IBTEX No. 224 of 2018

October 30, 2018

USD 73.59 | EUR 83.72 | GBP 94.19 | JPY 0.65

Cotton Market

<table>
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<tr>
<th>Spot Price (Ex. Gin), 28.50-29 mm</th>
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<tr>
<td>Rs./Bale</td>
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<tr>
<td>---------</td>
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<td>21585</td>
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Domestic Futures Price (Ex. Gin), October

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<tr>
<th>Rs./Bale</th>
<th>Rs./Candy</th>
<th>USD Cent/lb</th>
</tr>
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<tr>
<td>23140</td>
<td>48403</td>
<td>84.06</td>
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International Futures Price

NY ICE USD Cents/lb (Dec 2018) | 77.17
ZCE Cotton: Yuan/MT (Jan 2019) | 14,880
ZCE Cotton: USD Cents/lb | 82.40
Cotlook A Index – Physical | 86.80

Cotton Guide: Cotton futures initially moved higher to make an intraday high of 79.60 cents however; it failed to break or hold near 80 cents and slipped quickly down to end the session at 77.17 cents. The start of the week market became further precarious. However, the broad trend is still sideways as it is continuing to move in the range of 75.37 on the lower side to 80.40 cents on the higher side. We had our expectation that cotton future might move above 80+ cents but it failed again. This also means mixed views are ruining the market trend. The US-China trade worry is keeping a very jittery scenario for the US cotton more than the supply issue it’s the US cotton demand deterioration or uncertainty moving the market to trade sideways.

On the trading front volume were 23,448 contracts. Cleared Friday were 27,675 contracts. Cotton participants have been fairly inactive since trade war concerns have put US demand on hold. The November meeting of President Trump with Chinese President XI Jinping may not take place as anticipated. The Trump administration announced more tariffs on Chinese goods if the November talks between the two countries fail. That is not good for...
US cotton. Monday market wasn’t helped by jittery US equity markets which rallied and then crashed as the health of the global economies becomes more uncertain. Otherwise there was little fresh cotton news.

Meanwhile, China’s ZCE futures had its lowest close since mid-February. Today will be day 1 of 3 for the Jim Rogers long-only spec funds to roll long December into March (buy March/sell Dec). Theoretically that should move differences in favor of carry, but it isn’t always the case. The last few sessions have suggested front-runners might have put on positions to take advantage of the fund rolls. That isn’t always successful, either. Certified stocks began at 26,532 bales, unchanged. There were zero bales awaiting review. Friday's new certificates of 1,690 bales were added in Houston in an Ecom-owned warehouse.

Talking on the technical front, markets’ early rally failed at 50-day moving average resistance and paid a very heavy price. That 50-day has appeared to be a lid over the market in three of the past six sessions. The 50-day moving average, currently at 7961, is just one of many sources of resistance between roughly 7950 and 8250. The bulls will have a challenge getting through this zone unless and until the work improves. In the meantime, key support is the 7537-to-7600 area.

Coming to Indian front, despite a marked increase in daily arrivals, domestic prices for Shankar-6 were steady averaging Rs. 46,900-47000 per candy, ex-gin, with an equivalent value of approximately 81.50 US cents per pound. Punjab J-34 rose slightly to Rs. 4,630 per maund (76.65 cents per pound). Estimate of seed cotton arrivals is 132,800 lint equivalent bales (170 kgs), including 40,500 in the Northern Zone, 25,000 in Gujarat and 22,000 in both Andhra Pradesh and Maharashtra. The fall in the ICE future and Indian spot price trading steady the MCX Cotton future has declined sharply on Monday to close the session at Rs. 22450 down by Rs. 240 from the previous day’s close. We think market might remain under stress and recommend selling from higher level.

**FX Guide:**

Indian rupee has opened weaker by 0.15% to trade near 73.57 levels against the US dollar. Weighing on rupee is weakness in Chinese yuan and other emerging market currencies amid renewed trade war concerns. Chinese yuan has slid to the weakest level since May 2008 on fresh signs that a trade war with the U.S. may escalate. As per Bloomberg reports, the US is preparing to announce by early December tariffs on all remaining Chinese imports if talks next month between presidents Donald Trump and Xi Jinping fail to ease the trade war. Also weighing on rupee is tensions between RBI governor and government. Economic Times reported that RBI Governor Urjit Patel won’t be asked to step down despite growing differences with the government. The US dollar is supported by Fed’s rate hike stance and political uncertainty in euro-zone after German Chancellor Angela Merkel announced she would not seek re-election as head of her Christian Democrats (CDU) party. However, supporting rupee is weakness in crude oil price and government measures to prop the rupee. Indian equity market rose yesterday on reports that RBI will buy up to 400b rupees of bonds next month via open- market operations. India and Japan on Monday signed a pact to raise the scope of a bilateral currency swap arrangement to a record $75 billion to bring stability in foreign exchange market. Mixed factors may keep rupee range bound but bias remains weak given weaker risk sentiment and general upbeat outlook for US dollar. USDINR may trade in a range of 73.3-73.85 and bias may be on the upside.
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INTERNATIONAL NEWS

With Relations With Europe on the Skids, is China the UK’s Next Best Fashion Partner?

On the day of the Brexit referendum in 2016—as if to anticipate the blow that was coming—the British government brought a delegation of the country’s most promising designers and brand managers out to Shanghai to meet with local buyers. And while the atmosphere was tense, there was also a sense of hope that a vote for Brexit needn’t be an entirely damning result for British fashion.

Two years on and the Brexit is still a mess. However, it was never going to be enough to make fashion—one of the most left-leaning, international industries in the country—slam its doors on the world.

In newspapers and special reports and on the floor at Westminster, journalists, commentators and politicians have increasingly been saying that the U.K. should shift its trade focus from the EU towards Asia. Particularly given the trade war that is escalating between Presidents Trump and Xi and the void that will leave. But is there room for a closer relationship between Chinese and British retail?

The two countries have had a long and relatively prosperous partnership when it comes to fashion. Chinese fashion designers have been coming to the U.K. to study for decades, with many of them graduating from Central Saint Martins. These include many of China’s top names—Masha Ma, Uma Wang, Nicole Zhang and Huishan Zhang. Today there are around 150,000 Chinese students in the U.K. in total, more than any other European country.

“The presence of so many Chinese designers and students at London Fashion Week means a cultural boundary has been navigated here,” says Niamh Tuft from the British Fashion Council.

“There is a lot of excitement about Chinese designers and therefore more interchange between the U.K. and China. There are now more British professors and students looking to work and study in China, which is a new, and welcome, development.”
However, many people in the fashion industry worry that Brexit threatens not only the perception people have of British society being tolerant and multi-cultural, but also that it will become more logistically difficult for non-British citizens to work and study in London.

“If Brexit makes it harder for international talent to study design in the U.K., it will hurt the industry and diminish London’s standing as an international fashion destination,” says Liz Flora, the editor of Asia-Pacific research for business intelligence centre L2.

“For the last few years, London Fashion Week has consistently had many Chinese designers participating in official or satellite shows and there are a number of very successful U.K.-based Chinese designers. But after Brexit, I noticed some Chinese designers opted to show at New York Fashion Week instead. Although New York is also going to pose less competition in the future thanks to Trump’s hard-line stance on immigration.”

Fearing the impact Brexit may have, Britain has gone into full courtship mode with China, working hard to peddle the image of British fashion as being on a par with that of France and Italy. This has come in the form of the Fashion is GREAT initiative, where Shanghai Fashion Week and the British Fashion Council agreed to promote a collaboration between the two countries.

“British branding already has a very positive, high-quality image in China and brands like Burberry have been very enthusiastic about capitalising on this with British-focused marketing, especially on WeChat,” says Flora. “The French luxury conglomerates have an advantage in terms of sheer size, but staying ahead of the curve on technology can help any brand. Burberry was named by L2 as the second most digitally competent luxury brand in China, coming in ahead of all French and Italian brands.”

But while Burberry has been masterful in capturing the Chinese market, it is the non-heritage brands that need publicity. Which is why, since Brexit, the British government’s Department for International Trade (DIT) stepped up its efforts by bringing Chinese buyers to London Fashion Week to introduce them to the famously trend-setting smaller brands. This year, they flew over buyers from Attos, Parkson Group, JinYin/Golden Eagle, Mei.com and JD.com.
And even the high street is getting in on the act. Topshop has now signed a deal with Shangpin.com to open up to 75 stores across China over the next few years. British fashion brand Karen Millen has also launched on the Chinese mainland with a first store in Beijing, another expected next year in Shanghai, and a plan to open a chain of 60 stores across the country within the next five years.

All this effort has paid off in more ways than one. Flight bookings from China to the U.K. rose by 88 percent over the last two years. There are a number of factors to thank for this, including the post-Brexit fall in value of the pound. And after years of lobbying from the fashion and tourism industries, the government has also relaxed requirements on Chinese tourism visas.

This has had particularly important consequences for the British fashion industry as Chinese shoppers spend an average of £2,000 on goods during their stay—about three and a half times the average of other visitors.

But while it is easy to put all the emphasis on the clout of China, particularly in comparison to the uncertainty in Britain, this is a relationship that is beneficial to both parties. Because not only is Britain China’s second biggest trade partner in the West after the U.S. (and that is on very shaky ground), it also brings with it cultural heft.

Major e-commerce sites such as JD.com want to secure as many British brands as they can in order to get that elusive cool factor—and they are willing to spend a lot to get it. This in turn could help British brands weather Brexit storm clouds ahead.

Source: sourcingjournal.com- Oct 29, 2018
Europe Adopts New Restrictions for 33 Chemicals Used in Textiles

The European Union (EU) has adopted restrictions on the use of 33 hazardous substances in clothing, footwear and other textile articles based on recommendations by the European Chemicals Agency and “following broad consultations with stakeholders,” the European Commission (EC), its executive arm, announced earlier this month.

The measures are designed to protect the health of European citizens by limiting their exposure to CMR chemicals—which is to say, substances classified as carcinogenic, mutagenic and toxic for reproduction—that may be “particularly harmful” when in frequent contact with human skin, the EC wrote in a statement.

The EC originally had considered 286 substances, which textile-trade groups such as the European Apparel and Textile Federation, Independent Retail Europe and the International Wool Textile Organisation balked against in 2016, calling the expansive scope of the proposal “deeply concerning” and “likely to have a negative economic impact.”

Now much whittled down, the new rules have been incorporated into REACH (Registration, Evaluation and Authorization of Chemicals), which Elżbieta Bieńkowska, the EC’s internal market and industry commissioner recently hailed the “most advanced and comprehensive chemical legislation in the world.”

“Many other jurisdictions have followed the EU’s lead in regulating chemicals,” she said at a commemoration of the legislation’s 10-year anniversary in March. “EU industry now makes chemicals safer for citizens and the environment.”

Affected substances include certain lead and arsenic compounds, none of which can exceed 1 milligram per kilogram after their extraction; benzene, which has been capped at 5 mg/kg; formaldehyde (75 mg/kg); dimethylformamide (3,000 mg/kg) and phthalates such as diisopentylphthalate and di-n-pentyl phthalate (both 1,000 mg/kg).
Such chemicals are present in clothing and footwear either as artifacts from the production process or because they have been added intentionally to provide specific properties—to prevent shrinkage, say, or to make fabric wrinkle resistant, the EC explained.

“Consumers can be exposed to these hazardous substances through skin contact, inhalation or unintentional ingestion of dust released from the textile fibers,” it noted. “Small children are also at risk due to a possible oral exposure.”

Non-European businesses that market chemicals to the EU are also affected by REACH regulations. The new restrictions set maximum concentration limits for the use of CMR substances in clothing and textiles and prohibit products exceeding these limits from entering the EU market, regardless of origin of production.

The restrictions become enforceable 24 months after they’re published in the EU’s official journal, sometime in November.

Source: sourcingjournal.com - Oct 29, 2018

60% global buyers feel let down by online shopping: study

Around 61 per cent of consumers globally felt let down by their online shopping experience during the last holiday season, according to the 2018 Pitney Bowes global e-commerce study. The figure was 47 per cent in 2017 and 41 per cent in 2016. Pitney Bowes is a global technology company providing commerce solutions that power billions of transactions.

In the United States, the rate of dissatisfied online shoppers is rising even faster with 56 per cent dissatisfied, up from just 36 per cent a year ago, a press release from the company said citing the study results.

Consumers pointed to post-purchase experiences, including items arriving late, expensive shipping, tracking inaccuracies, confusing returns policies, and lost or incorrect items as reasons for their dissatisfaction.
But despite frustrations, consumers are shopping online more frequently, the study found. Ninety four per cent of consumers globally are shopping online. Globally, 35 per cent of online shoppers make an online purchase at least every week. In the United States, 30 per cent make an online purchase at least every week, up from just 19 per cent a year ago.

The United Kingdom witnessed its rate of weekly online shoppers rise to 46 per cent, up from 38 per cent the preceding year.

The company feels the uptick in shopping frequency is also contributing to the rise in consumer dissatisfaction.

The study shows that consumers start to make judgements on the post-purchase experience even before placing their orders. In fact, 91 per cent of online US shoppers said they will leave a retail web site if critical services like ‘fast and free shipping’ are not available.

Consumers still rank ‘free shipping’ as more important than ‘fast shipping’. Globally, 76 per cent of consumers prefer ‘free’ over ‘fast’. In the United States, however, the trend is starting to reverse, with 79 per cent preferring ‘free’ over ‘fast’, down from 86 per cent a year earlier. This reversal is mostly driven by millennials, with 35 per cent willing to pay for fast shipping, up from 20 per cent the year before.

According to the study, 90 per cent of online shoppers in the United States will take an action that can hurt a retailer’s brand in response to a bad post-purchase experience. Their reactions range from sharing their frustrations on social media to never purchasing from the offending site again.

The cross-border e-commerce market continues to mature. For the first time, fewer consumers said they were shopping cross-border, dropping from 70 per cent in 2017 to 64 per cent in 2018. The United States, China and Japan were the only countries where the number of cross-border shoppers increased in 2018.
Frustrations with shopping cross-border can be attributed primarily to shipping that is too slow, or too expensive. Other frustrations include the inconvenience of returning unwanted items and poor customer service.

The study is based on surveys of more than 13,000 consumers in 12 markets, combined with surveys of 650 retailers in the United States, the United Kingdom and Australia.

Source: fibre2fashion.com - Oct 30, 2018

USA: No Blues for Blue Jeans Thanks to Enthusiasm for Authentic Cotton Denim

Like jazz, the blue jean is an American original with global appeal. And like that uniquely American musical genre, the totality of what we call blue jeans is filled with themes and variations that will create by some projections $130 billion in sales by 2021.

To get a sense of where, why, and even when denim is popular around the world, Cotton Incorporated conducted a global consumer survey in conjunction with Cotton Council International. The responses from the eleven countries reveal insights and identify what might be surprising geographic pockets for the five-pocket staple known as blue jeans, and point to elements that will influence denim’s evolution as an apparel category.

Globally, consumers own an average of 5.4 pairs of blue jeans. It would be natural to expect that the United States would boast the highest per capita ownership, given its seasonal temperatures and the fact that it is the birthplace of blue jeans. However, warmer and more humid climates are where denim enjoys greatest ownership and frequency of wear.
In Colombia, for example, consumers own an average of nine pairs of blue jeans, the highest in the survey. This is followed by Colombia’s neighbor to the north, Mexico, with more than seven pairs per person. Germany, an outlier in the hot or humid denim zoning, comes in third for ownership with 6.84 pairs per person. Turkey and Thailand come in fourth and fifth, with an average of 6.10 and 5.12 pairs per person, respectively.

Respondents from China, India and Japan claimed the smallest ownership of denim jeans—an average of 3.72, 3.25, and 3.19, respectively.

The smaller-than-average ownership may reflect comparatively smaller wardrobes, overall; especially with respect to China and India where apparel storage capacity is more limited than in other parts of the world.

It is interesting to note that denim jean ownership correlates loosely with frequency of wear. The number of days per week global consumers wear their denim is equal to roughly 60 percent of the number of jeans they own, on average. Germany is a good example. Consumers there claimed to own 6.84 pairs of jeans and to wear them 3.24 times per week.

Notable exceptions to this corollary are Great Britain and Italy. Brits claim to own 4.66 pairs of jeans and to wear them 3.74 days per week; Italians claim 5.93 pairs and that they wear them 4.04 days per week.

Where do these global consumers wear their denim? This varies by geography and culture, of course, but 35 percent of total respondents cited denim as doable for work, particularly in Mexico (48.5 percent), Italy (45.5 percent) and Turkey (41 percent). For a dinner out, jeans ranked highly among respondents from Germany (52 percent), Colombia (42.7 percent) and Thailand (41.3 percent).
The joy of jeans

There is also the why to consider. When wanting to look and feel good in an outfit, denim is the go-to for Colombia, Mexico, India, Germany and Thailand. Related to this, when wanting to be stylish, denim received top marks from Colombia, Mexico, India, Germany, Great Britain and Thailand. The comparatively small denim ownership of respondents from China (3.72 pairs) does not suggest apathy towards the category. On the contrary, more than 60 percent of Chinese respondents agreed that they loved wearing denim on a regular basis. The Chinese enthusiasm for blue jeans falls just behind that of Germans (66 percent) and Colombians (63.3 percent).

The good news for jeans-related businesses is that around the world, consumers love or enjoy wearing denim. Not surprisingly, the number of respondents claiming to love or enjoy wearing denim is highest among Colombians (82.3 percent) and Germans (81.4 percent), the countries with the highest jean ownership.

Respondents from Thailand (50.6 percent) and India (53.1 percent) represent the lower end of the denim popularity scale.

An expanded series of questions for U.S. consumers, representing the largest economy, point to the future of consumer demand and category opportunity. Most Americans (87 percent) would pay more for a pair of jeans that fit them ‘perfectly.’

While engineering a pair of jeans with a universally perfect fit may prove elusive, comfort emerged in the survey as a key denim purchase driver for 97 percent of Americans. Since authentic denim is 100 percent or predominantly cotton, there is a comfort component built-in.
Performance for the win

Results of the survey point to cotton as key to the continuing popularity of the denim category. Perhaps buoyed by a general consumer trend towards authenticity, more than three-quarters of American respondents (76 percent) cited cotton content as important to their decision to buy a particular pair of jeans. That said, 84 percent of American respondents cited stretch in their denim as a purchase driver, with 63 percent claiming that they would pay more for a pair of jeans that were made predominantly from cotton, but with some stretch.

Stretch as a feature of consumer denim preferences is both directional and cautionary. During the run-up of raw cotton prices in 2011, some manufacturers and brands began diluting denim with synthetics to keep costs down, or to showcase novelty fibers for higher price point denim. A study of consumer reviews for these products showed that depending on the ratio of synthetics or novelty cellulosic fibers to cotton, the jeans performed poorly.

While some of the products rightly boasted a soft hand, without the structural integrity of cotton fibers, the garments had poor shape retention and durability, features important to 69 percent and 79 percent, respectively, of U.S. respondents.

Sixty-seven percent of U.S. respondents claimed that the inclusion of performance features would influence their decision to buy a pair of jeans. This may seem at odds with the caution for a light hand with non-cotton ratios in denim, but the solution could be found within textile chemistry. For example, 40 percent of U.S. respondents said they would pay more for denim that could repel water.

This has been achieved already through the STORM Denim™ technology, a textile chemical finish. Forty-eight percent of U.S. respondents cited moisture wicking as a desirable denim feature that they would be willing to pay more to have. Again, textile finishing chemistries such as the TransDRY™ technology offer this without compromising the authenticity of cotton denim.
The good news for denim manufacturers and brands is that blue jeans seem as popular as ever with global consumers and, interestingly, are very popular in warmer climates such as Colombia and Mexico.

While closet space allocations in Asian markets may hamper ownership totals, the enthusiasm for denim is high. Directionally, authenticity is the watchword, including the thoughtful addition of non-cotton fibers and performance-enhancing finishes to product offerings.

Source: sourcingjournal.com- Oct 29, 2018

Indonesia pushes export performance amid US-PRC trade war

The Indonesian trade ministry is pushing the country’s export performance by exploring new markets through trade deals amid the ongoing US-China trade war, according to trade minister Enggartiasto Lukita.

The country will now import cotton from the United States to compensate, he said. Its imports still exceed its exports worth $14.60 billion.

The country’s Central Statistics Agency (BPS) announced this month that its trade balance had experienced a surplus of $230 million throughout September, a contrast to the preceding month that experienced a $1.02-billion deficit, according to Indonesian media reports.

Indonesia currently has trade deals with 10 countries that generated a total transaction up to $10.02 billion from January to October this year.

The countries are Pakistan, India, the United States, Spain, Swiss, Tunisia, Bangladesh, Taiwan, New Zealand and Morocco.

Source: fibre2fashion.com- Oct 29, 2018
Not just location, the ‘Made in USA’ label is a stamp of quality

As per 2016 stats, US imported textiles and apparels worth $120 billion. However, the value of exports of the same variety is six times less. Despite this, 80 per cent Americans prefer to buy domestic made goods if given a choice and 60 per cent are willing to pay 10 per cent more for the “Made in America” label.

Taken on its own, US manufacturing is the world’s ninth largest. Manufacturing’s contribution was around $2.25 trillion in 2016. The involvement of environmental issues also stands out in American manufacturing, with countless policies that other leading manufacturing countries simply do not have. In addition, manufacturing in the US takes one-half to one-third the time of importing foreign goods, not to mention reducing the million metric ton worth of emissions that global shipping is responsible for every year.

What makes an American product

According to a 2012 study by Harris Interactive, approximately 75 per cent of Americans agree that the country in which the product is manufactured is what makes it an American product. So Toyotas assembled in Texas or Kentucky is perceived as being more American than Chevrolets assembled in Mexico. More than 50 per cent stated they felt that a product must be “made from parts produced in the U.S.” for it to be considered American and 25 per cent said the product should at least be designed by an American company for it to be considered American.

Advantages of the Made in the USA label

The ‘Made in the USA’ label is not just an indicator of location it’s also a stamp of quality. Foreign imports may not have the same level of quality checks and standards. America-made products provide guaranteed safe, fair working conditions particularly in the manufacturing industry, the US oversight agencies, such as OSHA, the EPA, and other government regulatory bodies that provide regulations and controls to oversee safety and health.
Offering ‘Made in America’ products lets the country employ the US workforce. Investing in American-made products also puts money back into US manufacturing facilities and the American economy. Purchasing locally reduces carbon emissions associated with transportation overseas.

Source: fashionatingworld.com- Oct 29, 2018

South Africa commits support to apparel-textile sector

South Africa’s Clothing and Textile Competitiveness Programme has helped sector exports grow from 7.1-billion rand (R) in 2008 to R25.1 billion in 2017 and will receive its share of the R15.9 billion allocated to incentives and the Expanded Public Works Programme. The Small Business and Innovation Fund will also help entrepreneurs in the pre-start-up phase.

Twenty two new leather factories have been opened in the last nine years creating 2,200 jobs. To augment this, government funds will be reprioritised to the clothing and textiles production incentive from special economic zones, according to a report in an engineering news website from South Africa.

The national treasury has, over the medium term, placed incentives for agriculture, land reform, manufacturing and research and development among its priorities for expenditure reprioritisation.

The CEO Initiative’s Small and Medium Enterprises (SME) Fund has raised R1.4-billion till now, with about R500-million expected to be committed for debt and equity investments in SMEs by the first quarter of 2019.

The financial sector has committed to invest R100-billion over five years in black industrial enterprises and firms. The Financial Sector Transformation Council is working with the Department of Trade and Industry to finalise guidelines for the disbursement of this funding, the report added.

Source: fibre2fashion.com- Oct 29, 2018
Egypt: World’s first specialized free zone for textile industry underway in Minya

The first specialized free zone for the textile industry in the world is underway in Minya Governorate on an area of 2.2 million square meters, and the first specialized technological city is also underway in southern Giza, Chief Executive of the General Authority for Investment and Free Zones Mohsen Adel announced.

The textile industry is facing global changes, one of which is transferring the focus of this industry from the East to other regions in the world, which requires Egypt to take advantage of the opportunity and attract textile investments, he added during his speech at the closing session of the 200 Years of Egyptian Cotton Conference organized by the Egyptian Junior Business Association.

East Asian companies believe that the Middle East region has many advantages, including Egypt, which has four competitive advantages: geographical location, consumer market, free trade agreements with COMESA, and availability of labor and suitable investment atmosphere.

Free zones have a great role in the Egyptian economy, said Adel, pointing out that free zones recorded exports worth $14.7 billion from January to September 30, 2018, with an increase of $1.1 billion compared to the same period in 2017.

Commodity exports recorded $8.3 billion, while service exports reached $6.4 billion, he added.

Source: egyptindependent.com- Oct 29, 2018
Many US brands shifting manufacturing from China to Vietnam

For the first nine months this year, Vietnam’s footwear exports increased 10.2 per cent year-on-year. Vietnam is the second biggest exporter of footwear to the US behind China.

US sports apparel company Brooks Running is considering shifting its manufacturing operations from China to Vietnam to avoid trade war tariffs.

Vietnam will be a new supply chain for Brooks. The impact of the US trade war with China is going to put a 45 per cent tariff on the company’s running shoes.

The move will allow Brooks Running to be more competitive in the US and in the world as tariffs are lower in Vietnam. Brooks sells sports footwear, apparel, bras and accessories in 50 countries worldwide.

Meanwhile Adidas too plans to shift footwear sourcing from China to Vietnam.

Vietnam has in fact overtaken China as Adidas’ top supplier, with Vietnamese factories producing 44 per cent of its shoes by volume last year against 19 per cent by Chinese manufacturers.

The US-China trade war escalated last month as the US levied new tariffs of ten per cent on Chinese products, with the tariffs set to go up to 25 per cent by the end of this year.

China retaliated immediately with five per cent and ten per cent tariffs on US products.

Source: fashionatingworld.com- Oct 29, 2018
Vietnamese firms display fashion products at Hong Kong fair

Thirty-five leading manufacturers of handicrafts, garments, textiles, and fashion accessories and garment-related industries in Vietnam are displaying their products at an international fair in Hong Kong that opened on Saturday.

Global Sources Fashion, Hong Kong’s largest fashion sourcing event, also showcases footwear, fabrics and underwear.

The event features verified suppliers from major fashion manufacturing hubs such as Việt Nam, China, Hong Kong, Taiwan, South Korea, Bangladesh, India, and Indonesia.

This year 10 manufacturers from the Handicraft and Wood Industry Association of HCM City are participating in the trade show, according to the organiser.

Vietnamese exhibitors are also taking part in the Rising and Young Designers Corner, a programme showcasing designs by emerging talents and start-ups from Vietnam and other countries like India, Laos, the Philippines, Nepal, and Kenya and host Hong Kong.

Thousands of top buyers are expected to attend the show, including Adidas, Avery Dennison, AYE AYE, Colette, eBay, Fossil, GAP, Marubeni, and Mothercare.

Phạm Thị Huế, director of HCM City’s Investment and Trade Promotion Centre (ITPC), said Vietnam has become a more attractive complementary garment-sourcing destination for international buyers.

The ITPC is supporting most of the Vietnamese participants as part of its mission to assist HCM City enterprises and attract foreign investment to Việt Nam, he said.

With around 1,800 booths, the fair is expected to welcome 12,000 buyers from 150 countries and territories, including the US, the EU, Hong Kong, and Japan.
Other highlights include conference programmes where industry experts share fashion trends and new technology applications such as AI and 3D printing in the fashion industry.

**Vietnam as manufacture of the world**

“Vietnamese garment, fashion accessories and home products firms could take advantage of US’s high tariff on Chinese exports to boost their exports to the US,” Hòa, director of ITPC, told Vietnam News.

Many of China-made products like garments, bags and furniture have become 10 per cent more expensive when exporting to the US, and this could rise to 25 per cent next year, he said.

“For mutual trade benefit, Vietnamese exporters need to enhance export standards, product quality, and trade communications skills.”

Vũ Ngọc Khêm, chief representative of Global Sources, said an increasing number of overseas buyers are sourcing products from Vietnam as the country is rapidly improving its supply chain for locally made garments and taking part in more free trade agreements.

Michael Hung, general manager of Headwind Group, a Hong Kong-based buyer of promotional caps, apparels and toys, said, “Vietnam offers a unique manufacturing opportunity for importers.”

However, “There are a number of logistics constraints Vietnam faces that make it more challenging than, let’s say, China. But if you can work through this issue, it can be highly rewarding.”

Vietnam has been trying to strengthen its current role as the manufacturer of many of the world’s established brands.

The last decade saw steady growth in its garment and textile exports to Europe and North America.

Garments topped the export list last year with record shipments of US$31 billion following a rise of 19.2 per cent, according to statistics from the Vietnam Textile and Apparel Association.
Garment exports to China last year also surpassed the $1 billion mark, expanding the market beyond Việt Nam’s traditional ones like ASEAN member countries, Eastern Europe, the EU, Japan, and South Korea.

The export target has been set at more than $35 billion this year and $40 billion next year, according to the Vietnam National Garment and Textile Group.

However, the US withdrawal from the Trans-Pacific Partnership could affect Việt Nam, experts have warned.

Exports to the members of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) accounted for 17.1 per cent of Việt Nam’s overall exports, according to the General Department of Vietnam Customs.

CPTPP is expected to take effect in early 2019 and to open up great opportunities for the sector.

Source: vietnamnews.vn - Oct 29, 2018

Subcontracting opportunities on the decline in Bangladesh

Subcontracting opportunities in the Bangladesh garment industry have nearly evaporated following the nation’s deadliest back-to-back industrial disasters, the 2012 Tazreen Fashions fire and 2013 Rana Plaza building collapse. These days, subcontracting is rarely allowed in garment factories owing to the poor compliance records of the small units.

Anybody seeking to set up even a small factory and wanting to become a member of the BGMEA now needs to pass the association’s rigorous audit and inspection, something which had been lax in the past..

Nearly 1,200 small and medium-sized factories were shut after the Rana Plaza collapse due to their failure to either achieve factory remediation or meet strong compliance requirements of buyers.
According to the association’s estimate, the number of active garment factories affiliated with the BGMEA stood at 5,150 in the fiscal year of 2010-11 and it reached 5,876 in 2012-13. But the number of factories, especially subcontracting ones, has begun to decline after the collapse, following which two foreign bodies, the Accord and the Alliance, started inspection and remediation.

In just a span of one year, the number of BGMEA members declined to 4,222. Subcontracting still occurs in Bangladesh but on a very limited scale. As a result, factory owners are planning to subcontract work orders to some Sri Lankan factories.

Source: fashionatingworld.com- Oct 29, 2018

Europe-US to reduce import of RMG from Asia by 2025

Within the next 10 years, major brands and buyers from Europe and the United States can shorten their import of ready-made garments from countries like China, Bangladesh, and Vietnam, Mackenzie and Company’s report ‘Is apparel manufacturing coming home?’ said these. The report was made after conducting a survey of 180 brands, buyers and executives jointly with the business journalistic Sourcing Journal.

The report mentioned that tomorrow’s successful apparel companies would be those that take the lead to enhance the apparel value chain on two fronts: nearshoring and automation.

Both must be addressed and in a sustainable way. Apparel brands and retailers in Europe and the United States can no longer do business as usual and expect to thrive.

Foreign brands have made such plans because of the increased cost of production due to the increase in wages in these countries. The brands and buyers from Europe and US want to manufacture clothing from nearby countries like Mexico and Turkey instead of China, Bangladesh, and Vietnam.
They think that they will be able to pick up clothes at their own retail in less time. As fashion is changing day by day so buyers want clothes in less time and at less cost.

According to Mackenzie’s report, to produce a pair of jeans pants from China to export the US, it costs US$12.04. At the same time, it costs US$10.57 from Mexico. Again, to produce a pair of jeans pants from China to Europe, it costs US$12.46. It takes US$12.08 from Turkey. That means less cost of producing goods in Turkey and Mexico than China.

<table>
<thead>
<tr>
<th>Country</th>
<th>Time Required (In days)</th>
<th>Landed cost price (a pair of jeans in USD)</th>
<th>Compare to China (In %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bangladesh</td>
<td>30</td>
<td>10.68</td>
<td>-11%</td>
</tr>
<tr>
<td>China</td>
<td>30</td>
<td>12.04</td>
<td>0%</td>
</tr>
<tr>
<td>Mexico</td>
<td>2</td>
<td>10.57</td>
<td>-12%</td>
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</tbody>
</table>

Besides, it takes 30 days for shipping goods from China to the United States. On the other hand, 2 days needed for shipping to the United States from Mexico and 3 to 6 days needed to Germany from Turkey.

However, Bangladesh’s production cost is far less from China so she belongs in a good position.

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<td>-3%</td>
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</tbody>
</table>

Fazlul Huq, Former President of BKMEA, and Managing Director of Plummy Fashions Ltd., said about the report that, “We have been producing fast fashion clothing for many brands and buyers for a long time.

Not all the buyers want fast fashion clothing. Apart from that, we have the capability to produce cheap clothing.
After 10 years, not only our costs will increase, rather the cost of Mexico and Turkey will be increased at the same time.”

Source: textiletoday.com.bd - Oct 27, 2018

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Pakistan: Profile of Pakistan’s yarn trade

In the last column, the curious case of Pakistan’s growing raw cotton imports (HS code 5201) in absence of concurrent increase in value-added exports was discussed.

Thanks to earnings from woven cotton fabrics, Pakistan maintains its status of net exporter of cotton-based products (HS 52 category). However, further analysis reveals interesting trends in other line items.

While raw cotton trade largely mirrors the troughs and crests of commodity rates in the open market, the once yawning gap between yarn export and import is now closing in.

Yarn exports over the past decade have struggled to record any marked improvement, which is often blamed on Vietnam and other East Asian countries capturing Pakistan’s market share.

Locally manufactured yarn is not just losing the popularity contest in the export market; domestic value-added sector is not its biggest fan either.

For past decade, various garments, apparels, and readymade textile manufacturing associations have heavily lobbied the government to loosen the duty regime on yarn import, which they say is necessary to keep the textile sector competitive.

Value added sector enjoy duty drawbacks on imported yarn (counted as re-exports), thus further disincentivizing domestically manufactured yarn’s market.
However, yarn’s woes are not entirely spinner’s fault. While domestic value-added continue to become more sophisticated, demanding better quality long and extra-long staple cotton, local growers have failed to play catch up. This is also readily captured in Pakistan’s raw cotton export profile, which displays nil export under medium to high length categories, instead listing all exports under the “other” category. If a nation exports premium quality commodity, surely there should be no shame in proudly wearing that badge?

Basic number crunching of PBS’ 8-digit trade data reveals that almost 80 percent of Pakistan’s yarn imports are concentrated in uncombed fiber, which is considered low- to medium quality by global standards. In contrast, more than 70 percent of yarn import is of high-value combed fiber.
Sector analysts suggest that this is primarily imported by vertically integrated manufacturers, for use in apparel manufacturing. The incentive structure of the industry is tilted in favor of garment exporters, why should they not make good use of it?

While spinners may be at a structural disadvantage, question remains that despite historically low cotton prices over the past five years and an overvalued rupee, why did country’s raw cotton import remained primarily concentrated in the low staple and medium length category? The downstream sector has high demand for good quality yarn, whether for local consumption or export. Instead of importing premium combed fiber, what keeps the sector from importing long staple cotton to produce high quality yarn locally and service the need of value-added sector.

Source: brecorder.com- Oct 28, 2018

Pakistan: It’s time to move away from textile-centric trade

“Trade, not aid” is a cliché that has frequently been used in Pakistan. Assuming that the entire world was open for our exports without any barriers, how much more could we export? Does anyone know our supply capacity? Where else could we export? Did we explore non-traditional markets? Did we strengthen any sector, except textiles? The list of questions goes on.

However, the most important and basic question is: what do we understand by the term ‘trade’? First, we need to understand that trade includes both exports and imports. When we want to trade with a country, it wants to access our market through imports into Pakistan. Second, textile is not the only thing that we (can) export. Third, we don’t realise the potential of services for exports as this is the least understood sector.

This warrants a fresh mindset for trade policy. To start with, we must recognise that trade, trade policy and trading system are three distinct areas to be dealt with in designing any relevant national policy. As a second step, there ought to be complementation within trade, industrial, fiscal, competition and monetary policies to enable the tradability of various sectors beyond textiles.
Thirdly, there should be a realistic assessment of sectoral efficiency for the optimal allocation of resources, incentive schemes and efforts for export promotion.

In practical terms, a fresh mindset is needed for the services sector. It has shown a consistent growth and increase of exports in recent years. Information technology (IT) and related services, particularly business process outsourcing, construction and engineering, transport and transit logistics, niche financial services (Islamic finance) and professional services (medical, engineering, accounting/auditing) carry a huge export growth potential. If properly accounted, exports of IT coupled with the rapidly emerging field of freelancing may exceed those of the textiles.

In traditional trade policies, incentives have largely been targeted for large enterprises and exporters. But micro, small and medium enterprises (MSMEs) carry a bigger potential with lower incentive requirements. Collective marketing and financing can cater to a large number of MSMEs. This is particularly important in the context of the new economy that is knowledge based, innovative and operates in the virtual marketplace.

In order to create an inclusive export culture, a mechanism should be developed to foster public-private partnership for global marketing efforts. The existing Export Development Fund (EDF) maintained by the Ministry of Commerce is meant for that. But it may not have been utilised properly due to a lack of active involvement from the private sector.

Efforts should be made to create national value chains and integrate them into regional and global value chains for both goods and services. Pakistan also needs to develop and promote national brands, including collective brands, appellation of origin and geographical indications.

At a macro level, Pakistan should use the World Trade Organisation (WTO) and multilateral trading system to promote exports and manage imports rather than focusing only on negotiations. This is particularly true for addressing the barriers that Pakistani exporters face in the international marketplace. The WTO provides for the redress of such concerns.
Preferential trade agreements are good policy tools, but a comprehensive cost-benefit analysis should be done before starting any new negotiations. Pakistan has jumped into many such agreements in recent years without requisite homework.

Pakistan has an export promotion force in the form of commercial officers in different countries. It is considered a prize posting by the bureaucracy. The chosen ones are rarely held accountable. These commercial officers should be given identifiable (numeric) targets for growth of exports in their countries of accreditation. They should act as salespeople rather than officers for the country. They also need to focus on investment and tourism promotion. An incentive scheme may also be considered for them ie small commissions for increasing exports and recalls if they don’t maintain good record.

As a matter of fact, Pakistan doesn’t need to use the “trade, not aid” cliché anymore. Global markets are wide open, guaranteed by the WTO, with a caveat on preferential trading arrangements. Pakistan should focus more on unexplored export potential in various sectors, particularly services, and target new markets in addition to enhancing competitiveness.

Source: dawn.com - Oct 29, 2018

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Vietnam's export up 14.2 pct in 10 months

Vietnam reaped export turnovers of nearly 200.3 billion U.S. dollars in the first 10 months of this year, gaining a year-on-year surge of 14.2 percent, the General Statistics Office said on Monday.

Specifically, the domestic economic sector posted export turnovers of over 56.8 billion U.S. dollars, up 16.8 percent, and foreign-invested nearly 143.5 billion U.S. dollars, up 13.2 percent.

Export turnovers of phones and their components rose 10.6 percent to 40.7 billion U.S. dollars; garments and textiles increased 17.1 percent to 25.2 billion U.S. dollars; electronic goods and components grew 15.2 percent to 24.3 billion U.S. dollars; machines and spare parts surged 28.3 percent to
13.5 billion U.S. dollars; and footwear expanded 9.5 percent to 13 billion U.S. dollars.

Some agricultural products saw bigger export volumes but smaller values due to lower export prices, including cashew nuts, rubber and pepper.

Between January and October, the United States was Vietnam's biggest export market with turnovers of 39 billion U.S. dollars, up 12.8 percent, followed by the European Union with 34.9 billion U.S. dollars, up 9.9 percent, and China with 32.1 billion U.S. dollars, up 21.3 percent, said the office.

Source: xinhuanet.com - Oct 29, 2018

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Pakistan: Govt Focuses To Increase Sino- Pak Trade Volume: Minister

Adviser to Prime Minister on Commerce and Textiles Abdul Razzaq Dawood Monday said it was a priority of the government to increase trade volume between Pakistan and China and enhanced economic cooperation.

"We wish to extend cooperation with China in the areas of industries, agriculture, education and Special Economic Zones (SEZs) to achieve the trade objectives," he told APP in an exclusive interview here.

The minister said the local international investors would enjoy all modern facilities including one window operation in SEZs, and expressed the hope that local investors would get a golden opportunity to form joint ventures with foreign investors and share mutual experiences.

He said Pakistan needed to prioritize its exports to China in textile, leather, agriculture including engineering, Information Technology (IT) and education.

He added the Chinese market was the world's biggest destination for agricultural products including grains, cotton, sugar, meat, and milk adding that Pakistan produced almost all of these in abundance.
The minister said China was largest trading partners of Pakistan.

"We wish to further increase the exports between Pakistan and China in the coming years," he added.

To a question, he said China International Import Expo (CIIE), starting from November 5 in Shanghai would open the country's markets further to the world as many exporters from Pakistan would be putting their goods on display.

Replying to another question, he said a number of agreements would be signed with China in different sectors, adding that the visit would be a great opportunity to have access to huge Chinese markets.

"We will achieve exports target and additional exports for economic development and prosperity," he said.

The Adviser said the government was committed to increasing the exports volume and boosting manufacturing in engineering, textile, agriculture and chemicals.

Razzaq Dawood said the government would give priority to promoting export-led growth and reduce dependence on imports and added that many new sectors had been identified to boost the exports.

With regard to export promotion strategy, he said it would focus on increasing the country's exports to compete with regional and global players in international market.

The minister said the government in consultation with stakeholders would devise comprehensive policy guidelines to promote textile and industrial exports. "We will focus on promoting 'Made in Pakistan' goods and discourage imports," he remarked.

The incumbent government was determined to promote regional trade and export-led growth of economy.
"Promotion of regional economic and trade integration is a priority of the government for increasing trade with regional countries including Iran, Afghanistan and Central Asian States," he said.

He said the Small and Medium Entrepreneur (SMEs) sector would also be encouraged for playing its role in economic growth and prosperity.

Highlighting the need for reducing dependence on imports, the adviser said that the government would allow import of raw material for industry.

He said the government would also explore new international markets for its exports and added "we are committed to explore new markets and mainly had focused on Africa.

"We are already in trade with North and South American countries including South East Asian Economic and there is more trade potential which needs to be explored."

Source: urdupoint.com- Oct 29, 2018
NATIONAL NEWS

Garment exports dip 26% after tariff protection booster

Northern hubs in Punjab, Haryana and UP worst affected

India’s garment exports slumped by 26% in September due to higher input cost and lack of favourable trade agreements for major global markets. The sharp fall is witnessed month after the Centre’s move to protect the domestic industry by raising import duties on over 300 textile items in August.

Exports of readymade garments declined sharply in September, which is the biggest fall in the current fiscal, experts said. India exported garments worth Rs 7,968 crore in September 2018 compared to Rs 10,705 crore in September 2017, according to data released by Directorate General of Commercial Intelligence and Statistics, Kolkata.

The decline is a jolt to apparel exporters, particularly from Punjab, Haryana and Uttar Pradesh, who blame it on high input costs. Production costs in the northern hubs are high compared to other competing countries.

According to experts, manufacturers based in the northern states are not even able to compete with Tirupur cluster in Tamil Nadu because of high labour, transportation and processing cost.

Major textile hubs in the northern India are in Ludhiana, Jalandhar, Panipat, Gurugram and Noida. Textile clusters in the three northern states employ over 2 million workers. Around 200 textile exporters are based out of Punjab and Haryana alone. According to the exporters, the Indian garment exporters are facing stiff competition from countries such as Bangladesh, Sri Lanka, Vietnam, Cambodia and Ethiopia.

“Competition in the international market has become very severe,” said Harish Dua, Managing Director of Ludhiana-based KG Exports. “While our margins are very thin, we also lose on account of trade agreements,” he said. Neighbouring competitors like Bangladesh, Pakistan, Sri Lanka, and Vietnam have duty advantage of 9.6% in major European markets compared to the Indian manufacturers because India does not have the Free Trade Agreement (FTA) with the European Union (EU). “Our products, therefore, get outpriced and we lose the market,” he added.
Overall, India exported readymade garments worth Rs 52,814.52 crore in April-September 2018, a decline of 10.66% in the first half of the current fiscal as compared to corresponding period of the previous year. During April-July 2017, India’s apparel exports were to the tune of Rs 59,114.39 crore.

“There are many factors responsible for the decline in exports. Globally, the apparel trade has declined from $475 billion to $435 billion, impacting country like India, which is already facing stiff competition from countries such as Bangladesh, Vietnam and Cambodia,” Apparel Export Promotion Council (AEPC) chairman HKL Magu said.

“What is worrisome for us is that the exports from Bangladesh grew by 15%. Compared to India, products manufactured in Bangladesh are 10% cheaper. Also, Bangladesh has FTA with EU. But, there is a duty of 10% on readymade garments manufactured in India,” he added.

There are over 12,000 textile units in Punjab alone across the value chain — ginning, spinning, processing, knitting and garmenting.

Source: tribuneindia.com- Oct 29, 2018

Chinese investors attend seminar on opportunities in India

Around 200 delegates from more than 120 Chinese companies, primarily from automobile, auto-parts, equipment manufacturing and textiles based in the Hubei province, participated in a seminar on investment opportunities in India organised recently in Wuhan by the Indian Embassy in Beijing in coordination with the Hubei provincial government.

The event, organised on October 19, was part of the Forum on Global Production Capacity and Economic Cooperation, according to a press release from the embassy.

The embassy is working with the Hubei province to harness the potential for greater trade and investment ties, people-to-people exchanges, tourism flows and cultural exchanges, said Acquino Vimal, deputy chief of the embassy.
The event was also attended by an official delegation from India’s Madhya Pradesh state, which made a presentation on investment opportunities in the state and invited Chinese investors to participate in the Global Investors’ Summit to be held in February next year in the state.

Source: fibre2fashion.com- Oct 29, 2018

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TAI to hold international conference on Textile 4.0 in Mumbai

The Mumbai unit of Textile Association (India) will organise an international conference on 'Textile 4.0' on February 7, 2019. The theme will be: “Roadmap for Application of Industry 4.0 in Indian Textile Manufacturing”.

This edition of Textile 4.0 will focus on implementation and application of the Industry 4.0 in Indian textile manufacturing.

Textile production is a long and complex manufacturing process, starting from the fiber as a raw material and taking it through spinning, weaving or knitting and finishing as final finished products which can be apparel fabrics or home textiles or technical textiles.

This needs a deep and prudent understanding to evaluate techo-commercial implications to make a winning case of using this new technological wave to be future ready.

This conference will attract mill owners, top textile professionals, experts and textile technologists from India and across the globe. This high profile conference will be attended by 500 quality participants where they will get the rare opportunity to listen to such high quality experts.

Source: fashionatingworld.com- Oct 28, 2018
India can seek duty cuts from China on 200 items

Naphtha, bovine leather, shrimps and cotton yarn are among about 200 export items from India for which tariff concessions can be sought from China under the Asia-Pacific Trade Agreement and the Regional Comprehensive Economic Partnership.

China has granted deeper duty cuts to India’s competitors including Peru, Pakistan, Australia, South Korea and ASEAN in free-trade agreements with them, which has displaced some of India’s exports, commerce department officials said.

Other products eligible for potential concessions include frozen, shelled shrimps, broken rice, fresh grapes, zinc, aluminium oxide and hydrocarbons like paraxylene, polyethylene, polypropylene and benzene, according to a commerce department study. “These are the items where we can ask for deeper concessions in the Regional Comprehensive Economic Partnership,” said an official aware of the details.

APTA (formerly known as the Bangkok Agreement) is the only operational trade pact linking India and China, the two fastest-growing markets. South Korea, Bangladesh, Lao PDR and Sri Lanka are also APTA members. The two countries are separately negotiating the RCEP agreement with 14 others.
India’s exports of naphtha, a major industrial fuel, to China are subject to 6% duty with a 10% margin of preference under APTA. This is the highest duty for any of China’s FTA partners as ASEAN countries pay zero, Australia 2.4% and South Korea 4.8%.

As per the commerce department’s study, India’s exports of major products like frozen shrimp and prawns form a small share in the Chinese market due to the absence of tariff concessions. ASEAN members face 0% tariff in the Chinese market and thereby account for a 6% share in that country’s imports of these products.

“Another glaring example is of aluminium oxide,” the department said in the study. This product is not negotiated in APTA because of which India is subject to an 8% duty, while ASEAN countries face nil tariffs.

This is the reason that ASEAN countries are a major supplier to China and form a 41% share while India’s share is only 8%. Australia doesn’t face any tariffs and has a 39% share in China’s imports. “These along with polyethylene and zinc can be pursued in the fifth round of APTA,” it said.

Source: economictimes.com- Oct 30, 2018

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Bangladesh’s RMG exports to India see 167% rise in Q1

Bangladesh’s apparel exports to India, an emerging export destination, have seen a Sharp rise by 167.13% to $145.10 million in the first quarter (Q1) of the current fiscal year.

According to Export Promotion Bureau (EPB) data, export earnings from the readymade garment sector registered a 167.13% growth to $145.10 million, which was $54.32 million in the same period a year ago.

Of the total, knitwear products contributed $37.76 million, while woven products earned $107.35 million.

July-September period of the fiscal year 2018-19, Bangladesh exports earnings from India stood at $375, up by 142%, which was $155 million in the same period last year.
Talking to Textile Today, apparel industry insiders attributed duty-free and quota-free market access to Indian markets for the sharp growth. While the presence of global retailers in India has opened an opportunity for Bangladeshi apparel manufacturers as they are opening outlets.

International apparel brands and retailers are opening outlets in India and importing clothing products directly and indirectly from Bangladesh, which created an enormous opportunity for our products. As a result, Bangladesh exports to India have seen significant growth, Exporters Association of Bangladesh (EAB) President Abdus Salam Murshedy told the Textile Today.

In addition, local brands and retailers are also importing goods due to price competitiveness as production cost went up caused by the implementation of Goods Services Tax (GST), said Salam, also a Former President of Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

A sharp rise in a neighboring country is a good sign for Bangladesh as it would help diversification of markets and reduce dependency on traditional markets,” Centre for Policy Dialogue (CPD) Research Director Khondaker Golam Moazzem said the Textile Today.

The demand for Bangladeshi goods in the Indian market is increasing due to the rise of the middle class with disposable income in India. Bangladesh has to be more active in grabbing more market as the country has the largest population in South Asia, said the economist.

“As a pro-business government, we are providing cash incentives against export to non-traditional market. While India is providing duty-free quota-free market access for Bangladeshi products,” Commerce Minister Tofail Ahmed said the Textile Today.

That is why, Bangladesh exports to India has seen a sharp rise, which we expect would cross a billion dollar this fiscal, said the Minister.

In fiscal 2017-18, Bangladesh’s RMG exports to India stood at $279.19 million, up by 115% compared to $129.81 million in the FY17, according to the Export Promotion Bureau (EPB) data.
Of the total amount, Knitwear products earned $71.05 million, which is 89.75% higher than the $37.44 in the same period a year ago. Woven products earned $207.62 million, up by 124.79%, compared to $92.35 million a year ago.

On the other hand, Bangladesh’s overall exports to India have registered a 29.87% growth to $873.27 million in the FY18.

Source: textiletoday.com.bd- Oct 28, 2018

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India may postpone duty hike for 29 US products by 45 days a third time

Senior officials of India and the US are in discussions to finalise a kind of trade deal

The government, for the third time, is expected to postpone the deadline for the imposition of higher customs duties on 29 US products, including almond, walnut and pulses, by another 45 days, an official said.

The commerce ministry has asked its finance counterpart to extend the deadline for the rollout of duty hike further and a notification in this regard will be issued soon, the official added.

In June, India decided to impose retaliatory tariffs from August 4. But it was extended by another 45 days till September 18 and then till November 2.

The duty hike move by India was in retaliation to US President Donald Trump’s March 9 decision to impose heavy tariffs on imported steel and aluminium items.

Senior officials of India and the US are in discussions to finalise a kind of trade deal. Both the sides holding two track discussions -- to increase trade in short and medium term, and identify long-term trade potentials.

India is pressing for exemption from high duty imposed by the US on certain steel and aluminium products, resumption of export benefits to certain domestic products under their generalised system of preferences (GSP),
greater market access for its products from sectors, including agriculture, automobile, auto components and engineering.

As many as 3,500 Indian products from sectors such as chemicals and engineering get duty-free access to the US market under the GSP, introduced in 1976.

On the other hand, the US is demanding greater market access for its farm and manufacturing products, including medical devices. As part of the imposition of higher import duties, New Delhi has notified higher tariffs on several products.

While import duty on walnut is to be hiked to 120 per cent from 30 per cent, duty on chickpeas, Bengal gram (chana) and masur dal will be hiked to 70 per cent from 30 per cent. Levy on lentils will be hiked to 40 per cent from 30 per cent.

Other products which would attract higher duties include boric acid, phosphoric acid, diagnostic reagent, flat-rolled products of iron, certain flat-rolled products of stainless steel.

India's exports to the US in 2017-18 stood at $47.9 billion, while imports were $26.7 billion. The trade balance is in favour of India.

Source: business-standard.com- Oct 29, 2018

India’s solution to limit rupee fall vs US dollar; trade with China may come to rescue

India is considering allowing some imports from China to be settled in yuan, people familiar with the proposal said, as the South Asian nation moves to limit its currency’s loss against the dollar.

The plan would enable direct convertibility between the rupee and yuan and will help cut transaction and hedging costs, the people said, asking not to be identified citing rules. The proposal would allow Indian exports of pharmaceuticals, oilseeds and sugar to China to be settled in rupee, while keeping out trade in high volume products such as electronics, they said.
India-China trade is mainly settled in U.S. dollars since currencies between the two nations aren’t directly convertible.

By allowing Indian importers to pay for Chinese goods in yuan, the South Asian nation would be able to save on dollars to pay for escalating oil import costs in the face of higher crude prices and the rupee’s slump to a record low.

Oil is India’s biggest import item and the government estimates it will pay a record $125 billion, or 8.8 trillion rupees, for crude imports this fiscal year, the highest in rupee terms since 2001.

**Currency Risks**

A small but viable and ring-fenced basket of commodities is being considered for rupee-yuan trade, according to the person. Allowing direct convertibility can help cut currency risks for Indian traders, the person said.

India’s Commerce ministry spokeswoman didn’t immediately respond to two phone calls to her mobile phone. China’s Ministry of Commerce and the central bank didn’t immediately respond to separates faxes seeking comments.

Limiting the basket to a few items will help Prime Minister Narendra Modi’s government keep India’s $56 billion trade deficit with China in check. The current-account deficit is already at the highest level in five years, with the government raising tariffs on imports of items ranging from air-conditioners to communication gear in a bid to curb the shortfall and stabilize the rupee.

For China, the move would help broaden the yuan’s influence and improve liquidity overseas. The option of invoicing half of trade between the so-called BRICS nations — Brazil, Russia, India, China and South Africa — in yuan had already been discussed by the group.

Bank of China Ltd. started a yuan clearing and settlement service in Pakistan in May, and similar yuan hubs have been set up in Russia and Canada to allow traders to settle transactions. A similar system could be considered in India, the people said.
Earlier discussions about trading in local currencies had made little progress with Indian banks expressing apprehension about U.S. regulations and with 80 percent of the nation’s trade valued in dollars.

China has been seeking to expand bilateral trade with India amid an intensifying trade conflict with the U.S. However, Indian policy makers are worried manufacturers may not be able to cope if Chinese imports rise dramatically with the currency plan, the people said.

Source: financialexpress.com- Oct 29, 2018

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Workers’ ‘Diwali’ leave may hit garment exports from Tirupur industrial hub

The anticipated long leave by the workers of knitwear/readymade garment exporting units at Tirupur to celebrate Diwali festival, will have a cascading effect on the production as well on the working capital.

The Tirupur Exporters’ Association (TEA), which houses thousands of garment units, is likely to witness a production loss of anywhere between Rs 700 crore to Rs 800 crore due to extended leaves to be availed by the workers, which is a common phenomenon at the knitwear capital of India.

Since majority of the workforce across thousands of units at Tirupur is from northern part of the country, it is anticipated that over 200,000 employees will be on leave for at least 10 to 15 days at a stretch as against normal 3 to 4 days, and hence the association sees a huge production loss, a senior official of TEA said.

This assumes significance at a time when the readymade/knitwear industry is witnessing a positive trend after months of degrowth in exports.

With their pre-commitments on export obligation coupled with the onset of new orders owing to ensuing winter season, the export units fear cancellation of orders due to delivery schedule.
Alarmed over the inevitable impact, TEA, at its executive committee meeting, discussed the impact of long leave taken by employees after Diwali and its impact on delivery schedule, which may lead to cancellation of orders and have a cascading effect on working capital and other financial stress.

According to a senior official of TEA, if workers extend their leave beyond what has been in practice over the years, the association will end up with a production loss of anywhere between Rs 700 crore to Rs 800 crore.

We expect over 200,000 workers to go on leave to celebrate Diwali festival during the weekend, he added.

According to him, after months of degrowth, the industry is now looking up. It is impossible to send all the cargos through air as it cost 8 to 10 times more than that of shipping, which is in usual practice. There are huge committed orders and need to meet the delivery schedule or otherwise will end up in losing orders, he added.

According to Raja M Shanmugham, president TEA, these factors will be advantageous for competing countries at a time when we have been struggling to withstand the onslaught of their competition.

Source: financialexpress.com- Oct 30, 2018