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NEWS CLIPPINGS –25-07-2018

Power loom owners to go on indefinite strike from today	The Hindu https://www.thehindu.com/news/national/tamil-nadu/power-loom-owners-to-go-on-indefinite-strike-from-today/article24504275.ece

With goods stagnated in godowns due to the ongoing lorry strike, power loom owners has decided to close their units and go on an indefinite strike from July 25.

Members of the Veerappanchatiram Power loom Owners' Association held an emergency meeting on Monday night to discuss on the ongoing lorry strike. They said that there are about 20,000 power looms functioning in Veerappanchatiram, Periya Valasu, Ashokapuram, Manickampalayam and Chithode that produces about 40 lakh metre rayon and gada cloth materials. The materials were usually transported to North India in lorries. However, due to the indefinite lorry strike, about two crore metre of cloth materials were stocked in godowns and could not be transported. This resulted in non-delivery causing loss to us, they added. Hence, until the lorry strike is over, all the units will be closed, they added.

Over 5,000 lorries in the district were off the road since July 20 as textile materials, turmeric and other products could not be transported from the district. This resulted in loss to the owners as workers could not be paid due to the non-operational of lorries.

Guj:Truckers' strike affects industry, hits exporters	Business Standard https://www.business-standard.com/article/pti-stories/guj-truckers-strike-affects-industry-hits-exporters-118072401078_1.html

The ongoing nation-wide truckers' strike has adversely affected Gujarat's textiles, pharmaceuticals, chemical and ceramic industry, especially with exporters finding it hard to comply with orders, industry representatives said.

Industry bodies have also appealed to the Centre to end the strike as local industries are being affected due to difficulty in movement of finished goods and raw materials, with many units stopping production and laying off workers.

The indefinite strike, called under an umbrella body of All India Motor Transport Congress with a slew of demands, including reduction of diesel prices, enters its fifth day today.

"Movement of raw materials and finished goods have got hit. Export orders expiring, which is affecting our prestige in the international markets," president of Gujarat Chamber of Commerce and Industry, Shailesh Patwari said.

"Exporters have a major issue as they are finding it hard to comply with orders and orders taken for ceramics, pharmaceuticals, chemical and textiles are expiring. Foreign competitors will benefit at our cost," Patwari said.

Workers are also getting laid off due to lack of activity in the industrial units, he said.

In a letter to Union Transport Minister Nitin Gadkari, Saurashtra Oil Mills Association (SOMA) said "local industries in Saurashtra region are entirely dependent upon transporters for availing raw materials and dispatch of finished goods."

"If some sort of consensus is not arrived soon, the situation of industries will become very precarious, as they are already facing a tough time", it said.

Mukesh Dave of Akhil Gujarat Truck Transport Association said that nearly 75-80 per cent of around 9.3 lakh vehicles in the state are off the road due to strike.

"Around 75-80 per cent of small and big trucks are off road. However, we have not forced trucks carrying essential items to stop operation as this will affect common man," Dave said.

Among their demands, striking truckers want diesel to be under GST so that its price can be reduced.

They are also miffed at high insurance premia and want a reduction in third-party premium, exemption on third-party premia from GST.

Apart from this, they are pressing for exemptions and abolition of indirect taxes, national permits for all buses and trucks and also doing away with the direct port delivery tendering system.

Last date for crop insurance scheme in Maharashtra extended to July 31	**Money Control** https://www.moneycontrol.com/news/india/last-date-for-crop-insurance-scheme-in-maharashtra-extended-to-july-31-2757401.html

The deadline for submitting online applications under the Prime Minister's Crop Insurance Scheme in Maharashtra was to end today.

The last date for applying for benefits under the Prime Minister's Crop Insurance Scheme in Maharashtra has been extended till July 31 by the Centre on the state government's request, said Chief Minister Devendra Fadnavis today.

The deadline for submitting online applications under the scheme for farmers was to end today.

The (last) date for (applying) for Pradhan Mantri Fasal Bima (crop insurance) scheme has been extended till July 31 on the state government's request," a statement from the Chief Minister's Office quoted Fadnavis as saying.

The chief minister was speaking at a review meeting on crop loan disbursement and other issues related to the agriculture department at secretariat here.

Fadnavis interacted with district collectors, Revenue Minister Chandrakant Patil in Sangli and Minister of State for

Agriculture Sadabhau Khot in Kolhapur through video conferencing.

He asked the district collectors to ensure maximum number of farmers get benefit by extension of the scheme's deadline.

The CM said local administration should assist farmers while submitting online applications for crop insurance.

The statement said preventive step on pink bollworm (a pest in cotton farming) was discussed at the meet and Fadnavis asked the collectors to look into the issue personally and inform the government immediately if any assistance was required.

TNAU's high-yield cotton 'suited for machine picking'	**Business Line** https://www.thehindubusinessline.com/economy/agri-business/tnaus-high-yield-cotton-suited-for-machine-picking/article24505017.ece

The Tamil Nadu Agricultural University (TNAU)-Coimbatore has developed a new cotton culture – TCH 1819, which is now being tested for performance through Adaptive Research Trial (ART).

It is a high-yielding, shorter-duration variety, suited for mechanised harvesting of cotton bolls.

This culture (it is referred to as a culture as it is still at the experimental stage) was laid out for performance at Kumaraguru Institute of Agriculture (KIA), Sakthinagar on 3.5 acres. The crop is about to be harvested.

Highlighting the features of TCH 1819, K Ganesamurthy, Director, Centre for Plant Breeding and Genetics, TNAU, told BusinessLine that the pre-release culture is suitable for high density planting with duration of 125 to 130 days.

The plant is compact and erect (90-100 cm) with zero monopodial and short sympodial branches, with about 15-20 large-sized bolls (weighing more than 5 gm) per plant. The culture has been developed by crossing Khandwa 2 with LH 2220.

"It has given an average seed cotton yield of 2,140 kg/ha.

The highest recorded was 2,587 kg/ha. Results from 52 locations out of the 200 ART conducted over the last two years are available," he said.

To create awareness about this culture amongst farmers in Erode district, KIA — in association with TNAU and State Department of Agriculture — organised a Field Day.

Over 300 farmers from the neighbouring taluks attended the event. Seed mini kits of TCH 1819 were distributed to the farmers during the programme.

TNAU sources explained that a certain number of adaptive research trials will be conducted to understand the farmers' acceptance and multi-location trials by researchers, before it is screened and approved by the government for release as a variety.

Weak rupee may not boost trade performance	Live Mint https://www.livemint.com/Money/W1fJmZEVaehtb3nCPyY2QI/Weak-rupee-may-not-boost-trade-performance.html

Unless India's infirmities in trade policies, infrastructure are addressed, a mere depreciation in rupee is unlikely to boost exports much, shows analysis

As the threat of a currency war looms large over the globe, it is worth asking if the weakness of the rupee could boost India's performance in global trade.

An analysis of trade flows and currency movements suggests that the overall buoyancy in global trade flows has a far greater impact on the export performance of most emerging markets including India compared with currency movements.

Among major Asian economies, the ones which saw the most currency depreciation versus the dollar in the last five years have also been the ones with the worst export performance. India's currency weakened around 22% against the dollar between 2012 and 2017 and the compound annual growth rate in exports during the same period was a meagre 0.2%

It is worth noting that this period witnessed a slowdown in global trade, with the global trade-to-GDP ratio declining from 60.6% in 2012 to 56.2% by the end of 2016.

Most emerging markets including India performed poorly in export markets in this period.

A historical analysis of India's trade performance suggests that the biggest factor driving India's export performance has been world demand.

It is no surprise then that when global trade tanked after the global financial crisis of 2008, India's exports slipped into red, declining 2.8% on a year-on-year basis after having consistently attained double-digit growth in the preceding seven years.

After a brief recovery since then, India's export performance has been lacklustre despite several spells of rupee weakness. For instance, in 2012, India's exports fell 4% despite a 13% depreciation in India's nominal exchange rate in that year as world trade stagnated.

Given that the China-US trade conflict could dampen world trade once again in the months to come, the prognosis for India's trade performance does not look bright. The IMF identified the threat of trade conflict as the greatest threat to global growth and prosperity in its recent update of the World Economic Outlook published earlier this month.

With India's manufacturing sector becoming increasingly integrated with the rest of the world and using more of imported inputs, it has become more difficult for India today to reap the benefits of a cheaper currency than it was earlier. Even though the content of imports in India's exports shows a decline post 2011, it still makes up for over

20% of India's gross exports, sharply higher than just 9% in 1995.

As the domestic value added of India's manufacturing sector declines and it becomes more reliant on foreign inputs, currency depreciation will lead to higher costs of production. This will eventually lead to higher inflation in prices of domestically produced goods and will prevent them from becoming more competitive in the world market. Thus, higher inflation—due to imported prices—might offset any gains from depreciation in terms of export competitiveness.

If domestic inflation continues to remain high and exceed the depreciation in rupee-dollar exchange rate, then the currency would witness appreciation in real terms.

In fact, the real effective exchange rate (REER) has risen for India gradually since 2000 and accelerated post 2013 even as rupee depreciated against the dollar in nominal terms. The contrasting stories of India and Vietnam's exports to the US illustrate why nominal currency depreciation is often not the biggest factor in trade performance.

Between 2012 and 2018, India's share of US imports rose marginally from 6.5% to 7.5% while those of Vietnam rose from 7% to around 12%, shows a report dated 5 July by Saugata Bhattacharya and other economists of Axis Bank.

During the same period, the rupee fell around 30% against the dollar while the Vietnamese dong depreciated by just 10%. More than currency movements, it is infrastructural bottlenecks that seem to hobble India's export performance. A 2015 IMF working paper suggests that unreliable and costly supply of electricity or fuel (coal or gas) limit the ability of India's export-oriented firms to quickly respond to changing international prices or to exchange rate movements.

While agricultural exports might not face as many bottlenecks as manufacturing, they are the victims of ad hoc restrictions on exports.

As a previous Plain Facts column pointed out, the pro-consumer bias of India's trade policy has often deprived Indian farmers of remunerative returns in global markets. These restrictions in trade policy seem to have adversely affected India's share in global food exports, which have declined from about 2.6% in 2013 to 2.3% in 2017.

Unless the infirmities in India's trade policies are addressed and infrastructural bottlenecks cleared, mere depreciation is unlikely to boost India's exports much.

This is the concluding part of a two-part data journalism series on India's trade prospects in a protectionist world.

Centre must exercise caution	**Business Line** https://www.thehindubusinessline.com/opinion/columns/from-the-viewsroom/centre-must-exercise-caution/article24504794.ece

South Korea is aggressively pushing for speeding up negotiations on expanding the existing Comprehensive Economic Partnership Agreement (CEPA) with India. But instead of rushing ahead, New Delhi should pause and take a clear look at where it is heading.

Since the bilateral CEPA was implemented in 2010, South Korea's exports to India jumped from $10.47 billion in 2010-11 to $16.36 billion in 2017-18. India's exports to South Korea, however, remained sluggish and increased insignificantly from $3.72 billion in 2010-11 to $4.46 billion in 2017-18. As a result, the trade deficit between South Korea and India increased to a staggering $12 billion in 2017-18.

These are numbers that should not be taken lightly. They show that while Indian businesses have not been able to take advantage of the provisions of the CEPA. But Korean companies have increased their exports taking advantage of the lower duties.

Moreover, much of the Indian exports to South Korea are still taking place outside the CEPA at higher duties. According to various studies, including one by the ADB, the average utilisation of free trade pacts ranges between just 5 per cent and 25 per cent in India. That is mostly because Indian exporters find it too onerous to meet obligations such as rules of origin. Low awareness is another reason for low utilisation.

With lack-lustre growth in India's exports to South Korea, and much of it happening outside the ambit of the CEPA, there is clearly no point in expanding the pact, until and unless it provides more market access to Indian goods. But that is certainly not going to happen as South Korea has made it clear that it wants increased market access in a number of items including sensitive ones like automobiles and textile that got excluded in the original CEPA.

Agreeing to an Early Harvest Programme for the CEPA, under which India would speedily cut down duties on 11 items and South Korea on 17 items, might have been a diplomatic necessity to mark South Korean President Moon Jae-in's visit last week. Going beyond it would be foolish.

India's manufacturing weakness hits free trade agreement ambitions	**Business Standard** https://www.business-standard.com/article/economy-policy/india-s-manufacturing-weakness-hits-free-trade-agreement-ambitions-118072401439_1.html

Tripura, in India's North East region, is the country's second largest producer of rubber. But exporters from Tripura have to lug the rubber sheets out to neighbouring states to send it across the border to Bangladesh. This is despite Tripura having more than one trading station with Bangladesh, says Jayanta Choudhury, senior lecturer teaching rural development at Tripura University.

There are problems of reciprocity with Bangladesh too, but the cumbersome rules for rubber export from Tripura that if sorted would add to the state's economy handsomely, has been in vogue for decades.

The rules demonstrate why India, despite its booming economy, scores so low in global trade coming in at 20th position (WTO data).

The key lesson from free trade agreements (FTA) is they offer preferential access to the markets of other countries than is possible through the WTO framework. "Big, medium, small – all countries are searching for such access across the world", says Amitendu Palit, Senior Research Fellow and Research Lead (Trade and Economic Policy) at the Institute of South Asian Studies, Singapore.

But as a "trade purist", India showed no interest in developing these platforms till the late nineties. "It was only after the Uruguay round of trade negotiations when we saw other countries setting up trade arrangements did India sign its first FTA with neighbour Sri Lanka", says Ashok Sajjanhar, former Indian Foreign Service officer. The Ambassador, who has done stints in Europe and Asia, said the string of agreements has shown Inda has made little use of its FTAs.

India's unwillingness to engage in FTAs is also dictated by the puny size of the domestic manufacturing sector at less than 18 per cent of the GDP. Most products are not competitive abroad as stand-alone brands. "It is largely on account of our own product deficiency. We can use FTAs only if our producers can tap the global value chain. Else its no good," said former commerce secretary Rajiv Kher and now distinguished fellow, RIS.

The deficiency could have been made good by undertaking what Palit calls "comprehensive approach on potential FTA partners in alignment with national interests – both economic and strategic", but ministers scared about backlash from both industry and labour signed on the documents with hardly any conviction. This made it easy for the customs department under the finance ministry to set up stiff terms. "Customs duties are an important source of revenue which is difficult to compromise on. With persisting fiscal stress, it made our reluctance to give up tariffs and offering of greater market access much more than just a domestic industry issue, said Palit.

Yet, as commerce secretary, Rita Teotia says India's trade is balanced with those countries with which there are no agreements. She says FTAs with countries like Australia or New Zealand offer little benefit for India as their interest is limited to only a few tariff items. When India sails out to do FTA with partners like Korea or EU, the lack of competitive advantage of Indian manufacturing makes the process unequal. So, there is no reason to rush to sew up preferential trade agreements. Kher says "India must finalise trade agreements with Eurasia, Iran, some African nations such as Kenya and Ethiopia, and Latin American countries such as Peru, post haste".

But the commerce ministry would rather not walk on any FTA as of now. Her bleak assessment is shared by most in the industry. This is despite the risk posed by the threatened walkout from WTO by the USA under President Donald Trump that is making others work on mutual trade arrangements that would survive the collapse of the global trade architecture.

Abhijit Das, head and professor at the Centre for WTO Studies, said FTAs also agreed, adding it makes little sense for India to keep engaged on FTAs. Except for India-EU FTA, which would have helped the textiles, he supported Teotia's position that none of the other FTAs would help India.

Free trade agreements find few takers despite India's high export hopes	**Business Standard** https://www.business-standard.com/article/economy-policy/political-free-trade-agreements-find-few-takers-despite-high-export-hopes-118072301427_1.html

Commerce Secretary Rita Teotia got the loudest applause at the Delhi Dialogue last week for her firm assertion that free trade agreements (FTA) India has signed up are not popular within the country, including the ambitious 15-nation Regional Comprehensive Economic Partnership (RCEP).

Addressing an audience of Indian business chambers like Ficci, external affairs specialists and delegates from some of the Asean think tanks, she said, "FTAs have to show they add to jobs. They have to allow our businessmen to do business with countries we have signed those with." Her assertion makes clear that FTAs not only do not enjoy political support in India, the sixth largest world economy, but with only 1.65 per cent share of global exports, as per WTO data, they are also in the sunset mode.

The seven FTAs are not seen as necessary for India's expectations to double the size of her economy by 2025. The government has plans to raise Indian exports from the current $302.8 billion (2017-18) to $1 trillion in the same period, but hopes to do so without sewing up new trade deals with partners.

The secretary's outburst came within days after a media report that both India and European Union are likely to formally announce the end of talks to sign the FTA. India has not denied the report. Experts agree the FTAs India had signed on were based on creating political alliances and are seen as of little importance to push Indian foreign trade. So, politicians across the aisle treat trade treaties more as an albatross than electoral dividends. The suspicion is shared by the bureaucracy, too, as the generous support for the secretary's position among the audience demonstrated.

Indian FTAs are rudderless, said Amitendu Palit, Senior Research Fellow and Research Lead (Trade and Economic Policy) at the Institute of South Asian Studies, Singapore. "The priorities also get muddled due to lack of convergences between commercial and foreign policy objectives. In most countries, FTA talks commence only after extensive consultations between foreign and trade ministries. In countries like Australia and Canada, these departments have merged as Department of Foreign Affairs and Trade. Such an approach appears to be missing in India".

Agreeing with him, former IFS officer Ashok Sajjanhar said India's FTAs with Bhutan, Afghanistan or even Sri Lanka were more for diplomatic reasons. "But even with the India-Asean FTA (signed in 2010) which had an economic logic, the political benefits are not made clear." He said during his stint at the commerce ministry, an import of top end sarees from Bangladesh became a political hot potato as representations against the imports poured in from West Bengal.

The imports had to be scuttled.

At a larger scale, this angst continues. This month, India has announced a set of retaliatory tariffs on US goods. It has notified the WTO about its intention to impose tariffs on US imports worth approximately $240 million. The USA is India's largest trading partner. "India is not one of the topmost exporters of steel and aluminum to the US and, therefore, would not have been hit as hard by these tariffs as larger exporters like Brazil, Korea and Japan would have been. Incidentally, none of these countries have resorted to retaliatory tariffs," notes Palit. However, the commerce secretary said the concern on FTAs and the tariffs on US goods should not be linked though both reflect India's increasingly clear demonstration of going solo in trade issues.

Former commerce secretary Rajiv Kher and now distinguished fellow, RIS, during whose term India was close to sewing up an FTA with Australia, agrees it would politically have been difficult to sell the benefits.

"FTAs work best when there is a complementarity, and in this case we would have suffered." Kher did not offer any remarks on why New Delhi had engaged Canberra for the aborted trade talks, in the first place. Though Sajjanhar says it was the commerce ministry that primarily pushed the FTAs, once the political high noon was over, the eventual negotiations ensured a shallow FTA. The India-Singapore CECA was signed in 2005 on for India to escape the repeated stock market meltdowns due to perceived flow of hot money from Mauritius. Once that scare passed, the treaty lurched. India has exported just $10.2 billion to the island in 2017-18 and imported goods worth $7.5 billion.

While the commerce ministry feels there is enough room to add to India's trade with countries, there is no reason to rush to sew up preferential trade agreements. Teotia said, "Once we signed on the India-Asean FTA in 2010, the pressure has built on us to be more ambitious in RCEP. The ambition is too high on goods and low on services". She added that India will remain engaged with the negotiations, though.

Indian exports to BRICS grow 7.5% in Q1 2018 in terms of total volume	**Business Standard** https://www.business-standard.com/article/economy-policy/indian-exports-to-brics-grow-7-5-in-q1-2018-in-terms-of-total-volume-118072301273_1.html

Overall exports from India to BRICS saw an upswing of 7.5 per cent in the first quarter of 2018 over the corresponding period of last year in terms of total volumes, a report said on Monday.

Ahead of the BRICS summit in South Africa, Maersk Line, one of the leading container shipping company, has released the BRICS Export-Import (EXIM) containerised trade data.

The world registered a year-on-year growth of 1.5 per cent in the first quarter of 2018 as against in the same period last year.

"The overall exports from India to BRICS saw an upswing of 7.5 per cent in Q1 2018 year-on-year in terms of total volumes while the country's imports from BRICS nations is reduced by 3.5 per cent," the report said.

The growth for BRICS, led by India and followed by China was due to their growing exports to the world at 13 per cent and 5 per cent year-on-year respectively.

Commenting on the export development amongst BRICS nations, Steve Felder, Maersk Line Managing Director for India, Sri Lanka, Bangladesh, Nepal, Bhutan and Maldives said, In 2017, the BRICS nations contributed to 23.6 per cent of the world economy in terms of GDP value and as per IMF, this will rise to 26.8 per cent by 2022.

US announces to help farmers by Trump tariffs	**ABC News** https://abcnews.go.com/Politics/wireStory/trump-threatens-tariffs-us-trading-partners-56776822

The Trump administration announced Tuesday it will provide $12 billion in emergency relief to ease the pain of American farmers slammed by President Donald Trump's escalating trade disputes with China and other countries.

However, some farm-state Republicans quickly dismissed the plan, declaring that farmers want markets for their crops, not payoffs for lost sales and lower prices.

The Agriculture Department said it would tap an existing program to provide billions in direct payments to farmers and ranchers hurt by foreign retaliation to Trump's tariffs.

With congressional elections coming soon, the government action underscored administration concern about damage to U.S. farmers from Trump's trade tariffs and the potential for losing House and Senate seats in the Midwest and elsewhere.

The administration said the program was just temporary.

"This is a short-term solution that will give President Trump and his administration the time to work on long-term trade deals," said Agriculture Secretary Sonny Perdue as administration officials argued that the plan was not a "bailout" of the nation's farmers.

But that provided little solace to rank-and-file Republicans, who said the tariffs are simply taxes and warned the action would open a Pandora's box for other sectors of the economy.

"I want to know what we're going to say to the automobile manufacturers and the petrochemical manufacturers and all the other people who are being hurt by tariffs," said Sen. John Kennedy, R-La. "You've got to treat everybody the same."

Sen. Ben Sasse, R-Neb., said the plan would spend billions on "gold crutches," adding, "America's farmers don't want to be paid to lose — they want to win by feeding the world. This administration's tariffs and bailouts aren't going to make America great again, they're just going to make it 1929 again."

The program is expected to start taking effect around Labor Day. Officials said the direct payments could help producers of soybeans, which have been hit hard by retaliation to the Trump tariffs, along with sorghum, corn, wheat, cotton, dairy and farmers raising hogs.

The food purchased from farmers would include some types of fruits, nuts, rice, legumes, dairy products, beef and pork, officials said.

Trump did not specifically reference the plan during a speech to veterans in Kansas City, but asked for patience as he attempts to renegotiate trade agreements that he said have hurt American workers.

"We're making tremendous progress. They're all coming. They don't want to have those tariffs put on them," Trump told the Veterans of Foreign Wars national convention. "We're opening up markets. You watch what's going to happen. Just be a little patient."

Agriculture officials said they would not need congressional approval and the money would come through the Commodity Credit Corporation, a wing of the department that addresses agricultural prices.

The officials said payments couldn't be calculated until after harvests come in. Brad Karmen, the USDA's assistant deputy administrator for farm programs, noted that the wheat harvest is already in, so wheat farmers could get payments sooner than other growers.

Soybeans are likely to be the largest sector affected by the programs. Soybean prices have plunged 18 percent in the past two months.

Trump declared earlier Tuesday that "Tariffs are the greatest!" and threatened to impose additional penalties on U.S. trading partners as he prepared for negotiations with European officials at the White House.

Later Tuesday, he tweeted: "I have an idea for them. Both the U.S. and the E.U. drop all Tariffs, Barriers and Subsidies! That would finally be called Free Market and Fair Trade! Hope they do it, we are ready - but they won't!"

Tariffs are taxes on imports. They are meant to protect domestic businesses and put foreign competitors at a disadvantage. But the taxes also exact a toll on U.S. businesses and consumers, which pay more for imported products.

The Trump administration has slapped tariffs on $34 billion in Chinese goods in a dispute over Beijing's high-tech industrial policies. China has retaliated with duties on soybeans and pork, affecting Midwest farmers in a region of the country that supported the president in his 2016 campaign.

Trump has threatened to place penalty taxes on up to $500 billion in products imported from China, a move that would dramatically ratchet up the stakes in the trade dispute involving the globe's biggest economies.

The moves have been unsettling to lawmakers with districts dependent upon manufacturers and farmers affected by the retaliatory tariffs.

Sen. Jerry Moran, R-Kan., said the proposal was raised a month ago when senators visited the White House for a broad discussion on trade. He said the lawmakers told the president "that our farmers want markets, and not really a payment from government. And he said, 'I'm surprised, I've never heard of anybody who didn't want a payment from government.'"

Sen. Bob Corker, R-Tenn., who has been critical of the president in the past, said the tariffs "are a massive tax increase on American consumers and businesses, and instead of offering welfare to farmers to solve a problem they themselves created, the administration should reverse course and end this incoherent policy."

Republican Sen. Charles Grassley, whose family operates a farm in eastern Iowa, said the administration's move was "encouraging for the short term" but farmers needed "markets and opportunity, not government handouts."

The Agriculture Department predicted before the trade fights that U.S. farm income would drop this year to $60 billion, or half the $120 billion of five years ago.

Mark Martinson, who raises crops and cattle in north-central North Dakota and is president of the U.S. Durum Growers Association, said the $12 billion figure "sounds huge" but there are many farmers in need. "I don't think this will cover us for a very long time — and it might not even buy me a tank of diesel. I think it will only put out the fire a little bit."

"We are just kind of being played," said Tom Giessel, who was cultivating his fields when he stopped his tractor to take a cell phone call from a reporter seeking his reaction to the plan.

Giessel, who grows wheat and corn near the western Kansas community of Larned, said he was "glad they are trying to be doing something, but I don't know when the day is over how much difference it is going to make. The underlying problem is still there."

The imposition of punishing tariffs on imported goods has been a favored tactic by Trump, but it has prompted U.S. partners to retaliate, creating risks for the economy.

Trump has placed tariffs on imported steel and aluminum, saying they pose a threat to U.S. national security, an argument that allies such as the European Union and Canada reject. He has also threatened to slap tariffs on imported cars, trucks and auto parts, potentially targeting imports that last year totaled $335 billion.

The president is meeting with European Commission President Jean-Claude Juncker on Wednesday. The U.S. and its European allies are meeting as the dispute threatens to spread to automobile production.

At trade show, sourcing concerns prominent	**China daily** http://usa.chinadaily.com.cn/a/201807/24/WS5b573b7ca31031a351e8fe3c.html

Chinese and American textile and apparel organizations expressed concerns about the escalating trade conflict and their opposition to protectionism during a major trade show in New York on Monday.

Tariff increases are not just a tax on consumers, they will also bring uncertainty to the stable global supply chain for top brands, Xu Yingxin, vice-president of the China National Textile and Apparel Council, said in remarks at the show's opening ceremony.

"Neither American consumers, fashion brands, nor Chinese textile and apparel manufacturers will benefit from the conflicts," said Xu, whose council organized the 2018 China Textile and Apparel Trade Show New York with Messe Frankfurt North America. About 1,000 exhibitors from 17 countries attended the event, with more than 600 from China.

About 1,000 types of products listed in the textile and apparel category are part of the $200 billion in Chinese imports potentially subject to 10 percent tariffs imposed by the Office of the US Trade Representative. Hearings will be held Aug 20-23 before a final decision will be made at the end of August.

The products, mainly raw materials such as yarns and fabric, range from silk to cotton, to lace to embroidery, and total about $4 billion, according to Xu.

"We are against a trade war. We believe trade conflicts should be solved within the WTO framework," he said.

Julia Hughes, president of the Washington-based United States Fashion Industry Association (USFIA), which represents brands and retailers, said the organization is opposed to tariffs.

The association's annual survey showed that for the second year in a row, a protectionist trade agenda in the US is the top concern for the American fashion industry. The survey was conducted between April and May of executives from nearly 30 leading fashion brands, retailers, importers and wholesalers, including some of the largest brands and retailers in the country.

Companies are very concerned about broader implications of protectionism for the US economy, consumers and the global economy, Hughes said in an interview at the trade show.

She said one strategy for American companies is to find other sourcing opportunities, but most sourcing executives say there aren't enough viable options to replace China.

Companies are sourcing from many other countries for many reasons, she said. Everyone has some sourcing in China; many companies have some sourcing in Vietnam. And Bangladesh, India and Indonesia are sources, as well as countries in the Western Hemisphere.

"There isn't enough sourcing in the world to replace China. And especially not the quality sourcing that American brands and retailers want," she said. "I don't think the solution is we just find an alternative to China. We are doing some analysis on what some other options might be. I have to say we hope it never comes to that."

Hughes said she believes the Trump administration has heard her association's message, so in order to not hurt consumers, the tariffs have been focused on manufacturing inputs rather than clothing, footwear and home textiles.

"We are hopeful we never get to the last $200 billion of products, which has to include us," she said.

"I know President Trump tweeted about it last Friday, saying he's ready to retaliate on all imports from China," she said. "But we are pushing hard with the administration, with the Congress, with decision-makers in Washington to not — let's not get to that place.

"Let's find a solution to what are real issues," she said. "The tariffs are the wrong responses, as we argue, to the real issues that we have between our two economies."

The association will continue its opposition to consumer products its members import to and sell in the US are not on the tariff list, Hughes said, adding, "That's our battle."

For Pan Yu, an exhibitor from Southeast China's Fujian province, the ongoing tariff disputes have her concerned but have motivated her to stay competitive through innovation.

"Only through innovation can you avoid being replaced," said Pan, deputy general manager of Hong Gang Textile, a supplier of upscale warp-knitted fabrics, whose business with US companies accounts for less than 20 percent for the company.

Since 2003, the company has focused many resources on research and development for patented fabric designs.

"We have patents in both Europe and the US," she said. "We have business with top US companies."

For the past 40 years, China's textile industry has been deeply integrated into the global textile and apparel supply and value chains.

China and US textile and apparel trade hit more than $44 billion in 2017 compared with $4.9 billion in 2001. China remains the biggest textile exporter to the US, while the US is the No. 1 export market for China's textile industry, accounting for 17 percent of China's exports in the industry.

"We are convinced that Chinese companies will continue to be the most stable and reliable suppliers of American brands, and a long-term mutually beneficial partnership between China and the US textile industries will remain unchanged," said Xu of the Chinese textile council.

Uzbekistan to manufacture textile products under Zara, Nike, Adidas brands	Trendz https://en.trend.az/business/economy/2932928.html

Arnasoy Gold Tex, an Uzbek textile company, is planning to establish manufacture of products under the Zara Home Collection and Tac Home brands in the territory of Uzbekistan, Gazeta.uz reports.

Arnasoy Gold Tex, which has a factory with the latest textile equipment and quality standard of ISO 9001, has won the support and recommendations from such world fashion houses as Zara Home Collection and Tac Home. Specialists of these brands have been involved in the work for successful completion of the project, as well as for cooperation for a period of 5 years. The company has an Oeko-Tex Standard 100 certificate, which serves as an additional confirmation of the quality of its products. The factory will be launched in early 2019 and will provide jobs for more than 700 people.

The presence of ISO 9001 certificate will allow Uzbek textiles to enter international markets, where the presence of such certificate is a mandatory requirement. Also, it is planned to sign contracts with the world famous brands Nike and Adidas for production of sportswear. This news will be a real gift for football fans, especially now that Uzbekistan is actively developing this branch of sports and physical culture in general.

The products to be manufactured at the new factory will easily compete with the products from the world textile leaders.

Residents and guests of Uzbekistan will have a great opportunity to buy comfortable and fashionable novelties from well-known manufacturers, made of domestic cotton and sold at an affordable price.

US-China may be in a trade war, but Pakistan is looking at solutions	The Tribune https://tribune.com.pk/story/1765034/2-us-china-may-trade-war-pakistan-looking-solutions/

As the US and China battle it out in a trade war, some of the other countries are reverting to the centuries-old barter system, but an ‘upgraded’ version of it.

With the world's two largest economies at each other's throats on trade issues, there are some that are adopting open doors and liberal policies.

Ahmed Zaman, head of research at the Federation of Pakistan Chambers of Commerce and Industry (FPCCI), says international trade has evolved as competition has intensified. In such a scenario, the centuries-old barter system has been revived, but with a different approach.

World on brink of trade war as US slaps tariffs on allies

Countries are now adopting product-based preferential agreements, which could be looked upon as remodeled barter, the ancient form of trade where products were exchanged without the involvement of currency, according to a research paper Zaman has written.

Zaman explained that the product-based agreement would involve a country eliminating tariffs and taxes on the import of a specific commodity. In return, the benefactor would reciprocate by extending a similar benefit to the other trading partner.

He said that many countries are now adopting the model, including Iran, Russia and India. Moreover, Pakistan has also undertaken it with Iran, importing oil, while exporting kinnow and rice.

"If we don't have to pay customs or import duty to Kenya while exporting rice, then it will be cheaper for us, therefore the demand for our product increases," Zaman told The Express Tribune.

He added that if Pakistan wants to do that, it will also have to let Kenya export its tea to Pakistan as well, without imposing duties. Pakistan and Kenya are negotiating a product-specific free trade agreement (FTA) to enhance bilateral trade, which currently stands at $789 million, with the volume of Pakistan's exports at $319 million and imports at $468 million. Analytical examination shows that bilateral trade is confined to a few products, but is growing.

'Pakistan unlikely to suffer from US-China trade war'

Pakistan is the largest importer of Kenyan tea, with $592.84 million out of a total $1,424.43 million worth of tea shipments into the country. Similarly, Pakistan exports rice worth $229.104 million in the total import of $259.043 million to Kenya.

Pharmaceutical products comprise $6.36 million out of total Kenyan pharmaceutical imports of $518.28 million. Other items that have a major share in Pakistan's export basket to Kenya are textile and furniture. Besides exports, Pakistani investors have also entered in the auto, pharmaceutical and textile sectors.

"If India levies duties on Pakistan's rice and its cost becomes higher than elsewhere in the market, then people would not prefer our rice. Certainly, the demand for Pakistan's rice would be lower."

He said the Planning Commission, which has been preparing the 12th five-year plan, has mentioned in the document that tea producers will be given subsidy in order to encourage them to enter the business.

"This will only contribute to budget and fiscal anomalies. The weather and other conditions in Pakistan are not favourable to produce tea. It will always cost us more than importing it from Kenya. There's a need to produce commodities like rice instead, which we can do better," he added.

"Different countries tend to excel in different sectors, like the US excels in arms, ammunition and machinery. Although Pakistan has struggled recently, it could excel in the agricultural sector," the research head explained.

With the recent volatility in rupee making trade-related investments difficult, product-based preferential trade agreements would help stabilise to some extent the impact in such cases, he added, referring to the 22% decline in the Pakistani currency in the last eight months.