TEXTILE INTELLIGENCE CENTRE
IBTEX
INFORMATION BUREAU
TEXPROCIL

TEXPROCIL NEWS CLIPPINGS

An ISO 9001:2015 CERTIFIED COMPANY

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

IBTEX No. 188 of 2019 — September 25, 2019

US 71.07 EUR 78.15 | GBP 88.58| JPY 0.66

Cotton Market		
Spot Price - Shankar 6 (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
19856	41500	**74.39**
Domestic Futures Price (Ex. Warehouse Rajkot), October		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
19500	40755	**73.05**

International Futures Price

NY ICE USD Cents/lb (December 2019)	60.40
ZCE Cotton: Yuan/MT (January 2020)	12,770
ZCE Cotton: USD Cents/lb	81.39
Cotlook A Index – Physical	**71.95**

Cotton Guide: ICE Futures are just hovering back and forth with lesser volumes. This has been the case for most of the month. ICE December futures has taken 60 cent per pound as a stronghold as doesn't seem to depart from it. There is no stronghold break in either direction. It's either a cent positive or a cent negative.

The ICE December contract finally settled at 60.40 cents per pound with a change of -51 points. Volumes summed up at 20,335 contracts. Based on the speculative activity for the short term we are expecting prices to show slight increases due to short covering [Quarter end] and while speaking for the long term the ICE contracts can dig deep with immense arrivals and sluggard demand.

The MCX contracts on the other hand are tumbling down with the news of cotton arrivals which have started from the states of Punjab, Haryana and Rajasthan. Kindly note, the MCX December contract is already in the 18k Rs per Bale range as predicted yesterday with MCX November just a few Rs short to break the 19k threshold in the negative direction. The MCX October contract settled at 19500 Rs per Bale with a change of -210 Rs. The MCX November contract settled at 19,070 Rs per Bale with a change of -60 Rs whereas the MCX December contract settled at 18,980 Rs per Bale with a change of +13 Rs. Volumes were decent at 1,484 lots. For MCX contracts we hold our strong view of an imminent slide downwards, subject to the [predicted] rains not flooding the fields and destroying crops.

The cotlook Index A has been updated at 71.95 cents per pound with a change of +50 points. The Average prices of Shankar 6 are unchanged at 41,500 Rs per Candy.

With the current prevailing prices, prospects of Indian exports seem to be very bleak. The basis is near 14 cents per pound at the moment which is a big indicator that the Indian crop will not favour exports. The MSP will hold the prices of the Indian produce to dip deep drastically, which again is a bane for exporters but comes as boon for the Indian Cotton Growers. Various textile bodies have approached the Indian Government to contemplate and actionate a mechanism where the whole supply and value chain profits from its activities. The whole chain is thus expecting some changes from the Government to support trade. Indian cotton at the moment based on its quality is relatively overpriced as compared to its competitors USA and Brazil. Greek Cotton is something which is gaining limelight among importers at the moment. While analysing crude prices they are dipping even further which adds to the bearishness of cotton.

On the technical front, ICE Cotton Dec futures continued to consolidate near the support zone of 60.00-60.60 since last five trading sessions. In the daily charts price moving in an intermediate upwards sloping channel with lower band support around 60, which coincide with 50.0% Fibonacci retracement of the recent uptrend. Earlier price has crossed the downward sloping channel and moved above the consolidation phase. At present Dec future is hovering around the DEMA (5, 9) at (60.59, 60.50), with momentum indicator RSI is at 50 levels, suggesting a sideways trend. However, on the upside immediate resistance exists at 61.60, followed by 62.77(76.4% Fibonacci retracement level) and the immediate support would be 60.00, which is nearby the breakout level. So for the day price is expected to move in the range of 60.00-61.60 with sideways bias. In the domestic market MCX Oct future is expected to trade in the range of 19350-19840 with a sideways bias.

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

NEWS CLIPPINGS

INTERNATIONAL NEWS

India and Indonesia can be big winners from global trade war

At last, long-suffering investors in India's economy have something to cheer about. On Friday, the country announced steep corporate tax cuts, sending the value of its main stock index up 6 per cent in dollar terms on the day and another 3 per cent on Monday.

The tax cut is significant, with the rate for manufacturing now on a par with low-rate jurisdictions such as Singapore. The message is that India is open to business, and that it aims not just to assuage investors' concerns but to set a new path for growth. India's prime minister Narendra Modi has been meeting investors and Indian diaspora on a US tour this week to make sure the message gets through.

It is about time. In a low-growth world, India and its regional neighbour Indonesia became investor favourites, boasting a combination that the developed world lacks: large populations and favourable demographic trends.

But sagging growth and the glacial pace of reforms mean they have come to be viewed as Asia's "sleeping giants". Investors backing the growth story have been increasingly fearful that their bets will never pay off.

India's population is predicted to surpass that of China by 2030, yet it will have a median age by then of just 30 versus 40 in China, 47 in South Korea and 51 in Japan. Indonesia's population will be similarly youthful with the median age of 31, according to UN population estimates.

The potential is clear for both countries to transform these demographic booms into engines of domestic demand while positioning themselves as alternatives to China for labour-intensive manufacturing.

This helps explain the valuations of India and Indonesia's stock markets, which are among the highest rated in the region with price/earnings multiples of 20 and above.

Yet before India's tax boost last week, both countries' equity markets were among the region's worst performers year-to-date in dollar terms. That reflected investors' frustrations that the liberalisation measures needed to enable these economies to reach their potential are moving too slowly, or not at all.

Foreign direct investment serves as a useful proxy for the success of reforms, with the long-term funding indicating external confidence in a country's economic prospects. This investment is also fundamental to India and Indonesia's success because it can create the jobs the countries need to absorb excess labour supply and plug the financing gaps.

But India today pulls in a pitiful 0.6 per cent of GDP in manufacturing FDI, while Indonesia manages just 1 per cent. In the early 2000s, when China was at a similar stage of development, it managed 2.5 per cent.

So the foundations are shaky. But both countries have also struggled with geopolitical and macroeconomic trends that have resulted in weaker than expected growth, which highlights a shared vulnerability to volatile external funding.

The strong US dollar has reduced cross-border lending as well as investors' appetite for emerging market assets, while declining Chinese imports — down almost 5 per cent so far this year — are dampening regional export earnings.

The trade war is exacerbating these trends, depressing Chinese demand for goods from neighbouring economies and adding to pressure exerted by the weakening renminbi and insipid Chinese domestic investment.

Aspirations of countries such as India and Indonesia to substitute China's exports to the US are limited due to China's manufacturing heft — representing one-fifth of the world's manufacturing output. This means that any gains in revenue are likely to be offset by margin pressure as China drops prices.

While the tax news is good, there is still plenty more room to unleash India's "animal spirits", notably through much-needed land and labour reforms. The hope is that this is just the beginning.

Until India's surprise tax cut, it was Indonesia that had shown a greater sense of urgency, having announced an ambitious five-year plan to spend the equivalent of about 40 per cent of its annual GDP on infrastructure.

Still, financing is an issue given weak FDI inflows and limited room for manoeuvre in fiscal policy. Earlier this month, President Joko Widodo ordered ministers to come up with measures to support inward investment, following a sobering assessment of Indonesia's FDI performance by the World Bank. His government will now be under increasing pressure to keep up with India.

Investors badly want these countries to succeed and will cheer on any bits of good news through portfolio and direct investment, providing a tailwind for their leaders to push through hard reforms.

The playbook — trade liberalisation, infrastructure construction, land and labour reforms, tax breaks for foreign investors — has been clearly written by Thailand and Vietnam.

The challenges facing India and Indonesia seem to have been enough to wake these giants from their slumber.

It is up to them to retain and reward investors' confidence by grabbing the opportunity to transform themselves from victims of external turbulence to victors in the trade war.

Source: ft.com- Sept 24, 2019

HOME

****

Europe's Textile Industry Squeezed by Pressure From All Sides

The European textile industry has found itself ensared in the U.S.-China trade war even without participating in it.

The issue is the falloff of U.S. imports of Chinese fabrics, with tariffs put in place as the trade impasse intensified. In the year to date through July, first U.S. fabric imports from China fell 22.36 percent in value to $885.62 million compared to the same period last year.

For the 12 months through July, China's market share of fabric imports was down to 27.34 percent, as shipments were 7.52 percent below the previous year, indicating that the rate of fabric import decline picked up as the threat of tariffs intensified.

In turn, many Chinese mills have looked to other exports markets for growth.

"We seem to be seeing some effects of the trade measures taken in the U.S., with some Chinese exports being diverted to the European market," Frederic Van Houte, director general of CIRFS, the European man-made fibers association, told executives at the National Council of Textile Organization's Fall Fiber Meeting last week. "And the pressure is increasing on European textile manufacturers as a result."

Van Houte noted that the European textile industry specializes in man-made fibers, notably polyester, nylon, acrylic and polypropylene. Also not helping the industry is that the euro is strengthening against the dollar, which hurts apparel and textile exports.

Overall, he said, "The economic situation is not so good, with consumption continuing to be sluggish." Van Houte noted that 1.1 percent gross domestic product growth expected in the Eurozone in 2019.

Central Europe is growing more steadily, with countries such as Poland and Hungry leading the way.

"Turkey, a big player in terms of textiles, should be watched," he said. "Its economy is in recession, so negative growth (of about 1.4 percent) is forecast for this year. The forecast is of a slowdown for some countries, even a recession, and some growth for others countries."

In the area of trade, Van Houte noted that the European Union (EU)-Canada free trade agreement (FTA) that has been provisionally implemented has already led to increased Canadian exports to the EU. The EU-Japan FTA went into effect in February, also with increased bilateral trade, and an EU-Vietnam FTA likely will enter into force in early 2020.

"CIRFS was very much against this agreement," he said, noting the negative impact it is seen having on EU textile firms from cheap Vietnamese imports.

Environmental issues are vital in the EU, Van Houte said, with climate change high on the agenda. "There is a big push in the EU to reduce greenhouse gas emissions," he said.

In addition, increased REACH chemical standards and regulations, and potential legislation on microplastics pollution are on the docket, with the textile industry in the crosshairs.

"The EU also wants to make the circular economy–recycle, reuse, reduction of waste–a priority," he added. "The textile industry is also seen as important in this effort."
Source: sourcingjournal.com. - Sept 25, 2019

HOME

****

Chinese textile manufacturer's investment thrives in Ethiopia

As part of the Belt and Road Initiative (BRI) supported by the government, Chinese private textile manufacturers are exploring better development methods in Ethiopia.

Jiangsu Sunshine Group, a Chinese textile and garment giant based in Jiangsu Province, announced an investment in Africa's textile industry in 2016, opening its manufacturing plant, Sunshine Ethiopia Wool Textile, with a total investment of 980 million U.S. dollars.

"The reason we chose Ethiopia as our first overseas factory is that it is relatively stable throughout Africa," Zhao Jiang, director of operations of Sunshine Ethiopia Wool Textile, told CGTN, noting that the country is rich in human resources with a labor force of over 50 million.

It also has abundant water and power resources, without any tariffs when exporting to Europe and America, he added.

According to Zhao, they began considering establishing their first overseas factory in Ethiopia in 2015, thinking about the increasing labor cost in the domestic and preferential policies under the BRI.

"We got green lights all the way on our project approval, whether from the National Development and Reform Commission (NDRC) or the Ministry of Commerce (MOFCOM). And MOFCOM has offered certain subsidies for our upfront investment," he commented.

According to MOFCOM, the total of FDI outflows worldwide in 2018 decreased by 29 percent year on year, falling for three consecutive years, while China was up to the second largest foreign investor, with the outward FDI flows reaching 143 billion U.S. dollars.

What's more, the outward FDI stock of China at the end of 2018 was 66.3 times that of 2002, ranking third among all countries and regions, up from 25th place in 2002.

Despite Africa also facing with a sharp fall in global investment, Jiangsu Sunshine Group decided to expand production in Ethiopia by about a third by the end of 2018.

Zhao told CGTN that the recruitment in Ethiopia received an overwhelming response as locals believe that it is good to go to China to train or work in the factory.

"Three batches of 145 Ethiopian undergraduates were recruited for one-year training in China and the first batch has gone back to Ethiopia in March," he cited.

"They started off with the basics, the production line, and made significant progress," he said, explaining that most of them have basically accepted the company's management model as well as the diligent spirit of the Chinese people after a year of living in China.

He held that the current development of Ethiopia is the same as during the early stage of China's reform and opening-up.

"We brought technology and management to them after going there... we'll withdraw 70-80 percent of the Chinese personnel within three years. And the salary of college students entering our factory is 40-50 percent higher than that of local civil servants," he commented.

Source: waltainfo.com. - Sept 24, 2019

HOME

****

Countries vie to be the next apparel manufacturing destination after China

With both Bangladesh and Vietnam registering steady export growth, competition between the two countries to become the next manufacturing destination alongside China is becoming intense. Statistics reveal, Bangladesh is the second largest and Vietnam the third largest apparel exporter in the world.

While Bangladesh is known for its ability to manufacture low-end items at the cheapest rate with acceptable quality, Vietnam is more value-oriented with strong backward linkage and more educated workforce.

Investments in the energy sectors trigger price war One of the major factors driving growth of industries inCountries vie to be the next apparel manufacturing Bangladesh is the availability and price of its electricity. Most industries in Bangladesh produce their own energy through captive power plants.

Though the sector is currently suffering due to a shortage of gas supply, it is soon set to revive as huge projects including 2.4-gigawatt (GW) Rooppur Nuclear Power Plant are being developed by the government. These power plants will increase the generation capacity of the country significantly which is at approximate 16,000 MW now.

Just like Bangladesh, Vietnam government is also investing billions in its energy sector has set out $148 billion worth of investments to increase power generation and develop electricity network, with $40 billion to be spent in the period 2016-2020, of which 75 percent is to be directed to power sources and 25 percent to grid development.

These initiatives have also triggered a price war between them. While Vietnam offers the lowest gas price compared to other garments manufacturing countries, Bangladesh has regulated its gas price three times in the last decade as a result the utility cost of the industries rose higher than Vietnam by some margin.

Bangladesh offers low cost; Vietnam shorter lead times

Statistics from McKinsey apparel CPO survey 2017, reveal, Bangladesh is likely to be the top country over the next five years in garments export. The market is expected to grow annually at 7.0 per cent (CAGR 2019-2023). Vietnam market is expected to grow annually by 8.8 per cent (CAGR 2019-2023). CPOs mainly preferred Bangladesh due to its ability to produce bulk amounts at a cheap rate. However, as the wages increased in the last five years now.

One of the key factors that buyers are concerned about is the shipping time. Although the shipping time of these two countries are almost similar, Vietnam is quicker than Bangladesh which still has to depend on imported cotton, yarn and fabrics (specially woven) which adds to its lead time. The average lead time from Bangladesh to EU and USA ranges from 90 to 120 days whereas from Vietnam it is 50 to 60 days which clearly puts Vietnam ahead.

Sustainability Issues

As stakeholders are increasingly emphasising on sustainable practices, sustainability is becoming a major concern as an exporting industry. Though there have been some major accidents in Bangladesh like the Rana Plaza fire disaster, the country has improved significantly in the last five years and now leads green factory industry in the world. On the contrary, Vietnam doesn’t have many green factories. Its carbon dioxide emission ton per capita was 2.29 compared to Bangladesh 0.59 in 2017.

Hence, while Bangladesh scores on some parameters, Vietnam scores on others. Therefore, it is difficult to decide the next manufacturing partner of China. Not only are both developing at a rapid pace but also they have taken consolidated steps to incorporate sustainability in operations. Now, the only challenge that they need to deal with is increasing costs of business practices and other sustainability issues.

Source: fashionatingworld.com- Sept 24, 2019

HOME

****

Hong Kong's export value may decline

Hong Kong's export value is expected to decline by four per cent this year. Asean has surpassed the US as Hong Kong's second largest export market. In the first seven months of 2019, Hong Kong's exports to Asean markets climbed 4.6 per cent. The US has imposed tariffs on almost all goods imported from the mainland. Inevitably, this has had an impact on Hong Kong's exports to the US. In the first seven months of 2019, Hong Kong's exports to the US fell 10.9 per cent.

Hong Kong's exporters have been negatively affected by the current trade friction, with shrinking order sizes, price bargaining and cancelled orders the most common consequences.

They have had to share additional tariff costs with buyers. Reduction or cancellation of orders and price reductions is more serious than before. So Hong Kong companies have relocated their production or sourcing bases to Vietnam, Cambodia and India. This will impact Hong Kong companies that provide trade-related services.

Hong Kong traders have adopted different strategies to cope with these business challenges. In addition to developing in non-US markets like Latin America and the Middle East, manufacturers have lowered unit prices, moved production/sourcing bases, downsized the company and lowered the minimum order quantity.

Source: fashionatingworld.com- Sept 24, 2019

HOME

****

Vietnam-Russia Bilateral Ties Deepen, Boost Investment

Russia was one of the first countries to establish diplomatic relations with Vietnam, laying the groundwork for a strong bilateral and economic relationship between the countries.

Vietnam and Russia set up a strategic partnership back in 2001 and elevated this relationship to a comprehensive strategic partnership in 2012 paving the way for increasing economic ties.

The Vietnam-Eurasian Economic Union Free Trade Agreement (EAEU) which took effect in October 2016 lifted trade and economic ties to a new level. Last year, the trade turnover between the two countries increased by 28.6 percent year-on-year while exports from Russia to Vietnam more than doubled.

The total export value to Vietnam reached US$2.1 billion while Vietnam's exports to Russia topped US$2.44 billion – up 12.8 percent year-on-year.

In the first four months of this year, the trade turnover was worth US$1.52 billion – up by 5.92 percent year-on-year. Leaders in both countries are aiming to achieve US$10 billion in bilateral trade by 2020.

While Vietnam and Russia are far apart geographically, there are increasing business opportunities between the two.
Russian FDI into Vietnam

Russia ranks 24 among 129 countries and territories investing in Vietnam, with 123 registered projects – mainly in oil and gas. The total registered capital of these projects is US$932 million.

Russia's largest company in electronics, ROSTEC is one of the biggest and oldest Russian investors in Vietnam, providing the country with military engineering and technology.

In recent years, the company has been expanding its investment in other civilian fields like healthcare, automotive, agriculture technology and more. According to their statement, their share of civilian products in the total revenue will exceed 50 percent by 2025 in Vietnam.

Pillars of Vietnam-Russia cooperation

Russia's main exports to Vietnam include grain crops, food products, mineral raw materials, and metals. Russia is also the largest supplier of military arms and equipment to Vietnam – equipping the country with modern high-tech weapons for security and defense.

Vietnam's main export to Russia includes electrical engineering products, mobile phones, textiles, food and beverage, and coffee. Of the most important pillars of Russia-Vietnam economic ties is the energy (oil and gas) sector. The agriculture and food, and tourism industries are also becoming increasingly important in the bilateral trade and economic relationship of the two countries.

Vietnam has 22 investment projects in Russia which are worth nearly US$3 billion. One of the biggest and most notable Vietnamese investment include TH Groups' US$2.7 billion in dairy farms in the Primorye region.
Energy

Oil and gas exploration and exploitation have been an important pillar of Vietnam-Russian economic cooperation. The Russian-Vietnamese enterprise Vietsovpetro is the eighth largest company in Vietnam and produces one-third of the country's oil. In the first five months of 2018, the company exploited 1.8 million tonnes of oil and 81.9 million cubic meters of natural gas.

Leaders in both countries are encouraging oil and gas exploration and exploitation on the continental shelves of both countries. In May this year, Novatek, Russia's largest independent gas producer, signed a Memorandum of Understanding (MoU) with Vietnam's Ninh Thuan Provincial People's Committee to develop an integrated LNG (low-tonnage liquefied natural gas) energy-generating project within Vietnam. Major Russian oil and gas groups like Gazprom and Rosneft are expected to engage in many more projects in Vietnam's continental shelf by 2030.

The economic growth of Vietnam is driving up the energy demand of the country especially in coal, oil, and gas. The demand in the electricity sector has risen by 13 percent since 2000 and is expected to grow at 8 percent through 2030. Considering this, investors from Russia, which is one of the largest exporters of natural gas and is home to the second-largest coal reserves in the world, will find it profitable to supply to this growing market. Agriculture, food, and beverage

In terms of food products, Vietnam's main exports from Russia consist of confectionary, milk powder, cereals, raw materials for animal feed, alcohol, cooking oil among others.

According to the Russian Export Centre in Vietnam, increasing Russian agricultural products are making their way into Vietnam's domestic market.

Sunflower oil, pine nuts, walnuts, and cereals are among some of the most popular Russian products in Vietnam. Russia is the top supplier of wheat to Vietnam while Vietnam is the fourth largest buyer of Russian wheat, importing around 1.7 million tons of the product in the first four months of last year.

Last month, the Association of Vietnam Retailers (AVR) organized the Vietnam-Russia Trade Connection program. 100 delegates including those from Russian production and supply enterprises, retail distribution and import-export enterprises took part, introducing Russian food products in Hanoi. Large supermarkets in Hanoi were also visited to enhance trade connectivity between the two economies.

Click here for more details

Source: vietnam-briefing.com- Sept 24, 2019

HOME

****

Pakistan: GSP Plus

Any country in the world must ensure protection of its citizens as per its Constitutions and keeping in mind the best practices in the world. Unfortunately, it is not implemented in letter and spirit in many countries, including Pakistan. This article refers to some literature (Kishore 2011; DRI 2016; Pasha 2014; EU 2018; Wolf 2014) to discuss the GSP Plus.

As Pallavi Kishore argues in The International Lawyer (2011), that the "developed countries can often dictate the terms of economic advancement in developing countries in a way that invokes the old colonialist system." Generalized System of Preferences Plus(GSP Plus)and its conditionalities hinged on respect of human rights of the recipient countries smacks of 'old colonialist system.'

Kishore also states that GSP Plus conditionalities are "an instrument of global economic governance" since the donor countries can modify these unilateral schemes. In other words, the donor countries dictate the terms of engagement and that is how it is tantamount to evocation of old colonialist system. Having said it, imposition of conditionalities also offers a way to institute a 'culture' of human rights.

The main objective of the GSP regime is to work towards the reduction of poverty by promoting sustainable development and good governance. The purpose behind the GSP Plus is to use preferential access and trade concessions as an incentive to push the recipient developing countries to ratify and implement the core conventions concerning human rights, good governance, labour rights and environment. GSP Plus scheme was revised in 2014 and it includes a monitoring mechanism, including monitoring by the civil society and non-state actors.

Pakistan was granted the status of GSP Plus in December 2013 and it has been operationalized since January 2014 onwards. Pakistan prepared a report after two years of being granted the status and the focused on human rights, labour rights, good governance, and sustainable development.

More than one-fourth of Pakistan's exports (29 percent) go to 28 European Union (EU)countries. Textiles and garments, sports good, leather goods and surgical instruments are major export items for Pakistan to EU. After Pakistan was granted the GSP Plus status in January 2014, there has been 21 percent increase in Pakistan's exports to EU between 2014 and 2016. In terms of trade and economy, Pakistan had GSP Plus utilization rate of 96.3% in 2017; and it was mostly in apparel and clothing, other made-up textiles articles, cotton, and leather products.

According to academic Zara Salman in a LSE blog; Pakistan has not been able to fully exploit the huge potential of its GSP Plus status for its economy and exports. Pakistan got 10 to 14 percent duty advantage compared to its major regional competitors. However, garments exports increased only by 10 percent between 2013 and 2015 from Pakistan to the EU, whereas Bangladesh and India's garments exports increased by 13 and 17 percent respectively. It reflects that Pakistan has not been able to fully utilize the GSP Plus status to its maximal advantage.

However, GSP Plus status has at least allowed Pakistan's garments sector to slightly improve its market share despite the many challenges. Yet, in the first two years post GSP Plus status for Pakistan, Pakistan's garment exports to the EU increased at 11 percent per year compared to 1.5 percent growth per year for the rest of the world. The major categories in the garments exports are knitwear and woven articles.

The preferential access to Pakistan's exports in the EU market is conditioned upon Pakistan's efforts to implement 27 core international conventions in the field of human rights, labour rights, civil and political rights, and protection of environment. GSP Plus is conceived as an economic incentive and reward scheme in exchange of the recipient countries commitment to implement the core international conventions.

By accepting the GSP Plus status, Pakistan needs to maintain the ratification of 27 core conventions and work towards their implementation, as well as, accept the reporting requirements that are enforced by each convention, regularly review and monitor the status of implementation of relevant mechanisms, participate and cooperate with the relevant procedures for monitoring.

According to the press reports, lack of implementation of the core international conventions is highlighted by Pakistan's civil society as it deemed that authorities do not appear keen to work towards the implementation of its international commitments despite the ratification.

At best, Pakistan presents "mixed" results on all fronts. Working under the carrot and stick approach of the GSP Plus, Pakistan has worked hard to improve its legal and institutional infrastructure on human rights; however, these de jure level developments yet need to be effectively implemented on the ground. All stakeholders need to work together to achieve better compliance of the country's human rights record regarding the ratified core international conventions. Pakistan must therefore step up its efforts and take more proactive, sustained and effective action to implement legislation and to address the challenges.

A criticism of the conditional GSP schemes is that they lead to creation of "multiple layers of governance" in the developing countries. These "multiple layers" are not coherent and often lack utility. In other words, they may just be instruments for just checking the box rather than brining a meaningful change in the realm of human rights.

Various players in the implementation of GSP Plus schemes may have varying objectives. There is need for "transparent discussions" between the donor countries, the developing countries, and other non-recipient actors such as the local governments, and industry in the developing countries to device a mechanism through which the objectives of various players could be better coordinated for the promotion of human rights.

Source: dailytimes.com.pk- Sept 24, 2019

HOME

****

Indian cotton company to build factory in Zambia

Zambian Vice President Inonge Wina recently held talks with India's Shree Vagmi Cotton Ltd, which will invest $7 million in the next three years to build a factory to process cotton lint.

The company has acquired a 26-acre land in Mwembeshi area of Chibombo district in the Central Province and would engage 23,000 cotton farmers in the country in two years.

Wina was accompanied by Zambia's high commissioner to India Judith Kapijimpanga. Vagmi has a cotton factory in Indore.

Shree Vagmi chief executive officer Amit Dwivedi said his company would evolve from cotton ginning to a full textile company in 2020 and would resuscitate the once vibrant textile industry in Zambia, according to Zambian media reports.

The company will be running a scheme under which it will supply farmers with seed, chemicals, wool packs and collect cotton from farming areas, he said.

The company will also build houses for some Zambian staff running the factory.

Source: fibre2fashion.com - Sept 25, 2019

HOME

****

Pakistan: Cotton arrival at Pak ginneries down 26.41% as on Sept 15

Over 1.852 million bales of cotton have arrived in 2019-20 season at various ginneries in Pakistan, as on September 15, 2019, down 26.41 per cent over arrival of 2.517 million bales during the corresponding period of last season, according to the latest fortnightly report on cotton arrivals, released by Pakistan Cotton Ginners' Association (PCGA).

In the major cotton producing province of Punjab, total cotton arrivals decreased by 38.96 per cent year-on-year to 598,314 million bales, according to the report prepared by PCGA, in joint cooperation with All Pakistan Textile Mills Association (APTMA) and the Karachi Cotton Association (KCA).

While in Sindh province, cotton arrivals decreased 18.42 per cent to 1.254 million bales as on September 15 during the ongoing cotton season 2019-20.

Of the total arrival of 1.852 million bales at various ginneries in Pakistan, 1.669 million was pressed by ginners, of which 1.584 million bales were sold, leaving an unsold stock of 85,381 million bales with the ginners, as on September 15, according to the data.

The textile mills in Pakistan consumed 10,151 million bales, while another 103,540 million bales of cotton were sold to exporters, according to the data. The Trading Corporation of Pakistan (TCP) has not procured any bale of cotton so far this season.

As of September 15, a total of 206 ginning factories were operational in Punjab compared to 351 ginneries that were operational during the same time last season.

Similarly, 197 ginning unit was operational in the Sindh region, compared to 234 operating units during the corresponding period last year.

Source: fibre2fashion.com - Sept 24, 2019

HOME

****

NATIONAL NEWS

Textile bodies urges centre to come up with stimulus measures

Textile industry bodies such as Confederation of Indian Textile Industry (CITI), Cotton Textiles Export Promotion Council (TEXPROCIL) and Southern India Mills' Association (SIMA) have urged the central government to come out with stimulus measures such as early release of TUFS subsidies and RoSL/RoSCTL arrears, MSMEs' debt restructuring, e-auctioning of CCI procured cotton, extension of exports credit, among other things.

All these industry bodies held a joint meeting at Coimbatore.

While hailing the government's recent measures such as cut in corporate tax rate, extension of MEIS and RoSL benefits up to December 31, Remission of Taxes, Duties on Export Products (RoTDEP) with effect from January 1, 2020, T Rajkumar, the new chairman of CITI, said the Indian textiles and clothing industry is currently facing severe liquidity crisis mainly due to the huge accumulation of government dues, especially TUF subsidies amounting to Rs 11,000 crore and RoSL/ RoSCTL arrears since March 1, 2019 and GST refund. It is essential to release the government dues on a war-footing to enable the industry to ease its liquidity crunch.

Similarly, extending one-time restructuring of existing loans of the textile and clothing sector on similar lines as given to the MSMEs is need of the hour.

"As the textile industry is a capital-intensive industry, it is requested that there should be no cap to a borrower as has been extended in the case of MSMEs i.e. Rs 25 crore as on January 1, 2019. It is requested that MSMEs debt restructuring package may be extended for the entire textile industry as this would save many companies from turning into NPAs", Rajkumar emphasised.

According to him, consequent to the 26-28% increase in the minimum support price for cotton effected for 2018-19 season, Indian cotton has become expensive when compared to the international cotton price, making our cotton and textile products uncompetitive in the export markets.

This has resulted in sizeable increase in imported cotton during the current season. The country is likely to end with over 50 lakh bales closing stock for the current season due to reduced exports and increased imports and Cotton Advisory Board estimated the closing stock to be 40.41 lakh bales.

He further said that the favourable monsoon and weather has made farmers choose cotton as an attractive crop with another Rs 100 per quintal increase in MSP.

The area under cotton for the next season has already exceeded when compared to the area covered under previous season, anticipating huge gap and minimum support price, the government has already provided Rs 2,000 crore for MSP operations. CCI is geared up to procure around 100 lakh bales in the coming season and the volume is likely to increase if the current forecast of international price remain the same during the peak season of Indian cotton.

In the past, CCI has been avoiding sale of MSP cotton and making it expensive that greatly affected the performance of the cotton textile industry. Therefore, for the coming season, it is essential to come out with a cotton policy that enables CCI to sell its MSP procured cotton on a regular basis at 5 cents lower than the international price during the peak season to avoid accumulation of stocks with exception to the actual users and also make the cotton available at international price during the off season.

Adequate funding has to be provided by the government at NABARD finance rate or under priority lending rate to reduce the carrying cost and minimise the losses incurred by CCI to create win-win strategy for all the stakeholders in the cotton textile value chain especially the farmers and the industry.

Another important measure is that inclusion of cotton yarn under RoSL, MEIS & IES and fabric under RoSL benefits. The cotton spinning sector is currently facing an unprecedented crisis due to excess production capacity to the tune of 7 million spindles created taking advantage of the incentives offered by the textile policies of different states like Gujarat, Maharashtra, Andhra Pradesh.

The cotton yarn consumption in the domestic market got stagnated during the last four years. Over 35% fall in yarn exports in the recent months has aggravated the situation.

The average cotton yarn exports per month that prevailed over 120 million kgs during 2013-14 has now dwindled down to less than 60 million kgs due to US-China trade war and duty-free access enjoyed by Vietnam and other countries in the Chinese market. The sluggish demand has severely affected the cotton farmers as the country is left with excess cotton production. The situation is likely to worsen in the coming year even though the union Budget has already provided Rs 2,000 crore for MSP operation.

Hence, it is essential to boost cotton yarn exports in the interest of over 15 lakh people employed in the spinning sector, millions of cotton farmers and avoid over 3,500 spinning mills (predominantly MSME units) becoming NPAs and prevent job losses for several lakhs of rural masses especially women.

Similarly, extending export credit facilities for all the textile products in the textile value chain including cotton yarn will give a competitive edge in the global market, the CITI chairman said further.

Source: financialexpress.com - Sept 25, 2019

HOME

****

US-India trade deal very soon, says Donald Trump after meeting with PM Modi

US President Donald Trump on Tuesday promised a trade deal with India "very soon", and a larger deal down the line.

Asked if any trade deal was expected between the two countries, Trump, after his bilateral talks with Prime Minister Narendra Modi on the sidelines of the UN General Assembly meeting, told reporters: "We are doing very well...I think very soon we will have a trade deal. We will have a larger deal later on."

Modi said, "As far as trade (between India and the US) is concerned, I'm happy that our Petronet has signed an MoU of $2.5-billion investment in the energy sector."

After the meeting, Foreign Secretary Vijay Gokhale said Commerce Minister Piyush Goyal was in New York for discussions on a trade deal. "He has been having discussions with US Trade Representative Robert Lighthizer, and significant progress has been made on a number of issues. The two leaders were optimistic of us reaching a trade agreement in the near future," Gokhale said.

Modi and Trump's bilateral meeting, and the US president's comments on a trade deal between the two countries, came on a day when Trump warned China for its trade practices. He also slammed the World Trade Organization (WTO) for allegedly allowing China to get preferential treatment despite the size of its economy, saying the institution needed reforms.

In his speech before the UN, Trump made a fresh attack against the global order, saying that "globalists" would not triumph.

"The future does not belong to globalists. The future belongs to patriots," he said.

In his address at the 'Howdy Modi' event in Houston on Sunday, Trump had said he was working to increase American exports to India, and committed to ensure Indian people had access to finest products with the "beautiful phrase" of "Make in USA" emblazoned on them. At that event, Modi had said he was meeting Trump soon and expected a deal. He had praised Trump for the latter's expertise in the "art of the deal", and that he was learning from the US president.

The US has continued to put pressure on India to initiate talks on a full-fledged free trade agreement (FTA) over the past year, but New Delhi has consistently pushed back. Commerce Department officials have argued that India stands to gain little from such a pact as import duties for goods entering the US are already among the lowest in the world.

India wants a mutually acceptable 'trade package' that provides an amicable solution to major grouses from both sides, according to a senior trade negotiator. India is considering dismantling its current price cap regime for coronary stents with a trade margin policy. It may also allow lower duties on import of certain information and communication technology products such as high-end mobile phones and smartwatches from the US which may make iPhone products cheaper in the country.

In return, the US has offered to step back from its aggressive posturing on 'reciprocal taxes'. Trump has also repeatedly accused India of being a 'high tariff nation', referring to duties placed on US-made Harley Davidson motorcycles.

The meeting between Modi and Trump lasted 35-40 minutes, Gokhale said. “We are quite satisfied with the meeting. We raised the challenges we face with regard to terrorism, especially in Jammu and Kashmir,” the foreign secretary said.

When asked on Kashmir, Trump told reporters that he hoped Modi and Pakistan PM Imran Khan would “work out something”, and seemed to be distancing himself from any mediation between the two South Asian neighbours. Trump had met Khan on Monday and once again offered to mediate between Pakistan and India on the Kashmir issue if both sides agree.

"It will be great if they (Modi and Khan) can work out something on Kashmir,” he said. “I really believe that Prime Minister Modi and Prime Minister Khan will get along when they get to know each other, I think a lot of good things will come from that meeting,” he said.

On how he saw the Pakistan PM admitting that his country’s ISI was training the Al Qaeda, Trump said, “...The prime minister (Modi) will take care of it." Taking forward their bonhomie from the ‘Howdy Modi’ event in Houston on Sunday, the US president praised Modi as a “great gentleman and a great leader”.

“I remember India before was very torn. There was a lot of dissension; fighting and he brought it all together. Like a father would bring it together. Maybe he is the Father of India. We will call him the Father of India,” he said.

Pointing to Modi, he said, “They (Indians) love this gentleman to my right. People went crazy, he is like an American version of Elvis.” Modi said he was thankful to Trump that he came to Houston. “He is my friend but he is also a good friend of India," Modi said.

The foreign secretary said, “PM Modi made it clear that we are not shying away from talks with Pakistan but we expect certain concrete steps to be taken by Pakistan before that, and we don't find any efforts by them”.

India-US trade talks had run the risk of coming apart earlier this year, after the US had cut off India's duty-free access to the American market under its largest preferential trade scheme, the Generalized System of Preferences (GSP).

Subsequently, India had raised import duties on key high value imports from the US, mostly among agricultural products such as apples and almonds. Reinstatement of GSP benefits has remained a key part of the Indian demand list, according to sources.

On the table

What India wants

- Restoration of GSP benefits for Indian exports
- Dropping threats of reciprocal tariffs

What the US wants

- Lower import duties on high-value tech products like smartphones
- Tweaks in current price cap regime for coronary stents

Sources say the US has asked India to confirm the current economic slowdown and that the turmoil in the domestic aviation sector will not affect civilian aircraft purchases by New Delhi. Low-cost carrier Spicejet has ordered 205 aircrafts from US manufacturer Boeing.

In the works for more than a year, the proposed package has seen trade officials from both sides meet as many as six times to try and hammer out a deal.

On the other hand, the promise to ramp up purchase of crude oil from Texas has already been fulfilled by India. On Saturday, Petronet LNG Limited (PLL) signed an MoU with American natural gas supplier Tellurian Inc, to provide it with up to 5 million tonnes per annum of liquefied natural gas. In 2017, India got its first consignment of crude oil from the US, 42 years after Washington DC stopped oil exports in 1975. Indian Oil Corporation and

Bharat Petroleum had placed orders for over 2 million barrels from the US which was pegged to boost bilateral trade by up to $2 billion.

Source: business-standard.com - Sept 25, 2019

HOME

****

Polyester yarn import sees whopping 855% increase! Industry urges Government to intervene

In just 26 months, polyester yarn has seen a whopping 855 per cent increase in import, which is a worrying sign.

Polyester yarn (finished product of mills) is included in the list of items being cleared with SAFTA/AIFTA certificate at zero duty whereas the raw material for this product, polyester staple fibre (PSF), is not included in this list and hence cleared at a full duty rate of 5 per cent.

The PSF production is controlled in India largely by Reliance Industries Ltd. (accounting for more than 50 per cent of the total production); the domestic prices of PSF are calculated taking into account the landed rate of PSF from Indonesia.

As per the available information, the average total monthly import from Indonesia and Vietnam in the pre-GST period was 565 tonnes. The average monthly import in the last 2 months has been 5,400 tonnes, which is an increase of 4,835 tonnes per month in % terms – A staggering 855 per cent jump in quantity in a period of just 26 months.

Industry experts believe that if this same trend is extrapolated, imports will reach 50,000 tonnes per month, or 600,000 tonnes per year by October 2021 valued at US $ 1.02 billion per year.

Besides, the size of the spinning mills in Indonesia is huge and if left unchecked, this figure will surely threaten the survival of Indian textile mills.

It is also pertinent to mention here that pre-GST, there used to be some protection against the influx of imports under these FTAs as imported yarns were subject to CENVAT @ 12 per cent and a special additional duty (SAD) of 4 per cent, whereas the domestic yarn was exempt from CENVAT.

Only PSF was subject to CENVAT. Therefore, domestic yarn had the benefit of 12 per cent CENVAT on the value-added component during yarn production as well as the benefit of 4 per cent SAD. This was sufficient to protect against the clearance at zero duty under FTAs.

However, post-GST, with the removal of CENVAT & SAD, polyester yarn is being cleared at zero duty. This has led to very high increase in the quantity of yarn being imported from these countries which can be seen in above figures.

The Northern India Textile Mills' Association (NITMA) has raised this issue strongly to the Government and sent a detailed representation to Ministry of Finance, Ministry of Textiles and Ministry of Commerce & Industries.

Sanjay Garg, President, NITMA says, "To overcome this challenge and to give domestic textile mills get a level playing ground, it is must to increase the Basic Custom Duty (BCD) on polyester yarns (55092100) from the current level of 5 per cent to 10 per cent. Besides, the Government needs to modify the FTAs to exclude this item from the list of items that are being cleared at zero duty in India or alternatively by including the raw materials of the yarn, that is PSF and PTA in this list."

All the large textile mills in the Northern part of India are associated with NITMA and the combined turnover of its members is approximately 50,000 crore (US $ 8 billion).

Sanjay also added that if India is to achieve its goal of being a US $ 5 trillion economy in 2024, the domestic MMF industry must clock double digit growth rates.

Source: in.apparelresources.com - Sept 25, 2019

HOME

****

MCX handles 4 lakh bales of cotton this crop season

MCX has handled delivery of 398,600 bales (of 170 kgs each) of cotton valued at ₹853 crore in the cotton crop season ended August. Last year, it handled 182,300 bales of cotton delivery.

During this season, cotton deposits at 42 MCX-accredited warehouses hit an all-time high of 2.14 lakh bales compared with 1.81 lakh bales last year, an increase of 18 per cent. The increase in overall participation from the cotton value chain has led to higher delivery and deposits of cotton at exchange-accredited warehouses.

As the futures contracts for crop year 2018-19 have concluded, all cotton stocks at designated warehouses in Rajkot, Kadi and Mundra in Gujarat; Jalna and Yavatmal in Maharashtra and Adilabad and Warangal in Telangana were delivered to the buyers.

PS Reddy, Managing Director, MCX, said efficient price discovery coupled with a robust delivery and settlement mechanism made it widely acceptable.

Source: thehindubusinessline.com- Sept 24, 2019

HOME

****

Multiple threats looming which could slow down the pace of domestic apparel exports: ICRA

Retail sales of clothing and clothing accessories in the US have remained flat during 8M CY2019 vis-a-vis the corresponding period last year.

ICRA feels that though domestic apparel exports are expected to remain in the positive zone during rest of the year, there are multiple threats looming which could slow down the pace and make it challenging for apparel exporters. India’s apparel exports have revived during the current financial year, growing by ~4% Y-o-Y during 4M FY2020, after two consecutive years of de-growth, by ~3-4% per annum in the previous two fiscals.

Commenting on this, Mr. Jayanta Roy, Senior Vice-President and Group Head, Corporate Sector Ratings, ICRA, says, “External environment for India’s apparel exporters remains challenging amid a pick-up in activity on several free trade agreements among the key trading nations, which has intensified competition from nations having a cost advantage over India.”

In terms of region-wise trends, the growth in India’s apparel exports during the first four months of the current fiscal was primarily driven by a ~7% Y-o-Y increase in exports to the US market, while exports to the key European and the UK markets declined by ~2-3% Y-o-Y during the period.

In addition to a general slowdown in EU’s import demand amid weakening of currency (with Euro depreciating by ~4% against USD in H1 CY2019 vis-à-vis the average level in CY2018), India’s position in the EU market has been adversely affected by the preferred access to key competing nations such as Bangladesh and Vietnam, by way of free trade agreements. These include Comprehensive and Progressive Agreement for Trans Pacific Partnership (CP TPP) between 11 nations including Vietnam, which had come into force for seven nations by January 2019, and EU-Vietnam Free Trade Agreement, which got signed in June 2019 (pending ratification).

These could make it increasingly more difficult for India’s apparel exporters to maintain their competitiveness in its largest market, the EU, which accounts for ~35% of India’s apparel exports.

“Apart from challenges in the EU market, retail trends in the US also remain unencouraging, which could exert additional pressure on the order flow for India’s apparel exporters going forward.” adds Roy.

Retail sales of clothing and clothing accessories in the US have remained flat during 8M CY2019 vis-a-vis the corresponding period last year, following a comfortable growth of ~4.6% during CY2018. Besides affecting order flow, this could potentially result in renegotiation of realisations as well as elongated receivable cycle for the exporters. The impact could be cushioned somewhat if India is able to capitalize on the likely opportunity, which may arise from imposition of additional tariffs on apparel exports from China to the US.

However, contrary to the expectations of a decline in China’s apparel exports to the US amidst ongoing US-China trade tensions, these have instead grown at a steady pace. This could be partly explained by a possible advancement of shipments in anticipation of higher tariffs.

Further, there are exit barriers for large buyers in the US in terms of compliance requirements as well as establishing a reliable supplier base for large quantities, which would have also prevented a sudden decline. Nevertheless, more clarity will emerge post release of trade data for Q4 CY2019, as additional tariffs at a higher rate of 15% (in addition to base tariffs) have become effective from September 1, 2019, which are estimated to cover more than 90% of China's apparel exports to the US.

Although large exporters from India are well positioned to benefit from the market opportunity, it would require companies to scale up their operations, maintain strict delivery schedules and meet stringent compliance requirements of the buyers in a short span of time.

This apart, steps taken by the Government of India (GoI) to provide clarity on continued access to export incentives will play a crucial role in determining the ability of the Indian apparel exporters to garner a larger pie of the global apparel trade.

In this context, the GoI has taken some steps recently which have come as a respite for the Indian apparel exporters. Following the replacement of the Rebate of State Levies (ROSL) Scheme with the Scheme for Rebate of State and Central Taxes and Levies (RoSCTL) which has a wider scope, with effect from March 2019 onwards,the Government has announced the introduction of a new scheme called Remission of Duties or Taxes on Export Products (RoDTEP) recently in September 2019.

The scheme is proposed to be made effective from January 1, 2020 onwards. While the details are still awaited, pending which its impact on profitability of apparel exporters remains uncertain, the Government aims to replace all existing export incentive schemes with this scheme and has assured that the new scheme will more than adequately incentivise exporters than the existing schemes put together. Nevertheless, this remains a key monitorable for the sector in the near term.

Given the headwinds, ICRA expects Indian apparel exporters to grow at a slower pace in the near term. However, despite moderation from a healthy 14-16% growth in FY2019 and Q1 FY2020, pace of growth for the larger domestic apparel exporters is expected to remain comfortable at ~8-10% during FY2020.

Renegotiation of apparel realisations by key buyers amid a slowdown in retail demand and continued competitive pressures from peer nations, together with high raw material costs and higher air freight charges are likely to put a pressure on margins. The impact though, is expected to be cushioned by the transitory increase in export incentives till December 2019, post the replacement of ROSL with ROSCTL. As a result, large exporters may report range-bound operating margins vis-a-vis last year.

As for capitalisation and coverage metrics, a slight correction is likely owing to higher working capital requirements amid elongated receivable turnover period. Nevertheless, these are expected to remain comfortable. Smaller companies in the sector, with limited bargaining power and dependence on smaller US retailers that are facing performance pressures, are more prone to the slowdown. These companies may face pressures on profitability as well as liquidity, amid renegotiation of prices and payment terms. However, as a large proportion of such entities already have weak credit profiles and fall in the non-investment grade categories, no major rating movements are expected in the sector.

Source: economictimes.com- Sept 24, 2019

HOME

****

Spate of global free trade pacts threaten Indian apparel exports

Free trade agreements signed between major consuming countries and manufacturing countries pose a major challenge for Indian apparel exporters. This threat comes even as the growth in exports moved back to the positive zone after two years.

Continued access to export incentives remains crucial for the Indian apparel exporters to garner a larger pie of the global apparel trade, though recent measures announced by the central government have provided some relief. After a fall in exports for the last two consecutive years, apparel exports were up 4 per cent in the last four months of this fiscal.

As per an ICRA note, though domestic apparel exports are expected to remain in the positive zone for the rest of the year, there are multiple threats which could affect the pace of growth make it challenging for apparel exporters.

In terms of region-wise trends, the growth in India's apparel exports during the first four months of the current fiscal was primarily driven by a 7 per cent increase in exports to the US market, while exports to the European and the UK markets declined by 2-3 per cent during the period.

In addition to a general slowdown in EU's import demand amid weakening of currency with euro depreciating by 4 per cent against USD in first half of this calendar year, exports to the EU market have been adversely affected by the preferred access to competing nations like Bangladesh and Vietnam, by way of Free Trade Agreements (FTAs).

These include Comprehensive and Progressive Agreement for Trans-Pacific Partnership between 11 nations, including Vietnam, which had come into force for seven nations by January, and EU-Vietnam Free Trade Agreement, which was signed this June. These could make it increasingly difficult for India's apparel exporters to maintain their competitiveness in the EU, its largest market, which accounts for 35 per cent of India's apparel exports.

Challenging environment

Jayanta Roy, Senior Vice-President, ICRA, said that external environment for India's apparel exporters remains challenging amid a pick-up in activity on several FTAs among the key trading nations, which has intensified competition from nations having a cost advantage over India.

"Apart from challenges in the EU market, retail trends in the US also remain unencouraging, which could exert additional pressure on the order flow for India's apparel exporters going forward," added Roy.

Retail sales of clothing and clothing accessories in the US have remained flat during last eight months, following a comfortable growth of 4.6 per cent in 2018. Besides affecting order flow, this could potentially result in renegotiation of realisations as well as elongated receivable cycle for the exporters.

Source: thehindubusinessline.com- Sept 24, 2019

HOME

****

Meet of textile bodies in Coimbatore on September 26 to discuss slump in the sector

The Confederation of Indian Textile Industry (CITI) is convening a meet of stakeholders in Coimbatore on September 26.

Different textile-related forums/associations have been invited to take part in the meeting to discuss and put forth the sector's demand in one-voice to the government, said CITI Chairman T Rajkumar.

CITI plans to compile and the industry demands and submit the list to the government by October 15.

Hailing the various measures initiated by the government to revive the economy, Rajkumar said the textile industry is no exception to the meltdown. "We met Finance Minister Nirmala Sitharaman last Wednesday and explained our situation.

While indicating her readiness to bail the textile industry out of its present imbroglio, Sitharaman asked us to consolidate, highlight and submit a report on the industry's plight. This meeting is aimed at eliciting the issues from the different textile associations across the value chain."

Earlier at a meeting convened jointly by CITI, Texprocil and the Southern India Mills Association (SIMA), Rajkumar said the textile and clothing industry is under a severe liquidity crunch, mainly due to huge accumulation of TUF subsidies amounting to ₹12,000 crore (over the past six years) and RoSL/RoSCTL arrears since early March this year and GST refund.

"These should be released immediately. The government has sought updation on TUF subsidy release by September 30. Unfortunately, banks have done away with the TUF cell. We have therefore appealed for extension of time."

Debt restructure

Rajkumar stressed the need for extension of debt restructure to the textile and clothing sector, similar to the MSME debt restructure package.

Texprocil Chairman KV Srinivasan said that the industry continues to suffer due to various external factors, and the spinning sector is at its worst. It is facing a crisis that is unprecedented in the last three decades. Production surplus and stagnation in yarn movement over the last four years, coupled with a steep slide in yarn exports of over 35 per cent in recent months, has aggravated the situation.

The impact has been more due to external reasons such as the US-China trade war, duty-free access enjoyed by Vietnam and other countries in Chinese market, delay in FTAs and so on. "The situation is likely to worsen in the coming year" he said, emphasising the need for extending the export benefit to cotton yarn as well.

"Cotton yarn has been singled out under the RoTDEP (remission of Duties/Taxes on Export Products — the new export benefit scheme). This has to be included to make this capital-intensive sector competitive".
Srinivasan further said that cotton yarn was outside the purview of interest subvention, suggesting the need for making it applicable to all sectors of the textile industry.

Source: thehindubusinessline.com- Sept 24, 2019

HOME

****

Gujarat: Ginning, spinning units not likely to get booster soon

Notwithstanding expectations of a bumper cotton crop following good rains , hundreds of closed ginning and spinning units in Gujarat will not get a much-needed boost. To make matters worse, those functioning at lower capacities are likely to suffer double whammy of depressed international cotton prices and higher minimum support price (MSP) of Rs 5,550 per quintal.

Almost 40% of 1,200 ginning mills and 20% of spinning units across Gujarat are closed due to issues related to shortage of raw material. Even after adequate fresh arrivals of raw material in the markets on account of bumper cotton crop, their plight is less likely to change. Industry sources fear even worse situation in coming days if their competitiveness in international market does not improve.

With almost 30% of the country's total production, Gujarat is considered as the largest cotton producer in the country. Compared to last year's around 320 lakh bales (a bale consists of 170 kg) cotton crop, this year bumper crop of 380-400 lakh bales is being projected across the nation, said All Gujarat Spinners Association president Saurin Parikh.

Sowing area of cotton in Gujarat has gone up from last year's 23 lakh hectare to 26 lakh hectare following good rain. Against last year's 92 lakh bales, cotton production in Gujarat may cross 120 lakh bales, adds Parikh. Saurashtra region of the state alone accounts for almost 70% of Gujarat's total cotton crop.

Gujarat has an installed capacity of nearly 47 lakh spindles, which is too high compared to overall demand for yarn, said Parikh, adding that already 20% of them are closed and others are functioning at 60% capacity. Spinners are not optimistic about export market, but they are expecting domestic demands to increase in the wake of impending Diwali festivities.

"It is difficult to run ginning mill in current scenario. Going by the MSP, per candy (355.62 kg) price is around Rs 42,000, which is Rs 3,500 higher than the prevailing international cotton price. Higher domestic prices are a major handicap for Gujarat based ginning mills as they are losing competitiveness in export market. Now, we are banking upon domestic demand," said Arvind Patel, vice-president of Saurashtra Ginners Association.

Source: financialexpress.com- Sept 25, 2019

HOME

****

CCI looks to buy 10 million bales of cotton in 2019-2020

Right now, the biggest concern among cotton traders is whether the CCI will enter the market. Market prices move up when CCI begins procurement at MSP.

Cotton Corporation of India (CCI) is set to buy 10 million bales of 170 kg each if cotton prices fall below the minimum support price (MSP).

Prices are above the MSP at Rs 5,900 per quintal in north India, where fresh crop has started arriving.

The MSP of cotton for the 2019-20 season is Rs 5,550 per quintal as against Rs 5,450 per quintal in the previous year.

"Currently, cotton prices are ruling above the MSP. It looks like prices will not decrease much in October," said Dr P Alli Rani, chairman, CCI, while speaking on the sidelines of the annual conference in Jalgaon.

Rani thinks the CCI may have to intervene in the market in November.

CCI has been operating 358 procurement centres this year. “If required, we can open more centres," she said.

Right now, the biggest concern among cotton traders is whether the CCI will enter the market. Market prices move up when CCI begins procurement at MSP.

Of the 1.1 million bales procured by CCI in 2018-19, the government entity has sold only 200,000 bales.

"We have insisted on getting correct value for our crop," Rani said, indicating that the spinning industry preferred to import cotton of the same quality cotton rather than buying it from CCI.

Source: economictimes.com- Sept 24, 2019

HOME

****

‘The Complete Man’ has evolved, unfolds Raymond 3.0 for millennials and newly grown-ups

How the brand has kept pace with the times and remained relevant to an ever-changing customer profile

“Products are made in the factory, but brands are created in the mind,” said a renowned brand designer.

In the 1970’s when Raymond decided to shift focus from product promotion to brand-building, that’s exactly what it did - create a brand that would stay in the minds of generations to come.

In 1925, Raymond started as a woollen mill in Thane, owned by the wealthy Sassoon family. The company changed hands to the Kanpur-based JK group owned by the Singhanias in 1944.

From a woollen blanket producer, Raymond has not only evolved into an iconic textile brand, but has also become a diversified conglomerate with interests in FMCG, engineering and prophylactics, in the national and international markets.

Known for its premium quality products, Raymond produces some of the finest shirting and suiting fabric in the world. It also commands a market share of more than 60 per cent in the worsted suiting fabric space in India.

“Even if one strand in a Raymond suit goes wrong, as a CEO I can tell you that heads will roll in our company even today,” Sanjay Behl, Chief Executive Officer, Raymond Ltd, said recently while addressing a brand event in the city.

Growth drivers

Raymond’s growth from a small woollen mill to a textile behemoth can be attributed to two factors. First, the brand's strong network of retail stores. It has 1,100 exclusive stores, which includes the Raymond Ready-to-Wear (RRTW), Park Avenue (PA), Color Plus (CP) and Parx brands, spread across 380-plus cities. Raymond opened its first retail store in 1958 in Mumbai, when the concept was unheard of.

“Having a great product is not enough, much depends on how we reach customers, to say how we are differentiated,” Behl said.

Second, Raymond has run a series of meaningful and sensitive ad campaigns over the years, which have helped the brand achieve cult status among Indians.

In the 1980’s Raymond came up with its first ad campaign titled ‘The guide to a well-dressed male,’ targeting ostentatious men. Prior to that, it ran a campaign called ‘Final word’. But it was ‘The Complete Man’ campaign launched by Rajiv Agarwal of Enterprise Nexus in the early 1990’s that took the brand to the pinnacle of glory.

The campaign, which coincided with India’s economic liberalisation, grabbed the attention of aspiring young men to the growing big brand.

Brand Raymond, which rediscovered itself with the changing realities of time, broke its own stereotyping of the macho male type of ads of the previous decade.

In the 2000s, when the company shifted its focus to the high-end casual wear segment, Raymond came up with a host of TV commercials, which showed the Raymond man as a personification of care, love and affection, who handles his societal obligations and familial roles with equanimity.

In 2016, Raymond even broke gender stereotyping through a digital ad film, which paid tribute to single mothers. The ad received rave reviews across social media platforms.

“The complete man does not necessarily signify a male. A complete man means a complete human being irrespective of gender,” Behl said.

Test of modernity

With boardrooms becoming younger and millennials preferring fancy casuals over formal attire, the company is caught between its legacy on the one side and the test of modernity on the other.

“It's a strong brand, we can’t rush into changing our brand too fast,” Behl said, adding that till 2014, the company decided to stay strong on the brand, but accepted change and stayed relevant to consumer preferences.

The company’s strategy till 2020 will be to initiate visible changes, but stay true to the core brand values. As part of this initiative, the company changed the looks and aesthetics of many of its showrooms to attract new age consumers. It will not just focus on the 'complete man', but also the 'explorer'.

According to Behl, the aspirations of newly grown-ups (NGUs) is far more complicated than the millennials.

"The NGUs will have an abundance of time, resources and options, so the whole concept of branding will change from storytelling to narrative," Behl said.

Innovation is not new to Raymond, which pioneered the concept of a retail store in textiles way back in 1958.

Raymond 3.0

The brand is gearing up for 'Raymond 3.0', which is an evolution from product to solution to the experience stage. Raymond 3.0 will weave technology and professional tailoring expertise, to offer unique a customer experience.

"So what we did is, we have positioned our communication in today's man, but positioned our products in tomorrow's man," Behl said.

As part of this initiative, the brand will introduce 3D manufacturing, digital body measurement, 75 tailoring hubs and over 1 lakh tailors.

The 94-year-old brand will also open its 1,000th exclusive Raymond store in Surat to commemorate the birth anniversary of Mahatma Gandhi.

Source: thehindubusinessline.com- Sept 24, 2019

HOME

****

Cotton prices comes under pressure ahead of peak cotton arrivals season

Cotton had gained by Rs 230 in the last three sessions

After a smart rally over the last three days, MCX Cotton October futures retreated by ₹110 on Monday to settle at ₹19,710 a bale. Cotton prices came under pressure on expectations of a higher crop this season, a slowdown in the textile sector and uncertainty over a trade deal between the US and China. Cotton had gained ₹230 in last three sessions.

Moreover, the beginning of peak cotton arrivals season has exerted pressure on the October cotton contract rather than the near-month contract.

Cotton arrivals across the country have increased to over 41,800 tonnes during the first 20 days of September, which has almost doubled from last month. Arrivals were up 21 per cent from same period last year. Clearly, increased supply in the physical market has pressurised cotton prices in the domestic market. Despite crop-loss concerns from major cotton-producing states, increased supply from Haryana, Rajasthan, Punjab and uncertainty over resumption of US and China trade are likely to keep cotton prices under pressure for the near future, said a Kotak Securities report.

On the global front, ICE Cotton December futures gained 0.6 per cent to settle at 60.91 cents/pound as positive comments from the United States have again managed to create euphoria in the agriculture commodity market ahead of US and China trade talks next month.

US President Donald Trump and Treasury Secretary Steven Mnuchin told reporters that China was beginning to buy “a lot of agricultural products from the US”. However, the Chinese delegation unexpectedly cancelled a tour of American farms recently.

The cancellation came only about an hour after President Trump said he wasn’t interested in “a partial deal” with China based on Beijing increasing its purchases of US agricultural products. Considering the poor chances of a trade deal, the Kotak report expects cotton to trade flat in the near future with weak broader fundamentals.

Source: thehindubusinessline.com- Sept 24, 2019

HOME

****