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USD 64.29 | EUR 76.31 | GBP 86.63 | JPY 0.57

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
18023	37700	**74.81**

Domestic Futures Price (Ex. Gin), November

Rs./Bale	Rs./Candy	USD Cent/lb
18380	38447	**76.29**

International Futures Price

NY ICE USD Cents/lb (Dec 2017)	72.58
ZCE Cotton: Yuan/MT (Jan 2018)	15,150
ZCE Cotton: USD Cents/lb	**88.34**
Cotlook A Index – Physical	**83.15**

Cotton & currency guide: Interesting as well as distressing situation is for cotton market across the globe. The Indian scenario is changing day by day. Weather warning in Western India is now the major critical point.

The Indian Meteorological Department has warned a cyclone developing in the Arabian Sea is set to deliver heavy rain to Gujarat and Maharashtra over the next two to three days. This may affect arrivals in the region and crop may damage which is already prompting firm cotton price in the physical market. The effect is also clearly seen on the cotton futures market.

In last two three trading sessions prices for S-6 variety new crop has moved up by more than Rs. 800 per candy and the latest quote on Monday was around Rs. 38500 to Rs. 38700 per candy ex-gin. Meanwhile, quotes for new crop Punjab J-34 are also firm at Rs.3, 985 per maund (about 75.20 cents per lb).

The most active December and subsequent future contracts at MCX have moved up by more than 2% on Monday while later in the session some of the gains were erased as part of profit booking amid ICE cotton eased from the recent high of 73.30+ cents to around 72.34 cents per pound trading this morning in Asian session. For reference, December future at MCX ended the session on Monday at Rs. 18970 per bale which made an intraday high of Rs. 19190 per bale.

On the other had so far arrivals have been good at around 187K lint equivalent bales which include 48,000 registered in Maharashtra, 43,000 in Gujarat and 32,500 Northern India. However, the threat of cyclonic effect may have an effect on the cotton arrivals in the near term. We shall get a better clarity by this week and next week.

On the other side of the world, ICE cotton has retreated some of its last week's gain and corrected downside and trading around 72.34 cents per pound. The major focus point has been possible cancelation of order from US by Pakistan, China and Turkey may have pulled the price down. The slow availability of cotton might have encouraged some cancelation negotiations.

Trading volume was 23,380 contracts and cleared Friday were 25,999 contracts. Total open interest was up 2,443 contracts on Friday to begin Monday at 248,781 contacts. That was the 7th consecutive increase totaling 24,541 contacts. It was the highest open interest since May 22nd.

Market is expected to be more interesting this week; ICE cotton has just started to correct downside from the recent high. However, the broad trading ranges of 71 to 74 remain intact. In the meanwhile, domestic spot cotton would be completely dependent upon how the supplies could be affected due to cyclone in the western part of the country and the flow of arrivals. Also we expect as long as spot price holds above Rs. 38K per candy the market may remain sideways.

On the futures front the December contract posted a close at Rs. 18970 per bale and likely to move in the range of Rs. 18800 to Rs. 19070 per bale on today's trading session.

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

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INTERNATIONAL NEWS

Canada's Trudeau in China on visit focused on trade

China has positioned itself as a leading advocate of free trade, particularly since President Donald Trump pulled the U.S. out of the Trans-Pacific Partnership.

Canadian Prime Minister Justin Trudeau began a visit to China focused on trade Monday with a stop at social media giant Sina, where he talked up the advantages of travel to his homeland.

Accompanied by four Cabinet ministers, Mr. Trudeau is due to hold talks with Chinese Premier Li Keqiang later on Tuesday before meeting President Xi Jinping the following day.

At Sina, owner of the phenomenally popular Twitter-like Weibo microblogging service, Mr. Trudeau took part in a panel discussion that touched on Canadian tourism draws, as well as the nation's beer and wine, according to Chinese and Canadian reports.

Next year marks the China-Canada year of tourism and Canada is hoping to double the number of Chinese tourist arrivals.

China and Canada are also in exploratory talks on a framework for a trade agreement, although reports say Ottawa has been pushing for provisions on the environment, governance, labor and gender issues.

Beijing generally seeks to avoid references that might highlight the one-party authoritarian state's human rights record.

China has positioned itself as a leading advocate of free trade, particularly since President Donald Trump pulled the U.S. out of the Trans-Pacific Partnership.

Yet foreign businesses complain often that China closes many key areas to foreign investment, while Mr. Xi is known to favor a centralized economic model with special support for state-owned industries.

Canada has remained part of a pan-Pacific trade deal called the Trans-Pacific Partnership, even after President Donald Trump pulled the U.S. out of the agreement. During recent talks in Danang, Vietnam, Mr. Trudeau lobbied for strong provisions for environmental protection, labor rights, and gender issues and the name of the initiative was altered to be the Comprehensive and Progressive Agreement for Trans-Pacific Partnership.

China largely imports wood and agricultural products, ore, fuels and seafood from Canada, while Canada imports machinery, furniture and sporting goods and textiles from China.

The trade imbalance has narrowed, but China still ran a surplus of about $17 billion with Canada during the first half of this year, according to the Canadian government.

Source: thehindu.com - Dec 04, 2017

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Italy-Vietnam Textile Technology Centre opens at HCM City

The Italy-Vietnam Textile Technology Centre opened recently at the Ho Chi Minh City University of Technology to support training and research in textile technology.

It is funded by the Italian Trade Agency and supported by the Association of Italian Textile Machinery Manufacturers and the International Polytechnic for Industrial and Economic Development.

The centre, aimed at training and generating skilled Vietnamese manpower in the sector, is equipped with Italian machinery and equipment, while Vietnamese lecturers and engineers have been trained by Italian experts, a news agency report said quoting university rector Vu Dinh Thanh.

Italy is now the 18th biggest export market for Vietnam, whose apparel sector faces challenges like a reliance on imported materials and a lack of qualified designers and workers who can handle technology.

Source: fibre2fashion.com - Dec 04, 2017

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Bangladesh: Home textiles to increase share in EU market

Bangladesh home textile, which produces high quality textiles for home furnishing, now looks for the European Union (EU) with a view to increasing its market share.

According to industry insiders, export earnings from the country's home textile might cross US$1 billion mark by next year (2018) as the industry is experiencing a steady growth in global market over the last couple of years.

As per EPB statistics, the country's home textiles export increased by 6.13 percent to $799.14 million in last fiscal year (2016-17). About 70 percent of the earnings comes from the EU market.

According to the European Apparel and Textile Confederation, Euratex data, the EU imported home textiles worth about $6.86 billion in 2016, where Bangladesh market share was only 7-8 percent.

The value of global home textiles, they said, stood at $ 107.4 billion in 2014 and is expected to cross $131.5 billion by the year 2020.

As part of the move, a group of local entrepreneurs are going to take part in a four-day long International trade fair 'Heimtextil Frankfurt 2018' at Frankfurt in Germany early in next year.

Heimtextil, the biggest international trade fair for home textiles, will start on January 9, 2018 and will continue till January 12 next year.

The exhibition will start in a bid to showcase the world's largest range of textile products. A wide range of products will be showcased at the Heimtextil under the division of home textiles and the household textiles product segments, as well as a services segment.

A total of 19 Bangladeshi entrepreneurs will take part in the exposition and showcase their products.

Of them 10 are participating under the patronization of Export Promotion Bureau (EPB) of Bangladesh while 9 others will participate directly.

Among them, Nik Composite, EKE Tex, Green Bangla Hometex, Jaantex Industries, Maanuri Textile, Miray Towel, Safreen Tex , Shamsuddin Towels and Virgin Grace are participating through EPB.

On the other hand Zaber and Zubair Fabrics, Acs Textile, Apex Weaving, Mom Tex Expo, Noman Terry Towels, Regent Textile, Shabab Fabrics, Saad Musa Fabrics, Towel Tex and Unilliance Textiles are directly participating in the exhibition organised by Messe Frankfurt.

Home textiles refer to the textiles used for home furnishing. It comprises of extensive range of functional as well as decorative items or products used mainly for the purpose of decorating our homes.

Bangladesh textiles produce home furnishing fabrics or home textiles consist of both natural and man-made fabrics. The products include Bed Sheet, Pillow cover, Long Pillow cover, Bolster case, Pillow, Long Pillow, Bolster, Curtain, Cushion, Cushion Cover, Quilt, Bed Spread etc.

"We are attending at Heimtextil Frankfurt expo to display our products in Zaber and Zubair pavilion. It's an opportunity for us to meet with our existing customers as well as the new ones," said Khondokar Mahbubur Rahman, General Manager of Zaber and Zubir, an enterprise of Noman group. Noman Group exports home textiles worth about $200 million a year, said Mahbubur Rahman.

According to entrepreneurs, it's a great platform for them to attract new customers as they are also looking for new buyers through this expo.

A large number of visitors and buyers across the Europe especially from the Germany, UK, France, Turkey, Spain and Italy visit the Heimtextil trade fair every year.

According to the organizer, More than 2886 exhibitors from 69 countries across the globe will participate in January 2017 edition. The next Heimtextil Frankfurt will be held in January 2019. The upcoming Intertextile Shanghai Home will also be held from March14-16, 2018.

Source: daily-sun.com - Dec 05, 2017

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Pakistan: PCGA warns against duty-free cotton import

The Pakistan Cotton Ginners Association (PCGA) has opposed the duty-free import of cotton from India and warned that it will ruin cotton growing and growers in Pakistan.

PCGA Chairman Haji Muhammad Akram, former chairman Shehzad Ali Khan, Vice Chairman Mian Javed Tariq and former vice chairmen Suhail Mehmood Haral, Sheikh Muhammad Aasim Saeed told the media in a joint news conference on Monday that 1.857 million bales of cotton are lying unsold at ginneries. But on the other hand, the textile millers are reluctant to purchase this stock, they regretted, adding that there is no justification for lifting an 'undeclared' ban on imports of ginned cotton from India or any other country at the cost of local growers.

They stressed the need for continuation of ban on the imports from India on hold through Wagah and Karachi port. They strongly opposed any relaxation in cotton import. "Farmers have also expressed concern over lifting of ban on the import of cotton from India by the government.

They demanded the government to impose complete ban on cotton imports from India via Wagah Border, as it is detrimental to the interest of cotton growers of the country. "The PCGA leaders strongly feel that imports of cotton lint from India via Wahag is detrimental to the interests of the cotton growers and should be immediately stopped." They expressed concern that if the imports of cotton lint continued, it would affect the cotton production in the country during next season, adding that last year cotton production declined by 30 per cent, so if appropriate measures are not taken, the position would deteriorate and affect the production.

They said that the ginneries had sufficient stock of cotton lint available so there was no justification to import the commodity from India. The ginners said the government did not fix the support price for cotton, leaving them at the mercy of textile millers, who would procure domestic cotton at their desired rates. They added that they were expecting a bumper crop this year and import from India would destroy the local cotton growers. The PCGA leaders expressed concern on the import of cotton from India at this stage when the country has unsold stock of 2 million bales and more than 0.7 million bales are expected during next month.

PHUTTI ARRIVAL WITNESSES SURGE

The arrival of seed cotton (phutti) at ginning factories has witnessed 3.62 per cent increase between November 15 and December 1, 2017 compared to the corresponding period last year, disclosed a fortnightly report released by the Pakistan Cotton Ginners Association (PCGA) here on Monday. The report further revealed that the seed cotton equivalent to over 10,132,074 bales reached ginneries across Pakistan as of December Ist, 2017 compared to the same period last year when ginneries received 9,778,451 bales. The report said that ginneries in Punjab recorded arrival of 6,107,802 bales against the last year arrival of 6,158,870 bales showing a decrease of merely 0.83 percent. Sindh ginneries recorded arrival of 4,024,272 bales while last year Sindh received 3,619,581 bales 11.18% more. Ginneries in Sindh recorded an increase of 11.18 % as compared to corresponding period last year.

Textile mills have bought 8,062,258 bales while exporters bought 211,989 bales. The total bales sold out so far were calculated at 8,274,247 bales. While 1,857,827 bales are lying unsold .Multan received 245,745 bales 12.50 % decrease than last year, Lodhran 1,30,204 bales 24.93 % decrease, Khanewal 621,909 bales an increase of 12.65 %, Muzaffargarh 290,926 bales a decrease of 3.88 %, Dera Ghazi Khan 365,799 an increase of 14.33 %, Rajanpur 4,09,700 bales, 24.53 % increase, Layyah 258,538 bales 2.06.% increase, Vehari 522,103 bales 47.12 % increase, Sahiwal 229,917 bales 16.16 % more than last year, Pakpattan 36,978 bales 7.92% decrease, Okara 1,5750 bales- 16.25 % short, Toba Tek Singh 148,794 bales, 0.65 % increase , Faisalabad 34,149 bales 0.53 % less than last year, Jhang 20,400 showing a decrease of 31.46 %, Mianwali 165,615 a decrease of 30 % , Bhakkar 74,755 (24.95 % more) Sargodha 7,200 (21.74 % decrease), Rahim Yar Khan 901,064 bales (11.08 % decrease), Bahawalpur 879,107 an increase of 0.89 %,and Bahawalnagar 749,149 a decrease of 19.75 %.

In Sindh province: Hyderabad 2,46,496 bales 10.24 % more than last year, Mirpur Khas (Thar) 2,19,294 bales 18.09 % less, Sangarh ,1,361,546 bales 12.48 % increase, Nawabshah 342,934 bales (9.26 % increase), Naushero Feroze 359,236 bales (11.37 % increase), Khairpur 323,538 (18.33 % increase) Ghotki 321,260 (15.84 % increase),Sukkur 5,40,709 (12.43 % increase), Dadu 5,0627-(31.50 % increase, Jamshoro 1,28,679 bales (16.73 % more), Badin 17,335 bales 35.86 % less) and Baluchistan 112,618 bales (an increase of 52.45%).

Total 960 ginning factories are operational in the country, of them 666 in Punjab and 294 in Sindh.

Total 1,857,827 bales are lying in unsold stock.

Source: nation.com.pk- Dec 05, 2017

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Angola to re-launch cotton cropping with Japanese support

The Japanese Agency for International Cooperation (JICA) plans to send technicians to Angola for experimental cotton cultivation in the Capanda Agricultural Hub in Malanje province.

Field trials with cotton varieties using a drip irrigation system, in collaboration with the Angolan Institute of Agrarian Development, will assess their adaptability and yield.

JICA support will bring in irrigation equipment, seeds, fertilizers and cotton pressing machinery, a Portuguese news agency report cited the Japanese Embassy in Luanda as saying.

Angola first witnessed cotton cropping in the mid 16th century during the Portuguese colonial period. The country's cotton production reached a record of 86,000 tons in 1973, making it one of the world's largest producers.

But the civil war after the proclamation of independence in 1975 virtually ended cotton production.

Source: fibre2fashion.com- Dec 05, 2017

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GMAC seeks foreign support for Cambodian garment sector

The Garment Manufacturers Association in Cambodia (GMAC) recently wrote a letter to the United Nations, the European Union (EU), the United States and other foreign embassies urging continued economic support for the country's garment industry and its 700,000 workers despite the deteriorating political climate amid a clampdown on civil society and media.

The letter follows five separate letters from trade unions urging foreign buyers to continue purchasing Cambodian garments, according to a newspaper report in the country.

Concerned that foreign buyers may reduce their purchases as a result of the Cambodian government's recent actions to stifle dissent, GMAC deputy secretary general Kaing Monika urged countries not to misunderstand the situation in Cambodia.

The EU responded to the dissolution of the primary opposition party in the country by saying that Cambodia's 'Everything But Arms (EBA)' trade status is dependent on respect for human rights.

The United States has pulled election funding and US lawmakers have not ruled out the possibility of sanctions.

Monika believed the EU would not cancel the EBA if it 'correctly considered' the Cambodian government's' decision, but he does not think losing the EBA status would cause irreparable damage, the report added.

Source: fibre2fashion.com- Dec 05, 2017

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UK: Major growth of MEA kids apparel market in 2017-21: report

The children's apparel market in the Middle East and Africa (MEA) region is expected to witness a significant growth in the next four years. Rising demand for organic apparel for children, growing adoption of omni-channel retailing and customization of children's apparel are the trends that will drive the growth if this market, according to a new report.

Customers in the MEA region, where key children's apparel players include Azadea, Edcon, the Fawaz Al Hokair Group, the Landmark Group and the mr price group, are highly influenced by Western fashion culture and market competition is growing as online shopping web portals gain space day-by-day, says the report by London-based market research company Technavio.

The rise in awareness about skin-related issues due to presence of toxic chemicals in textiles has increased the demand for organic baby clothes and provided growth potential to manufacturers of such clothes.

Apart from online retailers, such as Mumzworld, Souq.com, Namshi, and Jumia.com, in the MEA market, retailers in this market are looking for opportunities to penetrate through online platforms as well. This will help children's apparel retailers increase revenues between 2017 and 2021, a Technavio press release said quoting the report.

Many companies are also offering customized and personalized children's apparel in categories like T-shirts and baby rompers by offering options in messages, quotes and colours.

Source: fibre2fashion.com- Dec 04, 2017

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Australian wool segment set for strong growth following Chinese demand

Australia's major wool segment is set for strong growth largely due to record high prices and strong demand from increasingly affluent Chinese consumers. Experts for the non-profit Australian Wool Innovation industry group, says demand is now at its peak since the last few decades, with 'Chinese influence on the market exerting extreme upward pressure on wool prices in Australia.'

In terms of US dollar wool prices are not as high as they were about five years ago, but the weaker Australian dollar against the USD now meant Australian producers were getting paid more in local currency. Chinese wool buyers were paying about US$14 to US$15. dollars a kilo for wool earlier but the price is about US$12.50 now.

Prices have rocketed to over 16 Australian dollars a kilo, industry data indicates. Analysts say China has the capacity to push the market even higher as long as demand remains strong. What is seen at the retail levels is that there's been so much wool at retail and many different products that people are seeing the capacity for the market to hold at these levels or even improve.

Australia is the world's leading producer of wool, with its top-grade Merino sheep helping growth of its annual exports of around AU$3 billion dollars (about US$2.28 billion). Chinese demand makes up over 70 per cent of that market, with its businesses manufacturing wool into a wide range of products such as sportswear and shoes and garments.

Around two decades age, almost 100 per cent of wool that the Chinese imported was used to manufacture products which were then re-exported because Chinese consumers found it expensive and could not afford to pay premium price for wool.

Today, around 60 per cent of wool is retained in China for local consumption, as their affluence has grown tremendously and this in turn has only helped wool prices to rise. Thus, the Chinese market remains very important for Australian wool as the Chinese see quality in Australian wool.

Source: fashionatingworld.com- Dec 04, 2017

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Global Cotton Production to Increase in 2017-18 Season after Two-Year Drop-off

The planting area for growing cotton around the world is projected to rebound in the 2017-2018 season, after two years of declining planted area, with an increase of 11 percent to 32.5 million hectares, according to monthly report from the International Cotton Advisory Committee (ICAC).

Planted area in India is estimated at 11.55 million hectares for the period, with production projected to grow 8.7% to 6.2 million tons. The planted area in the U.S. is expected to continue to grow for the second consecutive season, with an estimated 20 percent gain to 4.6 million hectares.

Pakistan plantings for 2017-2018 are forecast to increase 24 percent to 3.1 million hectares, after several years of declining area, with an anticipated 24 percent growth in production to 2.06 million tons, ICAC said.

Production is projected to increase during the season in all other major producing countries, including China, Brazil, Africa and Turkey. Global production in 2016-2017 rose 7 percent to 23 million tons, and is forecast to grow 12 percent during 2017-2018 to 25.74 million tons.

Global cotton mill use is projected to expand 3 percent in the season to 25.2 million tons.

“While mill use is rising, stocks will continue to grow as production outpaces consumption,” ICAC noted.

Imports into China are expected to remain steady, as the stock-to-use ratio decreases. Mill use in China is expected to grow 1 percent to 8.12 million tons. Cotton mill use is also projected to grow moderately in India, Pakistan, Turkey, Bangladesh, Vietnam and Brazil.

The gap between cotton prices and polyester prices has continued to narrow since mid-2017, ICAC said, despite a recent upturn in cotton prices that may push cotton consumption higher.

The U.S. Department of Agriculture reported that cotton prices averaged 70.15 cents per pound for the week ending Nov. 30, 2017.

The weekly average was up from 68.37 cents a pound a week earlier, but was down from 70.40 cents a pound from a year earlier.

ICAC noted that the Cotlook A index, an average of global market prices, stands at 81.75 cents a pound, up 70 cents from a week earlier and up from 79.80 cents a year ago. New York Futures are at 72.15 cents a pound, an increase of 78 cents in a week, but down 1.12 cents from a year ago.

Polyester staple prices averaged 88.5 cents a pound last month, down from 89.5 cents in October but above the 82.25 cent mark in November 2016.

Source: sourcingjournalonline.com- Dec 04, 2017

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Emerging Markets Expected to Lead Global Polyester Fiber Growth

The global polyester staple fiber market is expected to reach $39.3 billion by 2025, growing at a compound annual growth rate of 6.3%, according to a new report from Research and Markets.

The report, "Polyester Staple Fiber Market Analysis 2014 – 2025," showed global demand for polyester staple fiber was 15,519.7 kilotons in 2016 and is estimated to increase at an annual rate of 4.7% from 2017 to 2025.

Asia Pacific dominated the global market in 2016, followed by Europe, while emerging economies such as China, India and Brazil are forecast to lead their respective regional markets over the forecast period, the report said.

In terms of product, solid polyester staple fiber emerged as the largest segment in 2016. Increasing popularity of sustainable man-made fibers coupled with reducing consumption of cotton in the textile industry is likely to drive the market over the forecast period, according to the report.

In terms of revenue, virgin polyester staple fiber was the largest origin market segment in 2016 and is estimated to generate a revenue of about $16.45 billion by 2025. Recycled polyester staple fiber is estimated to see promising market growth over the forecast period thanks to rising environmental consciousness across the globe.

The Asia Pacific polyester fiber market is projected to grow 6.7% by 2025. Key market players in the region include Toray Chemical Korea Inc., W. Barnet Gmbh & Co., Alpek S.A.B. de C.V., Reliance Industries Limited, Diyou Fibre, Huvis Corp., Indorama Corp., Xinda Corp., China National Petroleum Corp., Bombay Dyeing, Petrovietnam Petrochemical and Textile Fiber Joint Stock Co.

The report said these companies are attempting to increase their market share and expand their global presence through strategic initiatives such as expansions, investments, acquisitions and new product developments.

A rise in the global consumption of sustainable textiles has been a major factor driving market growth, in the polyester sector.

The report noted that polyester staple fiber is lightweight, wrinkle-free, and resistant to light and weather. It also has an ability to withstand extreme climatic conditions and is used as a key element in various end-use sectors, including apparel, home furnishing, construction, and automotive, which is expected to drive market growth over the forecast period.

Research and Markets bills itself as the world's largest market research store, connecting global information professionals with market insights and analysis from 1,700 research teams based across 81 countries.

Source: sourcingjournalonline.com- Dec 04, 2017

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South Africa: Cotton lint exports to grow by 50% in 2018

Cotton lint exports are projected to reach 67 890 tonnes in 2018 from 45 000 tonnes this year due to higher seed cotton production and favourable international prices in 2017, a report has shown.

According to a research by Econometer Global Capital, seed cotton production is projected to reach 248 000 tonnes next year, up from the 72 000 tonnes achieved this year on government's support to the white gold production.

"Area under seed cotton production is expected to increase by almost 86% to about 289 000ha in 2018 pushing up production together with normal rainfall and the continuation of the government's free inputs support programme that reduces farmers' production costs," the research firm said.

"2017 lint exports are estimated to reach 45 000t, about 268% higher than the 2016 exports due to expanded size of the crop. In 2018, lint exports are forecasted at 67 890 tonnes earning approximately $130m due to higher seed cotton production and favourable international prices."

The government has pledged to provide free inputs to cotton farmers for the third year running in the 2017/18 season, which will motivate more farmers to take up cotton production.

Under the scheme, cotton will be supported to the tune of $60 million, catering for 400 000 households.

Cotton, also known as white gold, is the third most important cash crop in Zimbabwe after tobacco and sugarcane, grown by thousands of smallholder farmers.

Cotton exports have become relatively insignificant due to under production. However, it peaked after dollarisation, earning about $200 million from 143 788 tonnes of lint exports in 2012.

he closure of key processing industries and competing crops such as maize and tobacco affected cotton production over the past five years.

In 2016, 12 223 tonnes, constituting about 93% of domestic lint produced in the country, was exported mainly to South Africa where it was warehoused before being exported to other destinations.

However, production is yet to recover to its peak of 353 000 tonnes of cotton in 2000. Traditionally, cotton was the second largest foreign currency earner after tobacco in the agriculture sector.

Source: newsday.co.zw- Dec 04, 2017

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NATIONAL NEWS

Indian FM likely to present 1st post-GST budget on Feb 1

Finance Minister Arun Jaitley is likely to present India's first budget after the July rollout of the goods and services tax (GST) regime on February 1 next year.

The budget session of parliament may begin on January 30. The annual Economic Survey, detailing the state of the economy, is likely to be tabled on January 31, followed by the budget the next day.

Jaitley had for the first time presented the annual accounts on February 1 this year, ending the British-era customary of presenting the budget at the end of February.

The winter session, which begins on December 15, will end on January 5. There would be less than a month's gap between the two sessions of parliament, a news agency quoted a senior Indian government official as saying.

With excise duty and service tax being subsumed in GST, the classifications in the next budget may change. As the GST rates are decided by a GST Council, the budget may not have any tax proposals concerning excise and service tax levies, the official said.

While a new classification for revenues to be accrued from GST will be included in the budget for the next fiscal, for the current year two sets of accounting may be presented — one for actual accruals during April-June for excise, customs and service tax, and the other for July-March period for GST and customs duty, the report added.

Source: fibre2fashion.com- Dec 04, 2017

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Sharp Rise in Imports of MMF Yarn, Cotton Fabric Post GST, Says Textile Body

Inward shipments of cotton yarn, man-made yarn and fabric have gone up dramatically post GST from July, textile industry body CITI said on Monday.

In a statement, the Confederation of Indian Textile Industry (CITI) said it has requested commerce and textile ministries to raise import duty on man-made fibre (MMF) yarn, cotton fabric and MMF fabrics by 15 percent to ring-fence local yarn, fabric and garment producers from the threats of cheaper import, especially from FTA nations such as Bangladesh and Sri Lanka.

According to data shared by CITI, the import rose during July, August and October, but September figures were not available.

India's MMF yarn import hit $14.97 million in July as opposed to $8.92 million in the same month last year.

Cotton fabric import showed the same trend, up at $12.81 million in July against $8.84 million last year. MMF fabric import stood at $8.27 million compared to USD 6.36 million in July 2016. Similar conditions prevailed in August.

The overall import of textile yarn fabric and made-up articles stood at USD 153.9 million in October as against $ 137.31 million in the previous year.

"The government recognising the problem and threat of imports flooding the market has recently increased import duty on MMF Fabric from 10 percent to 20 percent. However, the import duty on MMF yarn and cotton fabric have been kept at the old rates," CITI Chairman Sanjay Kumar Jain said.

Jain held that the current scenario is impacting domestic yarn and fabric producers and garment manufacturers.

He felt that there is a greater need to apply safeguard guidelines such as Rules of Origin, Yarn Forward and Fabric Forward Rules on countries such as Bangladesh and Sri Lanka that have FTAs with India to stop routing of cheaper fabrics made in China through these nations.

Post rollout of the Goods and Services Tax (GST), there has been a spike in import of MMF yarn, cotton fabric and MMF fabric in July and August 2017, Jain stated.

Prior to GST, import of textile products had been attracting basic Customs duty (BCD) plus countervailing duty (CVD) and special additional duty (SAD). Post-GST, CVD and SAD were withdrawn and IGST was introduced.

He pointed out that MMF yarn, cotton fabric and MMF fabric are largely affected by cheaper imports from China, Indonesia, Thailand and North Korea where fabric industry is subsidised substantially to increase their share in the world trade.

Source: news18.com- Dec 04, 2017

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Centre to unveil mid-term review of foreign trade policy today

Key policymakers led by Commerce Minister Suresh Prabhu will unveil the mid-term review of the foreign trade policy here today, which is likely to address exporters' concerns to arrest the declining trend of shipments.

The mid-review of the much-awaited policy will be released at an event graced by Prabhu, along with top officials, including the Directorate General of Foreign Trade, Atul Chaturvedi, Commerce Secretary Rita Teaotia, and Revenue Secretary Hasmukh Adhia.

Exporters have been voicing concerns about the challenges on account of implementation of GST, even suggesting that they be kept out of the ambit of the new indirect tax regime and the drawback refund be expedited as it was blocking their working capital.

The mid-term review was earlier supposed to be released before July 1, in line with the introduction of GST.

However, it was put off as the government wanted to factor in the feedback from exporters based on their experience with GST.

Exports entered the negative terrain after over a year, contracting 1.12 per cent in October, primarily due to liquidity problems being faced by exporters following the rollout of GST.

The five-year FTP, which was announced on April 1, 2015, has set an ambitious target of India's goods and services exports touching $900 billion by 2020. It also aims at increasing the country's share of world exports to 3.5 per cent from 2 per cent.

Source: thehindubusinessline.com- Dec 05, 2017

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Exporters fail to cash in on robust int'l demand

Even as the international market is becoming more conducive for trade, exports growth in India has been consistently falling, according to a recent research report by Crisil.

Thanks to a poor growth in exports, exporters are unable to cash-in and take advantage of the robust demand in the international market.

Exporters and industry experts claim that the main reason behind such a scenario is policy bottleneck with higher duties which reduces competitiveness in terms of price. Following implementation of Goods and Services Tax (GST), exporters claim they haven't received refunds for integrated GST (IGST) which has impacted their working capital.

According to the report, India's export growth stood at 9.5% in April to September period which is much less than those of other Asian countries such as Vietnam (23.8%), South Korea (18.4%) and Indonesia (17.8%). The sectors that are impacted include labour-intensive sectors such as gems and jewellery, readymade garments along with leather & leather products.

Some of the garment exporters feel that in addition to competitiveness in the global market, they are losing domestic market-share to global players.

"Price parity is a major issue. US is our major export market and thanks to higher duties, we are not able to sell products at a competitive price because other countries enjoy duty benefit and other tax benefit which we do not," said Bhavin Parikh, an Ahmedabad-based textile exporter.

Industry estimates indicate that textile exports from the state have dipped by some 40%.

Exporters are mainly facing issues related to working capital as IGST refunds are stuck yet to be given by the government. "Our exports are down by at least 35-40% as we are unable to accept fresh orders.

Since IGST refunds are stuck, we are facing severe working capital issues, due to which we are not able to cater to and thus, gain from the robust demand in the international market," said Upen Nagar, a merchant exporter based in Morbi. Estimates suggest that entire of ceramic cluster in Morbi has pending IGST refunds worth Rs 400-500 crore.

The scenario is no different even in the gems and jewellery sector. "The demand for plain gold jewellery has dipped by 14%. By the end of the year, gems and jewellery exports may only remain at par with what it was last year and there is less likelihood of an increase in exports," said Praveen Shankar Pandya, chairman, Gems and Jewellery Export Promotion Council.

Source: timesofindia.com- Dec 05, 2017

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CCI procures 1.29 lakh tonnes of cotton in Telangana

The Cotton Corporation of India (CCI) has procured 1.29 lakh tonnes (lt) of cotton in Telangana so far this season. The CCI made these purchases from 243 centres that it set up for the season.

“The CCI opened its collection centres in 202 ginning mills and 41 public market yards. The minimum support price for the fibre crop this season is ₹4,320 a quintal,” a State government official said.

The officials pegged the paddy procurement as on December 4 at 12.79 lt, with the Civil Supplies Department purchasing from about 2,500 centres. The MSP for paddy is ₹1,590.

The Telangana Markfed set up 171 purchase centres to procure maize. As on date, it has purchased 1.59 lt.

As arrivals of redgram are expected after December 15, the government will open purchase centres from December 11. The MSP for redgram is ₹5,450/quintal.

Source: thehindubusinessline.com- Dec 04, 2017

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Fabindia plans to add 40-50 stores every year

Ethnic apparel brand Fabindia is expanding by adding 40-50 stores every year in current and emerging markets, company president Retail Ajay Kapoor recently said.

The brand recently opened a Fabindia Experience Centre in Mumbai and plans to have 10 such stores by 2018 end. This is the second such experience store with the first piloted in March in Delhi.

The company has around 268 stores and the expansion would be through a mix of company-owned stores, company-operated stores and franchise model, Kapoor said at the sidelines of the Confederation of Indian Industry (CII) Retail Summit in New Delhi, according to a news agency report. Six experience stores will come up by March 2018.

The company also has plans to expand its presence in the overseas market, Fiji and Sri Lanka, in collaboration with local partners. Fabindia currently operates stores in Singapore, the United Arab Emirates, the United States, Malaysia and Mauritius. Fabindia is growing with a compound annual growth rate of around 22 per cent for the last five years, he added.

Source: fibre2fashion.com- Dec 04, 2017

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Soon, imported items may be released without upfront payment of duty

India may release imported items without any upfront duty payment as part of a revamp of the Customs framework to speed up movement of goods across borders, which can currently take more than a week. Such a move would provide a massive boost, industry said.

The upcoming budget, the first after the rollout of the goods and services tax (GST), is likely to include several measures aimed at relaxing the Customs regime for businesses. Other measures could include allowing traders to know their tax liability in advance even for existing transactions.

"A number of changes could be taken up on priority basis in the upcoming (February) budget," said a senior government official.

The government is also working on an overhaul of the Customs Act but some key measures could be frontloaded in the budget, another official said.

Goods are currently released after assessment and payment of duty. If this system is reversed, goods will be released first with assessment of duty liability taking place subsequently.

"Release of goods without determination of duty would be hugely positive for the industry," said Ajay Sahai, director general of the Federation of Indian Export Organisations (FIEO). "Of the 16% logistics cost in India, detention and demurrage contributes as much as 4%."

As for advance rulings, he said this will bring about predictability for businesses but pointed out that e-filing should be allowed and applications dealt with speedily.

India is ranked 146 out of 190 countries on the World Bank's ease of doing business ranking on the 'trading across borders' measure and the government feels this can be improved substantially to lift the overall rank. India improved its overall rank to 100 this year from 130 last year.

Border Compliance Takes 267 Hours

Prime Minister Narendra Modi wants India to break into the top 50.

In India, border compliance takes 267 hours (more than 11 days) for imports against 8.7 hours for OECD countries and instant clearance in as many as 21 countries.

That translates into a cost of $536 per consignment in India compared with $111.6 in OECD countries. "Key areas of concerns for a trader are assessment, clearance of goods, refunds and disputes, addressable in a time-bound transparent manner through IT-based tools, knowledge partnerships," said Rahul Shukla, executive director, indirect tax, PwC. "Simpler and predictable rules will go a long way to improve the trade outlook and help India's position of trade facilitator globally."

Deloitte partner MS Mani said businesses are eager for online, real-time, advance rulings on classification issues, among the key reasons behind Customs disputes.

Source: economictimes.com- Dec 05, 2017

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GST impact: Is it a bane or a boon for the logistics sector?

The emerging post-GST scenario looks optimal in formalising the transportation and logistics industry to operate as a common business unit. GST has ended cascading tax and tedious documentation and enabled simplicity by redesigning supply chain management to take advantage of scale economies.

However, the legislation does characterise some pitfalls as well. While the removal of check posts and octroi stops will lead to significant reduction in transit time of trucks and improve vehicle utilisation due to faster turnaround time, the general rise in the cost of operations—like fluctuations in diesel and freight prices—is unsettling. More so, the industry has insufficient integration of transport networks, information technology, and warehousing and distribution facilities, resulting in poor distribution of demand and supply and poor fleet mobilisation.

Traditionally, the transport and logistics sector was designed and structured based on the state taxation system, which made it inefficient and cumbersome. With GST, the entire transport and logistics infrastructure in India will become more streamlined and optimal in terms of its structuring. Greater up-time for trucks, less idle hours, faster turnaround and a more optimal warehousing structure will be the major advantages of GST for the transport and logistics sector.

Furthermore, post-GST implementation has good news for maximising the road traffic movement efficiency across the country by filling up serious infrastructure gaps.

The enormous infrastructure plan, including the recent Bharatmala project, will not only boost logistics operations in terms of better demand distribution, reduction in distribution value chain, better fleet mobilisation and employment opportunities, but it will also contribute about 3% to the GDP. With GST, the curtailment of layers of movement of goods is inevitable, which will reduce the unorganised elements in logistics.

GST will empower the transportation and logistics industry to employ efficient practices such as bulk-breaking and cross-docking from a central location. This will generate an increased investment from retailers and warehouse companies betting on GST, transforming the nation’s logistics space.

For transport services, the impact of GST in terms of cost can, at best, be neutral, as the main input cost is fuel, which is outside the purview of GST. Businesses hiring the services of transporters cannot claim input tax credit, so there is a possibility of big players exiting the pure transportation business and getting into more value-added services. Since GST has increased from 15% to 18% on warehouse, storage and other labour services, a third-party logistics provider has more incentive to claim input tax credit.

This can result in consolidation in storage and warehouse sector. With a more streamlined IT system and well-coordinated documentation at the entry points ready, in the long-term there will be reduction in transportation delays, improvement in operational efficiency, and cost of designing a logistic network will be less complex.

Fundamentally, GST can solidify the efficiency of value chain players in the logistics and transportation framework, making it more organised. We could see the emergence of a few large players who can span the entire logistics chain. Predicated on a single GST implementation, one can envisage the emergence of key warehouse hubs—putting a defined structure to the logistic activity. And focused on making the transportation industry more specialised, principal transporters will connect the manufacturers with hubs. Then there will be subsidiary transporters who will move from hubs to distribution centres.

Finally, there will be last-mile transporters who will ensure smooth customer delivery, resulting in higher competitiveness, more efficient sourcing and organised trucking. To bring alignment of value-added services in the transport and logistics space, there will be an increase in compliance costs owing to top-heavy documentation when filing returns. And last but not the least, the government needs to improve the GSTN for the logistics industry to begin moving forward, without rampant corruption and under-invoicing.

The GST regime will only become matured, going forward, when its cascading effect is realised in all the cities of India. Also, the transportation and logistics sector will increasingly be in alignment with value-added services industries to scale up its operations. So, the qualified consensus to the post-GST impact on this industry is that it takes time to see practical results.

Source: financialexpress.com- Dec 05, 2017

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