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## INTERNATIONAL NEWS

### Argentine textile sector output to touch \$8bn in 2015

The Argentine textile industry, one of the hardest hit during the late 90's, is expected to generate gross production value of US\$ 8 billion annually for the next two years, according to a statement on the website of the Ministry of Industry, Government of Argentina.

Over the past decade, Argentine textile and clothing industry has grown by 71 percent, with an average annual increase of 5.5 percent.

During the same period, the textile and apparel industry generated 43,291 new jobs, of which 54 percent were in the textile sector while the remaining 46 percent were in the garment sector. At present, there are 120,000 formally registered direct employees in the sector, but there still remains a high degree of informal employment in the sector.

Industry Minister Debora Giorgi said the importance of manufacturing in industrial chain lies in added value as the price of the final garment is 44 times the value of the raw material.

Argentine exports are mainly towards Brazil and Uruguay, with fibre and yarn accounting for 57 percent, fabrics 22 percent and clothing 16 percent of all textile and garment exports.

The Ministry of Industry is supporting the textiles and apparel sector through financial and technical support. Between 2010 and 2013, through soft loans as the Bicentennial Fund, 26 companies received a total of \$315 million, generating \$438 million investment. In addition, under the Fonapyme rate program, 908 loans totaling another \$143 million were awarded.

In recent years, various textile companies operating in different Argentine provinces made investments in modernization and expanded their production capacities.

The firm Santana Textiles invested \$126 million to double the floor area of its plant in Puerto Tirol province of Chaco, adding 300 jobs. Subsequently, in 2013, the company announced a new investment of \$254 million for the construction of another plant of 16,000 square meters to produce premium fabrics, designed to provide great brands, which will replace imports in that niche and generate another 300 jobs.

Similarly, in the province of Santiago del Estero, Coteminas spent \$96 million for a plant producing towels, dish towels and robes, creating 350 jobs and increasing its annual production capacity to 11,000 tons. In addition, Cardon Group invested \$12 million for the production of jeans.

In the area of new product development, Colortex expanded its textile plant in Rioja last year, and in 2014 the company plans to incorporate specific machinery for the manufacture of woven Kevlar yarn, used in making bulletproof vests and other items for the security forces.

Source: fibre2fashion– Jan 29, 2014

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### **Pakistan: Spot rate falls amid modest trading on cotton market**

Official spot rate came down amid modest trading on the cotton market on Wednesday, dealers said. The official spot rate dropped by Rs 100 to Rs 6,950, they added. Prices of seed cotton in Sindh per 40 kg were unchanged at Rs 3000 and Rs 3500, in Punjab rates followed same pattern, not a slight change at Rs 3000 and Rs 5000, dealers said. In the ready session, nearly, 4,000 bales of cotton changed hands between Rs 5500-7175, dealers said.

Cotton analyst, Naseem Usman said that prices were soft in the local market as mills and spinners were on the sidelines because of quality factor. The yarn rates in local market are falling day by day, so, exporters of ready-made garments were importing yarn from India due to good quality, other analysts said.

**Reuters adds:** Cotton futures edged higher on Tuesday, buoyed by technically-driven buying and bargain-hunting after the previous session's rout even as investors remained skittish over growth in emerging markets and waning demand. The most-active March cotton contract on ICE Futures US closed up 0.1 cent, or 0.1 percent, at 84.35 cents a lb. The contract traded in a tight range of less than 1 cent throughout the day, as uncertainty kept traders on the sidelines. Stock markets also steadied, pausing from a three-day sell-off as investors waited to see what comes out of a US Federal Reserve meeting on Tuesday and Wednesday. The spot cotton contract started the week with its biggest loss in four months as investor skittishness and chart signals drove long liquidation.

The following deals reported as 200 bales of cotton from Shahdad Pur at Rs 5500, same figure from Dalat pur (conditional) at Rs 7175, 400 bales from Rohri at Rs 6900, 600 bales from Ghotki at Rs 7050 200 bales from Vehari at Rs 6700, 600 bales from Mian Chano at Rs 6800-7100, 200 bales from Yazman Mandi at Rs 6850, same figure from Haroonabad at Rs 6900, 400 bales from Khichi wali at Rs 6925, 200 bales from Fort Abbas at Rs 6925 and 600 bales from Faqir wali at Rs 6925-7000, they added.

Source: Breccorder– Jan 30, 2014

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## **Pakistan Textile & Clothing Exports in 2nd Half 2013**

Pakistan textile and apparel exports surged in the second half last year, thanks to the fall of the rupee and before the European Union offered a duty-free access to a large number of products from the country, which is expected to further boost sales. Our statistical tables provide a detailed view of Pakistan's textile and clothing export data in December and July-

December 2013, for a large number of products, with shipments in volume, rupees and US\$. Unit prices in rupees and US\$ are also released.

Pakistan textile and apparel exports strongly rose in the second half last year, according to just released official data.

Total shipments to foreign countries reached US\$6.95 billion in July-December, or the first six months of the fiscal year.

They accounted for 55% of total exports from Pakistan.

### **Surging bed linen sales**

This is mostly due to a surge in sales of home textiles and clothing to foreign countries.

For example, bed linen exports rose 21.7% in US\$ terms over the last July-December period at more than US\$1 billion.

Towel exports declined 3.9% over the same period but gained 13.3% in December, from the same month of 2012.

Apparel exports surged 6.5% in the first half of the fiscal year, with knit clothing shipments up 5.3% and woven clothing exports rising 7.9%.

### **Textile exports less rising**

Textile exports less obviously increased over the period, with yarn exports even losing 2.8% in dollar terms.

Cotton fabric shipments were up 6.1%, by contrast.

Pakistan is clearly benefiting from a much lower currency value which was not yet fully offset by the rise of domestic prices.

While prices were rising in rupee terms over the period, they were actually falling in US\$ terms, as clearly indicated by our below tables.

Average unit price of clothing exports for instance did not move in rupee terms, but fell 9.8% in US\$ terms.

Similarly, bed linen export prices rose 9.8% in rupee terms, but did not change in US\$ terms.

### **Taking advantage of GSP-+ regime**

Pakistan now expects taking advantage of the GSP-+ status which was just granted by the European Union, and will result in duty-free access to the 28 countries for a large number of products.

The new trade regime offered to Pakistani exporters triggered an euphoristic atmosphere in the country with domestic sales of yarns and

fabrics being potentially boosted by an expected jump in European demand.

Source: Emerging Textiles – Jan 30, 2014

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## **Pak textiles fail to develop inroads into Indian market**



KARACHI - The textile industry has advised the government a cautious approach towards the process of trade normalization with India, as level playing field should be the hallmark of any such arrangement between the two competing countries.

It is important to evaluate our strengths and weaknesses in all sub-sectors of textile industry before liberalising two-way trade with India. There is an urgent need of carrying out a competitiveness study of all sub-sectors while taking into account the state and central incentives, different schemes, institutional supports and drawbacks in India. Pakistan's textiles have been unable to develop inroads into the Indian domestic market due to tariff and non-tariff barriers. It will not be easy for Pakistan's textile industry to compete under 5% Indian tariff under SAFTA, if at all it comes into force, observed APTMA Punjab chairman SM Tanveer.

He said there is a need of detailed study on identification of interventions, subsidies and supports available to the Indian textile industry against Pakistan.

According to him, the government should immediately determine cost of production differences, as the Punjab-based textile industry was already exposed to the inter-provincial disparities and facing the brunt of unprecedented energy load shedding, costing it an accumulative loss of Rs72 billion per annum.

Also, he said, the government should evaluate the infrastructural constraints as well as tariff and non tariff barriers while considering to open up bilateral trade with India.

S M Tanveer has urged the government to hire international consultants to carry out this study of strategic importance before liberalising trade with India. He said APTMA will always be available to help out the government in this regard.

Source: pak.com.pk – Jan 31, 2014

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## **USA: Textile company brings more jobs to Tifton**

American Textile Company broke ground at its production and distribution facility in Tifton Thursday morning, bringing the company's total space to 400,000 square feet. It is expected to bring 200 jobs to the area in the next five years.

Representatives from the Tifton-Tift County Chamber of Commerce, the Tift County Development Authority, Tifton Mayor Jamie Cater and County

Commission Chairman Grady Thompson were there to celebrate the company's expansion.

American Textile Company is a leading provider of innovative sleep solutions which include bed pillows, sheets, comforters, and mattress and pillow encasements. The company first came to Tifton three years ago and the new facility at Magnolia Industrial Park will house its manufacturing and distribution center.

"They're just a great company, a top notch company," Mayor Cater said. "Tifton is just so happy to have them here. It's just a pleasure and a great group to work with and just love to have them in our community."

The mayor says they hope for this expansion to be complete by August 2014.

Source: <http://www.mysouthwestga.com>– Jan 30, 2014

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## **USA: NCC disturbed by statements of Brazilian cotton industry**

The National Cotton Council is deeply disappointed and disturbed by statements to the press made by representatives of the Brazilian cotton industry. If reports are accurate, a Brazilian cotton delegation visiting Washington has misrepresented the carefully negotiated agreement between U.S. and Brazilian grower organizations and wrongly portrayed the reformed cotton provisions in the farm legislation now being considered by Congress.

The growers' agreement was negotiated during a series of cordial meetings conducted in Brazil and the United States. During the meetings, the Brazilian growers received a detailed explanation of the insurance program, requested further modifications to cotton provisions (the insurance product had already been modified based on comments by Brazilian government officials), and spent considerable time discussing ways the U.S. and Brazilian grower organizations could cooperate.

As a result of the discussions, U.S. growers asked Congress to make additional modifications to the cotton provisions and to broaden the scope



of projects that could be conducted using the nearly \$500 million in funds transferred to the Brazilian Cotton Institute (BCI) under the U.S.-Brazil Framework Agreement.

In comments to the press, the Brazilian growers imply the acceptability of program reforms was contingent on the continued transfer of funds to the BCI. Throughout the negotiations, U.S. growers cautioned the Brazilian growers that the transfer of funds was increasingly controversial and in jeopardy.

Certainly, U. S. growers were disappointed that Administration officials announced in August that the transfers would be terminated October 1, essentially abrogating the Framework Agreement under which Brazil has agreed to postpone retaliation while the new farm bill is developed by Congress. U.S. growers appreciate the patience of the Brazilian government in delaying retaliation while work on the new farm bill is completed.

The comments by the Brazilian growers that they would support retaliation are deeply disappointing to U.S. growers who have delivered significant policy reform, supported further modifications to the cotton provisions, supported the request to expand authority to use the nearly \$500 million already transferred to the BCI, and supported maintaining the Framework Agreement.

Although their comments were couched in politically correct terms like "single undertaking," it is clear the Brazilian growers simply want more money in addition to the policy reforms. It is also clear that they are willing to misrepresent the insurance program to achieve their objective.

Under the new insurance option, cotton growers could purchase supplemental insurance that includes a significant deductible that was actually increased in response to earlier criticisms. The insurance product covers a narrow band of lost income in the event that actual revenue does not meet a percentage of projected revenue.

The product does not cover all losses and is not an incentive to over-produce. Acreage decisions will be determined by the market price of cotton relative to competing crops. This is not a program that will distort production or markets. Cotton growers would also be ineligible for other price and revenue programs available to grain and oilseed producers. The delegation singled out the premium subsidy under STAX, but it should be noted that the subsidy is set at the same level as several other existing policies available to U.S. growers.

The U.S. industry shares the concerns expressed regarding China's massive stockpiles of cotton. Those stockpiles are creating tremendous uncertainty in the global cotton market. However, we strongly disagree with the characterization that STAX provides greater support in times of low prices.

There is no price guarantee; the revenue coverage is based on prevailing market prices at planting time. If futures markets move lower, then support under insurance products also moves lower. Rather than criticize the United States for authorizing a modest insurance program that might provide some assistance to growers if China does dump their stocks, it would seem more appropriate for Brazilian growers to convey their concern directly to Chinese authorities, just as U.S. growers have already done.

Today's agricultural markets, including cotton's, are entirely different from the period evaluated by the WTO Panel, which was 1999 through 2005. Renewable fuels and the emergence of the Chinese and Indian economies have brought new influences and market drivers. A comparison of the 1999-2005 period with the most recent five years (2009 to 2013) shows that U.S. upland cotton planted area is down 21 percent, U.S. upland cotton production is down 23 percent, Brazilian cotton area is up 27 percent, and Brazilian production is up 62 percent. World cotton prices averaged 88 percent higher over the past five years than during the period of the WTO challenge.

In summary, the U.S. cotton industry is prepared to accept, and in fact, has promoted major policy reforms to settle the longstanding dispute. Further, the U.S. industry is willing, on final settlement, to make good its commitment to cooperate with the Brazilian industry. In addition, the U.S. industry supports the reinstatement of the Framework Agreement. But, it is time for the Brazilian industry to acknowledge that the new cotton insurance program is substantial reform. It is time to put this matter behind us, but the reported comments by the Brazilian delegation are not a step in the right direction.

Source: Fibre2fashion – 30 Jan 2014

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## **US COTTON EXPORTS EXCEED 1.2 MILLION BALES IN JANUARY**

US weekly export sales have surged over the past four weeks and sales during the week ending January 23<sup>rd</sup>, again exceeded all expectations at 479,674 running bales of upland and 7,800 bales of Pima, both for 2013/14 shipment, and 51,000 bales of upland for 2014/15 shipment. Those sales represented the largest weekly volume for this time of the year since 2010. The US has sold 1,268,059 running bales of upland cotton during the first four weeks of 2014 which is up considerably from sales last year at this same time of 880,384 bales. It is also the largest volume sold during the first four weeks of the year since 2010 when sales reached 2,345,310 running bales due to brisk Chinese demand.

The volume sold during the week ending January 23<sup>rd</sup> was impressive given the range of buyers; the largest buyer was the rising powerhouse of Vietnam at 191,500 running bales of upland. Vietnam has now purchased a record 853,400 running bales which is nearly double the 475,000 bales sold last year on the same date. The rapid expansion of Vietnam's spinning capacity is pushing cotton consumption to new levels, 2013/14 consumption is estimated at 2.7 million bales or more compared to only 1.2 million bales in 2007/8. Given the scale of the new planned investment in Vietnam's cotton spinning and weaving sector consumption demand for imports will likely exceed that of Turkey, shortly.

The second largest buyer was China which purchased 161,700 running bales; China has now purchased 1,761,800 running bales of upland in 2013/14 which is down significantly from last year's purchases on the same date of 3,912,500 running bales. Mexico was the third largest buyer at 31,500 running bales. Indonesia remained active taking 27,600 running bales while having purchased 540,000 running bales from the US season to date, which is up from only 341,000 bales during the same period last year. One driver in the large US sales to several of those markets is the smaller 2012/13 Brazilian crop, Indonesia and South Korea are both large users of Brazilian cotton. South Korea purchased 21,900 running bales of upland during the latest week which took season to date purchases to 419,200 running bales up from 279,600 during the same period a year ago. Peru purchased 9,100 bales, Thailand purchased 7,600 bales and Taiwan purchased 7,200 bales. The main buyers for 2014/15 shipment

were Mexico 26,900 bales, South Korea 19,500, Indonesia 4,200 and Thailand 1,300 bales. US export shipments reached the highest level of the season at 304,100 running bales of upland and 21,500 of Pima. Total US export sales and shipments have reached 8,953,172 480 lb. bales.

#### **MARKET SUMMARY**

The global turmoil in the currency markets slowed on Thursday with many markets stabilizing. The Turkish Lira edged higher at 2.2452 per USD as a result of the statement from the Central Bank which appeared to provide stability and help restore confidence. The Brazilian Real rallied 1% to 2.414 per USD, the Argentine Peso was steady at 8.007, the Indian Rupee was at 62.575 and the Aussie Dollar stood at .8770. The US economy experienced 3.2% growth in the fourth quarter of 2013 which provided support to the US Dollar.

Indian domestic prices moved higher with the average Rajkot spot price of Shankar-6 1 1/8 at 43,170 Rupees per candy or 87.90 cents, which pushed export offering prices higher, as well. Open Interest in ICE futures declined by a net 760 contracts to 183,878 contracts following Wednesday's outside range reversal. Changes in Open Interest indicate positions are being steadily rolled out of March; OI in March fell by 1,991 contracts while increasing in May, July and December. Open Interest increased sharply in Puts increasing by 2,967 contracts to 95,094 contracts with the increase coming in the 81, 82, 83 and 84 strikes. Open Interest in the Calls increased 446 contracts to 112,558 contracts. Certificated stocks continue to increase rising a net 9,850 bales to 146,537 bales.

Futures trade was active on Thursday as the US weekly export sales again shocked the market. The worry is that a large portion of the sales were on-call which would further increase the position of the unfixed on-call purchases. The on-call report issued late Thursday confirmed that as the total volume of unfixed on-call sales increased a net 3,947 contracts during the week ending January 24<sup>th</sup> or 394,700 bales. Total unfixed on-call sales now total 63,510 contracts while there are 19,569 contracts remaining to be fixed on March. Spreading was also active with March/May and May/July dominating turnover. March experienced a range of 85.25 to 86.81 and closed at 86.03. March's intraday high exceeded Wednesday's outside range high by a marginal amount but prices failed to close above that level. A firm close above Wednesday's highs would suggest the market could possibly move to new highs. Outside range days often signal a change in direction or provide reference points for consolidation. The

market experienced an outside range last Friday with a low of 86.49 which was followed by another outside range Wednesday with a high of 86.61.

That suggests any close above 86.61 would likely attract heavy buying either from the Managed Funds or from on-call fixations. A failure of such a breakout over the next few days might trigger Managed Fund selling.

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Jernigan on the Cotton Market Daily – 31 Jan 2014

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## **France: More than 620 exhibitors to partake at Texworld Paris**

A preview of the trends at Texworld for summer 2015. More than 620 exhibitors, including 81 newcomers, will be presenting their designs for summer 2015 “Mash-up” is the new trend theme for the 2015 spring/summer season: an invitation to immerse yourself in the inspiring worlds dreamt up by our two Artistic Directors, Louis Gérin and Grégory Lamaud.

The season’s new palettes of colours are composed mainly of rich hues, with pigments inspired by nature and enhanced by using new technologies! Encounters and clashes of materials! The trend book unfolds “Mash-up” in 6 areas of influence, including one dedicated to denim and the last to accessories, to help you discover new horizons and the artists’ worlds, from which to draw inspiration and ideas.

For example, the sculpture chair by Eric Klarenbeek, made from straw, with a thin bioplastic coating, in 3D prints, which uses organic substrate for growing mushrooms, evoking the symbiosis between nature and technology, an idea that can be transposed to collections.

A preview of colourways along the theme of “Frontière Indicible”, remarkable with the very urban “Horizon Ardent” blue and vibrant with the “Flash saillant” pink: the embodiment of a theme that Louis Gérin and Grégory Lamaud intended to be “less synthetic, more authentic” and combined with airy mesh, fluffy flocking or downy highlights.

More than 620 exhibitors, including 81 new weavers, will be presenting products for summer 2015 .More than 620 international weavers will reveal their new collections for spring/summer 2015 at the next Texworld show, from 17 to 20 February. An increase of 10% compared with the show in February 2013.

This time around, the calendar has looked favourably on attendees coming from Asia: the Chinese New Year will fall two weeks before Texworld opens its doors. We would also draw attention to the vigorous growth in Turkey,

still driven by the quality of its products and by strong demand for proximity sourcing. It asserts its position as the country with second-highest number of exhibitors.

Texworld counts 81 new weavers, coming from Germany, South Korea, China, India, Indonesia, Hong Kong, Portugal, Turkey and Vietnam.

The top 3 countries in terms of number of new exhibitors has changed compared with the show in February 2013, with India now in 3rd place: China remains in first place, Turkey comes second followed by India which has taken the place of South Korea. The latter is now in 4th place.

[Click here](#) to view more.

Source: Fibre2fashion – 30 Jan 2014

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## **Ethiopia prepares for GM cotton to boost textile exports**

Farmers in Ethiopia, a country located in the Horn of Africa, are preparing to sow genetically modified (GM) cotton seeds during the forthcoming rainy season in June, which the Government hopes will boost textile and apparel exports from the country, says a report by the Thomson Reuters Foundation.

In 2013, the Ethiopian Parliament said genetically modified organisms (GMOs) can be imported only after the approval of the Environment Ministry with respect to the GMOs compliance with bio-safety and public health guidelines.

Subsequently, Ahmed Abtewe, the Minister of Industry, said the Government was planning to introduce GM cotton as part of its strategy to boost the textile and clothing sector, but the testing was yet to begin.

Ethiopia, which exports both fabric and garments made of cotton, had set a target of increasing its textile and apparel exports to US\$ 1 billion by 2015,

but the country is still very far from the target, mainly because the local cotton supply is unable to meet the demand of the domestic industry, the report said.

The Government is now hoping that by planting GM cotton, yields will improve compared to conventional varieties.

Source: Fibre2fashion – 30 Jan 2014

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### **Turkish investors to set up textile unit in Iran**

Turkish investors are set to launch a joint venture with Iranian businessmen for setting up a textile plant in central Iranian city of Delijan, reports ILNA.

The new textile plant would be set up at a cost of €15 million. This was disclosed during the visit of Iranian Oil Minister Bijan Namdar Zangane to Turkey earlier this month.

During the visit, the two sides reached some agreements to boost bilateral trade ties, Mr. Zangane said.

Both countries would continue to negotiate further in view finalize the agreements and sign memorandums of understanding during the forthcoming visit of turkish Prime Minister Recep Tayyip Erdogan to Iran.

In Iran, over 95 percent of textile production units are owned by the private sector. The textile industry accounts for 11 percent of production units and 12 percent of employment in Iran's industrial sector.



In 2013, Iran-Turkey bilateral trade declined to US\$ 16 billion from \$22 billion in 2012. Both countries have set a target of increasing annual bilateral trade volume to \$100 billion in the long-term and to \$30-35 billion in the short-term

Source: Fibre2fashion – 30 Jan 2014

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## **NATIONAL NEWS**

### **Will China's yarn demand help cotton bloom?**

#### **Arrivals set to gather pace but raw cotton exports to Pakistan, Bangladesh could cushion any fall**

The Cotton Corporation of India has forecast production this season to September at 37.5 million bales (170 kg each) against 33.4 million bales last crop year. Cotton Association of India, on the other hand, has forecast a crop of 38.05 million bales (35.675 million bales).

The Cotton Corporation of India's forecast pegs cotton consumption at 29.7 million bales. The total availability this year is projected at 42.7 million bales. Cotton exports are expected to touch 9 million bales.

Total supply, including imports, is expected to be 38.7 million bales, leaving four million bales of carry-forward stocks. This suggests that this year supply will exceed demand. Export numbers from the Cotton Corporation of India suggest that 5.5 million bales have been exported till the middle of January. Arrivals totalled 15.14 million bales till January 26. Fresh crop arrivals are expected during January-March, limiting any gains in the commodity. However, robust demand from domestic mills and

better exports, including that of yarn, could result in demand remaining healthy this year for Indian cotton.

### **Global scenario**

According to the International Cotton Advisory Committee, global cotton production is projected at 25.75 million tonnes, down four per cent from last year. Total supply is estimated at 43.54 million tonnes, up five per cent. Global consumption is projected at 23.76 million tonnes, 1.8 per cent higher while exports are projected to decline by 15 per cent year-on-year.

### **China factor**

Meanwhile, China has declared that it would discontinue its controversial stock reserve policy during 2014-15 and support domestic farmers by extending subsidies to them. Production is pegged at 33 million bales in 2013-14 and consumption of 36 million bales can limit the downside. With China's stock-to-use ratio being 162 per cent, chances of rise of prices are minimal from current levels. A lot will depend on 2014-15 plantings that will start in a few months from now. According to ICAC, area under cotton in China is projected to decline to 3.9 million hectares next season.

### **Price Outlook**

Prices have corrected over the last few sessions on ICE US and in domestic markets. Internationally, cotton prices have rallied supported on reports from the US that ending stock is the lowest in four years. Prices were also supported by strong demand for US cotton against limited supplies for the commodity. Gains were capped on rising worries over the pace of economic growth in emerging markets. The upside in international prices may be limited on the account of the Chinese New Year holiday.

Prices could see some range-bound trading with a key support at 82 cents/pound and key resistance at 88.56 cents/pound. Indian prices could also correct in the short-term on higher arrivals and weak international markets.

On the other hand, farmers are releasing stock in a staggered manner and better export demand for Indian cotton from Bangladesh and Pakistan could limit the downside. Yarn demand from China could also support raw cotton prices. Prices on ACE could see some range-bound trading with a key support at ₹42,350 and key resistance at ₹44,000 for a candy of 356 kg. The writer is Executive Director, ADMISI Commodities Pvt Ltd.

Source: Business Line – Jan 31, 2014

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## **INDIA: Rise in textile export rebates unlikely to be agreed**

A call by India's textiles minister for a higher rebate on duties paid on garment exports to the European Union (EU) will probably be refused by the country's finance ministry, industry representatives have told just-style.

Darshan Lal Sharma, a member of the Confederation of Indian Industry's (CII) National Committee on Textiles and a director of Vardhman Textiles, said it would be "really a challenge" to get an increased drawback approved when there was pressure to reduce the country's fiscal deficit.

Textiles minister K Sambasiva Rao last week proposed to increase the duty rebate rate by 5% for Indian apparel and textile exporters to compensate for losses due to Pakistan acquiring GSP Plus status, which will see many of its EU exports attract preferential import tariffs until 2017.

D K Nair, secretary-general of the Confederation of Indian Textile Industry (CITI), said Pakistan's zero duty status has made Indian garments less competitive by 9.6% and textiles by 5% to 6%.

"If some additional incentive could be given, this disparity can be reduced," he said, although he did not expect government action "any time soon".

The only option for Indian textile exporters is finalising the EU-India free trade agreement now under discussion, but this also would take time, Nair added.

Progress has been slowed by last year's German elections, the sluggish EU economy and upcoming elections in India. "These international agreements don't get finalised in such a situation."

Source: just-style.com – Jan 31, 2014

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## **On a fast seeking protection for handloom weavers**

Sarvodaya Day on Thursday began on an unusual note at Charaka, a women's cooperative society at Heggodu village in Shimoga district, with its founder, Prasanna, launching an indefinite fast demanding that the government stop attempts to mechanise of the handloom sector.

Mr. Prasanna, also a well-known theatre person, told The Hindu said that he would call off the fast only when Chief Minister Siddaramaiah announces that the government would work out a mechanism to implement the Handlooms (Reservation of Articles for Production) Act, 1985, aimed at protecting handloom industry from encroachment of the powerloom and mill sector. The State should also ensure that designated handloom clusters were reserved exclusively for handloom-related activities, he said.

The fast at Heggodu is part of a larger agitation launched by the All-India Federation of Handloom Organisations (AIFHO) in December 2013 to resist the move to redefine handloom in a way that allows partial mechanisation of the sector.

The Ministry of Textiles, following protests, announced a fortnight ago that it would maintain status quo on the definition. Mr. Prasanna, however, said the agitation would continue because the attempt to change the definition was only the pinnacle of a systematic attempt to destroy the handlooms across the country.

Citing instances of attempts to sabotage the handloom sector, Mr. Prasanna said Karnataka's Suvarna Vastra Neethi 2008-13 allowed for a subsidy of Rs. 1 lakh for handloom weavers to install powerlooms, rather than focus on strengthening and protecting handlooms. He said that textile parks such as

the one at Doddaballapur provide no space for the handloom sector and favoured only the powerlooms.

Mr. Prasanna said the powerful powerloom lobby was responsible for constantly projecting handloom as a sunset industry while there was a demand for handloom products. On December 25, 2013, AIFHO members wrote to the Prime Minister stating that handloom was being deliberately suffocated and killed and it was not a subsidy guzzling sunset industry as is being projected.

A small cooperative in Sulibhavi in Bagalkot district made a profit of Rs. 78 lakh last year, he said, and added that the handloom sector could be made sustainable if there was a political will.

Source: cottonyarnmarket – Jan 31, 2014

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