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IBTEX No. 40 of 2017 Feb 23, 2017

USD 66.92 | EUR 70.68 | GBP 83.29 | JPY 0.59

Cotton Market Update

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

Rs./Bale	Rs./Candy	USD Cent/lb
20007	41850	**79.80**

Domestic Futures Price (Ex. Gin), March

Rs./Bale	Rs./Candy	USD Cent/lb
20800	43509	**82.97**

International Futures Price

NY ICE USD Cents/lb (March 2017)	74.14
ZCE Cotton: Yuan/MT (May 2017)	15,945
ZCE Cotton: USD Cents/lb	**85.95**
Cotlook A Index – Physical	**84.10**

Cotton & currency guide:

The spot price of cotton advanced for the past three consecutive trading sessions. The S-6 variety ended the session on Wednesday at Rs. 42,650 per candy. Punjab J-34 has also moved higher, to Rs. 4,560 per maund (82.75 cents per lb). Nationwide, daily seed cotton arrivals are estimated at over 180,000 lint equivalent bales, including 65,000 from Maharashtra and 48,000 from Gujarat.

The effect was visible on the futures contract. The most active March future settled at Rs. 20,800 per bale. We believe price rise is noticed in the market amid tighter supply and steady to rise in demand. However, we still believe Rs. 21,000 remains a strong resistance for the price and if market fails to break the same should see a fresh decline in the price.

Also while we compare the basis between spot and future price the latter is highly deviated from the spot price and trading at much premium. This indicates soon the future contract should correct down unless the spot again advances above Rs. 43,000 marks.

Coming to global cotton the most active May future ended the session a tad lower at 75.49 cents per pound. Nearby cotton contracts opened slightly higher and traded on positive ground for most of the early morning hours. The May '17 contract reach a high of 76.20 cents/lb before light selling returned, forcing the most active contract off its high. Mill demand had been mostly subdued with the recent upturn in NY futures with the exception being for US cotton, which has attracted a modest demand from a range of markets.

Overall we expect a sideways trend and as discussed Rs. 21000 remain a key resistance levels. The trading range for the day would be Rs. 21000 to Rs. 20600 per bale and recommend selling from higher levels.

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

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INTERNATIONAL NEWS

NAFTA Renegotiations Must Involve All Three Members, Officials Say

Canadian and Mexican officials said Feb. 21 that any renegotiation of the North American Free Trade Agreement must involve all three member countries together.

President Trump has said the U.S. only needs to "tweak" NAFTA with respect to Canada but will pursue more substantive changes with Mexico to remedy the "extremely unfair" situation along the southern border.

Given that Trump also has an avowed preference for bilateral trade deals, there has been speculation that the U.S. might seek to revamp NAFTA by negotiating with its two trading partners separately or even pursuing individual agreements.

However, Canadian Foreign Minister Chrystia Freeland and Mexican Foreign Minister Luis Videgaray emphasized that NAFTA is a three-nation agreement and that any changes would have to be addressed in three-way negotiations.

Former Canadian Prime Minister Brian Mulroney acknowledged that "there are times when America is going to want to negotiate directly" with either Mexico or Canada to resolve bilateral matters but predicted that "the broad thrust of the negotiations will remain essentially trilateral."

Mulroney said talk that Ottawa might "throw Mexico under the bus" to preserve favorable trade terms with the U.S. "is for losers, not for winners."

Source: strtrade.com– Feb 23, 2017

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With TPP's demise, Malaysia to explore new markets for trade

With the Trans-Pacific Partnership (TPP) ratification grinding to a halt, Malaysia will set its focus on boosting trade through multilateral and bilateral trade agreements.

Deputy International Trade and Industry Minister Datuk Ahmad Maslan said Malaysia would continue to focus on efforts to conclude the Regional Comprehensive Economic Partnership (RCEP) negotiations as the TPP would not be implemented.

He said the prospective RCEP's 16 member states, which accounted for a population of 3.5 billion, would a big potential market for Malaysia's trade.

"We should not feel despondent over TPP's demise. Although we feel that it is a missed opportunity, we have not lost everything.

"Therefore, we will continue to focus on efforts to strengthen trade with RCEP member states," he told reporters after presenting the 1AZAM assistance to 74 recipients for the Pontian parliamentary constituency here, Wednesday.

Ahmad was asked to comment on Malaysia's next move following the US withdrawal from the TPP.

He said there was also a big potential in the ASEAN market, which accounted for 30 per cent of Malaysia's exports in 2016.

Malaysia is also keen to explore the African and Latin American markets besides having individual free-trade agreements (FTAs) with TPP member states, he said.

"We already have FTAs with seven TPP member states. We have yet to have FTA with Canada, the US, Peru and Mexico," he added.

Source: astroawani.com– Feb 20, 2017

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Britain, China pledge to promote free trade

China and Britain have pledged to promote free trade and cooperate on building a open world economy, fanning efforts to shore up what the two governments have called a "golden era" in their relationship, the Xinhua news agency reported on Friday.

China is one of the countries Britain hopes to sign a free trade agreement with once it leaves the European Union, and London and Beijing have been keen to show that Britain's withdrawal from the bloc will not affect ties.

The pledges on trade and cooperation were made during a Thursday meeting by Chinese Foreign Minister Wang Yi and his British counterpart Boris Johnson on the sidelines of a meeting of the Group of 20 largest industrialized countries held in Germany's western city of Bonn.

The two countries have in recent months announced closer cooperation in areas such as financial services as the British government prepares to negotiate the country's EU divorce.

Wang said that both nations would promote flagship cooperation on projects such as the Hinkley Point nuclear power station in Britain, and would look to strengthen their partnership on issues such as trade through close high-level exchanges, Xinhua said.

Johnson said that Britain will strengthen strategic cooperation with China on international affairs, the report added.

British Prime Minister Theresa May has been invited by China to attend a major summit on the "One Belt, One Road" initiative to build a new Silk Road, diplomatic sources have told Reuters.

Source: reuters.com– Feb 21, 2017

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Africa Improves Sourcing Advantages in Uncertain Trade Times

With retail in the strained position it's presently in and a promotional cycle that's got stores stuck for selling product at full price, the way forward for retailers will be to look for duty savings.

Knowing that, and highlighting its duty advantages to both the U.S. and the EU markets, African apparel manufacturers are looking to improve their presence and their offering.

To undertake both efforts, the Africa Pavilion will bring together 80 exhibitors from all over the continent in an effort to feature the region's "next-generation apparel sourcing," at Sourcing at Magic in Las Vegas Feb. 20-23.

Trade experts have said sourcing in Africa could quadruple over the 10 years of the African Growth and Opportunity Act (AGOA), which affords eligible African countries duty free sourcing to the U.S. AGOA was renewed in 2015 and will remain in place until 2025 when it will come up for renewal consideration again.

"The long-term extension of AGOA is a unique opportunity for apparel and other accessories producers in Africa to get a slice of the U.S. buyer pie; and indeed, for investors and large brands to establish operations on the continent," said Finn Holm-Olsen, director of trade promotion and AGOA for the East Africa Trade and Investment Hub.

"Certainly with the likes of PVH and VF Corp. setting up shop in East Africa, the region has become an attractive investment proposition in textiles/apparel—and we want to build on this momentum."

Opportunities increase further with the EU's Everything But Arms (EBA) program, which affords similar duty savings. There are sixteen countries in Africa—including Ethiopia, Lesotho and Madagascar—that are eligible for duty savings under both AGOA and EBA. With duty savings on goods to the U.S. as high as 35 percent and an average of 12 percent to the EU, the financial advantage can be considerable.

"AGOA provides significant opportunities for companies and business organizations to build relationships with their U.S. counterparts," the Africa Advantage website notes. "It also provides security for both SSA [Sub-Saharan Africa] exporters and potential U.S. investors by ensuring AGOA benefits," for the next eight years.

AGOA benefits cover more than 1,800 tariff line items, which comes in addition to the 4,600 items already benefitting from duty-free trade with the U.S. under the Generalized System of Preferences (GSP) program.

Many of the factories exhibiting as part of the Africa Pavilion are WRAP-certified and compliant with fair labor, environmental and global safety standards, according to the East Africa Trade Hub, which supports manufacturers for exhibiting at Magic.

Lead times for goods from Africa, in some cases, can also be quicker than might be expected—product bound for the U.S. from West Africa can reach their destination in three weeks, and close proximity to Europe and similar time zones eases trade between those two regions too.

What's more, those interested in sourcing in Africa can benefit from on-the-ground support services from the U.S. government's Trade and Investment Hubs based in East, West and Southern Africa.

The trade hubs serve as one-stop shops for businesses looing for aid in better leveraging duty free opportunities, tailored suggestions for trade enhancing activities and technical assistance for African manufacturers to strengthen production and quality assurance.

"The East Africa Trade and Investment Hub has maintained a steady presence at Magic over the years as a core aspect of our strategy to stay connected with U.S. buyers and keep Africa at the forefront of their sourcing plans," Holm-Olsen said. "Joined by our colleagues in West and Southern Africa, this show will be the largest African Pavilion ever, which is really fantastic."

The Africa Pavilion (Booths 60907-61512) will be across from the main attendee Starbucks entrance at Sourcing at Magic next week.

Source: sourcingjournalonline.com – Feb 20, 2017

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H&M, Zara Among Companies Boycotting Dhaka Apparel Summit

The Dhaka Apparel Summit has lost several heavy hitters.

Though the Bangladesh Garment Manufacturers and Exporters Association issued a statement this week addressing the recent labor issues, it seems it was not sufficient to calm concerns.

H&M, Gap, Zara parent Inditex, VF Corporation, C&A, Next and Tchibo have all pulled out of the event, according to the International Labor Rights Forum (ILRF). The Ethical Trading Initiative (ETI) will also no longer attend or speak at the event, which is scheduled to be hosted by the BGMEA and the Bangladesh Apparel Exchange on Saturday.

In a press release on the ILRF website, the group says these participants decided not to attend because they feel not enough is being done to address what they see as repression toward labor groups by the Bangladesh government and factory owners.

"ETI recognises the importance of the Apparel Summit to the future of the ready-made garment sector in Bangladesh. Unfortunately, the current intimidation of workers and their representatives is at odds with a progressive industry looking to secure the sustainable development of the sector," ETI's Peter McAllister said in a statement.

McAllister says he's planning to travel to Bangladesh to meet with stakeholders on this topic at a later date.

Mirjam van Heugten of the Clean Clothes Campaign said, "Clearly our global labour campaign #EveryDayCounts #WagesNotJail targeting the brands linked to this repression is having an impact. With this boycott of BGMEA's summit, leading brands are sending a clear message to the BGMEA and the Bangladesh authorities: unless all detainees are released, unsubstantiated charges are dropped, and other acts of intimidation and harassment of trade unions are stopped, they cannot credibly participate in a summit on 'sustainable growth' of the industry."

The companies, which represent billions of dollars in trade, hope that by taking a stand they underscore the severity of the situation.

The garment industry amounts to 80 percent of the country's exports.

In December, workers in the Ashulia region went on strike to demand better wages and treatment. Ultimately, some of them no longer have jobs (either because they were fired or quit, depending on who's relaying the details), while others faced criminal charges for vandalism. Labor unions were also harassed and some leaders were even jailed. According to reports, the individuals were held for weeks.

In response, labor groups and the American Apparel and Footwear Association intervened, speaking up on behalf of workers' rights and calling for the swift and just resolution to the situation.

On Sunday, the BGMEA issued a statement responding to critics who have raised questions about how the garment industry and government handled the strike. In the response, the group asserts that the workers must accept responsibility for failing to address their concerns in the proper manner. All in all, the BGMEA didn't seem to indicate that any other parties were accountable for how events played out, rather the point was made that the whole incident erodes trust in the country's garment sector and will likely cost it $100 million.

"We would like to reemphasize that the BGMEA is dedicated to the principle that no worker should be deprived from his or her constitutional rights. At the same time, people have to respect the law of the land," said the BGMEA statement. In an attempt to uphold the law and help the factories maintain their businesses, the BGMEA said it has been in communication with owners to resolve the matter.

Billed as an opportunity for global partners to discuss building a more sustainable apparel supply chain, the Dhaka Apparel Summit is designed to attract attendees, including government representatives, economists, brands, employers and worker's representatives. Bangladesh's Prime Minister Sheikh Hasina is scheduled to kick off the summit.

Source: sourcingjournalonline.com– Feb 22, 2017

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Majority of 'high-quality' cotton made of cheap cotton, tests show

It's an open secret that a lot of expensive shirts and bed sheets labeled as 100 percent Pima or Egyptian cotton really aren't. Channel 2 Action News traveled to New York where a company is using DNA to make certain you're getting what you pay for.

"The higher the count usually the better the sheet. But it doesn't always work out that way because sometimes they're not as soft as you would like them to be," said Jan, a shopper.

"It's like sleeping on a rough texture. And it's not cool because you spend a good amount of money for what you expect is going to be high quality," said shopper Alex Cook.

Applied DNA Sciences in Stony Brook, New York, tested more than one hundred products labeled as 100 percent Pima cotton last year and found 83 percent were made entirely or partially of another type of cotton.

The company created the SigNature T process, which uses DNA to tag and track cotton to make sure you really get what you pay for.

"To the cotton gin and from the gin to the spinner to the weaver, the dyer, until it's cut and sewn and becomes a garment or a home textile," said Applied DNA Sciences chairman, president and CEO James Hayward.

Hayward said the process starts at the cotton gin, where a mist of water containing a small amount of the company's DNA is sprayed on the cotton.

The DNA functions like a bar code inside the product. As the cotton travels to different countries around the world where it's turned into yarn, fabric and finally a finished product, it's tested every step of the way in the company's labs.

"So I'm going to take a pair of sterilized tweezers and carefully pull a single fiber," said Applied DNA Sciences Forensics director Ila Lansky. She showed us how they prepare and test samples to make sure the cotton still contains the same DNA.

In addition to ensuring the quality of the cotton, the technology also gives consumers peace of mind that no child labor or any other unethical practices were used.

It also helps shoppers buy American.

"So what we're able to do in effect is prove American origins, prove that a product was grown in America," said Hayward.

Applied DNA Sciences vice president of Textile Sales MeiLin Wan says the brand of DNA tagged products is called PimaCott.

"You'll be able to go to a major retail store in the coming year and actually see PimaCott in the store," said Wan.

Just like the farm to table movement in restaurants, you'll be able to know the exact farm where the cotton was grown. "I think that would be awesome. Yeah, I think that's a good fix for the problem," said Cook.

The DNA technology has other applications.

Applied DNA Sciences said that in Europe, it's being used at ATM's. If there's a robbery, a DNA mist is released onto the cash and the thief, tying both to the crime.

Source: wsbtv.com– Feb 21, 2017

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Ethiopia expects boosting textiles revenue tenfold to one billion dollar

Increasing its current earnings from textiles export by tenfold, Ethiopian government expects to generate one billion dollars per year when the recently established Hawassa Industrial Park, located 250 kilometers south of the capital, goes fully operational, a government official said.

"Currently 37 factories have started production at different levels at Hawassa Industrial Park. After two years when all of them go operational at their full capacity, we expect to generate export revenue of one billion dollars after two years from export of textiles," said Fitsum Arega, Head of Ethiopian Investment Commission (EIC). Currently, Ethiopia is got around $100 million dollars from export of textiles last year, which less by $20 million from the previous year.

He told journalists this morning at the sideline of a meeting of representatives of different government offices gathered to review the regulations that governs industrial parks in Ethiopia.

To boost the performance of manufacturing sector, the government has passed a new proclamation on industrial parks development two years ago, which led to establishment of Ethiopian Industrial Parks Development Corporation (IPDC) .

The draft regulation the different government offices have gathered to discuss today includes on the implementations of the proclamation.

"We have been discussing on the draft regulation for over one year with various stakeholders including the private sector. This is our fourth and final round to refine the regulation," said Dr. Belachew Mekuria, Deputy Commissioner of Industrial Park Division at EIC.

Currently while three industrial parks are being under construction by three private companies, the government aims to finalize construction of ten industrial parks across the nation in the five year plan, which began implementation around two years back.

Recently, IPDC awarded the construction of three industrial parks in Addis Ababa and Jimma at a ceremony to three Chinese construction firms. The total cost of the project was 10.5 billion birr (close to half a billion dollars).

Among others, industrial parks in Ethiopia are aimed to help the industrialists access government services easily in one window within the parks and provide relevant infrastructures for both local and foreign investors as well as their employees, according to Mr. Fitsum who noted that Ethiopia is working to learn from the Chinese experience of industrialization through industrial parks development.

He also mentioned that including technical support the government has provided incentive of 85% to 90% of their total investment to local investors, which the government selected to join the Hawassa Industrial Park. Meanwhile he said so far no foreign company operating in the park has been given financial incentive from local banks.

Source: newbusinessethiopia.com– Feb 22, 2017

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Pakistan: Buying renews on cotton market

Renewed buying interest at the lower level helped the cotton market on Wednesday to recover part of the recent losses. However, the market still remained devoid of much-needed trading activity.

The past three days' correction witnessed on world's leading cotton markets also came to a halt on the revival of buying interest. This was also evident on local market where some buying emerged at the lower level, brokers said.

Cotton prices after touching a peak level came under correction on profit-selling but now once again started bouncing back on renewed buying interest, they added.

Sluggish off-take of cotton yarn and textile products are dampening sentiment but some needy spinners rushed to replenish their stocks to meet their immediate needs.

Meanwhile, the New York cotton market recovered part of its recent losses while India also closed steady on tight cotton supply. However, buying on the Chinese market remained easy.

The Karachi Cotton Association left its spot rates unchanged. Major deals on the ready counter were: 313 bales from station Yazman Mandi at Rs6,850 to Rs6,850, 200 bales from Hasilpur at Rs7,050, 3,000 bales from Rahimyar Khan at Rs6,900 and 2,000 bales from Mianwali at Rs6,900.

Source: dawn.com– Feb 23, 2017

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China cotton growers fear cuts in vital subsidies

Chewing on mutton and sipping baiju -- a typical meal in China's Xinjiang Uighur Autonomous Region -- a group of weathered farmers eagerly discusses a familiar topic: the size of this season's cotton subsidy.

"If there is no subsidy, it won't be possible to grow cotton," said Cheng Jinyu, who has been farming cotton for more than two decades. The neighboring farmers nodded.

Each year, the Chinese government sets a target price for cotton, and pays farmers the difference if the market price falls short. Rising labor costs, bad weather and a lack of water to irrigate the crop have turned the 2016-2017 harvest into a particularly hard one.

Even with the subsidy, it is hard for the farmers to make a living most years. "After deducting the labor cost for the cotton pickers, we farmers can hardly make a profit," Cheng said. Xinjiang accounts for about 60% of the total 4.9 million tons forecast by the U.S. Department of Agriculture for China's current harvest. The vast majority is destined for China's coastal fabric and clothing factories,

The size of the 2016-2017 subsidy will depend on the difference between the target price of 18,600 yuan ($2,704) per ton and the average market price, which farmers said they expected to amount to about 7,300 yuan per ton. Cheng and the other farmers said the target price was the lowest it has been since the policy was introduced in 2014-2015.

Disastrous support

In that year, the government needed to replace a disastrous price support program, which had been introduced with the aim of stabilizing the world market. As farmers sold their cotton to state reserves for more than the market price, China's textile mills imported cheaper cotton from abroad, leaving the government with a stockpile that peaked at 11 million tons.

The government opted for a direct subsidy to farmers instead, and set the first target price at 19,800 yuan per ton. It was then lowered to 19,200 yuan for 2015-2016. Analysts have estimated that the subsidy accounted for more than a third of the farmers' gross revenue in that year.

The International Cotton Advisory Committee, which groups cotton producing, consuming and trading countries, estimates that the subsidy cost the Chinese government $4 billion in direct payments to Xinjiang cotton farmers in 2014-2015 alone.

In addition, hundreds of millions of dollars are spent each year in subsidies for high quality seeds, and for transporting the crop from China's far northwest to the mills and factories in the east.

However, the subsidy regime was established as a three-year pilot scheme, and the government has not yet announced if it will be continued, adapted or abolished after this year. "My understanding is that the Chinese policy is changing," said Pete Johnson, managing director of Cotton Compass, a cotton marketing news service in Australia.

Johnson said any adjustment was likely to have "a huge impact on the world market" because China is one of the largest producers and consumers of cotton.

Source: nikkei.com– Feb 23, 2017

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US-China trade: Donald Trump taking time in crafting an effective strategy

An uneasy diplomatic calm has marked the US-China exchanges in the first month of Donald Trump in office. Beneath the calm, there is considerable anxiety on the part of both countries regarding how each should anticipate the next move of the other. China has adopted a wait-and-watch posture, putting the ball in the US's court.

One of Trump's major electoral themes was to slap punitive tariffs on China. Chinese manufacturing exports to the US currently attract a simple applied average MFN tariff of 9% across all exports. This is higher than tariffs for other top exporters to the US like Canada, Mexico, Japan and EU whose average MFN tariffs range from 2.6%(Canada) to 4.6% (Mexico).

EU and Japan, while not being FTA partners of the US, still face marginally lower tariffs than Mexico despite Mexico being in the NAFTA. Chinese agricultural exports to the US, however, face the lowest applied MFN tariffs among the top five exporters. This is interesting given that among the latter, China is the highest agricultural exporter to the US, while coming after Canada, EU and Mexico in export of manufactures.

The US domestic market though is more protected for agriculture than manufacturing, making Chinese agricultural exports still subject to average MFN tariff of 15.6%. It's also important to note that Mexico and Canada have much larger shares of duty-free imports of agriculture and manufacturing by the US due to NAFTA.

Trump's campaign promise was to raise tariffs up to as much as 45% on Chinese exports to the US if China didn't agree to negotiate better trade terms for the US. The increase would imply three-fold and five-fold jumps in current tariffs on Chinese agricultural and manufacturing exports.

The repeated emphasis on hiking tariffs during elections followed by induction of China 'baiter' economic experts Wilbur Ross and Peter Navarro in the Trump team led to expectations of immediate trade actions on China. This, most expected, would be part of an overall aggressive China policy to be followed by Trump.

Strategic signals contributing to the expectation were Trump's unprecedented tête-à-tête soon after his election with the Taiwanese president, his chief strategist Steve Bannon predicting US and China going to war on the South China Sea within five years and a marked departure from tradition in the White House not conveying greetings on the occasion of the Chinese New Year. But notwithstanding the signals and pronouncements, strong trade actions are yet to be taken.

Trump's most prominent trade actions have been on the TPP and NAFTA. He followed on his election promise by withdrawing the US from the TPP immediately after assuming office. He's also pushing Mexico and Canada to renegotiate the NAFTA. While the renegotiation might eventually be limited to a few 'tweaks', Mexico is more worried about Trump than Canada as it has been at the receiving end of Trump's ire on immigrants.

In Trump world, Mexico's a major villain as it snatches business and jobs away from the US. Trump has been urging US companies not to move jobs out and particularly not to Mexico. But at the same time, during elections, Trump attacked China almost as much as he did Mexico on similar grounds. So, the fact that he's yet to act on China while gunning against Mexico is raising some eyebrows.

Many in the Chinese and American media believe daughter and son-in-law—Ivanka Trump and Jared Kushner—are building bridges between Trump and the Chinese authorities through backroom channels. This is possible. But what is more plausible is that Trump and his team are taking time in crafting a long-term effective China strategy.

Taking unilateral trade actions against China, like raising tariffs manifold, are not going to be easy because of the WTO. Unlike in the past, China is now a 'market' economy according to the WTO, which makes it difficult for other members to slap even anti-dumping tariffs on it as easily as they could earlier. More importantly, any abrupt economic action against China trade might have an adverse impact on the US economy given the deep links between the two economies.

His long term plans of changing US taxes by giving businesses income tax deduction for producing at home and protecting them from imports by imposing Border Adjustment Tax (BAT) would be significantly damaging for China. The first would lead to relocation of some investment from elsewhere in the world, including China, back to the US.

The second would be a setback for all imports by the US, including those from China. Most other countries exporting to the US would try to shake off the BAT by getting into bilateral FTAs with the US. Such a possibility is remote for China for the time being. As a result, China would face a situation in the US market where Japan, EU and other competitor countries with FTAs with the US would get preferential access into the US market as opposed to China.

The uneasy calm in the US-China relations might well be the lull before the storm erupts. Notwithstanding the influence of his family, which China hopes would restrain Trump, the possibilities of economic friction between the US and China are too large to be wished away.

Source: financialexpress.com– Feb 23, 2017

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NATIONAL NEWS

India to produce 341 lakh bales cotton in 2016-17: CAI

The Cotton Association of India (CAI) has maintained in its January projection that India will produce 341 lakh bales of cotton in 2016-17. It has also increased its estimation for cotton consumption in India this year from 290 lakh bales to 295 lakh bales.

The projected balance sheet drawn by the CAI estimated total cotton supply at 405 lakh bales.

Considering that the domestic consumption of cotton in this season will be 295 lakh bales, total available surplus for the season works out to 110 lakh bales.

The pace of arrivals has started picking up lately and is now approaching 2 lakh bales a day as the farmers are realising better price for their produce, said the association in a press release.

The association estimates cotton exports to decline from 22 lakh bales in the last season to 19 lakh bales in the current season.

Source: fibre2fashion.com- Feb 22, 2017

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Textile, leather units on priority list

Industries in the textile, leather and food processing sectors will now be the prime focus for the state government as the quick-implementation mantra is being practised for MoUs (Memorandum of Understanding) worth Rs 3.10 lakh crore that were inked during the recently-concluded Global Investors' Summit.

The Raghubar Das government, a senior government official said, has identified top 25 companies for closer co-ordination. Work on the various projects will begin in the next six to eight months.

According to the official, there are two reasons behind prioritizing the above mentioned sectors.

First, work on these projects will generate employment for the local masses and can begin quickly. Second, the state government envisages that the 210 MoUs, once implemented, will generate employment to over 6.02 lakh people.

Most of the industrial projects which have been put on the hyper-drive will be set up in Ranchi, Jamshedpur and Bokaro, the official said.

Implementation of these projects is being supervised by department of industries, mines and geology, which bagged 121 MoUs worth Rs 2.10 lakh crore during the summit. These 121 proposed projects are expected to generate at least 2.04 lakh direct and indirect job opportunities in the state.

On Wednesday, chief secretary Rajbala Verma held a meeting with top bureaucrats to discuss the implementation of the MoUs. The meeting was an extension to the MoU review meeting held by chief minister Raghubar Das on Tuesday.

In the meeting, Das announced the formation of Jharkhand Investment Board (JIB) to hasten the implementation of short-term projects.

The chief minister will head the JIB and hold monthly review meetings to take stock of project implementation.

Verma, who has been appointed as the vice-president of the board, will hold weekly meetings with top secretaries of various departments to resolve problems which crop up during implementation of the MoUs.

Source: timesofindia.com- Feb 22, 2017

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Thailand keen to work with India on FTA

Thailand wants to work with India for conclusion of negotiations for the comprehensive free trade agreement which aims to promote economic cooperation between the two nations.

Thailand Deputy Prime Minister Somkid Jatusripitak said, "We really want to work with Indian government to have free trade agreement (FTA) together even though we had some obstacles in the past but I think we can keep that off."

The two countries have already abolished duties on 82 items under an 'Early Harvest Scheme' launched in 2004, which include products like fruits, processed food, gems and jewellery, iron and steel, auto parts and electronic goods.

It was the initial phase of the proposed comprehensive FTA, which is to be upgraded to a full fledged arrangement for reduction and elimination of duties on about 90 per cent of goods traded between the countries.

The FTA would also cover opening up of trade in services, an area of interest to India. Issues like significant cut in duties on number of products and movement of professionals are yet to be resolved by both sides. Jatusripitak said there is a need to accelerate the process of the FTA talks.

India and Thailand are also members of the mega trade deal Regional Comprehensive Economic Partnership (RCEP). When asked about the progress of this pact, he said, "It is one of the best opportunities that we have and we are ready to join any kind of FTA agreement of the regional (nature)."

RCEP members are meeting in Japan later this month to fast track the negotiations. The members would discuss finalising the maximum number of goods on which duties will either be eliminated or reduced drastically. RCEP aims at covering goods, services, investments, economic and technical cooperation and competition.

The 16-member bloc RCEP comprises 10 ASEAN members and India, China, Japan, South Korea, Australia and New Zealand.

Source: moneycontrol.com- Feb 20, 2017

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Indian and Pakistani forward cotton yarn price flat

Offers for Pakistani forward cotton yarn are stable. Pakistani grade-A siro-spun 10S Mar shipment is mainly quoted at around $430/piece, CIF, equal to around 20,300yuan/mt after-tax.

Price of Indian forward cotton yarn is steady. Indian combed grade-A 32S for knitting is quoted at around $3.2/kg, Mar shipment, CIF, equal to around 27300yuan/mt after-tax.

$=CNY6.89

Source: ccfgroup.com– Feb 22, 2017

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Our focus is to capture the 'full wallet' of our customers: Raymond

Aiming to improve services, fabric-to-fashion company Raymond Ltd has started reaching out to customers by setting up manufacturing units closer to the market. However, "we continue to stay committed to the ‘Make in India’ initiative", says Gautam Hari Singhania, Chairman and Managing Director of Raymond Group, in an exclusive interview with Dilip Kumar Jha. Edited excerpts:

Raymond **has expanded its footprint through the acquisition of a garment unit in the south, land in Ethiopia and office spaces in many countries to woo the Indian community abroad. What is the strategy?**

We are the largest manufacturer of suits in the country. Our garment business is based largely on B2B exports, serving some of the top global brands in fashion and retail space. Out of the 55 countries across five continents where we supply our products, the US accounts for 30 per cent of the total supply, while Europe and Japan account for 25 per cent and 20 per cent respectively. Exports account for 15 per cent of the overall revenue. We now want to move from an 'export-only' model to an approach focusing on developing the market and increasing business by establishing a face to the name in select regions. We have shortlisted a few markets where we would like to be present and invest in building deeper relationships and strategic partnerships with fashion brands and top retailers across the US, Europe, UK, Middle East, South Asia and Japan.

We have recently set up an office in Dubai to cater to customers in Gulf countries, South and Central Asia and East Africa. Our existing London office caters to customers in UK and Europe. We are in the process of opening an office in New York that will primarily cater to the customers in North America. We continue to stay committed to the 'Make in India' initiative through capacity expansion of Kolhapur and Yawatnal plants.

Moreover, we are setting up a greenfield textile project in Amaravati. The idea behind setting up a garments unit in Ethiopia, the fastest growing and stable economy in the African continent, is to mitigate our export risks. Ethiopia has duty free access to the US and European markets, making our products competitively priced for global markets. With over 2 million jackets per year, Ethiopia will be among the largest single-location suit manufacturing facility in the world. Ethiopian unit will entail a capex of Rs 150-cr in phase-1.

Most of Raymond's profit is coming from the fabric segment. This means that the apparel segment needs some boost. How is Raymond **planning to strengthen it?**

Raymond is a strong player in the fabric segment and commands over 80 per cent of the market share. Over the past three years, we have aggressively invested in manufacturing shirts in the B2C branded fabric portfolio and have now emerged as a dominant market leader in this segment too. Apparels is another strategic business for Raymond with four power brands in our portfolio– Raymond, Park Avenue, Parx and Color Plus. We are among the three biggest apparel brand players in India.

For the product, our focus is to sharpen the brand's positioning by leveraging each brand to its full potential, hence capturing the 'full wallet' of our customers.

We have recently introduced the 'Raymond Whites' series in the country, coupled with other world-class launches, including light-weight jackets and top-end sweaters. We are also expanding our retail footprint through exclusive brand stores and multi-brand stores. Besides expansion, we are also renovating and digitising our existing stores to enhance the shopping experience in retail. Our apparel business has been witnessing strong double-digit growth over the past three years and we will continue to scale business to attain profitable market leadership in this segment.

In your apparel segment, the youth-attracting brands aren't as appealing as other brands in this industry. How will you change consumers' perception to catch the youth's fancy?

Raymond caters to over 20 million unique users across demographics and age groups. We have over four million customers on our loyalty platform. We cater to all consumer segments with our diversified product formats and price spectrum. Each brand in our portfolio has a sharp role assigned in the context of brand positioning and product offering. Like Parx is a sharp youth-oriented brand targeting customers aged between 18 to 24 years. Parx is the fastest growing casual brand in the country offering value based pricing.

Whereas, Park Avenue has been a preferred choice for the 'alpha male' over the years with a strong focus on fashion formal offerings for the young generation. The fact that we have extended our product line to enter the women's apparel and innerwear segments is testimony to the brand's successful journey.

Denim has been a growing segment faster than any other segments in the textile sector. **While you have already captured some fancy, are there any plans to strengthen your the denim segment?**

Denim is indeed a fast growing segment in the Indian context. It is growing increasingly popular across all demographics. Our denim division is a market leader in the fabric and garment segment.

Through various trade shows abroad and a strong network in India, we keep launching new and innovative products to cater to the ever-changing requirements of our customers.

We are also increasing our investments in design and development apart from using local and international talent for support.

Many of your competitors have tied up with global brands. Is there any such proposal in Raymond's kitty?

Given the fact that Raymond is a market leader in the fabric and apparel segment and the No. 1 retailer in the country, we keep getting multiple proposals from global brands and fashion retailers for strategic partnerships. As a policy, we keep evaluating these options. However, our focus at present is to upscale and grow our existing in-house power brands– Park Avenue, Raymond Ready-to-Wear, ColorPlus and Parx.

Demonetisation has lowered textile sales. What is its impact on Raymond and how are you coping with this challenge?

The cash-dependent wholesale channel got temporarily impacted due to demonetisation and the squeeze in liquidity affected our business for a short period of time. As the cash is getting restored, we are witnessing a pick-up in sales.

Demand is now coming back to normal and we are expecting a better performance in the current quarter.

Post demonetisation, we have assisted our strategic vendors and channel partners in terms of facilitating finances and credit support. We have integrated our stores with all leading digital payment gateways, e-wallets and we are also offering EMI facility for large purchases.

Demonetisation is positive for the organised sector businesses that are tax-compliant and are instrumental in formalising the economy. Overall, I believe that this bold step should help improve India's fiscal and monetary position.

Source: business-standard.com- Feb 22, 2017

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Industries to be shut for want of effluent treatment plants: SC

Polluting industrial units across the country would be shut down if they do not have functional primary effluent treatment plants (PETPs) to stop the release of untreated waste in water bodies within three months after notice, the Supreme Court ruled on Wednesday.

Issuing a slew of directions, a Bench headed by Chief Justice J S Khehar directed state pollution control boards (PCBs) to issue a common notice by way of public advertisement to all industrial units to ensure that they have set up PETPs as mandated under the law to carry out industrial activities.

“We direct concerned state pollution control boards to issue notice to all industrial units by way of a common advertisement requiring them to ensure that they have functional primary effluent treatment plants.

On the expiry of three months notice period, the concerned state pollution control boards are mandated to carry out inspections at industrial units as to whether they have functional PETPs,” the Bench, also comprising Justices D Y Chandrachud and S K Kaul, said. The Bench further directed that the state PCBs will ask the electricity supply boards concerned to disconnect the power supply to the defaulting industrial units, which could resume their functions only after they made their PETPs functional.

While disposing of a PIL on the issue, the top court said though the setting up of PETPs was required to be done by individual industrial units, the government bodies will have to establish Common Effluent Treatment Plants (CETPs) across the country within three years after acquiring land and completing other formalities.

The states will have to submit reports with regard to setting up of CETPs to the concerned Bench of the National Green Tribunal. The Bench, however, left the issue of setting up of zero liquid discharge (ZLD) plants to the authorities concerned after they complete the first round with regard to CETPs. The apex court had earlier issued notice to the Centre, the Ministry of Environment and Forests, the Central Pollution Control Board (CPCB) and Chief Secretaries of 19 states, including Gujarat, on the plea filed by NGO Paryavaran Suraksha Samiti on the issue of pollution in water bodies, including ground water.

Source: business-standard.com- Feb 23, 2017

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Myntra to manage Mango in India; curate 25 retail stores

Fashion e-tailer Myntra today said it has bagged a master distribution and management rights for Spanish fashion brand Mango in India.

This is the first time that an e-commerce player will manage the omni-channel strategy for a global fashion brand. No financial details of the deal were disclosed.

As part of the arrangement, Myntra will curate and facilitate setting up 25 Mango stores and list the brand exclusively on Myntra and Jabong platforms over the next five years.

Mango has been working with Myntra since 2014, when the apparel brand listed on Myntra.

"We have seen 100 per cent growth in business on Myntra platform in the last 3 years and that has given us the confidence for this partnership," Mango Vice-Chairman and Member of the Board of Directors Daniel Lopez told PTI.

He added that India does not feature among the companys top markets as of now but this partnership will help change that.

"We will be responsible for managing Mangos omni-channel presence including Mango.com, offline stores in the country (8 of them currently) as well as adding new stores through sub-franchising. We will take the number of stores to 25 and these will be across the top cities in the country," Myntra CEO Ananth Narayanan said.

He added that the company expects to help grow Mangos India business 3X over the next 5 years.

"Right now, Mango has about 20 per cent of its global product portfolio in India. This partnership will help Mango bring 100 per cent of its product lines -- including mens and kids wear to the Indian market," he said.

Mango has a network of 2,200 stores in 110 countries. The company, which owns the MANGO Woman, Man, Kids and Violeta (plus size) lines, closed 2015 with sales of 2.3 billion euros, up 15 per cent from the previous year. It had entered the Indian market in September 2001.

Source: financialexpress.com- Feb 23, 2017

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Vizag port to start services for Nepali importers in March

Kolkata port will face stiff competition from Vizag deep-sea port on handling Nepal's $2-3 million third country import cargo.

Container shipping liner Maersk is expected to deliver the first batch of containers at Vizag port in the first week of March, Deputy Chairman PL Haranadh told *BusinessLine*.

Maersk is the first liner to offer the aggregation services as part of market making for Vizag. Haranad is hopeful that commercial success of the initiative will bring in other liners.

Kolkata port has been enjoying monopoly over Nepalese cargo. However, it is a right step for India to offer Nepalese importers wider and better options and, counter Beijing's effort to promote rail-road trade options through the Nepal-China land border.

Container Corporation of India (Concor) has already offered lucrative terms for transferring the cargo by rail from Vizag to Nepal. Concor runs a joint venture handling facility inside Nepalese territory at Raxaul (Bihar)-Birgunj (Nepal) border.

To attract Nepalese traders to try the new option, Concor has decided to run rakes (a cargo train) with a minimum 60 per cent capacity, thereby agreeing to underwrite the losses, if any.

Ganesh Lath, a Nepalese importer and former president of the chamber of commerce at Birgunj, the commercial capital of Nepal, felt that Concor services would encourage Nepalese traders to shift cargo from Kolkata to Vizag.

"The Nepalese government has already agreed to use Vizag as the second port.

Nepal's Kolkata consulate extended services to Vizag. A meeting with shipping liners and Concor was held in Kathmandu during the end of last year to smoothen out things," Lath said.

Source: thehindubusinessline.com- Feb 23, 2017

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