TEXTILE INTELLIGENCE CENTRE
iBtex.
INFORMATION BUREAU
TEXPROCIL

TEXPROCIL
NEWS CLIPPINGS

The Cotton Textiles Export Promotion Council [TEXPROCIL]
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai - 400 004. Maharashtra State. INDIA
W. www.texprocil.org E. enews@texprocil.org T. +91-22-2363 2910 to 12 F. +91-22-2363 2914

IBTEX No. 175 of 2017 August 28, 2017

USD 63.91 | EUR 76.22 | GBP 82.28 | JPY 0.59

Cotton Market

Spot Price (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
19935	41700	**83.24**
Domestic Futures Price (Ex. Gin), October		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
18580	38865	**77.58**

International Futures Price	
NY ICE USD Cents/lb (Dec 2017)	68.15
ZCE Cotton: Yuan/MT (Sept 2017)	15,365
ZCE Cotton: USD Cents/lb	**88.19**
Cotlook A Index – Physical	**80**

Cotton & currency guide: The gone by week was quite bizarre for Cotton. The spot and future contracts traded higher in the entire week except Friday was kind volatile trading session. For reference the December contract made a weekly high at 70 cents just at the level of psychological resistance. Market whispered sharp selling at 70 cents most probably by High Frequency Traders (HFT) and speculative positions which ended the week with marginal positive trend for December to settle at 68.11 cents. So broadly the week ended in a positive note by 92 cents from the previous week's close.

Besides; more action was related to natural calamities near West Texas where Hurricane Harvey made landfall late Friday just south of Glaveston, Texas as a Category 4 storm, the first Cat 4 to hit Texas since 1961. As we have been discussing over the last two weeks, the Atlantic has been active with conditions conducive for developing of hurricanes.

Hurricane Harvey was one of the unnamed tropical depressions mentioned last week and is the first storm to hit Texas since 2008. For the South Texas coast the storm is being compared to Hurricane Ceclia which hit the same area in August of 1970. The comparison is based on the fear the storm will cause similar damage as it stalls over land for 4 or 5 days near Corpus Christi before moving up the Louisiana.

Our prayers to everyone who are affected by Hurricane Harvey.

However, this may have strong effect on the cotton market in the US. The earlier production estimates of Cotton for the US 2017-2018 by USDA which was pegged at 20.55 million bales may be dented. We shall get more clarity as we move through this week. Cotton overall is likely to remain volatile in the near future. The December future this morning is seen trading positive at 68.85 up by around 70+ points from the previous close. Ever since HFT participants are high in cotton market and the technical charts shaping positive any downside correction in the price is becoming an opportunity for longs. In the near term we would eye on 70 cents as key resistance levels. So price may hover in the range of 67.50 to 70 cents and unless the breakout happens market may continue to trade in the confined range.

Coming to domestic market the spot market was quiet and some of the markets were closed on Friday due to nation wife festival. The spot continued to trade steady near 43K per Candy. The arrivals of old crop are very low and the supplies are also very tight indicating the carryover stocks may be low for the current year. The effect is visible on the futures price. The October future at MCX made a weekly high of Rs. 18690 and ended at Rs. 18580.Overall we expect cotton October to trade in the range of Rs. 18700 to Rs. 18350 per bale.

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

NEWS CLIPPINGS

INTERNATIONAL NEWS

EU-Japan 'agreement in principle' for economic and partnership agreement

On July 6 2017 the European Union and Japan announced having reached an 'agreement in principle' on a future economic and partnership agreement. The final agreement, which both parties aim to conclude before the end of 2017, is expected to boost EU-Japan trade by cutting red tape and scrapping duties.

Trade relationship

Japan is the European Union's second largest trading partner in Asia (after China), and sixth largest trading partner overall. In 2016 EU exports to Japan amounted to approximately €58 billion in goods and €28 billion in services. Trade flows between the European Union and Japan consist mainly of motor vehicles, machinery, medical instruments, pharmaceuticals and chemicals. Before the agreement in principle, the European Union and Japan had concluded:

a mutual recognition agreement for conformity assessment procedures in the fields of telecommunications terminal equipment and radio equipment, electrical products, laboratory practices for chemicals and manufacturing practices for pharmaceutical products;

an agreement on cooperation on anti-competitive activities aimed at allowing the effective enforcement of their respective competition rules through promoting cooperation and coordination between their competition authorities;

an agreement on cooperation and mutual administrative assistance to improve cooperation between their customs authorities with a view to facilitating trade flow and increasing the efficiency of customs controls; and a science and technology agreement aimed at encouraging, developing and facilitating cooperative activities in science and technology between the European Union and Japan.

Economic and partnership agreement

In the words of the EU commissioner for trade, "the scale of [the economic and partnership agreement] ambition, and the combined economic size [of both parties], would make it one of the biggest the world has ever seen". In the same vein as other agreements concluded recently by the European Union, the economic and partnership agreement is intended to go beyond traditional trade issues and cover fields as diverse as corporate governance, competition, sustainable development, data protection and cooperation on agriculture, forestry, fisheries and food. It should also boost EU-Japan trade in goods and services through a number of concessions.

Elimination of customs duties

Japan will eliminate tariffs on 97% of its imports from the European Union once the economic and partnership agreement is fully implemented (in tariff lines), with the remaining tariff lines being subject to partial liberalisation through tariff quotas or tariff reductions (eg, for certain agricultural products such as soft cheese, whey and potato starch). Japan's elimination of customs duties is expected to primarily benefit EU exports in the fields of agriculture and food products, electrical machinery, pharmaceuticals, medical devices, motor vehicles, transport equipment, textiles and clothing, and forestry products.

The European Union will eliminate tariffs on almost 100% of its imports from Japan once the economic and partnership agreement is fully implemented. The disparity in terms of levels of liberalisation between the European Union and Japan is justified by Japan's commitments to eliminate non-tariff barriers on imports from the European Union, notably through total alignment with international standards in the automobile sector.

Elimination of non-tariff barriers

The negotiations focused on eliminating the main non-tariff barriers identified by both EU and Japanese traders. Examples of non-tariff barriers that should be eliminated currently include those applicable to:

motor vehicles – through the recognition of the same international standards on product safety and environmental protection, which means

that vehicles should be subject to the same requirements in the European Union and Japan and should not require testing or certification on export;
food additives – through the adoption of similar guidelines concerning the transparency and standard processing times for approval processes; and
pharmaceutical products – through the expansion of the coverage of the mutual recognition agreement for conformity assessment procedures.

Liberalisation of services

The economic and partnership agreement should include provisions aimed at liberalising trade in services, particularly:
postal and courier services (eg, by aligning rules on border procedures, licences and the independence of regulators);
telecoms services (eg, by enabling any supplier from one party to access and use telecoms services in the territory of the other party, as well as laying down the ground rules concerning the conditions under which suppliers from one party are allowed to provide their services in the territory of the other party);
international maritime transport services (eg, by providing for obligations to maintain non-discriminatory access to transport and auxiliary services, as well as access to ports and port services); and
financial services (eg, by strengthening regulatory cooperation through regular information exchange and consultation on forthcoming regulatory initiatives, and by committing to relying on each other's regulatory and supervisory framework where possible).

Public procurement

The economic and partnership agreement should build on the existing mutual obligations based on the World Trade Organisation Government Procurement Agreement and add a new set of disciplines concerning, for example:

the electronic publication of notices through a single point of access;
the fair treatment of EU construction businesses under the Japanese construction business evaluation system;
the recognition of test reports; and
the possibility of using environmental standards as a selection criteria.
In terms of market access, EU companies will also be able to participate on an equal footing with Japanese companies in bids for procurement tenders

in the so-called 'Japanese core cities' (48 cities of around 300,000 to 500,000 inhabitants).

Agreement in principle

The agreement in principle does not mean that the negotiating process is completely finalised. Some of the agreement's chapters still require fine-tuning and some issues are still open and remain to be settled before the actual finalisation of the negotiations (eg, on investment or regulatory cooperation). Although the agreement in principle should provide a clear idea of the type of concessions that both the European Union and Japan are willing to make, traders cannot yet rely on its provisions and should therefore wait for the publication of the economic and partnership agreement.

Once the European Union and Japan reach a final agreement (which they aim to do before the end of 2017), and depending on what it actually covers, the European Commission will decide whether to propose the economic and partnership agreement as an EU-only agreement (ie, one that covers only policy areas that the European Union is responsible for) or a mixed agreement (ie, one that covers areas that both the European Union and its member states are responsible for). An EU-only agreement would need to be approved by:

the governments of the member states; and
the European Parliament.
Conversely, a mixed agreement would need to be approved by:
the governments of the members states;
the European Parliament; and
the national – and possibly regional – parliaments.
In that regard, it is important to bear in mind the EU courts' recent clarification as to what constitutes an EU-only agreement as opposed to a mixed agreement,(1) as well as the potential difficulties associated with the approval of mixed agreements by national and regional parliaments (eg, in the framework of the EU-Canada Comprehensive Economic and Trade Agreement).(2)
Further, the United Kingdom will formally be a party to the economic and partnership agreement (provided that it is concluded before the end of the Article 50 Treaty on the Functioning of the European Union procedure).

However, this will likely no longer be the case once the United Kingdom leaves the European Union. Informed sources have indicated that the economic and partnership agreement is unlikely to include specific provisions regarding how to address the United Kingdom's departure from the European Union (and consequent withdrawal from the economic and partnership agreement) (for further details please see "Brexit – United Kingdom's access to European Union's preferential trade partners").

Prepare and take action

EU businesses importing from and exporting to Japan (and vice versa) should prepare for the entry into force of the economic and partnership agreement. This requires assessing the exact effect of the agreement on their operations (on the basis of the provisions of the agreement in principle) and identifying potential opportunities and challenges. In addition, UK-based businesses and Japanese businesses trading primarily with the United Kingdom should also identify the potential consequences of the United Kingdom's likely withdrawal from the economic and partnership agreement on its departure from the European Union, and consider mitigating actions to remove or reduce any associated disruption.

Source: internationallawoffice.com - Aug 25, 2017

HOME

****

Egypt restoring cotton's glory

Exports of Egyptian cotton have increased from 32,000 tons last year to 38,000 tons in the 2016/2017 season which ends this August.

This is due to the special attention paid by the government to the crop, which used to be known as Egypt's "white gold". The government wants to corner a larger global market share for Egyptian cotton amid competition from lower-quality cotton.

A cabinet decision last month to set a guaranteed price for buying cotton from farmers has led to a significant increase in cultivated areas.

"There are currently 216,000 feddans of Egyptian long-staple cotton ready to be harvested in less than two months," said Mohamed Abdel-Meguid, head of the Cotton Council at the Ministry of Agriculture and Land Reclamation.

There were 131,000 feddans of cultivated areas last season, and the increase is expected to lead to some double the amount of exports this season.

The government has set a guaranteed price of LE2,100 per kantar (about 45kg) of cotton cultivated in the Upper Egyptian governorates and LE2,300 per kantar for cotton from Lower Egypt. These are the prices the government will pay to farmers in case they cannot sell their crops.

"Prices can differ from time to time depending on different factors, including the availability of the foreign currency needed by local textile factories to buy cheaper cotton from other countries," Abdel-Meguid explained.

He added that imported cotton of lower quality is priced at less than LE2,000 per kantar, but difficulties in obtaining foreign currency make textile factories buy more Egyptian cotton for their production.

Egyptian cotton is currently being sold in the local market for around LE2,400 and LE3,000 per kantar depending on whether the crop is from Upper or Lower Egypt, with the latter being more expensive because of its slightly better quality.

Other reasons include the tightening of controls over farms that cultivate lower-quality cotton, according to Abdel-Meguid. "Foreign cotton seeds are prohibited from being cultivated on Egyptian soil under Law 53/1966, but many farms have not been abiding by that law, especially following the political unrest in 2011," he said.

The Ministry of Agriculture publishes a map each year in which each governorate is assigned to cultivating a specific type of Egyptian cotton, and it forbids the cultivation of foreign seeds, including for American cotton, which use less land areas and can be harvested more quickly.

Inspections were tightened last season, resulting in producing more of the high-quality long-staple cotton for which Egypt is famous.

Although Abdel-Meguid and other experts predict more exports as a result of more areas being cultivated with Egyptian cotton, he also hopes more raw cotton will go to textile factories before being exported to benefit from added value.

“I hope that raw Egyptian cotton is turned into yarn before being exported, as this will increase its value tenfold,” Abdel-Meguid said.

Sayed Mohamed, head of Egypt’s Textiles Export Council, agreed that it would be better for the historic crop to be exported as yarn.

“Raw Egyptian cotton is exported to countries like India and Pakistan which mix it with lower quality material and sell it as Egyptian cotton,” Mohamed noted, adding that this harmed the reputation of Egyptian cotton in the global market which was why there was a need to export thread and fabric rather than raw cotton.

Textile factories currently import cotton because it is cheaper to get from countries such as India, but Mohamed suggested increasing import duties on cotton to support locally produced crops.

“Local textile factories would then get long-staple cotton from Egyptian farms and produce higher-quality threads and fabrics,” he explained, adding that these factories would pay more for the local raw cotton because they could profit from the added value of higher-quality cotton that would then be only available in Egypt, unlike Egyptian cotton threads and fabrics sold by India and Pakistan after mixing other materials.

“We need to preserve Egyptian cotton’s reputation by preserving its quality, and to do so we need to increase the number of textile factories in Egypt and support them,” Mohamed said.

He predicted more areas being cultivated with Egyptian cotton over the next few years as a result of tightening controls over farms to ensure the quality of the crops and the guaranteed prices at which the government would buy raw cotton from farmers.

About 24 million tons of cotton are produced globally each year, with approximately 250,000 tons of that being considered high quality. Egypt's share of the latter is currently 50,000 tons.

Source: zawya.com- Aug 26, 2017

HOME

****

Intertextile Shanghai to see over 4500 exhibitors

Over 4,500 exhibitors from nearly 30 countries will gather under one roof at October's Intertextile Shanghai Apparel Fabrics, the China's international trade fair for apparel fabrics and accessories, during October 11-13, 2017. The industry's leading trade fair for the autumn/winter season will offer something for everyone's unique fashion tastes.

Intertextile Shanghai Apparel Fabrics – Autumn Edition 2017 is co-organised by Messe Frankfurt (HK); the Sub-Council of Textile Industry, CCPIT; and the China Textile Information Centre.

SalonEurope, Intertextile's premium zone for mid and high-end European fabrics and accessories suppliers, will target Asian buyers who are looking to meet the strong consumer demand in the region for European fashion. Some of the brands participating in SalonEurope this edition include Albini, Alumo, American & Efird (Guetermann), E Thomas, Freudenberg, Kufner, Marzotto Group, Miroglio, Loro Piana, Woolmark and Zegna.

Within SalonEurope buyers can also find the Milano Unica, the Premium Wool Zone and the Verve for Design areas, each reflecting fashion and style in their own unique ways. The Japan Pavilion is another fashion hub at the fair that is immensely popular each edition with Chinese buyers while the domestic exhibitor halls will reflect how Chinese designers are emerging onto the fashion scene.

For those on the lookout for what fashions and styles will be gracing the catwalks and sidewalks in autumn and winter 2018, then the eight trend forums found throughout the halls, including an international forum, four Chinese forums, an accessories forum, the Japan Pavilion forum and the Korea Pavilion forum, will provide a snapshot of this.

Japan Pavilion brings the country's unique style and production techniques to the fair.

If previous editions are anything to go by, the Japan Pavilion will once again be bursting at the seams with buyers looking for the latest Japanese styles and fashions. Delicate, lightweight fabrics are a particular specialty of Japanese suppliers, with Saiei Orimono being one such exhibitor at Intertextile. They claim their 'Fairy Feather' yarn-dyed silk fabric, which took them four years to develop, is the world's thinnest. It is made from 8-denier silk thread derived from silkworms that emit the thinnest fibres in the world, which, at 1.6 deniers, are about half as thin as regular fibres.

Knitted fabric producers can also be found in the pavilion, including A-Girl's. They supply lightweight fabrics made from their self-developed fine-count yarns which are used by global luxury brands. Lace can also be sourced in the pavilion, with Sun Fashion exhibiting its Leavers Lace one of the highlights. Moving away from delicate fabrics, Daiichi Orimono are specialists in super-high-density woven fabrics. While the quality of these fabrics makes them suitable for outdoor wear amongst others, the company places great emphasis on ensuring the beauty of the fabrics as well.

Apart from the Japan Pavilion, other Asian pavilions at the fair include Hong Kong, India, Korea, Taiwan, Pakistan and Thailand.

Heritage brands and stylish high-end wool products await buyers in the Premium Wool Zone, as a number of new suppliers join returning favourites this edition. Amongst the new participants are Dugdale Bros from the UK, and Italian brands Ferla, Piacenza and Stylbiella. Dugdale Bros are cloth merchants based in the very centre of Yorkshire's worsted industry, and supply fine cloth to supreme tailors, designers, couturiers and retailers throughout the world.

Ferla offers production rich in fashion content that is reserved for the most prestigious Made-in-Italy trademarks and the most demanding international customers. Piacenza, in business for nearly three centuries, uses wools from Australia, cashmere from Mongolia and vicuna and alpaca fibres from Peru. And Stylbiella produces superfine wool fabrics for some of the world's leading tailors.

Joining them are other key exhibitors from the UK such as Abraham Moon & Sons, Bower Roebuck, Holland & Sherry, Huddersfield Fine Worsteds, Kenneth Mackenzie and Scabal, as well as Aris Industrial from Peru, Dino Filarte from Italy, Dormeuil from France, and Hayazen Textile and Toyama from Japan amongst others.

As the Chinese market has matured in its appreciation for original fabric designs, this increased demand has led to a diverse range of design studios taking part in Intertextile's Verve for Design, which can also be found in SalonEurope. This edition sees exhibitors from Australia, France, Hong Kong, Italy, Japan, Korea, Switzerland and the UK amongst those taking part.

Source: fibre2fashion.com- Aug 25, 2017

HOME

****

How Sourcing Managers Are Re-examining Vietnam After the Demise of a Free-Trade Agreement

Six or seven years ago, Steve DiBlasi of **Lanier Clothes** decided to shift a fair amount of his company's apparel production from China to Vietnam.

The reason was labor costs were slowly rising in China—which had been the world's apparel manufacturing epicenter for years—and they were much lower in Vietnam.

He also wanted to be in front of the line of sourcing managers searching for good apparel factories once the free-trade agreement known as the Trans-Pacific Partnership was scheduled to be concluded during the Obama administration. "We wanted to be ahead of the game of TPP," said the vice president of global sourcing for Lanier, which makes men's tailored clothing.

But that free-trade agreement, which would have given duty-free access to apparel imported into the United States from Vietnam, fell apart after President Trump took office. Now, Vietnam is still the No. 2 producer of apparel into the United States, but sourcing managers are not as eager to be in Vietnam as they were before.

DiBlasi was speaking on a panel held Aug. 14 during the **Sourcing at MAGIC** show at the **Las Vegas Convention Center**. The panel, called “Vietnam Continues to Lure U.S. Firms,” coincided with the sourcing show shining a spotlight on Vietnam, which had a pavilion at the show with 40 Vietnamese factories.

The moderator of the panel was Julie Hughes, president of the **U.S. Fashion Industry Association**, a Washington, D.C., organization that works to break down barriers to importing apparel and textiles into the United States.

Recently the organization commissioned a study on sourcing in Vietnam. It was conducted by Sheng Lu, an assistant professor of fashion and apparel studies at the **University of Delaware**.

The study, which surveyed 34 executives of large fashion companies with more than 1,000 employees, showed that this year only 36.7 percent of executives expected to expand their sourcing in Vietnam compared to 65.4 percent last year.

“Two factors are related to this,” Lu said at the panel presentation. “One is TPP, and the other is rising labor costs in Vietnam.”

Next year, the minimum wage in Vietnam, which is still relatively low, is scheduled to increase 6.5 percent. Currently the minimum wage ranges from $114 to $165 a month, depending on the region of the country. China’s minimum wage is around $350 to $400 a month.

For these sourcing executives, China is still the No. 1 go-to place to make clothing. “It is not about the price, but it is about the capacity and it is about speed-to-market that is keeping China relevant to the fashion world,” Lu said. “There is ease in doing business in China, and China is investing in technology.”

The executives who participated in the survey said that 30 percent to 50 percent of their sourcing is done in China while another 11 percent to 30 percent is done in Vietnam.

“Of the 106 categories of apparel products, China was the top supplier in 88 categories and Vietnam was No. 1 in five categories,” Lu said.

But Vietnam as a sourcing destination will continue to grow, just not as rapidly had TPP been enacted. “Vietnam is increasing its production and taking it away from China,” DiBlasi said. “Why is that? Its low labor costs and huge government investment in textiles. They want to employ their people.”

Also, it has been relatively easy to get goods in and out of the country through the various ports located in Hai Phong in the north, Saigon in the south and Da Nang in the central region. It is also easy to find factories through the various agents that work in the country. “That is how we got started in Vietnam,” DiBlasi said.

Another member of the panel was Avedis Seferian, president and chief executive of **WRAP** (Worldwide Responsible Accredited Production), a nonprofit that inspects apparel factories around the world to certify they are treating their employees fairly, are socially responsible and have a safe working environment.

Seferian noted that Vietnam has been taking social compliance in their factories very seriously. “They recognize that today’s market is far more transparent than before and you are far more at risk of bad news spreading, particularly with social media,” Seferian said. “When you post a video online and it spreads all over the world, you cannot un-ring that bell once it is rung.”

DiBlasi expects Lanier will continue sourcing in Vietnam over the next several years because Vietnam is committed to the apparel and textile industry. It also has a pro-business culture, is good on compliance, is working to protect its environment and is moving apparel factories to rural areas to reduce costs.

“But there are reasons to be careful, too,” DiBlasi said. “**Samsung**, **LG** and **Panasonic** are opening huge factories there. So there will be competition for workers.”

Raw materials are still imported from China, there is a lack of mills and dyeing houses, and Vietnam’s minimum wage is rising every year over the next decade. In addition, there is no free-trade agreement with the United States, but there is one between Vietnam and Europe, which goes into effect next year. That means more European apparel manufacturers, which typically pay more than U.S. manufacturers, will be heading to Vietnam to make their clothes.

In the past, countries were good sourcing areas for as long as 40 years. “Now that is speeding up to five to seven years when you come in and when you get out,” DiBlasi said. “I think Vietnam will be good for the next seven years.”

Source: apparelnews.net- Aug 25, 2017

HOME

****

China: Ethiopian industrial parks attract foreign textile firms

Three industrial parks built by China in Ethiopia’s Hawassa, Mekelle and Kombolcha have started drawing foreign export firms to the east African nation’s textile and apparel sector. The country plans to generate one-fourth of $400-million foreign exchange earnings target for the current fiscal from its flagship industrial park in Hawassa alone.

The parks are part of Ethiopia’s efforts to become Africa’s manufacturing powerhouse. The country plans to raise its current $150 million revenue from textile and apparel exports to more than $1 billion, according to a Chinese news agency report. The Hawassa park has started bringing in revenues and Hong Kong-based TAL Apparel is among the foreign companies that have started production in its premises. About $1.5 million is being earned every month at the Hawassa park, according to a recent report by the Ethiopian Textile Industry Development Institute.

Seven foreign companies, including some from Bangladesh, have secured space to commence operations at the Mekelle industrial park.US textile and apparel firm Trybus has signed an agreement with the Ethiopian Investment Commission to start a factory inside the Kombolcha Industrial Park built by the China Civil Engineering Corporation. Ethiopia, with nearly 175 textile units, aims to generate $30 billion in foreign exchange earnings from the textiles and clothing sector by 2030 and has allotted more than $1 billion for the construction of industrial parks in the second five-year growth and transformation plan (GTP-II) period, effective from 2015 to 2020. It plans to have 150 companies in the sector by 2020.

Source: alloftextiles.com- Aug 26, 2017

HOME

****

Creating garments with Sewbot: Watch for changes in the business of clothing

Robotics and high speed computer vision are going to change the apparel industry and it is already evident that change is under way. SoftWear Automation, an Atlanta-based robotic sewing company, is in the frontline of automation change.

Their technology is going to be seen realtime in worklines for t-shirts. Meet Sewbot, their robot, which will be seen in an Arkansas factory when it opens its doors next year with production lines capable of making around 1.2 million T-shirts a year.

The Chinese clothing manufacturer Tianyuan Garments Company is to introduce the Sewbots in 2018, reports said.

Fast Company had more:

"In Little Rock, Arkansas, the new Tianyuan factory will eventually provide 400 jobs. While the robots are fully autonomous, three to five people will be employed to work with each production line; others will work in logistics and other parts of the factory."

In brief, the factory will be filled with fully autonomous robots and their human supervisors.

This is seen as a sign of a potential shift in the apparel industry.

Sewbots use a combination of patented high-speed computer vision and lightweight robotics, said Innovation in Textiles. This can steer fabric "to and through the needle with greater speed and accuracy than a human," said the report. One benefit is a decrease in the overall defect rate.

Ivana Gazibara in Futures Centre last year reported the company had "developed a robot which has a half-a-millimetre sewing accuracy, meaning it can do things well above and beyond human capability, like sew a perfect circle. The innovation is in the cameras, which help the sewing robot track where the threads are at every moment and take corrective action if the fabric stretches or shifts."

As for the recent news about the Arkansas factory, Innovation in Textiles talked about output when Tianyuan uses their Sewbots. The projected output is over 1 million shirts per year, said Palaniswamy Rajan, CEO of SoftWear Automation.

Commenting on the industry in Fast Company: "People buy 11 billion T-shirts a year," said Rajan. "That's an interesting market where automation makes sense, where our robots make sense, because our robots produce a very high volume of product."

SewBot was developed at Georgia Tech and the company had a number of years of research and development working on projects.

"By 2015, the company was selling a more basic version that could make bath mats and towels," wrote Adele Peters in Fast Company. The newest version is to be deployed in the Little Rock factory.

After T-shirts, they anticipate involvement with other types of clothing. "We are expecting to move deeper into activewear while also looking at other areas of the industry from casual pieces like jeans and polos to basic dresses and classic dress shirts," said Rajan, according to Innovation in Textiles .

An easy complaint over this might be that the technology spells bad things for workers displacement. Rajan has another viewpoint.

"Workers might shift into doing more artisanal work, at higher wages," he said in Fast Company.

Also, Rajan said in Fashion for Good that "Our Sewbots bring manufacturing closer to the consumer, reducing shipping, inventory and carbon dioxide." Rajan said the current apparel supply chain was "one of the largest polluters second to oil and is only held in place through the exploitation of low-cost labour."

Yet, with all the potential of technology to bring industry change, Rajan in Fast Company said he believed some higher-end clothing will always be made by humans. "We'd never do a bridal dress."

Source: techxplore.com - Aug 26, 2017

HOME

****

Trump Says Us Will "Probably" End Up Terminating Nafta

Despite a subdued trilateral statement from the three nations renegotiating NAFTA and a seeming commitment to move forward with a deal, President Trump has returned to talk of killing the free trade agreement altogether.

Official renegotiations with Mexico and Canada started last Wednesday and carried on for five days, but in comments at a rally in Phoenix, Arizona Tuesday, the U.S. president said—reiterating that NAFTA is "one of the worst deals that anybody in history has ever entered into"—a new deal doesn't look likely.

"Personally, I don't think we can make a deal, because we have been so badly taken advantage of. They have made such great deals, both of the countries, but in particular, Mexico, that I don't think we can make a deal," Trump said. "So I think we'll end up probably terminating NAFTA at some point, OK? Probably."

Trump had said from early days that he would end the NAFTA agreement if he couldn't get more beneficial terms for the U.S., and reminding the audience of that he added, "...but we're going to see what happens."

The president's comments came after the Office of the United States Trade Representative issued a joint statement with Mexico and Canada Sunday, at the conclusion of the first round of talks, saying the scope and volume of proposals reflected a commitment from all parties to see "an ambitious outcome."

USTR said negotiators from all sides will now continue their own domestic consultations in an effort to advance the negotiating text ahead of the second round of talks scheduled to take place in Mexico from Sept. 1-5.

“Negotiations will continue at this rapid pace, moving to Canada in late September and returning to the United States in October, with additional rounds being planned for the remainder of the year,” the USTR statement noted. “While a great deal of effort and negotiation will be required in the coming months, Canada, Mexico and the United States are committed to an accelerated and comprehensive negotiation process that will upgrade our agreement and establish 21st century standards to the benefit of our citizens.”

Ahead of the talks last week, the U.S. stressed that negotiations wouldn’t just bring about tweaks to the deal, but a much more major overhaul.

For one, U.S. Trade Rep Robert Lighthizer said rules of origin “must require higher NAFTA content and substantial U.S. content.”

As far as can be seen for now, the second round of talks remains set, so it’s unclear at which point President Trump would can the deal should he decide to do so.

Either way, the office of the USTR has started putting together a proposal that would let the U.S. withdraw from a corporate arbitration system that’s part of NAFTA, according to The Wall Street Journal. In other words, this move would make it voluntary for the NAFTA countries to opt into the investor-state dispute settlement system (ISDS, which functions as an alternative to domestic court systems and lets corporations sue governments if they feel the value of their foreign investments have been diminished by governmental actions), meaning, more or less, that foreign investors would have to take any disputes through the U.S. court system. It could also mean U.S. investors in Mexico and Canada wouldn’t be able to submit their grievances to ISDS either.

U.S. business groups and trade associations aren’t happy about the idea, saying ISDS is key to protecting the U.S. against theft and unfair treatment of U.S. property overseas.

Source: sourcingjournalonline.com- Aug 26, 2017

HOME

****

Bangladesh looking to sign Free Trade Agreement with Turkey

Last fiscal year, Bangladesh exported $631.63 million worth of goods to Turkey; while Bangladesh imported goods and services worth $212.30 million from Turkey

A MoU for Free Trade Agreement (FTA) was signed with Turkey on Wednesday at the Turkey-Bangladesh Business Forum – 2017.

FBCCI's First Vice President Sheikh Fazle Fahim and Turkish Exporters' Assembly member of sector council Basaran Bayrak signed the agreement.

Speaking at the forum, Commerce Minister Tofail Ahmed said: "Bangladesh is very interested to sign the FTA with Turkey which will increase trade and commerce.

According to data from Export Promotion Bureau (EPB), in the last fiscal year, Bangladesh exported $631.63 million worth of goods to Turkey; while Bangladesh imported goods and services worth $212.30 million from Turkey. "Since the tariff rate is very high for Bangladeshi products entering into the Turkish market, I hope, the FTA will open a new window of economic opportunities for two countries.

"The bilateral trade between the two countries is currently worth $843.93 million. The signing of the FTA would help boots the export of RMG, pharmaceuticals, frozen fish, dry food, jute and jute products, leather, plastic and ceramic products, ship building and light engineering products to Turkey.

"As a least developed country, Bangladesh is supposed to get duty-free, quota-free (DFQF) market access to the developed and more developing countries. If that cannot be achieved, our first preference is to have a bilateral FTA with Turkey to avail referential market access," said Tofail Ahmed.

Source: dhakatribune.com- Aug 25, 2017

HOME

****

Bangladesh Denim Expo to focus on garment supply chain

Transparency of the textile and garment supply chain will be the focus of the seventh edition of the Bangladesh Denim Expo that will take place in Dhaka on November 8-9. Over 58 exhibitors from around the world have already registered to participate in the expo. The event will inform buyers and consumers about how and where garments are manufactured.

Transparency is the core of this edition of the expo and a series of events have been organised to let visitors know about the process of manufacturing garments, said the organiser.

A 3D show will also take place to explain the manufacturing process of apparel to the show attendees.

Participating companies will also exhibit their products along with their best practices pertaining to the show's theme.

About 40 exhibitors from foreign countries and 18 companies from Bangladesh have confirmed their participation in the show. Pacific Jeans, Bitopi, Dekko and Ananta – the biggest denim product manufacturers of Bangladesh – will also participate in the seventh edition of the fair.

Source: fibre2fashion.com- Aug 27, 2017

HOME

****

Pakistan: Tough times ahead

In the immediate context, Pakistan is feared to be deprived of $1.7 billion that were to come from US Coalition Support Fund (CSF) in 2107-18. The funds coming through CSF had already been reduced to 40 percent and this is said to be a 'bigger hole' that needs to be filled through other external sources.

Besides CSF, which is in fact a reimbursement to Pakistan for its spending on behalf of the United States in the region, Islamabad could be denied roughly $1 to $1.5 billion annual military and economic assistance should there be sanctions applied against the country.

Similarly, officials fear that Pakistan, being the biggest textile exporter to America could lose roughly $3.5 billion annual export market in case of any trade related sanctions. Though China is a major trading partner of Pakistan, USA is the largest importer of Pakistani textile goods and other made ups.

The matter does not end here. Since the United States enjoys majority voting rights in the World Bank and the International Monetary Fund (IMF), it can always influence resulting in new conditions to offer any lending to Pakistan. International Bank for Reconstruction and Development (IBRD), an important lending arm of the World Bank has already believed to have expressed its concern over declining foreign exchange reserves and sited its lending rules according to which reserves must be available for five weeks of mandatory export to qualify for its assistance.

Pakistan is already becoming ineligible for IBRD assistance and the issue would turn challenging when Islamabad goes to IMF for any bailout program. And once the US drives for sanctions, it would reportedly be asking the IMF to link its assistance with 20 percent devaluation of rupee, stretching the current 16 percent sales tax to 20 percent and increasing electricity and gas tariffs.

IMF, it is said, when gets go-ahead from the United States, would also start objecting on generous sovereign guarantees being offered to China Pakistan Economic Corridor (CPEC) projects. Officials in this behalf could be taken to task for extending these sovereign guarantees to Chinese investors when there is no adequate foreign exchange reserves' cover available to Pakistan.

Likewise the IMF officials could raise objections over the slow pace of implementation on CPEC projects. Since the US government is wary of CPEC project, it could punish Pakistan through IMF and other international lending agencies.

When the going gets tough, the Trump administration could also use its influence in the European Union (EU) to introduce retaliatory economic measures against Pakistan. Islamabad was earlier given over $1 billion additional market access immediately after the current government took over.

Those who are in the know of things also warn that $6-7 billion portfolio investment made in the stock market over the years could also be withdrawn at the behest of the USA whose line would be further towed by IMF and other lenders including international banks and investment companies. This would influence emerging market index that cannot afford to be destroyed.

The crux of the matter is that when reserves are further down, current account continues to widen, exports do not increase and trade deficit would further go beyond the current $52 billion, IMF's assistance would be linked to serious conditions..

The country's financial difficulties would exacerbate as $20 billion rescheduling offered by Paris Club during Musharraf's government has ended in 2016-17 due to which pressure on repayments has sharply increased.

What had transpired between Prime Minister Shahid Khaqan Abbasi and Saudi Crown Prince last week in the Kingdom is anybody's guess. But the word has it that he sought Saudi political, diplomatic and economic support. However, it is said that Saudi Arabia which offered $1.5 billion cash gift to Pakistan back on 2013 is constrained to oblige due to its increasing fiscal deficit being faced due to prolonged plunge in international oil prices. There was no joint communiqué issued at the end of the meeting which shows that no commitment was made, if any, to help the economy.

"The situation in 2013 was different when Pakistan was better positioned and enjoyed US support that helped to have three years IMF Extended Fund Facility (EFF) programme and now after President Trump's new policy in the region, things could turn serious if the government does not take important decisions with a view to improving the ailing economy," said the renowned economist and former finance minister Dr Hafiz Pasha.

He said the failure to set the house in order is causing problems that required taking emergency measures on sustained basis to put the economy back on track. "I am very concerned over fast declining reserves. Only in July $2 billion reserves have depleted while net borrowing remained just $30 million," Dr Pasha said adding that decline in gross inflows have made repayments difficult which must be taken into account by the officials of the ministry of finance and the central bank.

Dr Pasha regretted that in the absence of working out and implementing home grown prudent economic policies, everything was getting out of control be it fiscal deficit, trade deficit, reserves, current account deficit and even home remittances that have shown for the first time in many years $1 billion reduction. “It is time to deliberate and take action and not just talk,” he said.

Another distinguished economist Dr Qaiser Bangali is not optimistic about the emerging scenario in the region and said the Trump administration could easily paralyse economic and financial system simply by asking the international multilateral agencies and global banks to put conditions for providing support to Pakistan.

“Sahukat Aziz and Ishaq Dar have tied our economy with international lending agencies and I am afraid we do not have anything to fall back if crunch time comes in the wake of new US policy in the region,” he said.

“We have already comprised our political and economic sovereignty, therefore, I have no hesitation to say that we will simply bow down before the Trump administration if it decides to slap sanctions against us,” Dr Bangali said.

He was of the view that there was no short term strategy to deal with the issue as the country’s elite was unprepared to make any sacrifice to help pull out of the current economic mess. “We do not enjoy independence to take autonomous decisions, therefore, I am not sure how to get away with the new situation being created by the Americans.”

There is another argument that Pakistan has always been dependent on USA both in terms of military and economic assistance, hence has very little to cope with the increasing threats of sanctions. Like previous US presidents, Donald Trump has also asked for ‘do more’ in response of which is being suggested to the government to say ‘no more’.

Under these testing times, China is providing all the necessary support to Pakistan the biggest proof of which is the immediate reaction by its foreign ministry that hailed Islamabad's incredible sacrifices made to fight the menace of terrorism.

Since China is growing unchallenged in the region and withdrawing of non-Nato status from Pakistan by the US would further make Islamabad closer to Beijing which is already multiplying its military cooperation between the two time tested friends.

Some maintain that the US president's new policy in South Asia and Afghanistan is not really new one and just a loud posturing to force Pakistan to come to terms by denying any so-called safe havens to Taliban and Haqqani network. Why would they need sanctuaries in Pakistan when they control more than 50 percent of Afghan territory?

It is in that backdrop it is being said that these new US measures would remain counterproductive as without Pakistan they cannot win the war in Afghanistan and that they soon would be softening their position especially when they would be sending more troops there as they have no other alternate available to do that. Previous experience of sending arms and other equipment through Central Asia remained very expensive and cumbersome.At the end of the day Pakistan will be bailing out the Americans, not India and that that was why couple of articles published including in Washington Post suggested that US could face problems without Islamabad and that no other country is important more than Pakistan when it comes to dealing with war torn Afghanistan.

The new US policy clearly shows a bigger shift from nation building in Afghanistan to eliminating terrorists and criminals. In his speech Trump ridiculed promoting democracy and nation building in Afghanistan by saying that Afghan government will have to end corruption and set its house in order and that America would no more be that generous. In fact he asked India to spend money there because of having huge trade benefits from USA.

China which is spending $54 billion on CPEC is currently facing difficult time to manage its economy. Last year it provided $4 billion commercial loan and in 2017-18 it plans to offer no more than $2 billion. Officials of the ministry of finance, nonetheless, still hope to be bailed out by the Chinese especially when US places sanctions against Pakistan.

China seems to be a clear winner in Afghanistan as it is facilitating peace there and perusing its strategy with the strong support of Russia, Iran and Pakistan. But whether China can replace USA in terms of a major bilateral creditor and supplier of arms is a question being currently debated in important official and unofficial quarters. But then it is said China has its own economic and financial limitation and a history of not extending any crucial balance of payment support to any country.

Source: thenews.com.pk- Aug 23, 2017

HOME

****

USA: High-tech yarns generate electricity when stretched

Scientists from the US, South Korea and China have developed high-tech yarns that generate electricity when stretched or twisted, an achievement they believed could eventually help curb the use of fossil fuels blamed for global warming.

In a study published this week in the journal Science, the researchers reported stretching their yarns, called twistron, 30 times a second, and generating 250 watts per kg of peak electrical power, about 100 times higher than that of other wearable fibers. In the lab, the researchers showed that a twistron yarn weighing less than a housefly could power a small LED, which lit up each time the yarn was stretched, Xinhua reported.

"Just stretch it and out comes electricity directly," said co-lead author Na Li, a research scientist in the Alan G. MacDiarmid NanoTech Institute at the University of Texas at Dallas. Li said their yarns were constructed from carbon nanotubes, hollow cylinders of carbon 10,000 times smaller in diameter than a human hair. To generate electricity, the yarns must first be either submerged in or coated with an ionically conducting material or electrolyte.

"When you insert the carbon nanotube yarn into an electrolyte bath, the yarns are charged by the electrolyte itself. No external battery or voltage is needed," she said. When a harvester yarn is twisted or stretched, the volume of the carbon nanotube yarn decreases, bringing the electric charges on the yarn closer together and increasing their energy, Li explained. This increases the voltage associated with the charge stored in the yarn, enabling the harvesting of electricity.

Li said the yarns were most suitable for powering sensors for the Internet of Things, where “changing batteries is impractical”. “Based on demonstrated average power output, just 31 mg of carbon nanotube yarn harvester could provide the electrical energy needed to transmit a two-kilobyte packet of data over a 100-metre radius every 10 seconds for the Internet of Things,” she said. The researchers also showed when sewed into a shirt, the yarns had the potential to serve as a self-powered respiration sensor.

In addition, a proof-of-concept demonstration showed that a 10 cm long yarn attached between a balloon and a sinker that rested on the seabed off the east coast of South Korea produced measured electricity from ocean waves every time they stretched the yarn.

“If our twistron harvesters could be made less expensively, they might ultimately be able to harvest the enormous amount of energy available from ocean waves,” said Ray Baughman, Director of the NanoTech Institute and a corresponding author of the study. The article also included researchers from Virginia Tech, Wright-Patterson Air Force Base, Hanyang University in South Korea and Nankai University in China.

Source: financialexpress.com- Aug 27, 2017

HOME

****

Vietnam: Minimum wage hikes seen sending production costs soaring

The Ministry of Labor, Invalids and Social Affairs, which is drafting a decree on the region-based minimum wages, proposes a wage increase of 6.5%, or VND180,000-230,000 a month, which would go into force early next year.

This is also what the National Wage Council, and representatives of employers and employees have agreed upon after three rounds of negotiations.

The current inflation rate of 4-4.5% is taken into account to guarantee a real wage rise for workers and labor productivity growth of 2-2.5% in a bid to meet 92-96% of their minimum living needs, according to the ministry.

The ministry said job creation, unemployment, production and business conditions, manufacturing costs and others have been factored into the proposed wage hike.

Given the 6.5% rise, production costs might move up 0.55-0.6% but the increase could be 1.15-1.2% in labor-intensive industries like textile-garment and leather-footwear.

According to the ministry, a new regulation on an expansion of social insurance coverage is also taken into consideration. The regulation specifies those entering into labor contracts of one month or longer must contribute social insurance.

The basis for social insurance contribution will be broadened to include salaries, allowances and others from early next year onwards, making the labor cost burden heavier.

Therefore, the Government has reduced the rate of compulsory social insurance contribution by the employer to the fund for occupational accidents and diseases by half a percentage point since June.

In addition, the Government has proposed the National Assembly Standing Committee lower the rate of the unemployment insurance fund for employees by 0.5%.

Impacts on employees and employers

Truong Van Cam, general secretary of the Vietnam Textile and Apparel Association, said the 6.5% pay raise would make life more difficult for companies in the sector. They would be compelled to cut production costs, improve productivity, and invest in new technologies to use less labor.

He also said the National Assembly should weigh lowering the ratio of contribution to the unemployment insurance fund for both employers and employees by half a percentage point given its current surplus.

Chang-Hee Lee, director of the International Labour Organization in Vietnam, said effects of the higher minimum wages could be felt differently by different groups of employers and workers. In particular, businesses at the lower end of the global supply chain may feel their price competitiveness squeezed, as the high wage increases have not abated in recent years.

Lee said the prices the Vietnamese firms relying on garment outsourcing contracts with multinationals have remained largely unchanged for almost a decade, and in some cases, have even been lowered.

This is why employers in export-reliant industries have come under constant pressure to improve business efficiency and reduce production costs to stay competitive.

He underlined the need for multinationals to engage dialogues with Vietnamese suppliers and trade unions to ensure a fair share of economic gains and social responsibilities.

On the other hand, according to Lee, the new minimum wages can boost domestic demands.

It means higher minimum wages would improve incomes of the majority of workers that can boost domestic consumption and contribute to higher gross domestic product growth.

Source: vietnamnet.vn- Aug 27, 2017

HOME

****

Iran's garment industry worth $15 billion: top official

Iran's fashion and garment industry is worth 500 trillion rials (over $15 billion) though data from the government's statistics centre shows that to be 350 trillion rials, the country's secretary of fashion and clothing regulation workgroup Hamid Qobadi Dana recently told the fashion-focused second edition of the Startup Weekend conference in Tehran.

Dana also highlighted the need to have a national standard system of garment sizes. The conference, held in mid-August on the development of new talent in the fashion and retail industry, centred around 'Entrepreneurship in Fashion and Technology', according to an Iranian news agency report.

A new apparel industrial town may be set up in Fashafouyeh in Tehran Province's Rey County to limit imports, boost domestic production and to make the price of Iranian garments more competitive. AT present, 9,818 industrial units are active in Iran's textile and apparel sector, comprising 11 per cent of all industrial entities.

Source: fibre2fashion.com- Aug 26, 2017

HOME

****

Bangladesh needs a revival in knitting sector to reach export goals

From the famous Dhakai muslin, Bangladesh is known for its heritage textile products since ages. One of the main specialities of artisans is hand knitting specifically sweaters. Not just this, Bangladesh houses one of the largest knitting capacities in the world and has brought a revolution in automation in automatic knitting as well.

Earlier knitting and knitwear firms were centred in and around Narayangonj in Bangladesh. Today they are well spread throughout major garment manufacturing zones. The hosiery sector started expanding into knitting industry after the expansion of RMG sector since 1980s and 1990s, which greatly boosted their growth.

In the last fiscal year 2016-17 when Bangladesh apparel export has seen lowest growth in 15 years, the knitwear export increased by 3.01 per cent. Knitwear export stood to $13757.3 million in FY 2016-17 while it was $13355.42 million. For the FY 2017-18, Bangladesh has set an ambitious target to increase knitwear export to $15.1 billion.

Gauging the viability

Figures reveal another picture for this industry, while cost of production of average single jersey regular 'knitting' varies between Taka 20-24 per kg the rate of knitting for the same fabric still fall within Taka 12-15 per kg. This is in turn making knitting industry an unviable proposition.

While vertical composite industries are investing more in knitting to make sure seamless delivery and production of fabric. Account books of all the 'knitting' units show losses. Given this a scenario, reducing cost is important in 'knitting units'. More importantly, price of 'knitting' job work must be increased.

Need for big ticket investments

In order to achieve the goal of $50 billion in RMG export by 2020, Bangladesh has to rely heavily on its knitting and knitwear industry. No wonder experts say the country requires more investment in 'knitting'. In recent times, not many small cottage like knitting factories are built and it's highly unlikely that further investments would pour into the industry.

Most of the new machinery is bought by big companies to build vertical capacity reducing outsourcing in knitting. Investment should be done to reduce cost and to increase value addition. Knitting units should invest to increase productivity, efficiency, reduce cost and increasing automation.

Source: fashionatingworld.com- Aug 26, 2017

HOME

****

NATIONAL NEWS

Parliamentary panel suggests 69 ways to improve trade with ASEAN

A parliamentary committee has suggested 69 ways to improve India's trade with the Association of South East Asian Nations (Asean).

The committee comprising 31 MPs, including former ministers Kamal Nath and Kapil Sibal, headed by BJP MP Bhupendra Yadav submitted its report on Friday.

The report stated that India should "engage Asean for giving better market access to Indian goods where we have an edge over them like leather goods, pharmaceuticals, etc so that trade balance may be improved".

The committee has made 69 recommendations, including early ratification of India-Asean trade agreements, better market access in Asean countries and safeguarding textile and pharmaceutical exports. The committee had met the representatives of 15 ministers for this issue.

The panel notes that Asean countries are not making much investment in India's manufacturing sector.

Hence, it has recommended that CEO forums should interact regularly. The panel has recommended that the government should be vigilant against the safeguard measures being imposed by Asean on textile exports.

It has also taken note of the non-tariff barriers coming in the way of exports of pharmaceutical products to Asean and recommends that the department of commerce should come out with appropriate remedial measures. It has also asked that steps be taken to improve Indian banking facilities in these countries.

Yadav said "trade with Asean countries is of strategic importance to India and it will also boost investments in the northeastern states of the country". Recently, commerce and industry minister Nirmala Sitharaman had said that if India and Asean countries were to recognise their full business potential, then they need to fast-track the 'corridors of connectivity' and 'corridors of trade'.

Source: economictimes.com- Aug 28, 2017

HOME

****

India urges Uzbekistan to cut tariff on fabrics, madeups

The Government of India has requested Uzbekistan to consider reduction of import tariff imposed by Uzbekistan, especially on fabrics and madeups. India's commerce and industries minister Nirmala Sitharaman also urged the visiting Uzbek ministers to reduce duty on readymade garments and to simplify the procedure for registration and certification.

Uzbek minister of foreign trade Elyor Ganiev and minister of foreign affairs Abdulaziz Kamilov held detailed discussions with Sitharaman on deepening trade and economic ties between India and Uzbekistan in a bilateral meeting held in New Delhi this week.

During the meeting, Sitharaman expressed happiness on formation of an Uzbek India Trading House at Delhi as a Joint Venture Company. She suggested setting up and activation of a private industry led Joint Business Council to develop and enhance business relations at all levels including investments, trade in goods and services, according to an official statement.

She expressed the hope that if the draft agreement under negotiation between India-CIS Chamber of Commerce and Industry and Uzbek Chamber of Commerce is quickly finalised and the Joint Business Council commences work, then it would be a very positive development for enhancing bilateral economic and trade relations.

During the discussion, Sitharaman requested Ganiev to "consider reduction of import tariff imposed by Uzbekistan which are comparatively higher especially on fabrics and madeups (up to 30 per cent), reduction in higher MFN duty on readymade garment products which is 31.1 per cent and simplifying the procedure for registration and certification."

Ganiev informed that Uzbek Government was seriously working to liberalise and simplify various procedures, systems and norms and expressed the hope that most of difficulties faced by (Indian) exporters would get resolved shortly.

Both sides underlined the high importance of transport and logistics infrastructure for strengthening bilateral trade ties. The Indian side requested Uzbekistan to become member of multilateral INSTC Agreement which would facilitate increased international transit cargo traffic through Iran.

Source: fibre2fashion.com- Aug 26, 2017

HOME

****

India facing problem of severe under-employment, says Niti Aayog

Making a case for promoting highly productive and well paid jobs, Niti Aayog has said that not unemployment but a "severe under-employment" is the main problem facing the country.

The government think-tank in its three-year action plan, released last week, has said that a focus on the domestic market through an import-substitution strategy would give rise to a group of relatively small firms behind a high wall of protection.

"Contrary to some assertions that India's growth has been 'jobless', the Employment Unemployment Surveys (EUS) of the National Sample Survey Office (NSSO) have consistently reported low and stable rates of unemployment over more than three decades.

"Indeed, unemployment is the lesser of India's problems. The more serious problem, instead, is severe underemployment," the Aayog said in the Three-Year Action Agenda for 2017-18 to 2019-20.

"What is needed is the creation of high-productivity, high-wage jobs," it said further.

Citing examples of top manufacturing countries like South Korea, Taiwan, Singapore and China, it said, "The 'Make in India' campaign needs to succeed by manufacturing for global markets."

Noting that with Chinese wages rising due to an ageing workforce and many large-scale firms in labour-intensive sectors currently manufacturing in that country are looking for lower-wage locations, the Aayog said, "with its large workforce and competitive wages, India would be a natural home for these firms."

"Therefore, the time for adopting a manufactures- and exports-based strategy could not be more opportune," it added.

The Aayog in its 'Three Year Action Agenda' also recommended for the creation of a handful of Coastal Employment Zones (CEZ), which may attract multinational firms in labour-intensive sectors from China to India.
"The presence of these firms will give rise to an ecosystem in which local small and medium firms will also be induced to become highly productive thereby multiplying the number of well-paid jobs," it observed.

Making a case for reforming labour laws, the Aayog also noted that recently fixed-term employment has been introduced in the textiles and apparel industry.

"This option may be extended to all sectors. The change will encourage employers to rely on regular fixed-term employment instead of contract workers, especially when hiring workers for specific projects or for meeting seasonal demand," it said.

Besides, the Aayog pointed out that unifying the existing large number of labour laws into four codes without reform of the laws themselves will serve little purpose.

"Unless we bring about substantive change either by amending the existing laws or rewriting them afresh, we cannot expect to change the current situation where low-productivity and low-wage jobs dominate the landscape" it observed.

Source: businesstoday.in- Aug 27, 2017

HOME

****

India's textile & clothing exports facing external pressures

First, the sector was hit hard by Brexit and now it's GST that has been haunting the textile & clothing (T&C) industry for some time. Meanwhile GSP Plus benefit accorded to Sri Lanka by the EU, which will facilitate duty, which includes free entry of specified textile products, including garments, in the EU is another challenge being faced by the industry. Sri Lanka is among the 12 countries to get this treatment.

India does not get this allowance. Added to this, India's proposed free trade agreement (FTA) with the EU is also in a fix, if recent reports are to go by. All these come at a time when Vietnam is to set to sign an FTA with the EU that takes effect from January 1, 2018, which would further challenge the business dynamics of the country.

T&C goods are exported to almost all countries of the globe. More than 175 countries are covered. The US is India's top exports destination, which accounted for 20.5 per cent share of India's total T&C exports. The others are: UAE (12.1 per cent), Ukraine (6.5 per cent), Bangladesh (5.7 per cent), China (5.4 per cent) and Germany (4.6 per cent).

Economies of scale

Bangladesh is already harnessing the benefit of duty free entry of its garments in the EU, being categorised as a least – developed country (LDC). It is also eligible to supply garments to India, duty free, under an FTA between the two signed a few years ago.

Vietnam was a signatory to Trans Pacific Partnership Agreement (TPP). With President Donald Trump deciding to back out of TPP, the threat perception from Vietnam on India's garment exports has diminished. But Vietnam's proposed FTA with the EU has augmented severe competition to India. Unlike India, Vietnam has achieved economies of scale by setting up large size garment factories.

Competition has aggravated with Myanmar and Cambodia grabbing share of the pie. Myanmar is trying to increase its exports, which are worth about $1 billion. Ethiopia is getting duty-free benefits from both the US and the EU in terms of an agreement with the two countries. Wages in Ethiopia are as low as dollar 50 a month, helping it to achieve a competitive edge in the global market.

In such testing times, the good news is that China is gradually vacating the global market. China garment exports globally are currently valued at $173 bn to $174 bn. If India is able to grab a 10 per cent share, it would still be able to gain substantial export market.

Knitwear industry

knitwear exports from Tirupur are valued at about $1 billion in the first quarter of the 2017-18 fiscal, as informed by Sakthivel, Executive Secretary, Tirupur Exporters Association (TEA). About 99 per cent of India's knitwear exports are from Triupur, which include T-shirts. There is no increase in exports in the above period due to slowing demand but the industry is awaiting orders and exports will pick up from August, Sakthivel says.

The region's total knitwear exports rose steadily from $5.56 bn in 2012-13 to $6.68 bn in 2013-14 to $7.62 bn in 2014-15 to $7.66 bn in 2015-16 and $8.27 bn in 2016-17. But the region lacks proper infrastructure facilities, particularly housing and R&D. The state government must address this issue, says Raja Shanmugam, President, TEA. India's global share of exports is 3.86 per cent, of which Tirupur accounts for two per cent.

Meanwhile the duty draw back scheme will be continued till September. After that draw back rate will be pegged at 2 per cent. There will be no refund of excise and service tax now known as GST. The loss on this account is said to be around 5 per cent, according to exporters.

Source: fashionatingworld.com- Aug 25, 2017

HOME

****

Rupee rose 6% against dollar in 2017: Is it good for economy, markets?

The recent outperformance of the rupee raised many questions regarding its effects on the country's trade balance. If the rupee strengthens relative to currencies of other countries with which India competes for a share of the export market, it hurts our export competitiveness adversely as our exports (priced in foreign currency) become relatively more expensive.

At the same time, as rupee strengthens it reduces the landed costs of imports and therefore there is a threat of domestically manufactured goods being replaced by cheaper imported substitutes. This hurts domestic industries i.e. local manufacturers.

According to the Balassa Samuelson framework, if the appreciation of the rupee is accompanied by productivity gains which lower the domestic cost of manufacturing, then those gains would offset the adverse impact of currency appreciation.

However, the major reason behind rupee strength has been the inflow of hot money (chasing yields) into domestic debt and equity markets and this leaves us vulnerable to the adverse effects of currency appreciation.

It is unlike some of the other Asian economies (Asian economic miracle) where growth was fuelled by rising exports on account of improvement in productivity that in turn resulted in their currencies appreciating.

Exports account for 20 percent of India's annual GDP. Services exports account for roughly 56 percent of country's total exports. While differentiated services' demand may not be elastic to currency movements, undifferentiated services' demand such as ITES/BPO/KPO certainly is.

Most Indian IT companies hedge 2-3 quarters' exposures in advance and if currency continues to appreciate beyond that time frame, earnings in rupee terms do start taking a hit as effective revenue realization takes place at a lower rate.

Among goods, textiles, pharma and auto ancillary sectors are especially vulnerable to a strengthening rupee as the margins are wafer thin and cost of switching is low for buyers abroad.

For example, Indian textile industry faces stiff competition from Bangladesh, Vietnam and Pakistan and Indian spices, tea and coffee face competition from Sri Lanka.

While the Indian rupee has appreciated close to 6 percent year to date (YTD), Bangladeshi Taka, Pakistani Rupee and Sri Lankan Rupee have only appreciated 2.3 percent, 0.5 percent and 2.2 percent, respectively.

As far as imports are concerned, India imported roughly USD 60 billion worth of goods from China. Our trade deficit with China was USD 50 billion in 2016 (while it was just USD 10 billion back in 2010).

Rupee has appreciated around 6 percent YTD while the Yuan has appreciated only 3 percent. If the rupee continues to appreciate against the Yuan, there is a risk of trade deficit further widening with China.

Earlier there were ways and means by which the government could protect the interest of exporters and domestic manufacturers.

For example, government extended sops to exporters in the form of cheaper financing, by running various export promotion schemes such as duty drawback, extending tax breaks etc. However, now these means are limited as India is a signatory to the WTO, which entails gradual phasing out of such sops.

The government can mitigate the threat of cheap imports flooding domestic markets through import tariffs such as increasing customs duty or imposing anti dumping duty but that too is viewed negatively by trade partners and is considered as protectionist.

FX intervention by the central bank i.e. the RBI can help curb rupee strength but the ability of the Reserve Bank of India (RBI) to intervene is constrained by the current surplus systemic liquidity situation and also there is a risk of trade partners labeling persistent intervention as currency manipulation.

Bringing down real interest rates is one of the factors that can discourage hot speculative money coming in. However, since India runs an overall trade deficit, if capital account flows also turn negative, it could put the balance of payments and rupee under pressure and stoke inflation.

Therefore, it is a very delicate balance that the central bank has to strike. Given the quantum of capital market inflows we have seen year to date, it would be apt to say that the central bank has managed the Rupee fairly well thus far.

By doing so, India's FX reserve kitty has swelled to USD 393 billion. From exporters' point of view focusing on productivity enhancement, product differentiation and hedging strategies is more important now than it ever was.

Source: moneycontrol.com- Aug 25, 2017

HOME

****

Jharkhand's first garments production unit inaugurated

Orient Craft Limited, a 40-year-old apparels manufacturer based in Gurugram, recently started operations at a new garments factory it has set up in Irba, about 25km from Ranchi. The factory, inaugurated last week in the presence of chief minister Raghubar Das and union textiles minister Smriti Irani, is Jharkhand's first garments manufacturing unit.

The Irba unit has 225 knitting machines with full facility to train, manufacture, finish and pack. It has an optimum capacity of 2 lakh garment pieces a month and employs 900 workers, all trained in the unit. The company eyes a turnover of Rs 50 crore in the first year of operation before its mega unit in Hotwar in the same state with cumulative employee strength of over 10,000 turns operational by the end of March 2018, according to Indian media reports.

Company chairman and managing director Sudhir Dhingra expects around 3 Lakh new jobs in the garments sector in the state in two to three years.

Orient Craft supplies a wide range of garments, home furnishings and knitwear to brands across the world, including GAP, Polo, Marks & Spencer, Banana Republic, Tommy Hilfiger, Ralph Lauren, Debenhams, Zara Home, Armani and Hugo Boss.

Source: fibre2fashion.com- Aug 26, 2017

HOME

****

Apparel companies find sweet spot in athleisure wear

Experts peg athleisure wear or active wear as the next big thing in apparel, growing on the back of increasing health and fitness awareness

Srishty Chawla, 24, is sold on athleisure wear. "I have just two formal pants for office. Rest of my wardrobe is sweatpants, yoga pants and t-shirts," says the Mumbai-based communications professional.

Chawla, who prefers athleisure wear to casual or formal while going to malls, movies and even restaurants, is not an odd case. After casual wear, experts peg athleisure wear or active-wear as the next big thing in apparel, growing on the back of increasing health and fitness awareness.

Companies like Arvind Lifestyle Brands, Adidas, Aditya Birla Fashion and Retail Ltd (ABFRL) and even the online fashion retailer Myntra are increasingly trying to cash in and grow the estimated $3.5 billion segment by introducing new sub-brands, scaling their product offerings and expanding their footprint across the country.

Athleisure wear or active-wear is defined (by industry executives and experts) as sportswear which can be worn casually, outside of gymnasiums. "It's not gym wear; it's gym-to-street. The segment bridges the gap between casual wear and sportswear and is gradually becoming the fastest growing category within apparel," said Rajat Wahi, partner (management consulting) at consulting firm Deloitte India.

According to industry estimates, athleisure wear as a category is growing at a rate faster than the rest of apparel categories. Athleisure is growing at a rate of 20-25% annually; menswear is growing at a rate of 8-10%, while women's and kids' apparel segment is growing at 11-15%.

"Athleisure is on a much higher side when it comes to growth. While sportswear brands are expanding with new products, international and home-grown apparel companies are increasingly entering the segment," said Wahi. For instance, textile maker Arvind Lifestyle Brands is planning to launch a new active-wear range under US Polo Association, titled USPA Active. "We are planning a full-fledged launch this year.

We had test-marketed the range last season. We will be offering all workout and running gear including track pants, shorts, performance t-shirts at a starting price of Rs1,499. It's in fashion," said Alok Dubey, chief executive officer, lifestyle brands at Arvind Lifestyle Brands Ltd.

Aditya Birla Fashion and Retail Ltd (ABFRL), in September 2016, had forayed into athleisure wear with its menswear brand Van Heusen. Later in October, Aditya Birla group-owned online fashion store abof had also partnered (an exclusive tie-up) with actor Shahid Kapoor to launch athleisure fashion brand Skult.

"The Van Heusen collection has done really well in the last nine months. The products have been well received. So far, we were focusing on South India, but now we are looking at a national rollout. The target is to have 7,000 sales points by the end of this year," said Puneet Kumar Malik, chief operating officer, innerwear business, ABFRL, adding that the company currently operates close to 2,000 sales points across the country.

Executives in the business attribute the rise in health awareness, and hence, growth in athleisure segment to evolving lifestyle traits among millennial population and increase in the number of yoga centres, gyms and fitness centres across the country.

"There is a global fitness trend where people are wearing athleisure to workplaces. That's where India is also headed. We have had a phenomenal response to our athleisure rages. Over the past four months, we have seen a 110% growth in our sales (compared with year-ago period). Athleisure as a segment has seen 1.5x growth, compared to rest of the portfolio," said Vibin Prabhakaran, brand head, HRX at Myntra.In 2016, Myntra had acquired a 51% stake in actor Hrithik Roshan's lifestyle brand HRX, which primarily operates in active-wear and casual wear space.

Agreed Sean Van Wyk, senior marketing director at Adidas India. "We are looking at a continued and increasing consumer demand for athleisure in the foreseeable future. Athleisure is an ever growing category for Adidas," he said. While Wahi of Deloitte believes that the challenge for the companies is to remain relevant with more and more brands entering this space, Prabhakaran (of Myntra) is sure that growth of athleisure as a lifestyle will only fuel the industry further. "It is not a fashion trend. It is a way of life and it is here to stay," he adds.

Source: livemint.com- Aug 23, 2017

HOME

****

Focus on apparel, electronics, tourism to generate jobs, says Niti Aayog

Stressing that underemployment was a bigger problem than unemployment in the country, the Niti Aayog has suggested focusing on sectors such as apparel, electronics, food processing, gems and jewellery, financial services, tourism and real estate to expand formalisation of jobs in the economy.

It offered suggestions to expand activities in these sectors as part of its three-year action agenda, which has replaced India's five-year planning process associated with its socialist past.

The suggestions highlight the futility of government efforts to club labour laws into four codes unless these are really reformed. "It is important to note that unifying the existing large number of labour laws into four codes without reforms of the laws themselves will serve little purpose," the NITI Aayog said. Unless substantive change was brought about either by amending the existing laws or writing them afresh, the current situation of low productivity and low-wage jobs could not be expected to change, it said.

It suggested expansion of fixed-term employment available to the textile industry to all sectors. "The change will encourage employers to rely on regular fixed-term employment instead of contract workers, especially when hiring workers for specific projects or for meeting seasonal demand," the NITI Aayog said.

The Centre has initiated the process of combining 44 labour laws into four codes in order to simplify them. The codes pertain to labour, industrial relations, social security and welfare, and safety and working conditions.
The suggestions also include the prescription of outgoing Niti Aayog Vice-Chairman Arvind Panagariya to set up coastal economic zones. Business Standard has reported that these zones are facing land acquisition hurdles.

Source: business-standard.com- Aug 27, 2017

HOME

****