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The Cotton Textiles Export Promotion Council [TEXPROCIL]
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USD 64.01 | EUR 76.02 | GBP 82.71 | JPY 0.58

Cotton Market		
Spot Price (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
19888	41600	**82.88**
Domestic Futures Price (Ex. Gin), October		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
18720	39158	**78.02**
International Futures Price		
NY ICE USD Cents/lb (Dec 2017)	70.85	
ZCE Cotton: Yuan/MT (Sept 2017)	15,305	
ZCE Cotton: USD Cents/lb	**89.49**	
Cotlook A Index – Physical	**80.05**	

Cotton guide: Cotton price for December has reached to almost 3 weeks high of 71 cents. In other words the losses in the price that was observed from 71 to almost 66.50 has been completely eroded.

The subsequent contracts have also moved higher. Majorly the speculative trades are participating in the market while sellers are completely reluctant to make either any fresh physical sale or major derivative trades.

Broadly market is expected to witness more volatility and hovering near 71 cents. From chart perspective the last few days trend is positive. The immediate resistance is 71.50 and then 72. We would remain cautious as a break above 72 could bring in more action in the market. As of now the support can be noticed at 69.80 cents.

At the domestic cotton market no major development while spot continues to trade positive near Rs. 43K/ Candy. The effect is seen on the immediate future contract October. The October has posted a daily close at Rs. 18710. However, the other two (new crop) contracts have also traded positive at Rs. 18240 and Rs. 18180 per bale respectively.

We believe with rise in spot price in India amid tight stocks of 2016-2017, higher ICE futures movement supporting the domestic futures to rise. As discussed above a close above 72 cents might change the price direction completely.

For today we expect October to trade in the range of Rs. 18500 TO Rs. 18800 per bale. Note any major trigger like we have the US export sales data releasing this evening could bring in some fresh price action.

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

NEWS CLIPPINGS

INTERNATIONAL NEWS

TPP countries consider amendments to stalled trade deal: sources

The 11 countries committed to the Trans-Pacific Partnership are considering amendments to the trade deal, three sources said on Tuesday, as officials meet in Sydney for talks to re-energize the stalled agreement.

Among the areas being discussed, Vietnam has raised the prospect of changes to labor rights and intellectual property (IP) provisions in the original pact, one source familiar with the talks told Reuters.

Vietnam had been one of the countries expected to enjoy the biggest economic benefits from TPP through greater access to U.S. markets.

However, the original 12-member TPP, which aims to cut trade barriers in some of Asia's fastest-growing economies, was thrown into limbo in January when U.S. President Trump withdrew from the agreement.

Trump's move fulfilled a campaign pledge to put "America first" - a policy that aimed to bring manufacturing jobs back to the United States.

Although the remaining members have publicly said they remain committed to the deal, implementation of the agreement linking 11 countries with a combined GDP of $12.4 trillion has stalled - raising fears that other countries will follow the U.S. lead and withdraw.

Eager to keep all members onboard, representatives from the remaining countries are considering changes to the original TPP deal, three sources familiar with the talks said.

"We're all open to evaluating what we can do and what viable alternatives there may be," Edgar Vasquez, Peru's deputy trade minister, told Reuters.

While no agreement is expected at the end of the three-day meeting, Vietnam's desire to shelve the IP provisions around pharmaceutical data is likely to win broad support, with Japanese and New Zealand officials also indicating their support for the change, two other sources said.

The original TPP agreement was seen as particularly onerous on Vietnam, which be forced to make significant reforms, analysts said.

“There’s not much sense to agree to provisions they don’t really want such as stronger monopolies on medicines if they are not going to get access to the U.S. market,” said Patricia Ranald, research associate, University of Sydney.

The original TPP offered an eight-year window before competitors can have access to proprietary pharmaceutical data, which critics said would impede development of cheap generics.

Potential amendments, however, require delicate positioning.

While Trump has said he will not change his mind on TPP, the remaining members are hopeful a future U.S. president will commit to the agreement, a cornerstone of former President Barack Obama’s pivot to Asia.

But analysts said wholesale changes, while ensuring the support of smaller members, would repel the United States.

“The more you change the agreement, it is going to be harder to get the U.S. to sign on when it is ready to,” said Shiro Armstrong, research fellow at the Crawford School of Economics in Canberra.

Source: reuters.com - Aug 29, 2017

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Peru sees 'ambitious' trade deal with Australia as early as 2018

Peru expects a “very ambitious” free trade deal with Australia that covers goods, services and investments to be implemented as early as next year, Peru’s deputy trade minister said on Monday.

The two countries resumed free trade talks in Australia on Monday following a first round of negotiations in July in which “a lot of progress was made,” said Deputy Trade Minister Edgar Vasquez.

“This is going to be an agreement that we should be able to implement as soon as possible, starting in 2018,” Vasquez said by telephone in Lima. “That’s what we’d like to happen and what we think is viable.”

Peru and Australia are important global producers of minerals and their bilateral trade is relatively small.

Forging a free trade deal so quickly would mark one of the first steps toward reducing trade barriers in the Pacific region after U.S. President Donald Trump withdrew the United States from the 12-nation Trans-Pacific Partnership (TPP) trade agreement, which Australia and Peru had signed onto.

The remaining signatories to the TPP are in Australia this week discussing ways to salvage the deal. The 11 countries, which include Japan, Canada and Mexico, have a combined gross domestic product of $12.4 trillion.

Vasquez said the experience of negotiating the TPP had put Peru and Australia on solid footing for quickly hashing out a bilateral agreement.

“We also both have very open economies, so we’re really going to see a broad inclusion of sectors that will benefit from it - goods as well as services and investments,” Vasquez said.

Peru’s trade ministry said last month that rules of origin, migration and e-commerce were also under discussion and that Peru was eager to increase agricultural exports to Australia while spurring trade of mining and other professional services.

Australian trade officials were not immediately available for comment.

Peru's exports to Australia amounted to $260 million last year, according to Peru's trade ministry.

Source: reuters.com- Aug 29, 2017

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How the British began a free trade bonanza

Free trade. It sounds American, doesn't it? The natural urge of the world's most powerful, industrial nation. But, in fact, the movement toward lowering tariff and other trade barriers was born abroad. In Britain, to be precise. Specifically, in the city of Manchester, which is in the northwest corner of the United Kingdom. This was the world's first industrial city, where the cotton industry was once so dominant that the place was called "Cottonopolis." This was where the modern free trade movement grew out of a campaign against legislation known as the Corn Laws, which protected the interests of the landed aristocracy.

This is a story about class, cotton and corn.

The story begins in 1815 when the Napoleonic Wars ended and European trade resumed with a vengeance. Imports of corn (a catch-all term for grain) flooded into Britain. With the influx, prices collapsed, and in order to push them back up and to restore their revenues, the big aristocratic landowners engineered a series of laws slapping tariffs on all grain imports. The Corn Laws, as they were called, did just that, but in the process they pushed up the price of bread with devastating consequences for the poor. Hundreds of thousands went hungry. Manchester's emerging class of merchants and manufacturers — they were known as "the Manchester Men" — were incensed, and not only for humanitarian reasons.

"They didn't like the high price of bread because it meant they had to pay higher wages to their workers to keep them going," said Elizabeth Sibbering, a cultural tour guide in Manchester. "They could see the problems it was causing their workers. Also, many of the Manchester Men were self-made and didn't appreciate the fact that the aristocracy were running the country. People who'd inherited all their land and money."

The campaign to repeal the laws turned into a totemic struggle with Britain's ruling class. Factory bosses and their workers, bankers and lawyers, politicians, churchmen and social reformers joined the crusade. But it was not only a battle against what were widely seen as greedy and selfish aristocrats; for the textile tycoons, in particular, it was also a drive toward free trade. They wanted other countries to scrap their tariffs and throw open their markets to British goods.

The case against the Corn Laws proved irresistible. The laws were repealed in 1846. Foreign corn began to pour into Britain. Much of it came eventually from the former colony that supplied the Manchester mills with most of their raw cotton.

"America was having a lot of innovations in its farming at the time on the prairies, and what this meant was that for the U.K., huge quantities of grain could be imported relatively inexpensively," said Max Rangeley of the Cobden Centre, a free trade think tank, named after one of the leaders of the anti-Corn Laws campaign.

American grain was significantly cheaper than the stuff that British aristocrat landowners were growing. As they'd feared, the aristocrats' revenues and power began to shrink, said Will Ashworth, author of a new book about the Industrial Revolution.

"The rapid influx of American prairie grain had a major impact on the social structure of Britain," he said. "You saw the demise of the landowner and the rise of the British manufacturing class."

But the repeal of the Corn Laws did not persuade the rest of the world to immediately follow suit. With the exception of a brief interlude before the outbreak of the Civil War, America, which benefited most from the repeal of the Corn Laws, did not embark on the same program of tariff scrapping.

"We think of America as being the great capitalist power, but in fact America was opposed to free trade right the way through the rest of the 19th century and all the way up to 1945," said Adrian Wooldridge, political editor of The Economist magazine, which was founded in 1843 as the voice of the anti-Corn Laws crusade. "Britain was the first country to embrace free trade and to say: The best way to create universal prosperity is to have freedom of commerce and trade. Britain led that in a world where that was disapproved of by practically everyone," Wooldridge said.

Britain may not have been as high-minded in embracing free trade as it might seem, however. Some historians suggest that the U.K.'s main aim was to exploit its industrial dominance, flood other countries with its manufactured goods, while they focused their energies on agriculture.

If that was the plan, it has, in the long term, spectacularly backfired: Britain today has a huge trade deficit; its manufacturing is a pale shadow of its former self, and more than half of its food (including grain) comes from abroad.

Source: marketplace.org- Aug 29, 2017

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Pakistan: High input costs hitting viability of textile industry

Zahid Mazhar, Sr Vice Chairman, All Pakistan Textile Mills Association (APTMA) has said that the high input costs are resulting in closure of a large number of textile mills engaged in the manufacturing of yarn and fabrics.

He said that both the spinning and weaving sectors are backbone of the textile value chain, and have faced the brunt of high cost of doing business, which has made them unviable throughout the country. Today spinning industry is incurring heavy losses by supplying yarn below the cost.

The production of yarn and fabric is substantially more than the local consumption and their exports need to be encouraged. He said that if this trend will continue for a longer period there will be a large scale closure of spinning mills resulting in drastic increase in unemployment as well as reduction in consumption of locally produced cotton which will hurt both the manufacturing as well as the agriculture sectors of the economy.

He also demanded the government to encourage investment in spinning and weaving sectors in such a manner that maximum cotton be converted into yarn and downstream products as it will not only facilitate the farmers and the spinning industry but would also help the whole textile chain and the national economy in general. He further said that the government authorities have to revisit the agricultural as well as economic policies to ensure that the production target of cash crops like cotton be achieved. He said that few years back we had achieved production of 15 million bales of cotton, now we must make arrangements to achieve a target of 15 million bales of cotton production or even increase it further to 20 million bales.

He said that the textile industry has been hit hard due to the high cost of energy, both gas and electricity resulting in making Pakistan's exports uncompetitive in the global market as the cost of production of both gas and electricity is about 30 percent higher than the regionally competing countries like Bangladesh, India and Vietnam.

The government should remove the levy of Gas Infrastructure Development Cess (GIDC) on gas. He further demanded that the government should provide gas at the regionally competitive rate of Rs. 400/MMBTU as was earlier announced by ECC in November 2016 but was not implemented.

He urged the Prime Minister, Mr. Shahid Khaqan Abbasi to issue instructions to the concerned authorities to implement the Textile Package of Rs. 180 Billion announced earlier this year for the support of exports and the textile industry.

He demanded that the Notification for release of refund under Duty Drawback of Taxes Order from July 01, 2017 to June 30, 2018 be issued without the condition of growth in exports of 10% in 2017-18 as compared to 2016-17 and payment under this package be released without any further delay. This must be treated as the first step for the revival of the closed capacity, creation of jobs and attraction of investment in the country.

In a statement issued to the press Mr. Zahid Mazhar said that delay in the implementation of textile package is rapidly eroding the exports of textile sector. He said that the trade deficit for the last fiscal year was recorded at an all-time high at US$. 32.58 Billion, imports at $53 billion while exports were recorded at merely $20.45 billion, the lowest after 2009-10.

He requested the Prime Minister to place the revival of the economy and the textile industry on the top of his agenda as the government has to pay $7,432 million including $1,595 million interest in 2017 and $ 38.224 billion and Rs 15.883 trillion against external and domestic public debt respectively including principal amount and interest in the next seven years and only the increase in exports can help to pay the above debts otherwise we have to take fresh loans to service the principal and interest of the loans we have already taken.

He pointed out that the current situation is fast becoming out of control, which is quite evident from the free fall of exports over the last two and half years. While our exports are falling, the textile exports of other countries like Bangladesh, India and Vietnam are rapidly increasing every year.

He said that the Textile Industry of Pakistan is capable enough to bring the economy out of the current disastrous condition. He hoped that the new Prime Minister Mr. Shahid Khaqan Abbasi and his cabinet would take immediate steps to stop the drastic decline in exports during last four years, as any further negligence or delay will take the economy to a point of no return.

He further requested that the following measures be taken on immediate basis to improve the efficiency and viability of textile industry, like expeditious payment of long outstanding sales tax refunds and other refunds to address the liquidity issue, to check large scale influx of imported yarn and fabrics in the country to save the domestic industry. Free Trade Agreements and Preferential Trade Agreements be reviewed and revisited in such a way that the exports of Pakistani goods to those countries be increased.

He also suggested the new Prime Minster as well as the Minister of Commerce and Textiles to avail the opportunity of being at the helm of affairs and to remain engaged with APTMA for arriving at workable solutions in order to solve the problems being faced by the Textile Industry.

Source: dailytimes.com.pk- Aug 30, 2017

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Iran: An Emerging Power in Textile, Apparel Industry

I ran has had a long and successful history of manufacturing textiles. The Persian Gulf state was one of the world's premier exporters of textiles and silks to Europe, Asia and the rest of the world. The first textile mill in Iran was established over a century ago in the capital Tehran.

The Iranian textile industry is mostly known for its carpet industry, which includes the production of machine-made and hand-woven carpets and blankets. However, the local production of textile products like fiber, yarn and fabrics, etc. remains insufficient to fulfill the growing needs of textile and garment industry, reads a post recently published in Stitch Diary—a blog dedicated to textile industry—by its author Mausmi Ambastha. Below is the full text:

Lifting of Int'l Trade Restrictions

Sanctions regarding trade are one of the most potential threats to affect Iran's economy and foreign investment. The nature of the sanctions variably depends on its extent and fluctuations.

After the signing of the nuclear agreement, the world is eying to do business with Iran. The lifting of international trade sanctions will lead to regional trading boom in the textile industry.

For booming up the trade, Iran requires a great support from trade partners to improve textile weaving, designing and printing to become a promising country in the field of trade.

Iran has been making huge efforts to increase the industry's competitiveness. It aims to resume the import of fabrics from the countries producing the best quality material.

The country is very keen on welcoming foreign companies for investments regarding the new machineries. This would also result in enhancement and development in the production process for Iran.

For example: TK Chemical Corp, a spandex manufacturing group of Japan, successfully established a long-term relationship with Iran in 2016 after its exports rose enormously from 2001 to 2015. The company also aims to set up joint ventures with many local companies to spread their business.

Market Potential of Iran

In the recent past, domestic textile and clothing production in Iran have been rather limited. Nonetheless, there is huge potential in Iran to emerge as a future textile and garment hub.

Iran is around $2 billion market for textile and clothing, which is a huge number. There are numerous factories in Iran, which are specialized in producing different kinds of high-end fabrics for export to Europe. Below are some of the factors that prove Iran can turn out to be an emerging country in the field of textile and apparel trade.

- Iran imported nearly $1.5 billion of manmade fiber textiles during 2013 from countries like China, South Korea, Turkey, Germany, etc.
- Iran's textile and apparel exports grew up by 8.1% in the fiscal year ended March 20, 2017. The statistic shows that nearly 5,700 tons of hand-woven Iran carpets, valued at $345.7 million, were exported during the said period, marking a 7.5% and 18.4% YOY growth in volume and value terms, respectively.
- Iran also performed well in the apparel segment. The country exported 3,800 tons of apparel items worth $46.2 million, up 2.6% in volume and 3.9% in value when compared to the previous fiscal.
- Iran's 2025 Vision Plan has identified textile and clothing as one of the potential industries for expansion. The plan basically emphasizes the need for technological advancements and improvement in productivity.
- Iran has a good availability of raw materials, manufacturing facilities and cheap labor that work as an attraction to foreign countries. Iran has huge untapped potential that could be beneficial to many foreign investors.
- Certain nationalities, including Italians, are fascinated by Iranian culture as university professors praise and promote Iran's culture and traditions in their classes.

Benefits for Other Countries

- With Iran eying to normalize trade with other countries, other countries see huge potential. The companies of Hong Kong may find better opportunities for supplying machinery, fabrics and other ancillary items.
- Among European countries, Italy is the leader in terms of clothing exports to Iran, with Italian products accounting for 52% of European apparel items exported to the country. France ranks fourth in this respect.
- India's market share is around 4% and hence the Iranian market offers substantial scope for Indian exporters. Moreover, the agreement between India and Iran to facilitate 100% trade in rupee terms has opened vast opportunities for exports of Indian products to Iran, including textiles, garments, etc.
- Bangladesh also entered into contacts with Iran for the export of viscous fiber and jute yarn.

Steps to Boost Domestic Industry

The Iranian textile and apparel industry has about 9,818 active units, constituting 11% of all the industrial entities in the country. These units have created more than 2.9 million direct jobs, accounting for 13% of all the industrial jobs in Iran.

The country is planning to set up a new apparel industrial town with the aim of limiting exports and boosting domestic production. The main agenda is to make the price of Iranian clothing more competitive. This establishment can prove to be highly beneficial for the country, as it will lead to increase in quality and will help reduce production costs.

A recent article published in Fiber to Fashion mentioned Ali Yazdani (chairman of Iran's Small Industries and Industrial Parks Organization) as saying, "The private sector of Iran is responsible for developing the manufacturing and trading spaces, while the public sector will develop its infrastructure. About 3,000 to 5,000 square meters of area are dedicated to each of the services and production unit. Close to 30 trillion rials ($791.139 million) will be invested to develop an area of 1 million square meters."

This clearly shows the potential that the Iranian government is putting into the textile and apparel sector to create their own space in the global market.

Conclusion

From the recent past, Iran has seen a progressive reduction in tariffs from 300% during sanctions to the present 55%. The high tariffs had resulted in "unofficial" imports being over 10 times the volume of "official" imports. Hence, trade associations have been working with the government for reduction in import duties to international levels.

Iran has great potentials to become a fashion center in the world, as textile manufacturers can produce unique fabrics with traditional and innovative designs. The country is also capable of producing fine garments by using Iranian-Islamic designs that are different and more intricate compared to western clothes.

Although Iran is a small market compared to other potential markets, there is a scope for growth in the immediate future.

Source: financialtribune.com - Aug 31, 2017

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Ethiopia Aims for 271 Million USD Earning from Textile

For the just started fiscal year, Ethiopia is aiming to make 271 million USD from the export of textile products. Along with the export, the country plans to create 30,000 new jobs through the textile sub sector.

The target set required more efforts from the private investors coupled with government incentives, State Minister of Industry, Bogale Feleke, explained.

Bogale speaking during annual meeting of stakeholders to evaluate the performance in various industrial sectors, noted limitations in production capacity, product diversification, raw material, market linkage, project delays and lack of export discipline were the major challenges for export performance.

Despite the fact that the performance was low, Ethiopia intended to become the top textile manufacturing and exporting country from the entire continent, the state minister indicated.

Source: 2merkato.com - Aug 30, 2017

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Vietnam: Ho Chi Minh to host Cotton Day event on September 12

With a view to strengthen the connections between textile and apparel firms and suppliers, partners and experts from the cotton sector, Ho Chi Minh City in Vietnam will host Cotton Day 2017 on September 12.

The event will give enterprises an opportunity to learn about cotton demand around the world and consumption trends of various brands.

Cotton Day is being organised by the Vietnam Textile and Garment Association (VITAS) and the Cotton Council International (CCI). A conference will take place at the event, along with a fashion show that will introduce Cotton USA collections of John Henry and Canifa brands.

Designs of the winners of the Cotton USA Fashion Design contest will also be presented.

The domestic sector of Vietnam only fulfils 0.04 per cent of the total cotton demand of the country's textile sector. The country imports cotton, with US accounting for over 60 per cent of the cotton imports, said a Vietnamese news agency quoting Vu Duc Giang, president of VITAS.

Cotton Day is also expected to let Vietnamese companies to use the Cotton USA label on their garments, added Giang. This year onwards, CCI has been helping Vietnamese brands to use cotton imported from US to enhance the quality of their garments.

CCI's Cotton Day events have been held in various countries in Asia including Japan, Republic of Korea, China, Taiwan, Thailand and Bangladesh.

Vietnam's textile sector earned $19.8 billion from export in eight months on 2017, recording a 9.9 per cent increase over last year, despite many challenges like anti-dumping duty on fibre in India and Turkey.

Source: fibre2fashion.com- Aug 30, 2017

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Trump sabotages Nafta talks, China grows in stature

US President Donald Trump's ad hoc interference is putting the renegotiation of the North American Free Trade Area (Nafta) at stake.

Trump's rhetoric, often issued on social media, could prove harmful to the recently reopened talks, with experts saying that negotiating partners from Canada and Mexico are not impressed with his disruptive tactics.

"After so much time, little surprises me anymore about what this president says or does. But his constant threats certainly don't inspire confidence on the part of our negotiating partners. I think Mexico and Canada know by now to discount much of what the president says as largely empty rhetoric, but the fact remains he does have the authority to withdraw from the negotiations and, potentially the agreement.

So he can't be fully discounted," says Michael Camuñez, CEO of consulting firm Monarch Global Strategies and former lead trade policy official at the US department of commerce during the first term of the Obama administration.

The second round of renegotiations are set to take place in Mexico in the week of September 1, with Trump having formerly triggered the renegotiation process in May. After the completion of the first round earlier in August, he again threatened to withdraw from Nafta completely, which is in keeping with promises he made on his electoral campaign.

Furthermore, his interventions could damage the quality of any renegotiated deal, Camuñez says: "If President Trump undermines his negotiating team by insisting on provisions that favour only the US, which include measures related to managed trade, quotas, and overly aggressive rules of origin, then it is not inconceivable that negotiations will fail," he tells **GTR**.

Renegotiating Nafta is a complex business. Despite some areas of manufacturing blaming the 23-year-old deal and other elements of the globalised trading environment for hollowing out industry, there are extremely loud and supportive voices in the agricultural and automotive sectors, which rely on the open markets for export and co-production.

Most of the manufacturing sectors which have strong co-production linkages could be at risk, including automotives, but extending to electronics, medical devices, aerospace and consumer durables. Meanwhile, Mexico is a top export market for many agricultural products in the largest US states.

Mahmoud Islam, a Euler Hermes economist based in Hong Kong, says there's a danger of misunderstanding the perceived negative effects of Nafta on the US economy.

"Economies and companies don't work the same way. People tend to equate the net trade of the US with the performance of companies. If you have a net deficit, that doesn't mean US companies don't make money. They probably don't create money in the US market, but that doesn't mean they don't make money. This is the real question behind this negotiation: if today you don't want Nafta to continue, what does that mean for US companies? If they lose money, they cannot invest and you don't have job creation and this is a problem for the future," he says.

China's gain

Islam is one of the many experts who feel that the US' loss may well be China's gain.

The US is currently the world's largest final consumer market, with 30% of global household consumption. But with protectionist policies, these goods may have to go somewhere else, to avoid being subject to tariffs.

China, Islam says, is a strong candidate thanks to its economic size and growth track record. "Chinese aggregate final consumption went from representing one-tenth of the US in 2005 to one-third in 2016.

Extrapolating this trend and assuming a gradual opening of the Chinese market for consumer goods, China's private consumption could match the US in 2040," he says.

Nafta is a huge part of the story, economically, but mainly symbolically. After the US retreat from the Trans-Pacific Partnership (TPP) earlier this year, a power vacuum was opened in Asia Pacific. A disavowal of Nafta would be further evidence of a retreat from the trading system it helped establish.

"The US finds itself in a very strange place: alone and an outlier from the very positions it has advanced and led on for years in the international trade space. I have to believe our international partners must feel perplexed and somewhat dismayed, if not betrayed, given that we are now staking out and promoting protectionist principles and values that, at least since the Great Depression, we have previously worked hard to extinguish," Camuñez says.

He adds: "That said, Trump is clearly tapping into a sense of frustration that is felt by the working class not only in the US, but globally. I believe the frustration is attributable to the very valid and heartfelt sense that working men and women have gotten the short end of the stick when it comes to globalisation, and have seen their real wages stagnate while corporate profits soar.

Regrettably free trade and free trade agreements are easy targets for that frustration, even though in reality the challenges these working class citizens face have more to do with the consequences of technology and our governments' collective failure to prepare our work forces for the structural changes in employment that technology has brought about."

As the US flounders, China waits, and as the US retreats, China will be more than happy to muscle in on its former territories.

Source: gtreview.com- Aug 29, 2017

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China Snaps Up America's Cheap Robot Labor

By early 2018, Tianyuan Garments Co., based in the Suzhou Industrial Park in eastern China, will unveil a $20 million factory staffed by about 330 robots from Atlanta-based Softwear Automation Inc. The botmaker and garment company estimate the factory will stitch about 23 million T-shirts a year. The cost per shirt, according to Pete Santora, Softwear's chief commercial officer: 33¢.

"Around the world, even the cheapest labor market can't compete with us," Tang Xinhong, the chairman of Tianyuan, told the China Daily about the factory in July. The company, one of the biggest apparel makers in China, supplies Adidas, Armani, Reebok, and other major brands.

"The Tianyuan story shows that the labor cost for each T-shirt in the Arkansas plant is unbeatable," says Jae-Hee Chang, a researcher in advanced manufacturing at the International Labour Organization (ILO) in Geneva.

The machines are part of a new generation of industrial robots that Chinese manufacturers like Tianyuan are using to overcome the constraints of higher wages and aging workers. As China's labor force has shrunk over the past five years, employers have hiked wages more than 10 percent a year to lure better-educated, younger workers.

The garment industry has been slower to automate than others, such as automobiles and electronics. Developing a robot that can match the dexterity of a human hand to manipulate and stitch fabric is an expensive proposition, Santora says. Stitching a dress shirt with a breast pocket requires about 78 separate steps. Tricky, but such a bot is coming, says the chief executive officer of Softwear Automation, Palaniswamy Rajan: "We will roll that out within the next five years."

It took seven years for Softwear Automation, founded in 2007 by a group of engineers from Georgia Tech, to introduce its first sewbot, which is capable of making bathmats and towels. A $1.8 million grant from the Pentagon's Defense Advanced Research Projects Agency funded the work. The T-shirt bots will produce one piece about every 26 seconds, Santora says.

Tianyuan's Arkansas plant will be the first apparel production line for Softwear Automation. Setting up shop closer to a product's intended market will help Tianyuan meet demand more quickly. "Fast fashion is transforming the traditional garment supply system," says Xu Yingxin, vice president of the China National Textile & Apparel Council in Beijing. "The change on the consumption side has led to the need to be close to consumers."

Arkansas officials spent about a year negotiating the deal with Tianyuan, according to Mike Preston, executive director of the Arkansas Economic Development Commission. He says the company, which declined to comment for this story, liked the centrality of the location. "About one-third of U.S. residents are within a day's drive of Arkansas," Preston says.

Another big draw: state and county incentives worth at least $3.2 million, according to the development commission. They include infrastructure assistance and money for training. Tianyuan also will receive as much as a 65 percent reduction on property taxes. The company will create 400 jobs in Little Rock, mostly for machine operators, Preston says.

Tianyuan isn't the only Chinese company to operate in Arkansas. In May, Shandong Ruyi Technology Group Co., the owner of apparel brands Sandro and Maje, among others, announced plans to invest $410 million in an automated factory in Forrest City, where it will spin locally grown cotton into yarn. With America's supply chain, infrastructure, consumer market, and skilled workforce, "the U.S. is undeniably an attractive production base if labor cost is taken out of the equation," says the ILO's Chang.

Still, many garment makers are reluctant to move away from China. Over the past two decades, the industry has built up an extensive supply network for yarns, dyes, fasteners, zippers, and trimmings. China is still the world's largest exporter of garments, with an annual value of $170 billion, says Xu of the apparel council.

One T-shirt factory isn't going to change that. But after tariffs, duties, and shipping costs are factored in, the case for shifting production to the U.S. from emerging markets is a compelling one, Santora says. Meanwhile, as robots become smarter and market access becomes more important, poorer nations that counted on manufacturing to climb out of poverty—as Japan, Korea, and China did in the decades after World War II—will have to offer more than cheap labor. Bangladesh, Cambodia, Myanmar, and other countries will need to invest in technology, education, training, and infrastructure, says David Loevinger, an analyst at TCW Group Inc. in Los Angeles and a former China specialist at the U.S. Department of the Treasury. “Some of Asia’s economic laggards will have to find a different path to prosperity,” he says. —With Yinan Zhao

Source: bloomberg.com- Aug 31, 2017

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Vietnam may scuttle Trans-Pacific trade

Vietnam could be shaping up as the weakest link on the prospects of salvaging a controversial Pacific-wide free trade deal.

US President Donald Trump pulled America out of the Trans-Pacific Partnership agreement earlier this year, but the remaining 11 countries, including Australia and New Zealand, are in talks to push ahead.

Australia's Trade Minister Steve Ciobo is hosting his counterparts from those countries in Sydney this week.

There is a broad desire to seal a deal at the APEC leaders meeting in November in Vietnam.

Matthew Goodman, a former Obama administration official who is now with the Washington-based Centre for Strategic and International Studies, believes the new trade deal could be a tricky feat to pull off.

"The deal for Vietnam was essentially they would implement difficult reforms on state-owned enterprises and labour and other areas ... in exchange for greater access to the US market, particularly for textiles and footwear," he told reporters in Canberra today.

"Without that part of the deal, one might ask why Vietnam would be willing to move forward?"

There were also challenges with keeping Malaysia on board.

Mr Goodman said a deal without Vietnam and the US - known as TPP 10 - would be a third-best option, but would be better than letting it "wither on the vine".

He believed the US was tacitly encouraging Australia and Japan to revive the deal and "keep the seat warm" for it to come back, using a golfing analogy to explain trade policy under Trump, a keen golfer.

"A good golfer usually hits the ball straight and true but occasionally hits it into the bunker or the woods," he said.

"But we're still playing golf, we're still good at it. We still have an interest in getting the little ball into the hole."

Source: odt.co.nz - Aug 30, 2017

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USA: Thinking the unthinkable on NAFTA

Everyone who's ever done business with Donald Trump knows his favourite tactic: don't negotiate; intimidate. Well, he's at it again, threatening to pull the plug on NAFTA (North American Free Trade Agreement) because Canada and Mexico are being "very difficult".

This broadside is the equivalent of rolling a live grenade into the room when trade talks have only just begun.

Canadian trade negotiator Chrystia Freeland has tried to remain calm reminding the public that "heated rhetoric" is common in these situations. However, a prudent negotiator would also begin thinking the unthinkable – calling Trump's bluff and abandoning NAFTA entirely.

Although it would significantly impact trade across the U.S/Canadian border, there are clear advantages to Canada in doing so. In the first place, abandoning NAFTA would end the false notion that Canada gained special privileges in agreeing to a trade deal with the United States.

Prior to NAFTA the United States was constantly changing the rules of cross border trade to benefit domestic producers.

A significant Canadian objective in the original Canada-U.S. trade deal (and subsequently NAFTA) was to obtain secure and stable access to the U.S. market.

Regrettably, nothing has changed; the United States continues to unilaterally alter the rules whenever it suits its commercial interests.

For example, just last April the United States Department of Commerce ignored the NAFTA agreement (and the World Trade Organization) when it unilaterally imposed a 24 per cent countervailing duty on imports of Canadian softwood lumber. U.S. border agents were told to begin collecting duties immediately and specific Canadian producers were warned that these charges would be retroactive (to an as yet unspecified date).

Unfortunately, this is kind of action is common practice. Since the signing of the NAFTA agreement, the U.S has routinely imposed antidumping and countervailing duties against Canadian agricultural products including cattle and live swine.

U.S. authorities have also imposed non-tariff restrictions on trade, including “safeguards” against Canadian beef and lamb. Importantly, individual U.S. states often take direct action, imposing physical blockades of trucks at the border carrying Canadian goods. In past years, they seemed particularly obsessed with Canadian imports of durum wheat and barley sold through the (now terminated) Canadian Wheat Board.

It seems “free” trade is simply a facade, for behind it lies a host of U.S. domestic trade legislation including “Section 301” actions, whereby the U.S government is authorized to takes wide-ranging action against “unreasonable” or “discriminatory” foreign government practices that interfere with U.S. business interests.

Regrettably, agriculture is not the only area where free trade has delivered only marginal benefits for Canadians. Consider energy.

In the original Canada-U.S. free trade agreement, the United States negotiated hard for unhindered access for investment in Canada’s resources sector. This access must – they insisted – be “without Canadian government surveillance or restriction”.

The consequence of NAFTA on energy has been to essentially jettison Canadian sovereignty and frustrate the idea of national energy security.

Is it any wonder that, rather than build upgrading and refining facilities in Canada, we transport our energy products (including raw bitumen) thousands of miles from Alberta to the Gulf Coast? Is it surprising that even Canada's conventional crude is uniformly pipelined to the U.S. where it is sold at a significant discount to world prices?

No, we should not be surprised. NAFTA is designed to serve the interests of the United States and its desire for cheap Canadian energy.

Jettisoning NAFTA would not be the end of U.S. Canada trade. We are each other's number one trading partners. The rules would change, of course, but cross border trade would simply revert to international standards.

It must be remembered that, before NAFTA, 80 per cent of Canadian exports to the U.S. entered tariff-free and those items that did face import duties (mostly clothing, textiles, footwear and some petrochemicals) had only to pay a tariff of five to 10 per cent.

In a perfect world, populated with reasonable people, NAFTA and other free trade deals would be win-win arrangements that respected the rights of individual nations to govern themselves. But the world is not populated with noble thoughtful individuals; Donald Trump governs it.

We Canadian's have known for decades that we must build alternative trading partnerships first at home (naturally) and then in international markets. Abandoning NAFTA would force us to do it. The bottom line is, either we stand up and defend our rights or after 150 years as a nation we'll simply have traded one colonial master for another.

Source: canadianinvestor.com - Aug 29, 2017

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Report: Smart Clothing Shipments to Reach 26.9M Units by 2022

Smart clothing is gaining momentum worldwide and more players entering the market has meant an increasing variety of this high-tech product.

According to a Tractica report, smart clothing shipments are expected to grow from 1.7 million units in 2016 to 26.9 million unites by 2022, a compound annual growth rate (CAGR) of 58.6%. Smart clothing revenue will also increase from $150.7 million in 2016 to $3.7 billion by 2022. Combined with the body sensor segment, both markets are expected to generate $19 billion in annual revenue by the end of 2017.

The popularity of preventative care and connected athletic garments are expected to drive this market, which could be a boon for retailers and their consumer engagement initiatives. While consumers seek different ways to improve their health and track vital signs, companies will have to rethink how smart garments are designed to advance their technology capabilities. The push for more comfortable and functional smart garments is expected to heighten, as consumers continue to hone in on wellness and look for apparel that accommodates their daily physical activities.

“The market for smart clothing and body sensors is still in the beginning stages, but moving in a positive direction, albeit at a slow pace over the next year or two,” said research analyst Sherril Hanson. “The body sensor market is expected to be larger in the long run due to a wider variety of device types and use cases.”

Smart clothing market drivers

Following the pilot of smart garments, consumers are seeking tech-infused apparel that does more than the standard fitness tracker. To keep up with this demand, companies are experimenting with data to help smart garments, including connected sports bras and pants, improve athletic form for the wearer, aid them in avoiding injuries during exercise, and help them predict fatigue patterns and monitor physiological data.

Over the next few years, smart garments will become less bulky with wires and look more like standard clothing. In addition to having an attractive design, these smart garments will also provide more capabilities—like evaluating vital signs or sending alerts to a smartphone. To support the new look of garments, industry groups are also being formed to collectively innovate new design processes and functional capabilities for smart garments.

A shift in preventative care will also fuel the smart clothing market. As more consumers become focused on their health, the demand for useful smart garments will rise. Consumers want smart garments that will notify them about their health, including improving posture and monitoring glucose levels. U.S. National Institutes of Health (NIH) data said almost 300 trials in the U.S. are working with wearables. Industry players, like Lumo Bodytech and Sensoria, are pioneering the new era of smart garments with their innovative design concepts and ability to create tech that easily incorporates into everyday apparel items.

Smart clothing market barriers

Attracting the mass consumer market has been the biggest roadblock for smart clothing companies. Unlike an athlete who may use a connected sports garment to track performance, the average consumer may not find this technology easy to use or relatable to their lifestyle.

To remedy this issue, the report suggests that smart garment companies could explain data in simpler language for consumers' fitness needs or the smart garment market will likely remain a niche segment.

Despite hurdles, smart clothing companies are working on getting their product right, making sure consumers feel comfortable wearing it and simplifying wearable technology. Over the next five years, the study predicts that the market will keep working on providing more meaningful smart apparel offering, which will drive the growth in the sector.

Source: sourcingjournalonline.com- Aug 28, 2017

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NATIONAL NEWS

Exporters need help, hand-holding: Nirmala Sitharaman

Exporters need "help and hand holding" as they face global headwinds and the government is looking at all options to support them, particularly small and medium players, Commerce Minister Nirmala Sitharaman said today.

The minister's comments assume significance as India's export growth slowed to eight-month low of 3.94 per cent in July, while the rupee is strengthening and interest rates not declining fast enough.

In the foreign trade policy (FTP) review, the department of commerce is focusing on those sectors which are labour intensive, exporting against all odds and which have a bearing on employment, Sitharaman told in an interview.

The labour intensive sectors include leather, gems and jewelry, handicrafts and engineering.

"We are looking at all the inputs from stakeholders as in what we can do in order to help exporters particularly the small and medium exporters because they are struggling to afloat," Sitharaman said.

The Indian currency is holding out strong and the credit in terms of interest rate reduction is not really substantial, she said. "As a result, definitely exporters are feeling lot of heat".

She added: "Manufacturers who need affordable credit, there is an issue there. So whether I am looking at MEIS (Merchandise Exports from India Scheme) or interest subvention or anything else is getting into the details. The larger story is, they need help, they need hand holding."

The five-year FTP (2015-20) provides a framework for boosting exports of goods and services besides creation of employment and increasing value addition.

In 2016-17, India s merchandise shipments aggregated to USD 275 billion. Exporters have also asked the ministry to address the concerns related with Goods and Services Tax (GST) like timely refund of taxes and blockage of funds.

Source: economictimes.com- Aug 28, 2017

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DIPP to release new industrial policy by October, will review FDI regime

The department of industrial policy and promotion (DIPP) under the commerce and industry ministry will release a new industrial policy by October that will focus on encouraging Indian branded products with higher value addition and will review the existing foreign direct investment (FDI) policy regime to facilitate greater technology transfer.

The policy is expected to replace the United Progressive Alliance government's National Manufacturing Policy (NMP) released in 2011, which sought to create 100 million jobs by 2022.

"It is time to shift from a policy of 'continuity with change' in 1991 to radical and accelerated reforms for greater strategic engagement with the world. A comprehensive, actionable, outcome-oriented industrial policy will enable industry to deliver a larger role in the economy; to fulfil its role as the engine of growth and to shoulder the responsibility of adding more value and jobs," a discussion paper released by DIPP said.

DIPP has adopted a consultative approach for formulating the industrial policy by setting up six thematic focus groups and an online survey on the department's website to obtain inputs. The six thematic areas are "Manufacturing and MSME"; "Technology and Innovation"; "Ease of Doing Business"; "Infrastructure, Investment, Trade and Fiscal Policy"; and "Skills and Employability for the Future".

A task force on artificial intelligence has also been constituted under V. Kamakoti, a professor in the department of computer science and engineering at the Indian Institute of Technology Madras; the task force will also provide inputs for the policy.

The proposed policy will aim to set a clear vision for the role of industry and industrial growth in the growth and development of the economy.

The discussion paper said lack of competitiveness of Indian industry has been a concern that has been discussed for a long time now.

"Competitiveness can be improved by reducing the cost of infrastructure such as power, logistics, easing regulatory/compliance burden, reducing the cost of capital and improving labour productivity," it added.

The discussion paper said brand-building should gain importance alongside achieving quality and scale.

"The quantum of value addition has to be increased at all levels. Larger the value addition, greater the positive externalities from economic activity. Creating complete value chains domestically and globally or integrating into existing chains is vital to ensure that the world market is accessed at the right time," it said.

The report said while the policy will aim to attract $100 billion of FDI in a year, up from $60 billion in 2016-17, it will also aim at retaining investments and accessing technology.

"FDI policy requires a review to ensure that it facilitates greater technology transfer, leverages strategic linkages and innovation," it said.

The policy will aim to harness existing strengths in sectors like automobiles and auto-components, electronics, new and renewable energy, banking, software and tourism, and create globally scaled-up and commercially viable sectors such as waste management, medical devices, renewable energy, green technologies, financial services to achieve competitiveness.

The policy will also push for reforms to enhance labour market flexibility with an aim for higher job creation in the formal sector and performance linked tax incentives.

A time frame for implementation of the policy will be decided taking into consideration the changing economic and business cycles of the world and the Indian economy, geopolitical trends and broad policy directions in the country, the discussion paper said.

DIPP has invited comments from the public regarding the framing of the new policy by 25 September.

Source: livemint.com- Aug 29, 2017

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Over 95 Indian textile companies at Moscow's global expo

Over 95 exhibitors from India's textile industry showcased their products at the global textile and light industry expo held in Russia, industry lobby Ficci said on Wednesday.

The Federation of Indian Chambers of Commerce and Industry said it organised the India Pavilion at the 49th International Textillegprom at Moscow from August 29 to September 1 in collaboration with the SRTEPC (Synthetic and Rayon Textiles Export Promotion Council).

"Textillegprom 2017 brings together industry leaders from India, Russia, Central Asia and other countries to a single platform to interact and discuss collaboration in the textile industry.

The India Pavilion comprises over 95 exhibitors from the textile industry in India," Ficci said in a statement.

"The prime objective of the participation is to realise the complementarities between the textile industries of India and Russia, and the CIS region in general. They will have structured B2B (business-to-business) interactions to explore opportunities for business partnerships," it said.

The statement added that the delegation from India to Russia -- headed by the Karnataka Minister of Textiles R.M. Lamani and Ministry of Textiles Secretary Anand Kumar Singh -- comprised of leading companies from the Indian textiles industry.

Source: business-standard.com- Aug 30, 2017

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India's apparel exports continue to remain volatile: Report

India's apparel exports continue to remain volatile and unencouraging with the global apparel trade not showing any signs of uptick amid subdued demand trends in the key importing countries. The latest trends point towards a third consecutive year of decline in global apparel trade, says an ICRA report.

Says Jayanta Roy, Senior Vice-President and Group Head, Corporate Sector Ratings, ICRA, "Although we have witnessed brief phases of growth in the past 18 months, the trend has been unsustainable and has failed to instil confidence. In such a scenario, sustained growth in India's apparel exports remains challenging. The challenges have been further augmented by the appreciation of Indian Rupee in recent months which has reduced competitiveness of Indian exporters vis-a-vis global counterparts."

The apparel and fabric industry has been facing further headwinds as a result of temporary disruptions caused by demonetisation drive and transition to GST regime. The impact of these developments has been more pronounced for the highly fragmented fabric segment, with Indian fabric production declining by 1% in Q1 FY2018 following a flat production in FY2016 and 2% de-growth in FY2017.

Despite the significantly higher raw material prices, the revenues of fabric manufacturers in ICRA's sample grew by a modest 4% in Q1 FY2018 pointing towards a steeper de-growth in sales volumes vis-a-vis production volumes.

"De-growth in fabric sales volumes in Q1 FY2018 was higher than the aggregate nation-wide production de-growth (1%), due to the clearance of channel inventory by intermediaries prior to GST implementation," Roy added.

Besides the demand pressures, high raw material prices and currency movements also continue to weigh on the industry's performance, which has been visible in the profitability of apparel and fabric manufacturers over the past three quarters.

In this context, ICRA notes that although the profitability of export-oriented players has been protected to an extent by prudent hedging practices, sustained strength of Indian Rupee against US dollar may exert pressure on their pricing ability and hence demand and profitability.

Notwithstanding the likely pressures on profitability, debt levels however are expected to decline with the industry focusing on sweating the existing assets more and undertaking limited debt funded capacity additions. As a result, ICRA expects the financial risk profiles of Indian exporters as well as domestic-focused apparel/ fabric manufacturers to remain steady in the near term.

Source: economictimes.com- Aug 30, 2017

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Experts: Bt cotton no longer resistant to bollworm

Incidents of pink bollworm attack on Bt cotton this year again have alarmed the agriculture authorities. The state agriculture commissioner has taken up the matter with the Union government and has even suggested reconsideration of approval given to genetically modified Bt cotton seeds that are supposed to be resistant to bollworm and other infestations.

The chief of Vasantrao Naik Shetkari Swavalamban Mission (the state government task force to deal with farm distress) Kishore Tiwari has claimed this year the situation could be worse as it is found that the Bt cotton seeds were now susceptible to attack of not only pink worm, but also thips , mealybug and regular bollworm. With over 40 lakh hectares under cotton cultivation, Maharashtra has largest area of cotton crop in the country.

The state agriculture commissioner S Kendrekar is believed to have apprised deputy director (quality control) of Union agriculture ministry on August 1 about the situation. According to him, last year too incidents of pink worm attacks were reported and confirmed by various government agencies and experts of city-based Central Institute of Cotton Research. Following that, ban was imposed on seeds of one company that had licence from Monsanto, the multinational that pioneered and introduced genetically altered Bt Cotton seeds under brand names BG I and later BG II.

Director of National Research Centre for Citrus M S Ladhaniya, currently holding additional charge of CICR, told TOI that though incidents of worm attacks have been reported, the crop situation is not worrisome yet. "We have issued advisories time to time to farmers to tackle the situation. It is too early to say cotton crop is under threat," he added. If the picking is delayed up to December, the conditions become conducive for such pest attacks on BT cotton.

An officer in the joint divisional director of agriculture here admitted pink worm attacks were being reported but said they were yet to ascertain its extent. An official meeting is scheduled on Wednesday to review the situation and suggest measures to save crop from imminent attack.

The state agriculture commissioner has been seeking Centre's guidance on Bt seeds from May even before the start of the Kharif season. He has suggested that since Bt cotton, which comprises 96% of state's cotton crop, is now vulnerable to pest attack, prices of BG II be regulated. Currently it is selling at Rs 750 a pack and the state wants the rate cut to Rs 200 per pack of 450 gms at which straight desi sells.

Shrikant Deshpande, a farmer from Mangrul-Dastgir in Dhamangaon Rly tehsil of Amravati district, said long dry spells could be the reason behind pink worm attacks just after flowering and before the cotton bolls actually develop. "I have been spraying chemicals every fortnight to ward off the insects and this involves extra costs." the farmer rued.

Source: timesofindia.com- Aug 30, 2017

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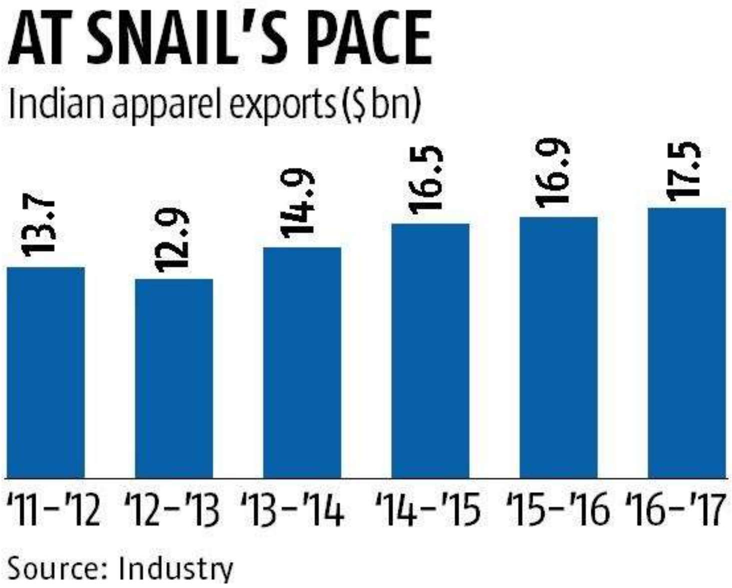
GST, stronger rupee may result in flat Indian apparel exports growth: AEPC



Indian apparel exports growth may remain flat or at the most see a marginal rise this year, due to factors like the goods and services tax (GST) implementation, rupee appreciation against the dollar and sluggish global demand.

Industry representatives have hazarded single-digit growth in apparel exports due to disruption in the textile value chain along with rise in raw material costs.

According to Rahul Mehta, president of the Clothing Manufacturers' Association India (CMAI), the rise in minimum wages and rupee appreciation have resulted in estimates of sluggish growth in apparel exports.

The rupee has risen to 64.2 against the dollar from 66.5 last August. This is in contrast to six consecutive years of depreciation. India had posted $17 billion worth of apparel exports in 2016-17.

According to an official at the Apparel Exports Promotion Council (AEPC), India reported a marginal 5 per cent growth in apparel exports worth $6.9 billion for the period April-July 2017.

"We had earlier anticipated 15 per cent growth in apparel exports. However, things appear sluggish now. Apart from the GST implementation and rupee appreciation, what has also been affecting the industry is the rise in raw material prices and labour wages," said Mehta.

Further, the global apparel trade has also shown no signs of reviving, resulting in subdued demand in key importing countries. This may result in India's apparel exports continuing to remain volatile, says a report by

ICRA.

"Although we have witnessed brief phases of growth in the past 18 months, the trend has been unsustainable and has failed to instil confidence. In such a scenario, sustained growth in India's apparel exports remains challenging.

The challenges have been further augmented by the appreciation of the rupee in recent months, which has reduced competitiveness of Indian exporters vis-a-vis global counterparts," said Jayanta Roy, senior vice-president and group head, corporate sector ratings, ICRA.

According to the report, the apparel and fabric industry has been facing headwinds as a result of temporary disruptions caused by demonetisation and the transition to the GST regime. The impact of these developments has been more pronounced on the highly fragmented fabric segment, with fabric production declining by 1 per cent in the first quarter of 2017-18 following flat production in 2015-16 and a 2 per cent decline in 2016-17.

Despite significantly higher raw material prices, the revenues of fabric manufacturers in ICRA's sample grew by a modest 4 per cent in the first quarter of 2017-18 pointing towards a steeper de-growth in sales volumes vis-a-vis production volumes.

"De-growth in fabric sales volumes in the first quarter was higher than the aggregate nation-wide production de-growth of 1 per cent due to the clearance of channel inventory by intermediaries prior to the GST implementation," Roy added.

As a result, ICRA noted that although the profitability of export-oriented players had been protected to an extent by prudent hedging practices, sustained strength of the rupee might exert pressure on their pricing ability and hence demand and profitability.

"Notwithstanding the likely pressures on profitability, debt levels are expected to decline with the industry focusing on sweating the existing assets more and undertaking limited debt-funded capacity additions. As a result, ICRA expects the financial risk profiles of Indian exporters as well as domestic-focused apparel/fabric manufacturers to remain steady in the near term," the report further stated.

Source: business-standard.com- Aug 29, 2017

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GST effect: Textile sector in Telangana losing competitive edge

To ease the pains caused by Goods and Service Tax (GST) on small scale textile manufacturers, the Telangana state government earlier this month had brought out a textiles and apparel policy. The policy speaks of incentives and land allocation for a mega-textile park, however the sector has responded with mixed reactions. Textile sector exporters have had to keep their selling prices high mainly due to stiff competition from China and Bangladesh and a strong rupee.

Following which export orders that were mostly fulfilled by small scale textile manufacturers started drying up. “Now with GST, garments sector has lost competitive edge. We used to have excise duty exemption but not anymore,” said Ramadevi Kannegati, president, Association of Lady Entrepreneurs of Andhra Pradesh (ALEAP). “In garmenting, corporates used to give small textile traders bulk order mainly due to excise exemption but now that we are under GST that attractive factor is gone. Also tax has to be passed on to consumer making product costlier, now we are not able to compete as small players and big players compete together.

There is a fear that we will lose orders,” she added. With regard to states new textile policy, Kannegati said, “The state will bear cost of providing incentives but for how long? The state is then deprived of revenue. This is not an overall industrial policy, TS is at loss. The policy intervention should be to encourage handloom and it should be a central policy.

But we are grateful the state has come up with this.” “All states are giving incentives but further incentives with good infrastructure is needed. Land allotment for the megatextile park is just on paper,” said A Prakash, president, Telangana State Textile Association. “Instead of textile, the government should focus on technical textile industry where there is a larger scope in India,” he added.

Most rural traders lack GST expertise

According to Prakash, most rural traders lack expertise in GST and are struggling to file returns. “The

technical training provided by the state goverment was just theorybased. Hands-on practical training on

computers need to be given to traders. Many were unprepared to shift to GST as the sector was included in GST much later,” Prakash added.

Source: newindianexpress.com- Aug 31, 2017

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All manufacturers need not register under GST: CBEC

The Indian Central Board of Excise and Customs (CBEC) has clarified that all manufacturers need not necessarily register themselves under the new Goods and Services Tax (GST) regime, effective from July 1. A manufacturer dealing only in exempted goods, or where its turnover is only intra-state and below Rs 20 lakhs, is not required to be registered.

For small traders, manufacturers and restaurants whose turnover is up to Rs 75 lakhs, there is an optional alternative provision of ‘Composition levy’ of 2 per cent, a kind of turnover tax. The turnover cap is Rs 50 lakhs for special category states Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura and Himachal Pradesh.

However, manufacturers of ice-cream, pan masala or tobacco products and service providers other than a restaurant are not eligible for the composition scheme, the CBEC said on its website in a frequently-asked questions document on micro, small and medium enterprises (MSME).

The option to pay tax under composition scheme will lapse from the day on which a person’s aggregate turnover during the financial year exceeds the cap figure. Moreover, a person paying tax under the composition scheme will file quarterly tax returns, can maintain accounts manually and cannot take input tax credit on the supplies received, the board said.

The board further clarified that GST is a destination-based consumption tax, in which when a supply originates in one state and is consumed in another, taxes accrue to the state where the supply is consumed.

Source: fibre2fashion.com- Aug 31, 2017

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Now, textile dyeing to go organic

Kerala Agricultural University (KAU) has identified 12 indigenous plants for manufacturing natural textile dyes.

A study by the College of Agriculture (CoA), Vellayani, as part of the Western Ghat Development Programme (WGDP), has identified 12 indigenous plants capable of giving colour to cotton and silk textiles. This will provide an organic option for dyeing.

The technology for using these plants for commercial textile industry has been standardised under another research project sponsored by the RKVY (Rashtriya Krishi Vikas Yojana).

Eco-friendly

The technology will be of great value in the development of eco-friendly and safe clothing, especially for newborns and people allergic to synthetic dyes.

“The research has opened up the possibility of using indigenous plants of Kerala as potential dye yielders. We are looking forward to industrial production of natural dyes for commercial textile industry,” said KAU Vice Chancellor P. Rajendran.

The KAU has not revealed the names of the plants owing to patent issues. Plant dyes were used for garment dyeing and wall paintings till the advent of synthetic dyes in the 16th century.

Hazardous chemicals

Awareness of the hazardous effects of chemical dyeing and chemical dye manufacturing had sparked a rethinking now and the KAU effort was on these lines, the VC noted.

The biochemical properties of these natural dye compounds had also been deciphered, which would help identify the biomolecules in them. Going back to the safer, cheaper, and durable natural plant dyes would also help our ecosystem and the lives of workers in dye manufacturing industry, he added.

Kerala, especially the Western Ghats region, is gifted with a wide array of plants for manufacturing natural textile dyes.

We also have a treasure of traditional knowledge on temple wall paintings and in colouring traditional mats, among the rural and tribal people, said P. Indira Devi, Director of Research.

“The 12 natural dyes with five different mordants, of which three are natural, have been screened. All silk and cotton materials dyed with these pigments have been tested in SITRA (South Indian Textile Research Laboratory) for colour fastness to light and stability to washing. Through this analysis, combinations of natural dye and natural mordant with good stability have been identified,” V.G. Jayalakshmi, Principal Investigator, said.

Source: thehindu.com- Aug 30, 2017

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