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IBTEX No. 225 of 2017 November 13, 2017

USD 65.33 | EUR 76.22 | GBP 85.83 | JPY 0.58

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
17688	37000	**72.23**

Domestic Futures Price (Ex. Gin), October

Rs./Bale	Rs./Candy	USD Cent/lb
18250	38175	**74.52**

International Futures Price

NY ICE USD Cents/lb (Dec 2017)	68.29
ZCE Cotton: Yuan/MT (Jan 2018)	15,160
ZCE Cotton: USD Cents/lb	**88.19**
Cotlook A Index – Physical	**79.50**

Cotton & currency guide: Despite a better than expected supply number released last week by the USDA the cotton price witnessed no crack down instead market saw a rebound. The December settled higher at 69+ cents per pound two consecutive positive weeks.

Approximately 21.50 million bales of production with better carryover stocks in the US and large global crop will have its impact on cotton prices eventually in the near term. However the reaction is yet to come.

There are multiple factors keeping the cotton price sideways and moving for more than 8 weeks in the narrow range of 66 to 70.50 cents per pound. We are close to the upper hand of the given range. Currently cotton is trading around 69.10 and no positive cues are lying in the market except good cash sales of cotton may push the price a few more points higher. We continue to see 70 cent area as strong resistance zone. On the other hand price also has been taking strong support near 66 areas as many hedge funds show interest, on call fixation takes place near the same range. Broadly we expect cotton to trade in the confined range in the near term. As far as today's move is concerned there may be slight uptick in price while we recommend taking short on higher level.

More on the markets the spread trading between December and March continues to rule. More than 30+% of total volume is with the spread. December is approaching its 1st notice day on 25th of this month and already larger portion of open interest have already shifted to March. Currently March is holding higher OI of more than 1 million contracts. The spread between the two contracts are around 15 to 20 points.

On the domestic front, price of Shankar-6 traded steady entire last week around Rs. 37500 per candy ex-gin (73.55 cents per pound) while for new crop Punjab J-34 are very slightly easy at Rs. 3,830 per maund (about 71.60 cents per pound). The arrivals as of last week was around 157+K bales including 42,000 in Maharashtra, 35,000 in Andhra Pradesh and 31,000 in Gujarat. However, the future contracts have been trading steady. In the last week November future traded in the narrow range of Rs. 18420 to Rs. 18180 while closed at Rs. 18230 per bale. We expect market to remain sideways with selling on rise is recommended. Trading range for the day would be Rs. 18400 to Rs. 18180 per bale.

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

NEWS CLIPPINGS

INTERNATIONAL NEWS

China's Wuxi Cotton to set up textile plant in Ethiopia

Wuxi No. 1 Cotton Mill, part of the Guolian Development Group and one of the largest textile manufacturers in China, has signed an investment agreement with the Ethiopian government to establish an integrated textile plant in Ethiopia. The new plant will be set up in Dire Dawa, the second largest city in Ethiopia, lying around 450 km east of Addis Ababa.

Wuxi will invest in a spinning plant and a large scale integrated fabric mill, with production targeted at export markets, according to the investment agreement between Wuxi and the Ethiopian Investment Commission (EIC), signed in Wuxi city in China earlier this month.

Established in 1919, Wuxi No. 1 Cotton Mill has annual weaving capacity of 26,000 tons of yarn and 30 million metres of grey fabric. Hence, the company will bring state-of-the art manufacturing technology, knowhow and excellence accumulated over a span of nearly 100 years to Ethiopia.

In addition to creating direct employment opportunities, the Chinese investment will help Ethiopia boost its foreign exchange reserves through exports. It is also expected to create significant linkages in the fast-growing textile and clothing industry of Ethiopia, Chinese media reports said.

At present, Wuxi exports 75 per cent of its products, mainly to Europe, the US, Japan and Asean countries. So, the EIC expects that the investment will assist Ethiopia in becoming a leading player in Africa’s textile and apparel manufacturing sector.

Source fibre2fashion.com- Nov 13, 2017

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Cotton demand resurfaces in the US

Mill on-call sales have increased almost every week during the 2017-18 marketing year, an excellent indication of improving demand. Cotton demand has resurfaced. Next year, cotton growers across the US will hold on to most of their 2017 plantings.

US cotton is the most competitive in the world. With futures between 67 and 72 cents mills will continue to flock to the US for cotton. US cooperatives and merchants have been aggressively offering strong basis bids to potential mills and that has encouraged excellent sales.

Driven by consumer preferences, and the rapid increase in polyester prices due to massive worldwide pollution issues, cotton has become much more price competitive versus polyester and other plastic fibers.

Presently cotton appears to be the better alternative in 2018 for the Midsouth and the Southeast regions. Cotton will again be the only alternative for Texas and Oklahoma.

A slightly bullish scenario now exists for cotton, but any movement above 71 cents will be difficult. While the US crop was judged higher, as was US carryover, the more important decline in world stocks led the market higher. Some still feel that a trip to the very low 60s is imminent as growers could become more aggressive sellers as the end of the year looms.

Source: fashionatingworld.com - Nov 11, 2017

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Africa's rise as the next fashion hotspot

New York, London, Milan and Paris, have long been touted as the fashion capitals of the world. With merging boundaries and shrinking trade ties, many African cities are emerging in the fashion world map. And cities like Lagos, Johannesburg, Dakar and Nairobi, are waiting to ink their name in this fast moving industry.

While the fight to finish wasn't easy for these cities, yet they proved themselves to be unparalleled incubators for fashion and design, connections for the creative visual arts and most importantly inclination towards sustainable growth, financial and commercial hubs. A recent Forbes Magazine study of most influential cities in the world listed Johannesburg, Cape Town and Lagos. In this context, the work of Style House Files (SHF) and its flagship event, Lagos Fashion and Design Week (LFDW), holds utmost importance.

As per Omoyemi Akerele, CEO of SHF & Founder of LFDW, creating both a platform and setting an agenda that posits African fashion as every bit as desirable has not been an easy task. Africa is diverse and dynamic in terms of culture, historical references and commercial viability but the fashion and apparel sector within Africa is still often met with a degree of uncertainty and fascination.

The event can play a major part in offering buyers an opportunity to see and purchase clothing, providing a platform for the wealth of talent in the industry, and capacity building in terms of education and regional government policy.

Meanwhile Akerele and her team have tied up with the right channels to showcase African designers. One such successful relationship is with SHF's showcases at Pitti Immagine, one of the most prestigious international fashion platforms and the British Fashion Council's Fashion Scout shows held during London Fashion Week.

These events allowed instantly recognisable names on the Nigerian fashion landscape such as Lisa Folawiyo, Grey Projects and Gozel Green to gain further visibility and international sale. Akerele firmly believes beyond global markets, there's lot to be served in the home turf. They want to make both the international fashion market and pan African fashion market co-exist.

Bright projections

According to UNDP projections, Africa will be home to the largest population of working adults in the world with middle class and high net worth individuals of equal relevance to brands by 2040. Realising this potential, luxury fashion major Michael Kors has been an 'early adaptor' with his standalone store in Cairo and an outlet in Cape Town's fashion concept-store, Callaghan. Then there are mid-priced retail stores and brands such as Grey Velvet, ADA and Zebra providing affordable styles.

Domestic companies are finding it worthwhile to invest in the fashion industry now with Nigerian Export Promotion Council supporting the 'Made In Nigeria' campaign, and the Ugandan government's African Growth Opportunity Act, which targeted the garment sector. As Europe continues to contract both in terms of economy and ageing population and insatiable appetites for all things fashion in alternative locations both for established brands and newcomers are unavoidable.

Source: fashionatingworld.com- Nov 11, 2017

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Higher prices, lower profits and $20 billion lost production: That's what life without NAFTA looks like in Canada

The shredding of the North America Free Trade Agreement would reduce Canadian GDP growth by one per cent over five to 10 years, a prospect that looks increasingly likely as the White House slaps hefty duties on some Canadian exports, a new report says.

Analysts at Royal Bank of Canada estimate that shredding the trade pact would result in a four per cent across-the-board increase in tariffs for Canadian exports to the U.S., primarily impacting the petroleum industry, auto manufacturers, primary and fabricated metal manufacturers, and the plastics industry.

"The implied annual impact of 0.1 per cent to 0.2 per cent might not appear all that large, but it adds up to a substantial amount of foregone production potential—about $20 billion (in today's dollars) of annual output over time," RBC economists Nathan Janzen and Mathias Hartpence said.

The absence of NAFTA could also lead to lower profits for companies and “probably higher prices for consumers,” apart from diminishing Canada’s competitiveness relative to off-shore producers.

“Indeed, in the medium to longer run, limiting the tariff advantage for locating auto manufacturing activities within North America could, perversely, simply accelerate the movement of motor vehicle production offshore,” the analysts said.

Observers have speculated for months over which trade rules would replace NAFTA. Initially it is expected to trigger a fall back to the earlier Canada-U.S. Free Trade Agreement or, more likely, to World Trade Organization rules.

The snap-back to WTO provisions would raise tariffs on many export-dependent industries, compared to the mostly tariff-free or low-tariff rules currently enjoyed under NAFTA. U.S. tariffs under WTO on textiles averaged 12 per cent in 2016, the RBC report said. The average tariff on agricultural products was 5.2 per cent over the year, while petroleum products averaged 6.5 per cent. Canadian and Mexican petroleum exports to the U.S. aren’t currently charged duties under NAFTA.

Even if Canada and the U.S. manage to sign their own trade deal, the analysts wrote, “a bilateral arrangement may not safeguard Canada from ongoing punitive trade actions—consider recent U.S. moves to levy tariffs against Canadian softwood lumber and Bombardier-manufactured jets.”

The U.S. Commerce Department has recently slapped a 20 per cent tariff on some softwood lumber exports, as well as a 300 per cent duty on Bombardier Inc.’s CSeries jets following a deal with European plane manufacturer Airbus SE.

The RBC report comes as NAFTA talks seem increasingly likely to implode, after the U.S. began introducing hard-nose demands to scrap a key dispute resolution mechanism and put an end to the Canadian dairy industry’s supply management system. The fifth round of NAFTA renegotiations will be held in Mexico City beginning Nov. 17.

The most vulnerable industry by share of GDP was oil and gas extraction, according to the report. Next most vulnerable was petroleum and coal manufacturing.

Trump's approval of the Keystone XL pipeline soon after taking over the White House implies that oil and gas exports could be exempt from higher tariffs.

"That support suggests energy trade isn't high on the list of current grievances," the report said. "But in the current environment, it is difficult to rule out any potential outcome entirely."

Scrapping the NAFTA deal could also hurt labour mobility, RBC warns, noting that "it's likely that a minority of the half-million Canadians working in highly trade-sensitive sectors would be affected."

"A more extreme scenario, in which the U.S. ignored WTO commitments and implemented larger tariff hikes, would be much worse for the Canadian economy."

Source: business.financialpost.com- Nov 12, 2017

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Digital world: AI creates jobs, more products

Current day manufacturing covers a wide spectrum of industries — crafts, processed food, textiles, pharma, medical devices etc.

Artificial Intelligence with deep human and machine learning shall enable India to take top position among the leading manufacturing nations and achieve large employment.

Manufacturing with digital platforms for competitiveness, high employment and wealth generation advanced manufacturing is a wide spectrum multi- and inter-disciplinary domain where learning from experiences, simulation and modelling, materials, sensors with Internet of Things (IoT), supply-chain robustness, life cycle management, innovations through imaginations and commercialisation should work in synergy with right expertise of human resources, facilities, infrastructure and polices.

Current day manufacturing covers a wide spectrum of industries — crafts, processed food, textiles, pharma, medical devices etc. The emphasis is on software, design, manufacturing, validation of the products and capturing the imagination of customers for needs and delight through larger and more effective use of digital technologies. Manufacturing remains an engaging frontier of all emerging and advanced nations.

High value and high-end customers choose products based on differentiating qualities of the products. For most customers, affordability, meeting their requirements, value for money and, of course, unique appeal of the product are the reasons for choice of, and loyalty to, the product.

Sustainability in the 21st century is a key binding influence for any product commercialisation as investments in products which destroy the environment and nature don't find favour with investors, customers, and policy-makers.

Sustainability, in simple terms, means minimum inputs, maximum value, low impact on the environment over the life cycle, repair, reuse, recycling and management practices to achieve the above parameters. In a country like India, manufacturing, technology, employment and sustainability thus become highly intertwined and require high level of expertise with interdisciplinary approaches and competence. It is clear that manufacturing and services (life cycle performance) are moving closer in the digital world, providing India another opportunity to leapfrog.

Digital and distributed manufacturing with digital enhanced supply chains and innovations enabling digital platforms to design, make choice of appropriate materials and manufacturing through processes like additive manufacturing with lasers, arc torches, electron beams, etc. are at the forefront of priorities for creating human resources at all skill levels, infrastructure and polices.

Digital supply chains and manufacturing with or without automation and robotics leading to industries 4.0 requires validated cyber physical support systems through cloud-based software for enhancing productivity, quality, value of products, satisfying customers' specific needs and aspirations.

These platforms are specifically important for MSMEs (micro, small and medium enterprises) which supply individual components for automobiles, defence, customer products such as crafts, textiles, packed food, etc. Their competitiveness and survival are key to national employment and economy growth.

Inclusive manufacturing competence through involvement of all stakeholders, employing advanced technologies for meeting common needs with attractive products and catering to nearly bottom of pyramid skill workers with minimal digital training is a pathway, in contrast to low-cost, mass manufacturing of products with least sustainable technologies.

Digital manufacturing leading to industry 4.0 is dependent on big data generation and analytics, robust cyber security systems, appropriate intellectual property regimes and new standards. It also requires mindsets of sharing, competing while collaborating.

Artificial intelligence (AI) is a key enabler in digital design, supply chains, manufacturing and life cycle management. AI with deep human and machine learning shall enable India to take top position among the leading manufacturing nations and achieve large employment. AI for India in domain of future manufacturing means in a real world creating innovative quality products in spectrum of manufacturing (different emphasis and game plan for different sectors) with equity (inclusive) and sustainability (low inputs, high value and least waste).

India, through the right road map, has a window of real opportunity considering current realities and aspirations.

AI in manufacturing and life cycle services occupies centre stage in China, USA, Europe, Japan, among other countries. Thus, Indian strategy, policies, competence, capacity and capability need to be synergised and accelerated.

Source: asianage.com - Nov 13, 2017

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Cambodia looking for preferential trade deal with the US

Cambodia wants preferential trade treatment from the US for its garment and footwear exports.

The US generalised system of preferences (GSP) scheme allows duty-free entry of certain non-sensitive items from 120 developing nations but excludes garment and footwear products. If the US accedes, Cambodia hopes to enhance its export growth, investment and employment generation.

The United States will be reviewing its GSP program by year end and voting on the GSP Footwear Act of 2017, which would allow outdoor shoes and boots, as well as other footwear manufactured abroad, to be included in the program.

Cambodia has duty free and quota free status from the US for 82.6 per cent of its products.

Improvement of working conditions for factory workers is one of the main criteria set by the US when it comes to giving preferential trade treatment. And Cambodia says it has performed well in improving the conditions of garment workers and that workers are now paid decent salaries, allowing many families to get out of poverty.

Cambodia’s garment and footwear sector exports rose by 7.2 per cent in 2016 compared to 2015.

The country gets 100 per cent preference from Australia, New Zealand, Norway and Switzerland and 99 per cent preference from the EU under the Everything But Arms clause.

Source: fashionatingworld.com - Nov 11, 2017

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Bangladesh expands denim capacity

An increase in the global market share of Bangladeshi denim products is prompting fabric millers to expand their businesses to meet the growing demand. They are taking steps to increase production capacity. As China is gradually moving away from producing low-end products, Bangladeshi producers are receiving a huge number of orders for denim products.

Production of denim in Bangladesh was initially dependent on the import of fabrics. However, 60 per cent of the fabrics are now sourced locally.

There are 32 denim mills in Bangladesh with a total annual production capacity of about 443 million meters. Bangladesh's exports of denim products to the EU in the first six months of this year rose by 5.7 per cent compared to the corresponding period in 2016.

Between January and July this year, the country's earnings from the US showed a 6.6 per cent increase on the same period last year. The Bangladeshi denim market is very competitive.

Sourcing of quality fabrics produced by local millers helps denim manufacturers meet their lead times. The quality of denim fabrics is defined by washing effects so these are an important factor in producing high-end products and determining their quality.

Source: fashionatingworld.com - Nov 11, 2017

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ASEAN signs free trade, investment pacts with Hong Kong

Hong Kong on Sunday signed free trade and investment pacts with the ten-nation Association of Southeast Asian Nations, in what one of the Chinese territory's senior officials called a "loud and clear" vote against rising regional trade protectionism.

The pacts conclude nearly three years of talks, are expected to take effect on January 1 at the earliest, and aim to bring "deeper and bolder" integration of market access with the bloc, said Edward Yau, Hong Kong's commerce and development secretary.

"In the face of protectionist sentiments in other parts of the world, these two agreements are in fact a loud and clear vote from all of us here for freer and more open trade," Yau said.

"Hong Kong, being a free trade promoter and advocate of a strong, rule-based multilateral trading system, will continue to take this pathway, continue to do our utmost."

Total merchandise trade between Hong Kong and ASEAN was HK$833 billion ($107 billion) last year, official figures show. Total services trade was HK$121 billion ($16 billion) in 2015.

The ASEAN Hong Kong China Free Trade Agreement (AHKCFTA) was signed on the sidelines of a summit of the regional grouping in the Philippine capital of Manila.

It came after leaders attending an Asia-Pacific Economic Cooperation (APEC) summit in Vietnam agreed to tackle "unfair trade practices" and "market distorting subsidies" in a statement on Saturday that bore the imprint of U.S. President Donald Trump's efforts to reshape the global trade landscape.

That summit offered a contrast between the vision of U.S. President Donald Trump's "America First" policy and a traditional consensus favouring multinational deals that China now seeks to champion.

While Hong Kong already has one of the world's freest and most open economies, the pacts will see many ASEAN countries gradually eliminate or slash customs duties on goods from the former British colony that returned to Chinese rule in 1997.

Professional services are also expected to benefit, with increased investment flows, Yau added.

Source: asia.nikkei.com - Nov 12, 2017

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Egypt keen on reaching out to Africa: PM

Egypt is keen on reaching out to Africa in light of the importance it attaches to the continent, said Prime Minister Sherif Ismail on Saturday.

The premier made the remarks during the inauguration of the second "Destination Africa Fair" for apparel and textiles, which is co-organized by ExpoLink.

The state is keen on renovating public spinning and weaving companies, as well as state-owned and private weavers, Ismail said.

He added that the production of long staple cotton will be expanded, noting that 128 companies owned by the public business sector are being renovated to boost production.

"Destination Africa" is a sourcing event for apparel and textiles from Africa targeted only at a limited number of invited trade visitors.

The product range comprises both ready-to-wear clothing for men, women and children and textiles, as well as fabrics for apparel and interior design, such as bed and table linen, curtains, carpets and upholstery.

As many as 75 companies are taking part in the fair that takes place at Nile Ritz-Carlton Hotel in Cairo on November 11-12.

Source: egypttoday.com- Nov 11, 2017

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Pakistan: A game changer for women?

Variously termed a ‘game changer’ or ‘game over’ for Pakistan’s economic development, few observers address the question of whether the $62 billion China-Pakistan Economic Corridor will contribute to women’s empowerment or exacerbate their marginalisation in Pakistan. This is a vital question in a country that is second-lowest in global rankings of gender equality.

The Planning Commission assumes CPEC will boost growth and create jobs for women and men alike, yet it seems unable to provide figures that support this optimism.

Academic research — some of it produced at institutions funded to promote a positive narrative on CPEC — expects projects to create jobs in Pakistan as ‘China is losing its comparative advantage of low-cost labour’. These studies are silent on who stands a chance to be recruited for such low-wage jobs.

Our own research shows that women and men in Pakistan have experienced dividends of economic growth in different ways, eg, during the boom in the services sector after the turn of the millennium, men were favoured over women for employment in banking and telecommunications.

In industry, in contrast, lower-paid female workers were hired in the textiles and garment sector. This enabled exporters to prepare for the more competitive global environment after the textile and clothing trade was liberalised in 2004. Thus, employment creation has not always been empowering: casual, poorly paid or even unpaid employment is likely to reinforce women’s marginalised position.

For a job to contribute to women’s empowerment, regular, formal and well-remunerated employment is of special import. The question is: will CPEC provide such empowering jobs to women workers?

It is mainly the special economic zones planned under CPEC which hold the promise of generating employment that also benefits women workers. The largest chunk of envisaged investments goes into the capital-intensive energy sector. Directly, this is unlikely to generate significant employment opportunities.

The labourers building the roads and other infrastructure projects under CPEC are likely to be male and their employment temporary. The planned SEZs, however, involve labour-intensive assembly line work, such as in textiles, clothing and toys manufacturing that typically recruit a significant number of female workers. Currently, nine SEZs are planned across the country, with experts expecting this number to quadruple.

However, SEZ jobs' track record in empowering employment is not impressive. About 60 per cent of all global employment in SEZs is hosted by China. There, especially in light manufacturing, women form the majority of the workforce. For a long time, wages in Chinese SEZs were kept low to attract foreign investors.

Additionally, working 12 to 14 hours per day was common, without labour law protection for the bulk of the (migrant) industrial workforce, or representation by independent trade unions. But with the recent significant wage increases in its eastern industrial hubs, China is looking west — to Pakistan.

Pakistan's own experience with SEZs does not offer much reason for optimism. While labour laws apply to SEZs, this is not the case for export-processing zones where trade unions and strikes are prohibited. Karachi's EPZ is the oldest one, offering employment to thousands of women. Most are young, unmarried, and on temporary appointment without any written contracts. Many are, hence, fearful of dismissal in case of pregnancy.

Productivity is warranted by providing sick leave only at the cost of penalties from workers' salary and strictly regulating visits to the restroom. In fact, most female employment in Pakistan's export-oriented industries is casual, or informal and home-based where wages are even lower than in formal manufacturing. With an average of about Rs5,500 in 2015, women manufacturing workers' monthly earnings can only be called sub-poverty wages. Such jobs may well be the 'comparative advantage of low-cost labour supply' that attracts Chinese investment.

Hence, if CPEC's effects mirror the experience of Pakistan's export-led development of previous decades, then the investment is unlikely to contribute to women's empowerment. On the contrary, it will translate into the import of poorly paid and disempowering jobs.

Yet, for women to avail themselves of even such, or more attractive, job opportunities, the structural barriers that lower their labour participation must be removed. Here, placement of SEZs across the country, not just around major urban hubs, and the passage of the corridor through rural areas is a welcome feature of the proposed plans. While greater connectivity to markets may provide a catalyst for the requisite change in Pakistan's patriarchal social set-up, creation of employment opportunities in relatively more remote areas will provide the economic impetus to attract women workers.

However, in order to ensure that CPEC can actually be a 'game changer' for gender equality in Pakistan, it has to be informed by gender analyses. A gender unit for the CPEC Secretariat could provide the required assessments of CPEC projects from a gender perspective.

Similarly, while enforcement of existing labour laws is important, UN Women had earlier suggested that women's employment can be promoted in CPEC projects through gender quotas and policies that protect against workplace harassment.

The CPEC optimism must be tempered with a dose of realism. True, we are looking at a massive inflow of capital that has the potential to transform the economic and social landscape of our country.

Yet, we must delve deeper into the characteristics of the proposed plans and that of the jobs being promised. Only then can CPEC's potentially significant economic dividends translate into positive and gender-sensitive social change.

Karin Astrid Siegmann is a senior lecturer at the Institute of Social Studies at The Hague. Hadia Majid is an assistant professor of economics at Lums.

Source: dawn.com- Nov 13, 2017

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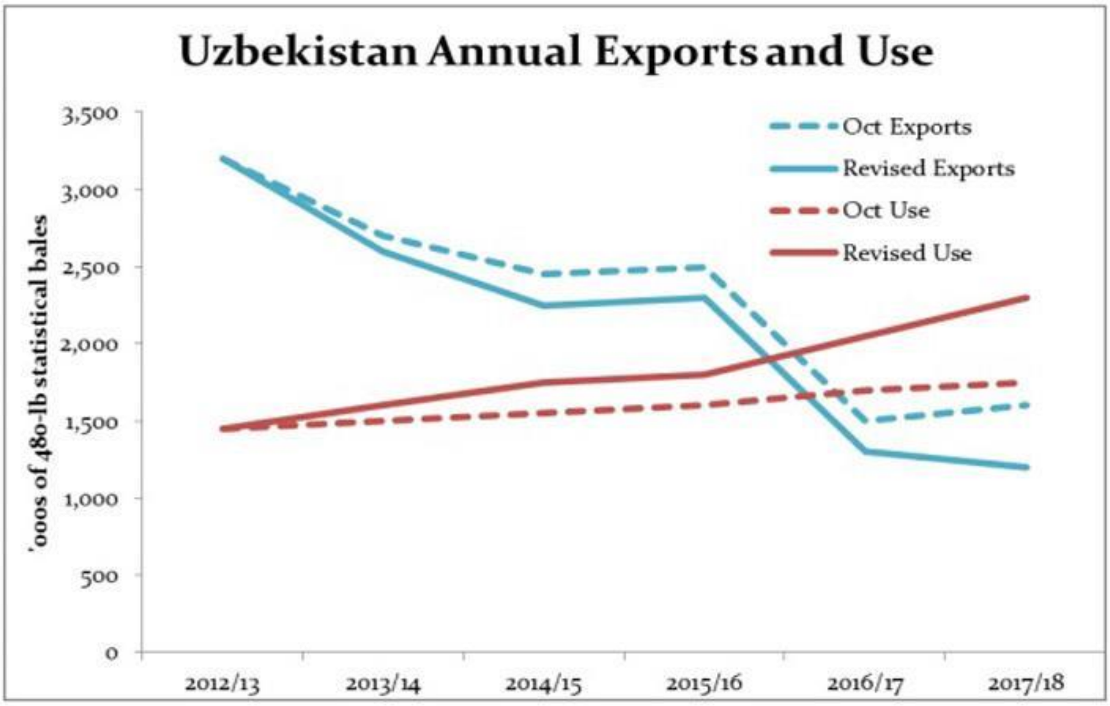
Uzbekistan's spinning industry showing rapid growth

Driven by extremely favourable tax and input price conditions for foreign investors, Uzbekistan's spinning industry has shown rapid growth in recent years. Gradual liberalisation of some economic regulations, like the recent liberalisation of currency exchange, and the decline of competing industries, such as Russia's spinning sector, has aided this growth.



Especially in the last three years, Uzbekistan's promotion of a special set of investment incentives and a new 'textile cluster' programme have generated strong interest and verifiable investments by spinners, the Foreign Agricultural Service of the US department of agriculture (USDA) said in its November 2017 report on 'Cotton: World Markets and Trends'.

According to Uzbekistan government's official estimate, its spinning capacity, which apparently includes projects underway but not yet fully operational, is about 2.6 million bales of cotton yarn in 2017.

The recently concluded 77th annual International Cotton Advisory Committee (ICAC) Plenary Meeting in Uzbekistan gave the international cotton trade an opportunity to see the changes underway in the country's cotton and textile sector, the report said.

Since its independence in 1991, it has been difficult to account for the final destination of Uzbekistan's cotton exports, due to incomplete, inconsistent or long delayed trade data.

It has been difficult to determine the exact quantity of cotton exports, because Uzbekistan itself does not report consistent trade figures. However, information provided at the ICAC meeting indicated that exports in recent years were substantially overestimated.

Source: fibre2fashion.com - Nov 12, 2017

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Expo Pakistan 2017: Pakistan secures export orders worth millions

Pakistan has secured new export orders worth millions of dollars from different countries in the ongoing Expo Pakistan 2017, according to leading fruits and vegetables exporters.

"Our members have received a very good response, especially from Indonesia, and we are confident about getting more orders worth millions of dollars," Pakistan Fruit and Vegetable Exporters, Importers and Merchant Association (PFVA) former chairman Waheed Ahmed said.

Since the exhibition will continue for two more days, exporters say they are unable to compile the exact amount of new orders at this moment.

The four-day exhibition (November 9-12) will conclude on Sunday and it is being held at the Karachi Expo Centre.

Exporters say Indonesia can become a big market of Pakistani fruits, especially kinnow (mandarin). Pakistan's major exports to Indonesia include textiles and clothing, vegetables and fruits (mainly oranges) while its major import item from Indonesia is palm oil.

Indonesia offers zero-rated market access to kinnow and oranges from Pakistan, providing a level playing field to this product in the Indonesian market.

However, Pakistani exporters face tough competition in Indonesia as regional countries also export fruits to Indonesia on low duties due to the agreements among the Association of Southeast Asian Nations (ASEAN) trading bloc. Indonesia imports over $650 million worth of fruits and $550 million worth of vegetables annually. Now that Pakistan is regaining its share in Indonesia's fruit imports, its exporters want to export more vegetables as well.

Bilateral trade between Indonesia and Pakistan is expected to reach $2.5 billion this year, according to Indonesian estimates. However, the trade balance is in favour of Indonesia as it exports over $2 billion of goods to Pakistan.

The exhibition has attracted trade delegations from different countries such as Russia, the UK, Thailand, Tunisia, Australia, Vietnam, The Netherlands, Jordan, Argentina, Italy, Kenya, Belgium, Japan, Turkey, Sweden and Lithuania.

Focus on Africa

Due to low exports to African countries, the Ministry of Commerce has decided to give 2% duty drawbacks on exporters who export to Africa, Federal Secretary for Commerce Mohammad Younus Dagha said on Friday. "We have decided to increase our exports to Africa due to current low trade base with African countries," said Dagha while speaking at an interactive session on 'Look Africa Trade Forum'.

Belgian trade mission to visit Pakistan in 2018

The seminar was held at the sidelines of the exhibition by the Trade Development Authority of Pakistan (TDAP). The gathering was attended by consul generals and other dignitaries from many African countries.

Meanwhile, Federal Minister of Commerce Mohammad Pervaiz Malik has commented that Pakistan is looking to double its bilateral trade with African countries to $6 billion from $3 billion in the next five years.

Source: tribune.com.pk - Nov 12, 2017

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NATIONAL NEWS

GST rates cut on some goods; changes in Composition Scheme

The GST Council chaired by Indian finance minister Arun Jaitley, at its 23rd meeting, has recommended major relief in GST rates on certain goods and services, spread across many sectors and across commodities. The Council has also recommended changes in the Composition Scheme, including a uniform rate of tax @ 1 per cent for manufacturers and traders.

The Council has recommended that the list of 28 per cent GST rated goods be pruned substantially, from 224 tariff headings (about 18.5 per cent of total tariff headings at 4-digit) to only 50 tariff headings including 4 headings which have been partially r

Goods on which the Council has recommended reduction in GST rate from 28 per cent to 18 per cent include articles of apparel and clothing accessories of leather, guts, furskin, artificial fur and other articles such as saddlery and harness for any animal.

The GST rate on hand bags and shopping bags of jute and cotton, hats (knitted or crocheted), and specified parts of sewing machine has been reduced to 12 per cent from the earlier 18 per cent.

Likewise, the GST rate has been lowered from 12 per cent to 5 per cent on narrow woven fabric including cotton newar (with no refund of unutilised input tax credit); finished leather, chamois and composition leather; coir cordage and ropes, jute twine, coir products; fishing net and fishing hooks; and worn clothing.

These recommendations would become effective from 00hrs on November 15, 2017.

Among the changes recommended in the Composition Scheme is a uniform tax rate of 1 per cent for manufacturers and traders (for traders, turnover will be counted only for supply of taxable goods).

The Council also recommended increase in annual turnover eligibility under this scheme to Rs 2 crore from the present limit of Rs 1 crore under the law. However, this will be implemented only after the necessary amendment of the CGST Act and SGST Acts.

Source: fibre2fashion.com- Nov 11, 2017

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Textile sector upbeat after Centre hints at GST relief

Textile entrepreneurs and traders in Surat are pinning hopes on Goods and Service Tax (GST) Council to take proactive decision to resolve their pending demands for simplification and tax relief under the GST when they meet on Friday.

After the representatives from textile sector met Union minister of textiles Smriti Irani in New Delhi on Wednesday, it is believed that the central government has seriously started working in the direction to resolve the pending demands of the textile sector.

"We had an exhaustive meeting with Irani. Looking at the kind of response, there are ample reasons to believe that the government is in mood to resolve the GST issues faced by the sector. Almost 70% of our demands will be accepted," chairman of Federation of Indian Art Silk Weaving Industry (FIASWI) Bharat Gandhi said.

"Some of the key demands include the accumulation of tax credit, opening stock credit, simplification under ITC-04, 18 per cent GST on job-work for unregistered firm, reduction of 12% GST on velvet fabric," he said.

The meeting with Irani took place at a time when Congress vice-president Rahul Gandhi had interaction with textile traders and entrepreneurs in the city, while BJP president Amit Shah organized a series of meetings with the representatives from power loom weaving sector, traders and textile processors over GST issues.

President of Pandesara Weavers' Cooperative Society Limited Ashish Gujarati said, "The meeting with Rahul Gandhi, Amit Shah and Smriti Irani in last two days went off well. We are hopeful that the GST Council will announce key decisions on Friday."

Leader of the textile sector asking anonymity said, "We asked Irani why the government took late decision to invite the textile community. She stated that the government was working on the demands from the past one month. However, I feel that the model code of conduct due to elections in Gujarat and Himachal Pradesh will delay the implementation in GST bill."

Source: timesofindia.com- Nov 10, 2017

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Bihar govt's bid to attract investors in textile sector

The Bihar industries department in association with Apparel Export Promotion Council (AEPC) organised an apparel meet at Ludhiana on Friday.

The objective of the meeting was to showcase the initiatives taken by the Bihar government to attract investments in apparel and textile sector in the state.

According to a press release, Bihar principal secretary (industries) S Siddharth gave a detailed presentation to the participants on policy initiatives, infrastructure, ease of doing business and availability of land and skilled workers in Bihar,

"Around 2,000 acres of land is available with the state government for allotment to investors. We have launched an online single window clearance system for investors to submit their proposals from any part of the world. Approvals will be granted online," Siddharth told the meet.

Investment commissioner R S Srivastava said electricity was available for more than 22 hours a day everywhere in the state. "There is large domestic market as the population of Bihar is over 11 crore," said Srivastava.

Leading exporter and AEPC's Harish Dua thanked the visiting delegation and assured it that a delegation of city industrialists would visit Bihar soon after which they would decide on investments in the state.

Source: timesofindia.com- Nov 12, 2017

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Cotton arrivals pick up, CCI intervenes to stabilise prices

Prices expected to fall further, says Cotton Corporation

With cotton arrivals picking up in all major cultivation centres, the Cotton Corporation of India (CCI) has started purchases in places where the market price has equalled the Minimum Support Price (MSP).

According to CCI-director (marketing) M.M. Chokkalingam, the corporation is purchasing approximately 15,000 bales a day now. “The plan is to buy 100 lakh bales this year at both MSP prices and [through] commercial purchase,” he told The Hindu.

Production is expected to exceed 385 lakh bales of cotton this year and prices are expected to come under stress especially for Shankar 6 (grown in Gujarat), Bunny/Brahma varieties (Andhra Pradesh, Telangana, Maharashtra, and Karnataka). “The arrivals are nearly one lakh bales a day now. The prices are already down and will drop drop further when the arrivals touch two lakh or 2.5 lakh bales a day by the end of this month,” he said.

Moisture concerns

Trade sources here added that the cotton that is coming to the market now has slightly higher moisture content, especially in Telangana and Andhra pradesh. Purchases by textile mills may be impacted if the moisture content is high.

The minimum support price for Shankar 6 is ₹4,270 a quintal and for BB varieties, ₹4,320 a quintal. The market price of Shankar 6 is ₹10,545 a quintal and that for BB varieties, ₹10,798 a quintal.

Last year, market prices had been higher. The MSP is not adequate and Gujarat has announced a bonus price over the MSP if CCI commenced purchasing. Maharashtra and Telangana are also expected to announce a bonus amount if there is intervention by the CCI, the sources said.

Mr. Chokkalingam added that in 2014-2015, CCI had purchased 86 lakh bales. Last year, its intervention in the market was not much as prices were high.

This year, it has got the approval of the government to go up to 100 lakh bales. If prices stabilise and the need for MSP operations decline, CCI might purchase less than 100 lakh bales, he said.

Source: thehindu.com – Nov 11, 2017

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Industries welcome revision of GST rates

The Goods and Services Tax (GST) came as a shocker to the wet grinder manufacturers here as the product was placed under 28 % tax.

The Coimbatore Wet Grinders and Accessories Manufacturers' Association made several appeals to the Union Government, seeking reduction in duty. In the recent GST council meeting, the rate has been slashed to 12 %.

According to Saasthaa M. Raja, president of the association, Coimbatore produces nearly 20 lakh grinders a year and 65 % of the market is within the State. The manufacturers here supplied grinders to the State Government for free distribution and when the scheme ended last January business dropped for these manufacturers. The market was expected to pick up only in March this year. However, the GST came in July, crippling production.

Now, consumers who buy directly from the manufacturers in Coimbatore will not have to shell out much because of GST, he said. The raw materials used for production are under 18 % rate. Hence, the manufacturers will take input tax credit, he said.

The Indian Chamber of Commerce and Industry, Coimbatore welcomed the reduction of GST on wet grinders, pumps, compressors, weighing machines, etc. The council has taken pragmatic decisions to solve the problems of the trade and industry, said the chamber president Vanitha Mohan. However, the council has not considered reduction of rate for cement.

The Confederation of Indian Textile Industry and the Southern India Mills' Association have said that the decision to increase the limit for composition scheme to Rs. 1.5 crore from Rs. 1 crore will bring more industries wihing the special tax payment window.

Many companies were unable to file the GSTR 3B for the month of July, August, and September.

The Government has exempted such companies from submitting the late fee. These are welcome measures.

Source: thehindu.com- Nov 13, 2017

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Aditya Birla Fashion cuts clothes prices 8 pct in Pantaloons

Aditya Birla Fashion and Retail (ABFRL) has trimmed prices of its apparel range at Pantaloons Retail by 7-8% as the company passed on the benefits of the goods and services tax (GST) to customers and sharpened its focus on value fashion. The company has consciously been focusing on value fashion and bringing down product prices in the Pantaloons stores for the last one year.

With taxes lowering post roll-out of the GST from July 1, the company passed on the lower tax of 5% from the earlier 7% on products costing below Rs 1,000 to customers to boost demand. Supply chain efficiencies following GST implementation have provided more opportunities to companies to reduce prices. “As we continue to focus on value fashion, we have brought down our prices by 7-8% in the July-September quarter post implementation of the GST,” said Ashish Dikshit, business head, Aditya Birla Fashion and Retail, at a post earnings conference call.

As on September 30, 2017, Aditya Birla Fashion and Retail has 1,893 exclusive brand outlets and 210 Pantaloons value stores operational in the country. The company operates a total 6.7 million sqft of retail space across formats. Experts said the price cut is higher than the direct tax benefit ABFRL got post the roll-out of the GST as companies also passed on lower costs of supply chain, warehousing, among others, to customers. Rajat Wahi, partner, Deloitte India, said:

“Apart from getting a direct tax benefit of around 2%, retail companies focusing on value fashion must be passing the supply chain benefits such as abolition of tolls in many locations and reduction in number of warehouses, among others. While there may be short-term impact on margins of companies due to the price cuts, the main focus of companies is to boost sales. However, in the long-term, cost benefits got through supply chain will mitigate the impact.”

Anurag Mathur, partner, PWC, said: “Transportation and logistic costs have rationalised, which has helped the companies to lower prices.” Aditya Birla Fashion and Retail had cut prices of its apparel range by around 4-5% last year as well and had indicated that the company would take further price cuts as it would sharpen its focus on value fashion. Value fashion, or fashion at affordable rates, ranges between Rs 400 and Rs 1,500, and had emerged as one of the fastest growing segments with all large players rapidly expanding their footprints.

Vasanth Kumar, executive director at Max Fashion, told FE that the company has reduced product prices by 2-5% in its stores following the GST roll-out. The price cut has been a little higher than the direct GST benefit as the company passed on the benefits of supply chain to customers. Sales of Aditya Birla Fashion and Retail were impacted in July soon after the roll-out of the GST, but there was a swift recovery in August. September recorded a strong like-to-like sales growth of 23% on the back of the festive season. The company added 30 Pantaloons stores in Q2FY18 and 72 stores were added between Q2FY17 and Q2FY18.

Hit by the GST, ABFRL reported a net loss of Rs 10 crore in Q2FY18, against a net profit of Rs 65 crore reported in the year-ago period. The profit after tax before the GST impact in Q2FY18 stood at Rs 16 crore. The company reported a 4.3% decline in net revenue to Rs 1,804 crore, mainly due to the impact in sales following the GST.

Moreover, due to early season sales announced in June to clear stocks ahead of the GST implementation, customers made their purchases a month earlier. The company reported earnings before interest, taxes, depreciation and amortisation (EBITDA) of Rs 100 crore in Q2FY18, compared with Rs 172 crore in Q2FY17. ABFRL’s EBITDA margin for the second quarter stood at 5.5%, against 9.1% in the same period a year ago.

At the end of the September quarter, the company had net debt of Rs 1,946 crore.

Source: financialexpress.com- Nov 09, 2017

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RIL to push polyester biz with REIan

Mukesh Ambani's Reliance Industries (RIL) is to increase its presence in the polyester space after the launch of its new brand, REIan, through which it will get into co-branding of apparel. The largest manufacturer of polyester in the country, it has an annual capacity of 2 million tonnes (mt), almost half the country's 4.5 mt. The firm expects 5 per cent yearly growth in this segment. China, with 45 mt manufacturing capacity out of 70 mt globally, is much ahead of India.

For REIan, the new portfolio of speciality fabric, the firm has tied up with VF Corporation of America, owner of the world's largest denim brand, Wrangler, to launch by the coming February the Inficool denim range. "We are in talks with at least five leading domestic and international apparel brands to co-brand with the REIan brand.

The co-branding will give RIL a foothold in the Rs 250,000-crore Indian apparel industry, almost a 50-50 share of menswear and womenswear," said a senior firm official. The move might help to reduce India's fabric import, averaging 500 million sq metres, valued at $1.2 billion, in each of the past three years. The industry estimates a little more than 90 per cent of the fabric is from China, with the rest from Malaysia, Indonesia and South Korea. "The move will help India to reduce dependence on import of speciality fabrics, especially from China," said the official.

Global per capita consumption of polyester is 6 kg per person, compared to 3 kg per person in India and 11 kg in China. It is the other way round in cotton, with India's per capita consumption at 54 kg per person versus 18 kg in China and a global average of 28 kg. India's textile industry contributes 14 per cent of industrial production, 6 per cent of GDP and 17 per cent of export earnings.

"We are expecting (yearly) growth of around 5 per cent for India in the polyester industry, much higher than the global average of 3 per cent. We are planning to tie up with 200 textile manufacturers, giving focus to Punjab, Haryana, UP and Rajasthan, which account for 20 per cent of India's fabric production capacity and manufacturing textiles worth Rs 50,000 crore annually," said the official.

Source: business-standard.com- Nov 10, 2017

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India, Canada seek to put free trade pact in fast lane

India and Canada will make efforts for expeditious conclusion of a Comprehensive Economic Partnership Agreement on goods and services at the annual ministerial dialogue starting here tomorrow, said an official statement.

A high-level delegation led by the Canadian International Trade Minister Francois-Philippe Champagne is visiting India to attend the 4th Annual Ministerial Dialogue (AMD). The Indian delegation will be led by Commerce and Industry Minister Suresh Prabhu.

In the current round, India and Canada will be focusing on some of the key commercial drivers to enhance bilateral partnership, the release said.

"Efforts would be made to work towards the expeditious conclusion of the Comprehensive Economic Partnership Agreement (CEPA) for a progressive, balanced, and mutually beneficial agreement covering both goods and services," it stated.

India-Canada merchandise trade stood at USD 6.13 billion in 2016-17, down 1.87 per cent from the previous year.

The negotiations for the agreement were launched in November 2010 to boost bilateral trade and investments.

According to the release, considering the high potential for bilateral trade, the trade ministers of both countries are likely to discuss issues to explore ways of expediting the early conclusion of the CEPA and the Foreign Investment Promotion and Protection Agreement.

"They would also explore options for Indian interests in addressing the Temporary Foreign Workers Programme of Canada, which is affecting the movement of Indian professionals seeking short-term visas, address equivalence by the Canadian Food Inspection Agency for Indian organic product exports and exploring two-way investment opportunities," it said.

Though geographically separated by a long distance, the historical ties between the two countries date back to the late 19th century when Indians began migrating in small numbers to British Columbia in Canada.

Canada now has over 1.2 million Persons of Indian Origin (PIOs), comprising more than 3 percent of its population.

"Though India's commercial ties with the US have seen an upswing in the last few years, trade and investment relations between India and Canada are yet to realise their full potential," the release said.

Given enormous complementarities, a concerted effort to boost bilateral trade and investment from both sides would provide a fruitful outcome, it added.

Source: moneycontrol.com- Nov 12, 2017

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