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IBTEX No. 230 of 2017 November 18, 2017

USD 64.94 | EUR 76.57 | GBP 85.82 | JPY 0.58

Cotton Market (17/11/2017)		
Spot Price (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
17784	37200	**73.22**
Domestic Futures Price (Ex. Gin), November		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
18380	38447	**75.68**

International Futures Price	
NY ICE USD Cents/lb (Dec 2017)	69.21
ZCE Cotton: Yuan/MT (Jan 2018)	15,055
ZCE Cotton: USD Cents/lb	**87.56**
Cotlook A Index – Physical	**79.40**

Cotton & currency guide: The international cotton market witnessed some recovery on bullish Net Weekly Export sales data. The total cotton exports sales were 506 against 236 in previous week.

Cotton for March delivery on ICE climbed 0.5% to settle at 69.18c/lb. In week ended Nov. 9, U.S. export sales of upland cotton more than doubled w/w to highest since January 2015 with Pakistan as major buyer, USDA data shows Thursday.

There has been good trading volume while most part of it is from the spread trading between Dec/March and March/May. As discussed the OI in December is decelerating while rising in March as the former is witnessing its 1st notice period on 24th of this month.

The active month is now March 18 contract concentrated with highest open interest. March open interest has been increasing as the Dec fades.

This morning cotton future is seen trading at 69.34 up by 0.23%. There may slight uptick in the price however, 70 cents continues to be strong resistance in the market.

Likewise, on the lower side 68 and 67 are the key support levels. So broadly cotton is expected to trade in the same range while for the day the trading would be 68.90 to 69.70.

On the futures front in India the December future traded slightly higher and ended the session at Rs. 18380 up by Rs. 90 from the previous close. Market is expected to remain sideways and the trading range would be Rs. 18300 to Rs. 18450 per bale.

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

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INTERNATIONAL NEWS

Brexit could benefit the UK textile and clothing industry

Brexit—the exit of the UK from the EU—could benefit the UK textile and clothing industry, according to a report in the latest issue of Global Apparel Markets from the business information company Textiles Intelligence.

One consequence of the UK's decision to exit the EU has been a fall in the value of sterling and this has made UK textile and clothing exports more competitive in terms of price. At the same time, many UK retailers are considering sourcing more of their requirements from UK suppliers as the fall in the value of sterling has made imports more expensive.

Meanwhile, many foreign suppliers are diverting the focus of their export efforts to other markets as the UK market has become less profitable.

These trends are set to continue in the run up to Brexit—which is set for March 29, 2019—and beyond—as long as sterling remains low.

The UK textile and clothing industry could also benefit if—in the absence of a free trade agreement—customs duties are imposed on imports originating in the EU and other "near shore" supplying countries such as Turkey. Customs duties would make imports from these countries more expensive and, as a result, such imports would pose less competition for UK produced goods.

At the same time, exiting the EU would provide opportunities for the UK to negotiate its own trade deals—which it is not permitted to do as an EU member. This could mean better access for the UK textile and clothing industry to export markets in China, Japan and the USA, where UK manufactured products command a premium.

It is thought that a tariff-free or duty-free arrangement between the UK and the USA, for instance, could lead to a 30% surge in UK exports to the USA over a five-year period. Furthermore, this could benefit US consumers as it could lower the prices of quality UK goods in the US market by an estimated 15-25%.

However, the extent to which the UK textile and clothing industry will be able to expand in response to these opportunities will be limited by the fact that there are no longer any large volume garment manufacturing plants in the UK.

Also, there are concerns about the future availability of talent and skilled operatives. Many of the industry's skilled employees have come from other EU countries in recent years—especially those in Eastern Europe—and access to such resources could be curtailed if inward migration is restricted.

That said, as manufacturing opportunities in the UK textile and clothing industry open up, there is a chance that perceptions of employment opportunities in the industry will improve and this could help the industry to attract new, young, home grown talent.

One of the biggest concerns of the UK textile and clothing industry, however, is future access to the single European market. As much as 45% of UK textile imports and 25% of UK clothing imports come from other EU countries, and large proportions of these imports are materials used in the manufacture of textiles and clothing in the UK for subsequent export. If tariffs were imposed on imports of these materials, their cost would increase and this would force UK textile and clothing companies to increase their prices in the domestic market and lose market share.

In fact, if the UK were to fall back on World Trade Organization (WTO) rules, then the average tariff on imports of textile products coming into the UK would be between 10% and 15%. And—given that there has already been a 20% increase in costs as a result of the depreciation of sterling against the US dollar since the UK's decision to exit the EU was made—imported materials could become 35% more expensive when WTO tariffs are factored in.

An increase in the cost of imported materials would also force UK textile and clothing companies to increase their export prices and this could have a huge effect on sales of their products abroad.

As much as 74% of UK textile and clothing exports go to other EU countries and it is feared that much of this trade will be lost unless a free trade agreement can be negotiated.

Furthermore, if UK textile and clothing products were to become subject to higher tariffs when they are imported into EU countries, then more products would be made in the EU rather than in the UK, more products would be warehoused in the EU rather than in the UK, and more products would be shipped from the EU rather than from the UK—all at the expense of jobs and economic activity. More offices would be established in the EU and thus more jobs created in the EU at the expense of those in the UK.

In the meantime, until there is further clarity regarding the terms of the UK's exit from the EU, the uncertainty surrounding Brexit while negotiations are ongoing will continue to cripple business investment decisions and harm business and consumer confidence.

Source ajot.com- Nov 17, 2017

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Canada, Mexico ready to engage on U.S. sticking point in NAFTA talks

Canada and Mexico are prepared to engage the United States on one of its most contentious demands for NAFTA, in an early indication that proposals currently deemed non-starters could, in theory, be redesigned into something all three countries can live with.

It involves a U.S. idea deemed so hideous by the other parties that they refused to even look at it in the previous negotiating round. But with a significant facelift, the other countries say, the U.S. proposal could be turned into something a little more palatable, or at least worthy of discussion.

That controversial U.S. idea: a five-year sunset clause.

Also referred to as a termination clause, the proposal would end NAFTA after five years unless all three countries agree to extend it. Proposed by the Trump administration at the last negotiating round, the demand was derided by the other countries, business groups, and American lawmakers as a recipe for permanent uncertainty, contrary to the spirit of a trade agreement that is supposed to provide investor confidence.

But as the latest round of talks kicks off in Mexico City, the other countries are revealing a willingness to discuss modifying the idea. They say the termination clause could be turned into a review clause, meaning the agreement would still undergo assessments at regular intervals -- without creating a climate of constant uncertainty, in which the deal could be cancelled by default.

The Mexican government has publicly and explicitly acknowledged its willingness to discuss this revised version. Now Canadian officials are saying similar things privately.

"We are going with a counter-proposal: Let's put more force into evaluations, but let's not establish an automatic phase-out mechanism," Mexico's economy minister, Ildefonso Guajardo, said this week. "Let's establish a commitment that every five years we will evaluate what is happening, an analysis, what effects the agreement is having. And based on those results, each country can decide what to do in the future."

That's compatible with the Canadian position.

Prime Minister Justin Trudeau and Foreign Affairs Minister Chrystia Freeland have frequently spoken about the value of reviewing trade agreements, but have not publicly discussed the idea of embedding such a practice in a formal clause of NAFTA.

Yet one Canadian official speaking on the condition that he not be identified opened the door on Thursday to discussing the idea.

He said the notion of periodic NAFTA performance reviews is not new in trade agreements, nor is it something Canada would be unhappy to discuss should other countries wish to.

But he said the original proposal of a so-called sunset clause remains out of bounds. He said it would make for permanent uncertainty, and is unnecessary as NAFTA already has a six-month termination clause that can be invoked at any time by an unhappy signatory.

The apparent willingness to engage comes after an acrimonious round in Washington last month, where countries swatted aside each other's major demands. At the end of the round, all three lead NAFTA ministers publicly scolded each other's attitudes from the news conference stage.

Those politicians, Freeland, Robert Lighthizer, and Guajardo, have announced they will not attend the current round. There are also reports they might miss the next round too, as the politicians retreat from the foreground to give negotiators space to work without all the discord in public view.

This hint of willingness to compromise on a review-type clause raises the possibility that there might be some softer stances as the talks approach their hoped-for finish date of next March.

That being said, Canada, Mexico and the U.S. business community remain unnerved by some American proposals and wonder what the Trump administration actually wants. Speculation is rife in all three capitals about whether the White House wants a deal, or whether it is attempting to sabotage the talks and set the stage for the announcement of a U.S. withdrawal from NAFTA.

More than six-dozen U.S. lawmakers wrote to Trump's trade czar this week expressing concern about the handling of the NAFTA file.

A trade consultant attending this week's talks says this idea of a regular assessment could be a worthwhile discussion point, as long as it doesn't come with a termination-by-default portion.

He said regular reviews would not be so revolutionary. He pointed out that the current agreement's Chapter 20 establishes a NAFTA Commission and gives it the power to consider new matters that might affect the operation of the agreement.

"It is in fact rather normal to have periodic reviews to determine if the deal is working and can work better. It is not normally tied to killing the deal," said Peter Clark, an Ottawa consultant.

Laura Dawson of Washington's Wilson Center agreed that some watered-down version of the initial U.S. demand might work.

She said it might resemble the World Trade Organization's policy-review mechanism, which requires all members to conduct a self-assessment and assessment by a panel of others every two, four or six years, although the WTO version doesn't require countries to act in response to findings.

"The review mechanism is probably reasonable," Dawson said.

Source bnn.ca- Nov 17, 2017

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Italian, Chinese businesses eye growth opportunities under Belt and Road

The Belt and Road Initiative would provide long-term development chances for growing industry sectors in Italy and China, according to professionals from both countries.

The issue was discussed at a recent forum held in Italian city of Milan, which attracted Italian and Chinese entrepreneurs, officials, and experts.

Titled "Building a concrete roadmap for Italy and China's Joint Growth", the event was organized by Italy-China Foundation with the patronage of the Italian Ministry of Economic Development and the Chinese Ministry of Commerce.

"As a comprehensive project, the Belt and Road (initiative) might give all companies a strong opportunity to reduce their costs, and cut distances in both cultural, infrastructural, and logistical terms," Massimiliano Guzzini, vice president of lighting technology firm IGuzzini, told Xinhua.

The Belt and Road Initiative, which comprises the Silk Road Economic Belt and the 21st Century Maritime Silk Road, was proposed by China in 2013, with the aim of building a trade, investment and infrastructure network connecting Asia with Europe and Africa along the ancient trade routes.

Having spent years in China, where the firm opened a branch in 2005, the entrepreneur is able to observe "great changes" in the Chinese society, and the consumer trends in Asia overall.

"Design was not yet well known at the time (2005), but since then I have seen Chinese firms, training courses, and universities' departments and research centers growing steadily in the sector," Guzzini said.

Now that the industry was showing vibrant signals of potential growth in the area, the Belt and Road Initiative would "indeed boost the future development of our industry", he added.

For Italy, China is currently the ninth largest market for exports, and the first target market for sales to the Asia-Pacific region, according to Italy's state-owned export credit agency SACE. The trade exchange between the two countries suggest there is room for broad development.

Italian sales to China reached 11.1 billion euros (13.2 billion U.S. dollars) in 2016, marking a 6.4 percent rise over the previous year, and are expected to increase by some 296.8 million euros (350.2 million U.S. dollars) by 2020, the agency's data and forecast showed.

Apparel, jewellery, fibres and yarns, drugs and pharmaceutical products, machinery, shoes, and textile are among Italy's top 10 sectors in terms of exports to China, according to Italy-China Foundation.

On the other hand, Italy is China's fifth largest commercial partner for trade volume, and has become one of the major recipient countries of Chinese investments in Europe in latest years. As such, projects related to the Belt and Road Initiative would likely benefit many different industries.

For example, in terms of facilities connectivity, which was among the five cooperation priorities of the Initiative, as Vice President of China National Textile and Apparel Council (CNTAC) Xu Yingxin said at the forum.

"It means helping to develop infrastructure construction of railways, highways, ports, electric power, and telecommunications in the Belt and Road countries," Xu said.

Xu told Xinhua that the Belt and Road Initiative is meant to benefit all of the countries involved. "It means we could have in the future a stronger and more unified market, which is good for everybody, including China."

As for the specific sector he represents, the textile industry, Xu deemed the Initiative has come in the right moment.

"I think China's textile industry is in a very critical phase of transformation and adjustment, and the Belt and Road Initiative provides us with the opportunities to expand," he said.

Source: xinhuanet.com - Nov 18, 2017

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Pakistan: Cotton prices sharply decline

After maintaining an upward drive since the beginning of this month, cotton prices declined sharply during this week. Traders said in Karachi that the spinners had built up reasonable reserves of cotton, both from the domestic and foreign suppliers, so that they may not need urgent supplies at higher rates. There is also fear that much, if not most of the remaining supply during the remainder of the season, could be of lower grades.

Thus since the beginning of this week, the domestic cotton prices have undergone a correction as mills are no more in panic to buy local cotton at higher prices. Thus seed cotton (Kapas/Phutti) prices are reported to have conceded about Rs 100 per 40 Kgs, while the lint prices have reportedly declined anywhere from Rs 300 to Rs 350 per maund (37.32 Kgs).

Traders described the ready cotton as being weak, while yarn prices are also said to have suffered a decline. Thus on Thursday, seed cotton prices in Sindh are said to have raged from Rs 2700 to Rs 3050 per40 Kgs according to the quality.

In the Punjab, the seed cotton prices are said to have ranged from Rs 2800 to Rs 3300 per 40 kilogrammes in a weak market.

Lint prices in Sindh are said to have ranged lower frommRs 6000 to Rs 6650 per maund (37.32Kgs), while in the Punjab they reportedly ranged from Rs 6250 to Rs 6700 per maund (37.32 Kgs), according to the quality.

Earlier during the recent past, cotton business had slowed down due to smog prevailing in the fields over a wide area of planted cotton which reduced the picking operations, transport of seed cotton to the ginning factories and also the pressing of lint cotton.

Traders said on Thursday that their idea of cotton output during the current season (August 2017/July 2018) was around 11.5 to 12 million domestic size bales (155 Kgs). In the meantime, though the yarn prices have also somewhat moderated, but they have recouped from the earlier very low levels which should assist the textile industry to perform better.

However, the textile mills claim the government has not fully implemented the proposals which it had agreed to. Moreover, the domestic textile industry is still lagging behind its competitors who are enjoying many relieves and benefits from their respective governments.

It appears imperative upon the government to assist the cotton trade and industry so that the entire cotton trade from the growers and ginners to the spinners and weavers play their respective roles fully and assist the largest employers and exporters in the country to improve their activity for the larger interest of the country.

On the global economic and financial front, equity values which were depressed on many stock markets for the past several days, showed general improvement on Thursday. Thus the global markets took an upward trajectory on most bourses at the opening on Thursday. Even some commodity prices were reported to have taken an upward turn, like oil.

Earlier in the week, the British equity index FTSE had suffered a six-week low decline due to weaker financial shares in addition to a decline in the value of British Pound.

Actually, British politics is quite unsettled as the British prime minister is said to be facing a rebellion by the Conservative members of Parliament which has weakened the leadership of Theresa May. Furthermore, the Brexit negotiations with the European Union are quite directionless. The dragging Brexit negations are not only hurting Britain but are also slowing down the growth in the European Union to some extent.

AFP has reported from London that the jobless rate in the United Kingdom remains at a forty-two years low level and is far below the inflation rate which has reduced the purchasing power of the workers. Thus the pay squeeze continues to hurt the worker.

In the meantime, the International Monetary Fund (IMF) stated earlier this week that though the growth rate is more sustained in Europe, the Brexit imbroglio is disrupting the negotiations between Britain and the European Union.

Barring the disruption in the "divorce" talks between Britain and the European Union, IMF feels reasonably assured about the economic recovery in Europe. However, the European Central Bank vice-president Vitor Constan warned on last Monday that "these developments should not lead to complacency. Vulnerabilities and challenges remain in many euro area economies".

Last Wednesday, China's main indices suffered sizeable losses due to slowdown in industrial production as the country's economic growth has entered a period of moderation. Commodity prices are also said to have tumbled in Shanghai. Moreover, a slew of economic data released on last Tuesday indicated that China's economy has cooled further last month "with industrial output, fixed asset investment and retail sales missing expectations as the government extended a crackdown on debt risks and pollution."

In a report from London on Wednesday, Reuters news agency informed that "World stocks were set for their longest losing streak in eight months while oil prices slipped for a fourth day, though there was some reprieve for the dollar after U.S. data surprised on the upside".

Fall in oil prices, cotton, cocoa, palm oil and base metals, partly due to the economic slowdown in China, was registered at midweek. Political turbulence witnessed recently in Saudi Arabia, Venezuela and Zimbabwe has added to the global economic mayhem which has shaken the business community everywhere.

Source: fp.brecorder..com- Nov 17, 2017

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USA: Apparel industry in knots over NAFTA renegotiation

Members of the retail apparel and textile industries are joining the growing chorus of voices speaking up against the potential U.S. withdrawal from - or substantial alteration to - the North American Free Trade Agreement (NAFTA).

"The NAFTA renegotiation is a disaster," said longtime Washington trade attorney Jon Fee to attendees at the Apparel Importers Trade and Transportation Conference in New York this week. "I think trade policy is spiraling into darkness."

Fee's remarks during a conference panel captured the sentiment of many apparel importers and transportation services providers who attended this year's event, especially as the fifth round of NAFTA renegotiations get underway in Mexico City this week.

Fee noted that the U.S. demands, such as heightened U.S. content requirements in NAFTA-qualifying products, in addition to Trump's continued threats to leave the 23-year-old agreement, add to the possibility that the United States, Mexico and Canada could ultimately part ways as a trade trio.

In a separate conference panel, Julia Hughes, president of the U.S. Fashion Industry Association, also worried that the United States will resist making concessions, forcing Mexico and Canada to withdraw from the negotiating table. "So far, the U.S. says 'here's our proposals—take them,'" she said.

"Trump has not spelled out a trade policy," she said. "His focus is on trade deficits and on manufacturing rather than the whole value chain that creates many U.S. jobs."

In a rare moment of agreement with the pro-trade U.S. Fashion Industry Association, Augustine "Auggie" Tantillo, president of the National Council of Textile Organizations, who generally supports Trump's aim to improve the United States' position in NAFTA, acknowledged that "there is no predictability" from the administration as it attempts to renegotiate the trade agreement.

“People are confused about the direction...Washington has been turned on its head,” he said. “To a degree, I can appreciate [the president's resolve] to ask why we are doing certain things. But the confusion has reached epic levels.”

The apparel and textile industry is also worried that congressional leadership itself will not be able to push back on Trump’s trade protectionist stance to salvage NAFTA.

“Historically, the Republican leadership has been supportive of free trade, but now they’re just not responding,” Fee said. “My concern is that the Republican leadership won’t stop the president on NAFTA.”

David Spooner, Washington counsel for the U.S. Fashion Industry Association and former chief textile and apparel trade negotiator within the Office of U.S. Trade Representative during 2002-2006, agreed.

“The president has taken away the cover for Republicans to be pro-trade,” he said.

Source: americanshipper.com- Nov 17, 2017

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U.S. Sales Booming to Meet Bullish Demand

The U.S. is running out of cotton, again.

Likely, a few of you are thinking my medication has gotten the best of me. The November USDA world supply demand report estimated U.S. carryover would balloon to 6.1 million bales. I did not protest much, but really felt carryover would be much closer to 5 million.

Yet, now just two weeks later and reviewing current sales – coupled with the world production scenario and the booming world demand – it is evident that the U.S. will sell most of the current 21-22 million bale crop, and U.S. carryover will fall back to some 3.5 million bales. Assuming not the current pace of sales, but just the slower historical pace, the U.S. will essentially sell out of cotton this season just as it did during the 2016-17 season.

In fact, some mills are already booking U.S. cotton as far out as 2019. Someone sees a shortage coming.

Demand-based markets are not bearish. I noticed a comment on Facebook that the cotton market was caught in the classic battle of supply versus demand. Not so, empathically not so. It is a battle of supply versus supply – two supplies and a very unusual set of fundamentals. The battle is between (1) the big U.S. supply that is being aggressively marketed, and (2) the potentially adequate foreign supply that, for various reasons, is not available to the world market (maybe it is not adequate after all).

Throw in a surging demand, and the plot thickens. Add a production shortfall in a couple of major consuming countries and rapidly increasing polyester prices due to the environmental pollution polyester is facing…and the result?

Not much! Cotton is well positioned to stay just about where it is. Yet, that was the setup for a very bullish picture, and I am bullish. More correctly, I am "very optimistic." There are no reasons for prices to move, at least given the current set of fundamentals. Upstream yarn demand is strong, and mill margins are positive. Mills will continue to buy. The 65-70 cent New York futures price is very attractive to mills.

The trading range is solidifying even more. The five-cent range is actually working in a much tighter, three-cent, 67-70 cent range. Yet, I do not discount a slight attempt to move the range 100 points in either direction. If one focuses on U.S. supply, the argument for lower prices carries the day.

However, if one focuses on world demand, the bulls win the day. This equilibrium price trading range is getting old to traders and analysts, but the market just cruises along, oblivious to our feelings. The price bias is up, and the market will likely carry the price level up to 72-74 cents later in the season. Yet, for now, both December and March futures need to remain in the high 60s to very low 70s to insure export sales.

Thus, the marketing strategy is as in nearly all years: price your crop before harvest and buy a two-to-three cent out of the money July call option – or some similar strategy.

The big U.S. crop just keeps getting bigger and bigger. We have been amazed at how big the U.S. crop is. The earlier notion that the hurricanes and other weather effects would take a significant bite out of the production was incorrect. Simply, we did not realize the record fruit load the crop was carrying. That is, as much as we had praised the seed companies for delivering high yielding varieties, we had not praised them enough.

The record 900 pound per acre yield USDA estimated in its November crop report could have possibly been a hundred pounds higher had it not for Harvey, Irma and the early Texas freeze. The hurricanes put a bale to a bale and a half on the ground. The freeze in District 1N wiped out the West Texas top crop. Had it not been for those weather disasters, the market would be looking at the low 60s.

Just remember, the seed business has changed. Too, demand has changed.

The big world crop is not coming online as projected. The Indian subcontinent crop is not as forecast. For now, India has essentially withdrawn from the export market, and that has left the U.S. with the most competitively-priced cotton on the world market. U.S. is cheaper than West African, Indian and essentially all other growths.

Mills are content with the aggressive basis being offered by merchants and cooperatives. Thus, U.S. export sales are significantly ahead of last year's pace when the U.S. sold some 15 million bales to world textile mills. Pakistan, also facing production problems and unable to obtain cotton from India, has come to the U.S. the past three weeks buying cotton. They have already purchased over 600,000 bales and will continue to buy.

USDA will now increase its export estimate from its current 14.5 to possibly 15.5 million bales in its December report. That would be a huge jump. But if "normal historical" sales, not the current higher pace, continues, then even that increase will have to be raised later in the year. The U.S. is awash with cotton, but it is due to be shipped at a pace we have never before witnessed.

Give a gift of cotton today.

Source: cottongrower.com - Nov 17, 2017

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Taiwan: Cabinet is eyeing membership of CPTPP: premier

The government is to prepare for the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), a trade initiative to create a regional integration mechanism, the Cabinet said yesterday.

On the sidelines of the APEC leaders' summit in Vietnam on Saturday last week, 11 Asia-Pacific nations announced that they would continue a regional free-trade initiative following the withdrawal of the US from the Trans-Pacific Partnership (TPP) in January and rename the initiative the CPTPP.

Premier William Lai (賴清德) yesterday said the government would seek to join the new initiative, instructing the Cabinet to prepare for bilateral and multilateral negotiations.

Deputy Minister of Economic Affairs Kung Ming-hsin (龔明鑫) said although the complete framework of the CPTPP has yet to be outlined, it appears to more tolerant than the TPP, with a mechanism likely to be in place to receive new members.

The CPTPP is to be based on the TPP framework, but dozens of regulations have been suspended, including a dispute settlement mechanism between investors and local governments, an intellectual property rights protection mechanism and government procurement regulations.

The suspensions would make it easier for Taiwan to reconcile its legal framework with that of the CPTPP, Kung said.

The government has been pushing ahead with legislation on intellectual property rights, copyright and pharmaceutical regulations to bring the nation's legal system closer to international standards, he added.

The CPTPP is expected to take effect in 2019, so the government needs to speed up its efforts to achieve membership, he said.

Asked whether the Cabinet would set up an ad hoc task force to promote the bid to join the CPTPP, Kung said the Executive Yuan's Office of Trade Negotiations, which was established to negotiate inclusion in the TPP, would lead the effort to join the CPTPP.

Source: taipeitimes.com- Nov 17, 2017

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New Mexican standard for textile labels

The new Mexican Standard NMX-A-3758-INNTEX-2014 "Textile – Code of Generation of Caring Labels with the Use of Symbols" has come into force on October 15, 2017. The new standard supersedes NMX-A-240-INNTEX-2009, and has been prepared, approved and published by the National Organisation for Standardisation, Instituto Nacional de Normalización Textil (INNTEX).

On August 16, 2017, Mexico's Ministry of Economy, through the General Directorate of Standards published in the official journal a declaration of validity of the new Mexican Standard – NMX-A-3758-INNTEX-2014, Textile – Code of Generation of Caring Labels with the Use of Symbols. The new standard replaces NMX-A-240-INNTEX-2009 which is now obsolete.

The updated Mexican Standard establishes a system which covers the use of graphics / symbols in care labels intended for textile articles in order to provide information on the most severe treatment that does not cause irreversible damage to the article during the textile care process.

NMX-A-3758-INNTEX-2014 is identical to the International Standard ISO 3758:2012 – Textile-Care labeling code and uses symbols containing five basic textile care symbols in the order of washing, bleaching, drying, ironing and professional textile care treatments of wet and dry cleaning, but excludes industrial laundry.

In Mexico, labelling of textiles and apparel products must comply with appropriate mandatory standards (NOMs) and voluntary standards (NMXs) (if a NOM specifies that an NMX must be followed, this becomes mandatory).

Generally, all apparel, apparel accessories, textile products and home textiles with more than 50 per cent textile content must comply with the Official Mexican Standard NOM-004-SCFI-2006 for mandatory labelling requirements.

For apparel and apparel accessories, one or more permanent and legible label(s) must be attached at the collar, waist or any other visible location with the below labelling information in Spanish. Additionally providing labelling information in other languages is also allowed.

As per the rules, care and preservation instructions must be indicated using brief and clear legends or the symbols indicated in the NMX-A-3758-INNTEX-2014, or both. Symbols different from those stipulated in the aforementioned standard may be used, only if the legend relating to proper treatment and the care and preservation instructions also appears in Spanish.

Source: fibre2fashion.com - Nov 17, 2017

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Cambodia's garment exports grow by five per cent

Cambodia's garment exports are expanding at five per cent. Similar growth is expected in coming years if certain issues hindering the industry are addressed. Issues now hampering the sector include: high production costs, low productivity and access to a limited number of markets.

The minimum wage will be raised from January. So, factories hope for a change in productivity, a reduction in the cost of doing business and new policies to help investors.

Cambodia's total export volume reached $9 billion during the first nine months of the year. Eighty per cent of that trade consisted of garments or footwear.

In 2016, Cambodia's garment and footwear industry had 786 factories and a workforce of more than 7,00,000 people. The main export markets for Cambodian garments are the EU, the US, China, New Zealand and Japan.

Cambodia wants international buyers to increase investment in the garment and footwear sector and introduce new technologies. The garment sector is burdened by low productivity brought about by outdated technology, which sinks a country into low positions within global value chains.

A workshop will be set up with buyers, unions, factory owners and government agencies to hear from all sides and collectively prepare a strategy to guide development in the sector.

Source: fashionatingworld.com - Nov 17, 2017

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Cambodia confident of GSP eligibility

Cambodia has benefited from the US' GSP scheme since 1997. In July last year, the US expanded GSP preferences to Cambodia by allowing Cambodian-made travel goods to enter the US market duty-free. However, Cambodia hopes footwear exports are included in the GSP scheme. This is an unlikely, since footwear has never been included in the scheme since it was established in 1976.

Meanwhile the US will review countries that have been granted GSP and see how they score on criteria like combating child labor, respecting internationally recognised worker rights, providing adequate and effective intellectual property protection, and providing the US with equitable and reasonable market access.

If a country fails to meet the criteria, the US could trigger a full review and strip a country of its status, thus ending duty-free access to the world's largest consumer market.

In the past, the US has excluded some countries from GSP coverage because they supported terrorism, for example, Libya, or were communist, like Vietnam, or were deemed to be facilitating intellectual property piracy.

Cambodia, for one, has always met criteria for the GSP scheme and secured its eligibility because of improvements in working conditions, especially in the garment industry that has seen higher wages.

Source: fashionatingworld.com- Nov 17, 2017

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NATIONAL NEWS

Challenges aplenty for textile mills to keep pace with changes

Both the textile and textile engineering industries need comprehensive policies to grow, Sanjay Jayavarthanavelu, Chairman and Managing Director, Lakshmi Machine Works, has said.

Delivering the inaugural address at Texfair 2017, a four-day exposition of textile machinery, accessories and spares at the Codissia Trade Fair Complex here, he hailed the Southern India Mills' Association (SIMA), the event organiser, for rising to meet the needs of its members over the years.

Growing industry

"The only solace is that textiles is still a growing industry, and as the industry grows, we have to understand the needs of the customer. With new fashion retailers coming into the world of textiles, challenges are aplenty for the mill sector to keep pace with the changes," he said.

"There were four seasons till a few years ago, and mills had enough lead time to convert the fibre.

This has changed dramatically now," he added, putting in context the pressure on the industry, given the rise in avenues and different types of textile products such as leisure wear, bed and bath products, industrial fabrics, medical textiles and so on.

Referring to the gap in the post-spinning sector, he urged the participants to tap the potential and begin manufacture of such products in India, instead of depending on imported fabrics. "The growth should be supported by investments," he added.

Tech upgradation

SIMA Chairman P Nataraj also stressed the need for continuous investments in upgradation of technology to achieve exponential growth.

He advised the manufacturers to adopt cost-effective manufacturing methods and emphasised the need for maintaining consistency in quality and delivery schedule.

“Focus on value addition, vertical integration, consolidation and branding,” he said.

Source: thehindubusinessline.com- Nov 17, 2017

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Textile manufacturers urged to invest in technology

Textile industry should invest in technology, especially post spinning technology, to grow further, said Sanjay Jayavarthanavelu, Chairman and Managing Director of Lakshmi Machine Works, here on Friday.

Inaugurating Texfair 2017 and Farm to Finish Expo, a four-day event organised by Southern India Mills’ Association (SIMA), he said the textile industry should work towards addressing the challenges that come with changing trends. Earlier, there were four fashion seasons a year and textile manufacturers had substantial lead time to convert fibre to garment.

Now, it is said that some fashion brands launch two collections a month. So the lead time available reduces for the manufacturers. However, segments such as leisure wear, bed and bath, and industrial fabrics are growing, throwing open new opportunities.

Textile manufacturers are hence of two categories - those who make commodity items and those who make speciality fabrics. The industries needs to invest in technology to capture the potential in the market.

Mr. Jayavarthanavelu also urged the industry to work together as there is a need for a comprehensive policy to grow in strength.

Ajay D. Shah, president of Textile Machinery and Mill Stores Merchants Association, said the GST on textile spares was 18 % and the association has sought reduction of the rates.

Kaizar Z. Mahuwala, president of Indian Textile Accessories and Machinery Manufacturers Association, said 63 of its members are taking part in the exhibition. Indian textile machinery market is expected to grow at 12 %. “We have the entire range of machinery and accessories for textile sector,” he said.

P. Nataraj, Chairman of SIMA, said while the apparel exports grew during the first six months of this financial year, it dropped in October. The Government will have to revise the duty drawback and ROSL rates. The industry should upgrade technology to achieve exponential growth in exports.

K. Vinayakam, Deputy Chairman of the association, said the Texfair is an event for textile machinery, spares and accessories, and is organised by the user industry. Many SMEs that took part in the fair initially have grown now. This year, the expo has 250 exhibitors and 300 stalls. “We expect one lakh visitors from different states and even abroad,” he said.

Source: thehindu.com- Nov 18, 2017

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AEPC concern over apparel exports fall; envoys meet CEA

India’s Apparel Export Promotion Council (AEPC) has expressed concern over the decline in apparel exports by about 40 per cent in October compared to the same month last year and has been engaging with policymakers for an early resolution of the issue that is hampering the apparel industry post implementation of the goods and services tax (GST).

An AEPC delegation led by chairman Ashok Rajani met chief economic advisor (CEA) Arvind Subramanian on November 16 to convey that the decline was primarily due to sharp reductions in the effective rates of drawback and rebate of state levies (RoSL), which has not only reduced the total reimbursements of duties for the sector but has also drastically affected the export prospects of the apparel sector, according to an AEPC press release.

AEPC, which had anticipated this decline following the GST roll-out, has already made several presentations to the textiles ministry, drawback committee, NITI Aayog and a parliamentary standing committee.

The AEPC delegation informed Subramanian about the recommendation of the drawback committee for a composite rate for apparel sector without GST credits as an option and requested him for an early expedition of the issue as that will benefit small scale exporters.

In its presentation to a parliamentary standing committee, AEPC urged for the extension of exemption of international GST on import under Export Promotion Capital Goods (EPCG) or Advance Authorization from March 31, 2018 to December 2018 to provide a longer window for investment decisions.

India's apparel exports fell by 40.75 per cent in October to Rs 5,398.08 crore compared to Rs 9,110.75 crore in the same month in 2016. This includes garments of all textiles, according to the ministry of commerce and industry.

Exports of man-made textiles, including yarn, fabric and made-ups, during the month dropped by 8.26 per cent to Rs 2,309.57 crore, as against Rs 2,517.51 crore in October 2016. There has been an overall decline of 5.94% in the exports of apparels from India.

"The important point is the principle of reimbursement of domestic non-GST and GST central taxes in addition to customs through the drawback mechanism. This requires an amendment in the drawback rules to provide for reimbursement of GST duties.

We therefore urged Dr. Subramanian that pending these legislative changes, the total duty reimbursements to the apparel sector be retained at pre-GST stage of 7.5 percent drawback without input tax credits, plus 3.5 per cent of RoSL.

These pre-existing levels of reimbursement through the drawback and the RoSL routes may be maintained up to 31 March, 2018 to provide immediate relief to the reeling apparel sector", said Rajani.

Source: fibre2fashion.com- Nov 17, 2017

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Reduced GST on 178 items in India effective from Nov 15

The rate changes on goods and services tax (GST) on 178 items recommended at the 23rd meeting of the GST Council held on the November 10 became effective from November 15.

The tax on these items has been reduced from 28 to 18 per cent. There will be a corresponding reduction in maximum retail prices of these goods, according to an official press release.

The goods include articles of apparel and clothing; accessories of leather, guts, furskin, artificial fur and other goods, such as saddlery and harness for any animal; crankshaft for sewing machine; tailor's dummies, bearing housings, gears and gearing; ball or roller screws, gaskets; furniture; mattress, bedding and similar furnishing.

Source: fibre2fashion.com – Nov 17, 2017

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Moody's improves India's rating

Moody's Investors Service has upgraded the Indian Government's local and foreign currency issuer ratings to Baa2 from Baa3, its lowest grade, and changed the outlook on that to stable from positive, attributing the raise to a "wide-ranging program of economic and institutional reforms". This implies reduction in capital costs and more foreign investment.

The company also upgraded India's local currency senior unsecured rating to Baa2 from Baa3 and its short-term local currency rating to P-2 from P-3, according to a Moody's press release. The last upgrade had occurred in 2004, when India's status was marked Baa3.

Moody's expects that continued reforms will gradually enhance India's high growth potential and its large and stable financing base for government debt, and will likely contribute to a gradual decline in the general government debt burden over the medium term.

It believes that the reforms have reduced the risk of a sharp increase in debt, even in potential downside scenarios and will advance the government's objective of improving the business climate, enhancing productivity, stimulating foreign and domestic investment, and ultimately fostering strong and sustainable growth. Reforms will complement the existing shock-absorbance capacity offered by India's strong growth potential and improving global competitiveness.

Moody's has also raised India's long-term foreign-currency bond ceiling to Baa1 from Baa2, and the long-term foreign-currency bank deposit ceiling to Baa2 from Baa3. The short-term foreign-currency bond ceiling remains unchanged at P-2, and the short-term foreign-currency bank deposit ceiling has been raised to P-2 from P-3. The long-term local currency deposit and bond ceilings remain unchanged at A1.

However, the government's debt is a cause for concern, with the debt to GDP ratio at 68 per cent in 2016 against a comfort level of 44 per cent in this particular rating category, Moody’s observed. This could severely hamper the government's ability to take any more debt for infrastructure projects, relying instead on issuing bonds, which may find greater acceptability due to the ratings upgrade.

Most reform measures will take time for show impact, and some, such as the goods and services tax and demonetization, have undermined growth over the near term.

Moody's expects real GDP growth to moderate to 6.7 per cent in fiscal 2017-18 and rise to 7.5 per cent in the next fiscal.

In the long term, India's growth potential is significantly higher than most other Baa-rated nations, Moody’s added.

Source: fibre2fashion.com- Nov 17, 2017

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Over 1.27 lakh qtl cotton arrives in Punjab market

With favorable environmental conditions and under regular farm extension services of agriculture department, farmers of District Sri Muktsar Sahib harvested a good cotton crop this year.

So for 1,27,449 qtl of cotton has been arrived in market till date while last year only 69,225 qtl cotton had been arrives till the same date of pervious year.

This was disclosed here by District Mandi Officer (DMO) Manjit Singh Sandhu. Maximum of 54,168 qtl arrivals were reported in Malout Market Committee, while in Sri Muktsar Sahib 30,051 qtl and in Giddarbaha 43,232 qtl cotton was arrived so for.

District Agriculture Officer Baljinder Singh said this year cotton was grown in 64,608 ha area in district. He said that department had started its planning even before the sowing of crop with weed eradication campaign.

While during the crop growing period department provided technical guidance to farmers with a team of 85 scouts. He said that farmers are happy with production and he is hopeful for further increase of area under crop next year.

Source: uniindia.com- Nov 17, 2017

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Cotton Ginning industry peeved at the latest GST notification

A latest notification related to the goods and services tax (GST) by the revenue department, ministry of finance, has disturbed the Cotton ginning industry. In the notification, 5% GST has been imposed by the government under the reverse charge mechanism (RCM).

Earlier, the government had postponed the implementation of the RCM till March 31, 2018.

The notification says that the GST on supply of raw Cotton by agriculturist will be liable to be paid by the recipient of such supply under the RCM, thereby affecting the ginners and Cotton traders.

According to the Cotton ginners, this decision will block working capital and this will directly impact on Cotton, Cotton seed and Cotton oil prices too. Ginners also said that if government will not change the rule, ginning industry may loose buying power.

Following the RCM decision, ginners are more willing to sell the fibre to the domestic market, where they will get full tax refund than to sell it to exporters, who are liable to pay GST at 0.1 per cent only.

Source: indiainfoline.com- Nov 17, 2017

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Bollworm attack: compensate cotton farmers, says Pawar

Mumbai: Nationalist Congress Party (NCP) president Sharad Pawar on Friday demanded that the State government compensate cotton farmers whose crop has been damaged by a pink bollworm attack.

Known for its cotton fields, the State is staring at unprecedented losses as nearly 50% of this year's cotton crop is estimated to have been affected by pink bollworm.

Government bodies, committees and even Opposition parties have asked the government to initiate steps to bring the infestation under control, and failing to do so is likely to harm next year's crop as well, say experts.

They have also questioned the use of Bt cotton seed Bollgard II (BG II) from Monsanto, as it has failed to resist the pink bollworm attack.

On Friday, Mr. Pawar visited Yavatmal, which is among the districts worst affected by the pink bollworm attack, and met farmers who have lost entire crops to the pest.

"The bollworm's resistance has increased, and Bt seeds are of no use.

Now is the time to change the seed," he said. Mr. Pawar also sought action against government officers who failed to 'standardise' seeds. "The Revenue Department must make panchnamas of farms affected, and farmers should be compensated."

Mr. Pawar, a former Union Agriculture Minister, said he has requested the Central Institute for Cotton research in Nagpur to hold a one-day seminar to discuss the problem.

"People from the State and the Centre should come together to avoid similar problems," he said.

Source: thehindu.com- Nov 18, 2017

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