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IBTEX No. 29 of 2018 February 08, 2018

USD 64.33 | EUR 78.80 | GBP 89.22 | JPY 0.59

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
18955	39650	**78.71**

Domestic Futures Price (Ex. Gin), February

Rs./Bale	Rs./Candy	USD Cent/lb
20040	41919	**83.22**

International Futures Price

NY ICE USD Cents/lb (March 2018)	75.96
ZCE Cotton: Yuan/MT (Jan 2018)	15,070
ZCE Cotton: USD Cents/lb	**92.36**
Cotlook A Index – Physical	**87.6**

Cotton guide: Three consecutive sessions of this week and three consecutive weeks Cotton price has been declining from the recent top of 84.65 to currently trading below 76 USCTS/LB.

Predominantly market is currently in bearish tone with higher trading volume and declining open interest. The average daily volume has increased more than 70K bales and open interest has come off the high from 0.321 million contracts to 0.293 million contracts. This is a clear scenario of longs exiting positions in near month contract and partly rolling to next. This can be evident this week hedge funds like Goldman Sachs and others had their conventional rolling dates.

Further general weakness in US stock markets witnessing heavy sell off with risk sentiment on the weaker side may have prompted cotton to also trade lower.

Talking specific on Wednesday trade, market was initially attempted to be positive supported by few mills fixation and export enquiry which made March to make an intraday high near 77 cents however later in the session the gains were eradicated and ended lower near 75.96 cents down by 30 points from previous close.

Interestingly total open interest decreased on Wednesday by 4,613 contracts to 293,564. March '18 interest decreased by 8,559 contracts to 97,565 while May '18 interest increased by 908 contracts to 97,992. This is the first time May '18 interest has surpassed March '18 interest. Certificated stocks were last reported at 75,757 bales which included new certs for 2,802 bales and decerts for 61 bales.

On the technical front market is holding just near the critical support of 75.72 cents upon break down below the same it would confirm a fresh move or market may continue to trade sideways having a range of 75.50 to 78.50 cents per pound.

The two important events that we have today from the US are the weekly export sales data and monthly USDA WASDE supply-demand report. We have explained in detail in our previous day report. Any strong deviation in the figure would give fresh direction to market.

On the domestic front spot price continues to trade steady near Rs. 40K per candy however arrivals have dropped to around 162K bales. We need to be more cautious on the fresh trend of spot market in the near term that would determine the market scenario for the short term.

Lastly on the futures front the near month February traded sideways and for today we expect it to trade in the range of Rs. 19700 to Rs. 20070 per bale.

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

NEWS CLIPPINGS

INTERNATIONAL NEWS

The Rise of China and the Fall of the 'Free Trade' Myth

China's economic success lays bare an uncomfortable historical truth: No one who preaches 'free trade' really practices it.

'America first does not mean America alone," President Trump declared last month at the World Economic Forum in Davos, Switzerland. This sudden burst of pragmatism from an avowed nationalist showed what a difference a year can make. Denouncing the "false song of globalism" during his presidential campaign, Trump, on his third full day in office, cancelled the Trans-Pacific Partnership, a regional trade deal with Japan and 10 other countries.

He then denounced Canada, Germany and South Korea for exporting more to the United States than they import. He promised to renegotiate trade pacts with Europe, Canada and Mexico and get a better deal for American workers. In Davos, however, he reached out with conciliatory words to the very free-trading and globalizing elites he has consistently maligned.

Clearly, Trump's views on trade and globalization have evolved since his insurgent campaign. This may well be because of the rapid gains in the past year of a country he did not mention by name. In fact, Trump chose in Davos to affirm that "America is open for business" because it was in these same Alpine heights, three days before Trump was inaugurated as president, that China seized the opportunity to claim leadership of the global economy.

With the United States seemingly in a protectionist crouch, China had become, despite all its problems, indispensable. "In a world marked by great uncertainty and volatility, the international community is looking to China," Klaus Schwab, the founder of the World Economic Forum, said last year while introducing his guest, the Chinese president and general secretary of China's Communist Party, Xi Jinping.

As the usual gaggle of hedge-funders, Silicon Valley executives and government officials looked on, Xi rose to defend free trade and globalization against the relentless attacks of Trump. "Some people blame economic globalization for the chaos in our world," Xi said.

"One should not retreat to the harbor when encountering a storm, for this will never get us to the other shore of the ocean." Xi then confidently quoted Dickens. " 'It was the best of times, it was the worst of times.' These are the words used by the English writer Charles Dickens to describe the world after the Industrial Revolution. Today, we also live in a world of contradictions."

Never mind that Dickens was actually describing the world before the French Revolution. Xi's claim of openness was, to say the least, riddled with contradictions of its own. It is increasingly difficult for foreign companies to do business in China; Beijing's "Made in China 2025" industrial policy aims to increase "indigenous innovation" and self-reliance. When Trump, a year later in Davos, denounced such "unfair economic practices" as "industrial subsidies and pervasive state-led economic planning," there was little doubt which nation he had in mind.

Yet Xi is entitled to some of his rhetorical point-scoring. The financial crisis of 2008 greatly weakened the American economy, but it left China relatively unscathed. More important, China, whose share of world trade in the mid-1970s was less than 0.5 percent, is today the world's leading exporter — the hub of new and increasingly dense transcontinental trading networks that bypass the United States.

"When the United States grows, so does the world," Trump claimed in Davos. But America's status as the linchpin of the global economic order is now endangered. The trading system China dominates has reduced the long dependency of Latin American and sub-Saharan African countries on American and European markets. China is now bringing to a close the first phase of globalization, begun by Europe and the United States in the 19th century. In the process, it is making East Asia the new center of the world economy.

It has fallen upon Trump, as president of the United States, to respond to this momentous historic shift, and he has done so with his characteristic mix of threats, boasts and volte-faces. But to grasp China's economic achievement, and its ramifications, it is imperative to ask: Why has a market economy directed by a Communist state become the world's second-largest? Or, to rephrase the question: Why shouldn't it have? Why shouldn't China's rise have happened the way it did, with state-led economic planning, industrial subsidies and little or no regard for the rules of "free trade"?

The economic success of East Asian countries like Japan in the 20th century had already invalidated the article of faith invoked by Trump in Davos: that nations can advance only by eliminating barriers to the free movement of goods and capital and by minimizing the role of government in the economy. But these historical lessons have long been obscured by economic orthodoxy, one that Trump's — and China's — unexpected ascents have now exposed to critical scrutiny.

In his most recent book, "Straight Talk on Trade," the Harvard professor Dani Rodrik castigates fellow economists for holding fast to a simple-minded view of free trade and globalization, one that he believes has caused economic chaos and political backlash across the West. "Are economists," he asks, "responsible for Donald Trump's shocking victory in the U.S. presidential election?" This might be overstating the case. But it is true that the argument that free markets equal progress was most eloquently and influentially advocated by the American economist Milton Friedman.

The paradoxes of China's rise today are best illuminated by Friedman's querulous visit to the country in 1980, when China was desperately poor. The Nobel laureate from Chicago was then cementing his reputation as an apostle of free markets. He had just published "Free to Choose," a book that was written with his wife, Rose, and later turned into a television series featuring, among others, Ronald Reagan, Arnold Schwarzenegger and Donald Rumsfeld.

Friedman's argument, that "the world runs on individuals pursuing their separate interests," would shape American economic policy for decades to come. He helped disparage the idea, exemplified most vividly by Franklin Roosevelt's New Deal, that government had a legitimate, and often indispensable, role to play in advancing economic development and protecting the vulnerable. As his keen disciple Reagan famously put it, "Government is not the solution to our problem; government is the problem."

Friedman's fervent advocacy of free trade and the efficiency of unregulated markets gave intellectual ballast to the so-called Washington Consensus. Free markets, the thinking went, not only generated wealth for all nations but also maximized consumer choice, reduced prices and optimized the use of scarce resources.

Friedman's faith in the efficiency of markets came to constitute what John Stuart Mill referred to as "the deep slumber of a decided opinion."

Friedman was the most influential proponent of free trade since Adam Smith declared it, in 1776, the basis of the wealth of nations. But in 1980, few people in China, including the academics who invited Friedman to a lecture tour, knew that their American guest was an impatient, even volatile, ideologue.

A series of (often comical) misunderstandings ensued. Friedman complained about the Chinese man with a "terrible body odor" who received him at the Beijing airport; the man turned out to be one of his academic hosts. Friedman's lectures in praise of free markets were met with bewilderment. His assertion that capitalism was superior to socialism disturbed the Chinese greatly. Some of the more agitated Chinese economists went in a delegation to Friedman's hotel to lecture him about the achievements of their regime.

Friedman, who (erroneously) saw Japan and South Korea as brilliant examples of open, competitive markets, was understandably impatient in China; the country embodied everything that was wrong with government planning. Indeed, China in 1980 was just lurching out of Mao Zedong's calamitous experiments.

Deng Xiaoping's government was trying to improvise new solutions to the country's economic backwardness, which officials thought had exposed China to humiliation in the 19th and early 20th centuries. "Development," Deng said, "is the only truth. If we don't develop, we will be bullied." And national development, in Deng's view, could be achieved by a variety of means. His flexible attitude was summed up by a much-popularized Chinese maxim: "Cross the river by feeling for the stones."

The Chinese couldn't help bristling at Friedman's blunt dismissals of their government. Despite horrific disasters, the Chinese state had drastically raised literacy and life-expectancy levels. Also, the Chinese were then seeking a third way: They looked to Japan and Singapore rather than the United States for economic models that would accelerate growth without endangering the authority of the Communist Party. The Chinese saw little of value in an American proponent of laissez faire. Friedman left China, angrily claiming that his hosts were "unbelievably ignorant about how a market or capitalist system works."

Click here more details

Source: nytimes.com- Feb 07, 2018

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Iran: Cotton Boll Output to Reach 160,000 Tons

Around 124,550 tons of cotton bolls have been produced across the country and bought by cotton factories since the beginning of the current Iranian year on March 21, 2017.

The figure is estimated to reach 160,000 tons by the end of the fiscal year, the managing director of Iran Cotton Fund said.

"Cotton factories have so far produced 30,000 tons of refined cotton. We expect to produce between 45,000 and 50,000 tons of the product by the end of the year," Mohammad Hossein Kaviani was also quoted as saying by Young Journalists Club.

The official noted that last year's domestic cotton production stood at approximately 40,000 tons.

He added that close to 56,000 tons of cotton were imported during the 10 months to Jan. 20.

"Our textile industries' annual demand stands at between 90,000 and 100,000 tons and domestic production is not sufficient to meet the need. We have to import at least 50,000 tons annually," he said.

Land under cotton cultivation in Iran has declined by over 75% between the fiscal years 2001-16 to reach 70,000 hectares from 300,000 hectares, turning Iran from a cotton exporter to an importer.

The figure remained unchanged in the last Iranian year (ended March 20, 2017), but it has increased by 6% this year, according to the executive of the Cotton Project implemented by the Ministry of Agriculture.

"The Ministry of Agriculture plans to achieve self-sufficiency in cotton production by 2025 [the end of the 20-year Vision Plan]," Ebrahim Hezarjaribi was also quoted as saying by Mehr News Agency.

Iran has the capacity to increase cotton production, but the low price of cotton compared with other agricultural products discourages farmers from embarking upon cotton cultivation.

Source: financialtribune.com- Feb 08, 2018

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China's imports surge 37% in January, exports jump 11%

- China reported a 36.9 percent jump in imports and a rise of 11.1 percent in exports — both in dollar terms — for the month of January.
- January trade surplus was $20.34 billion.

China reported a 36.9 percent jump in imports and a rise of 11.1 percent in exports — both in dollar terms — for the month of January, the country's statistics bureau said on Thursday. Both figures beat expectations.

A Reuters economist poll predicted that January imports had grown 9.8 percent from a year ago. They also expected export growth to come in at 9.6 percent.

Long Lunar New Year public holidays start next week in China, so the trade data may be skewed due to seasonal factors such as stockpiling.

Nonetheless, even with the festive season, the strong January reading indicates healthy domestic demand going into 2018, said Louis Kuijs, head of Asia economics at Oxford Economics.

In December, dollar-denominated exports rose 10.9 percent from a year ago, while imports rose 4.5 percent.

China's trade surplus for January was $20.34 billion. Economists polled by Reuters had forecast a surplus of $54.1 billion.

The country's trade surplus with the U.S in January was $21.895 billion, down from $25.55 billion in December. That metric is closely watched as the two countries tussle over trade.

China's January coal imports were the highest since the same month in 2014, according to Reuters records. Colder weather than usual has hit parts of the country this winter, pushing up demand for heating fuel.

Beijing said the world's second-largest economy grew by 6.9 percent last year, beating forecasts on strong global and domestic demand.

Kuijs said a favorable external environment will continue to support China's exports in 2018. However, domestic demand may face challenges if there is a "a more pronounced-than-expected impact of the planned financial tightening and slower real estate activity," he added.

Source: cnbc.com- Feb 08, 2018

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LCCI for increased Pak-Malaysian trade

All out efforts would be made to enhance Pakistan's share in Malaysian imports of $163.4 billion.

These views were expressed by the LCCI President Malik Tahir Javaid speaking at a dinner hosted by Pakistani High Commissioner in Malaysia Nafees Zakaria in honor of the LCCI delegation that moved to Malaysia from successful Indonesian visit.

The LCCI president said that Pakistan and Malaysia have close and cordial relations since long and this relationship is growing and strengthening with the passage of time but this should be reflected in mutual trade and economic ties.

He said that Pakistan's major exports to Malaysia are cereal, textiles and clothing, rice, vegetables, seafood (fresh, chilled and frozen), chemical and chemical products whereas major imports from Malaysia are palm oil, chemical products, electrical and electronic products.

Other exports from Pakistan to Malaysia include fish, potatoes, onion, maize, cotton yarn, woven fabrics, synthetic staple fibre, bed-linen, electrical apparatus for line telephony and parts and accessories, whereas other imports from Malaysia are rubber, wood, synthetic filament yarn, insecticides, automatic data processing machines and parts and accessories.

He said that China, Singapore, Japan, USA, Thailand, South Korea and Indonesia are the major trade partners of Malaysia. It is a bit discouraging that Pakistan is not in this list despite good relations with Malaysia and having best-of-the-best products in the world.

He suggested establishment of display center for Pakistani products in Pakistani embassies abroad to grab the attention of foreign buyers.

Malik Tahir Javed said that the FTA does provide our exporters certain edge in the form of duty relief on fruits and vegetables etc. but due to knowing little about the packaging and certain requirements related to certification of food items, they cannot make full utilization of these opportunities.

He said that joint ventures in the fields of livestock & dairy, food processing, energy, chemicals, Halal products and especially in light engineering can further strengthen the trade ties between two countries.

He said that we need to develop good liaison with our Mission in Malaysia in order to overcome all the challenges involved in enhancing exports to Malaysia. Pakistan High Commissioner to Malaysia M Nafees Zakaria lauded the efforts of the Lahore Chamber of Commerce & Industry saying that LCCI is leading from front.

He urged Pakistani businessmen to evolve strategy to tap huge potential that exists in Malaysia. He said that he would make all out efforts to turn Pakistan mission in Malaysia into a match-making point for the business community in the two countries.

He said that he would also utilize Malaysian media to highlight the soft image of Pakistan as in today's world media is a strong tool to propagate information.

The delegation members Shahid Nazir, Awais Saeed Piracha, Muhammad Wasim, Haseeb Khawar, Shabbir Bhatti, Malik Muhammad Islam, Muhammad Farooq, Mian Faisal Majeed and Muhammad Arshad Bhatti also expressed their views about Pak-Malaysia trade relations.

Source: nation.com.pk- Feb 08, 2018

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Need for balance in Belarus' foreign trade emphasized

Belarusian Prime Minister Andrei Kobyakov paid special attention to the achievement of balance in foreign trade and the accomplishment of export-related tasks by Belarus' diplomatic missions abroad at a wrap-up session at the Belarusian Ministry of Foreign Affairs, BelTA learned from the ministry.

The PM spoke about collecting overdue accounts receivable and protecting the interests of Belarusian manufacturers in the EAEU and during Belarus' WTO accession negotiations. Andrei Kobyakov also touched upon the diversification of exports and export destinations, and also ways to increase the share of high-technology products in the exports.

He emphasized the potential to boost and diversify the exports by means of promoting the goods and services of Belarusian SMEs on foreign markets. These goals can be achieved using the opportunities created by ordinance No.7 on entrepreneurship development and ordinance No.8 on digital economy development signed by the Belarus president in late 2017, he said. Belarusian Minister of Foreign Affairs Vladimir Makei commended the performance of the ministry in 2017.

He outlined the ways to fulfill the tasks set by the head of state. Vladimir Makei analyzed all the key issues in trade and economic cooperation with foreign countries.

The official drew special attention the expansion of export support instruments by means of assisting exporters with participation in special exhibitions and certification on foreign markets.

As for Russia, the EAEU, and the CIS, the focus was on the need to gradually intensify economic integration with the help of common policies in industry, agriculture, energy, transport, and other sectors.

It was noted that the states participating in the economic integration processes are increasingly interested in setting up modern joint manufacturing facilities with joint management, technology transfer and joint export promotion in third countries.

On the European track, the minister of foreign affairs stressed the need for improving the export structure shifting the focus towards high-tech products with a high added value.

The minister also suggested taking additional efforts to promote Belarusian agricultural products, textiles and clothing on the EU market.

Belarus' ambassadors to Kazakhstan, Lithuania, the UAE and Russia spoke of the specific aspects of foreign economic activity and outlined the reserves that can be tapped to boost exports and expand investment cooperation in relation to specific countries.

The heads of the National Center for Marketing and Price Study and the Belarusian Chamber of Commerce and Industry suggested new opportunities to promote Belarusian goods and services using the experience and resources of these organizations.

The visa policy and its impact on the economic interaction of Belarus with other countries was also on the agenda of the meeting. In 2018 the Belarusian ministry of foreign affairs and the country's establishments abroad will be working to derive the most benefits from Belarus' membership in the interstate economic associations, to promote the integration of the domestic economy into the international trading system on the balanced terms profitable for the country and to remove the existing barriers and prevent the emergence of new ones in the trade in goods and services of Belarusian enterprises in foreign markets.

In collaboration with other stakeholders, steps will be taken to improve the structure of foreign trade in services and to step up th eexports of tourist, educational, healthcare and other services.

The meeting was attended by representatives of the Belarus President Administration, the Council of Ministers and the National Assembly, the heads of a number of government bodies, export promotion organizations, and major Belarusian exporters.

Source: eng.belta.by- Feb 07, 2018

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Pakistan textile trade surplus fell 1.9 per cent YoY up to December of 2017

As per provisional figures from The State Bank of Pakistan, textile trade surplus dropped year-on-year in 2017 up to December by 1.9 per cent due to imports rising by a larger amount and at faster pace than exports.

Exports rose 4.5 per cent to $12.93bn as against $12.37bn the year before. The main segment increase in exports came from an increase in exported readymade garments, knitwear, bed wear, cotton yarn and towels.

From January to December 2017, Pakistan largely exported knitwear, readymade garments, bedding and cotton cloth. All together, they account for over two-thirds (71 per cent) of the total value of export, with readymade garments and knitwear each accounting for 19 per cent of total export receipts and bedding accounting for 17 per cent of total export receipts.

Import payments rose 22.4 per cent to $3.98bn as against $3.25bn the year before. The bulk of the increase came from ‘other textile items’ followed by synthetic fibre, synthetic and artificial silk yarns, and worn clothing.

Raw cotton made up the bulk of Pakistan’s textile import payments, making up one-fifth of its total value.

Synthetic and artificial silk yarn accounts for 17 per cent, while 13 per cent of textile import value came from synthetic fibre. Worn clothing accounts for just 2 per cent of the total import value. All other textile items account for 47 per cent of the total import value.

Source: fashionatingworld.com- Feb 07, 2018

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Indonesia strives for conclusion of RCEP talks

Indonesia is committed to accelerating negotiations on the Regional Comprehensive Economic Partnership (RCEP), said Trade Minister Enggartiasto Lukita said at the 21st round of RCEP negotiations, recently.

He said that once ratified, the RCEP would become the largest trade bloc in the world that could boost economic growth of its members.

The 21st round is taking place in Yogyakarta from Feb. 2 to 9. It is attended by RCEP's 16 negotiating member countries. This round discusses the trade of goods and services, investment, issues regarding legalities and institutions, as well as the rules of origin (ROO).

"The RCEP is our priority because it will greatly contribute to the growth of exports and investment in its member countries," Enggartiasto said in a press statement on Tuesday in Yogyakarta, adding that Indonesia aimed to complete the talks in 2018.

To accelerate the process, participants of the negotiations will also hold numerous bilateral meetings prior to or on the sidelines of the negotiations.

Enggartiasto had earlier met on Jan. 22 with the Indian Trade and Industry Ministry in New Delhi to push talks on the RCEP. President Joko “Jokowi” Widodo expressed a similar intention last year in November during the 31st ASEAN Summit in Manila, the Philippines.

The planned RCEP will represent 28.5 percent of global trade and 31.6 percent of gross world product (GWP). It will be a trade pact between 10 ASEAN countries and their six partners — Australia, China, India, Japan, South Korea and New Zealand.

Source: thejakartapost.com- Feb 07, 2018

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NATIONAL NEWS

Union Budget 2018-19 makes a good case for textile sector: TEXPROCIL

Commenting on the budget, Chairman of The Cotton Textiles Export Promotion Council (TEXPROCIL) Ujjwal Lahoti called the budget "Pragmatic, Growth Oriented and all inclusive".

He praised the government move to increase the financial expenditure under the comprehensive textile sector package for apparel and made ups segments from Rs 6000 crore to Rs 7148 crore. "This initiative will not only promote exports but also increase production in these 2 labor intensive sectors" he said. He further said the sector is expecting that increase in fund allocation for textiles will cover fabrics also under ROSL scheme.

Also the government attempt to contribute 12% of the wages of new employees in EPF for all the sectors for next 3 years with the extension of fixed term employment in all sectors and reduction in women employees' contribution to 8% for first three years from 12 % are also positive steps for the textile sectors, he added.

He said these sort of measures will create employment opportunities especially for women in textiles sector and contribute significantly towards "Make in India" campaign. With regard to increase in allocation of funds under the TUF Scheme from Rs. 2013 crores in 2017-18 to Rs. 2300 for 2018-19, the chairman said that the proposal is a positive one.

The reduced income tax rate of 25 percent will immensely benefit the micro, small and medium enterprises who have reported turnover up to Rs. 250 crore in the financial year 2016-17. In the matter of export marketing the Department of Commerce will be developing a National Logistics Portal as a single window online marketplace to link all stakeholders. This move will lend a marketing support to the small and medium-sized exporters besides reducing transaction cost, said Lahoti.

Source: knnindia.co.in- Feb 07, 2018

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GST-led liquidity crunch forcing exporters to refuse orders: FIEO

Liquidity problems emanating from delay in refund of Goods and Services Tax (GST) is forcing exporters to turn down new orders, exporters' body FIEO said today. The Federation of Indian Export Organisations (FIEO) also said that micro, small and medium enterprises (MSMEs) are cutting their workforce due to cash crunch.

FIEO Director General Ajay Sahai said that exporters are worried with the delays in the refund. "Many of them have not received a single rupee in last seven months or so. Few exporters have refused new orders as they have no liquidity to finance new exports.

Liquidity crunch has forced many MSME to cut the workforce also," he told PTI. Sahai said that as per the feedback from exporters, about 80 per cent of the refund is pending and the tax authorities are not accepting the application of input tax credit (ITC).

The organisation has time and again raised their concerns on GST, saying it would dent the liquidity situation of traders and increase compliance cost of merchant exporters. Before GST, exporters used to get ab-initio exemptions from duties. But now, they have to pay first and then seek refund.

Due to this process, FIEO had stated that about Rs 1,85,000 crore could get stuck with the government. On the proposal to introduce e-wallet mechanism to resolve the liquidity problem, Sahai said it is supposed to be introduced from April 1 this year "but still even broad contours of the scheme have not been notified".

He said that so far no consultation has happened with the trade and industry. "We are apprehensive whether the scheme will be introduced from April 1 or at a later date," he added. The country's total merchandise exports during April-December 2017-18 grew by 12.05 per cent to $223.512 billion.

Source: financialexpress.com- Feb 07, 2018

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Woven fabric export continue to spiral up in December

India's woven fabric export continued to rise in December following a steep recovery in November. It was also higher than the levels two years ago. While spun yarn exports grew at a slow pace, the rise in fabric export shows a tremendous potential for export of value added products.

Volumes rose 10 per cent to 397 million sq mt valued at $302 million. Cumulative export in the first nine months of 2017-18, was 3,190 million sq mt, a marginally down by 0.1 per cent as against the same period a year ago. In terms of value, woven fabric export was valued at $2,510 million (Rs 15,970 crore).

During December, 142 countries imported woven fabrics from India, spearheaded by Bangladesh and followed by Sri Lanka and the UAE. All three accounted for 33 per cent of the total woven fabric export during the month.

Seven countries did not import any fabric as in previous year, while 16 countries imported fabric valued at $1 million this December. Afghanistan, Nepal and Paraguay were the fastest growing large markets for woven fabrics which accounted for 3 per cent of total export value in December.

Around 55 per cent of woven fabrics exported were made of 100 per cent cotton valued at $65 million (Rs 1,020 crore) with volumes at 190 million sq mt. The average unit price realisation was at $0.87 a sq mt, about US cents 5 more than a year ago period.

Plain fabric exports accounted for 65 per cent of all types of woven fabrics exported in December 2017, up 6 per cent in volume year on year with shipment totalling 312 million sq mt worth $198 million. Bangladesh, UAE and Sri Lanka were the top markets for plain fabrics.

Denim was the second largest woven fabric exported in December with volumes increasing by a steep 30 per cent year on year in value rising 31 per cent to $31 million. They were largely imported by Bangladesh with Egypt and Sri Lanka following.

Denim exports to Bangladesh alone was valued at $19 million.

Source: fashionatingworld.com- Feb 07, 2018

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CITI unhappy with increase in import of textiles and clothing

Post the release of foreign trade data for December 2017 by the Ministry of Commerce & Industry, Sanjay Kumar Jain, CITI, Chairman, has expressed apprehension over the 3 per cent fall in CAGR in textiles and apparel exports as against the corresponding period of December 2016.

Textiles and apparel exports were $2996 million in December 2017 when compared to $3075 million a year ago. However, the cumulative export has slightly improved by 2 per cent CAGR as exports recorded $26,136 million in April-December 2017 as against $25,721 million in April-December 2016.

Jain noted the share of textiles and apparel exports in the All Commodity Exports (ACE) also fell by 2 per cent in December 2017. Jain, was happy with the cumulative increase in textiles and clothing exports during April-December 2017, but was unhappy with the consistent increase in imports of textiles and clothing during the same period. Imports during December 2017 stood at $165.34 million as compared to $137.24 million in December 2016, registering an increase of 20.48 per cent.

Jain further pointed out that as per latest data from Export Promotion Bureau of Bangladesh, India's imports of garments from Bangladesh touched $111.3 million during July to December 2017, indicating a sharp rise of 66 per cent as against $66.9 million during the same period last year. This situation is negatively affecting the domestic yarn, fabric and garment manufacturers.

There is a greater need now to impose safeguard measures such as Rules of Origin and Yarn Forward and Fabric Forward Rules on countries like Bangladesh and Sri Lanka that have FTAs with India to prevent cheaper fabrics produced from countries like China sent via these countries. Garment manufacturers in India have to pay duty on imported fabrics, while Bangladesh can import fabric from China duty free and convert them into garments and sell to India duty free. This is putting the Indian garment industry at a major disadvantage.

Source: fashionatingworld.com- Feb 07, 2018

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RBI keeps repo rate unchanged at 6%

In its sixth bi-monthly Monetary Policy Statement for 2017-18, the Reserve Bank of India (RBI) has kept the policy repo rate under the liquidity adjustment facility (LAF) unchanged at 6.0 per cent. Consequently, the reverse repo rate under the LAF remains at 5.75 per cent, and the marginal standing facility (MSF) rate and the Bank Rate at 6.25 per cent.

The decision of the MPC is consistent with the neutral stance of monetary policy in consonance with the objective of achieving the medium-term target for consumer price index (CPI) inflation of 4 per cent within a band of +/- 2 per cent, while supporting growth.

The MPC noted that the inflation outlook is clouded by several uncertainties on the upside.

“First, the staggered impact of HRA increases by various state governments may push up headline inflation further over the baseline in 2018-19, and potentially induce second-round effects.

Second, a pick-up in global growth may exert further pressure on crude oil and commodity prices with implications for domestic inflation.

Third, the Union Budget 2018-19 has proposed revised guidelines for arriving at the minimum support prices (MSPs) for kharif crops, although the exact magnitude of its impact on inflation cannot be fully assessed at this stage.

Fourth, the Union Budget has also proposed an increase in customs duty on a number of items.

Fifth, fiscal slippage as indicated in the Union Budget could impinge on the inflation outlook. Apart from the direct impact on inflation, fiscal slippage has broader macro-financial implications, notably on economy-wide costs of borrowing which have already started to rise. This may feed into inflation.

Sixth, the confluence of domestic fiscal developments and normalisation of monetary policy by major advanced economies could further adversely impact financing conditions and undermine the confidence of external investors. There is, therefore, need for vigilance around the evolving inflation scenario in the coming months," RBI said in its announcement.

Listing the mitigating factors, RBI said, the capacity utilisation remains subdued. It added that oil prices have moved both ways in the recent period and can potentially soften from current levels based on production response. Third, rural real wage growth is moderate.

The MPC noted that the Indian economy is on a recovery path, including early signs of a revival of investment activity. Global demand is improving, which should help strengthen domestic investment activity.

The focus of the Union Budget on the rural and infrastructure sectors is also a welcome development as it would support rural incomes and investment, and in turn provide a further push to aggregate demand and economic activity.

On the downside, the deterioration in public finances risks crowding out of private financing and investment.

"The Committee is of the view that the nascent recovery needs to be carefully nurtured and growth put on a sustainably higher path through conducive and stable macro-financial management," RBI said.

Source: fibre2fashion.com- Feb 07, 2018

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Shed inhibitions on GST

“Industrialists in Tirupur apparel cluster should shed their inhibitions on Goods and Service Tax for achieving compliance and thereby getting refund of Input Tax Credit (ITC) at the earliest” said M. Periasamy, Joint Commissioner of GST and Central Excise, during an interaction of officials and industrialists organised by the Tirupur Exporters Association here.

Refund

Regarding the complexities cited by the apparel industrialists here on the ‘unutilised ITC’ on account of ‘inverted duty structure’ in the GST, Mr. Periasamy told The Hindu that the government was ready to refund that too.

Since such cases mostly arise in dyeing and printing segments of the apparel production chain, the other GST officials added that the entrepreneurs could offset the 5 % output tax against the input tax credit levied at the time of purchase of raw materials where they be would paying 18 %.

“Any excess credit in the ITC credit ledger then can be claimed while filing the refund application”.

On the scepticisms pertaining to e-Way billing system for transportation of goods costing more than ₹50,000, Mr. Periasamy said the apparel manufacturers here should voluntarily start using the system from now itself instead of waiting for the rule to become mandatory.

“This will help them getting used to the system and raise doubts or issues to the authorities”, he added.

Source: thehindu.com- Feb 07, 2018

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Agri officers told to gear up for cotton crop season

The Director, Agriculture Department, Punjab, Dr Jasbir Singh Bains convened a meeting with agriculture officers of seven districts — Bathinda, Mansa, Barnala, Moga, Muktsar, Sangrur and Fazilka — here today.

During the meeting, the director discussed issues related to the cotton crop such as early sowing, proper and adequate distribution of canal water, sale and use of recommended variety of cotton crop among others.

He said in the cotton crop season, pest surveillance teams would be constituted at district and block levels and the department would make efforts to provide adequate staff for these teams to ensure good yield of cotton crop.

Congratulating the officers for the good crop yield last season, Bains directed them to work with dedication this season as well.

He added that the department was fully prepared to provide the farmers with good quality seeds and other inputs for cotton crops and the farmers would not have to face any trouble availing of the same.

Terming canal water supply "most important" for the cotton crop, he directed the district agriculture officers to ensure it and also asked them to keep a check on unauthorised sale of substandard cotton seeds brought from Gujarat.

He added that teams might be constituted in all districts to keep a check on the trains coming from and going to Gujarat to curtail the use of cotton seeds from that state.

The teams constituted specifically for the cotton season will start functioning from March and will be active till the sowing of the cotton crop to ensure use of recommended variety of seeds and timely detection of pest attack and control of the same.

Source: tribuneindia.com- Feb 08, 2018

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Refuge planting needed to slow pest resistance to Bt cotton

Indian farmers' refusal to grow proper refuge crops around Bt cotton fields and to limit the area under the transgenic crop are helping pests fast develop resistance to the transgenic technology, according to a study carried out in Telangana and Andhra Pradesh.

The proportion of American bollworm insects resistant to Bt toxin Cry1Ac has gone up 65 times and 29 times on Bt cotton fields in Telangana and Andhra Pradesh respectively, in 12 years since the introduction of transgenic crop in 2002, showed the study carried out jointly by entomologists from Prof. Jayashankar Telangana State Agricultural University (PJTSAU) in Hyderabad and their counterparts in the US.

The main authors of the study, which appeared in the journal Crop Protection recently, were TVK Singh of PJTSAU and his research student Vinod Kukanur. A co-author of the study was Keshav R Kranthi, former Director of the Central Institute of Cotton Research (CICR), who currently heads the technology information division of the Washington-based International Cotton Advisory Committee.

Need for refuge crops

In kharif 2017-18, cotton was grown over a total of 12.25 million hectares. Of this, 89 per cent of the area was covered with Bt cotton, which was an increase of 7 per cent over the previous season.

Interestingly, Australia managed to keep the frequency of American bollworm resistant to Cry1Ac low because it has allowed only 30 per cent of its total cotton area to be under Bt and enforced strict compliance to grow refuge crops.

Growing refuge crops around Bt cotton reduces the chance of the pests developing resistance, which is a survival strategy for them.

When crops that the insects can feed on are around, there is only a limited evolutionary pressure for the pests mount an attack on the Bt toxin.

Pink bollworm attack

Indian farmers grow two varieties of Bt cotton — Bollgard-I and Bollgard-II. As the names suggest, Bollgard-I has one Bt toxin (Cry1Ac) and Bollgard-II has two toxins — both Cry1Ac and Cry2Ab. Bt cotton is meant to control the three species of bollworms in India, American bollworm, pink bollworm and spotted bollworm.

While American bollworm has developed some resistance to Cry1Ac, there are no field reports yet about the pest becoming resistant toCry2Ab. However, pink bollworm, which is lesser virulent than American bollworm but still causes widespread damage to the cotton crop, has become resistant to Bollgard-II.

It was the pink bollworm that destroyed vast tracts of cotton fields in Telangana and Maharashtra recently. “Going for an overkill by saturating Indian cotton area with Bt cotton is precipitating the crisis,” said Kranthi.

American bollworm

“The issue of American bollworm resistance to Bt cotton is very serious. Unfortunately, such issues gain prominence in India only after they would have taken a toll. The American bollworm is a monster that is difficult to manage, unlike the pink bollworm,” Kranthi told BusinessLine.

“Losses would be huge when the American bollworms also develop resistance. This pest can be devastating. Resistance management strategies are not taken seriously in India as proactive initiatives. Therefore resistance can be expected to strike sooner, said the former CICR Director.

The fact that American bollworm has become increasingly resistant to Bt cotton has been known for some time. The present study examines the issue in greater depth, said Imran Siddiqi, a geneticist at the Hyderabad-based Centre for Cellular and Molecular Biology.

Source: thehindubusinessline.com- Feb 07, 2018

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E-comm cos may help Tirupur textile producers to reach customers at doorstep

The dollar city may be the knitwear capital of the country and may manufacture textile products to various leading global brands. But only a few companies here have succeeded in reaching to customers directly, that is in business to consumer-b2c market.

This might soon change as Amazon.com Inc, the world's largest e-commerce company, would provide its platform for Tirupur knitwear manufacturers to promote their brands and reach customers.

"Only big players who could afford the cost of networking were able to promote their own brands. But with the help of e-commerce companies, even small manufacturers could promote their goods. The partnership with Amazon, and also Flipkart, another e-commerce player who earlier had approached us, would provide equal ground to all manufacturers to grow in b2c market," Tirupur exporters' association president Raja M Shanmugham told TOI.

"Amazon has witnessed huge interest across the world for apparel and other textile goods from Tirupur. We see huge potential for small and medium enterprises to scale up their export through b2c e-commerce channel across categories like T-shirts, dresses other consumer textile products," said Abhijit Kamra, head - global selling, Amazon India.

Keeping this in mind, Amazon and FICCI-CMSME (confederation of micro, small and medium enterprises) have conducted a workshop for the apparel exporters in the city on Wednesday.

"Amazon teams would help exporters and manufactures to familiarise with the demand patterns in various countries and to launch products in accordance with local tastes," said Abhijit Kamra

Emphasising the importance of tapping the opportunity, Prabhu Dhamodharan, secretary of Indian Texpreneurs Federation, said "With e-commerce projected to attain overwhelming growth, the apparel manufacturers should transform themselves to b2c market with the help of players like Amazon, who could solve the biggest challenge of providing logistics services."

Source: timesofindia.com- Feb 08, 2018

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The most radical garment is the one you already own

Prof Kate Fletcher on questioning materialism and having difficult conversations with the fashion industry

I think Indians, and not just artisans and designers, have an innate sense about material and its usability, which is very sustainable at its core. It's light-years ahead of Europe," says Kate Fletcher, Research Professor, Centre For Sustainable Fashion, London College of Art.

She was one of the keynote speakers at the recently held international conference, 'Rediscovering Culture: Transforming Fashion', organised by the National Institute of Fashion Technology New Delhi. The conference initiated dialogues on fashion, culture, textiles, crafts and sustainability. Sustainability is where Fletcher comes in. She has authored books on the subject — Sustainable Fashion and Textiles: Design Journeys, and Fashion and Sustainability: Design for Change with Lynda Grose. She has also worked as an ecological design consultant with some leading British brands.

On bridging academia and fashion

I ended up being an academic, given the high amount of flexibility the field offers in terms of interdisciplinary approach. I worked for a along time in the corporate world, but I missed the potential that the academic space offered, at least in the UK. Here I got paid to ask difficult questions on difficult subjects, and imagine and create ideas for change.

The psychology of sustainable fashion

Sustainable fashion is all about questioning oneself. What kind of happiness do we get from that additional purchase or changing an entire wardrobe when a new trend kicks in. We are constantly craving a new identity essentially. We see a lucrative relationship between buying things and happiness. These are important questions that need to be dealt with.

The speed at which we are consuming things is outpacing the ability and technology that we have. We need to have that difficult conversation with the fashion industry about their profits, without undermining the environmental impact of the industry.

On the concept of Indian sustainability and upcycling

Reusing old saris and textiles and fashioning them into dresses or other things is also a way of having cultural memories alive, which I feel is very important. In the UK, my mum's generation also did that. Fashioning new dresses was difficult, because here things are more constructed than a sari. But my mum's generation would sow in the frayed edges of a bed sheets, so they won't show.

Such practices stemmed out of an economically thrifty environment and plain old necessity. As in for woven fabrics, especially in India which have been made with such dexterity and care — there is something about wearing them, especially if they have been handed down to you. Juxtapose it with this new trend of materialism and appreciation of material goods. Indian design sensibility right from Gandhi to his idea of khadi needs to be replicated.

On the way forward

There's a story I like to share. A friend of mine made some garments and put them on a rail, and started a pop-up shop. You couldn't buy them for money, but swap them for any clothing item you had on you that day. So people came and were like 'I'll pop it', and before you know it, my friend got them (the people) to come and think — that whatever you are willing to trade — why did you buy it in the first place, and what did you like about it. This thought prevented 90 percent of the eager 'poppers' from trading their clothes. So the lesson to take for this was that the most radical garment is the one you already own.

Source: indianexpress.com- Feb 08, 2018

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