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USD 64.01 | EUR 76.71 | GBP 85.20 | JPY 0.58

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
19696	41200	**82.10**

Domestic Futures Price (Ex. Gin), October

Rs./Bale	Rs./Candy	USD Cent/lb
18630	38970	**77.65**

International Futures Price

NY ICE USD Cents/lb (Dec 2017)	69.11
ZCE Cotton: Yuan/MT (Sept 2017)	15,560
ZCE Cotton: USD Cents/lb	**91.88**
Cotlook A Index – Physical	**84.40**

Cotton guide: The monthly USDA report of cotton has surprised everyone with substantial rise in the production for the month of September. The production is estimated at 21.76 million bales much higher than the trade estimates. We may not contemplate this data being so accurate because the latest development pertaining to crop loss in the US due to hurricane season may have been a hurdle for making an accurate crop survey.

A special note is also mentioned by the USDA: Hurricane Harvey made landfall on August 25 near Rockport, Texas. The resulting rainfall caused flooding in parts of southeastern Texas and southwestern Louisiana. As a result, data collection activities for the September Crop Production report were impacted in these areas and the full impact of this weather event may not be fully reflected in this report. Therefore, NASS will collect harvested acreage information in both Texas and

Louisiana for a number of crops in preparation for the October Crop Production report. Hurricane Irma made landfall on September 10. NASS will also collect harvested acreage information in preparation for the October Crop Production report in Alabama, Florida, Georgia, and South Carolina.

Nonetheless, the data is perceived in the market that the US cotton production is set to increase substantially in 2017-2018. World ending stocks are projected at 92.50 million bales 3 million above 2016-17 level.

Excerpt from USDA Report: Further yield is expected to average a record high 908 pounds per harvested acre, up 16 pounds from last month and up 41 pounds from last year. Upland cotton production is forecast at 21.0 million 480-pound bales, up 27 percent from 2016. Pima cotton production is forecast at 727,000 bales, up 28 percent from last year. Beginning stocks are revised 50,000 bales lower based on indicated stocks as of July 31, 2017; exports are raised 700,000 bales, while domestic use is unchanged. Ending stocks are forecast 200,000 bales higher than the month before, at 6.0 million, or 33 percent of total use. With slightly lower 2017/18 world beginning stocks and slightly higher consumption only partially offsetting a 3.4-million-bale increase in production, world ending stocks are raised 2.4 million bales this month. Beginning stocks are reduced for India and Australia, offsetting an increase for Brazil. Production is raised for several countries, led by the United States and India. Larger production is also forecast this month for Brazil, Australia, Mexico, and Turkey. World trade is revised upwards by 600,000 bales. World ending stocks are projected at 92.5 million bales, 3.0 million above their 2016/17 level, but unchanged from a year earlier as a share of consumption.

Market reaction: ICE cotton price has plummeted sharply on Tuesday and this morning the same is trading steady at 69 cents. We believe the uncertainty may continue to prevail in the near term. From price perspective we the earlier low in price made at 66.80 cents around would be termed as strong support levels. As discussed the fresh development on the hurricane activity and traders would eye on next month USDA revision monthly report would give clarity in the market trend. Overall now expect cotton price to trade in the range of 66.50 to 71 cents per pound for December future at ICE.

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

NEWS CLIPPINGS

INTERNATIONAL NEWS

U.N. ban on North Korean textiles will disrupt industry and ordinary lives, experts say

United Nations sanctions on North Korea's important textiles industry are expected to disrupt a business largely based in China and pose compliance headaches for clothing retailers in the United States and around the world.
The U.N. security Council imposed a ban on North Korea textile exports and a ceiling on the country's imports of crude oil on Monday, ratcheting up sanctions designed to pressure North Korea into talks about its nuclear weapons and missile programs.

Retailers in the United States and other countries have intentionally limited their exposure to North Korea in recent years, as tensions over the country's nuclear program have increased. The industry has sought to strengthen control over its supply chain since a textile factory collapse in Bangladesh killed more than 1,100 people in 2013.

Larger retailers, such as Wal-Mart Stores Inc (WMT.N), have the ability to keep North Korea-produced goods out of their stores. But smaller brands may face enforcement challenges, said Marc Wulfraat, president of supply chain consulting firm MWPVL International.

"There are still hundreds and thousands of companies that are sourcing from overseas that don't have the wherewithal or the resources or people or money to chase after these issues," Wulfraat said.

Textiles were North Korea's second-biggest export after coal and other minerals in 2016, totaling $752 million, according to data from the Korea Trade-Investment Promotion Agency. Nearly 80 percent went to China.

Enforcement of the textile ban along North Korea's 1,400-km (870-mile) border with China - where goods are sometimes smuggled across, often on boats at night - could be challenging, North Korea experts say.

"In the past, we have seen shows of quite convincing enforcement in the major centers, such as at Dandong," said Chris Green, a North Korea expert at Leiden University in the Netherlands, referring to the largest trading hub on the China-North Korea border. Goods still slip through in less visible areas, he said.

Trade in non-banned goods, including food and other daily necessities, continues between China and North Korea.

"Enforcement will depend a lot on China," said Paul Tjia, an outsourcing specialist who regularly visits North Korea. "So far, a lot of the North Korean textiles trade to Europe and other places goes via China."

"It will be up to Chinese companies that deal in the North Korean textile trade to take action and up to the Chinese government to ensure the Chinese companies are taking action."

On a recent visit to the Chinese border with North Korea, several Chinese traders told Reuters the Chinese government is strictly enforcing U.N. sanctions to the point that some businesses that rely on trade with North Korea have already gone bankrupt or traders have had to start trading in non-sanctioned goods.

Moral question

Another challenge is that clothes can be partly made in China and partly in North Korea with a "Made in China" label attached to the finished product.
"Even if a label says "Made in China," some parts of the product are allowed to be made in North Korea and other places," Tjia said. "For example, the buttons may come from Italy, the cotton may come from Australia or India, the labor may come from North Korea or China, the accessories may come from Bangladesh."

A spokeswoman for Target Corp (TGT.N) said the company has taken steps to keep even unfinished goods from North Korea out of its supply chain.

"We're aware of the accusations and have clear guidelines and standards in place for our vendors and suppliers," said spokeswoman Jenna Rack. "We don't source any products from North Korea or any apparel products from Dandong."

North Korea does not release statistics on the number of people involved in the textiles industry, but experts estimate at least 100,000 people are employed at North Korean textiles factories, producing goods both for export and the domestic market.

Cheng Xiaohe, a North Korea specialist at Beijing's Renmin University, estimates the figure may be as high as 200,000 people.

Wages at textiles factories grew tenfold around 2010 when North Korea was experimenting with economic reforms, according to Green, so people suddenly went from earning 30 North Korean won to 300 won. "They were suddenly getting a reasonable wage," said Green.

Supply chain consultant Tjia said North Korea textile workers will be hit by the trade ban. "If the goal of the sanctions is to create difficulties for ordinary workers and their ability to make a livelihood, then a ban on textiles will work," he said.

Source: reuters.com- Sep 12, 2017

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The Rise Of "Made In Ethiopia" — With The Backing Of Beijing

Peter Wan is smiling from ear to ear. The 50-year-old walks past huge warehouses, where dozens of Ethiopians are busy working on spinning and thread-dyeing machines. "We are in the production test stage," he says, at the Chinese factory of JP Textile at the entrance of the industrial park of Hawassa, some 270 kilometers south of the Ethiopian capital of Addis Ababa.

Soon, the labor force will transform the thread imported from China into cloth fabric, explains Wan. Then this fabric will be shaped into "Made in Ethiopia" shirts for brands such as Calvin Klein or Tommy Hilfiger, so they can be exported to wealthy customers in Europe and the United States. This park, which was built by the Chinese in just nine months, is officially operational. But it has not yet started to export garments.

The $260 million project is proof of the quick industrialization of Ethiopia. China, its first trade partner, is leading this process: whether it's construction, transportation, or telecommunications, Beijing has invested in all sectors in this Horn of Africa country, the continent's second most populous nation with nearly a 100 million inhabitants. China has also built a new railway between Addis Ababa and Djibouti.

Deprived of free access to the sea since neighboring Eritrea became independent in 1993, Ethiopia needs Djibouti, a small country through which it routes 95% of its exports. China is also betting on this area to be an important part of its "new silk roads” project.

Through the Suez Canal, transportation to Europe from Djibouti only takes a couple of days. The same goes for central Asia, through the Indian Ocean. Such ambitious plans require infrastructure to make the trade of goods easier. China is ahead in Ethiopia, where it has already built roads, a highway, and where its influence is doubtless.

All in all, the 279 Chinese companies operating in Ethiopia registered more than $550 million in financial capital over the past five years. In 20 years, Chinese investments have totaled more than $4 billion and are said to have created 111,000 jobs.

A mainly farming country, Ethiopia wants to become the “industrial hub” of Africa. To become a middle-income country by 2025, Addis Ababa is strictly applying the second phase of its growth and development plan (GTPII) with Beijing's unfailing support.

For now, the manufacturing sector only represents 5% of the country’s GDP. On July 8, top Ethiopian authorities and foreign investors inaugurated with great pomp the industrial park of Kombolcha, 380 kilometers north of the capital. The following day, it was the inauguration of another park, this time in Mekele, 760 kilometers north of Addis Ababa. The Chinese want to make the most of Ethiopian industries such as textile and clothing, which should soon turn the country into a new Bangladesh.

"Even better than Bangladesh,” says Yang Nan, the president of JP Textile. Yang Nan knows what he’s talking about. The Wuxi Jinmao Foreign Trade Company, where he chairs the executive board, has been producing fabric in Bangladesh for 12 years. Only five months after his first trip to Ethiopia, he decided to open branches here: JP Textile now stands in Hawassa and C&H Garment is housed in Bole Lemi, another industrial park, near Addis Ababa.

“Ethiopia has two advantages,” he says. On the one hand, he says, there is a profusion of cheap energy harvested from hydroelectric projects across the country. On the other, there's the possibility of benefiting from tax exemptions thanks to the African Growth and Opportunity Act.

It is this American piece of legislation that allows some African countries, including Ethiopia, to be exempted from customs duties for goods exported to the U.S., to ensure the economic development of the continent. “Everyone knows the U.S. is the biggest textile importer across the world,” Yang Nan says.

“In some ways, Ethiopia can represent a Trojan horse for Chinese firms who want to use the country as a re-exportation hub towards more promising markets,” says Xavier Aurégan, an independent researcher for the French Institute of Geopolitics.

Another major advantage for Ethiopia is the country’s young, cheap and abundant labor force. “Labor cost here is the lowest in the world,” says Yang Nan — just like China 30 years ago. But nowadays the average wage in China is more than $800 a month, too much to remain the world’s factory. China's future therefore depends on Ethiopia, where there is no minimum wage.

At JP Textile, for instance, most workers are paid less than $35 a month. Isn't this exploitation?

“Workers don’t go to the factory threatened with a gun to their head,” says Arkebe Oqubay, special counsel to the Ethiopian Prime Minister and author of the 2015 book Made in Africa: Industrial Policy in Ethiopia.

While there is no gun, there certainly is apprehension. By relocating its factories, China is also exporting the country’s work methods and discipline. At JP Textile, workers who arrive late have to do push-ups or clean up the storehouse, says Selam Negusie, a 23-year-old supervisor, who was trained in Wuxi on China's eastern coast, and speaks fluent Mandarin.

She says it's in China that she learned “hard work and punctuality” — two values written on banners everywhere around the factory, and translated into English, Mandarin, and Amharic, the official language of Ethiopia.

"When the Chinese scream at you, they're doing it in a positive way!" she says.

"To develop an industry, we need hardworking people," adds Yang Nan.
The goal here is to train local supervisors who will take over from their Chinese counterparts. And their methods?

"I haven't punished anyone yet but, if I have to, I will," Negusie says. Rumor has it that in some Chinese factories like Huanjian, one of the world's biggest shoemakers, some Chinese supervisors don't hesitate to hit workers with shoes to punish them during their training.

China is Ethiopia's "most reliable partner," Chinese Foreign Minister Wang Yi said during his visit to Addis Ababa in June.

"Until now, China has been the most generous with us," says Arkebe Oqubay. He sweeps away accusations of neo-colonialism. "Who blames China? The formers colonial powers. Ethiopia doesn't have any preferences for any country. We are only taking care of our own interests."

This is a "win-win partnership," says Sisay Gemechi, CEO of the Ethiopian Industrial Parks Development Corporation, adding that the country needs China because it needs investment and infrastructure.

Nevertheless, "Ethiopia represents only 2% of the commercial relations between China and Africa," says Xavier Aurégan, the French researcher. Indeed, the African country imports 90% of finished products from China, which makes the trade balance highly uneven. Despite the advantages, the business climate is complex in Ethiopia and transportation costs are high.

"Ethiopia is not the only one to dream about all the possibilities China is offering: Djibouti, Kenya and Tanzania could be serious competitors to attract Chinese capital and projects," Aurégan warns. In any case, the two countries will continue to have a good relationship. The Chinese-Ethiopian industrial park of Dongguan is under construction in the suburbs of Addis Ababa. In 2020, it will be the country's biggest special economic zone.

Source: worldcrunch.com- Sep 11, 2017

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Vietnam: Apparel exports predicted to hit 30.5 billion USD

Garment and textile exports may hit 30.5 billion USD in 2017, Vu Duc Giang, President of the Vietnam Textile Association (VITAS) said at the Cotton Day held by the association and the US Cotton Council International (CCI) in Ho Chi Minh City on September 12.

Giang noted that in the first eight months of 2017, the sector enjoyed growth of 9.9 percent year on year to 19.8 billion USD in exports.

The US remained Vietnam's leading market, accounting for 51 percent of market share.

However, Vietnam imports 60 percent of its fibre, as cotton farms in Vietnam have shrunk significantly and meet only 0.04 percent of the domestic textile sector's demand, said Giang.

He asserted that Cotton Day, which was held in Vietnam for the first time, is a chance for the US cotton sector to evaluate the potential of the Vietnamese market and to propose the US Government support the Vietnamese garment and textile sector.

William Bettendorf, CCI Director General, said Vietnam was chosen as the host of Cotton Day due to the market's growth in recent years, adding that the country is the US cotton sector's largest customer.

This is also the first year the CCI has suppored Vietnamese brands using US cotton, he said, adding that the Cotton USA label will aid Vietnamese products in the US market.

During the event, the CANIFA and John Henry brands' latest collections were also shown, along with the collections of the five contestants of the Cotton USA Fashion Design Contest.

Source: vietnamplus.vn- Sep 13, 2017

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Pakistan: Moving towards export orientation

At the time of Independence, there was no industry or manufacturing infrastructure in the territory which came under Pakistan. However, soon after it was created, Pakistan realised the importance of setting up industrial and manufacturing units. This was undertaken in diversified sectors.

The diversification of industrial production resulted in the radical transformation of Pakistan's exports and freed the country to a great extent from declining and unstable foreign exchange earnings. Although the share of manufactures in its national output is not as large as what it is in many other developing countries, the export orientation of Pakistan's industrial production has been beneficial.

During the early 1950s, the export of manufactures stood at merely Rs6 million. With the development of infrastructure and industry, the export of manufactures increased to Rs1.7 billion in the 1970s, which accounts for about 50 percent of the overall exports. In the 1990s, the export of manufactures further increased to Rs133 billion. This represented about 65 percent of the overall exports.

Over the last decade, the export of manufactures has been rising at a rate of about 13 percent from Rs583 billion to Rs1.7 trillion. As a percentage of overall exports, the export of manufactures represents over 70 percent of the overall exports.

Raw cotton, raw hides, skins and raw wool are old raw products of Pakistan's export trade that are now being increasingly exported after domestic processing in the form of cotton, yarn, textile, garments, leather and leather goods and woolen manufactures.

Efforts to curtail the exports of these raw materials because of the diversification of the production structure were fairly rapid. Steps were taken to set up the production of these raw materials with a view to retain their established export markets. This was an easy task, especially in light of the comparatively inelastic production structure of the country's agricultural sector.

In the absence of any manufacturing facilities, Pakistan started with exporting raw cotton in order to acquire foreign exchange and substitute the same with cotton and textile products. In the process, the manufacturing facilities were developed to help process cotton to cotton fabric, textile yarn, textile fabric and other articles that are made of textile.

In overall terms, the percentage of raw cotton that is exported as a ratio of the overall export of cotton and textile products has been drastically reduced. For instance, the percentage of raw cotton exported in the 1950s was around 40 percent. This figure was reduced to 30 percent in the 1970s and plummeted further to eight percent in the 1990s. During the last decade, this hovered at only two percent and sometimes went as low as 0.7 percent.

The export of cotton and textile products, which was around Rs100 million in the 1950s, has increased to Rs150 billion in 1990s. Further growth was witnessed during the last decade where export proceeds increased from Rs494 billion to Rs1.2 trillion at an average rate of increase of 11 percent. The proceeds from cotton and textile products now comprised more than 50 percent of the total export proceeds.

This is a positive indicator and suggests that Pakistan is now in position to export manufactured products rather than raw cotton. This has been facilitated by government policies and tariff control in the form of export duties on raw and processed cotton. However, much more needs to be done to promote the value-added chain of exportable goods. Bangladesh has already surpassed Pakistan in textile exports even though it does not produce cotton.

A similar trend was observed in the case of raw hides and skins. Initially, raw hides and skins were being exported. Later, as the tannery developed, there was a trend to export more leather than raw hide and skin. When factories were equipped to produce leather products – which include garment, bags and footwear – observers realised that the export market was quite receptive to them.

In terms of value, export proceeds from raw hide and skin were around Rs33 million in the 1950s. This was reduced to Rs19 million in the 1970s and then further dampened to Rs1 million in the 1990s. The export proceeds during the last decade increased from Rs10 million to Rs15 million. However, this increase is primarily an outcome of the rupee devaluation and an increase in the price of hide and skins.

The relative weight of export has been reduced significantly. It was about 1.65 percent in the 1950s, 0.6 percent in the 1970s and then hovered less than 0.01 percent from 1990 onwards. This was substituted by leather and leather products where exports increased from Rs4 million during the 1950s to Rs9 billion in the 1990s. Over the last decade, it has increased at an average rate of around 11 percent. This once again shows that the focus on industrialisation and the export of finished product is increasing.

Foreign trade is an excellent barometer to analyse the economic development of any country. The same is true for Pakistan. The composition of import and export has been varying because of the changes in the global economic situation. In the earlier days, Pakistan was primarily importing manufactured goods and exporting raw material. The percentage changed significantly in the subsequent years with the establishment of the industrial sector.

The primary imports of manufactured goods, which amounted to around 20 percent in the early 1950s, were reduced to around 10 percent during the last two decades. The main items that contributed to the reduction were textile goods, manufactured metals, machinery and transport equipment.

Pakistan has been awarded the GSP Plus status by the European Union. This allowed the EU countries to import a specific classification of goods from Pakistan at zero-tariff from January 2014.

Before this, these countries were paying import duties worth six percent to seven percent for goods exported from Pakistan. The GSP Plus status offers an opportunity for Pakistan to increase its exports to the EU and establish its presence.

In order to have sustainable economic growth and adequate foreign exchange, Pakistan needs to eradicate the trade deficit and ensure that the balance of trade becomes favourable for it. This means that we should focus on value addition by promoting the exports of manufactures rather than exporting raw materials. This requires a series of initiatives to be taken. These include the alignment of the production structure to encourage the establishment of heavy, basic and engineering industries for value-added exports. The policy of self-reliance should be followed by reducing debts. An export-oriented economy ought to be developed by enhancing the quality and quantity of production by using the latest technology.

And above all, an enabling environment must be created by the government to promote exports by reducing the cost of doing business, improving the investment-to-GDP ratio by enhancing tax credits and reducing the tax burden on the already taxed, including the timely payment of the exporters' refunds.

Source: thenews.com.pk- Sep 13, 2017

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Pakistan: Textile sector to add half a million spindles this year

Basic textile is at a crossroad as there is no chance of revival of over 100 closed mills, while the surviving mills know upgrading technology is the only option. Pakistan is likely to add half a million new spindles this year.

Some of the closed mills have sold their entire spinning machinery and are pleased that the leftover high-priced land and buildings, after clearing their liabilities, would leave them with enough capital to start some other business. They told this scribe that operating mills with old technology was not feasible.

They admitted that they had the opportunity to upgrade technology in phases but they squandered this chance and do not have the resources to replace the obsolete machines. The bigger players after realising that they are being booted out of the global and domestic markets have made elaborate plans to replace older machines with state of art technology. They realise that time is running out and they cannot wait for government facilitation that has not come in last two years.

It has been learnt that all major mills have placed orders for around 500,000 state-of-art spindles that are faster, consume much less power and 1/3 workforce. They know that with this technology they can regain their lost markets.

The comparative advantage that Pakistan enjoyed a decade back would again be available as Pakistan enjoys advantage of own cotton and highly skilled workforce in basic textiles. These players were shocked to find that a novice country like Vietnam that imports cotton and lacks skilled basic textile workers has emerged as yarn exporter on the strength of new technology. They feared that soon other countries with similar drawback would become yarn exporters by edging out Pakistani yarn.

They also realised that these countries would be no match for Pakistani spinners if they operated with the same technology. Another factor that worried the big players was that if the technology void was not filled, the Chinese would come in a big way with latest technology and wipe out the local basic textile industry.

These players did not take seriously the oft repeated apprehensions of some experts that the Chinese would establish basic textile units at the huge industrial complex adjacent to Pakistani border with China. They reasoned that it makes no business sense to make such huge investment to establish lowest value-added textile factories.

Moreover, they pointed out that the basic textile viability declines when the per capita income of a country crosses $4,000. Currently, they added the per capita income in China was above $10,000. Chinese even with subsidies would not be able to compete with Pakistani spinners operating with same technology.

This thinking is shared across the basic textile industry, but the surviving smaller players that even have resources, are waiting for the government to come up with some investment incentives. They also want export rebate for a while till the technology is replaced.

They do realise that they cannot bank on government subsidy for a longer period. They also admit that even after government subsidies they would be able to put a stop on the slide in basic textile exports, but substantial increase in exports may not be possible.

They understand that the government would be forced to withdraw the export package if exports failed to pick up. Majority of the mills are operating with average 30,000 spindles. The sale value of these machines is junk. They will have to upgrade or close down.

It is worth noting that though the textile exports have increased in July 2017 in value terms, if we calculated in terms of quantity, the exports of yarn that stood at 42,319kg were 49 percent lower than the peak exports of yarn in a month that was 75,260kg.

In the same way Pakistan exported 138,458 square meter of fabric in July 2017, while Pakistan's peak fabric export is 284,303 square meters, which is 51 percent higher than current exports. This data has been provided by All Pakistan Textile Mills Association. The long term solution of textile industry is not limited to improving technology only. The industry would have to address its structural imbalances as well.

It would have to increase the use of manmade fibres to at least 60 percent though the global average is 70 percent manmade fibre and 30 percent cotton. In Pakistan cotton is 75 percent and manmade fibre 25 percent. The government would have to fully deregulate manmade fibre trade.

Source: thenews.com.pk- Sep 13, 2017

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USA: Growing imports set all-time monthly record in US

Growing imports at the US' major retail container ports have set an all-time monthly record this summer, and 2017 is expected to reach a new yearly record, according to the monthly Global Port Tracker report by the National Retail Federation and Hackett Associates. This is because consumers are buying more and retailers are importing more to meet the demand.

"Consumers are buying more, and retailers are scrambling to import more merchandise to keep up with the demand," NRF vice president for Supply Chain and Customs Policy Jonathan Gold said. "Docks have been busier than ever as ships unload cargo headed for store shelves, and that's a good sign both for retail sales and the nation's economy."

Ports covered by Global Port Tracker handled 1.78 million Twenty-Foot Equivalent Units in July, the latest month for which after-the-fact numbers are available. That was up five per cent from June and 9.2 per cent from July 2016. It was the highest monthly volume recorded since NRF began tracking imports in 2000, beating the previous record of 1.73 million TEU in March 2015. A TEU is one 20-foot-long cargo container or its equivalent.

Global Port Tracker had previously forecast that the record would be 1.75 million TEU and would be set in August, but the record came in higher and sooner than expected. August's actual volume was estimated at 1.71 million TEU, a drop of 0.1 per cent from last year but still one of the five highest months on record.

September is forecast at 1.67 million TEU, up 4.7 per cent from last year; October at 1.7 million TEU, up two per cent; November at 1.61 million TEU, down 2.3 per cent, and December at 1.58 million TEU, up 0.5 per cent.

While Hurricane Harvey slowed Gulf Coast cargo and Hurricane Irma is expected to do the same in Florida, neither is expected to significantly impact national totals.

Growth has slowed from the first half of the year but 2017 is expected to total 19.7 million TEU, topping last year's previous record of 18.8 million TEU by 4.8 per cent. That compares with 2016's 3.1 per cent increase over 2015. The first half of 2017 totaled 9.7 million TEU, up 7.5 per cent from the same period in 2016.

After the busy holiday season, January 2018 is forecast at 1.63 million TEU, down 2.6 per cent from January 2017.

The import numbers come as retail continues a long-term pattern of increased sales. Total retail sales have grown year-over-year every month since November 2009, and retail sales as calculated by NRF – excluding automobiles, gasoline stations and restaurants – have increased year-over-year in all but three months since the beginning of 2010. Retail employment has increased by 1.5 million jobs during the same period.

Imports are growing even though NRF has adjusted its forecast for 2017 retail sales, predicting growth of between 3.2 and 3.8 per cent rather than the 3.7 to 4.2 per cent forecast earlier. Cargo volume does not correlate directly with sales because only the number of containers is counted, not the value of the cargo inside, but nonetheless provides a barometer of retailers' expectations.

Despite the record imports, Hackett Associates Founder Ben Hackett cautioned that cargo volume increases are expected to slow in the coming year.

“2017 is turning out to be a bumper year, causing a sense that growth is unstoppable,” Hackett said. “Taking this view is risky, however. As we look forward, our models are projecting a slowdown. The positive takeaway is that this is a slowdown in growth, not an actual reduction in volume.”

West Coast imports are expected to grow only 0.3 per cent during the first half of 2018 over the same period in 2017, Hackett said. On the East Coast, which has been gaining market share from the West Coast, volume should grow one per cent.

Source: fibre2fashion.com- Sep 11, 2017

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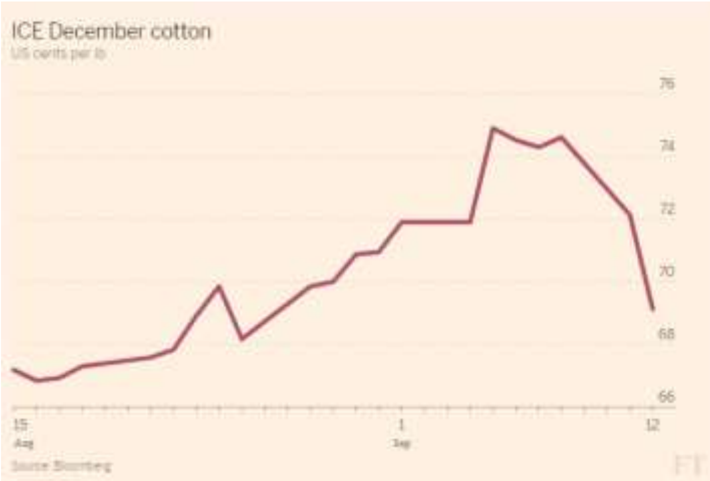
USA: Cotton prices tumble after hurricanes fail to spoil a bumper crop

The price of cotton slid by the maximum allowed after a government report indicated a massive crop was growing in spite of hurricanes’ one-two punch across the US south. The fibre led a broad sell-off in agricultural commodities, with corn and soyabeans also dropping. Triggering the fall was an updated monthly forecast for crop production.

The US Department of Agriculture said farmers would harvest 21.8m bales of cotton this autumn, an estimate 6 per cent higher than last month and the most since 2005. ICE December cotton futures were down 4.2 per cent, or the exchange-permitted limit of 3 cents, to 69.11 cents per pound on Tuesday. The drop reversed a rally in the weeks ahead of the report. Traders had bid up the market last month as hurricane Harvey made landfall in Texas, the biggest cotton producer.

The storm raked cotton fields in south-east Texas, potentially affecting hundreds of thousands of bales, according to analysts. But the state’s top cotton area, around Lubbock, was spared. “This could be one of our largest crops on record,” said Steve Verett, executive vice-president of the Lubbock-based Plains Cotton Growers Association.



The USDA estimated Texas cotton fields would average yields of 757lb per acre, up from an estimate of 742lb last month.

The USDA said data collection efforts for its monthly report "were impacted" by Harvey, and it planned to gather additional acreage information across the south ahead of its October report. But the preliminary data were bearish.

The average US cotton field was expected to yield a record 908lb per harvested acre, USDA said. In a survey released on Monday, the department said 63 per cent of the US cotton crop was in good or excellent shape, compared with 47 per cent at the same time last year. However, the remnants of hurricane Irma were dumping rain on cotton-growing states such as Alabama, Georgia and South Carolina after slamming Florida over the weekend, potentially damaging crops there.

The US textile industry has largely moved offshore but the country is by far the biggest exporter of raw cotton bales, supplying yarn mills in countries such as Vietnam and Bangladesh. The benchmark global cotton futures contract is backed by bales grown inside the US. John Bondurant, a money manager and cotton trader in Memphis, said a common theme in Tuesday's crop report was the success of plant breeding in overcoming what has been a summer of difficult weather.

The USDA also forecast the soyabean crop would be the biggest on record at 4.43bn bushels, while domestic corn production would be the third-highest ever at 14.2bn bushels. "You can sum up the crop reports in one word: genetics. It's that simple," Mr Bondurant said. CBOT November soyabeans fell 1.4 per cent to $9.4675 a bushel, while CBOT December corn dropped 2.3 per cent to $3.4925 a bushel.

Source: ft.com - Sep 12, 2017

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Sourcing in Cambodia is About to Get More Expensive

Cambodia's Prime Minister Hun Sen passed a benefits package—including a wage increase—for workers this week and factory owners are already up in arms about how to foot the bill.

The new benefits package, which takes effect from Jan. 1, 2018, will see garment factory workers receive free health care from their employers, free access to public transport and a minimum wage increase from the current $153 per month to $168 per month, a nearly 10 percent jump. The wage hike follows this year's increase to $153 from $140 in 2016.

Manufacturers in the country have already called on the government to provide aid to offset their additional costs, according to The Phnom Penh Post, and a representative from the Garment Manufacturers Association in Cambodia (GMAC) has expressed concern for the sector's competitiveness, saying the benefits package would require manufacturers to spend an additional $10 million a month on worker wages and another $3.5 million a month on health care.

"We believe that the government has done a clear study and considered carefully before making the decision," GMAC deputy secretary-general Kaing Monika told the Post. "However, we hope that the government will facilitate and provide some encouraging policies to offset the additional costs and to support the private sector, otherwise we will face hard times."

As GMAC suggested, the Cambodian government could help manufacturers lower their operating costs by reducing electricity fees, eliminating unnecessary red tape and working to improve the country's logistics system.

According to the Post, Cambodia's garment and footwear industry brought in more than $6.5 billion in 2016 and provided jobs for roughly 700,000 workers. When it comes to trade with the U.S. specifically, textile and apparel imports from Cambodia last year totaled $2.19 billion, which was a 14 percent drop over imports in 2015, according to OTEXA data.

The hope with the added benefits and wages, according to Monika, is that it will help boost workers' productivity, which is reportedly lower than in neighboring countries.

"What we want from workers in return is for them to increase their productivity, because when productivity costs increase the only way to offset these costs is to increase productivity," he said.

What's coming next, however, productivity or not, is that factories will be looking to brands and retailers to pay up.

"If international buyers can offer a higher price for our products, [in recognition that it] will contribute to improving workers' living conditions, it will also help to maintain investors," Chan Sophal, director of Cambodia's Centre for Policy Studies, told the Post.

Source: sourcingjournalonline.com - Sep 12, 2017

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Global apparel brands register a drop in sales in Israel

International chains, led by H&M and Zara, are facing falling sales in Israel. H&M, the Swedish multinational clothing retailer, has suffered a dip in sales of between seven to ten per cent so far this year. Sales declines have been so steep that they have caused overall turnover at shopping malls around the country to fall 1.3 per cent since the start of the year, even as the population has grown about two per cent.

The US apparel chain Forever 21, which targets younger shoppers, was a huge success when it entered the Israeli market five years ago, but it will now be closing several mall shops over the next several months, leaving it with just four in Israel.

Even Zara, the international chain most popular with Israeli shoppers, has seen a sales slowdown. The reason international chains are hit is that the Open Skies aviation agreement that went into force four years ago which has led to cheaper airfares and more routes between Israel and Europe.

When Israelis travel abroad, they go into the malls and discover that prices are lower. In the first seven months of this year, the number of overseas trips by Israelis climbed 12 per cent from compared to the same time in 2016.

Source: fashionatingworld.com - Sep 12, 2017

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Bangladesh wants bigger trade with Georgia

Bangladesh hopes to explore a new market for garment products in Georgia as it's an important country in Europe. Bangladesh sees Georgia as a huge market especially for medicine and agriculture. Power and pharmaceuticals are other areas.

Georgia has an unique geographical position in terms of communicating with European Union countries. Georgia provides duty-free access to Bangladeshi products. Bangladesh's exports to Georgia currently stand at nearly a million dollars and this will progressively get bigger.

Trade is extremely important to Georgia's economy; the value of exports and imports taken together equals 110 per cent of GDP. The average applied tariff rate is 0.7 per cent. There are some restrictions on foreign ownership of agricultural land. With the banking sector growing and modernized, access to financing has improved. Capital markets continue to evolve.

Russia invaded Georgia in 2008 and continues to occupy its South Ossetia and Abkhazia regions, which make up about 20 per cent of Georgia's territory. Georgia has maintained strong momentum in liberalizing economic activity while taking steps to restore fiscal discipline. Public debt and budget deficits remain under control. Open-market policies, supported by competitively low tax rates and regulatory efficiency, have facilitated flows of trade and investment.

Source: fashionatingworld.com - Sep 12, 2017

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Bangladesh could overtake China to become the EU's largest apparel supplier by 2020

Bangladesh could overtake China to become the EU's largest apparel supplier by 2020, according to a new report from the global business information company Textiles Intelligence – Editorial: Pretenders to China's throne in the EU apparel import market.

In 2016 EU apparel imports from Bangladesh rose in volume for the ninth consecutive year and, as a result, Bangladesh's share of EU apparel imports from all sources almost doubled over the nine-year period, from 12.2% to 23.4%.

China, by contrast, suffered further losses in share in the EU apparel import market in 2016. This trend has been apparent for some time now and it seems set to continue as the Chinese apparel industry grapples with problems of rising costs and labour shortages.

In 2016 the share of EU apparel imports which came from China fell in volume terms for the sixth consecutive year to 37.9%. In 2010 over half of the volume of EU apparel imports came from China but by 2016 barely a third did so – reflecting a sustained trend by EU buyers towards sourcing from alternative locations.

In an attempt to hold on to their market share, Chinese exporters appear to be having to cut prices. In 2016 alone, the average price of EU apparel imports from China fell by a sharp 8.2%.

However, a strategy of holding on to market share by cutting prices is unsustainable for a country in which labour costs are rising significantly and shortages of labour are a growing problem.

The success of Bangladeshi garment exporters in achieving rapid growth in market share and threatening the dominance of China in the EU apparel market can be attributed to two main factors.

One is their ability to export garments to the EU duty-free under the EU's Generalised Scheme of Preferences (GSP) Everything But Arms (EBA) arrangement. The other is their focus on producing and exporting simple, basic apparel at competitive prices, helped by low labour costs.

In 2016 Bangladesh was the second cheapest supplier of apparel to the EU out of the leading ten supplying countries, behind Pakistan but ahead of China. Furthermore, it was the cheapest supplier among the leading ten suppliers in 12 individual apparel categories.

However, it remains to be seen whether the share of EU apparel imports which comes from China will continue to fall or whether it will level out.

China still has vast amounts of untapped potential and the capacity of the Bangladeshi apparel industry to sustain growth at the present rate remains an unknown quantity.

The Bangladeshi apparel industry will have to tackle a number of issues in the coming years if it to maintain its momentum. Such issues include rising production costs, concerns about security, strikes relating to low wages, poor treatment of workers, and factory compliance. However, addressing these issues may force the industry to increase its export prices, and this could put a dampener on demand.

Source: knittingindustry.com - Sep 12, 2017

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India to step up cooperation with Egypt in textiles sector

India today vowed to step up its collaboration with Egypt in the textiles sector and said talks were on to increase textile machinery supplies to the Arab country.

India's Ambassador to Egypt Sanjay Bhattacharyya, while addressing a press conference ahead of the Cairo Fashion and Tex Exhibition that opens tomorrow, said India and Egypt have have a long tradition of exchanges in the textiles sector.

"India astands ready to work with Egypt towards attainment of its new textile policy goals in production as well as in trade and investments," he said.

Thirty-seven Indian textile companies are participating in the exhibition that run till September 16 at the Cairo International Convention Centre.

The Indian firms are part of a delegation from the Synthetic and Rayon Textiles Export Promotion Council (SRTEPC), an apex body of manufacturers/exporter of man-made fibre textiles, in coordination with Federation of Indian Export Organization (FIEO) and the Indian Embassy here.

The companies will showcase a very wide range of products, including yarns and fabrics.

Bhattacharyya said that India is very well known in the market of man-made fibers and it has a very wide presence globally as India's textile industry is the second in the world.

The Indian fabrics have a range of products with both expensive products as well as products with reasonable prices, he said.

The other specially of the Indian textile industry is that it manufactures a lot of textile machinery, the envoy said.

The Indian side is currently in discussions with the Egyptian side to expand the presence of textile machinery supplies from India to Egypt, he said.

"Indian textile machinery are not only very good in terms of quality but also because India and Egypt has similar large populations and large labour force. So this kind of machinery will be very good for the Egyptian market," he added.

The exhibition will also host an 'India Pavilion'.

"We will be showcasing different varieties of fabrics, made-up items which are ready to wear, yarn and fibre. So, it is an excellent opportunity for the Egyptian buyers and traders to visit this exhibition to see all the participant Indian companies under one roof as it will be also an opportunity for discussing business," Srijib Roy, director of SRTEPC, said.

Roy said that Indian companies come to Egypt not to compete with the local industry but to cooperate with their Egyptian counterparts.

The participation of Indian companies in the Cairo Fashion and Tex is aimed at forging a win-win partnership between the Indian and Egyptian companies, officials said.

The objective is to strengthen the trade between the two countries, particularly in the fast-growing area of Man-Made Fibre (MMF) textiles, they said.

India exported around USD 240 million worth of textiles and clothing products to Egypt during 2016.

Man-made fibre textiles were one of the important products in the export basket, which is valued at USD 97 million, along with cotton (USD 131 million), apparel (USD 2.32 million), Jute (USD 4.4 million) and carpet (USD 0.36 million).

The main items of Indian MMF Textiles that are exported to Egypt include polyester viscose fabrics, polyester blended fabrics, synthetic filament fabrics, shawls/scarves, laces, viscose spun yarn, polyester spun yarn, texturised yarn, and polyester staple fibre.

Egypt has traditionally been one of India's most important trading partners in that region.

During the year 2016-17, bilateral trade between India and Egypt was about USD 3.23 billion. India is Egypt's 10th largest export destination and also the 10th largest import source.

Source: business-standard.com- Sept 12, 2017

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US asks India to open market, address trade imbalance

The US today asked India to open its market for American firms and address the rising trade imbalance between the two countries while take steps to protect intellectual property rights. US Commerce Secretary Wilbur Ross, addressing an event organised by the US India Business Council (USIBC), said India has been a greater beneficiary of foreign direct investment in the Indo-US bilateral trade relationship.

“Annual bilateral trade between the US and India has doubled over the last decade and was $114 billion in 2016. Unfortunately, over the same period trade deficit has tripled, now at $27 billion,” Ross said. “We would naturally want to see growing trade and balanced trade,” he said at the event held to launch ‘road to Global Entrepreneurship Summit’ in Hyderabad in November.

Last year, India’s investment in the US reached $12.1 billion while US investment into India was $32.9 billion, Ross said, adding that there is much to do for the India-US trade relationship to reach its full potential. Ross said only 1.5 per cent of US exports are to India and only 6.3 per cent of Indian exports went to America. “This indicates that potential for growth is much more,” he said. Ross, in his address, also referred to the recent Spice Jet order for 120 planes from Boeing as a promising sign.

Praising some of the recent economic reforms in India, the Commerce Secretary said the GST and the bankruptcy codes were quite encouraging. At the same time, market access for innovative products in India is essential, he said. “Greater access is a necessary step that would help bolster entrepreneurship in critical subjects such as health care,” Ross said.

“I hope that the Indian government would continue to champion bold reforms in all sectors,” Ross said. This would not only facilitate US-India trade, but would also facilitate a strong eco system for the entrepreneurs, he said.

Referring to the India-US Summit in June, he said US President Donald Trump and Prime Minister Narendra Modi will co-host this year’s Global Entrepreneur Summit (GES) in Hyderabad.

He reiterated the importance of close relations between the two growing economies. Indian Ambassador to the US Navtej Sarna said India and the US were working to address the trade imbalance issue.

He referred to the start of the recent export of US oil to India and of gas beginning next year. Sarna also spoke about the great potential between India and the US in sectors like energy and civil aviation.

He said India and the US have decided to move to ‘2+2’ format of talks between the two countries involving the Secretaries of Defence and State Departments from the US side and Defence and External Affairs Ministers from India. Defence Secretary James Mattis is scheduled to visit India later this month.

Observing that the US is proud to be India’s top trading partner, Acting Assistant Secretary of State for South and Central Asia Alice Wells said the vast complementarity of US- India relationship is reflected in areas like defence, energy, health, entrepreneurship and innovation.

Source: financialexpress.com- Sept 13, 2017

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As incomes rise, exporters pay the price of development

The good news is that India's per capita income has gone up, and stayed up. The bad news, going by a recent notification of the World Trade Organization (WTO), is that the country can no longer offer export subsidies, as its per capita gross national income (GNI) has crossed $1,000 for the third year in a row.

"The consequence of India graduating out of the list of poorer countries eligible to give export subsidies is serious. It will be open to penal action from other countries, including imposition of countervailing duties on its exports if it does not do away with its incentives soon," an official told *BusinessLine*.

The development could deal a further blow to exports from the country, which posted weak growth last year after two consecutive years of decline due to low demand.

"The first scheme that could come under the WTO scanner is the popular Merchandise Export from India Scheme (MEIS), which provides a direct subsidy to exporters based on the value of exports," the official said.

Wide impact

Almost all exports, ranging from textiles to agriculture products, stand to be affected as the scheme covers more than 7,000 items and costs the exchequer around ₹23,500 crore a year.

A team of officials from the Permanent Mission of India at the WTO held discussions with Commerce and Industry Minister Suresh Prabhu, Commerce Secretary Rita Teaotia and officials from the Trade Policy Division on how the situation could be tackled.

"The government knew all along that the special exemption that allowed India to give export subsidies was likely to go in 2017. In fact, the Foreign Trade Policy also mentions this. It should have prepared the exporters for this," a trade economist from a Delhi-based thinktank said.

Other schemes that could also get affected, subject to interpretation of the WTO rules, are the interest subvention scheme under which banks charge lower interest on loans given to exporters, which is offset by the government, and the duty-drawback scheme where exporters are refunded duty paid on inputs.

"The WTO rules also consider the revenue that is otherwise due to the government but is foregone or not collected, such as tax credits, as subsidy. Some members may also insist that India's interest subvention scheme and duty-drawback scheme qualify as subsidies," said the trade economist.

The Commerce Ministry, which is supposed to announce the mid-term review of the Foreign Trade Policy this month, will be in a fix about whether to make any addition to the MEIS scheme as it could draw immediate criticism from other countries. It would also find it difficult to replace the existing MEIS schemes with production subsidies, which are allowed by the WTO.

Source: thehindubusinessline.com- Sept 12, 2017

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Yarn production falls in India as makers move up value chain

Spinning units in India have decided to curtail yarn production and minimise losses. They have decided to move up the value chain by making value-added products instead of making only yarn.

The disparity between cotton and yarn prices has put the spinning sector in a tight spot especially due to the steep decline in price of yarn compared with the fiber cost.

The spinning sector has to do this as in the textile manufacturing chain all others such as weaving, processing, apparels and home textiles optimise their utilisation levels based on demand, supply and order trends.

Reduced yarn supply will help match the demand. But if yarn supply needs to be curtailed, mills will have to go slow in consumption of cotton and this, in turn, will help bring down the cost of the fiber as well. This method is expected to help the mill sector reduce losses, besides bringing about a balance in cotton and yarn prices.

A number of standalone spinning units are cash-starved, considering that many varieties of yarn are now selling at levels well below the manufacturing cost.

Mills have to formulate a sustainable and long-term formula instead of resorting to interventions every now and then.

Source: fashionatingworld.com - Sep 12, 2017

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Open cotton procurement centres from October 1

Collector Sarfaraz Ahmad had informed the authorities concerned to ensure that the Cotton Corporation of India (CCI) opens its procurement centres to purchase cotton from farmers in various parts of the district from October 1 onwards.

At a meeting with the officials here on Tuesday, the Collector said that the CCI should open its procurement centres in Karimnagar, Gangadhara, Jammikunta and Choppadandi market yards from October 1 to procure the cotton from the farmers. He instructed the authorities to prepare proposals for opening two more CCI centres in Huzurabad and Gopalraopeta and send to the Union government.

He said that the Union government had fixed MSP of Rs. 4320 per quintal of cotton during this season.and asked the authorities to ensure that the farmers secure the MSP to their produce.Joint Collector B Srinivas, Marketing officer Padmavathi, CCI purchasing officers Ram Niwas, Kaushik and Pramod were present.

Source: thehindu.com - Sep 10, 2017

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Exporters in serious financial crisis due to GST refund

Exporters are under very serious financial problems due to draining up of funds and liquidity crisis as GST refunds were not coming to them as fast as promised, Federation of Indian Exporters Organisation (FIEO) Regional Chairman, A Shaktivel said on Tuesday.

Many exporters were on the verge of closure due to draining of working capital, since blockage of funds on account of GST was exorbitant, he said in a press release.

Considering the situation, FIEO sought the urgent intervention of the Union Finance Minister to instruct banks to provide 'Bridge Loan' at soft rate of interest to exporters immediately towards GST refund receivable along with extension of full rate of duty drawback up to December 31 this year.

Seeking extension of RoSL (Remission of State Levies) up to December 31, Shaktivel said that unless the Government come up with the solution as suggested, the export sector would be thrown out of gear and become Non Performing Assets.

Sakthivel also requested the intervention and support of the Commerce and Industry Minister as well as the State Government to overcome the crisis.

Source: business-standard.com - Sep 12, 2017

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