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IBTEX No. 82 of 2019 April 24, 2019

USD 69.83| EUR 78.32 | GBP 90.33 | JPY 0.62

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
22297	46600	**85.00**

Domestic Futures Price (Ex. Warehouse Rajkot), April

Rs./Bale	Rs./Candy	USD Cent/lb
22010	46001	**83.91**

International Futures Price

NY ICE USD Cents/lb (July 2019)	77.91
ZCE Cotton: Yuan/MT (September 2019)	15,895
ZCE Cotton: USD Cents/lb	107.20
Cotlook A Index – Physical	**88.25**

Cotton Guide: Nothing noteworthy was seen at the cotton Spot and Future markets yesterday. However news of good rains in Texas has dragged the ICE futures a little lower. The dollar strengthened to almost tow year highs while the weather conditions made the planting conditions favourable. The volumes increased a tad after Easter Monday but did not retrieve back to the 40,000+ contract average figure.

The volumes were seen at 36,828 contracts. Total open interest decreased by 1,826 contracts to 211,312 which is its lowest level since July 2017. ICE July and ICE December interest increased by 362 and 1,801 contracts, respectively, to 99,860 and 91,857. Interest in the ICE May contract was last reported at 1,917 contracts, down 4,428 from the previous session.

The ICE July contract settled at 77.91 cent/lb with a change of -56 points. The trading range was pretty decent with a high figure of 78.52 cents/lb and a low figure of 77.17 cents/lb. The ICE December contract settled at 76.85 cents/lb with a change of -37 points. The spread between ICE July and ICE December is still inverse with ICE December at a discount of 1.06 cents/lb.

Certificated stocks were last reported at 61,110 bales which included new certs for 2,247 bales.

On the other hand the MCX contracts settled much lower with changes ranging from -90 to -140 Rs. The focus has also now shifted from the MCX April contract to the MCX May contract with MCX May displaying greater volumes and greater Open Interest. The MCX April contract settled at 22,010 Rs/Bale with a change of -140 rs and a volume figure of 5214 lots. The MCX May contract settled at 22330 Rs/Bale with a change of -120 Rs and a volume figure of 5738 lots. The MCX June and July contracts settled at 22590 and 22860 Rs/Bale with a change figure of -120 and -90 Rs respectively. The volumes summed up to 11528 lots as compared to the previous figure of 10045 lots which is almost an increase of 15 percent.

The cotlook Index has been adjusted to 87.75 cents/lb CFR Far Eastern Ports with a change of 50 points. The total arrival figure brought out by CCI is 28,602,630 lint equivalent bales which indicate that a crop size is smaller as compared to the previous years. We expect the international and the domestic market to show a sideways trend with a bullish bias keeping crude prices in mind.

With respect to imports the Indian Mills have started importing huge amount of US Cotton. If the imports continue to rush in, the domestic spot price surge might take a pause for a short while. On the other hand, export enquiries are quite dull at the moment.

Crude oil prices are on a running spree, yesterday WTI Crude Oil touched 66.30 dollar per barrel. Currently it is trading at 65.94 dollar per barrel. It is a surprise that cotton has not yet reacted to this price rise. Nevertheless, we are of the view that cotton prices will not take much time to touch 82 cents/lb.

On the technical front, ICE Cotton July futures continued to trade in a sideways range of 77.20-79.60 during the week. Price witnessed decline as it failed to breach above 79.60, meanwhile strong support of 26 day EMA at 77.50 limited the downside in prices. In the daily charts positive crossover of 9 day EMA above the 26 day EMA supported the bullish bias in cotton futures. Moreover, the strength index RSI is hovering near 50, which indicates a range bound momentum in prices. So for the day price is expected to remain in the range of 77.20 to 78.40 with sideways bias. Only a move above 79.60, would push price further higher towards 79.90/80.00 zones. Likewise, below 77.20 next support exists around 76.50. In the domestic market April future is expected to remain in the range of 21820-22180.

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

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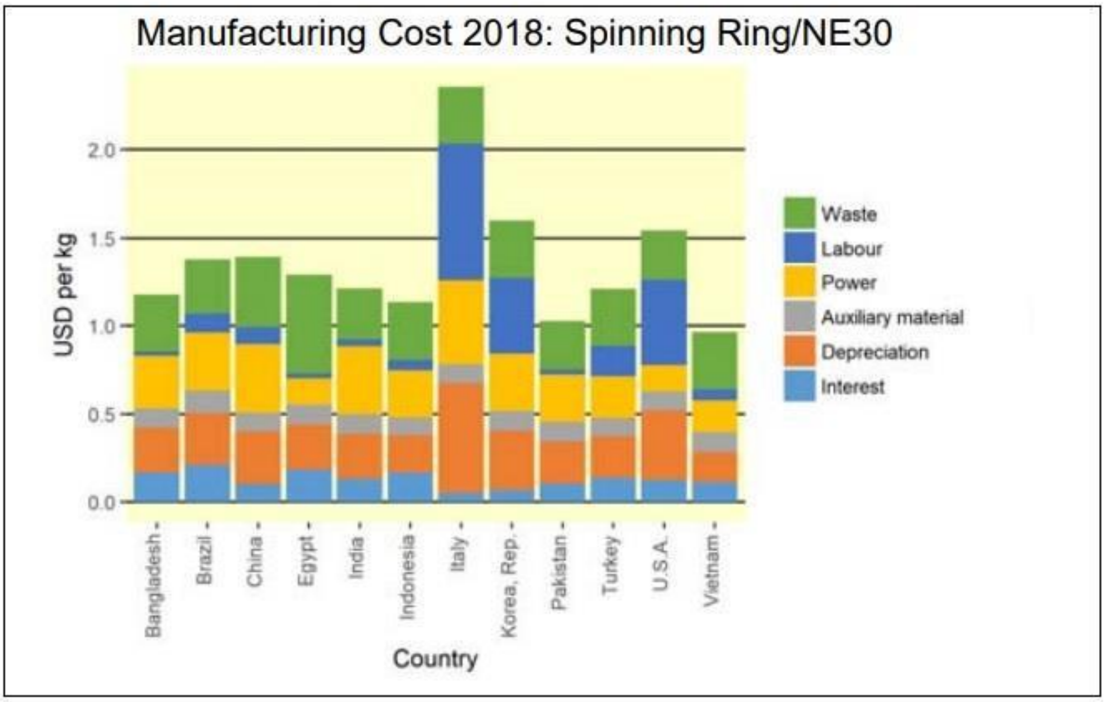
INTERNATIONAL NEWS

ITMF publishes global textile production cost comparison

The International Textile Manufacturers Federation (ITMF) has published International Production Cost Comparison (IPCC) for 2018. The IPCC is designed to trace the implications of the growing capital intensity in the primary textile industry. The 2018 edition adds 'finishing' to the historical cost analysis in spinning, draw texturing, weaving, and knitting.

The IPCC describes manufacturing and total costs of yarn/fabric broken down into various cost elements at different stages of the textile value chain. For the first time also, the geographic coverage in the latest edition counts Pakistan and Bangladesh, besides Brazil, China, Egypt, India, Indonesia, Italy, Korea, Turkey, the US, and Vietnam.



The goal of the report is to allow for a better appreciation of the relative importance of the cost elements and their respective influence on the total costs. In the category Spinning Ring/NE30, for example, the report shows that countries with high manufacturing cost (i.e., in USD/kg of yarn, Italy = 2.35, Korea = 1.60, US = 1.54) also have the higher share of labour cost (respectively 33 per cent, 27 per cent, and 31 per cent).

The share of power in two of these countries, however, equals the sample average. It reaches 21 per cent in Italy and Korea and 10 per cent in the US, a level comparable to that measured in Egypt. Transforming this NE30 yarn in a woven ring yarn fabric shows a similar pattern in labour costs in Italy, Korea, and the US, but a different picture for power costs, where each country's relative share to total manufacturing costs is now below sample average.

The share of power drops to 17 per cent in Italy and Korea and 9 per cent in the US, while the sample average rises at 26 per cent. This average is driven up by Indonesia, India, Brazil, Pakistan, and China where the share of power cost to total manufacturing cost is between 30 per cent and 40 per cent.

The data on the transformation of the same NE30 yarn in a knitted ring yarn fabric shows that the labour shares are equal to the power shares in China, Brazil, and Egypt (i.e. 20 per cent, 14 per cent, 6 per cent, respectively) and that labour is relatively more expensive than power in the US, Italy, and Korea (about 14, 8, and 4 times higher, respectively) or relatively cheaper in India, Bangladesh, and Pakistan (3, 3.5, and 4 times lower, respectively).

The report further presents the cost of transforming the former woven fabric into a finished woven fabric (continuous open width). On average, the share of labour and power to total manufacturing costs in this category are very similar (13 per cent and 14 per cent, respectively).

Strong geographical discrepancies nevertheless exist, especially with respect to labour costs with a spread of 14 cent/m. This reflects the difference in labour costs between Bangladesh (1 cent/m) and Italy (15 cents/m). The spread in power cost is measured at 4 cents/m, which corresponds to the difference between the cost of power in Egypt or Vietnam (i.e. 3 cents/m (USD)) and in Brazil or Italy (i.e. 7 cents/m (USD)).

The IPCC 2018 further covers the categories of spinning rotor/ne20, texturing (75DEN/72F), weaving rotor yarn fabric, weaving textured yarn fabric, knitting rotor yarn fabric, knitting textured yarn fabric, finishing - knit - continuous open width (COW), and finishing - knit - discontinuous (JET).

Source: fibre2fashion.com- Apr 24, 2019

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Winners and Losers Emerge in US Jeans Imports for 2019

Mexico and most of the Western Hemisphere are up, Vietnam is surging and China remains tepid–the first two months of U.S. denim apparel imports indicate clear strengths and weaknesses in sourcing patterns.

The latest report from the Commerce Department's Office of Textiles & Apparel (OTEXA) shows imports of denim apparel–the vast majority of which are jeans–from Vietnam jumped 35.85 percent in year-to-date comparisons through February, reaching a value of $50.13 million. Jeans imports from Mexico–the No. 2 supplier with a 21.39 percent market share–increased 13.03 percent to $126.34 million in the same period.

Overall imports of denim apparel into the U.S. increased 6.03 percent, as companies brought in $579.92 million worth of merchandise so far this year, according to OTEXA.

Imports from the Western Hemisphere, including Mexico and the countries of the Central American Free Trade Agreement (CAFTA), saw a gain of 9.93 percent in the category, to reach a value of $156.58 million.

Among the CAFTA countries, Nicaragua's shipments rose 16.82 percent to $14.28 million for the first two months of 2019 compared to the same period a year earlier, while jeans imports from Guatemala increased 58.94 percent to $5.48 million. Losing ground in the region was Columbia, with 14.64 percent decline to $9.7 million.

Meanwhile, jeans imports from China ticked up 1.89 percent in the first two months of the year compared to the same timeframe last year, to reach $150.36 million worth of goods. This helped China keep its top spot among denim suppliers with a 24.15 percent market share.

There was a mixed picture elsewhere in Asia, according to OTEXA data. Major suppliers seeing declines in jeans shipments to the U.S. included Bangladesh, down 5.81 percent to $64.78 million; Pakistan, with a drop-off of 7.45 percent to $38.37 million, and Cambodia, falling 13.92 percent to 13.79 million.

Countries from the region that benefited from increases in denim imports from the U.S., included Indonesia, up 20.81 percent to $14.09 million; Sri Lanka, increasing 3.63 percent to $9.94 million, and India, rising 63.33 percent to $7.87 million.

Middle Eastern and African countries, which like Mexico and the CAFTA countries can ship goods to the U.S. duty free, also showed strength. Jeans imports from Egypt rose 9.71 percent in the comparable period to a value of $24.73 million, and Jordan's shipments were up 46.16 percent to $10.92 million.

Denim apparel imports from Sub-Saharan countries that are part of the African Growth & Opportunity Act (AGOA) increased 19.13 percent in the period to reach $19.73 million. This included gains from Madagascar, Kenya, Mauritius and Ethiopia.

Source: sourcingjournal.com - Apr 22, 2019

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China to sell 1mn tonnes of cotton from state reserves

China will sell 1 million tonnes of cotton from its state reserves as part of a scheme to replace old stocks, marking the biggest reserve auction in at least 13 months.

The national food and strategic reserve administration said floor prices for the auction will be based on both domestic spot prices and the international cotton price index.

About 10,000 tonnes of cotton will be auctioned on every workday between May 5 and Sept. 30, the administration said.

Source: brecorder.com- Apr 23, 2019

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US-China trade talks set to resume next week

US Trade Representative Robert Lighthizer and Treasury Secretary Steven Mnuchin will travel to Beijing for trade talks beginning on April 30, the White House said in a statement on Tuesday.

It said Chinese Vice Premier Liu He, who will lead the Beijing talks for China, will also travel to Washington for more discussions starting on May 8.

"The subjects of next week's discussions will cover trade issues including intellectual property, forced technology transfer, non-tariff barriers, agriculture, services, purchases, and enforcement," the White House said.

Beijing and Washington are seeking a deal to end a bitter trade war marked by tit-for-tat tariffs that have cost the world's two largest economies billions of dollars, disrupted supply chains and rattled financial markets.

Earlier on Tuesday, Larry Kudlow, director of the White House National Economic Council, said the United States and China were making progress in the talks and he was "cautiously optimistic" about the prospects for striking a deal.

"We're not there yet, but we've made a heck of a lot of progress," Kudlow, speaking in a luncheon at the National Press Club, said in response to questions from reporters. "We've come further and deeper, broader, larger-scale than anything in the history of US-China trade."

"We've gotten closer and we're still working on the issues, so-called structural issues, technology transfers," Kudlow added. "Ownership enforcement is absolutely crucial. Lowering barriers to buy and sell agriculture and industrial commodities. It's all on the table."

The United States is seeking changes from China that range from reducing industrial subsidies to halting forced technology transfers by US companies seeking to enter the Chinese market.

Source: livemint.com- Apr 24, 2019

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Nigeria needs a logistics revolution to prepare for the free trade agreement

A stronger logistics sector could catalyse economic growth, slash prices of goods and services and enable Nigeria to evolve into West Africa's key trade hub, if not the leading intra-African trading hub

The African Continental Free Trade Agreement (AfCFTA), which represents the largest free trade initiative since the formation of the World Trade Organisation (WTO), will reduce import duties, simplify customs, and allow for the free movement of goods and people, boosting intra-African trade by 15 percent. But, amid ratifying countries, there is a glaring absence: Nigeria, Africa's largest economy, has withheld its signature.

Given the catalytic benefits of free trade, especially for local small and medium enterprises (SMEs), Nigeria only stands to gain from joining the AfCFTA and it should stop delaying and sign the AfCFTA. To fully reap the benefits, though, it must revolutionise its broken logistics sector, which is a huge obstacle to trade.

A stronger logistics sector could catalyse economic growth, slash prices of goods and services and enable Nigeria to evolve into West Africa's key trade hub, if not the leading intra-African trading hub.

Nigeria's logistics sector is highly fragmented, underdeveloped and informal. Its fragmented nature comes from the disjointed relationship between supply, trucks and transporters, and demand, cargo, which results from a chaotic and opaque marketplace.

The informal nature of the sector leads to a lack of standardisation in pricing and services and creates operational inefficiencies in delivering goods to isolated areas. In addition, concerns regarding quality control and service guarantees are widespread.

As the majority of the trucking fleet is old and spare parts can be difficult to obtain, or drivers lack the working capital to buy them, breakdowns are frequent. Moreover, there is no good system to vet truck drivers for reliability.

As Nigeria strives for greater economic growth, and as it moves towards a service-oriented economy, a strong and expanding logistics sector is key, as this will reduce the cost of doing business, increase integration with regional and global value chains and support competitiveness and international trade.

A stronger logistics sector in Nigeria could also significantly reduce the cost of goods, resulting in a series of positive ripple effects on both the Nigerian and the broader regional economies. One industry in which these positive effects would certainly be seen is food and agriculture.

Despite the fact that agriculture is the largest sector in the country, Nigeria has faced significant production and logistics hurdles which have resulted in rising food imports and declining levels of national food self-sufficiency. The mass importation of food items such as rice, wheat, sugar, and fish, costs the economy $22 billion every year. The inefficiency of the Nigerian logistics sector further augments these costs, as imports are subject to the expensive process of moving goods.

In addition, because these added costs are typically borne by the consumer, food prices have surged. However, with investment in Nigeria's logistics sector, the cost of moving goods will significantly decrease, particularly for imported food items, which will subsequently decrease food prices, therefore reducing the burden on consumers.

In addition, the development of the country's logistics sector can also ensure the quality of foodstuffs during transit, which is critical given the volume of Nigeria's food imports. Overall, these shifts will aid in boosting the nation's economy.

An improved logistics sector will also allow Nigeria to develop into a regional trading hub. Currently, trade in West Africa amounts to approximately $300 billion, and Nigeria is the most active nation in the region, accounting for almost 76% of total trade.

However, despite the fact that Nigeria plays an immense role in shaping West Africa's economic outlook, it still has not lived up to its potential to develop into the region's trading powerhouse. By investing in the development of its logistics sector, Nigeria can better assume this role. The country's logistics industry already has a far greater scale than neighbouring nations, and with added investment, Nigeria's logistics industry will be able to dominate in terms of capacity and efficiency. Expansion of the sector will also significantly benefit Nigerian businesses, as it will facilitate an increase in cross-border trade.

Nigeria cannot afford to miss out on Africa's historic economic integration, and it's not too late for it to sign the AfCFTA. Its – hopefully – eventual ratification of the agreement will require nothing short of a revolution in its logistics sector if Nigeria wants to become the region's trading heavyweight.

Source: theafricalogistics.com- Apr 23, 2019

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African cotton associations roots for cotton processing in Mali

With record production of more than 700,000 tons the past two seasons, Mali has retaken the title of Africa's cotton champion. The region invests over 100,000 CFA francs for each harvest which generates 150,000 CFA frans in proft after the harvest. The cotton farmers' confederation plans to raise this output to one million tonne in the next season.

However, Mali, like other African producers, only processes a tiny fraction of its production. Most of the cotton is exported. The association of African cotton growers in the region has urged leaders to boost the processing of raw cotton into textiles in order to capture more of the added value.

It appreciated the role The association appreciated the role of the state in supporting the cotton industry, particularly via the state-owned Malian Textile Development Company (CMDT), which buys cotton from farmers.

The CMDT has substantial progress in recent years in getting value out of by-products of separating the cotton fibre from seeds. Also, cotton farmers in the region benefit from subsidised fertiliser, unlike farmers of other crops. They also have easier access to credit.

Source: fashionatingworld.com - Apr 22, 2019

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Americans want more plus size options

Customers in the US looking for plus sized clothing are often disappointed. For one not too many brands make clothing above size 16. And even if they do they don't present the entire wardrobe. Some may make only T-shirts and not pants.

The reality is that there's money to be made in catering to overweight people especially women. It makes business sense for designers to expand their size offerings since there's a large market of people who would like to dress themselves in interesting clothes and in new fashions and ethical materials.

Plus size clothing sales represented around 17.5 per cent of all women's clothing sales in the US in 2016. Plus size fashion is here to stay and has already conquered the hearts and budgets of many in the apparel industry. Spending on this niche is on the rise and so are the opportunities for retailers wanting to tap into the 46 billion dollar opportunity.

E-commerce contributes to the growth of plus size fashion primarily because of ease of access, size availability and convenience that it provides. While one size does not fit all, and standard sizes for all is one of the major challenges to the segment, personalization is further leading to the success of many brands.

Source: fashionatingworld.com - Apr 21, 2019

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Malaysia: Ongoing review of FTA to increase trade volume

Bilateral trade between Turkey and Malaysia can be increased through expanding the scope of the Free Trade Agreement (FTA), including investment, services and e-commerce, which is currently under the review of the two governments.

Turkey's Ambassador to Malaysia, Dr Merve Safa Kavakci, said the ongoing review and negotiations on the expansion of the FTA - which was finalised in 2015 - would boost trade volumes between the two nations.

The FTA - Turkey's first with an ASEAN country and second in the Asia-Pacific region after South Korea - has doubled Turkey-Malaysia's trade volume to US$3.14 billion in 2017.

"In light of the policy of the new government, we believe that the review of FTA will help increase our trade volume greatly and redress the existing trade imbalance between the two countries.

"In addition, we see great potential for trade cooperation between Turkey and Malaysia in defence industry, pharmaceutical sector, high-tech products as well as food and beverage industry. We hope to intensify our cooperation in these fields as well," she said, adding that Turkey's national participation in the Defence Services Asia Exhibition and Conference (DSA) and the Langkawi International Maritime and Aerospace Exhibition (Lima) defence fairs are a reflection of strong intent.

Kavakci said this to Bernama International News Service in a written reply on several bilateral matters in conjunction with the one-year reign of the new Malaysian government under the Pakatan Harapan (PH) coalition.

The coalition made history when it became the government of the day after winning the 14th General Election (GE14) on May 9, last year.

In the framework of Turkey-Malaysia strategic partnership, she said Turkey would also like to make active use of all bilateral mechanisms with Malaysia, and one important aspect is the establishment of Parliamentary Friendship Groups.

"The Turkish side is already appointed. We are looking forward to the establishment of a counterpart to be formed in the Malaysian parliament," she said

On the cultural front, she pointed out that Turkey would like to further enhance cooperation and people-to-people contacts to increase mutual exchanges in culture, arts and tourism through joint programmes.

"We are pleased to notice that the number of Malaysian tourists to Turkey has increased steadily in the last few years. We would like to revitalise the sister city relationships established between Ankara-Kuala Lumpur and İstanbul-Johor Bahru and work on concrete projects soon," she said.

She further said that Malaysia, as an important member of Asean, as well as a stakeholder of ongoing strategic trade arrangements in the region such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the Regional Comprehensive Economic Partnership (RCEP), has become a regional player and a rising global actor, and the country is also a gateway to Asia Pacific and a key partner in international politics.

"That is another reason why we attribute utmost importance to our strategic relations with Malaysia," she said, adding that Turkey and Malaysia are like-minded countries with similar perspectives on many global issues to act on common concerns at the United Nations, Organisation of Islamic Cooperation (OIC) and the D-8 Organisation for Economic Cooperation.

Kavakci said Ankara pursues a foreign policy that takes initiative and "in the words of our President, reflects the enterprising spirit and humanitarian values of our nation".

She explained that Turkey aims to achieve peace, prosperity and stability in the region and beyond with its "enterprising and humanitarian" foreign policy.

"In this regard, we highly appreciate the Malaysian Government's strong foreign policy emphasis to further promote and protect human rights and fundamental freedoms. Despite some challenges, we observe that humanitarian concerns remain a central part of the government's working agenda. While responding to humanitarian crises worldwide, our foreign policies resonate with each other significantly," she said.

On issues of mutual interest in the international sphere, Kavakci also highlighted the announcement by the PH government that the new government will maintain the foreign policy tenets of Malaysia and gradually shape its priorities.

"We observe that the new Malaysian government believes in cooperation based on mutual respect, for mutual gain. In this regard, we are confident that we will further enhance our cooperation with Malaysia on a win-win basis," she said.

She further pointed out that in this new era, Turkey and Malaysia will continue to enjoy each other's support on international platforms and that the Palestine issue, the Rohingya humanitarian crisis, rising Islamophobia as well as cooperation under OIC and D-8 are some of the main areas of common interest for both countries.

Source: dailyexpress.com.my - Apr 23, 2019

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Pakistan: Why textile exports fell in March despite full order books?

In March 2019, Pakistan's textile and clothing exports witnessed the largest monthly decline since May 2017. They fell 9.47 percent year-on-year basis to $1.088 billion, as uncertainty in the continuity of reduced energy rates for zero-rated industry and macro-economic instability kept the industry under pressure.

However, it may be noted that the textile sector this season has its export order books at full and some major buyers are also returning to Pakistan after a long time. The decision makers and detractors need to realize that there is a time lag of almost 6 months between implementation of incentives (reduced cost of doing business) and realization of enhanced exports from reduced cost of doing business.

However, last month every major textile segment has shown a decline in exports. This March, cotton yarn exports decreased 28.23 percent year-on-year; knitwear exports declined 6.48 percent; bed-wear exports decreased 3.63 percent and readymade garments exports slipped by 3.42 percent. This reflects the export orders of 6 months ago when the power and gas rates were regionally uncompetitive.

Pakistan has had two five-year textile policies in the last decade, first five-year textile policy was developed in 2009 and the second one came in 2014, both policies were on paper but couldn't deliver because of their non-implementation and technical shortfalls.

The Textile Policy 2014-19 which is going to expire by end-June 2019 envisaged a strategy to make textile sector competitive but failed to achieve all its targets.

It missed all its objectives including doubling value addition from $1 billion per million cotton bales to $2 billion per million cotton bales; increasing textile exports from $13.1 billion to $26 billion as well as creation of 3 million jobs in five years, facilitating additional investment of $5 billion in machinery and technology; improving fibre mix in favor of non-cotton i.e. 14% to 30%; improving product mix especially in the garment sector from 28% to 45% while also strengthening existing textile firms and establish new ones.

On the contrary, during the policy implementation period, energy cost almost doubled and resultantly over one hundred mills closed down, rendering thousands of people jobless. While, overall exports dropped from $25 billion to $21 billion during this period.

The major reason behind this decline is that textile sector failed to innovate and modernize production owing to systemic inefficiencies, administrative delays, low profitability due to ever-increasing cost of doing business, squeezed profit margins and liquidity crunch due to cash flows soaked up by FBR and State Bank in delayed refund/drawbacks along with tariff and non-tariff barriers on import of raw materials.

Pakistani currency has drastically lost its weight in the last one year which has also proved to be counterproductive, as the exports did not pick up despite a 34 percent devaluation since January 2018 but the working capital requirement has gone by 34 percent in the last year due to currency devaluation.

This means that in order to meet the same export order, the processing cost has increased equivalent to devaluation. On top of that, the interest rate has almost doubled from 5.75% to 10.75% during the period, further restraining investment in the sector along with increased working capital requirement, expensive raw material and machinery imports necessary for production capacity expansion owing to devaluation.

Looking at the current dismal situation of once leading export sector and future opportunities, an all-encompassing strategy is under development to restructure and revive textile industry.

Textiles units, which are suffering from the general market slump but are otherwise technically viable should be helped through transitional support in the form of loan restructuring, interest rate relief, relaxation of prudential regulations, additional financing through policies like Long Term Financing Facility (LTFF) and TUF etc.

Further, fresh investment in the sector should be incentivized through special interest rates, a special Credit Allocation Policy for banks necessitating each bank to lend at least 20 percent of their portfolio to industrial sector with in which 15 percent should be specified for the Textile sector at subsidized interest rate of 5%.

The survival and growth of textile sector is subject to a new Long-Term Textile Policy that will be based on actionable plans to make textiles sector competitive, robust, goal oriented and sustainable. Bringing down input costs for the textile sector should rightfully be the primary objective of the government's new long-term textile policy enabling domestic firms to compete in international textile market.

The concerned ministries should make concerted attempts for ensuring that the new policy produces an enabling environment for textile industry to raise production of value added items through innovation, modernization, diversification, maintaining the quality of their products at international standards, and development of unit clusters.

The threat of increased competition in the global textile market is serious and becoming progressively more so, in order to compete with the world and also regionally, there is need to reduce our cost of doing business and make it comparable to regional competitors like India, Bangladesh, Vietnam and Thailand and for that a long-term policy is mandatory.

The only road to Pakistan's economic growth and socioeconomic uplift, passes through fast and colossal industrialization based on market research and understanding about the changing world preferences creating enormous employment opportunities, facilitated by conducive business environment and prudent policies.

Source: fp.brecorder.com- Apr 23, 2019

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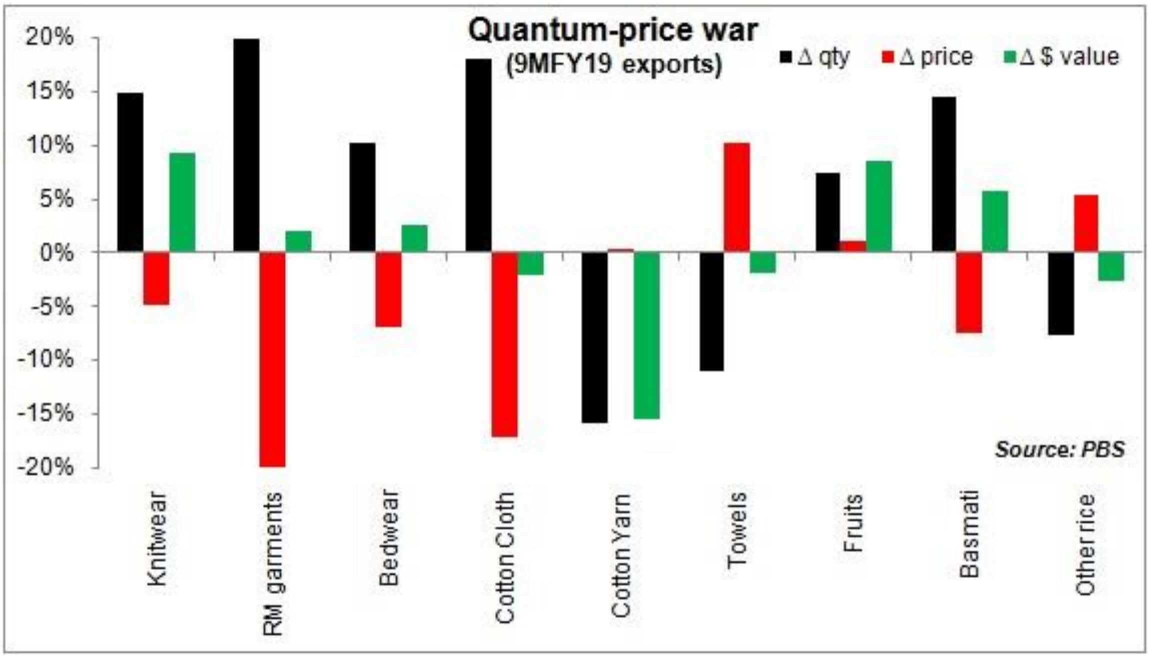
Pakistan: Exports — betting on quantity

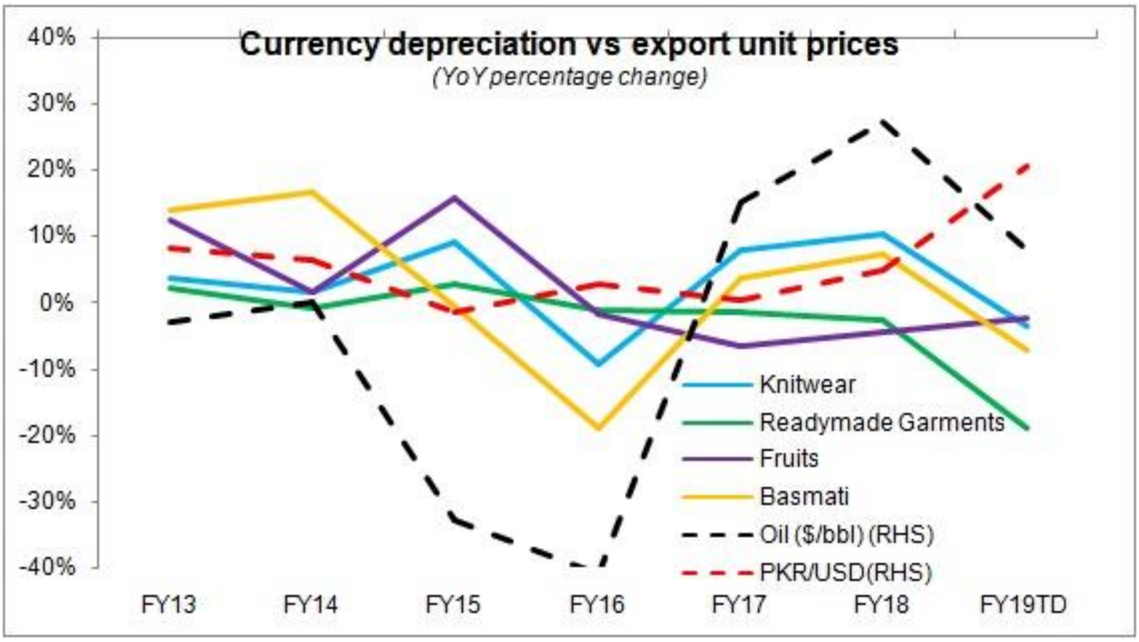
Exports at $17 billion in 9MFY19 – are virtually at the same level where they were in 9MFY18. For a few, it may be worrisome. Critics have already been voicing concerns on why and how the exports have failed to lift despite significant currency devaluation.



The criticism seems misplaced. Not only does it take time to get the ball rolling in cases such as textile exports, where bulk orders are booked 4-5 months in advance.

It also takes time to get the capacity in place. Moreover, the demand situation in the major exporting destinations also needs to be taken into account. The apparel and textile demand from both the US and EU, Pakistan's major exporting markets, has been rather dull, and is not expected to be growing at a brisk face in the near future.

Could Pakistan's exports do better? Yes. Could it be immediate? Probably not. Although, the outgoing Finance Minister, Asad Umar had recently suggested that textile related exports should start showing signs of improvement from April 2019 – it seems highly unlikely that April onwards, Pakistan would be recording double-digit growth.



Granted that the export oriented sector, today is at a much advantageous position than it was last year. The energy pricing and supply have both been ensured at competitive terms.

The refunds have been promise dot be cleared, although, the process has not yet stated. But the ball is surely in the industries' court, as far as making the next move is concerned. And some big players are already in the process of expansion.

But exports would not suddenly improve because the currency has massively depreciated. In a competitive market, buyers are smart enough to adjust the prices accordingly. As evident from the graph, barring towels and other rice category, that comprises 10 percent of total exports, unit prices in all major categories have dwindled in 9MFY19 over the previous year.

In other major categories such as readymade garments, knitwear, bed wear, cotton cloth, fruits and Basmati rice, constituting 52 percent of export value – the unit price in dollar terms has come down – in some cases falling in double digits.

There are heartening signs in a few high margin export categories such as readymade garments – where the quantity has gone up by a massive 28 percent year-on-year, but a 20 percent in unit prices, has arrested the overall growth.

Similarly, knitwear, bed wear, cotton clothes have all grown in double digits in terms of export quantity, showing initial signs of resurgence, and expected to hit all-time highs in terms of quaintly exported. Unit pricing would remain depressed, given the quantum of currency depreciation that has taken place.

Export prices have historically shown positive correlation with crude oil prices. Should crude and dollar both stay stable; the impact of quantum increase in exports will start showing more in dollar value as well.

Source: brecorder.com- April 23, 2019

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Morocco and Pakistan have good potential to promote bilateral trade: Envoy

Ambassador of Morocco to Pakistan, Muhammad Karmon has said that Pakistan is a very important country with huge economic potential and an exceedingly bright future.

Talking to President Pakistan Economy Watch (PEW) Dr Murtaza Mughal here on Tuesday, Muhammad Karmon said that Morocco wants increased trade relations with Pakistan as the two countries have good potential to promote bilateral trade in different areas.

He said that Pakistani businessmen should explore opportunities in Morocco as we import crude petroleum, textile fabric, telecommunications equipment, wheat, gas, electricity, transistors, and plastics.

The Moroccan Ambassador informed that his country export clothing and textiles, electric components, inorganic chemicals, transistors, crude minerals, fertilizers, petroleum products, citrus fruits, vegetables, fish and vehicles.

Morocco attracts over ten million tourists per annum which developed the local hospitality industry that can help Pakistan develop this important sector, he offered.

Muhammad Karmon said the exchange of trade delegations is an effective tool to identify trade potential and exportable products between the two countries for which links should be developed.

Speaking on the occasion, Dr Murtaza Mughal and Chairman PEW Aslam Khan said that Pakistan and Morocco enjoy brotherly relations but trade and economic ties were not up to the satisfactory level.

They said Moroccan businessmen should explore new avenues of mutual cooperation between the two countries and both the governments should do the maximum to facilitate businesses.

The President and Chairman PEW said that Morocco is located at the gateway of Africa and Europe and offers enormous economic opportunities which should be explored.

Both the countries should look into the possibility of signing a free trade agreement, they demanded.

Source: pakistantoday.com.pk- April 23, 2019

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NATIONAL NEWS

Maharashtra gears up for new kharif season with 2.25-crore BT cotton seed packs

As the BT variety continues to account for over 96% of cotton crop in the country, the Maharashtra government has managed to supply at least 2.25 crore packs of BT cotton seeds to farmers this kharif.

Though fears are being expressed about farmers possibly shifting to soyabean and maize as options, the state government has planned for a possible kharif crop of 40-41 lakh hectares. Experts said farmers had been getting good prices and therefore crop estimates for the new season may be retained.

The Cotton Association of India (CAI) had trimmed the crop estimate for the fibre crop to 321 lakh bales (170 kg each), which is about 7 lakh bales lower than its previous month's estimate last month. The crop is likely to be the lowest since the 305 lakh bales recorded in 2009-10 (as per Cotton Advisory Board estimates).

The main reason for reduction in cotton crop during this year is the scarcity of water in some states and the fact that farmers uprooted their cotton plants in about 70-80% area without waiting for the third and fourth pickings.

According to MG Shembekar, member, National Seeds Association of India, cotton prices have been high this season and the Pink Bollworm situation had been also contained to a great extent in Maharashtra and therefore the crop position is expected to be good this kharif as well.

According to officials in the agriculture department, seed companies are in a position to supply around 2.25-crore packs of BT cotton seeds to farmers this kharif.

Normally, cotton is cultivated on 41 lakh hectares every season. Last year, the appearance of the Pink Bollworm led to a scare but awareness increased among farmers who took measures to curb the menace, officials said. Normally around 1.80-crore packs of seed are required by farmers every year but the department has improved the seed supply position and has ensured that 40-50 lakh additional packs are available to farmers.

With cotton prices rising sharply in March and April 2019, the Indian Cotton Federation (ICF) has submitted a memo to textile commissioner Sanjay Sharan, seeking a stop to the panic in the market that has led to the rise in prices.

The industry has urged the government to come out with its own official production estimate to clear the ambiguity caused by differences in estimates from the CAI, which represents traders, and the ICF, which represents consumers. ICF said the cotton supply was comfortable and therefore measures should be taken avoid panic.

Source: financialexpress.com- Apr 24, 2019

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Dyeing units finally decide to hike rates

Come May, dyeing of yarn, cloth to be expensive by Rs 5-6 per kg | Increased rates will put additional burden, say garment manufacturers

With no other option left to combat the increasing rates of raw material, the dyeing association here has decided to increase their rates by Rs5-6 per kilogram from May onwards.

This means, the dyeing of yarn, cloth etc. will be expensive. This has worried the garment industry as well.

The dyeing owners had a detailed discussion on the issue and all pros and cons were weighed by the participants. Ultimately, it was decided to increase the dyeing rates.

President of the Ludhiana Dyeing Association Ashok Makkar said many colours were not readily available. Secondly, due to monopoly, the rates of colours have increased manifold. Earlier, the dyeing industry was able to get colours from overseas, but now, they are totally dependent on the Indian market. “The golden yellow colour which was available for Rs500 per kg, was now available for Rs1,400 per kg. The blue colour, which was available for Rs1,200 was now being sold at Rs2,700 per kg. In this scenario, how can we sustain? We need to increase the dyeing rates to survive,” Makkar said.

Another dyeing unit owner Ankur Khanna said it was not just the rates of colours that had witnessed an increased, but labour, too, was demanding more wages. “We used to give them Rs10,000 a month. Now, their wages have increased to Rs16,000 a month. They are even ready to quit. The rates of pet-coke have increased. This will of course have an impact on the entire garment industry, but we cannot help it,” said Khanna.

Meanwhile, garment manufacturers, who feel that dyeing rates were already on a higher side, said the increase would put an additional burden.

“We are not going to get small amount of thread or cloth dyed, these are in bulk quantities. We will have to shell out quite a bit if rates are increased from May 1. But ultimately the prices are to be paid by the consumer. Obviously, no businessman will spend from his own pocket,” said Mehul Jain, a garment manufacturer in Sunder Nagar area.

Garment industry to shell out more

- Dyeing units to increase rates from May 1, 2019 by Rs 5-6 per kg
- Increase in rates of colours is the main reason for hike
- Labour has started demanding more wages in dyeing units
- Rates of other raw material will also be increased
- Garment industry to shell out more money on dyeing

Industry having a tough time

- Local dyeing industry is having a tough time as the prices of dyes and chemicals have been increased by almost 30 per cent. The input cost is increasing, while customers are not ready to pay the hiked cost accordingly.
- Prices have seen an upward increase after many units in China were shut down due to pollution norms. The pollution caused by the manufacturing process was the main reason that led to the shutdown of units. Ludhiana was importing dyes and chemicals from China, as they were tested and the shutdown of units has caused shortage in the market.
- Local manufacturers of dyes and chemicals seeing the shortage in the market have also increased their prices. Now, the Industry is dependent largely on Indian market alone. Owing to monopoly, dyers here have increased the rates of dyes and chemicals.

Source: tribuneindia.com- Apr 24, 2019

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"RCEP has significant advantage over bilateral FTA process," says Lead Negotiator on NZ-India trade

New Zealand and India can engage better in RCEP (Regional Comprehensive Economic Partnership) – a proposed free trade agreement between the ten member states of the Association of Southeast Asian Nations and the six Asia-Pacific states, including NZ and India – than the bilateral Free Trade Agreement, says Barney Riley, the Lead Negotiator for RCEP.

Mr Riley was speaking at a recent event organised by the India New Zealand Business Council (INZBC) on Wednesday, April 10, hosted at WelTec and Whitireia's NZ Institute of Creativity, in Wellington.

The recently appointed Lead Negotiator of RCEP for New Zealand remained hopeful that the bilateral trade figures between NZ-India can improve significantly in the near future from the current $2.7 billion marks.

Explaining New Zealand's current global trade outlook, Mr Riley said, "The period 1995-2018 has been the golden weather for New Zealand trade policy. With the establishment of the WTO, reduction of global protectionism, facilitated by FTAs and a functioning international rules-based system, all lead to a period of golden weather."

"However, in 2019 this outlook is very different with rules-based systems coming under increasing stress, rising global protectionism, and a geopolitical deterioration," Mr Riley said.

Calling upon India to play a leadership role commensurate to its sheer size and increasing economic and strategic weight Mr Riley said, "India is now a major player in the global order - Not just through sheer scale at 1.3 billion people, but also its growing economic clout and its increasingly outward-looking foreign policy. There is a role for Indian leadership in international trade, and it can't carry out that role if its borders remain closed."

“In that context, RCEP has significant advantages over our bilateral FTA process. It’s not just a commercial opportunity but has clear strategic benefit for both countries,” Mr Riley said.

Source: indianweekender.co.nz- Apr 23, 2019

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Kazakhstan sets up coordinating council to attract Indian investments

The Kazakh government on Monday held a session to discuss the issues of attracting investments under the chairmanship of the Prime Minister of Kazakhstan Askar Mamin.

Central Asia's biggest and resource-rich Kazakhstan has set up Coordinating Council for attracting foreign investments including from India.

The Kazakh government on Monday held a session to discuss the issues of attracting investments under the chairmanship of the Prime Minister of Kazakhstan Askar Mamin. New approaches to improve investment in Kazakhstan were discussed in the course of the meeting.

In order to coordinate and efficiently interact with investors, as well as provide solutions to current problems, it was decided to lay the functions of Investment Ombudsman under the Prime Minister of Kazakhstan. Also, a Coordinating Council for attracting foreign investment will be created and chaired by the head of government.

“The first President of the Republic of Kazakhstan, Leader of the Nation, Nursultan Nazarbayev, has tasked us with ensuring sustainable economic growth rates, which will require us to increase the volume of investment in fixed assets in the medium term to 30% of GDP. The main driver should be foreign direct investment,” noted Mamin.

The meeting identified the Astana International Financial Centre as a Unified Center for the coordination of work on investment and promotion of the investment image of Kazakhstan (Regional Investment Hub), with the provision of services for investors on the principles of a single window and the formation of a single pool investment projects.

It was also decided that the government owned stake in the national company Kazakh Invest joint stock company would be passed into confidential management of the AIFC.

“The AIFC platform currently consists of the necessary infrastructure, including the AIFC Court, International Arbitration Centre, the AIFC Exchange, the Expat Centre. The main goals of the AIFC are providing support in attracting investments into the economy of the country and creating an attractive environment for investment in the sphere of financial services.

The AIFC has already shown itself as a useful platform in the global business community and we will continue to work in this direction,” noted AIFC Governor Kairat Kelimbetov.

Source: economictimes.indiatimes.com- Apr 23, 2019

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Future of Creative India lies in its past

Reviving Indian cultural goods and making them commercially viable will boost jobs and entrepreneurship

India has thrived on its creative economy since time immemorial, only to lose it all, in a space of the last 150 years. If we take an example of just the textile industry, we had a share of about 30 per cent in the global trade until late 19th century. This is now down to less than 5 per cent.

The place of pride we once held is now just visible in museums, whether it is the 3,500 years old terracotta handspine at Lothal in Gujarat or the legendary transparency of the Indian muslin housed at London’s V&A museum.

The question facing us as Indians today is will we continue to play the cost game with generic products? Will we remain a factory to the world? Or can we hope to make a significant difference in the lives of our citizens, especially the most creative at the bottom of the pyramid. If that hope is real, we would need to restore and leverage our unique creative advantages and build value added business propositions.

In order to do that, we need to look into and learn from our past, trace back the journey and take the faster, more sustainable route to the future. Let us take examples of two plants that Indian textile trade rested on, Cotton and Indigo.

The cotton example

At the time of independence, 98 per cent of the cotton grown in India was the desi variety. Today, it is less than 2 per cent. As the industrial spinning mills in India emerged to help meet the needs of a large population, they needed more production-friendly cotton with longer staple lengths that desi varieties could not provide.

However, this transition happened without paying attention to our unique local semi-industrial ecosystem and we lost our ability to produce yarns and fabrics that nobody else in the world could or can. Up until the late 19th century, we were producing very fine hand spun and hand woven fabrics from the same short staple desi cotton varieties. But instead of simultaneously developing technology to support desi cotton, our industry and research institutes (even post-independence) chose to abandon that direction to focus entirely on hybrid and BT cotton.
The indigo story

The second example is of the Indigo dye. Such was our claim to its provenance, that even the term 'Indigo' itself is derived from its Indian roots that meant "Indian" or "Indian Ink". No surprise then that we had near monopoly in the world. We, however, lost our place to the German chemical version, which was much cheaper and the natural medicinal properties of Indigo that permitted miners to live in their jeans for days, was lost to the world.

While these are references from the past, clues on how we could turn these two crops back into a strong and scalable competitive advantage, also reside in our economic history. History has a habit of repeating itself. But only the bad things repeat themselves on their own. Good things, if relevant to current times, need to be cajoled back.

It is in our interest to think of ways how we can revive and accelerate the creative economy, more for commercial reasons than patriotic ones. A strong creative economy will not only provide a strong sense of identity to the future generations, but also generate employment at the grassroots level. But such a revival requires young entrepreneurs to come forward and reclaim the lost traditions and re-establish some of these missing links. There are multiple ways this can be achieved.

For example, we need to invest in finding innovative ways to mechanise post-harvest processes to enable spinning of the very short staple desi cotton. Once the link between the farmer growing desi cotton and the handloom weaver is re-established, the economic value chain will be active again. The small and marginal farmers have natural proclivity towards desi cotton due to their hardiness and low cost.

An assured market would be the only incentive they would need. Such incentives will lead to production of desi cotton on large scale, resulting in yarns that are uniquely Indian and can only be woven on the gentleness of a handloom. This would also render redundant, the questions around the relevance of handlooms in current times.

Likewise, natural indigo is like wine. Production of indigo relies on the characteristics of the soil, micro-climate in the region, skills of the farmer to extract dye, the local water quality and the dyeing techniques. No two lots dye the same, no two regions or tracts of land produce same quality, depth or shades of the colour. Just how wines from different regions have different “tastes”. So while dyers using synthetic indigo will produce a standard product, natural indigo users could produce fine wine like Chateau Margaux!

A combination of fabric made from desi cotton and dyed with natural indigo can recreate the magic of Indianness that is lost in time. Imagine a beautifully textured canvas in the hands of skillful and creative indigo artists. Where else in the world could this happen?

It is time that the current generation of creative entrepreneurs, many with the finest of design education in the world, exposure to global markets and a strong desire to work with Indian artisanal heritage find their own expressions with these two magic crops, to drive not just ‘Make in India’ but also ‘Create in India’.

Some brands like ‘Pero’, ‘11.11’ and ‘Maku’ have made exciting beginnings. Likes of Probiotics in Auroville, who have even created a unique anti-septic, anti-oxidant bath bar from the indigo plant provide an inspiration for many others to follow in their steps. We also have numerous organisations spearheading efforts in support. Malkha, Selco Foundation, Asal and Khamir are coming forward to finding real solutions to building the broken desi cotton value chain.

A beginning has been made, but there are miles to go. This requires a collective effort not only from the ecosystem partners and government, but also from customers. A first step could be recognising the beauty and relevance of Indian cultural goods in contemporary times. Ask not just what the world has to bring to us but what we have to bring to the world.

Source: thehindubusinessline.com- Apr 23, 2019

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With GST impact withering away, Surat textile traders are cautiously optimistic

From nil taxes, Surat's textile industry is subject to 5-12 percent GST

It is 12 noon at the Surat textile market. All roads leading to the area are packed. There is not an inch of space left in the area to walk. Just two years ago, in July 2017, when the Goods and Services Tax (GST) was launched in the country, this community was the most hit. In 2019, the business is still not back to normal, but traders are cautiously optimistic.

"Business was down by almost 50 percent till last year. Earlier we used to earn about Rs 50-60 crore on a daily business. Now it has dropped to less than Rs 40 crore. But, we are hoping it is for the better," said Ramniklal Ahuja, a textile store owner in the Surat textile mill area. However, he said that since the end of 2018, business is 'almost' back to normal.

An industry, that earlier did not pay any taxes, 5 percent (12 percent for certain categories) GST came in as a rude shock for textile traders. Costs automatically went up as apart from paying taxes, the traders also had to hire trained accountants to manage the revenue accounts.

"We handled large cash-transactions earlier. This had to be computerised within three weeks and it was a nightmare for the first few months. But, we recovered slowly," said Ravikant Patel, a trader engaged in the textile business for 45 years.

Be it the Surat textile market, Abhinandan textile market or Millenium textile market, all the shop-floor area is packed. There is not an inch of space left in the narrow alleys even as new stores are being added every few months.

"Competition is aggressive as a few traders have decided to also sell their products online. This is against the spirit of the business," said a miffed Akram who has seen a 25 percent drop in business after e-transactions were mandated.

He also added that cheques take days to clear and they work on pre-order on bulk basis. Hence, without sufficient cash, it is also difficult to pay the workers who are readily poached by the other mills in the region.

Surat is referred to as the country's textile capital with a revenue size of Rs 50,000 crore. Both raw fabric and finished goods are manufactured in the region.

But, when it comes to the Lok Sabha Elections 2019, all the traders show a guarded approach.

The association has barred them from stating their political affiliations for the fear of retaliation. On the other hand, traders are also wary of new entrants and their lack of knowledge of local issues.

"While we have faced pain, we hope that it will fade away in the next few months. A party change may not always mean good news for us, since we will be required to start from scratch if there is a tweak in the industrial policies," said an association member.

The industry in Surat is involved in the activities of yarn, weaving, and processing of fabrics. At least 40 percent of the goods are exported to international markets.

Source: moneycontrol.com - Apr 23, 2019

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