Cotton Market

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

<table>
<thead>
<tr>
<th></th>
<th>Rs./Bale</th>
<th>Rs./Candy</th>
<th>USD Cent/lb</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>22660</td>
<td>47400</td>
<td>86.59</td>
</tr>
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Domestic Futures Price (Ex. Gin), October

<table>
<thead>
<tr>
<th></th>
<th>Rs./Bale</th>
<th>Rs./Candy</th>
<th>USD Cent/lb</th>
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<tr>
<td></td>
<td>23340</td>
<td>48822</td>
<td>89.18</td>
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International Futures Price

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<tr>
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<th>USD Cent/lb</th>
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<tbody>
<tr>
<td>NY ICE USD Cents/lb (Dec 2018)</td>
<td>82.29</td>
</tr>
<tr>
<td>ZCE Cotton: Yuan/MT (Jan 2019)</td>
<td>15,790</td>
</tr>
<tr>
<td>ZCE Cotton: USD Cents/lb</td>
<td>88.77</td>
</tr>
</tbody>
</table>

Cotlook A Index – Physical

|                                | 92.90       |

Cotton Guide: Cotton price continued to trade down. On Wednesday at ICE the cotton future for December contract ended lower at 82.29 cents per pound. The month of August has not been kind to the bulls at all. During August so far, December contract has a loss of 730 points. The other months settled from 28 to 98 points lower. Their August losses up to date range has been from 189 to 776 points.

On the trading front volume were 16,465 contracts on Wednesday and cleared previous day were 17,503 contracts. For reference December first notice day is November 26th, leaving 65 sessions until then. Dec open interest has declined every day so far this month for a total drop of 30,323 contracts to begin the session on Wednesday at 147,974 contracts. Total open interest was at 253,259 contracts, up 155 contracts, its first increase in sessions.
Wednesday was the first day of trade talks in Washington DC between officials from the US and China. The meeting is not expected to result in a resolution but it should set the stage for higher level conversations later. News on the talks was lacking. China’s ZCE futures had a 4th day of gains, and that was the first time it has scored 4 higher sessions in a row since May. Wednesday’s settlement was the highest of the last 7 sessions.

Chinese State Reserve cotton on Wednesday’s auction had a turnover rate of 56.6 percent, spinners only. Offered were 30,001.026 tons (137,795 bales); and sold were 16,951.517 tons (77,858 bales). The cumulative turnover rate is 56.74 percent (offered versus sold). This auction series started at 24.1 million bales and 15.15 million bales remain.

On the domestic front India markets were closed due to Eid celebration. However, the future market was opened for limited trading hours. The most active October future traded in the range of Rs. 23460 to Rs. 23280 and ended at Rs. 23340 per bale. Market is expected to remain lower today as the ICE future is already trading lower by 0.78% at 81.66 cents. We think the trading range for the day would be Rs. 23200 to Rs. 23440 per bale.

**FX Update:**

Indian rupee has depreciated by 0.3% to trade near 70.02 levels against the US dollar. Rupee is pressurized by recovery in US dollar post FOMC minutes as central bank officials maintained case for interest rate hikes on back of strong economic growth. Also weighing on rupee is sharp gains in crude oil.

Brent crude trades near $74 per barrel after a 3% rally yesterday on bigger than expected decline in US crude oil stocks. Also weighing on rupee is mixed trade in equity market as market players assess US-China trade talks. Rupee may remain under pressure as Fed’s stance will support US dollar. USDINR may trade in a range of 69.85-70.15 and bias may be on the upside.

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

Companies Embrace China Plus Many Sourcing Strategies to Weather Trade Storm

*The diversification of global apparel and textile sourcing is accelerating, as China’s hold as the top source of U.S. apparel slips.*

Companies are looking to a China Plus Many strategy to spread out their apparel manufacturing to gain advantages of speed and cost, and reduce their risks in the highly charged political environment.

Trade wars that have led to tariffs between the U.S. and China and the European Union, and renegotiations of free trade agreements such as the North American Free Trade Agreement (NAFTA) and the U.S.-South Korea FTA, have companies hedging their sourcing options to limit their risks.

The China syndrome

China’s market share of apparel imports fell 2.43% for the year through June to $26.8 billion worth of goods and a 33.05% market share. That’s a far cry from consistent double-digit annual increases seen over the last couple of decades up until the last couple of years.

A year earlier, China’s apparel import value were flat from a year earlier, but it held a 41.75% market share, while for the year ended June 2016, China’s imports had increased 3.14% to hold a 41.76% market share.

Looking back further, for the 12 months through June 2015, China’s apparel imports rose 5.32% to hold a 41.88% market share, and in June 2010, the country that became known as “the world’s manufacturer” had seen its imports in the category jump 16.32% to hold a 41.3% market share. This means in eight years, China has lost roughly 8 percent market share, mostly due to increased costs and its desire to focus more on domestic consumption.

“The numbers are skewed because companies that were planning on China production rushed their deliveries with everything that was going on,” Gail W. Strickler, president of Global Trade at Brookfield Associates, said. “I expect a much more significant downward change by the end of the year.”
While she doesn’t expect a “huge jump” in any one country or region, Strickler said rather, “What I’m seeing and advising clients on is sourcing being spread out...No one place should be more than 25 percent of your sourcing.”

**Asian tigers**

China’s Asian neighbors have been the main recipient of the business it has lost, but other areas like the Western Hemisphere have established themselves as alternatives for certain products and better speed to market, while Africa could finally be building momentum as the next fertile ground for apparel manufacturing.

Vietnam leads the pack among the group of Asian apparel manufacturing nations, with apparel imports to the U.S. growing 7.36% to $11.89 billion in value and a 14.67% market share.

Cambodia was the next big gainer, with imports increasing 10.1% to hold a 2.82% share, while Pakistan’s shipments grew 5.66% for a 1.62% share, India’s imports were up 3.86% for a 4.83% share and Bangladesh’s shipments inched up 0.7% to hold a 6.4% share. Myanmar could be starting to pick up momentum, with imports increasing 56.22% to $150.23 million.

“Companies are going to increase their manufacturing in places they are already in and take some production away from China because of the risk,” Strickler said.

Vietnam is starting to face the problem of companies already having substantial production there, prices are starting to increase and capacity issues are arising, Strickler noted. Companies are still concerned about the risks of Bangladesh, too.

Imports from the Western Hemisphere increased 1.1% in value to $13.9 billion and a 17.15% market share in the year, with the countries of the Central American Free Trade Agreement (CAFTA) seeing their shipments dip 0.93% to $8 billion and a 9.87% market share.

NAFTA partners Mexico and Canada hold a 4.35% and 0.8% market share, respectively, with steady gains in the year, despite political controversy.
The yarn-forward rule in CAFTA, Strickler noted, has held back growth those countries, particularly in wovens.

“I really feel the potential of CAFTA isn’t being realized because of the limits of the type of fabrics that can be used there,” she said.

**Out of Africa**

As for percentage growth, the largest increases have come from the countries that are part of the African Growth & Opportunity Act (AGOA) trade preference program, as well as from Egypt.

Apparel imports from Sub-Saharan Africa increased 9.15% in the period to $1.11 billion, grabbing a 1.37% market share. Egypt has the largest stake from the continent, with shipments rising 16.02% to $784.04 million.

Other important players are Kenya, with a 5.64% gain to $344.64 million; Lesotho, with imports increasing 7.32% to $310.53 million; Madagascar, with imports jumping 34.99% to $174.3 million, and Ethiopia, which saw its shipments skyrocket 84.21% to $75.23 million.

DHL Global Forwarding and Ethiopian Airlines recently formed a joint venture company—DHL-Ethiopian Airline Logistics Services Ltd.—to enhance Ethiopia’s logistics infrastructure and connections.

Tim Scharwath, CEO of DHL Global Forwarding, said by creating the joint venture, “We are opening up an important access to international trade for Africa’s fastest growing economy and at the same time strengthening our position in the African continent.”

The joint venture will provide much-needed freight capacity and logistics infrastructure to Ethiopia, where soaring economic growth has fueled demand for international forwarding and handling services, DHL said.

Door-to-door solutions will also connect Ethiopia’s growing number of industrial zones and business parks, covering fast-growing sectors including garments, pharmaceuticals and automotive production.
Now that Ethiopia and Eritrea have settled longstanding differences, Strickler said the port in Massawa, Eritrea could help Ethiopia export and create a supply chain in the northern part of the country.

Prior to this development, Ethiopia had been relying on the port in Djibouti, which contributed to delays and curbed the country’s speed to market.

PVH Corp., one of the leaders in entering the African market for manufacturing, has focused on working with key supplier mills in Ethiopia.

In partnership with the government and other key stakeholders, the company broke ground on the Hawassa Industrial Park in 2015, finishing it in 2016. PVH has gone from producing less than $100 million worth of goods in 2016 to what could potentially reach $1 billion in 2018, and $30 billion by 2025, if the company hits its targets.

Overall, companies have been forced to become more diversified in their sourcing, whether they intended to or not, just to sustain themselves against political and economic trade winds.

“People have to really be smart and strategic about where they place their production,” Strickler said. “In some cases, companies are helping factories in a certain country to expand their production there.

Those are the companies that are going to create the good, long-term partnerships. It’s not China Plus One anymore, its China Plus Four or Five.”

Source: sourcingjournal.com- Aug 22, 2018
US-China Tariff Fallout: Cambodia emerges new investment destination

Increasing tariffs on Chinese products has led to the rise of countries like Cambodia and Vietnam as attractive investment destinations from consumer-goods like Steven Madden and Tapestry Inc.’s Coach.

And while the Trump administration has slapped duties on goods from many of its largest trading partners this year, it has allowed some Cambodian products to continue duty-free access to the US market.

A study by the US Fashion Industry Association indicates almost 67 per cent respondent’s expected value or volume of goods sourced from China to decrease over the next two years. A striking example of this is Steven Madden, which expects to source 15 per cent of its handbags from Cambodia this year, with this percentage doubling in 2019.

Similarly, Tapestry, the luxury company behind Coach and Kate Spade handbags, is boosting Vietnamese production and sourcing only 5 per cent from China. Vera Bradley, meanwhile, is planning to shift its manufacturing operations to Cambodia and Vietnam from China.

Cambodia gains with changing dynamics

This move to shift production has impacted China severely. Stocks of Hong Kong-based Stella International US China Tariff Fallout Cambodia emerges new investment destination 002 Holdings, developer and manufacturer of footwear brands like Prada SpA and Guess has dropped to its lowest point since 2009.

On the other hand, according to an annual report by the National Bank of Cambodia, the country’s footwear exports rose 25 per cent in 2017, while its garment exports increased 8 per cent in the same period. Vietnam, meanwhile, has enjoyed a foreign investor-led economic boom for years, attracting billions of dollar investments from the likes of Samsung Electronics and Intel Corp.

It is transforming from mainly an exporter of agricultural commodities, such as rice and coffee, to a Southeast Asian manufacturing hub.
Even before China and the US escalated their trade tensions, Cambodia enjoyed duty-free privileges for products such as handbags, suitcases and wallets, part of a US program to help boost development in low-income countries.

This designation has so far been maintained by the Trump administration. Cambodia also is one of the lowest-cost countries when it comes to labor. Oxford Economics estimates labor cost in Cambodia to be a quarter of China’s.

The down side

However, the country’s productivity rates are low compared to China, making it a challenge to manufacture more elaborate products. A survey by the Hong Kong Development Council, which promotes trade and investment for the territory, suggests average labor productivity of Cambodian workers was about 50 to 60 per cent that of Chinese workers.

Cambodia’s infrastructure also lags behind China’s. The nation’s infrastructure was ranked 106 out of 137, behind Vietnam and Laos, in the World Economic Forum’s Global Competitiveness Report. This can cause difficulties in getting merchandise out of the country.

As per the US government, the recent Cambodian elections held in July, where the ruling party won all 125 seats in the National Assembly, were ‘flawed’.

As a result, the US and Europe are likely review their trade policies and potentially stop giving tariff preference to Cambodia’s garment industry. This can prove to be a fatal blow for the nation, where garments make up 64 percent of total exports.

Source: fashionatingworld.com- Aug 22, 2018
A Made in USA Resurgence Won’t Happen Without Vertical Supply Chains

There’s currently a strong desire on the part of both retailers and consumers to bring back local textile production. We’ve seen it in the booming food movement—consumers want quality, sustainability, and purpose. They want to connect with the products they’re buying.

Unfortunately, there’s a reason companies have left working in the U.S. in favor of overseas production.

Cost, of course, is one, though the main reason companies have a more positive experience overseas is the verticality of the supply chains. Offshore factories are streamlined and efficient, making it easy to manage the full production of a garment supply chain, from farm to finished product.

Domestically, we’re working with an utterly broken system. Just a few generations ago, nearly all textiles and garments were produced locally, but since so many companies have left to build more seemingly cost-effective models in other parts of the world, it’s created a domino effect domestically.

The textile industry in the U.S. has, for the most, part unraveled, and supply chains are splintered. Without one streamlined entity, levels of workmanship, accountability and efficiency have plummeted.

As with others, I’ve found manufacturing offshore so much more efficient and cost-effective. In the U.S., MetaWear has started making inroads in rebuilding what’s broken in our own backyards. We’ve been at the mercy of subcontractors who lack reliability on both quality and timing, and who prioritize big government contracts over private businesses.

Trying to deliver “Made in USA” product has been an eye-opening endeavor, trying to manage MetaWear’s turnkey local factory, while navigating broken supply chains, bottlenecks and lack of accountability or service. Further, the inefficiencies of freight—when shipping from factory to factory all over the coast or even country—make it even more costly and inefficient. Overall, the current state of affairs can make domestic management a logistical nightmare.
All of that aside, however, there is tremendous untapped potential in bringing textile manufacturing back to America.

There is clearly an opportunity, particularly when considering the specific demands of today’s market. As noted, we only need to look at the food movement to understand that consumers are craving a transition from global to local.

Millennials, in particular, are looking for a shift to transparency and social justice. Local, ethically made and organic are important labels that tell a story of a collective commitment to sustainability and a shared humanity. And in order to expand organic agriculture as a whole, to affect change both in American food and fiber/textile production, we have to rebuild a dependable and scalable manufacturing infrastructure.

We all recognize the desire to bring textile production back to the U.S., of course to create jobs at home.

Companies tend to balk at domestic labor costs, but—especially in the context of today’s conscious consumer—adding value actually can offset higher pricing when a “source to story” framework is layered in.

Add to that the hidden costs of producing overseas that we’re not evaluating on our COGS (cost of goods sold) models, and in fact, our margins and bottom lines can actually be improved with local production.

With today’s fast-fashion mindset of faster-cheaper-more, consumer demand shifts rapid fire with ever-changing trends. With that cultural mentality, there’s a significant risk of liquidation and loss from the longer lead times and higher minimums when producing overseas.

Working domestically—with smaller runs and quicker turnarounds—helps mitigate these risks and balance the ultimate last cost, increasing profit. This “updated” costing model must be considered, as companies are building today’s manufacturing strategies.

There is enormous opportunity for the USA textile industry to rebuild—and it starts with vertically integrated supply chains.
The factories of the future will be service-driven, proficient, tech-savvy, and state-of-the-art, embedded with traceability, sustainability and lean manufacturing. We need to start bringing all of the moving pieces together under one roof, or at the very least, under streamlined and connected entities that are working together efficiently and effectively. By doing this, we’re not only rebuilding a system that allows for transparency, quality and job growth, we’re also benefitting brands and retailers by creating lower minimums, quicker turnarounds and less risk of liquidation—to counter the exorbitant textile waste generated by today’s overseas production models.

As an industry, we’re in a time of rapidly shifting tides, trying to bridge our ideals and visions of what could be with the practical concerns of the current system. Industry stakeholders must come together and recognize that, while it may not be as easy as in the past, if we are patient and committed to finding win-win solutions, we can build the local, sustainable factories of the future and wear the change we wish to see.

Source: sourcingjournal.com- Aug 22, 2018

What’s Next in the Trade War? Key US-China Events to Watch For

China and the U.S. resume trade talks this week, ending the hiatus after an earlier deal collapsed in May.

Fresh rounds of tariffs on each other’s goods are set to take effect from Aug. 23, coinciding with the negotiations. And as President Donald Trump has threatened even more levies, the trade standoff has the potential to drag to the end of the year and beyond.

That casts a number of already scheduled events into a new light, such as a meeting of Asia-Pacific Economic Cooperation countries in November that could stage a meeting between Trump and Chinese President Xi Jinping.

Here’s a list of key events this year that could provide breaking news on the trade standoff between the world’s two biggest economies.
Trade talk

A Chinese delegation led by Vice Commerce Minister Wang Shouwen will meet with an American group headed by David Malpass, under secretary for international affairs at the Treasury Department, in Washington this week. Both sides haven’t provided more details, but economists doubt that anything concrete can be reached in this mid-level talk.

$16 billion

Levies on $16 billion in each other’s goods will hit Thursday. The Trump administration already imposed duties on $34 billion of Chinese goods last month, a move that prompted immediate in-kind retaliation from Beijing. The revised Chinese list added hundreds of new items including coal, medical instruments, waste products, cars and buses, while the U.S. announced it plans to collect duties on products ranging from motorcycles to steam turbines and railway cars.

$200 billion

The U.S. is holding a six-day hearing that started Monday on the latest round of proposed actions against Chinese imports, which would place tariffs of as much as 25 percent on $200 billion in goods. Those taxes, which China has vowed to hit back against by levying duties on $60 billion of U.S. goods, could take effect after a public comment period closes on Sept. 6.

Party meeting

A Communist Party meeting will likely be held this fall, the fourth full Central Committee gathering since Xi secured a second five-year term as leader last October.

According to the process standardized four decades ago, the meeting is likely to be focused on economic issues and reform agendas, as was the one in November 2013.

But there is chance that Xi would break the norm. The party’s top 400 officials gathered in Beijing in February, ahead of annual legislative meeting, a rarity in its history, to deliberate on personnel appointments and government restructuring.
Import fair

China will hold its first-ever International Import Expo in its financial hub Shanghai from Nov. 5-10. Xi is set to address the fair, one of his pet projects. The world’s biggest exporting nation has reiterated that it would like to boost imports from all over the world including the U.S., to meet domestic demand and reduce the trade surplus.

APEC

The Papua New Guinean capital Port Moresby in November will host an APEC summit that could offer a stage for Xi and Trump to meet for the first time this year. During the 2017 APEC meeting in Vietnam, Trump said the U.S. will no longer tolerate countries that are “cheating,” stealing American intellectual property or subsidizing production — common complaints he makes about China’s trading practices.

G-20

If officials of the two powers are still not able to strike a tentative deal ahead of the APEC, then the G-20 meeting in Argentina from Nov. 30 to Dec. 1 could be another platform for the two leaders to sit down and talk. The pair met on the sidelines of the G-20 in July last year.

Source: sourcingjournal.com- Aug 22, 2018
Spandex supply in China outstrips demand

For the first half of 2018, spandex supply in China significantly outstripped demand.

Spandex was purchased on demand, and inventory of several weavers and dealers slightly went up. Spandex prices continuously dropped, but prices of MMDI, one of the main feedstocks for spandex, increased by around 20 per cent year on year.

PTMEG prices slightly declined year on year, while overall feedstock cost was higher than the same period of last year.

Cash flow of spandex 40D deteriorated slightly year on year, while several brands with low financial costs, efficient units and differentiated products showed meager profits.

The concentration ratio of the spandex industry is expected to gradually rise in the next few years.

Compared with the great volatility in the past two years, the inventory fluctuation of spandex industry was slight in 2018. Spandex plants focused on selling, while the operating rate of downstream weaving plants was higher than in the previous two years.

Downstream buyers purchased spandex mainly to cover the pressing demand this year, and spandex inventory slowly increased. The monthly sales ratio was largely balanced.

The operating rate of the spandex industry was mainly above 90 per cent entering the third quarter. The operating rate of spandex downstream weaving plants was 30 per cent to 70 per cent.

Source: fashionatingworld.com- Aug 22, 2018
UK fashion and textiles firms need more export support

UK clothing and fabric companies could significantly boost export activity with the right support, says Adam Mansell, CEO of the UK Fashion and Textile Association.

Exports are vital to our sector. We welcome the Government’s ambition to raise the country’s exports as a percentage of GDP and are encouraged that the export strategy recognises the importance of putting business at its heart. However, the strategy contains no new financial support for companies wanting to grow their export business, and most of the activity listed is not new.

The Trade Show Access Programme (TAP) is the only major source of direct financial support to companies in the fashion and textile sector. UKFT takes almost 700 companies to around 40 international trade shows each year and, between them, those companies receive in the region of £650,000 in government funding.

We estimate that each £1 of TAP funding generates £70 in taxable export orders, so there is a fantastic return on investment. This is more than three times the return on investment of the government’s “Great” campaign to improve and increase exports (at £1:£20).

However, at a time when we need to be encouraging and supporting exporters and preparing them for Brexit, the funding rules have become very tight and almost exclusively aimed at businesses that are new to export.

Our European competitors get significantly better help and support both directly to companies and also to raise the profile of the industry in general. The Italian government regularly invests up to €20m of export promotion for Italian brands in the US market alone. The UK currently spends less than half of that across all UK industries.

We would have liked to see a commitment to double the amount of money spent on TAP; for it also to support more established brands to enter new and challenging markets such as the USA and Japan, (important Brexit-proof markets for our industry); and to include online market places where companies can actually reach international consumers.
As an industry, we are one of those which has been really bucking the trend. UK exports of fashion and textiles were worth £9.6 billion in 2017, an increase of 22% in five years, but we could do so much more if we got the right level of funding and type of support from government.

We are reassured by the government’s commitment to UK Export Finance (UKEF), but there is a huge amount of work to be done to make UKEF’s services appropriate for this industry, especially those with a large number of smaller invoice values as they start to export.

While some industries may benefit from being listed on government-run digital platforms, there is no shortage of these in our industry. Industry knowledge and relevance are key and our industry has not found these successful in the past. On the other hand, leverage for new British brands into UK and international online market places is something we would be keen to see.

Finally, the Great campaign has the potential to be a useful banner to promote UK fashion and textile exports. However, the rules are very prescriptive, and the messaging is not always clear.

Similarly, there is still no funding to help UK industries to compete against their European rivals with promotions such as government-backed trade pavilions, information stands and group advertising, and so on.

UKFT is committed to working with the government and Department for International Trade to get the best deal and the right level and type of support for the UK fashion & textile industry.

Source: drapersonline.com- Aug 22, 2018
Vietnam: Garment-textile sector regains confidence of foreign investors

Vietnam has been considered an attractive destination for investors who are keen on the garment and textile sector, thanks to benefits brought about by the bilateral and multilateral free trade agreements (FTAs) that the country has signed and is about to sign.

Looking back more than one year ago, many domestic garment firms were facing significant hardships as orders were being shifted to countries with low labour costs and tariffs, such as Cambodia, Myanmar, and Bangladesh.

However, in just a short period of time, after investing in technology and adjusting costs and inappropriate policies, Vietnam regained investors’ confidence, with a lot of large orders now returning to the country.

The Vietnam Textile and Apparel Association (VITAS) explained that Vietnam is well-known for its high quality of garment and textile products and quick delivery turnaround for sophisticated products.

Therefore, partners have returned to Vietnam after discovering that product quality and delivery times were not always ensured in other countries.

Recently, Japan’s Itochu Group spent 5 billion JPY (47 million USD) buying an additional 10 percent of shares in the Vietnam National Textile and Garment Group (VINATEX). The purchase raised Itochu’s stake in Vinatex to 15 percent, making it the second largest stakeholder behind the Ministry of Industry and Trade.

In March, the southern province of Binh Duong granted an investment licence to a garment and textile project by Taiwan’s Apparel Far Eastern Co., worth 25 million USD.

Singapore’s Herberton Ltd., also recently carried out the Nam Dinh Ramatex Textile and Garment Factory project worth 80 million USD in the northern province of Nam Dinh.

The factory is expected to become operational next year with a capacity of 25,000 tonnes of fabric of various kinds and 15 million clothing items a year, creating jobs for around 3,000 labourers.
According to Chief Representative of VITAS in Ho Chi Minh City Nguyen Thi Tuyet Mai, together with efforts to regain investors’ confidence, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and other free trade agreements (FTAs) have attracted investors to Vietnam.

Currently, Vietnam is involved in 16 bilateral and multilateral FTAs, including two next-generation ones, namely the CPTPP and the EU-Vietnam Free Trade Agreement (EVFTA).

Once they become effective, more opportunities will be created for the garment and textile sector, Mai added.

Vietnam is among the world’s five biggest garment-textile exporters and producers. The country’s garment-textile export turnover hit 16.5 billion USD in the first six months of 2018, up 16.49 percent year-on-year.

Last year, the sector raked in 31.2 billion USD from exports, a year-on-year rise of 10.23 percent.

Source: vietnamnews.vn- Aug 22, 2018

Is the Turkish Lira Crisis Really Making it Cheaper to Source There?

The Turkish lira has been on a wild ride in recent weeks, and though authorities in the country have made efforts to halt the hemorrhaging, the currency weakened against the U.S. dollar again this week.

Since the start of July, the Turkish lira has declined by as much as 35 percent against the dollar, and while it’s regained some ground, the slide hasn’t yet slowed to a stop.

On Wednesday, 16 cents could buy 1 lira, while at the same time last year that 1 lira would have cost 28 cents.

That means the U.S. dollar is going much further in Turkey. Which means sourcing from the country just got cheaper.
Companies making clothing there could stand to see a bottom line boost as the lira loses value.

For Turkish denim brand, Mavi Jeans, the lira’s downturn has already impacted costs.

“In the short term, it does reduce the labor component of our costs as most of our fabrics, trims and energy costs are priced in euros and U.S. dollars,” Arkun Durmaz, president of Mavi North America said. “It is beneficial in the short term for our non-Turkish distribution, and in the long term we expect inflation to neutralize those advantages.”

While U.S. brands and retailers sourcing from Turkish mills and garment factories can count on lower costs for now, the benefits may be moderate.

As Aydin Cubukcu, founder of Turkish mill rep Stella Sourcing, explained, the lira’s decline will have a somewhat “limited effect” considering most mills source raw materials from international and domestic producers in either euros or U.S. dollars.

“The immediate and direct effect of such increase in these currencies against the Turkish lira are limited where the raw material makes up about 50 percent to 60 percent of fabric cost, on average,” Cubukcu said.

“Domestic energy costs are also correlated to fluctuating foreign currency rates as Turkey imports about three quarters of their energy used domestically. Energy costs have already been adjusted given the recent changes in the exchange rates against the Turkish lira.”

Those things considered, some sourcing costs will still come down.

“There are still a few cost factors that will be lower when companies quote their prices, more with garment makers where the labor cost has a higher part of the final prices,” Cubukcu said.

“This will help with overall competitiveness of sourcing in Turkey, especially given the recent increased hedging against production exposure in China by our U.S. customer base.”
Companies like Inditex for one, which manufactures as much as 15 percent of its product in Turkey, could benefit from this improvement in the country’s competitiveness from a cost standpoint, though it could take a hit from reduced consumer demand in the country. Inditex could not be reached for comment on the potential impact.

Turkish suppliers, on the other hand, may get shortchanged in the face of this currency crisis.

The lira has been so volatile that some companies have seen input costs climb as much as 40 percent—an increase they’d have to pass on to sustain their businesses. However, those locked into fixed-price contracts will likely have to eat those increases.

“The most serious concern for our suppliers would be if they have any existing fixed price term contracts in Turkish lira, they will have a hard time delivering on those contracts since all production inputs will increase in costs,” Mavi’s Durmaz said.

The denim brand has no current plans to adjust its sourcing amid the currency tumult, though the bulk of its raw materials come from Turkey and a small quantity from its factory in Egypt.

“It might make it difficult to be viable for some of the Turkish suppliers, but we don’t expect any serious trouble in our supply chain.”

Turkish apparel and textiles supplier Edpa USA’s Ahmet Bereket doesn’t think the lira devaluation will change much for U.S. businesses where raw material costs are concerned.

“We buy very little raw material for USA as Turkey has not been competitive for over 10 years now,” Bereket explained. “Turkey will be more competitive for Europe and neighboring countries.”

The bigger concern amid all of the fluctuation, according to Bereket, is the brewing tension between Turkey and the U.S.

“Negativity is in the air,” Bereket said. “As trade and political relations worsen, USA buyers will be reluctant to place future orders to Turkey.”
A brief history of the U.S.-Turkey fallout

Turkey’s currency slide has been fueled by a standoff between President Donald Trump and Turkish President Recep Tayyip Erdoğan, stemming—at least in part—from Turkey’s refusal to release a U.S. citizen it has been holding for more than a year for allegedly aligning with dissidents trying to undermine the Turkish government.

Trump tweeted about it last week, saying, “Turkey has taken advantage of the United States for many years. They are now holding our wonderful Christian Pastor, who I must now ask to represent our country as a great patriot hostage. We will pay nothing for the release of an innocent man, but we are cutting back on Turkey!”

Trump’s outrage over the detained American pastor, Andrew Brunson, has spurred U.S. imposed sanctions on two Turkish government leaders, for what the Treasury Department deemed the pastor’s “unfair and unjust detention.” The sanctions freeze both Turkey’s Minister of Justice and its Minister of Interior interests or assets in the U.S. and precludes any U.S. citizens from doing business with them.

Turning to tariffs as his problem solver of choice, Trump also said he would double tariffs on Turkish steel and aluminum imports, making the new tariff on aluminum 20 percent, and 50 percent for steel. Turkey is the sixth largest exporter of steel to the U.S.

Erdoğan has made clear his discontent with U.S. actions, and has even accused the U.S. of economic warfare. He’s also called for Turkey to boycott U.S. products, including electronics. On Monday, Turkey initiated a complaint with the World Trade Organization over the U.S. metal tariffs.

What’s next

Needless to say, tensions are high between the two countries and trade is getting caught in the crossfire.

“No new potential U.S. tariffs on Turkish products and instability in Turkey will be deterrent, or at least determining factor for U.S. brands,” Bereket said.

U.S. trade experts think this could be another brewing trade war.
“My initial reaction is that this may be the beginning of another kind of back-and-forth retaliation,” said Julia K. Hughes, president of the United States Fashion Industry Association (USFIA). “I have to imagine there’ll be a response back from the Turkish side as well. In terms of uncertainty and risk, obviously that makes it a little tense for companies sourcing there.”

Tensions aside, Stella Sourcing’s Cubukcu believes Turkey will be able to weather this storm.

“Although Turkey is an Emerging Market economy, its textile and apparel sector is within one of the older and well-rooted industries within Turkey. Our sector has weathered triple digit inflation and interest rates in the past years, as well as other global recessions,” Cubukcu said. “With that experience and limited long-term debt in foreign currencies within the mature industry, we don’t foresee substantial risk in trade with the U.S. or other major trading partners.”

Source: sourcingjournal.com- Aug 22, 2018

Athleisure’s Market Share Grows as Trend Becomes Staple

The athleisure category has grown to represent 24 percent of total apparel industry sales and has gone from trend to key category according to a “Future of Apparel” study from The NPD Group.

Items like yoga pants, sweatpants and hoodies are now fashion staples in the U.S. for lots of activities other than going to the gym, NPD noted. The consumer tracking and analytics company said the athleisure category took hold gradually as societal norms changed—Casual Fridays become casual every day office attire, health and fitness grew in importance and crossed generations, and the desire for comfort and versatility became paramount for men and women.

“I’m often asked if the athleisure trend is going to fade away and the answer is no,” Marshal Cohen, NPD’s chief industry advisor-retail, said. “When you have comfort and function combined with fashion, it’s difficult to go back to anything else on a regular basis.”
Athleisure has caused the blurring of lines in apparel segments. This runs from denim with stretch, fiber blends and silhouettes that spread out the traditional market to technical synthetic tops going from the playing field to the club and knit sneakers taking the place of casual shoes.

For Polartec, the evolution of performance fabrics from activewear to athleisure has now reached the next step in the timeline—“tech casual”—as defined by CEO Gary Smith.

“That’s why the concepts of comfort and performance have given way to tech casual,” Smith said. “People just expect that the clothes they buy for certain conditions will perform the way they need them to and be comfortable.”

NPD’s tracking of consumer apparel purchases found that sales of sweatshirts increased by double-digits and active bottoms by ticked up 5 percent in the year through June. Total dollars spent in sweets and active bottoms is expected to increase through 2019 based on strong performances across various categories, the study found, which includes forecasts through 2019 for important apparel categories and consumer insights and analysts’ viewpoints.

Athleisure’s staying power and growth strong across ages and demographics. For example, social shoppers, a consumer segment identified in the report as representing the largest portion of the population, are indicative of the athleisure consumer. They consider themselves to be social, fashion and image conscious, and activewear is a key part of their future purchase plans.

“The athleisure movement and influence on fashion continues to be a primary driver of growth opportunity for the apparel industry,” Cohen added. “Other apparel categories are declining, which tells us that consumers are getting just what they need and want in athleisure wear. There is no doubt that the category will continue to evolve, but it’s definitely here to stay for the foreseeable future.”

Source: sourcingjournal.com- Aug 22, 2018
Pakistan: Policy shift must to get rid of Pakistan’s export woes

Pakistan’s export woes are not new, and as compared with regional economies, the country has performed poorly in exports during the last 25 years. To change the situation, it is the need of the hour to provide the same incentives to all sectors as was done by India.

Since 1992, exports from Bangladesh and India increased 17 and 15 times, respectively, whereas from Pakistan the exports went up by only three times. Unfortunately, Pakistan’s export culture has not fully developed yet. In 1992 the exports of Bangladesh were $2.098 billion. During the same period exports from Pakistan totalled $7.3 billion that was over three times the exports from Bangladesh.

Indian exports in 1992 stood at $19.628 billion, a little less than three times Pakistan’s exports. At that time, textiles were the main exports of all the three countries. Bangladesh, during the preliminary stage exported only value-added textiles; India exported both value-added and basic textiles, while Pakistan’s exports were mainly from the basic textile sector.

The data quoted in this article has been retrieved from the World Bank. Twenty five years later in 2017, exports from Bangladesh increased to $35.965 billion. India’s exports reached $298.376, while Pakistan managed exports worth $21.569.

Bangladesh is still in value-added textiles, graduating to high value garments. It is the second largest exporter of garments after China. Textiles account for around 60 percent of its exports, half of which are low value-added basic textiles.

India has graduated out of textile dominance in the last 25 years and has diversified its export products. It is a major exporter of IT services, auto-parts, pharmaceuticals and light engineering goods. The share of textiles in its exports has reduced to 16 percent.

The 25 years journey of three close neighbours shows that exports increased constantly in India and Bangladesh but were inconsistent in Pakistan.
The exports of Bangladesh more than doubled during 1992-97 period from $2,098 to $4.842 billion. Indian exports that were $19.628 in 1992, which increased to $35.437 billion in 1997. In 1992, Pakistan’s exports were $7.3 billion that inched up in the next five years to $8.47 billion.

This reflects that either there was flaw in government policies or the private sector in Pakistan was lethargic and looked towards the government for subsidies. Growth in Pakistan exports matched that of Bangladesh from 1998-2003. Bangladeshi exports reached $6.990 billion in 2003, while India’s jumped to $58.93 billion.

Pakistan’s exports increased to $11.53 billion, an increase of over $3.5 billion compared with the increase of only $1.1 billion in the previous five years. The next five years saw phenomenal export growth.

Bangladesh’s exports reached $15.37 billion in 2008 that was 2.5 times higher than exports in 2003. Exports from India increased threefold to $194.828 billion. Pakistani export growth, though less than its two neighbours, almost doubled to $20.323 billion.

The constant increase in the exports of India and Bangladesh was at the expense of Pakistan.

India while excelling in other sectors also continued to increase its value-added textile exports, and Bangladesh was exclusively in value-added garments. Pakistan predominantly depended on low value-added basic textiles.

By 2013 Bangladesh was well ahead of Pakistan in exports. Against Bangladeshi exports of $29.114 billion, Pakistani exports were $25.121 billion. This was the first year since 1992 that Bangladesh overtook Pakistan in total exports. Indian exports in the same year reached $314.848 billion.

In 2017 the exports from Bangladesh reached $35.96 billion, Pakistan exports dropped to $21.569 billion, and Indian exports eased to $298.37 billion.

An interesting point in this regard is that from 1992 except one year till date, Bangladesh always registered growth in exports.
There have been ups and downs in exports from India, but exports from Pakistan have always remained unstable – going up for a year or two and then coming down. The notion that Bangladesh surged ahead after easing of textile quotas in 2005 is not true as this country was showing constant growth in exports in the previous 13 years.

If we analyse Pakistan’s export performance, it would be found that we never diversified our exports like India, and remained textile centric. Despite giving importance to textiles in our trade policies, we ended up exporting the lowest value-added textile, while Bangladesh that started almost 40 years later in textiles, has overtaken us. A country like Pakistan needs a transparent export policy that provides the same incentives to all sectors.

Source: thenews.com.pk- Aug 21, 2018

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Vietnam to share monthly export data with EAEU

Vietnam’s department of trade defence under the ministry of industry and trade will start sharing monthly export data to the Eurasian Economic Union (EAEU), consisting of Russia, Belarus, Kazakhstan, Armenia and Kyrgyzstan, to help local businesses avoid most favoured nation (MFN) tariffs. Vietnamese exports to the EAEU include apparel and footwear.

Under a free trade agreement (FTA) signed between Vietnam and the EAEU in May 2015, the EAEU committed to eliminating tariffs for up to 9,774 tax lines (90 per cent) for products imported from the former. The FTA came into effect in October 2016.

Vietnam’s footwear, textiles and garments, and interior design products are eligible for zero import duty, but if the volume of these products exceeds a threshold level defined in the agreement, the EAEU will adjust the zero import duty to MFN tariffs for six to nine months, depending on the volume, according to a report in a Vietnamese news portal.

As of June 2018, the MFN tariffs had been imposed on Vietnamese underwear and kidswear products.
The department said though there are no products at risk of tax in 2019, domestic firms should act accordingly to avoid the imposition.

Source: fibre2fashion.com - Aug 23, 2018

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Uzbekistan initiates measures to focus on textile industry

Uzbekistan has initiated several measures to focus on the textile industry. The country is trying to grab foreign investments to implement various projects worth over $70 million.

As an additional incentive for Chinese investors to kick-off their operations in Uzbekistan, a delegation of 33 representatives of China’s associations and textile companies was hosted recently by the Uztekstilprom Association in Tashkent. The Chinese delegation was headed by the Chinese National Council for Textiles and Clothing.

The event aimed to boost cooperation between Uzbek and Chinese companies involved in the textile and apparel-knitting as well as the production and supply of finished textile products to the Chinese market.

The forum was attended by the the leaders of the State Committee of Uzbekistan for Investments, UzTrade JSC of the Foreign Trade Ministry, the Economy Ministry.

Representatives of the textile industry of the two countries were also present in the meeting. Bukhara, Kashkadarya, Samarkand and Syrdarya regions were represented as major locations where investment can be made.

Source: eplaza.biz- Aug 22, 2018

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Indian trade is stuck in non-alignment

Modern international trade is not just economics. Trade has implications for foreign policy and relations that countries have with the rest of the world. Countries that fail to understand the connection between trade and global political economy end up with huge divergences between their foreign and trade policies. India is a typical case in point. India aspires to figure in the global high table of major powers.

On several issues, ranging from nuclear security to climate change, it has secured its position at the high table. For a country, dismissed by many in the developed world as the ‘largest unimportant’ country in the 1970s and 1980s, India has come a long way on multiple global issues. In order to continue to be taken seriously, it must contribute constructively to the agenda for global trade. But India does not appear to be inclined to do so. Indeed, talking about free trade in today’s India encounters resistance.

Countries trade for economic benefits including higher national and household incomes. They trade for exchanging goods and services being produced competitively across the world so that local consumers benefit, as do producers, by accessing cheaper inputs and competing for better quality. At no stage are benefits from trade the same for all groups involved.

Appropriate domestic policies must ensure that unequal distribution benefits don’t disadvantage others. Resisting opening up on the ground that it would ‘kill’ local jobs and produce is depriving both domestic consumers and producers from opportunities that would have made them better off. For a country like India, these actions also send a contradictory signal that India aspires to be a global player without letting others trade with it.

Prime minister Rao’s efforts to integrate India globally with the economically robust Asia-Pacific was later deepened and expanded by prime ministers Vajpayee and Singh through institutional partnerships. This led to India becoming a firm part of the regional architecture. Trade cynics fail to realise the greater importance of India’s FTAs with south-east Asia—a part of India’s neighbourhood wherein the country was hardly discussed even fifteen years ago.
Today, India commands a significant space in the region’s conversation enabling it to pursue significant business opportunities through key industries like hospitality, aviation, entertainment, education, lifestyle, healthcare and artificial intelligence. India’s FTAs with ASEAN, Singapore and Malaysia have been great enablers in this regard as well as in people-to-people exchanges. But, strategic and economic engagement being persisted through the current ‘Act East’ policy encounters suffers serious credibility issues when India is anointed the chief ‘spoiler’ for RCEP.

India’s trade policy must note that no one expects India to sacrifice national interests in trade negotiations. But, it is important to note the counterpoints too. Arguments for retaining tariffs point to damages for local industries from imports. Till now, there is no detailed study made available in the public domain by individual industries indicating the degree of ‘damage’ in terms of loss of jobs and income—at the lowest disaggregated level of 8-digit item lines—if imports increase.

Furthermore, there is no explanation of why—if consumers benefit from better and cheaper imported products—can’t domestic producers upgrade their stuff. Becoming anti-trade due to a lack of competitiveness inflicted by domestic conditions is a bizarre position to take. The position conveniently overlooks instances where tariffs on raw materials, imposed on protective and revenue fetching grounds, make Indian products costlier than imports. Nowhere is this more visible than Indian finished steel, which wouldn’t have had to run for cover from higher imports from Korea, Japan and China, if it could have access to cheaper imported inputs.

The core problem appears to be that while Indian foreign policy and the world view has become practical and pragmatic over time, Indian trade view hasn’t. It remains confined to the era of ‘non-alignment’ where policy success was judged by plaudits earned by blocking trade. Trade in times of non-alignment was looked at as an opportunity for bigger powers to dominate the rest. The mentality remains.

How else does one explain the fact that, despite evidence pointing to the limited use of FTAs, these continue to be maligned as conduits for high imports? And why do academic studies on FTAs in India focus steadfastly on the damage they will create, instead of ever focusing on the benefits they might generate in the medium and longer terms. The answer is clearly in the refusal to change.
A complete misalignment between India’s world vision on foreign policy and trade has led to a situation where both are being treated as mutual exclusives by their domestic managers. A third world perspective on trade is not consistent with the foreign policy vision that India has. If the visions were to get even remotely close to each other, India would not have run away from FTAs. On the contrary, it would have pondered to think why most of the world is pursuing FTAs, including its allies.

Source: financialexpress.com- Aug 23, 2018

India offers the best economic growth potential for Australia: Report

India offers the best economic growth potential for Australia and not China over the next 20 years, a report supported by the Australian government has pointed out.

‘An India Economic Strategy to 2035’, penned by former Australian High Commissioner to India Peter N Varghese, bats for more economic linkages between the nations at a time Indian businesses have been scouting for newer overseas markets, egged on by the government.

"If you look globally at where the best prospects for growth in trade and investment relations are, India stands out as the single most significant growth opportunity for Australia. Our trade with Beijing is many multiples of our trade with New Delhi so I'm not expecting India to overtake China."
The vision in the report is to bring India up to the third position among Australia's trade partners," Verghese, who had earlier also been the Foreign Affairs and Trade Secretary, told Business Standard.

The 500-page report has been submitted to Australian Prime Minister Malcolm Turnbull's office and his government will be bringing out its official recommendations on the report by the end of the year, Verghese added.

Official statistics show that India's exports to Australia stood at $4 billion in 2017-18, while imports were pegged at nearly $14 billion. While higher crude oil prices have led to greater realisations from processed petroleum shipments ($1.35 billion), most other categories of exports to Australia have stagnated.

On the other hand, the yawning trade deficit has principally been due to Australian coal and natural gas exports worth over $9 billion. India also continues to prominently figure among major markets receiving farm produce from 'down under'.

The country sent over $924 million worth of chickpeas and pulses and $125.63 million worth of wheat in the last financial year. These imports have witnessed a steady rise over four years and agri majors such as GrainCorp and Olam Australia are looking to scale up business in India and nearby markets, according to a senior official from the Australian High Commission.

Agribusiness, along with the associated sectors of logistics and food processing, is among the major sectors that can see economic ties jump, Verghese said. Australian companies in the resources space -- coal, natural gas and pulses -- still view India as a preferred destination for exports, he added.

His report also points to educational services, provided by Australian universities as another rising sector, at a time when the number of Indian students to Australia has continued to grow.

India and Australia are currently negotiating a free trade agreement (FTA) apart from being members of the proposed Regional Comprehensive Economic Partnership (RCEP).
While liberalisation of trade and services regime, removal of non-tariff barriers and encouraging investments have been the broad aims of both engagements, talks have faltered on tariff reduction and market access.

The 16-nation RCEP agreement involves the ten countries of the Asean (Association of Southeast Asian Nations) grouping and six of its free trade partners -- China, India, Japan, New Zealand, South Korea and Australia.

Under the RCEP, India had earlier offered tariff elimination of 42.5 per cent of all traded goods to Australia, while that country has offered zero tariff on 80 per cent of such goods.

On the other hand, discussions on market access for Australian dairy products and meat have proved to be major sticking points in the proposed bilateral Comprehensive Economic Cooperation Agreement (CECA), talks on which had begun in 2011.

More than 13 rounds of negotiations have been completed so far. "There is a lot that can be done even in the absence of an FTA. The barriers to free trade in the future are going to be less about tariffs and more about behind the border, regular trade barriers," Verghese added.

He suggested that Canberra may be looking to conclude RCEP talks first and test the waters before starting up talks on the FTA with India, that have now slowed down.

Earlier this year, a two-day visit by Commerce and Industry Minister Suresh Prabhu saw India promising to commission a strategy paper focusing on Australia.

Source: business-standard.com- Aug 22, 2018
Gujarat to get Rs1 lakh crore investment in two years

More than 35 big-ticket projects, for which applications for clearances and incentives under the state’s industrial policy have been made, are expected to bring investments of around Rs 1 lakh crore to the state in the next two years, according to official records of the industry and mines department.

Investment proposals worth about Rs 26,220 crore are from companies belonging to countries like Japan, China, Taiwan, South Korea and a handful European countries. Interestingly, of this, Chinese companies alone account for Rs 18,100 crore.

The players at advanced stages of investing are mainly in the steel, auto, chemicals, petrochemicals, cement and textile sectors. The Indian players are in the chemicals, refinery petrochemicals and textile sectors while foreign companies are eyeing the steel, auto-ancillary and petrochemicals sectors.

Indian Oil Corporation’s Rs 30,000 crore expansion plan is under way, according to the state government’s records. IOC announced its expansion plan for its Koyali refinery in Vadodara this March and proposes to complete it before April 2020.

Few other investments larger than Rs 5,000 crore are at the execution stage. Two other big-ticket investments in petroleum sector — one by Rosneft of Russia (Rs 84,500 crore) and CPC Corporation of Taiwan (Rs 41,600 crore) — have been promised.

Russian oil major Rosneft and its partners completed their acquisition of Essar Oil last year and are doubling the refining capacity of the Vadinar refinery near Jamnagar to 40 million tonnes per annum (MTPA).
It will likely begin execution in one or two years. If these two big-ticket investment are included, the total investment coming to the state in the next two years crosses Rs 2 lakh crore.

Manoj Das, principal secretary to the CM and industry and mines department, said, “We expect that investments worth more than Rs 1.5 lakh crore will materialize in two-three years.

The CM reviews key projects worth more than Rs 500 crore on a regular basis and has helped remove bottlenecks and expedite execution. These projects will be operational in one or two years.

We expect a major investment boost by 2022, as the bullet train, expressway, Dholera SIR, Mandal Bechraji SIR, DMIC, DFC projects will be operational and attracting large investments. The state is giving a major thrust to infrastructure development to boost investment potential.”

Source: timesofindia.com- Aug 23, 2018

India: Bihar to emboss all cotton and silk products woven in the state

The Bihar government plans to emboss the Handloom Mark to all handloom cotton and silk products woven in the state to bring in authenticity and transparency in subsidy distribution.

The process will also help the government to identify which product has been woven where and by whom. The government will provide subsidy ranging from 10 to 20 per cent only on those products that carry the Handloom Mark.

This step will bring transparency in subsidy distribution, as the number printed on the label will denote who wove what and where.

Bihar, currently, houses around 6,741 active handlooms with unique identification numbers, which the state government is trying to increase to 10,000.
The Handloom Mark scheme was launched in 2006 under the office of the Development Commissioner for Handlooms, with the textiles committee under the Ministry of Textiles as the implementing agency to give a collective identity to handloom products that would help guarantee for the buyer that the product being bought is genuinely hand-woven.

The National Institute of Design (NID), Ahmedabad, had designed its logo from the interlocking of the warp and the weft to form a three-dimensional cube.

So far, Bihar has been using Handloom Mark labels in the satrangi chadar - the hospital bedsheet scheme meant for government hospitals since 2017-18. The government now wants to expand to all products, except low-priced ones such as gamchha (towel), lungi and handkerchief.

The challenge was to supply enough Handloom Mark labels to weavers, as the textile ministry offices in Varanasi and Calcutta are not providing it in adequate numbers.

Source: fashionatingworld.com- Aug 22, 2018

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**IKEA looking at West Bengal as a sourcing hub: Mitra**

Swedish furniture retail company IKEA has evinced interest in sourcing products from West Bengal, state Finance Minister Amit Mitra today said.

The multinational retail chain recently opened its first store in India at Hyderabad.

Mitra, addressing the concluding session of a two-day MSME conclave, said IKEA has decided to source Rs 2,000-crore worth bamboo and natural fibre from India.

"West Bengal is a big producer of bamboo. People from IKEA came to meet me and had detailed discussions on their interest in the state," he said, without divulging details.
The minister said the state government has set a target for creating one lakh entrepreneurs in the next two years.

Talking of bank finance to MSMEs, Mitra said the aim is to provide loans worth Rs 80,000 crore to the segment in the next two years, adding, the government would explore the possibility of roping in state cooperative banks for this purpose.

The target set for the current fiscal is Rs 50,000 crore, he said.

The West Bengal government has earmarked 2,000 acres of land for setting up 30 MSME industrial parks across the state.

During the conclave, entrepreneurs were able to clinch export orders worth Rs 113 crore, Mitra said.

Several MoUs were signed for promotion and export of handicraft, leather, apparel, and gem and jewellery products of the state, he said.

The government has also inked two MoUs with the NSE and the BSE to help MSMEs migrate to the IPO level.

Source: business-standard.com- Aug 21, 2018

CRISIL SME Tracker: For MSEs, men's apparel is where the money is

Micro and small enterprises (MSEs) in men’s readymade garment manufacturing have better financial metrics compared with their peers manufacturing women’s and kids’ garments, reveals a CRISIL SME Rating analysis of more than 100 rated MSEs in the sector.

CRISIL-rated MSEs in men’s apparel had an average operating profit margin of 9.8 per cent — a good 200 bps more compared with those in kids’ and women’s apparel, which logged 7.5 per cent and 6.9 per cent, respectively.
The trend also held in net profit margin, where these players logged 6.3 per cent, compared with 4.5 per cent for kids’ and 3.9 per cent for women’s apparel makers.

The higher profitability of men’s apparel manufacturers has also resulted in higher accretion to their reserves and consequently, lower reliance on debt funding.

Thus, men’s apparel manufacturers had a gearing of 1.1 times compared with 1.3 times for kids’ apparel and 1.9 times for women’s apparel MSEs.

Standardised designs in menswear and the limited requirement of incorporating pattern and embroidery into the apparel could be one reason for the lower cost of production of men’s apparel and therefore higher profit margins.

CRISIL believes that adoption of zero-defect production combined with investment in brand development can help MSEs in women’s and kids’ apparel improve their profit margins.

Source: business-standard.com- Aug 21, 2018
India likely to approve phase II of Tech Mission on Cotton

Issues related to cotton contamination in India can be resolved once the second phase of the Technology Mission on Cotton, proposed by the textiles ministry, gets approved, according to P Alli Rani, chairman and managing director of Cotton Corporation of India (CCI).

The second phase is likely to be approved by the Indian Government soon, she said.

She said this while inaugurating a two-day conference in Coimbatore on ‘Indian Cotton Scenario in the Current Context 2018/2019’ organised by the city-based Indian Cotton Federation (ICF) and the Indian Cotton Association in Bathinda, according to a report in a top south Indian English-language daily.

The need for a CCI warehouse in Tamil Nadu and a price stabilisation fund was discussed at the conference.

Source: fibre2fashion.com- Aug 22, 2018