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The Cotton Textiles Export Promotion Council (TEXPROCIL)
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai 400004. Maharashtra State. INDIA
W. www.texprocil.org E. ibtex@texprocil.org T. +91-22-23632910 to 12 F. +91-22-23632914

IBTEX No. 194 of 2018 September 19, 2018

USD 72.51| EUR 84.72 | GBP 95.38 | JPY 0.65

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
22278	46600	**81.45**

Domestic Futures Price (Ex. Gin), October

Rs./Bale	Rs./Candy	USD Cent/lb
22440	46939	**82.04**

International Futures Price

NY ICE USD Cents/lb (Dec 2018)	81.31
ZCE Cotton: Yuan/MT (Jan 2019)	16,455
ZCE Cotton: USD Cents/lb	**92.52**
Cotlook A Index – Physical	**91.30**

Cotton Guide: Finally Cotton price plunged and broke past the sideways range that was observed for almost a month. The range of 80.50 to 84.25 is eventually broken down. On Tuesday during ICE session the December future ended at 78.52 cents per pound. The same counter is further trading lower this morning in early Asian session at 77.98 cents. Since that the trend is set clear, out of the range momentary sell in the counter is being noticed. We think some more weakness in the price could be seen this week. The next immediate technical support that we perceive immediately is at 77.50 and then 77 cents. We also expect by the time price hit down towards 77 it may appear to reach to oversold phase in the daily price chart which may eventually revive the losses in the price.

With the major price fall the trading volumes were high. On Tuesday volume was 56,426 contracts. That was the biggest volume since August 13th (57,560 contracts) and the second biggest volume in 3 months.

The reason that we are attributing sell off in cotton was determined after the US-China talk rushed. New push by the US to add $200 billion dollars of tariffs on Chinese goods got the blame for triggering the fall. These tariffs are not good for cotton.

In addition, talk of less damage than feared from Hurricane Florence in the Carolinas also encouraged sellers. Even with expected losses of some 200,000 bales plus additional quality damages, estimates for US production remained optimistic. Offsetting have been improvements from good weather, particularly in the Delta. Plus technical traders got a long term sell signal as Dec went sailing through its 200-day moving average which ended yesterday at 8041.

In the similar lines, China's ZCE futures ended at their lowest level since July 9th. Their drop was small Tuesday however; early Asian session on Wednesday the counter is trading down by more than 500 points at 15925 Yuan/MT. Chinese State Reserve cotton on Tuesday's auction had a turnover rate of 81.41 percent, spinners only. Offered were 30,243.404 tons (138,908 bales); and sold were 24,620.8618 tons (113,084 bales). The cumulative turnover rate is 58.96 percent (offered versus sold). This auction series started at 24.1 million bales and 13.25 million bales remain.

On the domestic front the Indian cotton price has been very resilient. The spot price traded steady with marginal weakness near Rs. 46750 per candy ex-gin for old crop. However, new crop is quoted marginally higher by Rs. 400 to Rs. 500 per candy. Rates for old crop Punjab J-34 are lower at an average of Rs. 4,588 per maund (77 cents per lb). New crop J-34 is quoted at between Rs. 4,600 and Rs.4, 610 per maund. However, the MCX cotton future price despite so many declines in the global counterparts fell minimally to end the session for October future at Rs. 22440 down by Rs.140 from previous close.

We think the market may remain weak on today's trading session. As discussed above the ICE is trading lower along with ZCE and the domestic Indian rupee slightly stronger at 72.75. The trading range for October MCX cotton future would be Rs. 22600 to Rs. 22280 per bale.

Currency Guide:

Indian rupee has opened 0.35% higher to trade near 72.71 against the US dollar. Rupee has opened on a firmer note after hitting a record low level of 72.975 in previous session. Rupee has benefitted from general stability in global equity market and in expectations that government may announce measures to support the currency. Global equity markets have stabilized as US-China trade announcements are being seen as less severe than expectations. After US imposed 10% duty on $200 billion Chinese goods, China has retaliated with 5-10% duty on $60 billion US goods. This is less than previous announcement of 25% import tariffs. Indian government announced spate of measures last week to bolster Indian currency but market players expect to see more measures in form of restriction on imports etc. Rupee has opened on a firmer note but the gains are unlikely to sustain as trade worries, higher crude price and concerns about emerging markets will continue to weigh. USDINR may trade in a range of 72.5-73.1 and bias may be on the upside.

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

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INTERNATIONAL NEWS

China retaliates as US slaps tariffs

China Tuesday hit back at the US with tariffs on USD 60 billion worth of American goods, in a tit-for-tat move that came hours after President Donald Trump slapped duties on USD 200 billion worth of Chinese imports.

President Trump on Tuesday slapped 10 per cent tariffs on USD 200 billion worth of Chinese imports and the duties will rise to whopping 25 per cent at the end of the year, escalating the trade war with the world's second largest economy.

He alleged that China had been unwilling to change its unfair trade practices and the new additional tariff structure would give fair and reciprocal treatment to American firms.

"If the United States insists on raising tariffs even more, China will respond accordingly," China's finance ministry said in a statement.

"In order to safeguard our legitimate rights and interests and the global free trade order, China will have to take countermeasures," the country's Ministry of Commerce said in a statement, adding that "We deeply regret this".

The Chinese government said it will hit back with tariffs of up to 10 per cent on an additional USD 60 billion in American goods following Trump's escalation by slapping higher border taxes on nearly all US exports to China, a media report said.

Earlier, China threatened to retaliate with "synchronised counter measures" against Trump's third round of tariffs, saying the US' move will add "new uncertainties" for future talks between the world's top two economies.

China's Ministry of Commerce said it would be forced to take "synchronised counter measures" against the new tariffs.

In a statement, the ministry also said that the tariffs announced by Trump had "added new uncertainties" to trade talks between the two sides.

Trump also warned China against any retaliation, saying if Beijing retaliated this time, the US would impose further tariffs on another USD 267 billion worth of products virtually covering almost all Chinese exports to the US totalling about USD 522.9 billion.

According to official figures, US goods and services trade with China totalled an estimated USD 710.4 billion in 2017 of which US exports were USD 187.5 billion and imports were USD 522.9 billion.

Trump has been pressuring China to reduce the trade deficit with the US, totalling to USD 335.4 billion in 2017.

Last month, both sides resumed trade talks but at a lower level.

Chinese Vice Minister of Commerce Wang Shouwen held talks in Washington but without much results.

Trump, who has been demanding that China should reduce trade deficit immediately by USD 100 billion, recently called for talks to resolve the issue.

In Beijing, Chinese Foreign Ministry spokesman Geng Shuang on Tuesday gave no inkling about how China's plans to retaliate Trump's new round of tariffs and said it brought more uncertainties to future round of talks.

"I want to say that China has to respond to uphold our legitimate rights and interests, the order of free trade," Geng told reporters.

"This measure by US side added more uncertainties to the talks between the two sides," he said.

Asked how the two sides plan to end the trade war, Geng said "We have been stressing that talks need to happen on the basis of equality and good faith so as to resolve the issues between the two sides. What the US has done shows no sincerity, no good faith at all," he said.

To another question on whether China viewed escalation of tariff war by the US as an attempt to contain Beijing's rise, Geng said, "regarding containment, I have never heard of that from any US official.

"We have been repeating that sound and steady development of China-US ties serves the fundamental interest of the two sides and what the international community wishes to see".

Geng said China would like to work with the US to achieve that, adding that "however the protectionist and unilateral measures taken by US were not acceptable to us".

He also declined to go into specific measures on whether Beijing would contemplate non-trade measures like containing visas to US citizens.

"In the light of the latest round of tariffs, China has to counter act but what kind of counter measures would the Chinese side take will be released in time. You made assumption (about not granting visas), I have no comment on that," Geng said.

Hong Kong-based 'South China Morning Post' reported on Tuesday that China is likely to cancel its tentative plans to send President Xi Jinping's top economic adviser Liu He to Washington after Trump's new tariff announcement.

According to the source, who declined to be identified , as the plans have not been made public, China is reviewing its earlier plans to send a delegation, headed by vice-premier Liu He to Washington next week, the report said.

One precondition for the talks was that the Americans would show sufficient goodwill but Trump's latest decision to escalate the trade war by slapping new tariffs on almost half of all Chinese exports may have scuppered the talks, it quoted the sources as saying.

"If the vice-premier does go to the US, we can reasonably suspect he has a reasonable offer, but at this point, I would think the likelihood is low," the representative said.

China had earlier retaliated twice by imposing additional tariffs on imported products from the US.

Source: thehindubusinessline.com - Sep 18, 2018

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Will China lose 'world's factory' tag?

With costs rising, MNCs have been shifting production to low-cost nations like Vietnam. Trade war could hasten this move

When the US sneezes, the world catches a cold. So when the US, led by capricious President Donald Trump, launches a trade war the entire globe risks catching pneumonia. While right now, Trump's main target is China — he's slapping a 10 per cent tariff on $200 billion in Chinese goods next week. But the fallout will be Asia-wide — in both bad and good ways. For India, opportunities are opening, but there are also bullets to be dodged.

Let's start with China. It was at a crossroads even before Trump threw his trade googly. As the Middle Kingdom's become increasingly prosperous and sought to move up the value-chain, making more valuable items like electronics, salaries have risen and that's undermined the chief attraction for giant corporations looking for low-priced wage slaves. Also, rents in China's top industrial zones have escalated, adding to costs.

For several years now, in fact, companies like Adidas have been cutting its production in China and it's a similar story with Nike. Now, Trump's punitive tariffs have come as a final blow for some US companies' China operations.

Toymaker Hasbro, for instance, which makes nearly three-quarters of its goods in China, says it's shifting production elsewhere. Incidentally, over 90 per cent of toys sold in the US are made in China, US official data show. A range of other smaller companies are also scouring the globe for new sites where wages and rents are still cheap.

And other areas of the US-China trade relationship threaten to go pear-shaped like the sensitive hi-tech area. Some 40 per cent of Chinese exports to the US are hi-tech products, many made by subsidiaries of top American companies.

Those who see China as an enemy at the global level say there's a security risk if ICT — information and communications technology — products are made there. And all the top US tech companies make a large percentage of their products or components in China.

Still, though, despite all the negative noise, China isn't about to lose its status as the world's factory anytime soon. When it comes to factory workers, China offers huge numbers like no other country. In 2014, China's formal manufacturing sector was estimated to employ 120 million workers. More recent calculations reckon it's closer to double that number.

In some ways that's like India's software-service giants which argue you might get great tech skills in places like Hungary or Lithuania, but you can't get India's employee numbers.

Vietnam scores

But as the threat of a trade war looms over Asia, there's one country which has already been doing well at the expense of China and now stands to do even better. That's Vietnam, reckoned to be where China was about 10-15 years ago. It's also where India might have been if our 'Make in India' dream had ever actually unfolded.

Look at Adidas, which has cut production in China and now makes over 40 per cent of its shoes in Vietnam. Nike also uses Vietnam as a manufacturing base. Similarly, camera-maker Olympus shut its factory in Shenzhen earlier this year and has moved more production to Vietnam.

One company which presciently spotted Vietnam's potential a long time ago was Korea's Samsung. Samsung recently expanded in Noida and that's now the largest mobile phone production facility globally. But Vietnam remains Samsung's largest production centre overall.

In fact, Samsung accounted for a quarter of Vietnam's exports last year. Other South Korean companies have also invested heavily in Vietnam. In the first quarter of this year, over 30 per cent of Vietnam's foreign investment came from South Korea.

What's behind Vietnam's success? Well, geography plays well for Vietnam. It isn't far from Korea and it's also next door to China. So many Chinese companies are now looking at shifting production there to dodge US tariffs.

Whether it's because of the threat of sanctions, Vietnam attracted over $11 billion in investment in the first six months of this year, up steeply from the year before.

Vietnam has a population of 90 million so it can't boast India's huge market. But it's got an educated and young workforce and global corporations love its political stability. At another level, Vietnam's also the world's second-largest producer of coffee after Brazil.

Focus on Indonesia

The other country getting a lot of attention from global investors even before Trump threw his trade-war spanner is Indonesia. Over 20 years ago, Indonesia was badly hit by the Asian Crisis. But today, it has a thriving economy though there are fears it might be stalled by a strengthening dollar.

It has a 250-million population and e-commerce is taking off. Also, it's got inventive start-ups like Go-Jek which has a $1.3-billion valuation and over 200,000 motorcycle riders carrying everything from people to parcels around the country. Online Indonesian travel company Traveloka, meanwhile, has a $1-billion valuation. Amazon, which has been focussing mainly on India till now, is also looking at making a strong thrust in Indonesia.

India's position

So where does India stack up in the US-Chinese trade crossfire? For companies like Amazon, Facebook and Google, India is still high on the charts and market numbers are starting to work in our favour, especially as smaller towns and cities turn into big buyers.

But when it comes to manufacturing, India is just one of many possible destinations along with Malaysia, Bangladesh, Cambodia and even Sri Lanka. Malaysia is costlier but again has a more educated workforce that can produce better quality products.

The Confederation of Indian Industry, in a recent report, said US tariffs on Chinese products could make Indian machinery, electrical equipment, vehicles, transport parts and chemicals, among other items, more competitive in the US market — especially also with the rupee's slide. Similarly, the hike in Chinese duties on some US goods may make Indian exports more competitive in the Chinese market.

Trump's trade war is a work-in-progress and the November midterm elections could alter its course significantly. Many of his tariffs will obviously hit Made-in-China products manufactured for US heavyweights. Trump is pushing these US firms to take production back home but that's a tactic that could backfire, especially since global supply chains crisscross in so many different ways, and US consumers may rebel at the higher retail prices that would ensue.

One thing's certain for India. It used to be argued India could naturally prosper, thanks to its vast internal market. But that's simply not true or the country would be already rich. India's going to have to be nimble, innovative and quick-thinking in its response to this US-initiated global trade bust-up.

Source: thehindubusinessline.com - Sep 18, 2018

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$200 Billion in Goods from China Hit with Higher Tariff; $267 Billion More Threatened

President Trump has announced that beginning Sept. 24 an additional ten percent tariff will be imposed on 5,745 tariff lines from China with an import value of approximately $200 billion. This tariff is scheduled to increase to 25 percent as of Jan. 1, 2019.

The president added that if China "takes retaliatory action against our farmers or other industries" he will initiate a process aimed at increasing tariffs on another $267 billion worth of goods from China.

Beijing subsequently announced that as of Sept. 24 it will impose retaliatory tariff increases of five or ten percent on more than 5,000 types of U.S. goods with an import value of about $60 billion.

The full list of products affected by the Trump administration's new ten percent tariff is available here.

All but 11 of the listed subheadings are covered by the additional tariff in their entirety, while those 11 are only "partially covered."

In addition, this final list reflects the full or partial removal of 297 subheadings from the proposed list. According to the Office of the U.S. Trade Representative, these include consumer electronics products such as smart watches and Bluetooth devices; chemical inputs for manufactured goods, textiles, and agriculture; health and safety products such as bicycle helmets; and child safety furniture such as car seats and playpens.

The additional 10 percent tariff will be the latest action in response to a Section 301 investigation determining that China's acts, policies, and practices related to technology transfer, intellectual property, and innovation are unreasonable and discriminatory. Previously the administration levied an additional 25 percent tariff on $34 billion worth of Chinese goods effective July 6 and another $16 billion worth as of Aug. 23.

Source: strtrade.com - Sep 18, 2018

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New China tariffs will affect U.S. shoppers

The announcement of the U.S. placing new tariffs on Chinese-made goods is escalating the trade war as China said it has no choice but to retaliate. The new tariffs are set to take effect on 24 September.

Jack Ma, chairman of Chinese conglomerate Alibaba, stated Chinese businesses would move production to avoid the tariffs and called for stronger trade rules, at a speech to shareholders.

"Even if Donald Trump retired, the new president will come, it will still continue...We need new trade rules, we need to upgrade the World Trade Organisation," London's City AM newspaper noted.

President Trump said the US would impose 10 per cent tariffs on around 200 billion dollars (152 million pounds) of Chinese imports as of 24 September – and that it could rise to 25 per cent in January, noted City AM.

According to Bloomberg the American textile industry could benefit from the newly imposed tariffs.

As China sold more textiles and apparel to the U.S., American jobs have suffered. With duties placed on finished garments and accessories imported from China, American manufacturers could compete better on price and generate more orders for U.S.-made textiles.

But while U.S. manufacturers may benefit, consumers will ending up paying the difference. It is no secret fast fashion retailers and brands rely on competitively priced Chinese manufacturing.

By importing affordable garments retailers and brands and keep costs low and secure sales back home. Should these prices go up, either American consumers, if not American businesses, will have to foot the bill.

Source: fashionunited.uk - Sep 18, 2018

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Indonesia, Czech Republic explore cooperation on industry

Indonesia and the Czech Republic are exploring opportunities for cooperation to increase investment and exports to strengthen and improve the national manufacturing structure and trade balance.

"We expect Czech support in an effort to accelerate the negotiation of the Comprehensive Economic Partnership Agreement (CEPA) with the European Union. Earlier, President Joko Widodo and the Australian prime minister had finalized the Indonesia-Australia CEPA," Industry Minister Airlangga Hartarto noted in a statement received by Antara here, Tuesday.

The statement was made after the minister met the Czech Republic Senate Chairman Milan Stech at the Ministry of Industry in Jakarta.

The minister believes that if the comprehensive bilateral partnership framework is established, it will significantly increase the exports of Indonesian products to the Czech Republic.

"Some of our manufacturing products have the potential to penetrate the Czech market, including textiles and clothing, footwear, wood-based furniture, as well as pulp and paper," he stated.

According to Airlangga, the ministry is attempting to attract Czech investors to invest in Indonesia in the rubber processing industry sector. This is in line with Indonesia`s potential that is included in the world`s largest crumb rubber producers.

"Meanwhile, the Czech Republic has a rubber processing industry that is quite competitive, such as tire factories," he stated, adding that Indonesia has a railroad industry that has been able to produce various components and railway infrastructure, for instance, rolling stock, rail tracks, and signaling systems.

This has become a collaborative opportunity for both countries for technology transfer.

"Indonesia can be used as the basis for the development of a railroad industry. Several countries, including Australia, Bangladesh, the Philippines, Malaysia, Thailand, and Sri Lanka, have ordered and imported trains from Indonesia," he explained.

On the same occasion, Stech noted that some interesting opportunities lie in industrial cooperation that could be developed by the Czechs.

"We have the Chamber of Commerce and Industry whose members reach 15 thousand from various business sectors," he stated.

Stech noted that the Czech Republic has several leading manufacturing sectors in the global arena, such as automotive, aircraft, and logistics industries.

"We have also produced trains, with a speed of 200 kilometer per hour, at affordable prices," he added.

According to Stech, the Czech Republic also has medical and pharmaceutical component industries.

Meanwhile, the Czech Republic has applied advanced technology in the field of hydroenergy, and some products have been exported.

Source: en.antaranews.com- Sep 18, 2018

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US Denim Sales Climb as the Industry Places Priority on Comfort

After learning some harsh lessons about the apparel market when athleisure started soaking up sales, the denim industry is on the rise in the United States.

For the year ending in July 2018, the U.S. jeans market produced $16.4 billion in sales—a 5 percent increase year-over-year. Women's denim was the big winner this year, with a 9 percent increase in sales over the same time frame.

Rather than an exception to the trend toward comfort in apparel, rising denim sales are a reaction to it. Designers have begun incorporating athleisure concepts like softer fabrics and stretchy fits into denim and the results have been positive so far, according to a new report from the NPD Group.

"Jeans have always offered form, fashion, and function but now they are offering the comfort today's consumers want," Marshal Cohen, NPD chief industry advisor, said. "It's a win-win for consumers, jeans manufacturers, and retailers."

Although the growth can and should be attributed to innovations in style and comfort, sales of both new and classic styles are up. The ever-present skinny jean remains the best-selling style in women's jeans and saw its share of the market increase by 6 percent to a 40 percent total market share.

The rising popularity of the skinny jean can likely be explained by the trend towards incorporating athleisure features, like those mentioned above, into the already-popular fit. Brands have introduced new materials that are capable of levels of stretch previously found only in activewear without sacrificing the traditional denim look, according to the NPD report.

Newer styles like the so-called "mom" jeans and trendy features like cropped flares and exaggerated cuffs are popular with teens and young adults.

Women still prefer the experience of trying on jeans in a physical store, with NPD reporting that only one in six purchased a pair of jeans through e-commerce during the period of the study. The report attributes the hesitancy of online consumers to the personal nature of an individual's blue jean fit and the uncertainty that comes with buying jeans from an unfamiliar source.

"Let's face it, we all have our favorite pairs of jeans," Cohen explained. "The well-worn jeans we turn to like an old friend who envelops us with familiarity and relaxation; our work jeans, a step up from our well-worn jeans; and our fancy, special event jeans. Jeans will never go out of style. They are an American classic."

Source: sourcingjournal.com- Sep 18, 2018

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Rs 25.7 bn for Pakistan textile sector under PM package phase I

The Pakistani Government allocated Rs 25.7 billion to the textile sector under the first phase of Prime Minister's Trade Enhancement Package that ended on June 30, according to senior officials of the ministry of commerce and textile.

In first two months of Phase II, i.e., from July 1 to August 31, Rs 2.6 billion was disbursed to the sector.

The ministry had assured payments to the textile sector under the package by February 2019 to enhance exports, according to Pakistani media reports.

The government had also relaxed norms for import of textile machinery for modernisation of the industry and enhance its capacity.

Source: fibre2fashion.com- Sep 18, 2018

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US does not renew GSP for Bangladesh

The US hasn't renewed the GSP facility for Bangladesh. The reason is that the US wants Bangladesh to make more progress regarding freedom of association, workers' rights and safety, and protection of labor leaders from violence.

The US terminated the GSP trading arrangement following the Rana Plaza collapse in 2013. After the suspension of the Generalised Systems of Preferences scheme, Bangladesh signed up for a 16-point action plan to get it back.

Bangladesh's main export item to the US, apparel, is excluded from GSP. Bangladesh's apparel exports are subjected to a 15.62 per cent duty upon entry to the US whereas the duty for other countries is much lower.

The GSP is a US trade initiative designed to stimulate growth in emerging economies. This is achieved by offering duty free exports.

Bangladesh was confident significant progress had been made regarding workplace safety and workers' rights. It tried convincing US decision makers that any previous worries should no longer prevent new trading ventures being created.

The US remains Bangladesh's largest export market, with bilateral trade said to have reached a new high of $7.2 billion in the 2017 financial year.

Bangladesh's exports to the US have doubled in the last ten years.

Source: fashionatingworld.com- Sep 18, 2018

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AGOA expo to strengthen US-Africa trade ties in textile

The 6-day AGOA Expo and Trade Fair from September 25 in New York is a business platform committed to celebrate US-Africa cooperation, strengthen bilateral trade relations, promote AGOA key export products and investment opportunities. It is an opportunity for US companies to expand business or introduce new products, services in the 40 African countries.

The trade fair will give opportunity to all beneficiaries of the trade agreement to promote their business including various activities including AGOA Key Exports Products Exhibition & Trade Fair, AGOA Apparel Fashion Week, African Apparel, Textiles & Footwear Exhibition and Skins & Leather Products Made in Africa.

The event will also host meetings, roundtables, B2B conferences and workshops to focus on important topics to build capacities, raise awareness, present business opportunities and encourage trade between United States and African countries, organiser Bizness Group LLC said on the website.

AGOA Apparel Fashion Week is a platform for African fashion designers to update their knowledge about AGOA apparel and textile products. They are eligible to export to the United States or to discover the process with the AGOA apparel exports process.

AGOA Experts from the US will train participants during workshops and master classes to help them increase their production, have more customers everywhere in America, It is also an opportunity to source, network with US manufacturers, machinery, yarn and fabrics companies, buyers and retailers.

Source: fibre2fashion.com- Sep 18, 2018

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T&C share in Turkey GDP is 7%

Clothing and textiles is among the largest and best-performing sectors of the Turkish economy, accounting for more than around 7 per cent of the country's GDP with more than 56,000 textile and clothing companies operating in the country and employing more than two million people.

The clothing and textile industry is largely based on cotton, which has exported some 65 per cent of its production accounting to 80 per cent of exports.

The increase in salaries in the Turkish textile and clothing sectors between 2009 and 2013, have led to the industry's gradual loss of its cost advantage and so the Turkish government has launched 'Turquality', a programme designed to provide assistance in marketing, quality upgrade and strategic positioning.

Among the Turkey's top 10 export products, clothing products and home textiles (mainly knitted) from cotton contributes to 18 per cent, while carpets and other textile floor coverings from man-made textiles contributes to 7 to 8 per cent. At the same time among the top 10 imports, cotton (not carded /combed) contributes to more than 14 per cent, while staple fibre (viscose rayon) and textured yarn (polyester filament) contributes to over 9 per cent.

Textile engineering industry of Turkey

Turkey's statistics of textile machinery and accessories state that its exports have shown gradual increase since the year 2013(as $326 million), 2014 (as $390 million), 2015 (as $424 million), and 2016 (as $405 million). It's imports have also shown an improvement since the year 2013 (as $2174 million), 2014 (as $2,000 million), and 2015 (as $1360 million).

It has exported textile machinery and accessories mainly to England (worth $68 million), Germany (worth $39 million), France (worth $29.7 million), India (nil); at the same time it has imported textile machinery and accessories mainly from Germany (worth $376.5 million), Italy ($190.7 million), Switzerland (worth $176.6 million), China (worth $172.6 million) and India (worth $23 million).

The fluctuation of Turkey-India trade

The additional duty imposed from 8 to 12 per cent on textiles and from 28 to 42 per cent on garments have resulted in reduction of India's garments exports to Turkey from $650 million in 2011-12 to $340 million in 2016-17; on the other side, the textiles exports increased marginally from $330 million to $430 million in the same period. This was because the Turkey's textile and apparel producers have to compete with subsidised India textile and apparel producers in the domestic and export markets.

During the period 2017-18, India's trade in textile machinery and accessories for the world is $4,766.78 million has increased by 16.62 per cent. While it's imports have also increased by 16.02 per cent to an extent of $4,027.29. At the same time, India has exported textile machinery and accessories to an extent of $740 during 2017-18 with an increase of 20 per cent. India's exports to Turkey is $32.13 million in 2017-18 as compared to $25.26 million in 2016-17.

Opportunities

Turkey needs $130 billion investment in order to meet its high electricity demand. Renewable energy is an area which has gained importance. Technology transfer from India will be beneficial for manufacture of equipment for solar and wind power plants in Turkey. Another area for cooperation is establishment and rehabilitation of hydropower projects. Currently, the total amount of the contracting projects of Turkish contractors in construction sector in India is around $430 million.

From the figures of exports and imports of Turkey, it can be stated that there is a great demand for knitting machines and accessories to be exported to Turkey. Also as the carpet manufacturing requires heavy and sturdy machines and further while working man-made textiles on these machines it results in fast consumption of spares, the scope for supply of accessories in this area is also very good.

One can also think of having barter arrangements of supplying carpet machines along with the polyester and staple fibres to Turkey. Huge scope of exporting Indian machines/technology transfers/projects in renewable energy, electricity generation, solar and wind power plants, and hydropower to Turkey do exists.

Due to the allotment of projects in construction and housing areas to Turkish companies in India, the scope for the technical textiles, and their machines is automatically generated, whereby the Government shall take an initiatives in the application/consumption of technical textiles in these projects, while signing agreements for these projects.

Further considering its limitations in R&D, failure to have qualified and intermediate staff, high energy cost, 85 per cent imports, global share in textile manufacturing area is only 1 per cent; and at the same time textile machinery present market of $1.5 billion is targeted to $6 billion in 2023; we feel that a setup of common facilitation centre (CoFC) under the aegis of Turkey-India CoFC for Textile Engineering, funded jointly by the Government of Turkey and India; and managed jointly by TEMSAD and ITAMMA, can help the textile industry of Turkey to develop in above areas and at the same time help India to promote its Make-in-India and Skill India concepts.

Source: indiantextilejournal.com- Sep 18, 2018

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Vietnam's garment/textile exports to reach $200 bn by 2035

As per Vietnam Textile and Apparel Association (VITAS), Vietnam's garment-textile export revenue is projected to reach $200 billion by 2035.

The sector, in the first six months of this year, attracted upto $2.8 billion in FDI. These include large-scale projects like $80 million Nam Dinh Ramatex Textile and Garment Factory of Singapore's Herberton Ltd and Ha Nam YKK Factory specialising in producing zippers and other materials for the garment industry with an annual capacity of 420 million products. By the end of 2017, Vietnam had attracted 2,079 projects in the garment-textile sector with total capital of $15.75 billion.

As per VITAS, garment-textile production lines and orders have moved to Vietnam as China has lost its advantages in terms of labour costs. Besides, Vietnam's joining many FTAs has created opportunities for local businesses to diversify its export markets besides attracting material suppliers.

Even though agreements such as Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the EU-Vietnam FTA (EVFTA) are yet to come into effect, they have significantly attracted foreign investors in Vietnam's garment-textile sector.

Source: fashionatingworld.com- Sep 18, 2018

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Texworld opens in Paris

Texworld Paris is being held, September 18 to 21. This is an international trade show for fashion. It offers professional buyers from all over the world a rich variety of products from basics to creative high-end fabrics of excellent quality.

The show is targeting manufacturers specialising in cotton, denim, drapery and tailoring, embroidery and lace, jacquard, knitted fabrics, linen and hemp, prints, shirting, silk, silky aspects, sportswear and functional fabrics, trims and accessories, as well as wool and woolen materials.

Following the eco-friendly narrative, Texworld showcases around 100 suppliers of organic cotton, linen, hemp, recycled material and other sustainable textiles.

A workshop will be about paying suppliers on time while granting customers extra payment terms and will then focus on new digital technologies. The program will also feature discussions on new business models, Cambodia as a new dragon for world clothing trade, social and collaborative networks, sustainability and style, fashion brands and influencers, and more.

A program will offer industry insights into the use, effects and developments of VR/AR/MR in the fashion industry, opportunities for an innovative textile-clothing sector in Taiwan, and integrated electronics. More than 1,750 exhibitors from 26 countries and around 29,000 visitors from 110 countries were recorded in 2017.

Source: fashionatingworld.com- Sep 18, 2018

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Bangladesh: Apparel benefitting from US-China trade war

Bangladesh's garment sector is turning into a beneficiary of the US-China trade war as American retailers are placing more work orders, but other sectors, such as jute and leather goods, are yet to see an uptick in fortunes.

Though China is by far the world's biggest exporter of manufactured goods, some factory owners over the past decade began moving production to other developing countries such as Bangladesh, Cambodia and Vietnam, said a recent report of The Financial Times.

This was in search of cheaper wages and a hedge against the political and economic risks that come from reliance on one country.

"Factory owners and US buyers say the trade war will intensify this shift," said the London-based news organisation.

The observation proved true as local garment manufacturers acknowledged receiving more work orders from the US.

Take, for instance, the case of Viyellatex Group, a leading exporter that mainly ships to European countries.

Three American buyers, who had folded their business in Bangladesh two years ago, are set to place bulk orders, said David Hasanat, chairman and managing director of Viyellatex Group, while withholding the retailers' identities.

These three are not the only ones as many other US-based clothing retailers are now queuing up at his factory as China has already turned expensive for them, he said, adding that the trade war has been the impetus needed to re-route the buyers to Bangladesh.

Three out of every 10 buyers Hasanat now serves are from the US — a development of six months. The year-on-year growth of Viyellatex Group's American buyers is 25 percent.

The number will increase further if the Trump administration finally scraps the North American Free Trade Agreement (Nafta), Hasanat said.

Earlier, many Chinese garment companies set up factories in Mexico to avail the duty privilege under the Nafta. But now, apprehending the withdrawal of Nafta, the Chinese investors are pulling out from Mexico.

Bangladesh has also been benefitting in the purchase of cotton as prices decreased 10 percent after China imposed high duty on the import of the natural fibre from the US. China imports $1 billion worth of the white fibre from the US in a year.

Similarly, AK Azad, managing director of Ha-Meem Group, which exports 90 percent of his $550 million-worth production to the US, is expecting higher work orders from American retailers.

Though Vietnam is already benefitting on a massive scale from the US-China trade war, Bangladesh does have the scope to increase gains, especially in garment business.

“But, first of all we need to improve our production capacity,” he added.

Siddiqur Rahman, president of the Bangladesh Garment Manufacturers and Exporters Association, said the kickbacks from the trade war might not be visible overnight. “However, the condition of work orders is better now from last year,” he said.

The value of last year's global garment business also indicates a declining trend for China. Although China remained the largest apparel supplier globally, its share shrank to 34.9 percent from 36 percent.

Bangladesh's share increased to 6.5 percent from 6.4 percent through exports worth $29 billion, according to data from World Trade Organisation.

However, the benefits are yet to come for other sectors. Jute goods have not benefitted yet from the trade war, said Enamul Haque Patwary, the immediate past president of Bangladesh Jute Goods Exporters' Association.

Manufacturers and exporters said Bangladeshi leather and leather goods are yet to see a spike in orders.

The Trump administration has so far levied 25 percent tariffs on $50 billion of Chinese industrial goods and is considering imposing similar tariffs on another $200 billion of Chinese exports.

China immediately retaliated with a 25-percent tariff on imports of soy beans, other agricultural products and automobiles.

Source: thedailystar.net- Sep 16, 2018

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NATIONAL NEWS

The economics of RCEP and potential outcomes for India

If India is out of the RCEP, it would make its exports price uncompetitive vis-a-vis other RCEP members' exports in each RCEP market

The Regional Comprehensive Economic Partnership (RCEP) agreement is under negotiation and has remained a much-contested subject in recent times. It is imperative to view this agreement and its potential outcomes from an objective and balanced perspective.

If India is out of the RCEP, it would make its exports price uncompetitive vis-à-vis other RCEP members' exports in each RCEP market, and the ensuing export-losses contributing to foreign exchange shortages and the subsequent extent of depreciation of the rupee can only be left to imagination.

We need to appreciate the policy makers' possible ingenuity in balancing the objectives of efficiency-yielding calibrated import liberalization, without sacrificing on the domestic sensitivities, but matched with ensuring reciprocal market access for the Indian private sector's exports in the markets of RCEP.

RCEP also needs to be understood as a "comprehensive" agreement, which helps tap the economic complementarities that get generated due to the interlinkages among various segments of trade.

These inter-linkages are particularly important when India endeavors to integrate with a region, which has been the most successful region of the world in terms of thriving regional value chains (RVCs). These RVCs necessitate freer movement of professionals across countries in the region.

This is especially crucial in a scenario when the vector of India's demographic dividend is concomitant to the vector of the "aging" population in most RCEP countries.

This skill-matching needs to be focused in the realm of RCEP negotiations by signing an RCEP Agreement on Movement of Natural Persons Harnessing Regional Skill-Complementarities.

All these may or may not add up to trade deficit. It is worth highlighting that trade deficit needs to be viewed in the context of its affordability.

Just as an individual loan and usage of credit cards are deficits at the micro level, but can be very helpful if it can be afforded by the individual, the trade deficit needs to be approached at the macro level.

Finally, our analysis suggests that there are enormous export gains that could accrue to India from RCEP under varying scenarios. This assumes even greater importance since our focus has been on products with favourable terms of trade for India, implying that by definition, per-unit foreign exchange realization from these products will be greater than per-unit foreign exchange expenditure on imports of similar products within intra-industry trade pattern.

Some of the sectors that have been identified as potential sources of India's export growth impulses under RCEP to the tune of approximately $200 billion, include processed food, gems and jewellery, metal manufactures, refined petroleum, chemicals and pharmaceuticals, leather goods; textiles and clothing, automobiles and parts, electrical machinery, and parts of aircraft and spacecraft, etc.

There are more compelling trade and economic reasons for RCEP to become India-led in future, than otherwise.

India must play its due role to get its due place in the regional economic configurations!

Source: livemint.com- Sep 18, 2018

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Readymade garments exports down by 12.12% to $6.61 bn during April-August

Export of Ready Made Garments (RMG) continued its southward journey, recording a drop of 12.12 per cent to $6.61 billion from $7.522 billion from April to August in the corresponding time period last year due to the impact of the GST and the reduction in duty drawback.

The year started with a 22.78 per cent drop in April, from $1.747 billion a year ago to $1.349 billion in 2018. In August, the export touched $1.292 billion in 2018 as compared to $1.338 in 2017.

But at the same time, the exports clocked a 5.03 per cent growth in rupee terms, thanks to currency fluctuations. The exports in August 2018 was Rs 89.87 billion as compared to Rs 85.57 billion clocked in August 2017, a growth of 5.08 per cent.

Exporters said the impact after the implementation of the GST, reduction in duty drawback, and ROSL (remission of state levies) was visible on the export trends.

"With the Government's initiatives, we expect to see the reverse trend this financial year," said Raja M Shanmugham, president of Tirupur Exporters' Association.

Another official from the exporter fraternity said the duty-drawback committee recently met the Apparel Export Promotion Council (AEPC). They had also met the Tirupur Exporters Association in Bengaluru in July, but any announcement is yet to be made. The traders fear it may negatively impact the relationship with their clients.

"A delay will drive our buyers to resort to Bangladesh, Vietnam, Ethiopia, Myanmar and once if they settle there it is difficult to bring them back immediately. Meanwhile, the season will go off with partial orders," the official said.

R Rajkumar, managing director of Best Corporation, expressed hope that next year would bring better fortunes for the RMG segment.

The rupee falling to an all-time low might help the exporters' cause as it will narrow the price difference between Made-in-India textiles and competing nations, including Vietnam, Cambodia and Bangladesh. The development comes at a time when exporters are going to finalise agreements for the next set of orders.

"It will benefit exporters, who will be able to compete better with other competing countries. With Government incentives and the dollar at 70, we should be good to compete,"

Shanmugham, president, Tirupur Exporter Association said the gap between Made-in-Tirupur and other neighbouring competing countries would be reduced by around 2-3 per cent. Currently, the gap ranges between 10-15 per cent.

"Though, we will still be costlier, customers won't mind to hedge the risk if the cost difference upto 5-7 per cent. If the situation continues, we can expect a growth of around 10 per cent. The fall is a pleasant surprise for the industry," Shanmugham said.

Source: financialexpress.com- Sep 19, 2018

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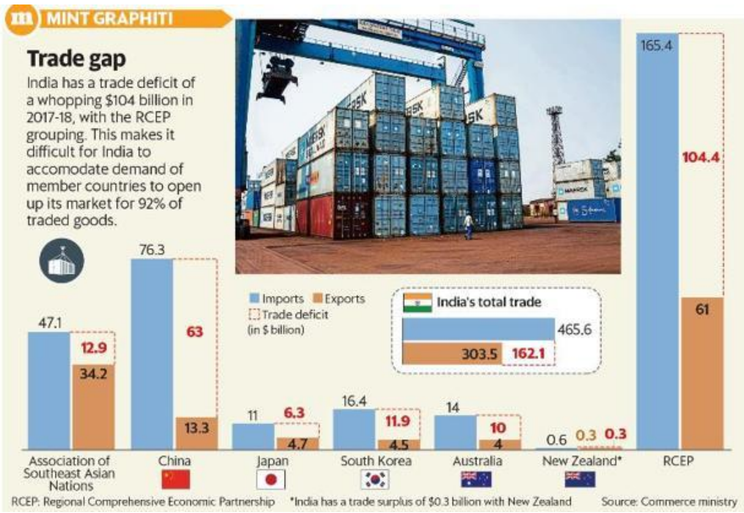
What India stands to gain from RCEP negotiations

Talks have dragged on for 5 years as Delhi has been reluctant to open up its market

India has a whopping $104 billion trade deficit with the 16-member Regional Comprehensive Economic Partnership (RCEP) grouping, which is 64% of India's total trade deficit of 2017-18. No wonder, there is a raging debate on whether

India should remain or quit the RCEP negotiations. RCEP comprises the 10-member Asean grouping and its six free trade partners, including China, India, Japan, South Korea, Australia and New Zealand. Once concluded, RCEP will create the largest regional trading bloc, making up 25% of GDP, 30% of global trade, and 26% of foreign direct investment (FDI) flows.

State of play



Negotiations have dragged on for almost five years, primarily because of India's reluctance to significantly open up its market, given the sensitivities around agriculture- and labour-intensive domestic industries. On 31 August, at the Singapore Ministerial, RCEP members, however, staged a coup of sorts by adopting a "package of year-end deliverables", for which negotiations need to be concluded by December.

Given that member countries, India and Indonesia, are going to polls early next year, sealing the negotiations will ensure that the deal will be signed sometime next year. India claimed "big success" as members conceded to its demand to liberalize their services market and allow movement of skilled professionals (Mode 4).

However, former trade secretary Rajeev Kher said India should not overplay the Mode 4 card as the geopolitical situation has made it difficult for countries to negotiate easier immigration norms.

"India should focus on skilling its manpower as the aging countries of Asia would anyway need skilled professionals from India because of its demographic advantage."

India has already agreed to offer tariff liberalization on 74% of goods from China, Australia and New Zealand, and it could go up to 86% for other RCEP members.

However, the member countries want India to open up its market for 92% of traded goods, which India finds too ambitious to accommodate.

Now India has agreed to top up its earlier offer by engaging in bilateral negotiations with countries on a quid-pro-quo basis.

Elephant in the room

It is China. With a $63 billion trade deficit only with China, India is apprehensive that if it further liberalizes its market by reducing import duties on goods under the RCEP deal, then China will flood its markets, especially in the steel and textiles sectors.

The steel industry has been demanding to completely exclude steel tariff lines from RCEP negotiations, fearing China will dump cheap steel items in the domestic market and that the Indian steel industry, which is already reeling under high levels of bad debt, will not be able to remain competitive.

Arnab Kumar Hazra, assistant secretary general , Indian Steel Association, said India has already burnt its fingers by giving tariff concessions to South Korea and Japan, given that after FTAs with them steel imports have substantially increased without commensurate increase in investments in India from these countries.

“It’s not about being proponents of free trade or not. Please understand, China has completely distorted the global steel market as they have 50% of the world capacity. Hence, it will be naive to open up the sector to China under RCEP.”

However, Kher said India need to look at RCEP from a much broader and long-term perspective.

“Today, your competitiveness may not be there in several product lines, but because of the reforms in the last four years, the potential of your competitiveness is improving.

Secondly, it cannot happen that all sectors will grow. Some sectors have to die. You must pick the winners and losers.”

Source: livemint.com- Sep 18, 2018

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Assess long-term health impact first

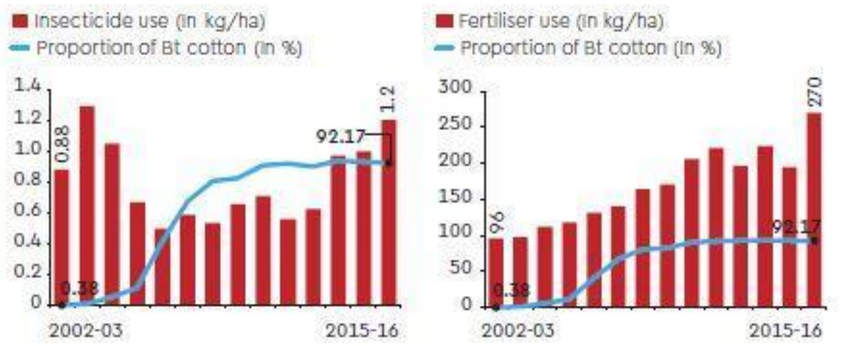
While people raising questions on GM food are often tarnished as anti-science, the data indicates something else.

Tn the article "Tapping technologies for farmers: Bt cotton" (goo.gl/uY3PWB), Ashok Gulati and Ritika Juneja of ICRIER painted Bt cotton as a success story, stating that because of it India emerged as the largest producer of cotton. This couldn't be further from truth, as the yield of cotton has stagnated in the decade since Bt cotton acreage started gaining substantial percentage.

Yield and production data for cotton compared to Bt cotton

	Area (In mn hectares)	Production (In mn bales)	Yield (In kg/hectare)	Proportion of Bt cotton (In %)
2002-03	7.67	13.6	302	0.38
2003-04	7.63	17.9	399	1.22
2004-05	8.79	24.3	470	5.67
2005-06	8.68	24.1	472	11.70
2006-07	9.14	28	521	41.56
2007-08	9.41	30.7	554	67.28
2008-09	9.41	29	524	80.80
2009-10	10.31	30.5	503	82.44
2010-11	11.14	33.9	517	90.83
2011-12	12.18	36.7	512	91.89
2012-13	11.98	37	525	93
2013-14	11.96	39.8	566	92.98
2014-15	12.85	38.6	511	93
2015-16	11.88	33.8	484	92.17
2016-17	10.5	35.1	540.8	83.33

Source: Cotton Association of India Weekly Publication (December 2016), Cotton Corporation of India



While Bt cotton was officially introduced in 2002-03 when cotton yield was 302 kg/hectare, it only achieved 11.7% proportion of overall cotton acreage until 2005-06 when its yield was 472 kg/hectare (see table).

Move on to a decade later in 2015-16 when Bt cotton percentage was more than 92%, the yield, after initially increasing, came down to 484 kg/hectare.

The yield only increased by 2.5% between 2005-06 and 2015-16 in the period when Bt cotton became predominant.

Whilst the production did increase more than 40% in the same period, this was primarily driven by increase in cotton cultivation area, which rose 37%. The major yield increase took place in the period when Bt cotton proportion was minuscule.

Whilst Bt cotton failed to increase the yield, the fertiliser and pesticide usage increased in the same duration by 140% and 79%, respectively. Cotton is reported to have the second-highest share of pesticide consumption in India, after paddy. This is what led the former textiles secretary TSR Subramanian to say, in May 2017: "The alluring promise of higher yield and lower pesticide usage which induced many, including myself as textile secretary to the government of India in the 1990s, to welcome Bt cotton has now been belied.

Despite increased fertilisers and irrigation, the expectations of enhanced cotton yield have not been realised. Most of the countries that have higher cotton yields than India do not grow GM cotton." In 2017, India was ranked 32nd in the ranking for cotton yield globally, of which 21 countries ranked above India grew non-GM cotton.

The high cost of seeds, and increased cost of fertilisers and pesticides is what, in part, led to huge losses to cotton farmers. According to AR Reddy, principal scientist, Agricultural Economics, Central Institute for Cotton Research, in 2014-15 an average cotton farmer made a loss in net income of Rs 6,318 per hectare.

Dr Gulati and Juneja implore the government to approve Bt brinjal and GM mustard. What they do not talk about is that the biosafety dossier for Bt brinjal, which was approved by the Genetic Engineering Appraisal Committee (GEAC), was found to have significant differences in aspartate aminotransferase (AST) levels in both males and females between non-transgenic brinjal and transgenic Bt brinjal treatments when looked at by the Supreme Court Technical Expert Committee.

AST is a marker of organ integrity and increased AST could indicate damage to liver or heart. The same report also mentioned that "the dossier for Bt brinjal had been examined by others including international experts who had commented on the data and pointed out certain concerns … also found other instances where there were significant differences in biological indicators between Bt and control samples in the case of cotton."

Cows fed Bt cotton for consumption, from the promoter's own data as submitted to regulators, can be seen having reduced milk yields than for cows fed non-Bt cotton. In a chronic toxicity study in rats, their serum, blood and organ parameters were found to have significant differences between Bt and non-Bt fed female rats. This also raises serious competency questions on GEAC.

One can only wonder why Dr Gulati and Juneja would want such Bt brinjals to be fed to humans. A lot of these issues only became clear when the biosafety dossier was made available to public for Bt cotton and Bt brinjal, which has still not been made available for GM mustard after repeated requests. While more long-term health impact studies are needed, one cannot turn a blind eye to these results coming from promoter's own results whose implications were missed by regulators. In the meantime, people are being sold Bt cottonseed oil illegally on a large scale.

Even the 2012 Parliamentary Committee on Agriculture report on 'Cultivation of Genetically Modified Food Crops—Prospects and Effects' stated that animal feeding trials on biosafety studies with Bt cotton crop using seed meal observed "Bt cottonseed feeding increased liver weight, testicle weight and testicle fat g/kg empty live weight."

Another 2013 study refers to more than 400 peer-reviewed studies from around the world on other harmful impacts related to GM crops/food, too.

This calls for long-term health impact studies on GM food/crops in India. As the late PM Bhargava pointed out in 2015, only 15% of the tests that should have been done, have been done on GM material in India.

This also flies in the face of claims by FSSAI CEO Pawan Kumar Agarwal incorrectly stating in his interview with Vivian Fernandes (goo.gl/YEZTD3) that "there is no verifiable health impact of GM food vis-a-vis conventional food on humans."

Whilst people raising questions on GM foods have often been tarnished as being anti-science, the above data indicates something else.

Source: financialexpress.com- Sep 19, 2018

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India needs FTAs for growth

With trade tensions escalating between China and the US, India is likely to benefit by getting more access to Chinese markets and attract FDI, provided India puts its house in order and becomes domestically competitive.

If India is not competitive, it is unlikely to benefit from the China-US trade spat.

Five years ago, when wages were increasing across China, the question was asked whether foreign direct investments would flow to India because China was losing its competitiveness.

Unfortunately, that was not completely realised.

A lot of the FDI from Japan, China, Taiwan, and even Sri Lanka did come in to India, but most of the investments were diverted to Cambodia, the Philippines and Vietnam. This was because India did not engage in domestic reforms.

India feels it got its fingers burnt with free trade agreements with Japan and South Korea, so now it's taking things slow with the RCEP trade deal with Asean and other countries because it fears China will swamp the market.

India also has a trade deficit with China. China, South Korea and Japan benefited by opening their markets because domestic markets alone will not generate enough growth.

Accessing growth markets is critical for the long term growth of a country.

Source: fashionatingworld.com- Sep 18, 2018

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This Indian brand is using plastic to make T-shirts

A performance wear brand Alcis Sports is recycling plastic bottles to make T-shirts. Their range of products like Wonder Tee and Wonder Polo is designed and made by using R-PET, the material used to make water and soda bottles.

The menace that plastic creates needs no retelling. Non-biodegradable by nature, it is one of the worst contributors to pollution and it does not really help that often they are disposed without much caution. One good way of curbing the plastic pollution is to recycle it.

This is a common practice by several brands abroad. Liar the Label, the swimwear brand uses plastic bottles to create their products. Another brand Howies crushes the plastic into small plastic chips, spins them into a yarn, mixes them with cotton and makes denim out of it. These are just few examples among the several brands who are actively trying to resist pollution created by plastic.

And it seems like Indian brands are following suit. A performance wear brand Alcis Sports is recycling plastic bottles to make T-shirts. Their range of products like Wonder Tee and Wonder Polo is designed and made by using R-PET (Recycled Polyethylene Terephthalate) – the material used to make water and soda bottles. The brand converts it into environment-friendly safe products.

T-shirts are generally made of polyester and producing it not only involves a huge amount of chemical, water and fossil fuels but its by-products are also toxic. "That's why, we thought of using R-PET (Recycled Polyethylene Terephthalate) for our Wonder Tee and Wonder Polo range, which is a strong, durable and recyclable material used for soda bottles, water bottles, food jars etc, making it an environment-friendly, cost-effective and safe product that also performs better than polyester," says Roshan Baid, MD of Alcis Sports.

Source: indianexpress.com- Sep 18, 2018

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Rising Frauds: Yarn suppliers to take Post-Dated Cheques

Business practices of traders in Ahmedabad, dealing with cotton yarn, will undergo a sea change as Post-Dated Cheques (PDC), advance cash payment and Letter of Credit (LC) will soon become mandatory. So far, it is majorly on credit. However, rising cases of non-payment or delayed payment are forcing businessmen to adopt new practices.

The decision was taken during a recent meeting of businessmen of Maskati Market Kapad Mahajan, Amdavad Sootar Mahajan and Spinners Association (Gujarat). Spinning mills sell yarn to weavers through brokers, who get a commission. Normally payment is made after 45 days of getting the delivery of goods. Now brokers complain that there is a surge in non-payments or delayed payments by weaving mills and weavers.

"Complaints of non-payment or delayed payment rose from 10% about six months ago to about 50% now," said Jitendra Shah, president of Amdavad Sootar Mahajan, a body of close to 90 yarn dealers in the city.

It has also been decided that cases of non-payment or delayed payment will be brought to the notice of MMKM, which has powers of arbitration in trade disputes. Spinners Association (Gujarat) is a member of MKMM. Now ASM will also become its member. "We have urged members of ASM and Spinners Association (Gujarat) to become individual members of MKMM so that they can avail arbitration," said Gaurang Bhagat, president of MKMM.

Having a PDC will make the case of spinning mills stronger when they come for arbitration. "In absence of such documents, we have a limited bandwidth to come to their rescue," said Naresh Sharma, secretary of MKMM. It has also been decided that the order will be placed through a formal communication between the buyer and the seller through a Purchase Order (PO) either in physical or electronic form. The date of delivery and payment will also be mentioned.

Maskati Mahajan has also asked spinning mills to first cross-check credentials of yarn brokers before sourcing an order. "We have asked them to thoroughly check the credentials of traders before dealing with them. They should check if the broker is registered with ASM. ASM will give them the right inputs. If mills do not take reference from us, then we will not be responsible for any kind of trade disputes," said Bhagat.

One of the reason, players attribute, for non-payments is huge fluctuations in price of yarn. "If prices fall, buyers want to renegotiate contracts. If they rise, they refuse to accept the consignment," said Shah.

NEW ADVISORY

- Take orders, physically or electronically
- Take PDC, LC, advance money
- Cross check credentials of brokers
- Take references from ASM, MMKM
- Non-payments rise from 10% to 50%
- Wide price fluctuations disrupting orders

Source: indianexpress.com- Sep 18, 2018

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Cotton output likely to be hit by deficient rains

Deficit rainfall in some cotton growing regions in the state has left many farmers and traders worried over its impact on the total output this season.

Although the Cotton Association of India (CAI) in its latest reports has retained its cotton output at 365 lakh bales, the figure is likely to come down to some 350 lakh bales.

The country's cotton output for the 2018-19 season is estimated at 350 lakh bales, down 4% from 365 lakh bales harvested a year ago due to lower acreage and a possible fall in yields. Rains in September are critical for growth of the crop and any shortage this month may impact yields, said Atul Ganatra, president, CAI.

Recently, the Gujarat State Agriculture Department in its first advance crops estimation report has officially reduced Gujarat cotton crop production by nearly 15% due to less rains. The government has cut Gujarat cotton production from 102 lakh bales in 2017-18 to 88 lakh bales in 2018-19.

As per reports, the state agricultural department has also reduced other commodity production estimates in Gujarat except rice due to huge rain deficit.

Meanwhile, the Gujarat government is likely to review the crop condition on September 30. According to a data from the India Meteorological Department, overall rainfall in Gujarat between June 1 to September 13 was 25% below normal, and the major cotton growing regions of Saurashtra and Kutch reported a 30% deficit rainfall.

Significantly, this kharif season, cotton was sown late in Maharashtra due to delay in arrival of monsoon rains and also to avoid another attack of pink bollworm, which destroyed about 20-25% of the state's cotton output last year.

Although the state agriculture department officials maintain that the impact of Pink bollworm on Maharashtra's cotton crop has been less than 5% in 2018-19 and the number of villages under the Pink bollworm attack have come down to 20, industry experts say it is too early to celebrate.

Source: financialexpress.com- Sep 19, 2018

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