Cotton Market (13.05.2019)

**Spot Price - Shankar 6 (Ex. Gin), 28.50-29 mm**

<table>
<thead>
<tr>
<th>Rs./Bale</th>
<th>Rs./Candy</th>
<th>USD Cent/lb</th>
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<tbody>
<tr>
<td>21770</td>
<td>45500</td>
<td>82.63</td>
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**Domestic Futures Price (Ex. Warehouse Rajkot), May**

<table>
<thead>
<tr>
<th>Rs./Bale</th>
<th>Rs./Candy</th>
<th>USD Cent/lb</th>
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<tbody>
<tr>
<td>21640</td>
<td>45228</td>
<td>82.11</td>
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**International Futures Price**

- NY ICE USD Cents/lb (July 2019): 68.45
- ZCE Cotton: Yuan/MT (September 2019): 15,170
- ZCE Cotton: USD Cents/lb: 100.83

**Cotlook A Index – Physical**: 80.70

**Cotton Guide**: And Down it goes!

This morning when we look at the Daily charts, we can only see red candlesticks. ICE July futures are trading at 67.42 cents/lb this morning. The Daily Relative Strength Index - RSI (14) is already at 20 showing that oversold conditions are prevailing. The negative slide for the previous week that ICE July emanated was seen at a whopping 9% on two factors First, News of Large US Supply and Second, the Famous Trade Tensions which every person in agriculture business is aware about. The ICE July futures almost declined around 7 cents along with the ICE December Futures showing a decline around 5 cents/lb.
The ICE July settled at 68.45 cents/lb with a change of -178 points and down -723 points for the week. That means it was ICE July’s 10th lower settlement in 11 sessions showing net loss of 987 points, whereas the next important contract ICE December settled at 69.40 cents/lb with a change of -117 points. The other futures settled from -71 to 112 points lower. For the week the settlement figures ranged from -213 to -466 points lower. With the massive fall Cotton moves into an invert. ICE July is currently trading 1 cent below the December price. Two weeks ago the market was the other way round. The volumes seen on Friday were at 44,951 contracts which is a healthy figure. Major trading volumes have outweighed July. The overall daily average volume last week was around 50,000 contracts. The aggregate OPEN INTERESTS were around 220,000 contracts out of which ICE July and ICE December have the highest concentration while July is marginally higher than December OI.

The MCX contracts on the other hand found it difficult to strain themselves more down due to a supply dearth seen at the domestic spot market. The MCX May contract settled at 21,640 Rs/Bale with a change figure of +80 Rs. The MCX June and MCX July contracts settled at 21,850 Rs/Bale and 22,000 Rs/Bale with change figures of +60 and +30 respectively. Nevertheless, we think market may continue to remain under stress in the near term. Also, as discussed from the above we could see minimal relief rally in the price. Fundamentally speaking, the May future may move in the range of Rs. 21340 to Rs. 21900 per bale. Total volumes were however fine, showing figures of 5524 lots. Volumes figure are expected to vary this week.

The Cotlook Index A 2018/2019 was down at 80.70 cents/lb with a change of -1.20 cents/lb. On May 03, 2019 the Cotlook Index A was at 84.95 cents/lb. That means, the Cotlook index A 2018/2019 declined by around 5%. Today, the Cotlook Index A 2019/2020 is at 80.40 cents/lb, that means the current cotlook Index A and the forward cotlook Index A are approaching to be almost at par. The average prices of Shankar 6 are at 45,500 Rs/Candy.

The other agricultural commodities like Soybean, Corn and Wheat also fell in the similar lines by 3% to 6% each. No respite was witnessed in the other markets. Equity indices across the globe settled lower with US Dollar Index also marginally lower.

Overall, there has been good volumes of mill purchasing. From here onwards, we can expect a rebound in both ICE and MCX Futures as it will become difficult for Farmers/Ginners to sell at such low prices. We expect a correction and presume prices to touch the 70’s range for this week. Volumes will ultimately decide the long term trend. However, it could also be possible that market might stay oversold for quite sometime. As of now no signs of buying trend is visible.

The major report that was released last week was the USDA WASDE Report. For the first time new season 2019/20 report was released. The report claims US cotton production to rise to 22 million bales, making the stocks higher. While the Global production is estimated steady but cut in the ending stocks. The 2018-19 world ending
stocks declined by 25,000 bales. The report included a 250,000 bale drop in 2018-19 US exports from 15 million bales to 14.75 million bales.

The report sent Cotton market further lower. Although it is the first report of the season many more updates/ Changes will come going forward in the estimates as the season progresses.

On the pricing front we could see July trading in the range of 66 to 71 cents per Pound. There are 6 weeks remaining for this contract to move into its 1st Notice period.

On the other market, Oil might continue to remain in the range of 60 to 63.50 USD/ Barrel. Indian rupee may move sideways in the band of 70 paisa.

Technical analysis for the upcoming week - prices made a Marubozu bearish candlestick pattern suggesting continuation of selloff may continue. Prices are well below the WEMA (3,5)indicating the base trend is down. Immediate support level is at 66.40-66.70 (prior minor lows) and the resistance is placed at 69.50-70.00 levels (prior swing low). Monthly Relative strength index (RSI) is at 31.08 and below its moving average showing the weakness in the prices. For the week we are recommending sell on rise strategy around 70.00-70.30 TP: 67 SL 71.70. MCX COTTON (May) : Sell at 21600-21650 TP : 21150/21050 SL 21900.
Compiled By Kotak Commodities Research Desk, contact us: mailto:research@kotakcommodities.com or can contact: allwyn.stewart@kotakcommodities.com, Source: Reuters, MCX, Market source
### INTERNATIONAL NEWS

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>1</td>
<td>New China tariff list sweeps up home textiles</td>
</tr>
<tr>
<td>2</td>
<td>Pakistan: PRGMEA for making value-added textile industry competitive</td>
</tr>
<tr>
<td>3</td>
<td>Colored cotton makes its way into the Turkey market</td>
</tr>
<tr>
<td>4</td>
<td>Germany: Textiles: High tech from materials to machines</td>
</tr>
<tr>
<td>5</td>
<td>Developing nations call for strengthening ‘special and differential’ provisions at WTO</td>
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</tbody>
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</tr>
<tr>
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</tr>
</tbody>
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INTERNATIONAL NEWS

New China tariff list sweeps up home textiles

The Home Fashion Products Association (HFPA) this afternoon alerted members that the new list of Chinese imports proposed for a 25% tariff is now public.

The US Trade Representative’s (USTR) notice is expected to be published in the Federal Register in the next several days, according to HFPA legal counsel Robert Leo.

“Based on the USTR text, it appears that all HTS provisions not subject to a specific importer or HTS exclusion will be getting a 25% duty rate, including HFPA and ADFC [American Down and Feather Council] members’ products,” said Leo, a partner at Meeks, Sheppard, Leo & Pillsbury.

Companies wanting to comment on the proposal – or argue why their product classification should be removed from the list – have until June 17 to do so. A public hearing on the proposed tariffs will take place the same day.

This week also brings action concerning tariffs on EU imports – including some textiles.

cargo ports USTR will also hold public hearings tomorrow and the following day on the tariffs, which the Trump administration proposed in retaliation against subsidies on large civil aircraft by the European Union (EU) and certain EU member states. If enacted, the tariffs would fall on goods imported into the US from all EU member countries.

Several US airline executives are scheduled to speak in favor of the proposal. Representatives of the National Retail Federation, Retail Industry Leaders Association and the American Apparel & Footwear Association are also on the hearing panel list. All three groups oppose the tariffs.

The USTR is accepting public comments about the impact of the proposed EU tariffs through June 19.
The Home Fashion Products Association alerted its members last month that the EU tariff list includes:

- Cotton yarn
- Certain cotton fabric
- High tenacity aramid yarn
- High tenacity polyester yarn
- Polyester staple fiber
- Metalized textile yarn
- Certain carpets, hand-knotted or hand-inserted of fine animal hair
- Carpets and other textile floor coverings of wool or fine animal hair
- Certain hand-loomed or and-hooked carpets and textile floor coverings
- Blankets and traveling rugs
- Bed linen, not knitted or crocheted, printed, of cotton

Source: hometextilestoday.com- May 14, 2019

Pakistan: PRGMEA for making value-added textile industry competitive

Chief Coordinator Pakistan Readymade Garments Manufacturers and Exporters Association (PRGMEA) Ijaz A. Khokhar has urged upon the government to take effective steps for making the value-added textile industry competitive and vibrant in International market.

We understand that government should focus special attention on establishing sector-wise Central, Provincial and regional level task force as a
result of which the government will be able know ground realities of each industry he said.

Talking to reporters last night he said that setting up of sector wise, central, Provincial and regional level task forces would help the government in formulating the future polices for bringing visible change in export sector of the country. PRGMEA he said also suggested that government should focus attention on exploring non-conventional international markets for bring big boost in export volume of the country.

The PRGMEA Chief Coordinator further stated that value-added garments sector of the textile industry was showing considerable growth despite the internal and external challenges. The value-added garments sector is major tax payer, largest employment generator in whole textile chain and exporting up to US 6 billion products while the sector has a huge scope of expansion he added. Ijaz said that special attention should also be focused on encouraging the young male and female entrepreneurship and enabling the play their instrumental role in strengthening national exchequer.

The PRGMEA Chief Coordinator said that Sialkot is hub of SMEs and we are looking for the reduction in cost of doing business especially in utility bills adding that SMEs are 97 percent of the total business of the country. Indeed China-Pakistan Economic Corridor (CPEC) is a mega project which had opened not only fundamentals of industrial cooperation between the two friendly counties but also had paved the way for new vistas of economic stability, industrial growth and development in Pakistan he said.

The Coordinator suggested that government should constitute a special committee on CPEC with the concerned associations for taking care of the domestic industry and investors enabling it to reap the benefits of this mega project. On this occasion he urged upon the Chinese government to take effective steps for simplifying the visa process particularly for the business community of Pakistan adding that Chinese Embassy in Pakistan should grant multiple visa to Pakistani businessmen for exploring business in China.

Source: breccorder.com- May 14, 2019
Colored cotton makes its way into the Turkey market

"To exploit its dominance in cotton production, Turkey now plans to develop colored cotton. The country will produce two completely natural and colored cotton known as ‘sarı gelin’ (yellow bride) and ‘gelincik’ (poppy). The Ministry of Agriculture and Forestry plans to produce fabrics by using both natural and colored cotton as they do not need to be dyed."

Colored cotton makes its way into the Turkey market

To exploit its dominance in cotton production, Turkey now plans to develop colored cotton. The country will produce two completely natural and colored cotton known as ‘sarı gelin’ (yellow bride) and ‘gelincik’ (poppy). The Ministry of Agriculture and Forestry plans to produce fabrics by using both natural and colored cotton as they do not need to be dyed.

The ministry recently collaborated with a textile company for the mass production of the coloured cotton developed by the General Directorate of Agricultural Research and Policies (TAGEM). This company will produce in an area of 25,000 sq. mt. in 2019, and that after 2020 production with a more extensive contract will be established. As this cotton is natural, it does not have a carcinogenic effect, is environmentally harmless, organic and important for children’s clothing.

Saves water, energy, chemicals and time

The naturally colored cotton was produced in India, Pakistan, Egypt and Peru in B.C. 2700. The colors and shades of this cotton vary according to the climate and soil characteristics of the cultivation area. Its most common tone is yellowish brown. These cottons are either naturally derived from colored seeds or produced by breeding studies of universities and institutes.

Naturally colored cotton refers to brown and green cotton in different shades. As these cotton fibers do not need to be dyed, they eliminate the use of water, energy, chemicals and time spent for dyeing. They also prevent waste and pollution reducing the dyeing and finishing cost by almost half.

Market continues to grow

The fastness values of colored cotton are similar to those of the white cotton. The spinning of this cotton also demonstrate similar good values. Also, the
color of this coloured cotton takes longer to fade after washing. It is therefore, considered as a value-add to the original white cotton.

The market for colored cotton market continues to grow with important researches being conducted on seeds and fibers across the world. Various universities and institutes have also introduced important studies in the field of colored cotton. For example, the Nazilli Cotton Research Institute produces colored cotton. Its patent for Nazilli DT15 type buff naturally colored cotton was obtained in 2005.

Another point working on colored cotton production in Turkey is Kahramanmaraş. After a long period of research, the production of colored cotton in this region began in the early 2000s with the Eastern Mediterranean Passage Agricultural Research Station Directorate and the Kahramanmaraş University Department of Agricultural Engineering with the production of three-different colors of cotton. Another institute that carries out studies on this subject is the Çukurova University Agricultural Engineering Department.

Total cotton production increased to 502,000 hectares in the 2017/18 season in Turkey. Cultivation of cotton, which was 2 million 100,000 ton in 2016/17 season, increased to 2 million 570,000 ton in 2017/18 season. For the 2018/19 season, it is estimated to be around 2 million 200,000 tonne over 525,000 hectare.

Source: fashionatingworld.com- May 14, 2019

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**Germany: Textiles: High tech from materials to machines**

Textiles are to be found in almost every part of everyday life. From tomorrow, the biggest ever editions of the world’s leading international trade fairs for the sector, Techtextil and Texprocess, will be spotlighting the functions of textiles, especially technical textiles, and ways in which textiles are processed at Frankfurt Fair and Exhibition Centre.

Transport pods for the Hyperloop, textile room installations, intelligent fashions and 3D avatars that try on garments: from 14 to 17 May, Techtextil and Texprocess in Frankfurt am Main will reveal where technical textiles are
to be found in everyday settings and how textiles are processed. The leading international trade fairs for technical textiles and nonwovens and for the processing of textile and flexible materials will bring together a total of 1,818 exhibitors from 59 countries: 1,501 from 57 countries at Techtextil and 317 from 34 countries at Texprocess. Thus, the two trade fairs will be opening their doors tomorrow on their biggest ever editions.

“Throughout Europe, technical textiles are one of the biggest sectors of the textile and apparel industry and thus a decisive driving force for its economic strength. Held concurrently, Texprocess and its highly innovative exhibitors stand for high-tech in the textile-processing sector, in an unrivalled, concentrated way. In this connection, we now talk about Impact 4.0, in other words significant and visible developments emerging from Industry 4.0”, says Detlef Braun, Member of the Executive Board of Messe Frankfurt. “Over the coming days, Techtextil and Texprocess will turn Frankfurt into the epicentre of textile innovation.”

Increased internationality and new countries

With 421 exhibitors from Germany and 1,080 from abroad, Techtextil 2019 can boast a 72 percent level of internationality. After Germany, the five biggest exhibitor nations are Italy (134), China (113), France (103), Switzerland (63) and the United Kingdom (62). Taking part for the first time or returning after a period of absence are Brazil, Sri Lanka, Nepal, the United Arab Emirates, Morocco and Tunisia. Additionally, 14 countries are represented by national pavilions. Particular exhibitor growth was registered from Turkey, the Czech Republic, China, the USA and Taiwan.

With 212 exhibitors from abroad and 105 from Germany, the level of internationality at Texprocess is 67 percent. After Germany, the five biggest exhibitor nations are Italy, China, Taiwan, Japan and Turkey. Taking part for the first time or returning after a period of absence are Finland, Denmark, the Ukraine, the Dominican Republic and Singapore. Additionally, China, Japan and Taiwan are represented by national pavilions.

From the Hyperloop to outdoor fashions

From architecture, the automobile industry and medicine to the fashion business and personal protection: Techtextil is a mirror for the broad spectrum of applications involving textile materials. At the ‘Urban Living –
City of the Future’ special area of Techtextil and Texprocess, trade visitors can see, for example, a carbon-fibre pod of the Technical University of Delft for the Hyperloop, 3D textiles for improving indoor acoustics, experimental fashions made of sustainable materials and motorcycles of recycled military uniforms. Techtextil exhibitors present, inter alia, sensor textiles with which it will soon be possible to control the mirrors, windows and lighting in cars, textile-reinforced concrete façades, LED textiles for interior furnishings and functional fabrics made of recycled fibres and down-filling substitute for outdoor fashions.

Avatars, robots and 3D-knitted shoes

At the neighbouring Texprocess, everything during the four days of the fair revolves around the latest processing technologies for making apparel and fashions, upholstered furniture and accessories for the automobile industry. There, 3D avatars try on virtual garments, robots convey material blanks from one machine to the next while embroidery machines dye yarns during the embroidery process. In five micro-factories, not only will individual pieces of clothing be designed, cut out, sewn and digitally printed. Shoe uppers will also be produced using 3D knitting technology and leather for the car seats of leading automobile manufacturers processed.

Germany is the world leader in the technical-textiles market

It is estimated that technical textiles account for around 30 percent of worldwide textile production and the world market is expected to grow by over four percent a year to reach US $ 198 billion by 2022.1 In Europe, technical textiles represent around 17 percent of total textile production and are thus one of the most important foundations of the European textile industry.2 Germany is the world market leader in the field of technical textiles, which accounts for 60 percent of the turnover of the German textile and apparel industry.3

Altogether, Techtextil and Texprocess welcomed 1,789 exhibitors from 66 countries and over 47,500 visitors from 114 countries to Frankfurt Fair and Exhibition Centre in 2017.

Source: innovationintextiles.com- May 13, 2019
Developing nations call for strengthening ‘special and differential’ provisions at WTO

Seventeen developing and least developed countries, representing about 100 members of the World Trade Organization (WTO), have called for strengthening of the special & differential treatment (S&DT) mechanism that entitles them to concessions and flexibilities and strengthening of the multilateral trading system.

“S&DT provisions are the rights of developing members that must be preserved and strengthened in both current and future WTO agreements, with priority attention to outstanding LDC issues,” said the joint declaration agreed to by 17 countries that participated in the informal ministerial meeting of developing countries here.

The signatories include Egypt, Barbados, Central African Republic, Nigeria, Jamaica, Saudi Arabia, Malaysia, Bangladesh, China, Benin, Chad, India, Indonesia, Malawi, South Africa, Uganda and Oman. Among countries that participated in the meeting but did not sign the declaration as they could not get the required consent from their governments were Argentina and Brazil.

Interestingly, WTO Director-General Roberto Azevedo, in his inaugural address on Monday evening, said the S&DT mechanism must be innovative in order to address the impasse and cautioned that if left unaddressed it may go either way.

“The ideal way is to have a benchmark because the differentiation is already happening and is essential for small developing countries,” he said.

Countries such as India, China and South Africa, however, are strongly resisting attempts made by some rich WTO members, including the US and the EU, to re-define S&DT and deprive larger developing countries from the benefit.

“India’s position on S&DT is very clear. It is an essential part of the WTO mechanism. India does not believe in further classification of countries,” said JS Deepak, India’s Permanent Representative to the WTO.
While the joint declaration does not talk about the on-going plurilateral negotiations on e-commerce at the WTO between 75 member countries, it mentions the need to preserve the multilateral process.

“Multilateral avenues, based on consensus, remain the most effective means to achieve inclusive development-oriented outcomes….. We note that in the post-MC 11 (Eleventh Ministerial Conference) phase, many members have evinced interest in pursuing outcomes in some areas through joint initiatives approach. The outcomes of these initiatives should be conducive to strengthening the multilateral trading system and be consistent with WTO rules,” the statement said.

Commerce Secretary Anup Wadhawan said that while joint initiatives are viewed differently by different members, none of the poorer countries want undermining of developing country concerns.

“Even as far as e-commerce is concerned, the digital divide, the fact that e-commerce space is dominated by multinationals of developed countries and their practices such as pricing policy are being questioned in the developed world, are serious concerns,” Wadhawan said.

Appellate Body vacancies

The countries also urged all WTO members to engage constructively to address the challenge without any delay in filling the vacancies in the Appellate Body, while continuing discussions on other issues relating to the functioning of the dispute settlement mechanism.

Source: thehindubusinessline.com- May 14, 2019

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NATIONAL NEWS

India may again extend retaliatory tariff deadline on US products by 30 days

India may again extend retaliatory tariff deadline on US products by 30 days. India is expected to again extend the deadline by a month to impose retaliatory import duties on 29 US products, including almond, walnut and pulses, an official said. The previous extension will end on May 16. The commerce ministry has asked its finance counterpart to issue a notification with regard to further extension of the deadline, the official added.

These deadlines were extended several times since June 2018, when India decided to impose these duties in retaliation to a move by the US to impose high customs duties on certain steel and aluminium products. This extension comes in the backdrop of the US decision to withdraw export incentives being provided to Indian exporters under Generalised System of Preferences (GSP) programme, which is expected to impact India’s exports to the US worth USD 5.6 billion under this scheme.

America had given 60 days notice, which ended on May 2 but has yet to withdraw those benefits. Meanwhile, US Commerce Secretary Wilbur Ross and Commerce Minister Suresh Prabhu held bilateral meetings on May 6 here to discuss trade-related issues. Further extension of GSP benefits was part of a trade package being negotiated between the two countries.

However, those negotiations hit a roadblock after the US announced its decision to roll back GSP benefits from Indian exporters. The US administration has alleged that India in imposing high import duties on products such as paper and Harley Davidson motorcycles from America.

India wants US to exempt them from the high duty imposed on certain steel and aluminium products, provide greater market access for agriculture, automobile, automobile components and engineering sector products.

On the other hand, the US is demanding greater market access through a cut in import duties for its agriculture goods, dairy products, medical devices, IT and communication items. As part of the imposition of higher import duties, India has notified higher tariffs on several products.
While import duty on walnut has been hiked to 120 per cent from 30 per cent, duty on chickpeas, Bengal gram (chana) and masur dal will be raised to 70 per cent, from 30 per cent currently. Levy on lentils will be increased to 40 per cent. India’s exports to the US in 2017-18 stood at USD 47.9 billion, while imports were at USD 26.7 billion. The trade balance is in favour of India.

Source: financialexpress.com- May 14, 2019

US-China trade row can open up opportunities for Indian business: CII

The trade row between China and the United States can result in an opportunity for Indian businesses to deal with the largest economy of the world and fill in the supply chain, according to Confederation of Indian Industry (CII) chairman, Southern Region, Sanjay Jayavarthanavelu. Replying to a query on how the US-China row will have an impact on textiles sector, he said that Indian businesses hope to capitalise on China-US trade row.

“The trade war opens up opportunity to deal with the largest economy of the world. He said the trade row will result in disruption in supply chain and a lot of countries will have a chance to fill in the supply chain. Indian businesses see it as an opportunity,” he said.

As per the World Economic Outlook Report, global growth is expected to ease further in 2019 with International Monetary fund lowering growth forecast for world output to 3.3 per cent from the earlier estimate of 3.5 per cent. The downgrade was underpinned mainly on account of US-China trade tensions, tight financial market conditions and normalisation of monetary policy in advanced economies.

He said that the CII is working to spread the Model State Budget in select States to foster State-specific action and promote fiscal discipline.
Outlining CII-Southern region’s priorities for 2019-20, Sanjay said the CII Southern Region has chosen ’Competitiveness of South India Inc. India@75: Forging Ahead’ as its theme. He said high employment and export-oriented sectors are critical for contributing to the growth of the State.

On CII focus on Micro, Small and Medium Enterprises sector, Sathish Raman, regional director, CII southern region, said that CII is expanding its footprint for SMEs by asking them to ‘Go Global’ and asking them to forge partnership with global players in India. He said that SMEs need handholding.

On Employment Generation and Livelihood Creation, Sanjay said the major engagement would be Skill Gap Study in the labour intensive areas and to facilitate industry centric skill policy in Southern States.

The Model Career Centre (MCC) in Chennai provides career counselling, skill training, and assessment thereby facilitating employment for unemployed youth. Over 12000 candidates are to be placed through MCC, Job fair in Tier II cities in this year, he said.

Source: newindianexpress.com- May 15, 2019

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**Slide in American cotton prices leaves Indian importers in jitters**

Having inked contracts at much higher rates earlier, importers here are staring at a loss

The continued stand-off between the US and China over trade tariffs has created uncertainty in the Indian cotton market. After international cotton prices slipped by over 16 per cent over the past month, Indian cotton importers are staring at a loss and are looking to rework import contracts.

Even as trade sources revealed that some import contracts, which were made at a high price of about 85 cents, may get cancelled or reworked, the uncertainty over a possible trade truce between the US and China is keeping them jittery.
According to trade estimates, so far about 18 lakh bales of cotton import contracts have been made of which shipments for about 7 lakh bales have already arrived.

“Import contracts for the remaining 11 lakh bales were entered into at a very high rates of about 80-85 cents. The prices have corrected to about 69 cents now. In this scenario importers may also look to either cancel the contracts or rework the deals. There is extreme panic in the market at present due to uncertainty. We don’t know where the market trend will move,” said Atul Ganatra, President, Cotton Association of India.

US cotton futures for July contracts were weak on Tuesday, trading at 65.70 cents per pound. A month ago, the prices quoted as much as 79 cents. Importers worried

However, compared to international cotton prices, Indian cotton has corrected by only about 5 per cent from ₹46,500 a candy (each of 356 kg) to ₹44,500 a candy.

Companies engaged in importing cotton expressed concerns on a possible loss from the cancellation of the contracts. “Indian traders are afraid to cancel the contracts because they don’t have that hedging mechanism (to protect the price difference). Either they will have to go for arbitration or they will have to pay the difference. Then there is no point in cancellation of import contracts. Unless there is a hedging system to protect the losses, they can’t afford to do it,” said a senior official from a company engaged in import and export of cotton.

The current scenario, according to traders, is in complete contrast to the sentiment following a lower crop outlook by the CAI. Earlier this month, CAI had projected India’s cotton output for the year 2018-19 at 315 lakh bales, about 6 lakh bales lower than its earlier estimate last month. Last year, the total cotton crop stood at 365 lakh bales.

The United States Department of Agriculture (USDA), too, has reduced its Indian cotton crop estimate for the crop year 2018-19 following a weak monsoon last year and crop damage in key growing regions. From its earlier crop estimate of about 345 lakh bales, the USDA has now projected India’s cotton crop at 325 lakh bales.
“The USDA has made this reduction in their latest estimate, released on May 10, after extensive deliberations with the Cotton Association of India and also after considering all aspects and the prevailing situation in India,” Ganatra said.

Source: thehindubusinessline.com- May 14, 2019

Japan drags India to WTO over import duties on certain electronic goods

Japan has dragged India to the World Trade Organisation (WTO) over the import duties imposed on certain electronic goods, according to the global trade body.

Japan has accused India of "continuously and systematically" raise import duties on these goods after announcement of 'Make in India' campaign in September 2014, according to a communication released by the WTO Tuesday.

It has also alleged that these import duties are in excess of bound rates, which is a ceiling of import duty beyond which a WTO member country can not go.

Japan has sought consultations with India under the WTO's dispute settlement mechanism.

In a communication to the WTO, Japan said that has continued to adjust the rates of various indirect taxes, including custom duties, in support of policies seeking to foster domestic production and value addition.

Since announcement of 'Make in India' campaign in September 2014, India has "continuously and systematically raised" import duties on a wide range of products in various sectors, such as electronics systems, mining, automobiles, renewable energy, defense manufacturing, food, processing, automobile components, and textiles and garments, it has alleged.

These tariff treatments seem to have been implemented by the Government of India under certain policies, aiming at further incentivising domestic value addition, it added.
Through those policies, among its wide range of tariff increases, India appears to subject a number of goods to import duties which are "inconsistent" with its concessions and commitments under WTO norms, it said.

"This request for consultation addresses some of the tariff treatments which are, simultaneously, clearly in excess of bound rates and of substantial interest to Japan," the country added.

Citing examples, it said that India applies 20 per cent duty on products like telephones for cellular networks, which clearly "exceeds" the applicable bound rate of zero per cent set forth in India's schedule.

India also impose 10 per cent or 20 per cent duties on products like machines for reception, conversion and transmission or regeneration of voice, images or other data, "which clearly exceeds" the applicable bound rate of zero per cent.

The other goods over which Japan has raised duty issues include telephones for cellular networks, base stations, populated, and loaded or stuffed printed circuit boards. Each of these "measures appears to be inconsistent" with India's obligations under a WTO norm, it added.

"Japan looks forward to receiving the Government of India's reply to this request for consultation and to agreeing upon a mutually acceptable date for the consultations," it said.

As per the WTO's dispute settlement process, the request for consultations is the first step in a dispute. Consultations give the parties an opportunity to discuss the matter and find a satisfactory solution without proceeding further with litigation.

After 60 days, if consultations fail to resolve the dispute, the complainant may request adjudication by a panel.

The bilateral trade between India and Japan the countries stood at USD 15.7 billion in 2017-18. Trade is highly in favour of Japan.

Source: business-standard.com- May 14, 2019
India’s KPR Mill opens new factory in Ethiopia

KPR Mill Ltd, an integrated textile manufacturing company from India, has opened its first overseas garment unit, in Ethiopia’s Mekelle Industrial Park.

The garment factory will have a capacity of 10 million items each year.

So far, employment has been created for 700 people and export shipments have commenced to Europe and the United States.

The opening of the factory is the result of a collaborative partnership with the International Trade Centre’s (ITC) Supporting Indian Trade and Investment for Africa programme (SITA), which works to build trade and investment linkages between India and East Africa.

The official inauguration of the factory – KPR Export – was attended by ITC Executive Director Ms. Arancha González and Mr. K.P Ramasamy, Chairman of KPR Mill Ltd.

Other dignitaries at the inauguration included Ethiopian State Minister for Trade and Industry Mr. Teka Gebreyesus, Mr. Debretsion Gebremichael, Vice-President of Tigray Regional State, Mr Mayur Kothari, Convenor, India Business Forum, Ethiopia and Mr. Anteneh Alemu, Deputy Commissioner of the Ethiopia Investment Commission.

Funded by the United Kingdom’s Department of International Development (DFID), ITC’s SITA programme aims to improve the competitiveness of selected value chains, including textiles and apparel, in five East African countries – Ethiopia, Kenya, Rwanda, Uganda and the United Republic of Tanzania – through the provision of partnerships with institutions and businesses from India.

Mr. C. R. Anandakrishnan, Executive Director of KPR Mill, said: ‘We are happy with the progress of KPR Export so far and thanks to trade schemes such as the United States’ Africa Growth and Opportunity Act and the European Union’s Everything but Arms initiative, we believe garments made in Ethiopia can better capitalize on opportunities in foreign markets.

‘With the support of ITC our speed of entry into Ethiopia, from planning to invest to starting operations has been good. ITC connected us with the right
institutions and people in the country, and have provided us with key information about Ethiopia. This resulted in speeding up our decision making ability.’

Ms. González said that the setting up of KPR Export was a showcase example of Ethiopia’s attractiveness and investment potential, and a demonstration of the successful effort by ITC’s SITA programme in strengthening business linkages across the Indian Ocean.

‘With DFID’s support, at ITC we are pleased to have been part of KPR’s journey to invest in Ethiopia. We are particularly proud of the 1,500 news jobs that will be created at the Mekelle Industrial Park and the opportunities these provide, especially for women and youth,’ she said.

The decision to by KPR Mill to open the production unit in Mekelle, followed a visit to Ethiopia by its Chairman Mr. K.P. Ramasamy and senior management team in April 2018. As a result of the trip, which was organized by ITC’s SITA programme, KPR Mill made an initial investment commitment of $20 million and decided to set up a first garment unit in Mekelle Industrial Park. By July 2018, KPR Export Plc was registered as a subsidiary in Ethiopia. The complete set-up of the first garment unit took about two months. Extensive training of the workforce took place in both Ethiopia and India.

At the beginning of 2019, the first exports were undertaken to the US and Europe. So far, the investment and establishment of KPR Export has led to the creation of 700 jobs in Ethiopia. At full capacity, the company will employ 1,500 machine workers who will produce 50,000 garment pieces per day for the world market.

Source: newsghana.com.gh- May 15, 2019