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The Cotton Textiles Export Promotion Council [TEXPROCIL]
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IBTEX No. 181 of 2017 September 07, 2017

USD 64.02 | EUR 76.37 | GBP 83.53 | JPY 0.59

Cotton Market

Spot Price (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
19888	41600	**82.77**
Domestic Futures Price (Ex. Gin), October		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
19410	40601	**80.78**

International Futures Price

NY ICE USD Cents/lb (Dec 2017)	74.50
ZCE Cotton: Yuan/MT (Sept 2017)	15,805
ZCE Cotton: USD Cents/lb	**93.40**
Cotlook A Index – Physical	**81.9**

Cotton guide: Cotton December futures rallied past 75 cents but closed a tad lower at 74.50. Likewise the March 18 contract also ended slightly lower than the day's high. However the spread between the two contracts have widened from 0.60 cents to almost 1 cents. We believe going forward the spread may remain widened.

Coming back into the market perspective no major development except that the natural calamities in the form of Hurricane in the US is causing lot of volatility in the price action of major commodities and so in the case of cotton.

Earlier we have seen "Harvey" and now "Irma" turning into category 4 storm and there is prediction of another named "Jose". It's about crop loss and revision of US production that everyone are expecting so price action is seen accordingly.

Therefore we have seen the recent rally has been very quick and fast. As discussed earlier the rally from 66.63 to 72 and now 72 to 75 cents in less than a weeks' time.

However we would emphasis on the technical chart study at this moment as the market has reached to an overbought phase having multiple resistances near 75 area. Since there is minimal correction after testing the level and this morning the same is seen trading lower near 74.30 indicate a minor more correction in the price towards 73.50 to 73 cents could be possible on today or tomorrow's trading session. Note unless 75 is cleared on the higher side market may now continue to remain sideways. Also remember our in-house medium term outlook in cotton holds a bearish call suggesting short near 76 to 77 cents for December. The broad supply driven factors continues to weigh on the market and believe soon the reversal to come in and the recent action is also inclined to speculative move to an extent.

Overall on today' trading session cotton may remain sideways to lower. The trading range for the day would be 74 to 75 cents. We have the a Weekly export sales figure to release from the US and believe major difference in the data could bring in more movement in cotton price. Also the trading band and trend of USD would have to be watched critically.

No major change in the spot market especially for the old crop while the new crops have been selling higher than the Isla price in the current period of the season. The forward contracts are being sold above 38K per candy. To some extent the future have been quite active from both spot market and ice trend. More than the October the rise in November and December is quite high.

From the trading perspective October is expected to trading in the range of 19100 to Rs. 19450 per bale

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

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INTERNATIONAL NEWS

Cotton USA eyes 3% sales increase in Indonesia

The US cotton industry eyes a 3 percent increase in sales in Indonesia this year, according to Cotton Council International (CCI), the export promotion arm of the National Cotton Council, a US industry association promoting the brand Cotton USA.

CCI Indonesian representative Andy Do said the target would be achieved by approaching consumers directly to promote the products rather than only approaching businesses, as in the past.

"The population in Indonesia keeps increasing with a positive birth rate at around 1 percent and there's an emerging middle-class phenomenon here, so more are wearing more-quality garment. When we talk about quality, we talk about cotton," he said at a press conference in Jakarta on Wednesday.

Indonesia is Cotton USA's fourth-largest market after China, Turkey and Mexico. Sales in Indonesia range between US$300 million and $600 million a year.

Indonesia imports cotton mostly from the US, Australia and Brazil.

As a clothing material, cotton is competing with cheaper synthetic materials like polyester. Andy said the cotton market share in the raw material market fluctuated from time to time, depending on ever-changing market demand.

To strengthen its grip on Indonesia's market, CCI held the first Cotton Day Indonesia, a series of business seminars and fashion shows, to increase awareness about its products among Indonesian consumers. The organization plans to hold it every year from now on. It held such events in Japan 15 years ago.

Source: thejakartapost.com - Sep 06, 2017

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USA: Fair, not free, trade

Our policy of open trade with most countries of the world became an important theme in last year's election. As it should be. Since the great opening with China under President Nixon, large corporations, Wall Street, and most economists have supported more liberal trading. As a result, manufactured goods made in other countries have displaced many American workers in textiles, clothing, appliances, steel and other sectors.

Trade does offer consumers more and often better choices. The Japanese demonstrated decades ago that many drivers would prefer smaller and more fuel-efficient cars. US auto companies began to offer the same. Many of the fresh fruits we enjoy in the winter are imported from Latin America.

But many of our fundamental American values such as freedom of speech, the right to elect our leaders fairly and competitively, and the right to organize labor unions are not honored by political systems in other countries. And herein lies the problem with "free" trade.

A country like China that does not permit its workers to organize for improvements in pay and working conditions opens the door to exploitation. Many American firms have taken advantage of these conditions, moving production overseas and laying off workers at home. Cheaper imports from other illiberal countries displace small American businesses and their workers as well.

Among other downsides, the abundance of cheap goods pits our identity and aspirations as workers against our interests as consumers. We are tempted to buy the "made in China" product that costs a fraction of the Made in America option. The boom in low-end retail in our country is not an accident. Year after year, we experience growth in retail jobs that pay minimum wages and offer only part-time work with few benefits and no paid vacations. These jobs are a consequence of trading with countries who do not honor standards and freedoms such as ours.

When we first began trading with China, a country jails dissidents, monitors all forms of speech, and crushes trade unions, proponents of free trade argued that this would be a way for China to become more like us. But except for their investments in a huge military industrial complex and army and navy, they aren’t. Like us, they have nurtured their financial sector and fostered huge and growing gaps in wealth and income distributions.

Is it inevitable that developing countries must grow through unequal trade and repression? No, it is not. Japan, an imperialistic nation that occupied and repressed Korea for more than three decades, recovered from World War II under an American occupation that demanded democracy, free speech, and freedom to form labor unions. Japan flourished over the following decades.

Students, workers, and a growing middle class in South Korea, after suffering dictatorship for most of its postwar period, succeeded in a peaceful revolution that won them freedom of speech and the rights to elect their political leaders and form labor unions. South Korea is an outstanding example of how a country devastated by civil war emerged as a hard-working, freedom-loving and technologically sophisticated trading partner.

Mexico is another example. When we entered into the North American Free Trade Agreement, was already a country with a long tradition of democratic elections, freedom of speech and the right to form labor unions. Growing trade with Mexico did displace some American workers, and our programs for retraining and job placement were not good enough. But it also created many new well-paying jobs in the technically sophisticated end of the American auto industry.

And despite President Trump’s harangues about Mexican workers, the truth is that in recent years, as many Mexicans and Mexican-Americans have returned to Mexico as have arrived. Why? Because fair trade has helped the Mexican economy and workers’ wages to expand, offering opportunities for returnees to open new businesses there. And Mexican immigrants who have come here for the same opportunities that our ancestors did have joined the American working class, paying taxes, expanding our consumer base, and starting new businesses.

So let’s work towards fair trade rather “free to exploit” trade. We treasure our American values. Our trade policies should reflect them.

Ann Markusen is Professor Emerita and Director of Arts Economy Initiative and Project on Regional and Industrial Economics with the Humphrey School of Public Affairs at the University of Minnesota.

Source: grandrapidsmn.com- Sep 06, 2017

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Pakistan: Textile industry advised to focus on value addition

Commerce Secretary Younis Dagha on Wednesday advised textile industry to focus on value addition to compete in the international market and arrest decline in exports.

Dagha said cost of doing business is higher in Pakistan compared to neighbouring countries, “but it is not the only hurdle in exports.” “Lack of value addition is also a major reason (behind falling exports),” he said, addressing an event hosted by Pakistan Hosiery Manufacturers and Exporters Association.

“We have not played our role in value addition… industrial production remains lower.” Commerce secretary said Indian and Bangladeshi exporters invest in their industries, while in Pakistan foreign revenue earned from textile exports went back to stocks and real estate sector.

“Investors should not divert textile money to real estate and other sectors,” he added. Dagha said work on combined effluent treatment plant will soon start with the project cost to be borne half each by provincial and federal governments.

“Provincial government has already sanctioned the budget, while the issue is pending with the planning commission at the federal level, which will soon be resolved,” he added. Federal secretary said wheat and sugar polices are needed to be revived as both commodities are in surplus in the country and efforts are needed for their exports.

He said Pakistan Central Cotton Committee has been handed over to private sector, but there has been no improvement in cotton production since then.

Zubair Motiwala, ex-president of Karachi Chamber of Commerce and Industry said yarn exports fetch $1.26 billion, but after value-addition this amount can go up to $7.5 billion a year.

Jawed Bilwani, chairman of Pakistan Apparel Forum said Pakistan’s textile exports are lower than India, Bangladesh and Vietnam, while costs of production as well as minimum wages are comparatively higher in the country.

Bilwani said the country faces a widening trade deficit of more than $32 billion and it would not prosper if exports are not increased. Exports would increase when a level-playing field is provided to the industries.

“We receive export orders when other suppliers are not available in the international market,” he said. “We get only spillover orders.” Government usually announces funds, which are not released or partially released, he added.

Source: thenews.com.pk - Sep 07, 2017

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Iran textile industry missing good branding

Although Iranian textile and garment producers offer really high-quality products, lack of appropriate branding and marketing continues to pose damage on them a great deal, a businessman in the industry told Trend.

There is also some unknown mechanism that makes the cost of production in Iran go very high, which also negatively impacts how successful the business can be in this country, Mansour Aghazadeh, sales expert at Aliaf Gostar Yazd Co. said.

"We are worried about fluctuating prices of raw material as well as unbridled imports. The raw material supply for our industry is in the monopoly of one company, which can do anything with prices it wishes."

"Also as for imports, we are not the only country to face such problem. Take Turkey for example, due to their anti-dumping policies, they have managed to have a flourishing textile industry," Aghazadeh noted.

"If the government supports the producers and removes the obstacles, then Iranian producers of textile can also have a booming business," he said.

Iran's textile and garment industries are victimized by an annual smuggling amount of $2.5 billion, according to official reports.

There are over 250 international garment brands with a branch in Iran.

Source: azernews.az - Sep 06, 2017

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Botswana galvanises efforts to derive AGOA benefits

Botswana has finalised its national response strategy for the US Africa Growth and Opportunity Act (AGOA) by identifying potential sectors for export to the United States.

The strategy includes a detailed implementation schedule with actions and activities for specific sectors to be undertaken by various stakeholders. The launch date is yet to be announced.

This was conveyed recently by Botswana's assistant minister of trade and industry Biggie Butale to a women's leadership forum in Gaborone, according to a report in a regional weekly newspaper for southern Africa. Butale urged manufacturers to produce commodities of high standards for the US market.

In August, USAID opened an office of its Southern Africa Trade and Investment Hub in Gaborone. At its inaugural ceremony, permanent secretary in Botswana's ministry of trade Peggy Serame said the strategy would focus on beef, textile, arts and craft, and jewellery and help improve productivity by facilitating robust regional trade and global market access.

USIAD will help local businesses with the utilisation of financial institutions, identify gaps and assist small and medium enterprises in building capacity.

Source: fibre2fashion.com- Sep 06, 2017

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U.S. asks U.N. to impose oil embargo on North Korea, cut textile exports

The United States wants the United Nations Security Council to impose an oil embargo on North Korea, ban the country's exports of textiles and the hiring of North Korean laborers abroad and subject leader Kim Jong Un to an asset freeze and travel ban, according to a draft resolution seen by Reuters on Wednesday, APA reports quoting Reuters.

U.S. Ambassador to the United Nations Nikki Haley has said she wants the 15-member council to vote on the draft resolution on Monday. However, Russia's U.N. Ambassador Vassily Nebenzia has said this may be "a little premature."

It was not immediately clear if the draft resolution had the support of North Korean China. A resolution needs nine votes in favor and no vetoes by the United States, Britain, France, Russia or China to be adopted by the 15-member council.

China supplies most of North Korea's crude. According to South Korean data, Beijing supplies roughly 500,000 tonnes of crude oil annually. It also exports 200,000 tonnes of oil products, according to U.N. data.

The draft resolution would also ban exports to North Korea of condensate, refined petroleum products, and natural gas liquids.

The Security Council last month imposed new sanctions over North Korea's two long-range missile launches in July. The Aug. 5 resolution aimed to slash by a third Pyongyang's $3 billion annual export revenue by banning exports of coal, iron, lead and seafood.

That resolution capped the number of North Koreans working abroad at the current level. The new draft resolution would impose a complete ban on the hiring and payment of North Korean laborers abroad.

Some diplomats estimate that between 60,000 and 100,000 North Koreans work abroad. A U.N. human rights investigator said in 2015 that North Korea was forcing more than 50,000 people to work abroad, mainly in Russia and China, earning between $1.2 billion and $2.3 billion a year.

The draft resolution would ban textiles, which were North Korea's second-biggest export after coal and other minerals in 2016, totaling $752 million, according to data from the Korea Trade-Investment Promotion Agency (KOTRA). Nearly 80 percent of the textile exports went to China.

The assets of military-controlled airline, Air Koryo, would be frozen if the draft resolution is adopted. It flies to Beijing and a few other cities in China, including Dandong, the main transit point for trade between the two countries. It also flies to Vladivostok in Russia.

Source: en.apa.az - Sep 06, 2017

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Ethiopia bets its future on a growing textile and garment sector

Ethiopia, east Africa's largest economy and most populous at 100 million people, is pursuing an ambitious industrialization development strategy.

One of the main parts of Ethiopia's industrialization drive is the textile and garment sector, which the government hopes will substantially boost export revenue while creating mass employment opportunities for Ethiopians.

Ethiopia's aim to earn 1 billion U.S. dollars from textile and garment production in several years' time may seem too ambitious, given the sector's revenue of only 89.3 million dollars in the fiscal year that ended on July 8, industry players are optimistic on the way forward.

The country is working on several fronts to increase revenue from the sector, said Bantiyhun Gesesse, corporate communications director at Ethiopia Textile Industry Development Institute.

Industrial Parks Are The Future

While Ethiopia's export targets have failed on several benchmarks, industry insiders say the textile and garment sector is still on an optimistic trajectory.

Fasil Tadesse, president of Ethiopian Textile and Garment Manufacturing Association, said the handicap the sector faces can be solved with the provision of industrial zones.

"The proliferation of industrial parks overseen by Ethiopian Prime Minister Hailemariam Desalegn and Ethiopian Industrial Park Corporation Board Chairperson Arkebe Oqubay shows government commitment to textile and garment sector," he said.

Several industrial parks have been built and commissioned across Ethiopia, including the Hawassa, Kombolcha and Mekelle industrial parks.

Hawassa Industrial Park was constructed at a cost of 246 million dollars, while Mekelle and Kombolcha Industrial Parks cost 100 million and 90 million dollars respectively.
All three industrial parks were constructed by China Civil Engineering Construction Company.

"We need a leadership that's vigilant, vibrant and with full experience that can lead with knowledge in these industrial parks if they're to fulfill Ethiopia's textile and garment sector aspirations," Tadesse said.

China Is Ethiopia's Newest Textile And Garment Export Destination

While the textile and garment sector currently employs a small proportion of the millions of Ethiopians, Tadesse said it's not too early to dream big.

Tadesse said his optimism comes partly from changes in the world's most populous nation, China, which used to supply 60 percent of the world's textile and garments until recently.

"China's 1.4 billion people are transitioning into a high-tech economy, becoming possibly a net buyer in five years' time," he said, adding that the Chinese market could be bigger than Western Europe, North America and Australia combined.

Tadesse acknowledged that Ethiopia will face fierce competition from the likes of Vietnam, Sri Lanka, and Bangladesh.

"The Textile and garment sector is a low-cost industry which by its nature is migratory, so Ethiopia's cheap electricity at three U.S. cents per kwh, and abundant, affordable trainable manpower should give the country the edge," he said.

A Promising Future For Industries

Tadesse and Gesesse's optimism about the future of Ethiopia's textile and garment sector is shared by Mohammed Hassen, general manager of Al-Mehdi Group of Industries.

Hassen said his firm, which established its knitwear, textile and garment factory in 2007, in Dukem city, 37 km south of Addis Ababa, hopes to benefit from Ethiopia's preferential access to U.S. and European markets.

The factory exports soccer uniforms, basketball uniforms, shirts, trousers and shorts, with 40 percent of the textile products and 100 percent of garment products sold to foreign markets.

Despite challenges such as inadequate infrastructure and logistics, which has been exacerbated by Ethiopia being landlocked, Hassen is optimistic about his firm's prospects.

"We hope the expected commissioning of the Chinese-built 4.2 billion U.S. dollar, 756 km Addis-Djibouti rail line will reduce our transportation cost by half, helping add to our expansion plans," he said.

"As skilled labor increases and Ethiopia's textile and garment sector expands, I'm sure Ethiopia will soon be known as a center of fashion garments," Hassen added.

Source: news.xinhuanet.com- Sep 06, 2017

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Economic Watch: China-Arab economic ties get B&R boost

According to Abdulrahman Al-Basri, very few Chinese companies worked on contract in Saudi Arabia 10 years ago. Today, Chinese workers are everywhere.

From skyscrapers to oil rigs, Chinese companies in Saudi Arabia work swiftly and cost-effectively.

"We would welcome more engineering companies from China, as well as IT and others," Al-Basri, vice president of SABIC, a Riyadh-based chemical company, said Wednesday at the business session of the ongoing China-Arab States Expo in northwest China.

The corporate executive is far from the only one encouraged by closer China-Arab ties at the gathering in Yinchuan, capital of Ningxia Hui Autonomous Region.

Running till Saturday, the four-day expo has assembled executives from over 1,000 companies and nearly 5,000 exhibitors from 31 industries ranging from transportation to big data, along with government representatives and academics. The event has been held three times since 2013, the year the Belt and Road Initiative was proposed.

Economic ties between the two sides were steady, but the Belt and Road Initiative shifted cooperation into another gear.

The expo is important to expanding cooperation, Kamal Hassan Ali, assistant secretary general for economic affairs of the Arab League, told the opening gathering.

A total of 321 deals in science and technology, finance, energy, agriculture, health, tourism, culture and education were made during previous events, with total contract worth tens of billions of U.S. dollars.

China-Arab trade reached 171 billion U.S. dollars in 2016, and agreements on projects worth 40 billion dollars were signed between the two sides, up 40.8 percent from 2015. China's non-financial direct investment in Arab countries surged 74.9 percent.

At the junction of the Belt and Road that spans across Eurasia, Arab countries are eager to revitalize ancient trade routes, Egyptian Trade and Industry Minister Tarek Kabil said.

Six Arab states signed agreements with China on the Belt and Road and seven are founding members of the Asian Infrastructure Investment Bank. Joint infrastructure projects were worth 46 billion U.S. dollars last year.

"The Belt and Road has created new opportunities and offers a better business environment for both Chinese and Arab companies," said Ding Hongxiang, vice president of China National Machinery Industry Corporation (Sinomach), a Fortune 500 company.

Entering Arab markets more than 30 years ago, Sinomach has a solid presence there, with infrastructure projects ranging from power plants to schools and hospitals. Projects valued at 3.8 billion U.S. dollars are still in progress.

Chinese firms have channeled investment and production capacity that is badly needed for the industrialization of Middle East, Kabil said.

"We hope to attract Chinese businesses to build industrial parks... to help the development of textile, furniture, electronics and chemical industries," Kabil said, promising favorable measures including tax breaks and shortened approval procedures.

Source: news.xinhuanet.com- Sep 06, 2017

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Vietnam emerges a strong sourcing base for US apparel brands

Who knew the Trump government would change the fate of people who are wanting to set up base in Vietnam on the grounds of low labour cost and increasing sourcing activities. Steve DiBlasi, VP-global sourcing, Lanier Clothes shifted a fair amount of his company's apparel production from China to Vietnam around six years back to take early mover advantage of benefits associated with TPP which the then Obama administration proposed.

The free-trade agreement, which could have given duty-free access to apparel imported into the United States from Vietnam, became null and void post Trump Presidency. Vietnam is still the No. 2 exporter of apparel into the United States but for sourcing managers, it's no longer an interesting proposition. DiBlasi pointed out this at a seminar 'Vietnam Continues to Lure US Firms' during the recent Sourcing at MAGIC show at Las Vegas Convention Center.

Facts reveal an interesting picture

The moderator of the seminar was Julie Hughes, President, US Fashion Industry Association, a Washington-DC, organization that works to break down barriers to importing apparel and textiles into the United States. The Association had commissioned a study on sourcing in Vietnam, conducted by Sheng Lu, Assistant Professor of fashion and apparel studies at the University of Delaware.

The study, surveyed 34 executives of large fashion companies with more than 1,000 employees, and revealed this year only 36.7 per cent of executives expected to expand their sourcing in Vietnam compared to 65.4 per cent last year.

The study revealed next year, the minimum wage in Vietnam, which is still relatively low, is scheduled to increase 6.5 per cent.

Currently the minimum wage ranges from $114 to $165 a month, depending on the region within the country. China's minimum wage is around $350 to $400 a month.

For these sourcing executives, China is still the No. 1 go-to place to make clothing. Lu remarked it is not about the price rather it is about capacity and it is about speed-to-market that is keeping China relevant to the fashion world. There is ease in doing business in China, and it is investing in technology. The executives who participated in the survey said 30 to 50 per cent of their sourcing is done in China while 11 to 30 per cent is done in Vietnam. Of the 106 categories of apparel products, China was the top supplier in 88 categories and Vietnam was No. 1 in five categories.

Vietnam's growing sourcing strength

So why is Vietnam been increasingly becoming manufacturers' paradise? DiBlasi says, it has been relatively easy to get goods in and out of the country through the various ports located in Hai Phong in the north, Saigon in the south and Da Nang in the central region. It is also easy to find factories through various agents that work in the country.

Avedis Seferian, President and Chief Executive, WRAP (Worldwide Responsible Accredited Production), a nonprofit that inspects apparel factories around the world to certify they are treating their employees fairly, are socially responsible and have a safe working environment, noted Vietnam has been taking social compliance in their factories very seriously. They recognise that today's market is far more transparent than before and you are far more at risk of bad news spreading, particularly with social media. DiBlasi pointed out, Vietnam has a pro-business culture, is good on compliance, is working to protect its environment and is moving apparel factories to rural areas to reduce costs.

Raw materials are still imported from China as there is a lack of mills and dyeing houses, and Vietnam's minimum wage is rising every year over the next decade. In addition, there is no free-trade agreement with the US, but there is one between Vietnam and Europe, which goes into effect next year. This would typically mean more European apparel manufacturers, which pay more than US manufacturers, will be heading to Vietnam to make their clothes.

Source: fashionatingworld.com- Sep 06, 2017

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GSP+ to boost annual apparel exports by US$ 500 mn

There will be an annual increase in apparel exports to the tune of US$ 500 million as a result of regaining the GSP+ benefit creating over 20,000 job opportunities as well, said Minister of Minister of Development Strategies and International Trade Malik Samarawickrama.

Speaking at the SAARC Investment Summit held at Colombo Hilton he said that considerable gains were expected through the exports in agriculture product categories such as fresh and processed vegetables and fruits and processed foods including coconut related products.

"The Fisheries sector too expects a substantial growth and the demand for fisheries products would double. Till June 2017 fisheries exports risen by over 40% compared to the same period last year."

Ceramics and porcelain, footwear, bicycles, leather products and the light engineering product sector are all set to benefit.

"Under the proposed China FTA, we are focusing on apparel, tea, gems and jewellery, rubber products, coconuts and spices as key industries. Together the Chinese FTA and Indian ETCA will give Sri Lanka preferential access to a market of 2.5 billion people and an emerging middle class larger than the whole of the EU.

"We have also launched negotiations on a FTA with Singapore and we are particularly focused on encouraging Singaporean investment into Sri Lanka and new concepts such as re-manufacturing industries.

Sri Lanka's FTA with Pakistan also provides an opportunity for Indian investors to access that market on a preferential basis by locating in Sri Lanka.

We could explore the possibility of redirecting some of the Indo-Pakistan trade currently transmitting through Dubai." Speaking on the opportunities within the SAARC region he said that the region remains one of the fastest growing regions of the world with the growth rate of 6.8% in 2016, which was down from 7.5% in 2015 as per World Bank reports.

GDP of the region was USD 2.89 billion in 2016 predominantly driven by the GDP of India which accounts for 78%, followed by Pakistan and Bangladesh, at 10% and 8% respectively.

The 8 SAARC countries including Sri Lanka are developing countries and need trade not aid and export growth can no longer just depend on traditional export markets such as the USA and the EU, where demand is slack."

The ETCA with India can increase Sri Lanka's competitiveness in industrial exports.

" Our Government is committed to improving the Ease of Doing Business in Sri Lanka under the theme Sri Lanka means business. We are undertaking major infrastructure projects including our first LNG based power plant and terminal led by India and Japan, the Western Megapolis Light Rail with Japanese collaboration, and the extension of the Southern and the new Central highways.

LNG Commercial operations are expected to start in 2020 with the generation of 600 MW of electricity from existing power plants converted to run on LNG followed by a further 1300 MW of new power by 2020."

Source: dailynews.lk- Sep 07, 2017

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NATIONAL NEWS

Government policies pave the way for a growing Textile Industry in India

India's Textile and Apparel Sector contribute around 10% to the manufacturing production, 2% to the GDP and 15% to the total exports earnings of the country. Being one of the oldest industries in the country, India's Textile Industry is one of the largest employers and a major industry for the economic growth of the country.

The Indian Textile Industry is currently worth $150 billion (approx. $110 billion domestic market and $40 billion export market). Holding tremendous growth potential, the industry is expected to touch $250 billion in the next two years. The government is actively promoting the Textile Industry to generate employment, ramp up manufacturing and boost exports.

Prime Minister Modi at the recent "Textiles in India 2017" exhibition stated that the time is right for India to direct its focus on textiles exports and stressed the need for innovation and research in textiles for the industry to grow and tap new markets. Moreover, he listed the government's achievements with their industry-friendly initiatives, abolishing 1,200 "outdated laws" and carrying out 7,000 reforms and thus making India more attractive for investments.

Active involvement of Prime Minister Narendra Modi at the event along with several other ministers confirms the government's efforts to boost the Textiles and Apparel Industry. At the exhibition, Union Road Minister Gadkari talked about a new and very important way of using geo-textile fabrics in road construction and that the government and engineering institutions were always ready to encourage and sponsor such technologies.

Agriculture Minister Radha Mohan Singh pointed out that the overall growth of the natural fibre sector was important for India's economy. Technical Textiles like geo, medical, agro, industrial, etc. are the growing trend and there is lots of potential for foreign investments to bring the required technology and innovation.

India's garment exports are expected to grow at a rate of 15-18% in the current fiscal, reaching $20 billion. According to Clothing Manufacturers Association of India (CMAI) president Rahul Mehta, this growth can be traced to improved market conditions in the US and other focus markets like Japan, Europe and Middle East.

In previous years, India was not always able to fulfill export targets due to the world recession and heavy competition. In the last 5-6 months, there has been a growth in export of 13%, which was mainly caused by the favorable special apparel package announced last year.

Textile Commissioner Kavita Gupta stressed the need to utilise the various schemes launched by the government, noting that "Rebates on state levies have been introduced to encourage exports. There is an additional 10% subsidy for the garment and made up segments, which means the home textile industry will get an effective 25% capital investment subsidy on the new machines they bring in, leading to efficiency and modernisation of the sector." Furthermore, the subsidies have proved to be very beneficial for the sector and led to increases in employment and attracted huge investment, she said.

In order to strengthen its global competitiveness and to support the overall growth of the Textile Industry, India's GST Council has kept a majority of the industry under the 5% GST slab. The government has also reduced the tax on all job works like weaving, cutting, knitting and embroidery in the textile sector to 5% from the previous rate of 18% as requested by CMAI. Confederation of Indian Textile Industry (CITI) Vice Chairman Sanjay K.

Jain stated that the reform is a relief for small job work manufacturers in the Textile Sector and will allow the free flow of business across the value chain. Nevertheless, he requested more rate cuts from the government and GST council for the industry to develop to its full potential.

The Ministry of Textiles has also set up institutional mechanisms to help the textile industry achieve its full potential of production, exports and employment. This includes a Knowledge Network Management System on Product Diversification, Inter-Ministerial Synergy Group on Man-Made Fibre (MMF) and a Task Force on Textiles India involving relevant Ministries, State Governments and Industry partners.

India's textiles industry offers a vast variety of investment options. The country is an attractive hub for textile production due to the presence of the entire value chain for textile production from raw materials like cotton, silk, jute, wool and synthetic fibre to spinning, weaving, knitting and apparel manufacturing capacities to skilled and lost cost labor.

Along with the aim of increasing employment and exports, the government is working towards modernising machines and adding state-of-the-art facilities, which invites foreign investments with innovative technologies. The government's focused and favorable policies and schemes support the steady growth of the sector.

Source: maiervidorno.com- Sept 06, 2017

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August weather may hurt cotton output prospects in India, US

August is known to be treacherous month. It saw weather aberrations in two of the world's large producers and exporters of the natural fibre – India and the United States. While the US faced the fury of Hurricane Harvey and associated unseasonal rains, many growing regions in India faced dry conditions.

Texas, the largest cotton producer in the US, is the world's third-largest cotton supplier. The damage in the US is yet to be ascertained; but marketmen are more or less certain there will be some loss. Cotton prices received a boost last week from the likelihood of lower production.

At the same time, dry conditions resulting from deficient rains in India – covering Karnataka, Madhya Pradesh, Uttar Pradesh, Punjab and Haryana –have put crop yields at risk.

This is despite a sharp expansion of cultivated area to 12.0 million hectares as of September 1, a fifth higher than the 10.2 million hectares this time last year. There is now a palpable anxiety over yields and final crop outturn.

Production estimates

It is becoming increasingly clear that the global cotton market fundamentals in 2017-18 will be impacted by the final production picture that emerges in the US and in India by early- to mid-September. The market will have to settle for some decline in crop size from earlier expectations.

The world market has seen consumption running ahead of production in the last two years, thereby helping to ease the burden of humungous stocks. By early August there was clear expectation that the world cotton production and consumption would be fairly balanced in 2017-18. This picture has the potential to change depending on the final harvest size in the US and in India.

Cotton harvest in India

Closer home, the government has fixed cotton production target at 35.5 million bales (170 kg each) for 2017-18. Indeed, by early-August, there was widespread expectation that India's cotton harvest would outperform other kharif crops and that the final outturn would be well ahead of the target, necessitating largescale institutional procurement to support growers. Now, it would be a big relief if the final production number comes close to the season's target.

To be sure, there will be no tightness in availability because of the increase in production for two years in a row.

After the effects of El Nino, which affected 30-million bales in 2015-16, production improved by 10 per cent to 33.1-million bales in 2016-17; this year, it could be in the range of 34-36-million bales. The domestic user industry will have no reason to complain.

According to the International Cotton Advisory Committee, world cotton production and consumption will be more or less balanced at 25.1-million tonnes, while stocks would be stable at around 18.5-million tonnes. However, it appears that the ICAC may not have factored in potential crop losses in India and the US.

Role of China

China – arguably the world's largest producer, importer and consumer of cotton – will continue to be the joker in the pack.

Will China continue to destock or will it begin to restock is an open question. From out of its humungous reserves, the Chinese government sold about two-million tonnes in four months since May, as a result of which the reserves are drawn down to 6.3-million tonnes.

In sum, weather behavior so far and risks ahead, have the potential to disturb the earlier forecast of a fine balance between world production and consumption in 2017-18. For the commodity market, it is axiomatic that when the market fundamentals are finely balanced, even a small change in either demand or supply can have a disproportionately larger impact on prices.

Those in the cotton trade – the physical market players – mustexercise caution. Allow the market to benefit from more solid evidence of crop size in India and the US.

For Indian exporters, in addition to watching the rupee which has gained strength in recent months, tracking Chinese import policy and quantum of import is critical.

Bangladesh has been India's strong partner in cotton trade; but of late, some skepticism seems to have entered the relationship. India must continue to engage with Bangladesh closely and address issues that create friction.

It is important in the context of a general fall in export earnings on raw cotton to about $ 1.6 billion in 2016-17 from about $ 1.9 billion in the previous two years.

Source: thehindubusinessline.com- Sept 06, 2017

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District Collectors told to collect data on cotton cultivation

Cotton production estimated at over 20 lakh tonnes; bar-coded ID cards to be given to farmers

Expecting a huge surge in cotton production in the State this season, the Telangana government has asked district Collectors and Joint Collectors to prepare farmer-wise and village-wise data on the cultivation of the produce for making arrangements for smooth procurement operations under the price support scheme or minimum support price.

Apart from identifying the farmers who have cultivated cotton with the help of data collected during the Rythu Samagra Survey with details such as survey number, the extent of cotton raised, bank account and Aadhaar by September 15, the Collectors have been asked to go for printing of bar-coded identity cards to be issued to cotton farmers, including tenant farmers.

"Identification of farmers who have actually cultivated cotton is very crucial for procurement of the fibre crop and also to pre-empt traders from misusing the support price platform," Agriculture Production Commissioner C. Parthasarathi said, when contacted. The Centre has fixed an MSP of ₹4,320 per quintal of long-staple cotton, which is cultivated in the State, against ₹4,160 last year but the market prices at present are ruling in the range of ₹4,900 and ₹5,100 per quintal.

However, as the harvesting commences towards the end of September, the prices could head southwards necessitating the MSP procurement operations by the Cotton Corporation of India (CCI).

Requesting Union Secretary of Textiles Anant Kumar Singh, in a letter addressed to him, to direct the CCI to open a large number of procurement centres from the commencement of marketing season Mr. Parthasarathi said: With the help of favourable seasonal conditions and limited pest attacks, cotton production is estimated to be about 20 lakh to 22 lakh tonnes this season. The Centre has been urged to open at least 143 procurement centres this season, including 59 new centres in addition to 84 functioned last year.

"Further, we have requested the Union Textiles Secretary to direct the CCI to keep the procurement centres functional on all working days in a week against its practice of operating them only for 2 or 3 days in a week to prevent glut at the centres," Mr. Parthasarathi stated.

Meanwhile, the district Collectors have also been told to create awareness among farmers on the parameters of cotton to be brought to the procurement centres to get the benefit of MSP and discouraging them from selling the produce in villages to the local traders. A district-level committee should also review the procurement operations every Friday followed by a State-level review the next day after the commencement of cotton marketing.

Source: thehindu.com - Sep 06, 2017

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Working to quickly boost exports partly hit by GST: Prabhu

The new Commerce Minister, Suresh Prabhu on Wednesday said his ministry is looking at ways to quickly boost India's exports which are currently facing "challenging times", partly on account of the implementation of the Goods and Services Tax (GST) from July.

"Exports to GDP ratio has to rise…so we are at a crash intervention sort of a thing. We are trying to work out what is to be done to promote exports in a shortest possible time which includes issues coming up because of the GST," Prabhu told reporters here.

The Minister, who took charge of the Commerce and Industry portfolio after cabinet reshuffle earlier this week, said exporters are facing certain issues in the GST regime, which the ministry is taking up with the concerned authorities.

After rising for 10 months in succession, Indian merchandise exports in July fell 6.84 per cent to $21.69 billion compared to $23.28 billion in the corresponding month of 2015. Exports in June at $23.56 billion had grown by 4.39 per cent over the same month of 2016.

Exporters have said that the GST regime would block working capital worth over Rs 1.85 lakh crore per year with the government as they now have to pay the tax first and then claim refund under a cumbersome process.

Prabhu also said the ministry is working on the support measures “which can facilitate quick increase in exports both in volume and value.”

He said the ministry will work on several fronts, including bringing in a new industrial policy, improving logistics for exporters, an agriculture export policy and integrating into the global supply chains.

“Global supply chains are now become a reality. India is part of that in auto components and generic formulations,” he said.

Prabhu also described the current times as “challenging” in view of more countries creating protectionist “walls”.

“Protectionist ideas are growing. They are stronger over a period time. So we will follow our trade policy in a manner that we will be able to work through these walls,” he said.

The Commerce Ministry is slated to announce the review of the foreign trade policy next month.

Source: india.com - Sep 06, 2017

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SIMA Texpin to focus on textile industry in 2020

The 11th edition of the Textile Pinnacle (Texpin) by Southern India Mills' Association (SIMA) will focus on 'Textile Industry-Towards 2020'. The conference for chief executive officers will equip the industry to mitigate the challenges, grab the emerging opportunities and achieve a sustained growth rate. The event is scheduled for September 9 at Coimbatore.

The CEO conference will provide necessary information for the captains of the industry to face challenges, grab opportunities, update their knowledge in textile business and successfully manage their business.

It will throw light in various internal and external factors governing the performance and growth of the textile industry and the strategies to be adopted to achieve sustained growth rate. The conference will discuss about the investment opportunities in textile, raw material and the scope for innovation among others.

The 11th Texpin coincides with the 58th annual general meeting of SIMA. The CEO conference made debut in 1997 with an aim to update the textile entrepreneurs on various challenges and opportunities and developments in the textile field and give necessary inputs for strategic planning. The themes hitherto deliberated were aimed at giving necessary inputs to focus on value addition, vertical integration, innovation, automation, prudential-financial management, human resource management, technology management, etc.

Source: fibre2fashion.com - Sep 06, 2017

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Cope with the digital evolution to stay ahead in market

Knitwear manufacturers and traders should cope with digital evolution to stay ahead in the international market, State handloom and textiles department secretary K Phanindra Reddy told a seminar on 'Digitisation Development in Textile Supply Chain' held here on Tuesday.

The meeting focused on Foursource, a German-based digital marketing firm that provides a buyer-seller meeting platform exclusively for the apparel industry. Speaking to TOI, Tirupur Exporters Association (TEA) general secretary TR Vijay Kumar said, "While many digital marketing firms provide opportunities for manufacturers to connect with customers and vice-versa, companies like Foursource provide specific advantages in search engine optimisation for apparel industry players to contact buyers in Europe." "To promote apparel industry, Bangladesh government used Foursource. The company officials have now approached the Indian government," he added.

Source: timesofindia.com- Sep 06, 2017

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Asian nations face grim labour future as population ages rapidly

Almost all Asian nations will face demographic challenges over the next two decades, and efforts to boost labour participation rates – for example, by drawing more women into the workforce and raising the retirement age – will only marginally limit the negative impact.

Note: Charts for each country's change in labour supply growth compared with 2007-16 period, after according for changes to labour participation rates.
Sources: Oxford Economics, Bloomberg

Source: business-standard.com- Sep 07, 2017

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H&M steps on the gas to penetrate into tier-II cities this month

Swedish fashion retailer H&M is stepping up its expansion plans with four new stores slated to open this month in tier-II cities as it looks to become a pan India player.

After metros, H&M is getting into tier-II cities such as Indore, Coimbatore and Amritsar where stores are smaller in size — 18,000 to 19,000 square feet — about 30 per cent smaller than its stores in Mumbai. The four stores will add space of 75,000 sq ft. H&M, which is two years old in the country, currently has 17 stores and looking to end the year with 25 stores.

In comparison, its main rival Zara whose parent Inditex has a JV with Tata owned Trent, opened its first store in the country in 2010. It has 21 stores in eight cities and plans to open two-three stores a year going ahead.

H&M's store in Indore will be opening on September 16 at Treasure Island Next followed by Prozone Mall in Coimbatore on September 22 and Woodburn Central in Kolkata on September 23. H&M will also open its first store in the Mall of Amritsar on September 30, the company said.

"At H&M we see tremendous opportunity in the tier-II markets and look forward to bringing global fashion to the ever growing fashion conscious customers with our collections that include everything from the latest trends to timeless classics for customers across India to dress in their personal style," said an H&M India spokesperson.

Earlier this year, H&M created a record in the Indian fashion industry, by posting profit in the first six months of its operations in the country. H&M posted a net profit of Rs 1.4 crore on net sales of Rs 194 crore for the period October-March 2016, reports said.

H&M posted sales of Rs 435 crore for the six-month period from December 2016 to May 2017, which is 161 per cent higher than corresponding period. The H&M group has more than 4,400 stores in 66 markets, including franchise markets.

Source: business-standard.com- Sep 07, 2017

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