

IBTEX No. 107 of 2017

May 29, 2017

USD 64.58 | EUR 72.11 | GBP 82.84 | JPY 0.58

Cotton Market		
Spot Price (Ex. Gin), 28.50-29 mm		
Rs./Bale	Rs./Candy	USD Cent/lb
20222	42300	83.56
Domestic Futures Price (Ex. Gin), May		
Rs./Bale	Rs./Candy	USD Cent/lb
21100	44136	87.19
International Futures Price		
NY ICE USD Cents/lb (July2017)		77.22
ZCE Cotton: Yuan/MT (Sept 2017)		15,625
ZCE Cotton: USD Cents/lb		6.92
Cotlook A Index - Physical		89
Cotton guide:		
<p>The week gone by was bearish for cotton. The most active July future for ICE ended lower at 77.09 cents/lb down by 236 points from the previous week's close. Likewise, December contract settled at 72.79, down 66 points for the week.</p> <p>With the aggressive fall in July and moderate decline in December contract has kept the spread around 4.5 cents/lb mostly stable from the previous week's spread performance.</p> <p>However, same has been declining for the past three weeks and likely that in the near future the spread may come further down.</p>		

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On the market behavior we understand that mills were steadily making steadily on-call sales fixation in July contract.

Further, the July contract first notice day is on June 26th. On Tuesday the Jim Rogers long only funds will start their 3 days of rolling long Julys into Dec. Goldman Sachs 5-day rolls will begin June 7th.

We believe this may create further volatility in cotton market especially in July contract.

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

NEWS CLIPPINGS

INTERNATIONAL NEWS	
No	Topics
1	COTTON USA celebrates first China Cotton Day
2	Pakistan: Implementation of textile policy is priority of govt
3	Bangladesh: 'Lower corporate tax on RMG, home textile exports to 10%'
4	Pakistan: Textile industry frets over indifference to proposals
5	Uzbekistan's Senate ratifies textiles protocol with EU
6	"To Develop Its Textiles Market, Africa Needs Its Cotton"
7	Sri Lanka's trade deficit widens substantially this year
8	USA: MIT researchers develop bio moisture managing suits
9	Turkish knitters urged to set up manufacturing plants in Serbia
10	Dhaka, Ankara set to finalise ToR next week to initiate FTA talks
11	China offers to import more from US in return for easing of export curbs
12	Cotton Bulls Retreat as Output Set to Climb From India to U.S.
13	U.S., EU to Create Action Plan on Trade
14	Cambodia: Competition, Economic Status Leave Garment Sector at Risk
NATIONAL NEWS	
1	Textiles ministry documents achievements of last 3 years
2	Indian exports can touch \$325 bn in 2017-18: FIEO
3	Indian textiles ministry promotes wool sector
4	NGT directs conditional reopening of textile units in Rajasthan
5	Fabric of Change initiative announces €250000 scaling fund
6	India is to be the world's no 1 in Home Textiles
7	Raymond lines up Rs 350 cr for capex, retail expansion
8	Dip in cotton supply makes Rs 5 crore yard redundant
9	Trade pact with Mauritius may go live by end of the year
10	Strong rupee to hit exports

INTERNATIONAL NEWS

COTTON USA celebrates first China Cotton Day

Cotton Council International (CCI) celebrated 'Cotton Day' in Beijing, China for the first time recently, positioning US cotton as the fiber of choice for today's sustainability-conscious Chinese hospitality industry. Cotton Day brought together COTTON USA licensees and travel industry buyers invited by the China Tourist Hotel Association (CHTA).

Cotton Day featured a workshop, mini-fair and main event. Cotton USA displayed US cotton-rich hotel bedding, towel and amenity products from 13 Cotton USA licensees. A discussion about sustainable hotel procurement with 30 members from the China Tourist Hotel Association, including representatives from global hotel chains, also highlighted the advantages of using US cotton in hotel products to increase durability and reduce costs.

"Global hospitality players are tailoring their offerings to provide hotel guests with home comforts, outfitting guest rooms with textile product made of natural fibers. The objective of Cotton USA is to be the supplier of choice for brands and retailers who are committed to only buying cotton that is produced with sustainable and responsible environmental, safety and labour practices. We want to make a difference and drive change, to make the world a better place for future generations," said Bruce Atherley, CCI executive director.

Atherley kicked off the new 'Cotton USA - The Cotton the World Trusts' global campaign at Cotton Day China. The event also featured a travel-themed runway show, where six licensees (BIB, Byford, Devil Nut, Indigo Tank, JNBY and le coq sportif) showcased fashionable and comfortable travel apparel made of US cotton. The finale featured 'Travel in Denim' by Chen Wen, the most influential denim designer in China, whose collection had support from Cotton USA, Indigo Tank and the 125-year old classic American denim company, Cone Denim.

"We have great appreciation for everything that Cotton USA has done over the years. They share our corporate values, and we are very proud to be licensed by CCI and begin our partnership this year. We are glad to see that many consumers have also shown an interest in our products at the Hotelex

Expo. They know what good quality means," said Zhang Hua, vice general manager, Jiangsu Sidefu Textile Co., Ltd.

Source: fibre2fashion.com- May 27, 2017

[HOME](#)

Pakistan: Implementation of textile policy is priority of govt



The government is working to implement the textile policy 2014-15 on priority in its true spirit and for the maximum benefit of the industrial sector. Ministry of Textile through the implementation of the policy will provide incentives worth Rs 162 billion for the modernization

and development of the textile sector, a senior official of Ministry of Textile told APP here.

“Textile sector will get Rs 162 billion out of the Rs 180 billion “Trade Enhancement Package” announced by Prime Minister Muhammad Nawaz Sharif.” The package is for a duration of 18 months starting from January 2017 to June 2018.

The government had given relaxation on the import of textile machinery to enhance the capacity of the textile sector, he added. The official said that through this package cost of doing business would decrease which would lead to further boost in business activities.

Replying to a question, he said, “We introduced 16 new varieties of cotton.” He said the Ministry had started a training programme for cotton growers to help them control pest and better manage crops. About 5,000 progressive farmers and workers of field extension sections of the provincial agriculture departments were initially trained to control pest and manage crops, he added.

Source: pakistantoday.com.pk- May 28, 2017

[HOME](#)

Bangladesh: 'Lower corporate tax on RMG, home textile exports to 10%'

With the falling exports in Bangladesh, the Exporters Association of Bangladesh (EAB) has appealed the government to reduce the corporate tax to 10 per cent on export-oriented readymade garments (RMG), home textile and terry towel sectors. At present, the corporate tax on RMG is 20 per cent while on home textile and terry towel is 15 per cent.

Further, the EAB has also requested for waiver of Value Added Tax (VAT) on local goods and services including full exemption on gas, water and electricity bills of export-oriented industrial units. Full exemption of VAT on local products and services will increase competition in the export industry, said Abdus Salam Murshedy, president of EAB, as reported by Bangladesh media.

In a proposal by EAB, Murshedy has said that the export-oriented RMG sector has the advantage of VAT-free exported and imported items and on some local products and services but there are still some products that are subject to VAT. EAB has also urged for reduction in source tax rate from the current 5 per cent to 3 per cent.

For fiscal 2016-17, Bangladesh has set apparel export target of \$30.379 billion, with knitted and woven categories contributing \$14.169 billion and \$16.210 billion respectively.

Source: fibre2fashion.com- May 27, 2017

[HOME](#)

Pakistan: Textile industry frets over indifference to proposals

LAHORE: Textile mills on Friday expressed disappointment over the federal budget, saying none of the proposals their association presented to Finance Minister Ishaq Dar was incorporated in the budget speech.

Amir Fayyaz, chairman of All Pakistan Textile Mills Association (Aptma) said even the amount allocated for the 'much-touted' export package has

not fully been released. Against an expected refund payment of Rs10 billion a month from February 15 onwards, the government released only two billion rupees in the past four months. Exports would remain stagnant without a transparent and automatic mechanism for the announced funds, he added.

Fayyaz further said no relief was either announced in energy cost. Energy is an important element of cost of production particularly for spinning, weaving and processing industry. Its availability at regionally competitive price is important, he said. He said industry is burdened with Rs.3.63/kilowatt-hour (kWh) surcharge on electricity in addition to gas infrastructure development cess (GIDC) on gas, “which cannot be passed on to the international buyers.” “We were expecting that a reduction would be announced in this budget, reducing the electricity tariff to Rs7/kWh without levy of surcharges,” he added.

Aptma chief said the association proposed the government to equally consider re-liquefied natural gas and natural gas to ensure uniform price for industrial consumers (for captive and processing use) across the country. “The rate should not be more than Rs400/ million metric British thermal unit without GIDC.”

He regretted that the Federal Board of Revenue has rolled back all the claims of refund payment orders for the tax period from July 2016 onwards on the plea that the claimed amount exceeds certain bench marks. Dar, in the budget speech, assured release of approved refunds. “This is not acceptable as three times more refunds are pending approval,” Fayyaz said.

He said the finance minister was also silent on Aptma’s proposal to allow import four million cotton bales without any incidence of taxes as cotton is short in supply in the country. Cotton is the major raw material and represents 80 percent the fiber mix in the textile products, predominantly meant for exports, he added.

The industry leader said no steps have been proposed to stop the misuse of duty and tax remission on export and other exemption schemes. Mis-declared, under-invoiced and smuggled goods, especially yarn from India, are making inroads into local markets through abuse of exemption schemes at the cost of domestic industry. Mechanism should have been put in place to control the misuse of exemption schemes under statutory regulatory

orders (SRO) 327 and 450 and control smuggling of fabric and garments as well as mis-declared yarn dumping.

Fayyaz reiterated that all the consignments of imported yarns from India, cleared vide the said SROs, should be subject to pre-shipment inspection certificate of SGS or other quality testing company and be mandated in letter of credit for yarn import from India for clearance under any exemption scheme.

Moreover, he added that all the samples of import consignments should have been subject to test by independent inspection agencies like SGS.

The Aptma chairman regretted that despite the fact that furnace oil, diesel and coal were zero-rated in 2016, but zero rating was not actually implemented due to the cumbersome procedures. “Zero rating of all inputs (in true spirit), including packing materials, spares, coal and HFO (heavy fuel oil) should be announced,” he said. “Finance minister is aware of this issue and should have addressed it in his budget speech.” He further said indirect exports have been made eligible under long-term finance facility (LTFF) scheme. This will help increase in supply of basic textiles to the value-added sector. This facility was earlier available under the scheme of long term financing for the export oriented projects.

“The State Bank of Pakistan should have been advised to issue circular enabling new investment initiatives,” he added. “Furthermore, LTFF facility be also allowed for building of infrastructure for garment plants. This will encourage investment initiatives for garmenting projects.”

Fayyaz further added that increasing the minimum turnover tax will further hit textile mills which have been paying one percent turnover tax despite suffering losses. They have now been asked to pay 1.25 percent of the turnover tax, he lamented.

Source: thenews.com.pk- May 27, 2017

[HOME](#)

Uzbekistan's Senate ratifies textiles protocol with EU

The Senate of the Oliy Majlis (upper house of the Uzbek parliament) ratified the 'textiles protocol' to the partnership and cooperation agreement (PCA) between the EU and Uzbekistan at the plenary session, Trend's correspondent reported.

The document also envisages customs privileges while processing, supplying and transit of Uzbek textile products to the EU countries.

The law "On ratification of the protocol to the EU-Uzbekistan PCA and bilateral trade in textiles" in accordance with the procedures will be submitted to the country's president for signing.

Up till now, the most-favoured-nation treatment as part of the PCA has not been applied to the import of textile products from Uzbekistan.

There was a double licensing system when issuing permits for the import of textile products from Uzbekistan to the EU.

The European Parliament ratified the 'textile protocol' to the PCA between the EU and Uzbekistan in December 2016 after Uzbekistan complied with the requirement to eradicate child labor in cotton harvesting.

Source: en.trend.az- May 28, 2017

[HOME](#)

"To Develop Its Textiles Market, Africa Needs Its Cotton"

Pathé'O - of Burkina origin and Ivorian by adoption - and Sidahmed Alphadi - from Niger -, fashion designers of international renown, pleaded the cause of African cotton, a precondition if the textiles industry in Africa is to flourish.

The two African designers voiced these views on Wednesday, May 24, 2017, at the 52nd Annual Meetings of the African Development Bank (AfDB), in the session on "Fashionomics" dedicated to the African textiles and clothing sector. The sector represented a market of US \$31 billion in Sub-

Saharan Africa. It is even the second most important sector in terms of jobs in some developing countries, after agriculture, according to the AfDB.

Africa produces cotton, but this cotton does not stay here, lamented Pathé'O, designer in Burkina Faso and Côte d'Ivoire, creator of the celebrated "Mandela" shirts, adding: "Our producing countries export everything and leave nothing for us. Thinking that the fashion industry is about others is a mistake. Africa can dress Africa. But, to do that, it needs its cotton. To go from fashion design to a true industry, we need to develop training, infrastructure and access to financial resources."

Sidahmed Alphadi, from Niger, took a similar line: "In the past, we asked cotton producing countries to keep at least 25% of their production. But that never happened. We are lucky if we keep 2%," before adding, "I have been frustrated for a long time because our voices do not count."

So how can things be improved? According to him, you need to put an end to the financing disparities which exist in the continent by involving all decision-makers in the sector: "Governments, banks and financial institutions do not help us, especially in the French-speaking area. We do not get much support." Sidahmed Alphadi complained of the significant differences between parts of the continent: "Things are changing in English-speaking Africa. If our politicians support us, we can create plenty of jobs and develop the textiles market," he asserted, in an appeal to political leaders.

The founder of the "Made in Africa" initiative, Helen Hai, Vice-President and General Manager for overseas investment for Huajian Group, addressed the two African designers, stressing the need for entrepreneurship: "Despite the difficulties, you have to get on with it. You need to be self-reliant. You can start with nothing and create clothes, like in China," she said.

"Creativity is key. You need to adopt another approach, you must create, do something new. Africa's time has come in this sector with its enormous potential," asserted Nick Earlam, CEO, Plexus Cotton Group, which specializes in cotton, notably in Nigeria. "It is the textiles industry which will radically change Africa," he predicted.

The textiles industry certainly offers fine prospects for the future, which could become reality, but on three conditions, qualified Alphadi and Pathé'O: "Limit cotton exports, create structures (and acquire new equipment) and train young people."

In Africa, the fashion industry could generate US \$15.5 million in five years, according to the AfDB - and these figures are still far from the US \$1.3 billion that this industry generates globally.

In 2015, to try and fill the gap, in a sector where the overwhelming majority of the workforce consists of women and young people, the Bank launched the "Fashionomics Africa" initiative, designed to provide support to micro, small and medium-sized enterprises (MSME) working in the fashion and textiles sector in Africa.

In this context, the Bank has already invested US \$10 million in Madagascar, in the investment promotion project (PAPI), which targets MSME in the sector and women and young people in particular. Industrialize Africa - in this case the textiles and clothing sector - is one of the five development priorities of the AfDB, known as the High 5s, to ensure the continent's economic take-off.

The 2017 Annual Meetings of the AfDB Group took place from May 22-26 in Ahmedabad. Over 3,000 delegates, including Heads of State and Government, Ministers of Finance and Heads of Central Banks, attended, alongside representatives of multilateral development finance institutions, development agencies, the private sector, non-governmental organizations, civil society and the media.

Source: allafrica.com- May 25, 2017

[HOME](#)

Sri Lanka's trade deficit widens substantially this year

Sri Lanka's trade deficit widened substantially in the first two months of the year, while a moderation in tourist earnings and a modest growth in workers' remittances resulted in a subdued external sector, the central bank said in a statement.

"The deficit in the trade balance widened substantially to US dollars 743 million in February 2017 compared to US dollars 548 million in February 2016," the statement said.

"The cumulative trade deficit during the first two months of 2017 increased substantially to US dollars 1,677 million from US dollars 1,238 million recorded during the same period of 2016."

Earnings from exports at US dollars 868 million in February 2017 fell 2.7 per cent from US dollars 892 million in February 2016, mainly due to lower industrial exports.

Export earnings from textiles and garments contracted by 14.5 per cent to US dollars 396 million in February 2017 reflecting a significant decline in garment exports to the EU and the USA. Food, beverages and tobacco and gems, diamonds and jewellery also contributed substantially to the lower earnings from industrial exports.

However, earnings from machinery and mechanical appliances, petroleum products and rubber products showed an improved performance. Meanwhile, earnings from agricultural exports grew for the third consecutive month registering an increase of 12.5 per cent to US dollars 205 million in February 2017.

Earnings from tea exports increased by 12.8 per cent in value terms due to higher prices, in spite of a decline in the volume exported. Earnings from spices showed a significant growth of 25.7 per cent in February 2017 mainly due to the improved performance in cloves, nutmeg and mace, owing to significant increases in volume despite lower prices.

In addition, earnings from seafood exports increased by 27.3 per cent, year-on-year, in February 2017 mainly due to a 111.0 per cent growth observed

in seafood exports to the EU. However, earnings from coconuts, minor agricultural products and vegetables exports declined in February 2017.

On a cumulative basis, export earnings during the first two months of 2017 at US dollars 1,733 million, contracted by 3.2 per cent, year-on-year.

“A considerable widening in the trade deficit was observed in February with a decline in exports amidst increased imports mainly due to higher imports of fuel and rice.”

“Earnings from tourism dipped with a marginal decline in tourist arrivals during the month, which could partly be attributed to the day time closure of the Bandaranayke International Airport (BIA) for resurfacing of the runway.”

The pressure on the external account has been eased somewhat in subsequent months by improved export performance; a reversal of capital outflows with investments in the stock exchange and inflows to the government securities market.

Expenditure on imports increased by 11.9 per cent, year-on-year, to US dollars 1,611 million in February 2017, continuing the double digit growth seen in imports for the fifth consecutive month. Higher expenditure incurred on intermediate goods contributed largely to this growth.

Expenditure on imports of intermediate goods increased in February 2017 by 25.3 per cent, year-on-year, to US dollars 907 million, led by fuel imports.

Import expenditure on fuel increased by more than two fold to US dollars 355 million driven by higher expenditure on refined petroleum imports, while import of crude oil and coal also increased, owing to the increased thermal power generation due to prevailing drought conditions in the country.

Higher international oil prices and depreciation of the rupee also contributed to the increase in import expenditure on fuel.

In addition, expenditure on imports of raw materials of iron and steel, and gold also contributed significantly to the high growth in intermediate goods

imports. However, import of textiles and textile articles, declined by 17.1 per cent in February 2017 in line with the decline in textiles and garments exports.

The overall BOP is estimated to have recorded a deficit of US dollars 258.3 million during the year up to end February 2017, compared to a deficit of US dollars 534.0 million recorded up to end February 2016.

Source: lankabusinessonline.com- May 26, 2017

[HOME](#)

USA: MIT researchers develop bio moisture managing suits

Biological cells embedded suits that adapt to changes in moisture have been designed. Researchers at Cambridge, USA-based Massachusetts Institute of Technology have created breathable workout suit with flaps for better moisture control.

The interesting feature is that the flaps are lined up with live biological cells that shrink and enlarge with the changes in the environmental humidity.

Additional product with similar technology is a sport shoe, which has been designed by the researchers. The cells used can be designed using genetic engineering and are safe, according to the researchers. The suits can be functionalized to enable them to be color sensitive such as fluorescence and release pleasant odor when working out in the gym.

According to researchers led by Wen Wang, former research scientist at MIT's Chemical Engineering, the cells are strong and can be coated on to fabrics.

Common nonpathogenic E. coli strain has been used, which shrink and swell with variations in humidity. These were then cell printed onto natural rubber latex.

The cell lined latex was used to develop flaps which were tailored to the workout suit.

The work was recently published in the journal Science Advances and involved true multidisciplinary expertise involving fashion design, mechanical, chemical and bio engineering disciplines. The team collaborated with New Balance Athletics.

Source: textiletoday.com.bd - May 27, 2017

[HOME](#)

Turkish knitters urged to set up manufacturing plants in Serbia

Turkish investment in Serbia is expected to grow in the short term as the country offers the best conditions for foreign direct investments (FDI) in the Western Balkans. The Balkan country is offering financial incentives, such as government subsidies, as well as a prime strategic position as a link between southern and central Europe and the emerging markets of Eastern Europe, said Aleksandar Medjedovic , the chairman of Turkey - Serbia Business Council.

Currently, 12 or 13 Turkish companies operate factories in Serbia and their number is expected to double by the end of the year, as Turkish knitted fabric and knitwear manufacturers are being urged to set up manufacturing plants in Serbia.

Nis and the surrounding region has attracted a growing level of investment from foreign textile firms in recent years with manufacturers attracted by financial incentives, such as government subsidies, as well as its strategic position as a link between southern and central Europe and the emerging markets of Eastern Europe.

Turkish investors began looking at the Serbian market five years ago, when some companies opened factories in southern Serbia, mainly in the textile sector, and interest has been constantly growing, Medjedovic said during the Vienna Economic Talks forum in Belgrade.

Most recently, Aster Textile, one of the largest and fast growing knitted jersey and woven womenswear, menswear and childrenswear producers in Turkey, invested €7.2 million on a new plant in the southern Serbian city of Nis. Of the total €7.2 million investment, €2 million was funded by State

Aid. The site employs 250 people although this number is expected to rise to more than 2,000 over the next three years.

Within three years, Aster said that it would be producing garments worth around €60 million of womens and menswear per year for some of the world's leading brands.

Source: yarnsandfibers.com - May 26, 2017

[HOME](#)

Dhaka, Ankara set to finalise ToR next week to initiate FTA talks

Bangladesh and Turkey are set to finalise terms of reference (ToR) next week aiming to initiate talks over signing of a free trade area (FTA) deal between the two Muslim nations, officials said.

A Turkish delegation led by deputy director general of the ministry of economy Mehmet Tan will sit with a Bangladeshi delegation, led by additional commerce secretary Shafiqul Islam, in Dhaka to finalise ToR.

Bangladesh is eager to ink the deal for removal of additional duty on textile and garment import imposed by Turkey in June 2012. Textile and garment export accounted for over 90 per cent of total Bangladeshi exports to Turkey.

The imposition of 17 per cent additional duty hit hard Bangladesh's apparel exports to the Eurasian country. Bangladesh and Turkey had decided to commence FTA negotiations in April 2012 during Prime Minister Sheikh Hasina's Ankara visit.

Later, in line with 'Bangladesh FTA Policy Guideline 2010' the Bangladesh Tariff Commission (BTC) conducted a feasibility study which found that signing FTA with Turkey will be beneficial for the country since the revenue loss is very minimal, a senior commerce ministry official told the FE.

The BTC also prepared a draft template for FTA negotiations which was finalised by the ministry of commerce (MoC) after consultation with stakeholders and inter-ministerial meetings.

The template was sent to Turkey for its comments in 2014. But without making comments on the draft template Turkey proposed an explanatory meeting to clarify the expectations of both the sides and evaluate the scope of signing FTA.

According to officials, the meeting was held in Ankara in August 2014 where Turkish side showed interest to widen the coverage of FTA and complete elimination of tariffs on all industrial goods and on substantial reduction of tariffs on agricultural goods on reciprocal basis.

Bangladesh side in the meeting said their main interest for an FTA is elimination of additional duty on textile and garment imposed by Turkey.

After the meeting, Turkey handed over a ToR to Bangladeshi officials instead of making specific comments on draft template. In February 2016, Bangladesh sent its comments on the Turkey's proposed ToR after completion of necessary consultation with stakeholders.

Officials said in June last year Turkey again showed interest to host another round of meeting in Ankara to finalise ToR. But this time Dhaka said it is interested to host the meeting.

A senior MoC official told the FE that the commencement of FTA talks with Turkey was delayed as Turkish ambassador in Dhaka Devrim Öztürk left the country in May last year following execution of Jamaat-e-Islami leader Motiur Rahman Nizami. Before that the government of Turkey on several occasions strongly condemned the execution. However, after three months the ambassador came back Dhaka in August last year.

"If we can get duty-free access to Turkey, our export to the Eurasian country will increase manifold," he said, adding that "especially apparel export has significant potential to grow there."

He said in the calendar year 2013 Bangladesh's exports to Turkey crossed US\$ 1.0 billion while import was \$ 195 million. As 17 per cent duty was slapped on apparel, Dhaka's exports to Turkey waned to \$ 767 million the following year.

The official said in the last meeting on FTA deal, Turkey proposed that both the parties will open 50 per cent tariff lines of agricultural products and 100 per cent tariff lines of industrial products under the agreement. Once opens, these products of both the countries will be able to enter each other's market without paying any duty.

But the Bangladesh Tariff Commission opined to open 50 per cent of agricultural tariff lines and 80 per cent of industrial products in FTA with Turkey. On the other hand, businesses were of the opinion to open 50 per cent of industrial tariff lines and 80 per cent tariff lines of agricultural products.

In the fiscal year 2015-16, Bangladesh exported goods worth \$ 661 million to Turkey while import was worth \$ 175 million.

Bangladesh's major exports to Turkey include articles of apparel and clothing accessories, textile yarn and related products, non-metallic mineral products, tobacco and tobacco manufactures, and leather and leather goods.

On the other hand, Bangladesh's imports from Turkey include edible vegetable and certain roots, salt, sulphur, earth and stone, plastering materials, lime, cement, products of chemical and allied industries, plastic and articles thereof, cotton, cotton yarn and cotton fabrics, iron and steel.

Source: thefinancialexpress-bd.com- May 27, 2017

[HOME](#)

China offers to import more from US in return for easing of export curbs

China has decided to offer tens of billions of dollars of market access to the US by importing liquefied natural gas, crude oil, refined oil, beef, soybeans, cotton, civilian aircraft, integrated circuits, machine tools, and Hollywood movies, in addition to sending thousands of students and tourists to America.

As part of a bonanza for the Trump administration, China wants specific improvements in the imposition of trade remedy measures such as anti-

dumping and countervailing duties on Chinese goods, lifting of export-control measures for high-technology products for civilian use, and fair treatment of Chinese investors, including its state-owned enterprises, in mergers and acquisitions in the American market.

At a time when President Donald Trump is ratcheting up pressure on the European Union because of the bulging trade surpluses accruing to Germany on account of its soaring exports of cars and other products to the US market, and economic and trade tensions between New Delhi and Beijing are rising, China's decision to strike a grand bilateral bargain with Washington is of considerable significance, according to trade analysts.

Recently, India boycotted China's grand launching of the \$900 billion "One Belt One Road" (OBOR) initiative, while Germany expressed sharp concerns about lack of transparency and little access for its companies in the OBOR.

In a 117-page report unveiled by the Chinese ministry of commerce on 24 May, and reviewed by *Mint*, Beijing maintained that China-US relations, after 45 years of accelerated liberalization, must become "mature, broad-minded, visionary and wise" so as to bring about "win-win cooperation". It dismissed concerns about its continued surplus with the US, suggesting actual trade gap between the two countries would be around \$164.8 billion after taking into consideration the US's surplus in services and the deficit in goods in two-way trade. "Over the past decade, the US trade deficit with China was gradually decreased," it maintained.

The average growth rate of US exports to China was nearly three times the growth rate of overall US exports over the past decade, and twice the growth rate of China's exports to the US, argued China. "The US has maintained long-term surplus in trade in services and in 2016, the US exported to China 51 movies, obtaining revenue of US\$16 billion. Chinese tourists and students in the US spent more than US\$51 billion."

The US must settle for a harmonious trade and economic relationship, argued China. "The US side should also abandon the Cold War mentality, relax control on its exports to China, and create opportunities to expand export of high-tech products to China," it said.

Against the backdrop of concerns about Chinese surpluses, China said it would “further increase imports of agricultural products such as soybeans and cotton from the US and speed up negotiations with the US on terms regarding traceability and inspection and quarantine for US beef to enter China, which will benefit 6 million American farmers”.

As regards imports of manufactured goods from the US, China said it would increase purchase of “advanced manufactured goods such as aircraft, integrated circuits and machine tools”.

China said the US must treat imports of Chinese goods without using the price of alternative state system to calculate the dumping margin on Chinese products during anti-dumping investigations. “The abandonment of the alternative state approach in the anti-dumping investigation against China under Article 15 (of China’s accession protocol) is unconditional,” said China.

Effectively, the US must not insist on conditions such as “the priority application of domestic laws, China’s excess capacity, (and) market economy status” for fulfilling the World Trade Organization (WTO) commitments. It called on the US to review its trade remedy measures on Chinese products involving 153 duty orders (110 anti-dumping and 43 countervailing duty orders).

China wants the US to lift the existing export-control restrictions for selling high-tech products for civilian purposes to China. “China hopes that the US side will take practicable action in easing the export control against China and effectively loosen the restrictions on products exported to civilian users for civil purposes” for reducing the US trade deficit.

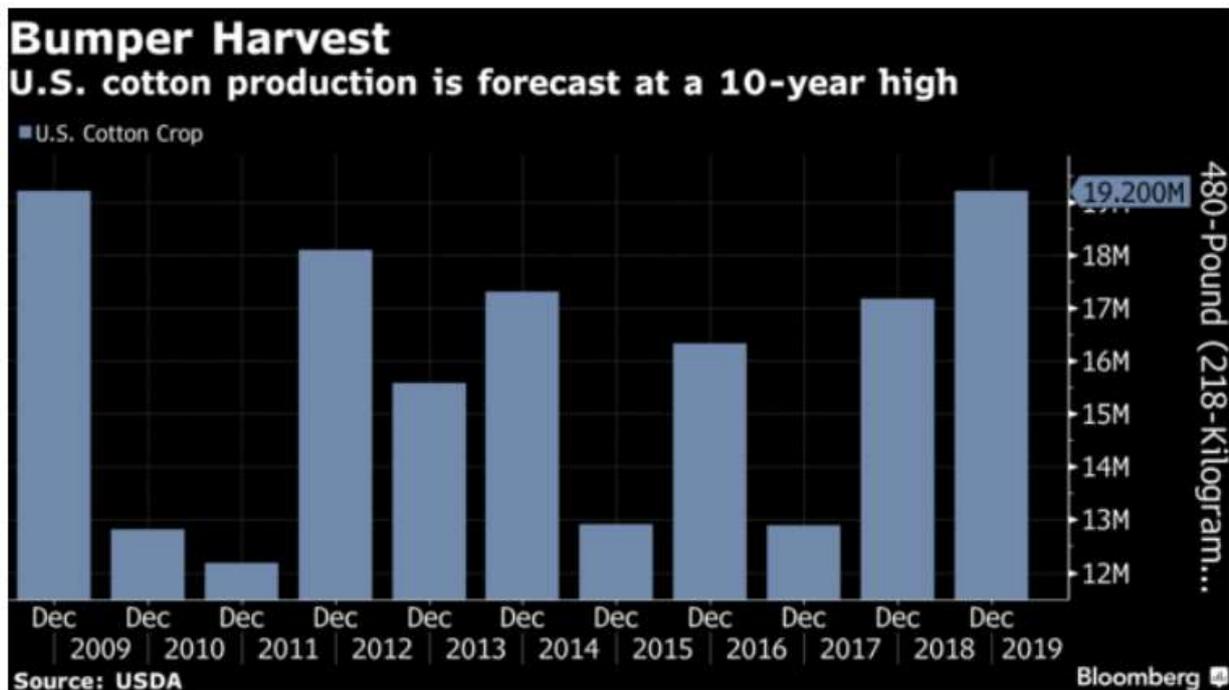
China emphasized the importance of WTO in addressing global trade and investment problems, suggesting that if “members cast away the WTO rules in bilateral trade talks, the global economy may be led into the danger of ‘beggar-thy-neighbor’ and ‘zero-sum-game’.”

Source: livemint.com- May 27, 2017

[HOME](#)

Cotton Bulls Retreat as Output Set to Climb From India to U.S.

The world is about to be inundated with cotton as farmers take advantage of high prices to produce more and China floods the market with excess supply from its strategic inventory.



Global output will climb 6.9 percent in the season that starts Aug. 1, helping push stockpiles outside of China to a record, the U.S. Department of Agriculture estimates.

American farmers, the biggest exporters, are forecast to have their biggest harvest in a decade, and crop increases are expected in Australia and top grower India.

Growers planted more acres after cotton futures jumped 12 percent last year, when most other crops were mired in slumps. At the same, there are no signs that China's sales of its state inventories are slowing down.

The ample supply outlook means prices are now heading for the biggest monthly loss since August. Hedge funds are backpedaling on bets on a rally, lowering their wagers for the second time in three weeks.

“The supply side should remain ample, and if we see production ramp up, cotton will see further losses,” said Lara Magnusen, a La Jolla, California-based portfolio manager for Altegris Advisors LLC, which oversees \$2.43 billion. On the demand side, a recent downgrade to China’s debt has raised concern that global demand “won’t be enough” to absorb additional production.

Net-Wagers

Money managers lowered their cotton net-long position, or the difference between bets on a price increase and wagers on a decline, by 8.7 percent to 95,904 futures and options contracts in the week ended May 23, according to U.S. Commodity Futures Trading Commission data released three days later. That’s the lowest in a month.

Cotton futures dropped 7.7 percent in May, settling Friday at 72.79 cents a pound on ICE Futures U.S. in New York. Prices are headed for the first monthly loss since December.

While the USDA projects that the market will post a third straight, albeit smaller, deficit in the 2017-2018 season, researcher Cotlook Ltd. is forecasting a surplus. The Birkenhead, England-based company estimates production will top demand by 44,000 metric tons.

Favorable weather has aided U.S. spring seeding, especially in Texas, the top grower. Through May 21, American farmers had sown 52 percent of intended plantings, up from 45 percent a year earlier.

India, Australia

Output is also looking favorable in India, the biggest global producer. In Australia and Brazil, increased mechanization is aiding production and allowing farmers to compete with the U.S. on quality.

China continues to unload inventories to supply the domestic market, dimming the demand outlook in the No. 1 consumer. At an auction on Friday, the nation sold 13,700 tons out of 29,500 tons offered, according to the website of state-owned China National Cotton Information Center.

“People used to say that because so much of the world inventory was within China, that it was bullish, because it was never going to come out,” said Gillian Rutherford, who helps oversee about \$12 billion as a commodities portfolio manager for Pacific Investment Management Co. in Newport Beach, California. “Now, we are in the reverse situation.”

Cotton’s Wild Ride Pushes Volatility Higher Amid Options Frenzy

Still, farmers will have to “navigate the summer” growing season in the U.S., and adverse weather can throw off production estimates, Rutherford said.

Some cotton fields in the U.S. Southeast, including Georgia and Florida, are stressed from lack of rain and will turn dry again in the next two weeks, said Drew Lerner, president of World Weather Inc. In India’s northern growing region, where planting is underway, plants are benefiting from adequate moisture and crop prospects are “very good,” whereas China’s non-irrigated crops in northern areas are stressed from dryness and high temperatures, he said.

China can also still surprise the market if it decides to increase its import quotas for mills in need of higher-grade cotton after “good demand” seen during the auctions recently, Jon Devine, chief economist for Cary, North Carolina-based researcher Cotton Inc., said in an interview at Bloomberg headquarters in New York.

The majority of the company’s clients include cotton growers and textile importers.

Source: bloombergquint.com- May 29, 2017

[HOME](#)

U.S., EU to Create Action Plan on Trade

The U.S. and the European Union reportedly agreed May 25 to pursue a joint action plan on trade. The two sides also signaled possible cooperation in efforts against “unfair competition.”

Few details are yet available on the scope or objectives of the action plan, which was not included in a Trump administration statement on the outcome of a meeting in Brussels between President Trump, European Council President Donald Tusk, and European Commission President Jean-Claude Juncker.

Given that Trump has made addressing trade deficits one of the primary goals of his trade policy, and that the U.S. deficit with the EU is one of its largest, the U.S. could seek to use the action plan to boost exports to, or reduce imports from, the EU.

The action plan could also address the future of U.S.-EU trade relations. Negotiations on the Transatlantic Trade and Investment Partnership were suspended in 2016, and Trump’s avowed preference for bilateral rather than multilateral free trade agreements makes it seem unlikely those talks will be revived in the near future.

Trump has praised the United Kingdom’s decision to leave the EU, and according to *Inside US Trade* he and UK Prime Minister Theresa May reaffirmed their commitment to a post-Brexit trade deal in a May 26 meeting. However, other press reports said Trump expressed concern to Tusk and Juncker that Brexit could cost U.S. jobs.

A White House statement said only that the US and EU agreed that they should “deepen [their] strong economic relationship.”

Source: strtrade.com- May 29, 2017

[HOME](#)

Cambodia: Competition, Economic Status Leave Garment Sector at Risk

Cambodia's upgrade to lower-middle income status and looming competition from an E.U.-Vietnam trade deal pose major risks to the country's garment and footwear export industry, a European business representative said on Thursday.

Currently, Cambodia enjoys tariff-free access to the E.U. market because of its least-developed country status, which enables countries under that banner to export "Everything but Arms" to the E.U. free of any import duties or quotas, said Michael Scherpe, CEO of global trade fairs organizer Messe Frankfurt France.

"Cambodia, by reason of the increase in its GDP in 2016, is no longer ranked by the World Bank among the least-developed countries," Mr. Scherpe said, adding that Cambodia's status upgrade from low-income to lower-middle income was likely to be adopted by the U.N. soon and made official.

Mr. Scherpe added that a new free-trade agreement between Vietnam and the E.U., set to take effect by year's end, would remove Vietnam's 12 percent import tax, further diminishing Cambodia's competitive advantage.

Mr. Scherpe was speaking at a memorandum of understanding signing ceremony on Thursday with the Garment Manufacturers' Association in Cambodia (GMAC), which was organized to assist Cambodian firms seeking to explore new European textiles and clothing markets.

The two-year program will provide funding of up to \$450,000 for Cambodian firms to help them comply with European production development standards, of which half will come from the German government and half from Messe Frankfurt France.

GMAC president Van Sou Ieng said he believed the U.N. was not yet close to ratifying the country's upgraded economic status, and that Cambodia could negotiate a new bilateral trade agreement similar to Vietnam with the E.U. in the future.

“Maybe in another eight to 10 years, we can negotiate with Europe when we can afford to buy European products and have our products sent to Europe tariff-free,” Mr. Sou Ieng said.

Mr. Sou Ieng was more concerned about what he saw as more pressing issues for Cambodia’s garment sector, including the high cost of production, workers’ wages and the country’s reliance on importing raw materials because producing them domestically was unfeasible due to the high cost of electricity.

“To produce raw materials for making fabric needs lots of electricity. Now, garment factories spend about 1 to 2 percent of its production cost on electricity, but to use machines to produce raw materials will add almost 30 percent to existing costs,” he said.

Chou Ngeth, senior consultant at Emerging Market Consulting, said the U.N. was unlikely to rubberstamp Cambodia’s upgraded economic status for at least five years because the country’s economy was still relatively volatile.

“The economic problems in agriculture as a growth engine is still a concern and [production] remains weak, and our economy, which relies mainly on garment exports, is not stable,” he said.

Miguel Chanco, regional lead analyst for the Economist Intelligence Unit, also agreed that the threat from Cambodia’s status upgrade wouldn’t come into play in the near future. He was more concerned about the E.U.-Vietnam trade deal, but said that its effects on Cambodia might take a year or more to be felt.

“The key thing that the government should focus on is to diversify the country’s manufacturing sector,” he said. “More initiatives to invite investment in such areas is crucial for Cambodia’s long-run economic stability.”

Source: cambodiadaily.com- May 27, 2017

[HOME](#)

NATIONAL NEWS

Textiles ministry documents achievements of last 3 years



The ministry of textiles has documented its achievements over the last 3 years. It has launched a special package for textiles, apparels and made-ups to boost exports by \$30 billion, create 1 crore jobs and attract investments worth Rs 74,000 crore in 3 years. It also provided support for technology upgradation and modernisation with schemes like A-TUFS.

Various steps have also been taken to promote handlooms such as collaboration with approved e-commerce entities to promote e-marketing of handloom products and e-Dhaga for sale of yarn among others. Bunkar Mitra handloom helpline has also been launched to assist weavers.

"Enhanced service delivery to citizens and industry has been among the core objectives of our government. Our focus has been on inclusive growth and on reforms for ensuring transparency. Under the visionary leadership of the Prime Minister, several key initiatives were launched in the textile sector during the last three years. These initiatives have been successful in bringing about sustainable development, exponential growth of handcrafted goods, and served not only to keep the textile legacy and heritage alive, but also in increasing the income of weavers and craftsmen. The initiatives in the sector were also directed at generating employment and strengthening the entire textile sector value chain," said Union textiles minister, Smriti Irani.

Support has also been offered for textile processing and steps were taken to promote organised textile industry in the North East region. The ministry of textiles is also working towards the development of textile infrastructure. The integrated Skill Development Scheme has also been implemented to make a difference through skilling.

The ministry has also taken steps to promote technical textiles and launched a new scheme (outlay Rs 427 crore) at Imphal. Close to 34 projects with an outlay of Rs 99.66 crore have also been sanctioned under GeoTech textiles.

"The textiles sector in India contributes to the livelihoods of a large number of people including those living in rural India, specially women. During the last three years, under the guidance of the Prime Minister, the ministry of textiles has taken several measures such as technology upgradation, infrastructure development and welfare of workers, weavers and artisans for participative and inclusive development in the textile sector," said Ajay Tamta, minister of state for textiles.

Source: fibre2fashion.com- May 26, 2017

[HOME](#)

Indian exports can touch \$325 bn in 2017-18: FIEO

Indian exports are on upward trend in last few months as the country ended up with export of \$275 billion in last fiscal, said GK Gupta, president, Federation of Indian Export Organisation (FIEO). The country could achieve a new milestone of \$325 billion in 2017-18 and Gupta has suggested providing additional support to top 200 products of global imports.

"We have also shared the details of the presentation with ministry of commerce suggesting that while support to all sectors of exports may continue, additional support may be given to products figuring in top 200 products of global imports at 6 digit level. Our share in these 200 products is presently at 1.43 per cent and an increase of share by 0.5 per cent can add to over \$80 billion in country's exports," said Gupta during a media briefing.

The FIEO president also shared concerns regarding some important issues. He said that the export sector welcomes the introduction of GST as its spin off effect would benefit both the manufacturing and export sector. The logistics cost is expected to come down to help the exim sector. The quick refund, as against delayed refund of VAT, will also help the export sector.

"However, we are worried with the liquidity issue as the refund mechanism would require payment of GST first and its refund subsequently. The additional cost of credit to manage the liquidity should be borne by the government, if present exemption is not brought forward in the GST. On a rough estimate, export sector would be losing export competitiveness by about 2 per cent and the same needs to be off-setted to the export sector," said Gupta.

"While we welcome the final Refund Rules envisaging issuance of acknowledgement within 3 days of the filing of claim and issuance of 90 per cent of the claim amount on provisional basis within 7 days, unfortunately contrary to general belief, the interest on delayed payment would be due only after 60 days. This will give a jolt to exporters particularly in micro and small sector. FIEO, therefore, request the government to provide interest on delayed refund after 10 days (3 days + 7 days) instead of 60 days," added Gupta.

The review of Foreign Trade Policy 2015-20 is due on October 1, 2017. Since GST will be rolled out from July 1, 2017, FIEO has requested the ministry of commerce to prepone the announcement so as to coincide with the rolling out of GST.

The Mid-Term Policy Review should look at the performance of the new instruments introduced in the Foreign Trade Policy 2015-20 and also the modifications which are required in the wake of introduction of GST. We also request the Government to sensitize the trade & industry that the imports duty benefit on imports under the existing instruments would only continue till the date of introduction of GST, said the FIEO president.

Global challenges will continue unabated in 2017. While the global trade is expected to grow at 2.4 per cent in 2017, extreme volatility is expected in currencies. While Rupee has gained a bit in last 2-3 days, FIEO feels that Rupee will appreciate in near future. Unfortunately, exporters are expected to face bigger challenge since currencies of many competing countries is expected to depreciate further.

FIEO acknowledge the positive role played by Rupee appreciation in Indian economy particularly, as it helps in containing import led inflation. However, it does affect competitiveness of Indian exports. The impact of Rupee appreciation varies from sector to sector. Traditional sectors of

exports like handicrafts, carpets, handlooms, textiles, leather, etc. face huge competitiveness issue on account of such appreciation.

"FIEO, therefore, request that government should look into the matter and provide some support to export sector based on the net foreign exchange criteria so that those sectors having large imports are provided less support while sectors having little or no imports are given higher support," stated Gupta.

Source: fibre2fashion.com- May 27, 2017

[HOME](#)

Indian textiles ministry promotes wool sector

The ministry of textiles has taken multiple steps to promote the wool sector in India in the last three years, according to the latest achievements report of the ministry. A total grant of Rs 33.98 crore has been released under pashmina Wool Development Scheme (PWDS) and pashmina Promotion Programme in the last three years, says the report.

The government has distributed foundation stock of animals to 340 families in Kargil to promote the sector. Health coverage and medicines have also been provided to over 2 lakh pashmina goats annually. Food supplements have also been provided to 40,000 goats annually, pre-empting starvation deaths.

Owing to the steps taken by the government, pashmina productivity per goat enhanced by 9.3 per cent. Close to 525 tents have been provided to nomads in Ladakh and 5 solarised community centres have also been completed.

Additionally, over 40 lakh sheep have benefitted under the Sheep & Wool Improvement Scheme (SWIS) in the states of Jammu & Kashmir, Himachal Pradesh, Uttarkhand, Uttar Pradesh, Rajasthan, Gjarat, Madhya Pradesh, Karnataka, Maharastra, Andhra Pradesh and Telangana under components of Healthcare to Animals.

Source: fibre2fashion.com- May 27, 2017

[HOME](#)

NGT directs conditional reopening of textile units in Rajasthan

The National Green Tribunal (NGT) has permitted the conditional reopening of 578 textile units in Pali district of Rajasthan with an assurance that any direction passed by the tribunal has to be complied with, reported a national news portal.

These textile units are engaged in dyeing and printing of cloth. They were closed for the last eight months for violating pollution norms, reported a national news portal.

The Bandi river of the district was being polluted due to the untreated effluents of these units. This has polluted the underground water and affected agricultural activities in the region.

The NGT has taken into consideration the negative effects on the employment and livelihood of workers due to the closure.

It has ordered the setting up of a monitoring committee which includes representatives of the Central Pollution Control Board, the Rajasthan State Pollution Control Board and IIT Jodhpur, reported a national news portal.

Source: indiainfoline.com- May 28, 2017

[HOME](#)

Fabric of Change initiative announces €250000 scaling fund

The Fabric of Change initiative of Ashoka and the C&A Foundation is set for a scale-up with the two organisations launching a new €250,000 Scaling Impact Fund as part of their joint venture supporting social innovation in the apparel industry. The announcement came in the run-up to the Fabric of Change Globalizer Summit organised in Bengaluru on Friday.

"The awards will focus on the newly crafted strategies and the way forward rather than past achievements. This is an exploratory process that will lead to new lessons and insights about successfully implementing scaling

strategies and facing inevitable barriers in doing so," the organisations said at the launch.

The summit was co-organised with leading global management consulting firm AT Kearney, and was marked the end of a flurry of events over the week in the city that focused on sustainability in the global textile and apparel industries. The two high-profile events held earlier were the annual convention of the Sustainable Apparel Coalition and MCL News & Media's Planet Textiles 2017.

The prizes that will be available to participating Ashoka Fellows include the Impact Award for €100,000, the Gender Justice Award for €30,000, two Peer Awards for €25,000 each, and seven Strategy Spark Awards for €10,000 each. These awards will focus on the newly crafted strategies and the way forward rather than past achievements.

Nadine Freeman, co-director of Ashoka's Globalizer Programme, explained the context: "Once a clear and robust scaling strategy is defined, one of the biggest remaining barriers is typically funding or investment to support strategy roll-out. Social entrepreneurs sometimes struggle to make the first steps towards implementation and find investors for system-level strategies which may delay their plans or force them to re-prioritise their programmes."

The head of gender and justice at C&A Foundation, Brandee Butler, continued: "C&A Foundation is deeply inspired by the creativity, ingenuity and tenacity of these Fellows. Through the Fabric of Change partnership, and the Globalizer Programme, C&A Foundation is proud to support their work and to enable access to the expertise, networks and resources they need to refine and scale their innovations."

Among those who spoke at the event was Neelesh Hundekari, partner and head, lifestyle and specialty retail for APAC at AT Kearney. Hundekari set the context by looking at the global textile value chain which stands at \$1.9 trillion at the retail consumption level, with apparel accounting for close to 80 per cent of the market.

Hundekari highlighted a number of trends shaping the industry including emergence of fast fashion driving apparel as a disposable item; increasing consumer concern with health, well-being fuelling growth of sportswear

and fitnesswear; rising preference for eco-friendly and sustainable products; and an emerging trend for personalised/customised products, among others. He said the impact of these trends is being increasingly felt across the value chain.

The event included a marathon "breakout" session where participants looked at barriers to a sustainable apparel chain, and then identified the reasons leading to these barriers, and finally worked out design solutions to the problems.

This was in tune with the initiative's vision of a fair and sustainable apparel industry in which all stakeholders are empowered to ensure that people and planet are respected. The underlying factor for all solutions was social innovation.

The Fabric of Change initiative is a three-year programme that focuses on: a deep dive research into the roadblocks to industry-wide change; crowdsourcing new solutions to industry challenges; selecting and supporting leading social innovators; accelerating the adoption of their solutions; and, spotting and sharing key insights emerging from these social innovators.

Source: fibre2fashion.com- May 27, 2017

[HOME](#)

India is to be the world's no 1 in Home Textiles

Indian home textile is moving very fast. It is predicted that India may be the world's number one home textile supplier in the coming years. Right now China is the world's largest home textile producer.

India's home textile industry is expected to grow at a CAGR of eight per cent to reach \$5.29 billion by the end of 2018. Curtains and upholstery, rugs and carpets will be some of the top growing home textile categories in the coming year, posting a CAGR of eight per cent and 9.4 per cent.

India is responsible for almost 21 per cent of towels in the global market and has a 19 per cent share in the global bed linen market. India is also one of the top suppliers for the world's biggest home textile consuming market, the US.

Increasing efforts in quality improvement, innovations through R&D and value-added features have helped India's home textile products become more popular in the global market. The home textile sector in India is the second largest employer in the country's textile industry after the apparel sector.

Source: textilefocus.com- May 27, 2017

[HOME](#)

Raymond lines up Rs 350 cr for capex, retail expansion

Textile and apparel major Raymond will invest Rs 350 crore in capacity and retail expansion this year, the company said today.

This will help ramp up its apparel sale and grow the fabric business over the next few years, a senior company executive said.

"Of the Rs 350 crore, Rs 200 crore will be allocated to manufacturing expansion, both in India and offshore, while Rs 150 crore will go towards retail expansion," Sanjay Behl, CEO, Raymond, told PTI here.

The company is setting up a large suiting manufacturing plant in Ethiopia in Africa that will be operational this year and has also undertaken a significant expansion in Amravati in Maharashtra for cotton fabric.

"The Ethiopia plant will manufacture 2 million jackets, and the Amravati plant has a capacity of 3 million metres of linen fabric that will be added this year," Behl said.

Raymond is also looking to expand its retail presence to about 1,500 stores by 2020.

The company will open nearly 150-200 stores this year, Behl indicated. Raymond has more than 1,000 retail stores that are franchise based.

Raymond brands include Raymond (ready to wear), Raymond Made to Measure, Color Plus, Park Avenue and Parx.

It has also tied up with the Khadi and Village Industries Commission (KVIC) and launched its branded Khadi by Raymond to promote the fabric globally. "We are building capability in finishing, design, and distribution for khadi and investing step by step," he said.

The new label will be available at KVIC outlets, besides its own, across India and leading e-commerce portals beginning August this year.

Source: business-standard.com- May 28, 2017

[HOME](#)

Dip in cotton supply makes Rs 5 crore yard redundant

Aiming to promote cotton sowing and providing technical knowledge about cotton sowing, a cotton yard set up by Punjab agricultural marketing board at Barnala grain market nearly six years ago worth over Rs 5 crore has not been used for the purpose it was set up.

The area sees less sowing of cotton crop and the yard instead of motivating farmers towards cotton had been used for storing wheat and paddy during the procurement seasons, twice a year. The cotton never arrived here in last seven years and the since then it has been useless.

It points towards that how the government spends money without foreseeing, said a commission agent in Barnala.

In Barnala district, only in 5,500 hectares of cotton has been sowed compared to last year in 2016, when area under cotton had shrunk drastically it was sown only in 2,800 hectares.

Barnala market committee secretary says as cotton growing is very negligible, the cotton yard could not be used. At times it is used for storing of paddy and wheat crops. Now, making things worse, solid waste dump has come up in the adjoining plot in nearly 20 acres emanating foul smell.

The yard when constructed in 2011, facility was provided for taking cotton crop at the yard and procuring it. The Barnala market committee spent Rs 2 crore, marketing board Rs 2.10 lakhs and Rs. 1.27 crore was provided by

union government under technology mission on cotton to improve the yield and quality of cotton especially staple length of cotton.

Out of Rs. 83 lakhs was spent on constructing roads in the yard, 80 lakh on 12 raised platforms for storing cotton. Apart from it, 40 lakhs was spent on laboratory, said an official of marketing board. There was also provision for opening shops of seed dealers or commission agents but were never opened in the yard due to no storage of crop for procurement and cotton growers visiting the place, said commission agent Sanjay Kumar adding the state government has wasted the public money and the cotton yard should have been constructed at a place where cotton sowing is much more than Barnala.

Farm organisation BKU Dakonda member Darshan Singh said the state government should convert it into some other purpose or a research centre for various crops to provide technical knowledge to farmers.

Barnala market committee secretary Yashpal Singh when contacted said, "When cotton yard was planned, the cotton arrival was reasonable in the grain market but now it has drastically decreased so it is not in use for cotton promotion."

Source: timesofindia.com- May 29, 2017

[HOME](#)

Trade pact with Mauritius may go live by end of the year

After announcing last year that it was willing to revive talks on a trade pact with India, Prime Minister of Mauritius Pravind Kumar Jugnauth had expressed hope of its completion.

In India on a bilateral visit, Jugnauth on Friday said the Comprehensive Economic Cooperation and Partnership Agreement (CECPA) builds on the successful renegotiation of the double-taxation avoidance agreement (DTAA).

After long drawn negotiations, the amendment to the 1983 Double Taxation Avoidance Convention (DTAC) was signed by India and Mauritius

last May. With the changes, India can impose capital gains tax on investments routed through Mauritius.

While the draft of the CECPA is expected to be ready by the mid part of the year, it may be completed by the year end, Dnyaneshwar Mulay, Secretary (Consular, Passport, Visa and Overseas Indian Affairs departments) at External Affairs Ministry said.

The gamut of India's relation with the island nation off the coast of Africa revolves around investment and taxation, the CECPA is expected to give a boost to bilateral trade.

Case in point, the nation has been the biggest single source of foreign direct investment (FDI) into India since 2000, with total equity inflow of \$ 585.95 billion over the period, corresponding to 34 per cent of all FDI.

As opposed to this, trade was only \$ 876 million in 2015-16, down from \$ 1.93 billion in the previous year.

India exports petroleum products, pharmaceuticals, cereals, cotton and electrical machinery, among others, to Mauritius. Major imports include iron and steel, pearls and precious/semi-precious stones.

Negotiations on the CECPA had broken down in 2013 when India had decided to formally suspend talks owing to differences over the DTAA. India had cautioned Mauritius the negotiations will not resume till the island nation expedited revision of the DTAA.

Speaking at an industry meet organised by industry body CII, Jugnauth said that Mauritius can be a safety net for Indian investors looking to set up in the African continent.

He said that his country has a wide array of DTAA's with most African nations and thereby Mauritius may be a significant stepping stone for Indian investments in infrastructure in Africa.

The nation has consistently been ranked as the most business friendly nation in Africa by the World Bank and is also one of the 10 nations globally, which is completely free from any form of conflict.

Source: business-standard.com- May 27, 2017

[HOME](#)

Strong rupee to hit exports

Exporters are concerned that rising Rupee will hit their competitiveness as steady inflow of FIIs money is expected to put upward pressure on the currency in coming days.

“Many of my exporter friends have highlighted their concern due to appreciating Rupee. While Rupee has gained a bit in last 2-3 days, we feel that Rupee will appreciate in near future,” FIEO, president G.K. Gupta said last week.

The impact of Rupee appreciation varies from sector to sector. Some of the sectors with high import intensity like gems and jewellery, petroleum products, certain electronic goods do not suffer much on account of such appreciation.

However, traditional sectors of exports like handicrafts, carpets, handlooms, textiles, leather, agro-products, marine goods among others face huge competitiveness issue on account of such appreciation.

Mr Gupta said that currencies of many competing countries is expected to depreciate further. “We have already seen how the appreciation of Chinese Yuan by over 10 per cent in last 18 months have impacted India’s exports as Rupee has depreciated marginally during the same period.

The down grading of sovereign ranking of China by the international rating agency is bound to have impact on flow of investment to China. There is continuous flight of capital from many emerging economies to US. However, FII and FDI inflows in the country are on the up,” said Mr Gupta.

He said that all factors indicate that Rupee may strengthen further in near to medium term basis. “We acknowledge the positive role played by Rupee appreciation in Indian economy particularly, as it helps in containing import led inflation. However, it does affect competitiveness of Indian exports,” he said.

FIEO requested the government to look into the matter and provide some support to export sector based on the net foreign exchange criteria so that those sectors having large imports are provided less support while sectors having little or no imports are given higher support.

Strong Concerns

Sectors with high import intensity like gems and jewellery, petroleum products, certain electronic goods do not suffer much on account of such appreciation.

Traditional sectors like handicrafts, carpets, handlooms, textiles, leather, agro-products, marine goods among others face huge competitiveness issue on account of such appreciation.

All factors indicate that Rupee may strengthen further in near to medium term basis.

We have already seen how the appreciation of Chinese Yuan by over 10 per cent in last 18 months have impacted India's exports as Rupee has depreciated marginally during the same period.

Source: deccanchronicle.com- May 29, 2017

[HOME](#)
