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TEXPROCIL NEWS CLIPPINGS
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IBTEX No. 84 of 2019 April 26, 2019

USD 70.09| EUR 78.08 | GBP 90.44 | JPY 0.63

Cotton Market

Spot Price - Shankar 6 (Ex. Gin), 28.50-29 mm

Rs./Bale	Rs./Candy	USD Cent/lb
22297	46600	**84.64**

Domestic Futures Price (Ex. Warehouse Rajkot), May

Rs./Bale	Rs./Candy	USD Cent/lb
22400	46816	**85.03**

International Futures Price

NY ICE USD Cents/lb (July 2019)	78.32
ZCE Cotton: Yuan/MT (September 2019)	15,700
ZCE Cotton: USD Cents/lb	105.61
Cotlook A Index – Physical	**86.45**

Cotton Guide: USDA US Weekly Export Report had good sale figures but on the other hand had lower shipments than expected.

For the week ended April 18, US upland Sales for shipment in 2018/2019 were up by a net figure of 239,000 RB (running Bales) an increase of 10% was seen as compared to the previous week. The Largest amount was assigned to Turkey 88400, followed by India 74600, Vietnam 28500, Indonesia 15900, China 13100. Reductions were reported for Japan 1700.

The upland shipments comprised of 318000 running bales. The important destinations were Vietnam 75900, Pakistan 43400, China 38300, Turkey 38000, and Bangladesh 26200.

For 2019/2020 the sales commitments rose to 48900 RB for Vietnam 22000 and China 17600. The Net sales for PIMA cotton summed up to 10,500 RB and shipments summed up to 11,000 RB.

The Weekly CFTC Cotton On-Call Report for the week ended April 18th was released after the close. The most noteworthy changes were seen for the MAY oncall sales – which was down by 8,908 contracts to 4,537 contracts and oncall purchases which was down by 2,952 contracts to 2,471 contracts.

Total oncall sales were at 109,641 contracts which is a decline of 605 contracts. Total oncall sales a year ago were 156,321 contracts. Total oncall purchases were at 52,928 contracts, up 1,450 contracts. Total on-call purchases a year ago were 45,651 contracts.

The ICE cotton contracts settled higher as weekly export sales data were robust. The ICE July contract settled at 78.32 cents/lb with a change of +120 points ie 1.6 percent. The ICE December contract settled at 76.71 cents/lb with a change of +65 points. All the other ICE future contracts also settled on positive grounds. However the volumes did not pick up pace and still remained very low at 24,974 contracts. We are expecting better volumes next week onwards. On one hand good export sales figure have given a thrust to the market and on the other hand good rains in West Texas are weighing on the market. The International Market is awaiting for more data to move forward with their trade decisions.

The MCX contracts, also showed slight positivity with all the nearby contracts ending with positive figures in the range of +50 to +80. The MCX May contract settled at 22400 Rs/Bale with a change of +80 Rs. The MCX June and MCX July contracts settled at 22640 Rs/Bale and 22860 Rs/Bale with a change figure of +70 Rs and +50 Rs respectively. The total volumes were seen at 6504 lots as compared to the previous figure of 8185 lots which amounts to a 25% decline. The Domestic Market is certainly showing a bullish tone with lower crop figures.

The Cotlook index A has been adjusted to 86.45 cents/lb with -0.75 cents/lb as a change figure. The price of Shankar 6 is still unchanged at 46,600 Rs/Candy. The Indian mills currently having a stock for 45-60 days. Therefore they do not seem to be concerned about Indian prices shooting up as imports are competitive and economical right now. On the other hand the US is able to cater to its exports needs with good crop figures.

On the technical front, ICE Cotton July futures continued to trade in a sideways range of 77.20-78.40 during the day. Price witnessed decline as it failed to breach above 79.60, meanwhile strong support at the lower ban of the channel near 77.20 limited the downside in prices. In the daily charts positive crossover of 9 day EMA above the 26 day EMA supported the bullish bias in cotton futures. Moreover, the strength index RSI is hovering near 50, which indicates a range bound momentum in prices. So for the day price is expected to remain in the range of 77.20 to 78.40 with sideways bias. Only a move above 79.60, would push price further higher towards 79.90/80.00 zones. Likewise, below 77.20 next support exists around 76.50. In the domestic market May future is expected to remain in the range of 22200-22600.

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

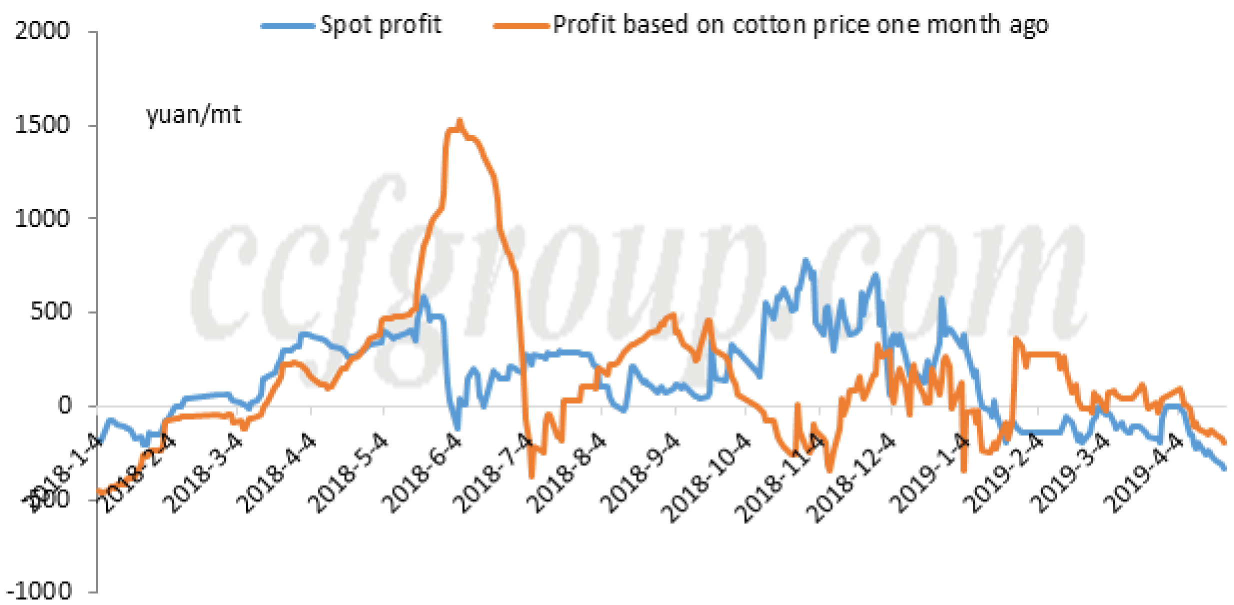
NEWS CLIPPINGS

INTERNATIONAL NEWS

China: Can state cotton auction timely help cotton yarn mills?

Apr is traditional peak season. Cotton yarn market saw tight supply and continuous rise of price in last Apr, while at present, the market demand weakens continuously and inventory of cotton yarn mills accumulates with dropping price despite strong cotton and lower-to-negative profits. In the evening on Apr 23, Ministry of Finance announced that the state cotton auction will be launched from May 5 and end on Sep 30. Thus will the state cotton auction be timely help to cotton yarn mills to turn from deficits to profit?

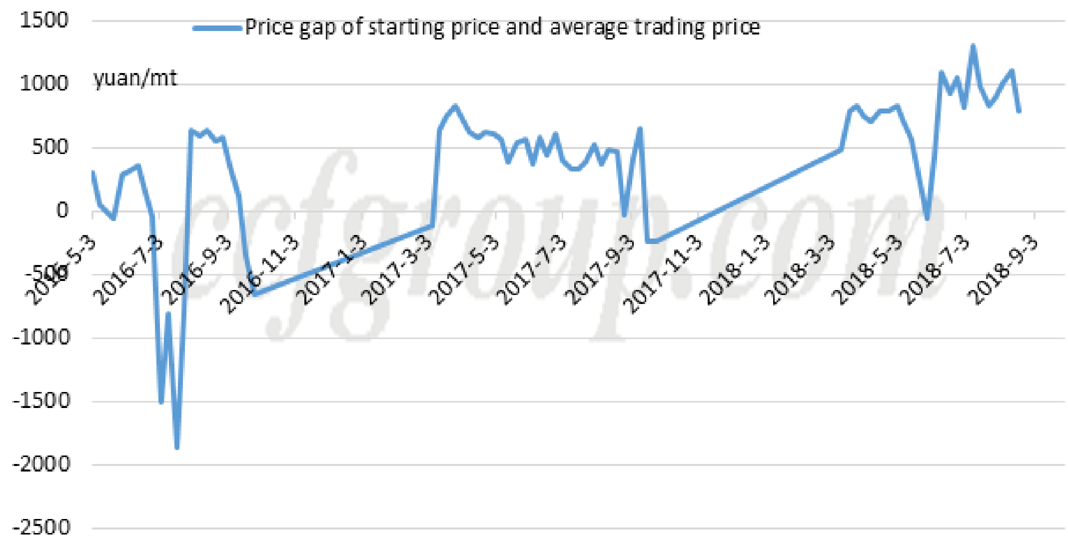
Comprehensive theoritical profit of Chinese carded 32S



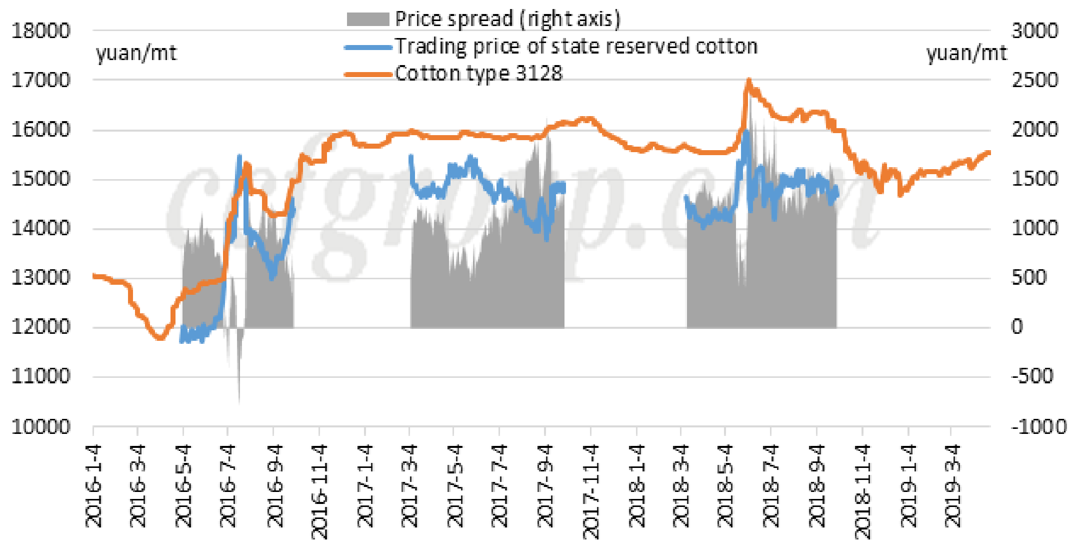
From above chart it can be seen that current spot profit of cotton yarn mills stays on the negative side and the losses hit high since 2018. And profit under cotton price one month ago also tends negative gradually from Apr. Actually it does. At present, cotton yarn mills suffer losses by producing conventional carded 32/40S and gain thinner profit by producing combed and 100% bleachable cotton yarn. Apart from the losses, inventory of cotton yarn mills keeps rising and mostly hovers around 20-30 days with higher at 1.5-2 months. Amid the pressure from high inventory and losses, cotton yarn mills hardly operate and some small ones have cut or suspended production. If the weakness continues, more spinners will cut or halt production.

The state cotton auction to start on May 5 will supply cheaper cotton for cotton yarn mills, but will it help them turn deficits to profit amid current situation?

Price gap of starting price and average trading price of state reserved cotton in 2016-2018



Price spread of state reserved cotton and spot cotton in 2016-2018



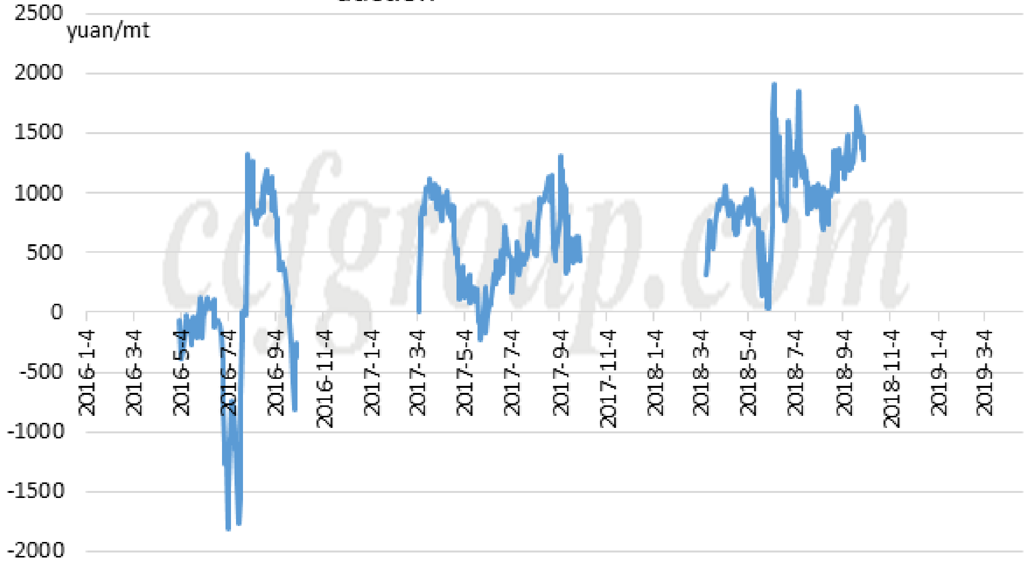
After initial calculation, the starting price of state reserved cotton with standard quality in the first week is predicted at about 15,000yuan/mt. According to the past years, the state auction was hot in early stage in 2017-2018 and the price increment was high.

Average trading price of the cotton reserves was 300-1000yuan/mt lower than the starting price most of the time except for the period during which cotton yarn futures fluctuated largely, and the price spread with spot cotton ranged in 500-1,500yuan/mt and 1,000-1,500yuan/mt respectively in 2017 and 2018. Thus, average trading price is likely to be 14,000-15,000yuan/mt.

But in 2016-2018, daily sales of cotton reserves reached 30kt while in 2019, it is much lower and only 10kt. Although cotton import quotas increased and overall cotton supply was relatively adequate, the delay of cotton auction shortened the supply of low-grade and cheap cotton. As a result, high-quality cotton at high price cannot draw spinners' attention.

Fortunately, the auction is coming. In addition, traders are not banned to participate in, so the price increment during the auction is expected to be higher than previous years, especially at the early stage. That is to say, price gap between reserved cotton price and spot cotton on the market will not be wide. In general, cotton cost of cotton yarn mills will reduce to a certain extent due to poorer quality, but compared with the past years, the price will not be much lower.

Theoretical spot profit of C32S during state reserved cotton auction



On the other hand, spinners' profit during state cotton auction stayed over 500yuan/mt theoretically in most of the time except for the period when cotton price was fiercely volatile.

Currently downstream demand remained weak. The sales in domestic market were soft and on the other hand, downstream orders and profit were scarce due to rise of dyes and rebate, gradually weakening cotton fabric and cotton yarn.

As downstream tended soft gradually and some weavers have cut production without signs of improvement in short run. If the demand keeps sluggish and inventory of cotton yarn mills continues to move up, cotton yarn price will be hard to increase and sustain the weakness before the large fluctuation happens to cotton price.

The only way to make up the losses of cotton yarn mills is to lower cotton cost. Spot cotton supply at present cannot meet spinners' requirement, so they have to turn to state reserved cotton with lower quality. According to CCFGroup, cotton yarn mills are very interested in the reserved cotton, but most of them will insist on their bottom line.

Yuan/mt	Trading price of state reserved cotton	Cost of cotton yarn carded 32S
Assumption 1	14000	22010
Assumption 2	14500	22560
Assumption 3	15000	23110
Assumption 4	15500	23660

As things stand, ex-works price of carded 32S prevails at 22,500-23,000yuan/mt. Due to the costs of large wastage, ex-warehouse fee, gross tolerance and freight, only cotton is traded at 15,000yuan/mt at most, can cotton yarn mills break even.

There are still some challenges to spinners. The first is capital. Limited capital can be used for state cotton auction amid tight cash flow caused by accumulated inventory and increasing downstream arrearages. The second is concerns about the quality of state reserved cotton.

In case that the quality cannot meet production requirements or cause more losses, actual cost will increase despite the lower price. The last is participation of traders. If traders bid up cotton price, spinners will be burdened.

In conclusion, amid strong cotton, weak cotton yarn, widening losses and sluggish expectation of downstream market, cotton yarn mills are in urgent need of low-priced cotton to reduce cost. State reserved cotton is a good choice. However, the volumes are much less than in previous years and current supply of low-priced cotton is tight on the market. In consequence, trading price of the reserved cotton will not be too low and the price spread with spot cotton hardly reaches 1,000-1,500yuan/mt. Comparatively, cotton yarn mills can reduce cost to a certain extent by using reserved cotton whose quality is lower, and their profit can recover somewhat yet will not as high as the in previous year.

Source: ccfgroup.com- Apr 25, 2019

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Vietnam, China trade ties continue to develop

Economic and trade relations between Vietnam and China have been developing in a positive direction, as shown by the continuous increase of bilateral trade turnover between the two countries. Vietnam is fast becoming an attractive investment destination for Chinese enterprises.

According to the Foreign Investment Agency under the Ministry of Planning and Investment, China invested about 1.6 billion USD in Vietnam in the first fourth months of this year, making it the country's fourth largest source of foreign investment.

Several large projects were funded by Chinese investors in the period including a tire manufacturing project with total registered capital of 280 million USD in the southern province of Tay Ninh and another tire project of Advance Tire (Vietnam) Co. Ltd with registered capital of 214.4 million USD in the southern province of Tien Giang.

China has been Vietnam's biggest trade partner since 2004, and bilateral trade has been continuing its strong growth. China is currently Vietnam's second largest export market after the United States. Vietnam is also China's largest trading partner in ASEAN and its eighth largest in the world. It is China's fifth largest export market and ninth largest import market.

According to the Ministry of Industry and Trade, Vietnam–China trade turnover reached 106.7 billion USD last year, up 13.5 percent compared to 2017. Vietnam exported goods worth 41.26 billion USD, up 16.56 percent, while imports reached 65.43 billion USD, up 11.68 percent.

Executive Director of the Vietnam National Garment and Textile Group (Vinatex) Cao Huu Hieu said one of the bright points contributing to the growth of Vietnam's textile and garment industry was businesses' efforts to boost exports to the Chinese market.

Hieu said Vietnam's garment and textile export turnover to the Chinese market increased by 24 percent from 3.2 billion USD in 2017 to 4.1 billion USD in 2018. Yarn was the product most exported to China, making up 48 percent of all textiles.

However, Hieu said many Vietnamese enterprises, including textile firms, face difficulties when attempting to export goods to China.

"The production scale of Vietnamese enterprises is relatively small, leading to a limitation on competitiveness of export goods," Hieu said. "In addition, some enterprises have not actively explored consumption habits, market information or quality standards and quarantine testing in China."

Le Hoang Oanh, head of the Ministry of Industry and Trade's Department of Asian-African Markets, said the two countries' border infrastructure had failed to meet the rapidly growing demand of bilateral commodity exchange.

China is the main export market for Vietnam's agricultural and aquatic products.

However, "agricultural and aquatic products, which are allowed to be exported to China, are not yet abundant," Oanh said. "The progress of negotiation to open the market for new products of Vietnam is still slow."

Oanh added that businesses needed to organise the production of agricultural and aquatic products on an industrial scale with uniform quality to ensure compliance with quality standards required to sell goods in China.

“To promote the export of goods to the Chinese market, Vietnamese enterprises need to identify China as a key market and should not assume that it is easy market,” she said. “Businesses need to understand market demand in China to determine key products and key market areas.”

Source: en.vietnamplus.vn- Apr 25, 2019

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More uncertainties ahead for global economy

With growth engines China and the US beginning to slow simultaneously, the effect on commodity markets can be disastrous

The year 2018 was characterised by geopolitical risks, protectionism and sanctions. In the current year all the uncertainties and risks are spilling over, with greater vigour, creating headwinds for the markets. Commodities including energy, metals and agriculture cannot remain insulated.

The ongoing trade tension between two of the world’s largest economies — the US ($18 trillion) and China ($12 trillion) — are clearly distorting the global markets. Tariffs and counter-tariffs are the order of the day. Whether the ongoing discussions between the two countries to resolve the dispute will produce satisfactory results is anybody’s guess.

Following trade friction, global value chains and commodity flows are undergoing changes. For instance, US sanctions on Russian aluminium producer Rusal turned into an opportunity for China which exported large quantities to buyers of aluminium products from Rusal. Similarly, tariffs on steel are causing changes in the trade pattern.

Both soyabean and cotton are other fine examples. After imposing retaliatory tariffs on US goods, China bought the two critical agri-commodities from Brazil. But a less known fact is that a part of US-origin cotton and soybean went to Brazil to fill the void. Whether these signify structural changes in trade flows, time alone will tell.

The newest US tariff threat is on EU automobiles. The European aviation industry is also on the radar. If these threats materialise, the world faces the risk of trade friction escalating into an all out trade war in which more countries will be sucked in. At the moment, the fight is by and large restricted to two countries — the US and China.

Effects of trade war

While resource nationalism and economic nationalism are already evident in some measure, a full-fledged trade war will exert adverse effects on the global economy. Economies that are more open and well integrated with the global economy are sure to suffer more.

Trade war has the potential to inflict lasting damage to global growth, causing loss of output, loss of jobs, loss of incomes and distortion of established global value chains. Clearly, there will be no winners in the event of a trade war.

A more serious challenge to global commodity markets is the growing concern over economic growth. The positive correlation between growth and commodity consumption is of course well recognised. It is known that growth prospects in the EU and Japan are tepid. There is evidence China is slowing; and there is increasing consensus that the US will begin to slowdown in the second half of this year as the positive effects of stimulus (tax cuts, etc) are fading.

Message from the US Federal Reserve is clear too — a pause in the rate hike cycle. This will prevent the dollar from rising further but will actually weaken it. There is also a chance that there could be a rate cut later this year or next year depending on data flow.

When two engines of growth — China and the US — begin to slow simultaneously, the effect on global financial markets including commodity markets can be disastrous.

Decline of global growth to below 3 per cent is sure to impact commodity demand and commodity prices. There will be demand compression. Financial investors will exit the market which will exaggerate the price impact. With fall in prices across the commodity spectrum — perhaps with the exception of gold, the safe haven — there will be reluctance to invest in exploration and mining.

Such a scenario is more likely to play out in the second half of the year. The commodities most affected would be energy products (mainly crude) and industrial metals.

Brent crude is currently trading around $75 a barrel following the US decision not to extend the exemption granted to eight countries (including India) from buying crude from Iran.

Admittedly, on current reckoning, oil looks bullish because of tightening supplies. However, weakening global growth is sure to result in demand compression in the months ahead.

It is now increasingly recognised that crude risks a fall to $60-65 levels sometime in the third quarter of this year as financial investors pull out because of demand concerns while the US continues to pump out larger quantities of shale oil. Production cut agreement of OPEC+ may also come apart.

Closer home, another uncertainty is the weather. South Asia faces the risk of El Nino which typically brings dry conditions.

It is critical that Indian policymakers take these global and domestic uncertainties and risks on board and come up with contingency plans. The new government has its tasks cut out.

Source: thehindubusinessline.com- Apr 25, 2019

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USA: What brands are doing with sustainability—and What Consumers want

From unboxings, hauls and try ons, to deals, sales and coupons, the combination of social media and fast fashion has helped coax people into acquiring far more clothes than ever before. And that's led to the disposal of a lot of items that don't wear, wash, or fit well.

Paradoxically, consumers are actually impressed by brands that embrace sustainability. And for most consumers, that primarily means labels that make clothes using natural fibers.

The Environmental Protection Agency estimated in 2015 that more than 16 million tons of textiles were discarded every year, with most of it (66 percent) ending up in landfills. The agency states the main source of textiles in municipal solid waste is discarded clothing. Unfortunately, roughly 60 percent of apparel textiles are made of synthetics like polyester, nylon and acrylic, according to an article in Vox, which aren't biodegradable.

So that pile in the landfill? It's only going to grow larger.

Despite their buying habits, consumers say environmental and social issues are important, and the clear majority (86 percent) want brands to address them, according to the Cone Generation Z CRS study. That goes for 94 percent of Gen Z and 87 percent of millennials.

Most consumers also feel that things need to be done differently. Overall, 75 percent of men and women, from millennials to Boomers, say concerns about environmental change and sustainability "are very real and require change in our behaviors," according to a Cotton Council International (CCI) and Cotton Incorporated Global Environmental Research Study. Over the past year, 45 percent have become more concerned than before.

Many apparel companies, both big and small, are taking note and trying to do right by the environment, as well as appeal to the consumer desire to be eco-conscious and still stylish.

Lou & Grey, part of the Ascena Retail Group, which counts Ann Taylor and The Loft among its brands, is targeted toward the millennial woman, and it promotes sustainability and ethical conditions on its site. For fiscal 2018, Ascena released a report that launched its new strategy for all of its brands, which includes putting sustainability and responsibility at the forefront.

“We are committed to increasing our use of sustainable materials, engaging associates to reduce our materials and product waste, and helping our customers shop more sustainably,” the Ascena report said.

When it comes to clothes, just over two-fifths of consumers say sustainability has a “moderate or great deal of influence” on their apparel purchases, according to the CCI and Cotton Incorporated Environmental study. The traditional markers like fit (92 percent), comfort (91 percent), and price (90 percent) remain bigger purchase drivers. But when it comes to purchasing sustainable clothing, the top influencers include “doing my part” to help the environment (37 percent) and because, “it’s the right thing to do.”
The Environmental study finds that clothes made by a trusted brand (69 percent) or made from natural fibers such as cotton, wool and silk, (67 percent) are the top drivers when it comes to sustainability and apparel purchases.

Swonne is a new sustainable men’s apparel brand that debuted as part of the CFDA’s Men’s Fashion Week for Spring/Summer 2019. Designer and founder Katie Golinczak says all of Swonne’s pieces contain natural fibers, and the company is committed to playing its part toward a sustainable future.

“Our indigo T-shirts and sweatshirts are 100 percent cotton,” Golinczak said. “Our jeans are made of the finest Japanese and American denim woven from recycled yarns, return cotton, or dead-stock denims sourced in the USA. If we use blends, there is a reason for it. We select fabrics with 1-to-2 percent blends only for comfort.”

The Swonne collection is produced using sustainable production processes, such as water recycling, chemical control, and eco-friendly dyeing. Golinczak also said in embracing more natural fibers, the company is reducing its chemical usage and pollutions in the ocean.

Synthetic microfiber particles, or microplastic pollution, is becoming a growing topic of concern in the environmental community. Tiny synthetic fibers are turning up in all bodies of water, from the world’s oceans and rivers to residential tap water. And just like on land, these fibers are not biodegradable.

A 2016 study from Plymouth University in England determined that an average load of laundry releases more than 700,000 fibers into the effluent. New research published in the journal Royal Society Open Science found that the deepest trenches of the Pacific Ocean contain synthetic fibers, and the particles were found in more than 80 percent of the marine crustaceans. Scientists are concerned because these crustaceans serve at the beginning of the marine food chain.

Consumer awareness of microplastic pollution (27 percent) has increased by 59 percent since last year, according to the Cotton Incorporated Lifestyle Monitor™ Survey. And 60 percent of those consumers say microplastic pollution will affect their purchases.
On the other hand, cotton is made of cellulose, an organic compound that is the basis of plant cell walls and vegetable fibers. This means it can decompose relatively quickly.

On land, cotton degrades between one week and five months, according to Close The Loop, a guide for the fashion industry. In water, a cotton shirt degrades 86 percent in freshwater and 67 percent in salt water, according to a study by North Carolina State University.

When it comes to cotton production, growers have made significant gains in yield, while reducing the environmental impact. For instance, the majority of U.S. cotton production (more than 60 percent) is done without irrigation, as the plants are grown using just natural rainfall.

When irrigation is used, it's to supplement rainfall during dry periods. Pesticide usage is also down. U.S. cotton growers made 50 percent fewer applications than the generation before them. Further, data from Informa Economics shows cotton accounted for just 5 percent of global pesticide sales in 2016.

Brands and retailers should also keep in mind that most consumers (62 percent) consider cotton clothes to be higher in quality, last longer and ultimately cost less, according to the Monitor™ research. The figure jumps to 75 percent among millennials.

That's why the fledgling Swonne collection may hold appeal for today's evolving consumer.

"Natural fibers originate from plants and animals," Golinczak says, unlike "synthetic fibers that are made from chemicals. We are all for natural fibers. Swonne is committed to playing its part toward a sustainable future."

Source: sourcingjournal.com- Apr 25, 2019

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Across China: Xinjiang's manufacturing sector rides smart wave

Agricultural films, measuring 22 meters in width and weighing over 800 kg, are extruded from a 50-meter-tall plastic film blowing machine, and then collected by an automated mechanical arm.

This is a common sight in a state-of-the-art plastic film factory in Urumqi, capital of northwest China's Xinjiang Uygur Autonomous Region.

With only 80 workers in an area of more than 60,000 square meters, the factory, owned by Xinjiang Rival Tech Co., Ltd. reported an output value of nearly 700 million yuan (about 104 million U.S. dollars) last year.

Liu Shengrong, the company's general manager, said the production lines in his factory have been equipped with world-leading technologies.

Liu plans to buy more smart equipment to cater to the expanding overseas markets and the factory is expected to bring in extra revenue of 300 to 400 million yuan this year.

Liu's company is among a growing number of manufacturers in Xinjiang which are hoping to ride the wave of intelligent technology, as the region aims to build itself into a high-end manufacturing hub on the Silk Road Economic Belt.

Data from the regional statistics bureau shows that the value added of the hi-tech manufacturing in Xinjiang rose by 32.1 percent year-on-year in 2018.

In the factory of Zhuolang Intelligent Machinery Co., Ltd., another Urumqi-based company, workers are busy assembling an intelligent spinning machine that can make different types of yarn with its over 550 computer-controlled spindles and can automatically fix broken yarn with its mechanical arm.

"The machine features magnetic levitation technology, which enables its spindles to rotate at 180,000 revolutions per minute," said Wu Zhengchun, the company's general manager.

Wu said the spinning machines have been mainly sold across Xinjiang, one of China's major cotton production bases as well as to India and countries in central and western Asia.

Source: xinhuanet.com- Apr 26, 2019

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China: Intertextile Apparel marks 25 years this September

Intertextile Shanghai Apparel Fabrics will return from September 25-27 in Shanghai this year marking the 25th anniversary of the Autumn Edition, and 2019 has already proven to be an exciting year for Intertextile. In March, the Spring Edition experienced yet another 15 per cent increase in visitor numbers and strong positive feedback from exhibitors.

"Despite global trade concerns, this fair proves itself time and time again as the ideal place to make valuable connections and capture new potential in the market," fair organiser Messe Frankfurt said in a press release.

Intertextile was first held in 1995 with 123 exhibitors and 7,000 trade buyers. Since then, the fair has rapidly expanded and globalised. The 2018 Autumn Edition welcomed 4,480 exhibitors from 33 countries and regions and around 78,000 trade buyers from some 110 countries and regions. "The fair's international aspect welcomes opportunities from all around the world, while its location in Shanghai offers the chance to take advantage of China's strong economy and apparel industry," the release said.

There is a place for every apparel textile product at the fair, with well-established product zones and country and region pavilions including: i. SalonEurope, featuring high-end products from Europe, including pavilions from Germany and Turkey, as well as Milano Unica from Italy; ii. Asian country and region pavilions, presented by Hong Kong, India, Japan, Korea, Pakistan, Taiwan and Thailand; iii. Group pavilions, from Lenzing, Invista, Hyosung, Dupont, Korea Textile Trade Association (KTTA), Korea Textile Centre (KTC) and OEKO-TEX (in the All About Sustainability zone); and Product zones: Functional Lab, Beyond Denim, All About Sustainability, Digital Printing Zone, Verve for Design, Premium Wool Zone and Accessories Vision.

The forthcoming fair will host a comprehensive fringe programme for visitors and exhibitors to enhance their trip with the latest market information and opinions. Visitors can discover a new season of inspiration, for both international and domestic autumn-winter 2020-21 trends, at the Intertextile Directions Trend Forum and the Fabrics China Trend Forum. Intertextile Apparel also aims to foster innovation and creativity at the China International Fabrics Design & Fabrics Creation Competition. The fringe programme will also include seminars and panel discussions covering key industry topics, as well as product presentations from leading exhibitors.

To meet flexible sourcing needs, the fair will offer a database of exhibitors offering small-order and product-in-stock services. The Business Matching Programme will also arrange onsite meetings between exhibitors and VIP buyers, with interpreters available on a first-come-first-serve basis.

Intertextile Shanghai Apparel Fabrics – Autumn Edition 2019 is co-organised by Messe Frankfurt (HK) Ltd; the Sub-Council of Textile Industry, CCPIT; and the China Textile Information Centre.

Source: fibre2fashion.com- Apr 26, 2019

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Japan: JIIPA to host India Trend Fair in Japan this July

India Trend Fair will be held in Japan from July 24 to 26, 2019. The event will feature fashion and home ware in categories such as denim, finished garments, accessories, footwear, cushions, bed linens, and carpets. It is aimed at promoting trade links between Japan and India in the fashion industry. It will bring together Indian readymade garment and accessory manufacturers and Japanese suppliers.

This is an exclusive business matching event, which gives exporters an opportunity to showcase their products and supply value added products with a special emphasis on products designed to suit Japanese fashion trends and requirements.

Buyers would include manufacturers, wholesalers, trading companies, importers, select and specialist shops, department stores, volume and online retailers etc.

Japan is a sophisticated market, leaning towards small-lot and short cycle delivery of supply. Consumption is diversified and quality expectations are very high. High quality and expensive Indian garments are gaining popularity in Japan.

Customers like selecting garments that have a different character when compared with dresses and kimono worn at such occasions as weddings and parties.

The event is being hosted by the Japan India Industry Promotion Association (JIPA), a non-profit that works to promote trade between India and Japan. It collects and analyses information on Japanese and Indian industrial markets.

Source: fashionatingworld.com- Apr 25, 2019

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China becomes Vietnam's 4th biggest foreign investor in 4 months: media

China has so far this year invested about 1.6 billion U.S. dollars in Vietnam, making it the country's fourth largest source of foreign investment, daily newspaper Vietnam News on Thursday quoted the Foreign Investment Agency under the Vietnamese Ministry of Planning and Investment as reporting.

Large projects funded by Chinese investors in the four-month period include a tire manufacturing project with registered capital of 280 million U.S. dollars in the southern province of Tay Ninh and another tire project with registered capital of 214.4 million U.S. dollars in the southern province of Tien Giang.

China has been Vietnam's biggest trade partner since 2004, and bilateral trade has been continuing its strong growth, the newspaper quoted the Vietnamese Ministry of Industry and Trade as reporting. China is currently Vietnam's second largest export market after the United States.

Executive director of the Vietnam National Garment and Textile Group Cao Huu Hieu said one of the bright points contributing to the growth of Vietnam's textile and garment industry was businesses' efforts to boost exports to the Chinese market.

China is also the main export market for Vietnam's agricultural and aquatic products.

Source: china.org.cn- Apr 25, 2019

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Robots that sew t-shirts in seconds

If they are implemented in fashion industry, sewbots would be the first great technological transformation in clothing since the sewing machine.

Robots already make T-shirts. Robotics has long since been present in car assembly lines: it is common to see in its factories huge articulated arms restlessly and tirelessly assembling doors and motors, tightening screws and measuring mirrors. It is forecasted that these scenes will also become common in clothing factories.

Until now, low labor costs in Asian countries have delayed technological innovation in textile production chains. However, as technology becomes cheaper and labor costs increase, the integration of robotics in clothing factories is only a matter of time. It is estimated that the personnel cost for each T-shirt is 33 dollar cents, while in case of a machine, that price falls to 5 cents.

One of the companies that has evolved the most in this regard is the US Softwear Automation, creator of the Sewbot robotic system, which cuts the fabric and assembles it within the same space. The machine uses cameras and robotic arms that take only four minutes from cutting and sewing the fabric to making the garment. One of the first contracts that it signed was with the US Department of Defense for 1.25 million dollars.

It was followed by the Chinese clothes-making giant Tianyuan Garments, whose main customer is Adidas. Through this operation, which was carried out in 2017, the company installed an assembling line with the capacity to manufacture a T-shirt every 22 seconds, which would allow it to produce up to 800,000 a day.

Li&Fung, the world's largest supplier of clothes by revenue, also announced last year a partnership with the technological company based in Atlanta. The Chinese group argued that the digitalization of a part of the production process translates into the opportunity of increasing the efficiency of manufacturers and suppliers, but also into the creation of new more skilled jobs.

The so-called neo-relocalization of the industry is highly linked to the technology development in clothing factories, which still are the most labor-intensive in terms of manpower. As technology reduces its costs, these new robotized factories will forge their way once again into the Western World. The new facilities that are being built in Ethiopia, one of the future sourcing hubs, already include sewbots, with the purpose of not depending on the rising trend in labor costs.

Source: themds.com- Apr 14, 2019

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US and Japan Start Next Round of Accelerated Trade Talks

U.S. and Japanese negotiators began a second round of trade talks in Washington on Thursday as they aim to secure a speedy deal focused on agriculture and vehicles.

Japanese Economy Minister Toshimitsu Motegi is meeting with U.S. Trade Representative Robert Lighthizer, while Finance Minister Taro Aso is holding a separate discussion with Treasury Secretary Steven Mnuchin, which is expected to touch on currencies. On Friday, Japan's Prime Minister Shinzo Abe plans to meet President Donald Trump in Washington.

The U.S. is pushing to reduce its trade deficit with Japan and gain better access to the Asian nation's agriculture market.

For its part, Japan is looking for a concrete promise that it won't be hit by possible U.S. tariffs on autos imports, similar to duties imposed by the Trump administration last year on steel and aluminum on national security grounds.

Motegi said last week, during the first round of negotiations, that the sides are aiming for an "early" agreement. "I'd like to also have fruitful discussions today," he said on Thursday afternoon as he headed into talks with Lighthizer.

U.S. farmers are also agitating for a quick resolution. Almost 90 agricultural organizations said in a letter to Lighthizer this week that U.S. agricultural products are losing ground after Japan cut tariffs for a second time on products from the European Union and some Asia-Pacific nations.

After Trump pulled the U.S. out of the Trans-Pacific Partnership soon after his inauguration, the 11 other members including Japan went ahead without the U.S. to forge a successor deal called the CPTPP. U.S. farmers say they've been left at a disadvantage by that pact, and another that Abe struck in 2018 with the European Union.

Source: sourcingjournal.com- Apr 25, 2019

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Chinese company plans to invest into textile projects in Uzbekistan

Uztekstilprom Association organized a visit of the delegation of the Chinese corporation Jinsheng Group to Uzbekistan.

Jinsheng Group is a group of industrial companies specializing in textile production, mechanical engineering and other industries.

It includes 77 companies and enterprises located in Germany, Switzerland, China and other countries, with a total annual turnover of more than 3 billion dollars.

In 2016-2017, through the allocation of US$109 million of foreign direct investment, the Chinese corporation created a high-tech textile complex in Kashkadarya region, which to employ 700 people. This was the first stage of a new project.

Currently, the Chinese corporation Jinsheng Group is implementing the 2nd and 3rd stages of the project on creating a modern textile production in Kashkadarya region for US$100 million. Commissioning is planned in the first quarter of 2020, the total production capacity will be 15.0 thousand tonnes of mixed yarn and 10 million square meters of fabric.

During the visit, the Jinsheng Group delegation held negotiations with the leadership of Uztekstilprom Association, meetings at the khokimiyats of Tashkent and Kashkadarya regions, the Ministry of Investments and Foreign Trade of the Republic of Uzbekistan.

As reported by the Press Service of Uztekstilprom Association, following the negotiations, the managers of the Chinese corporation expressed readiness to work out a new project on creating a cotton-textile cluster in 2019-2022 in Kashkadarya and Tashkent regions on an area of 40 thousand hectares of irrigated land for growing raw cotton and creating an industrial park in Tashkent region with attraction of 300 million dollars of foreign direct investment and creation of more than 1,000 jobs.

Source: uzdaily.com- Apr 25, 2019

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Bangladesh: Apparel sector's contribution to GDP going down for years

Lack of fresh investment, undiversified product line key reasons

Bangladesh apparel sector's contribution to gross domestic product (GDP) declined for the last five consecutive years for lack of product diversification and sluggish private investment in the sector.

According to the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) data, RMG sector's export contribution to GDP came down to 11.17% in the fiscal year 2017-18, which was 14.17% in FY2013-14, down by 3 percentage points.

Service sector contributed the highest to GDP, which was 52.11% in the last fiscal year. But the sector's contribution to GDP also saw a downtrend by 0.74 percentage point in the last fiscal year.

In fiscal year 2017-18, industry's contribution to the GDP increased by 1.24 percentage point to 33.66%, which was 32.42% in the previous year, while manufacturing sector's contribution to GDP rose by 1.11 percentage point to 22.85% riding on the large and medium scale manufacturing sector, which contributed 19.09%.

However, the overall contribution of merchandise exports to the country's GDP came down to 13.37% in fiscal year 2017-18 from 13.95% in previous fiscal.

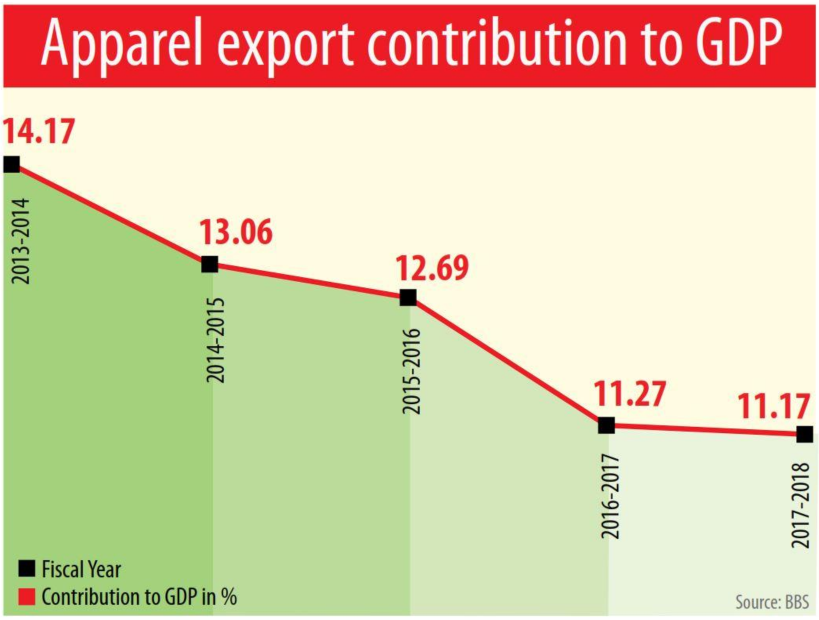
In FY18, Bangladesh's GDP was Tk22,504,793 million at current market prices, while earnings from overall merchandise export was Tk3,010,456.75 million, Bangladesh Bureau of statistic data showed.

The RMG sector, the lifeline of the economy, has contributed Tk2,513,471 million or 11.17% of GDP in the last fiscal year.

In 2017-18, Bangladesh registered a 7.86% GDP growth, which was 7.28% in the previous year.

Trade analysts and businessmen have said lack of product diversification within the apparel sector and sluggish private investments caused the negative trend in export contribution to GDP.

Why contribution to GDP declining



"After the Rana Plaza incident, the apparel sector went through a dull time for structural reforms to ensure safe workplace, compliance and labor rights issues. But now the sector is performing well and the confidence was restored to the sector," World Bank Bangladesh Lead Economist Zahid Hussain told the Dhaka Tribune.

Export earnings from the apparel sector are highly dependent on four to five products, while diversification within the apparel sector is not taking place, which is why export earning fails to keep pace with the GDP growth, he thinks.

In addition, the downward trend in GDP contribution of apparel export is not a good sign for the economy as it contributes nearly 84% to the overall exports, he points out.

“Not only the apparel export but total export contribution to GDP fell in recent years. This is not good for Bangladesh, which is now at its early stage of development,” Policy Research Institute (PRI) executive director Ahsan H Manusur told the Dhaka Tribune.

Bangladeshi currency is overvalued against the US Dollar, which does not support the export sector, Ahsan says. On the other hand, due to higher protection regime, investment is being made inefficiently and mostly in import-based sector, he mentions.

However, apparel makers think that lack of new investment and price cut by the global brands and retailers have cast shadow on the export earnings. Though there has been growth, its contribution to GDP keeps falling.

“In the last few years, there was not much new investment or expansion in the existing business as the apparel makers had to invest a huge amount of money to improve safety standards as prescribed by the global retailer platforms, Accord and Alliance,” Exporters Association of Bangladesh (EAB) president Abdus Salam Murshedy told the Dhaka Tribune.

As a result, new investments for expansion or new projects did not take place in the apparel sector, said Salam. In addition, global apparel buyers are continuously cutting prices for apparel products, which has brought down the profit margin, he says.

“As a result, export earnings did not grow as expected, causing the apparel export to GDP ratio to come down,” he adds.

According to Bangladesh Bureau of Statistic (BBS) data, in 2017-18 fiscal year the total investment to GDP was 30.51% — 23.10% coming from private investment and the rest 7.41% from public investment.

How to increase contribution to GDP

Apparel sector contributed 83.49% or $30.61 billion to the country’s total export earnings of $34.66 billion in 2017-18 fiscal year.

Experts strongly suggest product diversification and new foreign investment in manufacturing sector, particularly in value added products.

"RMG sector is mostly focused on manufacturing basic and low-value products. The apparel makers have to concentrate on new markets and product diversification," ABM Azizul Islam, former finance advisor of a caretaker government said.

"To diversify goods, the government as well as the manufacturers have to invest more in research and development," added the economist.

On top of that, the government must remove the trade barriers such as port congestion and infrastructural deficiency to reduce lead time, which was essential to attract buyers' attention, said Zahid Hussain.

Bangladesh would no longer remain competitive with its low cost labor advantage, he said, suggesting that product development was a must with increased productivity through skill development trainings.

However, the sector has to increase investment from home and abroad to enhance production capacity.

"Private sector investment from home and abroad is key to increasing contributions to the GDP as it helps to increase production capacity," Mohammad Hatem, former vice president of BKMEA, told the Dhaka Tribune.

However, experts called for allowing foreign investments in the apparel sector only for producing the value added and hi-tech products as it would help to transfer knowledge and experience.

Source: dhakatribune.com- Apr 26, 2019

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Bangladesh denim apparel exports to the US decline

As per OTEXA's recent import data, denim apparel exports from Bangladesh to the US declined by 5.81 per cent during the Jan-Feb'19 period. The country exported denim apparels worth $ 64.78 million as against $ 68.77, in the corresponding period last year.

Bangladesh's export in skirts and jackets went up. The major revenue earning categories, men & boys (MB) jeans and women & girls (WG) jeans, noted a downfall. Exports of MB jeans declined by 2.57 per cent to $ 35 million, while those of WG jeans tumbled by 13.46 per cent to $26.40 million.

Thes drop in denim apparel export can impact Bangladesh as its competitor Vietnam grew significantly by 35.85 per cent during the same period to touch $ 50.13 million.

The gap between Bangladesh and Vietnam, particularly in denim exports, is shrinking. Last year the difference between export of both the countries hovered around $32 million, while, in first two months of 2019, it compressed to just $12.56 million which is not at all a good sign for Bangladesh denim industry.

Source: fashionatingworld.com- Apr 25, 2019

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Supplier Day in Hanoi connects local exporters with US partners

The Supplier Day 2019 was held in Hanoi on April 25, serving as a chance to connect Vietnamese exporters and suppliers with potential US partners.

The event was co-organised by the US Agency for International Development (USAID), the American Chamber of Commerce (Amcham) in Hanoi, and the Vietnam Chamber of Commerce and Industry (VCCI).

More than 60 enterprises displayed products and services in the fields of electronics, metalware production, garment-textile, leather and footwear, interior decoration, wood processing, agribusiness, food & beverage, health care and tourism, among others.

The organisers said over 300 businessmen joined the business networking event to seek partnerships with US companies like GE, Hanesbrands, Coca Cola, Polaris, 3M, and Gentherm.

US Ambassador to Vietnam Daniel J. Kritenbrink said the event was a good opportunity for networking among enterprises of different sizes. It helped boost supply-demand between Vietnamese firms and foreign partners, thereby enabling domestic small- and medium-sized enterprises (SMEs) to engage deeper in the global supply chain, he added.

Lauding the positive growth of trade between Vietnam and the US in recent years, Kritenbrink said after Hanoi, similar events will be held in the central city of Da Nang and the southern largest economic hub of Ho Chi Minh City.

Vu Ba Phu, Director of the Vietnam Trade Promotion Agency under the Ministry of Industry and Trade (MoIT), said over the past years, the US has been Vietnam's biggest export market and bilateral trade has kept increasing.

Vietnam has become a hub of international relations and commercial economy in the global trade system, he said, adding that the country has signed and carried out 11 free trade agreements (FTA) – the largest number in the region.

According to the official, Vietnam has also emerged as a leading attractive destination for foreign investors in the world. However, the country's private sector still has shortcomings and weaknesses when taking part in the global value and supply chains.

Phu said the MoIT always pays attention to promoting trade with the US and assisting Vietnamese companies and business associations in studying the market and enhancing their own capacity and competitiveness.

He hoped that the AmCham and USAID would support such activities to enhance the effectiveness of the project Linked SMEs, thus helping local businesses to join the global value chain.

Source: en.vietnamplus.vn- April 26, 2019

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Bangladesh: What will be the future trend of textile and apparel sector?

Wearing clothes is one of the five basic needs for human civilization. We can't imagine a day without the usage of textile in our day-to-day lives.

From the bed, you get up from every morning and to the fancy dress you buy for luxury, the textile is always present in our lives knowingly or unknowingly.

But the crucial question is- the apparels and textile materials we are using now, will they be the same after 30 years?

Because day by day, our choices and tastes are updating! We are getting more and more relied on technology. We always look forward to using better and quality products which will make our lives easier. So, what will be the future of our textile industry?

Usages of technology are the biggest change that will take place in the textile sector within 30-40 years.

The technological revolution has started already. Machines will take over cheap labor and the time and cost needed in manufacturing will be reduced by a great extent.

This will also help to reduce the environmental pollution caused by this sector.

Textile sector won't be confined with the limit of knit products and wearable materials. Because technical textiles are the future! Development of electronic textiles, geo-textiles, medical textiles, etc. would cause a tremendous change in the mechanism of the textile industry.

There will be a lot of change in the marketing strategy and business policy also because of technological advancement.

The retailer stores would be using visual trial rooms where the consumer would be able to get a clear glimpse of the dress he/she is buying. There will be several facilities for the consumers such as changing the color of the dress, adjusting the size, etc in this trial rooms before ordering the product.

Online platforms will be largely used for purchasing textile products. Buyers will always be focusing on making it less hard for you to get their products.

Also, with so many advancements, there will be a lot of challenges in this sector. What will be the conditions of the workers replaced by machines?

Who is going to solve the technical problems that we are going to face during the industrial revolution? Who is going to take all the strategic decisions and will provide a sustainable approach for this sector?

To get the answers, we must wait for the coming situation. However, if someone wants to know what policy should be taken by the manufacturers of the textile products in the during the industrial revolution, he/she may read the 'Capacity building is more effective rather reduce 'Management Costs' in the Bangladesh apparel sector' article published in Textile Today's March issue 2019.

Source: textiletoday.com.bd- April 25, 2019

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Pakistan: Textiles: product diversification wanted

Much of the issues that have been haunting the textile sector for some time now have been resolved. These include bringing down the cost of production by granting subsidies in utility prices as well as duty free import for raw materials. The currency depreciation has also taken place even more than what was expected.

These were mostly industry specific issues that needed government intervention. However, now it is the time for firms to do some introspection about how textile exports can be further enhanced. One pressing issue is that of product diversification.

What are the products that need to be promoted and result in the maximum value addition? A recently released report titled "Pakistan's Readymade Garments Sector: Challenges and Opportunities" published jointly by The Pakistan Business Council (PBC) and the Consortium for Development Policy Research (CDPR) seeks to answer this question amongst many others.

The report quotes the example of Bangladesh which promoted value added garment manufacturing which in turn allowed exporters to rack up enough margins for moving up the value chain and undertaking product diversification. There are no two opinions that Pakistan's exports do indeed have an adaptability problem in a rapidly evolving global consumer landscape.

Textile champions identified by PBC

HS Code	Description
HS 610339	men's or boy's jackets and blazers, non-cotton
HS 610469	women's or girl's trouser or shorts, non-cotton
HS 610990	T-shirts, singlets and vests, non-cotton
HS 620322	men's or boy's ensembles of cotton
HS 620339	men's or boy's jackets and blazers of textile material
HS620329	men's or boy's ensembles of textile material
HS 620333	men's or boy's jackets and blazers of synthetic materials
HS 620422	women's or girl's ensembles of cotton
HS 620193	men's or boy's anoraks, windcheaters, wind jackets of man-made fibres

Source: Pakistan Business Council

Using trade data, the authors have categorized the top 20 products in textile exports as either champions or underachievers. Champions are considered to be winners in growing international markets while underachievers are potential winners that are currently losing market share in global markets.

Building on this concept, the hypothesis is that firms should focus on champions in the short term. These are products which have grabbed more market share in international markets in the past five years. While in the medium to long term firms should focus on building up the underachievers which are basically today's underdogs but tomorrow's champions.

Worryingly enough, the report highlights that out of the top 40 exports in knitwear and woven apparel segments, almost 28 were in markets that had a declining share in the global markets from 2013-17. Essentially, what this means is that a two-thirds of our top exports are becoming irrelevant in the global markets.

This confirms this column's observations that unless product diversification takes place, no amount of rebates or incentives by the government can bring about any substantial increase if the product mix is obsolete. Much has also been written in this space about the evolving preferences of global consumers with a shift to man-made and synthetic fibres. This is another area which needs attention by textile exporting firms. (Read: "Textile evolving consumer preferences" published on 24 October, 2017)

As far as the champions are concerned, knitwear is undoubtedly a strong spot for Pakistan exports as evidenced by the trade data for the past five years. The same goes for readymade garments (RMG) where the top woven exports product, men's or boy's ensembles of cotton (HS 620322) fetched $1.3 billion in FY17 making Pakistan the number one exporter globally in this product category.

Therefore, for champion products like these, global demand exists. The only thing to do is to maintain consistent quality and competitive pricing to ensure that the market share remains intact. The other category of underachievers will require more effort and a concerted strategy to make any meaningful progress.

Source: brecorder.com- April 25, 2019

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Why India's Foreign Trade Policy benefits have extended beyond exports

Exporting the product is the next step with refunds on duty drawbacks and GST coming through - all these steps helped in bringing seamlessness and functionality for the industry.

The seamless nature of the Foreign Trade Policy 2015-20 means that as an exporter, you can save quite a few man-days due to the integrated processes across departments.

Moreover, benefits have also extended beyond exports and accrued to smaller ancillary industries supporting exports or manufacturers who supply to exporters with GST refunds, seamless input credits and drawbacks coming in place.

"The idea has been to promote Make in India, skills of India, MSME exporters as well as to impact the world trade with larger sectors such as defence, agriculture and the larger conglomerates.

While doing this, the government streamlined multiple things by combining them into two different schemes - Merchandise Exports from India Scheme (MEIS) and Service Exports from India Scheme (SEIS), which is manufacturing and services sector and incentivising its exports so that they could compete with the world," says Mahavir Pratap Sharma, Chairman, Carpet Export Promotion Council.

Schemes such as Export Promotion Capital Goods (EPCG), meant to enable import of capital goods and to boost competitiveness of India's export, have also been modified to include more of the domestic Indian market in its ambit. "Schemes like the EPCG were altered a bit wherein 100% compliance did not have to be for exports.

It was brought down to 75% which meant that the domestic tariff areas or the sales within the domestic tariff areas were also important for the government and they realised for the first time that the domestic Indian market is equally important," adds Sharma.

The entire process, feels Sharma, helped in making the system less corrupt, more efficient and faster. The beginning step of starting with an Importer Exporter Code (IEC) followed by opening of a bank account online to registration for an Export Oriented Unit (EOU) with an Export Promotion Council (EPC) and then putting up the documents on the customs portal, has become much smoother. Exporting the product is the next step with refunds on duty drawbacks and GST coming through - all these steps helped in bringing seamlessness and functionality for the industry.

Sharma cites his own experience where compared to 2014-15, he now saves about seven days since he does not have to send couriers, scan, fax to various departments, government offices, banks or to buyers.

"I think this initiative under the umbrella of the Ministry of Commerce helped to create a perfect system that could benefit a range of businesses. The whole FTP was based on everything being online and I think we have achieved that finally," asserts Sharma.

Source: economictimes.com- Apr 25, 2019

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Diversification Needed in Technical Textiles

Current cotton and yarn situations in leading textile manufacturing countries like India is compelling the textile industry to focus on diversification.

India has been promoting the technical textiles sector for nearly two decades. The India Committee of the INDA, Association of the Nonwoven Fabrics Industry organized its first nonwoven technical workshop in Mumbai in January 2007, followed by a major business event, "Link with India." This event was likely ahead of its time, as the technical textiles sector was only getting started with widespread awareness then.

Currently, India is moving quickly to push technical textiles forward because of the stressful situations faced by the spinning sector due to cotton price volatility and supply issues.

“Margin in the spinning sector has been eroding, and today one can say it is non-existent in most of the mills,” stated Prakash Vasudevan, director of The South Indian Textile Research Association. He noted that mills that have invested in wind power and modernization are surviving, but still need to focus on diversification.

Vasudevan added that there is a need to have a specialized converting sector, and that exploring the market and strengthening the marketing aspect should take priority.

I have long emphasized the need to develop a converting sector base for technical textiles. Investing in infrastructure to produce roll goods (fabrics) will be fruitful if there is a base to absorb huge production. In my opinion, there is an immediate need to create a flow channel for technical textiles fabrics (downstream) that can be translated into value-added products used by consumers.

Additionally, creating collaborations between advanced nations in this field such as Germany and the United States will pave the way for growth of this sector – much like the current joint effort between Chennai-based WellGro Innovations and Lubbock-based E Innovate, LLC, which has resulted in the debut of Towelie oil sorbent nonwoven wipe in the U.S. market.

The technical textiles sector is getting attention by entrepreneurs, as well as conventional players. Santhana Thirumalai, an IT expert who returned to Coimbatore from the United States, is exploring the advanced textiles sector to diversify their family-based weaving and agriculture activities.

Additional information on the type of products needed and how to go about developing those products must be made available for the new entrants.

Source: cottongrower.com- Apr 25, 2019

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GST Council gives firms more flexibility on use of input tax credit

Any company would now be eligible to use credit available against paid integrated GST (IGST) to set off tax liabilities of state GST (SGST) and central GST (CGST) in any proportion and in any order

In yet another simplification, the Goods and Services Tax (GST) Council has added flexibility into the way a company can utilise the available input tax credit. Any company would now be eligible to use credit available against paid integrated GST (IGST) to set off tax liabilities of state GST (SGST) and central GST (CGST) in any proportion and in any order, the GST Council said in a circular sent to field formations on Tuesday.

Previously, the order of using the IGST credit was kept flexible — it was the company's choice to set off CGST or SGST first — in a notification dated March 29. However, it was not clear whether a company would be able to use IGST credit to set off SGST liability and CGST liability partially at the same time. It was construed that if a company chooses to set off SGST liability first, it would have to exhaust the entire SGST liability before using the IGST credit to set off CGST liability.

But in a circular issued on April 23, the GST Council clarified that the IGST credit can be used in a flexible manner. The mandatory requirement to set off IGST liability remains as it is.

Industry and observers have welcomed the move. Abhishek Jain, tax partner at EY India, said, "This was a much-needed clarification, and it brings to rest varied interpretations apprehended by industry experts on the utilisation of IGST credit."

Consider this: If a company has output tax liability of Rs 1,000, Rs 500, and Rs 500 towards IGST, SGST, and CGST, respectively. Let us assume a case where IGST credit of Rs 1,500 is available in the electronic credit ledger for the company at the time of tax payment. According to the GST law, it has to use the IGST credit to pay off the IGST liability first, before using it to discharge SGST or CGST liabilities. This will erase the IGST liability, and reduce the available IGST credit to Rs 500 (Rs 1,500 minus Rs 1,000).

The company can now use this credit (Rs 500) to pay off SGST liability completely, or the CGST liability completely, or both CGST and SGST in any proportion it deems proper. It can use half of the available IGST (Rs 250) credit to set off SGST liability and the remaining half (Rs 250) to set off CGST liability, or it can use Rs 100 to set of SGST liability, and Rs 400 to set off CGST liability, or any other combination.

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

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Two reports on utilizing potential of technical textiles ready for consideration of new govt: Textile Secretary

The Textile Ministry has prepared two reports on how to utilize the potential of technical textiles for the consideration of the new government at the Centre, said Textile Secretary.

Speaking at the National Conclave on Technical Textiles here, Textile Secretary, Raghvendra Singh said “The ministry has entrusted the task of preparing the reports to two organizations, including the NITI Aayog.

Both the reports are ready for being forwarded to the new government next month.”

Reports focuses on the special utility of the technical textiles and on how to enhance this for other products, he added.

Besides this, he pointed “Though there was a great potential for the technical textiles, the industry was yet to tap it. It needed to carry out a baseline survey to get the exact data.”

Source: knnindia.co.in- Apr 25, 2019

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Flat knitting: A technology that could revolutionise garment-making process

Voltas ties up with Japanese firm to market machines

Leading engineering brand Voltas Ltd has entered into a distribution agreement with Japanese textile machinery manufacturing major Shima Seiki to market the latter's products in India.

The cooperation will focus on leveraging Shima's expertise in 'computerised flat knitting machines', 'Whole Garment Machines' and 'Total Fashion Systems' while building on Voltas's established sales and marketing network across the country, said C Kamatchisundaram, Vice-President (Textile Machinery Division), Voltas.

He told BusinessLine on the sidelines of the launch of 'Shima Seiki Experience Centre' at Karuvampalayam in Tirupur that the objective of the centre is "to enable our customers operate, use and experience the versatility of the whole garment and shaping machine."

Nascent technology

Flat knitting technology is still nascent here, as a majority of garment making units continue to use circular knitting technology, which is not versatile.

"The concept of flat knitting has not caught on because of the misconception that such machines are best suited for winter garments. We are trying to broadbase the market," Kamatchisundaram said. Asserting that the flat knitting technology would be the growth driver in the coming years, he showed some garment samples made using the whole garment machine.

A close look at the pieces revealed that the process did not involve tailoring and the designs are developed using digital technology. "Unlike in circular knitting, here the user industry will need to buy only the dyed yarn and design the garment using total fashion system.

No cutting or stitching process is involved and the fall is perfect. Further, the lead time to make the product is short, wastage is minimal and production cost is less because the process is short," Kamatchisundaram said.

Growing popularity

Naoto Nishiki of Shima Seiki's South Asia Unit said the technology was fast catching on across the world. "Such machines will help increase efficiencies in textile manufacturing. China tops in the adoption of flat knitting technology. Competing countries such as Bangladesh and Pakistan have also taken to this technology," he added.

The Voltas spokesperson said training would be imparted to potential engineers in fashion design technology.

Source: thehindubusinessline.com- Apr 25, 2019

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Bhilwara's textile traders demand GST relief, better power supply

GST on yarns and cloth textile has led to a drop in business, at a time when power prices stay high

Neerav Makharia has been engaged in the yarns business for over 24 years in Bhilwara, Rajasthan. In July 2017, he was introduced to a new system of taxation called Goods and Services Tax (GST). Within a few days, the entire system had to be computerized and prices of goods went up by 20 percent leading to massive losses.

"We (Bhilwara) produce almost 40-45 percent of the total yarn manufactured in India. But there is a GST of 12 percent on yarn. How will we survive?" he asks.

After GST was introduced, cloth is taxed at 5 percent whereas yarn is taxed at 12 percent. Input credit is also not available to the businesses.

The immediate demand for the Lok Sabha elections 2019 is for GST to have minimal taxes for all raw clothing categories including textile, polyester yarn, wool and other materials. Further, textile traders have also sought tax sops for entities engaged in the business for more than 20 years.

More than 20,000 people are employed in this Rs 700-crore industry in Bhilwara, considered one of the textile hubs of India.

P L Pagaria, general secretary of Ambaji Textile Market Association, said the government should have a uniform 5 percent rate for cloth textiles and yarns.

When one walks around the textile market of Bhilwara, it is a reality that several stores have downed shutters. Traders said many fellow businessmen could not sustain in the textile industry and have now shifted to industries like marbles and granite.

It is an irony that a majority of shops at the erstwhile textile market belong to finance companies and broking houses. Looking at the opportunity presented during the post-GST slowdown, dozens of alternate financing firms have opened up in Bhilwara.

"Businesses were running into losses and banks were not ready to provide loans. Hence players like us have set up an alternate channel to raise funds for the SMEs," said Prakaran Behati, owner of Aashirward Finance.

Though the situation is not very bleak and those seriously in the trade are slowly bouncing back, businesses want assurances from both the centre and the state that their issues will be looked at.

Rajasthan has two phases of polling in the Lok Sabha Elections 2019. Regions like Bhilwara, Ajmer, Jodhpur and Udaipur go into polls on April 29 while others like Jaipur, Alwar and Bikaner will vote on May 6.

"Power supply is a major issue and no subsidies are available. The government should pay heed and give us some discounts because our mills rely heavily on electricity," said Darshan Saraogi of DS Clothing Mills.

At a time when Congress is the ruling party in Rajasthan with Bharatiya Janata Party (BJP) in the centre, a few traders are also of the view that having the same party in the centre and state would mean their concerns would be resolved quickly.

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