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NEWS CLIPPINGS –05-10-2018

Empower Cotton Corporation of India, SIMA tells union minister	**Business Standard** https://www.business-standard.com/article/pti-stories/empower-cotton-corporation-of-india-sima-tells-union-minister-118100401058_1.html

Southern India Mills' Association (SIMA) Thursday appealed to Union Textile Minister Smrithi Irani to empower Cotton Corporation of India (CCI) to curb alleged malpractices by cotton ginners.

Following the poor ginning practice, cotton varieties in the country have been rated as one of highly contaminated and seed coat (trash) content in the world, SIMA said in its representation to Irani.

The malpractices adopted by some of the ginners have affected the value and quality of the final products thereby affecting the spinners and farmers, SIMA chairman P Nataraj said.

The ginnners were allegedly mixing cotton waste in the virgin cotton, producing cotton with high trash content and adding water to increase the lint weight, he explained.

However, he appreciated the efforts taken by the minister and CCI chairman and managing director for bringing quality norms. To check the malpractices, the SIMA chief said the CCIshould be empowered to make periodical inspection of the ginning factories and take necessary action.

A. Cotton		
Spot price (Ex-Gin) 28.5 to29 mm		
Rs/Bale	Rs/Candy	USD Cent/lb
21943	45900	79.83
Domestic Futures (Ex-Gin) July		
Rs/Bale	Rs/Candy	USD Cent/lb
21930	45872	79.78
International Futures		
NY ICE USD Cents/lb. (Dec 2018)		76.00
ZCE Cotton: Yuan/MT (Jan 2019)		-
ZCE Cotton: USD Cents/lb.		-
Cotlook A Index - Physical		85.80
B. Currency		
USD/INR	Close	Previous Close
Spot	73.343	72.913

Cotton Guide:

Cotton price plunged yet another day. It settled lower at 76 cents per pound. Dec settled at 7600, down 46 points, wiping out yesterday's 27 point gain. December has settled lower in 6 of the last 7 sessions for a net loss of 258 points. Even worse, it has settled lower in 13 of the last 18 sessions for a net loss of 785 points. The other months settled from 4 to 46 points lower. Volume was 16,473 contracts; almost the same as yesterday's 16,492 contracts. Cash buyers have dramatically reduced their appetite for US cotton as the summer moved along. The trade wars and currency issues have negatively weighed in. Business lately has been pushed into non-US growths. Further the weekly export sales report released during the market hour didn't have much of influence on the price. In fact, there was another notable cancelation to China, even though like last week the next year's sales to China increased by a like amount. In the 2018-19 season China canceled 90,200 bales this week and 50,200 bales last week; only to replace it with 2019-20 sales of 90,200 bales this week and 56,400 bales last week..

Currency Guide:

Indian rupee trades little changed near 73.55 levels against the US dollar. Rupee has turned choppy today after hitting record low level of 73.8188 in previous session. Market players are now positioning for RBI interest rate decision today. Bloomberg forecast indicate that RBI may raise interest rate by 0.25% to 6.75%. RBI is expected to raise interest rate in face of rising inflation concerns and investor outflows due to higher US interest rates. Rupee is gaining some support from correction in crude oil price. Brent crude trades near $85 per barrel after 2% decline yesterday on prospects of higher output by major oil producing states. Meanwhile, Indian government took measures to ease inflation concerns. The federal government cut excise duty on gasoline and diesel by 1.5 rupees a liter. State governments have been asked to match the combined cuts. However, weighing on rupee is weakness across equity market amid rising US and global bond yields. The US 10-year bond yield hit 2011 high yesterday. The US dollar is supported by higher yields, US economic optimism and Fed's rate hike stance. Rupee may witness choppy trade ahead of RBI decision but the general bias is still weak. USDINR may trade in a range of 73.3-73.8 and bias may be on the upside.

Broken promises: Cotton prices fall 8-13% below MSP, other crops by even more	**Financial Express** https://www.financialexpress.com/market/commodities/broken-promises-cotton-prices-fall-8-13-below-msp-other-crops-by-even-more/1337999/

While prices of bajra are Rs 1,250-1,350 per quintal — the MSP is Rs 1,950 — prices of cotton have also fallen 8-13% below the MSP already.

The government may have hoped to win over farmers by announcing high minimum support prices (MSPs) for various crops and assuring farmers at least a 50% return over their A2+FL costs, but the strategy is already backfiring with prices ruling below MSPs in many cases. While prices of bajra are Rs 1,250-1,350 per quintal — the MSP is Rs 1,950 — prices of cotton have also fallen 8-13% below the MSP already. While a senior government official told FE that the Cotton Corporation of India (CCI) has set an initial target to purchase a record 10 million bales of cotton — the crop is likely to be around 33 million bales — there is little sign of this so far.

"Arrivals usually pick up from mid-October. So procurement machinery is required to be fully geared up to intervene by then," he said.

He added, "The CCI can start procurement anytime now in various states, including Punjab. Often, the cotton arrived in mandis before October has high moisture content and the CCI is allowed to buy cotton with a maximum of 12% moisture content."

On July 4, the government increased the MSP for medium-staple cotton by 28% to Rs 5,150 per quintal and by 26% to Rs 5,450 per quintal, for long staple cotton to ensure the benchmark prices were at 150% of the cost (A2+FL) for 2018-19 crop year (July-June).

On Wednesday, prices of long-staple cotton in Padampur mandi in Ganganagar district of Rajasthan were in the range of Rs 5,000-5,050 a quintal (8% below MSP) while the daily arrival was about 200 tonnes, traders said. Ganganagar district, a major production centre in Rajasthan, has received arrival of about 8,000 tonne of cotton in different mandis last month. "Prices were about Rs 5,500 a quintal during the week-ended September 27," said a commission agent of Padampur mandi.

In Madhya Pradesh, which has seen maximum arrival of cotton in the country so far, the quantity was less than 10,000 tonne until September 27, but this rose to over 28,000 tonne by September 30. Khargone mandi in Madhya Pradesh received about 20,000 tonne of cotton in 10 days starting from September 21 and mandi prices of medioum staple fell from a high of Rs 4,800/quintal to Rs 4,480 on October 1. This means the current price is already nearly

13% lower than MSP.

In Punjab, prices dropped from a peak of Rs 5,900 to about Rs 5,100 per quintal, pointing a downward trend as more and more cotton is coming to the mandis. "It seems the Cotton Corporation has not signed any agreement with the ginning mills," said Punjab Farmers' Commission chairman Ajay Vir Jakhar. He said prices have started falling and, as arrivals go up, there could be further decline. Cotton Corporation of India, which is the nodal agency to MSP operation of the fibre crop, is yet to open its purchase centres at mandis, officials said.

FE had estimated that, if market prices of crops (except sugarcane) are lower than the MSP by 20%, this could cost the exchequer as much as Rs 1,75,000 crore in a full year. The calculation was based on assuming that all the crops will be brought to the market since farmers will find it more profitable to sell the crop to the government and then buy back what they need for consumption when the prices fall.

The government had raised cotton MSP (medium staple) by a record 39% in 2008-09, driving up the CCI's cotton procurement to an all-time-high level of 8.9 million bales, as elevated raw material prices kept textile mills away. Wide-scale protests by the textile industry and losses on procurement operations forced the government to keep the MSP unchanged for the next two years—up to 2010-11.

However, in 2012-13, when it raised the MSP again substantially by 28.6%, the CCI had to intervene by buying 2.3 million bales, the third-highest procurement year so far. This was despite the fact that cotton export volume touched a record 12.9 million bales that year and domestic production had fallen 5.4% from a year before.

Big opportunity for Indian cotton in China	**Business Line** https://www.thehindubusinessline.com/economy/agri-business/big-opportunity-for-indian-cotton-in-china/article25125996.ece

The world cotton market is turning interesting. There is good news for growers as fundamentals are set to tighten. While world production (26.0 million tonnes) in 2018-19 is set to fall short of estimated consumption demand (27.6 mt) by a good margin, burdensome stocks that weighed on market sentiment are set to decline to levels not seen in six years.

Like in many commodities, China is the mover and shaker of the market in cotton too. The Asian major is arguably the world's second largest producer while also being the largest importer and consumer of the fibre. Stocks in China are set to decline to a multi-year low of 6.6 mt after years of destocking to reduce inventory burden. The move is seen as a signal that China will return to the market this year as a significant buyer.

The ongoing trade dispute between the US and China makes the situation rather interesting. Since July, China has been levying a punitive tariff of 25 per cent on import of US origin cotton. This opens an avenue for others to service the humongous Chinese market.

Brazil set to benefit

Brazil may turn out to be the principal beneficiary of the ongoing trade spat. Brazil expects cotton exports to soar by a fifth to 1.2 mt in 2018-19, which can make it the world's second-largest exporter after the US, relegating India to the third spot.

Where is the opportunity for India? Despite earlier expectation of a sharp fall in cotton acreage, the Agriculture Ministry's latest data show the planted area at 12.24 million hectares this year, marginally below last year's 12.43 ml ha. However, there are doubts over the first advance estimate of the ministry, which places cotton output at 32.5 million bales versus the target of 35.5 ml bales and below last year's 34.9 ml bales. Private estimates place the current season's output higher, and close to the target.

In the event, India will have a clear surplus of about 6 ml bales, equivalent to about one million tonnes. Fortuitously, the rupee has depreciated steeply in recent weeks. This lends a competitive edge to Indian cotton. The attempt should be to maximise cotton export in the coming months, especially targeting China and, of course, Bangladesh.

Farmers stand to gain

Tightening fundamentals in the world market would also mean a tendency for prices to remain firm. Any increase the in export price is sure to trickle down to growers. It is necessary that policymakers do not tinker with the cotton export policy, but encourage it.

India has a negative trade balance with China; and this year, cotton presents an opportunity to narrow the trade gap. The Commerce Ministry must actively support efforts to maximise cotton exports in the months ahead.

The OECD-FAO Outlook for cotton projects that India will remain the world's largest producer of the natural fibre over the next ten years even as we become the world's largest for mill consumption. This projection means that our production efforts must continue in a manner that domestic mill demand is fully met and a genuine export surplus is generated. This is particularly important given the fragility of our agriculture.

So, the government must focus attention on policies that encourage an increase in productivity and production. Technology fatigue, if any, may become a big challenge. Given the sector's employment and income generating potential along the value chain, it is important that cotton receives policy support, technology support and investment support so as to enhance stakeholder value.

The writer is a policy commentator and global agribusiness specialist. Views are personal.

Govt blinks, reduces excise duty on petrol, diesel by ₹2.5/litre	**Live Mint** https://www.livemint.com/Companies/sfx1eBKkqtA2hQJKATe9DO/Petrol-diesel-prices-to-get-cheaper-excise-duty-cut.html

Excise duty will be reduced by ₹1.50 and oil marketing companies will absorb another ₹1. So, a total of ₹2.50 will be reduced on both diesel and petrol, said finance minister Arun Jaitley

A day before the Reserve Bank of India's monetary policy review, the centre on Thursday effected a ₹2.50 per litre cut in prices of petrol and diesel in an effort to ease inflationary pressure and boost consumer confidence.

Many Bharatiya Janata Party-ruled states also cut value-added tax (VAT) on fuel by an equivalent amount at the centre's request.

Finance minister Arun Jaitley said that out of the ₹2.50 cut, the centre will reduce excise duty by ₹1.50 per litre, while state-run fuel retailers will take a hit of ₹1 for every litre sold.

With the US sanctions on Iran round the corner and continued pressure on the rupee, the reprieve for consumers might be short-lived, analysts said.

This has also raised questions about the government's commitment to keep fuel prices outside its control. "The decision seems to be driven by the government's worry about the political fallout of high oil prices, though the economics of it is not quite appealing," said former chief statistician of India Pronab Sen.

Fiscal challenge

Jaitley said he was confident of meeting the fiscal deficit target of 3.3% of GDP this year despite the centre's revenue declining by ₹10,500 crore in the second half (October-March) of the current fiscal because of the excise duty cut on fuel. "The significant increase in tax revenues gives us the comfort with respect to fiscal deficit," Jaitley said.

Net direct tax collections in the six months ended September are at 38.6% of the budgeted estimates of ₹11.5 trillion for 2018-19, reflecting the challenge for the central government to stick to its fiscal deficit targets at a time that goods and services tax (GST) revenues are also lagging behind targets.

In the six months ended 30 September, monthly GST collections averaged ₹96,283 crore, a shortfall of ₹3,700 crore, given the ₹1 trillion monthly target. The government hopes the festival season will improve demand and boost revenue collection in the second half of the fiscal. However, it still expects GST collections to miss the full-year target.

OMC'S take a hit

The government's move to ask state-run fuel retailers to take a hit of ₹1 per litre on petrol and diesel is against the spirit of deregulation of fuel prices. "The annual impact on (fuel retailers) would have been to the tune of ₹9,000 crore. However, given that it is already October, the impact will be in the range of ₹4,500 crore," said a senior executive at a state-run oil firm, requesting anonymity.

Shares of oil marketing companies fell after Jaitley's announcement. HPCL shares fell 14.7% to ₹214.40, BPCL plunged 17.1% to ₹313 and Indian Oil dived 14.2% to ₹134.95.

Interestingly, the National Democratic Alliance (NDA) government articulated its intent to stay the course on fuel pricing reforms, saying it was working towards a "long-term solution".

Petrol prices were deregulated in June 2010 by the Congress-led United Progressive Alliance (UPA) government. Prime Minister Narendra Modi's government decontrolled diesel prices in October 2014. With dynamic fuel pricing introduced in June last year, the NDA government has maintained that it has no role in pricing.

Taking advantage of lower global crude prices, the Modi government, however, had started raising excise duties since it came to power in 2014. Excise duty was increased on petroleum products in November 2014, followed by multiple rounds of excise duty hikes as the government looked to bridge the fiscal deficit.

At present, the excise duty applicable on every litre of petrol is ₹19.48. Value- added tax levied across states is also similar, but varies from state to state.

On Thursday, petrol and diesel were selling at ₹84 per litre and ₹75.45 per litre, respectively, in Delhi. Subsidized domestic cooking gas prices have increased by ₹2.89 per 14.2kg cylinder to an all-time high of ₹502.40.

The cost of the Indian basket of crude rose to $84.43 a barrel on 3 October, according to the Petroleum Planning and Analysis Cell. With Brent crude prices continuing their upward trend and breeching the $86 per barrel mark, fuel prices in India have been touching all-time highs.

Increasing tensions between the US and Venezuela, with the US demanding an end to all imports of Iranian oil by early November, and the rupee's performance as Asia's worst performing currency have compounded the situation and put India, the world's third-largest oil importer, in a spot.

Madan Sabnavis, chief economist, Care Ratings Ltd, said if crude prices continue to go up and the rupee falls further, the government's move would then have a limited impact. "Therefore, the critical part is as to how long it will take for the rupee to stabilize and at what level. Further, post November, when the Iran sanctions kick in, where will the oil prices head? If it remains elevated, then there will be more acute inflationary problems for the economy."

India weighs trade in local currency with China to arrest rupee slide	**Live Mint** https://www.livemint.com/Politics/KHC0zwNspTuzcu9KGCoNYK/India-is-considering-trade-in-local-currency-with-China.html

The commerce ministry is considering the feasibility of a renminbi-rupee trade with China in order to tackle the sharply depreciating rupee and a widening trade deficit. India's trade deficit with its northern neighbour stood at $63 billion in 2017-18.

Trade minister Suresh Prabhu, in an inter-ministerial meeting on Thursday asked officials of eight departments — including economic affairs, petroleum, steel, coal, electronics and information technology and pharmaceuticals— to identify measures needed to ramp up domestic production through better capacity utilization, capacity creation and expansion in the short and medium-to- long term.

"Directed key ministries to examine measures on diversification of export base and increase domestic production in order to promote economic growth and address our merchandise trade deficit," Prabhu tweeted.

The commerce ministry is also consulting the Reserve Bank of India and the finance ministry to finalize arrangements with countries like Russia for imports on deferred payment or increasing barter possibilities for balanced trade involving diamond.

"The possibility of rupee or barter trade with countries from where India is buying crude oil such as Iran, Venezuela and Russia is also being considered," a commerce ministry official said speaking on condition of anonymity.

On Monday, Prabhu held a separate meeting with secretaries of various departments to fine-tune the government's export strategy. The commerce ministry is focusing on nine sectors—gems and jewellery, leather, textile and apparel, engineering, electronics, chemicals and petrochemicals, pharma, agriculture and allied and marine products—to boost exports.

The move comes in the backdrop of the World Trade Organization last week downgrading global trade growth to 3.9% from 4.2% in 2018 estimated earlier as a result of escalating trade tensions between the US and China.

During the April-August period, Indian exports rose 16.1% while imports grew 17.3%, causing a trade deficit of $80 billion. Last year, during the same period, the trade deficit was $67.1 billion. India's current account deficit in the June quarter of FY 2019 rose to a four-year high of 2.4% of GDP, or $14.3 billion, which has put further pressure on the weakening rupee.

The government had on 26 September raised import duties on 19 non-essential items, including refrigerators, air conditioners, jewellery, diamonds and jet fuel, accounting for annual imports worth ₹ 86,000 crore, to arrest a widening current account deficit (CAD) and a weakening rupee. The official said further increases in import duty on more such items are unlikely.

The government, however, did not raise customs duties on imports of gold or electronic goods. While gold imports surged at an average 65% to $3.3 billion in July and August, those of electronic items rose 15% to $2.47 billion during the April-August period.

The reason the government decided against imposing additional import duty on gold may have been that the yellow metal already attracts a 10% import tax and the commerce ministry and Niti Aayog had sought a reduction to cut smuggling.

Maharashtra brings in 31 GST reforms to promote ease of doing biz	Money Control https://www.moneycontrol.com/news/business/maharashtra-brings-in-31-gst-reforms-to-promote-ease-of-doing-biz-3010911.html

The state government has brought in changes for the first time since the introduction of the goods and services tax (GST), and all the changes will come into effect from October 1, the official said.

Following the GST Council's meeting last week, the state government brought in 31 reforms in the state GST structure to promote ease of doing business on October 3, a state finance ministry official said.

The state government has brought in changes for the first time since the introduction of the goods and services tax (GST), and all the changes will come into effect from October 1, the official said.

The state had slipped to the 13th rank in the Centre's rankings released by the Department of Industrial Policy and Promotion in July. It had ranked 10th in the previous year.

The official said hotels, restaurants and traders will now see speedy processing of refunds, as actual processing would start from the date of its filing, rather than March 31 of every fiscal earlier.

There are sizeable number of traders who file their tax on a monthly or quarterly basis. The process of refunds as per the existing rules begins from March 31 and the period for refunds stretches to two years," the official said.

"The GST council has decided to initiate the refund processing from the date of filing of tax returns. It will save the waiting period of the traders for their refunds," the official claimed.

The companies having their units in special economic zones (SEZs) as well as outside them used to have only one GST number earlier. However, the official said, "The companies in SEZ can now have separate GST registration numbers, which will be simply for the processing of taxes for the authorities as well as for the filing companies," the official said.

The recovery of evaded tax is another front where the reforms have given more muscles to the authorities.

The challenge was to recover tax dues from a company having presence in multiple states. Existing state GST structure prohibited the tax recovery from units present in other states, which is now changed and authorities can recover the taxes, the official said.

Another major step in the GST reforms is to charge 2 percent TDS (tax deducted at source) on payments made to all types of government contractors. The cumulative GST on such payments is 9 percent, the official said.

"This will help the state government to streamline financing to the projects as well as earn certain amount at regular intervals apart from the collection of taxes from other sources," the official added.

The rule of one GST number for one trader irrespective of his or her multiple business activities is now changed. A trader can have multiple GST numbers as per the business verticals, according to the official.

Hotel, restaurant and grocery shop owners can now enjoy 'composition scheme', where annual turnover bar is raised from Rs 1 crore to Rs 1.5 crore. It is revised to bring it parallel to income-tax provision, where annual revenue above Rs 1.5 crore invites tax audit provision as per the I-T rules, the official said.

"Earlier, companies having service tax could not avail 'composition scheme', but if the component of service tax is up to 10 percent or more than Rs 5 lakh, then those units can benefit from the scheme," the official said.

The tax consultants who were restricted to filing of returns can now extend their services to deregistration under GST and refund filing as well, the official added.

India's retail sector projected to grow to $1.3 trillion by 2020	**Business Line** https://www.thehindubusinessline.com/news/indias-retail-sector-projected-to-grow-to-13-trillion-by-2020/article25125747.ece

India's retail sector is projected to grow to $1.3 trillion by 2020 from the level of $672 billion in 2017, said Anuj Kejriwal, Managing Director & CEO, Anarock Retail.

"The India's retail sector is on a faster roll than ever before and the boosters acting on retail sector are rapid urbanisation and digitisation, rising disposable incomes and lifestyle changes, particularly that of the middle-class," he explained.

Consumption growth

Over the last two decades, the Indian retail market witnessed phenomenal changes, evolving rapidly from traditional shops to large multi-format stores in malls offering a global experience, and on to the highly tech-driven e-commerce model. According to Kejriwal, these changes have resulted in unprecedented growth in overall consumption with numbers suggesting that consumer expenditure in India is expected to almost double to $3,600 billion by 2020 from $1,824 billion in 2017.

Another highlight of this growth story is that organised retail is gaining ground. Growing significantly at a CAGR of 20-25 per cent annually, organised retail penetration is expected to be over 10 per cent of the total Indian retail market by 2020 as against just 7 per cent currently.

The organised retail market is estimated to increase to 19 per cent across the top seven cities during the same period from the current 9 per cent.

High demand for a superior customer 'experience,' penetration of big brands into smaller towns and cities, enhancement in business strategies and operations, along with the movement from unorganised to organised business have been key factors driving this growth.

Policy boosts

Furthermore, liberalisation in FDI policies by the Centre has repositioned the Indian retail sector on the global map, attracting a large number of global retailers into the Indian diaspora and further fuelling growth of organised retail in the country.

The government's decision to allow 51 per cent FDI in multi-brand retail and 100 per cent FDI in single-brand retail under the automatic route is the icing on the cake which has attracted giants like Walmart to make a foray into India. By easing the FDI norms in the retail sector over the past few years, the government has hit the bull's eye.

The introduction of the Goods and Service Tax (GST) as a single unified tax system in July 2017 was another major policy overhaul that is attracting foreign players. The government's move to provide a single-policy framework for retail, FMCG and e-commerce in order to offer a level playing field to stakeholders is another step in the right direction.

Egypt to sell valuable cotton land to bolster the textile industry	**Al Monitor** https://www.al-monitor.com/pulse/originals/2018/10/cotton-textile-industry-egypt-development-project-ministry.html

Egypt's Minister of Public Business Hisham Tawfik said Sept. 17 that Egypt will sell 14 tracts of land where it stores its industrial cotton gins in a bid to overhaul and develop the textile manufacturing industry. The land is worth 27 billion Egyptian pounds ($1.51 billion). The industry suffered losses of 2.7 billion Egyptian pounds from 2016-2017.

Tawfik said the plan to bolster the Holding Company for Spinning and Weaving will be funded from the proceeds of selling the cotton gin lands. He added that the development project will cost an estimated 25 billion Egyptian pounds. Though there is no prospective buyer for the land, the government plans to change the land's purpose from industrial to real estate.

Egypt is home to a distinguished and diversified textile industry. The sector plays a major role in the Egyptian economy, starting from the cultivation of cotton all the way to the production of textiles. In 2011, the textile industry made up 3% of the gross domestic product, 30% of the industrial product and 13% of nonpetroleum exports, according to the Central Bank of Egypt.

The state-owned Holding Company for Cotton, Spinning and Weaving handles the textile industry in Egypt. It comprises 32 companies distributed across Egypt's governorates. The holding company is divided into different businesses dealing in cotton trades and the spinning and weaving industry. The holding company has suffered since late Egyptian President Anwar Sadat initiated a policy of economic openness. Egypt began to import more cotton instead of focusing on cultivating Egyptian cotton. Textile manufacturing equipment has aged since then, and economic policies have not been renewed.

The textile industry in Egypt continued its downhill trajectory following the decrease in the price of cotton, to the dismay of farmers. Cotton production has since waned, and the government has reduced customs on imported seeds, leading to poor government marketing plans for long-staple cotton. High energy prices have also prompted Egyptian companies and factories to import cotton.

Cotton acreage decreased in early 1990. This decline was further exacerbated by the liberalization of Egypt's cotton sector in 1994, which ended the state oversight of cotton cultivation and opened the door for the private sector. Cotton acreage fell dramatically, reaching 270,000 feddans (280,000 acres) in 2017, as opposed to the heyday of 1991, when Egypt cultivated up to 1 million feddans.

The Egyptian government seeks to increase cotton acreage in 2018. The Ministry of Agriculture announced earlier this year that it aims to cultivate 500,000 feddans of cotton this year, setting the price of 2,700 Egyptian pounds per quintar (approximately 143 kilograms or 315 pounds) of high-quality cotton.

Prior to the 1994 liberalization, which dealt a severe blow to the cotton industry, the price of one quintar stood at 100 pounds. After 1994, prices rose to 500 pounds per quintar, reaching 1,600 pounds in 2010, a year before the January 25 Revolution.

Following the outbreak of the revolution, the successive government cared little about the cultivation of cotton, until the government began setting policies to increase cotton acreage and encourage farmers, setting the price of one quintar at 2,700 pounds.

In 2009, Egypt exported cotton to more than 20 countries. That year, Qatar ranked first in terms of cotton imports from Egypt, with 38% of imports, China 16% and Turkey 15%. According to the 2009 Egypt cotton crop statement, Egypt made $37 million in cotton exports, amounting to 12 million quintars. In 2017, 86,000 quintars of cotton were exported for $139,000, according to the Central Agency for Public Mobilization and Statistics.

Yomn al-Hamaki, a professor of economics at Ain Shams University, told Al-Monitor via phone that private businesses' control over the textile industry, as well as the absence of a government vision and the lack of coordination between its institutions, have taken a heavy toll on the industry.

Hamaki said the sale of cotton gin land is part of a Ministry of Business strategy to overhaul the textile industry, whereby new cotton acreage will be determined in Upper Egypt to encourage farmers to cultivate short-staple cotton in a bid to meet the needs of local cotton factories.

This is in addition to the development of the cotton gin manufacturers, which will be funded from the revenues from the sale of the high-priced cotton gin lands — a step that the government believes is the best option to overhaul this sector.

She believes that the state's strategy to promote the textile industry is viable so long as there is close monitoring, administrative control over cotton sales, encouragement of competition among companies and support for small textile projects.

"The sale of the cotton gins is the best way to overhaul the sector. It is the only option in the absence of the necessary resources, especially since the government budget cannot be burdened and the weaving and textile companies are suffering great losses," Hamaki said.

The Ministry of Business announced in 2018 its strategy to overhaul the textile industry. The strategy relies on the cultivation of small-staple cotton in Upper Egypt; changing the curricula in technical schools to meet the needs of factories; having the factories take on students' scientific research costs; and setting up colleges to award advanced technology degrees.

Economist Rashad Abdo criticized the state's plan to sell the cotton gins. "This brings to mind the popular saying that goes, sacrificing the mother so the child lives. It does not make sense to me to sell the land to promote the factories," Abdo told Al-Monitor during a phone interview.

He believes the government's plan is a result of incompetence and confusion within the Ministry of Business. Abdo believes the government should take into consideration alternative plans, such as involving the private sector in the textile industry or using the holding company's land instead of selling it.

"The government said the sale deal is worth 25 billion pounds," he said. "Why don't we keep the lands and opt for better alternatives?"

Raif Tamraz, undersecretary of parliament's agriculture and irrigation committee, concurred with Abdo. "This plan has made things worse. This decision is totally unacceptable. Had this government been able to properly run the textile industry, we would not have reached this point in the first place," Tamraz told Al-Monitor via phone.

"I am all for the participation of the private sector and foreign investors and developers, even if through borrowing. Selling is a big no," he added.

Tamraz believes these alternatives would ensure the continuous production of textiles and circumvent the failure of public sector companies. "The government did not address this plan with parliament," he said. Tamraz said that when parliament next convenes in October, he will issue a request to meet with Tawfik and the minister of agriculture. Egyptians will not likely welcome the government's plan to sell state assets. According to economists, the best way to promote industry is through the participation of the private sector.

U.S. crude oil closes nearly 3% lower on concerns of rising inventories	**Seeking Alpha** https://seekingalpha.com/news/3395274-u-s-crude-oil-closes-nearly-3-percent-lower-concerns-rising-inventories

Crude oil prices pulled back sharply from four-year highs amid broader market selling and concerns that recently rising U.S. inventories will keep rising throughout the low-demand fall season.

U.S. November WTI crude settled -2.7% at $74.33/bbl, its biggest one-day percentage decline since mid-August, while Brent crude closed -2% at $84.58/bbl.

While today's big drop in the stock market influenced oil prices, Mark Waggoner of Excel Futures notes fundamental reasons also, saying "We're now into fall refinery maintenance season, and so we're seeing builds in inventories because refineries aren't taking in as much crude. Those builds could continue for a while."

Prices also had climbed so much and so fast in recent days that oil reached overbought territory - a "perfect storm" of sorts, Waggoner says, forecasting that prices may continue to correct back toward $71.25 in the coming days or weeks, discarding predictions of $100 oil before year-end. Meanwhile, the broader S&P energy sector held up relatively well, closing -0.4%.