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IBTEX No. 33 of 2018 February 15, 2018

USD 63.91 | EUR 79.60 | GBP 89.53 | JPY 0.60

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
18955	39650	**78.64**

Domestic Futures Price (Ex. Gin), February

Rs./Bale	Rs./Candy	USD Cent/lb
19960	41752	**82.81**

International Futures Price

NY ICE USD Cents/lb (March 2018)	75.60
ZCE Cotton: Yuan/MT (Jan 2018)	14,915
ZCE Cotton: USD Cents/lb	**90.69**
Cotlook A Index – Physical	**86.95**

Cotton guide: Cotton market was mostly in red on Wednesday. The benchmarked March ICE future ended the session at 75.60 cents per pound down by 78 points from previous close. The other months also were in red side of the price. In fact December 2018 contract also settled lower at 75.64 cents down 23 points. We have been always emphasizing on December 18 contract because as long as it is holding above 75 cents the market equilibrium looks better; while decline below 75 is always dicey for cotton market as the next season price trading below 75 cents is unacceptable to world trading fraternity.

Further on the pricing front seven days of consolidation is breached finally onto the lower side breaking 50% retracement support and holding comfortably below 50-day moving average indicating the trend is now clear bearish. We are now looking at ICE future for March to head towards 74 cents area in the near term.

Another 1.5 to 2 cents decline in price cannot be ruled out. For the short term we now claim 78 as key resistance level. So broadly cotton is expected to trade in the range of 74 to 78 cents per pound lowered the trading band from 75-79.

From the trading perspective the traded volume on Wednesday was 50K contracts. The open interest which was declining on a daily basis for the past 12 sessions from a record high open interest of 0.321 million contracts have bottomed out at 0.266 million contracts while on Wednesday saw a marginal addition in the OI by only 314 contracts. This does not signify anything important for now however; we need to understand the March contract notice period is set to begin from 22nd of February and drop of 0.055 million contracts could ever be added into market in subsequent contracts. This may have some effect on the price which at this moment we are unsure about the direction.

From the other side of the World, China's Lunar holiday has begun from today and the entire market would remain be closed until 22nd of February. The ZCE market will also be closed for the given period. We will have to see how the ICE derivative volumes plan out this week because sometime ZCE volume spread onto ICE during such holidays.

Today we have the US weekly export sales data and believe it to be better than previous weeks. Any substantial increment in the number may have effect on the price. Currently ICE cotton is seen trading at 75.72 cents and as mentioned above the band would be confined to 74 to 78 cents in the near term.

Coming to domestic market spot price on Wednesday has declined a tad to Rs. 40K per candy lower by Rs. 300 from previous month. The arrivals which were lower again picked up to around 130K bales. The weaker spot price has pulled the domestic future price lower. The most active February future has ended the session lower at Rs. 19730 per bale down by Rs. 180 from previous close. For today we expect market to trade in the range of Rs. 19580 to Rs. 19870 per bale.

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

NEWS CLIPPINGS

INTERNATIONAL NEWS

Trump and allies may be vulnerable to Chinese retaliation on trade: Analysts

President Donald Trump has upped his threats of action against countries with which the US runs hefty trade deficits - particularly China.

But at a meeting at the White House on Tuesday (Feb 13), it was also evident that there is concern even among the Republican base, over retaliation by China.

Apart from recently imposed tariffs on washing machines and solar panels, the US looks likely to impose tariffs on steel and aluminium. Mr Trump has about 60 days left to decide whether to act under Section 232 of a 1962 trade law, which gives him the power to apply higher tariffs and quotas on imported steel and aluminium for national security reasons. This is principally aimed at China.

On Wednesday, Secretary of Commerce Wilbur Ross announced an "affirmative preliminary determination" in an anti-dumping duty probe of imports of cast iron soil pipe fittings from China - valued at US$8.6 million in 2016. This means Customs and Border Protection will collect cash deposits from importers of cast iron soil pipe fittings from China.

The US is also tightening its oversight over Chinese investment, and will soon release the results of an investigation into intellectual property theft.

Most trade experts believe a trade war will damage both countries even if the US eventually emerges better off. And China this month singled out American sorghum for an anti-dumping investigation, showing that it can hit America where it hurts Mr Trump in particular.

"I don't know anyone who didn't expect this to happen," Mr Jeffrey Schott, a senior fellow at the Peterson Institute for International Economics told The Straits Times.

"I suspect they have a tool kit that they are willing to deploy in a measured way if the United States takes actions they think are not compatible with international treaty rights."

The largest sorghum producers in the US in terms of acreage are Kansas, Texas, Colorado, Oklahoma, and South Dakota. China's investigations, which may take up to a year, signal that Beijing can inflict disproportionate pain on rural constituencies that voted for Mr Trump and his allies, said one analyst who asked not to be named.

"It's a shot across the bow as Trump decides whether to inflict tariffs on Chinese steel and aluminium imports," the analyst said.

"I get the strong sense that this will be a big element of China's strategy if a trade war really does take place - hitting US agricultural exports... in pro-Republican, pro-Trump constituencies before mid-terms, hoping that the Trump administration steps back."

A mid-term Congressional election is due in November, in which the Republican Party's majority in both houses will be strongly challenged.

At a meeting as the White House on Monday with state and local government officials to talk about the administration's infrastructure plan, Mr Trump said: "We are going to charge countries... that take advantage of the United States."

"Some of them are so-called allies, but they are not allies on trade," he said.

But the next day when Mr Trump raised the issue of steel and aluminium, Republican Roy Blunt of Montana warned him, saying : "We need to be careful here that we don't start a reciprocal battle on tariffs."

"We make aluminium and we make steel in Missouri, but we buy a lot of aluminium and we buy a lot of steel as well," he said.

Republican Senator Pat Toomey of Pennsylvania, highlighting the importance of steel to the defence industry, urged Mr Trump to "go very, very cautiously here".

Senator Toomey said invoking national security to slap tariffs on Chinese steel would be a difficult case to make, and "invites retaliation that will be problematic for us".

Mr Schott said most Chinese steel is blocked from entering the US under existing anti-dumping and countervailing duty measures, with only about a million tonnes or maybe less going into the US.

He said: "Chinese imports are not the cause of problems for the US steel industry. Chinese exports to other markets which have an effect on world steel prices is what affects the US steel makers. This makes it more complicated than the Trump people thought."

China has successfully played interests of Congressmen and Senators against each other previously, said Mr Schott. In 1982, when the late Senator Jesse Helms from North Carolina tried to get Congress to slap tariffs on textiles from China, Beijing retaliated by telling another Republican Senator, Mr Bob Dole of Kansas, a major agricultural state, that it may stop buying wheat. The attempt to target textiles was withdrawn.

Mr Schott said: "It was tit for tat in the most simple yet effective way, textiles for wheat and Republican against Republican. "And now the Chinese have more levers to pull, with a much bigger economy, more sophisticated knowledge of the trading system, a more extensive trading relationship with the US and many other suppliers who can fill in if they block products from the US."

Source: straitstimes.com- Feb 15, 2018

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Zara, Next Denim Supplier Bucks Pakistan's Textile Malaise

A denim factory in Karachi could hold the key to reviving Pakistan's ailing exports.

With many retailers shifting textile orders to cheaper and more timely suppliers in rival Bangladesh and Vietnam, Pakistan's manufacturers have long-suffered from power cuts, an expensive exchange rate and what they claim is government indifference. Yet while hundreds of factories have shut down in recent years, shedding more than half a million jobs, Artistic Denim Mills Ltd., which operates as a one-stop shop turning cotton into jeans, is doubling production and has built a new factory in Pakistan's financial hub.

Chief Executive Officer Faisal Ahmed is bullish and supplies retailers such as Zara and Next Plc. He points to one key decision -- unlike most industrialists, Artistic Denim started by making garments about 25 years ago instead of just shipping spun yarn or fabric. Now "we have been able to get many orders that used to go to Turkey earlier," he said at his office in an industrial area.

The move shows a rare sign of promise in a stagnant industry that has been part of Pakistan's economic backbone for decades. Pakistan is among the top five growers globally and cultivated has been cultivated on these lands for at least 5,000 years. Typically Pakistan has been mostly converting cotton into thread and fabric that is shipped East to other Asian countries, which then manufacture the final garment.

Homegrown Cotton

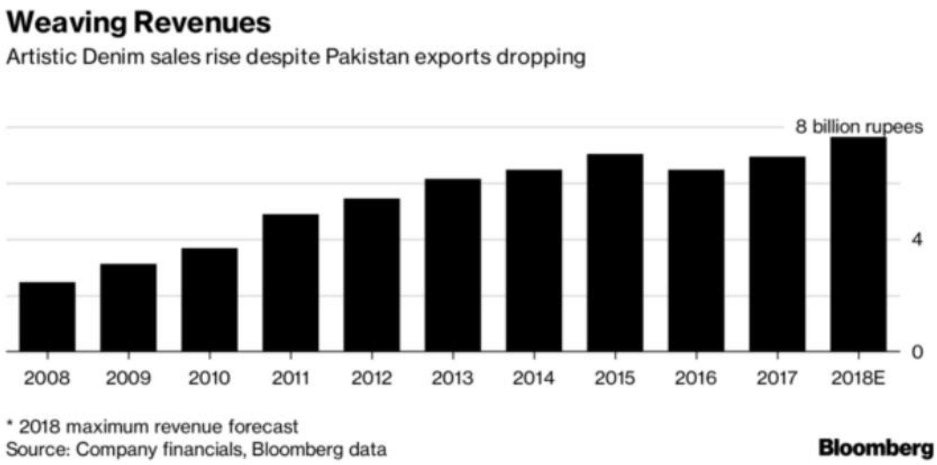
With foreign reserves declining ahead of elections in July, Pakistan's government is under pressure to revive its exports and avoid going to the International Monetary Fund for what would be its 13th bailout since 1988. The textile industry is key as it accounts for more than half of all overseas shipments.

Pakistan has lost market share with exports growing 27 percent during 2005 to 2016, falling behind Bangladesh's 276 percent increase and 445 percent in Vietnam, according to World Bank data. India is the second-largest apparel exporter in South Asia after Bangladesh. Nonetheless, Pakistan still has the advantage of homegrown cotton that it can capitalize on, unlike Bangladesh and Vietnam.

Pakistan is targeting its first export jump this financial year after giving tax breaks to exporters, in a bid to reverse a three year slump with value added products like denim getting the biggest incentives, Mohammad Younus Dagha, secretary at the Commerce Ministry, said in an November interview.

Textile industrialists have continually lobbied the government for subsidies and incentives. Yet despite last year's measures, Prime Minister Shahid Khaqan Abbasi said in an interview this month that no further giveaways to the industry were likely before the elections.

"Bangladesh and Vietnam governments are giving huge support to industries, unlike ours," said Ahmed Lakhani, analyst at Karachi-based JS Global Capital Ltd. "The tax breaks are a good step, but we need to decrease electricity tariffs and keep a check on wages. I don't think we will give all those incentives and compete globally."



Some textile executives say that they have been lazy and have fallen behind market trends, opting instead to pester the government for subsidies.

"About 95 percent of Pakistani exporters mentality is waiting for a customer rather than going out and finding them," said Majyd Aziz, president of MHG Group of Companies in Karachi. "In the global world, you need integration and economies of scale, if you do that, you make money."

Artistic Denim is one of them. It has chased premium brands in Los Angeles that pay more for smaller deliveries to keep changing designs rather than bulk orders. The company said this will help revenues reach as much as eight billion rupees ($72 million) in year ending June with new garment production capacity increasing sales.

"Pakistan's denim is on an upward trend, despite the larger textile industry being in trouble," said Ahmed. "Pakistan has a tremendous opportunity."

Source: bloombergquint.com- Feb 15, 2018

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USA: January Retail Sales Dip, Apparel Remains Positive

Total retail and food service sales for January dipped by 0.3% from December, according to data released by the U.S. Census Bureau. The poor performance undermines the optimistic tone the retail community has been touting lately following strong holiday sales.

The performance prompted IHS Markit to lower its Q1 GDP forecast by two tenths of a percent to 2.3%.

The $492 billion total for January represented a seasonally adjusted 3.6% increase over the prior year period. Excluding motor vehicle and parts sales, sales for the month were $391.6 billion.

The December 2017 retail sales were revised from up 0.4% to virtually unchanged. The revised number prompted IHS to lower its fourth quarter personal consumption growth by three tenths to 3.5% and its personal spending growth forecast for the first quarter down by five tenths to 2.3%.

Non-store sales, which include e-commerce pureplays, was flat when compared to December at $55 billion but up 10.2% over January 2017.

Stores that primarily focus on apparel remained positive. Clothing and accessories stores reached $22.1 billion, a 1.2% increase over December and a 1.9% boost over January 2017. At $12.7 billion in sales, department stores saw a 0.8% increase over December and a 0.4% gain over the prior year period.

Retail Sales & Inventory
$MM—Adjusted for Seasonality

	Jan-18	Dec-17	Jan-17	Y-O-Y%	M-O-M%
Total US Retail Sales	434,464	435,673	418,247	3.9	-0.3
Dept, Chain and Disc Store Sales	12,720	12,622	12,674	0.4	0.8
Apparel Specialty Stores	22,117	21,849	21,701	1.9	1.2
Total Dept & Specialty	34,837	34,471	34,375	1.3	1.1
Non-Store Retail	54,973	54,996	49,868	2.1	0.0

Auto sales were down by 1.2% to 100.4 billion compared to December though they were up 1.6% over the prior year period. Gas sales were up 1.6% from December and 9.0% from January 2017 on higher prices at the pump.

Though the home goods has been noted as a bright spot lately, building materials and garden related stores saw a 2.4% month-to-month decline in sales. At 31.9 billion, it still represents a 3.6% increase over last January.

“Colder weather may have been the reason for the surge in spending at clothing and department stores while deep price discounting may have propelled electronics stores into positive territory,” said Chris Christopher, executive director, U.S. and Consumer Economics, IHS Markit.

“The colder weather, however, likely also contributed to less spending at building materials and garden supply stores.”

Source: sourcingjournalonline.com- Feb 14, 2018

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US cotton exports fall in first half of current marketing year

During the first half of the current marketing year, cotton shipments from the US have lagged compared to the same period previous year. This is the second lowest level in the last decade and well below the 38 per cent decadal average. As of last week in January, accumulated exports this season were just 32.5 per cent of the new forecast.

Several factors are likely to pressure US exports in the coming months. In Australia, the cotton crop is expected to be the largest in six years, and harvest appears to have begun appreciably earlier than usual, which may enable early export shipments. As a result, US exports may face fiercer competition from Australia.

US exports would also be affected due to an increase in cotton production in Mexico this year. The doubling of the Mexican crop this year is expected to curtail imports in the second half of the season relative to the first half of the season. As such, US shipments to that major market may slow noticeably.

Also, since the beginning of cotton year 2018, implementation of new US trucking regulations has reportedly caused delays in transporting cotton from US warehouses, a situation which may not be entirely resolved and backlogs cleared before the end of the season.

Source: fashionatingworld.com- Feb 14, 2018

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Pakistan: Commodities: Insipid conditions on cotton market

The cotton market failed to overcome general lethargy on Wednesday as leading buyers kept to the sidelines amid uncertain outlook.

Barring a few deals finalised by some small spinners, the trading activity re--mained lacklustre. Slow demand for cotton yarn and grey cloth from the value-added textile sector discouraged spinners from further adding lint to their inventory.

There are strong indications that the current cotton season could be shorter than normal as very little phutti (seed cotton) has been left behind in the fields. So far around 11.5 million bales have been produced and at max it will be about 11.6m bales, brokers said.

The entire textile industry is currently under crisis as the flood of cotton yarn and grey fabric smuggled from China and India is harming the industry and no measures have been taken by the government to safeguard Pakistan's largest industrial sector, said Mr Naqi Bari, a leading exporter of home textiles.

The world leading cotton markets also remained under pressure with New York cotton and Indian markets losing more ground while the Chinese market was mixed. Surprisingly, Indian cotton slipped further down despite the fact that new crop estimates have been lowered further.

The Karachi Cotton Association (KCA) spot rates remained firm at the overnight level.

The following deals were reported to have changed hands on ready counter: 5,100 bales, Daharki, at Rs7,000; 400 bales, Khanpur, at Rs7,000; 200 bales, Alipur, at Rs6,600; and 2,400 bales, Khanewal, at Rs6,550.

Source: dawn.com- Feb 15, 2018

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Pakistan: GOP Must Fulfill Promise To Release All Pending Refunds, Rebate Claims Of Exporters

"The Government's assurance to release all pending refunds and rebates by 15th February, 2018 again turned as an eye wash as exporters' refund worth billions of rupees still yet to be released.

Exports cannot be increased with mere lip service but actually requires practical steps and measures by the Government to facilitate exporters. The Government must fulfil its promises and immediately release of refunds of Pending Sales Tax Refunds, Customs Rebates and DDT Claims." This was stated by Chairman, Pakistan Apparel Forum, Muhammad Jawed Bilwani.

Bilwani highlighted that approximately Rs.200 billion of the Exporters are held up by the Government in Pending Sales Tax Refund Claims, Customs Rebate Claims, DLTL & DDT Claims, Income Tax Refunds.

The Government instead of giving statements of hope should pass immediate Orders to instantly release payment of refund claims so that exporters could be relieved in these most difficult times when they are facing the severest ever liquidity crunch otherwise Government's hard efforts to increase exports will go in vain as inordinate delays in textile exports refunds have severely hampered the pace of industrial growth and export efficiency. He articulated that textile export sector is the backbone of Pakistan's economy earns major amount of foreign exchange and revenue for the Government.

Besides, the sector is also labour-intensive and largest employment provider and generator, especially for women workers. He focused that to overcome the challenges, to provide an enabling business environment in country and to create level playing field for textile exporters it is crucial that the Government, instead of lip-service, must take practical steps and measures to facilitate the textile export industry in real sense while according priority to resolve their issues and problems and immediately release long pending refunds of textile exporters.

Source: urdupoint.com- Feb 14, 2018

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Vietnamese firm Viet Tien targets $1 bn in exports by 2020

Vietnamese garment-textile firm Viet Tien Garment JSC has set a target of grossing $1 billion in export turnover by 2020 with an annual average growth of 10 per cent, according to its director general Bui Van Tien. The company will take steps to improve the efficiency of its projects, expand investment and shift toward green production to realise this goal.

The company will invest in new production technologies, particularly automation, and business administration, expand human resources training and improve workers' living standards by upgrading the pay structure, according to a news agency report from Vietnam.

It plans to launch emulation campaigns to enhance productivity, encourage thrift practice, increase value-addition and focus on developing brands and distribution channels, trying to become a multinational economic group.

Last year, Viet Tien earned $627.1 million in revenue. Pre-tax profit hit nearly $30.7 million, while export turnover was estimated at $871 million, of which revenues from the Japanese market made up 32 per cent, the United States 22 per cent, and the European Union 17 per cent.

Source: fibre2fashion.com- Feb 15, 2018

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Pakistan's trade deficit with South America continues to rise

While there has been an overall increase in the country's imports from South America from $305 million in 2014-15 to $222 million in the first half of the current year, Pakistan's exports to the region have gradually declined from $296 million in 2014-15 to $239 million in the last fiscal year.

Within the Mercusor, Pakistan's largest trading partners have been Argentina and Brazil with bilateral trade volume at $160.894 million and $251.18 million, respectively, for fiscal year 2016-17, as per the State Bank of Pakistan (SBP) figures.

The Ministry of Commerce says it recognises 'the immense trade potential' of the South American region and has taken steps to enhance trade with South American countries and Mercosur as a bloc.

It says 2% additional drawback has been offered on exports to non-traditional markets including Latin America. Briefing a parliamentary committee recently, the ministry said it had proposed bilateral trade agreements to a number of South American countries but nothing concrete had been achieved so far.

Pakistan signed a framework agreement on trade with Mercosur on July 20, 2006 but no further progress was made. The ministry says it was due to a lack of consensus within Mercosur member states on signing a preferential trade agreement (PTA) with Pakistan, as well as their preoccupation with finalising trade deals with the European Union.

"South American markets restrict market access of textile products to protect the domestic industry and as such perceive textile products of Pakistan a threat to their domestic industry," said the ministry's compliance report submitted to the Senate.

Secretary Commerce Younus Dagha during his visit in December also requested Brazil to support finalisation of a PTA between Pakistan and Mercosur. During the same visit, the ministry says Chile agreed to sign a free trade agreement (FTA) with Pakistan within six months. "Pakistan will be able to enhance exports of its textiles, leather, surgical and sports goods to Chile under the proposed FTA."

Dr Ishrat Husain calls for more trade in Chinese yuan

Ministry officials said drafts of an investment agreement and a visa facilitation accord will be shared with Brazil and Paraguay respectively soon.

On the other hand, Pakistan would send a trade delegation to Argentina, Chile and Peru from March 5 to 14, 2018, to explore the market and negotiate business deals. The delegation would comprise representatives from 22 companies of textile, sports, surgical instruments, marbles, gems and jewellery, and beauty products. A single country trade exhibition is also scheduled by TDAP in Chile in August this year.

Source: tribune.com.pk- Feb 14, 2018

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Experts Seek Rise in Nepal Exports to India

At a time when Nepali exports to India were facing challenges due to India's Goods and Service Tax (GST), a new list of Nepali product exports have come in to fill the Nepal-India trade gap.

Nepal's export of juice, textiles, jute and cardamom, among other commodities to India received pressure and have shown a decline in the recent months due to changes in tariff structure in India's GST that placed strict measures on imports, thus making exporting costlier for Nepal.

With this situation in place, cattle feed entered the race to stand out as one of the major contributors to Nepal's export to India.

According to the Nepal Rastra Bank, Nepal exported Rs 2.41 billion worth cattle feed to India in the first half of the current fiscal. However, Nepali cattle feed producing industries state that raw materials such as oil cakes are being exported to India under the 'cattle feed' category.

"Export of finished products (cattle feed) may not have increased considerably, but export of raw items (mustard oil cake, among others) has increased substantially," says Anand Bagariya, Managing Director of a feed producing company called Nimbus Holdings Ltd.

Experts feel that there would be a gradual change in Nepali exports to India owing to the non-competitive nature of Nepal's major export items to India (in the pre-GST regime) in the new tax regime.

International trade expert and former commerce secretary Purushottam Ojha also feels that Nepali exports to India are facing challenges with regard to sustainability.

"Following the Nepal-India trade treaty of 1996, which had provided more liberal framework in trade relationship, vegetable ghee and zinc oxide, among others became major export items to the southern neighbor," says Ojha.

In this scenario, the experts feel both the countries should focus on competitive and a balanced trade.

While Nepal has two-thirds of its trade takes with India, the trade deficit between the two countries has been widening with the decline in Nepal's export to India being inversely proportional to rising imports from India.

Nepal's exports to India in the first half of current fiscal 2017-18 stand at worth Rs 23.07 billion against import of Rs 352.5 billion. While the import growth from India stood at 15 per cent in the review period, export growth to India stands at 13 per cent.

Nepal's import concentration with India is increasing as it is comparatively cheaper to import goods from India compared to other countries due to fixed exchange regime between the two countries.

However, trade experts have said that the introduction of GST in India has provided an opportunity for Nepali exporters to diversify their trade because export to the Indian market has now become less competitive.

Source: nepalisansar.com- Feb 13, 2018

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Bangladesh: Automation in the apparel industry

Since the abolition of the multi-fibre agreement in 2005, the apparel industry has gone through a massive transformation that affected both apparel producing and apparel sourcing (buyer) countries.

As there is no longer a quota constraint, buyers are constantly looking for manufacturers that can provide them with products that are cheaper, better, and able to deliver faster.

They are also always on the lookout for innovative products that will set them apart from their competitors – the technical term for which is "product differentiation – which then allows to them to set better margins for themselves.

Retailers are pressured to strike a balance on these fronts and many are forced to consolidate through mergers and acquisitions to take advantage of economies of scale as well as expand their product range and services.

On the other hand, manufacturers must upgrade their facilities to meet buyers' requests or face a potential loss of business.

So for longer-term survival, apparel producers must also be able to offer novel and innovative products besides producing goods faster, cheaper, and better.

Enter automation

Apparel production for export is traditionally seen as a labour-intensive industry. Many developing economies relied on this industry to create jobs and earn foreign exchange.

However, due to the transformation of the industry and advances in technology, the industry is now more capital and knowledge intensive.

The conventional belief that automation requires standardization and thus limits variety has been the primary reason for the slow uptake of automation in the fashion and apparel production industry in the past; because fashion is not fashion if it is standardized!

Hence, automation in the industry has been focused on the production of commodity products like t-shirts, polo shirts, and jeans.

However, the rapid decline in the cost of robots has encouraged the use of artificial intelligence to produce non-standardized products, and this revolution will eventually change the way apparel is produced in the future.

A Chinese company has already invested $20 million to set up a factory in America to produce t-shirts using 330 robots which will go into production in early 2018.

This on-shoring with robots will significantly reduce the time to market as well as reduce the cost of production (no tariff or shipping cost) to deliver what buyers are looking for – cheaper, better, and faster!

Yes, one factory will not change the way such commoditized products are being purchased from cheap labour countries, but it is the beginning of a new era of apparel production.

More will inevitably follow as it makes a lot of business sense. It will for sure take off rapidly in the United States, what with its new America First policy in recent years!

A matter of survival

The question now is, how are cheap-labour countries going to survive in this new era?

Sure, sitting around and refusing to move forward is easy enough but that will eventually lead to the fall of the industry in five to 10 years' time. We will be back to square one, just like the four dragons — Korea, Hong Kong, Taiwan, and Singapore — in the 80s and 90s.

There was no automation option in those days. The apparel export industry evaporated. Many companies either closed or moved off-shore to seek cheaper production countries.

However, there are not many newly developing economies in today's world for the industry to move to. The momentum for on-shore production with robots will thus slowly and surely take over the piece of the pie that has, until now, belonged to the cheaper labour countries of the last two decades.

Cheaper labour countries must therefore rise to the occasion and adapt to the changing environment.

With the labour cost and infrastructure cost still much higher in the US, Japan, and most of the EU, countries like Bangladesh, Indonesia, and Vietnam can move on to the route of automation to meet the demand of buyers.

It is better to maintain the industry, albeit with a smaller workforce, than let the whole industry go out of business and lose all the jobs.

Gear up

Automation will require a different skill set and the industry will have to work with the government to train and educate the workforce to meet this challenge. It is a matter of “automate, or evaporate!”

At the same time, moving rapidly to develop innovative products is another strategy for ensuring long-term survivability.

This requires a build-up of knowledge and network which will take time to develop. Creating an environment for innovators and manufacturers to congregate and brainstorm is the best way to go.

The abundance of production facilities in cheap labour countries provides many opportunities for foreign innovators who want to collaborate and base their development in these countries. Knowledge-intensive countries do not have sufficient infrastructure in terms of apparel factories and production facilities for them to test out their innovations.

The door must, however, be opened by the government, and the industry must be ready to welcome them.

Source: dhakatribune.com- Feb 13, 2018

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Bangladesh: Train garment workers to save their jobs amid automation: experts

Bangladesh should train its garment workers to improve their skills as 80 percent of them could lose jobs in the next 15 years due to automation, said fashion experts yesterday.

Job losses will take place mainly in Asian countries such as China, Bangladesh, Vietnam, Cambodia, and Indonesia, said Anjuli Gopalakrishna, a consultant of Fashion Tech and Digital Innovation in Singapore.

She said the automation would take place in the sector to meet faster lead-time and make the business sustainable as fashions are rapidly changing worldwide.

“That's why workers must be trained so they can adapt to the changes,” she said on the sidelines of Bangladesh Fashionology Summit at International Convention City Bashundhara in Dhaka.

Global garment retailers and brands, trade analysts, leaders of trade bodies and chambers and diplomats attended the event organised by Bangladesh Apparel Exchange (BAE) in collaboration with Chittagong-based Pacific Jeans Ltd.

Gopalakrishna said the automation would not only replace the lion's share of workers but also create job opportunities for some, who will get work to set up and repair machines and maintain tools.

“So, a high-level training for workers is a must so a massive number of workers don't lose jobs,” she said. According to the consultant, Bangladesh will have to adapt to the latest technologies for higher productivity as well to earn $50 billion from garment exports by 2021.

“Under the traditional production system, Bangladesh would not be able to achieve the target,” she said.

David Birnbaum, who is called the garment guru, also echoed Gopalakrishna.

He said Bangladesh must think about improving the skills of the workers to be in the race of garment business in the cutting-edge production system.

“Higher productivity begins with the training of workers. The factory owners will have to think the workers are important for them,” he said. “The real problem in Bangladesh is that workers are not properly valued in the garment sector.”

Birnbaum, who has been involved in the garment sector since 1966, also worked as a consultant for Youngone Group, a South Korean multinational garment giant.

He said automation occurred the most in the sweater factories in Bangladesh. The woven and the knitwear sectors are also embracing automation. Bangladesh is the largest automated sweater machinery importer worldwide, he said.

“Bangladesh needs automation as it ensures higher productivity in less time and helps maintain lead time.”

Eva Van Der Brugge, innovation manager of Fashion for Good, a Netherlands-based research organisation, said her company is providing solutions in automation worldwide so that garment items can be produced at lesser costs. She said she has visited some factories in Bangladesh and the factories have started automation.

Amanda Cosco, founder of Canada-based Electric Runway, a fashiontech organisation, said there is a very bad perception about Bangladesh in the US and Canada. “But, coming here, I could realise that not all factories are bad. They are advanced in many areas.”

According to Cosco, the size of the smart fashion industry worldwide would be $130 billion by 2030 and Bangladesh should take preparation to grab more market share in the segment.

“The world is changing rapidly, so is fashion,” said Mostafiz Uddin, founder and CEO of the BAE. He said technology is going to disrupt the global fashion supply chain in less than a decade.

“Do we have enough preparedness to face the future? What should be our strategy if we are to sustain?” he asked.

Source: thedailystar.net - Feb 13, 2018

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Uzbekistan, South Korea to launch textile Techno Park in September

Uzbekistan and South Korea plan to launch a modern textile Techno Park in Tashkent in September 2018.

This was announced by the head of the State Investment Committee of the Republic, Azim Ahmedkhadzhayev, at the first Uzbek-Korean meeting on economic cooperation issues on February 13.

The new facility will be created on the territory of the Tashkent Institute of Textile and Light Industry.

The project is financed through grant funds provided within official development assistance program of the Korean government. About $15 million will be spent on construction, acquisition and installation of technological equipment, as well as training of personnel.

The organization of transfer and introduction of the most modern South Korean innovations at Uzbek light industry enterprises is among the main goals of the Techno Park.

Main objective of the techno park construction is introduction of the brand-new South Korean innovations and conduction of joint research works in the sphere of material science, dyeing and finishing production, fabric design as well as development of alternative energy sources.

High-tech three- and five-storey buildings with office premises, as well as a separate building with a total useful area of more than 10,000 square meters for organizing pilot production using energy-intensive technologies equipped with solar panels will be constructed within the project.

In addition, over 4,000 square meters of the territory will be allocated for several buildings, which will accommodate training classes, conference rooms, exhibition spaces, laboratories, offices, greenhouses and other facilities.

A modern experimental and scientific laboratory will also be located nearby. It will be equipped with the latest samples of the leading weaving, knitting, dyeing and finishing equipment and sewing equipment.

It is expected that the installation of the equipment will begin in March 2018. Construction and installation work will be completed by mid-2018 and the Techno Park will be commissioned in September 2018.

The establishment of the Techno Park is expected to raise the Uzbek light industry to a qualitatively new level of development and improve the training system for the sector.

Textile industry of Uzbekistan is considered to be one of the most dynamic and socially important sectors and ranks high among export-oriented industries of the country's economy. The Uzbek textile industry is mainly focused on cotton, silk and wool.

One of the policy priorities of Uzbekistan, the world's fifth-largest cotton exporter, is further development of its textile industry. Annually, the country grows about 3.5 million tons of raw cotton, produces 1.1 million tons of cotton fiber.

Uzbekistan takes consistent steps to increase the volume of cotton fiber processing. In particular, it is planned to create 112 modern, high-tech industrial factories, expand, modernize and technologically upgrade 20 operating capacities. All this will increase the export potential of the industry up to $2.5 billion a year and create more than 25,000 jobs.

In the period 2010-2014, the textile industry of Uzbekistan received and spent foreign investments worth $785 million while 147 new textile enterprises with participation of investors from Germany, Switzerland, Japan, South Korea, the U.S., Turkey and other countries were commissioned. Export potential of these enterprises amounted to $670 millions.

Currently, Uzbekistan continues to attract foreign investments for construction of textile enterprises in the country.

Source: azernews.az- Feb 14, 2018

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NATIONAL NEWS

Increase in duty will discourage cheap import of textile products: Irani

Of the Rs.6000 crore special package, Rs.1800 crore have already been released, Irani informed.

Textiles Minister Smriti Zubin Irani said on Tuesday that the hike in customs duty on silk and manmade fibre, announced in the Budget, will discourage cheap imports of textile products from China and benefit the local manufacturers.

"Increase in customs duty on silk and manmade fibre will discourage cheap Chinese textile products from flooding the market and benefit domestic manufacturers in the power loom sector," Irani said while addressing media in New Delhi on Budget allocation for the Ministry.

On reduction of corporate tax to 25% from 30% announced in the Budget, the Minister said that reclassification of micro, medium and small enterprises (MSMEs) and reduction in tax by 5% of enterprises having turnover up to Rs.250 crore will help the manufacturing and increase employability in the textiles sector.

"Of the Rs.6000 crore special package, which was announced in 2016, for the textiles sector, Rs.1800 crore have already been released and Rs.300 crore will be released during the current financial year," Irani informed.

In the Budget 2018-19, an outlay of Rs 7,148 crore has been proposed for the textile sector.

The Minister also spoke about 100% increase in allocation for textiles sector for skill development.

"The correction in the GST (Goods and Services Tax) rates on hand made and machine made garments has created ease of doing business in these sectors," she said.

The rate of GST on yarn has been reduced to 12% from 18% and on job work has been cut down to 5% from 18%. Support for merchandise scheme has been enhanced from 2% to 5% for the apparel sector.

Attributing the 16% growth in apparel sector to the effective implementation of subsidy schemes, Irani said that the Government has disbursed Rs.138 crore to 28000 weavers under the Mudra Loan Yojana and 1.8 lakh workers from garment industry have formally joined the Employees Provident Fund Organisation (EPFO).

She further said that the second round of Hastkala Shivirs will be organised from February 19 to 24 in various parts of the country with a special focus on North East region, in order to encourage weavers.

In the first round Hastkala Shivirs, 394 camps were held in 247 districts all over the country from October 7 to 17 last year.

Source: thedollarbusiness.com- Feb 13, 2018

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Government mulls allowing foreign vessels in coastal waters

The government is considering a proposal to permit foreign vessels to operate in Indian coastal waters with a view to reduce logistics cost, enhance port efficiency and boost domestic shipping industry, an official said. The move would facilitate transportation of cargo between different ports along the country's coastline.

Currently, the Cabotage rules, which governs this activity, makes it difficult for foreign flagged vessels to handle cargo between two domestic ports. So far, the cabotage policy in the country give first preference to Indian flagships over cargo and foreign vessels.

Cargo and foreign ships were allowed only when no suitable Indian flag vessel is available for the same. Ministries including shipping and commerce are working on the proposal, the official said adding the move would also help cut shipping rates and transportation time.

According to traders, there is a scarcity of Indian mainline vessels in the country and it impacts smooth movement of cargo and consignments. Federation of Indian Export Organisations (FIEO) Director General Ajay Sahai said that these norms should be relaxed as it will increase competition among ports and improve their efficiency to handle consignments.

"The government relax these rules on case to case basis, which is a temporary measure. It needs to liberalised to cut logistics costs as well," Sahai added. States including Gujarat, Kerala and Andhra Pradesh too have asked for relaxation in the norms. "We have received a proposal to liberalise the existing Cabotage rules to allow foreign vessels operate in Indian coastal waters. Concerned ministries are working whether the rules needs to be relaxed or not," the official said.

Besides textiles and commerce ministries, Container Shipping Lines Association (India), Indian Private Ports & Terminals Association are in favour of liberalising the rules. However, the Indian National Shipping Association is not in favour of this liberalisation. Indian traders use Colombo, Salalah (Oman), Singapore and Dubai hubs for shipments, adding to their costs.

At present, about 60 per cent of India's exports and imports containers are transshipped through ports like Singapore and Colombo. This trans-shipment through ports outside the country involves not only huge expenditure but also extra 7-10 days of transit time.

India has 12 major ports which fall under the Centre's jurisdiction and about 200 non-major ports under the control of states. The main ports include Kandla, Mumbai, JNPT, Adani Ports and Special Economic Zone Ltd and Gujarat Pipavav Port.

Source: financialexpress.com- Feb 15, 2018

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Canadian PM Trudeau set to woo Punjab industry

State's Industry Dept asks exporters' body to identify items for inclusion in proposed FTA

Eager to please the Sikh community in Canada which is increasingly gaining political weight in the country, Canadian Prime Minister Justin Trudeau is all set to woo the Punjab industry during his India visit later this week.

"Trudeau's team has indicated to the Punjab government that he wanted to interact with industrialists and businesses in the State to understand the challenges investors and exporters were facing in Canada so that these could be resolved," an official close to the development told BusinessLine.

The Punjab Industry Department has got in touch with exporters' body FIEO asking it to identify products that the State could export to Canada duty free or at very low import duties as part of the India-Canada free trade agreement (FTA) being negotiated.

Punjab's demand

"The government of Punjab wants the products exported by the State to be front-loaded for tariff concessions in the proposed FTA. My team is working on identifying such products and are focusing on the ones where Canada has already given tariff concessions to other FTA partner countries as it is easier to seek similar concessions on such items," said Ajay Sahai, Director-General, FIEO.

Trudeau, during his week-long official trip to India from February 17-23, will visit Amritsar, Agra, Ahmedabad, Mumbai and Delhi.

Given the increasing political heft of the Sikh population in Canada, Sahai said that it was not surprising that Trudeau had expressed interest in interacting with businesses in Punjab and sorting out their problems.

Four members of Trudeau's Cabinet are Sikhs which includes Defence Minister Harjit Sajjan. Interestingly, his newest political rival is also a Sikh — Jagmeet Singh — who created history after being elected leader of the New Democratic Party last year.

The Canadian PM, accompanied by a business delegation representing prominent companies from the country, is also scheduled to address two business forums in Mumbai and Delhi. The meets are being co-organised by the Canada-India Business Council, the Indo-Canadian Business Chamber and prominent Indian industry associations.

"Although formal talks on the proposed CECA and BIT will not take place during the PM's visit, it could form an important part of discussions at the business forums," another government official said.

Canada and India are working on a FTA, formally known as the Comprehensive Economic Partnership Agreement (CEPA), which aims to bring down tariffs on goods and ease restrictions in services and investment flows.

Trade, investment pacts

The two countries are also negotiating a bilateral investment treaty called the Foreign Investment Promotion and Protection Agreement (FIPPA) to extend protection to each other's investments.

The two-way trade between India and Canada doubled to $6.05 billion in 2016 from $3.21 billion in 2010, but there exists a huge potential for growth as India accounts for only 1.95 per cent of Canada's global trade.

Source: thehindubusinessline.com- Feb 15, 2018

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After pink bollworm attack, Maharashtra to promote short duration varieties of cotton

The Maharashtra government has decided to promote short duration varieties of Bt cotton from the next cotton year following the severe pink bollworm attack on the crop this season.

According to Maharashtra agriculture commissioner Sachindra Pratap Singh, the state government has decided to stop renewal of licences for the long duration varieties and has notified seed companies to provide a list of the short-term, medium-term and long-term varieties of cotton.

The Central Institute of Cotton Research (CICR) in Nagpur has recommended short duration varieties of cotton and there are several such varieties of Bt cotton available in the market, he said.

“The long duration varieties are barely 20-30% of the total production. However these end up causing losses to farmers,” Singh pointed out. For the past three months, the government has been attempting to educate farmers that they should not go in for extended pickings beyond March.

Singh, however, admitted that this is a difficult task since poor farmer does not realise the relevance of not opting for extended pickings. As a result, the pink bollworm infestation has reached the seed itself, he pointed out.

According to him, cotton in the northern and other states is cultivated in 100% irrigated areas and therefore farmers in these regions go in for rabi crops. In contrast, in Maharashtra cotton is cultivated in dry land areas and therefore farmers have a single crop and they go in for extended pickings of cotton beyond March and April and the cycle is not being broken, Singh said.

Keshav Kranthi, former director of CICR who had extensively worked on this issue, had said that the simplest and most potent way to overcome the problem is to take up timely sowing and cultivate early maturing short-duration varieties of about 150 days duration.

Besides, other strategies such as avoidance of excess urea and insecticides, use of light traps, pheromone traps, bio-pesticides, biological control etc are also used.

CICR has been attempting to persuade farmers to go in for very high density planting of early-maturing, short-duration varieties at the rate of 44,000 plants per acre for Vidarbha, Marathwada and Telangana which, it says, will help the crop escape bollworm infestation altogether and leave more on the table for farmers. Farmers do not initiate ant control measures against any bollworms on Bt-cotton.

Senior officials at CICR said that they have been issuing advisories to farmers to avoid long-duration varieties/hybrids in rain-fed farms, especially in the absence of any form of protective irrigation.

Short-duration varieties get adequate soil moisture during the critical flowering and fruiting phase and escape bollworm attacks during squaring-flowering stage but farmers sometimes tend to continue since cotton is still available for picking.

Source: financialexpress.com- Feb 15, 2018

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UP govt woos knitwear industrialists in Tirupur

A two-member team from the Uttar Pradesh government visited Tirupur to invite knitwear industrialists to invest in a textile cluster to be formed in their state.

As part of their two-day programme, Mrityunjay Kumar Narayan, the secretary to UP chief minister, and Sunil Yadav, assistant director of handloom and textiles, visited garment manufacturing units at Nethaji apparel park in New Tirupur and other places, before having a discussion with members of South Indian Hosieries Manufacturers Association (SIHMA) at their office on Wednesday.

Ahead of UP Investors Summit, which will be held on February 21-22, the representatives presented their offers for the interested industrialists. Uttar Pradesh was the seventh state to send its representatives. Earlier, Madhya Pradesh, Gujarat, Karnataka, Andhra Pradesh, Telangana, and Odisha have sent their representatives to woo the industrialists.

“Comparing to other states, UP’s offers - subsidies in capital and machinery investments and transportation expenditures, tax benefits, employee provident fund and employee state insurance - were found to be attractive. The UP government team said that they have planned to have special purpose vehicle (SPV) and textile parks to establish needed infrastructure,” said Shashi Agarwal, joint secretary of SIHMA.

“They have invited the industrialists to participate in their state’s investors’ summit. They may even have further visits here, if needed. Since Tirupur which has seemed to be attained saturation point in the knitwear business was posing labour shortage and other issues, the industrialists may look for investment options in the states like UP.

With a significant part of the industry's labour force is constituted of people from UP, Bihar, Odisha and north-eastern states, it would be an advantage to get sufficient labour if such investments were made," Shashi pointed out.

However, the industrialists have admitted that there was no significant migration of such investments in any of the states which were trying to attract the textile sector investments from Tamil Nadu. Because, it would not be easy for other states to replicate the Tirupur's successful model, they added.

"Since the textile industry is one which can help to generate large number of employments, many states, of late, were trying to woo Tirupur industrialists. There would be expertise in each processes including embroidery and printing in the cluster, which could be thrived significantly with proper knowledge sharing," said Raja M Shanmugham, president of Tirupur Exporters' Association.

Even if those states provide attractive investment offers, it would not be more difficult to get either skilled labour force or raw materials or processing units there. For instance, the Karnataka government was trying to lure the industrialists to set up units in an industrial estate in Chamarajanagar district on Tamil Nadu-Karnataka border, there were no takers, said S Govindappan, vice-president of SIHMA.

Source: timesofindia.com- Feb 15, 2018

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CAI revises 2017-18 cotton crop to 367 lakh bales

The Cotton Association of India (CAI) has downwardly revised the estimate of cotton crop for 2017-18 season to 367 lakh bales of 170 kg each. In its January 2018 estimate of the crop, CAI has reduced forecast by 8 lakh bales from the earlier projected 375 lakh bales for the ongoing season due to severe infestation of the cotton crop by pink bollworm.

"In accordance with the advice of the scientists, farmers in several areas particularly in Maharashtra and Telangana states have uprooted their cotton crop without waiting for further pickings," CAI said in its latest estimate for the current cotton season that began on October 1.

The projected Balance Sheet drawn by the CAI estimates total cotton supply for the season at 417 lakh bales, including the opening stock of 30 lakh bales at the beginning of the season and imports which the CAI estimates at 20 lakh bales for 2017-18 crop year.

The domestic consumption is estimated to be 320 lakh bales while CAI estimates exports for the season to be 55 lakh bales. The carry over stock at the end of this season on September 30, 2018 is estimated to be 42 lakh bales.

As per the data received from each cotton growing local state association, the CAI estimates cotton arrivals upto January 31, 2018 at 211 lakh bales as compared to 157.75 lakh bales arrived during the same period last season.

Source: fibre2fashion.com- Feb 14, 2018

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Grasim to invest $1 bn in viscose, chemicals

Q3 profit falls 17% on loss from units

Kumar Mangalam Birla-led Grasim Industries is planning to invest more than $1 billion in capacity expansion of its viscose and chemicals businesses. “The investments will help the company to scale up its viscose capacity by 58% to 788 ktpa (kilo tonne per annum) and chemicals capacity to 1.14 mtpa (million tonne from annum) from 854 ktpa,” Sushil Agarwal, whole-time director, Grasim, told The Hindu.

Internal accruals

“All the investments will be funded through internal accruals of the company,” he said. Grasim reported a 17% fall in its third quarter consolidated net profit to ₹786.9 crore due to loss from subsidiaries. Revenue rose 78% to ₹15,523 crore as the company merged Aditya Birla Nuvo with itself. The cement assets of Jaypee Group were also merged with the firm.

“Of the ₹6,440 crore, investments, ₹5,260 crore will be invested for viscose business and ₹646 crore towards chemicals business,” Dilip Gaur, MD, Grasim Industries, told The Hindu.

The company said had received environmental clearance for expanding the production of viscose staple fibre (VSF) capacity at Bharuch, Gujarat that would entail an investment of ₹2,560 crore.

Talking about results, Mr. Agarwal said, “The results are to be seen in a context as operationally we have done very well. Our 28% stake in Idea has pulled down our bottom line. After merger with Vodafone, our stake in the merged entity will fall below 14%.”

On outlook, the company said the VSF business would continue to focus on expanding the market in India by partnering with the textile value chain. The demand for caustic soda in India is expected to grow with rising consumption from the alumina and textile sectors.

Source: thehindu.com- Feb 14, 2018

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