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USD 68.25 | EUR 72.36 | GBP 82.12 | JPY 0.60

Cotton Market Update

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

Rs./Bale	Rs./Candy	USD Cent/lb
19529	40850	**76.40**

Domestic Futures Price (Ex. Gin), March

Rs./Bale	Rs./Candy	USD Cent/lb
20290	42442	**79.38**

International Futures Price

NY ICE USD Cents/lb (March 2017)	72.34
ZCE Cotton: Yuan/MT (January 2017)	15,105
ZCE Cotton: USD Cents/lb	**83.85**
Cotlook A Index – Physical	**81.60**

Cotton & currency guide: Cotton price in India retreated from weekly high of Rs. 20500 per bale to close at Rs. 19990 just up by Rs. 40 from the previous week's close. In the similar lines the ICE cotton ended the week at 72.27 cents/lb down by 170 points from the previous week's close. Basically from the recent high the cotton price has declined post the USDA report was released stating the both US and global cotton production is set to increase.

The USDA WASDE report contained increases in US and Chinese production. US 2016-17 planted acreage was reduced by 80,000 acres and harvested acreage was reduced 140,000 acres but the average yield was increased to 855 pounds per acre, up from 821 pounds. Total US production increased by 435,000 bales to 16.96 million bales. The increase in US production is tied to a very high producing Texas crop. Texas planted 5,650,000 acres to cotton and harvested 5,200,000 acres giving it an abandonment rate of only 7.96%, one of its lowest rates on record. Chinese production was revised upward a million bales to 22 million bales following confirmation of larger classing volumes in Xinjiang. The increases were partially offset by a 350,000 bale decline in Pakistan leaving a net global production increase of 1.105 million bales. In the US exports were raised 300,000 bales to 12.5 million bales which reduced the impact on carryover stocks to a 200,000 bales increase. Global consumption was reduced a net 110,000 bales with consumption lowered by 500,000 in India, 125,000 in Mexico and100,000 bales in Turkey. Chinese consumption was increased by 500,000 bales and 100,000 bales in Bangladesh

World' carryover stock increased by a net 1,502,000 bales which increased carryover to 90.65 million bales. World stocks outside of China increased to 42.27 million bales reflecting nearly a million bales increase.

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

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INTERNATIONAL NEWS

Trump Tackles Trade in Press Conference

At Donald Trump's first press conference since winning the election, the President-elect doubled down on his promise to punish companies that move jobs from the U.S. to another country.

Citing the Carrier situation as an example, he praised its parent company, United Technologies, for working with him and Vice President-elect Mike Pence to save jobs that were scheduled to move to Mexico. That adulation was followed quickly by a warning.

"The word is now out, that when you want to move your plant to Mexico or some other place, and you want to fire all of your workers from Michigan and Ohio and all these places that I won, for good reason, it's not going to happen that way anymore," he said, adding for those companies that make that decision, there will be consequences. "There will be a major border tax on these companies that are leaving and getting away with murder. And if our politicians had what it takes, they would have done this years ago."

To incentivize Made-in-America, Republicans have already been championing a measure that would impose steep taxes on goods imported into the U.S. Instead of simply paying taxes on profits from goods sold, companies would pay that tax (at a lower rate) plus an additional tax on the cost of goods imported. For the apparel industry, which imports up to 95 percent of all clothing sold here, the move could have huge consequences. And that seems to be the point.

Trump's argument is that we have a large country with many people who are out of work so the potential for manufacturing here is plentiful. The import taxes, he said, will be put in place to protect the "96 million [Americans who are] really wanting a job and they can't get it."

Trump was also very critical of past administrations. "We don't make good deals anymore; we make bad deals. Our trade deals are a disaster," he said. "We have hundreds of billions of dollars of losses on a yearly basis—hundreds of billions with China on trade and trade imbalance, with Japan, with Mexico, with just about everybody."

To help correct the ills the President-elect has identified with our current trade situation, the new administration has been discussing imposing a 10 percent tariff on all imports. This follows Trump's campaign threats to slap a 45 percent tax on goods imported from China, specifically.

Thus far, the apparel industry is intently waiting and watching to see if the new tariffs might materialize and, if so, in what final form.

Source: sourcingjournalonline.com– Jan 14, 2017

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Pakistan to sign FTA with Turkey, Thailand in three months

"Delegations from Turkey and Thailand are coming for negotiations on January 17 to speed up the process and negotiate commodity lists and tariff rates," a top official in the Ministry of Commerce said.

Talking about the FTA with China, the official said, that Phase-II of the FTA with China was also due. He said FTA between the two countries was signed back in 2007.

However, he added that Pakistan was desirous to have duty relaxation on 50 products before launching the phase-II.

He said that Pakistan wanted relaxation on these products to protect the local market and ensure competitiveness.

Replying to question he said that currently local market was not in position to compete with mature economies.

"We are just coping with energy demands for local market, and the market would take some time to boost its production and growth," he remarked.

He was of the view that once the Phase-II of FTA with China is launched, it would bound both the countries to have zero tariffs, however at this stage it would be difficult for Pakistani economy to provide such concessions.

He said that China has been giving us good offers to enter in FTA phase-II and both sides also agree on the demand list.

"We demanded unilateral relaxation on 50 different product for coming few years before signing Phase-II of FTA."

"We are in consultation with exporters, chambers including all stakeholder to involve them with policy dialogues and getting their inputs in Free Trade Agreement (FTA) with these countries," he said.

Replying to question, he said that the government is committed to protect the local market to provide competitive environment for the exporters and market.

Source: dnd.com.pk– Jan 13, 2017

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Australia to help train 225,000 cotton farmers in Pakistan

The Australian government, Cotton Australia and Better Cotton Initiative (BCI) have together launched a partnership to support the training of approximately 225,000 Pakistani cotton farmers commencing with the 2017 cotton-sowing season.

"This partnership will deliver practical tools and latest environmental and cutting-edge management practices aligned with internationally recognised quality assurance for sustainable cotton production," said the Australian High Commission in a statement on Thursday.

The farmers will be trained in techniques for growing cotton with focus on improved environmental, social and economic benefits in line with the Better Cotton Standard System.

Cotton is an important export earner for Pakistan – the fourth largest producer of cotton in the world. The partnership has been established to support Pakistan's ability to compete in premium international cotton markets.

Ginners fear Indian cotton imports will imperil Pakistan's economy

The Australian government has committed AUD500,000 to this project, which will be supported through the Australian aid programme's Business Partnerships Platform.

Australia's contribution will be matched by AUD2.4m from the BCI Growth and Innovation Fund. The matching funds come from the BCI Retailer and Brand members, such as Adidas, IKEA, H&M, Levi Strauss & Co, Marks & Spencer, Cotton On, Tesco, Sainsbury's, Tommy Hilfiger and Nike.

BCI Chief Operating Officer Lena Staafgard noted that the partnership represented an important step forward for the BCI in promoting cross-learning between cotton growing countries.

"This collaboration will deliver tangible value to cotton farmers in Pakistan as they gain access to the vast body of deep knowledge on good agricultural practices held by Cotton Australia (a body of Australia's cotton growing industry) as well as being able to participate in BCI training programmes to promote more sustainable farming practices.

"At BCI, we're excited to be able to link up our partners across the world, with the aim of benefitting the global cotton sector."

Australian High Commissioner to Pakistan Margaret Adamson welcomed the launch. "The partnership will work closely with Cotton Australia and Australian cotton farmers who will share their world-leading practices, skills and experience with farmers in Pakistan. By promoting Australian cotton practices, we will aim to help improve the global reputation of Pakistan cotton, safeguarding cotton's future in Pakistan," she said.

Cotton Australia CEO Adam Kay said, "Australian cotton farmers are happy to share knowledge and experience to assist other cotton producers (in this case Pakistani) improve their sustainability as this gives brands and retailers the confidence to use cotton in their products. More and more global brands and retailers only want to source cotton that has been responsibly produced."

Source: tribune.com.pk – Jan 14, 2017

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Pakistan's largest ever Trade Expo kicks off in Colombo

The High Commissioner of Pakistan in Sri Lanka Maj. Gen. (R) Syed Shakeel Hussain along with Chief Guest, Minister for Sports, Hon. Dayasiri Jayasekera, Minister for Plantation Industries, Hon. Navin Dissanayake, Minister for Parliamentary Reforms and Mass Media, Hon. Gayantha Karunathilaka, Minister for Law & Order and Southern Development, Hon. Sagala Ratnayake, Minister for Post, Postal Affairs and Muslim Religious Affairs, Hon. M.H.A. Haleem, State Minister for National Integration and Reconciliation, Hon. A.H.M. Fouzie and Chief Executive of Trade Development of Pakistan (TDAP) S M Muneer formally inaugurated the Pakistan Single Country Exhibition 2017 at Bandaranaike Memorial International Conference Hall (BMICH) today.

The Trade Development Authority of Pakistan (TDAP) in collaboration with High Commission of Pakistan in Sri Lanka organized 2nd edition of Pakistan Single Country Exhibition which is featuring leading Pakistani companies and manufacturers of Engineering Products, Auto Parts, Agro Products, Textile & Clothing, Designer Wear, Handicraft & Traditional Textiles, Pharmaceuticals, Cutlery, Furniture, Carpets, Marble and Services.

While addressing the inaugural ceremony, the High Commissioner of Pakistan Maj. Gen. (R) Syed Shakeel Hussain underlined that, last year, the exhibition was launched with a view to make it an annual event that should work as a catalyst for synergizing deeper economic relations between the two brotherly countries.

He expressed the happiness that this year the trade expo has the unique distinction of being the largest ever exhibition of Pakistan within and outside the country with the participation of 156 companies that clearly shows the positive response from both Pakistani and Sri Lankan business interests. He underscored that such events are an opportunity for the Sri Lankan business community to interact with the visiting Pakistani business entities through B2B meetings.

He also highlighted that Pakistan is a country of 200 million people with nearly 50 billion USD imports and it is expected that growth would reach from current 5% to 7% in next two years with the investment under CPEC projects. He urged the Sri Lankan government to explore Pakistan as market for Sri Lankan goods and services.

H.E. Shakeel Hussain expressed the hope that the people of Sri Lanka will not only have the opportunity to witness the varieties of Pakistan's countless and extremely diverse products but will also be able to buy them.

Minister for Plantation Industries, Hon. Navin Dissanayake said that the importance of collaboration between the two friendly countries has increased tremendously in modern times for promoting cultural, civilizational and trade dialogue.

He added that Pakistan and Sri Lanka are bonded together not only in the world of Cricket but other sports activities.

He further said that Pakistan is a motherland of Buddhism and Gandhara. The deep mutual love between the two people transcending any material bases is the essential ingredient of inherent strength of this special relationship that is further cemented by the commonality of eternal values of universal peace and love. He lauded the efforts of Government of Pakistan to preserve and restore the centuries-old Buddhist sites.

Hon. Navin Dissanayake recalled that Pakistan has rendered unconditional support to Sri Lanka in the form of military hardware and training to eliminate terrorism. When Jaffna was on the verge of separation, on the call of the then Sri Lanka President Chandrika Bandaranayake Kumaratunga, the Pakistan's leadership quickly responded and provided necessary equipment and support to curb the insurgency. The government and people of Sri Lanka will never forget this great support of Pakistan government. This relationship between the two brotherly countries are getting stronger day-by-day, he added.

The Chief Executive of TDAP Mr. SM Munir while appreciating the support and cooperation extended by the Government and people of Sri Lanka for organizing the exhibition in a befitting manner, said that Pakistan is one of the rapidly emerging economies of the world with friendly business environment created by the current government through policies aimed at achieving micro-economic stability in the country.

He highlighted that Pakistan Stock Exchange has been ranked 5th best performing stock market in the world in 2016, by Bloomberg.

In 2016, Pakistan's GDP grew by 4.7 % which is highest in last few years. China Pakistan Economic Corridor (CPEC) is a real game changer and will be beneficial for the whole region, he added.

After inauguration, the dignitaries visited the stalls and appreciated the enormous variety and quality of Pakistani products.

The event was attended by several important personalities from the Sri Lankan business and trade sectors along with Sri Lanka based diplomatic corps and a large number of people from different walks of life. The exhibition will remain open until 15th January 2017 for general public.

Source: lankabusinessonline.com – Jan 13, 2017

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Europe: Euratex highlights need to tackle trade barriers in China

The European apparel and textile confederation, Euratex, has highlighted the need for European Commission to tackle trade barriers in China and to address sector-specific topics, such as the overcapacities in the man-made fibres and yarns production. Euratex has reiterated that China does not meet the five criteria required to qualify as a market economy.

Euratex has welcomed the reflection process carried out by the European Commission over the last months to address the needs of the European industry and to tackle unfair trade practices. It has released its position paper on the Commission's proposal to change anti-dumping and anti-subsidy legislation.

Further to its letter to European Commissioner for Trade Cecilia Malmström in January 2016, Euratex has reiterated that China does not meet the 5 criteria required to qualify as a market economy, in its position paper.

However, Euratex adds that it is aware that the Commission has put efforts to tackle overcapacities and to strive for preservation of European jobs by proposing to change the anti-dumping and anti-subsidy legislation.

The European textile and clothing industry is currently struggling for competitiveness by continuous innovation and through the development of front-runner specialities. But, the industry needs fair trade in order to grow and create jobs.

“We thus welcome the improvement of the anti-subsidy proceedings allowing to take into account the new subsidies in the course of an investigation. Euratex is also looking forward for the Council and Parliament’s approval of the withdrawal of the Lesser Duty Rule.”

The position paper, however, adds that the Commission’s proposal to change the AD-AS legislation by creating a new methodology for the calculation of the anti-dumping and introducing the concept of ‘significant distortion’ may open a lot of uncertainty for the European companies.

Drawing attention on the necessity to focus on sectoral needs, the paper says, “There are a number of questions revolving around the WTO compatibility, the drafting of the reports, the burden of proof, the management of the transition period, the timetable for adoption of this proposal and the subsequent reaction of China.

Euratex joins its voice to that of the European business community to urge the Commission to strongly act and clarify these points.”

Euratex has also highlighted the necessity to address sectoral problems through dedicated initiatives. “Tackling barriers to trade in China, protecting IPR, ensuring stability of raw material prices and addressing overcapacities remain our priorities,” it says.

Euratex has asked DG Trade for setting up a specific task force on overcapacities in man-made fibres and yarns

Source: fibre2fashion.com – Jan 13, 2017

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China exports shrink as Trump trade tensions loom

China's exports fell back into contraction last month, signaling renewed weakness for the world's second biggest economy as it faces possible trade tensions under Donald Trump's presidency.

Customs data posted Friday showed that exports shrank 6.1 percent to $209.4 billion in December compared with the year-ago period.

The latest numbers mark a return to a long term downward trend amid tepid global demand. In November, China's exports eked out a 0.1 percent expansion after shrinking for nine straight months.

In a sign of lackluster domestic demand, imports rose 3.1 percent to $168.5 billion, slowing from a 6.7 percent rise the month before and leaving a trade surplus of $40.8 billion for the month.

The figures cap a dismal year for Chinese trade, with combined imports and exports contracting 6.8 percent. For 2016, China's trade surplus amounted to $510 billion, according to the figures released by the General Administration of Customs.

Slumping trade adds to pressure on China's communist leaders trying to shore up weakening growth in the economy.

China's top economic planner said earlier this week the economy is estimated to have expanded by about 6.7 percent last year. Those figures, which will be confirmed when fourth-quarter data is released Monday, are within the official target range of 6.5 to 7 percent but down sharply from double-digit growth half a dozen years ago.

"China is lagging behind the recent improvement in Asian exports and thus the country's trade outlook will remain challenging in 2017," Betty Wang and Raymond Yeung of ANZ Bank said in a report. "Sluggish global demand and anti-globalization sentiment will continue to cloud Asia's export outlook, including China's."

China's trade woes may worsen after U.S. President-elect Donald Trump takes office next week. Trump, who railed about America's big trade deficits during his campaign, has accused China of unfair trade practices and threatened punishing tariffs.

"Trump's trade policy will likely motivate U.S. businesses to move their manufacturing facilities away from China, although the latter's efforts in promoting high-end manufacturing may offset part of the loss," Wang and Yeung said.

Source: herald-review.com - Jan 14, 2017

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Turkey's Cotton Industry Recovers Slowly as Cotton Production Rises

The cotton industry in Turkey, one of the major segments in country's fabric and textile industry, has been lagging behind for long time due to its limited production over the last few years.

Most of the cotton products made in Turkey in recent years have heavily relied on cotton imports. However, Turkey's cotton industry is now expected to gradually get back on track after the country has taken some crucial actions to boost its domestic cotton production. According the latest report released by The United States Department of Agriculture (USDA), both cotton planting area and cotton production in Turkey are set to increase by about 15% this year.

Planting area is expected to reach 425,000 hectares and domestic cotton production is forecast to have 650,000 metric tons (MT) (2.98 million bales) in the financial year of 2016.

The recovery in Turkey's cotton production is mainly driven by the higher local cotton prices and more local farmers switching from planting low return crops such as corn to cotton, although the lack of irrigation water and high production costs such as seed, fertilizer, fuel and electricity remain as main obstacles for the industry to grow.

As an incentive to encourage cotton planting, the Turkish government increased cotton production bonuses over a consistent two-year period. The bonus for seed cotton was up to TL 0.55 per kg for MY 2014 and to TL 0.65 per kg for MY 2015.

However, the direct effect on cotton production has yet to be seen. The Turkish government also announced an initiative in 2008 that allocated about $12 billion over five years to speed up the Southeastern Anatolian Project (GAP) project and finalize the construction of dams, irrigation channels and other infrastructure in the Southeast Anatolian region.

When finished, a total of 22 dams will be completed and about 1.5 million hectares of land will be irrigated. By mid-2016, around 74% of the hydroelectric projects and 26% of the irrigation projects were completed, and are expected to bring irrigation to an additional 780,000 hectares of land.

In Turkey's 425,000 hectares of planting area and 650,000 tons of total cotton production this year, the GAP region tops as the largest producing region with 275,000 hectares and 427,000 tons of output.

The Aegean Region is in second place with 90,000 hectares and 140,000 tons, while Cukurova is third with 60,000 hectares and 100,000 tons of cotton production. When it comes to the cotton trade, Turkey's cotton exports were about 3,300 tons during the first five months of MY 2015. Bangladesh (870 tons) and Greece (500 tons) were the largest export destinations for Turkish cotton.

Meanwhile, Turkey's cotton imports dropped to 313,000 tons during the first five months of MY 2015. As Turkey's biggest cotton supplier, the US is under an antidumping investigation on cotton exports to Turkey, which is one of the main reasons for the Turkey's cotton import decline.

Currently, the cotton imported from the US accounts for almost 40% of Turkey's domestic cotton market. Overall, many industry experts believe that Turkey is expected to remain as a net cotton importer in the near future due to the large textile industrial capacity, increasing yet still low domestic cotton production, and the slow pace of the GAP development project.

Source: bizvibe.com - Jan 14, 2017

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Bangladesh: Frankfurt textile fair gets good response

More than 70,000 people visited this year's international trade fair for home and contract textiles—Heimtextil—in Frankfurt that ended Friday.

A total of 2,886 exhibitors showcased their products in the four-day fair, Messe Frankfurt Bangladesh said in a statement.

Last year, the fair witnessed 69,000 visitors and 2,866 exhibitors, according to the statement.

Detlef Braun, member of the executive board of Messe Frankfurt, was satisfied with the outcome of the exhibition and appreciated the participation of 23 Bangladeshi companies.

"We have been participating in Heimtextil for the last 16 years," said Abdullah Muhammad Zubair of Zaber and Zubair Fabrics, a Bangladeshi home textile company that took part in the fair.

"Messe Frankfurt organises the fair in a very organised way. Everyone should join the fair, as it is a very good platform for new companies to promote their products."

The number of visitors at the fair was low on the first day due to bad weather, said Arafat Rasheed, company director of Apex Weaving, another textile company of Bangladesh.

"We have done three successful meetings during the fair."

Delwar Hossain Chowdhury of ACS Textile Mills, another Bangladeshi company, said they launched their new brand at the fair.

Eleven Bangladeshi companies took part in Heimtextil with the assistance of the Export Promotion Bureau, said Hussain Mehmood, chairman of Bangladesh Terry Towel and Linen Manufacturers and Exporters Association. "The home textile sector has bright prospects in Bangladesh. The sector needs the government's support to grow further."

Source: thedailystar.net - Jan 16, 2017

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Bangladesh: Garment accessories makers demand cash incentives

A four-day fair on readymade garments accessories, yarn and fabrics will begin Wednesday in the city to inject new momentum into the sector.

Three concurrent events namely 16th Garment and Allied Machinery Trade Show, 8th Garments Accessories and Packaging Exposition (GAP Expo 2017) and Eighth Yarn and Fabrics Sourcing Fair 2017 will take place under one roof at the International Convention City Bashundhara (ICCB) in the city.

This was announced at a press conference at a city hotel Sunday. ASK Trade and Exhibitions Pvt Limited and Zakaria Trade and Fair International and Bangladesh Garments Accessories and Packaging Manufacturers and Exporters Association (BGAPMEA) are jointly organising the Garmentech Bangladesh 2017.

BGAPMEA President Abdul Kader Khan and directors of ASK Trade Nanda Gopal K and Tipu Sultan Bhuiyan attended the press conference, among others.

Speaking at the press conference, Abdul Kader Khan said the upcoming trade shows would help the country's RMG manufacturers achieve the $50 billion exports target within 2021.

"To this end, garments accessories manufacturers will have to earn $18 billion from exports," he said.

The local manufacturers earned $6.12 billion by exporting garment accessories in the fiscal year (FY) 2015-16, the BGAPMEA president said, adding the sector needed the government's policy support to help boost the earnings.

"Like other export-oriented industries, the government should provide policy support for developing infrastructure facilities and reducing bank interest rate and providing cash incentives," he said.

He expressed the hope that the expos will help promote the country's apparel business and help draw the attention of the policymakers.

According to the organisers, the expo will remain open to the visitors from 11.00am to 7.00pm at free of charges.

Some 450 textiles and garment-related local and international companies representing 24 countries including the US, the United Kingdom, China, India, Indonesia, Germany and Italy will take part in the fairs.

They will showcase readymade garment, textiles and yarn-related new technology, products and services.

Several seminars and discussion meetings will also be organised on the expo premises.

Commerce Minister Tofail Ahmed is expected to inaugurate the expo as the chief guest, while Dhaka North City Corporation (DNCC) Mayor Annisul Huq will attend the opening ceremony as the special guest.

Source: thefinancialexpress-bd.com- Jan 15, 2017

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Vietnam: Textile & garment manufacturers pessimistic about 2017

Le Tien Truong, general director of Vinatex, the largest domestic textile & garment group,,said 2016 was a very tough year for the industry.

“The growth rate of the industry was 5.2 percent, the lowest rate since 2008 with export turnover of $28.3 billion, or $1.7 billion lower than planned in early 2016,” he said.

Truong said this was a problem that all textile & garment exporters are facing as demand from import markets has decreased.

The demand from the US, for example, fell by 4.5 percent, Japan 1 percent, South Korea 4 percent. The EU is the only market which saw growth rate of 5 percent. This led to a sharp decline in export turnover of four out of the seven biggest export countries.

China, for example, saw the turnover down by 4.5 percent, India 5 percent, Indonesia 5.4 percent and Pakistan 4 percent.

Turkey’s export turnover remained unchanged. Only Bangladesh and Vietnam saw the turnover increasing by 4.8 percent and 5.2 percent, respectively.

As such, Vietnam has the highest growth rate among the seven biggest exporters.

Also according to Truong, Vietnam still has high competitiveness which helps attract more customers. However, because of that reason, Vietnam has become the key rival for the other six competitors.

These countries approach clients with Vietnamese business characteristics and offers, but at lower prices,” he said.

Truong doesn’t think the market would be brighter in 2017.

Bizlive also reported that 2016 was a gloomy year for textile & garment companies as the companies’ shares plummeted in prices, losing up to 50 percent of value. The information about the possible failure of TPP really disappointed investors who are holding textile & garment shares and they tried to sell them away.

Vietnamese textile & garment companies have been advised to return to the domestic market once demand from import countries decreases. However, Truong cannot see any bright prospects in the market.

“The Vietnamese domestic market is valued at $4.5 billion, while the total production capacity of all enterprises is $35 billion,” Truong said.

Other big textile & garment export countries have domestic markets equal to or bigger than export markets. China, for example, has a domestic market worth $270 billion and export market worth $260 billion. Meanwhile, India's domestic market is three times larger than export market.

“Vietnam is different from India, China and Malaysia,” he said, adding that Vinatex still strives to export 90 percent of its products.

Source: vietnamnet.vn- Jan 16, 2017

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China to boost PPP model in Silk Road Initiative countries

China will promote public-private partnerships in the countries participating in Belt and Road Initiative, an infrastructure and trade network linking Asia with Europe and Africa along ancient trade routes, an official said Sunday.

He Lifeng, deputy head of National Development and Reform Commission, said his organisation and other departments, have come up with a mechanism to boost the PPP model in countries along the routes. He did not provide any more details. He said the PPP model would help facilitate the progress of projects as it broadens financing channels for companies.

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Innovative financing models were necessary since some projects under the Belt and Road Initiative require large investments with long payback periods, He said. PPPs have existed in China since the 1980s, but the adoption of the financing mode had been slow until China released two PPP guidelines in 2014.

In China, PPP project operators are encouraged to directly solicit money from capital market, and social security funds and insurance premiums are allowed to invest in the projects, state-run Xinhua news agency reported.

The Belt and Road Initiative, also known as the Silk Road Economic Belt and the 21st Century Maritime Silk Road, was put forward by China in 2013.

Source: indianexpress.com- Jan 16, 2017

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Vietnam's textile and garment exports target set at $30b

Viet Nam's textile and garment industry has targeted a growth in exports of 6.5-7 per cent to US$30 billion this year.

The target was announced by Le Tien Truong, general director of Viet Nam National Textile and Garment Group (Vinatex).

Truong said the development of the textile and garment market at home and abroad would continue improving due to growth in the US economy and in consumption in the market. Such conditions would support the domestic textile and garment industry in reaching their target in export values this year.

"To reach this target, the industry needs strong performance by enterprises in production and business, and of the state in management by supporting the industry's development, as well as development of infrastructure in the nation," Truong told the Vietnam News Agency.

Further, the enterprises should improve productivity, reduce time needed to deliver cargo and strengthen distribution systems to international markets.

Garment and textile enterprises have received enough orders to keep them busy through the first quarter of this year, he said.

He also predicted that this year, Viet Nam's garment and textile sector will face numerous challenges, including a lack of support in taxation policies, as several important trade deals, such as the EU-Viet Nam free trade agreement and the Trans-Pacific Partnership, will not become effective in 2017.

Also, competition will become more fierce, as other countries continue attracting orders thanks to their advantages in tax and exchange rates, he said, adding that the instability in the EU economy will also affect the industry.

However, this year, the textile and garment industry will prepare to take advantage of business from the Viet Nam-EU FTA, which comes into effect in 2018, he said.

After the FTA is in place, Viet Nam could compete with other countries exporting garments to the EU through the Generalised Scheme of Preferences (GSP), which allows developing countries to pay less or no duties on some exports to the EU.

Those countries included Cambodia, Bangladesh and Myanmar.

Meanwhile, other bilateral and multilateral trade agreements will bring more opportunities in exporting textile and garment products to small and medium-size enterprises, Truong said.

In 2016, Viet Nam's apparel also saw lower than expected results, with $28.3 billion in exports, up 5.7 percent year on year, Truong added.

Vinatex earned over $2.5 billion, an increase of 5 per cent over 2015, with a pre-tax profit of over VND41 trillion on a 5 per cent year on year increase.

Also, its employees' average income rose 8 per cent over the previous year, to reach VND6.7 million per month.

Last year was gloomy for the world apparel sector. Major importers, including the US, the EU and Japan experienced low or decreased demand for garment and textile products, he noted.

Truong also said that the results showed the great efforts made by the sector, as Viet Nam recorded higher growth than major competitors, such as China, India, Bangladesh and Indonesia.

The industry gained strong results because enterprises focused on increasing productivity and ensuring deadlines on delivering goods, he said.

Further, the State's reforms on administrative procedures for saving money and time improved the business environment and created great support for garment exporters by increasing their competitiveness and exports.

Source: vietnamnet.vn- Jan 16, 2017

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NATIONAL NEWS

India's merchandise exports up 5.7% in December 2016

Trade deficit declines 9.9% to US$ 10.37 billion in December 2016

India's merchandise exports increased 5.7% to US$ 23.88 billion in December 2016 over a year ago. Meanwhile, merchandise imports rose 0.5% to US$ 34.25 billion. The trade deficit declined 9.9% to US$ 10.37 billion in December 2016 from US$ 11.50 billion in December 2015.

On exports front, the engineering goods recorded an increase in exports by 19.9% to US$ 5.85 billion, followed by gems & jewellery 27.9% to US$ 3.16 billion, petroleum products 8.2% to US$ 2.77 billion, drugs & pharmaceuticals 12.5% to US$ 1.62 billion, organic & inorganic chemicals 18.2% to US$ 1.44 billion, cotton yarn/fabrics/made-ups, handloom products 7.8% to US$ 0.93 billion, marine products 23.9% to US$ 0.55 billion, and plastic & linoleum 0.7% to US$ 0.53 billion.

However, the exports declined for meat, dairy & poultry products by 45.7% to US$ 0.28 billion, coal & other ores, minerals including processed minerals 12.8% to US$ 0.29 billion, rice 7.6% to US$ 0.42 billion, electronic goods 4.8% to US$ 0.51 billion, fruits & vegetables 8.1% to US$ 0.18 billion, leather & leather products 3.1% to US$ 0.43 billion, RMG of all textiles 0.3% to US$ 1.45 billion, in December 2016.

Oil imports increased 14.6% to US$ 7.65 billion, while the non-oil imports declined 3.0% to US$ 26.61 billion in December 2016 over December 2015. The share of oil imports in total imports was 22.3% in December 2016, compared with 19.6% in December 2015. India's basket of crude oil surged 47.8% to US$ 52.74 per barrel in December 2016 over December 2015.

Among the non-oil imports, the major contributors to the overall rise in imports were petroleum, crude & products imports rising 14.6% to US$ 7.65 billion, coal 56.6% to US$ 1.66 billion, electronic goods 6.6% to US$ 4.00 billion, electrical & non-electrical machinery 7.5% to US$ 2.62 billion, organic & inorganic chemicals 9.4% to US$ 1.43 billion, chemical material & products 27.7% to US$ 0.52 billion, artificial resins, plastic materials 6.4% to US$ 1.03 billion and machine tools 14.8% to US$ 0.30 billion.

The imports also improved for dyeing/tanning/colouring materials by 15.8% to US$ 0.21 billion, cotton raw & waste 163.1% to US$ 0.04 billion, professional instrument, optical goods 7.7% to US$ 0.38 billion, non-ferrous metals 2.3% to US$ 0.86 billion and transport equipment 1.1% to US$ 1.60 billion.

On the other hand, the imports have declined for gold 48.5% to US$ 1.96 billion, silver 81.5% to US$ 0.09 billion, fertilizers, crude & manufactured 58.9% to US$ 0.26 billion, precious & semi-precious stones 9.2% to US$ 1.79 billion, vegetable oil 12.7% to US$ 0.95 billion, iron & steel 9.8% to US$ 1.20 billion, pulses 19.3% to US$ 0.51 billion and metaliferrous ores & other minerals 9.2% to US$ 0.52 billion in December 2016.

Merchandise exports in rupees increased 7.8% to Rs 162180 crore, while imports moved up 2.4% to Rs 232588 crore in December 2016 over December 2015. The trade deficit narrowed to Rs 70408 crore in December 2016 compared with Rs 76606 crore in December 2015.

India's merchandise exports rose 0.9% to US$ 198.81 billion, while merchandise imports fell 7.1% to US$ 275.36 billion in April-December 2016.

The decline in imports was driven by a 10.7% plunge in oil imports to US$ 60.92 billion.

India's merchandise trade deficit declined to US$ 76.55 billion in April-December 2016 from US$ 99.41 billion in April-December 2015.

Source: business-standard.com- Jan 14, 2017

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Cotton exporters in a fix as prices surge amid speculation

Sharp surge in cotton prices has left exporters in a lurch with prices touching ₹42,500 per candy (each of 356 kg). While the Cotton Corporation of India (CCI) has given an upward crop estimate of 351 lakh bales, exporters hold speculators responsible for the artificial rally in the fibre crop.

Export prospects hurt

“The prices have surged by about ₹2,500 per candy within a short span of a week to touch ₹42,500. This happens at a time of peak arrival season and good crop outlook. There is no short supply in the market, but prices continue to head north, which is hurting the export prospects,” said an exporter from Gujarat.

Insiders maintained that as many as 200,000 bales (of 170 kg each) were committed for exports. “But at this price, procurement isn’t possible and we can’t make new export commitment,” the exporter stated.

However, some exports have taken place at the rate of 82 cents, which works out to ₹42,000/candy. “But that is very low quantity. The rally is primarily due to speculation of a short supply,” a ginner from Kadi informed.

On the MCX futures, prices of the fibre had touched ₹20,270 per bale, which works out to ₹42,447 per candy on Friday.

Ample supplies

According to ginners, cotton availability is ample and there was no fundamental reason for the short-term rally.

“There were issues during the first two months of demonetisation. Farmers were not bringing the crop because of the lack of liquidity. But the condition has improved now, but arrivals haven’t,” the ginner stated.

Amid surging cotton prices, farmers anticipate higher return for the crop, i.e. raw cotton or *kapas*. *Kapas* had touched ₹1,100 per 20 kg or ₹5,500 a quintal. “Many farmers anticipated realisation to further go up, hence held back the crop, causing an artificial rally,” an expert said here.

Source: thehindubusinessline.com- Jan 14, 2017

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Open end spinners to stop operations over main raw material price

With prices of waste cotton, which is the main raw material for open end spinning mills, shooting up, the mills plan to protest by stopping production from the end of this month.

According to a press release from the Open End Spinning Mills' Association, the price of waste cotton was Rs. 60 earlier and it shot up to Rs. 78 a kg this month. Four months ago, when the price of cotton was Rs. 146 a kg, the price of waste cotton was Rs. 60 a kg.

Export

Now, cotton prices have come down to Rs. 112 a kg. But, the price of waste cotton has increased to Rs. 78 a kg. This is mainly because of export of waste cotton.

Escalation of raw material prices has hit open end spinning mills, powerloom units, and fabric manufacturers.

If the situation continued, all the 600 open end spinning mills in the country planned to stop production, in protest.

The mills appealed to the textile associations to fix waste cotton prices as 45 per cent of the market price of cotton so that the entire textile value chain benefits.

The association also appealed to the Union Government to levy 15 per cent tax on export of waste cotton.

Cashless policy

Further, the mills have decided to adopt cashless policy and will go for digital transaction for payments for waste cotton too, the association added.

Source: thehindu.com – Jan 14, 2017

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Zooming sales numbers prove PM Modi is a worthy khadi icon

Numbers take the fizz out of the controversy over Prime Minister Narendra Modi's image figuring on the calendar of the Khadi and Village Industries Commssion (KVIC) instead of the original khadi icon, Mahatama Gandhi

KVIC hit a big growth trajectory after Modi became Prime Minister and started promoting khadi at various platforms including his radio broadcast Mann Ki Baat.

During 2015-16, the sale of khadi products shot to Rs 1,510 crore, up 29 per cent from Rs 1,170 crore during 2014-15. In 2014-15, the growth was a mere 8.6 per cent.

KVIC eyes 35 per cent sales growth in the current fiscal. It has set an ambitious target of Rs 5,000 crore by 2018. A buoyont KVIC is now in talks with e-commerce players for promoting online sales.

PM Modi's promotion of khadi has translated into solid numbers. An example is his October 18 rally at Ludhiana where he made an appeal for adopting khadi by coining a slogan,"khadi for nation and khadi for fashion".

The next Sunday, on October 23, PM Modi's appeal resulted into a four-fold increase in sales at KVIC Connaught Place outlet — Rs 1.08 crore in a day, its highest so far. The sale on October 22 was only Rs 27 lakh.

The October 23 record surpassed Rs 82.5 lakh single-day sales on October 2 in 2015 at the same outlet.

Source: economictimes.com – Jan 13, 2017

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Cotton blooming but correction likely

Increased supply may change the dynamics in the second half of the cotton year

So far, 2017 has been good for cotton with future prices rising 10 per cent or so in the last two weeks on renewed hope of buying as the impact of demonetisation recedes, on fears of supply shortage and procurement support from the Cotton Corporation of India (CCI).

Globally, cotton traded firm in the first half of cotton year 2016/17 (August-July), hit a near five-month high (75 cents/lb) on January 5 because of supply shortage as the bulk of the crop was still being harvested. Of late, the expectation of reduced supply from India has added to the positive sentiment. However, things may change in the second half of the cotton year on increased supply, leading to a correction in prices. The downside may, however, be capped on strong recovery in the US economy and rising income in developing countries.

Global factors

According to the International Cotton Advisory Committee (ICAC), 2016-17 is expected to begin with a carry-forward stock of 19.3 million tonnes (mt) while production is estimated at 22.8 mt (up 8 per cent year-on-year), putting the total supply for the year at 42.1 mt against a consumption demand of 24.1 mt.

Thus, 2016-17 is likely to end a closing stock of 17.9 mt, down 7 per cent from 2015-16. However, the global stock-to-use ratio (excluding China) is expected to increase from 50 per cent to 53 per cent, putting moderate pressure on cotton prices in the second half.

Barring China, higher production is expected from other top producers such as India, the US, Pakistan, Brazil, and Australia. The US is expected to produce 3.6 mt due to improved weather, enhanced yields and better crop acreage. Crackdown on pink bollworm is likely to improve output in Pakistan, but it will still be below the average. Production in Australia and Brazil, the key exporters, is likely to increase by 64 per cent and 10 per cent, respectively.

China no longer price driver

China is expected to produce 4.55 mt of cotton in 2016-17 against 4.75 mt in 2015-16. China is still holding inventory of more than a year and will resume the next round of cotton sales from domestic reserves on March 6, with daily sales volume set at 30,000 tonnes.

The USDA expects China to import slightly more cotton in 2016-17 to 0.98 mt. It imported only 54,900 tonnes of cotton in November, down by 35 per cent (year-on-year) while for 2016 as a whole import is down 42 per cent to 0.75 mt.

Competition from polyester

Expectations of an improved global economy and thus better prospects for clothing demand will always provide the underlying support to cotton prices but prices of polyester fibre will remain a key factor in determining cotton prices. Polyester prices have increased a bit recently, with increase in crude oil prices post OPEC deal on production.

Domestic factors

The current firmness in Indian cotton prices is seen because of slower arrivals impacted by demonetisation and fears of supply shortage despite estimate of increased cotton production by the Cotton Association of India (CAI) at 34.5 million bales (1 bale =170 kg) of cotton in 2016-17 (October-September) compared to 33.8 million bales in 2015-16.

According to the Cotton Corporation of India, the season's total arrival till December'16 has reached 7.5 million bales, a drop of 25 per cent to that in 2015.

However, the uncertainty over production figures remains because of the reduction in acreage by over 10 per cent.

The private participants are expecting lower production at 31-31.5 million bales. The procurement support from CCI, after a gap of four years, to procure 0.15 million bales of cotton in the year ahead is expected to strengthen demand.

At the same time, with more money coming into people's pockets (waning impact of demonetisation) creating more demand is likely to be somewhat balanced with increased arrival pressure restricting the extent of upside.

India's export of cotton is expected to fall by 34 per cent to 0.82 mt in 2016-17 due to demonetisation-led squeeze in supply when prices were running low and now with domestic prices running high, exports should be lower.

Outlook

Cotton is likely to trade steady on an expected shortfall in production, coupled with procurement support from CCI and improved domestic buying with more cash in hand. However, a likely increase in cotton arrivals, cheaper imports and not-so-bright export prospects will limit the extent of upside.

Source: thehindubusinessline.com- Jan 15, 2017

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