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IBTEX No. 9 of 2018 January 12, 2018

USD 63.55 | EUR 76.58 | GBP 86.06 | JPY 0.57

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
19242	40250	**80.73**

Domestic Futures Price (Ex. Gin), January

Rs./Bale	Rs./Candy	USD Cent/lb
20160	42170	**84.58**

International Futures Price

NY ICE USD Cents/lb (March 2018)	82.65
ZCE Cotton: Yuan/MT (Jan 2018)	14,925
ZCE Cotton: USD Cents/lb	**88.44**
Cotlook A Index – Physical	**89.9**

Cotton & currency guide: This morning (12th January) March future ICE cotton in early Asian session is seen trading higher by 1.30% at 83.70 cents per pound. There has been extended a gain this week on cotton that price has rallied from 78 cents to 83.70. The bullish momentum isn't over yet though indicators have reached to extreme overbought zone.

Ever since market has cleared the resistance of 80 cents it is straight heading towards 85+ cents in fact beyond that the gains may prolong to 87+ cents. The weekly export sales data released last evening in the US supported the trend to be more bullish.

As of 4th January the export data stood at 374,100 bales (367400 upland and 6700 Pima) higher than prior week figure. For ready understanding the total 2017-18 sales for the season as of 4th January stands at 11 lakh 531,800 bales, 2.49 million bales higher than the last year.

The overall US exports numbers are forecasted to be higher. Tonight we have the USDA-WASDE report and that should give a clear understanding on the demand and supply number including export estimates. Further rally in price extended supported by heavy speculative long only positions and higher unfixed on call sales number.

Post the markets were closed on Thursday the CFTC weekly report had released. It set a new record number of on-call sales ever for the 4th week in a row. Total on-call sales were 156,382 contracts, up 2,094 contracts. Total on-call purchases were 27,746 contracts, down 350 contracts. So broadly three major points supporting cotton price to trade higher: Robust export demand, Hefty speculative long positions and earlier unfixed on call sales fixation driving price higher. Lastly technical charts turning very bullish driving and pushing traders to turn into buying side of the market.

More on the technical stand point 80 cent would now be considered as strong support level while 85 and 87 are two key resistance points in the near term. The major event that we have today is USDA Monthly supply and demand report. We believe any major diversion in any of the data point shall make a large impact on the cotton price while meeting consensus would keep the cotton price on a positive momentum. The expectation from Today's report is exports number may be revised higher while US production for 2017-18 revised slightly lower than previous month estimate and may stand near 21.36 million bales. With the key data ahead market may witness volatile trading session today.

Coming on to trading volume on Thursday were 64K contract highest volume since 9th November. The open interest stood higher at 288,105 contracts. Overall for the day March contract may trade in the range of 81 to 85 cents per pound. On the domestic front first of all futures contracts have taken straight cues from ICE market direction.

The most active January MCX cotton price made a high of Rs. 20820 and last traded price was Rs. 20700 per bale. For the day we expect the mentioned contract may trade in the range of Rs. 20560 to Rs. 21000 per bale with a bullish tone. Lastly on the physical front very interesting points to understand. The spot price of Shankar-6 has reached to its season high price of Rs. 41350 per candy ex-gin and the arrivals have also hit the record daily average high. As per Market source the arrivals on Monday was 196K bales including 60K in MH, 50K GJ and 36K in AP/TS.

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

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INTERNATIONAL NEWS

Global economy recorded 3% growth in 2017: World Bank

In a broad-based upturn, global economy grew at 3 per cent in 2017, its strongest rate since 2011, according to the World Bank. Global economic growth is predicted to edge up to 3.1 per cent in 2018, owing to a continued recovery in emerging market and developing economies (EMDEs) more than offsetting a slight moderation in advanced economies.

EMDE growth is projected to strengthen to 4.5 per cent in 2018 in a supportive global environment, as headwinds to activity in commodity exporters gradually dissipate and growth in commodity importers remains robust, the Bank said in its latest report 'Global Economic Prospects: Broad-based upturn, but for how long?'

"The global outlook is still subject to downside risks, including the possibility of financial stress, increased protectionism, rising geopolitical tensions, and, over the longer term, weaker potential growth," says the report.

"With output gaps closing or closed in many countries, accommodative cyclical policies are becoming less urgent. Given the prospects for a continued softening of potential growth, structural reforms that spur long-term growth, investment, and productivity should take priority," it adds.

The World Bank forecasts advanced economies to moderate slightly to 2.2 per cent in 2018, as central banks gradually remove their post-crisis accommodation and the upturn in investment growth stabilises.

The report states that the risks to the forecast are more balanced but still on the downside. Risks to the global outlook are becoming more balanced, mainly due to the possibility of stronger-than-expected growth in the largest advanced economies and EMDEs.

However, downside risks continue to predominate. "A sudden increase in borrowing costs, triggered by a reassessment of the pace of advanced-economy monetary policy normalisation or rising concerns about elevated asset valuations, could lead to financial stress and disrupt capital flows to EMDEs."

Escalating trade restrictions could derail the recovery in trade and undo gains from past liberalisation efforts.

Over the longer term, a more pronounced slowdown in potential output growth in both advanced economies and EMDEs would make the global economy more vulnerable to shocks and worsen prospects for improved living standards, the report warns.

Source: fibre2fashion.com- Jan 10, 2018

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Ethiopia: Expanding Industrial Parks to Ensure Sustainable Growth

It is a sheer fact that Ethiopia has been offering golden opportunities to those who want to invest in manufacturing businesses like textiles and garments/apparel, leather and leather products, chemical products, pharmaceuticals, engineering and metal fabricated products, and agro-processing .

Mostly Ethiopia's manufacturing sector's competitive advantage is driven by the availability of abundant workforce, the country's geographic location, the country's preferential access to key global markets, and the government's strong investment commitment and sense of direction, according to the Ethiopian Investment Commission (EIC).

According to Mekonnen Hailu, EIC, Public Relations Directorate Director, the future of the sector would furthermore augmented by the large-scale development of industrial parks in many parts of the country.

Moreover, the country has realized successful results in promoting its investment opportunities and attracting anchor investors , he said.

As to him, Ethiopia is on the move to expand the industrial parks to assure the sustainable development of the country.

For example, more recently Ethiopia inaugurated three Chinese-built industrial parks that would attract export-oriented foreign companies to the

East African country's textile, food processing and apparel production setting, he added.

Mekonnen noted that the three industrial parks, Hawassa, Mekelle and Kombolcha, were built as part of its efforts to become Africa's manufacturing hub. Located in southern and northern part of Ethiopia, the commission has already begun promotion works on the parks aimed at attracting renowned export-oriented foreign companies to Africa's nation.

The country has a plan to uplift its current 150 million USD revenue from exporting textile and apparel materials to more than one billion USD, according to the Director.

He further added that the Chinese-built Hawassa Park, some 275 km south of the capital Addis Ababa, which is considered as Ethiopia's flagship industrial park, has already started bringing in hard currency.

Among the companies that have commissioned their production on its premises is the Hong Kong-based TAL Apparel, it was learnt.

Meanwhile, as to Ethiopian Textile Industry Development Institute recent report, close to 1.5 million dollars is being earned in a month from export of textile and garments products from the Hawassa industrial park.

Accordingly, the east African country expects to generate one fourth of the targeted over 400 million U.S. dollars foreign currency for the current fiscal year from the Hawassa industrial park alone.

According to the Institute, eight factories are presently exporting their products abroad, while 10 other companies had set their plan to begin export since the last September.

Another Chinese-built industrial park, the Mekelle Industrial Park some 783 km north of Ethiopia's capital, is also attracting a bulk of international companies.

The park, which is currently recruiting companies to its compound, has recently revealed that seven foreign companies have already secured shades to commence assembling textile and apparel producing factories.

Among the seven foreign textile and apparel companies granted their space inside the Mekelle Industrial Park are high-profile export-oriented companies from Bangladesh.

Kombolcha Industrial Park, which is also built by China Civil Engineering Corporation (CCECC), is also in the full swing attracting various foreign companies at large.

Trybus group, a textile and apparel materials producing company based in the United States, is the latest firm that showed an interest to assemble its factories on the premises of the recently inaugurated Kombolcha Industrial Park, some 252 km north of the capital.

Signing an agreement with the Ethiopian Investment commission so far, the group has been granted 5,500 square meters of land to install its factory that is inside the Kombolcha industrial zone.

In connection with country's ambition to attract world-class exporters, Prime Minister Hailemariam Dessalegn said that the country's favorable business environment is bringing a growing number of foreign investors claiming that the country "has attracted huge Foreign Direct Investment (FDI), despite the global decline."

As Ethiopia is on the move to become Africa's manufacturing powerhouse and a leading textile and apparel exporter, the government expects the three industrial parks to lure a great number of competitive foreign companies to its settings.

These industrial parks production efficiency and local productivity indicates that they do have a pivotal role on the economic development as a tool.

The growth sustained by the technology used in these industrial parks open opportunities for creating new jobs, improving local productivity and maintaining a competitive environment throughout the country has been clearly observed.

In addition, producers operating in the industrial park have been getting greater benefits at lower costs with these industrial parks.

The chance to obtain additional benefits by supporting local development and the opportunity to create new jobs along with the income growth can positively influence the local economy, according to the institute.

These changes, together with the concentration of investment in research and development can modify the industrial structure of the local region and can contribute to upgrading the quality of life.

The factors affecting productivity were identified (industrial structure, capital savings, technology of adaptability, quality of the workforce) and analyzed by many experts concerned with the achievement of relevant studies which have verified the practical extent to which these factors are specific to the local environment.

The development of industrial parks is an important factor for any economy to actively participate in the global economic system. Industrial parks are based on knowledge and rely on the intensive use of technology.

They are and or can be the representative for the regional economic development and led to a decisive effect of stabilizing the economic reforms in economy.

In addition, when managed successfully, industrial parks can provide a favorable environment for the development of concentrated firms but also for the local development. When not properly managed, industrial parks will not be able to overcome some issues faced by concentrated companies and that might affect the local environment.

The framework conditions for industrial parks differ among countries and within countries due to the local governing competences, the social, economic, cultural and environmental aspects of each region and of the local community at large.

Source: allafrica.com- Jan 10, 2018

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Textile-apparel industry: Major headlines of 2017

The year 2017 saw several developments in the global textile, apparel, fashion and retail industry. Governments of India, Nigeria, Pakistan and Mauritius announced incentives and benefits to boost the industry, Bangladesh reduced corporate tax for RMG firms, while Sri Lanka got back EU's GSP Plus status.

EU and Japan were able to conclude Economic Partnership Agreement, whereas President Trump initiated NAFTA renegotiation has put Mexico-US jeans trade at risk. Meanwhile, in a major relief to LDCs like Bangladesh, Cambodia, Haiti and Ethiopia, the UK Government has pledged to continue duty-free access for these countries post-Brexit.

On the corporate front, the year saw Alibaba forging global alliance to fight counterfeiting, Michael Kors acquiring Jimmy Choo, and India's Reliance Industries becoming the world's largest PX producer.

Click here to read key news that made headlines in the year that was.

Source: fibre2fashion.com- Jan 10, 2018

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Intrade UK to construct textile, garment unit in Ethiopia

British company Intrade UK Ltd recently signed an agreement to build a $100-million textile and garment factory at Mekele Industrial Park in Ethiopia as part of a memorandum of understanding to invest $200-million in the country's textile and garment, pharmaceuticals and agricultural products processing sectors. The company owns cotton farms in Sudan.

The planned factory covering 10.5 hectares is expected to start production after 16 months and generate over 1,300 jobs, according to a report by an Ethiopian news agency.

Source: fibre2fashion.com- Jan 11, 2018

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US retail sector jobs fall by 20,200 in Dec over Nov: NRF

US retail sector jobs decreased by 20,200 in December 2017 compared to November, said the National Retail Federation (NRF). The number, which excludes automobile dealers, gasoline stations and restaurants, is in contrast to the rise in 20,500 jobs seen in November over October. Overall, the economy added 148,000 jobs in December, the labour department said.

Retail numbers were lower than NRF's expectations but these are seasonally adjusted figures and can be revised, an NRF press release quoted chief economist Jack Kleinhenz as saying.

Kleinhenz noted that retail job numbers reported by the labour department count only employees who work in stores while excluding retail workers in other parts of the business such as corporate headquarters, distribution centres, call centres and innovation labs.

Average hourly earnings increased by 2.5 per cent year-over-year, and the unemployment rate remained at 4.1 per cent in December, unchanged from November. NRF believes the rise in employment and wages should bolster income and subsequently spending.

Preliminary reports indicate that retailers hired 565,000 seasonal employees during November and December, added, NRF, the world's largest retail trade association, representing discount and department stores, home goods and specialty stores, main street merchants, grocers, wholesalers, chain restaurants and internet retailers from the United States and more than 45 countries.

Source: fibre2fashion.com - Jan 10, 2018

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Pakistan: Renewed buying interest stabilises cotton prices

Revival of buying interest at the lower level helped cotton prices stabilise on Tuesday. How-ever, activity remained res-tricted as many leading spin--ners looked for import options.

Many small- and medium-sized spinners actively rep-lenished their stocks at the lower level. Consequently, fairly moderate activity was noted when trading ring closed.

The hope of getting substantial export orders in the Heimtextil trade fair (which started on Tuesday) is a driving force behind renewed buying interest. As many as 250 exporters of home textile from Pakistan are reported to be participating in the four-day fair in Frankfurt which ends on Jan 12.

Talking to Dawn, a leading ginner from Khanpur said that though substantial quantity of unsold cotton was still lying with ginners, there is hope that it will be lifted by spinners soon upon their return from the German trade fair which offers bright prospects for Pakistani home textile exports.

The world leading cotton markets were also steady as they are eagerly waiting for US Department of Agriculture report on cotton production due on January 12. Similarly, situation on domestic front would also get cleared after the release of cotton production figures by the ginners' body on January 15, he added.

The Karachi Cotton Association (KCA) spot rates were unchanged at overnight level.

The following deals were reported to have changed hands on ready counter: 800 bales, Rahimyar Khan, at Rs8,000; 1,000 bales, Sadiqabad, at Rs8,000; 800 bales, Yazman, at Rs7,600; 600 bales, Khanewal, at Rs7,500; 1,000 bales, Bahawalpur, at Rs7,450; 800 bales, Alipur, at Rs7,300 to Rs7,425; 600 bales, Noorpur, at Rs7,300; 600 bales, Ghazi Ghat, at Rs7,200; 600 bales, Haroonabad, at Rs6,800; 600 bales, Kassowal, at Rs6,500; and 800 bales, Mianwali, at Rs6,400.

Source: dawn.com - Jan 10, 2018

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Trends that will define the fashion agenda in 2018

The McKinsey Global Fashion Index estimates the global fashion industry sales to grow by 3.5 to 4.5 per cent in 2018. But this growth is not spread evenly across all regions or segments.

Economic growth is shifting from mature regions in the West to emerging markets in the South and East. As per the McKinsey Fashion Scope, by 2018 over half of apparel and footwear sales will originate outside of Europe and North America. Rapidly growing cities in emerging markets are particularly important growth centres for the fashion industry.

Adoption of disruptive technologies such as advanced robotics, mobile internet, advanced analytics, virtual- and augmented reality and artificial intelligence is accelerating, with the potential to disrupt entire industries, including fashion.

Online sales of apparel and footwear is projected to grow rapidly not the least in emerging markets. On average, consumers in Southeast Asia spend about eight hours a day online; from social media to video streaming and shopping amongst other things.

With information and the ease of comparison at their fingertips consumers are becoming less brand loyal: among millennials, two-thirds say they are willing to switch brands for a discount of 30 per cent or more.

Top 10 Trends: 1. Predictably unpredictable: Geopolitical turmoil, economic uncertainty and unpredictability are the new normal.

2. Globalisation reboot: A new phase of globalisation characterised by the exponential growth of cross-border bandwidth, connectivity and digital data flows will alter the global playing field and give certain players a competitive edge.

3. Asian trailblazers: Asian players will assert their power and leadership even more through pioneering innovations and global-scale investment and expansion.

4. Getting personal: Personalisation will become more important to the customer.

5. Platforms first: Consumers will increasingly look to online platforms as the first point of search, attracted by their convenience, relevance and breadth of offering.

6. Mobile obsessed: With an overabundance of mobile payment solutions already available globally, consumers will expect fashion companies to cater to increasingly convenient mobile transactions.

7. AI gets real: Leading innovators will reveal the possibilities of artificial intelligence across all parts of the fashion value chain, blurring the line between technology and creativity.

8. Sustainability credibility: More fashion brands will plan for recyclability and genuine ethical upgrades.

9. Off-price deception: As Europe and Asia get hooked on the myth of an off-price 'panacea,' the fashion industry could be put at risk of margin erosion.

10. Startup thinking: A growing number of fashion companies will aim to emulate the qualities of startups such as agility, collaboration and openness along with new ways of working, new kinds of partnerships and new investment models.

Source: fashionatingworld.com - Jan 10, 2018

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New brand identity for Egyptian Cotton

Cotton Egypt Association has unveiled a new brand identity and digital platform for Egyptian Cotton at the Heimtextil trade fair for home textiles that is taking place in Frankfurt, Germany, this week. The modern look is designed to convey the quality and natural beauty of Egyptian Cotton while engaging consumers, retailers and manufacturers with its heritage and values, the association explains.

Developed with a UK-based brand specialist Salesworxs, the new platform places the consumer at the centre of the Egyptian Cotton experience, with a strong emphasis on how the luxury hand-picked fabric feels against the skin.

"We believe that everybody should experience the luxuriously soft touch of Egyptian Cotton. We want people of all ages, worldwide, to seek out its strength, softness and durability. It's all about the personal human touch," commented Khaled Schuman, Executive Director of CEA.

"Our Sales and Marketing partner Salesworxs created a powerful brand identity, which reflects the brand's heritage whilst educating our audience as to our core values."

Increasing consumer demand

"It's a privilege working with Cotton Egypt Association on a global project to reinforce Egyptian Cotton as the finest cotton in the world, and to bring the brand up to date with a relevant story," said Salesworxs Managing Director, Richard Newman.

"We know that a brand is a story that is always being told, it's what people say about you when you're not around. Egyptian Cotton is without question the world's finest cotton, our job is to ensure our global audience recognise this when making purchasing decisions on relevant products such as home textiles and clothing."

The rebrand is designed to increase consumer demand and retailer confidence and will support the CEA's efforts to rid the supply chain of falsely labelled Egyptian Cotton goods.

Protecting Egyptian Cotton's legacy

The Cotton Egypt Association is a non-profit association established in 2005 with support from the Ministry of Industry and Foreign Trade. The Association's mission, working closely with local and international companies involved in the Egyptian Cotton supply chain, is to protect Egyptian Cotton's legacy of luxury and help promote all Egyptian Cotton licensees and their products.

Cotton Egypt's mission is to manage, market, promote, license, and monitor the Egyptian Cotton logo and its licensees, as well as guarantee the authenticity of products licensed to use the logo. In addition to working with Egyptian Cotton growers and manufacturers, the Cotton Egypt Association has partnered with the IMC, The Export Councils, Cotton Organizations, NGOs and donors to ensure adhesion to international labour, safety and trade standards.

Source: knittingindustry.com - Jan 10, 2018

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Pakistan invites Japan to assist in promoting its textiles through PTA

Minister of State for Finance, Rana Muhammad Afzal Khan Thursday invited Japan to assist Pakistan to promote its textile through Preferential Trade Agreements (PTA).

During a meeting with Ambassador of Japan, Takashi Kurai, who called on him, Rana said Pakistan highly values its relationship with Japan, a press statement said.

He hoped that the economic cooperation between the two countries would be brought to a much higher level with the passage of time.

The minister informed the ambassador that Pakistan offers numerous opportunities to the potential investors from Japan and they can invest in tourism, processing and packaging of sea food, halal food and its export.

Japan can invest in these sectors and bring in her technology and sanitary and phytosanitary standards with the investment.

On the occasion, Kurai congratulated the minister on assuming his responsibilities and praised the efforts made by Pakistan to eradicate extremism and strengthening of economy.

He said the Japanese government has planned to support the government of Pakistan in export promotion, improvement of security through the provision of security equipment at the airports and diversification of automobile industry.

The ambassador asked the minister to participate in the EXPO 2025 to be held in Kazakhstan.

He suggested that the Joint Government Business Dialogue process between the two countries should be revived for the benefit of both the countries.

The minister assured the ambassador of all possible support from his side. The meeting was attended by senior officials of the Finance and Economic Affairs Divisions.

Source: app.com.pk - Jan 11, 2018

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Cotton Industry Watching China Closely

Addressing a gathering of about 80 people in Lubbock's Bayer Museum of Agriculture, Dr. John Robinson, professor and extension economist at Texas A&M AgriLife Extension Service, optimistically stated, "Sometime in next few years, hopes are high that China's overall import levels may rise and may even be back to 16 million bales." Surely this caught the attention of area wide gin representatives and cotton farmers, who were attending the Board of Directors' meeting of the Plains Cotton Growers (PCG), Inc.

The meeting opened-up with reports from various gins in the High Plains area. It was clear that the recent season witnessed variability between fields in terms of yield. "Variability best describes the yields across our area," said Steve Verett, producer and executive vice president of PCG. According to Shawn Wade, PCG's director for policy analysis, "more producers have reported that their yield was less than expected."

Low micronaire has been an issue this season predominantly attributed to lack of maturity due to cold and cloudy weather in August. Commenting on this aspect, Verett stated, "definitely below average micronaire for our area and not what we strive to produce."

With regard to current market situation, demand is there for cotton. With economy recovering slowly, consumer will start spending and so nonessential commodity buying will start to rise. Observing the recent export sales figures, Robinson stated if the exports follow the current trend, cotton exports from the United States may be above the USDA's estimate of 14.8 million bales (489 lbs. each).

He expects USDA may rise their estimate by about half a million bales or so. However, he cautioned about the heavy ending stock which may affect the price.

Couple of reasons are there for being optimistic about enhanced imports by China in the next years. According to Robinson, demand will be a positive influence and the need for newer stock as China's reserves are 5-6 years old.

Market will reflect first on the increased demand from China and the farmers will follow in a year or two, like employment numbers, which is always a lagging indicator.

When the China import situation improves, it will be a game changer, said John Robinson.

Source: cottongrower.com - Jan 12, 2018

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Canada attacks US tariffs by taking case to World Trade Organization

Canada has filed a sweeping trade case against the United States at the World Trade Organization (WTO), lobbing a diplomatic grenade at the Trump administration's "America First" approach amid an increasingly embattled trade relationship between the longstanding North American allies.

The trade case could exacerbate tensions between the two nations, which have frayed in recent months as the countries wrestle with trade disputes and attempts to renegotiate the North American Free Trade Agreement. Canada's case challenges the US use of tariffs to punish unfair trade practices and protect its markets, saying those actions violate WTO rules.

The case could expand into a multinational trade dispute given that Canada, a champion of global agreements, filed it in a way that allows other countries to join. The 37-page document outlines numerous problematic trade actions that it says the US has taken against China, South Korea, Japan and Germany.

The case, which was filed on December 20 and made public on Wednesday, centres on the punitive tariffs that the US imposes when it finds other countries guilty of subsidising their products or of selling them abroad at unfairly low prices, a practice known as dumping.

The US has lost cases in the World Trade Organization over this system, which differs substantially from that of many countries. Robert E Lighthizer, the US trade representative, called Canada's action "a broad and ill-advised attack" on the American trade system. "US trade remedies ensure that trade is fair by counteracting dumping or subsidies that are injuring US workers, farmers and manufacturers," he said in a statement on Wednesday.

"Canada's claims are unfounded and could only lower US confidence that Canada is committed to mutually beneficial trade." Canada has borne the brunt of several US trade actions, including a decades-long dispute over lumber and recent cases against Bombardier airplanes and Canadian newsprint. "There are now billions of dollars of Canadian exports to the US that are potentially subject to these restrictions," said Chad P Bown, a senior fellow at the Peterson Institute for International Economics in Washington.

"That's what this dispute is all about." The case could take years to work its way through the World Trade Organization, Bown said, but could eventually help Canada combat the types of trade actions the US is increasingly bringing.

It could also help Canada protect itself if the US withdraws from Nafta or significantly alters key parts of the trade pact that provide an important channel for Canada to appeal trade disputes between the countries. Canada's foreign minister, Chrystia Freeland, said the WTO filing was linked to a long-running dispute over Canadian lumber exports.

Source: business-standard.com - Jan 12, 2018

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Vietnam textile production fails to meet garment requirements

Vietnam textile industry is still facing many problems in textile production, as fabric determines the cost and quality of finished garment products hence textiles still cannot meet garment requirements, said Vu Huy Dong, general director of Damsan JSC.

Vietnam has to import 65-70 percent of fabric every year, it exports two-thirds of yarn output. This means that Vietnam has yarn in excess but not enough fabric.

In 2016, Vietnam's fabric imports increased by 3.2 percent compared with 2015, though garment export value decreased by $23.84 billion, of which fabric export turnover accounted for 43.9 percent, down by 0.1 percent.

According to Nguyen Son, deputy chair of the Vietnam Cotton and Spinning Association (VCOSA), one of the reasons behind this is the market management scheme.

The State has policies to help the development of supporting industries, but there is no specific policy designed for the spinning and cotton industry.

He said that state-owned enterprises and foreign-invested enterprises only undertake favorable links in the textile & garment supply chain, while private businesses take difficult work.

However, private businesses are facing difficulties when developing their projects. Most provinces/cities have rejected their projects to open dyeing factories. As a result, a vicious circle exists in the textile & garment industry: Vietnam makes yarn, exports cotton, then imports fabric and exports garment products.

Vitas, affirming that textile and garment companies are facing difficulties, have made many proposals to the government. It has asked to amend Decree 60 on the conditions for granting licenses to import printing machines.

Under the current regulation, businesses owners must have junior college or higher-level degrees. If not, they have to attend MIC's training courses majoring in printing to be able to import printers.

The association has also asked to remove the decision on raising the import tariff on polyester from zero to 2 percent, stating that most Vietnamese enterprises have to import the product.

In addition, it had asked Hai Phong City to reconsider port fees to help enterprises cut production costs.

Source: yarnsandfibers.com - Jan 11, 2018

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NATIONAL NEWS

India to grow at 7.3% in 2018: World Bank

With an "ambitious government undertaking comprehensive reforms", India has "enormous growth potential" compared to other emerging economies, the World Bank said today, as it projected country's growth rate to 7.3 per cent in 2018 and 7.5 for the next two years.

India, despite initial setbacks from demonetisation and Goods and Services Tax (GST), is estimated to have grown at 6.7 per cent in 2017, according to the 2018 Global Economics Prospect released by the World Bank here today.

"In all likelihood India is going to register higher growth rate than other major emerging market economies in the next decade. So, I wouldn't focus on the short-term numbers. I would look at the big picture for India and big picture is telling us that it has enormous potential," Ayhan Kose, Director, Development Prospects Group, World Bank, told PTI in an interview.

He said in comparison with China, which is slowing, the World Bank is expecting India to gradually accelerate. "The growth numbers of the past three years were very healthy," Kose, author of the report, said.

Investments and unemployment

In 2017, China grew at 6.8 per cent, 0.1 per cent more than that of India, while in 2018, its growth rate is projected at 6.4 per cent. And in the next two years, the country's growth rate will drop marginally to 6.3 and 6.2 per cent, respectively.

To materialise its potential, India, Kose said, needs to take steps to boost investment prospects. "There are measures underway to do in terms of non-performing loans and productivity," he said.

"On the productivity side, India has enormous potential with respect to secondary education completion rate. All in all, improved labor market reforms, education and health reforms as well as relaxing investment bottleneck will help improve India's prospects," Kose said.

Noting that India has a favourable demographic profile, he said it is rarely seen in other economies. “In that context, improving female labour force participation rate is going to be important. Female labour force participation still remains low relative to other emerging market economies. Bringing force right now idle outside of the productive activities will make a huge difference,” he said.

Reducing youth unemployment is critical, and pushing for private investment, where problems are already well-known like bank assets quality issues...If these are done, India can reach its potential easily and exceed, Kose asserted.

‘Huge potential’

“In fact, we expect India to do better than its potential in 2018 and move forward,” he said. “India’s growth potential, he said, would be around 7 per cent for the next 10 years,” he said.

The Indian government is “very serious” with GST being a major turning point and banking recapitalisation programme is really important, Kose said. “The Indian government has already recognise some of these problems and undertaking measures and willing to see the outcomes of these measures,” he said.

“India is a very large economy. It has a huge potential. At the same time, it has its own challenges. This government is very much aware of these challenges and is showing just doing its best in terms of dealing with them,” the World Bank official said.

The latest World Bank growth estimate for 2017 is 0.5 per cent, less than the previous projection, and 0.2 per cent less in the next two years. “It is slightly lower than its previous forecast, primarily because India is undertaking major reforms,” Kose said.

These reforms, of course, will bring certain policy uncertainty, he said, “But the big issue about India, when you look at India’s growth potential and our numbers down the road 2019 and 2020, is that it is going to be the fastest growing large emerging market.”

Need to push

“India has an ambitious government undertaking comprehensive reforms. GST is a major reform to have harmonised taxes, is one nation one market one tax concept.

Then, of course, the late 2016 demonetisation reform was there. The government is well aware of these short-term implications,” Kose said.

He said there might have been some temporary disruptions but “all in all” the Indian economy has done well. “The potential growth rate of the Indian economy is very healthy to 7 per cent. I think the growth is going to be at a high rate going forward,” the World Bank official said.

The big question is whether Indian policymakers would, under the necessary reforms, push its potential growth up, Kose said. “So far we have seen ambitious policy initiatives and implementation like GST. And we have all the reasons to expect this government to continue economic policies to create friendly environment for businesses and push its growth potential up,” he said.

In a South Asia regional press release, the World Bank said India is estimated to grow 6.7 per cent in fiscal year 2017–18, slightly down from the 7.1 per cent of the previous fiscal year.

This is due in part to the effects of the introduction of the Goods and Services Tax, but also to protracted balance sheet weaknesses, including corporate debt burdens and non- performing loans in the banking sector, weighing down private investment, it said.

Source: thehindubusinessline.com- Jan 11, 2018

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Budget 2018: Modi government should provide concessions to SEZs to boost industrial policy

Special Economic Zones (SEZs) were devised to boost the country's industrial and export promotion policy. Now the Narendra Modi government has to take tough decisions pertaining to SEZs in the upcoming Budget 2018 as SEZs are facing quite a few challenges in recent times.

Finance Minister Arun Jaitley should address the issue in Budget 2018 on February 1, the Institute of Chartered Accountants of India (ICAI) has suggested. "Section 50 of SEZ Act, 2005 provides that the State Government may, for the purposes of giving effect to the provisions of this Act, notify policies for Developers and Units and take suitable steps for enactment of any law:- (a) granting exemption from the State taxes, levies and duties to the Developer or the entrepreneur. (b) delegating the powers conferred upon any person or authority under any State Act to the Development Commissioner in relation to the Developer or the entrepreneur," the Chartered Accountants' body said.

The renowned body has said, "Presently, as the above provisions are discretionary, there is no mechanism to regulate the state governments in extending concessions to SEZ as envisaged in SEZ Act and Rules.

Due to lack of coordination between central and state governments the concessions like the supply of goods without payment of CST is being denied by many state governments resulting in an added cost to such units." It has suggested the government to make necessary changes in the Budget 2018.

The ICAI has made suggestions that aforementioned these provisions be made mandatory in the Budget 2018 by amending Section: 51 of the SEZ Act to provide that the provisions of this Act shall have effect notwithstanding anything contained in any state tax laws.

On November 28, 2014, the Comptroller and Auditor General stated in its report on SEZs: "Considering the significant shortfalls in achievement of the intended socio-economic objectives by all the sectors of SEZs, there is an urgent need for the government to review the factors hindering the growth of non-operational and under-performing zones", according to reports

According to reports, SEZ is an enclave area that is deemed to be a territory outside the customs territory of India for its authorised operations. The Centre's Foreign Trade Policy 2004-2009 stated: "SEZs are growth engines that can boost manufacturing, augment exports and generate employment.

The private sector has been actively associated with the development of SEZs. The SEZs require special fiscal and regulatory regime in order to impart a hassle-free operational regime encompassing the state-of-the-art infrastructure and support services."

Source: financialexpress.com- Jan 10, 2018

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Cotton arrivals gather pace as rates stabilise

With rates of cotton crop stabilizing in the range of Rs 5,200-5,350 per quintal in Punjab markets, arrival of raw cotton has gone up in the second week of January. In the corresponding period in 2017, rates of raw cotton were Rs 5,600-5,700 per quintal.

Till the first week, about 3,000 bales on an average were arriving every day in the state markets. Now, over 4,500 bales are arriving in the mandis for the last three days. Starting from September 1, 2017 till January 9, a total of 5.55 lakh bales (1bale=170kg) of raw cotton had arrived in the markets of Punjab. As many as 11 lakh bales are expected this season in Punjab as against 8.26 lakh bales in the 2016-17 crop year.

Till December 31, 2017, a total of 526,640 bales had arrived and in the corresponding period in 2016, 4.70 lakh bales had arrived in the markets. Cotton, which is the second biggest kharif (summer sown) crop of Punjab, was sown over 3.82 lakh hectares this season while the acreage was 2.56 lakh hectares in 2016.

All purchases are being made by private traders and state-agency Cotton Corporation of India (CCI) is yet to enter the market as the rates of the fibre crop (long staple) is more than the minimum support price (MSP) of Rs 4,220 per quintal.

Trade body Indian Cotton Association Limited (ICAL) said raw cotton arrivals were expected to be 12 lakh bales more than the 2016-17 crop year in the three northern states as the sowing area has increased to 15.41 lakh hectares from 13 lakh hectares, a jump of 16%. ICAL secretary Jatinder Singh said cotton output in Punjab, Haryana and Rajasthan was expected to be up 27% as compared to the last season.

As compared to Punjab, cotton arrivals are higher in neighbouring Haryana and Rajasthan. In Haryana, 13.29 lakh bales had arrived till December 31 as against the target of 25 lakh bales. In Rajasthan, 14.65 lakh bales have arrived till December 31 whereas the target is of over 20 lakh bales.

Area under cotton in Haryana is 6.56 lakh hectares while it was 5.70 lakh hectares in the previous season. Cotton acreage in Rajasthan is 5.03 lakh hectares as against 4.71 lakh hectares in 2016.

Overall, the raw cotton arrivals in north India comprising Punjab, Haryana and Rajasthan stood at 33.23 lakh bales till December 31 against the target of 57.50 lakh bales. The arrivals in these three states in the corresponding period in 2016 were 23.22 lakh bales and the total arrivals were recorded at 45 lakh bales.

Farmer Ajaib Singh, from Kot Shamir village in Bathinda district who had sown cotton in over eight acres, said he expected to get Rs 3.40 lakh from his total output at the prevailing rates. "I had to spend nearly Rs 2 lakh on the crop so I should be able to make around Rs 1.4 lakh over my expenses this year," he said.

Another cotton grower Gurdev Singh, from Kotbhara village of Bathinda, said, "We will increase the area under cotton in the coming season. During this season our two families had sown the crop on 18 acres and we are satisfied with the returns."

CCI's Bathinda branch head Brajesh Kasana said, "Raw cotton prices are stabilising now at Rs 5,200-5,350 per quintal, which, a few days earlier, were below Rs 5,000 per quintal. Punjab is expected to produce nearly 11 lakh bales, which is short of the initial estimate of 12 lakh bales. The drop in output is due to scanty rains in July-August 2017."

Leading textile manufacture Vardhman Textiles' director (raw material) I J Dhuria said cotton scene at the national level seemed good. He said, "More farmers in Punjab are expected to sow cotton in the coming season."

Source: timesofindia.com- Jan 11, 2018

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Khadi ties up with retailers to enter shopping malls

Khadi has finally entered shopping malls in tieup with retail chains, in what is seen as an attempt to tap the middle-class market it has been losing to Patanjali.

Last week, Khadi made a beginning through a tie-up with retailer Globus to launch Khadi Korner, a shopin-shop concept, at an outlet in Noida. The plan is to move to Chennai, Varanasi and Ahmedabad later this month. Next month, Khadi & Village Industries Commission (KVIC) will go for a similar launch in Mumbai in tie-up with Cotton Bazaar. Discussions are underway with Shoppers Stop and Big Bazaar too, sources told TOI.

For years, KVIC had stayed away from shopping malls as it didn't have the financial muscle to spend anywhere between Rs 2-5 lakh a month on leasing space. So, it came with a different model, where it will have a revenue-share arrangement with retailers, which could range between 10% and 20% of the sales.

"Gone are the days when loyal customers travelled long distances to reach khadi bhandars. Today, availability is one key focus area and we want to be available at the doorstep," said KVIC chairman V K Saxena.

The initial experiment in Noida is for a fortnight but, Saxena said, the initial sales numbers are promising. On Sunday, sales were estimated at around Rs 28,000, just a fraction of the over Rs 25 lakh that the flagship store in Delhi's Regal Building notched.

The sales staff at the Noida Khadi Korner, however, said things could be better starting with a more prominent banner at the entrance. In addition, they complained that the space allocated is not too prominent.

Currently, what's on offer are garment and cosmetics but depending on the feedback more products could be added. Over the last few years, Ramdev's Patanjali, which was pushing for a tieup with KVIC, has massively ramped up its presence in shopping malls, especially through the franchisee route and has eaten into the government-backed entity's market for products such as spices and honey.

Source: timesofindia.com - Jan 10, 2018

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FOSTTA urges Gujarat CM to set up garments hub in Surat

The Federation of Surat Textile Traders' Association (FOSTTA) has urged Gujarat chief minister (CM) Vijay Rupani to set up of a garments hub in the city under the state government's garment policy announced on October 16 last year to recover the appeal of the man-made fabric (MMF) hub, apparently lost due to severe impact of the goods and services tax (GST).

In a letter to the chief minister, FOSTTA raised concerns over GST leading to the fall in MMF production by at least 40 per cent, and job loss in textile markets, power loom weaving units and processing units, according to a report in a leading Indian daily.

Factories at the garments hub will consume the raw fabrics manufactured by the weavers. The raw material procured will be relatively cheaper, which will offer an edge to the manufacturers in attracting wholesalers from across the country and abroad, FOSTTA said.

Source: fibre2fashion.com- Jan 10, 2018

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New norms will draw international brands to India

The government's move to allow 100 per cent FDI in single brand retail through the automatic route is expected to encourage more international brands to set up base in India and help Indian consumers get better access to international products, say analysts.

At the same time, analysts believe that the tweaks in sourcing norms will give international retailers the much-needed flexibility and more time to develop vendors in the country and establish a supply chain for their Indian operations.

Dhanraj Bhagat, Partner, Grant Thornton India, said, "This positive change will foster ease of doing business in India. It will encourage international brands to look at India seriously as they will now find it easier to set up operations in the country. In addition, the tweaks in the sourcing norms will make it viable for them to comply with the regulations."

Akila Agarwal, Partner, Shardul Amarchand Mangaldas, said: "Earlier, the local sourcing norm was to be met in five years from commencement of business on an average basis and annually thereafter. Now, it is applicable only after five years from commencement.

"For the initial five years, the norm could be satisfied by incremental local sourcing for global operations of the investee company or its affiliates. This means increased purchases from India over and above the previous year will be adjusted against the 30 per cent local sourcing condition."

However, it is unclear if this determination will be done at the end of five years on an average basis or each year from the date of commencement, she added.

Goldie Dhama, Partner-Regulatory, PwC India, added that this will provide single brand retail trading companies the flexibility and time to align their retail and sourcing business.

Relaxation in the mandatory sourcing norms had been the long-standing demand of some of the international retailers that have already set up shop in India, and have been sourcing from India for many years for their international operations.

Janne Einola, Country Manager at H&M India, said: "We are happy to hear about the India sourcing requirement being offset towards H&M's global sourcing from India. While it is in the right direction, we look forward to the same relaxation for the period beyond the initial five years as well, which works towards ease of doing business in India."

Rajat Wahi, Partner, Deloitte India, said that the mandatory sourcing norms were a big obstacle in attracting single brand retailers and the tweaks introduced by the government will bring in a big change.

He said that the move will not only attract additional foreign capital into the country, but will also provide an impetus to the retail industry growth, at a time when organised retail has been already seeing strong growth over the last 12 months.

However, Arvind Singhal, Chairman, Technopak, believes that unless FDI norms for multi-brand retail are liberalised, the country is unlikely to see a huge impact in the quantum of foreign investment inflow or for exports.

Source: thehindubusinessline.com- Jan 11, 2018

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Smriti Irani inaugurates Indian Pavilion at Heimtextil Frankfurt

Hosting India as the second largest participating company, Union Textile Minister Smriti Irani inaugurated world's biggest fair for interior textiles – Heimtextil this week in Frankfurt.

According to an official statement here, over 390 Indian companies have come together together to showcase the country's textile expertise at the trade fair.

Also the first trade fair of the year for its sector, Heimtextil 2018 will be a trend barometer for the whole business year, spotlighting new trends and innovations in interior textiles, home furnishings, household textiles and a range of allied services.

Source: uniindia.com- Jan 11, 2018

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Warangal, the next major hub in Telangana

Warangal with its proximity to Hyderabad and with over 300 educational institutions, which produce skilled and semi-skilled labour, give it a unique advantage over the other tier-II and tier-III cities and has the potential to be the next major hub for economic activity in Telangana after Hyderabad.

The Gross District Domestic Product (GDDP) for Warangal Urban is Rs 10,012 crores and for Warangal Rural is Rs 7,963 crores in 2015-16. As per District Industries Centre data for both the Districts of Warangal, the total number of industrial units are 781, with 719 in Warangal Rural and 62 in Warangal Urban. The units are predominantly agro and food based. Minerals based industries are also operating.

CII Telangana chairman V Rajanna said, “Warangal Urban can become a potential hub for services sector including IT, ITeS, Tourism and Hospitality sectors while Warngal Rural is suitable for textiles and food processing. There is a need to enhance economic activity in these locations.”

He told Telangana Today, “Warangal has a great talent hub because of the academic institutions. The city can attract food processing and textiles units. Once infrastructure is created, there could be more investments from the industry. As Hyderabad created manufacturing base, Warangal can also replicate the manufacturing ecosystem where ancillary units can come up. Hardware facilities can come up here.”

He informed, “CII recently held sessions in Warangal to empower rural entrepreneurship where 300 women partcipated. We have signed a MoU with NIT Warangal to train faculty in emerging technologies. We are collaborating with TASK regional centre by giving inputs on what industry wants.”

The Government’s recent announcement of the Kakatiya Mega Textile Park is a significant move. The proposed ‘cotton-to-garment’ park will be set up in an area of 2,000 – 3,000 acres, with a vision to have a “fibre to fabric (end-to-end)” facility. Expected to garner investment of Rs 3,900 crores, employment creation potential is estimated at 75,000 jobs with over 25,000 direct jobs.

Hyderabad-Warangal corridor will be busier due to the focused development of Yadadri. Warangal also has a rich cultural heritage and a great tourist destination because of 1000 pillar Shiva temple, Ramappa caves, Badrakali temple, etc.

Rajanna recommened to Government of Telangana that Warangal should have a mid-size airport and also high speed rail connectivity between Hyderabad and Warangal to make it like Shanghai and Hangzhou of China.

Smart City works

Hyderabad: Principal Secretary to Municipal Administration and Urban development Arvind Kumar on Thursday asked the officials to prepare a list of works which can be immediately grounded and completed at the earliest taken up under the Warangal Smart City Corporation.

He held a review meeting with officials at the secretariat. Kumar asked the officials to identify different stretches of roads in the city where footfalls are high and develop them to have a visible impact to the public at large. He said that works should be taken up in places of public importance. He asked the officials to ensure that road works should be completed before the onset of monsoon so as to avoid inconvenience to the public.

He wanted the officials to take up construction of mini sewage treatment plants in as many places as possible. He also asked the officials to make a list of all government buildings for installing solar roof top PVs. Construction of rain water harvesting structures should also be prioritsed, he added.

Vision Document

Apex industry body Confederation of Indian Industry (CII) Telangana has commissioned a report titled “Warangal Vision Document: A Roadmap for Economic Development of Warangal (Rural & Urban)”. This document is a visioning exercise of the two districts of Warangal- Rural and Urban. The report that was brought out in collaboration with Vantage Management Consulting points out the two districts have enormous potential which has not yet been tapped.

It says, following the Chief Minister's vision of Bangaru Telangana, there is indeed a clear need for tier-II & tier-III cities/districts of the State to be developed into centres of enhanced economic activity. The report identifies that Warangal Urban has potential to become a hub for the service industry especially, tourism, BPO and IT&ITES, while Warangal Rural has the required prospects to become the textile and food processing hub.

Source: telanganatoday.com- Jan 11, 2018

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US looking at free trade agreement with India

The US government is planning a comprehensive Free Trade Agreement (FTA) with India in an effort to boost two-way trade that currently stands at $115 billion.

"I want to see a US-India FTA ... a strategic view of our economic relationship could eventually lead to a roadmap for a US-India Free Trade Agreement," US Ambassador to India Kenneth I Juster said here on Thursday.

Delivering his inaugural policy address on US-India Relations at Carnegie India, Juster said US is concerned about persistent trade deficit with its trade partners, including India.

He also said although bilateral trade has reached $115 billion in 2016 from $20 billion in 2001, there is still plenty of room to expand the flow of goods and services in both directions and, in the process, for trade to become more reciprocal.

Reforms welcomed

"We welcome steps by India to continue its reform agenda, expand market access, and further enhance the protection of intellectual property. And we want to work with India to expeditiously resolve trade and investment disputes," he said.

Juster, who was earlier Under Secretary at the US Commerce Department, urged India to take advantage of its growing ties with the US and transform itself as an alternative hub for US business in the Indo-Pacific region.

H-1B issue

On the issue of H-1B visas, Juster said while the US continues to attract the largest number of immigrants into the country, it plans to address some of the "fundamental issues" into the various categories of their visa regime.

"The US is probably as open a country as any in the world and we probably take more immigrants per year than any other country in the world ... We do have a serious and different type of visas and qualifications that have evolved over the years. The Congress keeps reviewing it periodically and that process is on in Washington. We are looking more broadly at how various categories of the visas are working," he added.

He also clarified that the US does not intend to block H-1B or its extension in the near future.

Juster, who took over as the US Ambassador to India on December 1, said India and the US need to make "step-by-step" progress in defence trade and cooperation.

As a result, he said, both sides will announce major defence agreements in 2019 in areas such as intelligence, surveillance, and reconnaissance platforms; fighter aircraft production; and the co-development of next generation systems, including a Future Vertical Lift platform or Advanced Technology Ground Combat Vehicles.

'Make in India'

"In line with India's desire to produce more of its equipment in its own country, I want to emphasise that the United States is more than just another supplier. Major US defence companies are already in India producing components for complex defence systems," he said.

He also added that in order to boost defence cooperation in India, both sides should also enhance military exchanges even as he pushed for greater defence deals under the Defence Technology and Trade Initiative (DTTI).

"We seek to assist India's efforts to build up its indigenous defence base and capabilities, as well as enhance the inter-operability of our two forces as major defence partners in the Indo-Pacific region," he said.

Juster said he while Pakistan had been helpful in assisting US in the reconstruction process of war-torn Afghanistan, the reason why $255-million security aid was suspended was because they did not take enough measures to dismantle terror outfits in that country.

“We will not tolerate terrorism, cross-border terrorism or any form of terrorism or safe havens of any type. And we work closely with India on issues of information sharing and other types on issues of terrorism in the region,” he added.

Source: thehindubusinessline.com- Jan 12, 2018

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Prabhu, UK Minister discuss ways to boost trade

Commerce and Industry Minister Suresh Prabhu held talks with his British counterpart, International Trade Secretary Liam Fox on Thursday, as the two countries look for opportunities to boost trade and investment, including via a potential Free Trade Agreement, as Britain prepares to leave the European Union.

As part of its efforts to strengthen trade Britain’s export credit agency, UK Export Finance has doubled its financial support for British companies that export to India.

The UKEF has now made £4.5 billion available to British companies exporting to India and Indian firms buying British goods and services (the latter available in rupees).

While Britain is unable to hold formal trade talks with countries outside the EU till it leaves the union (at the end of March 2019), the 12th meeting of the UK-India Joint Economic and Trade Committee (JETCO), being held this week provides an opportunity for the countries to build on work of the UK-India trade working group established last year.

Fox said expanding the bilateral trade and investment with India, and breaking down barriers to trade, would be central to the task of Britain preparing for its independent trade policy.

"It's in our shared interest to boost prosperity, generate jobs, develop skills, and enhance the competitiveness of both our countries," he said.

Prabhu is on a four-day visit to London, as part of which he is set to attend JETCO and address an audience at the London School of Economics on the role of trade and investment in driving sustainable and inclusive growth.

Source: thehindubusinessline.com- Jan 12, 2018

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