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USD 66.70 | EUR 70.33 | GBP 81.92 | JPY 0.59

Cotton Market Update

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

Rs./Bale	Rs./Candy	USD Cent/lb
20294	42450	**81.01**

Domestic Futures Price (Ex. Gin), March

Rs./Bale	Rs./Candy	USD Cent/lb
21270	44492	**84.90**

International Futures Price

NY ICE USD Cents/lb (March 2017)	75.69
ZCE Cotton: Yuan/MT (May 2017)	16,410
ZCE Cotton: USD Cents/lb	**88.37**
Cotlook A Index – Physical	**85.25**

Cotton & currency guide:

One of the biggest gains noticed on Thursday in the cotton price across the globe. The ICE May future advanced sharply to 79.18 cents per pound. The gain was predominantly observed post the US released its export sales data which stood at 481K+ bales for the year 2016-2017 of upland cotton. However, thereafter market faced stiff resistance corrected from intraday high to settle at 76.78. If we look at the market the cotton price corrected sharply from its intraday high while ended the session on a positive tone. Market is categorically volatile while holding onto the bullish scenario.

The effect was clearly visible on the domestic market as well during Thursday's trading session. Shankar-6 cotton traded positive to end the session higher at Rs. 43,150 up by Rs. 400 from the previous close for ex-gin. At the parity with FX rate the equivalent price was around 82.45 cents per pound. However the future advanced further. The March future ended the session higher at Rs. 21270 up by Rs. 380 from the previous close while made an intraday high of Rs. 21,400 levels.

From the supply front nationwide, daily seed cotton arrivals were estimated at 176,000 lint equivalent bales, including 48,000 from Gujarat and 67,000 from Maharashtra. This is slightly lower than the previous day's data.

In our yesterday's report we had discussed about the possible divergence between domestic and global cotton price however, with the heavy momentum running in the latter had pushed the former price higher. The broad based buying and speculative interest is keeping the counter on a firm note driving the domestic price higher.

This morning ICE cotton for the mentioned contract is trading at 76.78 cents almost unchanged from the previous close. We believe on today's trading session market may witness more price correction. The price band for the day would be 76 cents to 77.30 cents per pound. Likewise, at the domestic front the counter may initially trade positive with higher spot price however a round of selling may be witnessed from higher levels.

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

NEWS CLIPPINGS

INTERNATIONAL NEWS

China As The Next Champion Of Globalisation? – Analysis

As the US under Donald Trump and European powers like Britain and France turn their backs on globalisation, could or would China step in to be the next champion of globalisation? As Beijing attempts to demonstrate leadership and garner global trust through initiatives like AIIB and OBOR, a litmus test awaits President Xi Jinping and his “pro-globalisation” team.

Since 1979 when China’s paramount leader Deng Xiaoping made the world-transforming decision to abandon once and for all the Maoist semi-autarkic model of self-reliant development and pursue an “Open Door” policy, Beijing’s geo-economic goal has remained remarkably consistent. This, namely, is to modernise China’s backward economy and catch up with the developed world by integrating the country with the capitalist global economic order, which was created at Bretton Woods immediately after the last world war.

By joining all the major multilateral institutions such as the International Monetary Fund (IMF), World Bank, Asian Development Bank (ADB), Bank for International Settlements (BIS), World Trade Organisation (WTO), etc, Beijing has demonstrated that it is a conscientious and scrupulous rule-abider of the international economic and financial architectures forged by the West, which until recently has consistently championed the economic benefits of globalisation.

China in the Capitalist World Economic Order

China’s conduct in these international organisations has been exemplary. It has acted invariably like a “responsible stake-holder” rather than a disruptor; it has not sought to break, or revise, any codified rule, except to demand (rather unsuccessfully) for more voting rights commensurate with its recent status of being the world’s second largest economy. Conversely, none of these institutions have accused China as a spoiler.

For examples, both the IMF and BIS argue that the renminbi is not undervalued; while the ADB and World Bank praise China’s financial contributions. In its bi-annual Trade Policy Review of China, WTO repeatedly commends China’s reform and market-opening measures.

As China recognises that it has been a significant beneficiary of the well-entrenched capitalist world economic order, unwavering support for globalisation will continue to serve the country's enlightened self-interests well. This is because, even though the Chinese economy is currently embarking on a paradigm shift from a hitherto exports-and-investment-driven growth model to one that relies more on domestic consumption and services, still, several empirical studies have found that sharply higher import tariffs and investment barriers erected by major developed countries would shave 2-3 percentage points off from China's already slower economic growth pace.

The question now is: As the new Donald Trump administration and other major European powers like Britain and France are turning their backs on globalisation, could or would China step forward to fill the leadership void? Any country that aspires to jump into the vacuum will require the possession of three critical tangible and intangible assets, namely, political will; expertise/experience in managing complex multilateral institutions and forging politically-sensitive international agreements; and last but not least, global trust.

Limits to Beijing's Emerging Ambition

For China, the maiden speech delivered by President Xi Jinping at the recent World Economic Forum in Davos, Switzerland, clearly conveys Beijing's emerging ambition to lead a coalition of like-minded nations to defend globalisation. However, to lend credibility to its loud declaration of political will, China must be able to demonstrate leadership capability and garner international trust, two conditions that Beijing seems to suffer from some serious deficits.

In terms of trust, according to Pew Research Centre's annual "Global Attitudes Surveys" (of thousands of citizens around the world), the majority of non-Chinese respondents typically views today's China with awe and dubiety rather than affection.

Another survey by Edelman, a global communications marketing firm, reveals that only a minority of global consumers expresses trust in companies (and their products) domiciled in China.

Even in development finance, a proud Chinese economic diplomacy for which Beijing has poured in multiple billions of dollars, recent research by AidData at the College of William and Mary finds that among the 300 government officials from 126 emerging economies it has interviewed, the quality of policy advice from Chinese institutions such as the China Development Bank, China Export-Import Bank, and Chinese embassies is rated rather low by them.

In terms of capability, realistically, China currently still lacks the requisite expertise/experience to spearhead the "for-globalisation" campaign. Facing a sharp learning curve, Beijing is toiling doubly hard to acquire competence in multilateral management through several recent initiatives such as the Asian Infrastructure Investment Bank (AIIB), OneBelt,OneRoad (OBOR), and Regional Comprehensive Economic Partnership (RCEP).

China As Champion of Globalisation?

With 57 founding member-countries including Britain, France and Germany (against the futile opposition of the United States and Japan), the slightly over one-year-old AIIB has another 30 countries applying to join. It is already disbursing multi-million-dollar loans to fund power, housing, environment and transportation projects in half a dozen emerging economies.

It is interesting to note that Beijing has modelled AIIB's governance structure and standards after the World Bank, albeit with less layers of bureaucracy. With Washington's withdrawal from the Trans-Pacific Partnership, the ASEAN-led but Beijing-dominated RCEP, which comprises 16 countries collectively accounting for 40% of world trade and 30% of global GDP, will have a higher chance of reaching fruition. It will enter into its 17th round of negotiations in March 2017.

As for OBOR, unveiled in 2013, it is off to a slow start and is still at the inception stage. As a high political-risk initiative, it will strenuously test Beijing's political mettle, not to mention the attendant financial perils.

Should there be a stream of positive, win-win outcomes flowing from the AIIB, OBOR, and RCEP, these early successes would inspire higher confidence and trust around the world in China's commitment and prowess as a champion and defender of globalisation.

Conversely, a wave of failures would signal that Beijing's ambition to claim global leadership would be premature.

Source: eurasiareview.com – Mar 02, 2017

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Vietnam: Textile & garment, seafood manufacturers worried about Brexit

Le Tien Truong, general director of Vinatex, the nation's leading textile & garment group, predicted that Brexit would show its impact on Vietnam by the end of the first quarter of 2017.

The EU is the second largest export market for Vietnam.

Meanwhile, the Vietnam-EU FTA (EVFTA) has been approved, but it will only take effect in two years.

Vietnamese garment companies this year plan to focus on small- and medium-scale orders, while striving to get orders for high-end products to compete with countries which can enjoy preferential GSP.

Vinatex's subsidiaries have enough orders to ensure jobs until the end of the first quarter. However, they have been told that difficulties may come in the second quarter.

Soon after the information about Brexit, the textile & garment sector sent a document to the Ministry of Industry and Trade, requesting to lower the export turnover target from $31 billion to $29 billion.

Vu Duc Giang, chair of the Vietnam Textile & Apparel Association (Vinatas), then explained that the enterprises which export 50 percent of their products to the UK faced difficulties in obtaining orders.

The UK is the biggest importer of Vietnam's garment products in the EU, which consumes 21 percent of total exports to the EU. The demand from the market has fallen sharply.

Brexit has not only affected Vietnamese enterprises which export products to the UK, but also had an impact on British investment in Vietnam. Some British investors have scaled down their production and tried to sell their factories.

Seafood exporters may suffer from exchange rate fluctuation

Brexit is expected to not affect Vietnam's seafood exports to the UK, because UK has been importing seafood products directly from Vietnam. However, Brexit will still have an impact on Vietnam's exporters because of the pound depreciation.

The EU is one of the three biggest markets for many Vietnamese seafood companies in Can Tho City, while the UK is a big importer. Therefore, the companies will suffer from both the pound and euro depreciation.

According to the Vietnam Association of Seafood Exporters and Producers (VASEP), Vietnam's shrimp exports to the UK increased sharply by 39 percent in the first four months of 2016, but the growth rate declined to 16 percent after the information about Brexit was released.

Footwear manufacturers, who consider the EU as the key export market, also are worried about orders in 2017 because they still don't know how the UK and EU policies will change.

Source: vietnamnet.vn– Mar 03, 2017

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Pakistan: Exports and trade

The textile export figures in January 2017 have finally registered a rise; meagre at about 0.8%, but a rise nevertheless, especially when the trend had been negative for almost 2 years.

And a simple inference from this: The government's textile package may just be working and perhaps it would now be the right time to further strengthen it.

Meaning, it should announce to take it beyond June 2017 for at least another 2 years, hasten the announced rebates and quickly move to provide the export industry with a level playing field by re-negotiating bad trade deals and providing protection from dumping where necessary. For example, the PTA, signed by Pakistan with Indonesia in 2013, has now completed three years of its implementation.

At the time of signing of the PTA, Indonesia's exports to Pakistan were US $936 million, which increased to US $1.9 billion in 2015-16. On the other hand, Pakistan's exports to Indonesia showed a negative growth after the implementation of the PTA, as exports dropped to US $173 million in 2015 from US $273 million in 2011. The story is more or less the same when we evaluate other similar trade agreements say with Thailand, Turkey, Afghanistan (transit trade deal), and China.

Give a free hand to modern day, emerging economies that are bigger, and they have the potential, resources and the appetite to completely take over one's market. Pakistan is learning this the hard way. Still, better late than never, as it looks that both the National Tariff Commission (NTC) and the Ministry of Commerce (MoC) have finally understood this global financial fact and are now for the first time, imposing some practical anti-dumping percentage levels.

For example, the recently imposed anti-dumping rates of an average ranging between 6-41 percent anti-dumping rate on all Chinese steel imports into Pakistan. It takes basic accounting sense to make out that Chinese steel companies cannot possibly have a profit margin of 40 percent on steel sales and in reality they were simply throwing their excess production into Pakistan while selling their major production (80 percent of their production capacity) in China at market prices to attain an overall profit.

However, the NTC and MoC would do even better by proactively anticipating the likely future glut of textiles and garments from the Xinjiang textile park, both in the export related and domestic markets of Pakistan – likely to pose a serious threat to the very future of the Pakistani textile sector. In due course, Chinese textile wares from Xinjiang will be passing through the China-Pakistan Economic Corridor (CPEC) to the Middle East and North Africa (MENA) regions via the Gawadar port.

The Xinjiang government as we know, is investing $2.8 billion in establishing modern textile and garment factories to be completed by 2020, and Xinjiang province alone is expected to produce about 500 million garments per annum. Pakistani markets are already awash with hordes of dumped and cheap Chinese products and chances are that Pakistan would experience a similar influx of textile goods under China's transit trade from Xinxiang to Gawadar.

The time is ripe to smartly negotiate trade rules under CPEC in order to protect Pakistan's strategic industrial and economic interests. Transit fee with China and all partnering countries needs to be prudently negotiated as such a fee would not only be a major earning source for paying off CPEC-related debts and other associated costs, but will also go a long way in ensuring Pakistan's manufacturing competitiveness in the long run.

However, the game of protectionism can often turn out to be counterproductive and therefore needs to be played out carefully. For example, despite Mr Trump's recent histrionics, the reality is that bilateral trade volume of China and the US stands strongly inter-locked. It amounted to $519.6 billion in 2016, 211 times higher than in 1979, and today China and the USA are the second-largest trading partners for each other.

Also, for the last 7 years, Chinese annual investment into the US economy has surged significantly, reaching its highest level of nearly $42 billion in 2016 – 64 times higher than in 2009. Chinese remain quietly confident that the rhetoric about Trump's 'America First' policy aside, Sino-US relations will maintain the momentum of the past 40 years and it will remain 'business as usual' between the two due to vast mutual reciprocity on mutual benefits cum interdependence as stated in the report released by the Center for China and Globalisation: "Trump's Coming Era: Challenges, Opportunities and Policy Responses. Likewise, Pakistan also economically needs China and cannot do without it.

On a positive note, the future of global trade remains bright. While duly recognising the fears of growing protectionism in developed economies, even the IMF and especially the WTO, remain confident that this phenomenon of growing protectionism will pass soon. They expect the global economy to grow by 3.4 percent and the world trade to grow by as much as 3.1 percent in 2017, far better than in 2016.

The concern though is that since some long-term structural and fundamental problems to free and fair global trade still remain unresolved, the coming years are going to present some fresh and daunting challenges for smaller developing countries striving to expand their global market share while preserving their home manufacturing and protecting their domestic markets from being flooded with dumped goods from large industrial economies. Pakistan during this period will not only need to be fearful of such dangers, but its overall trade strategy will also require some deft handling!

Source: nation.com.pk– Mar 02, 2017

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Belarus, Pakistan eager to develop cooperation in textile industry

Belarus and Pakistan are eager to develop cooperation in textile industry. Ambassador Extraordinary and Plenipotentiary of Belarus to Pakistan Andrei Yermolovich met with Secretary of the Pakistani Ministry of Textile Industry Hassan Iqbal to discuss relevant plans on 2 March, BelTA learned from the Belarusian Embassy in Pakistan.

"The parties discussed a wide range of matters related to the Belarusian-Pakistani cooperation in light industry. The Pakistani side expressed interest in participation of a considerable number of Pakistani manufacturers in the 40th international light and textile industry fair BelTEXlegprom to be held in Minsk from 29 to 31 March," the embassy said.

An agreement was reached to organize the first Belarusian-Pakistani textile forum on the sidelines of the fair to thoroughly consider promising avenues of bilateral cooperation, including joint ventures and investment projects. Pakistan is one of the world's leading manufacturers of cotton. The country has a well-developed textile industry.

Following a series of negotiations in 2015-2016 and presentations by the Bellegprom light industry concern, the Pakistani party has shown strong interest in cooperation with relevant companies.

“In general, given the capabilities of the textile industries of the two countries, there is a real opportunity for Belarus to attract investment from Pakistan and to learn from its experience.

But this will take time. Belarusian textile manufacturers seek to establish contacts with the Pakistani enterprises for purchasing textiles for the needs of the Belarusian garment factories. There are good prospects for cooperation in the purchase of cotton from Pakistan, provided that the Pakistani side offers competitive delivery terms,” the embassy said.

Source: belta.by – Mar 02, 2017

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Trump sets trade agenda, refuses to bow to WTO

U.S. President Donald Trump has made it clear to Congress that he will pursue an "America first" trade policy, even if it means defying the World Trade Organization.

In a report submitted to Congress on Wednesday, the Trump administration said it will not follow dispute-settlement procedures at the Geneva-based WTO if they run counter to U.S. interests.

Domestic law, the administration stressed, will take precedence over international consultations.

As he cranks up pressure on other countries to further open their markets to American goods, there is talk Trump may be poised to revive the "Super 301" provision of U.S. trade law. This provision would allow his administration to use sanctions to retaliate against what it deems as unfair trade practices -- potentially triggering serious international friction.

"Americans are not directly subject to WTO decisions," according to the report, which was released by the Office of the U.S. Trade Representative and titled "President's 2017 Trade Policy Agenda."

"Even if a WTO dispute settlement panel -- or the WTO Appellate Body -- rules against the United States, such a ruling does not automatically lead to a change in U.S. law or practice," the report goes on to say.

During his presidential election campaign, Trump threatened to slap high tariffs of 35% on goods from Mexico and 45% on imports from China. Many experts have said doing so would violate WTO rules.

Under domestic law, however, a U.S. president is authorized to raise tariffs or otherwise restrict imports.

The 2017 trade agenda cites four administration priorities: protecting U.S. sovereignty in trade policy; strictly enforcing U.S. trade law; leveraging all available means to pry open foreign markets; and concluding new trade pacts with major trading partners.

Source: nikkei.com– Mar 02, 2017

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China to Start Reserve Auctions This Month

The Chinese government is expected to start sales from its cotton reserves on the sixth of this month and to continue offering around 30,000 tons a day until the end of August 2017. More cotton may be put up for auction if sales are strong and market prices rise.

Last year, around 2.6 million tons were sold through the end of September 2016. Assuming a similar volume is sold this year, the total volume held by the Chinese government will reach 6 million tons by the end of 2016/17. China’s total stocks, including those in the private sector, are forecast to reach 9.3 million tons at the end of 2016/17, accounting for 53% of world stocks. World ending stocks are expected to decline by 7% to 17.9 million tons in 2016/17.

In 2017/18, world cotton consumption is projected to exceed production by 1.2 million tons and stocks are expected to decline for the third consecutive season to 16.7 million tons.

China’s ending stocks could fall by 19% to 7.5 million tons, accounting for 45% of world stocks at the end of 2017/18. This would mark the first season since 2011/12 that China’s stocks account for less than half of world inventories.

World ending stocks outside of China are forecast to grow by 7% to 8 million tons, which could place downward pressure on prices later this season.

Global cotton production is forecast to grow by 23.1 million tons on a planted area of 30.4 million hectares in 2017/18. India's cotton production is projected to rise by 2% to 5.9 million tons, as area expands by 7% to 11.2 million hectares.

China's cotton production may increase by 2% to 4.8 million tons, but will greatly depend on whether a subsidy is provided this year. While high cotton prices relative to competing crops is likely to lead to a large increase in planted area expected in the United States in 2017/18, production is forecast to rise by just 1% to 3.7 million tons.

Assuming normal weather patterns, the harvested area is projected to expand by 3% to just under 4 million hectares. Pakistan's cotton production is forecast to grow by 11% to 1.9 million tons. Its cotton area is projected to expand by 3% to 2.5 million hectares as high prices this season encourage farmers to plant, and the average yield may grow by 8% to 736 kg/ha as the crop recovers from pest pressure.

After declining by 1% to 24 million tons in in 2015/16, world cotton consumption is expected to remain stable in 2016/17. Given the strong demand this season and anticipated world economic growth in 2017 and 2018, world mill use is forecast to increase by 1% to 24.3 million tons.

China's consumption and share in the world total declined continuously from 2010/11 to 2015/16, when it reached 7.4 million tons. While its mill use is forecast to grow by 2% to 7.6 million tons in 2016/17 and by 1% to 7.7 million tons in 2017/18, its world share of cotton consumption is likely to remain at 30%.

Mill use in India is projected to decline by 3% to 5.1 million tons in 2016/17, but is forecast to recover by 1% to 5.2 million tons in 2017/18.

Consumption in Bangladesh continues to grow due to strong textile exports, with its mill use likely to rise by 5% to 1.5 million tons in 2017/18.

Mill use in Vietnam has more than doubled in the last five years from around 500,000 tons in 2012/13 to an expected 1.2 million tons in 2017/18.

WORLD COTTON SUPPLY AND DISTRIBUTION							
	2015/16	2016/17	2017/18		2015/16	2016/17	2017/18
					Changes from previous month		
	Million Tons				Million Tons		
Production	21.03	22.69	23.11		-0.04	-0.16	-0.28
Consumption	24.13	24.05	24.33		-0.01	-0.03	0.05
Imports	7.54	7.85	8.05		0.00	0.09	-0.13
Exports	7.53	7.85	8.05		-0.02	0.09	-0.13
Ending Stocks	19.25	17.88	16.66		0.00	-0.14	-0.47
Cotlook A Index*	70	77					

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: 70 cts/lb to 83 cts/lb.

World trade is expected to expand by 3% to 8 million tons in 2017/18. China's import volume is expected to rise by 11% to 1.1 million tons in 2017/18 as its mill use continues to outpace its production.

Bangladesh's imports are projected to rise by 3% to 1.5 million tons in 2017/18, while Vietnam's imports are forecast to increase by by 7% to 1.24 million tons.

The United States is expected to remain the world's largest exporter and its volume is forecast to rise by 5% to 2.9 million tons in 2017/18. Exports from India, the world's second largest exporter, are projected to grow by 3% to 990,000 tons.

Source: icac.org– Mar 01, 2017

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Pakistan: Govt asked to bring down cost of doing business

Extreme cash flow crunch and high energy prices are hampering the export growth and adversely impacting the industry.

Exports are falling consistently both in value and quantities and the government's immediate intervention is needed to reverse the trend. All Pakistan Textile Mills Association (Aptma) Chairman pointed out that energy cost was affecting the growth of textile industry because it has failed to expand in the world market where cheaper textile goods of regional countries are easily available.

He urged the government to rationalise both energy and gas rates, bringing them on a par with regional countries as the industry has failed to absorb or pass it onto world buyers.

He explained that the textile industry tariffs are loaded with various types of surcharges along with system inefficiencies and recovery losses.

He said the government was charging Rs3.63 per unit towards electricity surcharge which needed to be waived off immediately for the five exporting sectors.

About gas supply he said the government was providing it from domestic and imported sources at two different tariffs. "The government should provide electricity at Rs7 per unit and gas at Rs600 per million British thermal units (mmbtu) to the textile industry particularly the one located in Punjab."

Pakistan Textile Exporters Association central office-bearers Ajmal Farooq and Muhammad Naeem, in a statement, have termed severe liquidity crunch and high energy prices as major cause of export decline.

They said massive working capital of textile exporters has been held in sales tax, custom rebate and income tax refund regime increasing the financial stress and textile exporters are unable to enhance their turnover.

Ajmal Farooq said industries in Punjab are compelled to use high priced RLNG whereas industries in other provinces are supplied system gas at reduced tariff.

Source: dawn.com– Mar 01, 2017

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UK: Biggest Thai apparel exporter adopts Evolve solution

Thailand's biggest apparel exporter Nice Group Holding Corp has adopted Fast React’s Evolve planning and control solution, which is expected to enable the company to better handle material monitoring and in turn improve productivity. Evolve will also more accurately sustain and support the LEAN garment manufacturing system adopted by Nice Group.

"Our current IT system is not 100 per cent able to meet our new requirements and does not sufficiently support the critical supply chain management and production planning areas,” Prasop Jirawatwong, CEO at Nice Group said.

"We chose Fast React as our partner because their solution is well-known and widely proven, and their team has good knowledge and best practice in the garment industry."

Nice Group manufactures 50 million pieces of clothing and employs around 16,000 employees in eight production facilities in Thailand, China and Cambodia, with plans to expand into Vietnam this year.

The company produces a wide range of football, golf, basketball and other sportswear for brands like Adidas, Nike and other brands.

Source: fibre2fashion.com– Mar 02, 2017

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Japanese brands making inroads into South Korea market

Japanese brands and retailers are making inroads into the South Korea market, primarily due to offering latest designs and quality products. Japanese apparel brand Uniqlo set foot in South Korea in 2005 and now clocks a turnover of over a trillion won.

Another retailer Daiso operates 1,150 stores and also reported sales of 1.56 trillion won in 2016. "We offer cost effective products and also have a quality control team to provide high quality products," a South Korean news agency report quoted a Daiso official as saying. "Our design-focused products are also well received by consumers."

Japanese diaper brands like Moony, Merries and GOO.N have also been well received by South Korean mothers, with supply not able to meet demand.

Source: fibre2fashion.com– Mar 02, 2017

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USA: Cotton to clean oil spills

Cotton appears to have found a new role - as oil spill cleaner. Oil spills damage both human health and environment. Scientists at the Texas Tech University have investigated cotton as oil spill cleaner. A team from the university's Institute of Environmental and Human Health found that finer raw cotton in loose form is best suited for absorbing oil.

"So far, most oil sorbents are synthetic-based, which also leads to problems in marine environments. Our goal is to enable a biodegradable and natural product to be an efficient and cost-effective oil sorbent," Seshadri Ramkumar, lead author of the study and a professor in the institute's Nonwovens & Advanced Materials Laboratory, where the research was conducted, explained.

Scientists compared the oil absorption characteristics of finer and coarser cotton in loose, needle-punched nonwoven and hydroentangled nonwoven forms. Finer cotton in loose forms was found to be superior for oil absorbency. The research shows the importance of cotton micronaire, a measure based on cotton's air permeability which indicates its fineness and maturity, for oleophilic applications such as spill remediation.

The research also involved two high school students besides scientists from the Texas Tech Department of Mechanical Engineering, the Nonwovens & Advanced Materials Laboratory and the Southern Regional Research Center of the US Department of Agriculture's Agricultural Research Service in New Orleans, where samples were prepared.

According to Ramkumar, who is also the creator of FiberTectTM, a nonwoven decontamination wipe capable of cleaning toxic chemical agents, the goal is to find industrial as well as new and value-added technical applications for cotton. He has been instrumental in introducing cotton as technical textile. "it is vital that we continue to explore new markets for cotton, and Dr Ramkumar's research has contributed greatly to the advancement of cotton, especially in the nonwovens sector," said Steve Verett, executive vice president of Plains Cotton Growers, which supports research in the Nonwovens & Advanced Materials Laboratory.

Ramkumar said it was important to work with the young generation from the producer community. "One of the strengths of cotton research at Texas Tech is the connection with the local economic engine that cotton provides.

Not only do researchers address local challenges and opportunities, but some such as Dr Ramkumar take this connection to the next level by engaging local students and communities in the research," said Kater Hake, vice president of agricultural research at Cotton Incorporated, which funded the research

Source: fibre2fashion.com– Mar 02, 2017

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Investors in Pakistan SEZs to get tax exemption

Companies planning to invest in Special Economic Zones (SEZs) to get tax exemption, this was announced by Dr. Miftah Ismail, Minister of State and Chairman Federal Board of Investment (BoI), while addressing a gathering of business professionals at the office of Chamber of Commerce and industry.

According to this decision – likely to have a mammoth impact upon the business industry, all local and international companies who invest finances in establishing industries in these zones, can avail this facility.

Dr. Miftah stated that the government is planning to provide some tax rebates to China, under the Pak-China Free Trade Agreement. Some of these measures are certain to boost exports to China which currently amount to a meager PKR 2 billion while imports stand at a staggering figure of PKR 18 billion.

BoI is currently in talks with the Federal government that provinces should not charge double taxation from investors. This will discourage them from investing their money in establishing a business. Additionally, the government is expected to reduce the number of taxes in the upcoming budget. Investors who plan to establish textile units in Pakistan before June 2020 will also be given special tax incentives.

Giving an example of Bangladesh, the Chairman said that their government only takes 60 days to allow a new investor to set up a business including all the utility connections and relevant processes. The same process takes more than 180 days in Pakistan. Thus, it is highly significant for the government to reduce these hindrances in order to attract more local and foreign investors. On the other hand, Cambodian economy has promised to facilitate the necessary procedures of doing business for Pakistani investors within 2 days.

Shedding some light on the China-Pakistan Economic Corridor he stated that this project will change the fate of Pakistan's economy in future. Out of the $52 billion investment, $34 billion have been allocated for just power plants. This reflects upon the special emphasis given to uplift this sector. Overall, 5 power plants will be established in Punjab alone.

Source: yarnsandfibers.com– Mar 02, 2017

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NATIONAL NEWS

Narendra Modi's game-changer special package for textile sector finds few takers

The special package for the textile and garment sector unveiled by the Modi government in June last year — and hailed by many including chief economic adviser Arvind Subramanian as a potent tool for creation of decent jobs — hasn't been a runaway success, going by the fresh enrolments from the sector under the employees provident fund (EPF) scheme.

While a crucial component of the package was an undertaking that the government will bear the entire 12% employer's contribution to the retirement fund for the first three years — against 8.33% for other sectors under the Pradhan Mantri Rozgar Protsahan Yojana — just 1,075 new workers have enrolled under the scheme in the last eight months.

The scheme's objective was very ambitious: To achieve a cumulative increase of $30 billion in export of textiles and garments and R74,000 crore investments in the employment-intensive sector over three years.

A senior labour ministry official said that the numbers (of new employers enrolled under the bolstered EPF scheme) might have been better had the scheme been launched in June itself.

But that was not to be. "The scheme, approved by the Cabinet in June, got other necessary clearances only in August. EPFO had to ready the software and enrolment started from October and, finally, in December, direct credit to the scheme by the government started," the official said.

The software was also such that even a slight incompatibility between the credentials of the employee, as provided by employer, and her Aadhaar card details would automatically reject the enrolment, the official said.

"The ministry has now asked the UIDAI (Unique Identification Authority of India) to enrol new employees whose credentials match up to 80% as provided by the employers," he said, adding, "A lot of cases are under examination now."

The package for the sector included making EPF optional for employees earning less than Rs 15,000 per month.

The idea was to ensure there is more cash in the hands of such workers. Sources said even this has come a cropper since the proposal needs an amendment to the EPF Act and even the process for the same has not started yet.

For the proposal to take effect, the EPFO needs approval of its highest decision-making body, the Central Board of Trustees (CBT), to be followed by the Cabinet's approval and vetting by the law department before it could be tabled in Parliament. Sources said the retirement fund body might take the proposal to the CBT in its next meeting.

Many trade unions are, however, not happy with the proposal, as they think that it would deprive the workers of even a modicum of social security.

The labour ministry has already had a round of meeting with the unions' representatives in this regard and the unions are learnt to have opposed the idea "tooth and nail".

The package for the textile-and-garment sector, which policymakers want to be extended to other employment-intensive sectors like leather and footwear, included introduction of fixed-term employment (in line with the seasonal nature of he industry), additional interest subsidy incentives under the technology upgradation fund scheme and enhanced duty drawback coverage for exports.

Source: financialexpress.com– Mar 03, 2017

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Cotton exports will rise 3%: ICAC

The International Cotton Advisory Committee (ICAC) has projected that India's cotton exports will grow 3 per cent to 990,000 tonnes in the current year, with production likely to rise by 2 per cent to 5.9 million tonnes.

World cotton trade is estimated to expand by 3 per cent to 8 million tonnes in 2017-18, with China's import volume set to grow by 11 per cent to 1.1 million tonnes for the year. ICAC cites the growth in China's imports to its surging mill use, which continues to outpace its production.

Import demand

Bangladesh's imports are projected to rise by 3 per cent to 1.5 million tonnes in 2017-18, while Vietnam's imports are forecast to increase by 7 per cent to 1.24 million tonnes.

The United States will remain the world's largest exporter with its volumes rising by 5 per cent to 2.9 million tonnes in 2017-18, while India's exports are projected to grow by 3 per cent.

Futures firm

In the international market, cotton futures remained firm at 77.86 cents for a pound for ICE May Futures.

In its latest statement, the international body said global cotton production is forecast to grow by 23.1 million tonnes on a planted area of 30.4 million hectares in 2017-18.

While projecting India's output at 5.9 million tonnes, ICAC also noted that India's cotton area has expanded by 7 per cent to 11.2 million hectares.

ICAC referred to slackness in world cotton consumption in the previous year but projected a robust consumption trend for the coming year.

“After declining by 1 per cent to 24 million tonnes in 2015-16, world cotton consumption is expected to remain stable in 2016-17.

Given the strong demand this season and anticipated world economic growth in 2017 and 2018, world mill use is forecast to increase by 1 per cent to 24.3 million tonnes," ICAC noted.

According to projections, India's mill consumption, however, is likely to drop by 3 per cent to 5.1 million tonnes in 2016-17 but is forecast to recover by 1 per cent to 5.2 million tonnes in 2017-18.

China mill consumption

Notably, the mill consumption in the neighbouring China is likely to grow for 2016-17 by 2 per cent to 7.6 million tonnes and by 1 per cent to 7.7 million tonnes in 2017-18.

Similarly, the mill consumption in Bangladesh continues to grow due to strong textile exports, with its mill use is likely to rise by 5 per cent to 1.5 million tonnes in 2017-18.

Source: thehindubusinessline.com– Mar 03, 2017

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Model GST Bill to go for 20% peak tax; slabs intact for now

The GST Council has proposed to raise the peak tax rate to 20 per cent, from the current 14 per cent, in the model goods and services tax (GST) Bill to preclude the requirement of approaching Parliament for any change in rates in future.

The change in the peak rate will not alter the 4-slab rate structure of 5, 12, 18 and 28 per cent agreed upon last year, but is only a provision being built into the model law to take care of contingencies in future, two officials in the know told *PTI*.

The revised draft of model GST law, which was made public in November 2016, provides for a maximum rate of tax under the new regime at 14 per cent (14 per cent central GST and an equal state GST, taking the total to 28 per cent).

"There shall be levied a tax called the central/state goods and services tax (CGST/SGST) on all intra-state supplies of goods and/or services... at such rates as may be notified by the central/state government... but not exceeding 14 per cent on the recommendation of the Council and collected in such manner as may be prescribed," the draft law states.

Officials said this "14 per cent" will now be changed to say the rate will not exceed "20 per cent".

The GST Council, headed by Finance Minister Arun Jaitley and comprising representatives of all states, has agreed to keep the upper band of the rate in the law at 20 per cent. "For the moment, we will not tinker with the rate structure of 5, 12, 18 and 28 per cent.

The GST Council has decided to keep the upper cap higher at 20 per cent so that in future in case of need to hike tax rate, there is no need to approach Parliament for a nod and the GST Council can raise it," the officials said.

This means the central GST and state GST can be up to 20 per cent each, leaving the scope for a maximum levy at 40 per cent.

"The 4-tier rate structure that has been decided will hold for now. By keeping the upper cap at 20 per cent, we are just keeping an enabling provision which the Council can exercise at a later date after deliberation," the official added.

Mirroring the model GST law, the CGST, SGST and UTGST law will be firmed up by the Centre, states and Union Territories, respectively.

The Centre plans to introduce in Parliament the Central GST (CGST) Bill in the forthcoming session beginning March 9. After it is ratified, the states will introduce the State GST (SGST) Bill in their respective legislative Assemblies.

The central and state officials will soon start the exercise to determine which goods and services should fall in which tax bracket and the same will be taken to the Council for approval soon.

Together with this, they will also decide the goods and services that would attract a cess on top of the peak rate to create a corpus that can be used for compensating states for any loss of revenue from implementation of GST in the first five years.

The government is looking at GST rollout from July 1.

Source: thehindubusinessline.com- Mar 02, 2017

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Cotton prices to remain firm as farmers hold crop

Cotton prices in Indian markets are likely to remain stable for the next few weeks as farmers are holding about 40 per cent of 341 lakh bales (of 170 kg each). Tight supply and high estimates of consumption will also help keep the prices firm. Prices of raw cotton have remained stable between Rs 5,900 and Rs 6,100 a quintal for the past few weeks.

Raw cotton prices have refrained from fluctuating owing to lower arrivals of crop and high consumption estimates. About 208-210 lakh bales of cotton that is 61 per cent of the estimated production has already arrived.
The Cotton Association of India has estimated this year's cotton consumption at 295 lakh bales that is 5 lakh bales more than last year's consumption of 290 lakh bales.

The Sankar-6 cotton candy (of 356 kg each) of Gujarat hovers around Rs 42,600 to Rs 43,300, according to Hindu Business Line.

Source: fibre2fashion.com– Mar 02, 2017

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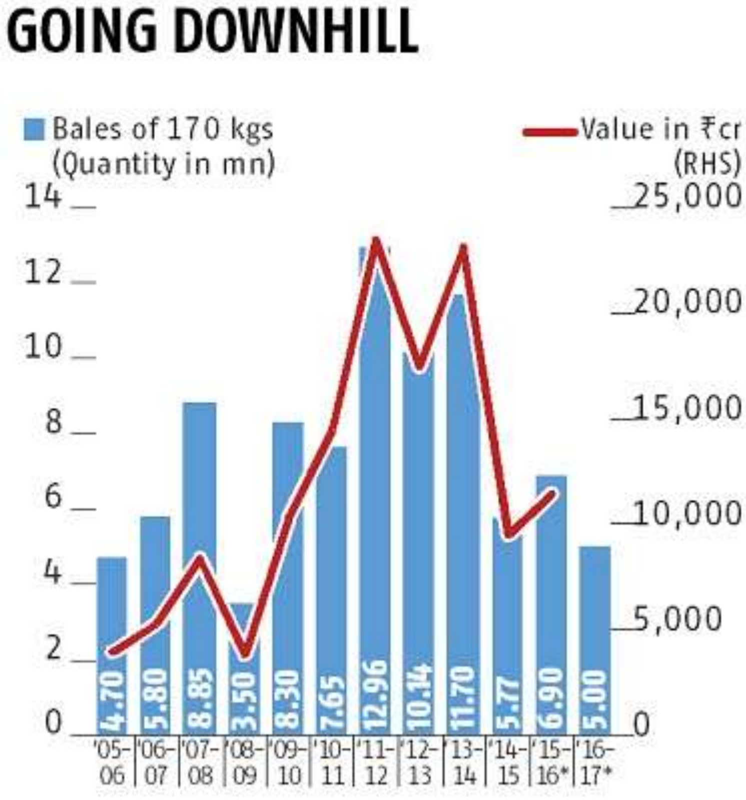
Cotton exports might lose thread over Chinese offtake

India's cotton exports are likely to decline by 20 per cent this year, following the Chinese government's decision to auction its own fibre stock. Indian exporters will thus not be able to reap the benefit of high international prices. Exports estimated to be 5.5 million bales against last year's 6.9 million, according to industry estimates.



Note: Quantity according to CAB * Projected; Value: Approx as per DGCIS Kolkata

The Washington-based International Cotton Advisory Committee (ICAC) said the Chinese government was expected to start sales from its cotton reserves on March 6 and would continue offering 30,000 tonnes a day until August.

"Last year, around 2.6 million tonnes were sold through the end of September. Assuming a similar volume is sold this year, the total volume held by the Chinese government will reach six million tonnes by the end of 2016-17. China's total stocks, including those in the private sector, are forecast to reach nine million tonnes at the end of 2016-17, accounting for 53 per cent of world stocks," it added.

"This will definitely hit cotton demand from India as Chinese buyers have been active over the last few years. Indian exporters are cancelling orders due to higher realisation in domestic sales," said Darshini Kansara, research analyst, Care Ratings.

Trade sources estimate Indian exporters have so far registered for 4.2 million bales (0.71 million tonnes, of which 3.7 million bales have already been shipped.

The Cotton Advisory Board under the textiles ministry estimated in October India's total cotton exports would be 5 million bales (0.85 million tonnes) this year as against 6.9 million bales (1.17 million tonnes) last year. "Exports will not surpass 5.5 million bales (0.94 million tonnes) this year," said Arun Dalal, an Ahmedabad-based cotton exporter.

Despite a cotton acreage 9.6 per cent less than the previous year, better yields in major cotton growing states have resulted in higher output estimates. India's cotton production in 2016-17 is estimated to reach 32.51 million bales (5.53 million tonnes), up from 30.01 million bales (5.10 million tonnes) a year ago.

The global market balance is going to remain tight which could keep prices elevated. "If cotton prices decline, imports will go up. But, China's auction may cause prices in the global market to decline," said Arun Sakseria, a trader.

Source: business-standard.com– Mar 03, 2017

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Indian cotton seed producers seek hike in prices

Indian Bt cotton seed producers have demanded an increase of Rs 50 per packet of seeds, in the coming cotton season, considering the climbing costs of production.

This demand was made by the National Seed Association of India (NSAI) ahead of the government's annual review meeting with industry representatives, which will be held on March 6.

"Inflation, rising wages as well as increase in minimum support price (MSP) of cotton have increased seed production costs massively in the last one year," a leading daily quoted a top official of NSAI as saying in a representation made to the ministry of agriculture. Currently, BT cotton seeds are marketed at Rs 751 per pack of 450 gm, which NSAI said was inadequate to meet manufacturing costs.

Source: fibre2fashion.com- Mar 02, 2017

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Vedant Fashion brings traditional Indian ethnic wear back into fashion

Vedant Fashion, that owns ethnic brand Manyavar and mainly thrives on Indian cultural celebration and festivities has quietly overtaken its global peers without preaching what Indians should wear.

Indian wear, initially largely restricted to the older age segment, now finds acceptance among younger consumers, who now sell fusion clothing — a mix of modern and traditional wear — instead of just ethnic, which are reserved for special occasions.

It is also now trying to push its clothes as an everyday wear brand instead of just weddings and social functions. Just two months ago, the brand roped in cricketer Virat Kohli as a brand ambassador to appeal to a younger consumer base.

Ruchi Sally, director at retail consultancy Elargir Solutions said that with customer moving to online and customization, traditional high value products have not seen much growth in online. Also, traditional ethnic wear is not based on fashion forecast and the style could go out of style, a huge challenge for inventory management.

Ethnic wear, still mostly fed by the unorganised segment, has demonstrated steady growth over the past few years. In fact, leading department chain formats such as Shoppers Stop, Lifestyle and Westside are also increasing the width of the private label offering and offer contemporary styling in the ethnic space, fuelling growth.

Vedant Fashions has posted a net profit higher than Zara, which until last year was the most profitable apparel brand in the country. During year ended March 2016, Vedant Fashions posted a 22 percent rise in sales at Rs 504 crore with net profit of Rs 90 crore, according to data sourced from Tofler, a company research platform.

In comparison, Inditex TrentBSE 0.41 % that runs Zara stores had sales of Rs 842 crore and net profit of Rs 80 crore. In fact, Vedant Fashion's profit is higher than department store chain Shoppers StopBSE -0.46 % and Tata run Westside.

The company attributes it to a host of factors, from cost efficiency to its strict pricing policy. They never discount their merchandise as they plan inventory better to avoid any stock pile up, said Manyavar's founder Ravi Modi, who opened its first outlet in 1999 in Kolkata but didn't expand at all during the following decade.

The retailer has then been more aggressive, adding nearly two stores every week on average for the past three years, and now has more than 400 doors.

Also, Manyavar either donates or destroys unsold stock, adding pressure on the company to keep designs relevant and sell products aggressively.

Source: yarnsandfibers.com- Mar 02, 2017

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KVIC boosting cotton sliver output by upgrading facilities

In order to increase supply of cotton sliver to spin yarn on khadi charkas, the Khadi and Village Industries Commission (KVIC) has planned to technologically upgrade its six cotton sliver producing facilities. The government owned nodal agency for promoting khadi, will also set up two new plants to produce cotton sliver in a bid to also meet rising demand.

"We will upgrade all our six sliver plants to increase supply of sliver to khadi institutions," V K Saxena, chairman of KVIC was quoted as saying by a leading daily. "Most of the plants are more than thirty years old and it has become necessary to replace technology for increased supply."

By upgrading existing facilities, KVIC will be able to increase production of cotton sliver to 5.6 million kgs per annum, up 40 per cent over the current capacity and will spend around Rs 35-40 crore on the same.

In order to offer moderate wages and ensure a sustainable income, KVIC will also increase wages per hank from Rs 5.50 to Rs 7.00 from April 2017, which will help over 1.5 million khadi artisans across the country.

Source: fibre2fashion.com- Mar 03, 2017

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