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IBTEX No. 200 of 2018 September 27, 2018

USD 72.64| EUR 85.14 | GBP 95.42 | JPY 0.64

Cotton Market		
Spot Price (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
22087	46200	**81.15**
Domestic Futures Price (Ex. Gin), October		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
22220	46479	**81.64**
International Futures Price		
NY ICE USD Cents/lb (Dec 2018)		78.55
ZCE Cotton: Yuan/MT (Jan 2019)		16,020
ZCE Cotton: USD Cents/lb		**89.79**
Cotlook A Index – Physical		**88.05**

Cotton Guide: Market is very quiet this week after last week's massive action in the price. Since it made low price of 77.90 cents for active December future it is currently hovering within 100 points.

December posted another negative close at 78.55 down by 44 points. Absolutely no difference in market, dynamics have kind of turned static, trading volumes are thin and no significant change in the contract wise open interest. In fact there are no development as such so far this week.

While we collate that with technical backdrop we see it yet making another flag pattern or consolidation band. Either side break out would determine a fresh trend.

Since cotton is currently into bearish trend it is likely that may break onto lower side. For the remaining days of this week we expect it to have 80.40 as key resistance level while 77 as support.

On other side of the world ZCE cotton witnessed the thinnest movement and volume in this week. Price ended lower by more than 1.5%

Meanwhile, Chinese State Reserve cotton on Wednesday's auction had a turnover rate of 39.78 percent, spinners only. Offered were 33,079.823 tons (151,936 bales); and sold were 13,159 tons (60,440 bales). The cumulative turnover rate is 58.66 percent (offered versus sold).

This auction series started at 24.1 million bales and 12.88 million bales remain. We aren't observing anything surprise in this data on a daily basis. Soon the auction series will also be over. May be Chinese import have some effect on cotton market dynamics in the later part of the year.

There are no developments expect that regular weekly export sales report will be released by USDA in the early hour of trading session. Any surprise in the data may have impact on price. Further later in the late US session weekly CFTC on-call report will be released.

Coming to domestic market the spot price of Shankar-6 variety of new 2018-19 crop traded around 45700 to Rs

45800 per candy ex--gin. The daily arrivals are around 12 to 15000 bales with almost so far nil from Gujarat while figures are from North India and Maharashtra.

Lastly on the futures front the October future ended around Rs. 22200 to 22250 per bale and we expect market to remain sideways. As indicated it may soon take support near Rs. 22K per bale.

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

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INTERNATIONAL NEWS

China to cut tariffs on imports including machinery, textiles

China will cut import tariffs on goods including machinery, paper, textiles and construction materials from 1 November. The decision will lower tariffs for 1,585 products

China will cut import tariffs on goods including machinery, paper, textiles and construction materials from 1 November, in a move that would lower costs for consumers and companies as a trade war with the US deepens.

The decision will lower tariffs for 1,585 products, state radio reported, citing a meeting of the State Council. The combination of these and other tariff cuts this year will lower the tax burden on consumers and companies by about ¥60 billion ($8.7 billion), the radio reported.

The Chinese government has yet to detail how the general tariff cut will apply to US goods affected by retaliatory tariffs in the trade war.

In theory the same goods can receive a lower basic tariff and still have extra duties piled on by the response to President Donald Trump's measures.

Whether goods affected by the trade war receive this treatment will depend on precisely which items the government selects to cut duties on. The Chinese government hasn't released that list of the specific goods yet.

The average import tax for some machinery will be reduced to 8.8% from 12.2%, for textiles and construction materials to 8.4% from 11.5%, and for paper and some other products to 5.4% from 6.6%, the radio station reported.

The decision was aimed at meeting the demand of companies to upgrade production and lower costs, and to help fulfill the public's diversified consumption appetite, according to a statement.

It follows on from similar moves earlier this year which were aimed at reducing prices of imports to stimulate consumption and is in line with China's pledge to boost imports.

Wednesday's decision will lower the average most-favoured nation tariff rate to 7.5% from 9.8%. China still has a higher average tariff rate than many developed economies. The US' average applied MFN rate was 3.4% in 2017, and in general the Trump administration has accused China of being a protectionist economy.

Any reduction of tariffs usually must be offered to all countries equally under World Trade Organization rules, but US goods would still be subject to China's retaliatory tariffs.

Source: livemint.com - Sep 26, 2018

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Egypt RMG Council to increase exports by 15 per cent

The Readymade Garments Export Council of Egypt is planning to increase its exports by 15 per cent to around $1.7 billion during the remaining months of this year. The council will increase its share of exports in international markets by participating in pertinent exhibitions and dispatching promotional delegations to the United States and Europe.

In 2018, Egypt participated in three international exhibitions, including the Sourcing at Magic held in Las Vegas,; Magic Show, also in Las Vegas from August, and Origin Africa, in Nairobi, Kenya. Egypt's exports of ready-made garments increased by 10 per cent during the first seven months of 2018 to hit $907 million, compared with $824 million in the same period of last year. Turkey was the country's top importer of RMG with a value of $84 million, followed by Spain with $79 million. Britain came in third with $59 million, followed by Italy and France at fourth and fifth with $46 million and $29 million, respectively.

In terms of regions, the United States was a leading market for the ready-made garment exports from Egypt with $480 million, up 14 per cent from last year, while European markets came second with exports registering $306 million, a 15 per cent increase from the first seven months of 2017.

Source: fashionatingworld.com - Sep 26, 2018

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U.S., Japan to Launch Talks on Bilateral Trade Agreement

The U.S. and Japan announced Sept. 26 plans to launch negotiations for a bilateral trade agreement on goods, as well as other key areas including services, that can produce "early achievements."

The two countries also intend to hold talks on other trade and investment items following the completion of the trade agreement discussions.

According to a joint statement by President Trump and Prime Minister Shinzo Abe, the U.S. is seeking market access outcomes in the motor vehicle sector that will increase production and jobs in the U.S. in the motor vehicle industries.

For its part, Japan said the market access outcomes for agricultural, forestry, and fishery products reflected in its previous economic partnership agreements "constitute the maximum level."

The two leaders also pledged to strengthen cooperation to protect their companies and workers from non-market oriented policies and practices by third countries, including by promoting discussions on World Trade Organization reform and e-commerce and addressing unfair trading practices such as intellectual property theft, forced technology transfer, trade-distorting industrial subsidies, distortions created by state-owned enterprises, and overcapacity.

The statement indicated that Washington and Tokyo will "refrain from taking measures against the spirit of this joint statement during the process of these consultations," which suggests that Japan could be excluded from any import tariff increases the Trump administration might impose following its ongoing Section 232 national security investigation of automobiles and auto parts.

The two sides added that they will "make efforts for the early solution of other tariff-related issues," which could include the higher duties the U.S. has levied against steel and aluminum imports.

Source: strtrade.com - Sep 27, 2018

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Blockchain to Streamline Operations at the World's Busiest Port

The Asia-Pacific Model Electronic Port Network (APMEN) plans to deploy new digital supply chain technology backed by artificial intelligence (AI) and blockchain.

With 16 ports and e-ports on board as members, including Malaysia's Port of Klang and Port of Manzanillo and Port of Lazaro Cardenas in Mexico, APMEN was formed in 2014 to serve as the online port clearance system for Asia-Pacific Economic Cooperation countries and improve the digital links between their busy cargo hubs. APMEN's goal is to act as the single point for information exchange among members and to help the region's myriad supply chains sync up.

Digital asset provider Ideanomics, which recently rebranded from a previous incarnation as Seven Stars Cloud Group, partnered with the APMEN Trade Tech Co Ltd. to create a joint venture serving up AI- and blockchain-based supply chain tech to APMEN.

"The full implementation of connecting e-ports across the region using the Ideanomics supply chain finance blockchain will save more than just trading costs and time," Dr. Liu Yadong, APMEN chairman, said. "By leveraging the expertise of Ideanomics for their best-in-class intelligent supply chain services and super artificial intelligence technology, we are advancing trade facilitation and our supply chain connectivity."

Ideanomics said the Port of Shanghai and Guangdong, which includes seven different ports, will be the first to deploy the new blockchain-based tech. Last year Shanghai set a world record by processing 40 million TEU or twenty-foot container equivalent units, establishing its status as the busiest port on the planet.

The joint venture aims to streamline operations at target ports and e-ports by removing the middle man that drives up finance interest rates to as much as 20 percent. Instead, the venture will use AI and blockchain to bring lender banks and customers together directly. It'll also lean on blockchain's visibility to better connect one port to the next and one customs operation to another, including "buyers and sellers with their warehouses directly connected by blockchain," according to APMEN.

"We are excited to deliver a never-seen-before intelligent supply chain management platform driven by blockchain and super artificial intelligence technology," Bruno Wu, chairman and co-CEO of Ideanomics, said. "We will integrate business data from various partners, establishing a risk control model in cooperation with a single window to provide risk control services for regulatory authorities and enterprises."

Blockchain is a decentralized database technology connecting nodes of data. Because of its decentralized nature, blockchain typically is "controlled" by multiple stakeholders instead of one central owner or authority, which means that tampering with the database is near impossible.

Blockchain is seen by many as a technology that can bring new efficiency and transparency to industries ranging from finance, cross-border trade and logistics to health care, supply chain, and retail and e-commerce.

Source: sourcingjournal.com - Sep 26, 2018

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North Carolina Textile Firms, Cotton Fields in Recovery Mode

As areas of North Carolina continued to deal with flooding and damage in the wake of Hurricane Florence, reports have started to come in on some textile facilities impacted by the storm.

"Hurricane Florence was a storm of unprecedented proportions for rainwater, storm surges, and cresting waterways," National Spinning posted on its web site. "Unfortunately, National Spinning's Whiteville, N.C., plant was severely affected by this storm, along with many other communities in North and South Carolina.

Whiteville received 26 inches of rainfall and sustained high tropical storm winds during this hurricane. Severe flooding and widespread power outages occurred in the area, with residual after-effects. National Spinning said many of its associates and its yarn spinning plant were without power for four to six days. Eleven employees had to be relocated by FEMA and another 15 to 20 sustained extensive property damage, the company said.

The firm said as of Sunday, 15 percent of the Whiteville workforce still could not return to work as a result of roadways or personal situations. The company's corporate offices in Washington, N.C., were closed for two days during the storm, but didn't receive any notable damage. The company has set up a Go Fund Me campaign to help these employees.

On Tuesday, a spokesperson for circular knitter Contempora Fabrics in Lumberton, N.C., said, "We were closed for a week without power and phones. Our location was OK, we only had flooding in our parking lots. Other than being behind schedule on orders, we are OK."

Assessments of damage to cotton fields in the region, which represents about 6 percent of U.S. acreage, were still coming in. The U.S. Department of Agriculture (USDA) said in its report on Sept. 21 that the areas most affected include the Pee Dee region of South Carolina northward to the central Coastal Plains region of North Carolina.

"Some areas experienced accumulated rainfall totals measuring up to 36 inches during the week before the storm blew north," USDAS said. "Hurricane-force winds battered plants laden with bolls and cotton had strung out in some fields that received heavy rainfall. Damage assessments were underway. Estimates on crop losses were not immediately available, but catastrophic losses were anticipated in areas directly in the path of the storm. The sun was shining by early week, but fields remained saturated with low-lying areas flooded."

Most reports from the region said on top of flooding to specific areas, widespread power outages and roadway damage were the biggest obstacles. Gov. Roy Cooper said Sunday that while more roads have reopened allowing some people to return to their communities, travel remains treacherous in portions of southeastern North Carolina.

"Florence continues to bring misery to North Carolina. Overnight and into Sunday morning, crews were still rescuing people who had driven into floodwaters or needed assistance," Cooper said.

Source: sourcingjournal.com- Sep 26, 2018

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Intex South Asia 2018, transforming into a comprehensive trade show

The 4th edition of Intex South Asia has transformed into a comprehensive trade show and business intelligence conference, attracting hundreds of apparel and textile entrepreneurs and manufacturers from around the world, including South Asia, South East Asia, China, Hong Kong, Taiwan, Korea, the U.S., the U.K. and the European Union.

As the largest textile sourcing show in South Asia, coupled with the market intelligence provided at the 'Business Forums' and the 'Fashion Fiesta', Intex South Asia assists international exhibitors and trade visitors to connect and network with global textile and apparel industry business persons.

The success of Intex South Asia 2017 propels South Asia's largest textile sourcing show to secure more exhibit space at the grand BMICH to accommodate the global apparel brands, retailers, sourcing & buying offices, apparel manufacturers, fashion designers & labels and industry experts in attendance.

Intex South Asia debuted in 2015 and has grown tremendously over the last 3 editions. It has shown a 46% rise in number of exhibitors and a 67% growth in international buyers with 200 exhibitors from 15 countries and 3000+ buyers from 21 countries participating in 2017.

The show is organised with the official endorsement and support of The Ministry of Industry & Commerce of Sri Lanka, Sri Lanka Export Development Board (EDB), Federation of Chambers of Commerce & Industry of Sri Lanka (FCCISL), The National Chamber of Commerce of Sri Lanka (NCCSL), Joint Apparel Association Forum (JAAF), Federation of Indian Export Organisations (FIEO), Taiwan Textile Federation (TTF), Export Promotion Bureau of Bangladesh (EPB), Malaysia Knitting Manufacturers Association (MKMA), The Textile Merchants Group (TEXMAS) and many other leading industry trade bodies across Asia.

Three years of successful editions of Intex South Asia exhibition have created a positive buzz in the industry as a whole – from sourcing and design teams to manufacturers and importers.

With a growing industry renewing global interest for quality and ethical products, increased international buyer traffic and order writing has set the stage for a successful 4th edition of Intex South Asia on a larger scale than before.

This year, buyers will see country pavilions including the India Pavilion organised by FIEO (Federation of Indian Export Organisations); the Taiwan Pavilion organised by Taiwan Textile Federation (TTF) that would showcase innovative, functional and eco-friendly textiles for sports and athleisure sectors as well as the Bangladesh Pavilion organised by Export Promotion Bureau (EPB) of Bangladesh.

More than 250 textile companies from 15 countries & regions including India, Pakistan, Sri Lanka, Bangladesh, China, Korea, Taiwan, Hong Kong, Thailand, Indonesia, Singapore, Switzerland, Turkey and Australia will be present at Intex South Asia 2018.

They will showcase their latest textile developments and connect with existing & potential buyers from South Asia and other international markets at the event.

Ms. Arti Bhagat, Director of Worldex India, organiser of Intex South Asia said, “We are committed to making Sri Lanka the nodal point for commerce between South Asia and South East Asia as well as connecting to the EU, MENA and the US through the Intex South Asia platform.”

Source: fibre2fashion.com- Sep 26, 2018

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Bangladesh wants easier access to US market for garments made with US cotton

Bangladesh wants its apparel products made from American cotton to get duty free access to the US market. The rationale is that both readymade garment manufacturers and cotton growers will benefit and consumers would also benefit as they will be able to buy the products at reasonable prices.

Bangladesh imports a huge amount of cotton from the United States and uses it to make garment products, of which significant portions are shipped back to the US as finished goods. The country also wants reinstatement of the Generalized System of Preferences (GSP) trade facilities for Bangladesh goods, which were suspended in June 2013.

But since 2013, with the help of Accord and Alliance, Bangladesh has dramatically transformed its garment and apparel factories, making them among the safest in the world.

The country also has already met all three UN criteria necessary for graduating from LDC status in 2024. Bangladesh imported 4,59,000 bales of cotton from the US in the last fiscal year, which amounted to 6.85 per cent of the country's total cotton imports of 6,700,000 bales.

The country's exporters are among the highest tariff payers among the 232 exporting nations to the US. For Bangladesh, tariffs are 15.2 per cent of the value of all its shipments.

Source: fashionatingworld.com - Sep 26, 2018

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Turkey to host 465 national, international trade fairs in 2019

Continuing a trend which has been growing steadily in recent years, Turkey will again host a number of national and international trade fairs for different sectors in 2019. The sectors include defense, textile, agriculture, technology, tourism and health.

Turkey will host some 465 fairs, of which 128 will be international, according to the 2019 Fair Calendar released by the Union of Chambers and Commodity Exchanges of Turkey (TOBB).

The most intensive fair program will be during the spring and autumn months. The month of February will see 62 fairs. Sixty-seven fairs will be held in March and 76 will be held in April. Another 38 fairs will take place in September next year, while 76 and 54 fairs will be held in October and November, respectively.

Turkey's most populous city, Istanbul, will lead the way with 211 fairs, followed by Izmir with 43, Ankara with 28, Bursa with 23, Antalya with 20, Adana with 15 and Konya with 12 fairs.

In terms of specific sectors, 59 of these events are related to agriculture and livestock breeding, followed by 31 construction materials and air-conditioning fairs. There will also be 26 furniture and 19 book fairs.

The 14th International Defense Industry Fair (IDEF'19), which exhibits the latest locally-developed defense products, will be at the center of attention.

Hosted by the National Defense Ministry and under the management and responsibility of the Turkish Armed Forces Foundation, IDEF'19, will be held at the TÜYAP Fair and Congress Center in Istanbul's Büyükçekmece district between April 30 and May 3, 2019.

The world's leading defense companies will also showcase their latest product at the fair, which has been held every two years since 1993 in Turkey. Both governmental and business sector representatives from around the world have attended IDEF so far.

During the high technology defense industry fair, the local and international defense giants will present the latest vehicles, equipment and systems used in the defense, security, maritime, aviation and space industries.

Among others, the 16th International Construction Machinery, Technology and Equipment Trade Exhibition (KOMATEK 2019), SHOEXPO – İzmir 45th Footwear and Bags Fair, 14th IFEXPO Apparel and Fabric Show, EDT EXPO Out-of-Home Consumption Fair 2019 and the 4th Biotecnica – Biotechnology, Life Sciences Industry Exhibition are going to be followed closely.

Moreover, agricultural fairs in Konya and İnegöl will be important in terms of exhibiting innovations related to the sector.

Source: dailysabah.com - Sep 26, 2018

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Pakistan: Razak concerned over falling cotton output

Adviser to Prime Minister on Commerce and Textile Industry, Production and Investment Abdul Razak Dawood on Wednesday expressed concern over low cotton production and crop contamination.

Talking to textile industry leaders and exporters at PHMA House, the adviser said production cannot be increased without introducing new cotton seeds. Similarly for contamination-free cotton, ginning units have to go for better technology, he added.

He said the issue of wide trade gap between Pakistan and China was taken up during the recent visit of Chinese foreign minister. After detailed discussions, both sides agreed to work on narrowing down the trade gap, he added. Pakistan's imports from China are presently at $15.38 billion and exports at $1.5bn only.

The adviser informed the textile leaders that the number of preferential tariff lines with China has now been increased from 57 to 313. Also discussions were under way for revising the Free Trade Agreement (FTA) with China and Pakistan is seeking concessions equal to Asean countries.

On the occasion, he said a large buying mission from China is arriving on Oct 8. The adviser assured that no negotiations will take place without consultation with trade and industry.

Razak said a delegation headed by him will leave for China on Nov 4 with a aim of luring Chinese investors.

He said Pakistan's tariff policy needed to be rationalised. Responding to a question, he said the Chinese foreign minister assured to provide special corridor and space to Pakistan in bilateral trade which in the past was not fully explored.

Source: dawn.com - Sep 27, 2018

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Pakistan: Govt likely to introduce different electricity, water tariffs for export industry

Prime Minister's Adviser on Commerce & Textile, Abdul Razak Dawood on Wednesday said the government has introduced separate gas tariff for export industry while same for electricity and water tariffs for export industry is also under-consideration.

During his visit to Pakistan Hosiery Manufacturers & Exporters Association, Dawood while addressing to leading value added textile exporters have stated that the role of value added textile is vital in the national exports and the Government wants to accord top priority to this sector taking necessary steps and measures to enhance its export efficiency.

Efforts are underway to reduce the cost of manufacturing and making the value added textile export industry more viable. He sought proposals from PHMA and other Value Added Textile Associations for discussion in the cabinet for export enhancement.

Dawood stated that the Ministry is also working to rationalize and duties structures and wants to minimize taxes and duties on import of raw materials and instead apply duties on import of finished / luxury goods in order to facilitate the domestic industry become more viable with reduced cost of manufacturing.

Ministry will also hold the meeting to simplify the DTRE Scheme and make Soft DTRE with improvement in rules and system. Ministry is working on a strategy to discourage export of raw material and encourage export of value added items and decision shall be taken sooner.

He added that on request of Value Added Textile Export Associations, he will recommend the Governor, State Bank of Pakistan to allow facility for exporters' Authorized Dealer to make import advance payments against irrevocable Letters of Credit (L/C) upto 100% of the value of the goods and upto US$10,000/- per invoice for the import of all eligible items without the requirement of L/C or Bank Guarantee from the supplier abroad.

Razak Dawood informed that the Government is strengthening further its strategic partnership with China on bilateral trade and CPEC. In recent meetings with Chinese Foreign Minister and Ambassador, Pakistan has convinced China to renegotiate Free Trade Agreement to bridge the trade gap enhancing preferential tariff lines for Pakistan from 57 to 313 tariff lines. A big delegation of Chinese Buyers is visiting Pakistan on 8 Oct to hold broad based meetings with Pakistani Exporters and huge orders are expected.

He highlighted that he has asked the Chinese Buyers to give orders rather than signing any MoUs. In the continuous process to strengthen Pak-China Trade Ties, Prime Minister has planned to visit China to meet his Chinese counterpart in November for meeting on bilateral relations on trade, investments and joint ventures. Dawood added that he has also urged that beside preferential treatment under CPFTA, China should also allow Pakistan preferential treatments and concessions given to ASEAN Countries.

Adviser to PM informed that to earn more foreign exchange and enhancement of exports, it is imperative that Pakistani Value Added Textile Industry should do more value addition with domestic cotton and yarn. To bring reforms in Agriculture produces, he will meet the Cotton Growers and Ginners soon for due diligence on enhancement of per hectare of yield of cotton crop, cotton contamination and development seed bank.

Source: dailytimes.com.pk- Sep 27, 2018

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Vietnam: International textile-garment, footwear fairs slated for November

A series of international trade fairs for the garments and textiles, as well as footwear sectors are scheduled to take place at the Saigon Exhibition and Convention Centre in Ho Chi Minh City on November 21-24.

The events will be jointly held by the Vietnam National Trade Fair & Advertising Company (VINEXAD), the Yorkers Exhibition Service Vietnam, and the Guangdong Sewing Equipment Chamber of Commerce, among others, with the support of the Vietnam Cotton and Spinning Association (VCOSA), the HCM City Association of Garment and Textiles (AGTEK), and the China Sewing Machinery Association (CSMA).

VINEXAD Director Pham Dang Khanh said the trade shows include the 18th edition of the Vietnam International Textile & Garment Industry Exhibition (VTG 2018) and the Vietnam International Textile and Apparel Accessories Exhibition (VitaTex).

The Vietnam International Footwear Machinery & Material Industry Exhibition (VFM), and the eighth Asia International Dye, Pigments, and Textile Chemicals Exhibition (INTERDYE ASIA 2018) will also be held concurrently.

The events are expected to feature over 600 booths of more than 400 businesses from 11 countries and territories, including China, Germany, India, Japan, the Republic of Korea, and Malaysia.

The trade shows offer a chance for Vietnamese firms to connect with international garment firms, which will in turn consolidate Vietnam's increasing position and role in the global market.

Nguyen Van Khanh from the HCM City Leather and Footwear Association said that Vietnam's garment-textile industry had one of the highest revenue and export value from around the world, ranking in the top five while raking in 16 billion USD in the first half of 2018, up 14 percent year-on-year.

The free trade agreement between Vietnam and the European Union (EU) is hoped to create a positive influence for the country's garment-textile.

In addition, the country has signed a number of agreements, notably the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), which offer favourable conditions for the footwear sector.

Vietnam is home to some 700 footwear makers with about 1.5 million labourers. The country's footwear exports have enjoyed robust growth, reaching 13 billion USD in six years from 6.5 billion USD in 2011. The figure is projected to hit 20 billion USD this year.

Vietnam's garment-textile sector holds great potential thanks to positive signs in 2018 and benefits accessed through the recent trade agreements, said Nguyen Binh An, VCOSA Secretary General.

The ASEAN Economic Community will also bring cooperation opportunities for Vietnam to seek suitable suppliers and establish a supply chain to raise the country's competitiveness in major markets of the US, the EU, and Japan, he added.

Source: en.vietnamplus.vn- Sep 26, 2018

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NATIONAL NEWS

India, Morocco sign pact to deepen collaboration in MSME sector

The MoU was signed in Rabat, Morocco on Tuesday by National Small Industries Corporation (NSIC) CMD Ravindra Nath and Director General, Maroc PME, Rabri Barrazouka, an official statement said.

India and Morocco have signed an agreement for deepening cooperation in the MSME sector, a move which will facilitate the transfer of Indian technologies and products to the North African nation.

The MoU was signed in Rabat, Morocco by National Small Industries Corporation (NSIC) CMD Ravindra Nath and Director General, Maroc PME, Rabri Barrazouka, an official statement said.

Through this MoU, NSIC and Maroc PME will work together to enhance cooperation opportunities between the micro, small and medium enterprises (MSMEs) of the two countries.

Besides, Alka Arora, Joint Secretary in the Ministry of MSME, who is leading the official delegation along with CMD NSIC to Morocco, held bilateral meetings with Othman El Ferdaous, Secretary of State in the Ministry of Industry, Investment and Trade and Digital Economy and with other related departments.

"Both sides discussed the ways and means to synergize the strengths of both countries in MSME Sector in terms of capacity building, sharing of experiences, exchange of business delegations for creating linkages, JVs and technology transfers," the statement added.

Morocco mainly relies on its exports of minerals and ores and service sector. It has very small MSME sector in manufacturing, whereas India has strong MSME sector especially in manufacturing. India is one of the major markets for Moroccan phosphate and its derivatives.

An India-Morocco joint venture in fertilizer sector in Morocco, called IMACID, was set up in November 1999. At present, the JV is producing around 430,000 MT per annum of phosphoric acid, nearly all of which is imported by India.

The Moroccan phosphate company, OCP, has invested in Paradip Phosphates Ltd in India. Other main items of export to India are metallic ores and metal scrap, semi-finished products and inorganic chemicals.

The main items of India's exports to Morocco are cotton yarn, synthetic fibre, transport equipment, pharmaceuticals, agricultural implements, chemicals, spices and manufactured metals.

The balance of trade has been in favour of Morocco because of imports of phosphoric acid and rock phosphate by India.
The quantum of bilateral trade, which was USD 1.63 billion in 2010, reached to USD 2.04 billion in 2011.

However, in 2014, it decreased and stood at USD 1.36 billion. Indian exports to Morocco in 2014 decreased by 21.6 per cent compared to the previous year while Moroccan exports to India registered an increase of 10.2 per cent in 2014.

Source: moneycontrol.com- Sep 26, 2018

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Cotton output may crimp textile industry

Huge investments are required in technology and agronomic practices of cotton production to aid the textile industry

In India annually 65 lakh farmers cultivate more than one crore hectares of cotton, the largest in the world in about 10 States mostly under rainfed conditions.

An estimated 6 crore people depend on cotton for their living. India's share in global cotton production is a whopping 25 per cent, a matter of pride for India and the Indian farmer.

Indian cotton production received a big boost from 130 lakh bales in 2002 to 370 lakh bales in 2017 with the introduction of Bt cotton. Increased cotton availability helped Indian cotton exports to flourish and reach $8 billion last year.

GM tech boost

Introduction of GM technology enabled cotton to record the highest CAGR among all major crops for a decade.

Cotton has been successfully used as a multiple purpose crop in three ways: Edible oil for human consumption; de-oiled cake as an animal feed; and kapas for fibre.

Cotton seed industry forms about 20 per cent of the total seed industry in India.

The cotton seed industry has played a pivotal role by continuously investing in research, developing new hybrids, developing and introducing Bt cotton technology.

This industry has played a huge role in making required quantity and quality of cotton available to the textile industry.

The cost of cotton seed is less than 5 per cent of the revenue of the cotton farmer and has remained very affordable for him compared to other countries.

The Indian textile industry is predominantly cotton based with almost 75 per cent of the spun yarn in the country being produced from cotton.

Availability of good quality cotton throughout the year at an internationally competitive price is essential to achieve a sustained growth rate in the textile industry.

The textile industry is a huge beneficiary of the Bt technology-led spurt in cotton production. Since 2000 the size of the textile industry grew six times to ₹10 lakh crore, exports more than tripled to ₹2.5 lakh crore and spun yarn production almost doubled during this period.

India has become largest exporter of cotton yarn in the world taking advantage of the production boost in home grown cotton. Thus, cotton has been the engine of growth for the Indian textile industry. According to SIMA, Indian cotton textile value chain has the potential to achieve 12 per cent CAGR as against 6 per cent CAGR achieved so far.

For this growth, the textile industry projects their cotton requirement of 570 lakh bales on the conservative side and 940 lakh bales on the aggressive side by 2028. While there is potential still to improve the productivity of cotton and support aggressive growth of our textile industry, it requires infusion of next level of technologies and agronomic practices.

Gen next traits

To reach this level of increase in yields we need to strategically introduce next generation traits like Bt3, Bt4, Herbicide Tolerance, Water Use Efficiency, Nitrogen Use Efficiency, High density planting system, mechanical harvesting system (which needs different plant architecture that needs to be developed through cotton seed research).

Such a spurt in cotton production will help in doubling rainfed area farmers' incomes.

Currently there is a freeze on the flow of new technologies into cotton seed because the technology providers are completely discouraged with the direction in which the biotechnology policy of the government is progressing, the stalemate in the regulatory approval process, the price control on GM seeds, the confusion on the IP situation of traits and the hostile environment that is prevailing in the country towards using modern science technology in seed.

Many companies have either scaled down or closed down their technology development centres in India or have deferred their plans.

The impact

What will happen if this situation continues in this very important textile and cotton sector during the next 10 years and if we do not take immediate action to debottleneck the cotton seed industry?

a) The technologies currently used in cotton will lose their effectiveness over a period of time and the farmers will have to go back to heavy use of chemical pesticides to control the dreaded bollworms. It increases cost of production and makes him uncompetitive.

b) Cotton yields may stagnate or decline in future threatening the prominent position India holds in the global cotton markets and our cotton exports. Due to increasing cost and scarcity of labour in the next 10 years farmers will not be able to manage weeds in the fields and will not be able to pick cotton affecting yields and economics. The cost of picking cotton has already touched 10 per cent of the revenue of the farmer and will go up further.

c) The textile industry will be a big loser. If the cotton production stagnates the textile industry will lose $330 billion business opportunity in the global markets for which it needs 940 lakh bales of cotton production by 2028. This can jeopardise the commercial prospects, employment generation and export potential of this huge industry. It can lead to a huge increase in imports of cotton at increased cost. All this points to bleak prospects for the farmers and consumers of India.

d) The States which dominate textile manufacturing — Tamil Nadu, Andhra Pradesh, Maharashtra, Gujarat, Madhya Pradesh and Haryana — will see a huge loss of economic opportunity during the next 10 years.

The States which dominate cotton crop cultivation — Maharashtra, Gujarat, Andhra Pradesh, Telangana, Punjab, Haryana, Karnataka and Tamil Nadu — will lose heavily in terms of farmers' welfare and rural prosperity.

Time for review

A comprehensive review is to be held by involving the end user, the Ministry of Textiles, the States that grow cotton and the States that manufacture textiles.

It is time the government takes the right strategic decisions and not sacrifice the future interests of the textile and cotton sectors.

Source: thehindubusinessline.com- Sep 26, 2018

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Why domestic cotton prices are likely to rule firm this season

If spinning mills are able to pass on the higher cotton prices to users, it may alleviate the burden of rising input costs

Come October, in India, it's time for the arrival of the new domestic cotton. Spinning mills look to forecasts on cotton output and prices to plan their production. This time round, in cotton season 2019, there is some anxiety among spinning mills, in spite of demand for yarn being strong.

All indicators point to cotton prices ruling firm in the coming season. First, domestic demand for cotton yarn is rising as consumption from user industries is picking up. Besides, prices of man-made fibres, such as polyester staple fibre and polyester filament yarn being linked to crude oil, are spiralling due to rising crude oil prices and rupee depreciation. The increase in price of man-made fibres has outpaced that of cotton in recent times. Hence, there could be a bias towards a higher mix of cotton in blended yarn and fabric, which in turn will keep demand for cotton strong.

Second, the government's move to increase minimum support price (MSP) for 2019 will prevent cotton prices from falling, in any eventuality.

Third, sweeping changes in US-China trade tariffs may alter the demand-supply scenario for cotton in global markets. If imports of US cotton into China reduce due to the ongoing trade war, it may accelerate imports from India into China.

A report by CARE Ratings Ltd says China will import around two million bales of cotton from India in the first quarter of the new cotton season. Domestic supply may be tight. Hence, cotton prices may rise by about 5-7% and average at about ₹130/kg for season 2019.

True, these developments augur well for farmers. But, if spinning mills are able to pass on the higher cotton prices to users, it may alleviate the burden of rising input costs. According to CARE Ratings, “FY2018 was a subdued year, with cotton yarn production growing marginally by about 0.1% y-o-y after declining by about 2% during the same period in the year before.”

However, the Southern India Mills’ Association was more optimistic about the current year, as mills had a better story on exports in the last few months.

If yarn demand continues to improve in domestic and export markets, they may weave a profitable year, in spite of higher prices. To some extent, the depreciation of the rupee gives a leg-up to exporting mills.

So far, large listed spinning mills such as Vardhman Textiles Ltd, KPR Mill Ltd and Ambika Cotton Mills Ltd have seen their margins improve in the last few quarters.

However, what may take a toll on profits, especially for smaller mills, is a higher working capital requirement when they procure cotton at higher prices at the start of the season.

A true picture of mill prospects will be known only by early January as estimates for the 2019 season are in place.

In any case, the higher MSP for cotton leaves little choice for mills. If cotton prices continue to be firm, then mills have to bank on higher yarn prices and sales to sustain profitability.

Source: livemint.com- Sep 26, 2018

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Suresh Prabhu to review sector-specific export strategies next week

Commerce and industry minister Suresh Prabhu will next week review sector-specific strategies to increase India's exports 20% this year amid an uncertain global trade environment and credit availability.

The ministry has identified nine sectors, including gems & jewellery, leather, textiles, agriculture and pharmaceuticals, to drive India's exports to $400 billion in the next five years. These sectors accounted for $242 billion or 80% of the country's total exports of $302 billion in 2017-18 ..

Prabhu had earlier asked exporters to prepare action plans and develop strategies to double India's exports by 2025 to help create jobs, bring in foreign exchange and validate India's international competitiveness.

"The minister will review the action plans on October 1. This is in continuation of the series of meetings that he has had with export promotion councils and secretaries of line ministries concerned," an official aware of the matter told ET on condition of anonymity.

Besides export promotion councils, the minister will separately meet officials of other departments concerned.

India's exports grew 16% in April-August compared to that a year ago.

"Doubling exports should not be such a big challenge. However, domestic constraints such as credit need to be linked into," said Ajay Sahai, director general of the Federation of Indian Export Organisations.

ET had earlier reported that exporters were told not to come up with incentives related to the Merchandise Exports of India Scheme as it was under review, with the US disputing it in the World Trade Organisation.

Sector-specific strategies are necessary in view of diverse challenges such as uncertainty of global trade, rigid approach of banks which is affecting availability of credit, high logistics costs and productivity standards.

Exporters have raised concerns over the slack flow of credit to exporters, high goods and services tax on gold and strict pollution norms for chemicals, besides currency fluctuations, citing these factors as hindrances to export growth. Prabhu recently wrote to finance minister Arun Jaitley, requesting his intervention to improve bank credit flow to the export sector.

Source: economictimes.com- Sep 26, 2018

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Bayer may stop selling Monsanto's new Bt cotton in India

Germany's Bayer AG, which acquired US biotech firm Monsanto in June, recently said new Bt cotton seed technology cannot be introduced in India as it is no more profitable and financially viable because of royalty issues. The acquisition of Monsanto is over globally but is still in process in India.

Monsanto, which has been selling genetically modified (GM) cotton seeds in India through its joint venture Mahyco Monsanto Biotech that has sub-licensed Bt cotton seed technology to various domestic seed companies, is involved in legal battles with the Indian Government and Indian company Nuziveedu Seeds.

The company needs to be compensated for investment made in research and development (R&D) to come up with innovative products, Bob Reiter, global head of R&D, crop science division of Bayer, told a news agency.

The Indian Government has stepped into a conflict that started between licensees and turned more complex, Reiter, who was earlier the global vice president of R&D and integration strategy at Monsanto, said.

New products in the lab that can address farmers' issues cannot be introduced because of financial viability, he added.

Next year, The Climate Corporation, Bayer AG's US-based subsidiary, will launch in India a mobile platform 'FarmRise' that will provide agronomical information and advice to help farmers sustainably improve crop yields. Its pilot project is already under way in the country.

Source: fibre2fashion.com- Sep 27, 2018

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2.30 lakh metric tonnes cotton yield expected: Collector RV Karnan

Collector RV Karnan directed Khammam district officials to make arrangements for the procurement of cotton in 2018-19 kharif season. He chaired a review meeting with the officials of revenue, marketing, agriculture and legal metrology departments, representatives of Cotton Corporation of India (CCI), traders, hamali and auto trolley associations here on Wednesday.

Karnan said the government enhanced the MSP for cotton this year. Cotton produce having moisture content below 12 per cent would be offered at Rs 5,450 per quintal.

CCI and ginning mills should maintain cordial working environment and officials concerned make efforts in that direction. Officials have to prepare a schedule on transportation of cotton to market and fire engines have to be deployed to handle emergency situations, he noted.

The Collector also wanted belt shops around the market yard closed and asked officials to curb unauthorised procurement centres and prevent middlemen from exploiting farmers.

Metrology officials have to check all the weighing machines before procurement season begins. Marketing officials should conduct programmes to educate farmers to transport cotton to market in an orderly fashion and keep tarpaulin sheets available, collector added.

Additional DCP, D Muralidhar Rao, district marketing officer R Santhosh Kumar, agriculture officer Jhansi Lakshmi, district fire officer Jayaprakash, legal metrology officer G Ashok Babu and others took part in the meeting.

Source: telanganatoday.com- Sep 26, 2018

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RBI monetary policy preview: Expect a rate hike despite bond turmoil

'If the bond market turmoil affects the macroeconomic stability, it would affect rupee even further'

Even as the bond market is going through some turmoil, the Reserve Bank would still continue with its rate-hiking cycle, say economists.

At least a 25 basis points hike can be expected on the October 5 policy, economists said. There could also be a change in stance this time. The consumer price index-based inflation for August was at 3.69 per cent, lower than the RBI's target of 4 per cent. On Wednesday, the rupee closed at 72.62 a dollar and the 10-year bond yields crossed 8 per cent-mark.

"The larger unattended question is on using monetary policy as a pincer movement: in terms of a more flexible and balanced approach responding systemically to episodes of current financial market volatility and sticking to price stability," said Soumyakanti Ghosh, chief economist at State Bank of India group.

"This would mean a transparent evaluation of the existing policy framework," Ghosh said.

Under the new monetary policy framework, the RBI is fixated on inflation. It is mandated to keep CPI inflation anchored around the central point of 4 per cent, but with a standard deviation of 2 percentage points on either side.

Nevertheless, the RBI's stance is to keep enough liquidity so that the weighted average call money rates remain around the policy repo rate, which is 6.5 per cent. If rates spike, it is an indication of shortage of liquidity in the system, at which point the RBI injects liquidity through secondary market bond purchases.

The bond market, meanwhile, is going through some liquidity crisis.

According to Gaurav Kapur, chief economist of IndusInd Bank, if the bond market turmoil affects the macroeconomic stability, it would affect rupee even further.

"Because of the rupee, the carry trade advantage has eroded. You need to restore that advantage. Besides, monetary policy cannot ignore inflation and inflationary expectations. The monetary policy is separate from the bond market turmoil, which is essentially a liquidity issue, and can be addressed by temporary liquidity measures," said Kapur.

While it is important to ensure that no spillover or contagion happens from the NBFC sector, repo rate is the signaling rate, while liquidity is to support the RBI's stance that the call money rates remain anchored around the repo rate.

The money market rates hardened even before the recent NBFC scare, indicating that the market was preparing for a rate hike.

Currently, the difference between a three-month paper of a AAA rated entity and the policy rate is close to 150 basis points, indicating that the market has fully factored in a rate hike.

"If there is no rate hike, the market would be surprised. The NBFC issue is not very serious, and should be okay in a week or two. The debt funds don't have much of an option but to invest in good quality papers," said a fund manager.

According to Radhika Rao, economist at DBS, the six-member monetary policy committee would likely announce a further 25bps hike in policy rates, "with more to follow."

While spillover worries from IL&FS default continues to hurt risk-appetite for the credit market, inflation in August fell and will stay benign in September- October, lowering the urgency for a rate hike.

However, RBI would still go for a hike emphasizing “on the forward-looking nature of monetary policy, as high oil prices and a weak rupee, risk hardening inflationary expectations and disrupt the benign inflation outlook,” Rao wrote in a note.

Source: business-standard.com- Sep 27, 2018

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Dressmakers In This Small Handloom-Making Town In Kerala Stitch Uniform For Israeli Police

Three-and-a-half years ago, a commander from the Israeli police walked into an apparel manufacturer in north Kerala, with an entourage of the superintendent, lady officer, designer, and quality controller and this marked the beginning of sourcing uniforms for their police force from Kerala. Maryan Apparel, a relatively-unknown dressmaker operating from an industrial park at Valiyavelicham near Kannur, now provides one lakh shirts to Israeli Police annually.

“The Israel Police team spent five days here inspecting the trial pieces we created and checking whether they fit well. Then again, after a few more weeks, they all returned to oversee our initial production,” said MD of Maryan Apparel Thomas Olickal.

Earlier, Maryan Apparel had been stitching their trousers too, but this year a Chinese company won that contract. The company, which has 900 employees, is preparing to stitch uniforms for Kuwait’s national guard and fire service.

“Oneand-a-half months ago, we started production of fire service’s uniform; we have already sent one container to Kuwait. We will start production of their national guard’s uniform in November,” he said. Next month, his firm will start stitching uniforms for the Philippine Army too.

Apart from uniforms, Olickal's firm is also engaged in fitting out health service workers in the UK, Germany, Qatar and Saudi Arabia. "Hamad Medical Corporation in Doha and three hospitals – including King Faisal Specialist Hospital in Riyadh – are using uniforms stitched by us," he said.

World over, the trend is to drop cotton and use polyester and combinations of materials in uniforms, Olickal said. "Kuwait's fire service is using 'poly wool' – a combination of polyester and wool.

The Israel police was using an imported cloth from the US, but might use a material we have offered. It is a combination of polyester, viscose and lycra. The sampling process is going on," he said.

Olickal admitted that contrary to public perception, running a manufacturing facility in Kerala is relatively trouble-free. "We have been in the business for over 10 years and not once did our employees go on a strike," he said. However, Olickal is not planning to expand operations in Kerala. "We are operating at 50% of our capacity. To be profitable, it must be at least 70% of the existing capacity and there shouldn't be any break in work," he said. One drawback is that apparel units should source everything from other states.

He said CM Pinarayi Vijayan had suggested the idea of setting up an apparel unit in Kannur. "At that time, the decline of Dinesh beedi had left many unemployed. They were unable to learn the new work that was machine-based. We hired freshers and trained them in mechanised work of cutting, stitching, buttoning, fusing and ironing of clothes," Olickal said.

Source: indiatimes.com- Sep 26, 2018

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