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IBTEX No. 206 of 2017 October 12, 2017

USD 65.13 | EUR 77.35 | GBP 86.33 | JPY 0.58

Cotton Market

Spot Price (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
18525	38750	**75.71**
Domestic Futures Price (Ex. Gin), October		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
18180	38028	**74.30**

International Futures Price	
NY ICE USD Cents/lb (Dec 2017)	68.95
ZCE Cotton: Yuan/MT (Jan 2018)	15,125
ZCE Cotton: USD Cents/lb	**88.70**
Cotlook A Index – Physical	**78.8**

Cotton & currency guide: Ahead of USDA monthly Report that is releasing today in the US market players across the global have turned sideline. The performance of trading volume with price movement clearly indicates the same. On Wednesday the December future contract though moved above 69.40 cents per pound failed to hold the gains and ended the session a tad lower at 68.73 cents per pound. The trading volume has been on the downward trend for the past seven trading sessions. Market is broadly trading in the range of 67 to 70 cents for the past 22 working sessions. We believe today's action would give us a clarity on the price trend.

With October report releasing today first of all the US cotton production which was estimated last time at 21.76 million bales may reduce to 21+ million bales as surveyed by Bloomberg report. However, we believe anything below 21 could bring in more action in the market. This report is expected to have considered the effect of hurricane damaged caused to cotton produce in the month of September from "Harvey" and "Irma".

However, on the other hand, the US cotton exports are projected lower at 14.56 million bales vis-à-vis 14.90 million bales and the ending stocks in the US are also estimated lower at 5.72 million bales vs. 6 million bales. We believe in one side the lower estimated of production and less ending stocks may keep the market upbeat while decline in the exports may restrict the major gains.

On the global front, world cotton production is also estimated lower at 120.13 million bales down by 0.87 million bales from the previous months estimates. Also, world's ending stock is projected lower at 91.97 vs. 93 million bales. So broadly if we make a comparison with the October estimated numbers vis-à-vis September data suggests market could come under stress as the supplies are going to be tight in the market. The actual data shall give a fresh understanding on the market today evening in the US session.

This morning cotton for the December future is trading at 68.94 cents up by quarter per cent from previous close while expected to see a lean trading range amid lower trading volume. We believe post the outcome the both price action and trading volumes would increase and based on the data market would judge the direction.

From the price perspective we expect market may initially trade in the narrow range of 68 to 69.60 cents and either side breakout would determine a fresh move. On the domestic front, price for Shankar-6 variety for both old and new crop traded steady near Rs. 40K per candy ex-gin approximately 78.15 cents/ pound. The quote for new crop Punjab J34 was slightly higher near Rs. 3865 per maund (around 72 cents per pound).

The effect is seen clearly on the future contracts. Interestingly the October contract which is due to expire this month continues to trade higher at Rs. 19270 per bale (Rs. 40450 per candy) while the both November and December futures have corrected from their day's high to end the session on a lower note at Rs. 18470 and Rs. 18370 per bale respectively down by Rs. 160 each from previous close. We believe the two far contracts may remain under stress while December may continue to remain invert to November and the spread may rise towards Rs. 150 to Rs. 200 per bale in the near term.

The trading range for November would be Rs. 18700 to Rs. 18200 per bale a slightly wider range than the usual days amid major data releasing this evening in the US. Note, by any means if Rs. 18700 is breached the gains could be larger towards Rs. 19K mark.

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

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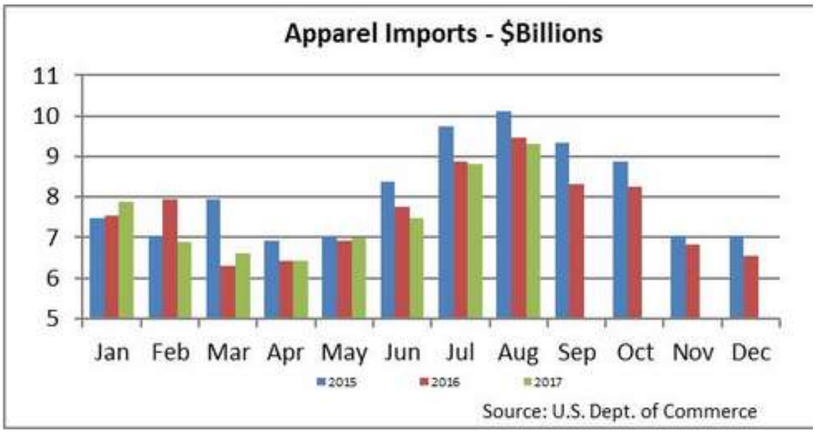
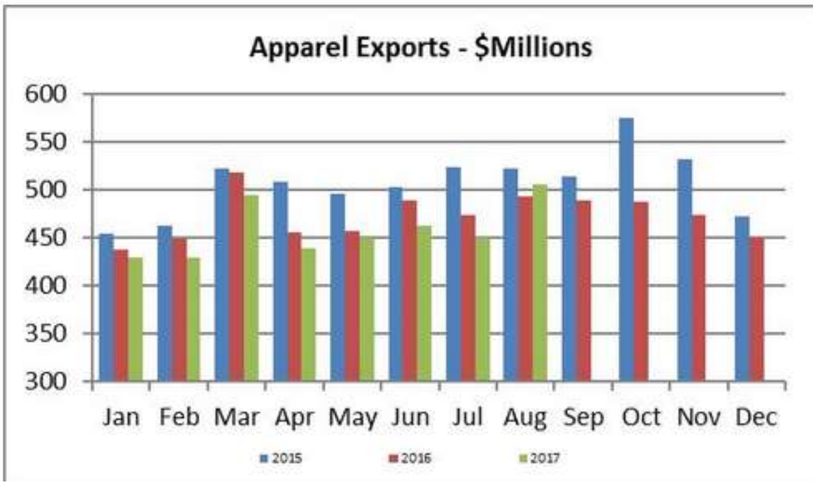
INTERNATIONAL NEWS

US Sourcing Shift to Vietnam Continues in August

U.S. apparel imports fell in August for the third consecutive month, moving in the opposite direction of overall goods and services imports. However the shift in sourcing from China to Vietnam continued despite the failure of Trans-Pacific Partnership.





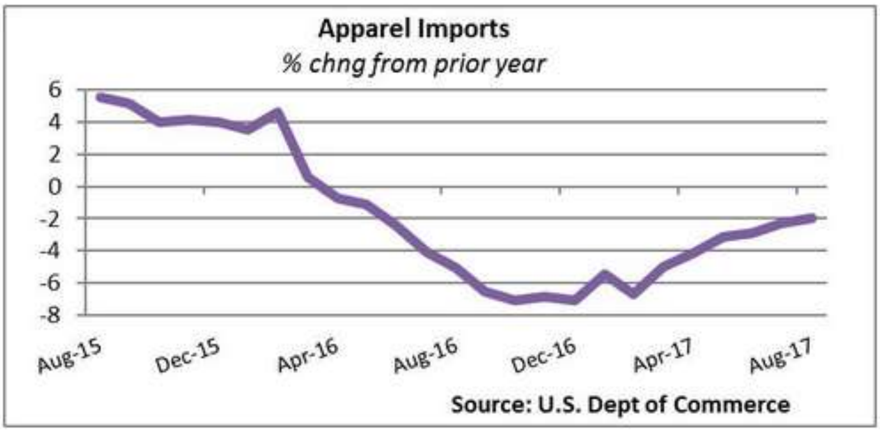
Total apparel imports dropped by 1.4% in the month to $9.3 billion on a CIF basis,, according to data released late last week by the U.S. Census Bureau, while total U.S. goods and services imports increased by 3.8%, to $203.5 billion.

On a 12-month smoothed basis, apparel imports fell by 2.2%, capping five months of increases, an indication that apparel imports have bottomed out and stabilized.

A healthy job market, low inflation and strong dollar have failed to compensate for persistent apparel deflation in an oversupplied retail market and declining consumer interest in apparel compared to other expenditure categories.

Apparel exports rose by 2.6% to $506 million. Total U.S. goods and services exports increased by 5.1%.

On a year-to-date basis, apparel imports have fallen compared to last year, according to OTEXA, the International Trade Administration's Office of Textiles and Apparel.



US IMPORTS AND EXPORTS				
In $ Millions				
	% Chg vs LY	Aug 2017	Jul 2017	Aug 2016
Total US Imports	3.8	203,476	193,621	195,948
Total US Exports	5.1	129,868	122,231	123,540
Total US Deficit	1.7	73,608	71,390	72,408
Apparel Imports	-1.4	9,317	8,805	9,451
Apparel Exports	2.6	506	450	493

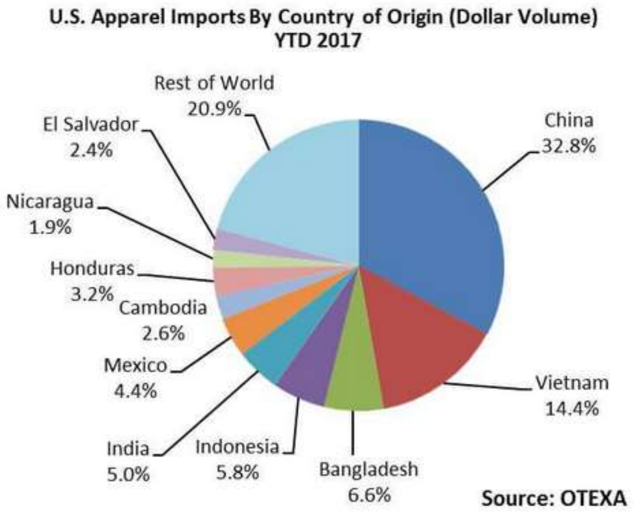
Total apparel imports declined by 1.9% on an MFA basis in the January to August period, to just over $53 billion from $54 billion in the same period in 2016.

Among the top 10 U.S. apparel trading partners, only Vietnam, India, Nicaragua and Mexico have grown their apparel shipments to the U.S.

On a square meter equivalent (SME) basis, imports have edged up by 0.9% this year, continuing the overall tendency toward cheaper goods, despite upward pressure on labor and raw material costs. The average cost per unit of an imported garment fell by 2.8% in the first eight months of the year.

The average cost per SME increased by 11.4% from Mexico, and rose 3.7% for El Salvador, but dropped for all other key trading partners, with the cost per SME from China suffering the biggest drop, down by 6.4%.

Vietnam's apparel shipments to the U.S. continued to grow, increasing by 5.6% to $7.7 billion in the period, gaining over a percentage of U.S. apparel import market share so far this year, to 14.4%.



Mexico's apparel exports to the U.S. increased by 5.3% to $2.3 billion, driven by near-sourcing efforts on the part of many U.S. brands. Mexico's share of U.S. apparel imports increased by 0.3 percentage points.

China has lost the most share of U.S. apparel imports in the period, down one percentage point to 32.8%.

US Apparel Import Share Shifts By Top Country/Region
YTD 2017 vs. 2016

Bangladesh also lost share, with apparel shipments to the U.S. down by 5.9% year-to-date, to 5.6% of total U.S. apparel imports.

Source: sourcingjournalonline.com- Oct 10, 2017

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UK Trade Deficit in Goods Reaches Record High in August

According to the UK Office for National Statistics, the UK's trade deficit hit a record high of 14.2 billion GBP.

MOSCOW (Sputnik) – The UK trade deficit hit a record high of 14.2 bln GBP ($18.7 bln), as the United Kingdom exported 28.2 bln GBP in goods and imported 42.4 bln GBP in August, the UK Office for National Statistics (ONS) said on Tuesday.

In October 2016, the ONS forecast that the drop in the pound's value following the Brexit referendum would, on the one hand, decrease imports of foreign goods and, on the other hand, increase export sales.

It was expected that the growing exports would enhance economic growth, employment and living standards in the country.

However, the data released in the latest statistical bulletin showed that the trade balance had worsened over the month, with the value change growing by 1.4 billion pounds compared to July. Furthermore, in the three months to August, exports fell by 2.7 percent, while imports grew by 3.9 percent.

The report also revealed an increase in imports of chemicals, machinery and textiles, while exports of fuels dropped.

In early August, the UK Liberal Democrats party urged additional support for UK exporters, as statistics showed a growing trade deficit, while Brexit uncertainty and import costs balanced out the advantages that could be gained by the fall of the pound.

Brexit negotiations officially started in June, and are due to be completed by late March 2019. The talks on the United Kingdom's withdrawal from the bloc are held in one-week rounds on a monthly basis. Last week, EU Chief Brexit Negotiator Michel Barnier noted the lack of sufficient progress in the ongoing negotiations.

Source: sputniknews.com- Oct 10, 2017

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Understanding China with Data

Over the past 15 years, China's economy has maintained vigorous double-digit growth, becoming the world's economic growth driver.

The latest news showed the country's GDP grew 6.9 percent in the second quarter. The ratings agency Moody raised China's growth forecast citing stronger expansion in the first half of the year. Moody raised China's growth outlook for 2017 and 2018 to 6.8 percent and 6.4 percent from 6.6 percent and 6.3 percent.

According to the World Bank, China's GDP reached $11.2 trillion in 2016, accounting for 15 percent of the world economy. The world GDP was $74.1 trillion in total in 2015. China's share was 14.84 percent compared with the US at 24.32 percent.

Actually, China's real GDP annual growth has maintained an average rate of 9.7 percent in the last 30 years, four times the world economic growth rate in the same period.

Foreign exchange reserves has totaled $3.09 trillion. In addition, China has lifted 732 million people out of poverty, a figure that represents more than 70 percent of the global reduction in poverty.

It shows that out of more than 500 kinds of industrial products around the world, 220 kinds that come first in the production rankings are made by China. For example, China produces about 80 percent of the world's air-conditioners, 70 percent of its mobile phones and 60 percent of its shoes.

Many Chinese products have been exported around the world and large quantities of foreign products have poured into China at the same time. In 2015, China's exports of goods registered $2.27 trillion, accounting for 12.4 percent of the world's total, making it the biggest exporting economy for two years in a row, and China's imports of goods and services recorded $1.96 trillion and $382 billion respectively, making up 10.3 percent and 8.1 percent of the global total.

China's growth is driving the world economy into recovery. The exports of of low-price and high-quality products benefit many consumers globally. It also has brought lots of job opportunities to the world. To a large extent, China's trade indicator has become the global economic "barometer."

This can be seen in one small city of China: Yiwu, Zhejiang Province.

Yiwu, which only had one main street 30 years ago, has now become famous as an International Trade City. With 720,000 citizens, the city has become one of China's most multicultural cities due to its mix of of communities, religions and languages.

There is a 210,000 passenger flow volume in the market each day. With over 70,000 booths inside, it covers 43 sectors, 1,900 categories and 400,000 kinds of products. Here you can find almost every kind of articles of daily use and industrial products imaginable, including handicrafts, hardware, textiles and clothing. They are exported to more than 215 countries and regions.

More than 25,000 enterprises are located here. Just 1,700 socks factories are capable of producing one third of the socks in the world. If you spend three minutes at each stall for eight hours a day, it would take you an entire year to see the whole market.

According to the World Bank forecast, the global economy will grow by an average of 2.8 percent per year from 2017 to 2019, China will contribute 35.2 percent growth, and its economic output will grow to $2.3 trillion.

Recently, the WTO issued a marked upward revision of its trade growth forecast to 3.6 percent from 2.4 percent for this year, considering factors such as the strong growth of China's economy in the first half of the year. The International Monetary Fund (IMF) has revised China's growth forecast for 2017 and 2018 to 6.7 and 6.4 percent respectively, the third time this year it has raised expectations for China.

Source: globaltimes.cn- Oct 11, 2017

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Pakistan: Conflicting monetary, trade policies hurting exports: ministry

Ministry of Commerce in its recent report to the parliament has finally accepted that conflict between Pakistan's monetary and trade policies is one of the prime reasons for massive decline in national exports.

The report also indicates that around 45 export products have lost their competitiveness in the international markets since 2013. However, business leaders believe that small and medium enterprises (SMEs), which constitute 90 percent of all enterprises in the country, can easily turnaround this crisis with merely small interventions by economic managers of the country.

A customs and tax law expert, Saad Mukhtar Siddiqui, has indicated that limited resources and non-availability of quality raw materials in domestic market are the biggest challenges for small manufacturing and exporting units.

He said big export houses have capacity to hold huge raw material inventories for their export orders as it requires investments in millions of dollars. These big exporters also have very high overhead, like financial charges, warehousing cost and hefty payroll bills, which make their products uncompetitive in the international markets.

On the other hand, he said, “SMEs are efficient and competitive owing to their manageable size and controlled procedures.”

He added that Pakistan’s tax laws have provision to facilitate these small but relatively efficient manufacturing cum exporting units. But neither do they know about these provisions nor revenue managers try to offer them such facilities, like DTRE, public bonded warehousing, common bonded warehousing, etc.

“As a result, most of these units are not capable to tap their full potential,” he said. Siddiqui underscored that if these facilities were offered to small enterprises they could easily have access to imported raw material and produce quality finished products for export markets.

“The China-Pakistan Economic Corridor (CPEC) is believed to be a game changer for Pakistan but most critics argue that China is and will be the main beneficiary of the project as Pakistani enterprises are marred by domestic challenges,” the customs and tax law expert added.

Neighbouring countries in the region, like India, Bangladesh and Sri Lanka, have already offering such facilities to theirs SMEs to compete with global players and contribute in economic and export growth of their countries.

Despite the fact that such facilities can boost the SME sector and the country’s exports, Pakistan has not offered these facilities to a large number of SMEs in almost two decades. The red tape in tax bureaucracy has made the procedure of issuance of these licenses so cumbersome that no one dares to apply for any such facility.

Recently, a textile giant from Sri Lanka expressed its interest in warehousing its raw materials for Pakistani export-oriented SMEs, with a view that this would reduce input delivery time for local export industries, and ultimately reduce their capital requirement for maintaining huge inventories and boost exports. But it lost the battle after struggle for almost two years.

He said on one hand the government is trying for rapid industrialisation in the country, and opening the borders for enhancing regional trade through CPEC. But on the other hand red tape and lethargic attitude of the civil bureaucracy are creating hurdles in boosting exports and investment.

The economic managers of the country, especially the Federal Board of Revenue (FBR), should look into the matter and find out a workable solution before it is too late and Chinese investors with their deep pocket permanently close local SMEs.

Source: thenews.com.pk- Oct 11, 2017

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Cotton production in Azerbaijan almost triples

As of October 10, Azerbaijan harvested 71,680 tons of cotton, which is 2.7 times more than in the same period last year, the country's State Statistics Committee said in a message.

For comparison: 27,050 tons of cotton were harvested in Azerbaijan for the same period last year.

During the reporting period, the biggest volume of cotton was harvested in the Saatli district. Some 12,950 tons of cotton were harvested from the sown area of 17,220 hectares.

In total, 136,410 hectares were sown in cotton this year, which is 2.7 times more than the area sown last year.

Districts	Sown area in hectares			Harvest in tons		
	2017	*2016*	*In 2017 compared to 2016*	*As of Oct. 10, 2017*	*As of Oct. 10, 2016*	*In 2017 compared to 2016*
Total in Azerbaijan	136,413.2	51,369	2.7 times	71,683.17	27,047.4	2.7 times
Agjabadi	9,550	3711	2.6 times	5,798.37	2,580.9	2.2 times
Aghdam	3,005	390	7.7 times	1,689.39	282.9	6 times
Aghdash	3,000	1,154	2.6 times	1,273.85	700	1.8 times
Agsu	2,500	1,104	2.3 times	1,061.8	505.2	2.1 times
Beylagan	8,550	4,035	2.1 times	5,671.88	1,835.2	3.1 times
Barda	8,518.5	2,749	3.1 times	5,276.48	2,247.1	2.3 times
Bilasuvar	11,351.8	5,736	2.0 times	8,226.8	2,968.3	2.8 times
Jalilabad	500	426	117.4 %	331.7	137.6	2.4 times
Fuzuli	2,050	505	4.1 times	633.3	137.6	4.6 times
Goranboy	5,000	2,024	2.5 times	1,535.2	1,680	91.4%
Goychay	-	200	-	-	68.6	-
Hajiqabul	1,203.9	526	2.3 times	249.89	100.6	2.5 times
Imishli	15,641.5	4,746	3.3 times	4,754.71	1,728.9	2.8 times
Kurdamir	4,027	1,911	2.1 times	1,879.8	750	2.5 times
Neftchala	11,111	1,541	7.2 times	3,529.14	535	6.6 times
Saatli	17,220	8,028	2.1 times	12,950.9	4,169.7	3.1 times
Sabirabad	15,055	6,113	2.5 times	7,522.2	2,884	2.6 times
Salyan	7,052.4	2,286	3.1 times	3,408.5	485.5	7 times
Samukh	53	330	16.1%	8.38	251	3.3%
Tartar	3,123	1,035	3 times	2,437.7	925	2.6 times
Ujar	2,500	510	4.9 times	801.26	70	11.4 times
Yevlakh	2,168	1,435	1.5 times	740.67	1,716	43.2%
Zardab	3,232.3	874	3.7 times	1,901.25	288.3	6.6 times

Source: en.trend.az- Oct 10, 2017

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USA: Textile and Apparel Groups Spar Over Future of NAFTA TPLs

U.S. manufacturers of fibers, yarns, and fabrics are urging the U.S. government to eliminate tariff preference levels as part of the ongoing NAFTA renegotiation, but apparel importers and retailers want the TPLs to remain in place. The U.S. reportedly tabled a proposal to do away with the TPLs at the third round of NAFTA talks in Ottawa.

A letter to the trade ministers of the three NAFTA countries from ten associations representing "all parts of the North American textile, apparel, and retail supply chains" explains that TPLs provide the ability to supplement NAFTA's yarn-forward rules of origin with limited amounts of non-originating input.

According to a letter to the leaders of the Senate Finance and House Ways and Means committees from eight associations representing "the overwhelming majority of textile manufacturing in the United States," the TPLs allow Mexico and Canada to export to the U.S. duty-free each year (a) more than 235 million square meter equivalents of fabric and apparel made with specified third-party inputs and (b) 13 million kilograms of yarn made from third-party fiber.

The apparel and retail associations state that many North American supply chains rely on these TPLs to complement purchases of NAFTA-originating inputs, support manufacturing operations in NAFTA countries, and continue using NAFTA despite the proliferation of sourcing options worldwide. Their letter asserts that retaining, at a minimum, the existing size and scope of the TPLs is essential to providing the predictability that will allow businesses to make long-term investments in sourcing and manufacturing in the NAFTA region.

The textile associations, however, called the TPLs "an ill-conceived mechanism" that has cost the U.S. thousands of jobs and hundreds of millions of dollars in annual sales to Canada and Mexico. Instead, their letter states, the TPLs benefit textile components from Asia that are often artificially priced due to substandard labor and environmental practices, intellectual property violations, and state-sponsored subsidies. As a result, the associations called on the congressional leaders to "fully support" their request to eliminate the NAFTA TPLs.

Source: strtrade.com- Oct 11, 2017

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Push for Australia to open its doors to Indonesian workers under free trade deal

Indonesia is pushing for Australia to open its doors to more Indonesian workers - such as nurses and cooks - as well as removing tariffs on textiles as free trade negotiations between the two countries enter the final month.

Meanwhile Australia wants reduced tariffs on products such as skim milk powder and cold rolled steel and majority ownership of investments in education, tourism and healthcare in Indonesia.

Australia and Indonesia have set a November deadline for a conclusion to the negotiations, which began in 2012 but stalled a year later amid diplomatic tensions between the two countries and did not resume again until last year.

Chief negotiator Deddy Saleh told Fairfax Media that Indonesia wanted tariffs removed on its textile exports to allow its textile and clothing producers to compete with products from Malaysia and China, which already had free trade agreements with Australia.

Although Australia has eliminated tariffs on most agricultural products, tariffs on textiles remain and will not be phased out completely until 2020.
A controversial issue is the movement of workers between the two countries.

"We requested that Indonesians be able to work in Australia," Mr Deddy said. He said Indonesian hospitality workers reported having their visas rejected despite having experience, training and meeting required standards.

"Based on our study, Australia needs nurses, people working in the health sector, cooks, and hotel staff," Mr Deddy said after the ninth round of negotiations in Jakarta last week.

"If they are still in need why were we rejected?"

The Indonesia Australia Business Partnership Group last year called for a "relaxed and novel visa scheme" that allowed Indonesian and Australian skilled workers to easily move across the border.

Mr Deddy said Indonesia would consider Australia's request to lower tariffs on products such as skim milk powder, which Trade Minister Steve Ciobo singled out as being on Australia's wish list when he visited Jakarta last month.

"We have requested related ministries to consider it but it's up to them to grant it or not. So it will be decided in the last meeting," Mr Deddy said.

"I think objectively and commercially it can benefit both parties but it should be balanced, meaning if we request something of Australia it should also be granted."

Mr Deddy said Indonesia was also considering Australia request for majority ownership of investments in education, healthcare and tourism: "At the moment we can only grant 49 per cent ownership."

However he warned that Indonesia wanted to see a commitment from Australia to invest in the archipelago, saying that sometimes what the private sector wanted was different to what governments negotiated.

For example, Mr Deddy said, the private sector indicated they were more interested in investing in vocational education - such as an animation course for example - than universities.

Australia Indonesia Business Council president Phillip Turtle said he was hopeful the deal would make it easier for Australia to provide vocational education to meet Indonesia's need for skills training.

"There has been frustration on both sides that there hasn't been the capacity to better bring together Australian and Indonesian VET (Vocational Education and Training) sectors," he said.

"We don't expect that this agreement will be the solution to all problems but we hope it will unlock a number of opportunities for people to take advantage of," Mr Turtle said.

"We really want to make sure this agreement is seen to be balanced and doesn't favour one particular country."

Mr Deddy also said Australia wanted no geographical restrictions on where it could invest in healthcare in Indonesia, whereas Indonesia wanted to ensure a balance of services and facilities in the east and west of the country.

Despite the proximity of the two countries, Indonesia is only Australia's 14th largest trading partner, with 2 per cent of total trade. Meanwhile, Australia is Indonesia's ninth largest partner, representing 2.8 per cent of total trade.

"It is difficult to find two G20 neighbours that trade and invest in each other as little as Australia and Indonesia do," Kyle Springer, a program manager from the Perth USAsia Centre wrote recently.

In July the Centre organised for a group of Indonesian and Australian experts to examine the causes behind the "limping economic relations" and what might be done to fix them.

In a report outlining their findings, they said that as two economies heavily dependent on natural resources Australia and Indonesia were actually competitors rather than collaborators and Australian companies found it difficult to navigate Indonesia's business climate.

The report said the free trade deal - known as the Indonesia-Australia Comprehensive Economic Partnership Agreement - should be completed by the end of the year as planned.

"While negotiators should seek the highest quality agreement possible, they should not make the perfect the enemy of the good," it said.

Source: smh.com.au- Oct 11, 2017

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Fashion brands urged to sign 2018 Bangladesh Accord

Global unions IndustriALL and UNI have called on fashion brands to sign the second Bangladesh Accord for Building and Fire Safety, a platform of European retailers that extends the legally-binding commitment to factory safety in Bangladesh for three more years. The brands were urged to sign by 7 October, the World Day for Decent Work, but many are yet to.

Geneva-based IndustriALL Global Union and Nyon-based UNI Global Union feel the extension of the Accord is currently the 'only credible way' to prevent life-threatening hazards in garment factories in the country, according to a press release from IndustriALL. Many brands not singing it shows their lack of commitment to staying the course to prevent another Rana Plaza tragedy, it said.

Around 50 brands, which use 1,173 readymade garment factories in Bangladesh, have committed to signing the 2018 Accord.

The first Bangladesh Accord, which expires next May, was launched following the Rana Plaza collapse in April 2013 that killed 1,134 workers. The 2018 Accord builds on the achievements of the first agreement.

Until there is a reliable system of regulation in place in Bangladesh, it is tough to believe that all the good work of the past four years will not be undone, Jenny Holdcroft, assistant general secretary of IndustriALL, said.

"It would be irresponsible to abandon the progress that the Accord has made," said UNI deputy general secretary Christy Hoffman.

Source: fibre2fashion.com- Oct 11, 2017

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Pakistan Central Cotton Committee discusses restructuring

The restructuring committee of the Pakistan Central Cotton Committee (PCCC) met for the first time recently to discuss its restructuring plan to improve performance.

The meeting, chaired by National Assembly member Chaudhry Asad-ur-Rahman, discussed ginning, fibre improvement and research aspects to produce quality products to attract international buyers.

The committee took stock of crop varieties and technologies for better and more yield. It was appraised of the development of new areas and situation of existing crop and outreach activities, a Pakistani news agency quoted cotton commissioner Khalid Abdullah as saying.

The restructuring committee comprises four members of the National Assembly, ministry of textile industry secretary and two members of the All Pakistan Textile Mills Association (APTMA), he said.

The committee felt the need for technology transfer to private firms by activating the applied research departments in government sector and enhancing outreach of services departments for marketing, he added.

Source: fibre2fashion.com- Oct 12, 2017

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USA: Importing Jobs: Have Training, Will Hire

One of the more encouraging developments of the current decade has been a burgeoning manufacturing renaissance in America. There's a wave of job immigration underway. Many of these jobs are returning from overseas, after a decade of flight to cheaper labor offshore, yet many are actually originating here.

According to Bloomberg, this is more of a movement than a trend: more than a third of American manufacturers with revenues larger than $1 billion will return jobs to the United States. Move higher up in the revenue ranks, and the story gets better: almost half of U.S. firms with revenues over $10 billion are planning to do the same.

Manufacturing jobs declined from 17.3 million at the start of 2000 to an all-time low of 11.4 million in 2010. That's when the trend reversed, and manufacturing jobs grew to 12.3 million by mid-2016. This isn't simply the result of American innovation and the homecoming of lost American jobs. A good many foreign companies are now "offshoring" their own jobs and moving them into the United States.

You thought the textile industry in the U.S. was dead? Think again. The Keer Group, a Chinese textile company opened a cotton mill two years ago in South Carolina. A sister Chinese firm, JN Fibers, Inc., built a plant there as well. Meanwhile, ShriVallabh Pittie Group, from India, is building a textile factory in Georgia. And Tianyuan Garments Co. is setting up shop in Little Rock, Arkansas.

Why? Wages have increased in the developing world. Energy is unreliable. Shipping is becoming prohibitively expensive and time-consuming. The U.S. has become a sensible place to make things—you can build your products only a one- or two-day truck ride from two thirds of the American market.

And foreign developers are drawn to states that offer tax credits, infrastructure grants, revenue bonds, assistance with worker training, and—believe it or not—continuous electricity. (Reliable power is not something manufacturers can take for granted in the developing world.)

Plus U.S. workers are now willing to work for less, especially in states that are make it harder to unionize. For better or worse, new hires will work long shifts for lower wages than in the past, and they can multi-task on the plant floor in ways a union would usually prohibit. It's a perfect storm of conditions favorable to foreign investment in U.S. job growth.

Though all of this raises thorny questions about worker safety, exploitive practices and low wages, it suggests that we might be seeing the dawn of parity for American workers in the global economy.

That may have been an essential starting point. With time and effort, these companies will have the opportunity to motivate workers to produce dramatic improvement in productivity and innovation. And then—this is the critical part—they must share incrementally in the value they produce.

One of the brightest spots in this story actually serves as an example of how companies ought to handle their most precious resource—employees. It also shows the way to hire people who may not be entirely qualified on Day One, but can quickly adapt and learn on the job. This is essential because manufacturing jobs require much higher skills than in the past.

South Carolina, as you may have already noticed, is a bellwether for this new manufacturing. It has created new partnerships between government and business to create fast-track training for newly hired manufacturing workers. A German car maker has become its biggest and most publicized partner. Even though BMW uses 1,400 robots to build luxury SUVs, it still needs 10,000 workers to fill in the gaps and make sure the machines are getting the job done properly — that's total employment following an addition of a 1,000 jobs announced in June.

One can start with BMW even though, strictly speaking, the new hires are unqualified to jump into the job immediately because BMW has a "dual-track" training program. They learn while they earn, working under a certified Apprenticeship, in cooperation with the U.S. Department of Labor. These jobs have starting salaries of $60,000.

It's a dream come true for both young workers getting into the job market as well as mid-career types who have been displaced or are simply looking for a better future. These recruits go to school and get paid an hourly wage while they're doing it. It's been twenty years since BMW located its plant in Spartanburg and, in that time, he has created more than 23,000 American jobs, with a total capital investment of $4.6 billion, as of 2015. Before BMW, Spartanburg had job openings in the military or at Wal-Mart.

Though apprenticeships have been on the decline in the U.S. for many years, this proves that it's a viable way to build a skilled workforce, at a time when college degrees are more expensive than ever and trade schools haven't yet caught up with the sort of jobs that require new skills now.

What BMW has done in South Carolina offers a template to address multiple roadblocks to economic growth: inadequate education, the decline of American manufacturing, and income inequality. In all respects it shows how we can revive and grow economic sectors we've all but given up on for so many years. The other states in our nation ought to look to South Carolina for some job-growth lessons.

How many categories, beyond automotive, can be identified and attracted to our shores? An aggressive search by private industry, states, and the federal government can produce great paying jobs for countless unemployed, as well as youngsters moving into the job market.

Real, solid growth is possible. The limit may be our short-sightedness and dormant entrepreneurial drive. What's going on today should give us both hope and determination to grow.

Source: forbes.com- Oct 12, 2017

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NATIONAL NEWS

IMF cuts India's growth forecast to 6.7 per cent: Outlook report puts China ahead in race for 2017

The International Monetary Fund (IMF) on Tuesday slashed India's GDP growth forecast to 6.7 per cent for 2017 from 7.2 per cent predicted earlier due to "still lingering disruptions associated with the currency exchange initiative introduced in November 2016, as well as transition costs related to the launch of GST."

FROM GAINS TO LOSSES

India was a big beneficiary of the fall in oil and commodity prices in the last two years.

Term-of-trade windfall gains (% of gross domestic product)

	2015	2016	2017-18
China	2.83	0.3	**-0.17**
India	**3.35**	**0.64**	**-0.43**
Thailand	4.06	1.96	**-0.58**
Pakistan	4.1	0.64	**-0.49**
Korea	5.94	1.45	**-0.54**

Graphic by **Subrata Jana/Mint** Source: International Monetary Fund

The IMF, however, raised its current year growth forecast for China to 6.8 per cent, which is 0.1 per cent more than its two previous projections in April and July, putting the Asian giant ahead of India as the world's fastest growing economy.

The World Economic Outlook report also lowered India's growth for 2018 to 7.4 per cent, 0.3 percentage points less than its previous two projections in July and April. India's growth rate in 2016 was 7.1 per cent, which saw an upward revision of 0.3 percentage points from its April report.

The report said strong government spending and data revisions in India led to an upward revision of 2016 growth to 7.1per cent (6.8 per cent in April), with upward revisions of about 0.2 percentage point, on average, for 2014 and 2015, it said. India had lost the tag of the fastest growing economy to China in the March quarter as GDP growth slowed to 6.1 per cent.

However, India is likely to bounce back as the fastest growing emerging economies of the world in 2018, with China is projected to grow at 6.5 per cent in 2018, the IMF report states.

The GST, which promises the unification of India's vast domestic market, is among several key structural reforms under implementation that are expected to help push growth above eight per cent in the medium term, the report said.

In India, simplifying and easing labour market regulations and land acquisition procedures are long-standing requirements for improving the business climate, the report points out.

Recently, the Reserve Bank of India also lowered its growth projection to 6.7 per cent for the fiscal from its earlier estimate of 7.3 per cent. The economy grew at 7.1 per cent in 2016-17. "The global recovery is continuing, and at a faster pace.

The picture is very different from early last year, when the world economy faced faltering growth and financial market turbulence. We see an accelerating cyclical upswing boosting Europe, China, Japan, and the United States, as well as emerging Asia," said Maurice Obstfeld, IMF Economic Counsellor and Director of Research while releasing the report.

The IMF's latest World Economic Outlook has, therefore upgraded its global growth projections to 3.6 percent for this year and 3.7 percent for next-in both cases 0.1 percentage point above the previous forecasts, and well above 2016's global growth rate of 3.2 percent, which was the lowest since the global financial crisis.

For 2017, most of the upgrade owes to brighter prospects for the advanced economies, whereas for 2018s positive revision, emerging market and developing economies play a relatively bigger role.

The current global acceleration is also notable because it is broad-based- more so than at any time since the start of this decade. This breadth offers a global environment of opportunity for ambitious policies that will support growth and raise economic resilience in the future.

Policymakers should seize the moment: the recovery is still incomplete in important respects, and the window for action the current cyclical upswing offers will not be open forever. Policymakers should take action now while the time is good, he said. The IMF has scaled up its GDP growth forecast for the United States by 0.1 per cent for 2017 to 2.2 per cent.

Source: businesstoday.in- Oct 10, 2017

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Finally, working on an industrial policy

Indian policymakers have finally acknowledged the global revival of discussions on industrial policy, centred around the need to go back to such an approach.

Grossly misunderstood and maligned, industrial policy has been anathema to market-led growth strategies. This has shown signs of changing after it became known that neo-liberal champions, including the US, have adopted active industrial policies to support their domestic manufacturing sectors directly or indirectly, especially since the 2008 global financial crisis.

But despite the initial excitement it elicits, the Industrial Policy Discussion Paper (DP) recently put out by the department of industrial policy and promotion for comments disappoints.

Given that the Indian economy is at an inflection point as it rightly identifies, it should have proposed a comprehensive framework that addresses the inter-related issues impacting industrial performance.

This should have necessarily involved an objective stocktaking of ongoing government schemes and benchmarking them against earlier policy recommendations, including those in the 2011 National Manufacturing Policy.

Piecemeal approach

While the stated objective of the new policy is to provide “an overarching umbrella policy framework”, the document considers FDI, exports, domestic value addition, technology development, employment, etc, in a piecemeal manner. A crucial part of the diagnosis of the current state of Indian industry would be an explicit recognition that trade and investment policies are integrally linked with industrial policy.

While the focus in the DP is on increasing “global strategic linkages” and there is a noteworthy call for undertaking an FDI policy review, there is no mention of the ongoing industrial slowdown and growing import dependence of Indian industry after 25 years of liberalisation of trade and FDI policies.

Arguably, the huge increase in import dependence and the low level of FDI into the manufacturing sector can both be linked to the market failures associated with non-strategic trade and investment liberalisation, which have negated both domestic and foreign producers’ incentives to undertake production locally.

Apart from liberalising FDI entry non-strategically into almost all sectors, Indian policymakers have also liberalised other FDI-related regulations (technology collaboration, performance requirements, etc.) over and above what is required under the WTO’s Trade Related Investment Measures agreement. The failure to reframe policies ingeniously to ensure that FDI inflows served to improve the manufacturing and technological capabilities of the country needs to be urgently corrected.

Another central problem has been that trade liberalisation in most sectors has also not been aligned with development needs. This has been exacerbated by signing free trade agreements (FTAs) on the basis of an argument that participation in FTAs will enable Indian firms to become part of global value chains (GVCs) and improve their export capabilities.

This has been especially reflected in the kind of tariff liberalisation that India undertook in its FTAs with Asean, Japan and South Korea, whereby the country has reduced or eliminated tariffs across the board.

In the absence of active industrial policies to upgrade the domestic manufacturing and technological base, such tariff liberalisation has led to these partners achieving greater market penetration in India than what India could achieve in their markets. In light of such evidence, the DP should have recommended that more FTAs should not be signed before evaluating the existing agreements.

Critical interface

The interface between the extent of trade liberalisation carried out by India and her ability to obtain developmental benefits from FDI is critical. Neither technology transfer nor domestic value addition by a foreign investor occurs voluntarily unless there is some advantage in it. Once tariffs are already very low, a country loses a major trump card — access to the large domestic market — which has been used by China effectively in some strategic sectors, including electronics and telecommunications.

In such a scenario, it is not labour market conditions but technological strength and its continuous upgradation that will help domestic firms attract/utilise FDI sustainably and gainfully. Moreover, there is mounting evidence globally that the very entry and level at which developing country firms integrate into any GVC (which, in turn, determines their scope for moving up the chain) are conditional upon their existing technological capabilities.

All these clearly underline the need to recalibrate not just FDI policy, but equally crucially, trade policy. Simultaneously, the country requires active interventions to build and upgrade domestic entrepreneurial and technological capabilities.

It needs to be stressed that following dilution in the role of tariffs as industrial policy, several countries have been using non-tariff measures such as sanitary and phytosanitary measures, technical barriers to trade, environmental/resource protection, etc.

The DP has no discussion of these, all of which impact upon industrialisation efforts, particularly in the context of developing green technologies.

It would also have been pertinent for the DP to note that successive governments failed to pursue two major roles that were assigned to the public sector in the 1991 Industrial Policy, namely: (a) technology development and building of management capabilities in areas crucial for long-term development of the economy where private sector investment is inadequate; and (b) manufacture of products where strategic considerations predominate. These remain critical and should be re-emphasised in any new vision for industrial development.

Moreover, despite the evidence that the credit needs of MSMEs are unmet by private commercial banking and financial entities, the DP has recommended other market-based financing instruments such as peer-to-peer lending and crowd sourcing.

Experiences from other countries including Brazil and China show that long-term financing needs of SMEs can be effectively supported publicly. Purely market-based mechanisms suggested by the DP may play only complementary roles.

It would be timely for a new industrial policy document to dissociate both state support for industrial development and public sector firms from the legacy of the excesses that were part of import-substitution industrialisation and grant them their rightful place in financing long-term investment and technological change.

To ensure this, financing mechanisms must be designed in ways that preclude political leverage to avoid rent-seeking behaviour and inefficiency. Moreover, any government support must be time-bound and periodically modified based on performance monitoring. This was one of the factors that distinguished the successful industrial policy regimes of South Korea and Taiwan.

Trade, investment, fiscal and financial sector policies and policies for skill and technology development have to be coordinated within a strategic framework to achieve sustainable industrial development.

This requires that along with policies geared towards upgrading firm-level, industry-level and economy-wide productivity, trade and FDI policies do not negate incentives for domestic production. These challenges need to be addressed.

Source: thehindubusinessline.com- Oct 11, 2017

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Gujarat govt announces Garments & Apparel Policy 2017

With an aim to make full use of cotton grown in the state, the Gujarat government has announced Garments & Apparel Policy 2017.

The policy, announced by Gujarat CM Vijay Rupani today, envisages achieving the complete textile and garment value chain of 5Fs from farm to fibre, fibre to fabric, fabric to fashion, and fashion to foreign markets.

“The decision is taken to encourage new investments in garment making. The state has an advantage of being largest cotton producer. So far, we supplied cotton to other states, it is time we encourage our entrepreneurs to invest in garmenting,” said Rupani while making the announcement at a press meet.

Under the policy, garment unit owners would get incentive for generating employment in the form of subsidy in wages.

While the subsidy amount would be Rs 3,500 per month for male workers, it would be Rs 4,000 per month for female workers.

Mentioning that Gujarat already has large spinning capacity with 25 lakh spindles installed, Rupani said that adding weaving and garmenting would make it possible to achieve the complete textiles and apparel value chain.

“Our aim is to provide employment to women and create investment opportunities in the complete value chain from cotton to fabric to clothing,” he said.

“We want to make Gujarat once again a Manchester of the East and become number 1 in textiles,” he added.

Rupani also announced setting up of 16 new industrial estates under the Gujarat Industrial Development Corporation (GIDC). “These GIDCs will unlock the growth in remote areas and SMEs.

These GIDCs, spread across 2,400 hectares in 16 villages, will have the potential to accommodate about 15,000 factories. The total estimated employment generation is about 100,000."

Gujarat government had last month extended its textile policy 2012-17 for another one year.

Source: fibre2fashion.com- Oct 11, 2017

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EU-India summit: Will the EU manage to sign a free trade agreement with India before Britain?

Last Friday, the 14th EU-India summit took place in New Delhi with both sides to jointly state that trade partnership is approaching rapidly and as soon as all conditions are met. The free trade agreement negotiations have started in 2007 but have not concluded yet as there are unsolved issues related mainly to market access.

Apart from trade and investment, Europe and India talked also about clean energy and climate change, combatting terrorism and smart and sustainable urbanization. EU seems to rush up things in order to establish a trade partnership with India before Britain.

EU-India trade relations

Europe is the largest trading partner of India accounting for more than 100 billion euros of goods and services exchanges. Approximately 6.000 EU firms have been established in India creating five million jobs in India while the same has been done by Indian companies in Europe.

EU exports to India include mostly engineering goods reaching 37% while gems and jewellery account for 19%.

Furthermore, 20% of EU imports from India are textiles and clothing, 15% are chemical and allied products and 15% engineering goods.

Particularly, Doland Tusk, president of the European Council, stated on the relations between the EU and India: “I am happy that today we have agreed to further develop the political dimension of our relationship; that we have agreed to develop our dynamic trade and invetsment relations and that we have agreed to step up cooperation on global and regional issues.”

EU or Britain?

Will it be the Old Continent which is going to sign first a bilateral trade agreement with India or Britain? The 14th summit between the bloc and India showed that the EU officials are promoting quickly this strategic partnership ensuring that market access for goods is improved by eliminating tariff lines.

On the other hand, India is on top of UK’s priority regarding its potential trading and investment partners after leaving the EU in 2019. Therefore, Britain intends to increase exports to India by more than two billion pounds per year.

However, Vince Cable, leader of the fourth largest party in the United Kingdom, mentioned that Britain is not going to negotiate a free trade agreement with India. More specifically, Mr Cable stated: “A UK-India FTA is not going to happen. Why should the Indian government give preference to 60 million people when there are 500 million in the EU? When the Indian Government asks if we at going to give more visas, Theresa May runs for the door. If we continue to stay in the EU then we can continue to work on an FTA with India as part of the EU”.

Climate change

Both EU and India consider climate action as a prerequisite for the future of their societies. They have confirmed the Paris Agreement ensuring the effective implementation of their respective nationally determined contributions.

What is more, the Old Continent and India base their future partnership on their mutual collaboration on climate change. EU Energy Union’s Strategy, 2030 energy targets and policies to develop an electricity system in India, which can reliably integrate large shares of renewable energy, are among their goals.

Terrorism

The leaders of EU and India restated their willingness to combat terrorism and extremism wherever and by whoever committed. As mentioned in the summit, it is imperative that "all perpetrators of terrorism are brought to justice". The desperate need for actions urged the leaders to proceed to conclusion of the adoption of the Comprehensive Convention on International Terrorism in the United Nations in order to be protected from terrorism and violence.

Smart and sustainable urbanization

Both sides accepted the fact that EU and India have to deal with increasing urban population. A common endeavour is needed through an India-EU dialogue on smart and sustainable urban development.

Moreover, this joint partnership could enable the European Investment Bank to participate aiming to implementation of sustainable urban development related projects. The latter could lead to further development with opportunities on investment.

All in all, Europe is creating a great momentum to increase its growth through partnership with India under a free trade agreement the moment that UK shows that is far behind the bilateral trade deals.

However, it remains to be seen whether all conditions related to market access are going to be met opening thus a new chapter in the EU-India relationships.

Source: europeansting.com- Oct 11, 2017

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Textile exporters facing difficult times leading to constrained growth: ICRA

Indian textile exporters are facing difficult times since the past few months which have led to constrained growth as well as pressures on profitability, according to ICRA.

In a report released on Wednesday, ICRA said that exporters have been facing subdued demand trends in the key importing countries as well as intense competitive pressures from nations such as Bangladesh and Vietnam over the past few years.

In addition, unfavourable currency movements and high raw material prices in the past six to nine months as well as recent revision in duty drawback rates have only added to their woes. With exports accounting for more than one-third of the Indian textile market, this is a matter of concern, notwithstanding a large domestic market.

The slowdown in apparels segment has mainly been on account of subdued demand conditions in key textile-consuming regions of United States of America (US) and European Union (EU) which account for a majority of exports from India.

This apart, cotton-yarn exports have been under pressure on account of a decline in demand from China, which used to account for more than 40% of total cotton yarn exports from India till last year and accounted for only ~17% of India's cotton yarn exports in the first four months of FY2018.

India appears to be the worst-affected nation amongst cotton-yarn suppliers to China, as is evident in a decline in India's share in China's cotton yarn imports to 8% in Q1 FY2018 vis-à-vis 20% and 25% in Q1 FY2017 and Q1 FY2016 respectively.

The pressures on textile exporters have become more severe with strengthening of Indian rupee against currencies of key competing nations during the current calendar year, which reduced competitiveness of Indian exporters vis-à-vis their counterparts.

Throwing more light on this aspect, Jayanta Roy, senior vice-president and group head, corporate sector ratings, ICRA says, "Notwithstanding the 2% depreciation in the Indian rupee vis-à-vis USD in the month of September

2017, the Indian rupee sustained its strong performance against currencies of most of the countries competing in the global textile space during much of the current calendar year.”

While the Indian currency has strengthened by ~5% against USD in 8M CY2017, currencies of other key nations competing in the textile space such as Vietnamese Dong, Bangladeshi Taka as well as Pakistani Rupee depreciated by 0.5-2% against USD during the same period.

Further, higher input prices (primarily cotton) this year vis-a-vis last year added to profitability pressures for exporters during H1 FY2018, given the cotton-dominance of textile exports from India. While cotton prices have corrected to an extent from mid-September 2017 onwards which is expected to provide respite during H2 FY2018, recent revision in duty drawback rates is likely to exert some pressure on margins.

The Government of India has recently notified revised duty drawback rates for most product categories in the textile sector under the GST regime, when compared with duty drawback rates for exporters claiming Cenvat under the earlier tax regime.

“Considering that GST rates for most product categories in textiles are in line with effective tax rates under the earlier tax regime and the extent of benefit from improved input credit chain post GST implementation remains to be seen. The overall impact of GST and the revised duty drawback rates on the sector is uncertain at present.” adds Roy.

Notwithstanding the pressures being witnessed on profitability, debt levels across the sector are expected to decline with the industry focusing on sweating the existing assets and thereby undertaking limited debt-funded capacity additions.

Further, with cotton prices easing out from mid-September 2017 onwards, profitability pressures are likely to subside from Q3 FY2018 onwards. As a result, ICRA expects the financial and credit risk profiles of most textile exporters to remain stable.

Source: economictimes.com- Oct 11, 2017

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Textile machinery group likely to see an increase in exports this fiscal

This fiscal year, exports of textile machinery, equipment for spinning, spinning accessories, weaving preparatory and of other accessories likely to see an increase in the range of about 15 to 20 percent, after a year of marginal growth due to tepid international demand in 2016-2017.

S. Chakraborty, secretary for the Textile Machinery Manufacturer's Association, said that the international market did not see much growth last year. Further, for exports to grow in a particular market, the manufacturers needed to have local facilities to provide after sales and service support.

China had been a big supplier of looms as they were available at very low prices. Accessories and spares from China were also coming into India in large quantities, Chakraborty said.

He added that demonetisation and GST had hampered domestic investments. However, this was expected to correct in five to six months and investments would pick up.

Textile industry sources said that the Centre should promote local manufacturing of machinery through foreign direct investment or joint ventures. While spinning and processing machinery were mostly available in the country, machinery for weaving and garment sectors were largely imported.

According to data available with the Textile Machinery Manufacturers' Association, machinery exports in 2016-2017 were worth Rs. 2,438 crore compared with Rs. 2,351 crore the previous year.

Total production of textile machinery in the country was to the tune of Rs. 6,650 crore, including spares and accessories. The association data also showed that only about 32% of domestic demand was met indigenously. Imports amounted to Rs. 10,098 crore in the last fiscal year.

Source: yarnsandfibers.com- Oct 11, 2017

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India Handicraft and Gifts Fair begins tomorrow

Buyers from more than 100 countries are likely to source products for home, lifestyle, fashion and textiles in the five-day IHGF-Delhi fair beginning here tomorrow.

Union Textiles Minister Smriti Irani is likely to inaugurate the India Handicraft and Gifts Fair.

Products on display will include houseware, gift items, decoratives, furniture, garden and outdoor articles, bathroom accessories, home furnishing, carpets, floor accessories, lamps and lighting, fashion jewellery and accessories, etc.

Buyers including wholesalers, distributors, chain stores, departmental stores, retailers, brand owners, buying houses and designers are likely to source from the fair.

"The overseas buyers from over 100 countries including Brazil, Canada, Chile, China, Denmark, France, Germany, Greece, Hong Kong, Israel, Japan, Korea, Oman, Philippines, Poland, Qatar, Romania, Russia, South Africa, Turkey, USA, UAE and Zimbabwe will be visiting the show," the fair's organiser Export Promotion Council for Handicrafts said.

Handicrafts exports during 2016-17 stood at Rs 24,392.39 crore with an overall 13.15 per cent increase in comparison to the last year.

However, the exports of handicrafts during six months of the current financial year (April-September) are to the tune Rs 12,520.32 crore.

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

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Garment makers say apparel policy mere election stunt

Manufacturers of semi-stitched garments in the country's largest man-made fabric (MMF) hub Surat are not very excited over the garment and apparel policy-2017 announced by chief minister Vijay Rupani on Wednesday.

From just few units of semi-stitched women's garments some eight years ago, the city boasts of more than 250 units employing over 62,000 garment workers. The units have been manufacturing semi-stitched suit-dupatta and salwar kameez with exquisite designs. The monthly manufacturing capacity of the units is pegged at over 4 lakh garments, which are supplied to Mumbai, Delhi, Uttar Pradesh, Bihar and Punjab.

Owner of Asian Fashion, a composite unit manufacturing salwar kameez and suit-dupatta, Dinesh Zaveri said, "The garment units are operating from the last eight years and providing employment to 62,000 workers. We started our units without any incentives. We work with our talent to earn our livelihood."

"Gujarat is going to polls in December. I think this is yet another move of the ruling government to appease the textile sector with the policy announcement ahead of the election" Zaveri said.

Asked about the incentive in the new scheme announced by the government, Zaveri said, "It will certainly benefit those planning to set up new units in the city."

Industry sources said there is not a single unit manufacturing suiting and shirting and other apparels including men's wear.

The Apparel Park SEZ located at Sachin has few units manufacturing apparel and garments and exporting directly to foreign countries. In 2010, the unit owners had sent the proposal of de-notifying the apparel park from SEZ status, in order to cater to the domestic market. However, the de-notification demand is yet to be accepted by the central government.

Chairman of Federation of Indian Art Silk Weaving Industry (FIASWI) Bharat Gandhi said, "The apparel and garment units are not viable in the city like Surat. Compared to Tirupur, Andhra Pradesh, the labour cost in

Surat is very high. The government has launched the incentive scheme for the cotton sector, while Surat is purely polyester based centre."

Source: timesofindia.com- Oct 12, 2017

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Cotton prices rise as rains impact harvest, arrivals

Cotton prices have firmed up over the past few days after unexpected rains in the key growing regions of Maharashtra, Gujarat, Madhya Pradesh and Telangana and other States delayed the harvest of the fibre crop. Also, an increase in buying by millers, has contributed to the bullish trend in both the spot and futures markets.

Cotton futures on MCX for October delivery gained from ₹18,510 per bale (170 kg) to ₹19,170 within a week after hitting a peak of ₹19,250. At the spot market in Rajkot, prices moved up from ₹18,610 to ₹19,130 per bale.

Pressure builds up

Though raw cotton has started arriving in Punjab, Madhya Pradesh, Gujarat, Maharashtra and Andhra Pradesh, full-fledged arrivals are expected in the second week of November, trade sources said. This is putting additional pressure amidst increased buying from the mills.

Prices of old cotton crop are hovering at around ₹5,500 per quintal for raw cotton, while fresh cotton, due to its higher moisture content, quoted lower in the range of ₹4,500-5,000 per quintal.

“The price rise is a temporary phenomenon. We may see some downward movement in prices after November. But till then, some more upside can be seen,” said Biren Vakil, an analyst with Ahmedabad-based Paradigm Commodities.

Trade sources said cotton prices will maintain a bullish trend till full-fledged arrivals begin and daily arrivals hit about 1.5 lakh bales.

"The mills are buying about 85,000 bales on a daily basis and the arrivals are not matching it. Prices will remain firm till the arrivals increase because the supply pipeline is almost empty," said Arun Dalal, a trader in Ahmedabad.

South, north scenario

Over the last week, Maharashtra's Marathwada and Vidarbha regions received rains, while there has been sporadic precipitation in southern and central Madhya Pradesh and southern Gujarat. According to traders, thin arrivals have started from these markets. Arrivals hovered in the range of 2,000-8,000 bales per day in Andhra Pradesh, Karnataka, Gujarat and Madhya Pradesh – arrivals from Punjab has been higher at 25,000-27,000 bales per day.

"Arrivals are slow due to continuous rains in Telangana and Karnataka, which is seen affecting the quality of the fibre," said Ramanuj Das Boob, a ginner based in Raichur, Karnataka. The cotton that's arriving in the markets has higher moisture of over 10-12 per cent, while the acceptable moisture levels are 9-10 per cent. But all mills are buying cotton with higher moisture, said Boob.

J Thulasidharan, Managing Director, Rajratna Group of Mills, and Chairman of the Confederation of Indian Textile Industry (CITI), said: "Mills are entering the market as they run out of cotton stocks. The fresh cotton arrivals are delayed as harvesting in the fields where it rained recently is difficult. However, good rains have helped the cotton crop, and the long-term trend appears bearish, not only in India but globally, too, as the US, Australia and other cotton-growing countries have been seeing good crop."

Thulasidharan said that prices will cool off in the medium-term as the supplies will pick up.

The Ministry of Agriculture estimated that the cotton acreage during the 2017-18 season (October-September) will rise 12 per cent compared to last year. The yield is also likely to go up in view of the good monsoon witnessed across all cotton-growing regions thus far. The government estimates of cotton output of 322.73 lakh bales, while the trade sees a higher crop on better yields.

Global production

The International Cotton Advisory Committee (ICAC) has predicted that world cotton production will increase 10 per cent during 2017/18 to reach 25.4 million tonnes. The production is projected to increase in all major producing countries, including the US, India, China, Pakistan, Brazil, Francophone Africa and Turkey.

Source: thehindubusinessline.com- Oct 12, 2017

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World Bank reduces India GDP growth forecast to 7% for 2017-18

After remaining the world's fastest-growing region for eight consecutive quarters, South Asia has slipped to the third position behind East Asia and the Pacific regions, as India's economy slowed to its lowest level in 13 quarters, the World Bank said on Monday.

This is at a time when other South Asian nations like Bangladesh and Nepal have registered strong economic growth.

In the June quarter of 2017-18, the Indian economy decelerated to 5.7%, lowest since the economy grew at 5.3% in the March quarter of 2013-14.

In its South Asia Economic Focus (Fall 2017), the World Bank reduced India's GDP growth forecast to 7% for 2017-18 from 7.2% estimated earlier, blaming disruptions caused by demonetisation and the implementation of the goods and services tax (GST), while maintaining at the same time that the economy would claw back to grow at 7.4% by 2019-20.

Both the Asian Development Bank as well as the Organisation for Economic Cooperation and Development (OECD) have also cut their growth projections for India to 7% and 6.7%, respectively, for fiscal 2017-18.

The World Bank said the unexpected slowdown in India's growth story is because of the delayed consequence of demonetization, sharp decline in the growth rate of public expenditures and uncertainty created by the introduction of GST.

The multi-lateral lending agency said that because the main explanations offered for the slowdown of the last quarter refer to temporary shocks, the growth rate could be expected to bounce back.

"Moreover, the unusually low growth rate of the last quarter could also be affected by measurement error. In India, final growth rate figures often differ considerably from first estimates; on average they tend to be 0.5 percentage points higher. The combination of temporary shocks and measurement error suggests no need for a policy correction," it added.

However, it cautioned that since economic growth has been slowing down for the last five consecutive quarters, there could be more reasons at play. "Over this period, imports increased sharply while private investment declined.

Behind these trends lies a combination of large public sector borrowing (especially by the states), relatively sticky interest rates despite decreasing inflation, and an increasingly stressed financial sector," it said, advising the government to appropriately adjust its "economic policy stance" without further elaboration.

The Bank said India's growth is projected to increase gradually to 7.4% by 2019-20, underpinned by a recovery in private investments, which are expected to be crowded-in by the recent increase in public capex and an improvement in the investment climate (partly due to the passage of GST and Insolvency and Bankruptcy Code, and measures to attract foreign direct investment).

It projected inflation and external conditions to remain stable for next two years. “Two consecutive years of normal monsoon are expected to further stabilize prices and offset the increase in global oil prices. The rupee appreciated vis-à-vis the US dollar and is expected to remain resilient. The current account deficit is expected to remain below 2% of GDP and fully financed by FDI inflows,” it added.

The World Bank expects fiscal consolidation to continue, driven more by the centre than states. “The Union government adopted a neutral fiscal policy stance in FY2017, where most of the consolidation is predicated on privatization receipts. The implementation of GST may provide an additional impetus to revenue collections in the medium term. States’ fiscal deficit could rise in the near-term due to increasing pressures from contingent liabilities,” it added.

However, the World Bank cautioned that the most substantial medium-term risks are associated with private investment recovery, which continues to face several domestic impediments such as corporate debt overhang, regulatory and policy challenges, and the risk of an imminent increase in US interest rates.

“If the internal bottlenecks are not alleviated, subdued private investment would put downside pressures on India’s potential growth. Downside risks to the global economy—and accordingly to export growth and capital flows—are also substantial given the possibility of monetary policy normalization in the USA and risks of protectionism,” it warned.

Source: livemint.com- Oct 12, 2017

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