iBtex. TEXTILE INTELLIGENCE CENTRE
INFORMATION BUREAU TEXPROCIL

TEXPROCIL NEWS CLIPPINGS

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. 209 of 2017 October 17, 2017

USD 64.88 | EUR 76.44 | GBP 86.00 | JPY 0.58

Cotton Market

Spot Price (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
18501	38700	**76.27**
Domestic Futures Price (Ex. Gin), October		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
18180	38028	**74.95**

International Futures Price	
NY ICE USD Cents/lb (Dec 2017)	67.85
ZCE Cotton: Yuan/MT (Jan 2018)	15,050
ZCE Cotton: USD Cents/lb	**88.05**
Cotlook A Index – Physical	**78.8**

Cotton & currency guide: Within the consolidation phase every time market moves towards 70 cents a major sell off is witnessed. The same kind of trend has happened on Monday. The December cotton future slipped from an intraday high of 68.88 cents to make a day low close at 67.53 cents per pound. It has now come back to the lower trajectory of the band. It's been more than a month cotton price has been swinging between 67 to 70 cents.

Does that mean it would again rebound from the current level? Looking at the cotton condition report released early this morning stays at 58% and the weekly harvested number is improved to 31% from prior figure of 25%. Cotton harvested has picked up in Louisiana and Mississippi, reported at 76 and 46%, respectively. Cotton harvested in Texas is at 30% complete, only 3% points above last week's 27%. Boll openings across the 15-state region increased to 82%, slightly behind the five-year average of 86%.

The crop condition numbers for the 15-state region were showing 5% very poor, 8% poor, 29% fair, 43% good and 15% excellent through last week. This indicates cotton crop in the US this year to remain well-built. Market is estimating crop numbers to hover above 21+ million bales which was earlier in the last week cited by USDA report. We believe this number looks realistic and attainable.

This morning ICE cotton is seen trading at 67.82 cents up by 0.43% from the previous close. The Chinese ZCE cotton is also higher and trading at 15200 Yuan/MT. This is a minor recovery in the price while the broad trend continues to be weak. Nonetheless we would not rule out the oversold phase of the market.

On the domestic front, prices for Shankar-6 (new and old crop) have fallen to an average of Rs. 39,150 per candy, ex-gin (77.10 US cents per pound) from last week price of Rs. 40K per candy. Quotes for new crop Punjab J-34 are mostly unchanged at Rs.3, 800 to Rs. 3,840 per maund (about 71.95 cents per pound). Local sources suggest that the easing of the S-6 price is due in part to increasing volumes arriving at yards in advance of the Diwali holiday. Some ginners are closed for the festival from 17th till October 23rd or 24th. The arrivals were around 55k bales across the country and soon post the festive holidays are likely to increase.

On the futures front of Cotton in India the October, November and December price have slipped to end the Monday at Rs. 18680 (Rs. 39230/Candy), 18080 (Rs. 37970/candy) and 17970 (Rs. 37740/Candy) per bale respectively. We expect market to remain sideways to lower. The trading range for November contract for the day would be Rs. 17900 to Rs. 18170 per bale. Lastly the spread between November and December continues to be in the range of Rs. 90 to Rs. 110 and believe in the near future the spread may widen where in December contract may continue to remain invert to November future.

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

NEWS CLIPPINGS

INTERNATIONAL NEWS

Mercosur, Egypt free trade deal comes into effect

The Arab-Brazilian Chamber of Commerce (ABCC) has announced that the Free Trade Agreement (FTA) signed between Mercosur bloc and Egypt has come into effect.

Mercosur is an economic and political bloc comprising Argentina, Brazil, Paraguay, and Uruguay, and Venezuela.

Signed in 2010, the agreement outlines bilateral trade between Egypt and Mercosur, through which 63 per cent of its exports will be covered immediately, becoming eligible for import tax exemption, said a statement.

Last year bilateral trade between Brazil and Egypt reached over $1.8 billion, of which 78 per cent was made up of products covered by the agreement. Over the next 10 years, a projected 99 per cent of trade between Mercosur and Egypt will fall under the agreement, it said.

Products exported from Brazil to Egypt that will reap the immediate benefits of this agreement include beef products, cereal, ores and inorganic chemical products, while Egyptian exports covered by the agreement will include both organic and inorganic fertilisers, vegetables, cotton and textiles.

Brazil exported over $1.35 billion worth of goods to Egypt from Q1 to Q3 of 2017, reflecting an increase of 13 per cent compared to the same period in 2016.

According to data published by the Ministry of Industry, Foreign Trade and Services (MDIC), Brazil imported $119.3 million worth of goods during the same period in 2017, reflecting an increase of 138.5 per cent in comparison to 2016.

The Mercosur-Egypt Free Trade Agreement will be discussed within training courses offered to Brazilian exporters across initiatives such as the National Export Culture Plan (PNCE), as well as in frequent talks with Brazilian companies. One of the Plan’s work fronts is the training of exporters in Brazil, it stated.

Dr Michel Alaby, secretary general and CEO of ABCC, said: “As the Free Trade Agreement signed between Mercosur and Egypt comes into effect, we can expect to witness a boost in trade as well as a strengthening of the partnership between Brazil and Egypt.”

“Egypt is an important trade partner of Brazil in Africa as it accounts for 23 per cent of the purchases of Brazilian products in the continent. The list of products covered by the agreement is extensive,” he said.

“Regarding Mercosur’s exports to Egypt, there are nearly 10,000 products included, with almost 63 per cent of exports to be covered immediately,” he added.

Source: tradearabia.com- Oct 17, 2017

HOME

****

Iran Apparel Exports Up, Official Imports Down

About 1,840 tons of apparel worth close to $22.75 million were exported from Iran during the first half of the current Iranian year (March 21-Sept. 22), indicating a 20% and 24% growth in weight and value respectively compared with the corresponding period of last year.

In the last fiscal year (March 2016-17), exports amounted to 3,800 tons worth $46.2 million, up 2.6% in volume and 3.9% in value year-on-year, Tasnim News Agency reported.

According to the report, imports of apparel over the same period registered a 2.24% decrease in terms of value to stand at nearly $20.78 million.

Based on regulations set by the Trade Promotion Organization of Iran (TPO), import tariffs on apparel are set at 55%. On top of that, importers are made to pay a 9% value-added as well as an additional 4% tax.

The above figure on imports does not take into account the vast amount of apparel smuggled into Iran. In fact, clothing tops the list of goods smuggled into Iran.

Textile, Apparel and Leather Industry Organization, affiliated to the Industries, Mining and Trade Ministry, said about 90% of foreign clothing are smuggled into the Iranian market.

According to the Research Center of Tehran's Apparel Union, Iranian apparel production meets 40% of domestic demand and apparel smuggled into the country is worth over $6.2 billion.

TPO's figures also confirm the research center's statistics.

Iran Textile Exporters and Manufacturers Association puts the value of Iran's apparel market at $11 billion.

Golnar Nasrollahi, the Ministry of Industries, Mining and Trade's advisor for textile, apparel and leather industries, said Iran's annual apparel demand stands at around 510,000 tons per year, while the country's production capacity is about 300,000-320,000 tons.

Plans are underway to establish a new apparel industrial town in Fashafouyeh, located in Tehran Province's Rey County, with the aim of limiting imports, boosting domestic production and making the price of Iranian clothing more competitive.

According to Director General of Textile and Clothing Department at the Ministry of Industries, Mining and Trade Afsaneh Mehrabi, 45 hectares of land have been bought for the new apparel industrial park.

"Italian and Turkish apparel producers will be present there for cooperation with Iranian producers," she said.

The Ministry of Industries, Mining and Trade has mandated foreign representatives, branches and distributors of apparel in Iran who seek business licenses to produce goods worth 20% of their import value (in rial terms) inside Iran and to export at least 50% of this domestic production.

The initiative, the ministry says, is aimed at increasing domestic production, creating jobs and reviving Iran's aging apparel industry.

Turkish Brand Made in Iran

Recently, Turkish company LC Waikiki, otherwise known as LCW, became the first major foreign apparel manufacturer to officially start cooperation with domestic garment players.

Speaking to Financial Tribune, Mehrabi said the Turkish company has been in negotiation with Iran's Ministry of Cooperatives, Labor and Social Welfare and the Ministry of Industries, Mining and Trade for the past eight months and the Turkish side has so far surveyed over 70 apparel factories and manufacturing units in Iran.

Iranian clothing company Ronak Jean has been shortlisted. LCW has already placed the order and the Iranian company's production line has been making clothes for the Turkish brand labeled "Made in Iran" tags for the past few months.

"Most of the apparel ordered by LC Waikiki are produced [in Iran] for export purposes and only a small share has been considered for distribution in domestic stores," Mehrabi said.

The first phase of the collaboration will see LCW place orders with selected Iranian apparel makers worth around €20 million in the next year and a half.

Mehrabi noted that the planning and implementation of next phases depend on the result and success of the first phase, but the ultimate goal is the establishment of an independent apparel factory in Iran by LC Waikiki.

All the exports will be conducted under the parent company's supervision and management. The apparel, labeled "Made in Iran" under the LC Waikiki brand, will be exported to LCW branches in other countries.

According to Mehrabi, considering Iran's geographical position, the export destinations are highly likely to target Russia, its neighbors and regional countries such as Iraq.

The official noted that the whole project is expected to create about 5,000 jobs in Iran.

Currently, 9,818 industrial units are active in Iran's textile and apparel industries licensed by the Ministry of Industries, Mining and Trade, constituting 11% of all industrial entities in the country. These units have created more than 290,000 direct jobs, accounting for 13% of all industrial jobs in Iran.

Source: financialtribune.com- Oct 17, 2017

HOME

****

Bangladesh: Spinners rely too much on Indian cotton

The overdependence on Indian cotton is becoming a cause of concern for local spinners as India itself is turning into a major cotton consumer with an increase in its export of apparel items, industry insiders said.

Currently, Bangladesh imports more than 60 percent of its required cotton from India, the single largest source of the raw material for the country.

“The overdependence on Indian cotton is a cause of concern for us. We should think of alternatives,” said A Matin Chowdhury, managing director of Malek Spinning Mills Ltd, one of the major local cotton importers in Bangladesh.

Bangladeshi spinners import cotton from India because of shorter lead-time, which is very necessary for the garment business in the present context of fierce global competition, Chowdhury said.

The prices of Indian cotton are almost the same as those of other countries, he said. The cotton supply from India is not always stable as New Delhi sometimes imposes ban on export when domestic consumption of the raw material goes up.

“In such cases, Bangladeshi spinners have to face a dearth of cotton,” said Chowdhury. Backed by a massive stimulus package, India's garment export grew 15 percent year-on-year to $17 billion last fiscal year, which indicates that the country will consume a lot of cotton in the near future.

Recently Gujarat Chief Minister Vijay Rupani has announced a new garment and apparel policy that aims to attract investments worth Rs 20,000 crore.

According to the plan, 16 new industrial estates would be set up to use cotton grown in the state, boosting the textile value chain from farm to fibre, fabric, fashion and foreign exports.

Gujarat is the largest cotton producer as well as the biggest supplier of the raw material to other states.

It is time to encourage local entrepreneurs to invest in garmenting, Mumbai-based media outlet Textile Excellence quoted Rupani as saying.

Chowdhury said dependency of 35 and 40 percent on a single market is a wise percentage. The US, Australia and African countries can be good sources for cotton for Bangladesh.

Since many international clothing brands and retailers have placed restriction on Uzbekistan's cotton for alleged use of child labour, other central Asian countries can also be good sources, he said.

Bangladesh is the largest cotton importer worldwide. It overtook China after the latter stopped sourcing for having ample stocks of its own.

In 2016-17, some 7 million bales are expected to be imported. One bale equals 218 kg and the cotton year begins on August 1 and ends on July 31.

Bangladesh's cotton import will creep up to 7.1 million bales in 2017-18, further consolidating its position as the world's largest importer of the fibre, according to the recent reports of the United States Department of Agriculture.

Local growers can supply less than 3 percent of the annual demand, leading to the imports worth over $3 billion.

Abdul Hai Sarker, chairman of Purbani Group, another major cotton importer and spinner, said: “We should have the alternative sources for importing cotton as Bangladesh is the largest cotton consumer now worldwide.”

The demand for the natural fibre is on the rise in Bangladesh as it is the only country that is still dependent on raw cotton for making yarns and fabrics.

Other countries have shifted to manmade fibres like filament, polyesters and viscose, causing global consumption of cotton to decline in recent years.

Currently, the ratio of cotton and manmade fibre use is 28:72 worldwide, with a pronounced tilt towards artificial fibres, due to their lower price, improved functionality and ease of use, according to the International Textile Manufacturers Federation.

In Bangladesh, more than 90 percent yarns and fabrics are made from cotton.

Source: thedailystar.net- Oct 17, 2017

HOME

****

Vietnam Industry Asks Hanoi Not to Impose Polyester Import Tariff

Vietnam's textile industry is bucking heads with government policy one again.

A few days after the Vietnam Textile and Apparel Association, or VITAS, came out against a proposed government plan to increase the country's minimum wage, it now said it has appealed to the country's government not to impose import tariffs on polyester fiber.

VITAS has written to the Ministry of Finance and the Ministry of Industry and Trade urging them to abstain from lifting import tariffs up to 2 percent, saying the move would add to the challenges facing textile and garment exporters.

With Vietnam not a major raw material supplier, companies have to import fabric and fibers to produce apparel, and with costs rising, the import duty would further pit factories at risk.

VITAS has also proposed the government consider adjusting the insurance premium rates paid by firms to a more reasonable level, so that the enterprises can improve their competitiveness to expand production, and revisit the tax law on the import of raw materials for fabric production.

Also recommended was an amendment stipulating the conditions for licensing importers of printers for textile and garment products.

"The owner of the enterprise must have a college diploma or higher in the printing industry or be issued a certificate of professional training in print management by the Ministry of Information and Communication," VITAS said.

In the first six months of the year, Vietnam's textile and garment exports are estimated at $14.1 billion, up 10 percent over the same period of 2016, while imports were up 16.27% to $9.5 billion.

Even with the U.S. pulling out of the Trans-Pacific Partnership, Vietnam's apparel shipments to the U.S. increased 5.6% to $7.7 billion for the first eight months of the year, gaining over a percentage to hold 14.4% of U.S. apparel import market share, according to the International Trade Administration's Office of Textiles and Apparel.

VITAS is also opposing a proposed 6.5% increase in the minimum wage from the beginning of next year, saying the move will reduce competition, shift the labor structure and prevent expansion.

The proposed monthly wage hike of $8 to $10 a month is said to be the lowest raise ever offered.

VITAS said minimum wage in domestic enterprises increased 21.8% between 2007 and 2017, leading many to reduce workers' annual bonuses and turn to more automation.

Source: sourcingjournalonline.com - Oct 16, 2017

HOME

****

Cotton season has been tough, but the forecast shows a strong finish

Cotton growers on the South Plains have been battling weather seemingly all season, so a clear and warm October would come as a blessing.

What's the forecast? It looks good, but fingers are still crossed.

More recently, the issue was the two weeks in late September with cool temperatures and heavy cloud cover. Still, if October stays warm and sunny then cotton growers, an average, are expecting a decent year.

"It has been a roller coaster," said Steve Verrett, president of Plains Cotton Growers Inc. "But what I'm hearing from most folks is that we're still in pretty good shape.

"People are saying it's not going to be that big giant crop we may have thought it was going to be, but it's still going to be a very good crop" Verrett said. "That's the best way I know to sum it up."

Verrett looked at some numbers and said the 41 counties that make up the Plains Cotton Growers area the past 10 years produced an average of 3.65 million bales of cotton a year.

The latest project Verrett saw for this year had the high plains producing 5.12 million bales.

Verrett said some growers are having a difficult year, no question, but production as a whole this year should be better than average.

What those cooler temperatures in weeks past did was delay the maturity of cotton, said Wayne Keeling, an agronomist with Texas AgriLife Extension Service in Lubbock.

Although unfortunate, he said it's not that unusual for this time of year — but for the farmers that had to plant late or replant, this cool spell came at a time where they really needed sun.

"Generally you don't get that many cloudy days together, but again, I think on the early crop that wasn't too negative," said Keeling.

“But this later cotton that needed (sun) every day it could get, it was probably a little negative towards that … By now you pretty much have all the bolls you’re going to make and you just want to mature those out, mature the fiber in those bolls. When you get cloudy days and cooler temperatures you just slow that boll development. The fact that we’re getting so late in the season it’s hard to make that up.”

With a warm October leading into harvest, Keeling said for most it still should reach a good growing point.

Barry Evans, a cotton grower in Swisher County, said this has been his experience. Evans said even the cooler-than-normal weather in August hurt some of their grades.

“Overall we got a good crop in the ground,” said Evans. “We’ll be OK. We just won’t have those top-end grades like we did last year.”

Seth Byrd is a cotton specialist at Lubbock’s Texas AgriLife Extension Service who said it’s been a challenge for farmers all year.

Byrd said the weather was a little too cool around planting time at the beginning of May, and it was followed by a hot period with bad wind.

July was good with rain and sunlight, but in August, Byrd said that rain just kept coming. The rain came with little sunlight, which Byrd said was a challenge. Then in late September , here was the period where cloud cover remained for several weeks.

According to information from the National Weather Service in Lubbock, only .58 of an inch of rain fell on Lubbock County in May, which is when farmers need that original moisture to plan. Then in July, Lubbock received 5.84 inches of rain and in August received 4.85 inches, which is 3.93 and 2.94 inches above average, respectively. This doesn’t take into account sunlight, and Byrd said the heat accumulation they track was way below average in August.

“From the start of this season, from the time we planted, we’ve been battling just to stay on track,” said Byrd. “People planted late, people replanted, and we had late emergence all because of the weather … when you limit light temperature, you really limit the amount of growth and development you can do. You can't build that fiber, you can't build that fruitload, you can't fill bowls when you don't have sunlight and heat."

Of course circumstances for each grower vary — this year maybe more so than others. A dry planting season followed by wind and heavy rain scattered throughout the South Plains forced some growers to replant at different times.

Continuous cool temperatures up in the northern panhandle appear to have essentially ended the growing season early, while other growers also in the north but further east in lower elevation have reportedly had very good weather. Scattered weather events have impact growers differently even here in Lubbock.

Source: amarillo.com- Oct 16, 2017

HOME

****

Africa vs the USA: A Secondhand Clothing Showdown

In Rwanda, it's chagua. In Kenya, mitumba. In Zambia, salaula — most African languages have a word for the piles of discarded garments that end up for sale across the African continent. Millions of people around the world donate clothes annually with the understanding that they will go to the needy or will be resold in secondhand stores.

However, while charities do financially benefit from some of the donated garments, many more enter a secondary marketplace governed by free market principles. A thriving and lucrative industry has emerged out of clothing outcasts that provide work for armies of resellers, distributors and market stall holders in developing markets like India or East Africa. But like any other business sector, there are winners and losers in this complex and booming trade.

The average American throws away 70 pounds of textile waste every year, according to the Council for Textile Recycling, so diverting clothing away from landfills and giving it a new life may seem like a good idea. But the mass influx of cheap hand-me-downs from Western countries has had a negative impact on local apparel industries and production in low-income countries.

Used clothing in good condition, which entered the supply chain as a donation, undercut new clothes produced locally. To this point, the governments of the East African Community (EAC) — the regional organisation that comprises of Kenya, Rwanda, South Sudan, Tanzania, Burundi and Uganda — plans to outlaw all secondhand clothing imports by 2019, in a bid to boost domestic manufacturing.

Donating your used garments might be well-intentioned but the situation on the ground means they may be doing more harm than good," Dr Andrew Brooks, a lecturer in development geography at King's College London, wrote in his book "Clothing Poverty: The Hidden World of Fast Fashion and Second-Hand Clothes." While exact continent-wide figures are hard to come by, global used clothing exports from OECD countries stood at $1.9 billion in 2009, according to 2011 UN Comtrade data. Recent figures from the UN show that an estimated 80 percent of Africans wear secondhand clothing.

Interestingly, the US has recently hit back at the East African Community's proposal to ban secondhand imports. Claiming that it would impose "significant hardship" on the US clothing industry and put 40,000 jobs in jeopardy, the US Trade Representative (USTR) has threatened to impose trade sanctions on African nations and launched a review of AGOA, a trade agreement that allows tariff-free access for thousands of goods from 38 African nations to the US.

Trump's 'America First' agenda has already seen him withdraw from the Trans-Pacific Partnership (TPP), threaten to tear up the North American Free Trade Agreement (NAFTA) and seek to renegotiate the US-South Korea free trade deal. It's currently not clear whether the US will withdraw, suspend or limit AGOA before it expires in 2025 — all of which would have a significant impact on the EAC.

The trade deficit for many African countries is already stark. Imports from Rwanda, Tanzania and Uganda to the US totalled $43 million in 2016, while US exports to the same countries amounted to $281 million, according to figures from the USTR. Currently, more than 66,000 jobs in Kenya are linked to AGOA, which earned the country 35.2 billion Kenyan Shillings (about $341 million) in textiles and apparel exports in 2016.

While they are popular with value-conscious consumers who get branded garments at low prices, discarded clothes are also a huge problem for India — the world's biggest importer of secondhand clothing, according to 2013 UN Comtrade data — and many other developing countries, such as Poland, Pakistan, Ukraine, Chile and Guatemala.

Tracking the Journey

So, how exactly does discarded clothing end up in a Polish thrift store or a night market in Mumbai?

The journey begins when clothing is discarded and cannot be sold in a charity shop, such as Salvation Army or Oxfam, both which could not be reached for comment. Currently, only 20 percent of the clothing donated to charities actually get sold there, according to the Council of Textile Recycling. The rest goes into landfills — despite the fact that most textiles aren't biodegradable, which means they can sit around for more than 200 years. Others are sold to textile merchants, who sort, grade and export the garments, converting what began as donations into tradable goods.

What clothing goes where depends on the type of garments. KCL's Brooks found that white shirts frequently ended up in Pakistan, where there is a great demand among young professionals, while warmer coats often headed to Eastern Europe. Meanwhile, t-shirts and shorts go to India or Africa, where they can be sold for as little as $1.50 in street markets at Kanda, a seaport in the Gujarat state of India, or Gikomba in Nairobi, the biggest secondhand clothing market in East Africa.

Used clothing comes under two categories: wearable and mutilated. A government license is required for companies that want to import 'wearable clothes.' It also comes with the condition that they can be re-exported, as a precaution, so that undesired clothes don't flood the market and hurt local businesses. But this is where the problem lies, says Bandana Tewari, editor-at-large at Vogue India.

"In India there is a massive business of smuggling. The real bulk of imports — about 60 percent — are mutilated clothes. But when the Indian government planned to increase the number of licenses, The Clothing Manufacturers Association Of India went up in arms saying that the market would be flooded with used clothes and put domestic manufacturers out of business."

The Winners and Losers

While the secondhand clothing sector poses a major problem for those who work in conventional apparel industries, it is a lifeline for others. The Textile Recyling Association, which manages secondhand clothing recyclers and distributors in Kandla, employs some 3,000 people every year.

Meanwhile, Frip Thique, an Oxfam-run social enterprise in Senegal, enables workers — most of whom are women — to earn a decent living by sorting and selling clothes to local market traders. According to the charity, all profits go towards fighting poverty in the West African country. "Not only am I able to take care of more people, but also my parents and my sister who are in the village," writes Dieynaba Coly, a staff association representative and clothes sorter, in a testimonial on Oxfam's website.

Some used clothing can be recycled for good. "The influx of secondhand clothes has turned Panipat — a town about 90km from New Delhi — into Asia's biggest textile recycling hub. One of the biggest companies in Panipat is Pal Woollen Industries, which creates 10,000 kilograms of yarn a day from 20 tonnes of used clothes.

The yarn is then used for making blankets, school blazers and red-and-black check fabric that is popular among the Masai population of Tanzania and Kenya," says Tewari. Goonj, a non-profit organisation in India, reuses cloth to make reusable sanitary pads for rural women. "In many parts of India, women still use newspapers, mud and ash during menstruation," she adds.

But those benefitting the most are "the exporters in the US and UK, along with others involved in the trade, such as the wholesalers. This applies to [some of the] importing countries. It also includes consumers in developing countries, who can purchase good quality clothes for a fraction of their original price," says Linda Calabrese, senior research officer of the Overseas Development Institute (ODI), an independent think tank on international development and humanitarian issues.

Calabrese argues that halting the trade of secondhand clothing isn't the right approach and won't enable the development of textile industries in developing countries alone. "The garment sector [in developing nations] needs more investment to expand production capacity. The sector is currently not receiving a lot of new investment to expand production capacity, and costs are outweighing profits. Transport is expensive, getting skilled workers is expensive, the energy supply is unreliable and costly compared to other regions, such as Southeast Asia."

It could also have undesirable effects, like promoting illegal trade and smuggling in banned imports, if the population has to choose between buying new imported garments, or buying domestically produced second-rate goods.

"Clothes are an essential item and if they become more costly, poor families will suffer the most," says Calabrese, but adds: "To be fair, I think that East African governments already have a very good understanding of the existing challenges and are trying to address them."

It's possible that the proposed ban won't pass. The thousands involved in the secondhand clothes trade in Africa will know their fate once EAC leaders meet for the November summit, during which the issue is expected to surface.

Kenya is among the countries that have since withdrawn the ban, while governments in Uganda and Rwanda have raised taxes on used clothing by 12 percent and shoes by 15 percent.

But it remains to be seen if Africa can create or revive local manufacturing industries — which collectively could double from $500 billion in 2016 to $930 billion by 2025, while spending by African consumers and businesses could reach $5.6 trillion over the next decade, according to McKinsey & Co.

"I'm worried that the phase-out will send the wrong signal, encouraging investors to focus on the domestic market," says Calabrese. "What is needed in East Africa is an increased focus on the export market [so that] more goods can be sold internationally. This is what much larger countries have done, including China and Bangladesh, who are global leaders in garment production."

"At the end of the day, this is a big volume, low margin business. [Middlemen] are making millions of dollars for their own organisations or social projects, but not much impact is being made to help the really poor in third world countries, [especially] as the business is so unregulated and opaque," says Tewari.

"Once worn and torn by the poor, millions of clothes go into third world landfills, far from the affluent countries. Where is the accountability of first world countries dumping used goods on third world grounds?"

Source: businessoffashion.com- Oct 15, 2017

HOME

****

The many facets of Pakistan-China trade

Pakistan's current and potential trade agreements have been severely criticized time and again by this column. Ranging from accusations of being ill-prepared and accepting concessions on items that already have 0 percent tariff to the potential of imports damaging local economy, negotiators of trade agreements have a lot to answer for.

However, imagine as in an ideal situation where Pakistan's negotiators were masters of this art and went into meetings well-prepared. Would Pakistan still be facing a substantial trade deficit? The answer is, yes. Pakistan's competitive advantage in China has eroded away completely in recent years (read "Pakistan-China FTA farce, published by BR Research on September, 22).

For example, Pakistan's top export cotton and its derivatives face extremely tough competition from Vietnam which is covered under the China-ASEAN trade agreement. However, if Pakistan was given preferential market access for all its major exports, would its trade deficit with China turn into a trade surplus?

Obviously, as long as Pakistan imports high value-added goods from China and exports resource-based goods, trade deficit will persist. But this in no way implies that it is acceptable for negotiators to give away market access without receiving significant concessions in return which has been the case time and time again.

In itself, trade deficit is not all-evil as it is painted to be. A fast-growing economy, which is what Pakistan hopes it is and will be courtesy CPEC, pulls in more imports as its expands. Pakistan's imports of capital goods are for the betterment of Pakistan's long term economy. The larger issue is the decline in exports which Pakistan's trade agreement negotiators are culpable for, at least in part.

Along with the myriad of issues faced by the manufacturing community is the lack of access to markets of Pakistan's trading partners. From lack of R&D, availability of finance, energy related issues to the lack of capacity to enjoy economies of scale, Pakistan's industry faces a lot of challenges. But if these challenges were to be done away with, Pakistan's exports would still be hampered by its ineffective trade agreements.

For example, even if Pakistan's rice is superior to Vietnam's, Pakistan faces 65 percent tariff compared to ASEAN's 33.7 percent. It would not make economic sense for Chinese importers to opt for Pakistan's rice when the alternative costs significantly less.

A stronger and more competitive manufacturing industry goes hand in hand with better market access. Rather than raising a hullabaloo about rising imports, policies conducive to facilitating and improving the quality and range of Pakistan's exports are required as well as trade agreements that allow Pakistan's products better market access.

Source: brecorder.com- Oct 16, 2017

HOME

****

NATIONAL NEWS

Centre looking at ₹16,000-cr export package

The Centre is considering an incentive package of over ₹16,000 crore to boost exports in view of "sluggish domestic demand and competition in export markets".

Commerce Minister Suresh Prabhu, in a letter to Finance Minister Arun Jaitley, has made a case for early decisions on key issues affecting exports — such as inadequate incentives and lack of credit — to formulate a meaningful mid-term review of the foreign trade policy (FTP).

A number of critical export promotion measures, which would involve an additional outgo of over ₹16,000 crore, have been placed by Prabhu before Jaitley for consideration and early decision-making, a government official told *BusinessLine*.

Proposed measures

The proposed measures include allowing the scrips earned under the popular Merchandise Exports from India Scheme (MEIS) to be used to pay Goods and Services Tax (GST), increasing the incentive rates and interest subsidy rates for labour-intensive sectors, reducing the GST rate on MEIS/SEIS scrips, and infusing more capital in the Export Credit Guarantee Corporation of India (ECGC).

"We have already delayed announcement of the mid-term review of the FTP as exporters were grappling with GST issues till recently.

"The Finance Minister has to now take a view on the incentives that could be extended to give exports a much-needed boost. A meaningful FTP review has to be announced without further delay," the official said.

Source: thehindubusinessline.com- Oct 16, 2017

HOME

****

Cotton price improves on reports of crop damage

After hitting the lowest in nine months, cotton price recovered albeit marginally on reports of crop damage due to deficient rainfalls this monsoon season in major producing centres and sudden spurt in its demand from textiles mills.

The benchmark Shankar 6 variety of cotton reported an increase of nearly 3 per cent in the last two weeks to trade currently at Rs 10,967 a quintal in the physical market. In futures, however, cotton prices have declined by Rs 200-300 to trade currently at around Rs 11040 a quintal (~Rs 39,300 a candy of 356 kgs each).

Traders believe that the extended season rainfalls in October have brought a bounty for cotton crops especially late sown ones across the country. While the cotton output in India is estimated to remain higher this year, the initial crop damage may not be recovered. Still, markets are going to be fully dominated by supplies resulting into a subdued price trend this year.

"We expect cotton prices touch Rs 10294 a quintal (~Rs 17,500 per bale of 170 kgs each) during the peak arrivals season in November- December. Currently, lower than expected crop size in the country, reports of the Cotton Corporation of India (CCI) procurement, lower new season arrivals and improved export demand for Indian cotton is supporting prices as prices have improved from the low of Rs 10590 a quintal (~Rs 18,000 a bale) levels in August to currently trading at Rs 11058 a quintal (~Rs 18,800 a bale) levels," said Ritesh Kumar Sahu, an Analyst with Angel Commodities Broking.

The Cotton Advisory Board (CAB) in its meeting held in August had forecast India's cotton output to remain higher during 2017-18 than 34.5 million bales reported for 2016-17. Traders and cotton exporters estimate now the cotton crop size at 37.5-38 million bales this year on better use of seed and farm techniques to report least pink ballworm attacks on the standing crop.

MCX Cotton Oct futures surged to the higher of Rs 11529 a quintal (~Rs 19,600 a bale) from Rs 10812 (~Rs 18,380 a bale) but corrected steeply to Rs 11058 a quintal (~Rs 18,800 a bale) on expectation of good production during the new season mainly due to extended monsoon rains in October.

The prices have surged so much due to unexpected rains in the key growing regions of Maharashtra and Telangana which slowed the arrivals of new season crops. Increase in demand by the millers has contributed to the bullish trend in both the spot and futures markets.

But futures have corrected in last three trading sessions due to expectation that the cotton crops in Maharashtra will benefit from the October rains which will enhance the production to late sown crops. In Maharashtra, monsoon rains in the cotton growing areas was deficient during 4 months of monsoon.

On the other hand, there is good carryover stocks from the last season. India imported about 1.85 million bales (170 kg per bale) during CY 2016-17 till June, up by 130 per cent compared to previous year imports, as per data released on Department of Commerce. However, exports have been down by 16 per cent in CY 2016-17 to 5.68 million bales compared to 6.77 million tonnes in previous year.

Aurobinda Gayan, Head - Commodities, Kotak Commodity, believes that the little mismatch of rain had caused crop damage in the western and southern Indian states. "In the last couple of days, the average arrivals have moved up to around 70,000 bales, a sharp recovery from the lowest level of around 40,000 bales in the first week of October. Going forward, however, we see the trend is likely to continue with supply going to increase further. Thus, markets are likely to remain bearish," said Gayan.

Arun Sakseria, a cotton trader and exporter, sees no room for a bullish sentiment in cotton prices this year following a bumper output estimate.

Meanwhile, higher input prices (primarily cotton) this year vis-a-vis last year added to profitability pressures for exporters during H1 FY2018, given the cotton-dominance of textile exports from India. While cotton prices have corrected to an extent from mid-September 2017 onwards which is expected to provide respite during H2 FY2018, recent revision in duty drawback rates is likely to exert some pressure on margins, an Icra study said.

Source: business-standard.com- Oct 17, 2017

HOME

****

Address exporters' concerns, Commerce Minister tells Jaitley

The Commerce Ministry strongly believes that until issues concerning exports are addressed a mid-term review of the foreign trade policy (FTP) will be meaningless.

Commerce Minister Suresh Prabhu has written to Finance Minister Arun Jaitley raising concerns and seeking quick remedies.

The five-year FTP (2015-2020) had laid down a stiff target of $900 billion of annual exports by 2020 but lack-lustre performance in the last two-and-a-half years, will compel the government to bring it down drastically.

"Annual exports have been lower than $300 billion during the first half of FTP due to issues such as global slow-down and currency fluctuation. While things seem to have improved, a complete recovery and acceleration in growth will be difficult without incentives," a government official said.

Prabhu stressed on improving usability of the scrips earned under the MEIS — the most popular incentive scheme for exporters covering more than 7,000 items — as post-GST the scrips can be used for payment of only customs duties.

This has reduced the premium on the scrips (valued at 2-5 per cent of export amount) as earlier it could be used for payment of all input taxes such as central excise duty and service tax. "The Commerce Minister proposed that the MEIS scrips should be allowed to be used for payment of GST," the official said.

He also proposed that the rate of MEIS be increased from 5 per cent to 7 per cent for labour-intensive sectors such as leather, footwear, handloom, handicraft, Ayush, marine products, electronic components and the MSME sector, which suffer the most during a downturn.

An enhanced rate from 3 per cent to 10 per cent in the Services Export from India Scheme (SEIS) has been proposed for hotels and restaurants. Ground handling services under civil aviation sector may also be eligible for incentives of 5 per cent.

Other proposals include reducing GST rate on sale of MEIS/SEIS scrips to zero per cent, increasing the rate of interest subvention from 3 per cent to 5 per cent for labour intensive sectors, have capital infusion of ₹2,000 crore in ECGC scheme, address working capital blockage due to pay first and then refund principle of GST, exempting merchant exporters from payment of GST and enhancing support for the trade-related Infrastructure for Export Scheme and Enhanced Support For Market Access Initiative schemes.

Source: thehindubusinessline.com- Oct 16, 2017

HOME

****

India's garment exports up 24.93% in September 2017

The exports of readymade garments from India in September 2017 was recorded at Rs 10,707 crore, up 24.93 per cent over exports of Rs 8,570 crore in the same month of previous year, according to the trade data compiled by Indian Texpreneurs Federation (ITF). The rise in exports is a boost to the domestic manufacturing value chain of textiles.

The growth in apparel exports was observed after a decline for two months. The robust retail sales in the festive season will also increase the domestic market demand in the entire manufacturing value chain, according to ITF analysis.

The association is hoping to achieve the growth target in the remaining months of 2017 with improvement in volume of exports and domestic demand.

During the month, exports of man-made fibre (MMF) textiles, including yarn, fabrics, and made-ups, also witnessed a plunge of 20.49 per cent. The exports totaled to Rs 2,996 crore as against the exports of Rs 2,487 crore in September 2016.

For the reported period, the exports of cotton textiles were worth Rs 5,911 crore, up 11.23 per cent as compared to Rs 5,315 crore for the same period in the previous year. "The exports of cotton textiles are increasing consistently and we expect similar performance jump in October 2017," said ITF.

Source: fibre2fashion.com- Oct 16, 2017

HOME

****

Myntra, Textile Ministry tie-up to promote handloom industry

E-commerce major Myntra launched its CSR initiative in association with the Union Textile Ministry, to work directly with weavers and elevate their economic stature.

With an initiative to provide impetus to the Government's agenda to transform and revive demand for arts and handloom products in India, the company is committing itself along with some of its partner brands to bring artisans and their products online, providing them access to new customers and opportunities.

These products will retail on Myntra via a dedicated online store, thereby creating a one-stop shop for all handloom products.

Myntra is also slated to launch a new handloom brand during its upcoming annual Brand Summit, "The Tech Threads" on November 2 in Bengaluru. Textiles and Information and Broadcasting Minister Smriti Irani, who will be present at the event, has been requested to unveil the new Handloom brand. This brand is aimed at reviving timeless Indian crafts, celebrating the beauty and rich legacy of India's cultural heritage.

So far, about 49 brands associated with Myntra have pledged to be a part of this initiative and source handloom products from the weaver community. Some of the leading names include, W, Biba, Peter England, Raymond, Welspun, Chennai Silks, Metro among others. About 350 CEOs, VPs and Brand Heads from various companies have confirmed their presence at this event.

"It delights us to be a part of an initiative that is engaged in preserving our country's rich textile and cultural traditions. Myntra's first ever CSR program is committed towards rejuvenating and growing the handloom sector by offering necessary assistance to the weavers and garnering maximum support from likeminded brands for the cause.

We are also aiming to achieve a ten-fold growth in sales of handloom ethnic wear for women, over the next one year," said Ananth Narayanan, CEO, Myntra and Jabong.

Over the next one year, Myntra will directly touch upon the lives of many weavers across the country. Currently, the new brand will showcase crafts such as Paramakudi, Chettinad, Upadda Jamdani Kuppalam, Mangalgiri, Venkatgiri, Mulkalmuru among others, of which Chettinad and Mulkalmuru are languishing art forms. Myntra is working directly with weavers from Kamatagi, a small village in Hungund Taluk of Bagalkot District in Karnataka, where the entire village is involved in Milkalmuru weaving, in order to showcase this languishing art at the national level.

Source: business-standard.com- Oct 16, 2017

HOME

****

India's textile machinery exports set to grow 15-20 per cent this fiscal

India's exports of textile machinery, equipment for spinning, spinning accessories, weaving preparatory and other accessories are likely to increase by about 15 to 20 per cent this fiscal year.

Domestic investments were hampered by demonetisation and GST. However, this is expected to correct in five or six months, which is when investments would pick up. China is a big supplier of looms, accessories and spares to India. Indian textile machinery industry has been experiencing tremendous growth over recent years, facilitated by the country's booming textile and apparel market.

India is expected to be a leading textile producing country in the world by 2020, and the domestic textile and apparel market in India is estimated to grow at 12 per cent CAGR over 2020. The technical textile market in India is also showing a promising growth, at 18 per cent CAGR.

The machinery industry is expected to reach Rs 35,000 crores by 2021. The industry plays a vital part in shifting India's textile and apparel industry from a labor-intensive production to a more advanced and industrialized sector.

Major manufacturers of textile machinery are: Germany, Italy, Japan, Switzerland, France and China. India is one of the major importers of textile machinery of these countries today.

Source: fashionatingworld.com- Oct 16, 2017

HOME

****

Cotton purchasing centres opened in Sircilla

District Joint-Collector Yasmine Basha here on Monday urged the cotton farmers to sell their produce in the purchasing centres that were established by the government and get the Minimum Support Price (MSP) fixed by the State government.

The district marketing department inaugurated two cotton purchasing centres under Cotton Corporation of India (CCI), one at the agriculture market in Vemulwada by MLA Chennamneni Ramesh and the other in Sircilla by the Joint-Collector on Monday.

Speaking on the occasion, Joint-Collector Yasmine Basha said the moisture content of the cotton must be 8 per cent to get the MSP that was fixed by the government and advised the cotton farmers to take necessary precautions to maintain the moisture content of cotton to 8 per cent.

“Following the government’s orders, cotton purchasing centres are opened at two centres in the district. Proposals have been sent to the CCI for opening of another one in Rudrangi,” she added.

Very soon the purchasing dates of cotton would be announced, until then, the farmers must take necessary precautionary measures for maintaining the moisture content of cotton, she suggested. Later, Yasmine Basha released the pamphlets with MSP rates for several varieties of cotton.

Agricultural Market Committee Chairman J Chakrapani, District Marketing Department Officer Shabordan and District Agriculture Officer Anil Kumar were present along with others.

Source: thehansindia.com- Oct 17, 2017

HOME

****