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IBTEX No. 26 of 2017 Feb 04, 2017

USD 67.20 | EUR 72.48 | GBP 83.91 | JPY 0.60

Cotton Market Update (03-02-2017)

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

Rs./Bale	Rs./Candy	USD Cent/lb
20198	42250	**79.99**

Domestic Futures Price (Ex. Gin), March

Rs./Bale	Rs./Candy	USD Cent/lb
21150	44241	**83.76**

International Futures Price

NY ICE USD Cents/lb (March 2017)	76.91
ZCE Cotton: Yuan/MT (January 2017)	15,965
ZCE Cotton: USD Cents/lb	**8773**
Cotlook A Index – Physical	**85.75**

Cotton & currency guide:

Cotton surged Rs 500-600/candy to average Rs 41,850-43,750/candy across major markets on Thursday on good demand and strong global cues. Prices have registered a 16 week high touching across major markets. Prices fuelled in the market tracking strong global cues since Tuesday evening as it increased nearly Rs 700-800/candy in just two days.

Price on the local bourses gained tracking higher US cotton price. US cotton on ICE futures settled higher for the third straight session on Thursday, hitting a fresh six-month high, helped by strong export sales data and weak dollar. The March cotton contract on ICE Futures U.S. reached a peak of 77.40 cents/lb on Thursday, the highest since August 5

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

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INTERNATIONAL NEWS

Think Tank Says These 10 Things Are What Trump Can do to Make US Manufacturing Work

Donald Trump's "America first" mentality when it comes to manufacturing may seem like a pipe dream to some, but one think tank says the president is serious about making in America and if he does certain things right, some of his policies could prove successful.

The problem, however, according to a report by the Information Technology and Innovation Fund (ITIF) is that conventional economists and Washington have misunderstood the demise of U.S. manufacturing and therefore their criticism of Trump's trade moves has been "supercilious" and their thinking "tired" and "laissez-faire."

"It's unfortunate that the Washington establishment has either dismissed the idea [of reviving U.S. manufacturing] out of hand or relied predominantly on generic ideas like tax reform and infrastructure spending," said ITIF president Robert D. Atkinson, lead author of the report. "While those policies would certainly help the broader economy, they're like using a sledgehammer when we really need a scalpel. The key to effective manufacturing policy is to focus on which jobs can and should be brought back and which production is better off performed in other nations."

Atkinson agreed that assembling iPhones without some break-through in automation that could make doing so domestically economical isn't where America's focus should be. Instead, policies should focus on replenishing value-added jobs that will pay the wages Americans want.

Either way, according to Atkinson and report co-author Stephen Ezell, vice president for global innovation policy at ITIF, the U.S. manufacturing sector should at least be large enough for the U.S. to afford its imports without running a deficit.

The report, "Ten Principles to Guide the Trump Administration's Manufacturing Strategy," offers suggestions on ways the new U.S. government can bring manufacturing back to the country without doing more harm than good.

1. Focus on traded sectors, not just manufacturing

Looking solely at what should shift within manufacturing would be a mistake for the Trump administration, according to the report. Instead, leaders should look at industries and establishments that compete in the international marketplace and sell at least some of their product to non U.S. residents—a traded-sector as the report refers to it.

"If a traded-sector enterprise such as a manufacturer or software company closes, then the company that fulfills that demand may well be located in another country," the report noted, adding that federal policies and programs are currently ill-equipped to handle this challenge.

For one, less than 11 percent of Small Business Administration loans last year went to firms in the traded manufacturing or information sectors, while nearly 25 percent went to companies in the non-traded retail trade and restaurant industries.

2. Focus on high-value added defensible sectors and functions

The U.S. may need to look more closely at traded sectors, but it will be important to note that not all sectors provide the same value.

According to the report, the median annual wage in apparel, textile and leather industries is $24,000 to $29,000 while the median salary in the coal products sector is $64,000.

Higher-wage, higher-tech traded sector industries pay all of their workers more, not just the more educated ones.

"This means that fighting to keep all industries from leaving the United States, through steps such as stiff import tariffs, would lower, not raise, U.S. living standards, because it would spur the growth not just of higher-wage industries, but also lower-wage ones," the report noted.

"In contrast, more targeted policies to encourage more production in middle- and higher-wage industries, which the Carrier deal in Indiana represents, would increase U.S. living standards.

3. Focus on the trade deficit, not jobs per se

Making job creation the main goal of any U.S. manufacturing initiative would also be a mistake, according to the report.

If America were to increase its output by 20 percent, for example, and that additional output was exported to eliminate the trade deficit, that could work in two ways: either by increasing productivity and not hiring workers, or by bringing workers over from the services sector and not increasing productivity. The former would mean no change in the current standard of living, but an improvement in future standards of living because future generations would have less trade debt to pay off. The latter, getting workers from the services sector, would mean lower GDP as fewer workers would be producing services and the costs of manufactured goods would increase.

"So, jobs for job's sake is not the right path," the report noted. "Traded-sector output for traded-sector output's sake is."

4. Recognize what should stay and what shouldn't

Focusing on higher-value added sectors, which would be less likely to move offshore, will be the key for the U.S. manufacturing initiative.

"In essence, the United States should focus particularly on maintaining process-embedded innovation and process-driven innovation, lest the movement of manufacturing away from the United States eventually pull R&D—and America's future ability to innovate—with it," according to the report.

When pure product innovation is present, the U.S. will have to be less worried about offshoring of that product.

5. Understand that when U.S. companies succeed in overseas markets it can help U.S. employment

Traded sectors account for roughly 35 percent of U.S. GDP, and when companies and their foreign subsidiaries and joint ventures successfully compete in foreign markets by selling in their local markets or building production facilities there, this can also increase U.S. employment, as there are those deployed and those working in the domestic facility.

U.S. subsidiaries of global companies are a sizable source of U.S. exports, and some studies have even shown that when firms expand their footprints abroad it doesn't necessarily reduce their domestic activity.

"This does not mean that working to keep some production home—either through reducing foreign mercantilism or increasing U.S. domestic competitiveness—cannot provide greater benefits," according to the report. "But it does mean that a significant share of foreign activity of U.S. multinationals leads to net U.S. economic benefits."

6. Focus on attraction rather than compulsion

The Trump administration may want to focus on making trade partners want to make in America or use American inputs by creating the most attractive environment for manufacturing, rather than compelling them to do so.

An attraction strategy for trade, according to ITIF, would put coordinated policies in place on taxes, labor, technology, trade and regulations, whereas compulsion strategies can require things like a certain amount of local inputs going into a good in order for the manufacturer to be allowed to invest, operate or sell in the country, for example.

The United States will have to get away from putting such policies in place as the move could prompt other countries to require similar things from us, which, according to the report, would be "to the detriment of both the United States and the global trade and economic system."

7. Move beyond making one-off deals and focus on a low-cost business climate

To focus on attraction and not compulsion, the Trump administration will have to roll back countries' mercantilist strategies and make the U.S. a more attractive place for manufacturers.

The strategy for achieving this can't just be about lowering costs and reducing regulations either.

Manufacturing costs in the U.S. are already lower than in Canada, France, Germany, Japan and the United Kingdom, and are close to those of Korea, but German and Japanese manufacturing have outperformed U.S. manufacturing, according to the report.

“What we need then is a better manufacturing business climate combined with a better manufacturing-support infrastructure,” ITIF said. To get it, the new administration will need to increase funding for technology and innovation, and Congress should pass the 2016 Made in America Manufacturing Communities Act. That act, according to the report, would designate regions as manufacturing communities and land them at the front of the line for funding to invest in regional manufacturing.

8. Change the playing field through technology

Electronics assembly and cutting and sewing inexpensive clothes are very likely not coming to the U.S. in a big way. It would take “heroic” policy efforts, as ITIF said.

What the Trump administration should focus on, however, are “stickier” sectors like emerging industries where competitors’ capabilities would still be limited, like making artificial intelligence systems. Industries that are constantly innovating and moving to new product cycles could also be good for domestic manufacturing.

“Both kinds of industries as well as new process technologies share a reliance on innovation, meaning that policies such as expanded funding for federal research and an expanded R&D tax credit are critical for their future expansion in the United States,” according to the report.

9. Support the defense industrial base

As the U.S. industrial industry continues to move offshore, so does the defense industrial sector, and the U.S. could face slipping behind in terms of developing technology-enabled warfighting capabilities.

“If the U.S. defense industrial base is to retain its ability to develop the most technologically sophisticated defense platforms, the United States will need to be at the forefront of advanced-technology manufacturing capabilities in many areas, such as nanotechnology, advanced batteries, semiconductors, sensors, and autonomy.”

10. Pay attention to where advanced production is located

If manufacturing growth goes to technologically advanced areas in the U.S. that are already doing well, the benefits won't be shared widely, so any national trade strategy should include a regional component.

The administration could consider setting up a Rural Development Corporation that would fund "new economy" projects in rural areas. According to the report, Congress should also institute a reshoring tax credit for firms that bring overseas jobs to "economically lagging counties."

Source: sourcingjournalonline.com – Feb 02, 2017

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EU interested in increasing trade with Uzbekistan

The European Union is Uzbekistan's fourth largest trade partner after China, Russia and Kazakhstan, with 12 percent of the country's total trade accounting for EU member states, Ambassador Eduards Stiprais, Head of the Delegation of the European Union to Uzbekistan, said last week at a meeting of the American Chamber of Commerce (AmCham) in Tashkent.

In 2015 (statistical data on EU trade with the world for 2016, including with Uzbekistan, will be released by Eurostat only in the spring this year) bilateral trade reached EUR 1.793 billion, the Delegation of the European Union to Uzbekistan reported on its website.

Uzbekistan's import from various EU Member States was worth EUR 1.546 billion, while export to these countries allowed it earning EUR 246 million. Germany is the biggest trade partner of Uzbekistan among EU Member States. Its trade with Uzbekistan was worth around EUR 440 million in 2015.

The top three product groupings which Uzbekistan imported from EU Member States were machinery and transport equipment (EUR 608 mln), chemicals and related products (EUR 421 mln, of which pharmaceutical was EUR 278 mln), as well as food and live animals (EUR 123 mln). Meanwhile, the country mostly exported to the EU agricultural products (EUR 23 mln), textiles and clothing (EUR 35 mln), chemicals, raw materials and minerals (EUR 177 mln).

Both sides admit that the current level of trade is unsatisfactory, and they take efforts to increase it, Ambassador Stiprais said.

He said Uzbekistan benefits from the EU's Generalised System of Preferences (GSP), which grants developing countries non-reciprocal access to the European market. The GSP is designed to encourage growth in developing countries. It ensures that Uzbek exporters pay lower or no duties on some or all of the products they sell to the EU.

Ambassador Stiprais said that at the moment the sides are also discussing an opportunity of establishing a Business and Investment Council. Besides officials it will involve both Uzbek entrepreneurs and representatives of EU firms and companies. This body will facilitate their dialogue and enhance bilateral business links.

The EU stimulates export of Uzbekistan's key products by removing barriers for their access to the European markets. In December 2016 the European Parliament approved the Textile Protocol to the PCA. The document is designed to improve trade in cotton and textile products through decrease of customs duties for imported goods from this grouping from Uzbekistan, making easy their trade in the territory of the EU for Uzbek manufacturers.

The Ambassador also said that the EU provides millions of euros of financial assistance to Uzbekistan every year, primarily aimed at promoting economic development.

For the period 2014-2020, financial aid for Uzbekistan amounts to €168 million. EU development assistance for Uzbekistan between 2014 and 2020 is concentrated on rural development. Goals include poverty reduction and wealth creation in rural communities, the improvement of quality of life, living standards and food security of people residing in isolated or sparsely populated areas, and the protection of natural resources.

Vegetables and fruit produced in Uzbekistan may also be exported to European markets. It will become possible taking into account their compliance with technical, phytosanitary and ecological requirements and rules set in the EU. That will also be reached thanks to the above mentioned projects, the Ambassador said.

Source: timesca.com– Feb 02, 2017

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International Istanbul Yarn Fair begins

The world second biggest Yarn Fair bringing the international textile industry together, this year the 14th International Istanbul Yarn Fair 2017 will again host participants and visitors from various countries to become the sales and marketing platform that shapes the international yarn trade and textile production.

The Istanbul Yarn Fair allows the formation of new distribution channels while increasing the export opportunities of the yarn industry in Turkey. As a reflection of the Turkish yarn industry, International Istanbul Yarn Fair is opening up new markets in parallel with the growth trend. The fair aims to create new export and import opportunities for the industry.

Istanbul Yarn Fair, has become a very successful and comprehensive yarn fair, gathers participants and visitors from 77 countries, steering the global yarn commerce.

The fair, is the most important commercial gathering of the international yarn industry, stands out as an opportunity not to be missed for yarn companies that want to access new markets, organizers Tüyap Fairs and Exhibitions Organization Inc report. This event showcases products like All Kinds of Fabric Manufacturing Firms,Knitted Fabrics Manufacturers,Cotton Yarns,Cotton Blended Yarn etc. in the Textile, Fabrics & Yarns industry.

The International Istanbul Yarn Fair is a 4 day event that will be held by Tüyap Fair Organization, from 2-5 February 2017, at the Tüyap Fair Convention and Congress Center, located in Büyükçekmece, Istanbul.

Istanbul Yarn Fair is held simultaneously with Texpo Eurasia and Hightex as one of the region’s most powerful sectoral fairs.

Source: yarnsandfibers.com– Feb 02, 2017

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Pakistan: Strong demand for quality cotton kept prices firms

Cotton prices remain firm with strong demand for quality cotton on Wednesday at cotton market. Buyers were keen to build up stock but they were equally not ready to pay extra price for the lint. Whereas, sellers on their part knowing about the shortage of quality cotton wanted to fully exploit the situation.

Both sellers and buyers tried to turn the situation in their favour. Nevertheless, needy spinners managed to finalize some deals at high rates as they were not ready to take risk due to rising cotton prices in most of the world markets.

The world cotton markets by and large remained firm, with the New York cotton market closing with fresh gains. However, the Indian cotton market remained easy as phutti arrivals gained momentum on reports of larger sized crop.

The market was also eagerly waiting for phutti (seed cotton) arrivals report due in the next couple of days.

The Karachi Cotton Association kept it spot rates unchanged.

Major deals changed hands on the ready counter were: 1,200 bales from Saleh Pat at Rs6,500, 440 bales from Rohri at Rs6,775, 514 bales from Chichawatni at Rs6,500, 2,000 bales from Haroonabad at Rs6,650 to Rs6,850, 800 bales from Fort Abbas at Rs6,750 to Rs6,775, 1,200 bales from Yazman Mandi at Rs6,850 to Rs7,000, 400 bales from Shujabad at Rs6,900, 2,000 bales from Rahimyar Khan at Rs7,000 and 961 bales from Mian Channu at Rs7,000.

According to cotton analyst Naseem Usman, if Indian cotton prices come down further, there would be a possibility that Pakistani spinners would once again try to make an attempt to get cheaper cotton from across the border.

Source: yarnsandfibers.com – Feb 02, 2017

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US officials see Uzbek cotton exports at record low

Uzbek cotton exports will fall to record lows, thanks to lower plantings and rising domestic usage, US officials said.

The US Department of Agriculture's bureau in Tashkent saw Uzbekistani cotton exports in 2016-17 at 2.39m 480-pound bales.

This is above the USDA's official forecast for Uzbek exports, but some 360,000 bales behind the Tashkent bureau's earlier estimates, and the lowest level on records going back to 1960.

Falling production

The bureau saw 2016-17 cotton production at 4.08m bales, about 200,000 bales below its earlier estimates.

"A warmer than usual winter, lack of water, pest problems and replanting all caused a lower than expected crop," the bureau said.

Planted area was reduced by 30,500 hectares, to 1.26m hectares, due to a shift in government policy.

"In 2016-17, the government of Uzbekistan lowered cotton planting area to open up fields for vegetable and fruit production, especially in areas where water is scare and cotton yields are low," the bureau said.

The government intends to reduce cotton planted area by a total of 170,500 hectares over the next five years, although the bureau expects production to be resilient thanks to improving agronomy.

Rising consumption

Higher cotton consumption was also seen reducing exports.

The bureau saw Uzbek cotton consumption at 1.84m bales, some 200,000 bales above earlier estimates.

"Domestic cotton consumption is increasing year-by-year with new textile investments," the bureau said.

"The Uzbek government is encouraging new partnerships to increase the domestic use of cotton."

"Many new textile investments have been approved which will increase domestic consumption gradually in the coming years."

Source: agrimoney.com – Feb 02, 2017

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China's Xianyang deploys ZinserRing 71 spinning system

Xianyang Textiles Group Co., Ltd., Chinese textile firm that processes cotton, manmade fibres, and their blends to create high-grade yarns, has deployed the ZinserRing 71, the new ring spinning system by Zinser, a leader in the market of ring spinning applications and a brand of Saurer Group, specialising in machinery and components for yarn processing.

Since 2013, 96 ring spinning machines from the textile machinery manufacturer Zinser, featuring a total of more than 136,000 spindles, have been in use at the state-run Chinese textile company in conjunction with the Autoconer package winding machine from Schlafhorst. The new ring spinning system has far exceeded the expectations of the company, with Xianyang Textiles issuing a positive appraisal following almost five years of operation.

The ZinserRing 71 enabled Xianyang Textiles to record a palpable drop in power consumption. With its energy-saving tangential belt drive, its precision-mounted high-speed spindles featuring a low power requirement and its energy-efficient motors, the economical ZinserRing 71 produces more yarn using less electricity.

The stable and reliable design of the ZinserRing 71 enabled Xianyang Textiles to increase the spinning speeds without the risk of yarn breaks.

The integrated OptiStep software ensures that the start, coast-down and operational spinning speeds are optimally attuned to the technological spinning limit and enables the bobbin build to spin at the absolute maximum speed in every phase.

The drafting system of the ZinserRing 71 features mechanical weighting arms that guarantee consistent pressure at all spinning positions. This reliability leads to yarn values that are consistent at all times, enabling Xianyang Textiles to achieve top quality with maximum process reliability and significantly reduced maintenance input.

The CoWeMat is and remains the leading technology for doffing automation. With its renowned process reliability and dependable operation, the CoWeMat reduces personnel costs and increases efficiency.

Fast, reliable automatic bobbin changing on the ZinserRing 71 by the CoWeMat makes it possible to utilise the production capacity to optimum effect, as it performs the work arising at intervals without the need for staff.

Source: fibre2fashion.com - Feb 02, 2017

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Bangladesh minister urges India to lift duty on jute

Commerce minister of Bangladesh Tofail Ahmed has urged India to adopt measures to remove trade barriers in order to increase export-import between the two countries. He also stressed on the need for lifting anti-dumping duty on jute products as the imposition of the duty could have adverse effects on the import and export of these items.

Trade barriers affect exports from Bangladesh to India, said Ahmed during a meeting with Nirmala Sitaraman, Indian trade and industries minister, in Andhra Pradesh after the inaugural function of a two-day partnership summit organised by ministry for trade and industries and the Indian Chamber of Commerce.

The minister from Bangladesh suggested that official talks should be held between both countries to remove trade barriers, according to Bangladeshi media reports.

Bangladesh's GDP growth is 7.11 per cent and the country is progressing socially as well as economically, said Ahmed. It is the second largest exporter in the region after India, with total exports amounting $34 billion, he added.

Source: fibre2fashion.com- Feb 02, 2017

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Cotton prices may fall on supply glut: ICAC

Cotton prices worldwide may fall in the next few months for an increased supply following higher production and remaining stocks from last year, according to a report from the International Cotton Advisory Committee or ICAC.

The ICAC forecasts that cotton prices will range between 66 cents and 83 cents per pound from the second half of the cotton season of 2016-17. The cotton season starts on August 1 and ends on July 31.

Currently, cotton is trading between 73.8 cents and 74.8 cents per pound on international commodity exchanges. One bale equals 480 pounds or 218 kilograms.

Bangladesh is forecast to increase its imports by 1 percent to 6.43 million bales, making it the largest importer in 2016-17. Vietnam's imports are projected to rise 19 percent to just under 5.52 million bales, according to the ICAC.

World cotton production in 2016-17 is projected to rise 8 percent to 104.72 million bales, which may put pressure on cotton prices in the latter half of the season, the ICAC said.

The world's ending stocks may fall by 7 percent to 82.68 million bales in 2016-17, though stocks outside China are expected to grow 6 percent to 39.96 million bales.

The current season started with a large shrinkage in stocks, particularly from countries in the southern hemisphere, which saw ending stocks in 2015-16 fall 21 percent to 7.34 million bales, the lowest since 2009-10.

The shortage in supply carried through the first few months of the 2016-17 season, as the bulk of the crop was still being harvested, keeping prices firm.

With the exception of China, cotton production is projected to be higher in the top five producing countries. India's cotton production is forecast to increase 4 percent to just under 27.56 million bales, making it the world's largest producer, the ICAC said.

Despite declining by 4 percent to 21.12 million bales, China would be the second largest producer in 2016-17.

Production in the US could rise 28 percent to 16.53 million bales, while production in Pakistan will recover 20 percent to 8.27 million bales, as efforts to prevent the reemergence of pink bollworm have been effective.

Additionally, cotton production in the southern hemisphere, primarily Brazil and Australia, is expected to rise 21 percent to 12.87 million bales, which could put pressure on prices through the end of 2016-17 to the start of the next season as both countries are also large exporters.

Production in Brazil, the world's fifth largest producer and largest in the southern hemisphere, is forecasted to increase by 10 percent to 6.43 million bales.

Production in Australia could grow by 64 percent to 4.59 million bales due to expanded plantings as farmers were encouraged by high prices and better water availability.

World cotton consumption is likely to remain stable at 110.69 million bales. While prices for polyester, the main competing fiber, have risen in recent weeks, they still remain well below international cotton prices, making it unlikely that cotton mills use will expand this season unless polyester prices continue to rise.

China's consumption is expected to remain stable at 33.98 million bales, making it the largest consumer.

However, mill use in India is projected to decline by 1 percent to 23.88 million bales, while mill use in Pakistan is likely to remain stable at 10.56.

Ongoing uncertainty in Turkey and competition from lower-priced cotton yarn imports could lead to a 3 percent decline in mill use to 6.66 million bales.

However, cotton consumption is forecast to grow by 5 percent to 5.97 in Bangladesh and 13 percent to 5.05 million bales in Vietnam.

Given that most large cotton-consuming countries depend at least in part on imported cotton, trends in consumption are mirrored in the top importing countries.

Substantial increases in exports are likely in countries with larger exportable surpluses and strong demand in international markets, such the United States and Australia, which are expected to be the first and third largest exporters in 2016-17.

Source: thedailystar.net- Feb 03, 2017

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Vietnam’s manufacturing sector stays strong despite dim prospects for trade deal

The sector still grew at the start of 2017 amid concerns that the Trans-Pacific Partnership will die after the U.S's withdrawal.

Vietnam’s manufacturing purchasing managers’ index fell to 51.9 in January from 52.4 the previous month.

It was the modest growth in the last three months of the Nikkei-Markit survey, but the manufacturing sector in Vietnam remained in expansionary territory and came second among the countries in Southeast Asia.

“It was a steady start to the year for the Vietnamese manufacturing sector with growth of output, new orders and employment maintained,” said Andrew Harker from IHS Markit.

New orders continued to grow in the first month of 2017, but the rise was also the slowest in a three-month period. There was also an increase in new export orders due to stronger demand from foreign customers.

Although the rate of job creation eased for the second-straight month, Vietnamese manufacturers still reported more jobs in January.

“Although rates of expansion generally slowed, the ability of firms to secure a further solid increase in new work bodes well for coming months,” said the Markit expert.

Business conditions have strengthened in each of the past 14 months and business sentiment remained strongly positive as firms generally expected increases in new orders and new product launches, according to the survey.

Given the fact that there will be highly likely no Trans-Pacific Partnership (TPP) under Donald Trump’s presidency, Vietnam, which is supposed to be among the biggest beneficiaries of the trade deal, may be viewed less attractive as an investment destination than it could have been. Trump officially pulled the U.S. out of the ambitious 12-nation pact right after taking office.

“This means that Vietnamese firms won’t see the benefits of the trade pact with the U.S. in the longer term in areas such as textiles and clothing analysts,” said Harker. "Despite this setback, the near-tem outlook remains positive."

The headline Nikkei Manufacturing Purchasing Managers’ Index, a composite single-figure indicator of the manufacturing sector, is based on data compiled from monthly replies to questionnaires sent to purchasing executives in over 400 industrial companies in Vietnam.

A reading above 50 indicates the manufacturing sector is the expansionary territory, while a reading below 50 points toward contraction.

Source: vnexpress.net- Feb 03, 2017

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US cotton moves to rebrand its promise to the world

Cotton Council International is refocusing resources to heavily target partnerships and promotions directly with global mills, manufacturers, brands and retailers, highlighting U.S.-grown cotton as the world's 'preferred fiber.'

Bruce Atherley admits 15 months ago he knew little about cotton, much less the specific challenges facing U.S.-grown cotton on the global stage. He knows now, and he's casting a new set of eyes on how U.S. cotton can better capitalize on its reputation as the world's best.

In October 2015, Atherley became the executive director of Cotton Council International, the wing of the U.S. cotton industry charged with promoting U.S. cotton fiber and manufactured cotton products around the world, a big task considering more than three-quarters of U.S.-grown cotton ends up overseas, and that's a trend not soon to change.

At the annual Georgia Cotton Commission meeting Jan. 25 in Tifton, Ga., one of many cotton gatherings Atherley attended across the Cotton Belt this meeting season, he took a lighthearted approach to introducing himself:

"I got no experience in cotton, no experience in agriculture, no experience in textiles, no experience with trade associations, no experience with the USDA and government," he told the cotton-heavy crowd. "But at the end of the day, it doesn't matter what it is, honestly. Whether it's Cheerios, pens or whether it's tools, it's about selling more product, higher prices and making more money. ... And that's what I'm trying to do for you. This is what I've done in other companies."

In his first months on the job, he wanted to get on cotton farms. "So, I went throughout the Cotton Belt and got to six or seven states. I learned a lot about cotton," he said, bringing the audience's attention to a picture of him sitting in a picker picking cotton on a farm outside Memphis, Tenn.

Since being on the job, he's traveled to major mills across the globe, and says U.S. cotton is considered the best in the world. "People love us around the world, and a lot of mill owners tell me, 'I sleep better at night knowing that I've got U.S. cotton coming in because what I ordered is what I get.'"

He’s heard from some mills that contamination in U.S. cotton is becoming a problem, particularly plastic trash coming from round bale wraps. The U.S. industry knows about this problem, and in the past few years it has initiated awareness campaigns to let farmers and others handlers along the cotton supply chain know what they can do to reduce contamination. It is a work in progress, but one that needs to improve sooner rather than later.

“U.S. cotton receives a premium over other countries cotton and if we do not address our contamination issues, that premium could decrease,” he said.

Sustainability is a new buzzword in marketing, and retailers are taking notice of consumers’ desires to know more about the ingredients used to make the food they eat and clothes they wear, and some are seeking guarantees of sustainable practices for the items on shelves. The industry’s Cotton Leads program was created to champion the sustainable, responsible message for U.S. cotton, but “we need to be selling the U.S. cotton sustainability story harder than ever before,” he said.

With a new mission statement this year, CCI is refocusing its resources to more heavily target partnerships and promotions directly with global mills, manufacturers, brands and retailers, highlighting U.S.-grown cotton as the world’s ‘preferred fiber,’ including making it preferred over man-made fibers.

He said there are three goals going forward:

Increase volume, or export of U.S. cotton.

Increasing the U.S. share in the global supply chain, which is about a 35-percent share now.

Continue to secure premium prices for U.S. cotton.

Planning for the new mission began January last year, he said, with the ambition of comfortably getting to 20 million bales of U.S. cotton production by 2026, which would require about a 1.5 percent annual growth rate in global demand. But with a dramatic increase in U.S. cotton exports, which are running 60 percent more this year than last, the 20-million-bale goal possibly could be achieved by 2020.

U.S. and global export and trade policies between now and then will influence the reality of that dream.

So, how does CCI plan to accomplish these goals with the Cotton USA brand?

“Our No. 1 strategy is to differentiate and brand U.S. cotton. … You guys produce better cotton. So we start there. We have to be a value-added, branded ingredient,” he reminded the Georgia crowd.

With that in mind, he introduced a video showcasing USA Cotton’s new brand promise ‘Cotton USA: The Cotton the World Trusts.’

The plan now is to drive the message, with stats and figures to back it up, to the world’s major mills and textile manufacturers, “and it gives us something to hang our hat on and talk about,” he said.

The Cotton USA brand was first introduced in 1989, and has since been used on hangtags, labels and points-of-purchase around the world and on 51,000 product lines, but it had never been tested very well to measure its worth.

CCI tested the brand in the U.S., India and China and got positive responses that show consumers do value the brand and, it was more importantly determined from the tests, people would pay more for a product that included Cotton USA fiber, he said.

Though he’s relatively new to cotton, Atherley has a long track record in global marketing, working in leadership positions with Kao, Inc., a Tokyo-based manufacturer of personal care and household products, William Wrigley Jr. Company, H.J. Heinz Company, Pet Life, Inc., Black and Decker and General Mills Inc.

Source: southeastfarmpress.com- Feb 03, 2017

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Bangladesh apparel sector has 540 trade unions

The readymade garment industry of Bangladesh boasts of 540 registered trade unions, according to M Mujibul Haque Chunnu, the state minister of labour and employment.

He also said that a worker welfare foundation fund has been formed by the government and close to Taka 190 crore has already been deposited in it, which will be spent for workers' welfare.

The present government of the country is worker-friendly and it has simplified the process of registering trade unions, said a Bangladeshi media news agency quoting Chunnu. The minister added that forming trade unions was workers' fundamental right.

While addressing the Jatiya Sangsad or the House of the Nation, Chunnu said that his ministry has adopted various measures to ensure that workers at factories and mill get their due remuneration.

The minimum wages of workers of 38 industries have also been fixed based on the recommendations of the Minimum Wage Board.

The minimum wage of RMG workers has been increased from Taka 3,000 to Taka 5,300 from December 1, 2013, informed the minister.

Source: fibre2fashion.com- Feb 03, 2017

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NATIONAL NEWS

Growth-oriented budget, says textile industry

The decision of the Union Government to set up 100 international skill centres, continue with the existing tax structure for textile units, and support cluster approach for contract farming are all expected to benefit the textile industry.

According to Southern India Mills' Association chairman M. Senthil Kumar, the main demand of the association to continue the existing tax structure till the GST is implemented has been considered. Additional allocation to the banks for NPA accounts, proposed labour reforms, and cluster approach for contract farming will benefit the cotton-based textile industry.

The Cotton Textiles and Export Promotion Council has said in a press release that the five per cent reduction in Corporate Income Tax for medium and small enterprises with Rs. 50 crore turnover will benefit the textile sector. However, the Government has not addressed the needs of the export sector though the industry needs support to compete in the international market. It should also restore some of the incentives related to interest subvention for merchant exporters and cotton yarn.

The Clothing Manufacturers' Association of India said the garment industry will benefit from the international skill centres that will be set up. "Though there are no new schemes or programmes specifically for the textiles or garment industry, the budget has several provisions that will help the sector grow faster," said Rahul Mehta, president of the association.

M.B. Raghunath, president (sales and marketing) of Mafatlal Industries, has said that continuation of the current textile policy is good for the industry and the indirect taxes are expected to be addressed when the GST is implemented.

The industry was hopeful of the Government bringing textiles under five per cent tax slab in GST as it is a mass consumption product.

According to A. Sakthivel, president of Federation of Indian Export Organisations, the focus on Government investment on infrastructure is a move in the right direction. The introduction of trade infrastructure export scheme with a budgetary allocation of Rs. 3.96 lakh crore will benefit the exporters.

According to the Indian Texpreneurs Federation with focus on agriculture, cotton sector will also benefit and cotton is the main raw material for the textile industry. With more investment in infrastructure and a growth in the economy, per capita spending will increase. This will benefit the clothing sector.

Source: thehindu.com- Feb 02, 2017

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Rs 6226 cr provision will boost textile exports: Irani

Union textiles minister Smriti Irani thanked the government for Rs 6,226.5-crore provision for textiles announced by finance minister Arun Jaitley in the Union Budget 2017-18. Terming this year's budget as 'Budget for better India', Irani tweeted that the provision will give a major boost to textile exports of the country and employment especially for women.

Irani took to the microblogging website Twitter to say that an outlay of Rs 1,555 crore announced in the budget for remission of state levies will greatly benefit exports in garments and made-ups segment.

She also said in one of her tweets that this is the first time when the Union Budget has provided Rs 200 crore under PM Paridhan Rojgar Yojna to boost employment in garmenting sector.

Regarding the decrease of 2.5 per cent in custom duty on nylon mono filament yarn, Irani said that it will have a positive impact on fishing net export market.

She also said that the reduction in corporate tax for MSME units with turnover of less than Rs 50 crore will benefit a large number of textile units.

Source: fibre2fashion.com – Feb 02, 2017

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Textile firms appreciate tax cut for MSMEs in Budget

Textile companies believe that tax reduction for micro, small and medium enterprises (MSMEs), that generate the maximum employment in the country, will help smaller retail entitites and drive the growth engine. The abolition of FIPB (Foreign Investment Promotion Board) to ease the flow of FDI is also likely to reap good benefits by speeding up the process.

This year's Union Budget is an inclusive budget with a clear focus on agriculture, infrastructure, digitisation and employment generation, Deepak Chiripal, CEO of Nandan Denim Limited told Fibre2Fashion.

"MSMEs are the backbone of the industry and generate the maximum employment. Tax cut for the MSMEs with an annual turnover of Rs 50 crore is a welcome gesture and will drive the growth engine as most of India's companies will get the benefit of 5 per cent tax reduction, which will be a relief for them," said Chiripal.

He also said that labour reforms were much sought demand and budget announcement will definitely help foster a conducive labour environment leading to harmonious labour relations, which will further lead to higher productivity.'

"Government has increased allocation to Prime Minister Employment Generation Scheme by 3 times which will definitely help to achieve employment generation targets. Abolition of FIPB (Foreign Investment Promotion Board) to ease flow of FDI is a good move which will reap good benefits as it will speed up the process," added Chiripal.

The increased tax limit slab is also likely to boost the market sentiments after a sluggish demand witnessed due to the liquidity crunch post demonetisation.

"Expanding tax net by increasing tax limit slab up to Rs 5 lakh will give more money into low-medium income groups.

This move will give more money into hands of such people, which will trigger more demand in markets. After short term sluggish demand due to demonetisation, this will surely help to boost the market sentiments," noted Chiripal.

The reduction in personal income tax is expected to result in an increase of disposable income of individuals.

"As anticipated by us, the reduction of personal income tax would increase the disposable income in the hands of individuals. As mentioned by the finance minister, about 96 per cent of individuals have an income of less than Rs 5 lakh and they tend to gain on reduction in income tax rate for income up to Rs 5 lakh," Arun Ganapathy, CFO Spykar Lifestyle Pvt Ltd told F2F.

Regarding demonetisation, Genepathy sadid, "The statement of the Finance Minister that the impact on demonetisation will not spill over to the next year is a welcome one and would augur well for the industry. The reduction in corporate tax rates for SME corporate will help smaller retail entities."

"Overall, the budget was as anticipated by us," concluded Ganapathy.

Source: fibre2fashion.com- Feb 02, 2017

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Funds allocated for textile sector will boost production, employment generation and export: Textile Association (India)

Union Textiles Minister Smriti Irani on Wednesday said the allocation of funds for the Textile Sector will "greatly benefit" exports in the garments and made-ups segment of textiles.

She said for the first time, the Budget has provided Rs 200 crore under PM Paridhan Rojgar Yojna to boost employment in the garment segment. She also added that the reduction in corporate tax for MSME units with turnover of up to Rs 50 crore will benefit large number of units.

On micro-blogging site twitter, Irani wrote, “An Outlay of ₹1555 crore in #BudgetForBetterIndia for Remission of State Levies will greatly benefit exports in garments & made-ups segment.”

Further, decrease of 2.5% in Custom Duty on Nylon Mono Filament Yarn will have a positive impact on fishing net export market... Thankful for ₹6226.50 crore provision in #BudgetForBetterIndia for Textiles. A major boost to exports & employment especially for women, she wrote.

Reacting to the allocation for textile sector, National President of Textile Association (India) Arvind Sinha told KNN that it would certainly help in fulfilling the industries’ needs.

“This allocation will support the sector as the micro, small and medium enterprises (MSMEs) are facing tough times after demonetization,” said Arvind Sinha.

He said Rs 6,226.50 crore provision in the Budget for textile sector will boost the production, employment generation and exports in MSMEs.

He said one of the major constraints for the Textile Industry is the capacity. “We cannot expect more than this from the budget as the main problem of the textile sector is the capacity of the MSMEs,” said Sinha.

Source: knnindia.co.in– Feb 02, 2017

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Budget futuristic, say Coimbatore industries

Industry and trade associations generally termed the budget as a “growth-oriented, futuristic” one. But there was a sense of disappointment as well, as Coimbatore’s economy has been passing through a sluggish phase the last 3- 4 months following demonetisation.

‘Welcome proposals’

The industry has been waiting for some bold move, but nothing materialised, industry insiders said.

Hailing the announcements on doubling farmers income, skilling of youth and development of infrastructure to provide end-to-end solution by integrating road, rail and ship traffic, the Chairman of Southern India Mills' Association M Senthilkumar said, "All of them will benefit the textile industry across the country."

The association was relieved that one of their proposals, on continuing the existing tax structure including service tax and optional cenvat (extended for the textile industry till the implementation of GST), was accepted.

Textile exports

Ujwal Lahoti, Chairman, Texprocil, felt that the export sector, which is languishing due to low overseas demand and rising protectionism did not find a mention in the budget. Texcprocil has appealed for restoring some of the incentives relating to interest subvention for merchant exporters and cotton yarn and MEIS benefit for cotton yarn.

President of Tirupur Exporters' Association Raja M Shanmughan noted that the allocation of fund for Rebate on State Levies (ROSL) would be insufficient as the total exports from the date of notification (September 20, 2016) to the end of this fiscal would clock ₹55,000 crore. "Even if the rebate rate is calculated at 3 per cent, it would work out to ₹1,650 crore."

Stating that the Budget overall was well-structured, the President of the Indian Chamber of Commerce and Industry, Coimbatore, Vanitha Mohan said the impact of the labour reforms is yet to be felt at the field levels.

'SMEs disappointed'

KK Rajan, President, Southern India Enginering Manufacturers' Association said it was disappointing for SMEs to note that there were no incentives for investments for expansion in plant and machinery, but for a mere reduction of 5 per cent tax , which is not commensurate with the present inflation.

SIEMA looks forward to an effective amendment to the working mechanism of the Negotiable Instruments Act to minimise long-drawn court proceedings, he said.

Source: thehindubusinessline.com - Feb 02, 2017

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‘GST rollout vital for logistics sector’

The Finance Minister has made a number provisions for the port and logistics sector, including plans for 2,000-km coastal roads in the Union Budget but experts feel that more details about the GST roadmap and its impact on the sector should have been shared with the market.

Allcargo Logistics Ltd Executive Director and COO, Prakash Tulsiani said the Finance Minister has only mentioned about IT systems for GST rollout but the GST roadmap has not been spelled out. The budget has made provision for the sector but connections between GST and budgetary provisions have not been explained, he said.

GST implementation

Arif Patel, Vice-Chairman of Patel Roadways, said the budget provisions for logistics sector should have been synchronized with the implementation of GST. If the GST does not get implemented, it will have repercussions on the sector, he warned.

Tulsiani said the Budget has been focused on rural and agriculture development, which will spur the consumption in the country. This will bring new businesses to logistics companies. But better connectivity between the ports and various manufacturing facilities would be required once the GST gets implemented. Therefore, there should have been higher allocation for national highways.

Freight corridors

There should have been better clarity on Dedicated Freight Corridor (DFC) project and the status on the feeder routes, which will service the DFC.

The feeder routes are the existing railway routes, on which much work is required. Capital outlay also not been defined for this project, he said.

Patel said that provisions for port and coastal road connectivity has been made but till date the road leading to the JNPT port is congested.

In spite of JNPT being one of the largest port in the country, the port still faces traffic bottlenecks. Therefore, the government has to walk the talk as far as infrastructure development is concerned.

Source: thehindubusinessline.com- Feb 03, 2017

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India seeks new business opportunities in Latin America

India took part in the 29th edition of Colombiatex in the Colombian city of Medellin as part of its market expansion strategy in Latin America.

From amongst the 510 exhibitors present at the fair this year, 45 came from India. Accompanied by its economic advisor from the Ministry of Textiles, Babni Lal and the Chairman of the Cotton Textiles Export Promotion Council (TEXPROCIL), Ujwal Lahoti, this was the largest group ever taking part in the fair in the past four years.

Colombiatex is the doorway to Latin America. Selling cotton is part of our tradition and we would like to diversify our exports. India has an integrated value chain and we would like to develop our trade relations with Latin America through our abundant supply of cotton, silk, yarn or mats", said Lal.

A growing market

Lal and Lahoti said that, as part of his government work, the Indian Prime Minister is promoting a campaign to encourage companies to manufacture their products in India: "We want to create investments.

Our country already has over 1200 million inhabitants and a middle class in constant expansion. But our focus is not only on the local market but also on Eastern Asia because India is a doorway to Eastern nations like Korea, Japan and Singapore", they said.

They also added that, at over 7 percent a year, India is an extremely attractive market as it is the fastest growing major economy on the planet. “We have a very young population, half of which is under 26 years old and many of them are interested in fashion. India is the preferred destination for European brands like Mango, Zara and H&M", said Lal.

Creating new trade relations

Lahoti said that they encountered design and technology in Colombia, two good resources to make use of when working with Indian companies. Lal also emphasized the colour of Colombian products as another potential exchange element: "We have a wide range of natural dyes and Colombia imports a lot of these. They use indigo for denim and we are leading producers of this product. And as regards collaboration in terms of design mentioned by colleague, I think we could add it to colour and fashion and develop a good partnership".

The Indian representatives also showed an interest in denim: “We make denim but the product made in Colombia seems much more sophisticated, particularly its design and good quality finish. We would like to strengthen our business relations with Colombian companies and increase our knowledge of dyeing and printing. We also see potential for increased trade in this area", said Lal.

Workers explained that India needs technology and refinement for its clothing industry and both countries could learn from each other because they are not competitors.

"India and Colombia export clothing and textiles but we are not competitors because we trade with the United States, Europe and Asia, whilst they sell their products on their domestic market and, on a larger scale, to South America. We make different products for different markets."

Source: fashionunited.in- Feb 03, 2017

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Union Budget 2017 provides big boost to textiles sector; here's why

Higher fund allocation for labour skilling and end-to-end logistics solutions, including rail and coastal shipping last-mile connectivity, will help the country's textile industry to achieve the $350-billion target in next few years as set by the union government, industry experts have said.

Though there was no major announcement in the Budget, continuing with the existing tax structure, including the service tax and optional Cenvat route extended for textile industry till the GST is implemented, has been considered as a big boost for the sector.

The cluster approach for contract farming would greatly benefit the predominantly cotton based textile industry in India, where more than 80% of MSMEs are located across the country.

The government's proposal to allocate funds for affordable housing scheme (as sought by the textile sector) is a boon to the sector.

While the overall allocation for the textile sector has remained flat, there has been an increase in allocation towards remission of state levies to R1,555 crore for 2017-18 from R400 crore for 2016-17, which is likely to result in 1-1.5% cost savings for a section of exporters.

Speaking to FE, Raja M Shanmugham, president of Tirupur Exporters' Association (TEA), lauded the enhancement of allocation of fund to Mudra Bank from R1,36,000 crore to R2,44,000 crore which will encourage the new entrepreneurs in the region to invest in sectors such as knitwear.

"The announcement on allocation of fund for affordable housing scheme is quite encouraging which has been requested by the association since there has been a plan to construct one lakh houses for labourers.

The profit exemption announced for construction of 60 sq mt will encourage more promoters to enter for construction of houses. Similarly, the like change in labour reforms, which has been pending for sometime, would also help clusters such as Tirupur where they have lakhs of workers working for day and nights."

A sum of R2,200 crore to upgrade labour skilling is also a major measure for labour intensive industry like textiles, he added. Moreover, the allocation to textile sector remains relatively unchanged — R6,230 crore in 2017-18 from R6,290 crore in 2016-17. However, the lesser allocation for both Amended Technology Upgradation Fund Scheme (ATUFS) and cotton procurement is offset by higher allocation for the textile package announced on June 22, 2016.

With a significant proportion of textile sector in the SME segment, reduction in tax rate will improve bottomline of companies, felt Crisil in its analysis. M Senthilkumar, chairman, Southern India Mills' Association (SIMA) said the objective of doubling farmers' income, housing for one crore rural Indians, skilling of youth by establishing 100 India international skill centres, development of infrastructure to provide end-to-end solution by integrating road, rail & ship would greatly benefit the textile industry.

Source: financialexpress.com- Feb 04, 2017

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Govt opens 11,86,203 textile workers' bank accounts

The Indian government has launched a drive by organising special camps for opening bank accounts and promoting digital payments in the textiles sector, according to Union textiles minister Smriti Irani. Close to 11,86,203 bank accounts have been opened and activated for textile workers that includes about 17,245 accounts of workers from the jute segment.

Up until January 20, 2017, 1,912 camps were organised for weavers and artisans of handloom and handicrafts sector, said Irani in a written reply to a Lok Sabha question.

A total of 6,28,215 bank accounts have been opened/mobile apps downloaded by the participants of these camps. Banks have also provided micro-ATM facilities at weaving clusters.

In a reply to another Lok Sabha question, the minister said that the government has announced a special package of reforms for generation of around 1.11 crore jobs in apparel and made-ups sectors, and for a cumulative increase of $32.8 billion in exports and investment of Rs 80,630 crore over the next three years.

“The package includes a slew of measures, which are labour-friendly and would promote employment generation, economies of scale and boost exports. Moreover, the government is providing additional production-linked incentive of 10 per cent under the Amended Technology Upgradation Scheme (ATUFS), for promoting employment in garmenting segment,” she added.

Irani also said that the government has designed Pradhan Mantri Paridhan Rojgar Protsahan Yojana (PMPRPY) to incentivise employers in the apparel sector for generation of new employment.

Under the PMPRPY, government provides additional 3.67 per cent of the employer’s contribution, in addition to government bearing 8.33 per cent of employer contribution of Provident Fund (EPF).

The special package has been extended to made-ups sector to provide additional impetus to employment generation.

“The government has also been implementing the ATUFS, the scheme for Integrated Textile Parks (SITP), the Integrated Skill Development Scheme (ISDS), the North Eastern Region Textile Promotion Scheme (NERTPS) and more with a view to enhance the growth of the textile sector and increase employment in the sector,” concluded Irani.

Source: fibre2fashion.com- Feb 04, 2017

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