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IBTEX No. 44 of 2017 Mar 02, 2017

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	**81.10**

Domestic Futures Price (Ex. Gin), March

Rs./Bale	Rs./Candy	USD Cent/lb
20890	43697	**83.49**

International Futures Price

NY ICE USD Cents/lb (March 2017)	76.85
ZCE Cotton: Yuan/MT (May 2017)	16,350
ZCE Cotton: USD Cents/lb	**88.44**
Cotlook A Index – Physical	**85.25**

Cotton & currency guide:

Cotton price on Wednesday's trading session eased to Rs. 42,750 per candy. With the prevailing exchange rate the equivalent value was around 81.60 cents per pound. Likewise, the Punjab J34 variety cotton price traded steady to slightly lower at Rs. 4690 per maund. From the supply front the across country arrivals stood at 180,000 bales including 50K from Gujarat and 70K from Maharastra.

The effect was clearly visible on the futures price of cotton trades at MCX. The most active March future ended the session a tad lower at Rs. 20,890 down by Rs. 170 from the previous close. We believe if the daily arrivals continue to rise in India for the near term the local price may trade differently to the global counterpart. Overall we expect Indian cotton price on today's trading session may further soften after a steady to firm opening. From the price perspective we expect cotton futures for the given contract to trade in the range of Rs. 20760 to Rs. 21000.

However, we also need to understand since the prevailing trend has been bullish since past few weeks cotton price might take support at given the given.

Based on the cotton price performance at the Chinese market and the ICE future the intraday trade trend at the domestic market might be influenced

Coming onto global cotton price the ICE May contract advanced sharply to 77.86 cents up by 152 points from the previous close. We believe the majority of gains was noticed in the second session of the US and believe the effect would be felt today at the opening session of India. The gains are highest in last two weeks. In that regard the mentioned support levels of Rs. 20760 may be respected and price might move towards Rs. 21000 mark. Note any break above 21K again the price might advance to Rs. 21160 levels.

We believe majority of gains were attributed to fresh funds involvement amid expectation of better further export sales figure due on Thursday. The USDA will release its US export sales report with many in the industry expecting another strong report.

Far Eastern buyers continue to be interested in US growths for March/April shipment. We believe market may remain supported during Asian, European and may be early US session and post the export sales data a fresh round of movement would be judged. Until then we expect cotton price to remain elevated.

So by and large the bearish move stated in the domestic counter might witness good volatility in the price on today's trading session.

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

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INTERNATIONAL NEWS

Record High Number of Americans See Trade as Economic Opportunity

A recent Gallup poll found that nearly three-quarters of Americans see foreign trade as an opportunity for U.S. economic growth, a major increase over the figures registered for the past 20 years.

In addition, 71 percent said promoting favorable trade is a very important foreign policy goal for the U.S., up from 66 percent in 2013. These findings could bode well for whatever trade liberalization initiatives the Trump administration may pursue.

According to Gallup, 72 percent of respondents to an annual world affairs survey said they view trade favorably, up from 58 percent just a year ago. The percentage of those who see trade as a threat to the U.S. economy dropped from 34 to 23 percent over the same period.

The survey also found record-high views that trade represents an economic opportunity among both Democrats (80 percent, up from 63 percent in 2016) and Republicans (66 percent, up from 50 percent). A Gallup press release notes that these figures have jumped despite the often negative characterization of U.S. trade deals during the 2016 U.S. presidential campaign.

For Democrats the change "may be a sort of rebellion" against the "anti-trade pronouncements" of President Trump, who has withdrawn the U.S. from the controversial Trans-Pacific Partnership negotiated under President Obama, pledged to revamp NAFTA, and decried the "unfair" results of other U.S. free trade agreements.

On the other hand, the press release states, support among Republicans may be due to a belief that U.S. trade will flourish under Trump, who has asserted his intention to pursue bilateral trade agreements that he believes will result in more favorable terms for the U.S.

Source: strtrade.com – Mar 02, 2017

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Denim Expo begins in Bangladesh; focuses on denim trends

The 7th Denims and jeans Bangladesh exhibition has begun in Bangladesh. It provides a platform where the global denim community comes together with an objective to share, interact and to establish future transactions with suppliers from the country.

The two-day trade event has been organised with an aim to attract buyers to Bangladesh from around the world.

The theme of this expo is 'Denim Mashup', a youth-centric denim theme especially for young women. The trend brings the fun-feel of the 90s, complete with all over embellishment, shredding and chain details, embroideries, exaggerated proportions, quilted surfaces, fabric mixes and more.

Denim Mashup has been a subtle trend over many years and it is being revived across multiple brands worldwide. Luxury brands like Gucci to fast fashion retailers like Zara and H&M, are taking it up as the next cool denim trend in 2017, said the press release.

"Bangladesh is the fastest growing denim destinations globally for sourcing fabrics and has been growing exponentially and quickly rising up the value chain," said Sandeep Agarwal, founder of Denimsandjeans.com.

As many as 28 companies belonging to various countries including Bangladesh, India, China, Turkey, Germany, Brazil, Spain, Hong Kong and Pakistan are participating in the expo to showcase their unique denim products.

Informative seminars, live presentations, panel discussions and workshops on global denim innovations are being held at the two-day show.

Denimsandjeans has a selection of highly-respected denim-mills as participants and size of the show has been limited to maintain exclusivity.

Source: fibre2fashion.com– Mar 01, 2017

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Serbia says Turkish investors show interest in its textile sector

Serbia's trade minister Rasim Ljajic said on Wednesday that Turkish companies have expressed interest in investing in its textile sector encouraged by the good business climate in the country.

Representatives of two Turkish textile companies have explained that they plan to start investing in Serbia later this month, Ljajic said on the sidelines of a meeting with companies active in the clothing sector in Istanbul, the Serbian government said in a statement.

Serbia offers the best business environment in the region, a highly qualified workforce and the best conditions for foreign investors, Ljajic told Turkish entrepreneurs during the meeting, organised by the Foreign Economic Relations Board of Turkey (DEIK), according to the statement.

A total of 136 companies with Turkish owners were registered in Serbia last year, which shows that the trade relations between the two countries are very good, Ljajic added.

Sebia's exports to Turkey rose by 10.8% to 30 billion dinars ($255.5 million/242.7 million euro) in 2016, while imports from Turkey increased 18.1% to 74.3 billion dinars, according to data from Serbia's statistical office.

Source: seenews.com– Mar 01, 2017

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Pakistan Apparel Forum demands release of pending refunds

Muhammad Jawed Bilwani, chairman of Pakistan Apparel Forum demanded release of long pending refunds of exporters from the government, which would help tackle the persistent decline in textile and apparel product exports to a certain extent.

These pending refunds include custom rebate claims, WHT claims, DLTL claims, sales tax refunds, etc.

According to Bilwani, exports of knitwear dropped 3.44 per cent, garments fell 3.60 per cent and of all other textile products decreased 1.30 per cent in January 2017, as against January 2016.

“In the period July to January of fiscal 2011, exports of textile were $7.45 billion, while in the same period of fiscal 2017, they stand at $7.34 billion,” he was quoted as observing by Pakistan media reports.

He attributed the decline in exports to tough competition from other countries due to the ever-rising cost of production and persistent liquidity crunch.

Bilwani also demanded the government to lower tariffs of gas, water and electricity and bring it at par with competitors of Pakistan, which would offer a boost to textile exports.

Source: fibre2fashion.com – Mar 01, 2017

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Africa: Private Investors From China Expanding African Beachhead

Unlike two decades ago, when Africa was dominated by Western investors - perhaps due to the ties forged in colonial times - today many Asian countries, led by China, have muscled their way into the continent and are thriving.

In many parts of Africa, the wide range of up-and-coming Chinese businesses, from manufacturers of food products, textiles and shoes to restaurants, tour firms, wholesale and retail centers, have become an everyday sight.

According to the World Bank, by the end of 2011 the private sector had registered 923 projects in Africa, representing 55 percent of all Chinese outbound foreign direct investment (OFDI) projects on the continent.

About 36 percent of the private projects are in manufacturing, with 22 percent in the service sector.

Data from the Chinese Ministry of Commerce show that OFDI projects, both state-owned and private enterprises, are widely spread across 44 countries in Sub-Saharan Africa. The top five recipient countries are Nigeria, South Africa, Zambia, Ethiopia and Ghana, making up to 40 percent of all projects in the region. The second tier of countries includes Tanzania, Angola, Sudan and Kenya.

African governments are happy with the increased private-sector investments as they seek to attract Chinese money to their countries and hope to spur employment and achieve industrialization.

Samson Wangusi, senior deputy secretary of Kenya's State Department for Trade, says the country presents investment opportunities that Chinese investors should take advantage of.

"Kenya presents investment opportunities in energy, construction, manufacturing, agriculture, water and irrigation, transport, infrastructure, information technology, mining and tourism. We invite Chinese investors to venture into these sectors," he says.

Wangusi says Kenya is open and safe for business, noting that it has put in place friendly reforms that are attractive to investors.

Inspecting Tooku Garments Co, a Chinese venture in the Benjamin William Mkapa Special Economic Zone in Dar Es Salaam in December, Tanzanian Prime Minister Kassim Majaliwa said, "I invite Chinese investors to follow the One Belt, One Road philosophy along the path that leads to Tanzania as the landing beachhead on the eastern seaboard of Africa."

According to Ghana's Ministry of Trade and Industry, the government is interested in attracting Chinese investment into the industrial sector, where there are considerable growth opportunities.

A news release from the ministry said the government has put in place an industrial policy with clear and transparent guidelines for the implementation of its industrial development agenda, with particular emphasis on the growth, diversification, upgrading and competitiveness of the manufacturing sector.

"Chinese investment is needed in these areas, to add value by processing primary products into industrial products," the release said.

Many other African countries are making such calls. The number of Chinese private-sector players focusing on the market is growing by day.

The private firms may find relief in Africa's large markets and relatively less intense market competition from local firms. Low production costs, especially cheap labor, are another factor attracting Chinese manufacturing companies to the continent.

In Ethiopia for instance, entry-level salaries for workers in the textile industry range from $35 to $40 per month, lower than the average wage of $500 in the Chinese textile sector, according to dw.com.

Availability of raw materials is another factor, attracting Chinese companies, especially those in agriculture-based light industries.

Africa has large quantities of natural resources, including diamonds, salt, copper, gold, iron, bauxite, cobalt, silver, uranium, petroleum and cocoa beans. This is in addition to woods and tropical fruits.

However, despite the cheap labor and raw materials, a World Bank survey titled Private Chinese Investment in Africa: Myths and Realities, states that overall operating costs are high in Africa, especially where infrastructure is poor and security concerns are significant. This is in addition to scarce electricity.

Source: allafrica.com– Mar 01, 2017

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Pakistan Textile City winds up

Since Pakistan Textile City Limited (PTCL) was facing impediments in providing infrastructure and was not able to meet its set goals, the Economic Coordination Committee (ECC) in the Pakistan government has approved winding up of PTCL.

ECC has transferred PTCL's land to the Port Qasim Authority (PQA) after clearing the company's Rs 12 million liabilities.

"PQA had originally leased the land to PTCL and the terms of lease did not allow its further sale or transfer to another party," Pakistan media reported.

The main stakeholders of PTCL are the Pakistan government with 56 per cent shareholding and the Sindh government with 16 per cent. PTCL's primary objectives were to set up and manage an exclusive location for producing textile value added products.

PTCL was not able to develop the Textile City as it was not provided electricity, gas and water, which remained unresolved, despite approaching the government on several occasions.

Source: fibre2fashion.com– Mar 01, 2017

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Bangladesh earns Tk 73 bn in jute exports in FY16

Bangladesh has earned close to Tk 72.94 billion in the fiscal 2015-16 by exporting 1.96 million bales of jute and jute products. This amount is about Tk 8.75 billion more than the amount earned by exporting these products in the previous fiscal.

The total jute production of the country during the financial year 2015-16 was 8.25 billion bales.

Bangladesh earned close to Tk 10.54 billion in the said fiscal on exports of 1.14 million bales of jute.

About Tk 62.40 billion was earned by exporting 825,000 bales of jute products during the same time, said Muhammad Imajuddin Pramanik, textiles and jute minister of Bangladesh in a reply to a query raised in Parliament.

Bangladesh earned Tk 64.18 billion by exporting 1.8 million bales of jute and jute items in fiscal 2014-15.

Over a million bales of jute fetched Tk 8.16 billion during this period and the remaining Tk 56 billion was earned by exporting jute goods, said media reports quoting Pramanik.

In a reply to another query, the minister said that Bangladesh exports jute to about 13 countries – India, Pakistan, China, Nepal, the UK, Russia, Vietnam, Ivory Coast, Djibouti, Brazil, the Phillippines, the Us and El Salvador. Bangladesh exports jute products to about 118 countries.

Source: fibre2fashion.com– Mar 01, 2017

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China's Global Trade Impact

Global business experts are aware of China's historical impact on trade, especially its comeback over the past thirty years. In the coming decades, China will continue to emerge. Given all the talk in the media about international trade, it's a good time to review the trade-related issues that confront China, and how China may present opportunities and challenges to global traders in the coming years.

China's economy

By the numbers alone, China is formidable. Its population is nearly 1.4 billion. China's economic growth outpaces the rest of the world at 6.7 percent. The gross domestic product (GDP) is $10.9 trillion trailing only the U.S. at $17.9 trillion.

Its economy is almost as large as that of all of Europe. By 2030, China's economy is forecast to be number one, a position it previously held in 1820.

China’s gains have been led by being an export-based economy providing low-cost, labor-intensive manufactured goods. China’s economy is reaching a maturation point where it must continue to evolve, not as much by investment, but by innovation as other modern economies do.

A non-market economy

Looking back, post-World War II China was a very insular communist economic regime. In the mid-1980s, China’s Open Door Policy permitted some foreign investment. It also let China take steps to moderate the state-control, move toward a market economy and allow some private ownership. However, turmoil prevailed through these years exemplified by the deadly crackdown on the Tiananmen Square protests in 1989.

Since then, a major change that led China into the world economic fraternity was its accession to the World Trade Organization (WTO) in December of 2001. Still, China’s status in the WTO remains controversial. For example, there are 38 WTO dispute cases open against China over such matters as the violation of intellectual property rights, discriminatory quotas, unfair government subsidies, export duties on raw materials, and restrictive regulations.

One of the biggest issues with China that keeps it from equal footing with other WTO member countries is over its designation as a non-market economy (NME). It is so designated, because the economy is principally state-run and directed by China’s communist party rather than by market forces.

As an NME, the United States and other WTO countries may adjust anti-dumping and countervailing duties on Chinese imports to account for market costs. The US has 116 anti-dumping and 41 countervailing duty cases open against China. The cases involve a variety of raw materials and manufactured products such as chemicals, steel, aluminum, paper, etc.

Having been a member of the WTO for more than fifteen years, China is initiating a WTO dispute to eliminate the NME label. However, according to the US Department of Commerce, several issues will vie against China in this quest, including: its currency manipulation policies, labor bargaining rights, limitations on foreign investment, government ownership of production, centralized price fixing, and lack of transparent trading policies.

China has some leverage with the US as it is a holder of about $1.1 trillion of US debt. Selling off this debt could adversely affect US economic growth. During its economic assent, China was frequently cited for using forced labor via the Laogai System (re-education through labor) camps in mines, factories, and farms to produce consumer and manufactured goods. In 2013, China pledged to abolish this practice, however, human rights groups maintain it still persists.

The Trade Facilitation and Trade Enforcement Act of 2015 now gives US Customs and Border Protection (CBP) greater power to exclude these goods from US importation. CBP uses forced labor lists published by the U.S. Department of Labor to issue withhold release orders to detain the goods. If found to be in violation, the goods are subject to seizure.

Free trade: ASEAN and RCEP

China signed a free trade agreement with the ten country Association of Southeast Asia Nations (ASEAN) that came into force on January 1, 2010. It is the largest global free trade agreement in terms of population, and third largest in GDP moving China ahead of the US in ASEAN trade. At present, China is seeking to expand this agreement with the ASEAN to include the other five large Asian countries (Japan, India, Korea, Australia, and New Zealand) by negotiating the Regional Comprehensive Economic Partnership (RCEP).

If successful, the RCEP will represent an unprecedented global trading bloc and bring China on par both economically and politically with these other nations. It will ensure that China continues to counter the U.S. in Asian trade leadership.8 There's a strong push to get RCEP signed in 2017.

Big plans, and considerable tension

Harkening back to ancient times, China is in the midst of funding a massive infrastructure project called Silk Road. The original Silk Road began around 200 BCE as the trading routes to support the silk commerce from China to the Mediterranean Sea. It played a major role in the development of those regions.

The modern Silk Road, also known as One Belt One Road, is an improvement venture for connectivity between China, Eurasia, Africa, and Oceania. It encompasses about sixty countries and investment of up to $8 trillion for both roads, high speed rail, sea ports, and other infrastructure.

Adding to the mix is China's intention to expand its geopolitical influence in the Asia-Pacific region. This presents itself in the matter of Taiwan and the South China Sea, both are potential military flash points that threaten trade and security in the region.

Tension has existed between China and Taiwan since the Chinese government fled the mainland to Taiwan during the Chinese communist revolution of 1949. The 1992 Consensus between the two concluded that there is only one China; however, the disagreement prevails as to how it should be governed. Over 60 percent of the population identifies solely as Taiwanese. China meanwhile continues to resist any notion of a separate Taiwan.

Governance over islands in the South China Sea known, as the Spratlys, has been long disputed by neighboring countries. The Philippines, Taiwan, Malaysia, and Brunei lay claim to some portion of the area versus the feared Chinese hegemony. In recent years, China has demonstrated the Spratlys' strategic military value with a large naval presence. China is resisting negotiations with the others who are seeking to use ASEAN to broker a resolution.

Of greater concern to the west and its neighbors is China's military relationship with so-called rogue nations. In November of 2016, China signed a Military Cooperation Agreement with Iran to include joint exercises and training. In the past China has supplied Iran with missiles and other hardware.

China has also supplied military aid to Syria and Venezuela. Meanwhile, North Korea sees China as its closest neighbor, ally, and largest trading partner. China has taken no action to deter North Korea's nuclear and ballistic missile tests.

Risk and reward abound for international trading firms and countries when it comes to positioning China into their trade strategies.

A successful plan must account for, and take advantage of, the opportunity to deal with one of the worlds' largest and growing economies while recognizing the potential for adverse and volatile change either from within or outside of China.

Source: globaltrademag.com– Mar 01, 2017

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Bangladesh should adopt smart manufacturing: analysts

Local manufacturers should embrace smart technologies to increase efficiency and productivity to help Bangladesh become a middle income nation by 2021 and a developed country by 2041, analysts said yesterday.

“Smart manufacturing creates new business models, services and markets,” said Charlotta Johnsson, associate professor for automatic control at Lund University in Sweden, at a seminar at Amari hotel in Dhaka.

Smart manufacturing is the ultimate destination, said Kazi M Aminul Islam, executive chairman of Bangladesh Investment Development Authority (BIDA).

“If we adopt it we will be winners. If we don't, we will be left behind and will be losers.”

Their comments came at the seminar on “Making Bangladesh a next generation manufacturing hub”. The embassy of Sweden and the Business Sweden, the Swedish trade and investment council, jointly organised the programme.

Industries Minister Amir Hossain Amu invited Swedish companies to take advantage of the new economic opportunities to be created after setting up 100 planned special economic zones and hi-tech parks across the country.

“Swedish companies should provide the best possible technologies and solutions to our industries,” he said, requesting Swedish companies to share knowledge about smart manufacturing with local entrepreneurs.

The minister said the government would take further steps to develop advanced industries and an efficient and sustainable manufacturing sector.

Swedish ambassador to Bangladesh Johan Frisell said industries moving out of China are looking for a new destination, and Bangladesh is one of the attractive destinations.

But he said Bangladesh needs to look at how it could become more environment-friendly, save water and energy, and ensure occupational safety.

Smart manufacturing is a solution, said Frisell.

BIDA's Islam requested the industries minister to create a fund for research and development on smart manufacturing.

“The BIDA will also propose to the prime minister so the government comes up with support and incentives for entrepreneurs to promote smart manufacturing.”

Bangladesh's manufacturing sector is led by labour-intensive garments and food products.

However, Bangladesh will have to branch out to the sectors which are technology-intensive and more productive, said a number of speakers.

Source: thedailystar.net– Mar 02, 2017

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RCEP could be completed by year-end

The negotiation of ASEAN-led Regional Comprehensive Economic Partnership (RCEP) has been accelerated to ensure that the world's largest economic block would be completed by the year-end.

"Every member has to increase their political will in order to overcome all challenges related to trade facilitation, non-tariff barrier and rule of origin," said Dr Rebecca Sta Maria, Senior Policy Fellow, Economic Research Institute for ASEAN and East Asia (ERIA). The Jakarta-based think tank advised the ASEAN Secretariat on economic matters pertaining to the ASEAN plus eight processes.

In an exclusive interview with The Myanmar Times, Rebecca said that all parties concerned are upbeat with the ongoing RCEP negotiation.

"It is the only game in town, given the current situation of the TPP," she said.

Rebecca, a former senior Malaysian economic official, was referring to the Trans-Pacific Partnership, a high-end free trade agreement with the US, which Washington was leading previously. After President Donald Trump took up his presidency last month, he ordered the US to pull out of the TPP. Now its future is in limbo. There are four ASEAN members that joined the TPP — Malaysia, Singapore, Brunei and Vietnam.

The RCEP is an ASEAN-led economic framework mapped out to engage the dialogue partners within the framework of ASEAN plus eight. Apart from the 10-member ASEAN, the remaining eight members are Japan, China, South Korea, New Zealand, Australia and India.

RCEP has a more holistic approach to free trade agreement because it contains many rules and measures to assist less developed countries, especially among the new ASEAN members.

At the moment, the RCEP leading economies such as China and Japan are discussing what would be the final framework. The framework represents almost half of the world's population, almost 30 per cent of global GDP and over a quarter of world exports.

The RCEP basic ideas are to forge comprehensive and mutually beneficial economic partnership agreement that will cover trade in goods, trade in services, investment, economic and technical cooperation, intellectual property, competition, dispute settlement and other issues.

Rebecca emphasised that the RCEP process is led by ASEAN, not China as many foreign reports often labelled. “It is an ASEAN idea, made in ASEAN,” she added.

ASEAN has entered its 50th anniversary with the Philippine as the current chair. The grouping launched the ASEAN Community in 2015 with the hope of transforming the 645-million population into the world’s fourth largest economy in the next two decades.

Source: mmtimes.com– Mar 02, 2017

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Pakistan: Local Industry and the CPEC Promise

The China-Pakistan Economic Corridor (CPEC) — a $54 billion portfolio of energy and infrastructure projects — promises to usher in a new era of economic development and growth for Pakistan. However, this could only be possible if Pakistan’s industry reaps benefits from this enhanced connectivity, creating new jobs and boosting exports. Industrial cooperation therefore forms the crux of CPEC and any promised growth in domestic economy hinges on it.

Ironically, industrial cooperation is one area where Pakistan seems least prepared. While policymakers are overly optimistic on CPEC and its potential benefits, local manufacturers, chambers and industry associations appear to be seriously concerned about their future.

The textile industry, for instance, fears the glut of textile goods from Xinjiang to create serious competition in future. The local industry already had to rely on expensive raw material imports in the wake of recent cotton crisis and any increased demand for raw material from neighboring China is going to further raise prices and limit availability.

Similarly, other industries feel that they are going to be eaten up by large-scale Chinese enterprises with significant economies of scale. On environmental front, experts fear that an open-gate policy towards China may bring in dirty industries to Pakistan, resulting in environmental degradation.

While some of these concerns may be well founded, these industries need to realise that openness and globalisation has its own perils and sooner or later they would have to be competitive to withstand any such global threats. But for the government, it is also equally important to think through its own priorities and further the national agenda through a well-articulated industrial policy.

China has developed a long-term plan, encapsulating how it views CPEC. The plan, which seems quite broad and has a positive undertone, is an enabling document merely laying out the general principles of industrial cooperation. If approved without specific details, however, this plan is likely to give significant space to China to pursue its interests.

A closer look at this long-term plan reveals two clear emerging priorities for the Chinese industry — using Pakistan as the source for cheaper raw material and deepening Chinese access to Pakistan's burgeoning middle class turning into an attractive consumer market.

China is planning to simulate textile-led growth in the under-developed province of Xinjiang, where billions of dollars have already been pumped in. Pakistan can very well be a source of raw material for the textile and garments industry cluster in Kashgar Economic Zone. Not only the CPEC plan makes a mention of it but also emphasises the need for Pakistan to focus on producing top grade cotton yarn to enrich cotton textiles varieties.

China has also asked Pakistan for multiple concessions in this regard, such as reduction of border import taxes by half as well as cancellation of export restrictions for products produced in Kashgar and exported via Khunjerab. In return, China is expected to relax import and export restrictions on Pakistani commodities entering the Kashgar Economic Zone.

This would essentially result in seamless flow of cotton crop and yarn into Kashgar, turning into finished goods entering Pakistan destined for international markets.

Construction and real estate sector is another area where Pakistan's cement and construction material can be used. Accordingly, the CPEC plan includes replacing outdated equipment in cement plants in Pakistan, while also focusing on enhancing Pakistan's marble and granite exports feeding into China's construction boom.

To target Pakistani consumers, China is looking to scale up its investment in household appliances sector and under CPEC, a household appliance industrial park is already being planned with Chinese investment near Lahore to produce refrigerators, washing machines, air conditioners, TVs and other small appliances for the Pakistani market.

Similarly, China is looking for increasing its exports of finished construction goods such as ceramic tiles to Pakistan, where Chinese tiles already claim more than 50% market share.

These priorities are well aligned with China's own national interests and are part and parcel of its industrial policy. For Pakistani side, however, there is a need to develop a clear understanding of these Chinese priorities amongst policymakers and to form a view on how to safeguard interests of local industries.

For instance, if Pakistan makes timely investments in increasing cotton productivity and starts producing enough cotton to cater for local industry as well as for Kashgar textile cluster, the threat for local industry can very well be turned into an opportunity.

Similarly, if local industries are prepared to get into joint ventures with Chinese enterprises, this can result in technology transfer and broadening of industrial base.

There is also a need to look at Pakistan's own industrial clusters and assess how they can benefit by CPEC through potentially accessing Chinese markets and beyond. This should then lead to Pakistan negotiating for preferential access to Chinese consumer markets, as granted to the ASEAN countries.

Furthermore, for any industries relocating to Pakistan, there should be an effective environmental safeguards regime in place.

Going forward, the government should adopt a three-pronged strategy for industrial cooperation, focusing on expansion and upgrading of existing industries; deepening the industrial base aiming at creating better forward and backward linkages; and industrial diversification, nurturing new industries leading towards sophistication of export base.

Furthermore, any investment incentives given by Pakistan should prioritise the movement of high value addition and innovative industries and employment to Pakistan, rather than blanket incentives. All of this should then form part of a green industrial policy, promising a sustainable future for Pakistan.

Source: tribune.com.pk– Mar 02, 2017

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NATIONAL NEWS

15 Indian companies participating in Cairo textile exhibition

Fifteen Indian textile companies are participating in an international fashion and textile exhibition beginning here from tomorrow.

"India has been an active participant of the Cairo Fashion and Tex – International Fashion and Textile Exhibition – every year. We believe that our cooperation in the textile sector is very important," India's Ambassador to Egypt Sanjay Bhattacharyya said during a press conference today.

The 60th edition of the International Fashion and Textile Exhibition "Cairo Fashion and Tex" will be held from March 2-5.

The Ambassador said India is one of the largest producers of cotton in the world and that Indian cotton and textile are very popular internationally.

The Indian pavilion at the exhibition is being organised by the Cotton Textile Export Promotion Council (TEXPROCIL) and sponsored by Government of India in association with the Embassy of India in Cairo.

The participating Indian companies will showcase their latest range of yarn and fabrics, which will include suitings, shirting, dress materials and embroidered fabrics, high fashion fabrics, furnishing, home textiles, scarves, stoles, shawls and yarns of man-made fibre and their blends.

The Ambassador said "the unique thing about the Indian textile sector is that India is able to supply both high and low end textile items either in small quantity or large volume."

He also mentioned that the textile plants with modern machinery are managed by innovative professionals with the best designers and experts to keep with the modern trends constantly creating new effects, finishes and designs to give better textiles to the world.

Being the world's second largest producer of synthetic fibre and yarn, cotton, cellulosic fibre and silk, India exported around USD 297 million worth of textile and clothing products to Egypt during 2016.

Cotton Yarn was the dominant production the export basket, which is valued at USD 143 million followed by manmade yarn fabrics valued at USD 105 million and cotton fabrics valued at USD 21 million.

Shailesh Martis, the joint director of the Cotton Textile Export Promotion Council (TEXPROCIL) said that the delegation is participating this year to explore and test what the need of Egyptian market.

“This year we are here to explore and test and next year we will bring the kind of products that Egypt require,” he added.

Source: india.com- Mar 01, 2017

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Coimbatore powerloom owners to stop production on rising yarn prices

Powerloom owners in this city and nearby Tirupur District will stop production from Wednesday protesting against fluctuating yarn prices, which they claimed alleged has seriously profit margins.

"The increase in yarn prices for the last few months has seriously affected the profit margin of powerloom owners, who have a total of over two lakh powerlooms in both districts," Velusamy, Secretary of the Powerloom Job Workers Association, said.

The strike will result in loss of business worth Rs 200 crore and production loss of 85 lakh metres daily, affecting both domestic and export business, besides five lakh workers, he said.

The owners--directly taking orders from cloth traders,job workers and also those on contract--also demanded that the Government bring down VAT on yarn from five per cent to two per cent to bring down yarn prices.

They also sought a ban on export of waste cotton, which could help further decrease in prices.

A delegation is already in Delhi to discuss the issue with the ministries concerned, Velusamy said.

Source: deccanchronicle.com– Mar 01, 2017

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Cotton trading under e-NAM begins at Khammam

Electronic trading of cotton under the e-National Agricultural Market (e-NAM), an online trading platform, began at the Khammam Agricultural Market Yard on Wednesday.

After facing initial hiccups owing to resistance from a section of traders, the KAMC launched the e-NAM facilitating electronic trading in cotton.

In all 12,457 bags of cotton belonging to 5,625 farmers were traded through e-NAM platform on Wednesday.

Tight security arrangements were made at the market yard to ensure smooth conduct of the e-trading.

The e-NAM facility was introduced in trading of green gram, red gram and maize in the market yard recently, the Agriculture Market Committee sources said.

The online initiative is intended to free farmers from the menace of middlemen and enable them secure fair prices for their agriculture produce in a transparent manner.

However, it initially met with opposition from certain quarters due to misconceptions over the electronic system.

The officials concerned held a series of meetings with the farmers, traders and hamalis under the supervision of Joint Collector Vinay Krishna Reddy to sensitise them on the benefits of the e-NAM in the past couple of weeks.

The Khammam market yard officials have drawn up plans to introduce the electronic trading system under the e-NAM for red chillies also very soon.

Source: thehindu.com- Mar 02, 2017

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Further reforms necessary to sustain growth: OECD on India

The Indian economy is expanding at a fast pace, boosting living standards and reducing poverty nationwide. But, further reforms are now necessary to maintain strong growth and ensure that all Indians benefit from it, says a new report from the OECD. India's recent growth rates of more than 7 per cent annually is the strongest among G20 countries.

The acceleration of structural reforms and the move toward a rule-based macroeconomic policy framework are sustaining the country's longstanding rapid economic expansion, according to the latest OECD Economic Survey of India.

The Survey, presented in New Delhi by OECD secretary-general Angel Gurría and India's secretary Economic Affairs Shaktikanta Das, identifies priority areas for future action, including continuing plans to maintain macroeconomic stability and further reduce poverty, additional comprehensive tax reforms and new efforts to boost productivity and reduce disparities between India's various regions.

"India provides a welcome counter-point to a global economy that has been under-performing for years," said Gurría. "Reforms are historic and are bearing fruit, growth is strong and other macroeconomic indicators are improving. Maintaining the reform momentum will be critical to boosting investment and creating the quality jobs needed to ensure strong and inclusive growth for future generations, with all segments of society benefitting from it."

The implementation of the landmark Goods and Services Tax (GST) reform will contribute to making India a more integrated market. By reducing tax cascading, it will boost competitiveness, investment and job creation. The GST reform—designed to be initially revenue-neutral—should be complemented by a reform of income and property taxes, the Survey said.

The Survey points out the need to make income and property taxes more growth-friendly and redistributive.

A comprehensive tax reform could help raise revenue to finance much-needed social and physical infrastructure, promote corporate investment, enable more effective redistribution and strengthen the ability of states and municipalities to better respond to local needs, according to the Survey.

The OECD points out that achieving strong and balanced regional development will also be key to promoting inclusive growth.

Inequality in income and in access to core public services between states and between rural and urban areas is currently large across India, while rural poverty is pervasive. Continuing efforts to improve universal access to core public services is essential.

Recent changes in India's federalism model have given states more freedom and incentives to modernise regulations and tailor public policies to local circumstances.

Ranking states on the ease of doing business is opening a new era of structural reforms at the state level and will help unleash India's growth potential. Further benchmarking among states and strengthening the sharing of best practices, particularly on labour regulations and land laws, could add to the reform momentum.

Raising living standards in poorer states will require increasing productivity in the agricultural sector.

With employment expected to gradually shift away from the agricultural sector, urbanisation will gather pace.

Thus, better urban infrastructure will be needed to fully exploit cities' potential for job creation, productivity gains and improving the quality of life, the report says.

Source: fibre2fashion.com- Mar 01, 2017

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Investors worried by delay in setting up Padalur Textile Park

Entrepreneurs who had expressed interest in setting up units at the Padalur Textile Park in Tamil Nadu are demanding that the infrastructure for the Park must be developed on a war footing, as it has been delayed for long.

When the proposal was mooted by the government, around 30 entrepreneurs had shown interest in setting up facilities in the Park.

The delay has happened, primarily due to hurdles in identification of a proper site for the Park site.

“The Padalur Textile Park has been promoted by State Industries Promotion Corporation of Tamil Nadu (SIPCOT) and is aimed at manufacturing garments meant for export,” a leading daily reported.

However, no dyeing activity would be permitted in the Park in order to protect the ground water as well as the environment.

Source: fibre2fashion.com- Mar 01, 2017

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