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The Cotton Textiles Export Promotion Council [TEXPROCIL]
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IBTEX No. 217 of 2017 October 31, 2017

USD 64.81 | EUR 75.38 | GBP 85.63 | JPY 0.57

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
18071	37800	**74.40**

Domestic Futures Price (Ex. Gin), October

Rs./Bale	Rs./Candy	USD Cent/lb
18180	38028	**74.85**

International Futures Price

NY ICE USD Cents/lb (Dec 2017)	68.64
ZCE Cotton: Yuan/MT (Jan 2018)	14,945
ZCE Cotton: USD Cents/lb	**87.38**
Cotlook A Index – Physical	**79.1**

Cotton & currency guide: Cotton futures started the week with a positive note. The December future made an intraday low of 67.95 and ended at 68.64 cents. The same is seen trading positive this morning at 68.78 cents per pound. No major development and price continues to trade in the confined range of 66 to 69 or 66 to 70.50 cents. This has been the trend since past several weeks. We expect market to remain in the same range however, if there are strong fundamental factors pops-in the market would take its own direction.

Trading volume were 27,920 contracts compared to 21,164 on Friday. Spreads accounted for up to 62% of the futures volume. Dec/Mar traded 6,788 times during the session. The range for Dec/Mar was 3 to 30 points and December continued to remain in premium over March. Further option contracts trading volume were 4,438 contracts (calls 2,369/puts 2,069).

During the trading session the December was up more than 100 points though there were no major reasons except that market anticipates crop loss due to West Texas's recent freeze could be as much as 200K bales. However, price gains were eradicated but ended the Monday's session on a positive note.

The weekly official crop condition report update was released. It showed the crop holding its own during the week. Fifty-five percent was rated good or excellent, versus 56% the prior week. Poor/very poor was up 1 point at a combined 15%. Acreage rated fair was unchanged at 30%. The crop was 46% harvested compared to 45% last year and 5-year average of 5%

On the domestic front, prices for Shankar-6 new crop have fallen over the weekend to Rs. 38,200 per candy, ex-gin (75.05 US cents per pound at the prevailing exchange rate). Quotes for new crop Punjab J-34 were also slightly weaker at Rs.3, 860 per maund (about 72.24 cents per lb). These latest adjustments bring the S-6 price back to just below where it was last week, before the effects of the announcement of an MSP supplement for Gujarat had been felt.

From the futures front the MCX cotton prices were trading initially lower however with the rebound in the prices the November future ended the session at Rs. 18180 per bale down by Rs. 90 from previous sessions close.

Overall market is expected to remain sideways. The trading range for the day would be Rs. 18K to Rs. 18300 per bale for November future at MCX.

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

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INTERNATIONAL NEWS

U.S.-India Talks Highlight Trade Barriers

U.S. and Indian officials met recently in Washington to discuss a range of bilateral trade issues but saw little progress, according to information provided by the Office of the U.S. Trade Representative and the Department of Commerce.

USTR Robert Lighthizer said the U.S. is looking to increase trade with India, which "has grown significantly in the last few years," and decrease its $29.6 billion trade deficit with that country.

Toward that end, the U.S. "pressed for strong outcomes" on a number of issues at a meeting of the U.S.-India Trade Policy Forum, including non-science-based barriers to agricultural trade, continuing and new regulatory and technical barriers to trade that impact sales of U.S. high technology and other products, tariffs in a number of agricultural and industrial sectors, market access in services, and protection and enforcement of intellectual property rights.

Lighthizer said the two sides "had differing views that could not be resolved immediately" in many of these areas but agreed on the importance of continuing their "strong engagement" in an effort to achieve concrete outcomes before the next TPF in 2018.

Separately, Commerce Secretary Wilbur Ross and Indian Minister of Commerce and Industry Suresh Prabhu met to launch their first session of the U.S.-India Commercial Dialogue. A DOC press release states that while noting the three-fold increase in total U.S.-India trade since 2005 the two officials also "shared candid feedback" on ways to expand trade and investment opportunities.

For example, Ross highlighted the need for India to lower its tariff and non-tariff barriers, commit to use international standards, and make greater efforts to simplify tax and bankruptcy procedures for industry.

The two sides vowed to pursue "meaningful progress" on standards, business climate and investment, and travel and tourism in the coming year.

Source strtrade.com- Oct 31, 2017

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Trump and rise of China spur global transformation

It is a big challenge to keep the international financial and trading systems working as the world changes rapidly -- they are two of the basic frameworks of the global economy. The financial system has been shaken by a series of crises in the past decades, while China's initiatives, including the establishment of the Asian Infrastructure Investment Bank, are seen as a challenge to the old U.S.-dominated system.

In the field of trade, free trade agreements and other regional economic cooperation efforts have increased after the stalling of multinational trade negotiations at the World Trade Organization since the 1990s. Now, the world faces a threat of rising protectionism following the U.K.'s decision to leave the European Union, or Brexit, and the election of Donald Trump as U.S. president last year.

It is clear that the systems are in the process of transformation. What is not clear is in which directions they will move. A rare area of consensus among experts is that Asian countries, especially China, will play important future roles.

About 20 top-level scholars and experts from eight countries in the Asia-Pacific region discussed these issues at a conference held in Tokyo this month. The meeting, sponsored by the Japan Center for Economic Research, one of the country's leading think tanks, is held biannually to publish the "Asian Economic Policy Review" academic journal. The topic this time was "Changing Global Financial and Trading Systems and Asia."

Takatoshi Ito of Columbia University presented an overview of the changes to the international financial architecture. Having experienced the Asian currency crisis in 1997-98 and the global financial crisis in 2008-09, Asian countries have moved to build their own defenses against such crises, such as the Chiang Mai Initiative, a multilateral currency swap arrangement, he argued.

The sense of distrust among Asian countries towards the International Monetary Fund, which stands at the center of the global financial system dominated by the U.S. and Europe, lies behind such efforts. "The U.S. and Europe lost its status as a role model" after the global financial crisis and a series of crises affecting the euro, he added.

Ito examined China's recent moves in this field, including the internationalization of the yuan, establishment of the AIIB, the One Belt One Road initiative, and the launch of the Silk Road fund. For the future, "the main scenario is China's rise to [become] the third pole, after the U.S. and eurozone, and the RMB [yuan] will be used in a bloc in Southeast Asia and Eurasia," he said.

One question from the participants was whether the future structure of the global financial system would be hierarchical, with the IMF and the World Bank at the top, or multipolar.

David Dollar, senior fellow of the Brookings Institution, talked about the past, present and future of China's development finance. China is already a major funder of infrastructure projects in the developing countries. It lends $60 billion annually through the China Development Bank and the Export-Import Bank of China. The recipient countries are not only in Asia and Africa, but also in Latin America. With regard to the quality of the lending, China's lending is "indifferent to risk" and "the allocation is uncorrelated with indices of political stability and rule of law," Dollar said.

China initiated the establishment of the AIIB in 2015. Dollar saw China's "frustration with lack of reform in the World Bank and IMF" behind the country's decision to take this step. The AIIB is also a way to use the country's excessive savings through a multilateral format, he said.

A big question is whether the AIIB as well as other initiatives by China are a challenge to the existing global economic order. Dollar said that "Chinese actions seem more a revision of the global system than a challenge to it." Some participants agreed with his view, while others did not. Dollar also pointed out that very little data was available on Chinese development finance, and urged China to release more.

Source: asia.nikkei.com- Oct 30, 2017

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UAE companies to tap into Pakistan potential market

Expo Pakistan to be held next month in Karachi, delegates from UAE from both private and public sectors will be attending the event. Commercial counselor at the Consulate-General of Pakistan in Dubai Dr Nasir Khan said that around 22 delegates from UAE have confirmed with them for participation. However, their target is to take 40 to 50 delegates to Karachi for the expo.

UAE delegates from textile and services industries, will be attending the event. Even some officials from government, textile malls and the Ras Al Khaimah free zone are going to participate.

They are jointly working with the Pakistan Business Council; therefore, 15-20 of the council's members are, too, expected to join.

The event is being promoted very aggressively in the UAE as well as in other countries around the world. In addition, members of the business councils from Australia, Jordan, the US, the UK and Africa have also been invited for Expo Pakistan, Khan added.

Expo Pakistan is the biggest trade fair in Pakistan, showcasing the largest collection of Pakistan's export merchandise and services. It will feature more than 500 exhibitors from all over, Foreign exhibitors, from neighboring countries, also use this platform to display their products.

Held annually, the four-day Expo Pakistan has become the primary sourcing point for a large number of businesses worldwide, giving them a head start on the buying and ordering for coming seasons.

Expo Pakistan to be held from 9th to 12th November 2017 at Karachi Expo Centre.

Source: yarnsandfibers.com- Oct 30, 2017

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Cambodia to witness slower growth in garment exports

Cambodia's garment and footwear exports is expected to see a slower growth of around 5 per cent this year compared to 7 per cent in 2016.

But the trend is a normal market occurrence and does not indicate an overall decline or is linked to the political situation, say industry experts. Twenty five new factories opened this year in Cambodia while 53 shut shop.

As the base number gets bigger, the same rate of percentage growth cannot be maintained forever, Ken Loo, secretary general of the Garment Manufacturers Association in Cambodia (GMAC) told the recent annual Cambodia Textile Summit, according to a newspaper report.

Urged the government to help reduce the cost of doing business, Loo said the increase in the minimum monthly wage from $153 to $170 from January 1 would make Cambodia gradually lose its competitive advantage as a low-cost destination.

Manufacturers will soon need to increase productivity to remain competitive in the industry, he added.

The latest economic outlook released by the International Monetary Fund also predicted a slower growth for the country's garment sector owing to increased competition from neighbouring countries. However, preferential US trade access for specific travel-related items could help prop up the sector in the near term, IMF said.

The minimum wage hike would surely jeopardise the sector if worker productivity does not increase, said Enjoy Ho, president of the textile enterprise association at the Chinese Chamber of Commerce in Cambodia.

Source: fibre2fashion.com- Oct 30, 2017

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Trade relations boom between China, Russia

Trade between China and Russia has been rising this year, boosted by growing high-level political trust, with experts predicting a further expansion in ties.

The two countries are expected to expand their cooperation in various sectors, including infrastructure, investments, agriculture and energy during the visit of Russian Prime Minister Dmitry Medvedev to China from Tuesday to Thursday, said Bai Ming, a research fellow at the Chinese Academy of International Trade and Economic Cooperation.

"Chinese and Russian industries are mutually beneficial and highly complementary," he said.

During his visit, Medvedev will meet with Chinese Premier Li Keqiang on key areas of China-Russia cooperation, such as high-tech and infrastructure, according to the Russian government's website.

From January to September, trade between China and Russia rose 27.7 percent from the previous year to 419.6 billion yuan ($63.2 billion), according to data released by the General Administration of Customs of China in October.

"Since the beginning of the year, bilateral trade has improved, which is the result of policy adjustments made by the Russian and Chinese governments," Ma Youjun, director of the Russia Institute at Heilongjiang Provincial Academy of Social Sciences, told the Global Times on Monday.

While Russia has shifted its focus from its western regions to its Far East, the Chinese government has launched the Belt and Road initiative. As a result, projects like the China-Russia oil pipelines have generated more-than-expected benefits for the two sides, Ma noted.

Russia remained China's biggest crude oil supplier ahead of Angola and Saudi Arabia for the seventh straight month in September, Reuters reported, citing Chinese customs figures. Russia's crude oil exports to China hit a record-high of 1.55 million barrels per day, or 6.35 million tons, an increase of 60.5 percent from the previous year.

"Russia's increasing oil exports have helped stabilize China's energy supply, while China, which has an edge in light industries, exports highly in-demand products to Russia like textiles," Bai said.

Bilateral trade has declined in recent years mainly because of fluctuations in the value of the Russian ruble, "which was affected by US dollar-denominated commodity prices," Bai said.

To mitigate the exchange rate risk, China recently established a payment-versus-payment system for yuan-ruble transactions. China's central bank has approved the service.

More deals

Still, a large part of the trade between China and Russia remains "buying and selling," Ma said. "Aside from the rise in energy cooperation, more deals are expected to be signed in industrial cooperation, but Chinese and Russian companies need to further integrate into each other's supply chain," he said.

Since the dissolution of the Soviet Union decades ago, Russia has maintained a competitive advantage in heavy industries, which is also an area to be further explored, the expert added.

The two countries have jointly launched developed projects in aviation, agriculture equipment and machinery.

"Healthy China-Russian relations will also counterbalance US influence, which will help stabilize the global geopolitical and economic outlook," Ma said.

Source: globaltimes.cn- Oct 30, 2017

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US: Apparel Must Look to Outside Sectors if there's Any Hope of Transformation

If the traditionally low-tech and stubbornly low-growth apparel industry could start taking lessons from sectors outside of itself, it will likely happen upon a vast trove of inspiration surrounding performance improvement.

That was the key point raised by a trio of thought leaders at a session called "Outside In: Tapping Other Industries for Innovation + Change," at the recent Sourcing Journal Summit in New York City.

The apparel industry is notoriously bad at taking cues from other industries, always pointing to reasons why apparel is different and why those cues can't be similarly applied. However, had traditional retailers been paying attention to some of the trends in electronics, books, entertainment and transportation, it might have been better prepared for the disruption upending stores and supply chains today.

Many of the savvy players, however, have finally started stepping outside the box and appling principles from other verticals to improve financial results.

How does Zara do it?

John Thorbeck, author of "The Zara Gap," and an authority on how companies can enhance profitability by improving flexibility and speed to market, said while speaking on the Sourcing Summit panel that although many apparel brands and retailers are talking about reducing the time from design to selling floor, very few have managed to move significantly in that direction—even a decade after Zara showed the industry it can be done in 21 days.

Although companies including H&M, L Brands, Gap and Amazon have managed to improve speed to market, they have failed to take the difficult and costly—but necessary—steps to completely change their culture to make reduction of lead times and uncertainty not just an operational issue, but also a merchandising, marketing and consumer issue.

Zara's business model, in which most of its product is manufactured close to its stores and reaches the selling floor within three weeks of being designed, is based on the concept of postponement modeled after the production process first perfected in the electronics industry. The financial benefits are huge, with profitability that is many orders of magnitude higher than the next closest competitor.

The opportunity to significantly improve economic performance is available to any apparel retailer today, provided they are willing to change their sourcing practices and mindset. For example, making product speed and supply flexibility, instead of margin and turn, key performance indicators will help focus an organization on the right metrics.

“In an environment when everyone is thrilled with 1-2 percent growth, market caps have a 30-40 percent potential, even in an industry so out of favor as apparel,” Thorbeck said. “This is a dramatic point of view that comes from outside the industry.”

Be like Nike

Another view from outside came from Mike Dennison of supply chain solutions giant Flex, Ltd., a $26 billion tech company with 100 owned factories employing 200,000 people in twelve different industries including health care, automotive, consumer products, aerospace and energy.

Two years ago, Flex, no stranger to sharing technology across industries (it used micro-dosing from the medical field to introduce new flavors at Pepsi) partnered to take on Nike’s manufacturing in Mexico.

“What we saw when we looked at our partner Nike was a company going through a manufacturing revolution, realizing their consumer had changed and wanted something different, with a manufacturing solution that couldn’t keep up with new design and changing technology,” Dennison said.

Using its Sketch to Scale process, Flex helped Nike get design and production to work more closely together to streamline tasks like design, sample-making and production, and to cut out a lot of dead time between steps, allowing Nike to respond in region “within days, rather than weeks.”

“This isn’t a speed factory, this is a speed factory on steroids. A million square feet, 7,000 people, 15-20 million pairs per year,” Dennison said.

"This is where the supply chain is going. It starts in Asia, but is localized in Mexico."

He added, "We think the disruption will continue. We think we can take Nike to a whole new place. And we believe when this matures that we can bring this technology to the broader apparel industry. And this is where the game starts to change."

Flexibility + speed = fashion excitement

Citi Research's Kate McShane, a leading retail stock analyst, was a bit ahead of her time when she first took a keen interest in supply chain as a route to growth. What started out as a reduction in cost of goods sold began to be recognized as a way to supply the right product at the right time in the right place.

"For a long time it was a margin conversation, which isn't really very sexy, but now we're starting to see speed to market and flexibility having an impact on product line and merchandise," she said. "We are really at the beginning stages of what could be a very exciting time for the retail industry."

McShane admitted that retail investors today are in the doldrums, discouraged by the secular changes in the industry, and fearful of the impact that Amazon is having on hardline and broadline merchants and the brands that supply them.

However, by adopting some of the new technologies available, brands and retailers can keep merchandise on-trend and exciting, stimulating consumer demand.

"We all know that fashion is driven by the next thing, and by innovation, so you need something new and refreshing," McShane said.

"New technologies that innovate at the supply chain level offer the potential to see an uptick in unit velocity. Tightening the demand/supply equation while giving the opportunity for newness is very exciting."

Miles of startups

Another disruptive force is what Thorbeck called the “tsunami of startups” that have entered the retail space in the past half-decade.

“Between in-store, retail tech, AI, subscription, direct-to-consumer and other models, over $9 billion has been invested in 1,270 of these new companies over the past five years,” he said.

Among these new entrants that want their place at the table and are trying to take market share from incumbents, there will certainly be winners.

The potential to survive and thrive, however, may lie in which type of “mile” a startup addresses. Here’s how Thorbeck defined the types of “miles,” which correspond to stages in the product-to-market journey.

The “last mile” refers to getting goods to their final destination, or the consumer’s home. If a company’s specialty is in this high cost area in which Amazon excels, it will run into formidable competition.

Another difficult area is the “mid-mile,” the interim step of moving goods from vendor to a huge network of stores cheaply, efficiently and quickly. This is where Walmart dominates, with its distribution center-to-store advantage.

In the “magic mile,” offline and online brands must create magic to attract and engage consumers. The economics are risky and challenging. Companies in this space focus on store experience, social media and other initiatives that drive traffic—all important, but hard to make money.

According to Thorbeck, the economic potential of the “first mile,” which lives in the product supply chain, dwarfs that of the others.

How will retail be defined going forward? The successful merchant of the future may very well be a hybrid of an apparel company with a seemingly unrelated company outside the industry.

“We’ll see more tech companies merging with fashion players. This has moved way beyond wearables. The lines between fashion, entertainment, art and technology are blurring,” said Dennison, who cited the recent collaboration between Flex and musician and entrepreneur Will.i.am for i.am+, which is aimed at created fashionable wearables, as an example of how fashion and technology are intersecting with other spaces, a trend he feels will intensify going forward.

Whichever the path, nimbleness will be key.

"The game has changed. Many of yesterday's small startups are rapidly becoming $50 – $100 million dollar businesses," McShane said. "Stitch Fix, MM LaFleur, LeTote, they have different business models, but are taking share from the existing players who must respond quickly if they want to survive."

Source: sourcingjournalonline.com- Oct 30, 2017

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Vietnam-Argentina trade up 15% year-on-year: ministers

Vietnam is one of the most important economic partners of Argentina, Vice President of Argentina Gabriela Michetti told Việt Nam's Deputy Minister of Industry and Trade Đỗ Thắng Hải at a meeting in Buenos Aires on Friday.

Michetti, who is also President of the Argentine Senate, stressed that Argentina is keen to develop co-operation with Southeast Asian countries, including Việt Nam, and recognised the remarkable progress made in bilateral relations in recent years.

She proposed Việt Nam create opportunities for businesses to cooperate in the fields of their strengths, including garment-textiles, agriculture, culture, and people-to-people exchanges.

Hải issued a briefing on the outcomes of the mid-term session of the Việt Nam-Argentina intergovernmental committee, which took place in Buenos Aires on October 25-26, and affirmed that the committee had helped promote bilateral cooperation not only in economics, trade and investment but also in agriculture, science and technology.

He urged the two sides to strengthen coordination to increase bilateral trade to US$3.5 billion in 2017 as well as speed up the roadmap to open markets for farm produce in 2017-18, which includes facilitating procedures for Vietnamese fruits such as lychees, dragon fruits, longans and mangoes and Argentine fruits such as oranges, blueberries, pears, apples and cherries.

The official also suggested increasing delegation exchanges and hosting trade and investment promotion activities to help firms explore the business environments in the respective countries.

"Việt Nam will serve as a gateway for Argentina to export goods to the Southeast Asian market while Argentina will help Việt Nam penetrate into the Latin American market," he affirmed.

He proposed Argentina—a founding member of the South American trade bloc Mercosur—accelerate the negotiation process and signing of a preferential trade agreement between this bloc and Việt Nam.

Earlier Deputy Minister Hải and Secretary for International Economic Relations of the Argentine Foreign Ministry Horacio Reyser co-chaired a meeting of the Việt Nam-Argentina inter-governmental committee.

Reyser said Việt Nam is not only a priority market in Argentina's strategy to diversify and expand exports, but also one of the country's most important trade partners in Asia and Argentina's third-biggest importer. Two-way trade surpassed $3 billion in 2016, showing a year-on-year rise of 16.7 per cent. In the first nine months of 2017, bilateral trade reached nearly $2.4 billion, up 15 per cent against the same period last year.

Việt Nam mainly exported footwear, garment-textiles, rubber, electronic spare parts and plastic products while importing soybeans, soybean oil, maze, wheat, cattle-feed and pharmaceutical products. The two sides pledged to speed up exchanges of information on food security and animal and plant quarantine.

During his visit to Argentina, Deputy Minister Hải also had a working session with Argentina's Deputy Minister of Production Miguel Braun.

Source: vietnamnews.vn- Oct 30, 2017

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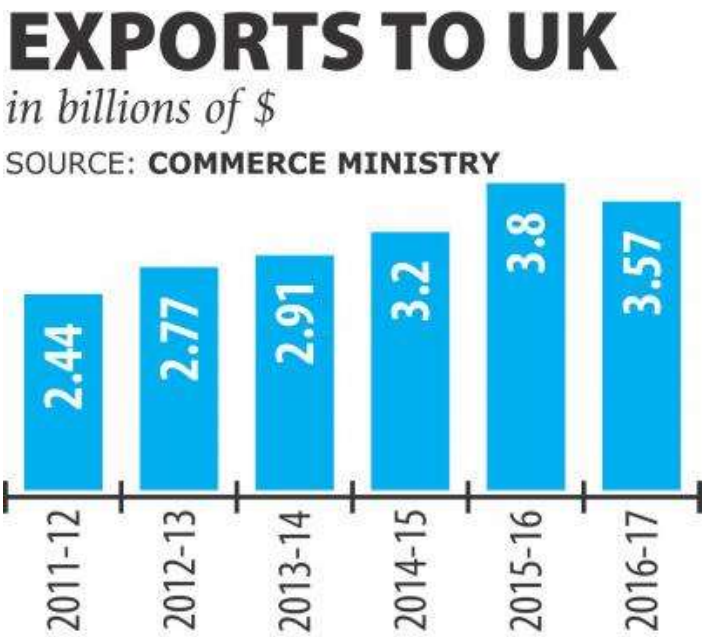
Bangladesh: Exports to UK beat Brexit fears

Buoyed by higher shipments of apparel items, Bangladesh's exports to the UK are on the rise although British consumers have been hit hard by rising inflation amid Brexit pressure.



The UK's key inflation rate hit its highest for more than five years in September, driven up by increases in transport and food prices.

The Consumer Prices Index climbed to 3 percent, a level it last reached in April 2012, and up from 2.9 percent in August, according to BBC.

Shoppers suffered a big jump in clothing prices, particularly for womenswear, plus pricier petrol at the pumps, the Guardian reported.

The fall in the pound since last year's Brexit vote has been one factor behind the rise in the inflation rate, as the cost of imported goods has risen.

But exports from Bangladesh increased 22.29 percent year-on-year to $1.03 billion in the July-September period of the fiscal year.

During the quarter, garment shipment to the UK grew 10.47 percent to $862.28 million.

Exporters say the shipment to the UK remained insulated because Bangladesh exports basic garments at lower prices, and consumers prefer cheaper products during tough times.

The UK is the third largest export destination for Bangladesh after the US and Germany.

Not only garments, some other local items like fruits and vegetables are seeing higher demand from the UK thanks to the presence of a sizeable Bangladeshi diaspora there.

“Garment export from Bangladesh to the UK is increasing as British customers get cheaper products,” said Kutubuddin Ahmed, chairman of Envoy Group, a leading garment exporter.

Recently, British retailers have increased the volume of sourcing from Bangladesh, he said.

The upward trend in the exchange rate of the pound sterling against the taka is also a major cause for the rise in exports from Bangladesh to the UK, said Abdus Salam Murshedy, a former president of Bangladesh Garment Manufacturers and Exporters Association.

The pound sterling was trading at Tk 109.44 yesterday. Sometimes, the amount goes above Tk 110 per pound sterling.

The exchange rate of the local currency hovered around Tk 95 and Tk 98 since Brexit vote in June 2016.

“The exporters' confidence received a boost because of the higher exchange rate of the pound sterling,” Murshedy said.

Moreover, Bangladesh was able to ride out an image crisis in the garment sector after factory remediation, he said.

“Overall, European buyers are placing orders for higher volume of garment items as workplace safety has been ensured following the inspections,” he said.

Although the UK market is attractive, it accounts for only 8-9 percent of total garment exports from Bangladesh, said Dhyana van der Pols, CEO of Nash International, which advises 200 European garment retailers that source $200 million worth of apparel items from the country every year.

In an email interview, she said the average price level in the UK is extremely low in comparison with other EU markets and is under constant pressure.

"Traditionally, UK buyers tend to pay far less for similar products than the other EU retailers. This situation will aggravate further with Brexit, the plummeting of the pound sterling and the absence of a bilateral trade deal with Bangladesh."

Bilateral negotiations with the UK should start as soon as possible to secure a future export position or to prevent the current position from sliding further, van der Pols said.

The EU will shortly sign a free trade agreement with Vietnam and could reinstate GSP-plus trade privilege for Sri Lanka.

"Those market dynamics will again cause an alteration of sourcing dynamics and country shifts. The sourcing caravan is out of options for cheap labour so future trade deals and benefits between nations are a factor that should not be underestimated."

Source: thedailystar.net- Oct 31, 2017

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NATIONAL NEWS

India, Italy pledge to renew economic ties

India and Italy today pledged to inject "renewed momentum" into bilateral economic engagement, especially in infrastructure, hi-tech manufacturing, textiles and automotive sectors.

The India-Italy joint statement issued after the meeting between Prime Minister Narendra Modi and visiting Italian counterpart Paolo Gentiloni called for further strengthening of economic linkages between the two nations.

The two leaders committed to work in a "result-oriented and mutually beneficial manner by injecting a renewed momentum into the broad-based economic engagement between the two countries", the statement said.

Modi called upon the Italian industry to explore India's untapped business opportunities in infrastructure, food processing, renewable energy and high-tech manufacturing sectors.

Gentiloni also called upon the Indian industry to identify business opportunities in Italy's textiles, automotive, leather, machinery and chemical sectors.

The two leaders took note of the progress made by the 19th session of the Indo-Italian 'Joint Commission for Economic Cooperation' (JCEC) held at the ministerial-level.

Modi and Gentiloni agreed to convene the next session of the JCEC in India in 2018.

The statement further said the Prime Ministers announced the organisation of an Indo-Italian High Level Forum on Design, with a focus inter alia, on industrial design, auto design, architecture, interior design and fashion.

"The high-level forum will endeavour to bring together prominent experts from the areas mutually identified, with the task of defining a program of activity for the Forum (exhibitions, workshops, contacts between young designers)," it said.

The foreign ministries of the two countries will further discuss the objectives, structure, and host organisations for this High-level forum. The meeting of the High-level Forum is proposed to be held in March 2018.

Modi and Gentiloni also took stock of the on-going work on an additional protocol amending the bilateral agreement to avoid double taxation and encouraged the respective agencies/ competent authorities to continue negotiations with the objective of early finalisation of the text.

The adoption of the new protocol, together with the entry into force of the Protocol signed in January 2006, will update the bilateral Agreement of 1993, with tangible benefits for Indian and Italian companies.

"The protocol will enable better administrative cooperation, and enhance the ability to counter tax evasion and tax avoidance. Work will also continue on Customs Cooperation to improve the mutual administrative assistance under the EU legal framework," the statement said.

The two leaders discussed the possibility of an operating mechanism to be established between the Italian investment bank - Cassa Depositi e Prestiti (CDP), which operates under Italy's Ministry of Economy and Finance, and Indian counterpart entities to explore opportunities for enhancing investment cooperation in India's infrastructure sector.

The statement further said the leaders recognised the immense possibilities for collaboration in the food processing sector in India.

They noted with "satisfaction the imminent mission" of the Italian Deputy Minister for Economic Development, who will be leading a high level business delegation to 'World Food India', where Italy will be 'Focus Country'.

Source: business-standard.com- Oct 30, 2017

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Heeding industry's demand, govt raises duty on polyester fabrics to 20%

The industry had made representations to the government and the GST Council to increase the basic customs duty on fabrics to retain the competitiveness of the domestic manufacturing industry

The government has decided to increase the basic customs duty on polyester fabric to 20 per cent from 10 per cent. Industry experts said this would retain the competitiveness of the domestic manufacturing industry.

The increase will be with effect from October 27, 2017.

Under the Goods and Services Tax (GST) regime, countervailing duty (CVD) has been replaced with IGST and the special additional duty has been scrapped. Polyester fabric attracted 10 per cent basic customs duty, 12.5 per cent CVD and four per cent special additional duty under the pre-GST regime.

Consequent to the scrapping of four per cent additional duty and levy of five per cent GST on polyester fabric, the imported fabric attracted 10 per cent basic customs duty and five per cent IGST.

There was a significant drop in the import duty, threatening the survival of the domestic manufacturing industry due to cheaper imports, especially from countries like China. The industry had made representations to the government and the GST Council to increase the basic customs duty on fabrics to retain the competitiveness of the domestic manufacturing industry. In this backdrop, the basic customs duty was increased.

P Nataraj, chairman of The Southern India Mills' Association (SIMA), said that increasing the basic customs duty on polyester fabrics would encourage the Make in India programme.

He stated that since man-made fibre price in India is higher by 20-30 per cent due to the high incidence of duties and levies, there was a threat of cheaper imports from countries like China. The SIMA chief added that the increased basic customs duty would reduce imports.

He also said that there was a need to increase the import duty on cotton fabric on par with polyester fabric in the interest of the powerloom and handloom sectors to sustain their competitiveness.

Source: business-standard.com- Oct 30, 2017

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To maintain price stability, cotton body seeks govt intervention

An estimated record crop of 400 lakh bales of cotton in 2017-18 is expected to push the cotton farmer into a precarious situation. “The situation will neither benefit the farmer nor the mill sector,” said J Thulasidharan, President, Indian Cotton Federation (ICF).

While hailing the crop size and India’s position as the “world’s largest producer of cotton”, the ICF President conceded that the remunerative prices that the white fibre fetched as compared to returns from alternative crops had lured farmers to grow more cotton in the last three years.

The area under cotton during the 2017-18 season grew 20 per cent. Coupled with this, climatic conditions also proved favourable, leading to an estimated record production of 400 lakh bales (of 170 kg each).

The ICAC’s (International Cotton Advisory Committee) latest report has predicted a similar situation in other cotton growing countries, resulting in 75 per cent surplus cotton globally in 2017-18.

The season has just commenced. Arrivals are expected to peak over the next four weeks and this situation would normally last till end February.

Between October-end and February, over 70 per cent of the produce is brought to the market by the farmers. The value of the cotton (brought to the market) is estimated to be over ₹58,300 crore.

With the consuming mill sector in a tight liquidity situation, this abundance in supply could only make matters worse, observed Thulasidharan, adding: “not just in India, but globally as well.”

The lack of buying support from spinning mills would result in a steep decline in the price level. (Against production of 400 lakh bales, mill consumption is estimated at around 300-310 lakh bales).

According to Thulasidharan, the Government should advise Cotton Corporation of India (CCI) to procure a minimum of 100 lakh bales to maintain stability and avert a crisis.

To support farmers' sustenance in cotton, "CCI should act as a voltage stabiliser by procuring during the peak season and making it available to mills for consumption in the lean season. This strategy would help in stabilising prices and benefit farmers across Gujarat, Maharashtra, Telangana and Andhra Pradesh. A monitoring mechanism should be in place to ensure that the price does not dip below the MSP for the farmer," he said.

Thulasidharan added that the cottonseed market is also down due to poor demand for oilseed. The 20 per cent excess supply of cottonseed would pull prices down and this, in turn, would adversely affect *kapas* prices, he said.
The ICF has appealed to the government to strengthen raw material security and competitiveness of the spinning industry.

Source: thehindubusinessline.com- Oct 30, 2017

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Employment growth has not kept pace with economic expansion: Report

Confirming fears of 'jobless growth', domestic rating agency Care Ratings today said employment generation has not kept pace with GDP expansion and termed it as a "major concern".

Such a scenario calls for "proactive measures" from the government and the recent infrastructure building efforts will help, it noted and said "employment growth has not kept pace with economic growth."

It can be noted that the Labour Ministry had also conceded and set up a task force to work on the same.

"The current growth is a jobless growth. Many European and Asian countries, including India, are facing it...growth is being reported but it is not reflecting in employment generation," the then labour minister Bandaru Dattatreya had said in May this year.

A jobless growth situation is one in which an economy recovers from a recession but the jobs market does not.

From a sectoral basis, the agency said the services sector has extended some relief but manufacturing has failed to create jobs in recent times. Banks, IT, retailing, and healthcare continue to create jobs, while mining, power and telecom have seen a reduction in the employees, it pointed out.

The agency did a study of employment in the corporate sector for the last five years and asked for the findings to be taken with caution because the unorganised sector and smaller businesses account for a large share in employment generation.

"It is, however, believed that these numbers are broadly indicative of the trends witnessed in the last two years," the report said.

Aggregate employees in 1,473 companies grew to 5.18 million in FY17 from 5.01 million in FY15, a growth of a little over 1 percentage point per year compared to over nearly 7 per cent economic growth.

Banking is the highest among sectors when it comes to generating employment, with a 21.3 per cent share, and is followed by IT, mining, healthcare and textiles.

Sectors which witnessed a fall in employment in FY17 from the previous fiscal included fast-moving consumer goods, media and entertainment and paper.

Crude oil, infrastructure, trading, automobiles and ancillaries, finance and hospitality, which had recorded negative growth in employment in FY16, also witnessed growth in FY17, it said.

From a cost of employment perspective, Care said the average salary has risen for a sample of 1,473 firms to Rs. 8.35 lakh in FY17 from Rs. 7.13 lakh in FY15.

Source: thehindubusinessline.com- Oct 30, 2017

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Tough emission standards proposed for industries using petcoke

The Centre has proposed to fix emission standards for 21 industries, including sugar and leather, using cheap but highly polluting fuel petcoke.

According to the draft gazette notification, put up the Union Environment Ministry's website, the 21 industries that use petroleum coke or its blends will have to adhere to emission standards of 600 milligrams per cubic metre for sulphur and 300 milligrams per cubic metre for nitrogen dioxide.

The standards also apply on other fuels but not on those based on natural gas or agro.

The notification came days after the apex court reprimanded the Union Environment Ministry for not setting standards for industries using the highly polluting fuel.

The apex court also banned the cheap fuel completely from November 1 in Delhi and NCR where 34 industries are using petcoke. It also slapped a fine of Rs 2 lakh on the Union Environment Ministry for failing to fix the standards as ordered in June.

There are 35 major industries including thermal power plants that use petcoke.

The new emission standards will apply to sugar, cotton textiles, composite woollen mills, synthetic rubber, pulp and paper, distilleries, leather industries, calcium carbide, carbon black, natural rubber, asbestos, caustic soda, small boilers, aluminium plants, tannery, inorganic chemical, lime kiln, glass, ceramic, foundries and re-heating furnaces industries.

After the new standards are implemented, the industries will have to either switch to cleaner fuel or invest heavily in the technologies, according to experts.

"These are pretty good standards. To meet them, these industries will have to either use cleaner fuel or use de-sulphurisation technologies which are quite expensive," Polash Mukherjee, Research associate at Centre for Science and Environment (CSE), told IANS.

Petcoke is made from the residue of the petroleum refineries and contains very high volume of sulphur and other major pollutants.

Petcoke is banned across several countries.

The manufacturing of petcoke results in emission of carbon dioxide, particulate matter, nitrogen oxides, sulhpur dioxide and traces of heavy metals, according to Central Pollution Control Board (CPCB).

The notification also says that industries will have to do real time online monitoring of sulphur emissions and install systems linked with pollution monitoring systems of CPCB and State Pollution Control Board.

The ministry has invited objection or suggestions from people within next 60 days when the amendments to environment protection rules come into force.

Source: business-standard.com - Oct 30, 2017

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Cotton federation plea to PM on procurement

With a record crop of 400 lakh bales expected this season, Indian Cotton Federation (ICF) today appealed to Prime Minister Narendra Modi to direct Cotton Corporation of India (CCI) to procure a minimum of 100 lakh bales and help maintain stability in the market.

The cotton thus procured should later be sold directly to the consuming textile mills alone, which would help maintain stable prices throughout the year and create a win-win situation for the farmers, the Federation said in a memorandum to the Prime Minister.

For the third consecutive year, lndia had retained its position as one of the world's largest cotton producers and the good cotton prices prevailed during last three years and poor remunerative prices from alternative crops, had encouraged the lndian farmers to grow more cotton, it said.

To support farmers' sustenance in cotton and Prime Minister's "Make in lndia initiative", to double the income of farmers, CCl should be advised to act as a voltage stabilizer for prices and procure around 100 lakh bales during the peak season and make it available for consuming mills during the lean season.

This would help stabilise prices for the benefit of farmers across Gujarat, Maharashtra, Telangana, Andhra Pradesh and few more states with a monitoring mechanism to see that cotton prices to the farmers do not dip and is around MSP, ICF said.

Source: business-standard.com- Oct 30, 2017

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Cotton farming up, prices down

While the area under cotton cultivation has gone up considerably in the state, the farmers arriving with their produce in the grain market here are dejected with the low prices.

Talking to The Tribune here, former North India Cotton Association president Ashok Kapur said the prices had initially touched Rs4,800 per quintal, but now they had come down to Rs4,700 per quintal. He attributed the dip in prices to the current trend in the international market.

He said the off take of yarn was sluggish and the inventory was piling up. He said private buyers were not very active, as they anticipated a further dip in the prices. On the other hand, well-off farmers too were now keen to hold back their stock, hoping for better prices in the coming months.

Former Punjab Cotton Factories and Ginners Association president Bhagwan Bansal admitted that the GST had taken a toll on their business, stating that the banks too were not cooperating with them. He also blamed the “poor quality” of Punjab cotton this year for slow buying by the mill owners. He said the cotton crop needed rain in September, but the weather remained hot and dry, thus affecting its quality. He said a number of buyers had moved to Gujarat that had better quality cotton produce.

Punjab Beopar Mandal president Ashok Kumar Dhunike said the cotton prices had come down, as China had curtailed its imports and spinning mills back home were grappling with the fund crunch. He said the mill owners did not have ample funds due to fiscal slowdown caused by the GST. He said the commission agents too were not giving cotton to the mill owners on credit as was the case earlier.

Jagtar Singh, a farmer from Chuga Khurd village, said he sold off his cotton produce in little less than Rs4,700 per quintal. “Poor cotton prices have hit the small farmers hard. I had taken agricultural land on lease at the rate of Rs48,000 per acre. Besides, the input cost is Rs15,000 per acre. But, the current cotton prices have only fetched me around Rs38,000 per acre,” he lamented.

Modan Singh from Virk Khurd village said the labour cost too had gone up this year. “I ended up paying Rs800 per quintal as labour cost, apart from their free transportation,” he said.

Rajbir Singh, a farmer from Naruana village, who had taken four acres of land on lease, said they were hoping for cotton price of Rs7,000 per quintal. He said the successive state governments had resorted to mere lip service for the farmers.

Source: tribuneindia.com- Oct 31, 2017

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