IBTEX No. 178 of 2017 September 01, 2017

USD 63.95 | EUR 76.08 | GBP 82.66 | JPY 0.58

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
19935	41700	**83.19**

Domestic Futures Price (Ex. Gin), October

Rs./Bale	Rs./Candy	USD Cent/lb
18650	39011	**77.82**

International Futures Price

NY ICE USD Cents/lb (Dec 2017)	70.93
ZCE Cotton: Yuan/MT (Sept 2017)	15,275
ZCE Cotton: USD Cents/lb	**89.37**
Cotlook A Index – Physical	**80.3**

Cotton guide: Yet another bullish run up for Cotton on Thursday. However the gains were minimal to close the December at 70.93 up 8 points from previous close. In last four days of the week Cotton has advanced 218 points eroding previous two weeks loss. In line the March 18 contract has also advanced in the given period to close at 70.11 cents per pound.

The difference between December and March is around 80 cents which has increased in last few trading sessions and indicating the spread to further widen with March being into backwardation. The new crop arrivals would keep eventually lower both the contracts while March contract may continue to remain invert to December and extend the basis to over 140 points. The current run up in the price is basically because of estimation of crop loss amid recent "Harvey" and "Irma" effect.

"Harvey" is now a tropical depression moving up the Mississippi river. Attendant heavy rainfall is certainly not welcome, although traders don't seem to believe that damage will be severe. The next storm "Irma" is now believed to be on the way to a category 3 or 4 hurricane before potentially impacting the US mainland eight days from now. Forecast says it could hit the Southeastern of the US.

This morning Cotton is trading just near 71 cents a threshold level where any development related to crop loss amid recent natural disaster could push the price to previous key resistance zone near 72 cents. Speculative positions have been major players in the market. However we would remain sceptical about the recent price because still believe the estimated crop production this year in the US above 20+ million bales may eventually weigh on the market.

From charts perspective certainly recent run up is positive trend. However as said above 72 would be the critical level to watch out for. For the day we expect Cotton December to trade in the range 71.60 to 70.40 cents per pound.

From domestic front spot continues to hold firm level near Rs. 43000 per candy ex-gin amid lower arrivals of less than approximately 3000 bales a day. The future contracts are more or less steady with October closing around 18720 per bale. Interestingly as said in our previous report the November and December are also advancing gradually. The both contracts have closed at Rs. 18260 and 18200 per bale respectively. We believe the current gains in new contracts are only a temporary phenomenon and soon fresh selling would be emerged. Keep 18600 to 18500 a critical trading zone for short term reversal. For the day October to trade in the range of Rs. 18500 to Rs. 18800 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

China: How can imported cotton yarn market players use yarn futures?

Cotton yarn futures were launched at Zhengzhou Commodity Exchange from Aug 18, and overall operation was stable temporarily, mainly consolidating around 22,900-23,330yuan/mt. Price gap between major cotton futures contract and cotton yarn futures contract in China was around 7,700-8,000yuan/mt, but the trading of cotton yarn futures was lackluster. Market players usually adopt sidelined attitude toward a new futures product as it will take some time to adapt to. How can market players on imported cotton yarn market to take advantage cotton yarn futures?

Participants can find opportunities from price discovering, hedging, risk management and arbitrage, which are basic function for futures.

1. Price discovery

The launch of cotton yarn futures arouses much concern from overseas market players although imported cotton yarn are not allowed to be transacted on cotton yarn futures market temporarily. Therefore, overseas spinners cannot realize hedging directly by cotton yarn futures, but price of imported cotton yarn is greatly related with Chinese local cotton yarn price. Price gap between imported and Chinese cotton yarn is a key factor impacting cotton yarn import volume. Price of cotton yarn futures can reflect market players' anticipation toward various influencing factors, which is also a reference for overseas spinners making offer.

2. Hedging

Players on imported cotton yarn market can use cotton yarn futures to hedge when imported cotton yarn futures are allowed to be traded on cotton yarn futures market in later period. For example, when gap between cotton yarn futures and forward or spot imported cotton yarn exists, imported cotton yarn traders can sell on futures market to lock in profit. In the first case, traders have spot imported cotton yarn at hand, then imported cotton yarn that meets transaction benchmark can be registered into warehouse receipt and transacted during the delivery month; in the second case, traders do not have spot imported cotton yarn at hand but have procured forward cargos, then players have to make sure procedures like the arrival, customs clearance and warehouse receipt registration of imported cotton yarn being finished before the delivery month so that the hedging of imported cotton yarn can be completed successfully.

3. Risk management

For imported cotton yarn traders and weavers that using imported cotton yarn, cotton yarn futures can be used to offset partial risk under the premise that the correlation between imported and Chinese cotton yarn and various risky factors being fully taken into account.

It is known that forward imported cotton yarn and Chinese local spot cotton yarn had high correlation since Jan 2017, with the correlation coefficient between Indian C32S and Chinese C32S at 0.8781 and that between Vietnamese C32S for rapier and Chinese C32S at 0.9065. If imported cotton yarn traders intend to avert risk resulting from price reduction on spot market, they can sell on cotton yarn futures market to hedge, which will reduce risk to a great extent. As for weavers using imported cotton yarn, they can procure on cotton yarn futures to reduce or remove risk from price rising.

4. Arbitrage

Besides, players on imported cotton yarn market can arbitrage by taking advantage of futures overseas and domestically and related goods. For example, when price gap between Chinese cotton yarn and international cotton enters a range recognized by related participants, players can buy cotton futures overseas and sell cotton yarn futures in China to realize arbitrage.

Operation of overseas cotton futures can be done in COMEX and Indian MCX, but such operation is based on logical support from supply/demand change and statistics. Meanwhile, when reversal arbitrage chance appears, market players can participate in timely and obtain corresponding profit.

5. Conclusion

Cotton yarn futures should be noted by market players on imported cotton yarn market although transactions are not active by now. Participants can find opportunities from price discovering, hedging, risk management and arbitrage, which are basic function for futures.

Source: ccfgroup.com - Sep 01, 2017

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Pakistan: Textile industry warned to shape up or ship out

The basic textile players are now divided in two groups; one is still expecting a bailout from the government, pinning hopes on federal commerce minister, while the other is upgrading technology, having no doubts the economic managers of the country simply cannot continue to subsidise inefficiencies any longer.

The much touted Rs180 billion export incentive package was of help to the textile millers up to June 2017. Thereafter each mill is required to show at least ten percent of growth to qualify for the discount. Before June, the millers might have decreased their yarn and fabric prices because the government promised discounts were available on any export they made.

Now they would not be able to offer these discounts to their buyers if they are not sure the exports next year would be 10 percent higher than last year. This will also facilitate the domestic value-added sector that remained under pressure up till June because the exporters were showering discounts on their foreign competitors and offering nothing to domestic consumers.

Under the current scenario one can expect positive trend in the export of value-added sectors, while the exports of basic textiles would remain subdued. It is pertinent to note that the textile sector had been operating under almost the same policies for almost a decade. Their exports were never zero-rated in the true sense because they were denied refunds on purchases made from the non-documented sectors.

They could have cooperated with the government and stopped buying inputs from informal sectors which would have forced them to register in the tax net or close their businesses. This would have benefitted the textile industry in the long run as they could then claim all refunds as the purchases would have been from documented sectors only.

However, the sector decided to go for short term gains as purchases from non-documented sector also provided them a way to park a lot of non tax paid money.

They never realised that a time will come when the government would be forced to tighten the noose and start collecting taxes indirectly as it is doing now. The informal sector suppliers now control most of the crucial inputs that the textile sector needs and refuse to supply them on record. The formal sector pays 2 percent additional tax on the behalf of the informal sector to get those inputs.

At the same time the basic textiles started losing their efficiencies because of old equipment, while its competing economies revamped their industries with state of art machinery. The industry that bears the brunt of non refundable taxes is now under severe pressure because of the inefficient equipment as well. The cost difference between the globally efficient yarn and fabric producers and the Pakistani millers is widening with every passing day.

Even a friendly commerce minister, who comes from the same industry, has no idea as to how to bail the basic textiles out. When modern equipment produces double the yarn at 40 percent less power consumption and with one-third, the government would have to allocate a major chunk of its budget on export subsidies to make current inefficient domestic textile industries viable.

It is time the textile millers decided between upgrading their units to bring them at par with the world's best or quitting yarn and fabric making. The only thing the commerce minister may be able to do is facilitate the current players in upgrading their units. The time is running out. Once the Chinese started relocating their efficient units to Pakistan, there would be no way for the inefficient operators to stay in the market.

Source: thenews.com.pk- Sep 01, 2017

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A TPP 11 May Become a TPP 10 as Vietnam Weighs the Deal's Worth

The Trans-Pacific Partnership's tenuous position in the world of trade deals doesn't seem to have solidified much.

Earlier in August, New Zealand trade minister Todd McClay said he had high hopes for a TPP 11 and that a decision on the deal could be made as soon as November. Now, some reports are saying Vietnam may want to follow the United States' path out of the deal.

Had TPP proceeded as planned, as a 12-nation trade agreement, including the U.S., Vietnam was expected to reap the biggest gains from being afforded greater access to the U.S. market. But with the U.S. out since President Trump said so in January, TPP just isn't as sweet for Vietnam.

"The deal for Vietnam was essentially they would implement difficult reforms on state-owned enterprises and labor and other areas…in exchange for greater access to the U.S. market, particularly for textiles and footwear," Matthew Goodman, a former Obama Administration official who now works for the Center for Strategic and International Studies, told the Australian Associated Press. "Without that part of the deal, one might ask why Vietnam would be willing to move forward?"

Malaysia, it seems, has also had its doubts about remaining in on the deal.
Much remains up in the air concerning what's to become of TPP, the Pacific-Rim trade deal that would have been the world's largest, covering roughly 40 percent of global GDP, but Goodman said the U.S. could still be interested.

Goodman said he believes the U.S. has been quietly encouraging Australia and Japan to revive the deal and "keep the seat warm" for it to come back.

Using a golf analogy to drive the point home, Goodman told the Australian Associated Press, "A good golfer usually hits the ball straight and true but occasionally hits it into the bunker of the woods." Continuing, he said, "But we're still playing golf, we're still good at it. We still have an interest in getting the little ball into the hole."

Whatever the strategy, leaders from the TPP 11 will meet in Syndey, Australia early next week and have their hopes set on securing a deal and bringing it into force at the APEC Leaders meeting in Vietnam in November.

In other trade news, countries are continuing to cozy up to one another as the U.S. gives them the cold shoulder.

Peru—which is part of the TPP 11—and Indonesia appear to be prepping for a trade deal on the heels of the U.S. withdrawal from TPP.

"We're working on a very aggressive trade agenda, which includes probably in December the start of negotiations on a free trade agreement with Indonesia," Reuters reported Peruvian trade minister Eduardo Ferreyros as saying at a press conference.

Peru's "aggressive" plans for trade also include efforts to reduce trade barriers between Australia, New Zealand, Singapore, Canada and the Pacific Alliance bloc including Peru, Mexico, Chile and Colombia. More bilateral deals are expected to be forthcoming.

Source: sourcingjournalonline.com- Aug 31, 2017

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Mexico and China to Take Trade Talks Deeper as NAFTA Fate Dangles

China and Mexico said in July that they were interested in developing a closer trade relationship, and now leaders from the two nations will meet next week with talks potentially leading to a free trade deal.

The goal for Mexico? To decrease its dependence on the North American Free Trade Agreement, which is currently under renegotiation, and according to President Trump, the outlook for the deal doesn't look good.

The goal for China? Slide into the trade spaces the U.S. appears to be making its way out of.

Trump reiterated on Sunday via Twitter his feelings that NAFTA may just get nixed.

He said, “We are in the NAFTA (worst trade deal ever made) renegotiation process with Mexico & Canada. Both being very difficult, may have to terminate?”

Mexico’s Ministry of Foreign Affairs responded with an official press release Sunday saying, “Mexico’s position at the renegotiation table of the North American Free Trade Agreement (NAFTA) will continue to be serious and constructive, always putting our national interests first, and seeking a beneficial result whereby the three North American countries win.” The statement went on to say, “Mexico will not negotiate NAFTA, nor any other aspect of the bilateral relationship, through social media or any other news platform.”

Mexico’s President Enrique Nieto will meet with China’s President Xi Jinping in China next week to talk trade and investment. Nieto will also take part next week in a summit between the BRICS nations—China, Russia, India, Brazil, South Africa—whatever it takes to loosen Mexico’s reliance on trade with the United States.

As Mexico’s ministry said in a statement, Nieto will participate in the 2017 BRICS Business Forum, “where more than 800 business leaders will discuss opportunities for investment, trade, connectivity, financial cooperation and development…”

Nieto’s China visit will fall in line with negotiators from the U.S., Mexico and Canada, meeting in Mexico City Sept. 1-5 for the next round of NAFTA talks.

The meeting with China’s president will be the seventh between the two leaders and is expected to deepen and strengthen the partnership between China and Mexico.

Endeavoring to get itself even further into the Chinese market, Mexico has its sights set on Alibaba. Nieto will also meet with leaders from China's e-commerce juggernaut next week in Hangzhou.

"The Mexican government and Alibaba are working so that Mexican companies, especially SMEs, can utilize the company's commercial platform—used by more than 500 million consumers in different countries around the world—for the products and services," Mexico's ministry noted.

Source: sourcingjournalonline.com- Aug 31, 2017

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Why China Is Bursting at the Seams With Discarded Clothes

As the world's largest producer, consumer, and exporter of textiles, China is responsible for a staggering quantity of textile waste. Every year, Chinese families throw away approximately 26 million tons of clothing, and the nation's accumulation of textile waste amounts to nearly 100 million tons. Less than 1 percent of this is reused — not nearly enough to deal with the enormous amount of existing waste and the speed at which it grows. In addition, China lags far behind Western nations such as the United States, where the textile reutilization rate is around 15 percent.

Coincidentally, many textile companies in China are facing a dire lack of raw materials. This problem could, at least in part, be resolved by reusing thrown-out clothing. Therefore, increasing the rate at which old textile goods are reused and recycled is a matter of great significance to both China's environment and its economy.

Since 2011, China's textile recycling industry has boomed, and vast amounts of capital have been invested in this burgeoning field. The rapid expansion of the industry, combined with a lack of standardization, means that company business models vary considerably, as do the motives and ethics of their owners. For example, several companies and organizations have appeared on the market claiming to donate old clothes to areas in need. While they act under the guise of charities, they actually use the old clothes for commercial purposes without donor consent — for instance, by exporting them to Africa for sale.

Chinese people have traditionally donated old clothes to charities or to poverty-stricken areas, but at present, charities don't have a great demand for old clothing: Due to the high cost of collecting, cleaning, and storing clothing donations, it is often more economical for people to buy new garments instead of secondhand ones. That's why reducing textile waste requires the intervention of benefit corporations that specialize in environmental initiatives and textile reutilization.

Due to past scandals concerning the illicit profits and corruption of supposedly philanthropic organizations, many Chinese now oppose charities' involvement in for-profit initiatives. Therefore, certain companies attempt to earn the public's trust by falsely claiming that they will donate any old materials they receive. But if their disingenuous ways come to light, they end up further undermining the public's already-wobbly trust in benefit corporations.

This phenomenon reflects a common misconception in China surrounding organizations that pursue public benefit: that they must be entirely nonprofit. If the public catches even the faintest whiff of a moneymaking mentality, they quickly lose trust in the organization. However, even in Western countries, companies that seek to recover and recycle used textiles must operate at a profit if they are to overcome the exorbitant costs of their day-to-day operations, such as logistics and storage. What China's recycling companies must do is maintain transparency — namely, by candidly informing the public of the necessity of these initiatives as well as allowing themselves to be closely monitored.

In the United States, textile reuse and recycling companies mainly process recovered fabrics in three ways. First, they sell the highest-quality pieces — about 10 to 20 percent of all recovered fabrics — at local thrift stores. Then, they give approximately 40 percent to intermediaries that repackage the textiles and export them as secondhand goods. Finally, the remaining 40 percent or so goes to factories that create new products from the fibers.

By selling recovered fabrics instead of purely donating them, such American companies do not seek to make a profit for themselves; rather, they merely wish to overcome the costs involved in collecting and recycling old textiles. Ultimately, their for-profit activities contribute to increasing the reuse of resources.

In contrast, the commercial operation of Chinese textile recyclers is significantly less successful. Charities or for-profit corporations that are truly dedicated to benefiting society are held back by the overwhelming costs of logistics and general operation, leading to the extremely low rate of textile reutilization in China.

Not long ago, I visited a small Shanghai-based recycling company called Feimayi — or “Flying Ants” — whose business model is based on that of American recyclers. The company ensures its sustainability through for-profit initiatives while simultaneously aiming to benefit society.

The organization tells consumers in precise terms that, while it donates some of the recovered clothes to areas in need, it uses the remainder for commercial purposes. Although the company exports some of the clothing to Africa, it does so not for personal gain but rather as a means of earning back its operating costs.

Feimayi recycles 100 tons of textile waste annually. Although textile recyclers like Feimayi are not charities in the true sense of the word, they are trailblazers in terms of the solution they provide for recycling old fabrics in China. As far as China’s textile recovery industry is concerned, operating as a for-profit business is hardly an ethical dilemma.

On the contrary, so long as revenue is used to cover the costs involved in recycling and processing old clothing — and this revenue serves to promote the reutilization of textile waste in China — then we should, to an extent, condone such commercial activities. Rather than blindly opposing for-profit activities, we should instead direct our efforts toward increasing the industry’s transparency and regulation.

Haunted by scandals and corruption, China’s charities and public benefit companies need to pull out all the stops to regain the public’s trust. Chinese people should accept the idea that for-profit initiatives are necessary for these organizations, but the companies in question must prove their innocence first.

Source: sixthtone.com- Aug 31, 2017

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Vietnam's ministry proposes 6.5% hike in minimum wages

Vietnam's ministry of labour, invalids and social affairs has proposed an increase of 6.5 per cent, or VND 180,000-230,000, in the regional minimum monthly wage that is in tune with what the National Wage Council, and representatives of employers and employees have agreed to after negotiations. The wage hike goes into force in early 2018.

The ministry has taken into account job creation, unemployment, production, business conditions, manufacturing costs, the current inflation rate of 4-4.5 per cent and labour productivity growth of 2-2.5 per cent while arriving at the decision, according to media reports in Vietnam.

The rise may raise production costs by 0.55-0.6 per cent but the increase could be 1.15-1.2 per cent in labour-intensive sectors like textile and garments.

A new regulation, which states that those entering into labour contracts of one month or longer must contribute social insurance, has also been taken into consideration. The basis for social insurance contribution will be broadened to include salaries, allowances and others from early next year onwards, making the labour cost burden heavier, according to the ministry.

In addition, the Government has proposed the National Assembly Standing Committee lower the rate of the unemployment insurance fund for employees by 0.5per cent.
The Vietnam Textile and Apparel Association reacted by saying the minimum pay hike would compel companies to cut production costs and invest in new technologies to use less labour.

According to the International Labour Organization (ILO) office in Vietnam, businesses at the lower end of the global supply chain may feel their price competitiveness squeezed, as the high wage increases have not abated in recent years. Vietnam increases the regional minimum wage every year to meet the minimum standard of living for domestic labourers. It ranks its four regions according to their socio-economic development.

Source: fibre2fashion.com - Aug 30, 2017

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Fashion Industry's Dependence On Imports: Good Or Bad For The U.S. Economy?

The American Apparel and Footwear Association just released its state of the industry report. The U.S. apparel and footwear industry contributed $383.6 billion in retail sales to the U.S. economy, according to the AAFA, the industry's national trade association for apparel, footwear and other sewn products companies and suppliers representing more than 1,000 brand names. The AAFA also asserts that "the industry has continued to be in a deflationary market for apparel during the past decade," with per capita consumption of apparel by volume down 2.5% in 2016.

In reviewing the report, this data popped for me: "U.S. apparel production accounted for 2.8% of the market, while footwear accounted for 1.8%."

Made-in-America apparel's share of market has been hovering below 3% since 2008 and footwear under 2% since 2003. In other words, virtually all clothing and shoes bought by Americans is made somewhere other than the United States.

The AAFA also reports that the actual domestic production of apparel and footwear has risen by more than 50% from its lowest point in 2009, but this increase didn't move the percentage share of the total market in made-in-America goods significantly.

This flies in the face of what American consumers say they want. Numerous surveys have found Americans prefer to buy American made when it is available to them and they are willing to pay a premium for the privilege.

Cotton Incorporated's Lifestyle Monitor Survey found that more than half of all consumers (55%) say it is "very or somewhat important" that the apparel they buy is made in the U.S. And those in the prime ages for apparel consumption, consumers aged 35-to-70, are significantly more likely to prefer made in America (66% versus 40%).

American Certified surveyed 1,500 U.S. consumers and found a majority (52%) said "Made in the USA" is an important criteria when considering a purchase. And Consumer Reports found "Almost 8 in 10 American consumers say they would rather buy an American-made product than an imported one. And more than 60% say they're even willing to pay 10% more for it."

From my perspective as a market researcher, it seems to me that offering consumers more of the products they say they want, i.e. more made-in-America apparel, would be the way to grow consumer demand and spending in the market. The result would be good for consumers, good for the industry and good for the economy. But then as a researcher, I also know that what consumers say they want is not necessarily what they actually buy.

Because the issues surrounding the industry's dependence on imported goods are complex, I sat down with Rick Helfenbein, president and CEO of the AAFA, to discuss whether the industry's reliance on imported goods is good or bad for the industry and the economy.

Helfenbein stresses that globalization is a critical factor when looking at these statistics. "Ninety-five percent of the planet's clothes-wearing population live outside of the U.S. This is a significant consideration when developing sourcing strategies," he says. "It is important to remember that apparel and footwear is a global business."

Globalization then has resulted in brands looking beyond our borders to find producers that can deliver the right product at the right price for the U.S. consumers. "Apparel and footwear companies need to determine the best way to source their product. This means keeping in mind the location of materials, the quality of craftsmanship, and the final cost for the end consumer. Through the years this has meant diversifying supply chains around the world to meet this mix of needs," Helfenbein explains.

While the current political climate tends to demonize our reliance on imported goods, Helfenbein reminds us that part of the problem is how we perceive the impacts of trade on the economy. The reality is very different.

Helfenbein says, "When a product is imported from China, it is assumed that 100% of the value of that product went to the Chinese. This ignores the fact that 70% of the value of the product is American-made – be it the design, marketing, intellectual property, etc."

In effect, the most important part of the value of apparel goods imported into the United States originates in the USA. “The fact that products based on American ingenuity are imported into countries throughout the world, would thus mean that imports are actually very good for the U.S. economy,” he notes.

Source: forbes.com - Aug 31, 2017

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Vietnam’s garment exports up 7 per cent

The first eight months of 2017 saw strong growth of Vietnam’s main exports. Exports of phones and components were up 14.8 per cent, garments were up 7.2 per cent, footwear up 13 per cent, seafood up 19.2 per cent, wood and wooden products up 10.6 per cent and vegetables and fruits up 48 per cent.

Export turnover in the eight months rose 17.9 per cent year-on-year. Of this, exports by the domestic sector saw a 15.7 per cent increase while those of the foreign-invested sector were up 18.9 per cent.

The US remained the largest consumer of Vietnamese goods followed by the EU and China. But China’s share of Vietnam’s imports saw a year-on-year surge of 14.7 per cent.

Import value registered a year-on-year surge of 33.5 per cent for machines, equipment, tools and components, 33.3 per cent for telephone and its components, 24.8 per cent for electronic products, computers and components and 16.3 per cent for steel.

Import turnover during the first eight months jumped by 22.3 per cent year-on-year, with imports by the domestic sector showing a 18.4 per cent increase while those of the foreign-invested sector increased by 25 per cent.

Vietnam is changing the rate of import tax and export tax for certain goods.

Source: fashionatingworld.com - Aug 31, 2017

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Timberland promotes cotton in Haiti

Timberland will reintroduce cotton as an anchor crop in Haiti. The project will revitalise over 17,000 farms, while adding to the economy and contributing positively to the environment as it plans to plant millions of trees.

Cotton was once the fourth largest agricultural export from Haiti before it disappeared by the late 1980s. Its demise was due largely to external pressures and internal politics.

Cotton varieties from Brazil, India and the United States have been planted, with a Haitian cotton strain. The aim is to enable 34,000 farmers from 17,000 farms to double their current income, plant at least 25 million trees and connect farmers to the global cotton market. The project is also expected to increase crop yields for local consumption and provide microloans, professional training and leadership initiatives for female farmers.

Timberland has already planted more than 6.5 million trees. It plans to purchase up to one-third of Haiti's annual cotton supply. Timberland is a global outdoor lifestyle brand. It supports the people of Haiti following a five-year tree-planting effort to help smallholder farmers reach self-sufficiency. Timberland hopes to transition from being a supporter of smallholder farmers to purchasing cotton from them for the brand's supply chain.

Source: fashionatingworld.com- Aug 31, 2017

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NATIONAL NEWS

Cotton yarn exports dip due to rupee appreciation, GST levy

INDIA'S COTTON YARN EXPORTS ON A DOWNHILL

Financial Year*	Quantity (million kgs)	Value ($ million)
2013-14	1310.14	4,555.38
2014-15	1253.33	3,938.19
2015-16	1307.11	3,610.56
2016-17	1203.25	3,352.25
2017-18	283.18	916

Source: Texprocil
*April-July period

India's cotton yarn exports have declined by 9.79 per cent in the April–July period of the current financial year due to slow pick up from China and Bangladesh, the two large destinations comprising around 50 per cent of overall shipments from India.

Data compiled by the apex industry body Cotton Textiles Export Promotion Council (Texprocil) showed India's cotton yarn exports stood at 283.18 kgs for the first four months of FY18. In terms of value, however, India's total cotton yarn exports stood at $916 million.

Domestic cotton yarn manufacturers have been reeling under tremendous pressure since the demonetisation of the high-value currency notes in November last year. This is because a major chunk of the industry falls under the unorganised sector and deals primarily in cash.

The industry has also suffered a hit due to GST levy of 5 per cent that came to force after the goods and services tax (GST) was rolled out on July 1. Since cotton yarn manufacturers never paid any taxes in the past, compliance under the GST regime brought the entire business to a standstill, even before the July 1 deadline.

The decline in exports has put massive investments in this sector at risk due to a 60-65 per cent fall in capacity utilisation owing to the weak demand from domestic and global markets.

Yarn exporters from India, however, attributed the decline to the slow pick up from China. China is the single largest market for Indian cotton yarn, accounting for 31 per cent of country's exports.

Therefore, a substantial decline in exports to China has a major impact on overall export performance. Exports to China have declined by a staggering 48.58 per cent during the April–July period in 2017.

Yarn exports, surprisingly, have rebounded a bit after falling by a third to 130 million kgs in the in the first two months of FY18 over 198.5 million kgs in the corresponding period last year.

Trade sources held that recovery was temporary as Chinese traders' were more inclined towards imports from Vietnam.

"Vietnam is gaining market share at the cost of India mainly due to zero tariff on imports to China. Whereas imports from India attract a tariff of 3.5 to 5 per cent. Apart from that, Chinese textiles mills have invested immensely in textile and apparel sector in Vietnam. So, they are buying back yarn to China from their own manufacturing units, thereby, cutting down imports from other countries including India.

To regain India's losing share in China and other important markets, it is suggested that a 2 per cent incentive is provided to the sector under the Merchandise Exports from India Scheme (MEIS)," said Siddhartha Rajagopal, Executive Director, Texprocil.

Interestingly, Vietnam has no base in cotton but it has nevertheless emerged as the largest supplier of cotton yarn to China, accounting for around 32 per cent of imports into China.

Meanwhile, Chinese textile mills have built a large inventory of cotton and yarn over the past few years amid fears of a sharp increase in prices. Following the price hike, mills there started to use local cotton and yarn resulting in a sharp decline in their import not only from India but also from other surplus countries.

According to Arun Sakseria, a city-based cotton and yarn exporter, the appreciating rupee aggravated the situation. Between April and July, the Indian currency appreciated by over 1 per cent to close at 64.19 against the dollar. But, the rupee reported an appreciation of over 5 per cent from its recent low level of over 67.02 against the dollar on February 17 this year.

Source: business-standard.com- Aug 31, 2017

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Government agencies gear up for procuring cotton in anticipation of bumper crop

An expected bumper crop in the cotton season of 2017-18, which commences from October, has the government agencies gearing up for possible procurement operations.

According to Cotton Corporation of India (CCI) chief MM Chokalingam, total production for the season is likely to touch 370 lakh bales as against 345 lakh bales for the previous season. This may bring down prices below the minimum support price (MSP) levels which may require intervention from CCI.

Prices have dropped to Rs 42,500 per candy from Rs 45,500 per candy earlier. When arrivals begin in full swing in October, prices are likely to fall further, he said. Moreover, in anticipation of a bigger crop, textile mills are not booking cotton in advance as is the normal practice, he said. Accordingly, CCI has directed its centres to prepare for possible procurement operations if needed, he pointed out.

Normally, CCI establishes at least 340 purchase centres across the country. Chokalingam, however was not willing to comment on the amount of purchase that may be required this season. While cotton ginners say at least 50-60% of the crop may be needed to be procured under MSP, some cotton traders say that MSP procurement could be to the tune of 20-25%.

Chokalingam said the procurement centres will be all geared up in October and a review will be taken then to ascertain if there is any need for market intervention. Cotton MSP has been raised by Rs 160 per quintal to Rs 4,020 per quintal for medium staple cotton and Rs 4,320 per quintal for long staple cotton.

CCI and Nafed are the two agencies appointed by the government to extend the necessary marketing support to the cotton growers in selling their cotton produce at most competitive prices in the various market yards in all cotton-growing states. These in turn appoint sub- agencies to procure cotton at the local level as well.

According to Pradeep Jain, rates are already trading downwards and there is a possibility that prices may fall below Rs 4500 per quintal in December and then cotton purchase may be required because of the good crop. Some international surveys have also pointed that Indian cotton prices may fall and therefore we believe that the government might need to purchase at least 50-60% cotton, he said. He added that the government bodies have already begun preparations for the procurement.

Source: financialexpress.com- Sept, 01, 2017

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Khadi production gets a boost with a Rs 5.5 cr investment in charkhas and looms

With 11,000 new employees, over 1,600 news charkhas and close to 130 new looms, Khadi and Village Industries Commission (KVIC) is taking steps to add to India's 125.22 million metres of annual Khadi production in the country.

It is investing about Rs 5.5 crore to distribute charkhas and looms under the Sahyog Program to bring up Khadi production by 7-9 percent by the end of FY18.

Of the total charkhas distributed, 550 are solar charkhas that cost Rs 80000 each while the 110 solar looms cost Rs 1.2 lakh each. With the initiative, KVIC now has 25 new production units across the country.

The corpus spent mostly on backward areas employed close to 11,000 artisans in areas like Haldwani in Uttarakhand, Banswara in Rajasthan, Bhandari in Bihar Beekagaon in Punjab, Pampore in Jammu and Kashmir, Silimkhowa in Assam, Vanaj in Gujarat and many others.

KVIC that produced 125.22 million meters of Khadi textile in 2016-17 worth Rs 1395.94 crores against 97.45 millions meters of it worth Rs 1065.6 crore in 2015-2016 would be producing a mixed bag of cotton, silk and wool with all the new production centres added to their kitty.

"The initiative not just adds on to the production of Khadi textile but also restores certain places of historical relevance and empowers women of various backward areas with an opportunity of sustainable income," said Vinai Kumar Saxena, Chairman at KVIC.

For instance Sewapuri in Varanasi – an old Khadi Institution spread on 12 acres of area and once visited by Mahatma Gandhi – was lying in a shambles from the last 20 years. To restore the lost grace of that place, KVIC sanctioned Rs 20 lakh for the repair and renovation of the premises.

A unit of 500 solar charkhas and 100 solar looms has been established there. This unit is established under the CSR funds provided by Rural Electrification Corporation (REC). Incidentally, it happens to be the first ever utilization of CSR funds in the Khadi activities.

"Of all the artisans employed a huge chunk of them are women. In places like Jayapur and Kakrahiya, 500 local women were trained. Each of these trained women have also been provided a loan of Rs 80,000, under the Prime Minister Employment Generation Program (PMEGP) – in which 35 percent subsidy has been provided by the KVIC – to start their own venture of spinning," added Saxena.

Source: moneycontrol.com- Aug 31, 2017

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Largest ever Indian participation at B2B show Textillegprom in Moscow

This is the largest ever Indian participation at the 49th International Textillegprom at Moscow, Russia, with 95 companies showcasing their products at this global show , informed Anand Kumar Singh, Secretary Ministry of Textiles, on Wednesday.

India and Russia are currently celebrating 70 years of the establishment of diplomatic relations. To further enhance the strategic relations between India and Russia and promote collaboration in the textile sector, the Federation of Indian Chambers of Commerce & Industry (FICCI) and SRTEPC have organized the India Pavilion at the leading textile and light industry expo in Russia, the 49th International Textillegprom at Moscow, Russia from August 29 – September 1, 2017.

The delegation from India to Russia, headed by the Minister of Textiles, Government of Karnataka, R M Lamani and Secretary Ministry of Textiles, Anand Kumar Singh, Secretary Ministry of Textiles, India, comprises leading companies from Indian textiles Industry.

Textillegprom 2017 brings together industry leaders from India, Russia, Central Asia and other countries to a single platform to interact and discuss collaboration in the textile industry. The India Pavilion comprises over 95 exhibitors from the textile industry in India.

The prime objective of the participation is to realise the complementarities between the textile industries of India and Russia, and the CIS region in general.

They will have structured B2B interactions to explore opportunities for business partnerships.

Pankaj Saran, Ambassador of India to Russia inaugurated the India Pavilion at Textillegprom 2017, along with Minister of Textiles from Karnataka and the Secretary Textiles, yesterday in Moscow.

NonnaKagramanyan, Vice-President Business Russia, Alexander Kruglik, CEO RosLegProm, Anil Rajvanshi from Reliance and Vivekanand Kodikal from FICCI were also present and spoke about how India and Russia can collaborate in the field of textiles.

The textile Minister of Karnataka R M Lamani wished the Expo success and called for more cooperation between Russia and India in this sector.

On the occasion Secretary Textiles said, "There is great potential for enhancing trade relations between India Russia" He also mentioned that the textile Industry from India is well represented at the Expo which showcases the range and quality of India's Textile industry. He reiterated that the Government of India will provide all help for the promotion of investment in this sector.

Ambassador Pankaj Saran, during his address mentioned that as India and Russia celebrate marks the largest representation of the Indian textile industry at TEXTILLEGPROM and wished the Indian participation all success at the Expo.

Source: smetimes.in- Aug 31, 2017

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India, U.S. eye states to boost trade ties

India and the U.S. are working on establishing a state-level engagement mechanism to widen and deepen bilateral trade and investment ties. Towards this objective, the U.S.-India Business Council (USIBC), will unveil within a fortnight a 'State Engagement Task force' (SET) to ensure American and Indian companies align their interests with the priorities of the State governments of both the countries.

The move comes as India and the U.S. are set to carry out a comprehensive review of bilateral trade ties. In that exercise, priority sectors will be defence and energy. While the focus in defence would include Lockheed Martin's proposal to make F-16 fighter jets in India and the proposed sale of General Atomics Aeronautical Systems Inc. or GA-ASI's 'Guardian Remotely Piloted Aircraft' to India, energy ties would cover exports of U.S. natural gas, transfer of U.S. technology on oil and gas refining, as well as the conclusion of pacts between Nuclear Power Corp. and Westinghouse Electric for six nuclear reactors in India and related project financing. Other priority areas would be smart cities (including Ajmer, Allahabad and Visakhapatnam), regional airport development in India through public private partnership, e-commerce , digital payments and medical devices.

On SET, USIBC acting president Khush Choksy told The Hindu nominations had been sought from USIBC members. As part of the proposed SET, preliminary discussions had been held on skill development and entrepreneurship promotion in Nagaland, he said, adding that there had also been talks on infrastructure development and job-creating activities in eastern/north-eastern India. Similar discussions would soon be held with the U.S. State governments to identify their priorities.

China way ahead

According to the American Enterprise Institute, China was the 'top import country' for 23 U.S. States in 2016, followed by Canada (14). India was neither a 'top import country' nor a 'top export country' for any U.S. State.
Industry inputs for four separate engagement channels — the comprehensive review of trade ties, forthcoming trade policy forum and the bilateral 'commercial dialogue' as well as the Global Entrepreneurship Summit in November — would be provided during the Global Entrepreneurship Conclave (GEC) being organised by the USIBC next month. Top government officials from India and the U.S. are likely to participate in the GEC, Mr. Choksy said.

Issues like the U.S. concern over its trade deficit and India's worries on U.S. visa 'curbs' would fall into a proper context once the two countries explore ways to solve the 'larger puzzle' of increasing bilateral goods and services trade to $500 billion, from $115 billion in 2016, Mr. Choksy said.

"The USIBC wants a win-win outcome for businesses on both the sides. We are supportive of free movement of goods and services."

Source: thehindu.com- Sep 01, 2017

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Cotton arrivals delayed due to rains

Cotton spot prices are expected to break the prolonged-bearish price trend in Northern markets where the arrival of fresh cotton is set to be delayed due to recent rains in Punjab, Haryana and Rajasthan.

Arrival of fresh crop is expected to be delayed due to rain that has drenched the North-eastern states.

Arrival of raw cotton has begun in the last week in markets in Southern Haryana, signalling onset of fresh cotton season in North. The cotton arrival peaks by end of September in North, almost two-ahead of other zones in India, as harvesting scales in Punjab, Haryana and Rajasthan. Around 12-15 per cent cotton is produced in the Northern states.

""Prices may show upward trend in coming days due to delay in market arrival of fresh cotton after recent rains," Textile manufacture Vardhman Textiles' director (raw materials) I J Dhuria said. He said that the cotton supply in global market is expected to be comfortable as area under the crop has increased in major growing countries including India, China, US, Brazil and Pakistan.

Cotton prices have come down by 8 per cent since April this year. The spot prices that stood at Rs 4800 per quintal come down to Rs 4500 -4300 per quintal in the last week of August. The prices are expected to strengthen but will remain below Rs 5,000 per quintal, most traders maintain.

"Cotton prices are expected to evade major price rally as ginners as well as the textile industry is margin-stressed after the prices remained firm in the last year," Rakesh Rathi, president, Indian Cotton Association Limited (ICAL) said.

He said that the crop is expected to be more than the last year in northern states. Rains may briefly affect cotton arrival in North but it is expected to boost yield and control pest attack.

"The rains are quite beneficial at this time and we are expecting a high yield this season," Central Institute of Cotton Research, head project coordinator, AH Prakash said.

"The cotton supply-demand scenario is expected to remain balanced in most major consumption nations.

China may be aberration as stocks are expected to deplete," Dhuria said.

The output is expected to be 10 per cent higher than the last year in Pakistan, he added.

Source: economictimes.com- Aug 31, 2017

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