

# WEEKLY COTTON REVIEW

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Trading volume remains low in local market

NASEEM USMAN

KARACHI: Bearish trend was witnessed in international cotton market. In the local cotton market trading volume remained low. The government is actively working on increasing the production of cotton in the country. Positive steps are taken but the government to solve the issues of textile sector. Corona Virus left negative impact on the economy of the country.

In the local cotton market textile and spinning sector don't show interest in the buying of cotton and demanding of high rates by the ginner's mixed trend was seen in the market. The market volume remained a bit low. The rate of cotton remained stable.

The news of eruption of Corona Virus in Pakistan created panic due to which the business was affected. The mills were not showing interest due to which uncertainty was seen in the market. More negative effects of this uncertainty will be seen in the market in times to come. It is expected that import and export will be affected as a result of which exports of cotton yarn will also be affected. Due to all these reasons there are chances that economic conditions will deteriorate.

During the week the rate of cotton in Sindh is in between Rs 6800 to Rs 9000 per maund while Phutti is available in small quantity, at the rate of Rs 2400 to Rs 4000 per 40 kg. The rate of cotton in Punjab is in between Rs 7000 to Rs 9100 per maund while the rate of Phutti is in between Rs 2800 to Rs 4300 per 40 kg. The rate of Banola Khal, Banola and oil remained approximately low.

The Spot Rate Committee of Karachi Cotton Association has stabled the rate of cotton at Rs 9000 per maund.

The chairman Karachi Cotton Brokers Forum Naseem Usman told that business was effected world wide due to Corona Virus. The cotton market was also affected badly. The Rate of Promise (Waday Ka Bhao) of New York Cotton has reached 61 cent after decreasing by 8 American cents. There was uncertainty in China while in India bearish trend continues.

Naseem Usman told that during the current week two positive news regarding sowing of cotton and textile sector. Regarding cotton production there is an important development which we are discussing here in detail. Important decisions were taken regarding textile sector which needs to be discussed.

A high level meeting was held under the chair of Prime Minister Imran Khan regarding restoration of cotton crop. The meeting was attended by foreign minister Shah Mahmood Qureshi, Jahangir Tareen, federal minister for food security Makhdoom Khusró Bakhtiar, minister for planning Asad Umar, Advisor on finance Abdul Hafeez Sheikh, and Advisor on environment Malik Ameen Aslam, Syed Fakhar Imam, minister agriculture Punjab Noman Langrial, both federal and provincial secretaries and representatives of Kisan Itehad.

In the meeting over all situation of cotton crop in the country, challenges faced by cotton crop, issues regarding increase in production price, issues regarding research organisation and seed sector were discussed. It was also discussed in the meeting the ways to save cotton crop from the attack of White Lies and Pink Ball Worm. It was decided in the meeting that Pakistan Cotton Association should be reorganized for effective research in cotton sector. It was also decided that reforms should be introduced in the seed sector. The process of accreditation of seeds should be simplified. The plan of action to control pests who were harmful for the crop was approved.

The Pakistan Central Cotton Committee should be reorganized and should be made autonomous. The private sector will be given effective representation.

After reorganization PCCC will consists of representatives of National Food Security, senior representatives of ministry of textile, cotton commissioners, provincial agriculture secretaries, four representative of textile sector, two representatives of cotton ginner, representatives of cotton traders, two representatives of seed producers, four representatives of farmers, one expert and chief executive.

To make the committee effective and for the provisions of funds the issue of Cotton Cess was principally decided between All Pakistan Textile Mills Association and the government. The government decided to establish endowment fund for the provision of funds to the Pakistan Central Cotton Committee.

It was approved in the meeting that important steps will be taken to bring improvement in research sector which includes amendment in Cotton Cess 1923. The road map based on time line was approved to meet the demand of trained manpower in research sector.

The go head was given for introducing transgenic technology and for establishing high level steering committee for cotton technology. In this regard committee headed by secretary National Food Security will present his recommendations to Prime Minister.

It was decided to constitute a committee for the solution of seed issues between federal government and provincial governments and has been given a task to solve all the issues till March 31. The process of simplifying the approving of seed quality was also approved. In the meeting steps regarding the cotton season 2020 was approved. It was also decided in the meeting that committee should be constituted for determining the indicative price of cotton comprising of minister National Food Security, finance secretary, secretary commerce, secretary textile and the stake holders from private sector which includes APTMA, ginner and farmers. The committee will give its recommendations before the start of cotton season 2020.

The plan of action for saving the cotton crop from the attack of White Lies and Pink Ball Worm was discussed.

In the meeting all the stake holders including APTMA, Kisan Itehad and the representatives of seed sector posed full confidence on the efforts of the government on the approved road map for the restoration of cotton crop and assured their full support to the government.

Prime Minister Imran Khan expressed his satisfaction over the consensus developed among the stake holders for the restoration of cotton crop. He said that both farmers and textile sector will take benefit of the restoration of cotton sector as a result of which economy of the country will improve. Prime Minister said that as an activation country bringing improvement in the research sector is the need of the hour.

He also directed that the purpose of introducing National Agricultural Emergency Program is to solve the problems faced by agricultural sector and take steps for introducing modern technology and increase production.

There are positive news for textile and export sector. The government has decided to give subsidy of Rs 20 billion to textile sector on gas and electricity. The government will give subsidy of Rs 20 billion to zero rated sector on the use of gas and electricity. The decision was taken in a meeting held on Wednesday. Successful talks were held between representatives of APTMA and high level government officials.

The government side was represented by minister energy Umar Ayub, Governor Punjab Chaudhry Muhammad Sarwar, minister of economic affairs Mian Hammad Azhar, Advisor on trade Abdul Razzaq Dawood and Special Assistant of Prime Minister Nadeem Babar.

The issues related to textile sector and Industry was discussed in detail. The issues relating to power sector were solved amicably after consultation.

The sub committee of ministry of National Food Security has requested to impose ban on the import of cotton in order to save guard the interests of local farmers. The committee also met chairman Muhammad Ajmal Khan in which it discussed matters relating to the import of cotton. The committee stressed that support price of cotton as well as decision regarding increasing the cultivating land of cotton should be announced till March 15.

Advisor of Prime Minister on Commerce and Industry Abdul Razzaq Dawood through tweet informed that amount of sales tax of exporters of worth Rs 1.5 billion will be released by FBR in 72 hours.

The Prime Minister has resolved all the issues of zero rated industries especially textile industry for increasing the cotton production. It will be beneficial if all the recommendations will be implemented in letter and spirit.

The team of Karachi Cotton Brokers Forum for the last four months through print and electronic media especially through Weekly Cotton Review published in Daily Business Recorder is giving fruit full suggestions to the concerned departments for increasing the production of cotton. It is welcoming that Prime Minister and concerned departments are taking steps in right directions. If these suggestions are implemented in letter and spirit then it will prove very beneficial.