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USD 65.14 | EUR 69. 52 | GBP 81.08 | JPY 0.59

Cotton Market

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

Rs./Bale	Rs./Candy	USD Cent/lb
20700	43300	**84.77**

Domestic Futures Price (Ex. Gin), March

Rs./Bale	Rs./Candy	USD Cent/lb
20960	43843	**85.84**

International Futures Price

NY ICE USD Cents/lb (March 2017)	74.85
ZCE Cotton: Yuan/MT (May 2017)	15, 395
ZCE Cotton: USD Cents/lb	**85.11**
Cotlook A Index – Physical	**86**

Cotton guide: Decisively cotton price fell this week at the global market. The cotton for May contract trades at ICE slipped from the high of 78.07 to end the Tuesday's trading session sharply lower at 74.85 cents per pound. Speculative selling weighed on the nearby contracts while long only position square off also supported price to trade down.

A large long only fund completed its position fund rolling from May into July with another large fund expected to start their position fund rolling later in the week. The trading volumes were strong. As per the report on Tuesday the traded volumes were around 52,000 contracts while on Monday the volume was 60+K highest for ICE contracts since past seven weeks.

With the recent fall in price breaking 50-day simple moving average (SMA) indicates in the near term cotton price may remain under pressure.

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Therefore, mill fixation against the outstanding on call purchases has become active. The next CFTC report shall give us a clearer picture on the same.

However, the open interest in the month contract has declined sharply to 0.128 million contracts. While, there has been addition of OI (funds position rollover partly) in the July contract. The July OI has increased to 65000 contracts from a recent low of 47000 contracts.

This morning ICE future for near month contract is seen trading at 74.95 marginally higher from the previous day's close while holding a strong support at 100-day SMA. We believe market would now be very critical and upon convincing break below 74.50 would confirm a fresh bear move towards 73.75 levels.

For the day we expect ICE cotton to trade sideways to bearish and every rise in the price would be treated as a sell recommendation. From the technical perspective we expect ICE future to trade in the range of 74.20 to 75.30 cents per pound.

Coming to domestic market the spot market is partly open and close across the country due to regional festival so the spot price continues to hold a steady tone. However, domestic future price has taken strong cues from the international market. The April future ended the session on Tuesday lower at Rs. 20,960 down by Rs. 240 per bale from the previous close.

We believe since the domestic spot and future price is trading at a larger premium over the global price is highly prune to correct onto the downward trend. For the day the trading range would be Rs. 21100 to Rs. 20800 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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INTERNATIONAL NEWS

World cotton production to grow 1% in 2017-18: ICAC

As high prices in 2016-17 encourage farmers to plant cotton, world production is forecast to grow by one per cent to 23.1 million tons in 2017-18, the International Cotton Advisory Committee (ICAC) predicts in its latest report. However, the average yield is expected to decline by two per cent to 761 kg/ha, similar to the four-year average.

Country-wise, cotton production in India is projected to grow by two per cent to 5.9 million tons in 2017-18. In China, production could reach 4.8 million tons in 2017-18 as area expands by three per cent to three million hectares after five seasons of contraction.

In the US, high yields and firm prices are likely to encourage farmers to expand cotton area in 2017-18. However, production is expected to remain unchanged from 2016-17 at 3.8 million tons as the average yield is assumed to be closer to the five-year average.

Meanwhile, world cotton mill use in 2016-17 is expected to remain unchanged at 24.1 million tons due largely to weak global economic growth and competition from polyester. Global consumption may recover by one per cent in 2017-18 to 24.4 million tons as cotton prices decrease, and growth in the global economy is expected to be much stronger in 2017 and 2018.

In China, after several seasons of decline, mill use is projected to rise by two per cent to 7.6 million tons in 2016-17 and by one per cent to 7.7 million tons in 2017-18. The gap between China's domestic cotton prices and international cotton prices has decreased, making yarn imports less attractive than in recent seasons.

In addition, mill use in Xinjiang has expanded, and the proximity to the higher quality cotton grown in this region offers cost advantages over yarn imports.

In India, after declining by three per cent to 5.1 million tons in 2016-17 due to high domestic and international cotton prices, mill use is projected to recover by one per cent to 5.2 million tons in 2017-18, the report said.

In terms of cotton imports, during the first seven months of 2016-17, China has imported over 600,000 tons, up by six per cent from last season during the same time period. China's total volume of imports is expected to rise by two per cent to 983,000 tons in 2016-17.

Imports by Bangladesh are expected to rise by 6 per cent to 1.4 million tons, and Vietnam's imports are projected to grow by 17 per cent to 1.17 million tons in 2016-17.

Given its large exportable surplus and the high quality of its crop this year, the US is expected to export 2.9 million tons of cotton in 2016-17, accounting for 37 per cent of global exports. India's exports are projected to decline by 23 per cent to 960,000 tons in 2016-17, partially due to the delay in harvesting earlier this season.

If China continues to sell cotton at the current volume from its national reserve, the total volume held by the government would decline to around 6 million tons at the end of August 2017. As a result, world ending stocks in 2016-17, are expected to decline by seven per cent to 19.1 million tons.

Source: fibre2fashion.com- Apr 04, 2017

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Brazilian cotton market witnesses good trade in March

Good liquidity in cotton market in mid-March resulted in underpinning cotton prices in Brazilian market. While ginners showed buying interest to meet short-term demands, traders were also buying new batches, and sellers were flexible in quoting prices, states the fortnightly report by CEPEA, the Center for Advanced Studies on Applied Economics.

Expecting further price rise in the domestic market, cotton growers continued to be firm in closing exports contracts and/or holding the product.

On the other hand, taking advantage of the peak periods at ICE Futures, trading companies preferred to trade with the international market, in spite of the valuation of Real against dollar quotes.

In late March, however, the pace of trade in the Brazilian cotton market was slow again, leading to a dip in quoted price. Although some sellers were firm in asking prices, waiting for higher quotes until the harvesting beginning of the new crop, purchasers were cautious with acquisitions at the price levels then, which hampered trades and price rises on some days.

In the central-southern region, some processors were retracted, stocked up by the product purchased in the first fortnight of March. Others, however, searched for batches of small volumes and with good quality. Specifically in the north-eastern region, some processors were active, purchasing several batches for prompt-delivery.

From February 24 to March 31, the CEPEA/ESALQ Index, 8-day payment terms, for cotton type 41-4, delivered in São Paulo, increased 1.9 per cent, closing at 2.7643 real ($0.884) per pound on March 31.

Source: fibre2fashion.com - Apr 04, 2017

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Made in Senegal? New industrial park woos Chinese firms

Four new factory buildings rise up from fields on the outskirts of Senegal's capital, the first phase of a government plan to woo Chinese companies shifting low-end manufacturing to Africa as wages in East Asia rise.

African countries are vying for millions of jobs that China is expected to shed. So far Ethiopia is ahead of the pack, with a fledgling shoe and garment-making sector that has made it one of Africa's rising stars.

Now Senegal, a country with a tiny manufacturing base and main exports including fish and peanuts, hopes to replicate that success with a new industrial park and a deal with the Chinese businesswoman whose shoe factory kickstarted Ethiopia's nascent industrial revolution.

Senegal's stable democracy and Atlantic Ocean port make it a natural candidate for export-based industry, but it ranks 147 out of 190 countries on the World Bank's ease of doing business index due to problems with electricity access and bureaucracy.

The 85 billion CFA franc ($138.59 million) project in the town of Diamniadio is gambling on hopes it resuscitate a manufacturing sector that has languished for decades.

If it works, this will be one of the first cases of Chinese industry spreading to Francophone West Africa.

The stakes are high. Senegal suffers chronic underemployment that sends millions abroad in search of a better life.

"Lots of Chinese companies are discovering Senegal for the first time," Mines and Industry Minister Aly Ngouille Ndiaye told Reuters in a phone interview. "In the industrial domain, we have everything to learn from China."

Kenya, Tanzania and Rwanda are among the other African countries that are chasing Chinese textiles investment and have launched or planned new industrial zones in the last three years. None, however, are as far along as Ethiopia.

China has also invested in manufacturing in Ghana and Nigeria, West Africa's top economies, but its activity in the French-speaking countries has been centered around more traditional areas like infrastructure and mining.

"SNOWBALL EFFECT"

C&H Garments, a Chinese company active in Ethiopia and Rwanda, plans to hire 5,000 workers at Diamniadio and export clothes to the U.S. and Europe, said co-owner Helen Hai.

Hai expects the plant to open this year. Around 20 other companies from Senegal, North Africa, Europe and Asia have applied for factory space and are awaiting selection, Ndiaye told Reuters, although Senegal still needs to pass new tax laws for the special economic zone.

Senegal developed a textile industry in the 1960s but it was heavily supported by the state, which couldn't sustain it. Now it imports almost everything from clothes to matchsticks to toilet paper, often from China.

While there are some factories canning fish, making cement and rolling cigars for export, they are dwarfed by a services sector that makes up more than half the GDP.

"If Senegal is able to demonstrate a quick success as a French-speaking country, this could have a big snowball effect ... on the African continent," Hai said.

This was the case in Ethiopia. After Hai's shoe company Huajian opened a plant near Addis Ababa in 2012, other firms clustered around it and foreign direct investment grew over 300 percent to reach $1.2 billion by 2014, according to a U.N. World Investment Report.

Senegal has higher wages and electricity costs than Ethiopia, but its proximity to target markets in Europe and North America makes it attractive, said Hai, who is also advising the government.

But analysts say Senegal will still need to work quickly to seize the opportunity in a brutally competitive environment.

Between five and 10 African countries are likely to see their industrial sectors take off in the next decade as production shifts from Asia, said John Page, a Brookings fellow and former chief Africa economist at the World Bank.

"It's going to be a combination of better governance, better policies and some good luck" that distinguishes the countries that pull ahead from those that don't, Page said.

Source: reuters.com - Apr 03, 2017

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Brazil: Textile exports to Arab countries reached USD 3 million

Exports of Brazilian textiles and clothing to Arab countries reached USD 3 million in January and February of this year, according to numbers from the Brazilian Textile and Apparel Industry Association (Abit). The number is up 87.5% from USD 1.6 billion in January and February 2016.

The increment was almost exclusively a result of synthetic fabric and sisal rope for use in ships and rigs. Abit's survey of exports encompasses different items in the production chain, from raw materials, like fibers, yarns and filaments, to technical and non-fabric textiles (which are used in industries such as civil construction) and clothing.

According to Lilian Kaddissi, the executive manager for the Texbrasil program, exports of beachwear, textile yarns and intimate wear also went up in the first two months of the year, but the amount was not relevant to total sales numbers. Ropes accounted for some USD 1 million. Kaddissi notes that the two-month timeframe is too short.

Texbrasil is a program designed by Abit and the Brazilian Trade and Investment Promotion Agency (Apex-Brasil) to foster Brazilian textile and apparel industry exports. Kaddissi says exports to Arab countries by companies affiliated with the program widened by 40% last year, from USD 2.9 million in 2015 to USD 4.1 million in 2016.

She also says Arab countries are important buying markets for Brazilian companies, especially in party wear, children's wear, and beachwear. Arab importers are usually in attendance at the European industry shows that Texbrasil goes to, and many are being brought to Brazil through promotional actions as well.

In Abit's total export numbers, the United Arab Emirates are the Arab country that bought the most from the Brazil textile and apparel industry in January and February. Next come Algeria, Egypt, Morocco, and Lebanon.

Source: ww2.anba.com.br - Apr 03, 2017

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China Refines its Cotton Policy

The Chinese government announced a new target price for cotton grown in Xinjiang last month of 18,600 yuan per ton (approximately U.S. 122 cts/lb using current exchange rates), unchanged from 2016, and will be in effect through the 2019 planting season.

In order to maintain a stable supply of cotton, the subsidy will also only apply to output less than 85% of the average annual production grown from 2012-2014 (around 7 million tons). The level of subsidy for extra-long staple cotton will remain unchanged at 1.3 times the price of upland cotton.

World cotton production is forecast to grow by 1% to 23.1 million tons in 2017/18 as high prices in 2016/17 encourage farmers to plant cotton. However, the average yield is expected to decline by 2% to 761 kg/ha, similar to the 4-year average. India's production is projected to grow by 2% to 5.9 million tons while production in China could reach 4.8 million tons in 2017/18 as area expands by 3% to 3 million hectares after five seasons of contraction.

High yields and firm prices will encourage farmers in the United States to expand d cotton area in 2017/18. However, production is expected to remain unchanged from 2016/17 at 3.8 million tons as the average yield is assumed to be closer to the 5-year average.

World cotton mill use in 2016/17 is expected to remain unchanged at 24.1 million tons due largely to weak global economic growth and competition from polyester.

Global consumption may recover by 1% in 2017/18 to 24.4 million tons as cotton prices decrease, and growth in the global economy is expected to be much stronger in 2017 and 2018.

After several seasons of decline, China's mill use is projected to rise by 2% to 7.6 million tons in 2016/17 and by 1% to 7.7 million tons in 2017/18.

The gap between China's domestic cotton prices and international cotton prices has decreased, making yarn imports less attractive than in recent seasons.

In addition, mill use in Xinjiang has expanded, and the proximity to the higher quality cotton grown in this region offers cost advantages over yarn imports. After declining by 3% to 5.1 million tons in 2016/17 due to high domestic and international cotton prices, India's mill use is projected to recover by 1% to 5.2 million tons in 2017/18.

WORLD COTTON SUPPLY AND DISTRIBUTION

	2015/16	2016/17	2017/18	2015/16	2016/17	2017/18
	Million Tons			Changes from previous month Million Tons		
Production	21.04	22.78	23.12	0.01	0.09	0.02
Consumption	24.13	24.10	24.42	0.01	0.05	0.09
Imports	7.54	7.85	8.06	0.00	0.00	0.01
Exports	7.59	7.85	8.06	0.06	0.00	0.01
Ending Stocks	19.17	17.85	16.55	-0.07	-0.03	-0.11
Cotlook A Index*	70	78	73			

*The price projection for 2016/17 is based on the ending stocks/consumption ratio in the world-less-China in 2014/15 (estimate), 2015/16 (estimate) and in 2016/17 (projection); on the ratio of Chinese net imports to world imports in 2015/16 (estimate) and 2016/17 (projection). The price projection is the mid-point of the 95% confidence interval: 73 cts/lb to 83 cts/lb.
** The price projection for 2016/17 is based on the ending stocks to mill use ratio in the world-less-China in 2015/16 (estimate), 2016/17 (projection) and 2017/18 (projection); on the ratio of Chinese net imports to world imports in 2016/17 (projection) and 2017/18 (projection); and on the price projection of 2016/17. The price projection is the mid-point of the 95% confidence interval: 55 cts/lb to 84 cts/lb.

During the first seven months of 2016/17, China has imported over 600,000 tons of cotton, up by 6% from last season during the same time period. China's total volume of imports is expected to rise by 2% to 983,000 tons in 2016/17.

Imports by Bangladesh are expected to rise by 6% to 1.4 million tons, and Vietnam's imports are projected to grow by 17% to 1.17 million tons in 2016/17. Given its large exportable surplus and the high quality of its crop this year, the United States is expected to export 2.9 million tons of cotton in 2016/17, accounting for 37% of global exports.

India's exports are projected to decline by 23% to 960,000 tons in 2016/17, partially due to the delay in harvesting earlier this season while

China began selling cotton from its national reserve last month, and as at the time of writing, total volume sold reached 450,000 tons. If the level sales that occurred last month continue, a similar volume of cotton may be sold this year as well, bringing the total volume held by the government to around 6 million tons at the end of August 2017.

At the end of 2016/17, China's stocks are projected to fall by 17% to 9.3 million tons. World ending stocks in 2016/17, are expected to decline by 7% to 19.1 million tons.

Source: www.icac.org - Apr 03, 2017

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South Asia the next export centre – what can Pakistan learn?

Consider the following fact: 1 million young people enter the workforce each month in the region. This is the extent of the demographic dividend which South Asia can reap. As the workforce ages in China and other East Asian countries, many eyes turn towards South Asia.

Can the region use the potential of this labour force to become the next manufacturing hotbed and export powerhouse? This has been discussed in a recent publication by the World Bank, "South Asia's Turn: Policies to Boost Competitiveness and Create the Next Export Powerhouse".

The report states that to realise the potential of this region, countries should increase regional integration, take advantage of agglomeration economies and improve business environment.

But, what can Pakistan learn from this report?

The South Asian picture

Overall, South Asia has underperformed in terms of both quantity and quality of their exports. This has been attributed primarily due to low productivity, which is a pivotal factor towards sustained export competitiveness.

The region has also made little progress towards diversifying its exports and moving up the value chain. This is evidenced from the fact that almost 80% of the region's export growth from 2001 to 2013 came from the sale of the same goods to the same destinations and the remaining 20% came from selling the same products to new markets.

However, there are certain pockets of industries which show that some of the leading firms in South Asia can achieve world class levels of operational performance, efficiency with the right management. With the right policy framework, not only can these pocket of industries grow but can also inspire other industries to follow suit.

These are the light manufacturing cluster in Sialkot, apparel sectors in Bangladesh and Sri Lanka, and electronics and auto firms in India. One particular policy emphasis given by the World Bank report to South Asian governments is to increase intra-regional and global ties of these industries. This has particularly been the case with Pakistan.

The Pakistani picture

Pakistan derives its exports primarily from the textile group which contributed almost 58% to the export base of the country. The country also has a very small share of global merchandise exports, which stands at 0.135% from 2010-14.

In recent years, Pakistani exports have not fared well due to lower unit values of textile products and slump in cotton production. The recent monetary policy statement released by the State Bank of Pakistan (SBP) on March 25 has also highlighted that although expansion in Pakistan's economic activity has been translated in an increase in imports, there has been a lack of a sustained improvement in exports.

Exports have declined by 2% in July-Feb compared to the same period last year. Although this decline was broad-based, exhibited across all commodity groups, it was largely due to the textile sector.

A large decline in the exports of raw cotton due to lower demand from our traditional export market in China and modest improvement in knitwear and bedwear have been some of the main reasons behind this decline. It is time that the government forms a comprehensive strategy.

Policy prescriptions

By 2030, more than a quarter of the world's working adults will live in South Asia. Pakistan and other countries can seize the opportunity of its dynamic demography to become the world's next manufacturing and export powerhouse. Efforts must be taken to increase productivity and improve firm competitiveness.

Source: tribune.com.pk– Apr 03, 2017

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Bangladesh: ILO hosts training for workplace cooperation in Dhaka

The International Labour Organisation (ILO) with the support of Sweden and Denmark is hosting a training programme in Dhaka on improving workplace cooperation and handling grievances.

The training is for 30 master trainers comprising officials of the Department of Labour and Industrial Relations Institutes. The five-day programme will conclude on April 7.

The initial training focuses on workplace cooperation, with future sessions set to cover collective bargaining and grievance procedures. Once trained, these master trainers will play a crucial role to support the development of workplace cooperation plans in 34 non-unionised factories out of a group of 54 pilot factories provided by the Bangladesh Garment Manufacturers and Exporters Association and Bangladesh Knitwear Manufacturers and Exporters Association. These plans will provide a basis for the work of the participation committees in these factories.

The training programme has been developed with the support of the ILO's International Training Centre (ITC). It is the first of a series to be held by the ILO's Improving Social Dialogue and Harmonious Industrial Relations in the Bangladesh RMG sector project. Launched in December 2016 in collaboration with Government of Bangladesh, the initiative aims to develop dialogue mechanisms between employers and workers as a means of preventing and constructively resolving disputes.

"This training marks an important first step in our efforts to create better social dialogue in Bangladesh. Enhancing the capacity of the Department of Labour and Industrial Relations Institutes will help build a more mature industrial relations environment for Bangladesh that will benefit employers and workers alike," said Gagan Rajbhandari, deputy director, ILO Bangladesh.

Source: fibre2fashion.com– Apr 04, 2017

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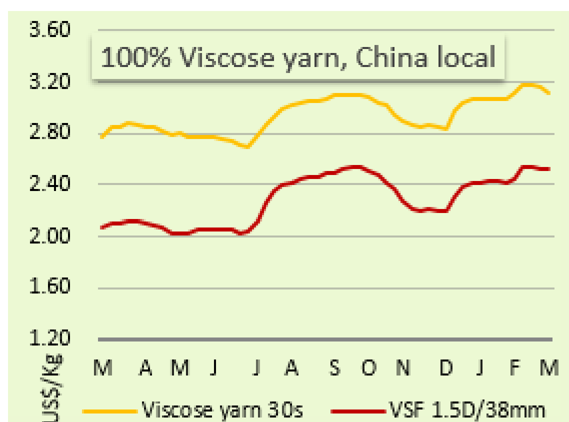
Viscose yarn price moves down in China

In China, offers for ring-spun 30s weaving yarn in Xiaoshan fell US cents 2 a kg in the fourth week of March, while compact siro-spun 40s yarn in Jiangsu was down US cents 6 a kg on the week.



Spun viscose yarn prices fell across the boards in China, with big hurdles in liquidating volumes. Low-end prices for fell to their recent lows while mainstream prices for rabbit-hair-like yarn 28s were pegged a bit higher. With VSF prices started falling on the back of weakening market outlook, it is expected that yarn prices will remain south bound in coming weeks.

In India, viscose yarn prices have not fallen in the week on support of steady VSF markets. However, exports have declined by 20% in February with unit price realization down year on year. The decline in US$ have also limited exports to several countries.

In Pakistan, viscose yarn prices were steady despite VSF prices declined on the week.

Source: yarnsandfibers.com– Apr 04, 2017

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African print fabrics to gain exposure in fashion and local market

African fabrics and textiles have stimulated the fashion senses of people from different social backgrounds, age groups and different body shapes with its vibrant colors, handmade quality and unique artistic designs.

Rich cultural heritage behind each of the African fabric being sold today is not just a mixture of bright colours and patterns to entice people to use it. These colours symbolise and represent important roots in African people from all sectors of the society.

A variety of items, more especially for women, have been made out of this fabric that is also known as Ankara. Many items such as hats, earrings, blazers, and shoes to mention but a few have a touch of this fabric. This is because African print is versatile. Many people are seen blending this fabric with other fabrics such as lace, chiffon, silk, and spandex for clothing to give their outfits a more vibrant and classy look.

Even though in Botswana African print attires are worn in different events such as weddings, cultural events such as Letlhafula, Son of The Soil to mention a few, it does not have more definition than making a fashion statement. Most of the local ladies use this modern African print to look glamourous.

AKN Fabrics stated that colours symbolise and represent important roots in African people from all sectors of the society. The administrator explains that the Akan people of West Africa wear red, brown and black for funerals; white is used for festive occasions.

The Ashanti people of Ghana use gold to represent status and serenity; yellow stands for fertility and vitality. The colour green refers to renewal and growth, stands for birth and death. Blue signifies their belief in God and the supremacy of the blue sky. Blue also symbolises purity and harmony.

The colour red generally means political passion, resistance and protection. The Ashanti also believe that red provides protective powers. Black conveys spiritual awareness and union with ancestors, they stated.

The fabrics were made from any of those clothing production techniques like dyeing, weaving, printing and embroidering methods. Fibers used are mostly cotton, silk, raffia, bark and linen. African fabrics are rarely produced with just one method. The skills and craftsmanship exhibited in each hand made assembly is truly admirable making these African textiles an important art authentic collection.

African Prints Botswana's business development manager, Oshalle Monyatse said that African print fabrics leverage the fashion icons and continues to gain more exposure in the fashion scene as more popular personalities and celebrities include them in their wardrobe collections.

Monyatse added that as a way of promoting African print fabrics, her company decided to come up with different strategies that will raise awareness about the local fashion industry by shining a light on locally produced modern African print apparel and accessories.

The ultimate goal is to generate demand for local fashion products resulting in a stimulated industry and employment creation particularly for the youth. It aims to demonstrate that African print products can be won anywhere and are not expensive.

Source: yarnsandfibers.com– Apr 04, 2017

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Pakistan: EU envoy for joint efforts to get GSP benefits

Ambassador of European Union to Pakistan, Jean Francois Cautain, said on Tuesday that public and private sectors of Pakistan would have to work together to take full advantage of Generalized System of Preferences (GSP) Plus status granted till 2023.

He was talking to the LCCI President Abdul Basit, Senior Vice President Amjad Ali Jawa, Vice President Muhammad Nasir and Executive Committee Members here at Lahore Chamber of Commerce & Industry (LCCI). Mian Abdul Razzaq, Shahid Nazir and Ali Hassam Asghar were also present.

The Ambassador said the GSP Plus has given better market access to the products made in Pakistan to whole of Europe and the EU would like to enhance its trade with Pakistan. "It is very much now in the hands of the business community, both here in Pakistan and the European Union to utilize this facility available for boosting trade between the two sides," he added.

GSP Plus status monitored and reviews after every two years and Pakistan is still eligible for this, he said, asserting that Pakistan should avail full advantage of GSP Plus status and increase its traditional and non-traditional exports to the EU member states.

While, LCCI President Abdul Basit said that Pakistan and European Union have a strong bond in the areas of trade and investment and EU is very important trading region for Pakistan.

Despite this fact that EU Commission granted GSP plus status to Pakistan, he said, the potential benefits of this scheme could not be materialized.

Abdul Basit said that EU accounted for 12.8 percent of Pakistan's total trade in 2015 while absorbing 23.7 percent of Pakistan's total exports while, more than 80 percent of our exports to EU consist of textiles and clothing.

Pakistan's imports from EU are mainly comprised of machinery, transport equipment and chemicals.

"It is a steady feature of Pakistan's trade with European Union that almost 72 percent of total exports to EU are with five countries namely UK, Germany, Spain, Netherlands and Italy.

We look forward to finding more and more opportunities of market penetration in other countries like Greece, Slovenia and Ireland etc., where Pakistan's export averaged to dollar 50 million," he said and stressed the need for exploiting the potential by exporting agro-based processed foods to EU in collaboration with European companies through joint ventures and transfer of technology.

He said that natural or cultured pearl, precious and semi-precious stones can be cut, polished and ornamented according to the need of European markets. Liaison of private sector with European Union Embassy is very important to ensure desired results.

Source: brecorder.com– Apr 04, 2017

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Vietnam apparel firms avoid stock market for now

Although Vietnamese apparel company movement toward the stock market is an inevitable trend in a market economy, only 30 businesses of the sector's total of 6,000 have listed so far.

Analysts say that most domestic garment and textile companies are concerned about the possibility that if they list, foreign investors could corner large chunks of their shares or even attempt hostile takeovers.

Many companies also fear their shares would not get fair value if listed now, because the sector faces many challenges.

Last year was a hard one for the sector, with results much worse expected, including just US$28.3 billion worth of exports, a year-on-year increase of 5.6 per cent.

In addition, the year's target had been adjusted down from $31 billion to $29 billion, after major importers, including the US, the EU and Japan, reduced demand for garment and textile products.

Listed companies did not escape the downturn: Soi The Ky Joint Stock Company saw after-tax profits plummet by 60 per cent to less than VNĐ29 billion ($1.28 million), Thanh Cong Textile Garment Investment Trading Joint Stock Company's after-tax profit was down 25 per cent to VNĐ114 billion ($5.06 million).

This year, the sector is expected to face many challenges as well, including a lack of support from tax policies, since several important trade deals such as the EU-Viet Nam Free Trade Agreement and the Trans-Pacific Partnership will not come into effect.

Lastly, competition will only become fiercer, as other countries march ahead thanks to their conducive tax policies and exchange rates. The instability in the EU economy is also expected to have an impact.

Source: vietnamnet.vn– Apr 04, 2017

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Vietnamese garment sector to enjoy opportunities from RCEP: association

Vietnam is joining negotiations for the Regional Comprehensive Economic Partnership (RCEP), which is expected to bring in numerous benefits to the country's garment, textile sector in terms of cost, market scale, and material supply, according to Vu Duc Giang, Chairman of the Vietnam Textile and Apparel Association (VITAS).

The RCEP, if comes into force, will create huge impetus for Vietnamese garment, textile sector as the country will not have to bear many trade barriers, local Bao Cong Thuong (Industry and Trade News) online newspaper quoted Giang as saying on Wednesday.

The RCEP covers 16 countries, including 10 members of the Association of the Southeast Asian Nations and their regional trading partners of China, Japan, South Korea, Australia, New Zealand and India.

When participating in the RCEP, Vietnam will have a strategic market in Asia with three major benefits. The first thing is lower transportation fees due to geographical proximity. Secondly, RCEP market will help Vietnamese firms with supply of raw materials.

Thirdly, the cultural similarities among Asian countries will help the RCEP negotiation and signing processes take place faster, said Giang.

According to the VITAS chairman, so far, Vietnamese firms have had orders till the end of August this year. Giang forecast that the garment, textile exports would experience a growth of 13-14 percent in 2017, compared to 9.2 percent in 2016.

However, the deeper the integration is, the fiercer the competition will be, said Giang, urging local companies to enhance management to ensure providing products with more competitive price, higher quality, and shorter delivery time.

In the first quarter of 2017, Vietnam earned 5.6 billion U.S. dollars from garment, textile exports, up 10.2 percent year-on-year, while spending 2.3 billion U.S. dollars on fabric imports, up 5.5 percent, according to the Vietnam's General Statistics Office.

Source: xinhuanet.com– Apr 05, 2017

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Bangladesh: Crisis in apparel sector to be solved through discussion

The government, apparel factory owners and labour leaders yesterday agreed to resolve any crisis in the garment sector through consultations among the stakeholders.

The decision was taken at the first meeting of the tripartite council on the garment sector headed by Mujibul Haque, state minister for labour and employment, at his secretariat office in Dhaka.

“There might be some problems in the country's garment sector and those can be addressed internally,” the minister said. Earlier, the government formed a 20-member council to address labour related issues that sometimes cause volatility in the labour-intensive readymade garment industry.

Nazma Akter, assistant secretary general of IndustriALL Bangladesh Council, suggested government handle labour-related issues carefully. “Trust and confidence between the owners and workers must be enhanced,” she said.

Any problem at the factory level dents buyers' confidence, said Siddiqur Rahman, president of Bangladesh Garment Manufacturers and Exporters Association, adding that they don't want to face such problems.

He said they would solve problems on their own through discussion with all, including workers.

Delwar Hossain Khan, general secretary of Bangladesh Labour Federation, recommended monthly meeting of factory management with the workers to make them feel an essential part of the supply chain.

The number of inspectors is insufficient for some eight million establishments across the country, he said.

A commerce ministry official told the meeting that the EU and the US want to see more progress in ensuring labour rights.The labour ministry is responsible for addressing three concerns -- amendment to labour law, trade union registration and protection of labour leaders from violent reprisals, he said.

Source: thedailystar.net– Apr 05, 2017

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Zimbabwe: Expanding textile industry is key to economic growth

Hopes are high that the Government has finally come up with credible plans to increase cotton production and expand the textile industry.

Industrialisation and Enterprise Development Cabinet Secretary Adan Mohamed's announcement last week that Kenyans can now buy new clothes and apparel made at the Export Processing Zones at prices as low as Sh100 marked yet another milestone on the government's road to reducing the importation and sale of second-hand clothes and expanding local production of new ones.

Few tears should be shed on the death of the importation and sale of second-hand clothes considering the havoc they have wreaked on the entire value chain of the textile industry.

Arguments that thousands of people dealing in second-hand clothes would be rendered jobless were there to be a well-calibrated ban on their

importation and sale is undermined by the realisation that the same number of people would be used to sell the new clothes and apparel.

The benefits derived from an expansion of acreage under cotton are so obvious that the surprise is that it has taken the Government such a long term to realise it and to put its money where its mouth is.

To his credit, however, Agriculture, Livestock and Fisheries CS Willy Bett appears more serious than his predecessors for he has outlined a raft of measures his ministry is taking to bring back the sub-sector's golden era when the country produced 70,000 bales of cotton a year in the 1980s. The country currently barely produces 20,000 bales.

This has led to near-destitution of communities in Nyanza, Western, Rift Valley, Central, Eastern, and Coast regions that used to produce the crop because their land cannot grow other crops with a ready market due to scarcity of rainfall. These are the communities targeted to grow the crop.

Source: standardmedia.co.ke– Apr 04, 2017

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NATIONAL NEWS

Textile ministry increases yarn banks' corpus fund

The yarn is procured from frontline spinners in bulk quantity at concessional rates. The yarn bank serves twin purposes. The yarn banks provide an opportunity to the weavers to arrest the price fluctuations and check the presence of middlemen. We have demanded that the corpus fund be increased to Rs15 crore." Second is the price benefit.

Pandesara Weavers Cooperative Society president Ashish Gujarati told TOI, "We are happy that the corpus fund at the yarn bank has been increased from Rs1 crore to Rs2 crore. The domestic industry can get access to yarn samples of global standards and do further research and come out with innovative products.

Powerloom weavers in Pandesara and Ved Road industrial areas will be able to procure yarn-raw material for the polyester fabric-at concessional rates with the ministry of textiles increasing the corpus fund for India's first yarn banks in the city from Rs 1 crore to Rs 2 crore.

At the recently announced Power Tex India — a central government package scheme for powerloom sector — the corpus fund for the yarn banks in Surat has been increased to Rs 2 crore each and bank guarantee reduced from 50 per cent to 25 per cent.

Two years ago, the central government had sanctioned two yarn banks in the powerloom clusters of Ved Road and Pandesara, country's largest man-made fabric (MMF) centre. The ministry of textiles had formed two special purpose vehicles, Ved Road Art Silk Small Scale Co-operative Federation and Pandesara Weavers Co-operative Society for setting up of the yarn banks.

These banks were started with an initial corpus fund of Rs 1 crore for purchasing yarn from open market and selling at concessional rates to their initial 1,000-member weavers.

The yarn banks provide an opportunity to the weavers to arrest the price fluctuations and check the presence of middlemen.

The yarn banks allow the weavers to procure yarn on credit and repay the amount in instalments. Surat has around 5.5 lakh powerloom machines which produce three crore meters of fabrics every day and employ around seven lakh workers.

An official of Ved Road Art Silk Small Scale Co-operative Federation said there were more than one lakh weavers in Ved Road and Pandesara clusters and that the yarn bank is able to cater to only 100 units initially.

The yarn is procured from frontline spinners in bulk quantity at concessional rates.

The yarn bank serves twin purposes. Firstly, it gets yarn samples from around the world and store them. The domestic industry can get access to yarn samples of global standards and do further research and come out with innovative products.

Source: nyoooz.com- Apr 05, 2017

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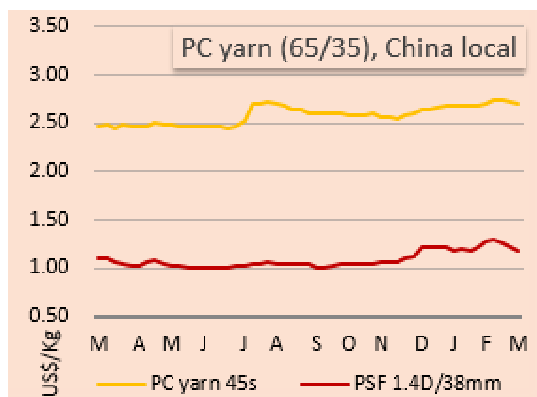
Blended yarn price inches down in India

In Qianqing, PC (65/35) 32s yarn prices rolled over in the fourth week of March while 45s PC combed yarn prices were steady on the week.



Blended yarn markets in China reflected the decline in cost of fibres including cotton, PSF and VSF. Domestic yarn production has become more competitive compared with import, meaning that prices could stay at the current level. PC yarn prices rolled over at lower levels explaining the fall in PSF prices.

In India, PC and PV yarn prices dropped that week following the softening of PSF prices and stable cotton cost. Such downward trend, imply lower prices later this year. 30s (65/35) PV warp yarns prices again inched down INR1 a kg while PC 30s (52/48) prices also fell INR1 a kg in Ludhiana.

In Pakistan, PC yarns have remained unchanged whereas PV yarns have slightly dropped over the week, reflecting the fresh fall in PSF and VSF prices.

Source: yarnsandfibers.com - Apr 04, 2017

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The best GST there can be

After the constitutional amendment bill that midwifed it, and with the passage of the four laws that have given it elaborate flesh and substance, the Goods and Services Tax (GST) has entered its last and critical phase: The determination of the GST's rate structure.

Late last year, there was agreement on five broad GST slabs: 0 (the exempted category), 5, 12, 18, and 28 per cent; there was also agreement that cesses — to finance possible compensation to the states — would be levied on certain demerit goods (tobacco and related products, aerated beverages, luxury cars etc). Now is the moment of truth when items will be assigned to the different GST slabs and the exact amounts of the cesses will be decided. The actual rate structure has already become overly complicated. Now, it is time for damage limitation.

I discuss below some key issues with recommendations on the desirable course of action.

A few general points must be highlighted at the outset. This is a constitutional moment for the GST, a moment ripe for ambition and visionary decision-making which must be seized because it comes "but rarely in history". Inevitably, in the future, inertia, "dead habits", and the unavoidable diversity of interests will reassert themselves, strongly perpetuating the status quo. So, the rate structure decided today is likely to persist for considerable time.

In that light, the guiding principle cannot be to minimise departures from the status quo. If that were the case — and if hence GST rates were set close to today's rates — the question might legitimately be asked: Why bother with a GST at all?

Instead, the guiding principle must be: What will make for a good GST, a GST that will: Facilitate compliance, minimise inflationary pressures, be a buoyant source of revenue, and command support from the public at large. It is essential not to saddle the GST with multiple objectives: Down that path lies complexity and arbitrariness that will be fatal for the GST. The GST is a consumption tax, so any differentiation of rates — which in any case should be minimal — should be linked to protecting the consumption basket of the poor while imposing a greater burden when there are externalities associated with consumption or where consumption is disproportionately by the rich. The GST cannot be burdened with the task of meeting other objectives such as employment, industrial policy, and social engineering.

Another general point, and one that will pose a communication challenge, is this: Today's headline tax rate is not the actual tax burden felt by the consumer. What you see is NOT what consumers get. So, if the government imposes a GST rate that seems greater than today's rate (excise plus VAT combined), it does not necessarily follow that the tax burden has gone up. The reason is that today there are a lot of embedded taxes (the so-called cascading).

Under the GST, on the other hand, what you see will be close to what consumers get. So, if a product goes from being exempted today and attracts a GST rate of 5 per cent per cent, it could well be (as in the case of many agricultural products) that there has been no increase in the consumer's actual tax burden.

1. **Tax structure:** Under the proposed rate structure, India will be seen, rightly, as a very high GST country because the top rate has been set at 28 per cent, well in excess of that in most emerging market countries. There is still time to consider eliminating the 28 per cent rate and the 18 per cent rate, combining them into a 20 per cent slab, which would then be the standard rate.

However, if this is not feasible and the 18 and 28 per cent slabs are here to stay, a second-best must be considered. In order to credibly signal an 18 per cent GST rather than 28 per cent GST, the number of goods that are placed in the 28 per cent slab must be kept at an absolute minimum.

In my view, the 28 per cent slab should include only the demerit goods (no services) on which additional cesses will be levied and a few real luxury items such as air-conditioners and cars. The bulk of consumer goods that are currently envisaged to be in the 28 per cent category should be moved to the 18 per cent category. Otherwise, India will be a high GST country and there will be no escaping that stigma and all the consequences for tax administration and compliance that will follow from it.

As a rough rule of thumb, if the 28 per cent slab contains items that comprise more than, say, 5-7 per cent of the value of all GST taxable products, India will be seen as a high tax country.

If there is a risk of too many goods being put in the 28 per cent category, there is now subtle pressure from the states (which have been guaranteed a minimum growth of 14 per cent in revenues associated with GST-able goods) for placing many goods and services in the lower rate slabs of 5 per cent and 12 per cent. This, too, must be resisted because the more the goods in the lower rate slab, the greater will be the pressure to overload the 28 per cent slab.

The result will be a populist GST where several goods and services are placed in the low rate categories; then revenue considerations and populism will force lots of goods also being placed in the 28 per cent category. One bargaining chip that the Centre could consider is to lower the compensation threshold (from, say, 14 per cent to 12 per cent) if states insist on placing goods in the lower rate slabs.

2. **"Goods and Services" not "Goods and Services" and certainly not "many goods, many services":** One of the big virtues of a simple GST with one or, at most, two rates was that it would have abolished completely the distinction between goods and services (it would have been a lexicographer's dream and a GST bequest if a new word "goodsandservices" could have been created).

   Technology and the modern economy are blurring the distinction between the two. Our tax policy and system must reflect that. Tax authorities should not be burdened with distinguishing a good from a service. (A single rate will also avoid misclassification between services.)

Given the rate structure that has been adopted, that is going to be difficult to achieve. But damage limitation will require that an overwhelming majority of the goods be taxed at the standard rate of 18 per cent, and nearly all services (with the exception of road transport) also be taxed at 18 per cent. If services are also allocated between the different rates, the result will be a messy system with multiple categories for both goods and services. Consider the following example.

Suppose a dealer sells an air-conditioner and also provides installation and other post-sales services. Under the proposed GST structure, a rate of 28 per cent will apply to the former and 18 per cent to the latter. This immediately creates an incentive for the dealer to allocate the costs of the air-conditioner towards the services that he is providing. Examples like this abound in real life (downloading of software = service; sale of that same software in a physical medium = good, possibly). In fact, it could get worse: If the dealer is deemed to be providing a composite supply, even the services he provides could be taxed at 28 per cent.

3. **Textiles and clothing:** The current system of indirect taxation is a mess of exemptions and complications. If India is to become a serious clothing exporter — especially in the dynamic man-made fibre segment — the GST must provide for a simple structure.

   Ideally, all textiles and clothing products should be subject to the standard 18 per cent tax with no favouritism displayed toward cotton-based products (consumed mostly by the rich) over those based on man-made fibres. As a second-best, it may be necessary to move to a 12 per cent rate but that should be applied uniformly across the entire value chain, from raw materials to intermediates to final goods. Any differentiation within the sector would be very damaging.

The same applies to leather and footwear. Since these are items of general high-end consumption, there is no reason to tax all these products at anything other than the standard rate of 18 per cent.

4. **Gold:** In the 2016 budget, a 1 per cent excise was levied on gold and jewellery products which elicited strong reactions from the gold trading lobby. The government, to its credit, resisted demands to roll back that 1 per cent levy. Having bitten that bullet, it is time to take the next step to treat gold like any other item of luxury consumption.

Ideally, of course, the tax on gold and jewellery should be the normal 18 per cent especially since the rich and very rich consume it disproportionately. But the argument that high tax can lead to evasion has some merit in the case of a high-value product such as gold.

Today, even though the total headline tax on jewellery is 2 per cent (1 by the Centre and 1 by the states), the effective burden faced by consumers is about 10-12 per cent because of cascading and non-availability of input tax credits. So there would be no increase in burden if the GST rate is set at 12 per cent (with free flow on input tax credits). It would be an absolute travesty if gold and gold products were taxed at anything below a GST rate of 12 per cent.

4. **Tobacco products:** Today most tobacco products are taxed at very high rates reflecting their potential to cause cancer and other diseases; they are a classic demerit good. Bidis, on the other hand, attract very low taxes in some states on the grounds that bidis are made in the small-scale sector and create livelihoods for millions.

   This is a classic case of multiple objectives leading to distortionary taxation. In consumption, bidis are no less harmful than cigarettes. So, the GST as a consumption tax should treat the two similarly. The objective of helping bidi workers should be addressed through other fiscal tools such as subsidies (and, in any case, small bidi establishments will fall below the GST threshold).

In the new regime, therefore, the cess on all tobacco products should be broadly similar. In fact, bidi taxation is going to be a test for the GST Council because there are some states such as Karnataka and Rajasthan that tax bidis heavily. Since taxes have to be uniform across states, it will be interesting to see if the GST lurches towards undesirably low levels as in West Bengal or moves to desirably higher levels as in Karnataka.

6. Countervailing duty (CVD) and special additional duty (SAD) exemptions: Currently, numerous exemptions are granted on CVD and SAD levied on imports which favour imports over domestic production. Under the GST, both will be combined and a uniform IGST will be applied on imports. If any import IGST exemptions are allowed under the GST (to mimic the current CVD and SAD exemptions) that would make a mockery of the PM's Make in India initiative.

In conclusion, it must be accepted that the GST suffers from weaknesses largely related to the exemption of so many items from its scope: Alcohol, petroleum, electricity, land and real estate, health and education.

But warts and all, the GST has been a great achievement and worth having not least because of being a daring experiment in the governance of cooperative federalism. It would be curmudgeonly not to acknowledge this first-order fact. But in order to minimise the damage from these warts, at least the structure of rates on those products not excluded should be low, simple, and efficient.

In politics, it is asserted, and rightly so, that the best should not become the enemy of the good. At the same time, politics must yield outcomes that are passably good otherwise they are not worth having. Can the GST Council, at this constitutional moment, deliver such an outcome?

The country will be watching, oscillating between hope and anxiety.

Source: indianexpress.com- Apr 04, 2017

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Proposal for more cotton imports

The Commerce Minister, Mr. Dinesh Singh, said in Parliament to-day (April 4, New Delhi) that Government was investigating the possibility of overcoming cotton shortage by increasing imports.

About the extra one-day closure a week now in force in mills because of the cotton shortage, Mr. Dinesh Singh said Government was studying various means by which availability of cotton might be improved and closure averted.

Source: thehindu.com- Apr 05, 2017

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Supreme Court to decide whether Monsanto will pay service tax or sales tax

The Supreme Court has sought responses from Mahyco Monsanto Biotech (India), the Maharashtra government and others on the central government's plea against the Bombay High Court order that held the company not liable to pay service tax but sales tax on sub-licensing of proprietary Bollgard technology (BT) to around 50 seed companies.

Seeking setting aside of the HC judgment, the finance ministry said that the sub-licensing of Monsanto activity is in the nature of service transaction, thus liable to service tax under the category of IPR services.

"It is a central levy. The transaction between Monsanto India and the third party is not, and cannot be, a sale assessable under the Maharashtra Value Added Tax Act 2002. It is a service. Monsanto passes no property or estate in the technology itself to the third party developer," solicitor general Ranjit Kumar argued.

Monsanto India, a joint venture between Monsanto Investment India and the Maharashtra Hybrid Seeds Co, was granted license to use the Bollgard-I and Bollgard-II technology by Monsanto Company, USA in 2002. Monsanto India further sublicenses the technology to third parties.

The sales tax is to be paid on trait fee received by Monsanto India on "franchising agreements" that provided only a permissive use of BT to seed companies to enable them to test, produce and sell genetically-modified hybrid cotton planting seeds, according to the HC's judgement last year in August.

The government further said that the transaction is a single composite transaction and cannot be taxed as both a sale and a service. "Sales tax and service tax are mutually exclusive," it said while seeking to levy `424.56 crore service tax between July 2008 to 2016.

A bench headed by justice PC Ghosh issued notice to the Maharashtra government, Mahyco Monsanto Biotech (India) and others and tagged the finance Ministry's appeal with another similar appeal by Mahyco Monsanto Biotech.

Source: financialexpress.com- Apr 05, 2017

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Odisha to join hands with Tirupur knitwear industry

Odisha Skill Development Authority is to join hands with the Tirupur knitwear industry stakeholders to ensure that the cluster here gets 'specifically trained manpower' from Odisha for apparel production.

G. Rajesh, an Indian Forest Service Officer and member secretary of Odisha Skill Development Authority, said that the Authority would use the expertise from NIFT-TEA Knitwear Institute to impart knitwear industry-specific lessons into the training programmes which the Authority already been running through various institutes in Odisha.

"The collaboration will thus provide an impetus to the apparel cluster here as they need not have to train a rookie worker to cater to the specific needs in the production process and at the same time the trained workforce in Odisha also gets quality employment," he said here on Monday.

The idea to hold this initiative came in the wake of an increase in the flow of labourers from Odisha to Tirupur during the recent times, but at the same time the workers were found not to be fully suited for the specific needs that were expected by the apparel manufacturers here.

It resulted in many workers from Odisha end up doing unskilled works and eventually they were found moving to other clusters.

The experts from NIFT-TEA Institute will visit Odisha to oversee the existing training programmes for textile industry and suggest the changes that need to be incorporated in the lessons to suit to the knitwear production. Mr. Rajesh, who is also the Director of Employment in Odisha Government, said the Authority had been instrumental in providing skilled employees from Odisha for upcountry clusters involved in automobile engineering, textile, construction and a few other industrial activities.

Source: thehindu.com- Apr 04, 2017

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Brexit impact: India, UK may look at free trade agreement

India and the UK may look at a free trade agreement (FTA) after Britain formally leaves the European Union, the 27-nation trading bloc.

The possibility of FTA came up during discussions between Finance Minister Arun Jaitley and UK Chancellor of the Exchequer Philip Hammond at the 9th UK-India economic and financial dialogue wherein Britain pitched for increased trade engagement with India.

On its part, India said that a formal dialogue on a possible bilateral trade agreement can start only after the completion of Brexit, which is expected to take about two years.

British Parliament last month approved the Brexit Bill, paving the way for exit of the United Kingdom from the EU.

Jaitley said India in its communication with the UK government has stated that post-Brexit it will look for more open trade, and more trade arrangements.

"Obviously this can be formally discussed after the Brexit takes place but it is probably going to imply a far wider and a far higher engagement between the two countries.

"What shape it is going to take can only be formalised post-Brexit negotiation," Jaitley told reporters.

Hammond said the two nations have very significant trade and investment relationship and Britain is the largest G20 investor in India in the last 10 years, while India is the 3rd largest investor in the UK.

"We have continued to consolidate past success and to identify new areas where we can work together over the next couple of years, preparing for the point where Britain leaves the EU and is able to engage with Indian colleagues in a deep discussion about a future FTA between the UK and India," he said.

The UK is among India's major trading partners and in 2014-15, it ranked 18th in the list of India's top 25 trading partners.

As per the Department of Commerce data, two-way merchandise trade during 2014-15 was $14.33 billion, marking a decrease of 9.39 per cent as compared to 2013-14.

Source: business-standard.com - Apr 05, 2017

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By 2020, area under organic farming may treble to 20 lakh hectares

With organic farming reviving across India, and the world, the area under such cultivation is expected to increase from 7 lakh hectare (ha) now to 20 lakh ha by 2020.

Before the onset of Green Revolution in the 1960s, organic farming was widely in use, but productivity was low. India was forced to depend on imports due to acute shortages. During the Revolution (1960s-1980s), food production increased but its benefits did not reach farmers.

Besides, soil fertility and ground water quality and volumes, due to excessive use of fertilisers and irrigation, were impacted very negatively.

“In the 1980s, farmers revived organic farming and, in the 1990s they discovered new commercial opportunities,” Manoj Kumar Menon, Executive Director, International Competence Centre for Organic Agriculture (ICCOA), Bengaluru, told *BusinessLine*. “In 2001, the Government of India announced a national policy on growth of organic products. The confirmed area under certified organic farming increased from just 42,000 ha in 2003-04 to 7 lakh ha now.

In fact, in 2016-17, the overall area under certified management for organic farming is 11.8 lakh ha, including area under-conversion in Year-1, Year-2 and Year-3 stages.” Among the organic crops, the largest area, at 3.8 lakh ha, is under cotton cultivation. Other popular organic agro-products include high-value soyabean, fruits and vegetables, cereals and basmati rice, tea, coffee and milk, he said.

The high cost of certification is a major reason for these products being expensive.

Besides, issues like logistics and supply chain management also add to the price. This is because organic production centres are few in numbers and scattered over far-flung areas, unlike conventional centres see lower costs due to higher volumes. Thus, organic products are priced anywhere between 20 per cent and 75 per cent higher than the conventional ones.

The Indian market for organic products is export-focused. Out of the estimated ₹5,000-crore market, ₹3,800 crore comes from exports. It is expected to cross the $1.50 billion (about ₹10,000 crore) mark by 2020.

Global demand

The global demand for organic products is growing at 20-25 per cent per annum. India's market itself is growing at 40-50 per cent. The worldwide sales is expected to increase from $80 billion in 2015 to $100 billion in 2017. ICCOA is partnering with the Karnataka government to host the 'National Trade Fair 2017 - Organics and Millets' in Bengaluru from April 28-30.

Source: thehindubusinessline.com - Apr 05, 2017

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The time is right for India and Bangladesh

Prime Minister Sheikh Hasina's visit to India after a seven-year hiatus, just ahead of Poila Boishak, Bengali new year, couldn't have been more opportune.

There are two compelling reasons for renewed bonding between India and Bangladesh. First, the current dynamics of the relationship are very positive. Currently, the volume of bilateral trade between India and Bangladesh is about $6.6 billion; there are estimates that the trade potential is at least four times the present level.

New Delhi and Dhaka are looking at strengthening economic cooperation through joint investments and cooperation under the 'Blue Economy' programme which entails synergised efforts of littoral states in the exploration of hydrocarbons, marine resources, deep-sea fishing, preservation of marine ecology and disaster management.

Secondly, the two countries see themselves converging around a sense of indispensability, not just as neighbours battling the scourge of terrorism, but as leading economic partners whose collective strengths can transform not just their own economies, but also that of the region and the world.

As the second fastest-growing economy in the world in 2016 with more than 7 per cent growth, Bangladesh has a firm footing in the global apparel markets and is now a role model for the developing world in poverty reduction, achieving success in health and education and fighting climate change, among others.

India continues its run of strong GDP growth with a resilient economy powered by fast paced economic and tax reforms, measures on ease of doing business, increased public investment in infrastructure, opening up of defence, aviation and pharma sectors to 100 per cent foreign direct investment.

Well-catalysed

These triggers are matched by the contributions of industry bodies that have been nurturing economic relations and undertaking various initiatives with their counterparts in Bangladesh.

India and Bangladesh are pushing for faster and higher growth and this merits a close look at extending support to Bangladesh for infrastructure projects such as improving road capacity in Bangladesh Cooperation in upgrading some customs posts, as well as establishing border markets for vendors along the 4,096-km boundary along with efforts to integrate the region’s economies with road, rail and shipping routes can yield rich dividends. This is a good time for the industry in India to look for opportunities for collaboration in defence, such as in military hardware, space technology, technical assistance, exchange of experience, and development of sea infrastructure.

Connectivity offers a game-changing opportunity for India and Bangladesh. This is pivotal to India’s connectivity with its north-eastern region and with countries of Asean. Equal emphasis on physical and institutional connectivity between India and Bangladesh will facilitate the exploration of more opportunities through trade and investment.

This is particularly important in the context of both the Make in India initiative as well as India's Act East Policy. The Digital India programme offers tremendous scope for sharing of experiences and greater business engagement.

Expanding opportunities

While energy has witnessed new highs in an exponential expansion of bilateral cooperation, there are rich prospects for an India-driven proposal for a joint venture among BBIN (Bangladesh, Bhutan, India and Nepal) countries. This is a mega cooperation initiative which complements India's ongoing investments in power joint ventures in Bangladesh.

On the energy front, new opportunities are opening up for energy companies in India in LNG and supply of petroleum products. On a broader canvas, there is tremendous potential held out by the initiative on sub-regional cooperation amond BBIN nations that envisages transport and transit facilitation between the two countries through a motor vehicle agreement. There is much that industry on both sides can work on such as containerised cargo movement, technical assistance and capacity building requirements.

The scope has just got wider with India looking at an expanded sub-regional cooperation among BBIN countries to cover initiatives in rail which would open opportunities in land ports and land customs stations, air connectivity as also the power sector.

Industry can be a constructive partner in tapping the opportunities for power trade and inter-grid connectivity cooperation in future power projects, and water resources management among the four countries.

Indeed, Bangladesh and India are at a historic juncture of diplomacy embedded in a rich matrix of history, religion, culture, language and kinship.
As we look ahead at a future of shared prosperity, the onus is on our industry and governments to carry forward the aspirations of our people.

Source: thehindubusinessline.com - Apr 05, 2017

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