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TEXPROCIL NEWS CLIPPINGS

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USD 64.64 | EUR 76.71 | GBP 86.03 | JPY 0.58

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
17641	36900	**72.89**

Domestic Futures Price (Ex. Gin), November

Rs./Bale	Rs./Candy	USD Cent/lb
18380	38447	**75.94**

International Futures Price

NY ICE USD Cents/lb (Dec 2017)	70.74
ZCE Cotton: Yuan/MT (Jan 2018)	14,915
ZCE Cotton: USD Cents/lb	**86.99**
Cotlook A Index – Physical	**80.05**

Cotton & currency guide: US market was shut on Thursday and the electronic session for today hasn't been started yet for ICE cotton. We shall observe how the market plans out today amid short trading session on Friday.

On the domestic front, price for Shnakar-6 advanced marginally to quote at Rs. 37950 up by around Rs. 200 from previous close ex-gin. Quotes for new crop Punjab J-34 were steady at Rs. 3,875 per maund (about 72.70 cents per lb).

The latest estimate of daily seed cotton arrivals is 168,000 lint equivalent bales (170 kgs). Figure includes 42,000 registered in Maharashtra, 38,000 in Gujarat and 35,000 in Andhra Pradesh/Telangana.

On the futures front MCX cotton price was minimally positive. The December future had made an intraday high of Rs. 18650 which posted a close at 18550 per bale. We believe market would remain sideways today and the trading band should be Rs. 18430 to Rs. 18670 per bale.

The Chinese ZCE cotton trades steady this morning at 14915 Yuan/MT and the price pattern suggests market may witness price rebounding towards 15K mark.

Today in the US session the weekly export sales figure shall be released along with on call sales figure. We believe the data for the latter may show increase which was the major talk this week mills booking their unfixed cotton. Any further surprise in the market cotton price may advance. On the technical front March has posted a close above 71+ cents indicate it to remain positive with price band of 70 to 72 cents.

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

NEWS CLIPPINGS

	INTERNATIONAL NEWS
No	**Topics**
1	How demographic change will drive world trade
2	Big tick for growth
3	Vietnam sets limits on formaldehyde and azo colourants in textiles
4	Fast fashion challenges Vietnam firms
5	Tanzania set to cultivate cotton on 196,373 acres by 2018
6	Black Friday is eating itself (even in Britain)
7	Is it the Swan Song of American denim industry?
8	Japanese clothing recyclers target Southeast Asia markets
	NATIONAL NEWS
1	Apparel exports gain over domestic sales in Sept quarter
2	Successful cotton year 2016-17 for ITF Cotton Team
3	Free Trade and Warehousing Zone takes off
4	Geo-tagging of Sircilla powerlooms
5	With garment exports in tatters, govt steps in with higher incentives
6	'Chinese checkers' with Indian trade data
7	Infrastructure status of logistics to spur growth, create jobs: CII
8	Black Friday sale: How Indian marketers could benefit from its local avatar
9	Cotton exports to drop as pink bollworms eat crop
10	US firms to source organic cotton from agency areas

INTERNATIONAL NEWS

How demographic change will drive world trade

Robotics and migration are likely to affect traditional patterns

In 1950, the world's population was 2.5bn. More than 20 per cent of those people lived in Europe, and along with the 7 per cent living in North America, they dominated the global trading system. The rich western nations brought raw materials in, sent manufactures out and traded with each other.

Roll on to 2017 and we live in a world transformed. The planet's population has more than tripled to 7.5bn. Only 10 per cent live in Europe. North America holds 5 per cent. Three out of every five people now live in Asia. This demographic shift, linked with but separate from the rise of Asian economies, has changed the pattern of global trade.

Demographic shifts over the rest of the 21st century will be just as dramatic. What is more, they will involve not just a change in the distribution of people, but big changes in their relative age. That will further shape how goods flow around the world.

"Ageing, migration, educational convergence and women's growing participation in the labour force — all linked to the underlying demographic transition — help to shape countries' comparative advantage," said the World Trade Organization in a 2013 report.

"Moreover, as the size of the working-age population increases in some countries and decreases in others — and as a global middle class emerges — the size and the composition of import demand is also changing, with further effects on trade flows. For instance, trade in services, such as healthcare and education, is likely to increase."

By 2100, the UN projects a population of more than 11bn. Just 6 per cent will be in Europe and 4 per cent in North America. Asia's share will fall from 60 per cent to 43 per cent. By contrast, Africa's share is forecast to go from 17 per cent today to 40 per cent.

Part of the story of trade over the rest of century, therefore, is likely to be the rise of trade flows to Africa, and between Africa and Asia in particular. Moreover, those workers in Africa will be relatively young, while populations in Asia — certainly in China and Japan, although less so in India — will become older.

The relationship between population ageing and trade is ambiguous. On the one hand, youthful countries with a large supply of workers should have a comparative advantage in manufacturing. At lower skill levels, this tends to be true, and industries like textiles migrate around the world in search of the cheapest wages.

A reasonable guess, therefore, is that Africa will at some point become a significant exporter of basic manufactured goods to the rest of the world. However, young countries tend to have high consumption, which sucks in imports, while workers in ageing countries save to support their retirement. As a result, nations such as Japan have remained net exporters of goods despite their rapidly ageing populations.

The impact of demographics on future trade patterns may also differ from the past because of factors such as automation and migration. If, for example, robotics advances to a stage where it can compete with even very low wages then the comparative advantage of young, low-wage workers may become less relevant.

So far, there is little sign of such a change, with significant textiles industry growth in countries such as Bangladesh.

Any forecast of how population distribution will shape future trade also depends on migration. For example, the UN population forecasts assume Africa’s population will more than treble to 4.5bn by 2100, while the population of Europe declines by 12 per cent from today to 653m. If instead there is large-scale immigration from Africa to Europe then the trade outcomes will be very different.

Demography has shaped trading patterns since antiquity. The early demographic transition in Europe was bound up with its position at the centre of the global trading system, as a source of both manufactured goods and migrants. The rise of Asia’s population prefigured its role at the heart of the global economy.

With dramatic change ahead in the structure of the world's population, it is set to remain one of the deep factors shaping global trade flows.

Source ft.com - Nov 23, 2017

HOME

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Big tick for growth

The European Union, the United States, China and other members of the World Trade Organisation have praised Cambodia for its economic development and fast integration into the global supply chain.

The remarks were made during Cambodia's 2nd Trade Policy Review at the WTO in Geneva on Wednesday.

The three-day review was due to end yesterday, with Minister of Commerce Pan Sorasak in Geneva to represent the kingdom.

Cambodia has been a member of WTO since 2004. As a member of the trade organisation, the country enjoys generalised system of preferences (GSP) from more advanced economies, especially the EU and the US, for garment and footwear products, as well as some agricultural commodities, particularly milled rice.

The office of the US Trade Representative released a statement commending the kingdom's economic development since the last TPR, which took place in 2011.

"The United States appreciates Cambodia's effort to prepare for this review and commends Cambodia for its demonstrated accomplishments in trade and investment reform," it said. "Cambodia's success in maintaining robust growth through inclusive trade policy makes it a role model for other least developed countries.

"The US wishes the delegation of Cambodia a successful review and we look forward to continued dialogue with Cambodia at the WTO and on a bilateral basis."

The statement says Cambodia has enacted programmes and initiatives that have proved particularly successful, including the launch of the Industrial Development Policy for 2015-2025, the Education Strategic Plan for 2014-2018, as well as programs for workers in the garment and tourism industries.

The EU Trade Representative statement had a similar tone, acknowledging the country's "open and investor-friendly investment regime", but raised a few concerns.

"We would like to highlight the importance for Cambodia to improve the general business environment: promote good governance and transparency, and address weak institutional capacity by enacting and implementing legislation," it said.

"We also encourage Cambodia to keep up its efforts to fight corruption.

"Second, the EU would encourage Cambodia to pursue efforts to diversify its export products and markets and to improve its infrastructure.

"Finally, while recognising steps made by Cambodia in the area of sanitary and phytosantiary measures, the EU encourage Cambodia to continue efforts to further improve inspection and certificate systems," the EU said.

The Trade Representative of China said Cambodia had successfully integrated itself into regional and global supply chains.

"By and large, there has been a remarkably rapid economic development during the period under review for Cambodia, with an annual GDP growth of over 7 percent," China said.

"The excellent performance of economic development was possible thanks to a steady and people-oriented micro-economic environment.

"We also would like to commend the positive measures and policies the Cambodian government has undertaken to ftraacilitate trade and investment."

The Chinese statement also says Cambodia is facing a number of constraints and challenges impeding its economic development, most notably a lack of infrastructure.

Mr Sorasak said that since the first review in 2011, the country had instituted deep structural reforms that had allowed it to achieve economic growth averaging 7 percent yearly, as well as boosting GDP per capita growth, from $911 in 2011 to $1,302 in 2016.

He said that according to the International Monetary Fund and the World Bank, Cambodia was the sixth-fastest growing economy in the world in the last 20 years.

“Through this robust economic growth, there has been an improvement in the welfare of Cambodian people and reduced poverty from 53 percent in 2004 to 13.5 percent in 2014 and literacy rates increased from 79.9 percent in 2011 to 80.5 percent in 2015,” he said.

Cambodia has been appointed to be the coordinator for the Least Developed Countires Group this year, which means the country will work together with all group members to ensure their needs and interests are represented in the trade organisation.

Source khmertimeskh.com- Nov 24, 2017

HOME

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Vietnam sets limits on formaldehyde and azo colourants in textiles

Vietnam's Ministry of Industry and Trade has published limits on the amount of formaldehyde and azo colourants in textiles. The new regulation takes effect on 1 May 2018.

Under the new rules, the limits of formaldehyde are:

- 30mg/kg in textile products for children under three;
- 75mg/kg in textile products in direct contact with the skin; and
- 300mg/kg in textile products with no direct skin contact.

It also specifies the limit of 30mg/kg for 22 aromatic amines converted from azo colourants.

The ministry published a draft on the limits earlier this year. The new rules will be introduced under Circular No 21/2017/TT-BCT: "the national technical regulation on the content of formaldehyde and certain aromatic amines derived from azo colourants in textile products."

Source chemicalwatch.com - Nov 23, 2017

HOME

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Fast fashion challenges Vietnam firms

Vietnamese apparel manufacturers need to embrace new technologies to meet the growing global fast fashion trends, according to the Viet Nam Textile and Garment Association (VITAS)

Speaking at a seminar titled " Is Viet Nam apparel industry ready for fast fashion?" held in HCM City on November 23, Nguyen Thi Tuyet Mai, VITAS' deputy general secretary, said the segment has seen rapid growth in the past few years.

Though there are multiple issues related to the sustainability of fast fashion products, their popularity among consumers is expanding dramatically, she said.

Fast fashion is the practice of rapidly translating high fashion designs into low-priced garments and accessories by mass-market retailers at low costs. As fast fashion implies, styles no longer follow a four-season fashion calendar but a weekly one.

Saurav Ujjain, Southeast Asia business head at ThreadSol, a Singapore-based technology company in the apparel industry, said globally styles are increasing at a 17.9 per cent compounded annual growth rate.

A majority of fashion brands have shifted to the fast-fashion strategy, and demand is for high variety, low volume and short lead times, he said.

Therefore, there is intense pressure on apparel manufacturers to speed up their processes, he said.

Mai said Vietnamese firms have for long been familiar with outsourcing contracts, but outsourcing for fast fashion would be a big challenge for many of them.

In recent years, Viet Nam has become a destination for major international fast fashion brands thanks to its large young population and increasing incomes.

Consequently, brands such as Zara, H&M, Topshop and Mango are rushing to open more shops in the country, she said.

“To meet the needs of apparel and textile fast fashion brands like Zara and H&M as well as to get ahead in the competitive world of fashion, manufacturers must adapt new production processes to improve efficiency and performance.”

At the seminar, ThreadSol presented its range of innovative solutions for Viet Nam’s apparel industry.

They include the material management model. From correct purchases of fabric through intelloBuy to the most accurate planning to cut fabric through intelloCut, these solutions can help manufacturers boost revenues and profits, Ujjain said.

Mai said Viet Nam’s garment industry developed strongly in 2010-15, growing at 17 per cent a year.

In the first nine months of this year, garment and textile exports were worth nearly US$23 billion, a year-on-year increase of 9.3 per cent, she said, adding that the full-year figure is expected to top $30.5 billion.

Do Huu Thanh, director of Golden Lion Workwear, said his company makes uniforms for 750 international customers and has to create at least 200 different styles each month and complete each order in 15-30 days.

It has had to adopt technology to plan production accurately and minimise waste, he added.

Organised by VITAS and ThreadSol on the sidelines of the 2017 Viet Nam International Textile and Garment Industry Exhibition, the seminar also featured a panel discussion on how manufacturers can rely on a combination of technology and best practices to deliver products timely without compromising on quality or cost to adapt to the fast fashion market.

Source vietnamnet.vn- Nov 24, 2017

HOME

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Tanzania set to cultivate cotton on 196,373 acres by 2018

Tanzania is set to get competitive in cotton farming, with Geita Region making its debut of the crop for the 2017/18 that was opened under 196, 373 acres. The land is set to be cultivated in contract farming, an effective methodology for the crop. With this launch, Tanzania will get more competitive in the agricultural sector.

It is a smart move by the government to expand its territories in the agricultural sector, venturing into varieties of export commodities to better the economy and strengthen the sector as well. This will earn the country great revenue to boost other sectors and expand them. A new era of agriculture with the latest cash crop to soar with the season kicking in at such a favorable time for the country's economy.

The region's Regional Commissioner (RC), Mr. Roberts Luhumbi at the launch said that it expects more than 66,000 cotton farmers to contribute to the planting and cultivation of cotton in the final stages of this year.

The new cotton planting season that was hosted in Buharahara Village is hopeful of striving through the market by next year and achieve their goals. The RC assured the farmers that the government has put a thumb for the go-ahead of cotton farming and will support the farmers and the project to the latter to see the success of the plantation.

The farmers' well being is another aspect the government is looking to cater for hence giving them the opportunity to invest their human resource in the new venture. The government is hoping to lift the standards of the farmers through the cotton cultivation.

During the 2016/17 plan for the cotton farming calendar, the area had planned to cultivate almost 67, 002 hectares of land with an estimated production of 93,343 tons of cotton. Unfortunately, the farmers were able to till 24, 791 of the land with an emergence of 13,267.82 tons of cotton seeds. The seeds were estimated to be worth Tshs. 15,926,181,600.

One of the challenges the RC addressed was the lack of technology to be applied such as fertilisers and believed their presence would bring a massive difference for them. A number of farmers have lamented on the availability of such resources that reduce their yields by significance percentage.

The RC has admonished the use of urea and di-ammonium phosphate that the government will affordably sell to them to increase their harvests. He as well requested for the supervision of the cultivation and ensures the productivity level is not tampered or compromised with. He has commissioned the District Commissioners (DCs) to see the welfare of the farmers well maintained.

Geita RC has applauded the civil servants in their commitment to invest in the farmers by giving them educational services. He has urged them to continue in the same to enhance better farming practices for improved yields.

The civil servants will help boost the farmers' individual income by the best farming practices they can equip them with and facilitate the industrialization sector in the country.

Cotton is the main cash crop that is being cultivated in the region bringing in a fortune to the farmers. Most harvest their income from that to meet their basic necessities and maintain their living standards.

The nation is as well looking to provide raw materials for the textile industry. The demand will find the optimum supply with the government's plan and quench the thirst for their need in the industries.

Source: yarnsandfibers.com - Nov 23, 2017

HOME

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Black Friday is eating itself (even in Britain)

It's the US import British retailers could do without. Black Friday marks the start of what promises to be a difficult Christmas for retailers — and the blizzard of special offers is a sign this year will be tougher than ever.

With inflation outstripping wage growth and higher interest rates looming, consumers are turning more cautious than last year. Retail sales were weak in October. Some of that might be due to the period being warmer than the same month last year, deterring consumers from buying a new coat or boots. But many customers may have been holding back for Black Friday's special offers.

This year could be particularly concentrated. After a spike around Black Friday, there could well be a cooling off before spending picks up just before Christmas.

So far this year, non-food promotions have been running below their level in 2016, according to analysis by Richard Hyman, an independent retail consultant. But as Black Friday approaches, that's likely to change.

If shoppers show signs of holding back between Black Friday and the days before Christmas, retailers could well resort to desperate measures: slashing price to stimulate footfall. This new shape of Christmas has another pernicious effect. It makes the pressure on retailers' essential plumbing more acute.

Robust websites are always necessary when shoppers have so much choice over where to spend. But on Black Friday, the computers have to cope with extra demand at a time when getting it right is more crucial than ever. If retailers' sites experience problems, as Argos has in the past, or they introduce other measures to manage demand, such as online queuing, customers are unlikely to hang around.

Logistics are another make-or-break. If shoppers are going to return for more purchases closer to Christmas — and that's a big if given the current caution — a bad experience over Black Friday will drive them elsewhere. Marks & Spencer Group suffered a disastrous Christmas in 2014 when it experienced teething problems with a new state-of-the-art warehouse.

Some chains have tried to avoid the pain by spreading deals across several weeks. Others are offering as few as they can — but that's tricky when rivals are shouting special offers from the rooftops. British retailers really have no excuses if their systems don't hold up. Just look at Alibaba's Singles Day as an example of what can be achieved. It managed to generate over $25 billion of sales on its manufactured shopping frenzy. At its peak, it processed 256,000 transactions per second, while its Cainiao logistics network handled 812 million delivery orders.

There's also the looming presence of Amazon.com . Not only did its Black Friday offers start last Friday, the online behemoth has beefed up its UK distribution capacity, opening three new warehouses in time for peak trading. Black Friday is a colossal opportunity for British stores to squander their profitability. They should have left the event on the shelf back in 2010.

But it's far too late now, and it shows no sign of going away. Until more retailers wean themselves off it, they're best off focusing on the least glamorous part of their business: making sure their websites don't break and customers' parcels arrive on time.

Source: business-standard.com - Nov 22, 2017

HOME

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Is it the Swan Song of American denim industry?

Since the early 90's when NAFTA and the WTO came into existence, the apparel industry in the US has been one of the hardest hit losing about 85 per cent jobs to competition abroad. Denim and jeans, as inseparable as a horse and carriage, have been an American icon for more than a century.

Earlier, there were hundreds of mills manufacturing denim and now there are just two denim plants and, what is worse, 98 per cent of the apparel purchased in the US is manufactured abroad.

The unkindest cut of all is that the iconic Cone Denim White Oak plant in Greensboro, NC which will be closing by the end of this year. One is sure that the US President will not be happy to hear this news.

The plant opened in 1905 and quickly became the world's largest producer of selvedge denim manufacturing 1.6 million square feet during its heyday.

And Michael Williams of men's wear site 'A Continuous Lean' says it's a national tragedy. The mill represents tradition, pride and the expertise that gets woven into some of the world's most revered fabrics. History can't be rewritten, and when the plant closes Americans will have lost yet another piece of our national identity.

It's not that the US can't compete with other countries when it comes to quality and productivity, what the country is competing against is cheap slave labour (sweatshops); poor environmental regulations; countries that just dump their waste into drinking water supplies; and countries like Bangladesh that pays its employees $68 a month. It's distressing to note that now 'Made in America' is going to cost more.

Source: fashionatingworld.com- Nov 23, 2017

HOME

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Japanese clothing recyclers target Southeast Asia markets

Japanese used-clothing retailers are looking at enhancing exports in Southeast Asia. These retailers purchase unneeded clothes from consumers and resell them at their stores — which used to be mainly in Japan. Today they have seen that Southeast Asian markets are eagerly waiting to lap up used clothing.

The Japan discards/burns around 1 million tonnes of clothes annually, however, by ensuring new markets, the efforts to encourage reuse of what would eventually be thrown away helps reduce environment pollution.

Don Don Up, a second-hand clothing store chain located in the Iwate Prefecture in Northern Japan, launched its Dondondown on Wednesday store in the Cambodian capital of Phnom Penh in 2014. It now operates 12 stores in Cambodia aiming to increase it to around 50 by 2021. The retailer also plans to expand its footprint into Thailand, Vietnam and other countries in the region.

Don Don Up's President Akifumi Okamoto says most people in Cambodia, even those who are strapped for cash, have smartphones, they now have access to sufficient information and have become conscious about what they wear and how they wear it.

International fast-fashion brands are hardly seen in the country. This is another reason for the Japanese retailer to expand its footprint in this market where there is a rising demand for used clothing.

The retailer's policy is to 'buy anything, other than underwear.' At its 51 stores across Japan, the retailer never refuses to buy clothes brought in by consumers, even those other second-hand retailers would not accept, such as heavily damaged or stained items, as well as clothing with personal names marked on them. For ordinary clothing, Don Don Up pays up to 500 yen ($4.42) per kilogram. Branded clothing are priced separately.

The retailer picks what it wants to resell in Japan. The rest are sent to its overseas outlets. Some of them are remade into different items. Don Don Up exported 2,865 tons of used clothing in the year through September.

Treasure Factory, another second-hand retail clothing shop in Japan, now sells such used items in Thailand. In a smart move, the retailer's Thai outlet buys second-hand clothes locally and resells them to consumers there.

Source: fashionatingworld.com- Nov 23, 2017

HOME

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NATIONAL NEWS

Apparel exports gain over domestic sales in Sept quarter

Apparel exporters gained over others in the segment during the September quarter results, the second one (Q2) of this financial year.

For instance, KPR Mill, Kitex Garments and Gokaldas Exports, for which external shipment are the bulk of business, saw revenue or profit either improving or steady over both the June quarter (Q1), which was just before the goods and services tax (GST) rollout, as well as Q2 a year before. Fabric and garment maker Raymond showed profit of Rs 62 crore as against a net loss of Rs 7 crore in the pre-GST quarter of April-June.

However, Page Industries and Arvind Ltd, whose garmenting business is equally focused on the domestic market, saw the impact of GST rollout of 28 per cent on branded apparel, with their Q2 bottom line declining over Q1 this year.

According to analysts, there was slightly reduced domestic demand in the month after GST rollout, despite a slight uptick in export sales. Wazir Advisors, a consultancy, says sales for exporters had increased with a rise in capacities and utilisation of specific companies (KPR, Kitex, Gokaldas).

For instance, KPR Mill saw its garment production increase year-on-year from 30.48 million units in Q2 last year to 39.41 mn this year.

"Overall apparel export of India to the US grew six per cent in Q2 from the previous year's Q2. However, for overall top textile players, consolidated sales declined by five per cent and Ebitda (operating earnings) margins declined by an average of four per cent," said Prashant Agarwal, joint managing director of Wazir Advisors.

Further, Ebitda margin remained the same or fell for most companies. A rise in net profit of some, according to Wazir Advisors, such as Raymond, Kitex and Gokaldas Exports, was primarily due to higher other income.

While KPR Mill posted growth in net profit from Rs 62.8 crore in Q2 last year to Rs 63.2 crore this time, Kitex Garments went from Rs 13.1 crore to

Rs 24.1 crore. Arvind, on the other hand, saw net profit for Q2 at Rs 42.1 crore, down from Rs 67.5 crore in the quarter last year.

"The second quarter turned out to be another challenging one for the industry, with GST implementation impacting our domestic textile business. Even the consumer-facing brands business was impacted in July as both the wholesale and retail channels were under pressure.

However, the brands business saw strong performance in August and September, leading to good growth overall. Going forward, we expect the transitionary impact of GST to settle and expect revenue growth to return to normalcy," said Jayesh Shah, chief financial officer at Arvind.

Gokaldas Exports said the government had notified reduced drawback rates, along with availing of credit of GST paid on inputs effective October 1. "The industry is hopeful that the government will address this issue to restore competitiveness of the industry globally."

Source: business-standard.com- Nov 23, 2017

HOME

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Successful cotton year 2016-17 for ITF Cotton Team

Demonstrating collaborative growth in Tamil Nadu’s textile sector, the Coimbatore based Indian Texpreneurs Federation (ITF) ended cotton year 2016-17 on a successful note. During the cotton year that ended on September 30, 2017, ITF formed a consortium initially of 35 spinning mills for quality cotton procurement to help the state’s textile sector.

During the year, the ITF Cotton Team purchased 2.2 lakh bales for Rs 550 crore, ITF said in a video release. It was a satisfying year for all the stakeholders and foundation was laid for meaningful partnership with ginners, the release said.

While ITF Cotton Team visited facilities of ginners, ginning mill owners, especially from Telangana and Maharashtra, visited spinning mills owned by ITF Cotton Team. It was a “great mutual learning experience to improve standards”.

The ITF Cotton Team currently comprises 37 top class spinning mills with a capacity to consume 4 per cent of India's total cotton consumption. The team plans to target procurement of 5 lakh bales of quality cotton, upgrade its market intelligence, expand network, and thereby increase business of their partner ginners.

Informing about uniqueness of ITF Cotton Team, the video says it has "mills with strong financials, professional approach, quality cotton focus, repeat business, learn and grow together, security in trade being in a consortium, dedicated ITF agents, and win-win for all."

The video ends with a message: "Let us demonstrate real partnership based on trust and long term mutual growth in cotton trade."

The ITF Cotton Team was formed with the coming together of 35 of the 400 ITF member mills with an aim to jointly purchase cotton. It is because raw material (cotton) cost is the major factor in spinning mills manufacturing cost, often ranging from 60 per cent to 70 per cent. So, even one per cent savings by way of good quality, better pricing, or timely purchase can help the spinning sector reduce its cost of manufacturing.

Source: fibre2fashion.com- Nov 23, 2017

HOME

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Free Trade and Warehousing Zone takes off

Dubai-based businesses begin their operations in the Special Economic Zone at Nanguneri

The 100-acre Free Trade and Warehousing Zone (FTWZ), located within the 2,500 acres AMRL Special Economic Zone in Nanguneri, has taken off, with Dubai-based businesses taking space and beginning operations from the premises

The AMRL FTWZ, the first such zone notified in southern Tamil Nadu, is projected to generate a turnover of ₹3,000 crore and employment to around 2,000 people in the next five years.

Co-developer, AMRL FTWZ, Parashar Lohia told *The Hindu* that the 100-acre facility, now with one lakh sqft warehouse, provides state-of-the-art facilities including on-site customs clearance and value-added logistics support to clients for global operations.

Facilities

The plug-n-play facilities were complete with administrative block, drivers' rest area and truck bay that reduce the initial capital costs and enable clients to choose a suitable place at minimum cost and risk.

"Our proximity to Thoothukudi harbour is our main advantage as the port gives easy access to the east and west sea-lanes via Colombo with only 12 hours sailing time. With all elements of warehousing and trade falling in place at AMRL FTWZ, we are confident that the FTWZ will thrive and become a hub for international trade in the next few years," Mr. Lohia, who is also director of Ashray Logistics, said.

Commenting on their operations at AMRL FTWZ, Inderjit Dhariwal, Director, ANS International, currently based out of Jabel Ali Free Zone in Dubai, said he chose AMRL FTWZ for the operations after conducting study of over 10 sites across the country and even in Thailand and Vietnam.

"The business model of AMRL FTWZ is suitable for micro, small and medium companies, as the model offers flexibility in space allocation at reasonable costs. Our plan is to eventually shift all our operations from Dubai to India as AMRL FTWZ offers the right blend of strategic location, essential facilities and services that match our business needs and is cost-effective vis-à-vis our Dubai operations. Having an on-site Customs Officer is like icing on the cake as even Jabel Ali does not offer that convenience", he added.

ANS International deals with imports of farm equipment and auto-components (primarily tractors) from China and export of whole component kits to the USA. The annual turnover in the new facility will be about ₹1 crore initially and rise to over ₹10 crore in the next 2-3 years.

Colorsports, another company from the Middle East that has taken space at AMRL FTWZ to export sports goods, echoed similar opinion. Currently, their brands include Prince (tennis racquets and balls), Roller Blade, a leading brand in inland roller skates, and MacDavid, a premier brand in auto-fit equipment.

“We have chosen this location because it is ideal for our business of importing and supplying to the overseas and domestic market. These are high-value goods. We import from Vietnam, Burma and China and supply to the middle-east and the Indian market,” said Farhan, Director, Colorsports.

“AMRL FTWZ is going to be the trendsetter in this region. The concept of FTWZ is just taking off in India, and we are among the few who have recognized the potential of this sector in the country and pioneered this development in south Tamil Nadu.

The larger SEZ development will drive the warehousing growth of the FTWZ apart from pure trading operations by traders. AMRL SEZ has the capacity to house a diverse set of industries including textiles, electronics, general engineering, aerospace and auto components.

It offers a plethora of choices for businesses from land lease to ready-to-move in factories and the warehousing facilities in the FTWZ will offer holistic solutions to industry,” said Raghini Peter, President-Business Development, AMRL SEZ.

Revenue, job generation

The estimated total turnover of AMRL SEZ is about ₹10,000 crores, with direct employment opportunities for over 30,000 people in the next five years.

In the long-term, it has the potential to generate direct employment for over 1 lakh persons, making it one of India’s largest multi-product SEZs in operation.

Source: thehindu.com- Nov 24, 2017

HOME

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Geo-tagging of Sircilla powerlooms

Steps on to improve productivity of weavers

In order to ensure that the benefits of government schemes reach genuine weavers, the State government has decided to take up the geo-tagging of all powerlooms in the textile town of Sircilla.

The government has already completed geo-tagging of handlooms in the State and found that there are 17,000 handlooms in the state. Now, the government is taking up geo-tagging of the powerlooms and started it from Sircilla, which houses more than 30,000 powerlooms, the most in the State.

The geo-tagging work has been entrusted to a private agency, whose representatives are visiting each and every weaver owning powerlooms and collecting details like number of looms, power connection facilities, Aadhaar card details, ration card and fabric produced on the loom, among others, and sticking the geo-tagging number on the powerlooom.

Talking to *The Hindu* on Thursday, Assistant Director (Handlooms and Textiles) Ashok Rao said geo-tagging is aimed at identifying genuine beneficiaries and help them secure government assistance and upgrade their looms and produce value added fabric. The process of geo-tagging would be completed soon, he added.

Further, the government had decided to upgrade the outdated powerlooms in the textile town and help the weavers produce value-added fabric and increase the productivity with Central assistance.

Under the Powertex India scheme, the Central government would be extending 50 % assistance for upgrading the loom under the “in situ upgradation of plain powerlooms”.

The balance 50 % is expected to be paid by the beneficiary. But, the State government had decided to bear the beneficiary contribution and upgrade the powerlooms without any financial burden on the weaver. As part of the upgradation simple attachments costing ₹40,000 per loom would be provided to the weavers.

The Handlooms and Textiles Department had decided to conduct a mega mela with the entrepreneurs of various powerloom manufacturers from Erode, Coimbatore, Bhiwandi and Surat, among others on November 24 and 25 in Sircilla, where the weavers would be exposed to modern attachments that could be added to the existing powerlooms to produce quality fabric and also improve production.

Source: thehindu.com- Nov 23, 2017

HOME

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With garment exports in tatters, govt steps in with higher incentives

India's apparel sector, which has witnessed a sharp fall in exports in the ongoing fiscal, is in for some immediate relief. The government will soon double the incentive for garment exporters under the Merchandise Export from India Scheme (MEIS).

A announcement raising incentives under MEIS from the current 2 per cent to 4 per cent is expected soon, sources said. In fact, Commerce & Industry Minister Suresh Prabhu also told *BusinessLine* that "some action is expected soon".

The garments sector, which suffered a 39 per cent slump in exports in October to total $829.4 million this year, is one of the worse hit because of the GST's implementation.

The MEIS is the most popular incentive for exporters, under which identified sectors are given duty exemption scrips that are fixed at a certain percentage of the total value of their exports.

The scrips can be used to pay duties on inputs including customs duties.

India's exports, which had begun looking up in the last few months of the fiscal after over two years of lacklustre performance, witnessed a decline of 1.12 per cent in October to $23.09 billion, mostly due to problems related to the GST roll-out.

Other export sectors, too, could expect more relief in the coming months as the Commerce Ministry has roped in the NITI Aayog to work on a package for exporters. “The Aayog will come out with an interim suggestion which will be taken into consideration,” Prabhu said.

On the recent decline in exports and the fact that exporters were attributing it to GST-related problems, Prabhu said that last month the government had responded to several procedural and operational problems that exporters were facing. “That will help them in a significant way. The impact of benefit will take some time (difficult to define the timeline),” he said.

Source: thehindubusinessline.com- Nov 24, 2017

HOME

****

'Chinese checkers' with Indian trade data

Is India's trade with Hong Kong part of its trade with China? India and its largest trading partner, China, have different views on this, adding to the data discrepancy of about $5 billion in the merchandise trade between the two countries during 2016.

Hong Kong, a former British colony, became a special administrative region of China in 1997, when Britain's 99-year lease expired. Hong Kong is governed under the principle of "one country, two systems", under which China has given the region autonomy and agreed to preserve its economic and social systems for 50 years from the date of the handover.

Though Hong Kong acts as China’s main transit destination, it was found that in-transit trade is leading to discrepancy in data. For, India would report the country of consignment for the import as Hong Kong, instead of China, and China would report the country of destination as India. According to China’s import statistics, 25.8 per cent of India’s exports in 2016 came into China via Hong Kong.

The basic trade numbers and why they do not match came for discussion during a review meeting of the joint working group (JWG) between the two countries earlier this week. This was the first meeting after the Doklam military standoff.

The group reviewed statistical systems and methodologies adopted by the two countries, based on a mechanism agreed upon in 2013. It agreed to reconcile the data, to remove the discrepancies.

Beside statistical review, early convening of the 11th joint economic group (JEG) in the first quarter of 2018 was discussed. The JEG has not met since 2015. This week's JWG meeting is, therefore, seen as a precursor to a ministerial-level meet. Prime Minister Narendra Modi in September visited China for the BRICS countries' summit, after the two countries ended a standoff on Doklam.

A major source of discrepancy is in electrical machinery, equipment, sound recorders and reproducers, television image and sound recorders and reproducers, and their parts and accessories, which are imported into India.

Officials said the bilateral discrepancy in data has been declining since 2012. It was $7 billion in 2015 and $5 bn in 2016, after it had touched $12 bn in 2008, from $4 bn over a three-year period to 2007. In 2016, the total of discrepancies represents 7.2 per cent of the total trade recorded by China, decreasing from 26.8 per cent in 2004. The total of discrepancies represents 7.2 per cent of the total trade recorded by India in 2016, decreasing from 36.1 per cent in 2004.

The Chinese side maintains data both at the destination and the port of disembarkment or embarkment, while India recorded it only for destination.

Another reason for discrepancy in the data is that China records import on a cost insurance and freight (CIF) basis, which includes transport and insurance costs between the two countries. India records export on a free on board (FOB) basis, excluding the two charges.

In the case of direct trade, the export price which traders declared to Chinese customs is the intermediate purchase price, which is lower, while the import price declared to Indian customs is the intermediate selling price after mark-up, which is higher. This resulted in the Chinese export value of some commodities to be lower than the corresponding India import value.

There was also a time lag in transporting commodities exported from India at the end of a calendar year, reported by China as import only in the subsequent year.

Beside, India in certain cases reported an export to China which was not recorded by China as an import, due to the goods not arriving there. This occurs when the final destination of the export changes while on-route and the export declaration is not updated accordingly.

Source: business-standard.com- Nov 24, 2017

HOME

****

Infrastructure status of logistics to spur growth, create jobs: CII

The newly-acquired infrastructure status for the logistics sector will not just spur growth, but bring in more investments and create employment, industry body CII said today.

According to CII, the logistics sector in India is still very fragmented and has suffered from lack of investments and a proper recognition.

The industry group has been pursuing this issue with the government at various levels and ministries for the past few years. It has hailed the government's move of setting up a logistics division under the Ministry of Commerce for integration of related sectors.

R Dinesh, Chairman, CII Institute of Logistics, and Chairman for Sector Skill Council, said, "Now, with this recognition as infrastructure status to the logistics sector, it will not only help bring in more investments into this sector, but most importantly bring down the overall logistics cost by 1-2 per cent."

According to the CII, the logistics sector, which already provides over 17 million jobs, will grow at an even faster rate going forward and provide even higher employment opportunities than before.

K V Mahidhar, Head, CII Institute of Logistics, said, "Our institute will continue to work with both users and service providers to capitalise on opportunities and the thrust by the government to further improve the competitiveness of the logistics sector. Subsequently, this will lead to the enhancement of the logistics performance index of the country."

There is an urgent need, the CII said, to facilitate credit flow into the sector with longer tenures and reasonable interest rates.

It added that infrastructure status for the logistics sector can result in an integrated planning of logistics infrastructure and better utilisation of existing assets and resources with a focus on timely maintenance and upgradation.

Source: moneycontrol.com – Nov 23, 2017

HOME

****

Black Friday sale: How Indian marketers could benefit from its local avatar

BUY BUY BUY

- Big Billion by Flipkart
- *Maha Bachat* by Big Bazaar
- Amazon's Great Indian Festival
- *Akshay Tritiya* as a day to buy gold

For years I thought Black Friday was a day of martyrdom, of some calamity, or some such. It sounded ominous. On the contrary, Black Friday is perhaps the most welcomed day of the year in the US, both for consumers and retailers. It is the Friday following Thanksgiving Day in the United States (the fourth Thursday of November) and marks the start of the Christmas shopping frenzy that big brands across the US look forward to right through the year.

The tradition dates back to 1952, ever since it has been regarded as the beginning of the Christmas shopping season in the US, and most major retailers open very early (and more recently as early as mid-night) to offer hi-decibel never-before-never-after blockbuster deals. Black Friday is not an official holiday but cities around the US wear a carnival look on that day.

But why is this day referred to as 'Black Friday'? So heavy are the sales on this Friday that this day has come to represent the point in the year when retailers begin to turn a profit, thus going from being 'in the red' to being 'in the black'. Interestingly despite the day being branded as such, it never really caught shoppers fancy until about 20 years ago.

Over the last two decades or so, Black Friday has shot into prominence as retailers' prices plummet for 24 hours in an attempt to get people splashing the cash in the run-up to Christmas. So successful has been the branding of the day that customers often queue for hours, even days, to get their hands on the best bargains. So mammoth is the consumer rush that for some years now Black Friday sales at large retailers begin early, some start on Thanksgiving morning and run through as late as 11 p.m. on Friday evening!

It has spawned its lookalikes in India. The Big Billion sale in India around Diwali, initiated by Flipkart a few years ago, was inspired by Black Friday and perhaps by Cyber Monday (the Monday after the Thanksgiving holiday weekend) online sales in the US. Today the Big Billion sale is heavily promoted, matched in equal measure (in fact more) by other e-commerce players, and the day brings in unbelievably large volumes for the entire online industry. There are several such sales days that retailers have devised around festivals and such other events, but these are on a far smaller scale than the Black Friday.

India's retail sector has been in doldrums for quite a while now. Perhaps a Black Friday initiative across the country, across retail formats, across brands and across product categories could give the retail market a much-awaited kick start. But for such an effort to succeed, it requires a country-wide unified effort in choosing a single day and date, and then promoting it to the hilt, backed with authentic and credible blockbusters on shopping shelves.

Now, should this Indian Black Friday be the first Navratra, the beginning of the auspicious days after inauspicious Shraddhs, the usual trigger to Diwali sales? Or should we be looking for regional triggers before Onam, Pongal, Puja, Baisakhi and other regional New Years? Opinions could vary.

The Maha Bachat sales of Big Bazaar are proof that a well orchestrated effort in the brick-and-mortar format can do exceedingly well. The Maha Bachat sales have seen serpentine queues outside Big Bazaars around the country. The offers during these 5-day sales have been attractive but not really mind-blowing. With even more mind-blowing offers that would sweep consumers off their feet, the equivalent of an Indian Black Friday could be a reality.

Retailers could look at the way Akshaya Tritiya has been branded, now universally seen as an auspicious day to buy gold it didn't really exist on the scale that we see it in today, until a few decades back. It was the World Gold Council (WGC) that helped create this phenomenon. WGC pioneered this effort with some leading jewelers in select cities in the late 1990s.

So dramatic was the spurt in sales that soon almost every jeweler in India was offering freebies and price-offs on Akshaya Tritiya. And soon enough the third 'tithi' of the brighter half in the lunar month Vaishakha, sometimes also referred to as 'sarva siddhi' day became a bellwether day for the entire jeweler fraternity! So, an Indian Black Friday is eminently doable with the right stimuli and the right incentives.

For the US economy around 30 per cent of annual retail sales occur between Black Friday and Christmas. For some retailers, such as jewelers, it's even higher, nearly 40 per cent. Not very dis-similar to our Diwali season.

But what makes Black Friday stand out is that nearly 137 million people braved the crowds across America over the four-day weekend last year, 600 per cent more than any other festive day in the year. What is more important is that Black Friday is expected to pull in $682 billion in sales on that day this year, with the average American shopper spending a whopping $967. Black Friday also creates nearly a million temp jobs every year.

An Indian Black Friday could be the best practical execution of this year's Nobel laureate Richard Thaler's 'nudge theory', a subtle trigger of self-interest for consumers that can metamorphose the economy.

Source: business-standard.com- Nov 24, 2017

HOME

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Cotton exports to drop as pink bollworms eat crop

India is likely to export nearly one-fifth less cotton than previously estimated as pink bollworms are set to eat into the south Asian country's output which was expected to hit a record, industry officials told *Reuters* on Thursday.

Lower exports from the world's biggest producer will help its rivals like the US, Brazil and Australia to raise their exports to Asian buyers like Pakistan, China and Bangladesh.

"This year exportable surplus will be around 6 million bales. Production estimates are revised down due to the pest attack," said Nayan Mirani, a partner at Khimji Visram & Sons, a leading cotton exporter.

Earlier, industry officials were estimating exports of 7.5 million bales of 150 kg each.

A 19% jump in the area planted for cotton prompted industry officials to estimate record production of 40 million bales in the 2017/2018 season starting on 1 October.

But farmers found that as harvesting started fields were infested with pink bollworms which consume the cotton fibre and seeds inside the boll, or fruit, of the plant. The problem was especially widespread in the western Indian state of Maharashtra, the country's biggest cotton grower.

"In many regions the pest attack was severe. We now think production would be around 37.5 million bales," said Chirag Patel, chief executive at Jaydeep Cotton Fibers Pvt Ltd.

The bollworm infestation has occurred even as Indian farmers have adopted genetically-modified seeds known as Bt cotton that are resistant to the pest. The government approved the seed in 2006.

The technology transformed India into the world's second-largest exporter of the fibre. However, pink bollworms are now developing resistance to the technology, said V. N. Waghmare, director of Central Institute for Cotton Research.

"I was expecting to harvest five tonnes of cotton as the crop grew vigorously. But the bolls didn't open as almost every boll is infested with pink bollworms," said farmer Pandurang Kale as he split a cotton boll to show a pink bollworm that had eaten the fibre.

Kale spent more than Rs1.5 lakh ($2,300) on his cotton crop, but pink bollworms ensured he did not harvest a single kilo of cotton from his 5-acre (2 hectare) field, despite using Bt seeds.

Source: livemint.com- Nov 24, 2017

HOME

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US firms to source organic cotton from agency areas

After cashew, mangoes, vegetables and certain other products, it is now the turn of cotton to be sourced from the agency areas of Visakhapatnam for export. The organic cotton being produced in the areas will soon be used by foreign companies that make branded T-shirts and other clothing items for multinational companies, which sell their products in countries across the globe.

Of course, some Indians may not be conscious about the need to go for organic products. But, in most of the developed countries, people are much interested in natural products. In keeping with this trend, an entrepreneur of the textile industry, Marchi Zaroff of USA, recently visited the agency areas of this district, particularly areas where cotton is grown organically.

She visited Buddem Kharja, Kothavalasa and Dorajammu of G.L.Puram mandal, where she interacted with farmers and got to know the farming procedures. She evinced interest in buying organically produced cotton and appeared inclined to spend crores of rupees to purchase such cotton on a regular basis.

"If cotton is produced without using any chemical fertilizers and pesticides, we can pay much more money than what the farmers would get by producing the same using chemicals. Developed countries are interested in such raw material.

We are searching for such types of cotton. The textile industry is now expecting cotton produced in traditional ways using only cattle manure and green manure. Now, we can produce finished products with the cotton which is going to be exported from here," she observed. She is ready to give good money to farmers who produce cotton in natural ways honestly.

"If substantial number of farmers are interested in producing cotton in zero-budget natural farming mode, it will be viable for me to come here and purchase the cotton," she said. Later, she visited Jattu Trust and interacted with Dr.D.Parinaidu, founder of the trust, and discussed various issues, including natural farming and global warming.

Marchi Zaroff, along with two entrepreneurs viz. Anil Kumar and Sarath of Kadapa district, is planning to procure huge quantities of cotton produced in natural way and export it to the US, after processing the raw material at Tirupur in Tamil Nadu. Their aim is to bring a minimum of 3,000 farmers into this natural cotton farming mode state-wide and help them produce as much cotton as they can. Besides, they want to minimize the expenditure of the farmers and the use of water.

Source: thehansindia.com- Nov 24, 2017

HOME

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