tariffs and Trade that paved the way for the WTO's formation in 1995. Trump has called for withdrawing from the organization since his presidential campaign, asserting that it has failed to fix unfair trade. His latest move has cast a shadow over the global free trade system.

Source: asia.nikkei.com- Mar 03, 2018

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NAFTA collapse risk pushes Mexico to diversify exports destinations

Mexican exports to the UAE have jumped 81 per cent in past decade as the country looks to expand markets for its goods

Mexico is boosting its efforts to diversify the destination of its exports to lessen its reliance on the North America Free Trade Agreement (Nafta) amid concerns the US may pull out of the agreement, officials from the Mexican economy ministry said.

"The focus now in Mexico in terms of industrial policy is two fold," Rogelio Garza Garza, undersecretary of Industry and Commerce at the Mexican Ministry of Economy, told The National on the sidelines of a Latin American forum in Dubai.

"The first is in diversifying the destination of our exports. It's the reason we have a lot of agreements, with 46 countries through agreements like Nafta, the European Union," Mr Garza Garza said.

"Our first big focus is to expand our market, the second one is how can we transform our high potential manufacturing sector to high value added products."

As well as boosting exports to countries like the UAE, where sales of Mexican goods have increased 81 per cent in the past decade, Mexico is also looking to attract more foreign investment from broader sources, including the Arabian Gulf.

Source: thenational.ae- Mar 04, 2018

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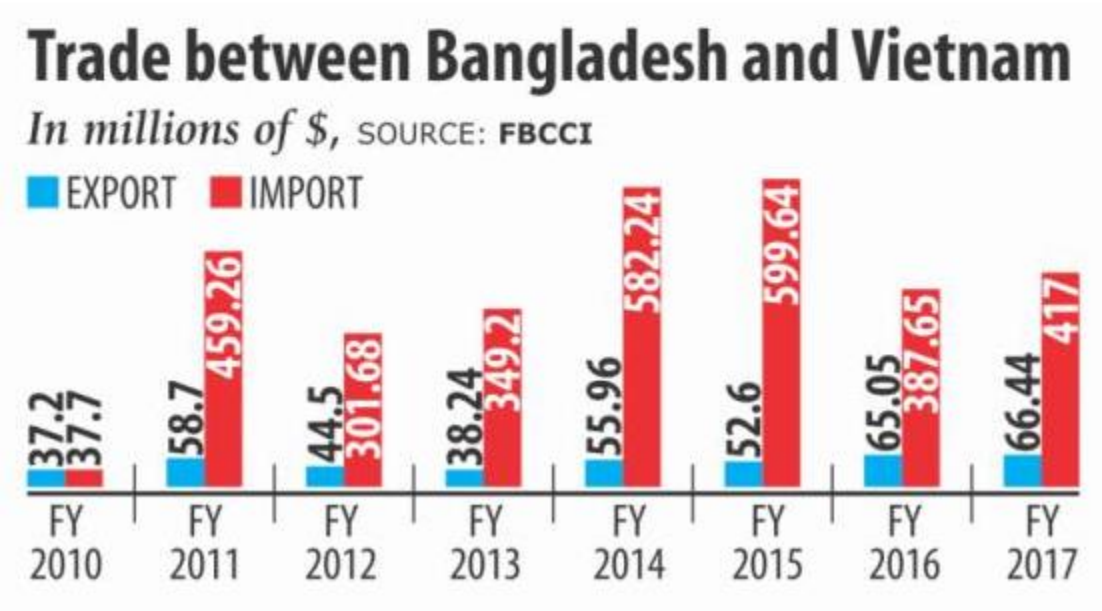
Bangladesh to seek more Vietnamese investment

Bangladeshi businesses will seek more investment from Vietnam during the visit of the Southeast Asian country's President Tran Dai Quang, who arrived in Dhaka yesterday.

The bilateral trade volume is in favour of Vietnam, from where Bangladesh has been importing woven fabrics in bulk quantity since 2011 after the relaxation of the Rules of Origin by the EU for the least developed countries.



The European Union started giving the zero-duty benefit to the exporters of apparels, including the ones made of imported fabrics.

“We will ask for Vietnamese investment here so that the trade balance can be narrowed down at least to some extent,” said Shafiul Islam Mohiuddin, president of the FBCCI.

Still, Bangladesh will have to meet 65 percent of its demand for woven fabrics from imports because of a weak local backward linkage industry.

Thanks to spiralling Chinese investment, Vietnam has turned into a major hub for textile fabrics for Bangladesh, which is also dependent on Vietnamese rice. In 2016-17, Bangladesh imported goods worth $417 million and exported goods worth $66.44 million although the figures were almost the same in 2009-10, according to data from the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI).

The growth of Bangladesh's export to Vietnam has always been very slow—from $37.2 million in 2009-10 to $66.44 million in 2016-17—compared to the imports.

In 2010-11, the import payment jumped to $459.26 million when Bangladesh started importing woven fabrics in bulk quantity from Vietnam to avail the EU's trade privilege.

“Vietnam is already a big investor in 12 countries. So, we can also bring foreign direct investment from Vietnam for sectors like ICT, telecom and agriculture,” Mohiuddin told The Daily Star.

He also said a joint business council will be formed and an agreement between the FBCCI and the Vietnam Chamber of Commerce and Industry will be signed to boost bilateral trade.

He highlighted the rise of Vietnam, which was struggling with poverty even in late 1980s.

Mohiuddin said the Southeast Asian country could become a major economy in Asia as it has created an investment-friendly environment.

In 1986, Vietnam launched a slogan called Đổi Mới to promote the country's transition to a market economy. The country's achievements were remarkable in the first 20 years.

Vietnam's economy grew at an average annual rate of 7.5 percent in the 1991-2000 period.

Vietnam became a member of the Association of Southeast Asian Nations (ASEAN) in 1995 and achieved the full membership of the World Trade Organisation in 2007, which helped the country's FDI reach an all-time high of $71.7 billion in 2008.

Vietnam has strategic partnerships with China, Japan, Russia, India, England, France, North Korea, Italy, Germany, Indonesia, Malaysia and Thailand.

Vietnam is a strong competitor in apparel trade for Bangladesh globally, especially to the US markets.

Vietnam's phenomenal export growth is realised if the US market is analysed.

In 1992, Vietnam's export to the US was zero and import was recorded at $4.6 million, according to the US Census. In 2017, Vietnam's export to the US jumped to $46.49 billion and import was $8.17 billion.

In 1992, Bangladesh exported goods worth $831 million to the US and imported goods worth $188.1 million. In 2017, Bangladesh's export to the US was $5.69 billion and imported goods worth $1.47 billion.

Vietnam is now in the third position when it comes to garment export to the US after China and India while Bangladesh is the sixth on the list.

In 2017, Vietnam sent textile and apparel worth $12.20 billion to the US, up 7.70 percent on 2016.

In 2017, Bangladesh exported textile and apparel items to the US market worth $5.28 billion, down 3.98 percent on 2016, according to the US office of textile and apparel.

Hospitality, agro processing, consumer goods and infrastructure could be some of the potential sectors for the Vietnamese investors, said Abul Kasem Khan, president of the Dhaka Chamber of Commerce and Industry.

Source: thedailystar.net- Mar 05, 2018

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Vietnam: Personnel training a must for new economy

Tran Tuan Anh, minister of Industry and Trade (MoIT), said the new revolution has transformed the country's model of economic growth from one reliant on the exploitation of natural resources and cheap labour to one focusing on the increase of productivity, production efficiency and the competitiveness of economic sectors.

Anh predicted that the industry and trade sector would be greatly affected the revolution.

"A number of key manufacturing industries such as textiles and footwear will suffer a major impact of the fourth industrial revolution as robots are going to replace humans," he said at a conference about training a highly-skilled workforce held in Hanoi this week.

"Humans will monitor and operate the systems and that needs skills and knowledge that can't be replaced by robots," said Minister Tuan Anh.

Kieu Xuan Thuc, a professor from Hanoi University of Industry, agreed, saying low- and medium-skilled workers might lose their jobs if they didn't adapt quickly to the changes in production.

The Ministry of Industry and Trade manages major industries that contribute up to 70 per cent of the country's GDP. But training institutions under its leadership still adopt out-of-date methods. Thus, the quality of trained human resources does not meet the requirements of society.

In order to ensure the goal of providing high quality human resources to meet the requirements of smart production in the future, Tuan Anh said, it was necessary to transform training methods and increase the application of information and digital technology in teaching activities.

More attention should be paid to enhance the quality and competence of teachers and management officials.

"Outdated training methods should no longer be used as they lack interaction and contact with reality, and could lead to backwardness," he said.

In the face of rapid changes caused by the fourth industrial revolution, the economy must boost investment, exploit all resources effectively and gradually move from a cheap labour force into a more skilled one.

According to him, the government must consider the impact from various free trade agreements if Viet Nam aims to be a global supplier of a skilled workforce.

“The government has directed agencies to carry out research about the impacts and potentials of the revolution,” Anh was quoted by the Voice of Vietnam as saying.

In May last year, the Prime Minister Nguyen Xuan Phuc issued Directive 16 about improving the country’s ability, setting up short and long-term goals and tasks for state agencies.

Addressing the conference, Nguyen Manh Hùug, General Director of Military Industry and Telecoms Group (Viettel) said to catch up with the fourth industrial revolution, the teaching methods should be renovated.

In the past, the training of high quality human resources such as university students took time and money. But now, students can practice online, cutting costs and achieving good results.

According to him, the training programmes of the school should be linked to the whole world. Schools should act like factories so that students have the opportunity to practice.

Unlike the past, students should practice before learning theories.

Teachers are not only instructors but also “coaches” who turned their students into “athletes” working towards good performance, he said.

Hùug also said teaching should cover all sectors, instead of forcing students to focus on a major.

“In the past, students are taught languages which are used to communicate between people, such as Vietnamese or English. But now, it is necessary for them to know the programming language -- the language used to instruct the machine. Workers only act as machine’s supervisor. "

Source: vietnamnet.vn- Mar 04, 2018

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Levi's will use lasers to ethically create the finishes on all of its jeans

It will reduce labor-intensive steps in creating jean finishes from between 18 to 24 steps to just three

Levi Strauss is introducing a digitizing technique that uses lasers to ethically create designs on its jeans in place of manual labor. Called Project FLX (which stands for Future-Led Execution), the technique will cut out harmful chemicals and reduce labor-intensive steps in producing jean finishes from between 18 to 24 steps to just three. Levi is also planning to scale this across the company's denim supply chain.

"Our first step in the new process is to photograph the jean, and then we take that and illustrate it in a way that the laser can interpret. So what used to happen traditionally 8, 10, 12 minutes with manual applications, we can now execute with the laser in 90 seconds or so," said Bart Sights, Levi's VP in technical innovation, who leads Levi's innovation lab called Eureka lab. The lasers use infrared to lightly scratch designs into the top layer of the jean's surface, creating the faded outlines and tears.

Levi says for the past 30 years, the clothing industry has generally used hand-finishing and a chemical process to create the worn and faded designs on denim. The company has committed to achieving a "zero discharge of hazardous chemicals by 2020," and says it will reduce the number of chemicals used from thousands to a few dozen during the denim finishing process with this laser technology.

As part of the project, Levi's designers are also using a new imaging tool to create different patterns and finishes on jeans using a tablet to create a prototype. The platform allows designers to tweak colors, and control the design of rips and tears.

While this isn't new, Eureka labs reportedly tried to make the 3D graphics more realistic. Prototype jeans are usually created by using chemicals and manually ripping, tearing, or wearing down a physical pair of jeans.

The company states that this new digital tool will cut development in half, from months to weeks and sometimes, only days. Those digital files created can also be sent the laser machine to create a prototype or even to a vendor for large-scale manufacturing. Levi anticipates that the digital platform will be fully implemented in 2020.

This is hardly the first time lasers have been used to design clothes. Last year, Adidas let shoppers design their own sweaters using laser body scans and light sensors at a pop-up shop in Berlin, while other designers have used the technology to create laser-cut textiles and jewelry.

Source: theverge.com- Mar 04, 2018

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Bangladesh pays cotton import bill of over $3.0 billion annually

Bangladesh is the world's largest raw cotton importer as it uses this cotton to manufacture yarn and fabric for the readymade garment (RMG) industry. What is generally forgotten it that it pays a phenomenal $3.0 billion annually as import bill for the natural fibre.

It goes without saying that it does a good job of producing quality apparel for the export market; however, what is worrying is the non-availability of huge quantities of domestic cotton required to produce finished RMG. Initially, the problem was very serious as exporters had to depend on imported fabric for both woven and knit apparel.

However, in the last two decades the situation has morphed post the emergence of many composite textile mills to make up for the non-availability of fabric. Currently, domestic production has increased so that about eighty per cent of fabric required for apparel manufacturing is sourced locally.

China still leads the pack as the world’s largest cotton consumer despite its reduced cotton production/import in recent times. As Chinese stock of cotton is being cut back significantly, the price of cotton is increasing.

On the other hand, the US, the largest cotton exporting country in the world, is creating an artificial supply shortage by cutting back on the cultivation of the natural fibre.

Today, Bangladesh is the fifth largest cotton consumer in the world and its cotton import is estimated to grow beyond 7.0 million bales in 2017-18. In the year ago period, it was nearly 7.0 million bales. The country's import bill has thus been skyrocketing and as per recent report in a local daily, it has gone beyond $3.0 billion.

Apparel products made of cotton has been the mainstay of Bangladesh's exports over the decades. Many exporting countries that do not produce enough raw cotton have shifted to manmade fibres such as filament, polyesters and viscose. Following this model, one can see a paradigm shift in international trends in the use of manmade and natural fibres.

Following the exponential rise in the use of manmade fibre increasing its ratio to more than 70 per cent internationally, it goes without saying that apparel exporters are forced to diversify their product range by increasing the use of manmade fibre.

Source: fashionatingworld.com- Mar 02, 2018

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Pakistan may suffer from domino effect if world goes to 'trade war'

US President Donald Trump is en route to adopting protectionist policies which may spark a global trade war. While his intended actions will not impact Pakistan directly, experts believe they will create a domino effect that will hit the country.

In a big bang, Trump said steel products would face 25% tariffs and aluminum 10% from next week.

"This is exactly in line with Trump's electoral promises," NUST Islamabad School of Sciences and Humanities Principal and Dean Ashfaque Hasan Khan told The Express Tribune on Friday.

One way or the other, the policy initiative is going to impact China, the largest steel producer and exporter in the world. Since Pakistan has massively redirected its economic reliance on China from the US, it may suffer as a consequence of a trade war between the two, he said.

Global trade war: costs and consequences

Despite not being a leading steel exporter to the US, China is strongly believed to retaliate against the protectionist policy as it has done in the past.

Leading steel exporters to the US include Canada, the EU, South Korea, Brazil, Russia, Taiwan and Turkey.

Khan said "the (Trump's) initiative will have almost no impact on Pakistan…it stands nowhere among those 100-110 steel exporters to the US and only makes a few billion dollars worth of textile exports which are already taxed by the US."

Analysts are divided whether the steel exporting nations would dump their products in Pakistan after the US duties. They stated that Pakistan has already imposed anti-dumping duties on steel imports to protect its industry.

"Trump's move will (however) initiate a global trade war which will slow down world economic growth," Khan added.

Another analyst said the consequences could be more extreme including an increase in the cost of doing business globally, increased inflationary pressure on world economies, increase in key policy rates by central banks making lending to the private sector expensive and so on and so forth.

He said the protectionist policy may make it tougher for Pakistani professionals to find jobs in the US while those already working may find their jobs being threatened by US nationals. He said China has continued to lend dollars to Pakistan due to depleting foreign exchange reserves and widening of current account and trade deficits.

On the other hand, the US has already stopped reimbursing Pakistan for its expenditure on the war against terrorism by stopping payments under the Coalition Support Fund (CSF).

Last week, the US succeeded in putting Pakistan on the FATF's terror financing watch list from June and warned of blacklisting in case it fails to submit an action plan for dealing with terrorists with an iron hand.

Placement on the watch list is largely being seen as politically motivated since China and Pakistan have strengthened economic ties under the ongoing China-Pakistan Economic Corridor (CPEC), analysts said. Another analyst recalled that the US did not reduce duties on textile imports from Pakistan like the European Union did under the GSP Plus status.

The likely global trade war may see some of the US's closest allies making harsh moves in response to the new protectionist measures. Some of them have already launched protest against the protectionist policy.

Source: tribune.com.pk- Mar 04, 2018

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Pakistan: Breaking the curse in textiles

Pakistan's exports touched their zenith at $25.05 billion in 2013, but have declined since then to $20bn during the last four years. All major exporting sectors of the country saw this decline, including textiles.

The loss in textile exports has been attributed to lack of investment in upgrading technology and innovation in the textile industry.

Absence of investment in the sector has been a result of: non-accumulation of savings and investment owing to low profitability because of high costs of production, liquidity and cash flows being soaked up by the Federal Board of Revenue and the State Bank in delayed refunds/drawbacks, and continued overvaluation of the currency for five consecutive years making exports uncompetitive.

There is no denying the fact that our textile sector has become regionally uncompetitive, but this is not because of inefficiency of the industry but because of a non-conducive business environment.

It is the government’s role to provide a viable business environment by maintaining a competitive cost of doing business, promoting competition through an open economy which brings trade opportunities and protects domestic industries through tariff and non-tariff barriers where necessary.

Market forces should be allowed to work; any greater role of the government that interferes with market forces creates bureaucratic delays and inefficiencies.

According to the recent World Bank report, “Pakistan’s poor trade performance in recent years is an outcome of diminishing export competitiveness”. The reason for the loss of competitiveness is the increased cost of doing business.

According to the ease of doing business report, Pakistan stands at 147 out of 190 countries, significantly lower than regional peers and competitors like India, Vietnam, Indonesia and Turkey.

A country with a regionally uncompetitive business environment cannot be expected to compete with regional players. Pakistani textiles were once a celebrated international brand, famous for their premium quality as well as affordability owing to the moderate cost of doing business and low prices.

International organisations in 2006 rated Pakistan’s textile industry as one of the most technologically advanced industries.

Now, unfortunately, we cannot ensure high quality products because of the unavailability of quality raw material and other inputs. Cotton is the lifeline of the textile sector and its production has declined by 21 per cent in the last three to four years.

Furthermore, through irrational policies, import of quality cotton has been restricted while domestic crop production is also dismal; the quality of output will be compromised even with the most innovative machinery.

To provide a competitive price for exports, competitive cost structure is a prerequisite, attained only through correct currency valuation. We have an overvalued currency as well as a high cost of doing business. These instruments need to be stabilised in order to compete.

On the contrary, regional competitors like India, Vietnam, China, and Bangladesh are pursuing aggressive textile policies and buying market share in textiles through highly subsidised exports.

Amusingly, Pakistan is the world's leading importer of used clothing with per capita per annum import of approximately $1, whereas import in India is only 9 cents per capita per annum.

Our imports of used clothing are 10 times that of India which has a similar poverty rate. This is because Pakistan is importing used clothing under the guise of new apparel. This is actually the rejected apparel and clothing from the US and EU, dumped in our market at unbelievably low rates that no one can compete with.

The government should act as a regulatory and complementary body in market economies, making policies that support the domestic industry. Once an enabling environment is created, market forces will compel competitive production, accurate pricing, and set the floor for achieving economies of scale.

Pakistan's textile industry has an untapped exportable surplus of almost $20bn, which can help reverse the trade account deficit. Such a balance of payment situation is not a very comfortable position to be in.

In order to avert the possibility of going to the International Monetary Fund again, we must improve export performance through the aforementioned measures and then place our bet at winning against aggressive competitors.

Source: dawn.com- Mar 05, 2018

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NATIONAL NEWS

Textile industry seeks sourcing curbs to check rising apparel imports

Increasing apparel imports — particularly from Bangladesh — is slowly and silently killing the entire domestic textile value chain from fibre to apparel, according to the textile industry.

The industry has sought immediate government intervention to impose sourcing restrictions in order to cut the damage.

“This no doubt would be a timely and temporary intervention. We need to come up with a permanent solution,” said Prabhu Dhamodharan, Convenor, Indian Texpreneurs Federation (ITF).

ITF representatives met Suresh Prabhu, Union Minister for Commerce and Industry, in Delhi to highlight the plight of the textile industry.

He later told BusinessLine that apparel imports into India had risen from $10.94 million in 2009 to cross $100 million-mark in 2015 before soaring to $136.43 million in FY2016.

India allowed duty-free import of readymade garments from Bangladesh under SAFTA in 2006. This facility was initially limited to 8 million pieces. But in 2010, this quantitative restriction was lifted. The Made-in-Bangladesh garments import surged. From a Compounded Annual Growth Rate (CAGR) of 67 per cent between 2006 and 2010, it rose to 98 per cent between 2011 and 2014.

There was a marginal drop in imports in FY2017 because of the overall slowdown, but they resumed pace in FY18 and are proving to be a killer.

Bangladesh does not produce enough fabrics domestically. The duty-free, quota-free facility extended to Bangladesh (in view of it being considered a Least Developed Country (LDC)) benefits China’s export of textiles.

Bangladesh imports fabrics from China, converts them into garments and exports the stuff to India. Since import of Made in China fabrics is meant for export, Bangladesh does not impose any import duty on the fabric import and this facilitates backdoor entry of Chinese textiles into India.

India has not imposed any sourcing restrictions. To make matters worse, the duty-free quota facility has now been extended to all 49 LDCs on a non-reciprocal basis and without any sourcing restrictions.

This could cause more harm to the domestic textile manufacturing sector as some of the LDCs such as Ethiopia, Cambodia and Myanmar, which have duty-free access to the EU, Japan and US markets might dump garments here.

ITF also refuted the charge that India's textile exports (of denim in particular) to Bangladesh is on the rise. "It is not correct as most of the textile exports from India is routed through Bangladesh because of the cheap labour available there for conversion into apparel," he said.

Tweaking SAFTA rules

On the way forward, ITF suggests tweaking SAFTA (South Asian Free Trade Area) rules of origin to make use of yarn and fabric of Indian origin mandatory for allowing duty-free quota-free market access.

"This would boost our export of yarn and fabric to Bangladesh and other LDCs," Dhamodharan said, adding "we will not be the first to impose sourcing restrictions as the US has imposed it under NAFTA (North American Free Trade Agreement) for duty-free import of garments from Mexico and other NAFTA members."

"We have accepted sourcing restrictions imposed by Japan. This has hurt our apparel exports to Japan under India-Japan CEPA (Comprehensive Economic Partnership Agreement). The Government can do something similar to help the domestic industry without really denying duty free market access to Bangladesh and other LDCs."

The federation has appealed for a fibre neutral policy.

ITF has, in the meanwhile, decided to engage an expert to prepare a report on the textile industry's competitiveness, FTAs and growth prospects. "This would be ready in the next 8 weeks. We plan to submit this report to the government," the ITF Convenor said.

Source: ibcworldnews.com- Mar 03, 2018

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India, Vietnam vow to jointly work for open, prosperous Indo-Pacific

Eyeing to counter-balance China's expansionist agenda in the region India and Vietnam on Saturday agreed to work for an independent, open and prosperous Indo-Pacific region as the two sides signed three agreements, including landmark pact on civil nuclear cooperation.

"We will work together for an independent, open and prosperous Indo-Pacific region where sovereignty and international laws are respected and disputes are resolved through dialogue," Prime Minister Narendra Modi said in a joint address to the media with visiting Vietnam President Tran Dai Quang following delegation-level bilateral discussions here in an oblique reference to Chinese activities in South China Sea region that has violated international rules.

"Both of us are committed to expanding our maritime ties and ensure an open, transparent, inclusive and rules-based regional architecture," Modi said.

On his part, Quang said that both countries will work together for regional security, including maritime and cyber security. He noted that both countries respect the UN Convention on the Law of the Sea (Unclos), adding that the Comprehensive Strategic Partnership will continue to be deepened.

Stating that defence and security is an important pillar of the strong bilateral ties, the PM said that the all defence services of the two nations enjoy close cooperation and it was decided in the talks to increase cooperation in defence production.

“We will also explore possibilities in co-production and transfer of technology in the defence sector,” he stated.

Modi further said that Vietnam has played a significant role within the framework of New Delhi’s Act East Policy and India’s ties with the Association of Southeast Asian Nations (Asean) regional bloc. Vietnam is the country coordinator for India with the Asean.

The Prime Minister recalled that during his visit to Vietnam in 2016, the bilateral relationship was elevated from a Strategic Partnership to a Comprehensive Strategic Partnership. “Our ties are not just limited to our two governments. Our civlisational ties are 2,000 years old."

He also pointed out that bilateral trade continued to grow even in the current global economic scenario and said trade between the two countries rose from $6 billion to $10 billion in the last five years.

He said that, in the discussions, both sides agreed to further strengthen trade and investment ties, including in sectors like renewable energy, agriculture and agro-products, textiles and oil and gas. The two sides signed a pact on Saturday to enhance business ties.

“We will not only strengthen our longstanding bilateral partnership in oil and gas, but also explore possibilities of working with other countries for trilateral partnership,” Modi said. India and Russia may jointly invest in Vietnam's oil sector.

“Our relations are are not only beneficial for the well-being and happiness of our two nations, but also important for peace, security and stability of the entire region,” Modi stated.

President Quang said that both sides hoped to increase two-way investment and hoped that bilateral trade will reach $15 billion by 2020.

He thanked Viet Jet Airlines for starting services between Ho Chi Minh City and New Delhi and urged Indian airlines to start operations between the two countries.

A work plan for the years 2018 to 2022 was also signed between the Indian Council of Agricultural Research (ICAR) and Ministry of Agriculture and Rural Development of Vietnam to promote cooperation in transfer of technology and exchange of visits of technical experts in agriculture and allied fields, Quang, who first touched down at Bodh Gaya on Friday while coming on a three-day visit to India, reached here later in the evening.

Source: economictimes.com- Mar 03, 2018

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Wage incentives missing in Maharashtra's textile policy

Maharashtra's textile policy offers a primary capital subsidy of 25 to 40 per cent across the value chain. There are area-wise and sector-specific incentives, such as 10 per cent of additional subsidy and lower electricity rates for setting up units across under-developed regions.

The state produces 8.2 million bales of cotton, of which only a fourth is consumed within the state. It wants the remaining three-fourth of unprocessed cotton to be processed within the state, for which it has offered an electricity rate lower by Rs 3 a unit. Tamil Nadu produces only 0.5 million bales of cotton but processes around 10.5 million bales by procuring the fiber from other states because of cheaper electricity.

Maharashtra has also offered incentives for pollution-free and eco-friendly dyeing and processing plants. There are incentives to make non-conventional yarn like bamboo, banana, ghaypat, ambadi, coir and maize. By these measures Maharashtra is confident of attracting massive investment in the textile sector.

However, for garment units, cost of production and viability remain a major concern. With wage incentives, the cost of production declines. There is no mention of this in the policy. Hence, garmenting units would find Gujarat Andhra, Telangana or Jharkhand preferred destinations. They offer wage incentives for new textile units.

Source: fashionatingworld.com- Mar 03, 2018

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Raymond eyes small towns, expects 10% volume growth

Spotting a big demand gap in small towns, textile and apparel major Raymond is looking to spread its presence into such markets and expects up to 10 per cent like-to-like sales growth from this initiative, a senior company official has said.

"We had conducted a study last year and identified at least 1,200 urban townships with a population of over 50,000. We have no presence in at least 800 of those towns," Raymond retail director Mohit Dhanjal told .

"We are looking to set up mini Raymond shops in these tier IV, V and VI towns, through an asset-light franchisee model," he explained.

He said typically, it would cost Rs 50-60 lakh to set up a mini Raymond shop, and the company has tied up with local investors for this. He expects these stores can generate a revenue of Rs 1 crore each.

In the past two months, the company has set up about 40 mini Raymond shops, and will open another 60 stores by the end of 2018, he added.

The company has chosen small format stores as these towns do not require large stores that need higher investment.

"Larger stores of about 2,500 sqft require Rs 1.5-2 crore investment, and generate average income of above Rs 2 crore," he said.

Raymond operates about 767 stores, mostly under franchise model in 416 towns, and is also present in about 3,500 multi-brand stores.

The company expects an uptick in sales through its retail outlets in the current quarter, as well as the next quarter, with a spurt in demand, Dhanjal said.

Source: timesofindia.com- Mar 04, 2018

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Telangana to oust non-textile units from apparel park

KTR wanted the officials to examine each unit functioning from the apparel park and submit a report on investments made and employment created by each unit within a week.

State government has decided to terminate lease agreements of non-textile industrial units and re-allocate the vacant land to apparel industrial units for strengthening Gundlapochampalli Apparel Park.

Industries, Handlooms and Textiles Minister KT Rama Rao directed officials of Handlooms and Textiles Department to take control of the apparel park management and also establish training centres for artisans in the park.

Reviewing the works at the Gundlapochampalli Apparel Park here on Saturday, the Minister observed that several non-apparel industrial units were functioning from the park and diluting its objective.

He directed the officials of the Textiles Department and Telangana State Industrial Infrastructure Corporation (TSIIC) to identify such units and terminate their lease agreements at the earliest.

"As the apparel park is closer to the city, many textile companies are showing interest to establish their units here. We need to facilitate their establishment through re-allocation of vacant plots to such companies," he said.

Rama Rao wanted the officials to examine each unit functioning from the apparel park and submit a report on investments made and employment created by each unit within a week. "Our aim should be on providing employment to people in and around the apparel park. At full capacity, the park can provide direct employment to 15,000 people and indirect employment to another 30,000 persons," he added.

The Minister asked the TSIIC to limit its operations to creating infrastructure in the apparel park and directed the officials of Handlooms and Textiles Department to take over the park management including attracting new companies to establish their units.

TSIIC agreed to create infrastructure like LED streetlights, food court, roads and green spaces among others. It has been decided to appoint a chief executive officer for overseeing management of the parks at Gundlapochampalli and Pashamailaram under TSIIC management and hand them over to the Handlooms and Textiles Department.

Source: telanganatoday.com- Mar 03, 2018

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Seminar on Power Tex India scheme held

General Manager District Industries Center Srinagar Sajad Ahmed Qadri said the seminar was organised to create awareness to the weavers about the power Tex scheme launched by ministry of textile.

A seminar on Power Tex India Scheme of Ministry of Textiles, Government of India for the development of decentralised power loom sector was held at Silk Park Zakura.

The seminar was organised by Regional Office of the Textile Commissioner Amritsar, Ministry of Textiles, government of India, Kashmir Silk Cluster Development Organization the associate members of PHD Chamber Of Commerce and Industry Kashmir.

General Manager District Industries Center Srinagar Sajad Ahmed Qadri said the seminar was organised to create awareness to the weavers about the power Tex scheme launched by ministry of textile.

He advised the weavers to expand their knowledge on power loom by taking a support from a team who purposely visited for the seminar.

The chairman Expert Committee Textile PHD Chamber Kashmir Bilal Ahmad Kawoosa talked about the establishment of Silk Park under Textile Centers Infrastructure Development Scheme (TCIDS) of Textile Ministry GOI with the active involvement of Stakeholders of Silk Industry under the banner of Kashmir Silk Cluster Developement Organization (KSCDO).

He made a request for establishment of Powerloom Services Center and Raw material Bank which was agreed by the Regional Officer of Textile Commissioner. He also said that the matter of making CFC functional Through Kashmir Silk Cluster Developement Organization (KSCDO) have been taken up by PHDCCI with the State Govt. So that the necessary commen facilities will be provided to the unit holders of Silk Park from April-2018.

Addressing key note speech, Deputy Director and Officer Incharge Regional Office of the Textile Commissioner, Amritsar, Iqbal Ahmed said that Kashmir is known for its textile products.

“However there is no proper development in this sector and the weavers are not availing the schemes of Government of India in the form of subsidy, insurance or Solar power. We are here to extend some help and support to the weavers of Kashmir by letting them know about the Comprehensive Schemes for power loom sector by government of India,” Ahmad said.

He said more employment can be generated in the sector of looming in Kashmir if the weavers can grab the schemes. While during seminar it was revealed that not a single application had come to Regional Office of the Textile Commissioner, Amritsar from Kashmir region and no one from Kashmir has availed any assistance from GOI Scheme and all these schemes are in addition to others state or central schemes.

The Other dignitary attended were M Chowdhary Assistant Director and Manon Kumar Technical Officer of Regional Office of the Textile Commissioner, Amritsar,General Manager DIC Ganderbal Bilquess, Divisional Manager Altaf Ahmad Beigh officials from Industries & Commerce Dept, J&K SICOP, Muhammad Yousf Tichoo Presidend I/E Ganderbal along with his office bearers and unit holders of Silk Park attended the awareness seminar.

Source: greaterkashmir.com- Mar 05, 2018

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Arvind to set up facility in Chittoor

Inks MoU with Andhra Pradesh Economic Development Board

Arvind Ltd signed a Memorandum of Understanding (MoU) with the Andhra Pradesh Economic Development Board (AP-EDB) on Sunday for the establishment of a state-of-the-art integrated apparel and textile facility in Chittoor district.

The pact was signed by Arvind Ltd CMD Kulin Lalbhai and EDB CEO J. Krishna Kishore. Mr. Kishore stated in a press release that the Arvind facility would be established in a phased manner to produce 24 million pieces of shirts and jeans per year with an initial investment of nearly ₹300 crore.

Source: thehindu.com- Mar 05, 2018

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