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

IBTEX No. 182 of 2017 September 08, 2017

USD 63.88 | EUR 77.07 | GBP 83.88 | 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)	74.27
ZCE Cotton: Yuan/MT (Sept 2017)	15,760
ZCE Cotton: USD Cents/lb	**93.68**
Cotlook A Index – Physical	**84.7**

Cotton guide: The market is going to be more interesting in coming days with no clue and clarity yet how much crop loss would be in the US with the current hurricane activity. We have seen devastating Hurricane "Harvey" causing lots of crop damage and now flow of "Irma". In fact there is another one possibly turning into higher category named "Jose". There are no fresh estimates on crop loss while weekly planting report isn't communicating any major change yet.

All eye remains for the next month USDA report and believe until then market may trade dicey. Should the US cotton production estimate falll below 20 million bales is also a point of contention because during the sowing phase good rain with expected better than average yield might compensate the recent likely crop loss.

We are skeptical at this moment while price direction is to be judged how much speculative trade participants are present in the market and their positioning would mean a lot in the market.

While we study the technical charts of cotton for running active December contract at ICE we see the last week's top near 7565 is to be termed as strong resistance level and unless that is breached again the market may either continue to trade sideways or could develop more downward correction in the price.

From the chart frontier we see 7250 and 7300 are the immediate strong support levels. For next few days or weeks market is expected to swing between 7250 to 7550 and either side breakout would justify a fresh direction in the market.

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

NEWS CLIPPINGS

INTERNATIONAL NEWS

The Battle for African Trade Pits US Against China

If the U.S. and China have their way, Africa could soon begin to reach its potential as the next great frontier for apparel and textile sourcing.

While there are determined efforts by the U.S. government and some key companies, the Chinese plan being implemented seems more comprehensive and likely to create a longer-lasting influence on the continent.

The American Way

The recent Sourcing at Magic trade show featured an African pavilion sponsored by the USAID East Africa Trade & Investment Hub. The Hub boosts trade and investment with and within Africa by deepening regional integration, increasing the competitiveness of regional agricultural value chains, promoting two-way trade with the U.S. under the African Growth & Opportunity Act, and facilitating investment and technology.

The program, initiated in the Obama administration, covers the East African Community countries of Burundi, Kenya, Rwanda, Tanzania and Uganda, as well as Ethiopia, Madagascar and Mauritius. A spokeswoman for the program explained that since its launch in September 2014, it has supported $226 million in exports through AGOA, driven $51.2 million in private sector investment, helped more than 1,200 firms with capacity building assistance and helped create more than 33,000 full or part-time jobs.

At the end of the project's five-year mission, the goal is to facilitate $100 million in new investments in the EAC, increase non-oil AGOA exports to the U.S. by 40 percent, create 10,000 more jobs and double the value of intra-regional trade in the EAC.

While AGOA was renewed in 2015 through to 2025, President Trump doesn't seems to be a fan of the country's existing free trade programs, leaving U.S. support for the agreement and USAID program in a tenuous state.

Eugene Havemann, chief executive officer of Madagascar Garments, said, "We need America's help to truly establish an industry in the country and the region. USAID is helping us, but we have a lot of poverty and have to improve our infrastructure."

Havemann feels Madagascar and the EAC have potential to attract foreign investment and business, especially with the duty-free status and low wages as lures, as well as a nucleus of skilled workers. His company exports to companies in U.S., China, Vietnam, Mexico and Bangladesh.

"The clothing industry is low-hanging fruit, however," Havemann added. "We're at a tipping point and we need to achieve a certain level to really be a global player."

Charles Smith, chief business development officer at Velocity Apparels Companies in Ethiopia, agreed that now is the time for these African countries to seize the opportunity created by shifting trade winds.

Companies are looking for alternative supply chain destinations to Asia, where prices and wages are going up, Smith noted. He cited the Ethiopian government's recent lifting of a state of emergency as labor tensions eased as a positive sign that developments can gain momentum.

"The government is pro-business, but there's a definite learning curve," Smith said. "There is a trained worked force and compliance is a big thing. We do have the duty-free trade status with the U.S. and Europe, but we need stability and continued investment."

Focus on Ethiopia

If Africa is going to establish itself as a manufacturing center, Ethiopia seems to be the nexus.

According to a study by the African Centre for Economic Transformation, Ethiopia's manufacturing industry has been by some measures a success, exhibiting continuous growth over the years.

The study, entitled "Promoting Manufacturing in Africa," showed that Ethiopia's manufacturing sector has been growing thanks to cheap hydropower, government commitment to a strategy of transformation from an agriculture-led economy to industrial, massive growth in infrastructure development and foreign direct investment, plus steps taken in deploying the necessary human power for the sector.

Employment in the manufacturing sector has grown from less than 40,000 workers to a little over 200,000 from 2002 to 2014.

Ethiopia's Hawassa eco-industrial park has attracted 18 global apparel and textile companies. Construction of the park cost more than $250 million and was built in less than a year. Covering an area of 1.3 million square meters, the addition of the park is expected to bring Ethiopia's revenue derived from textiles and garments to $1 billion over the long term from the current $150 million annually, according to the Ethiopian Investment Commission.

Consistent with the Ethiopian government's commitment to build a green-economy, Hawassa industrial park is designed, constructed and operated as an eco-friendly park. It has a water and waste treatment plant that uses the latest technology for treating and recycling about 90 percent of the water used in the park. To this end, a zero-liquid discharge facility has already been set up with a daily processing capacity of 11 million liters of effluent.

PVH Corp. is among the companies already establishing operations there, and six local companies are ready to start operations there, too. When fully operational, industries within the park are expected to create 60,000 jobs. The Ethiopian government plans to construct 10 industrial parks across the country to enhance job opportunities, bring in revenue and promote technology transfer.

"We continue to invest significantly in creating a responsible, best-in-class manufacturing operation at Hawassa Industrial Park in Ethiopia, where we have supported a group of our top suppliers in establishing factories and a fabric mill, and formed a joint venture in a woven shirt factory," Melanie Steiner, PVH senior vice president and chief risk officer, said in the company's Corporate Responsibility report released in late July. "We have sought to create positive impacts for workers, the environment and the wider Hawassa community from the outset, drawing on the lessons we have learned in other sourcing countries."

Texas-based Trybus Group is expanding with a new factory in Ethiopia's Kombolch Industrial Zone. Since opening, the $90 million facility has attracted apparel companies from Italy, South Korea and the U.S for its close proximity to Port Djibouti. The hub is anticipated to create more than 15,000 jobs in the area.

China's Long Road

With the interest and investment from U.S. companies and government programs, China also has its eyes on the country and region.

Chinese companies have invested around $4 billion during the last two decades in Ethiopia, employing 111,000 Ethiopians on permanent and temporary basis, according to the Ethiopian Foreign Ministry.

A report from McKinsey & Co., "Dance of the Lions and Dragons," said, "In a mere two decades, China has become Africa's biggest economic partner. Across trade, investment, infrastructure financing and aid, there is no other country with such depth and breadth of engagement in Africa. The Chinese 'dragons'—firms of all sizes and sectors—are bringing capital investment, management know-how and entrepreneurial energy to every corner of the continent—and in so doing, they are helping to accelerate the progress of Africa's 'lions,' as its economies are often referred."

Since 2001, Africa-China trade has been growing at about 20 percent a year, with FDI growing at an annual rate of 40 percent. China is also a large and fast-growing source of aid and the largest source of construction financing.

There are more than 10,000 Chinese-owned firms operating in Africa today. Around 90 percent are privately owned—calling into question the notion of a monolithic, state-coordinated investment drive by "China Inc."

Chinese firms operate across many sectors of the African economy. Nearly a third are involved in manufacturing, a quarter in services, and around a fifth in trade and in construction and real estate. In manufacturing, about 12 percent of Africa's industrial production—valued at some $500 billion a year—is already handled by Chinese firms. In infrastructure, Chinese firms' dominance is even more pronounced, and they claim nearly 50 percent of Africa's internationally contracted construction market.

On balance, McKinsey believes that China's growing involvement is a strong net positive for Africa's economies, government and workers. But there are areas that need significant improvement, including more sourcing from local firms, more African managers, and better labor rights and environmental adherence.

Ethiopia and South Africa have a clear strategic posture toward China, along with a high degree of economic engagement in the form of investment, trade, loans and aid, the study said. These countries have also created a strong platform for continued Chinese engagement through prominent participation in such forums as the Belt and Road initiative, also known as One Belt, One Road and they can therefore expect to see ongoing rapid growth in Chinese investment.

Belt and Road is aimed at shifting the power balance geopolitically and economically in the world, away from the West and to China. It consists of more than 65 countries and 40 percent of the world's gross domestic product, connecting countries across Asia, Europe and Africa with physical and digital infrastructure.

"China sees it can shift the balance of power by changing the pulse of gravity by investing in building deeper alliances across Asia with investments in infrastructure projects throughout Southeast Asia and East Africa," said Ron Klein, director of retail and consumer management at PricewaterhouseCoopers. "One Belt, One Road puts China in a position to help build those economies and support its state-owned enterprises."

Ethiopia has drawn on Chinese investment and expertise in several major aspects of its industrialization and broader economic development. It has engaged the Chinese government to finance key infrastructure, helping to add 66,000 kilometers of new roads since 2000 and increase power supply by 15 percent between 2010 and 2014. Chinese firms built and now co-manage the Ethiopia-Djibouti Railway, a $3.4 billion project opened in late 2016.

McKinsey predicted the relatively scattered African manufacturing sector will consolidate into a few megaclusters and will be globally competitive. There will be a race between countries to win with such clusters, for those that emerge will likely preclude their neighbors from doing the same.

"As Chinese economic growth slows, investment flows to Africa will accelerate," the study concluded. "China's decelerating economic growth represents a force pushing increased Chinese investment toward Africa, as Chinese investors seek higher returns abroad."

Source: sourcingjournalonline.com - Sep 07, 2017

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USA: Robots May Not be the End of Human Retail Jobs

Robots have been pegged as major threats to retail jobs—however, the concern could be more overblown than previously thought.

While headlines continue to tout retail's demise, automation's role in creating more, higher salary jobs has been largely overlooked, The Wall Street Journal reported. The popularity of robots has led to an uptick in e-commerce jobs over the past few years, since companies are looking to innovate and hire more people to fulfill consumer demands.

Even though brick-and-mortar store closures are rampant, e-commerce tycoons, like Amazon, have offset job loss with their high-tech fulfillment centers stocked with bots and other automated operations.

According to Progressive Policy Institute chief economic strategist Michael Mandel, warehousing has contributed 274,000 jobs in the U.S. since 2007. Mandel said that total e-commerce employment has grown to 401,000 jobs over the past decade, which is nearly three times the brick-and-mortar job decline.

Mandel added that fulfillment centers pay on average 31 percent better than physical stores in nearby areas, which has been a boon for workers, but a concern for industry members who are worried about how e-tailers will afford to pay more workers and still keep their prices appealing to consumers.

Experts argue that despite these issues, e-commerce has prevailed for two main reasons—convenience and personalization.

E-commerce sites don't just sell affordable items, they allow consumers to find a variety of products, pick the ones they want and generally have them delivered in as little as 48 hours. Or less.

Consumers are also willing to pay more for convenient shopping. Cowen & Co. analyst John Blackledge estimated that 42 percent of U.S. households (53 million), are Amazon Prime members, which provides them with one-to-two-day delivery, same day delivery in certain urban areas and other exclusive perks for $99 annually. Prime members are also said to order twice as much as non-Prime members across many items, including apparel and household goods.

Amazon stays competitive, among other reasons, by stimulating consumer demand and absorbing delivery costs. The e-commerce tycoon uses the margin it earns on products to operate its fulfillment centers and better serve its consumers.

For Amazon, investment into its fulfillment centers allows for more than simply hiring workers. Employees at its Fall River, Massachusetts e-commerce center doesn't just hire workers—it trains them to work side-by-side with technology, including forklifts and automated machinery.

"The vast majority of our workforce never had experience in a warehouse, never had any experience driving a forklift or powered industrial equipment, and we provide them that skill and training, we teach them the new retail," said Andrew Sweatman, general manager at the fulfillment center.

At the warehouse, Amazon's software and automated technology works alongside employees, helping them locate products for consumers. Items are already scanned into Amazon's inventory and something is needed from the fulfillment center, it shows up on the scanning gun of a worker nearby.

Guided by sensors that communicate with floor wires, the worker's forklift will lift them to the bin where the item is located. Automated conveyor belts then help workers pick the right box, check the contents and weight of the box, affix a delivery label and send boxes to delivery trucks.

As shown with Amazon, retail jobs aren't just disappearing. As retail continues to transform, brick-and-mortar jobs could transition to e-commerce jobs, enabling humans and robots to work together in the same environment, while retailers maintain an agility necessary in today's uncertain sector.

Source: sourcingjournalonline.com- Sep 07, 2017

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South Africa's CFTL sector concerned over debt downgrades

South Africa's clothing, textile, footwear and leather (CTFL) sector is concerned over the negative impact of the lower rating of the nation by global rating agencies as the debt downgrades will raise the cost of borrowing for workers, businesses and the government. It will reduce government spending on CTFL support measures and on investments by businesses.

The Southern African Clothing and Textile Workers Union (SACTWU), the National Union of Leather and Allied Workers (NULAW) and other employer associations are organizing a two-day conference in Durban on September 6-7 to understand the impact of the downgrades and develop measures to mitigate its impact.

As the country's stagnant economy has already caused the CFTL sector to lose more jobs, CFTL associations are concerned that the downgrades could lead to increased factory closures and retrenchments, adding to the misery of South Africa's poor and unemployed, according to a SACTWU press release.

Discussion papers commissioned from Wits University's Corporate Strategic Industrial Development (CSID) research programme and the Industrial Development Corporation (IDC) will be presented at the conference.

Source: fibre2fashion- Sep 07, 2017

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Rwanda begin talks on AGOA with US to ensure duty free access

The government of Rwandan in a bid to ensure continued duty free access to the US market has began discussion with the United States on the review of the American Growth and Opportunities Act (AGOA). Rwanda Development Board Chief Operating Officer, Emmanuel Hategeka said that they are in talks with the US to ensure Rwanda is not locked out of the trade window.

He said that they are talking to their partners in the US as they value their trade and relations with the US and they are doing all that is possible not to be out of cycle and of course they have been engaging on the issue.

Without mentioning the specific aspects of the negotiations or the tradeoffs the government was willing to make, he said that talks were at an advanced stage.

In July this year, the American began an out of cycle review on the eligibility of Rwanda and other East African Community partner states following a move by the region to phase out and eventually ban import of second hand clothes.

This move was aimed at supporting the regional textile industry and preserving the dignity of the East African citizens. As part of the move, Rwanda last year increased taxes on used clothes from $0.2 to $2.5 per kilogramme.

In 2016, US exports into Rwanda, Tanzania and Uganda totaled $281 million while exports from Rwanda, Tanzania and Uganda through the AGOA totaled $43 million.

Source: yarnsandfibers.com- Sep 07, 2017

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Global Cotton Output Seen Rising Amid Demand Fluctuation and Weather Woes

With output projected to increase by 4 percent to 6 million tons, India will remain the world's largest cotton producer in 2017-18, according to a new report on global stocks from the International Cotton Advisory Committee.

After four seasons of decline, China's cotton production is expected to rise by 7 percent to 5.2 million tons in the new growing season. Cotton production in the U.S. is forecast to increase 20 percent to 4.5 million tons. However, the full impact of the recent hurricane in Texas, where around 45 percent of U.S. production occurs, is still under assessment.

Pakistan's cotton production is projected to increase by 17 percent to 2 million tons.

World cotton production and mill use are estimated at 25.1 million tons, which would result in a 9 percent increase in output and 2 percent rise in consumption, ICAC noted.

World cotton stocks are projected to remain stable at 18.5 million tons at the end of 2017-18, and the world stock-to-use ratio is expected to be essentially unchanged at about 75 percent, or nine months of mill use.

The Chinese government sold more than two million tons from its national cotton reserve between May and August, lowering the reserve to around 6.3 million tons. China's cotton stocks are forecast to decrease another 16 percent to 8.9 million tons, which would account for 48 percent of world stocks in 2017-18. Ending stocks held outside of China are expected to increase 22 percent to 9.6 million tons.

In 2017-18, world cotton area is projected to expand 9 percent to 31.9 million hectares and the world average yield is projected to remain unchanged at 789 kilograms per hectare.

After falling 2 percent in 2015-16, global cotton consumption rose 1 percent to 24.5 million tons in 2016-17, as world economic growth strengthened, ICAC noted.

In 2017-18, world cotton mill use is projected to increase by 2 percent to 25.1 million tons. Mill use in China is expected to grow 1 percent to 8.1 million tons, while India's cotton consumption is projected to recover 3 percent to 5.3 million tons.

Mill use in Bangladesh is projected to remain stable at 1.4 million tons in 2017-18 tons as widespread flooding in August has damaged infrastructure and made it difficult to transport goods throughout the country and to run businesses.

Severe monsoonal rain and flooding was reported in India last week, resulting in port closures in Mumbai and elsewhere in the region.

Euronews reported that about a third of Bangladesh was under water and the International Red Cross says the floods are the worst in 40 years. The Indian city of Bhubaneshwar has been inundated with floodwater and in Bihar state nearly a million people have been forced from their homes.

The impact on cotton prices is uncertain, but a bumper crop and conservative use estimates could set up a soft price structure. However, Cotton Incorporated said in its August economic analysis that the large harvest expected in the U.S. and other countries outside of China will not be available for shipment and use until it is harvested and ginned, and the bulk of that harvest is still several months away.

"If the relatively low level of U.S. ending stocks for 2016-17 can be interpreted as near-term shortness of supply, and if the high level of U.S. committed export sales for 2017-18 (6.4 million bales as of Aug. 4) can be interpreted as near-term strength of demand, there is some opportunity for near-term upward movement," Cotton Inc. said.

Spot cotton prices averaged 69.05 cents per pound for the week ending Aug. 31, according to the U.S. Department of Agriculture. The weekly average was up from 67.01 last week and compared to 65.30 cents reported the corresponding period a year ago.

Source: sourcingjournalonline.com- Sep 07, 2017

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E-purchase in UK can make £10.5 bn more in 5 years: Report

Retailers in the UK can generate over £10.5 billion more in the next five years by streamlining online purchasing, according to a recent report. British retailers are losing out on £3.4 billion worth of goods left in virtual shopping baskets each year, as two thirds of the contents of all virtual shopping baskets are abandoned, adds the report.

Across all devices, 86 per cent of browsers save items to online shopping baskets and wish lists but consumers switching from mobile phone browsing to laptop purchasing, a lack of discount incentives and desire for a variety of delivery options are key reasons for 'basket abandonment', as per the Barclays Corporate Banking Online Retail Report, From Browse to Buy: The Conversion Challenge. More targeted investment in the strategies identified by consumers as most effective in encouraging them to complete a sale could help turn more browsers into buyers.

The findings from the research are based on the views of 300 senior retail managers, 2,000 UK consumers and economic modelling.

At an uncertain time for the retail sector, the report estimates that investing in measures that encourage purchase conversion could cut basket abandonment in half by 2021.

Furthermore, instead of fiddling around with mobile sites that aren't optimised, or wasting time searching through a difficult to navigate website, 614 million hours of time could be saved over the next five years. There are productivity benefits too to the tune of £4.2 billion, as time is freed to devote to other work or recreational activities.

"At a time when cost management is a priority, it's understandable that investment in mobile optimisation may seem too expensive for many retailers. However, the research underlines the longer-term benefit of providing easy to use options across all online platforms. By adapting quickly to the needs of today's consumer to create a better shopping experience online, and particularly via mobile, retailers will boost their sales," said Ian Gilmartin, head of retail, Barclays.

"If they get their online strategy right, we could be looking at UK retailers selling more than £80 billion of stock online by 2021, but that will only happen if as an industry we respond to what the public want from us. This research shows that a streamlined mobile offering, flexible delivery and competitive pricing can help convert more browsers to buyers," added Gilmartin.

The British retail sector boasts the highest proportion of online sales of any major European country. the research found that UK residents browse online for an average of 89 minutes per week with 45-54 year olds leading the way, clocking up just over 100 minutes per week. Although overall, more online retail browsing occurs during the week than at the weekend, the single most popular day for browsing is Saturday. The most popular time of day to browse is the evening, with a third of shoppers (30 per cent) doing most of their browsing between 5pm and 9pm.

Only 16 per cent of retailers claim that they will make mobile sales their top priority in the next year, but consumers are calling out for retailers to introduce mobile apps to simplify the purchasing process. A more streamlined process overall would also make 28 per cent of consumers more likely to complete a purchase.

This perhaps explains why consumers are avoiding purchasing products through a fiddly mobile website, but have a preference for 'device switching.' Whilst a third of consumers browse for products on their mobile, they are likely to then switch to another device, such as a laptop, in order to make a purchase.

Consumers are clearly looking for the fastest and simplest way to buy, as providing personal registration details at checkout was another bug-bear. About 13 per cent say that not having to provide registration details at checkout would encourage them to purchase.

It might seem that retailers are not aware of consumer preferences, but they also listed high IT costs as a barrier to investment. This may explain why only 19 per cent say they would develop a dedicated app. In fact, the report showed that more retailers are bucking the trend for online retail and prioritising their in-store sales instead (79 per cent) over the next year.

However, optimising the online purchasing process is not the only way to turn browsers into buyers. More traditional methods were also shown to increase consumer incentives to buy items saved in their wish list/shopping baskets. Interestingly, these traditional methods were more significant for consumers than the use of modern technologies.

Echoing the theme of time-saving and convenience, these consumers prefer flexible delivery options. Free delivery (56 per cent) and returns (29 per cent), next day delivery (17 per cent) and click and collect (15 per cent) are all options which consumers say would make them more likely to purchase. Unsurprisingly, price was likely to have a huge impact on the final decision to purchase. Just under half (43 per cent) of these consumers say that they would not complete a purchase because they were waiting for a better deal or offer. Over 38 per cent would look for discount codes online and 35 per cent say they would wait for a sale. Discounts tailored to the product being viewed are also likely to incentivise consumers and 27 per cent say schemes such as bonus points also spur them on.

Traditional marketing communications such as email prompts (22 per cent) do encourage consumers to buy saved items, but new online marketing techniques do not appear to be so important to shoppers yet. Only 6 per cent say online stylist recommendations are an incentive and even fewer say that chatbots would help them to make a purchase. What's more, despite the hype around new experiential technologies, only 6 per cent of online shoppers feel that augmented and virtual reality would encourage them to buy.

Source: fibre2fashion.com- Sep 07, 2017

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Vietnam, Egypt target two-way trade worth $1 billion

Việt Nam and Egypt's goal of increasing two-way trade to US$1 billion in the future is fully feasible, said Việt Nam Chamber of Commerce and Industry (VCCI) Chairman Vũ Tiến Lộc.

Lộc made the remark at the Việt Nam – Egypt Business Forum, co-organised by VCCI and the Federation of Egyptian Chambers of Commerce (FEDCOC), in Hà Nội on Thursday.

Lộc said the economic cooperation opportunities between Việt Nam and Egypt are huge, especially in each country's fields of strength, such as manufacturing, shipbuilding, garment and textiles, footwear and oil and gas.

Addressing the forum, Deputy Prime Minister Phạm Bình Minh said the event helped foster economic and trade co-operation between the two countries.

Minh said Việt Nam hopes Egypt will serve as a bridge to connect the Southeast Asian country with other nations in Africa.

He added that doing business in Việt Nam would give Egyptian businesses access to not only a market with 93 million people in Việt Nam, but also the greater market of ASEAN and the world, as the country has signed 12 free trade agreements and is pushing ahead with negotiations on four other pacts.

The Deputy PM told the audience that Việt Nam's policies have helped domestic and foreign businesses reap success in the country.

Việt Nam was among the 60 most competitive nations in the world out of 138 countries ranked in the 2016-17 edition of the Global Competitiveness Report published by the World Economic Forum, he said.

About 76 per cent of European enterprises operating in Việt Nam said they are optimistic about business prospects in 2017, according to a Business Climate Index survey for the fourth quarter of 2016 conducted by the European Chamber of Commerce in Việt Nam.

The Deputy PM asked the VCCI to actively coordinate with the FEDCOC to facilitate business operations and connections between Vietnamese and Egyptian enterprises.

Egypt's President Abdel Fattah el-Sisi said Egypt wished to become a strategic hub for economic development, focusing on developing logistics and building industrial parks to export products to other nations, as well as implementing projects on land development, renewable energy, and new administrative urban areas.

Egypt welcomes Vietnamese businesses to invest in developing small-and medium-sized enterprises, particularly in the areas of shipbuilding, construction, aquaculture, fertiliser and garment-textiles, he added.

Egypt is now the third biggest trade partner of Việt Nam in Africa, with two-way trade reaching an annual average of $320 million.

Source: vietnamnews.vn- Sep 06, 2017

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Xinjiang's 10-year textile plan poses serious threat to Pakistan's textile sector

Unlike the impression that China Pakistan Economic Corridor (CPEC) will open new doors of development in Pakistan, the textile sector here has started fearing of the stiff competition after the introduction of a 10-year textile development plan by China in its Xinjiang Uygur Autonomous Region — which is also sometimes called East Turkestan.

As 35 per cent textile units have already shut down for various reasons, including the higher cost of doing business, becoming uncompetitive in international market etc, the huge investment on textile park at bordering region of China are posing serious threats to the textile industry which is already struggling hard to compete with the international challenges and other major forces in the industry.

According to the ten-year plan, by 2023, Xinjiang will build China's largest cotton textile production base and the largest garment export processing base. By 2023, Xinjiang will become the largest cotton textile industry base of China and the most important clothing export base in Western China.

"Pakistan has never analysed the challenges to its own industries and manufacturing sector after execution of CPEC. No safeguarding measures have taken in the bilateral agreements of CPEC to save the textile sector which contributes 60 per cent to overall exports of the country," said an official source at Textile Division adding that exporters of the country may become traders after the massive investment by China in textile processing, from cotton to ginning, spinning, fabric, processing, made-ups and garments.

"At least 140 textile mills have so far been shut down during the past four years of this government. The machinery worth Rs 10 million in the spinning sector is being sold out at Rs 50000 in scrap," Mian Zafar Iqbal, who is associated with the business of textile spinning and is an executive member of FPCCI, said.

According to him, on the contrary, latest machinery was being imported by Chinese investors to install at Textile Park in Xinjiang. "Despite our repeated appeal made to the higher authorities in government no safeguarding measures have taken to save the textile sector which contributes nearly one-fourth of industrial value-added, provides employment to about 40pc of the industrial labour force, and consumes more than 40pc of banking credit to the manufacturing sector and accounts for 8pc of GDP. Despite being the 4th largest producer and 3rd largest consumer of cotton globally, Pakistan is feared to become a major supplier of raw material instead of value added products after the CPED related developments," he said.

"The anticipated glut of textile and garment from the Xinjiang textile park in the export as well as domestic markets of Pakistan poses a serious threat to Pakistan's textile sector already struggling to remain afloat. Setting up of the textile park at Xinjiang will give a heavy blow to Pakistani textile exports," he added.

According to sources, with the consideration of CPEC, China has placed it primary focus on the Xinjiang province, bordering Pakistan. The province accounts for 60 per cent of China's seven million tons of cotton production. Previously underdeveloped, the province is now witnessing speedy industrialisation and on a very large scale. The main focus of this development is to formulate a major textile hub.

In addition to funding the textile industrial parks and clothing factories, Xinjiang will subsidise local cotton and electricity in qualified industrial parks.

Source: pakistantoday.com.pk- Sep 06, 2017

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Chinese textile plant coming to Forrest City will consume all cotton farmed in state, news report says

Voice of America reported yesterday on the gigantic textile factory soon coming to Forrest City, courtesy of Chinese industrial giant Shandong Ruyi. It's expected to create 800 jobs, potentially transforming the Delta town.

We noted the project when it was announced back in May by the Arkansas Economic Development Commission. But the VOA story highlights one remarkable figure that bears repeating: "Ruyi's project will consume ... nearly all the cotton the state grows each year."

A single factory will absorb all the cotton farmed in the state? Indeed, the company said it expects to process 200,000 tons of Arkansas cotton annually, and Arkansas cotton farmers produced about 840,000 bales in 2016. A cotton bale is 500 pounds. How will that affect other commodities grown in Arkansas? How will it affect land use?

AEDC communications director Jeff Moore said the Shandong Ruyi plant is projected to begin production in mid-2018.

In other Chinese-textiles-in-Arkansas news, Bloomberg Businessweek recently profiled the factory to be opened in Little Rock in 2018 by apparel manufacturer Tianyuan Garments Co.

That deal was announced last fall by AEDC. The state is giving economic incentives to both Shandong Ruyi and Tianyuan Garments, which will create about 400 jobs at its Little Rock plant.

Why exactly are Chinese companies opening plants in the U.S. when labor in China costs so much less than labor in America? Bloomberg has the answer: automation.

The U.S. produces robots that can do the job cheaper, and with fewer complaints, than any human, Chinese, American, Mexican or otherwise:

Source: arktimes.com- Sep 07, 2017

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NATIONAL NEWS

Time for India to exit RCEP trade pact

The 15 member-nations are being rigid in asserting that India wipe out tariffs on most goods, which would be disastrous

Good negotiating skill is not just about delivering results. It is also about realising when saying 'yes' ceases to be an option. In the ambitious Regional Comprehensive Economic Partnership (RCEP) pact India is negotiating with 15 other nations including China, the rising pressure for opening up markets in goods is making negotiations unsustainable. India will not be able to justify its continued efforts to reach a compromise.

As trade ministers from the 16 member countries — including the 10-member Asean, India, China, Japan, South Korea, Australia and New Zealand — prepare to take stock of the negotiations in the Philippines this weekend, New Delhi needs to get assertive about what it cannot agree to, even if it means getting isolated in the talks.

Over to Prabhu

The meeting, scheduled on September 10 in Manila, has added significance as it could be the last ministerial meeting of RCEP countries. The plan reportedly is that the ministerial will be followed up with a meeting of the RCEP technical network committee in South Korea in October. This will come up with an implementation paper based on which outcomes for the future negotiations would be set.

Commerce and Industry Minister Suresh Prabhu, who took charge this week, needs to take urgent note of the fact that what he agrees to or opposes at Manila, could have a significant impact on the final result of the negotiations, which members hope to conclude early next year.

For most RCEP members, the sky seems to have become the limit as far as ambitions in opening up markets for goods go. As has been reported, many members have demanded that import tariffs on goods — both agricultural and industrial — must be reduced to zero for more than 92 per cent of tariff lines. This would mean that India has to phase out duties on most items and dismantle the wall protecting its industry and farmers from indiscriminate competition. What is less known is that some RCEP countries have further suggested that tariffs should be reduced to less than 5 per cent on an additional 7 per cent of lines which would take the total coverage of items to 99 per cent.

To make matters worse for India, which is grappling with the demands already on the table, countries like Australia and New Zealand which want India to lower tariffs on items like wheat and dairy, are now insisting that the offers should not be just linked to tariff lines but to the value of the items. This means that agreeing to eliminate tariffs on a large number of items is not enough. The items should be of significant trade value too.

Rising pressures

For a country with a large number of sensitive agricultural crops and labour-intensive industry sectors, bending to such demands is a near impossibility. What is especially giving Indian industry sleepless nights is the thought of unhindered flow of goods from China with which it already has a annual trade deficit of over $50 billion. A Free Trade Agreement (FTA) with no duties on most products could increase the deficit significantly.

One may ask why India participated in the negotiations for so long if it is not in a position to offer zero tariffs on many items. The answer is that New Delhi was never averse to the idea of eliminating tariffs on a considerable number of items — the length of the list depending on the country for which it was making the offer.

However, it had no clue that it would be pressured into treating all members equally and offering tariff elimination or reduction on an exceptionally long list of items, giving it very little scope to protect its sensitivities.

The gradual cornering of India by RCEP partner countries is reflected in how the negotiations have progressed over the last two years. India's first set of offer for tariff elimination based on a three-tier system — 42.5 per cent of tariff lines for China, New Zealand and Australia, a higher 65 per cent for its FTA partners South Korea and Japan and the highest offer of 80 per cent for Asean — was rejected by all members, including Asean.

Last August, India was forced to give up its proposal for a three-tier system at the ministerial meet in Laos in favour of a single offer for all. India had to satisfy itself with members agreeing to allow deviations to protect its vulnerabilities with respect to certain members (read China). The caveat, of course, was that the deviations can't be too high.

Over the past year, despite fierce opposition from its farmer groups and industry lobby, New Delhi has indicated to RCEP members that it could offer to eliminate tariffs on about 70-75 per cent of items for all members with certain deviations for countries like China, Australia and New Zealand with which it does not have FTAs.

One-sided deals

But the offer proposed by India has not satisfied the RCEP members. At the recent negotiating round in Hyderabad, India was pushed incessantly to improve its offers with Australia and New Zealand, insisting on increased market access in items like wheat and dairy. The existing situation is exactly what the Indian industry and farmer groups, protesting against the RCEP pact, were apprehensive about.

India's expected gains in goods from the RCEP pact are not significant, given the fact that the existing levels of tariffs in member countries are relatively low and there wouldn't be significant gains from further cuts. This is the main reason why India's gains in goods have been much lower than that of the partner countries in its FTAs with Asean, Japan and South Korea.

While India's gains in RCEP are to mainly come from services liberalisation, including easier work visa norms, the offers in the area have been almost non-existent. The Asean countries have refused to offer even the level of openness that exists among the 10 member group.

Moreover, many RCEP members are now insisting on inclusion of substantial commitments in the area of e-commerce and investment facilitation — the two areas where India wants to preserve its sovereign right for policymaking.

Why fear exit?

With the clock continuing to tick, it is high time India asked itself why it needs to be part of a pact where it runs the risk of putting the future of its industry and farmers at stake while getting almost nothing in return. Its fear of being the only major economy not part of a mega trade deal is no longer real. Negotiations on most large trade pacts such as the Trans Pacific Partnership, Transatlantic Trade and Investment Partnership and a new NAFTA have hit major road blocks after President Donald Trump took over in the US.

New Delhi has to realise that there is no shame in getting out of a bad deal. There is a world of wisdom in exiting while there is still time rather than signing a bad deal.

A free trade pact between the RCEP countries accounting for 45 per cent of the world population and over $21 trillion of GDP does seem attractive, but not at the price India is being asked to pay.

Source: thehindubusinessline.com- Sept 07, 2017

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India-Singapore trade can reach USD 25 billion by 2019-20: FIEO

Bilateral trade between Indian and Singapore can achieve the target of USD 25 billion by 2019-20 as it has seen a strong growth in the recent years, a senior Indian trade official has said. “We can easily reach USD 25 billion trade with Singapore by 2019-20, up from the current level of USD 17 billion,” Federation of Indian Export Organizations (FIEO) chief Ganesh Kumar Gupta said here yesterday.

India’s export to Singapore grew by 23 percent in the last fiscal though overall exports grew by only 4 percent, he said, pointing out that the bilateral trade between India and Singapore was only 2.52 percent of India’s overall trade.

FIEO will be increasing participation by its small and medium scale manufacturers and retailers, Gupta said at the opening of the four-day Singapore International Indian Expo.

“The expo is providing wonderful opportunity to micro and small exporters to showcase wide range of quality products to high demanding customers in Singapore. “Exporters will move from B2C to B2B platform through participation in such Expo,” he said. The FIEO is participating in the expo with 89 companies representing apparel, gems and jewellery, furnitures, handicrafts and textiles. “The participation is likely to be doubled in 2018,” Gupta added. More than 200 stalls, offering over 10,000 Indian-origin products, have been put at the expo.

Gupta joined Indian High Commissioner Jawed Ashraf and Singapore’s senior Parliamentary Secretary for Trade and Industry Low Yen Ling and other officials in lighting the inaugural lamp of the expo, being held from September 7 to 10 at the Suntec complex.

Source: financialexpress.com- Sept 08, 2017

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Panipat, the global centre for recycling textiles, is fading

When the doors open to the warehouse at Ambey Spinning Mills in Panipat, a city 90km from Delhi, it seems as if its contents might tumble out like those of an overstuffed cupboard. Heaps of clothes are piled to the ceiling.

Ten women meticulously extract zips, chains and buttons from T-shirts, winter jackets and denims using long blades usually used to chop vegetables. Outside, a teenage boy wields a knife to bash synthetic fibre against a tree stump. In another workshop clothes are shredded, spun into yarn and woven by power looms into blankets. Bullock carts take them for further processing; they are then sent off for sale in India and beyond.

Known as the “cast-off capital”, Panipat is home to 150-200 such mills, which take in discarded clothes from Western countries and turn them into recycled cloth. The industry employs around 20,000 people and brings in annual revenues of $62m, according to Pawan Garg of All India Woollen and Shoddy Mills Association, a trade body ("shoddy" was originally a non-pejorative word for reclaimed fibre).

Panipat's history in textiles began after the Indian subcontinent's bloody partition in 1947, when weavers from the province of Sindh and the districts of Jhang and Multan in Punjab, finding themselves suddenly located in Pakistan, were uprooted and moved to the ancient city. They set up looms to knit coarse, hand-spun cotton carpets, wall hangings and sofa covers (from new wool) that were an instant hit abroad (and qualified as a dowry in marriages in northern India).

The city's later emergence as a recycling hub coincided with a slump in Prato, a small industrial town in Italy with a 1,000-year-old tradition in textiles. In the 1990s Panipat mill owners bought discarded Italian machinery from Prato designed to make cheap shoddy yarn from recycled wool. The industry took off; its annual revenues rose to over $300m.

Times have since changed. Cheaper and lighter polyester substitutes are increasingly preferred by wholesale buyers such as aid agencies, railways and hospitals, whether Indian or foreign. Such materials need expensive machines that many Panipat mills cannot afford. Rising labour costs have squeezed margins.

An erratic electricity supply and frequent machinery breakdowns are more of a scourge than ever. Indian winters are shorter, complains one mill owner, which affects domestic demand for woollen clothing. Most factories in Panipat are working at half capacity.

The business is fragmented, poorly organised and almost wholly unregulated. Had there been basic oversight by the government, some in the business say, standards might have risen. Whatever the reasons, the mills did not invest much of their formerly fat profits into upgrading machinery or workers' skills. That could have helped them find more customers willing to pay a premium for high-quality fabric from recycled yarn, which appeals to environmentally conscious companies.

Panipat may help the planet but also exhibits the least attractive features of the textile business in developing countries: sweatshop conditions for workers, rock-bottom pay, use of child labour and so on. Almost all workers there are contract labourers who earn a tenth of what those in the formal sector are paid.

Women receive 120 rupees ($1.80) a day for manually ripping up around 100kg of garments. Workers manage to sell off baubles and trinkets scavenged from the cast-off clothes but must often share the proceeds with mill owners. Despite the bosses' attention to such details, "there is no money in it anymore," says Mr Garg.

Source: economist.com - Sep 07, 2017

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The Indian fashion apparel market – 2017 & beyond

Market Overview

Indian economy, one of the fastest growing economies of the world, is witnessing major shifts in consumer preferences. Increasing disposable income, brand awareness and increasing tech-savvy millennial population are the driving factors of corporatized retail within the country. Overall, Indian retail scenario has shown sustainable long-term growth compared to other developing economies.

The Indian retail market was worth Rs 41,66,500 crore (US $641 billion) in 2016 and is expected to reach Rs 1,02,50,500 crore (US $1,576 billion) by 2026, growing at a Compound Annual Growth Rate (CAGR) of 10 per cent. It is envisaged that the current fashion retail market worth Rs 2,97,091 crore (US $46 billion) will grow at a promising CAGR of 9.7 per cent to reach Rs 7,48,398 crore (US $115 billion) by 2026.

Indian apparel industry which is the second largest contributor in the retail industry after food and grocery is seeing some major shifts. Entry of international brands, changes in preferences from non-branded to branded, the fast growing economy, large young consuming population in the country has made India a highly lucrative market. India has the world's largest youth population, which is becoming fashion conscious owing to mass media and social media penetration. This has opened unprecedented retail market opportunities. The promising growth rate of 9.7 per cent makes the Indian fashion industry prominent in the retail sector. With a

GDP growth rate of 7 per cent, India has an edge over developed markets of the US, Europe and Japan which are expected to grow at a rate of 2-3 per cent. Favourable trade policies and increased penetration of organised retail among other factors contribute in making Indian fashion industry attractive for investors.

Within the retail categories, apparel retail has demonstrated comparatively high receptivity towards corporatized retail. High penetration of corporatized retail in apparel has also paved the way to introduce more formal and systematic processes and procedures in operations, procurement and distribution. As a consequence, apparel retail market has managed to harness the advantages offered by modern management concepts leading to improved product offering, better customer management and scientific supply chain management techniques. It is expected that apparel retail will continue to witness deeper penetration of corporatized retail beyond the major urban clusters and the increase in the demand of branded products.

Intersegment Analysis

The Indian apparel market can be broadly classified into men's wear, women's wear and kidswear. Currently, men's wear holds major share in the apparel market. It accounts for 41 per cent of the total market. Women's wear contributes almost 38 per cent, while kidswear contributes 21 per cent of the market. It is estimated that over the next decade women's wear and kids wear will demonstrate high CAGR of 9.9 and 10.5 per cent respectively, resulting in rise in market share of these categories. Both, men's wear and women's wear is expected to contribute 39 per cent each to the total market in 2026, with kidswear accounting for the rest 22 per cent.

2.1 Men's wear

With the market size of Rs 1,24,423 crore (US $19 billion), men's wear is the largest segment in apparel market and is expected to grow at a CAGR of 9 per cent for next 10 years to reach Rs 2,95,795 crore (US $45.5 billion) by 2026. The various product categories of men's wear segment include shirts, trousers, suits, winter wear, t-shirts, denim, daily wear, active wear, ethnic, innerwear, etc. Shirts are the single largest category in men's wear, followed by trousers and denim.

In recent years, denim, activewear and t-shirts have shown promising growth and are expected to grow at high CAGRs of 14 per cent, 14 per cent and 12 per cent respectively, owing to changing preference of the consumers. While denim and t-shirts have matured as categories and have shown a consistent growth over a considerable period of time, activewear has recently evolved and has high growth potential. This is due to the boom in fitness and healthcare. In addition, the consumers in India have evolved and now understand that clothing for fitness is different from everyday clothing. These factors contribute to high growth projections of 14 per cent over the next decade. The growth in this category is not just restricted to metros and Tier -I cities and has shown growth in Tier –II and –III cities as well.

The acceptance of smart casuals in corporate has boosted growth of western wear among working professionals. Formal wear is not restricted only to shirts and trousers but has a wide range of other options such as smart jackets, brightly coloured or patterned shirts complemented with loafers, etc.

Men's denim wear is expected to grow at a rate of 14 per cent per year. The young population of the country is the key demand driver of this segment. Due to rise in media penetration in the country and global fashion awareness among youth, a shift in consumer's choice of denim wear has been witnessed in the country. Penetration of international brands in denim has provided consumers with ample product options.

2.2 Women's wear

The women's wear market in India contributes 38 per cent of the total apparel industry. It is estimated to be worth Rs 1,11,467 crore (US $17.5 billion in 2016) and is expected to grow at a CAGR of 9.9 per cent to reach Rs 2,86,456 crore (US $44 billion in 2026). Globalization coupled with fast fashion has resulted in awareness on fashion trends and styling. Further, the increase in number of working women has fuelled the women's wear market. The demand is expected for western wear, fusion wear and occasion specific ethnic wear. Women's wear in India comprises of ethnic wear, western wear, Indo-western, innerwear, etc. Ethnic wear is the single biggest category in women's wear segment with a share of 66 per cent. In ethnic wear, the saree is perhaps the most common traditional Indian dress for women and has a market of Rs 37,837 crore. It is expected to grow at a

CAGR of 5 per cent and reach Rs 61,632 crore by 2026. Though a market shift is expected from saree to salwar kameez and western wear in urban and semi-urban markets, saree will still remain as the predominant category among elderly and middle aged women across urban and rural India.

Salwar kameez is another dominating category in ethnic wear, especially among the working women because of its comfort level. With a market share of Rs 35,804 crore, it is expected to grow at a CAGR of 12 per cent to reach Rs 1,11,203 crore by 2026. But, it has started facing stiff competition from the western wear owing to increased number of working women in the country, especially in urban areas. The increased competition from western wear has resulted in a new category — Indo-western (fusion-wear).

The innerwear category is another promising category in the women's wear market. It is growing at a CAGR of 14 per cent and is expected to reach Rs 60,277 crore in 2026 from the current market size of Rs 16,259 crore. Branded innerwear presently contributes about 35- 40 per cent of the total women's innerwear market and is expected to reach to 40-45 per cent in 2020.

Denim is another high growth category among women's wear and is expected to grow by a promising rate of 17.5 per cent for the next ten years to become a market of Rs 10,209 crore from Rs 2,035 crore currently. Initially, the denim brands used to focus primarily on men, but with the change in the demand and preferences of women, they started catering to women consumers as well. Stretch denims have seen a huge demand among women.

Women's t-shirts and tops categories are also growing fast owing to generic inclination for western wear categories. The women tops and shirts market is of Rs 2,236 crore and is expected to grow at a CAGR of 14 per cent to reach Rs 8,291 crore by 2026. The women's t-shirts market of Rs 933 crore is growing in tandem with the growth of other casual wear categories and is expected to grow at a CAGR of 17 per cent to reach Rs 4,484 crore by 2026.

2.3 Kidswear

The kidswear segment is one of the fastest growing segments in the Indian apparel market. The Indian kids wear market in 2016 was estimated to be worth Rs 61,201 crore and accounted for 21 per cent of the total apparel market of the country. It is expected to grow at a CAGR of 10.5 per cent to reach Rs 1,66,147 crore by 2026. With such market potential, a number of national and international players have entered this segment. India, being one of the youngest nations in the world with 29 per cent of its population less than 14 years is a lucrative market. The competition between the new entrants and existing players has ultimately benefited the Indian consumers as the firms have shifted their focus to improve the quality while reducing costs at the same time.

Awareness about latest kidswear is not only limited to metro cities but it is widespread among Tier -II and -III cities also due to access to various media such as televisions, smart phones, movies etc. With growing disposable income, exposure to global fashion trends and entrance of foreign brands in the country – spending on kidswear by Indian populace has increased.

The kids wear market can be categorised into boy’s wear and girl’s wear.

Boy’s wear

The Indian kidswear market is slightly skewed towards boy’s wear which accounts for 51 per cent of the total kidswear market. In 2016, boy’s wear was estimated to be worth Rs 31,552 crore and is expected to grow at a CAGR of 10.3 per cent and reach Rs 84,678 crore by 2026.

The various categories among boy’s wear are t-shirts, denims, bottom wear, ethnic, winter wear and uniforms. Uniforms, t-shirts and bottom wear are the dominating categories among boy’s wear. They together contribute around 78 per cent of the total boy’s wear market. However, t-shirts and denims are considered high growth potential categories in the segment with a CAGR of 12 per cent and 15 per cent respectively. The increased fashion awareness among kids has made western wear such as denims and t-shirts popular.

Girl’s wear

Girl’s wear market, which accounts for remaining 49 per cent of the kidswear market, comprises of bottom wear, ethnics, t-shirts, denims, dresses, winter wear and uniforms. Like boy’s wear, uniforms are the dominating category among girl's wear as well. It is worth Rs 9,013 crore and is expected to grow at a CAGR of 11 per cent to reach Rs 25,591 crore by 2026. Another dominant category in this segment is ethnic wear, which comprises 23 per cent of the girl's wear market. But, a major shift has been seen in trend among girls wear in recent years. Western wear categories such as denims and t-shirts are growing faster than traditional categories. These categories are expected to register CAGRs of 16 per cent and 14 per cent respectively.

3. Region-Wise Distribution of Apparel Market

Demand for various apparel categories varies substantially across the country. The urban market that mainly comprises of metro cities such as Delhi/ NCR, Mumbai, Bengaluru, Chennai, etc., are the biggest markets for apparel in India and contribute 23 per cent to the Indian apparel market. Considering the fact that almost 70 per cent of the population resides in villages, the major contribution of urban cities to the apparel market indicates the higher purchasing power of the people in urban cities, their frequency of purchases and tendency to purchase premium and quality products. The metro cities house almost all the big national and international brands, driven by the well informed and employed population. The metros also witness huge penetration of women's western wear as compared to Tier -I or Tier -II cities of the country. The well informed and trend conscious female customer base has led to deeper penetration of brands and private labels in the metros.

But lately, many global brands have started penetrating into Tier -I and -II cities, while domestic brands are also strengthening their position in these markets. Many fashion retailers and apparel brands have already established themselves in smaller cities. High real estate costs, competition among branded players and saturation in metro cities of the country have made big brands to move towards the smaller cities of the country. The increasing purchasing capacity and awareness of fashion and trend in small cities has resulted in providing a huge market to the organised players of the country.

The rural apparel market in India is still primarily catered by unbranded and unorganised local players. Need based clothing and price sensitivity among people of rural India does not make it a lucrative market for branded players.

4. Price Segmentation of Apparel Market

The apparel market can be broadly divided into super premium, premium, medium, economy and low price segments. The medium price segment holds majority of the share among apparel segment by holding 29 per cent followed by economy which holds 28 per cent of the share of the apparel market of the country. The price sensitive rural population forms a major chunk of 54 per cent of the low and economy price segments of apparel market.

Customers across income groups purchase medium priced apparel at varying frequencies. Sometimes the customers of the premium and super premium segment wish to trade down to medium segment while in some other cases the low income customer prefers to trade up to medium segment depending on the requirement of the attire and look. Many Indian consumers of the medium income level prefer medium price segments as it offers the assurance of certain minimum quality standards at a reasonable and affordable price.

The super-premium and premium price categories are value driven categories and the product offerings of these segments come from established brands.

5. Select Trends of Indian Apparel Market

In India's high-growth, fast-changing retail apparel market, with significant new growth opportunities for both foreign and domestic players. As a result of it, Indian apparel industry is witnessing some specific trends.

5.1 Sustainable and eco-friendly manufacturing

As the country is confronted with pollution issues, it has become adopt eco-friendly strategies. The industry is focusing on reducing water consumption and techniques to avoid usage of organic colours in apparel manufacturing. Consumers are sensitive and are increasingly getting aware about environmental issues, resulting
in growing inclination towards eco-friendly and organic apparels. Brands/ private labels have started catering to this market especially in babies, kidswear and premium adult wear category segments.

5.2 Increased inclination towards smart garments

With technological penetration in everyone's lives, garments too are witnessing some major up-gradation in technology. After smart phones, smart televisions, smart watches, etc., 'smart shirts' have emerged as a new trend in apparel industry. Companies are trying to woo the customers by providing smart shirts to the growing tech freak population of the country.

Right now, the wearable technology market mainly consists of wearable devices such as fitness bands, smart watches etc. But, recently there has been a shift towards smart garments among premium and luxury customers.

5.3 Smart casuals

Corporate dressing these days is not restricted to strict formal wears in pastel colours and minimal designs but has gone under a transition. In women's wear the concept of smart casuals has carefully replaced traditional formal wear such as sarees, western formals and salwar-kameez. Increasing inclusion of smart casuals or semi-formals has resulted in acceptance of chinos and other relaxed trousers along with half sleeved shirts or t-shirts.

5.4 Continued rise of 'organised retail'

The Indian fashion retail industry is transforming rapidly and is seeing shift from unorganised to organised retail. The transformation is due to increase in income, increased penetration of branded wear in country and awareness of fashion trends among consumers But, nowadays couture is not limited to metros only. Tier -II cities and semi-urban cities have emerged as huge potential markets for these organised players. Penetration of organised retail chains has contributed to the growth of apparel market in these markets. Market expansion in non-metros seems an lucrative opportunity for domestic and international brands.

Once considered value conscious consumers of Tier -II cities are now open to spend more on fashion and look good. Apparel retail in non-metros is growing exponentially due to which more brands are entering hinterlands.

5.5 Apparel sales in e-commerce

Online shopping in India is not a new phenomenon anymore, although it is in nascent stage but blooming very rapidly. E-commerce has grown in recent years and has touched every person's life. It has played a very vital role in bridging the gap between consumers residing in Tier -II and Tier -II cities and premium wear sellers. It has made availability of premium brands in semi urban areas where these brands have no retail outlets.

In India, e-commerce portals and marketplaces have established themselves by providing huge discounts to lure customers thus changing the consumers' mindset and providing wider range of products to choose from. According to Technopak Analysis, currently there are 431 million Internet users which is expected to reach 750 million by 2026. Cash crunch due to demonetisation along with improvement in net banking facilities will fuel the growth of e-commerce in the country. The government's initiatives to develop cash less, inclusive and digital citizens has provided further boost to e-commerce industry. The e-tailers have started launching their private fashion labels to increase their profit margins.

6. Challenges for Fashion Retail in India

Despite of growing at a promising rate, Indian fashion retail is facing its own challenges. Some of the major challenges faced by fashion industry in the country are as follows:

6.1 Infrastructural bottlenecks and efficiency

Indian fashion retail industry faces challenge of inadequate infrastructure such as poor conditions of roads, highways etc., which results in becoming roadblock in growth of apparel fashion industry. India, to grow to its fullest potential, would have to invest heavily in infrastructure such as proper connectivity of roads, inland waterways, etc.

According to World Bank's Logistics Performance Index 2016, India ranks at 35 when compared to 160 countries. It scored 3.42 on a scale of 5, thus showing a huge scope of improvement in infrastructure which is a major hurdle in logistics of the apparel industry.

6.2 Poor Internet penetration in the country

Despite e-commerce blooming in the country, India has poor Internet connectivity as compared to other growing economies. In India, e-commerce is in its nascent stage but has grown significantly in the last fifteen years and is set to grow at a high rate in the next decade. However , the quality of Internet services provided is poor due to lack of infrastructure.

To ensure long term growth of e-commerce in India, it is essential to upgrade the Internet services. Unless, the government takes initiatives in this direction, e-commerce industry would not be able to reach its fullest potential. In addition, Cyber security is another major threat in e-tail industry.

6.3 Changing consumer behaviour

In today's business environment, consumer is the king. It has become imperative for the manufacturers tocater to the consumers according to their taste and preference. With mass media penetration and growing disposable income, Indian consumers have become more demanding and adaptable to change in fashion.

With the rapidly changing profile of consumers, it has become challenging for retailers to keep up with shifting shopping demands. Shoppers today are well informed about fashion trends and demand accordingly. Thus, it becomes challenging for retailers to cater their customers with constant change in preferences.

Source: indiaretailing.com - Sep 07, 2017

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Crisil revises Indian GDP forecast to 7% for FY18

Crisil, an Indian ratings agency, has revised the GDP growth forecast for the country to 7 per cent from 7.4 per cent for fiscal 2018, owing to the implementation of the Goods and Services Tax (GST). The new tax regime that came into effect in July in the country, is expected to impact the economy for a few more upcoming quarters as per the agency.

The quarter ending in June witnessed a steep decline in the growth rate of the country to 5.7 per cent, resulting in India losing the tag of the fastest growing economy title yet again to China. The growth in this quarter was the lowest in the past 3 years. Disruptions due to GST can be expected throughout this fiscal, according to Crisil.

"We scale down our GDP growth forecast for fiscal 2018 to 7 per cent, from 7.4 per cent earlier. We believe GST- related disruptions will limit the upsides to growth for a few more quarters because there are uncertainties around the possibility of changes to the given tax structure and as businesses adjust to this new regime," said media reports quoting the report.

Contribution of exports to the economic growth of the country will be limited and manufacturing growth can also slump down to 7.6 per cent from 7.9 per cent in the current fiscal, notes Crisil.

Source: fibre2fashion.com - Sep 07, 2017

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Trade policy review only after resolving exporters' cash woes : Commerce Ministry

The Commerce Ministry will come up with the mid-term review of the foreign trade policy (FTP), initially scheduled this month, only after resolving the liquidity issues faced by exporters under the Goods and Services Tax (GST) regime, a Government official has said.

“Two options are being examined by the Centre to deal with cash shortage faced by exporters who are no longer entitled to tax exemptions under various incentive schemes and have to instead pay taxes upfront and later claim reimbursement. Without a resolution to the issue, there is no point coming out with a mid-term review," the official said recently.

One option is the much debated introduction of e-wallet facility for exporters for virtual payment of taxes while the other is putting in place an actual wallet for use by exporters with money deposited by the Centre.

The Finance & Commerce Ministries will thrash out both options and examine others too, if required, to reach an understanding, before sorting the out the matter with the GST Council.

According to estimates made by the exporting community, over Rs.1.85 lakh crore of their working capital may get stuck annually because of the time-lag between paying taxes and then getting refunds instead of exemptions.

e-wallet facility

In the previous round of consultations before the GST was implemented on July 1, the Commerce Ministry had proposed that an e-wallet facility could be introduced for exporters.

Under the mechanism, the e-wallet account of an exporter is debited based on the preceding year's exports.

Whenever the exporter is supposed to pay GST, whether for imports or for procurement by merchant exporters, the payment is made from the e-wallet. Money, however, does not go out of the e-wallet account at all. It just goes from the GST account of exporter to the GST account of the supplier. The value of the e-wallet remains the same.

When the exporter gives proof of export, her account is again re-credited. The other option of an actual wallet is similar to the e-wallet concept, but the virtual money is replaced by actual money to be provided by the Centre. In the actual account, too, no money would go out and accounts would only be debited and credited based on GST paid and reimbursements made.

"Although the Centre is more comfortable with the actual wallet proposal as it involves real money, the Finance Ministry may have to provide

Rs.30,000-40,000 crore quarterly for it which it may not be comfortable with," the official said.

Source: dailyshippingtimes.com- Sep 07, 2017

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Prabhu plans steps to boost exports, mfg

Minister for commerce and industries Suresh Prabhu on Wednesday said he is looking at measures to boost exports as it will also rev up the manufacturing sector in the "shortest possible time".

He said the ministry will take up the issue of GST refunds for exporters and put together an agriculture export policy as it will help tackle farmer distress in times of oversupply and also encourage shipments from the country .

"Exports to GDP ratio has to rise... We are trying to work out what is to be done to promote exports in the shortest possible time, which includes issues coming up because of GST," Prabhu told reporters. The ministry is expected to announce incentives in the review of the foreign trade policy , scheduled to be released next month.

On GST, exporters have stated that the new indirect tax regime would block working capital worth over Rs 1.85 lakh crore annually with the government as they now have to pay the tax first and then seek refund. Earlier, they were exempted from payment of taxes.

The minister said domestic investments by the private sector have not increased considerably and one of the reasons for that is inadequate capacity utilisation. "Unless domestic demand picks up... exports can fill in that gap," he added.

Source: timesofindia.com- Sep 07, 2017

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Telangana seeks more CCI cotton purchase centres

A group of MPs from Telangana, led by the state's irrigation minister T Harish Rao, recently asked Union minister Smriti Irani to instruct the Cotton Corporation of India to open more purchase centres in the state as bumper harvest is expected this year. Irani has decided to send the textiles secretary to the state to take a call on the demand.

Around 30 lakh metric tonnes of cotton is expected this year as farmers had raised the crop in over 50 per cent of the sown area in khariff season, media reports in the state quoted Harish Rao as saying. The state minister had met Irani in July to discuss this issue.

The central government has sanctioned only 83 purchase centres but the state wants the number to be raised to 143. The centres should also be kept open for at least six consecutive days, Harish Rao said.

He met union environment secretary AN Jha and requested him to expedite the environmental clearance for the Kaleswaram project. He also requested union agriculture minister Radha Mohan Singh to release Rs 132 crore pending funds to the state for construction of additional godowns.

Source: fibre2fashion.com- Sep 08, 2017

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Risk averse traders blamed as Gujarat sees sharp fall in cotton forward contracts for exports

Gujarat is seeing a sharp decline in forward contract of cotton for export in the new season. The state, which accounts for about 25-30% share in India's total exports, is witnessing less activity in new forward cotton contracts on account of hesitation by exporters who have had bad experiences in past few years and have faced losses due to advance commitment of cotton buying.

According to sources, India has exported about six million bales of cotton so far during cotton year 2016-17 and of it nearly 30% exports have been from Gujarat alone. "Usually a month before the new season, exporters commit advance orders with the ginners and cotton suppliers for exports in November and December.

However, in view of unfavourable experiences in recent years , exporters are not taking risks in forward contracts resulting in virtually no forward contracts this year," said Arun Dalal, an Ahmedabad-based cotton trader and exporter.

In addition to this, the industry is also expecting huge production in the current year. Good monsoon has increased cotton sowing by almost 18% nationally and 10.50 % in Gujarat. Higher sowing has brightened the expectation of better production.

Bharat Vala, president of Saurashtra Ginners' Association said, "Prices will go down during November and December as the arrival of new crop will be in full force. Production is also expected to be better than last year. All these factors are preventing exporters from entering advance commitments for cotton exports."

According to the latest data, as on September 1 area under cotton has increased to 11.98 million hectares as against 10.17 million hectares in corresponding period last year. Gujarat which is leading cotton producing state has sown cotton on 2.63 million hectares as on September 4, as against 2.38 million hectares in corresponding period of 2016.

The International Cotton Advisory Committee (ICAC) in its recent global stock position stated that cotton production in the US is forecast to increase by 20% to 4.5 million tonne. India will remain the world's largest cotton producer in 2017-18 with 4% increase in output at 6 million tonne. Fluctuation in cotton prices is being seen as one of the factors for less forward contracts this year.

Currently, cotton is traded at Rs 43,000 per candy of 356 kg in Gujarat. Traders are expecting fall in prices to Rs 38,000-40,000 once new cotton arrival begins in October. On the other hand, at present domestic cotton prices are higher than international markets which has also limited the demand.

Mumbai-based cotton trader and exporter Shirish Shah of Bhaidas Karsandas and Company said, "Domestic cotton prices are ruling high at this time compared to international markets which has kept the buyers away from India and as result very few export inquiries are there.

While India is offering at about 90 cents, globally cotton prices are ruling at 72-75 cents. Cotton prices will decrease to `40,000 or below that in October and November and at that period international cotton will also fall from current level.”

According to Shah, India’s cotton production would be around 36 million bales of 170 kg for the year 2017-18 as against 34 million bales in 2016-17.

Source: financialexpress.com- Sep 08, 2017

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