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# China, Japan provide new hope for garment makers



**Refayet Ullah Mirdha**

Garment exports to China and Japan, two new markets, soared in fiscal 2015-16 -- the strongest sign yet of the growing stature of Bangladesh's apparel sector in global trade.

Last fiscal year, garment exports to Japan stood at \$774.47 million, up 18.68 percent year-on-year, according to data from the Export Promotion Bureau.

Some \$341.22 million of garment items were shipped to China in fiscal 2015-16, an increase of 11.9 percent from a year earlier.

The reason for the uptick is the recent relaxation of the rules of origin (RoO) by the governments of the two countries.

The RoOs are the criteria used to determine the national source of a product, and they vary from country to country. Their importance is derived from the fact that duties and restrictions in several cases depend on the source of import.

For instance, Bangladesh has duty-free access for its garment products, even for items made from imported fabrics, to the Japanese market.

The country has been enjoying duty benefits on its woven garment exports to Japan for many years now, and from April last year, its knitwear shipments were given the same privilege.

Japan's apparel market is worth about \$40 billion a year, and traditionally nearly 80 percent of it is catered by Chinese imports.

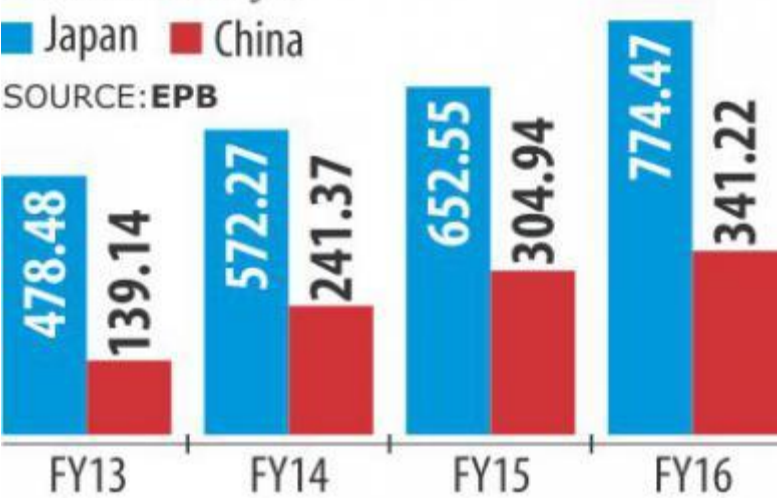
In 2008, the Japanese government adopted the 'China plus One' policy to reduce the overdependence on China, following which its traders started sourcing garment items from other countries such as Bangladesh, Vietnam and Cambodia.

# GARMENT EXPORT TO JAPAN AND CHINA

*In millions of \$*

■ Japan ■ China

SOURCE: EPB



On the other hand, Bangladesh's garment exports to China also increased last fiscal year as the Chinese government awarded duty-free facility to 4,721 items.

China, despite being the largest apparel manufacturer in the world, is emerging as a major export destination for Bangladesh owing to its fast-expanding middle-class population.

At present, the majority of the Chinese garment makers produce high-end products for Western retailers, as they do not deem the \$150 billion local market to be lucrative enough.

The development has opened doors for Bangladeshi garment manufacturers to grab a larger share of the Chinese market.

The International Textile Manufacturers Federation also recently advised Bangladesh to focus more on the growing Asian markets of India and China, where the retail value of garment and textile consumption will more than double to \$750 billion by 2020.

However, garment exports to the other promising Asian market of India have not been increasing much thanks to the countervailing duty imposed by the neighbouring country's government on Bangladeshi apparel products.

Although garment exports to India soared 30.86 percent to \$136.42 million in fiscal 2015-16 from a year earlier, the value is too little.

Bangladesh considers the EU, the US and Canada as its traditional export destinations, and shipments to these markets have been increasing for many years now.

Since 2009, Bangladesh has seen increased garment exports to 11 new destinations, including Japan and China, partly because of the government's financial incentives for new markets, said Mahmud Hasan Khan, vice-president of Bangladesh Garment Manufacturers and Exporters Association.

The government introduced the stimulus package for exporting to new destinations, except those of the EU, the US and Canada, in 2009. “The stimulus package has since been working well,” he said.

“The new destinations are promising markets for us.”



[today's paper](#) >> [business](#) >> published: 00:58 july 12, 2016

## Bangladesh still not on US trade beneficiary list

Bangladesh has been kept out of the trade beneficiary list from the United States as workers rights are not satisfactory to the United States Trade Representative (USTR).

On June 30, the USTR announced Major Expansion of Trade Preferences for the Least Developed and African countries aiming to promote poverty alleviation and economic growth in poorest countries.

In the annual review, the list of beneficiaries for the Generalized System of Preferences (GSP) were upgraded, where Bangladesh was left out of the list on labour rights ground.

Fiji, Georgia, Ecuador, Niger, the Philippines, Thailand, Ukraine, Iraq, Indonesia and Uzbekistan have also fallen from the list this time, mostly due to poor labour rights.

In 2013, the US government suspended trade facilities for Bangladesh under GSP scheme after the **Rana Plaza collapse, which raised question about the workers' safety and rights in the country's** apparel industry.

**On the day, the Office of USTR announced the outcome of the Obama Administration's Annual Product Review** under the Generalized System of Preferences (GSP) programme.

This review adds new duty-free status for travel goods (including luggage, backpacks, handbags, and wallets) for Least Developed Beneficiary Developing Countries (LDBDCs) and African Growth and Opportunity Act (AGOA) countries.

GSP is a 40-year-old trade preference programme under which the United States provides duty-free treatment to many imports from beneficiary developing countries and additional products for LDBDCs.

**“Trade preference programs such as GSP and AGOA can make a powerful contribution to lifting people out of poverty and supporting growth in some of the poorest countries in the world, while also reducing costs to American consumers and businesses,”** said U.S. Trade Representative Michael Froman. **“We have used these programs to give beneficiary countries a vital leg up vis-à-vis more advanced competitors.”**

After the suspension of GSP, the US government has outlined a 16-point Bangladesh Action Plan to get back the trade facilities. The Bangladesh government has claimed that it has implemented the conditions and placed reports to the authority concerned, but the US government is saying lots of progress has been made, but it is not up to the mark and it requires more to do to meet the desired level.

According to the Export Promotion Bureau (EPB) data, in July-May period of the just concluded fiscal year, Bangladesh's export earnings from the United State stood at \$5.6 billion.



WEDNESDAY, 20 JULY 2016 20:35

## **NEGOTIATIONS ABROAD MAY HIKE PRODUCTION COSTS: SAY BANGALADESH RMG EXPORTERS**

Following the recent terror attack in Gulshan, global buyers and brands asked Bangladesh's RMG exporters to meet them outside Bangladesh for business deals for the upcoming season. Some buyers have already postponed their visit and scheduled their meeting in a third country on security grounds. The apparel makers apprehend that besides production cost hike, they might lose orders as well, if the current situation in the country continues unabated.

Moshiul Alam Sajal, managing director of Posmi Sweaters said that three of his buyers from Italy, France and Spain asked him to get ready for a meeting in a third country for negotiation of new orders for the coming season.

Like Sajal, a good number of manufacturers are facing the same problem. It costs over Tk4 lakh to meet the buyers in a third country, but the main problem is that a third-country meeting prevents the manufacturers from displaying a whole lot of samples since it is not possible to carry a good number of styles with them, they said.

For that the government has to take measures to ensure the safety of foreigners, Sajal said, suggesting that the government should unearth the root of militancy and bring them to book to prevent further attacks.

## Sixteen Bd fabric and garment companies to partake at Texworld Paris

YarnsandFibers News Bureau, 2016-07-18 13:00:00 – Dhaka



Sixteen Bangladeshi fabric and garment companies will be participating at the 39th edition of Texworld, a four-day globally renowned fashion exhibition which is organized by Messefrankfurt, to start in Paris on September 12.

Bangladesh will have a national pavilion hired by the Export Promotion Bureau at the show.

The Bangladeshi companies to partake in the Texworld fair are Akij Textile Mills, Monno Fabrics, Denim Expert, Anthony Young Garments, Centex Textile and Apparels, Century Apparels, Chorka Textile, DK Knitwear, JM Knitwear, Jericho Imex Ltd, MK Sweaters Ltd, Nazia Apparels, Needle Fashion, Sinha Knit Industries, and Unitex Attires.

The fair will display a global range of fashion products from other major manufacturing countries such as China, South Korea, India, Indonesia, Taiwan, Thailand, Turkey and Pakistan.

The show is very important for the exhibitors, as global brands generally look for new collections of clothes for winter and summer in September.

The event to showcases product like cotton, denim, embroidery & lace, knitted fabrics, fibers, functional fabrics, linen & hemp, prints, shirting, silk, silky aspects, trims & accessories, wool, wool blends and machinery etc. in Fashion, Lifestyle & Fashion, Textile, Fabrics & Yarns industries.



FRIDAY, 15 JULY 2016 17:24

## **MANY BANGLA RMG UNITS DO NOT CONFORM TO LABOUR NORMS**

An official report on Bangladesh's ready-made garment industry shows poor compliance with regard to issuance of appointment letters and identity cards to the workers, preserving their service records and granting maternity leave and other lawful benefits to them. In the absence of appointment letters, service books and ID cards, the workers are deprived of their lawful rights and benefits. Such deprivation took place in the cases of Tazreen Fashion and Rana Plaza workers, labour leaders alleged.

The Department of Inspection for Factories and Establishment (DIFE) under the ministry of labour and employment has come up with the findings after it carried out monthly inspection in some 212 ready-made garment factories in May 2016. The report says, about 63 per cent of the apparel factories were found engaging their workers in extra hours of work without taking prior permission from the authorities concerned. Only 11 per cent of the factories not affiliated with BGMEA and the BKMEA met the requirements.

Out of the surveyed units, 145 were the members of Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and 32 of Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA). Others are not allowed to join any trade unions because of this. Irregularities are more in apparel factories that are not the members of any of the two trade bodies, according to the report.



Home	Chemicals	Chemical fibers	Cotton&textiles	B2B	Events	Executive club
Live News	Morning Express	Daily	Weekly	Operation report	Monthly	
Annual report	Insight	Industry News	Economy	Database		

Industry News | Time : Jul 13 2016

## Luthai Textile's 60,000 spindles project in Vietnam will start operation

According to news from Shandong Luthai Textile, its garment factory in **Cambodia** is supposed to produce 3 million piece of shirt in 2016, shirt production of factory in **Myanmar** will reach 1 million piece, and there will be 3 million meters of capacity startup in its dyed fabric project in **Vietnam** in 2016.

Luthai Textile has expanded capacity in Southeast Asia since 2013. Currently, the shirt processing project covering \$30 million investment value in Cambodia and Myanmar has started production. The 6 million pieces of shirt and 30 million meters dyed fabric project covering \$0.18 billion investment value in Vietnam goes smoothly. According to news from Luthai, the 0.06 million spindles project in Vietnam will soon start production, which will introduce high-end and intelligent equipment and enrich the industrial chain of Luthai in Vietnam.

## Moody's upgrades ratings outlook of Texhong

15 Jul '16



Moody's has upgraded the ratings outlook of China based Texhong Textile Group Limited from negative to stable, on back of the Chinese company's positive profit alert for its earnings in the first half of 2016.

On 8 July, Texhong announced that it expected to achieve a substantial increase in the first six months of 2016 earnings as against the comparable period in 2015.

According to Texhong, the earnings have been mainly driven by strong sales volume and an improvement in its gross margin.

The higher sales volume in the first half of this year was partly driven by its new capacity of 250,000 spindles in **Vietnam**, which commenced production in the second quarter of 2016.

"Texhong's improved earnings in the first six months of 2016 are within our expectations. It was these expectations that resulted in our outlook change to stable from negative in March 2016," said Chenyi Lu, Moody's senior analyst. In addition to the new capacity in Vietnam, the company plans to add 450,000 spindles in Xinjiang, **China**, which will commence production in 3Q 2016.

Moody's expects Texhong's adjusted debt/EBITDA to decline to about 3.5x over the next two years from 4.0x in 2015, owing to expected positive cash flow from operations and lower capital expenditure.

Currently, Texhong has 16 yarn production facilities, of which, 13 are in China, three in **Vietnam** and one in **Cambodia**. (AR)

## China updates textile products' standard list

15 Jul '16



China's ministry of industry and information technology has recently released announcement No. 17 of 2016, which published updates to a number of textile and apparel industry standards.

The standards include some product standards for apparel and textile accessories such as FZ/T 81001-2016 for pajamas, FZ/T 81015-2016 for wedding gown and full dress, FZ/T 73002-2016 for knitted caps, FZ/T 81012-2016 for woven scarf and shawl, etc.

The updates include some textile test method standards such as FZ/T 01030-2016 for 'Knitted fabric and elastic woven fabric – Determination of bursting strength and bursting distension-Bursting method', FZ/T 01031-2016 for 'Knitted fabric and elastic woven fabric – Determination of maximum force to seam rupture and elongation – the grab tensile method', FZ/T 01131-2016 for 'Textiles-Quantitative chemical analysis-Mixtures of natural cellulose fibres and certain regenerated cellulose fibres (hydrochloric acid method)', FZ/T 80008-2016 for 'Terms relating to woven caps', and FZ/T 80010-2016 for 'Clothes –survey method for human body head girth and size designation for headwear'. (RKS)

No.	Standard Number	Title	Replaced Standard	Standard Executed Date
<b>Textile Products</b>				
<b>Method Standard</b>				
1	FZ/T 01030-2016	Knitted fabric and elastic woven fabric - Determination of bursting strength and bursting distension - Bursting method	FZ/T 01030-1993	9/1/2016
2	FZ/T 01031-2016	Knitted fabric and elastic woven fabric - Determination of maximum force to seam rupture and elongation - the grab tensile method	FZ/T 01031-1993	9/1/2016
3	FZ/T 01130-2016	Nonwoven - Evaluation for oil and fatty liquids absorption properties	-	9/1/2016
4	FZ/T 01131-2016	Textiles - Quantitative chemical analysis-Mixtures of natural cellulose fibers and certain regenerated cellulose fibers (hydrochloric acid method)	-	9/1/2016
5	FZ/T 01132-2016	Textiles - Quantitative chemical analysis - Mixtures of Vinylal fiber and certain other fibers	-	9/1/2016
6	FZ/T 01133-2016	Textile - Rapid screening method of the banned AZO colorants Gas chromatography - mass spectrometry method	-	9/1/2016
7	FZ/T 60011-2016	Test method for peeling strength of Lamination Fabric	FZ/T 60011-1993	9/1/2016
8	FZ/T 60046-2016	Test for the mass per unit area of towel products	-	9/1/2016

Continued... page 2



9	FZ/T 80002-2016	Marking, packaging, transportation and storage for garments	FZ/T 80002-2008	9/1/2016
10	FZ/T 80008-2016	Terms relating to woven caps	FZ/T 80008-2008	9/1/2016
11	FZ/T 80010-2016	Clothes - survey method for human body head girth and size designation for headwear	FZ/T 80010-2007	9/1/2016
<b>Product Standard</b>				
1	FZ/T 62032-2016	Woven toweling	-	9/1/2016
2	FZ/T 62033-2016	Ultrafine fiber towel	-	9/1/2016
3	FZ/T 73002-2016	Knitted caps	FZ/T 73002-2006	9/1/2016
4	FZ/T 81001-2016	Pajamas	FZ/T 81001-2007	9/1/2016
5	FZ/T 81012-2016	Woven scarf and shawl	FZ/T 81012-2006	9/1/2016
6	FZ/T 81013-2016	Dog apparel	FZ/T 81013-2007	9/1/2016
7	FZ/T 81015-2016	Wedding gown and full dress	FZ/T 81015-2008	9/1/2016
8	FZ/T 81016-2016	Gambiered canton silk garments	FZ/T 81016-2008	9/1/2016
9	FZ/T 82002-2016	Woven caps	FZ/T 82002-2006	9/1/2016



FRIDAY, 15 JULY 2016 17:30

## **GIANT TEXTILE PARK COMES UP IN HAWASSA, ETHIOPIA**

A giant industrial park mainly designed for textile manufacture, garment products and agro industry has come up in Ethiopia. This would help boost the country's exports, it is said. Built on an area of 1.3 million square meters, it involved a cost of \$250 million in completing. The mega project, built by a Chinese company, was completed in only 9 months time.

The new park has been built as part of the government's plans to expand the industry development which plays a crucial role in realising the country's dream to be Africa's leading manufacturing powerhouse.

Speaking at the inaugural ceremony, Ethiopian Prime Minister Hailemariam Desalegn said that the giant park will have significant input in transforming the country's economy. It will attract foreign direct investments and will play a pivotal role in transforming small-scale manufactures into a larger scale. The mega project named Hawassa Industrial Park is located in Hawassa town located some 275 km south of the capital, Addis Ababa.

The Hawassa eco-industrial park has 35 factories equipped with 1 stop service center and has its own renewable electricity sources to avoid power supply problems. Nearly 15 foreign companies from America, China, India and Sri Lanka as well as six local companies have finalized preparations to start operation at the Industrial Park.



WEDNESDAY, 20 JULY 2016 20:38

## **APPAREL SOURCING PARIS DRAWS INTEREST**

Apparel Sourcing Paris will be held from September 12 to 15, 2016. More than 550 exhibitors are expected to participate, an increase of 37.5 per cent compared to the 2015 edition. With new countries joining in and presentation of new products, Apparel Sourcing Paris is making its platform of expertise in ready-to-wear and accessories even more exhaustive. For the September 2016 edition, it will showcase apparels for men, women and children.

Apparel Sourcing Paris proposes effective and diversified solutions and is pursuing its mission thanks to the loyalty of exhibitors, particularly from Pakistan, Bangladesh, Tunisia and Morocco. Many Indian exhibitors present in September 2015 will be back for the 2016 edition in larger numbers, constituting a 20 per cent increase in exhibitors. Exhibitors from Vietnam have a preference for the September edition, because one trade show a year provides them with sufficient business for the whole year. Finally, Hong Kong will present 10 exhibitors.

China will be present with 426 exhibitors. The latest South American knowhow will be showcased through Guatemala, a country that has placed the textile industry at the heart of its economic boom. The show contributes to the competitiveness of apparel and accessories manufacturers.

19<sup>th</sup> July 2016, Paris

## **Texworld Paris to present innovative fabric offer**

Texworld Paris September 2016 edition will be continuing its dynamic offering of materials and components for fashion professionals when it welcomes its visitors from 12-15 September.

Registrations so far confirm the central role of Paris in the fashion industry, and Texworld Paris is well positioned to be a leading player there, organisers report. For its 39<sup>th</sup> edition, Texworld Paris is expected to be more attractive than ever, with a participation of nearly 950 exhibitors from 24 countries, an increase of 5% compared to September 2015.



This year, the event will feature a new sector, a new concept for the trends forum and a vast Korean pavilion, offering a new experience and aiming to attract more visitors.

### **ELITE**

ELITE, a new sector at the Texworld Paris, aims to offer a dedicated corner, featuring collections of fabrics for the most refined and exacting markets.

“Texworld Paris launched a new scenography in February 2016 to establish a clearer, more calibrated nomenclature to serve a more cutting edge sectoral approach,” explained Michael Scherpe, CEO of Messe Frankfurt France. For its September 2016 edition, Texworld Paris has taken things even further, catering for the wishes of visitors eager to more easily find an offer related to the fundamentals of fabrics for high-end markets, but especially to serve the needs of exhibitors who are already very familiar with the technical and creative demands of the European market.”



ELITE was created in response to this demand and staged by Olivier Lapidus, an eclectic French designer, who designed the space to be a nod to both couture and design, with panels that lead light a bit like optical fibres, to highlight filigree drawings of dresses. The aim is to highlight the increasingly sophisticated textiles of a trade show. Twenty two exhibitors from Turkey, Taiwan, Pakistan, India, Netherlands, Lebanon and Japan were selected by the Messe Frankfurt France selection committee to take part in this new area.

### **Korean pavilion**

Under the aegis of KOFOTI, the Federation of Korean Textile Industries, 30 Korean exhibitors will, for the first time, be present together at Texworld. The industry remains a key activity in South Korea, Europe's sixth supplier, especially for technical and smart textiles. The fabrics presented at Texworld Paris will demonstrate the qualities of modernity, technical expertise and attractive costs that are so representative of the Korean textile industry, organisers report.



A Korean trends forum will be held at the heart of the pavilion, where 50 Korean exhibitors will be presenting their expertise, corresponding to the different sectors of the show. With a total of 80 exhibitors, Korea is the third most represented country at Texworld Paris.

### **Other novelties**

To pay tribute to the ever-growing dynamism of the denim sector at Texworld Paris, organisers decided to add the term *motion* to help better identify the location of this exciting corner, *Denimotion*, with Pakistani, Indian and Chinese specialists.



Organisers are also preparing the cycle of conferences on the latest developments in the sector, with contributions from exhibitors. Together with the fashion runway shows, the conferences will be setting the pace for the four days of the exhibition.

### **Runway shows**

The runway shows of the winners of the Dinan 2016 International Festival of Young Designers, of which Messe Frankfurt France is an active partner, will be showing off their creations: José Luis Gutierrez, winner of the Women's fashion prize and Clément Dollet for Men's fashion. The couture collection by Eymeric François, *Légendes* will also be presented.

Esmod's fourth year Master's students will also be showing their collections produced for their finals. The collections are sponsored by Texworld exhibitors who gave the students between 1 and 3 fabric coupons.

Industry News | Time : Jul 21 2016 8:49AM

**'Brexit an opportunity to negotiate favourable GSP'**

The almost imminent exit of the United Kingdom from the 28-member European Union, commonly referred to as Brexit, provides an opportunity for India to negotiate a favourable Generalised System of Preferences (GSP) with the United Kingdom, feel experts from the Indian textile industry.

“This development (Brexit) is positive for the Indian textile industry. The EU currently provides duty free or concessional GSP benefits to Bangladesh, Pakistan and Sri Lanka for textile and apparel products, which is seriously affecting Indian exports of textile goods,” B Sriramulu, managing director at KG Denim, told Fibre2Fashion.

“With UK leaving the EU, the country will renegotiate trade pacts within the WTO ambit with all nations including India. India can take this opportunity to negotiate a favourable GSP similar to our neighbours without offering the same benefit as demanded by EU on behalf of Germany,” he explained. Speaking on the same subject, Sanjay Jain, managing director of TT Limited, said “We anyway had no advantage with EU while our competitors had. UK is a big market for us and after Brexit we all shall be on equal footing and chances of an Indo-UK trade agreement are much higher than an India-EU trade deal.”

In fact, UK's business minister and now communities secretary, Sajid Javid, has already expressed a desire to start informal talks on a trade treaty, so that, as and when UK completes the EU exit process, both countries would be ready with a trade treaty. Manish Mandhana, joint managing director at Mandhana Industries Ltd said, “UK has been more of an importer than exporter. With a big economy and low resources it is dependent on Europe, China and India for its imports.”

“The pound rate might fall against the dollar and thus, the rupee and the companies which have income from UK and Europe are going to be hit, at least for shorter term and if we look at indirect impact, foreign investors may exit Indian investments to rush back to the dollar,” he added.

“While this may impact financial markets in the short term there will not be major effects on India as India's economic fundamentals are strong,” Mandhana observed.

Even Moody's Investors Service, in its latest report said UK's decision to exit the European Union will not have any significant credit impact on India and other countries in the Asia Pacific region.

“While the fiscal and monetary policy space is constrained in India its exposure to external financing is limited,” the ratings agency added in the report.



FRIDAY, 15 JULY 2016 17:39

## **RISE IN COTTON PRICES LIKELY TO HIT PROFITABILITY OF SPINNING MILLS**

With domestic cotton prices exceeding international cotton prices, the profitability of spinning companies in the second quarter of 2016-17 likely to get hit. This would adversely impact the yarn demand and export prospects of the spinning industry, a report of ratings agency, Investment Information and Credit Rating Agency of India (ICRA) said.

Domestic prices of ginned cotton have increased significantly from about Rs 90-92 per kg in April to around Rs 122 per kg now. Slow growth in domestic consumption and stagnation in exports are likely to negatively impact demand and export competitiveness of the Indian yarn, the agency added.

According to Anil Gupta, VP, corporate sector ratings, ICRA, slower cotton sowing and decline in cotton sown area apart from cotton stocking by intermediaries could be the reason that has led to this sharp rise in prices.

As per ICRA estimates, the profitability of spinning industry will be adversely affected because of the price rise as it faces challenges of slow growth in domestic consumption and high reliance on exports. ICRA points out, the stability in cotton prices is most critical for a profitable textile industry as it minimizes the risks of inventory losses and the need for a price hike for the existing and future orders. Gupta further said that both the factors are a challenge for the mills to sell their production. One can also see a decline in capacity utilization and also contribution margins to prevent inventory build-up.

The spinning players, who may have stocked inventories for four to five months from March this year, may witness improved profitability as they are likely to gain from higher yarn prices.

## Govt rejects anti-dumping duties on MMF from China

# 18

Jul '16

Dealing a major blow to the man-made fabric (MMF) industry, Textile commissioner Dr Kavita Gupta has rejected their claims that the powerloom sector in Surat was losing business badly due to under-voiced import of synthetic fibres from China.

“Chinese fabric is not a problem, there must be other factors as well,” Dr Gupta told reporters in Surat on the sidelines of the inauguration of the Textile week organized by the Southern Gujarat Chamber of Commerce and Industry (SGCCI).

In response to what action government had taken on the application of domestic MMF manufacturers seeking anti-dumping duty on Chinese synthetic fabrics, she said the textile ministry had gathered all the import data from the customs and other agencies in June and found that the extent of impact due to import of Chinese fabric in the country is just 3 per cent and for Surat it is a meager 5 per cent.

"I request the industry stakeholders and associations to submit substantial data regarding the reason for the closure of so many powerloom units in the state," said Dr Gupta expressing concern over the developments in Surat, which has the country's largest man-made fabric industry has upgraded machines in most powerlooms.

Earlier, while inaugurating the week-long business show, she said Surat has been identified for development as a mega cluster and most likely IL&FS which has been project consultant for major textile sector projects such as Tripura and in Tirupur, would be chosen for Surat too.

"We are in the process of finalizing an agency for developing a mega cluster project. Surat is among the MMF mega cluster that we are thinking about. In all probabilities, we are going to finalize IL&FS for the cluster development project," Dr Gupta said.

Meanwhile, the SGCCI has demanded that the embroidery and zari sectors in Surat be included in the recently announced Amended Technology Upgradation Fund Scheme (A-TUFS) of the Textiles Ministry.

In a memorandum to Textile Commissioner, the industry body said at present only the embroidery machines that are used in the readymade garment units qualify for subsidy in A-TUF, and there is no mention of the Zari units the A-TUF scheme at all.

A cluster like Surat has around 1.50 lakh embroidery units in the decentralized and unorganized sector. However, each process in garments manufacturing is carried out by distinctly by different units. Despite of this the embroidery sector has been excluded from getting the benefits of subsidy under A-TUF, the industry organization said.

On the other hand, cops winder, considered as an import machinery in weaving preparatory is excluded from the machinery list under A-TUFs, it added. (SH)

## Raymond to build up brand presence in Middle East and South Asia

YarnsandFibers News Bureau, 2016-07-18 15:00:00 - Kolkata



Raymond, fabrics and garments company as part of its overseas push is now planning to build up its brand presence in the Middle East and South Asian countries. The company is also supplying fabrics to leading garments manufacturers in the US, Europe and Japan.

Sudhanshu Pokhriyal, president (suits) Raymond Limited said that their products get acceptance in 55 countries. Now they are aiming to make the brand Raymond even stronger in the Middle East and South Asia.

He said that the company recently opened an office in Dubai, which would look after the middle eastern markets.

Talking about textiles division of Raymond, he said that it contributes about 35 percent to the overall revenues. The division's revenue in last fiscal was Rs 2,300 crore, which was expected to grow at 10 per cent year-on-year.

For Raymond in terms of sales eastern region is the biggest and largest portion of sales comes from the retail outlets and multi-branded outlets.

Regarding the suits business, it is growing in single digit, which was mainly due to the sluggish economic growth.





# Textile processors all set to hike job charges from Monday

TNN | Jul 17, 2016, 08.17 AM IST



Surat: The powerloom weavers and thousands of textile traders in the country's man-made fabric (MMF) sector are all set to face yet another problem.

While the industry is still passing through a rough phase due to closure of around 50% of units in the last couple of months following huge import of under-valued synthetic fabrics from China, the textile dyeing and printing mill owners have decided to increase the job charges for the finished fabrics.

The textile processors, who are meeting on Monday to decide the job charge hikes under the aegis of Southern Gujarat Textile Processors Association (SGTPA), said the hike is inevitable as the raw material costs including those of coal, lignite, chemical and labour have increased by 15 to 20% in the last few days. President of SGTPA, Jitu Vakharia told TOI, "The hike in job charges is inevitable due to the increase in the raw material costs. Around 70% of the textile processing units are operating below 40% of their capacity. If we do not increase the job charges then these mills will have to be shut in the next few days."

Vakharia added, "We understand the ongoing situation in the textile sector. We are hoping that the production of MMF fabric will pick up pace due to the upcoming festival season."

President of the Pandesara Weavers Cooperative Society, Ashish Gujarati said, "Still the situation is same in the powerloom sector. The import of Chinese fabric has ruined the industry. We want the textile ministry to initiate stringent action to rescue the domestic industry from the Chinese onslaught."

At present, the MMF cluster in the city manufactures around 2 crore meter of fabrics per day. There are 6.5 lakh powerloom weaving machines, out of which around 3.5 lakh machines have been shut in the last few months.

There are around 400 textile dyeing and printing mills located in the city including Sachin and Pandesara and on the outskirts at Palsana.



FRIDAY, 15 JULY 2016 17:45

## **INDONESIA'S TEXTILE EXPORTS ON A FREE FALL**

Exports of Indonesian textile and textile products are only expected to grow one per cent in 2016, below the three per cent target. Even in the domestic market Indonesia has trouble competing with imports of cheap textile and textile products from Vietnam and China. Indonesian textile producers now control a domestic market share below 30 per cent.

The textile industry is one of the oldest industries in Indonesia and is one of the industries that is considered most badly affected by the country's economic slowdown after 2011. Indonesia's textile exports to Europe are subject to import duties in the range of 11 to 30 per cent, while Vietnam can export its textile products to the European Union with zero import duties. This makes Vietnam's products much more competitive.

Recently, electricity tariffs were cut in an effort to support domestic industries. However, this incentive is yet to have a positive impact. It will require much more structural changes in order to boost the domestic textile industry and prevent more bankruptcies as well as mass layoffs.

The Indonesian textile industry also needs to seek non-traditional export markets in order to expand its export base. For example Turkey and Iran are countries that could be a new target.

# Textile Industry Indonesia: Sluggish Exports, Weak Domestic Market Share

13 July 2016 |

Indonesia's textil and textile products industry remains under pressure this year. Exports of Indonesian textile and textile products are only expected to grow 1 percent to USD \$12.3 billion in full-year 2016, below the 3 percent target that was set by the Indonesian Textile Association (API). API Chairman Ade Sudrajat said exports in the first quarter only reached USD \$2.6 billion. Moreover, even on the domestic market Indonesia has trouble to compete with imports of cheap textile and textile products from Vietnam and China.

The textile industry, one of the oldest industries in Indonesia, is a key industry within Southeast Asia's largest economy as it - being labor intensive - creates [employment opportunities](#) for millions of Indonesians. Although, by far, China is the world's top textile producer and exporter, Indonesia cannot be labelled a "small player" being ranked among the world's top ten largest textile producers.

With China's economy facing several problems, including rapidly rising minimum wages, Indonesia could expand its role in the global textile industry. However, Indonesia too is facing problems, including higher minimum wages as well as relatively high energy tariffs. As such, other textile producing nations in Southeast Asia (Vietnam, Cambodia and Myanmar) are seemingly more successful in taking away some of China's market share on the global stage. More alarmingly, these regional rivals are gaining market share in Indonesia itself where consumers' purchasing power has weakened in recent years and are therefore eager to purchase the cheapest textiles available. Sudrajat says Indonesian textile producers now control a domestic market share below 30 percent. In fact, during the Idul Fitri holiday, when consumption usually rises, he detected no significant rise in domestic textile sales.



Recently, the Indonesian government cut electricity tariffs for domestic labor intensive industries in an effort to support domestic industries. The textile industry is one of the industries that is considered [most-badly affected by the country's economic slowdown](#) after 2011. However, this incentive is yet to have a positive impact on Indonesia's textile industry. Sudrajat says it will require much more structural changes in order to boost the domestic textile industry and prevent more bankruptcies as well as mass layoffs.

Moreover, for Indonesia it is difficult to compete with Vietnam on markets in Europe and the USA because Indonesia is not engaged in free trade partnerships with these regions. As such, Indonesia's textile exports to Europe are subject to import duties in the range of 11- 30 percent, while Vietnam can export its textile products to the European Union without being charged import duties. This makes Vietnam's products much more competitive.

Sudrajat says the industry needs to seek non-traditional export markets in order to expand its export base. For example Turkey and Iran are countries that could be a new target. Soon, an Indonesian delegation will visit these countries to seek opportunities for Indonesian textile exports.

Earlier, Indonesia's Ministry of Industry said Indonesia's textile industry should diversify and start to offer materials for the nation's flourishing fashion industry. Currently, the domestic fashion industry is still highly dependent on imports.



## Teijin develops new nylon based functional materials

15 Jul '16



Courtesy: Teijin

**Teijin Frontier has developed new nylon based materials and related textiles by adapting the company's established polyester production technologies.**

**“The newly developed products offer the high functionality of polyester products such as lightweight, moisture management, anti-transparency, and softness, while retaining the characteristics of nylon fibre,” the company said.**

**Deltapeak is a new knitted nylon and its related textile fabrics are ideal for outdoor, sports and casual wear, with advantages which include lightweight, softness, anti-transparency, stretchability, snag resistance and useful bulkiness.**

**Waveron is Teijin Frontier's new nylon fibre and features a unique cross-sectional shape consisting of four flat peaks, which enhance anti-transparency, moisture management and quick-drying.**

**In addition, the nylon's original characteristics offer softness, hygroscopic effectiveness, wear resistance and a cool feel to the touch.**

**Waveron nylon fibre is suitable for use in yogawear and compression garments when mixed with urethane fibre, as well as innerwear and surface fabrics for wadding.**

**The Japanese company plans to release Deltapeak and Waveron in sportswear and outdoor applications for its 2017 spring / summer collections, with more applications in dress, casual wear and industrial materials. (AR)**

# Madagascar abritera le Salon africain du textile et habillement

vendredi 15 juillet | [Bill](#)

L'hôtel Ibis a hébergé ce jeudi 14 juillet, une réunion d'information organisée par « Origin Africa » dont le Groupement des entreprises franches et partenaires (GEFP), Africa Cotton & Textile Industries Federation (ACTIF) et Publi Promo Ltd, à l'intention des entreprises basées à Madagascar. « Origin Africa » qui se tiendra pour cette édition 2016 à Antananarivo, du 3 au 5 novembre prochain, est le grand salon annuel de l'Afrique sur le coton, textile et habillement. L'Afrique du Sud, l'Allemagne, l'Ethiopie, l'Inde, Kenya, Maurice, l'Ouganda, Rwanda, Singapour et Madagascar, pays hôte, ont déjà manifesté leur participation à « Origin Africa 2016 » à la zone Forello à Tanjombato. Une cinquantaine d'entreprises de Madagascar du secteur textile-habillement, accessoires d'habillement dont les cuirs, fibres naturelles etc., linges de maison, bijouterie, artisanat et autres ont assisté à cette réunion de présentation, et ont manifesté leur intérêt à cette manifestation économique internationale.

« Le but de l'Origin Africa est de sensibiliser l'Afrique à la fois comme un investissement, une destination et l'approvisionnement du secteur textile. L'événement met en valeur la créativité et l'innovation de l'Afrique pour le coton, le textile, l'habillement, la décoration intérieure, les machines et de la technologie, avec un accent particulier sur les entreprises, le commerce et l'investissement tant au niveau régional et international, tout en capturant l'esprit, le style et l'innovation de l'Afrique moderne, » a dit le Vice Président du GEFP, John Hargreaves lors de la réunion d'information.

« L'Origin Africa sera le moteur de relance du textile à Madagascar qui a été doublement touché par la crise économique et financière mondiale de 2008 et la suspension de l'admissibilité de Madagascar à l'AGOA en Janvier 2010, » a expliqué Madame Eva Razafimandimby, Directeur Executif du GEFP.

Via l' « Origin Africa », Madagascar vise à retrouver sa place au premier rang parmi les pays africains en terme d'export textile. Le pays est actuellement au quatrième rang après le Kenya, le Lesotho et l'Ile Maurice. Les principales destinations des produits textiles des zones franches de Madagascar sont les pays de l'Union européenne, États-Unis, les pays membres de la SADC et le COMESA, l'Australie, le Canada et la Chine.

Avant la crise politique en 2009, Madagascar a exporté des produits textiles d'environ 350 millions de dollars américains par an, mais cela a chuté à seulement à 15 millions en 2010 à cause de la suspension de Madagascar à l'AGOA.

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Le textile marocain à la conquête du marché américain, du 19 et 20 juillet

**Lundi 18 juillet 2016 à 11h43**

Pour la deuxième fois en une année, Maroc export organise, en concertation avec l'Amith, la participation marocaine au salon Première vision New York, qui aura lieu aux Etats-Unis les 19 et 20 juillet 2016.

Lors de sa dernière édition en janvier, Première vision New York a enregistré environ 365 exposants, 4.140 visiteurs représentant 2.200 marques, dont 80% originaires des Etats-Unis d'Amérique.

Ce Salon, grâce au sourcing de proximité permettant d'assurer l'approvisionnement continu des marchés, répond de manière concrète aux nouveaux comportements de consommation en matière de mode.

En vue de donner plus de visibilité et communiquer au maximum sur la participation marocaine, le Centre a engagé une experte spécialisée, qui aura pour mission d'assister les exposants marocains dans l'organisation de leurs participations notamment par l'établissement des rencontres B to B avec les prospects américains en visite au Salon.

Lors de la dernière édition en janvier 2016, les entreprises marocaines ont eu des commandes fermes de 3 millions DH et ont totalisé 126 contacts prometteurs, 90% originaires des USA et de la côte Est et 10% du Canada.

Le Maroc est le seul pays africain avec lequel les Etats-Unis sont liés par un accord de libre-échange visant à faciliter les échanges commerciaux bilatéraux et à approuver les principes communs de l'investissement et le commerce des services de technologie de l'information et de la communication. Depuis sa signature, les exportations marocaines vers le marché américain ont plus que doublé et les exportations américaines vers le marché marocain ont triplé.





## *Traders likely to shift United States for cotton imports*

July 21, 2016

KARACHI: The US is likely to replace India as the major exporter of cotton to Pakistan in the current fiscal year after the commodity's prices of the world's second biggest producer increased, an industry official said.

The country imported 2.5 million bales from India so far this year out of the total imports of three million bales to meet the shortfall. "But, now the US is likely to emerge as the leading cotton supplier to Pakistan as its prices are competitive compared to Indian one," Asif Inam, vice chairman at All Pakistan Textile Mills Association told The News.

The Indian cotton prices increased 35 percent within the last 15 days due to low sowing reports. The price is eight to 10 percent higher as compared to the international market. An official at the Pakistan Agriculture Research said local mills haven't booked any more cotton from India and, "all have shifted to the US cotton."

Industry officials expect cotton production between 11.2 and 11.8 million bales for the current season subject to improvement in yield and no major pest attacks. The cotton harvest reached only 9.786 million bales during 2015/16 season ended in mid April against the previous year's 14.863 million bales. The local consumption for the last year stood at over 14 million bales.

The United States Department of Agriculture (USDA) estimated the crop inventory at 2.5 million bales, which will be adequate for the next two and half months. An analyst said local mills will not cancel Indian orders, but there is a possibility that sellers in the neighbouring country might cancel orders by paying the market difference. The US cotton is also affected by the current wave of price flair.

But, still Pakistan ranked as the fourth largest export destination of the US fibre, according to the data on the US export sales for the week ended July 7. Local cotton prices surged at the seasonal high of Rs7,125/maund on Wednesday. The Karachi Cotton Association surged the spot rate to Rs6,650/maund.

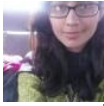
The spot rate at the Karachi Cotton Exchange sharply accelerated Rs1,000/maund since the start of the previous week. "The rally puts mills on panic as beginning stocks held by ginneries are on the decline due to tight supplies," analyst Naseem Usman at KCA said. "The state-owned Trading Corporation of Pakistan has zero stocks."

Spinners halted production as heavy duties on commodity import and sharp rally in global and local prices brought up the prices. Mills have slowed down operations and approximately 100 mills have been closed due to non-availability of cotton caused by import duty and sales tax on import of cotton.

"The one percent customs duty imposed by the government on cotton import is beyond logic in the backdrop of weaker crop last year," Inam said. Last week, the USDA lowered its estimates for global production in the 2016/17 harvest at 617,000 bales.

It also downgraded forecast for global cotton stockpiles next year to 91.3 million bales, down from 94.7 million bales projected in June. The decline in global cotton inventories is attributed to rising cotton consumption in China and lower cultivation in India and Pakistan. However, the report expects higher production in the US due to better crop. The US exports are forecast to jump one million bales to 11.5 million bales in 2016/17. —Erum Zaidi

# Pakistan's exports declined by 12% in the past year



By [Maryam Dodhy](#) on July 16, 2016 -



As we head into the new fiscal year, Pakistan has seen a sharp decline in the country's exports. The exports fell by 12.11% from \$23.667 billion to \$20.802 billion in the fiscal year 2015 – 2016. The imports increased by 2.27%, standing at \$4.467 billion in June 2016 compared to \$4.368 billion in June 2015.

According to the data revealed by Pakistan Bureau of Statistics, the final two months of the last fiscal year were the most crucial. The country's exports decreased 9.885% and stood at \$1.651 billion in June 2016 compared to \$1.832 billion in May 2016. On a year-on-year basis, the exports declined by 8.73% in June 2016 compared to \$1.809 billion in June 2015. The imports, on the other hand, have increased by 11.45% – \$4.467 billion in June 2016 compared with \$4.008 billion in May 2016

according to the month-on-month basis. Due to increasing imports and decreasing exports, the trade deficit increased by 10.04% in June 2016.

According to an analyst,

*“The exports are almost \$21 billion while the imports have gone down by a mere \$2.32 per cent during the fiscal year. The exports receipts are the major indicator to keep the government’s external account stable. The country also received about \$19.9 billion through the workers’ remittances last year which will cover the current account of the country.”*

The Ministry of Commerce announced the trade policy in March this year, after a lag of 9 months. A target of \$35 billion exports by 2018 has been set which according to business analysts may become hard to achieve.

The government, however, is taking steps to improve the trade situation of the country. In the recently announced budget, the Finance Ministry announced the introduction of a zero-rated sales tax regime for top five textile sectors. This incentive would help bring down industrial costs for the value-added textile sector and help increase their exports.

*Source – Pakistan Today*

Industry News | Time : Jul 19 2016 8:26AM

## **PRGMEA says surge in yarn prices hitting apparel sector**

Pakistan Readymade Garment Manufacturers and Exporters Association (PRGMEA) chief co-ordinator Ijaz Khokhar said that a surge in yarn prices by almost 25% has hit the apparel sector hard.

He said the cotton yarn prices have increased by around 25% to Rs11500 per bag of 100 pounds from Rs 9950 during the last one and a half months due to cartelization of local manufacturers who are taking advantage of 10% additional regulatory duty on import of yarn.

The PRGMEA Chief Co-ordinator has asked the government to take preventive measures, as the export target of \$25 billion could not be achieved in last fiscal year of 2015-16 due to high energy cost and discriminating import duties on industry raw material.

"The PRGMEA appeals the government to abolish additional regulatory duty on cotton yarn that should be imported freely from anywhere, as it is hitting the whole value-added apparel sector especially due to limited availability of cotton which is being exported without any hindrance."

The government should also impose ban on export of raw cotton and cotton yarn for a short period till the arrival of new crop to rationalise the rates of yarn in local market.

As apparel sector already has a very limited production line owing to lack of latest fabric varieties at local level the harsh duties are resulting into significant decline in apparel export, he added.

Ijaz said that apparel industry is already suffering with the low productivity due to shortage of cotton, high energy cost, and discriminating import duties on the industry's raw material. He asked PM Nawaz Sharif to personally direct policy makers to work for reduction in all input costs, otherwise the export-oriented industries would not only shut down their operations, but millions of workers would also lose their jobs.

He said that the PM had committed to hold meetings with export-oriented industries on quarterly basis, but no such meeting was held so far, leading to decline in export massively.

"We don't see any improvement in present scenario rather decline in export will be further aggravated as textile ministry is operating without its minister." He said the government should take drastic steps for enhancing exports and addressing the problems of the industrial sector as the top priority.

The value-added textile industry demands the government to appoint textile minister immediately, as uncertainty is negatively affecting the whole textile sector which contributes



more than 54% share in total exports of the country.

He said that textile has become the most important sector especially after grant of the GSP Plus status by the EU countries, as 80% items, having free market access, related to this sector and it needs an extraordinary focus.

Ijaz Khokhar said that all the regional competitors including India, China and Bangladesh have separate ministries of textile and Pakistan must follow the suit.

Source: Business Recorder

Industry News | Time : Jul 18 2016 8:22AM

## Pakistani government to establish 'Textile City' in Karachi

Federal Secretary for Textiles Ministry, Amir M Khan Marwat claimed that exports from Pakistan have begun to increase and a Textile City will be established in Karachi as soon as the government of Sindh allots land for which the federal government has already paid Rs 300 million.

He was addressing a meeting at the Federation House organised by the Standing Committee on Textile Apparel of the Federation of Pakistan Chambers of Commerce and Industry. Vice President FPCCI Zulfiqar Sheikh, Chairman Standing Committee Naqi Bari, Ikram Rajput and leading members of the FPCCI were also present in the meeting. The Federal Secretary said that the government is doing its best for the development of textile industry as this is an important industry providing 40 percent industrial jobs and earning 60 percent foreign exchange.

He said that the government has introduced performance based incentives for textile industry in the Textile Policy 2015 to encourage the industry and exports and Rs 6 billion will be given to textile industry every year for next five years on account of Drawback of Local Taxes and Levies (DLTL), Long Term Financing Facility (LTFF) and rewards according to performance.

Amir Marwat told that the exports from Pakistan have started to grow and the government envisages more exports growth in coming years. He said that the federal government is trying its best for establishing a Textile City in Karachi like that of Faisalabad and Rs 300 million has been given to Sindh Government for acquiring the land. But, he continued that the Sindh government has informed that the land will be allotted as soon the litigation regarding the land is over.

Replying to a question regarding refund, he said that according to his ministry Rs 20 billion refund claims are pending but the ministry has decided to do survey of real claimants and then will release the refund and hopefully this job will be done within a short period. He also appealed textile mills owners to cooperate in this regard. Earlier, welcoming the distinguished guest, SVP FPCCI Sheikh Khalid Tawab pointed out that the Indian government has chalked out a plan to damage Pakistan's textile exports and allocated Rs 6000 crores for the development of textile and apparel industry.

He urged the government to appoint a minister for textiles ministry so that the government could face Indian planning well and save our export-oriented industry. He demanded to release tax refund of various industries amounting to more than Rs 300 billion. Khalid Tawab also demanded to change the name of DLT Scheme to Reward on Incremental Export and announce special incentives for cotton growing areas.

July.14, 2016 - 13:16 —

## Success in LED Thread Technology Leads to Harvatek Upbeat Revenue Outlook for 2H16

Taiwanese [LED](#) manufacturer Harvatek's revenue growth was incremental during first half of 2016. However, following its success in LED thread technology, the company intends to supply related products to the market by second half of 2016, resulting in turn around of its financial performance.

According to Harvatek's financial report for first quarter of 2016, loss before tax reached NT \$80.49 million. The net loss came to NT \$71.39 million.

The market has paid attention to a joint venture of Harvatek and Taiwan Textile Research Institute (TTRI). Its major product is smart-and-functional clothing. Harvatek and the joint venture co-developed LED thread by integrating LED chips into textiles. By using automated manufacturing equipment made by Taiwanese LED manufacturer YoungTek, Harvatek bonded LED chips onto the thread with surface mount devices (SMD) method. The LED functional clothing has passed TTRI textile tests, enduring 30 times of washes without damages, and is forecasted to enter the mass production phase by second half of 2016.

These series of LED textile composite materials can be made into functional clothing, pets' clothing, and necklaces. Through Taiwanese manufacturers supply chain, samples were sent to international tier-one sports brand vendors. Despite further observations required for the product lines' future market visibility, their shipment quantity will surely rise in second half of 2016.



WEDNESDAY, 13 JULY 2016 17:54

## **BREXIT LIKELY TO WORSEN CHALLENGES CONFRONTING UK TEXTILES SECTOR**

UK's decision to leave the European Union (EU) is likely to worsen the challenges facing the domestic used textiles sector, according to Textiles Recycling Association director, Alan Wheeler.

Contributing to the Materials Recycling World magazine, Wheeler pointed out that a large proportion of the UK's business is conducted with EU member states with free trade having helped support textiles recycling industry when exporting to countries particularly in the east of the continent. Thus it would be best to wait and see what form of trade agreements the UK can negotiate before leaving the EU. This would also enable the sector to continue trading with EU partners, according to the Textiles Recycling Association director.

And regarding the '50 or more' EU free trade agreements with countries or blocs of countries outside the union, people in the domestic used textiles sector would now have to negotiate their own deals so that we can continue to enjoy favourable access to these same markets.

Also under the EU, free movement of people has enabled UK firms to recruit sufficient staff. 'These workers are not suppressing wages: rates of pay for manual workers and working conditions are generally good,' Wheeler noted.





THURSDAY, 21 JULY 2016 16:43

## AMERICAN CLOTHING RETAILERS LOSING CUSTOMERS

American clothing retailers are going through bad times as a number of Department stores such as Macy's continue to struggle. So much so that specialty apparel stores like J.Crew and Gap are in a scornful mood. All this because shoppers are seen getting close to off-price stores selling goods that are permanently on sale.

A recent (July 14) report by research firm NPD Group found that 75% of US apparel purchases across all retail channels come from shoppers who also shop for clothing at off-price stores such as Marshalls, TJ Maxx and Ross.

Looking at it in another way, if 100 people walk into a Macy's, 75 of them are also off-price clothing shoppers. That means Macy's and other US clothing retailers are vying directly for most of their customers with competitors who only sell at a discount.

The NPD report also found that visits to off-price retailers increased 4% in the year through April 2016 compared to the same period last year. During that time, half of those visits led to a purchase.

Many department stores have created their own discount channels to capture these customers though results have been all that satisfactory. While Nordstrom's offshoot, Nordstrom Rack has performed well, Saks Fifth Avenue's and Bloomingdale's outlets have had to go through harder times.

This increase of off-price retailers as well as fast fashion is also the reason of downward pricing pressure that's making clothes on the low end of retail ever cheaper.

While the data on visits comes from NPD's Shopper Insights Service, most of NPD's data comes from its Checkout Tracking Service.

Other Checkout Tracking data not included in the report shows that US consumers of all sorts including buyers of high-end luxury goods are selective on prices and are willing to visit different types of stores in search of deals.

Industry News | Time : Jul 19 2016 8:21AM

## Textile firms blast formaldehyde directive in Vietnam

The Ministry of Industry and Trade has been urged to retract a directive, which experts say creates unnecessary obstacles for textile and garment manufacturers.

The directive, which took effect in December 2015, regulates the acceptable levels of formaldehyde and aromatic amines derived from azo dyes in apparel materials imported for local production.

Under the circular, formaldehyde levels in textile materials must not exceed 30 mg/kg in textile products for children under 36 months of age; 75 mg/kg for textile products in direct contact with human skin; and 300 mg/kg for textile products not in direct contact with human skin.

The new circular sets the same limits as one from November 2009, which it replaces, but adds requirements for sampling methods to reflect updated test methods and relevant quality management requirements.

Nguyen Minh Thao, head of the CIEM's Business Environment and Competitiveness Division, said the ministry's requirement has forced enterprises to comply with a time-consuming and costly procedures for the past seven years.

After reviewing relevant legal documents, her research group found that the issuance of Circular 37 was contrary to the current Law on Product and Goods Quality, Thao told Thoi Bao Tai Chinh (Viet Nam Financial Times) Online.

Under the law, the ministry is only allowed to issue regulations related to the inspection of formaldehyde content in textile products if the products are on the list of commodities under the ministry's management.

However, textile products are not on the list of potentially unsafe goods under the ministry's management.

On November 24, 2015, the ministry promulgated Circular 41 to supplement the textile products on the list as a "band-aid" solution.

Phem Thanh Binh, former head of the General Department of Viet Nam Customs' Post-Clearance Inspection Division, said "Circular 41 was issued and came into effect after Circular 37, thus Circular 37 is baseless."

The Viet Nam Textile and Apparel Association (VITAS) complained that the requirement has cost garment enterprises much time and money. In particular, the long customs clearance time interrupts production and, in some cases, causes firms to miss delivery deadlines.

The complicated procedure will force enterprises to raise product costs, so their competitiveness will also be harmed, according to VITAS.

A formaldehyde content check usually takes three to seven days and the examination fee for one sample is approximately VN?2 million (US\$90).

Statistics from Tan Son Nhat Airport Customs show that customs officers examine about 8,000 imported shipments of apparel per year for formaldehyde content, but just six cases of non-compliance have been found.

VITAS complained that the percentage of non-compliance never reached one per cent, but their products have undergone exhaustive examinations for years. – VNS



# VDMA Members Successfully Met Textile Manufacturers And Students In Vietnam

July 21, 2016

FRANKFURT, Germany — July 21, 2016 — About 600 decision-makers and experts from the textile and textile machinery industry attended two VDMA conferences themed “German Technology meets Vietnamese Textiles” on 5th July 2016 in Hanoi and on 7th July 2016 in Ho Chi Minh City. In addition, a VDMA training seminar to 200 students took place on 8th July 2016 at the HCM City University of Technology.

The participants came from various countries, such as Vietnam, Germany, France, China, Hong Kong, Taiwan, Korea and Turkey. They received information about state-of-the-art technology from 24 participating VDMA member companies along the entire textile chain (spinning, knitting, weaving, nonwovens, dyeing & finishing). Higher productivity, sustainability (energy, water, material efficiency), new textile applications, quality improvements as well as “Industrie 4.0 – opportunities for the textile industry” were just some of the topics raised in the lectures, the panel discussion and the B2B Matchmaking.

In 2015, Germany exported textile machinery and accessories worth EUR 35 million (+ 13 per cent 2015/2014) to Vietnam. The events will contribute to further deepening of the relations between the industries.

“Vietnam needs the high quality and efficiency of German machines to further invest, in particular, in fabric production as well as dyeing & finishing”, stated Mr Truong Van Cam (Vice President and General Secretary of Vietnam Textile

and Apparel Association – VITAS) during the panel discussion in Hanoi. “This will help the textile and garment industry to meet the local content requirements and to take benefit from the Free Trade Agreements, such as TPP”, Mr Van Cam elaborated. The VDMA events were supported by VITAS (Vietnam Textile and Apparel Association) and various media partners.

“The framework conditions for the VDMA conferences in Vietnam were promising. Due to the recently signed Trans-Pacific Partnership (TPP), the country is increasingly becoming a much preferred textile manufacturing location by companies worldwide”, explains Thomas Waldmann, Managing Director of the VDMA Textile Machinery Association.

TPP will reduce 18,000 tariffs. Vietnam is almost a sole supplier of textiles among the Trans-Pacific Partnership member countries and an important supplier of textiles and garment to big consumer markets, like the US. Textile and garment exports from Vietnam to the TPP markets are expected to grow by more than 10 per cent 2016/2015.

Vietnamese textile manufacturers aiming for new products, improved quality of yarns and fabrics as well as enhanced competitiveness, used the chance to learn more about the latest solutions from the following well-known textile machinery and accessories builders:

Andritz Asselin-Thibaud, Brückner, Erhardt+Leimer, Fong’s Europe, Groz-Beckert, Has Group, Heusch, Mahlo, Mayer & Cie., Karl Mayer, Memminger-Iro, A. Monforts, Oerlikon Barmag, Reiners+Fürst, Reseda Binder, Georg Sahn, Saurer Accotex, Saurer Texparts, Setex, Textechno, Thies, Trützschler, Welker Spintech and Xetma Vollenweider.

*Posted July 21, 2016*

*Source: VDMA German Engineering Federation*

## VGCL proposes 11% increase in minimum wage

Update: July, 14/2016 - 19:00

HÀ NỘI — The Việt Nam General Confederation of Labour (VGCL) has asked the National Salary Council to increase regional minimum wages in 2017 by 10-11 per cent from the current rates.

Lê Đình Quảng, deputy head of the labour friendship department under VGCL, said the proposal was carefully made with a view to harmonise businesses' economic situation with workers' daily needs.

Surveys conducted by VGCL showed that only eight per cent of workers had income that could help them meet their demands and also save some money; about 20 per cent of the workers had income below their living standards; and the rest were struggling to make ends meet, Quảng said.

He said an annual wage increase might cause difficulties for businesses, while the current wage helped workers to cover 80 per cent of their basic demands.

The VGCL wanted the regional minimum wage road map to ensure that the basic demands of labourers and their families were met, he said.

Phạm Minh Huân, deputy minister of labour, invalids and social affairs, said the negotiation on wage hikes in 2017 would not be as difficult as it had been in previous years, as the gap between the wage proposals had been narrowed.

The Việt Nam Garment and Textile Association has proposed there should not be a minimum wage hike, while the Viet Nam Chamber of Commerce and Industry (VCCI) has suggested a low rate of increase and VGCL has revised its wage increase proposal.

The regional minimum wage increase in 2017 would not be as high as the 12.4 per cent increase this year, Huân said.

The National Salary Council would decide on a wage hike at a meeting later this month, before submitting a final plan to the government for approval, he said.

Last year, the government decided to raise the minimum wage in 2016 by 12.4 per cent.



Accordingly, from January 1, 2016, the minimum wages range between VNĐ2.4-3.5 million (US\$108-157), depending on geographical zone.

The wage hike was agreed upon after several negotiations between VGCL, which represents employees, and VCCI, which represent employers.

The two sides had failed to agree on how much the wages should be raised as VCCI had asked for a hike of no more than 10 per cent, while the VGCL had requested a 16.8 per cent increase. — **VNS**

Last update | 18/07/2016

## Ministry proposes large textile production zones

*The Ministry of Industry and Trade (MoIT) has proposed the development of large textile and garment industrial zones (IZs) to attract investment in dyeing, and fabric and yarn production.*



*Employees of Vinh Oanh Garment Co Ltd in Nam Dinh Province's Y Yen District produce protective gear for export. The company earned VND120 billion in revenue last year.*

The 500ha to 1,000ha zones would attract local and foreign investment for high-end products. The ministry has also proposed that the Government provide full support for the building of textile and garment industrial zones located in provinces and cities experiencing socio-economic difficulties in order to create conditions for the success of small and medium startup enterprises, according to the ministry.

The proposal also targets the development of transport infrastructure connecting the large industrial zones to ports and logistic centres and reduce transportation costs.

The Viet Nam Textile and Apparel Association (Vitas), which sent to the Government a document detailing the difficulties of textile and garment enterprises and proposed solutions, supports the IZ plan. The association also suggested the Government provide credit for enterprises to build waste water treatment centres at those industrial zones.

### Exports in H1

Textile and garment exports grew in the first half of this year, but local firms face difficulties in obtaining production and export contracts for the second half of 2016, according to the Ministry of Industry and Trade (MoIT).

The ministry reported a six-percent export increase in the first half of this year to US\$12.8 billion.

The industry also saw growth in export value to its major markets, including the US, increasing by 5.9 per cent to \$4.29 billion; Japan with an increase of 2.9 per cent to \$1.04 billion; South Korea with exports 15.58 per cent higher at \$764.9 million.

Nguyen Thi Huyen, Director of the Garment 10 Joint Stock Company, said she was not optimistic about production by the end of the year, while Brexit is expected to harm the price competition for garment exports.

According to Tran Van Khang, Director of Dong Binh JSC, there has been a lack of export orders since the beginning of the year, triggering stiff competition among domestic manufacturers for customers.

Khang said his firm experienced a 30-percent drop in the number of orders in the first five months, for which he blamed overstocking and falling demand in import markets.

In addition, export prices have plunged by 10-15 per cent, while the firm still has to pay wages, insurance and transportation costs, which are on the rise, he added.

Phi Viet Trinh, Deputy Director of Ho Guom Garment SJC, said the company's overseas orders fell significantly in March and April, and only started to rebound in June.

Several trade deals, including the Trans-Pacific Partnership (TPP) and the Vietnam-EU Free Trade Agreement, have not yet come into effect so that Vietnam's garment customers could not benefit from a preferential tax regime and turned to other foreign manufacturers with more tariff advantages.

Many of Viet Nam's traditional customers shifted their orders to Myanmar, Laos and Cambodia, which enjoy reduced import duties in the US and the EU, the two largest buyers of Vietnamese garments, said the Chairman of the Viet Nam Textile and Garment Association (Vitas), Vu Duc Giang.

Viet Nam's 2016 textile and garment exports are expected to reach a total value of \$31 billion.

# 3D Printing - A Dire Threat to Workers

JULY 12, 2016



**As many rave about the development of innovative technologies and machines, they could also be the silent killer of many types of jobs.**

We all know of the controversial use of low-skilled cheap labour, but soon many of these workers could have no jobs at all. Just imagine one day being told your place in a company has been replaced by a machine.

This slow takeover of automated systems in manufacture has been happening for some time, though recent developments in 3D printing, body-scanning technology, computer-aided design (CAD), wearable technology, nanotechnology, environmentally friendly manufacturing techniques, and robotic automation could spell disaster for workers who would be left with nothing.

A new report warns that the majority of Cambodia's garment sector workers could lose their jobs within the next twenty years, as innovative technologies and automated systems replace low-skilled labour.

The biggest motivation for this move from human labour to machine work was the very reason why these workers got the job to begin with. It's cheap.

Automation, in fact, is even cheaper, and in most cases faster.

You don't have to pay a machine a wage. You just pay to maintain and power it.

A study was conducted by the International Labour Organization (ILO), which found that 88% of Cambodia's textile, clothing and footwear workers were at a high risk of being replaced with automated machinery.



Automated cutting machines and 'sewbots' are set to rise in deployment according to the report, which are unlikely to displace workers in ASEAN nations, though it is said that they'll be put to work in places such as China, Europe and the US.

Unfortunately for Cambodia, this could mean that workers there could be left out of a job. This is particularly bad news for the country, as they rely heavily on the garment sector to employ a large amount of their workforce.

"For some countries like Cambodia, where TCF production dominates an undiversified manufacturing sector and makes up around 60 per cent of manufacturing employment, the impact will be felt more strongly than others," the report said.

Kevin Tang, the general manager of All Wintex Garment Manufacturing Corp Ltd, says that it is very obvious that as technology develops, there'll be less of a need for human labour. Whilst his company is Chinese-owned and also based in China, there are no



plans for the work there to become automated. This is based on the fact there are still many limitations to current technologies, so it isn't a viable option to the company, at least at the moment.

“Right now the machines are not quite good enough [to justify automation] and the machinery is currently very expensive,” he said. “However, if salaries keep rising, it will become preferable to use machines instead [of manual labour.]”

The deputy secretary-general of the Garment Manufacturers Association in Cambodia (GMAC), Kaing Mokia, explained that despite the rise in technology and its applications, it isn't going to make too significant of an impact on Cambodia's garment industry, as it is particularly labour-intensive.

“I think the new technology will help to replace manual work to some extent, but not entirely,” he said. “It cannot fully replace the work of people and there are still many roles that require people.”



Even though the prospect of wage-free labour that machinery offers seems particularly attractive to many, he says the garment industry in Cambodia would still remain cost-competitive and therefore more attractive to investors, so long as the government keeps a good investment climate going.



“If our investment environment remains good and we can negotiate free trade agreements with major countries, our garment industry will continue to be a source of jobs,” he said.

However, the vice president of the Coalition of Cambodian Apparel Workers Democratic Union (C.CAWDU) brings an important point to the table, saying the ILO report shows the danger the factory workforce of many countries face at the potential of automated systems taking over human labour.

“The figures in the report show how dire the threat is workers,” Atith said. “If factory owners use machines to replace workers . . . and the government does not take timely action to control it, then this [automation] will create a lot of social issues.”

In the light of this worrying news for low-skilled workers, Mey Kalyan, a senior advisor to the Supreme National Economical Council, said that Cambodia should upgrade the skills and productivity of their workforce. Humans can learn different skills far more easily than a machine can, and this could help keep human labour as a top choice for investors.

“We cannot avoid the evolution of technology, so we have to be ready and improve the skills [of workers] so that they are flexible to the demands of industry,” he said.

“Cambodia’s workforce is still young and we have time if we start now to adjust the education and vocational system to get the desired outcome.”

In this day in age, its becoming increasingly common that humans are competing with machines over work. Who knows how automated the labour work forces of the future will be, and how this will affect the masses.