IBTEX No. 53 of 2017 Mar 15, 2017

USD 65.56 | EUR 69.59 | GBP 79.76 | JPY 0.57

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
20413	42700	**82.25**

Domestic Futures Price (Ex. Gin), March

Rs./Bale	Rs./Candy	USD Cent/lb
21180	44304	**85.34**

International Futures Price

NY ICE USD Cents/lb (March 2017)	77.15
ZCE Cotton: Yuan/MT (May 2017)	15,895
ZCE Cotton: USD Cents/lb	**85.81**
Cotlook A Index – Physical	**86.10**

Cotton & currency guide:

Cotton price traded steady on Tuesday's trading session at Rs. 43,650 per candy mostly unchanged from the last Friday close. With Indian rupee appreciating against the USD the equivalent parity price was quoted around 84 cents per pound. From the supply front the arrivals continues to be tight. Nationwide, daily seed cotton arrivals were estimated at roughly 147,000 lint equivalent bales, including 43,000 from Gujarat and 55,000 from Maharashtra.

From the global front, nearby cotton contracts ended the day between 5 and 33 points higher. There was no clear momentum for the May '17 contract, trading in a narrow 54-point range and on modest losses during morning hours before buyers returned moving the most active contract to modest gains. The spot month traded higher over the remainder of the session and settled at 77.15 cents per pound. The December 17 contract traded in a narrow 52-point range today and settled at 75.03 cents per pound.

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Further on the Chinese front, with the continuing declining daily trend, the sale of the smallest proportion of the catalogue on offer so far, at slightly more than 76 percent, comprising 24,407 of the 32,072 tonnes under offer. The majority of transactions consisted of 2012 crop (12,960 tonnes, rounded) and 2013 crop (10,587). Once again, a small balance (860 tonnes) was from 2011.

The highest price paid was 100 Yuan more than on Monday, at 16,110 Yuan per tonne, and the average price converted to a Type 3128B basis was up 18 Yuan, at 16,030. Thus, the gap between this week's base price (raised to 15,538 Yuan), and the average price paid, widened to 492 Yuan. In total, the first seven days of auctions have resulted in the sale of 202,769 tonnes.

This morning cotton future for May at ICE is seen trading slightly higher at 77.53 cents up by half per cent from the previous close. We believe market to remain sideways to slightly lower. We expect cotton futures to trade in the range of 76.80 to 78 cents and break below 76.80 may see price breaking to 76.40 cents.

At the domestic front the most active March future at MCX to trade in the range of Rs. 21160 to Rs. 20950 per bale and recommend selling from higher levels.

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

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NEWS CLIPPINGS

INTERNATIONAL NEWS

Canada Seeks Input on Potential FTA with China

Following the launch of exploratory discussions with Beijing on Sept. 22, 2016, the Canadian government is now seeking input from businesses, civil society organizations, labor unions, academia, individual Canadians, indigenous groups, and provincial and territorial governments on a potential free trade agreement with China. Submissions must be received no later than June 2 and may address a range of issues, including the following.

- Canadian goods of export or import interest (identified by HS/tariff codes) that would benefit from expedited or phasedin removal of tariffs and other barriers by China or Canada

- trade in services (identification of sectors, activities of export interest for Canadian service providers, market access barriers, and domestic regulatory measures that either restrict or affect their ability to conduct business or deliver their service in China)

- temporary entry of business people from Canada into China and from China into Canada (e.g., any impediments when entering China, or Canada, to work on a temporary basis)

- electronic commerce (e.g., restrictive measures faced by Canadian suppliers of digital products and services in China)

- non-tariff barriers (such as import licensing, administration of tariff-rate quotas, taxes, lack of transparency), technical barriers to trade (including technical regulations, standards, or conformity assessment procedures), and sanitary and phytosanitary measures

- rules of origin, including the appropriate rules of origin for specific products or sectors

- border and customs issues that have an impact on the movement of commercial goods into and out of China

- investment barriers faced by Canadian investors in China, including restrictions imposed on foreign ownership or entry to market, questions of transparency of regulation, and performance requirements

- priority government procurement markets for Canadian suppliers in China at the central, provincial, and local levels, the goods and services that Canadian suppliers are interested in selling to those government organizations, and barriers faced when selling or attempting to sell to governments in China

- any incident affecting business practices when interacting with Chinese state-owned enterprises (in Canada or in China)

- China's application and enforcement of intellectual property laws, regulations, policies, or procedures that may result in discrimination against foreign intellectual property, and any requirements for the sharing or transfer of IP or confidential business information

- competition policy matters, including competition law enforcement or other measures affecting competition in China

- preferred approach to trade remedies taken on trade between China and Canada

- any incidents of unfair business practices

- reflection of the interests and values of Canadians, including sustainable development, corporate social responsibility, transparency, equality, good governance, rule of law, nondiscrimination, respect for the environment, culture, labor rights, and human rights

- enhancement of the bilateral economic relationship, including cooperation on science and technology, climate change, cultural and creative industries, and health and the environment

- other topics, such as risks to Canadian consumers and to Canada's plant and animal resource base resulting from the import of goods from China, and any other topics of interest or potential concern to Canadians related to a potential FTA

The government believes that an eventual FTA with China could result in economic gains for Canada by creating opportunities for Canadian firms that are looking to grow their business in international markets and by improving market access conditions for Canadian businesses operating in China. Canadian consumers may also benefit from such an agreement as a result of enhanced access to safe and affordable goods from China.

Source: strtrade.com– Mar 15, 2017

HOME

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Vietnam: Production improves but trade out of balance

Exports and imports grew 15.4 per cent and 19.6 per cent in value, to $27.3 billion and $27.4 billion, respectively.

State-owned enterprises contributed $7.6 billion to exports, up 12.2 per cent year-on-year, while foreign-invested enterprises contributed $19.7 billion, up 16.8 per cent.

The processing industry saw year-on-year growth of 15.5 per cent in export value, to $22 billion, accounting for 80.6 per cent of the total.

Agriculture, forestry and fishery export value reached $3.2 billion, 9.9 per cent higher year-on-year and accounting for 11.4 per cent of the total.

The ministry noted that high export value growth in the first two months of the year is particularly significant given the relatively low 2.0 per cent growth during the same period last year and the failure to reach double-digit growth in 2016 as a whole.

Average export prices increased sharply during the first two months, including for cashew nuts (by 20.3 per cent), coffee (31.9 per cent), crude oil (61.9 per cent), rubber (81 per cent) and coal (115.5 per cent).

Export prices of agriculture, forestry and fishery products, meanwhile, fell. Total export value rose $736 million, thanks to the increase in prices. Exports of textiles and garments in the first two months also rose, by 12.2 per cent year-on-year to $3.66 billion.

Mr. Le Tien Truong, General Director of the Vietnam Textile and Garment Group (Vinatex), was quoted by local media as saying that many its businesses have secured stable long-term orders for the second quarter and beyond.

Total export value of textile and garments this year is expected to increase 6.5-7 per cent to $30 billion, he said, with the US and Japan being major markets.

The report also revealed that imports of certain products experienced strong growth during the first two months.

Import growth of products such as motor vehicles of less-than-nine-seats, mobile phones, and fruit and vegetables may impact the trade balance.

$153 million was spent on importing 9,500 complete-built-unit motor vehicles of less-than-nine-seats, a year-on-year increase of 139.6 per cent, while value surged 129 per cent for mobile phones and 129.8 per cent for fruit and vegetables.

These imports partly contributed to a 20 per cent increase in total import value in the first two months, reaching $27.4 billion.

Source: vietnamnet.vn– Mar 14, 2017

HOME

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Archroma to empower Pakistan textile women entrepreneurs

Specialty chemicals producer Archroma has signed an agreement with Ethical Affair, to provide training, skills development and technical assistance to women entrepreneurs in the Pakistan textile industry.

Women entrepreneurs will be provided a tool kit in areas such as technical know how pertaining to textiles from initial to the final stage.

Apart from this, Archroma will offer international textile market features, sustainability development, or understanding cost and value creation for local and foreign markets.

Archroma will play a pivotal role to impart technical know-how, training and re-training through active platform of Ethical Affair.

"Empowering women entrepreneurs to enter into the mainstream will certainly add value coupled with creativity for the textile industry," Mujtaba Rahim, CEO of Archroma Pakistan said.

"Women are already taking initiatives in establishing their own businesses especially in the last five years and only need technical training and hands on experience."

Source: fibre2fashion.com– Mar 14, 2017

HOME

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South Korean investments rise in Vietnam's textiles industry

Korea is investing in Vietnam's textile and garment industry in a big way. The move is to satisfy growing orders from US importers, mostly leading retailers such as Target, Walmart, Kohls, Kmart, Sears and Tesco.

With more than 500 businesses based in Vietnam, and nearly $2 billion in total committed capital, Korean investment has helped bolster Vietnam's textile and garment industry.

The Sea-A group has been operating in Vietnam for nearly six years and has a garment plant that turns out seven million products a year and has a workforce of 3,000.

Korea is now Vietnam's fourth largest export partner in terms of value, after the US, the EU and Japan.

Vietnam's textile and garment exports to Korea have jumped sharply in recent years, from less than $300 million in 2009 to nearly $1.2 billion in 2013 and an estimated $750 million in the first five months of this year.

This has given Vietnam's textile and garments a 24.2 per cent market share in Korea, only behind China, with 43.2 per cent.

After the Asean-Korea free trade agreement Vietnam's textile and garment industry saw significant growth.

South Korea currently provides nearly 20 per cent of Vietnam's textiles and with the large volume of ancillary materials it also exports.

Source: fashionatingworld.com- Mar 14, 2017

HOME

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UK Parliament passes bill to negotiate Brexit

The British Parliament has passed the Brexit bill, which paves the way for prime minister Theresa May to begin negotiations for the country's exit from the European Union.

The bill will become law once it receives Royal Assent from Queen Elizabeth II. Once the bill becomes law, May could trigger Article 50 of the Lisbon Treaty to start negotiations.

The bill was passed after the House of Commons rejected amendments suggested by the House of Lords. The amendment seeking to protect the status of EU nationals within three months of the start of the Brexit talks was rejected by 335 votes to 287. The other amendment calling for Parliament to have a meaningful vote on any Brexit agreement was also dismissed by 331 to 286 votes.

Once the House of Commons passed the EU (Notification of Withdrawal) Bill without any amendments, the House of Lords too passed it unamended by 274 votes to 118.

Meanwhile, Scotland's first minister Nicola Sturgeon has said that she will be seeking the Parliament's permission to hold a referendum on Scotland's independence from the UK. If the Parliament approves, it will be the second such referendum for Scottish independence. In an earlier referendum in 2014, Scotts had voted to remain part of the UK.

Source: fibre2fashion.com– Mar 14, 2017

HOME

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USA: Bayer invests $16.7 million in Southwest cotton

Bayer has opened up a new cotton breeding and research station near Lubbock in Texas to focus on drought-resistant varieties and traits for limited-input situations. Set up with an investment of $16.7 million, the facility will benefit cotton growers across the Southwest by producing genetically-modified varieties and developing native traits.

Opening of the Lubbock Breeding and Trait Development Station, which began operating in October 2016, is being celebrated with researchers preparing to plant the facility's first research crop.

The facility builds on the Bayer history of developing premium quality profitable varieties such as FiberMax and Stoneville to complement the knowledge and skill of Southwest cotton growers. It will provide solutions to meet agronomic challenges.

Southwest cotton growers are the focus for work at this new facility. The Breeding and Trait Development Station will employ approximately 25 people who will work with a larger global team on genetics, chemistry, and traits to provide holistic agricultural solutions to customers around the world. Many area residents will also be hired each year to assist with planting and harvesting activities.

"Bayer has led the way in cotton advancements for the Southwest since three employees opened our first facility in 1998. Since that modest start, Bayer has added two separate breeding stations, a seed processing plant, a quality assurance lab, a seed warehousing facility, and a state-of-the art research and development lab," says Monty Christian, Bayer vice president for US cotton operations.

"More than half of the US cotton acreage is grown in this Southwest area, where Lubbock is the focal point. Work released from this facility will ripple across three million acres," notes Jason Wistehuff, product manager for FiberMax and Stoneville cotton.

Economic sustainability is essential to growers who count on FiberMax to provide seed featuring advanced genetics for premium fiber quality and higher yield potential, according to the company.

Varieties that deliver higher profit potential with lower inputs and increased disease resistance complement the knowledge and skill growers bring to cotton production year in and year out.

"For growers and for Bayer, it is important to continue expanding our seeds business through research and development, and this facility will bring together significant scientific and technology resources to support the advancement of the agricultural industry, specifically for cotton seed trait and plant research," says Mike Gilbert, vice president and Head of Global Breeding & Trait Development for Bayer.

The Lubbock Breeding and Trait Development Station is part of Bayer's commitment to invest nearly $ one billion in the US between 2013-2016 in new facilities and capital expansion to complement the approximately $ one billion invested globally in research and development annually.

Source: fibre2fashion.com - Mar 13, 2017

HOME

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Pakistan committee stresses on protecting local textile sector

The Pakistan Senate Standing Committee on Textile Industry stressed on the need to protect the domestic textile industry, by expanding exports from the sector. The committee also gave its recommendations on properly implementing the Rs 161 billion Trade Enhancement Package. The package announced by PM Nawaz Sharif will run for eighteen months.

"The committee also recommended that the period of the trade enhancement package be extended to 60 months instead of 18 months to benefit the domestic textile sector," Pakistan media reported.

Textile ministry officials informed the government had decided to give drawback on duties on processed fabrics by 5 per cent, made-ups by 6 per cent and on garments by 7 per cent for the next 18 months as part of the package.

Source: fibre2fashion.com – Mar 13, 2017

HOME

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Bangladesh MoTJ seeks fresh allocation of Tk 3.55b for BJMC

The Bangladesh ministry of textiles and jute (MoTJ) seeks fresh allocation from the government of over Tk 3.55 billion for the state-run Bangladesh Jute Mills Corporation (BJMC) which will be spent on jute procurement and payment of its different dues, officials said.

Now the state-run entity is operating 26 mills, including three non-jute industries. There are seven mills in Dhaka zone, ten in Chittagong and nine in Khulna.

Earlier, the government released Tk 4.60 billion in favour of BJMC. Besides, it released Tk 2.70 billion to help the state-run entity in purchasing raw jute and paying gratuity and wages to its employees recently.

BJMC's 10.33 acres of land were handed over to the youth and sports ministry in exchange of Tk 10.85 billion.

The two allocations have been made from the land price, said a high official of the BJMC.

The government has released Tk 7.30 billion for BJMC from the land price (Tk 10.85 billion) to date. They have sought the rest of amount from the land price to make payment of different dues.

It is very difficult for cash-strapped BJMC to operate jute mills after payment of its all dues.

On the other hand, pressure from the Collective Bargaining Agent (CBA) has been increasing day by day for making different outstanding payments to employees, according to sources concerned.

In the current fiscal year (FY) 2016-17, the corporation has set target to procure 2.57 million bales of raw jute.

An amount of Tk 12 billion will be required to meet the procurement target, according to the data available with BJMC.

At present, BJMC is the biggest employer in the industrial sector of the country providing direct jobs to about 70,000 workers as well as 5,500 officers and employees supporting the livelihood of around 6.0 million farm families.

More than 50 million people are directly or indirectly involved with jute and jute industry.

Source: yarnsandfibers.com – Mar 14, 2017

HOME

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Four Turkish textile companies interested to open factories in Serbia

Four Turkish textile companies wish to open factories in Serbia for which they are in advanced talks with the Serbian government. Earlier this month, Trade Minister Raim Ljajic said that two Turkish textile companies plan to start investing in Serbia later in March, encouraged by the good business climate in the country.

Minister Ljajic went on to say that it was important that Turkish textile companies were interested in investing in undeveloped areas of Serbia. They want to promote a new way of attracting investors where the state restores and reconstructs old facilities in order to make them fit for production launch.,

Serbia plans to promote a model that involves the reconstruction of old and abandoned halls where interested investors could install machinery and immediately start production.

The model is currently being applied for industrial halls in the towns of Lebane, Lazarevac, Kraljevo, Nis and Leskovac, Ljajic said during the opening of the Balkan Textile Belgrade 2017 last week.

An agreement on opening of a wool factor in Lebane has been signed and the factory will employ 300 workers.

According to data from Serbia's statistical office, Sebia's imports from Turkey has increased by 18.1 percent to 74.3 billion dinars against exports to Turkey 10.8 percent , a 30 billion dinars ($258.4 million/242.1 million euro) in 2016.

Last year, Serbia exported textiles worth 497 million US dollars which is a huge increase compared to the year 2000 when the export amounted to 150 million dollars also 136 Turkish companies registered their business activity in Serbia.

Source: yarnsandfibers.com – Mar 14, 2017

HOME

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Mixed prognosis for Myanmar garment sector

Myanmar was ruled by a military junta for 50 years. After such a long period of economic isolation, foreign investment is now booming as economic sanctions have been lifted following Myanmar's first steps towards democracy.

The export-oriented garment industry is benefiting from these new opportunities and is expanding at a rapid rate. Lured by low labor costs and favorable trading conditions, international brands and retailers including H&M and Primark are increasingly sourcing their products from Myanmar. Asian garment manufacturers are setting up shop in Myanmar.

Over the course of a few years, the number of garment factories nearly tripled. The Myanmar Garment Manufacturers Association estimates that the current 350,000 garment workers will have increased to 1.5 million workers by 2024.

In the recently published report 'The Myanmar Dilemma', the Netherlands Center for Research on Multinational Corporations describes human rights and labour rights issues in the Myanmar garment industry.

Working together with two Myanmar nongovernmental organizations (NGOs), Action Labor Rights and Labor Rights Defenders and Promoters, 400 workers from 12 factories and a wide range of stakeholders were interviewed.

The rush to invest in Myanmar is fraught with perils. While small steps have been taken towards societal reform, great problems remain. The rule of law is not adequately upheld. The army continues to exert power over society and aggressively fight ethnic groups in several parts of the country.

Military and former military land owners profit from the development of industrial parks and factories. Villages have been evicted to make way for industrial parks and special economic zones without consultation or adequate compensation.

For more than 50 years, independent trade unions were prohibited, strikes were banned and any form of dissent was violently suppressed. Trade unionists, human rights defenders and members of the opposition were detained and served many years in prison while others fled the country and lived in exile. But as trade unions and independent NGOs have now been granted some level of freedom, a labor movement is in full development.

A huge task lies ahead. Workers are generally unaware of their rights and few garment factories are unionized. Efforts of workers to form unions are often met with repercussions. Union leaders and activists have been dismissed and blacklisted, preventing them from finding new jobs.

While the Myanmar garment industry continues to grow, workers toil on in silence. Many garment workers hail from the impoverished countryside. They often end up in slums, sometimes without electricity or running water. The legal minimum wage is a pitiful US$2.65 per day.

New workers are frequently paid below this minimum as Myanmar law allows for employers to pay workers apprentice or probation wages at 50% or 75% during the first six months of employment.

To earn a living, they work for long hours, sometimes for up to 11 hours a day. In peak periods, workers sometimes are forced to do unpaid overtime. It often happens that salaries are withheld when workers cannot work due to illness.

Girls younger than 15 years old find employment in this sector. And to make matters worse, workers have very few opportunities to file complaints and get redress.

Many of the issues described above are not infractions of Myanmar's lagging labor law. Myanmar labor law allows for the payment of outright poverty wages, sets the minimum age for employment at 14 years and puts up barriers for workers to join and form unions and to engage in collective actions.

Union leaders and activists are persecuted in the fast growing industry. Photo: Reuters /Sukree Sukplang

The Myanmar economy is shaped by ongoing armed conflict, a broad range of human rights risks, substandard labor legislation and a limited space for civil society. The newly installed government needs to update, amend and enforce legislation that is in line with international human rights standards. In the meantime, there are significant human rights risks and labor rights violations being committed in the industry that need to be addressed as a matter of urgency.

All companies operating in this environment have a responsibility that goes beyond usual corporate compliance.

Both foreign-owned manufacturers and international buying companies should develop and implement rigorous and country-specific due diligence procedures looking into risks related to land grabbing, questionable ownership and military influence, the powerful presence of foreign-owned garment factories, child labor and the position of ethnic workers.

A thorough risk assessment of human rights and labor rights violations is required to assess whether business can begin.

Companies should consider community rights and customary land rights, and consequently consistently apply the principle of free prior and informed consent, especially in relation to existing and developing industrial areas and special economic zones. When assessing risks, companies should consult local labor unions and labor NGOs, as well as relevant international civil society organizations.

States hosting the mother companies of foreign-owned garment factories operating in Myanmar as well as states hosting brands, retailers, buying houses and agents that source from and trade with Myanmar should see to it that companies domiciled in their jurisdiction respect human rights throughout their supply chains.

This should include enacting legislation or regulations to require international apparel buyers to periodically disclose information about their supply chains; introducing legislation that holds companies accountable for human rights violations throughout their supply chains; raising concerns on human rights and labour rights violations in bilateral contacts with the Myanmar government; and ensuring that other laws and policies governing the creation and on-going operation of business enterprises do not constrain but enable business respect for human rights.

Without such reforms, workers in Myanmar will continue to be exploited.

Source: atimes.com– Mar 15, 2017

HOME

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NATIONAL NEWS

WPI inflation for textiles rises 0.2% in February 2017

India's annual rate of inflation, based on monthly wholesale price index (WPI), increased to 6.55 per cent for February 2017 over corresponding month of the previous year. The index for textiles sub-group rose by 0.2 per cent to 142.6 in February from 142.3 in January 2017 due to higher price of tyre cord fabric (4 per cent) and man-made fabric (2 per cent).

Build up inflation rate in the financial year 2016-17 so far stood at 5.82 per cent compared to a build up rate of minus 1.14 per cent in the same period of the 2015-16. Annual rate of inflation was 5.25 per cent for January 2017 and minus 0.85 per cent in February 2016.

Meanwhile, the official WPI for all commodities (Base: 2004-05 = 100) for the month of February, 2017 rose by 0.5 per cent to 185.5 from 184.6 for the previous month, according to the provisional data released by the Office of the Economic Adviser, ministry of commerce and industry.

The index for manufactured products (weight 64.97 per cent) for February, 2017 remained unchanged at its previous month's level of 158.8. The index for textiles sub-group rose by 0.2 per cent to 142.6 from 142.3 for the previous month due to higher price of tyre cord fabric (4 per cent) and man-made fabric (2 per cent). However, the price of jute sacking cloth and jute sacking bag (1 per cent each) declined.

The index for primary articles (weight 20.12 per cent) rose by 0.9 per cent to 258.1 from 255.7 for the previous month. The index for fuel and power (weight 14.91 per cent) also rose by 1.3 per cent to 203.8 from 201.2 for the previous month due to higher prices of coking coal, aviation turbine fuel, bitumen, kerosene, high speed diesel, LPG and lignite.

The Government of India has taken a number of measures to control inflation.

The steps taken, inter alia, include, (i) increased allocation for Price Stabilization Fund in the budget 2017-18 to check volatility of prices of essential commodities, in particular of pulses; (ii) created buffer stock of pulses through domestic procurement and imports; (iii) announced higher

Minimum Support Prices so as to incentivise production; (iv) issued advisory to States/UTs to take strict action against hoarding and black marketing under the Essential Commodities Act 1955 and the Prevention of Black-marketing and Maintenance of Supplies of Essential Commodities Act, 1980; (v) imposed 20 per cent duty on export of sugar; and (vi) reduced import duty on potatoes, wheat and palm oil.

Source: fibre2fashion.com- Mar 14, 2017

HOME

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Fall in cotton yarn exports worries textile mills

The exports fell by 11.6 % in volume and 15.5 % in value

For textile mills here, 2016 was a year that saw a drop in exports and price realisation for cotton yarn. According to data available at the national-level, cotton yarn exports fell by 11.6 % in volume and 15.5 % in value during January - December 2016 compared to the same period the previous year.

The unit value realisation during 2016 dropped 15.6 %, from 2.82 $ to 2.38 $. Overall exports from India during January - December last year registered 1.4% decline compared to the previous year.

According to industry sources, cotton yarn exports from India were mainly to China and it started declining during the last couple of years.

Competition

The competition from Pakistan for Indian fabric in the international market affected the domestic weaving sector and this brought down the demand for yarn too.

While India has the capacity to produce 400 million kg of cotton yarn a month, the current production is 330 million kg to 250 million kg. Just about 100 million kg is exported.

“Exports can go up to 180 million kg.” The mills have faced a tough year and will be in financial trouble if there is no support from the Government, say the sources.

"Even now the price for cotton yarn in the domestic market is Rs. 10 to Rs. 15 more compared to the international price.

Indian cotton yarn attracts 4% duty in most markets. That is why we have been seeking incentives for yarn exports," said M. Senthil Kumar, chairman of Southern India Mills' Association.

The Central Government should give IES (Interest Equalisation Benefit) and MEIS (Merchandise Exports from India Scheme) benefits for cotton yarn for at least a year, he said.

Source: thehindu.com- Mar 14, 2017

HOME

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India, Iran need to take swift steps to bolster trade: FIEO

India and Iran need to take immediate steps like enhancing cooperation in the banking sector and rationalising duties on agri commodities to boost bilateral trade, exporters body FIEO said.

The Federation of Indian Export Organisations (FIEO) has demanded a significant cut in import duty by Iran on basmati rice.

"The import duty on our basmati rice is about 45 per cent. Iran should reduce it to about 20 per cent. There is huge potential to increase basmati rice exports from India. We have requested Iran to cut the duty," FIEO Director General Ajay Sahai said.

Iran produces about 2 mt of rice against the demand of about 3 mt and imports the commodity mainly from India and Pakistan. The aromatic rice is grown only in these two countries.

Sahai, on the other hand, urged the RBI to grant permission to Iranian banks to open branches in India as that could help facilitate bilateral trade.

According to him, five Iranian lenders Bank of Pasargad, Saman Bank, Parsian Bank, Bank Mellat and Persia International Bank have applied for setting up branches in India.

Asked how the payments issue is being resolved between the two countries, he said certain Indian banks have come forward to open Vostro and Nostro accounts in overseas banks to facilitate trade payments.

Nostro and Vostro accounts are opened by banks that act as caretaker to facilitate trade.

The two-way trade between the countries declined to USD 9 billion in 2015-16, from USD 13.13 billion in the previous fiscal.

The commerce ministry in November 2016 launched a portal to provide relevant information and an e-marketplace for buyers and sellers of India and Iran.

Source: indiatoday.in- Mar 13, 2017

HOME

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Cotton variety which needs only 100 days to mature developed

A Scientist from the Central Institute for Cotton Research (CICR) here has developed what is reported to be the shortest-duration cotton variety in the world. Requiring only 100-120 days for maturity, the new variety could emerge as the solution to the problems of dryland cotton farmers in regions like Vidarbha and Telangana.

“This is by far the most exciting development I have experienced in my career spanning over 25 years as a cotton scientist… When this variety becomes available to farmers after two years — after we complete field trials — India will have moved from the longest-duration cotton variety to the shortest-duration one,” said CICR Director Keshv Kranthi.

Explaining the importance of the variety, he said: “One of the main reasons for repeated failure of dryland cotton crop is its long duration. In India, the period generally extends for 170-240 days, while it is about 150 days in countries like Australia and China. So, the duration here extends well beyond the monsoon months. These plants then go without water during the crucial time of flowering and fruiting, suffering weak uptake of nutrients due to lack of water.”

"Why this variety will be the one that we need for our dryland farmers is because it fits into the monsoon period, making water available for the critical time of flowering and fruiting phases," he said, adding that "long duration crop also attracts more pests."

Developed by Santosh H B from the crop improvement department of CICR, the variety has been tentatively named "Yugank", after the son of Dharwad cotton scientist S S Patil, who provided the original material — Patil's son died in a mishap last year. It will be available in both Bt and non-Bt forms.

"Another advantage of shorter-duration cotton is that the fibre quality is better. The longer the duration, the weaker the fibre," said Santosh.

The variety has proved to be resistant to sucking and other pests and has a large boll size too. "One plant gives up to 20 bolls, which is way below the average hybrid yield of 60-70 bolls per plant. But if used in high-density plantation system, the number of these plants is at least six times higher. So the new variety will give higher yields within a short time period," said Santosh.

"I have arrived at this variety through the process of selection of the best traits over the last four years," he said.

Source: indianexpress.com- Mar 11, 2017

HOME

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Amazon India Fashion Week will showcase 70 designers

The upcoming Amazon India Fashion Week which starts tomorrow in New Delhi (March 15 to 18, 2017) will have 71 designers showcasing their creations across six shows. Binding them will be a common thread of Indian handloom and textiles.

Veteran designer Madhu Jain will be celebrating 30 years in the industry as a craft revivalist and textile conservationist, along with Krishna Mehta known for bringing Maheshwari fabrics to the limelight.

The fashion week is being organized by the Fashion Design Council of India.

A special show dedicated to Indonesian textiles and techniques will take place on the basis of FDCI's partnership with Jakarta Fashion Week to enable a cross-cultural exchange of designer talent between the two platforms. Designers Abraham and Thakore will highlight the irregularity of Indian textures, using pure Indian cottons that are either hand woven or hand printed.

Celebrating a decade in India, the fashion brand Vogue will showcase 55 modern day narratives of Indian traditional drapes.

Designer Shaina NC will exhibit around a dozen tussar silk saris, which would be a fusion of her own designs as well as ones inspired by the weavers of Jharkhand. Shaina NC is known for her dedicated efforts to promote Indian handlooms. She will be presenting her collection for the first time at AIFW.

Source: fashionunited.in- Mar 14, 2017

HOME

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Govt readies multi-modal transport play to reduce logistics costs

India has firmed up the contours of its ambitious multi-modal programme to reduce logistics costs and make the economy competitive.

The strategy involves a reset of India's logistics sector from a "point-to-point" model to a "hub-and-spoke" model and involves railways, highways, inland waterways and airports to put in place an effective transportation grid.

This includes setting up 35 multi-modal logistics parks at an investment of Rs50,000 crore, development of 50 economic corridors and an investment template which involves roping in the states and the private sector for setting up special vehicles for implementation.

To implement this, the government plans to host a multi-modal summit—India Integrated Transport and Logistics Summit—in May, on the lines of the maritime summit to pitch project opportunities to the investors.

"It is for the first time that we have taken an integrated approach for the country's transportation. This will increase India's exports, provide employment opportunities, will be cost effective, and will make goods cheaper in the country," said Nitin Gadkari, minister for road transport and highways, shipping and ports in an interview.

Sites for the proposed 35 logistics parks have been identified and they will be set up on railways, highways, inland waterways and airports transportation grid. Fifteen such logistics parks will be constructed in the next five years, and 20 more over the next 10 years. They will act as hubs for freight movement enabling freight aggregation and distribution with modern mechanized warehousing space.

The government's intent was articulated by Union finance minister Arun Jaitley in his budget speech this year.

It will work like this: a joint venture will be set up between National Highways Authority of India (49% share) and the partner (51%) for the project which may be a state government or a private entity.

Of the land acquired for the project, 40% will be developed and returned to the land owner. While 20% of the land will be sold to finance the project, the profit from the rest 40% of the land will go to National Highway Authority of India. The road transport and highways ministry has also sought an infrastructure status for these logistics parks.

"This model will ensure that there will be no need for us to make investments," said Gadkari.

"We will build pre-cooling plants, cold storages, storage facilities for agricultural produce, food grains, hardware, cement, steel, fertilizer and will create a transport *nagar* (city) and logistic park.

It will have fuel pumps and also truck maintenance shops. All of this will be at one place outside the city. Its first impact will be that it will reduce pollution, traffic jam, create new employment opportunities and contribute towards increasing exports," the minister added.

According to the ministry of road transport and highways, several state governments want to partner with the ministry for the multi-modal logistics parks.

A pre-feasibility study will be conducted in Chennai and Vijayawada shortly.

“I have personally written to the chief ministers of states to make sure that these projects progress and have also invited them to the summit,” Gadkari added.

Source: livemint.com- Mar 15, 2017

HOME

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Product basket diversification needed to boost exports: FIEO

At a time when developed economies are adopting protectionist measures to insulate themselves from global economic uncertainties, exporters need to diversify their product basket to remain competitive, FIEO has said.

"We have to diversify our product basket to tap new markets and boost exports. We have requested the Commerce Ministry to work on this aspect. Major trade is happening in goods like hi-technology items," Federation of Indian Export Organisations (FIEO) Director General Ajay Sahai told .

He added that the order books of exporters are "better but not encouraging".

India's main export items include textiles, gems and jewellery but globally, the trade of these goods are not much, he said.

Diversification of product basket is also important to increase share of India's global trade, Sahai said.

Other major items which the country exports include engineering products, petroleum goods and pharmaceuticals.

According to a report, in the top 100 import items of the world in 2010, India has only 15 items with a share of 2 per cent and above.

India's exports rose 4.32 per cent in January to USD 22.11 billion mainly due to increase in shipments of petroleum products, engineering goods and iron ore even as trade deficit widened to USD 9.84 billion.

Going by this trend, this financial year, exports will reach close to USD 270 billion, according to FIEO. On the impending introduction of Goods and Services Tax (GST), Sahai said it could create liquidity problem for exporters.

Exporters have demanded that the GST Council should keep exports out of the GST framework and levy lower taxes on labour-intensive sectors like leather and plantation.

They have also asked for ab initio (from the beginning) exemption from paying taxes under the new indirect tax regime arguing that delay in refunds often run into months resulting in blocked working capital.

Source: timesofindia.com- Mar 14, 2017

HOME

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India refuses Canada's proposal of signing investment deal before free trade pact

Disagreement between India and Canada over the sequencing of the bilateral investment treaty and the free trade agreement being negotiated could hold up both pacts if neither side relents.

While the Canadian international trade minister, in his recent visit to New Delhi, insisted that the investment pact — formally called the Foreign Investment Promotion and Protection Agreement (FIPPA) — be signed first, his Indian counterpart Nirmala Sitharaman was not willing to fall in line, a government official told *BusinessLine*.

"The Indian negotiators clearly told the Canadians that both agreements have to be agreed upon simultaneously as only that would result in a balanced outcome," the official said. The Comprehensive Economic Partnership Agreement (CEPA), which involves liberalisation of trade in goods and services by bringing down tariffs and investment barriers, also has a separate chapter on investments, but a FIPPA exclusively focuses on investments.

The proposed FIPPA between the two countries will basically aim to protect Canadian investments in India and help them establish commercial presence which is covered under mode 3 of supply of services, the official explained.

India, on the other hand, is more interested in the other modes of services related to movement of professionals and cross border trade which are covered under the CEPA.

"It would be unfair to conclude an agreement in one mode in the form of the FIPPA while leaving the modes of supplies India is interested in by postponing the CEPA. It might result in India not getting a good deal," the official said.

Canadian International Trade Minister Francois-Philippe Champagne, in an interview with *BusinessLine* during his visit, had said that investors from his country, including pension funds were uncomfortable in the absence of a FIPPA and felt that it was restricting the scope and volume of investments. He stressed that since the FIPPA was a simpler agreement, it should be signed first while the CEPA could follow.

Rejecting the argument, Sitharaman said that New Delhi would try its best to expedite negotiations so that both pacts get signed at the earliest.

"Simple or not, the fact remains that the two agreements are inter-connected. Therefore, it is imperative that they get concluded together," the official said.

Canadian investments in India is progressively increasing with over $12 billion of investments pouring in from Canadian companies such as Scotiabank, Sun Life Financial and McCain Foods in the last two years alone.

With an outward investment of over $750 billion in 2015, the country holds huge potential for India as a source of funds.

Source: thehindubusinessline.com- Mar 15, 2017

HOME

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