IBTEX No. 246 of 2016 Dec 07, 2016

USD 67.83 | EUR 72.25 | GBP 85.92 | JPY 0.59

Cotton Market Update

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

Rs./Bale	Rs./Candy	USD Cent/lb
18597	38900	**73.18**

Domestic Futures Price (Ex. Gin), December

Rs./Bale	Rs./Candy	USD Cent/lb
19200	40162	**75.56**

International Futures Price

NY ICE USD Cents/lb (March 2017)	71. 33
ZCE Yuan/MT (January 2017)	15,660
ZCE Cotton: USD Cents/lb	**87.97**
Cotlook A Index – Physical	**79.55**

Cotton & currency guide: Cotton price in India traded down on Tuesday. The spot shankar-6 variety traded lower to Rs. 39300 per candy ex-gin equivalent 73.70 cents/lb. The price has been declining gradually with higher new crop arrivals and tepid demand. The new crop arrivals in the market yesterday was 150,000 bales has increased over 30,000 bales in last two trading sessions. In fact we are seeing increase in the arrivals in the near term may have continued bearish impact on the prices. As we progress in December the harvesting pace is likely to increase further. Historically it is observed during December the average daily arrivals are around 170-175K bales. We believe with the better prospects this year soon in this month the arrivals numbers are expected to increase. By which we may price of cotton to remain under pressure especially in the domestic market.

The effect was clearly noticed on the futures contract. The most active December future ended the session lower at Rs. 18930 down by Rs. 130 from the previous close. We believe the counter is expected to remain lower for the day.

Coming to global front the scenario is bit dissimilar. We are seeing ICE cotton futures trades in the US for global participants have been moving in a very thin range over past few weeks. The range has been 70- to 72+ cents/lb. We have been also discussing apparently so often in our regular reports stating it's the tug off between speculative long positions and hedgers short positions keeping the counter in a very sideways trend. From the fundamentals front the harvesting of new crop in the US especially West Texas has been good however uncertain rainfall halted harvest work and growers aren't concerned with remaining cotton on fields being damaged as favorable weather returns in the coming days. Business has been limited, as of late, with little movement in ICE cotton futures. On Tuesday the ICE futures for March cotton ended tad higher at 71.33 cents up by 32 cents from the previous day's close.

This morning ICE cotton is seen trading steady at 71.28 cents and the Chinese counterpart is almost at 15700 Yuan/MT. We believe market may remain sideways at the global front. However, in the domestic market cotton price may remain lower. The trading range for cotton on today's trading session is Rs. 18700 to Rs. 19100 per bale.

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INTERNATIONAL NEWS

Can trade take Cambodia from darkness to prosperity?

This past summer, the World Bank officially upgraded Cambodia to a "lower-middle-income country", a move that confirms the country's upwards economic trajectory over the past 20 years.

But despite this new status, which Cambodia shares with 51 other economies, including India, Vietnam and the Philippines, the country is still mostly associated with darker images: landmines, civil war and the Khmer Rouge regime. At best, perhaps, it's seen as a new frontier destination for investment and tourism.

For development economists, though, this reclassification comes as no surprise: Cambodia's economic development has earned it the title "olympian of growth" in some quarters, thanks to sustained double-digit growth between the years 1998 and 2015 (with the exception of 2009 and 2010, following the international financial crisis).

This rise is impressive not only for its rate but also for its resilience. The country has been growing at a stable rate over time, making it the world's sixth-fastest-growing economy.

While some would argue that "it started at a low level, so it's normal", the uniqueness of Cambodia's growth lies in its continuity over 20 years. Since 1950, only 13 economies in the world have grown at a rate above 7% per year for a quarter of a century or longer, and Cambodia is not an oil-producing country.

Its growth has been mostly driven by trade and by a buoyant demand for labour-intensive manufactures (textiles and clothing), a booming tourism industry, growth in construction and, to a lesser extent, an increase in agricultural exports.

New opportunities within the South-East Asian region have also emerged, fuelled by deeper integration in the ASEAN economic bloc.

GDP per capita has increased, inflation has been kept lower than 5% and the poverty rate has declined from 53% in 2004 to 16% in 2013.

Yet there's a long way to go before Cambodia achieves its vision of becoming an upper-middle-income nation and meeting all the United Nations' Sustainable Development Goals by 2030 and turning into a developed country by 2050.

For this to happen, Cambodia will need to accelerate growth, diversify its relatively narrow economic base and enter regional and global supply chains. Only then will it satisfy the United Nations' triple criteria for the graduation of the Least Developed Countries (income, human assets and economic vulnerability) and join the only four countries that have managed to graduate so far: Botswana, Cabo Verde, Maldives and Samoa.

Cambodia has benefited from the strong support of development partners, both bilateral and multilateral, in jump-starting its weak economy in the mid-90s with the result that it is now widely perceived to be aid-dependent. Total aid, including disbursements to NGOs, amounted to around US$12,108 billion between 1992 and 2011 in supporting sectors, such as governance, agriculture, environment, education, healthcare, energy and transport.

While the development community has been generous with Cambodia, it has also closely monitored the use of aid resources. This has meant for the Royal Government of Cambodia to adapt, initially unguided, to multiple rules, expectations and governance aspirations, always ensuring that resources flow to the most important and promising sectors.

A new trade route

Trade has been a big recipient of development support for the role it plays in achieving sustained growth and economic development. Cambodia has benefited from preferential market access offered by its main trading partners, such as China, the European Union, Japan, the US and the ASEAN partners, but also from a steady and strong partnership with the Enhanced Integrated Framework (EIF), the only Aid for Trade programme exclusively dedicated to the Least Developed Countries (LDCs).

Since 2001, the EIF has been a close companion on Cambodia's journey towards economic growth and poverty reduction through trade.

It has contributed to build the national capacity to design and manage Aid for Trade programmes, notably through the establishment of the sector-wide Approach on Trade, a key mechanism for coordination among the Royal Government of Cambodia and development partners and for channeling Aid for Trade resources.

It has also sponsored several far-reaching trade diagnostics and helped Cambodia to diversify its economy and to move up the value chains in high export potential sectors, such as high-value silk, milled rice, marine fish products and cassava products, as well as in the hospitality industry.

Graduation from LDC status can be a double-edged sword for a country, for it entails the loss of preferential market access and a possible reduction of development aid. Like for the other recently graduated countries, the EIF will help Cambodia to ensure a smooth graduation, supporting the preparation and continuing its assistance for five years afterwards.

In the long run, the success of the Cambodian economy will be driven by the nation's entrepreneurs and the private sector and not by more international assistance, as reliance on aid is neither sustainable nor desirable in the long term. The recent reforms aimed at reducing the cost of trade, increasing competitiveness and implementing an industrial development policy are to be considered steps in the right direction.

For its vision to be realized, the Cambodian government is conscious that far-reaching reforms are needed in order to make economic growth work for all. Only then can the perception of Cambodia change for good.

Source: thailand-business-news.com– Dec 06, 2016

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Pakistan: Indian cotton consignment rejected

Pakistan on Tuesday rejected a consignment of 10,000 bales of Indian cotton worth $3.3 million.

The shipment of ginned cotton parked at Karachi Port was imported by seven textile mills. It was rejected by the Plant Quarantine and Certification Services Office, Ministry of National Food Security and Research Department of Plant Protection. It directed Pakistan Customs to return the cotton consignment to the country of origin.

The customs deputy collector informed that the consignment was imported in violation of the Pakistan Plant Quarantine Act 1976 and Rules 1967. The said consignment would be returned to India at the expense of importers.

The rejection sent shock waves in the textile industry which has been striving for permission to import cotton from India. Last year, 2.7 million bales worth $800 million were imported from India to make up for the shortfall after cotton crop failure.

According to official sources, thus far the private sector has imported around 1.2 million cotton bales from different countries and orders for 0.3 million bales of Indian cotton have been placed. According to the textile industry leaders the cotton imported from countries other than India was cleared by the customs authorities without any issue.

Zahid Mazhar, Senior Vice-Chairman All Pakistan Textile Mills Association (Aptma), was critical of the government policy of not allowing cotton imports from India. He said unbridled arrival of cotton yarn from the neighbouring country was causing injury to the domestic spinning industry.

“The industry needs around four million bales of imported cotton this year to meet the supply shortfalls,” he added.

The country is expected to produce around 10.05 million bales this year against an estimated demand of 15m bales.

Source: dawn.com– Dec 07, 2016

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European Firms Lobby for Higher Duties on Chinese Goods

An upcoming World Trade Organization deadline is offering European steel producers and other manufacturers an opportunity to lobby for a framework that would allow for higher duties on Chinese goods.

As reported by CFO Journal this week, a clause in China's WTO admission protocol states that countries seeking to impose anti-dumping duties against the nation can only use non-Chinese data until Dec. 11, which would mark 15 years since China's admission to the trade organization.

The measure, originally aimed at providing China's trade partners with an instrument to avoid having to use local, often inaccurate data is now the cause for an intense debate between Beijing and Brussels.

The EU can now grant China market economy status, as it has done in the past with countries like Russia and Ukraine, and continue using non-Chinese data or introduce a new framework that does away with the differentiation between market- and non-market economies. This is what a recent proposal by the EU Commission strives for.

Manufacturers that directly compete with Chinese end-products advocate for the EU to not grant China the title, instead favoring modification of the so called "lesser duty" rule that has led to the EU imposing significantly lower duties on imports than other regions.

Under the current lesser duty rule, the EU used two criteria when assessing the damage done by dumping. It looked at the dumping margin and at the injury that was caused by dumping and "went for what was the lower amount," said Jan Gaspers, head of the European China policy unit at Mercator Institute for China Studies, a German think tank.

Most likely, the EU will modify the lesser duty rule, resulting in higher duties on imports from China, said Stephen Adams, a partner at London-based consulting firm Global Counsel LLP.

Eurofer, the European association of steel producers, wants the lesser duty rule to be applied less frequently. "That would help the European steel industry," said Axel Eggert, director general of Eurofer. "Europe is the only major trading bloc that applies the lesser duty rule," Mr. Eggert said.

For cold rolled steel, the EU's duties stand at 21.1%, according to an EU Commission paper published in October, while the U.S. imposes an average 265.8% duty. In steel rebars, the EU imposes a 22.5% duty on imports from China compared to a 133% duty imposed by the U.S.

The EU has tried to shorten the investigation time in anti-dumping cases over the last 18 months, according to a spokesman for the European Commission. It has imposed duties retroactively and also in some cases acted just based on a potential threat to an industry, even before the damage was done.

The ceramics industry has suffered from cheap Chinese imports, too, especially in Italy and the U.K. There are two duties currently in place, of about 17% on tableware and 28% on ceramic tiles.

"The 17%-duty is too low for consumer goods to really have an impact in all EU countries," said Renaud Batier, director general at Cerame-Unie, the European Ceramic Industry Association. "We would prefer to have higher duties for Chinese tableware imports," he said.

A duty of around 30% would be more successful in fending off Chinese competition, Mr. Batier said.

Besides steel and ceramics, the solar panel industry as well as the clothing and textiles industry could benefit from higher duties on Chinese rival products.

From January to September, France for example imported textiles and clothing worth €5 billion ($4.67 billion) from China, according to Emmanuelle Butaud-Stubbs, director general of Union des Industries Textiles, the French textile association.

"France in return only exported textiles and clothing worth $367 million to China," Ms. Butaud-Stubbs said. Her organization was ready to fight distortions in the market, she said.

Source: blogs.wsj.com– Dec 06, 2016

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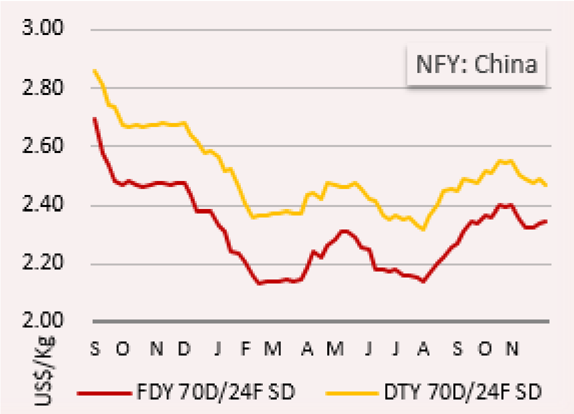
China: Nylon yarn prices soar amid surging raw material cost



In China, FDY70D/24F SD prices were up US cents 7-10 a kg in the fourth week of November while FDY40D surged US cents 5 a kg on the week. DTY 70D/24F prices also jumped US cents 6-9 a kg while 30D/10F rose US cents 2-5 a kg on the week.

Monofilament 30D prices jumped US cents 3-8 a kg, while nylon staple fiber 1.5D prices climbed US cents 13 a kg during the week.

Nylon filament yarn prices soared on surge in raw material nylon chip and caprolactum cost which were eroding margins. Thus, makers hiked prices and were currently cutting operating rate to balanced supply/demand fundamentals.

Demand from warp-knitting, weaving and AJ covering sector witnessed was smooth while circular-knitting mills and lacing mills ran at 50%. Supply was trimmed rates to 71% with cautious sentiment. In the short run, producers may cut down production slightly.

In case of non-textile yarn sectors, cord fabric, fishing-net yarn and staple fibre makers will cut operating rate to 60-70% on existing losses.

Source: yarnsandfibers.com - Dec 06, 2016

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Pakistan: CCAC revises cotton production downward

The Cotton Crop Assessment Committee (CCAC) on Monday revised cotton production estimates downward for the third time in the current season to 10.54 million bales against the initial estimates of 14.1 million bales ie by over 25 percent for the current season (2016-17).

The country had missed the crop production target by around 30 percent in 2015-16 and it remained around 10 million bales which, according to the finance minister, caused 0.5 percent to the GDP growth.

The officials said that the crop prospects are not very good in the current season and may result in negative, affecting growth rate again. The third meeting of CCAC for the season 2016-17 was held to asses the volume of current cotton crop in the country, under the chairmanship of Federal Secretary Ministry of Textile Industry Hassan Iqbal.

Officials' sources revealed that the estimates are based on the second estimate of the provincial governments which are being finalised by November 15 and are being considered as most realistic.

Representatives of the provincial governments of Sindh and Punjab, cotton growers, Trading Corporation of Pakistan, Karachi Cotton Association and Pakistan Central Cotton Committee (PCCC) attended the meeting. Cotton Commissioner Dr Khalid Abdullah presented the overview of cotton crop production, insect pests and disease situation, market pattern and other factors (high temperature, lead reddening/burning issues, etc) influencing the overall cotton production in the country.

He stated that the cotton was sown 20% less in the Punjab province due to lower prices of the produce last year, less return from competing crops, anticipated more rains which led to reduction in overall cotton production.

Representatives of the provincial government explained the methodology for crop assessment and informed the meeting about the crop estimates which are reproduced as follow: Punjab was expected to produce 9.5 million cotton bales from 5.9 million acres of land; Sindh had to cover 1.6 million acres of land and was estimated to produce 4.5 million cotton bales; Balochistan had to grow cotton on 0.12 million acres of land and was targeted to produce 0.04 million cotton bales; and the Khyber

Pakhtunkhwa was targeted to cover about 74,000 acres of land and produce 0.0015 million cotton bales.

The CCAC revised downward cotton production estimates for the third time and Punjab is estimated to produce 6.903 million bales against the initial estimates of 9.5 million, Sindh 3.6 million bales against 4.5 million, Balochistan 0.038 million bales against initial estimate of 0.098 million bales and the Khyber Pakhtunkhwa is estimated to produce 0.001 million bales against 0.0015 million bales.

The member representing KCA was of the opinion that the assessment is very realistic and the ground realities are very close to this forecast. Cotton growers emphasised the need for provision of quality cotton seed, affordable prices of inputs and price intervention by the government in such a way that benefit should go directly to growers.

Secretary MinTex stressed for developing scientific-based cotton estimation and forecasting model so that accurate, reliable and more authentic crop size may be assessed. He further directed to publicise standard bale size and its proper packing in electronic and print media for its strict compliance. He asked for developing effective cotton production plan determining measures for enhancing cotton area and yield in the country.

Source: brecorder.com - Dec 06, 2016

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Egypt: 1m sqm provided for development of textile industries in Badr city: Minister of Industry

The Ministry of Trade and Industry will provide 1m sqm of land for textile and clothing industries in Badr City in December as part of the government plan to develop 10 industrial areas dedicated to textile and clothing manufacture over the next five years, minister Tarek Kabil announced.

According to a press release from the ministry on Monday, the minister emphasised that the textile industry is one of four major fields of industry which the ministry has decided to develop through a strategy launched in November.

Kabil said that Egypt has a competitive advantage in this field, and the government plans on increasing its competitive abilities in this industry.

The minister added that the government aims to increase the value of textile and clothing exports to $6bn, and to create 1m jobs, adding that it is the second largest industry in Egypt. He added that the textile and clothing industry accounts for 30% of the total industrial production in Egypt; 16% of all its industrial exports; and 30% of all industrial employment with nearly 1.2 million people employed by 7,000 companies with investments totalling $5bn.

Kabil also added that the industry provides clothes and textiles to 70 million people, and that the ministry cares about implementing the agreements made in September between the Supreme Council for Textiles and the prime minister.

"The government is working on developing the industry from planting cotton to the final product," said Bahaa El-Adly, the head of Badr City Investors Association.

El-Adly believes that the government is serious about developing the textile industry owing to its national importance. He added that it is important for textile industries to be grouped together so as to facilitate their improvement.

Investors in Egypt and especially in Badr City want more industrial lands; he believes the time is right for Egypt to pursue new investments in all industrial fields.

"The government must develop all industries at the same time because there is no such thing as an unimportant industry," he said.

Source: dailynewsegypt.com - Dec 06, 2016

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Turkish tycoons to visit Ethiopia to target textile and garment sub sector

Turkey's Economic Minister, Nihat Zeybekci, during his visit to Ethiopia is expected to lead a team of Turkish business tycoons. The Economic Minister's trip to Ethiopia is scheduled for some time in the coming month, according to Ayalew Gobeze, Ethiopia's Ambassador to Turkey.

The business tycoons are said to visit potential business locations in Ethiopia and also participate in bilateral meetings with Ethiopian government officials and business community.

In the recent years, Turkey's investment to Ethiopia has been growing. Out of the 6 billion USD Turkish investors spent in Sub-Saharan countries, half of it was in Ethiopia. The investors are mainly targeting textile and garment sub sectors.

The Ambassador added that investors in garments, agro processing and textiles are expected to expand their businesses in the country.

In the last few weeks, two business forms focused on Ethiopia, were held in Turkey. The latest Turkish/African business forum held two weeks ago, Ethiopia was talked about as one of the best investment destinations for Turkish business people and many came forward to give their testimony about the opportunities there.

Source: yarnsandfibers.com - Dec 06, 2016

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USA: Stores offer better deals than online channels: ICSC

Consumers have an advantage when it comes to finding better deals in brick and mortar stores, as compared to online, according to a recent report.

Specific categories, including women's apparel and women's shoes were significantly less expensive in-store, for the same products, with an average cost savings of 7 per cent across those categories.

International Council of Shopping Centers (ICSC) conducted a survey to compare online and in-store prices of 547 products across several categories at 124 stores in June 2016 in the US. The study found that women's clothing purchased in stores performed particularly well in comparison with the same items sold online.

Overall, consumers would have saved up to 9 per cent by shopping in stores for women's clothing included in the study. Women can expect savings of up to 19 per cent from athletic wear, 10 per cent from pants/jeans/shorts, 8 per cent from shirts/blouses/tops and 2 per cent from dresses, says the report.

"There is no replacement for the social and emotional aspects of going shopping nor the ability that consumers have to touch, see and try out merchandise when they visit a physical store. The convergence of digital and physical creates the added benefit of being able to price compare, research and evaluate purchasing options so consumers make better informed decisions while shopping," said Tom McGee, president and CEO, ICSC.

Within the beauty category, there was an average price savings of 6 per cent for the same items purchased in a store, while women's accessories were 5 per cent less expensive in-store than online. Women's shoes, on average, were 7 per cent less expensive in brick-and-mortar stores, states the report.

Source: fibre2fashion.com - Dec 06, 2016

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Germany: Chinese online retail sales expected to grow by 2020

Online retail sales in China are expected to grow by at least 20 per cent over next four years, a new report from German intelligence firm Ystats.com has said. This will have a positive effect on the online share of total retail sales, which is already doing good business, and it will also escalate China's share of global e-commerce sales.

According to the report, B2C e-commerce is expected to make a major contribution in this growth.

It is observed that since last few years, B2C's share has been increasing and at present it accounts for over 50 per cent of the total share.

The report said that mobile commerce (m-commerce) is also growing in China. The situation would be such that in few years, mobile shopping will account for nearly three quarters of the online sales. China's largest online retailers and marketplaces will be the major beneficiaries of its future e-commerce sales growth.

Source: fibre2fashion.com - Dec 06, 2016

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Bangladesh November exports up 5.5 pct y/y, lifted by garment sales

Bangladesh's exports in November rose 5.5 percent from a year earlier to nearly $2.9 billion, driven by stronger garment sales, official data showed on Tuesday.

Exports for July through November, the first five months of the country's 2016-17 financial year, rose 6.3 percent from a year earlier to $13.69 billion, the Export Promotion Bureau said.

Sales of garments, comprising knitwear and woven items, totalled $11.13 billion in July-November, up 6.4 percent from a year earlier.

Garments are the key foreign-exchange earner for the South Asian nation of 160 million, whose low wages and trade deals with Western markets have helped make it the world's second-largest apparel exporter after China.

Source: reuters.com - Dec 05, 2016

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NATIONAL NEWS

Govt extends garments, yarn export entitlement quota for 1 year

Government has extended the export entitlement quota for readymade garments & knitwear, yarn and fabrics & made-ups to the US, Canada and European Union for one year with effect from 1 January, 2017.

"The government hereby decides to extend the operation of the residuary provisions of yarn, fabrics & made-ups export entitlement (quota) policy for a further one year with effect from 1 January, 2017," said a notification issued by Textiles Ministry.

Similarly, it also extended the operation of the residuary provisions of garments and knitwears export entitlement (quota) policy for a further one year with effect from 1 January, 2017.

The garments and knitwears export entitlement policy is applicable in respect of countries where such exports are covered by restraints under the provisions of the agreement on textiles and clothing.

Export entitlements will be allotted only to exporters registered with the competent registering authorities as per the export-import policy prevailing from time to time.

Quantities that become available from time to time on account of surrenders, flexibilities or otherwise shall also be allocated under the First Come First Served (FCFS) system.

The government had earlier decided to enforce operation of the residuary provisions of garments and knitwears export entitlement (quota) policy and yarn, fabrics & made-ups export entitlement (quota) policy initially for one year with effect from 1st January, 2005, and extended from time to time.

These provisions had been extended up to 31 December 2016.

Source: business-standard.com- Dec 07 2016

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Exports increase share of jobs in India – Study

A new study by the Exim Bank has found that around 15% of the total jobs in India are related to India's exports sector, including both IT, BPO and material goods such as garments.

The total number of jobs supported by aggregate Indian exports increased from about 34 million in 1999-00 to 62.6 million in 2012-13, with a growth rate of 3.4% per annum, it found. This is higher than the pace at which India, as a whole, has been able to increase employment opportunities for its citizens.

Ëmployment growth has been sluggish despite India's fast economic growth since the 1990s," said the report.

The key drivers of jobs exports growth has been sectors such as garments & textiles, gems & jewelry, cotton textiles, communication and electronic equipment, motor vehicles, food products, metal products and leather footwear.

The total GDP of India is around 1.8 trillion, while the total exports from India to other countries is around $25 bln per month or about $300 bln per year.

This translates to a share of around 17% in total GDP and indicates that the contribution of exports to total employment is around the same as its share in the total organized economy.

However, pointed out the study, the share of exports in the total economy is increasing with every year.

"Ëxport related jobs grew significantly faster than that of country's total employment: the share of export-supported jobs in total employment increased from little over 9% in 1999-00 to 14.5% in 2012-13,"it said.

Almost half of the export-related jobs are índirect', meaning that they are created at the level of vendors and partners of exporters.

Ïndirect job creation increased significantly in recent years, from 38% in 2007-08 to 50% in 2012-13.

Backward linkages, particularly from manufacturing to agriculture and services, have become an important source of export related job creation in the country, it said.

The study identified manufacturing to be the one with the largest potential to generate employment, both directly as well as in agriculture and services through backward linkage effects.

Policies specifically targeting export growth from the manufacturing sector can reap rich dividends in terms of creating large scale employment opportunities for various skill categories.

Source: rtn.asia- Dec 06, 2016

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AP cotton market in deep crisis

Cotton market in Andhra Pradesh, one of the major producers in the country, has plunged into a deep crisis in the aftermath of demonetisation, as transactions have almost come to a halt and prices have slumped by roughly Rs. 1,000 per quintal.

It is almost a month since the Prime Minister announced the move to scrap the Rs. 500 and Rs. 1,000 notes and one of the worst-hit commodities market in the State is cotton.

The crop is grown widely in Krishna, Guntur, Prakasam, and Kurnool districts and to an extent in the two Godavari districts. The ginning mills, most of them located in Guntur district, supply cotton to textile mills in other states such as Maharashtra, Tamil Nadu, Gujarat and Karnataka.

After demonetisation, the ginning mills are in a crisis and they are unable to purchase cotton through brokers due to liquidity crunch. According to trade sources, almost 70-80 per cent of the transactions have come to a halt and the market has been hit hard.

A month ago, quality cotton was selling in the range of Rs. 5,300-5,500 per quintal and the prices have now slumped to Rs. 4,300-4,500 per quintal, and farmers are unwilling to sell at these rates.

On the other hand, the Cotton Corporation of India (CCI) has opened more than 40 cotton purchase centres in the State, but the prices offered are much less than the prevailing market price at Rs. 4,100 per quintal and farmers are therefore unwilling to sell cotton at CCI purchase centres. The net result is that the cotton market is almost at a standstill after demonetisation.

Trade circles and the farmers are desperately waiting for release of enough cash to revive the market.

Source: thehindubusinessline.com - Dec 06, 2016

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Raymond shifts focus to product innovation to attract millennials, grow suitings segment

With a view to beat an overall slump in the fabrics market and resonate well with young consumers, especially millennials, fabric and apparel major Raymond Ltd has shifted its focus to bringing in a lot of innovation, in terms of product offering, into its suiting business.

Suitings typically refer to fabrics used for making blazers, coats, jackets, suits and trousers. Apart from suitings, the other segments under textiles division include shirtings (fabrics for making shirts), made-to-measure garments and exports.

While Raymond still has a near 60 per cent market share in the Rs. 18,000-crore suitings segment, the overall Indian suiting business has seen a slowdown over the years as people opted for more readymade garments.

“Apparel as a category is anyway much bigger than suitings because of consumer preference. There has been a slowdown in the overall suiting market and it is same for us as well.

Currently, our suiting business is growing in single digit, mainly due to sluggish economic growth, while apparel business growth is in double digits,” Vice President, Head Sales & Distribution – Textile, Raymond Ltd, Ram Bhatnagar, told Indiaretailing Bureau on the sidelines of Woolmark’s Wool Conclave.

However, suitings are and will remain a significant division for Raymond added Bhatnagar.

“So, while the overall suiting market is growing at 3-4 per cent, we are at 6-7 per cent. And this is mainly because we are doing a lot of innovation in the suitings space which is widening our consumers base and ultimately driving our growth.”

For instance, over the last one year, the company has launched and explored new offerings focussing on functionality. In March this year, it launched its ‘technosmart’ brand of fabrics which is targeted at corporate travelers and has features like UV protection, wrinkle resistance, and smooth touch, which are ideal for crafting trousers, suits, and jackets.

Raymond now says that the response has been phenomenal and it is one of the greatest success stories for the company.

“Over the years, we have realised that we can’t do much about the change in consumer preferences and mindsets but that we can certainly make our product even more appealing by adding features consumers love and that’s how we come up with our techno series,” Bhatnagar said.

“Our techno series has been received so well by all the consumers, especially young user base. Over the last few months, we have acquired lot of new customers who got excited by the feature and has asked for trails. The range has already become a 150 crore category for us and it has now become a standalone brand for Raymond,” he added.

The company is also looking to come up with the new product ranges in the techno series like techno stretch.

“The idea is to make techno series as big a brand as The Complete Man,” Bhatnagar said.

The company which currently manufacture textiles from three manufacturing unit; Chhindwara in Central India, Vapi in Gujarat, near Mumbai and Jalgaon in Maharashtra is also ramping up its production capacity. It has in Feb this year invested Rs 450 crore in a new textile unit at Nandgaon Peth in Amravati district in Vidarbha. The plant will have an annual capacity of 20 million metres of cotton fabric.

Raymond is also looking to strengthen its brand presence in the Middle East and South Asian countries as part of its overseas push.

Source: indiaretailing.com– Dec 06, 2016

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Cash inflow will revive sales: Textile industry

The textile industry representatives are hopeful of revival of business once the cash flow begins in the market. Textile sales had gone down by around 50-60 per cent after the scrapping of high-denomination Indian currency notes on November 8. This announcement by the Central government had applied brakes on textile sales in the initial period.

“Surat generally gets bulk orders from various parts of the country. Demonetisation has badly affected our business dealings. Consumers are spending as low as possible. Textile sales have gone down by 50-60 per cent. Placing of order has also reduced by around 75 per cent.

The situation is such that weaving has decreased by 60 per cent and processing by 30 per cent. Cash inflow is also very slow. However, it is a positive sign for us that few consumers are still purchasing garments via credit/debit and online system,” Southern Gujarat Chamber of Commerce and Industry president BS Agrawal told Fibre2Fashion.

Despite slow business in the textiles, representatives of the sector welcomed the move hoping that it will ensure systematic functioning of the entire value chain related to the industry.

“Initially, the sales had gone down to around 15 per cent. With time, the sales have improved a bit and we hope that it increases with the recovery of cash crunch in the market. However, demonetisation will definitely benefit the textile business in the long run. It is expected that this initiative by the government will restrain all unbilled sales,” said Naishadh Parikh, chairman, Confederation of Indian Textile Industry.

“The situation is not very good. It will take time for the market to move towards cashless economy.

Large retailers have not been much affected as consumers are doing purchases with plastic money and via online.

However, with the ongoing wedding season, domestic retail shop owners are bearing the brunt of demonetisation," said Ajay Sahai, director general and CEO of Federation of Indian Export Organisations.

Source: fibre2fashion.com– Dec 06, 2016

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Amma gave special attention for textile growth in TN: SIMA

Former Tamil Nadu chief minister J Jayalalithaa paid special attention for the growth of textile industry in the state during her entire tenure as chief minister, the Southern India Mills' Association (SIMA) has said. Jayalalithaa served five terms as TN CM, for over 14 years between 1991 and 2016. She breathed her last Monday night in Chennai.

Jayalalithaa Jayaraman, fondly called 'Amma', was very proactive in all the textile policy matters and even in the recent meeting with prime minister she personally took up the long pending issue of Technology Upgradation Fund Scheme and the industry could get the entire subsidy arrears cleared up-to-date within a short span of time, SIMA chairman M Senthil Kumar said in a press release.

She also helped to resolve the textile effluent pollution issue and successfully implemented the zero liquid discharge treatment system and made Tamil Nadu as the model for the entire globe in terms of sustainability, Kumar added.

She also came out with numerous welfare schemes to eradicate child labour employment in a proactive manner.

SIMA chairman highly praised the bold and proactive steps initiated by the former CM on a war footing to mitigate the acute power shortage problem that prevailed in Tamil Nadu during 2008-2011. It is due to her steps that Tamil Nadu has now become the highest power surplus state in the whole of country, thus making the entire industry in Tamil Nadu highly competitive in the global market.

He added that she was the first chief minister to demand for an exclusive green corridor for transmitting the green energy across the country and also motivated the industrialists in the state to make large scale investments in wind power and solar power generation, which helped Tamil Nadu become a leader in green energy generation and protecting the world from global warming.

Cotton Cultivation Mission, a proposal mooted by SIMA, was another policy measure announced by Jayalalithaa for increasing the area under cotton, quality, productivity and the income for cotton farmers in Tamil Nadu, said Kumar.

SIMA chairman also recalled the support extended by Jayalalithaa for the development of Palladam Hi-tech Weaving Park. He added that the entire textile community in the state and the nation would remember the contributions made by the great leader.

Source: fibre2fashion.com– Dec 06, 2016

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Expect Cotton prices to trade higher: Angel Commodities

Angel Commodities report on Cotton

Cotton complex traded mixed on Monday due to subdued new season cotton arrivals and lower demand from the industrial buyers on lack of demand from textile industries.

NCDEX Kapas for Apr'17 closed 1.04% higher while MCX Dec'16 cotton closed 0.57% lower.

Cotton production prospects are good for market year 2016/17 though arrivals are delayed.

As per latest release by CAI, the total supplies of cotton in the domestic market during 2016/17 will be lower at 408 lakh bales compared to 427 lakh bales as compared to last year supplies due less carry over stock and imports.

Global Cotton Updates

ICE Cotton futures remained little changed on Monday in subdued trading activity, ahead of the monthly supply-demand report from the U.S. Department of Agriculture later this week.

The U.S. Department of Agriculture's weekly crop progress report released on 28-Nov-16 showed that 77% of cotton crops were harvested in the United States by the week ended Nov. 27, up from 67 % in the previous week but lower than the five year average of 84%.

Outlook

We expect cotton prices to trade sideways to higher on expectation of improved demand for new season crop from ginners and stockists. The arrivals in the physical market have been improved but the peak arrivals have not been achieved due to cash crunch.

Source: moneycontrol.com– Dec 06, 2016

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India's e-commerce market poised to overtake US' by 2034

The e-commerce market in India is set to overtake that of the US and become the second largest in the world in less than two decades, going head-to-head with China, according to a new research. With 350 million Indians currently online, the number is expected to nearly double to 600 million by 2020, the research adds.

Though it currently accounts for a small portion of global e-commerce spend, online and mobile shopping in India is poised for explosive growth over the next 20 years, according to the Global Payments Report by Worldpay, a payments company.

Ron Kalifa, Vice-Chairman at Worldpay, noted in a statement: "Our research has uncovered a number of trends that point to India's potential for astounding e-commerce growth in the next two decades. The market is predicted to reach $63.7 billion by 2020 and overtake the US by 2034."

The report noted that growth would occur around the world, but emerging markets are leading the charge, particularly India, where e-commerce is predicted to mature by 28 per cent per year from 2016 to 2020, thanks to massive surges in internet penetration, a swelling millennial population and the rising uptake of mobile phones.

According to Google's 'Next Billion Users' team, three Indians are coming online every second.

The Worldpay report has said the National Optical Network (NON), originally scheduled for completion in 2013, is set to be a major determinant in India's e-commerce growth. The NON aims to provide broadband connectivity to over two lakh gram panchayats at a cost of ₹20,000 crore. Though a number of delays have slowed the project, trial roll-outs are currently underway, which will result in wider access to fast internet access, the report adds.

Another major factor according to the report is the country's huge uptake of mobilephones. The price of data plans running two times cheaper than in China and three times cheaper than in the US.

As the country's middle class switches over to 3G and 4G networks, India is expected to see more mobile shopping, especially amongst millennials, the report states, adding young people shopping via smartphones are already responsible for sharp increases in India's online spend.

For the annual report compiled using a combination of data, insights, findings from Euromonitor, Datamonitor and yStats, Worldpay analysed 30 markets around the world, including India, China, Hong Kong, Malaysia, Taiwan, South Korea, Singapore and Australia in Asia-Pacific.

Source: thehindubusinessline.com– Dec 06, 2016

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India, EU free trade pact talks stumble as bilateral investment treaties are set to lapse

India and the EU are in disagreement over whether to negotiate a bilateral investment treaty (BIT) for mutual protection and promotion of investments as part of the proposed free trade agreement (FTA), or separately.

The EU wants the two partners to enter into a BIT as soon as possible and the FTA should follow later as the individual investment protection agreements signed by its member-countries with India have already started to lapse. It has also urged India to allow the existing BITs to continue till a new one is negotiated.

"New Delhi, however, wants the new BIT, which is to be negotiated with the EU as per the model text approved by the Cabinet, to be a part of the FTA. It is also not keen on extending the existing treaties with individual EU member countries after they lapse," a government official told *BusinessLine*.

Officials from the EU, who met senior officials from India's Department of Economic Affairs and Commerce Department last month and discussed the matter, are now expected to respond on how the FTA negotiations should proceed, the official added.

Contentious issues

The proposed India-EU FTA, officially known as the broad-based trade and investment agreement, has been stuck for the past few years due to disagreement between the two sides over contentious issues such as lowering of import duties on automobiles and alcohol by India and recognition of India by the EU as a 'data-secure' country.

The FTA, which would focus on goods and services, will also have a separate chapter on investments which would include measures for its promotion and protection.

India' BIT with Netherlands has already lapsed on November 30 and similar agreements with most other EU member countries are set to lapse in the first half of next year.

New Delhi has come up with a model BIT draft based on which it now seeks to re-negotiate all its existing investment agreements to avoid a string of litigations it has been facing over the last few years from global companies. It understandably doesn't want to give extensions to the existing agreements that lapse.

Investor interest

The EU argues that the gap between the expiry of the existing BITs and the implementation of the new BIT would result in an uncertain situation for investors from the country. While the existing investments would already be covered under the provisions of the existing BITs for the next few years even after they lapse (as the existing agreements provide for such coverage), it would not hold true for new investments made.

Indian officials, however, say that even if new foreign investments were not covered under a BIT for sometime, it would not spell doom as the existing laws in India, especially under the 'Make in India' campaign, were foreign investor friendly.

The EU is India's top trading partner, ahead of China and the US. EU investments in India amounted to €38.5 billion in 2014, increasing from €34.7 billion in the previous year, according to EU figures.

Source: thehindubusinessline.com– Dec 07, 2016

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