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NEWS CLIPPINGS –24-08-2018

Cotton crop in Telangana hit by extensive rains	**Business Line** https://www.thehindubusinessline.com/economy/agri-business/cotton-crop-in-telangana-hit-by-extensive-rains/article24760527.ece

The cotton crop in 11 districts of Telangana has been hit by extensive rains in the last two weeks. According to official figures, the cotton crop in over 1.30 lakh acres and paddy in about 50,000 acres was hit by the rains. Adilabad and undivided Warangal districts, the two key cotton-growing districts in the state, were hit the hardest.

While 11 of the 31 districts were hit by heavy rains, Sangareddy, Medak , Siddipet, Yadadri and Medchal districts remained in the 'deficit' rainfall category. Farmers' unions, however, said cotton crop losses would be far higher as the rains came at the wrong time. They said heavy rains hit the crop at the flowering stage and this could result in heavier losses.

Farmers in the state grew cotton in about 42 lakh acres this kharif, despite losses in the last season due to the virulent attack of pink bollworm. "Losses in Adilabad would be much higher as heavy rains lashed the cotton-growing district," Telangana Rythu Sangham leader, Malla Reddy, said.

Adilabad district recorded 1,112 mm of rainfall, while Jogulamba Gadwal district received the lowest rainfall of 216.7 mm. Official figures put the crop losses in Adilabad district at 1.25 lakh acres. "The rains were not well spread out and were not timely. There were either no rains or insufficient rains," he said.

Cotton farmers in several areas had to go for second sowing as the monsoon failed them after they sowed the seeds in the beginning of the kharif season. "Heavy rains in a span of 10-14 days would hit them the second time too," Malla Reddy said.

Jaipal Reddy, a former leader of the Confederation of Farmers' Association, said farmers faced two diametrically opposite problems. "While some were hit by heavy rains, others in districts such as Nalgonda, Sangareddy and Mahaboobnagar received less rainfall," he said.

A. Cotton		
Spot price (Ex-Gin) 28.5 to29 mm		
Rs/Bale	Rs/Candy	USD Cent/lb
22565	47200	85.86
Domestic Futures (Ex-Gin) July		
Rs/Bale	Rs/Candy	USD Cent/lb
23340	48822	88.82
International Futures		
NY ICE USD Cents/lb. (Dec 2018)		81.49
ZCE Cotton: Yuan/MT (Jan 2019)		15960
ZCE Cotton: USD Cents/lb.		89.87
Cotlook A Index - Physical		90.75
B. Currency		
USD/INR	Close	Previous Close
Spot	70.115	69.825

Cotton Guide

On Thursday December future trades at ICE settled at 8149, down 80 points from previous day and 176 points lower in the last 2-days. The other months settled from 1 to 79 points lower. In the month of August December contract has a loss of 810 points while net losses in other months have been in the range of 184 to 855 points.

Cotton joined the pack of lower markets, including most stocks and commodities. Losses were modest in most markets making for an overall dull scenario. The US China trade war continued to weigh on the market. Scheduled tariffs on 16 billion dollars of Chinese goods were imposed, which brought the goods under tariff to 100 billion dollars. News was lacking on any developments from this week's talks in Washington DC. During the session the weekly USDA export sales were released which was relatively better.

However, market had less impact on the price. For the week ended August 17th combined net sales for 2018-19 and 2019-20 were 199,900 bales (upland 192,400; Pima 7,500). That included 12,900 bales in cancelations. Weekly shipments were 165,000 bales (upland 157,400/pima 7,600). Total shipments stand at 458,600 bales (upland 440,800/pima 17,800). 49-1/2 weeks remain in the season. For detailed report please get in touch with Kotak Commodities Research Desk

FX Update

Indian rupee has depreciated by 0.13% to trade near 70.21 levels against the US dollar. Rupee is pressurized by general recovery in US dollar post FOMC minutes. Fed maintained optimism about US economy further cementing market expectations of a September rate hike and this helped US dollar recover. Also weighing on rupee is choppiness in global equity markets as US-China trade talks yielded no result. Also weighing on rupee is firmness in crude oil price. Brent crude has breached $75 per barrel on sharp decline in US crude stocks and supply worries relating to Iran. The US dollar is expected to remain supported ahead of Fed Chairperson Jerome Powell's speech today and this will weigh on rupee. USDINR may trade in a range of 69.9-70.3 and bias may be on the upside.

No breakthrough in US-China trade talks as new tariffs kick in	**CNBC** https://www.cnbc.com/2018/08/24/no-breakthrough-in-us-china-trade-talks-as-new-tariffs-kick-in.html

The much-anticipated trade talks between U.S. and Chinese officials ended on Thursday without major developments, as the world's two largest economies activated another round of dueling tariffs on $16 billion worth of each country's goods.

Implementation of the latest 25 percent tariffs on Thursday did not derail the talks.

The talks were the first face-to-face U.S.-China meetings since early June to try to find a way out of a deepening trade conflict and escalating tariffs.

US and Chinese officials ended two days of talks on Thursday with no major breakthrough as their trade war escalated with activation of another round of dueling tariffs on $16 billion worth of each country's goods.

"We concluded two days of discussions with counterparts from China and exchanged views on how to achieve fairness, balance, and reciprocity in the economic relationship," White House spokeswoman Lindsay Walters said in a brief emailed statement.

The discussions included "addressing structural issues in China," including its intellectual property and technology transfer policies, Walters said.

The mid-level Trump administration officials participating in the talks would brief the heads of their agencies on the discussions, she added.

Implementation of the latest 25 percent tariffs on Thursday did not derail the talks, led by U.S. Treasury Under Secretary David Malpass and Chinese Commerce Vice Minister Wang Shouwen. They were the first face-to-face U.S.-China meetings since early June to try to find a way out of a deepening trade conflict and escalating tariffs.

Earlier, a senior Trump administration official downplayed chances for success, saying China had yet to address U.S. complaints about alleged misappropriation of U.S. intellectual property and industrial subsidies.

"In order for us to get a positive result out of these engagements, it's really critical that they (China) address the fundamental concerns that we have raised," the official said on a press call on the new U.S. security review law for foreign acquisitions. "We haven't seen that yet, but we are going to continue to encourage them to address problems that we have raised."

In a brief statement on Friday, the Chinese commerce ministry said both sides had a "constructive" and "candid" exchange over trade issues, and will stay in touch on the next steps.

A spokeswoman at China's embassy in Washington could not immediately be reached for comment.

China's Commerce Ministry said in Beijing that it has filed a complaint with the World Trade Organization over the latest round of U.S. tariffs. The two countries have now targeted $50 billion of each other's goods and threatened duties on most of the rest of their bilateral trade, raising concerns that the conflict could dent global economic growth.

Trump administration officials have been divided over how hard to press Beijing, but the White House appears to believe it is winning the trade war as China's economy slows and its stock markets tumble.

Economists reckon that every $100 billion of imports hit by tariffs would reduce global trade by around 0.5 percent.

They have assumed a direct impact on China's economic growth in 2018 of 0.1 to 0.3 percentage point, and somewhat less for the United States, but the impact will be bigger next year, along with collateral damage for other countries and companies tied into China's global supply chains.

Hard line rattles Beijing

Business groups expressed hope that the meeting would mark the start of serious negotiations over Chinese trade and economic policy changes demanded by Trump.

However, Trump on Monday told Reuters in an interview he did not "anticipate much" from this week's talks.

His hard line has rattled Beijing and spurred rare criticism within the highest levels of China's ruling Communist Party over its handling of the trade dispute, sources have said.

Beijing has denied U.S. allegations it systematically forces the unfair transfer of U.S. technology and has said it adheres to World Trade Organization rules.

Foreign Ministry spokesman Lu Kang would not reveal any details of the talks during a daily news briefing.

"We hope that the U.S. side can meet China halfway, and with a rational, pragmatic attitude, conscientiously with China get a good result," Lu said.

Semiconductors, plastics hit

Washington's latest tariffs apply to 279 product categories, including semiconductors, plastics, chemicals and railway equipment, that the Office of

the U.S. Trade Representative has said benefit from Beijing's "Made in China 2025" industrial plan to make China competitive in high-tech industries.

China's list of 333 U.S. product categories hit with duties includes coal, copper scrap, fuel, steel products, buses and medical equipment.

Though it is too early for trade damage to show up in much economic data, tariffs are beginning to increase costs for consumers and businesses on both sides of the Pacific, forcing companies to adjust supply chains and pricing, with some U.S. companies looking to decrease reliance on China.

John Neuffer, president of the Semiconductor Industry Association, said the tariffs would hurt U.S. companies more than Chinese firms, since most semiconductor products imported from China started out as chips fabricated in the United States.

"Putting tariffs on semiconductors specifically doesn't give the administration additional leverage. The Chinese don't sell their own semiconductors to America so Chinese enterprises won't be hurt by this," Neuffer said.

Falling rupee translates to rising stock for key sectors	**My Digital** http://www.mydigitalfc.com/companies-and-markets/falling-rupee-translates-rising-stock-key-sectors

The rupee's fall to sub 70-per-US dollar levels is likely to impact second quarter earnings in specific sectors and stocks with exporters benefiting while importers face rising costs.

The rupee traded in the range of 68.44 to 70.42 per US dollar so far in the second quarter from July 1 to August 23 as against its much broader range of 64.80 to 69.10 per US dollar during April 1 to June 30 period of the previous quarter. India can capitalise on the sectors which will benefit out of the rupee depreciation — IT and pharma companies which predominantly earn in dollar term although they might not focus purely on exports like textiles, oil and gas, tourism and consumption.

Despite touching historic lows, for the first time foreign portfolio investors have not withdrawn from the Indian equity market in a panic and the equity market is trading at an all-time high.

Dhananjay Sinha, head-institutional research and strategist, Emkay Global Financial Services, said in his outlook for Q2FY19, "Earnings growth boosters are pivoted on the following factors — higher central and state government spending in the run-up to the upcoming elections (boosting consumption in both urban and rural areas); the depreciation of the INR against the USD; enhanced household leverage spending; and pent-up demand after two major economic shocks."

"Indian equities will have a cascading impact on the broader indices if the tension escalates in Turkey but the macros of the Indian equities look decent. As a result, this correction should be taken as a buying opportunity," said Foram Parekh, fundamental analyst, Indiabulls Ventures. As the upstream companies tend to sell crude to OMCs like HPCL, BPCL and IOC in dollar terms and crude is also trading above $70 per barrel, companies like ONGC, Oil India and Reliance Industries will tend to benefit out of the depreciating rupee and rising crude prices.

"Many textile companies sell their products directly to the US and North America. We are bullish on the entire textile space due to the falling rupee. Hence, stocks like Welspun India, Trident and Indo Count Industries will tend to benefit on account of the falling rupee," said Parekh.

IT exports are likely to benefit from the depreciating rupee and improving growth outlook, according to analysts. Since most of the companies in the IT sector deal with export of IT services, the IT sector will be the primary beneficiary of the depreciating rupee, according to Parekh. “At the same time rising input costs, especially of imported raw materials, are negative for aviation and pharma companies,” said a report by ICICI Securities. Pharma companies with high export exposure benefited from rupee depreciation. However, higher input costs impacted the gross margins due to an increase in prices of APIs imported from China, said the report.

In the tourism sector, the rupee depreciation would help inbound travel as foreign travellers get more rupees to spend on their arrival in the country while Indians travelling abroad have been hit. India Tourism Development Corporation (ITDC), Tourism Finance Corporation of India, Thomas Cook and Cox & Kings have seen higher volatility in their stocks price during the period July 1 to August 21, but do not reflect decisive uptrend so far – rather their performance has been mixed.

For travel support companies like Thomas Cook and Cox & King, rupee depreciation will be rather negative with fewer Indians travelling abroad. But, the rupee-dollar movement is a technical aspect as travel plans do not change and it will not impact earnings much, said an analyst. “The rupee depreciated 10 per cent in a month on account of the lira. But for the first time in its history, the Indian rupee has depreciated to lifetime lows and at the same time the Indian equity market is trading at its lifetime highs,” Parekh said.

However, Parekh added, “The depreciating currency will impact the Indian economy adversely as India is an importing country. The falling rupee will result in an increase in its oil imports which can widen our fiscal and current account deficit.”

Cotton prices to trade sideways today: Angel Commodities	**Money Control** https://www.moneycontrol.com/news/business/stocks/cotton-prices-to-trade-sideways-today-angel-commodities-3-2871101.html

According to Angel Commodities, MCX Oct Cotton edged lower on Wednesday tracking International cotton prices. Currently cotton is trading above 23,000 levels on reports on cut in production prospects by the cotton body.

MCX Oct Cotton edged lower on Wednesday tracking International cotton prices. Currently cotton is trading above 23,000 levels on reports on cut in production prospects by the cotton body. The USDA’s FAS has projected India's cotton production to decline 1.7% on year to 365 lakh bales (1 bale = 170 kg) due to delay in monsoon rains and fall in acreage. Cotton acreage till last week was down by 4 % on year to 111.3 lakh hac compared to 117. 1 lakh ha last year, according to the farm ministry data. As per Commerce ministry data, cotton exports in June surged by 27.6% to 5.7 lakh bales as compared to last year. India is likely to export 70 lakh bales of cotton in 2018/19, down 30% from an earlier estimate due to low crops. India has so far contracted to export around 6 lakh bales to China, which has imposed sanctions on shipments from top exporter the United States.

Outlook

Cotton futures are expected to trade sideways due to improving acreage and weather conditions in top cotton growing states - Gujarat and Maharashtra. However, reports of pest attack may restrict production prospects.

Textile innovation contest	**The Hindu** https://www.thehindu.com/todays-paper/tp-national/tp-tamilnadu/textile-innovation-contest/article24765460.ece

The Confederation of Indian Textile Industry will conduct InnoTex 2018, an innovation contest, across the textile value chain.

Innovative ideas

Sanjay K. Jain, chairman of the Confederation, said in a press release that the contest was for innovative ideas and concepts for best design, method, process, product, and cost reduction in the entire textile value chain, from ginning to garments. The contest would be organised by CITI Young Entrepreneurs Group as part of the Confederation's Diamond Jubilee celebrations.

The aim was to create an innovation culture that was missing in the industry. The North India Textile Research Association would be the knowledge partner for the event.

Prashant Mohota, chairman of the Young Entrepreneurs' Group, said companies and institutions cannot take part directly, but can sponsor individuals or teams of innovators. The innovation should not be before April 1 last year.

The press release added that details of the event were available onwww.citiindia.com/inno tex2018/and the final round would be held on November 27 and 28 at Vigyan Bhawan, New Delhi.

Orissa HC directs authorities not to take action against importers on GST	**Business Standard** https://www.business-standard.com/article/economy-policy/orissa-hc-directs-authorities-not-to-take-action-against-importers-on-gst-118082400040_1.html

The Orissa High Court has directed investigating authorities not to take coercive action against importers on the issue of availing advance authorisation licences under GST regime, said Abhishek Rastogi, counsel from the side of importers.

Earlier, importers had approached various courts over restrictions imposed for availing advance authorisation licences. The change in condition has led to the directorate of revenue intelligence (DRI) issuing notices to exporters. The case will come up for hearing in Madras HC on Friday. The Central Board of Indirect Taxes and Customs (CBIC) had inserted a clause of "pre-import" for exempting imports done on advance authorisation licences from integrated goods and services tax (IGST). These licences are issued to allow duty-free import of inputs, which are physically incorporated in export product. The clause meant that imports done after exports would not be allowed to avail exemptions from IGST

However, advance authorisation is generally used for importing goods after exports are made, as against the pre-import condition imposed by the CBIC, argued Abhishek Rastogi. The clause was introduced after exemption was granted to imports under advance authorisation from paying IGST. Earlier, imports under advance authorisation were subjected to IGST. This prompted exporters to move courts. Though IGST is refundable, cash flow of exporters was hampered.

Commerce Ministry developing National Logistics Portal	**Money Control** https://www.moneycontrol.com/news/business/economy/commerce-ministry-developing-national-logistics-portal-2874941.html

A National Logistics Portal is being developed to ensure ease of trading in the international and domestic markets, as India eyes lowering logistics cost from 14 percent of GDP to less than 10 percent by 2022, the Commerce Ministry said today.

The portal will link all the stakeholders of export-import, domestic trade and all trade activities on a single platform.

"The portal will be implemented in phases and will fulfil the commitment of the Government of India to enhance trade competitiveness, create jobs, boost India's performance in global rankings and pave the way for India to become a logistics hub," the ministry said in a statement.

In this year's budget speech, Finance Minister Arun Jaitley had announced that the Department of Commerce will create a portal which will be a single window online marketplace for trade. It will connect business, create opportunities and bring together various ministries, departments and the private sector.

Stakeholders like traders, manufacturers, logistics service providers, infrastructure providers, financial services, government departments and groups and associations will all be on one platform.

"India's logistics sector is highly defragmented and the aim is to reduce the logistics cost from the present 14 percent of GDP to less than 10 percent by 2022," the statement said.

The country's logistics sector is very complex with more than 20 government agencies, 40 partnering government agencies (PGAs), 37 export promotion councils, 500 certifications, 10,000 commodities and $160 billion market size.

It also involves 12 million employment base, 200 shipping agencies, 36 logistics services, 50 IT ecosystems and banks and insurance agencies. Further, 81 authorities and 500 certificates are required for EXIM.

As per the Economic Survey 2017-18, the Indian logistics sector provides livelihood to more than 22 million people and improving the sector will facilitate 10 percent decrease in indirect logistics cost leading to the growth of 5 to 8 percent in exports.

India to explore avenues to boost exports to Kenya	**Money Control** https://www.moneycontrol.com/news/business/economy/india-to-explore-avenues-to-boost-exports-to-kenya-2874281.html

India is the second largest investor in Kenya according to KenInvest. The bilateral trade was valued at USD 2.05 billion in 2017-18.

India will explore opportunities to increase exports of petroleum products, cars and motorcycles, and mobile phones to Kenya during the joint trade committee meeting of the two countries beginning Thursday, sources said today. The Eighth Session of the India-Kenya Joint Trade Committee Meeting is being held in Nairobi, the capital city of the

African nation. India is the second largest investor in Kenya according to KenInvest. The bilateral trade was valued at USD 2.05 billion in 2017-18.

"We are keen to explore new opportunities in logistics, agriculture, energy, pharma and many other sectors with Kenya," Commerce Minister Suresh Prabhu said in a tweet after landing in Kenya.

According to the sources, India has identified petroleum products (medium and light oils); medicaments for therapeutic or prophylactic purposes; motor vehicles/cars/motorcycles and products of iron and steel, as potential products to increase its exports to Kenya. Cane or beet sugar, wheat and meslin, cement clinkers, aeroplanes and other powered aircraft, telephones for cellular networks or for other wireless networks, self-propelled mechanical shovels, excavators and shovel loaders and polypropylene, are other products which India sees as "potential products" of exports.

In 2017-18 India's top items of exports were petroleum products, drug formulations, biological, industrial machinery, paper, iron and steel, plastic raw materials, manmade yarn, fabrics madeups, and electric machinery, among others.

The joint trade committee meeting is taking place against the background of India's exports to Kenya dropping to USD 1.97 billion in 2017-18 from from USD 4.11 billion in 2014-15. India's imports from Kenya too slowed down from USD 117.42 million to USD 72.57 million during the same period.

Ministerial meeting of the JTC between Prabhu and Peter Munya, Cabinet Secretary (Minister) for Ministry of Industry, Trade and Cooperatives, Kenya, will take place tomorrow.

Both the countries would also be signing host of agreements in various sectors. Sources further said that Indian side has sought details of procedure and process of setting up assembly operations for both commercial and passenger vehicles in Kenya.

India has also requested the African nation to consider reducing the import duty on steel bars from the current 25 per cent to 10 per cent. **Meanwhile, sources also said that Air India has expressed inability, as present, to consider the operations on India–Nairobi route because of non-availability of resources in terms of aircraft and crew, and also departure/arrival constraints at Delhi and Mumbai Airports.**

Galvanising trade via the North-East	**Business Line** https://www.thehindubusinessline.com/opinion/columns/galvanising-trade-via-the-north-east/article24762267.ece

For this, the region requires a mix of infrastructure investments and trade facilitation measures

Act East Policy promises to be a harbinger of economic transformation for the north-eastern region. The region used to be a hub of thriving mercantile activity in the colonial period. The dynamics of trade were guided purely by expansionist imperial ambition and quest for commercial gains. People of the region, however, were completely bypassed in terms of infrastructure or economic opportunity.

A diverse portfolio marked trade with the neighbourhood. British woollens and Indian cottons were traded for Chinese tea and silk. Exports from Burma largely comprised cotton, jade, teak, silk tamarind and jaggery, while European imports were dominated by manufactured goods — cars, whisky, soaps, cigarettes. Dhaka was a flourishing centre of muslin exports. Discovery of tea and oil in Assam significantly enhanced commercial prospects. The Bombay-Burmah Trading dominated global tea trade for close to eight decades.

The British established a meter gauge rail link between Digboi and Chittagong . The steam navigation cartel led by the Scottish owned Irrawady Flotilla Company prevented any major developments along the land route and a steamer link connected Dibrugarh with Bengal.

There was a disruption in trade in the post-Independence period as boundaries of sovereign nations were redrawn. The Act East policy can give a boost to local economies of the north-eastern region, provided we develop a robust land-based trade across the borders. The fact that there are ties of kinship across the border is surely an asset, though it can also serve as a deterrent, given convenient local arrangements.

India's trade across the border with Bangladesh and Myanmar presents a study in contrasts. India's trade with Bangladesh in 2017-18 was in the range of $9 billion, of which, nearly 70 per cent was transacted across the land customs station at Petrapole-Benapole. The 24x7 operationalisation of the integrated check-post last year has given a further impetus to trade, though teething troubles of delayed cargo movement remain on the Bangladesh side. India exports cotton, vehicles and cereals to Bangladesh and imports textiles and apparels.

India's trade with Myanmar was nearly $1.5 billion last year, a drop from $2.1 billion in 2016-17. Pharmaceuticals is the largest export from India, while we import beans and cereals from Myanmar. Trade with Myanmar earlier used to be restricted to 62 items on formal channels.

Post 2015, barter trade has been dispensed with and formal trade is only permissible across notified customs posts. However, India accounts for less than one per cent of Myanmar's land-based trade, with China in the lead, and Thailand and Bangladesh also ahead of India. The integrated check-post at Moreh, in Manipur, is the only one which is truly operational. Formal trade along Mizoram border is negligible, though there is visible informal trade across the border.

Boosting trade

In order to truly galvanise trade through the north-eastern region, a mix of infrastructure investments and trade facilitation measures are warranted.

A blue print of transnational multi-modal connectivity projects has already been prepared and several of these projects, such as Kaladan Multimodal highway, are in an advanced stage of execution. The North Eastern Railways is in the process of connecting Aizawl and Imphal by rail over the next few years.

Work for construction of broad gauge connectivity from Agartala to Akhaura near Chittagong has recently been awarded. This will substantially reduce the distance between Agartala and Kolkata and provide an efficient access to

Chittagong port. A north-eastern economic corridor is proposed under the Bharatmala project for enhanced intra-regional connectivity. Multi-modal freight movement is proposed through seven waterway terminals on Brahmaputra. However, it is equally important to develop a robust supply chain and logistics infrastructure on a hub-and-spoke model to ensure smooth transportation. The Centre has already notified logistics as an infrastructure investment. An SPV could be created to develop logistics hubs across the north-eastern region in a PPP framework, going up to Guwahati and Kolkata.

A Commerce Ministry report mentions that the Chinese have established production centres near the border to penetrate cross-border markets. A suitable variant of this approach is worth exploring in the Indian context.

The Land Port Authority of India has declared its intent to take over all land customs stations and upgrade them to integrated check-posts with warehousing facilities. These need to be provided with high quality IT infrastructure, quality testing labs and quarantine facilities for agricultural trade, banking and foreign exchange facilitation centres.

Facilitation programmes

It is equally important to ensure that the people of the region develop a major stake in trade development. A special outreach and capacity building programme would be required for building foreign trade capabilities. Trade facilitation programmes to encourage local entrepreneurs to actively participate in foreign trade would build a local buy-in.

A strong linkage with mainland manufacturers and traders will be a crucial ingredient for a successful export strategy. Some local value-addition near the border through packaging or assembling facilities could also be established. Regular exchange of trade delegations and buyer-seller meets between neighbouring States of north-east and Myanmar and Bangladesh in pre-identified verticals would serve as a useful enabler.

The India ASEAN Trade in Goods Agreement provides the framework for trade with Myanmar, apart from the special dispensation for least developed countries under Duty Free Tariff Preference Scheme. As negotiations for Regional Comprehensive Economic Partnership (including China) reach near conclusion, the imperative of strengthening border trade capabilities assumes greater urgency.

Development of manufacturing capabilities in the north-eastern region will take some time. The region can well serve as a model for export-led growth in India. A north-east trade development authority, involving all State chief ministers of the region, would help bring foreign trade agenda on the economic priority of the States.

ASEAN has demonstrated how efficient economic integration of a region, even with economies at different levels of development, can be mutually beneficial. The north-eastern region needs to evolve a comprehensive bottom-up strategy of export development which supplements the efforts of infrastructure development of the Central government.

The author is an IAS officer based in Aizawl. The views are personal.

Maharashtra: Seven districts in govt shortlist for makeover	Indian Express https://indianexpress.com/article/cities/mumbai/maharashtra-seven-districts-in-govt-shortlist-for-makeover/

At a meeting attended by Chief Minister Devendra Fadnavis at the Mantralaya, the government shortlisted seven districts for the makeover in the first phase. They are Amravati, Raigad, Solapur, Aurangabad, Chandrapur, Nashik and Gadchiroli.

THE STATE government on Thursday decided to give makeovers to several districts, with a focus on key mega projects. At a meeting attended by Chief Minister Devendra Fadnavis at the Mantralaya, the government shortlisted seven districts for the makeover in the first phase. They are Amravati, Raigad, Solapur, Aurangabad, Chandrapur, Nashik and Gadchiroli.

While Amravati would be developed as a textile hub, Nashik would be converted into a tourist pilgrimage centre. Aurangabad would become a new industrial centre and Raigad's fort see a facelift. At the Naxal belts of Chandrapur and Gadchiroli, new roads and steel plants would come up. Projects related to construction of bridges, widening and beautification of riverbanks, cleanliness and tourism would be promoted in these districts.

"The elected members and officials should play a proactive role to ensure that the projects are completed in time," Fadnavis said at the meeting. While the government has already sanctioned funds for some projects, which have also received administrative approvals, local representatives and officials should help to expedite the work, he added.

"In Amravati district, the railway bridge and underground road works can be taken up on priority. Under the smart city mission, solid waste management and sanitation projects should be completed… Similarly, in Raigad, the renovation of the historic fort is underway. The ropeway, which is part of the project, should be expedited," said the CM. While referring to Solpaur, Fadnavis said that the project to supply water from Ujjani dam to Solapur city needs to be expedited.

Textile industry holds potential to drive Africa's industrial development	Devdi Sources https://www.devdiscourse.com/Article/132172-textile-industry-holds-potential-to-drive-africas-industrial-development

Demand for African textiles and garments is increasing globally, and African patterns are gaining recognition as truly fashionable and iconic pieces.

As the African Development Bank celebrates World Fashion Day, we take this opportunity to reflect on the potential of the Fashion industry to create value and wealth across the continent, with women and youth at the heart of this change.

We believe that the textile and clothing industry can drive Africa's industrial transformation and create some of the millions of jobs we need. A stable future depends on the development of labor-intensive sectors like manufacturing, services, and agriculture. Within the manufacturing sector, the Bank knows that job creation "from new activities" such as fashion, design, film and food industries – also known as creative industries - will result in new trade patterns for African countries.

These creative industries are particularly attractive to increasingly interconnected youth eager to explore wider cultural frontiers through social media and the internet. They bring their African culture and creativity as a unique selling point: creative industries bring economic benefits, as well as serve as a vehicle to further African regional integration and identity.

Today, let us focus on Fashion.

The textile and clothing industry presents a lot of potential for value-added benefits and job creation. It is estimated that up to 600 percent of value can be created along the cotton value chain: from cotton production, spinning and twisting into yarn, to weaving and knitting into the fabric, followed by dying, printing and designing. The fashion industry is a very profitable sector, from production to marketing, and additional jobs and wealth can be created every step of the way. Furthermore, this industry is composed of a majority of micro, small and medium enterprises (MSMEs), which can rapidly generate decent jobs - both skilled and unskilled - especially for youth and women.

According to UNIDO, in communities across the world, women have protected and nurtured rich cultural value and traditional designs. Investing in developing their skills to generate revenue in these areas leads to greater economic productivity and independence with social and political benefits for their communities. Since women are actively engaged throughout the fashion value chain, we see great potential for economic empowerment in rural areas as well as in urban centers.

In addition to value-added benefits and job creation, we see this particular sector as a great means to foster local content and identity. As Africa embraces industrialization, it must fully engage its human capital and unique craftsmanship. To fully take advantage of the regional and global value chains, each economy needs to enhance its infrastructure, regional integration, policy environment and access to finance.

Incoming investments must engage local actors and artisans to leverage the diversity of African regions and enable long-term, structural change. To date, most of the textile and clothing value chain remains in the informal sector. There is a tremendous opportunity for development actors to provide these businesses with the necessary infrastructure to transition to the formal economy by supporting their incubation, increasing access to finance, and connecting them to other producers, suppliers, and retailers.

Demand for African textiles and garments is increasing globally, and African patterns are gaining recognition as truly fashionable and iconic pieces. International fashion houses are integrating more and more African influences in their latest collections.

International textile manufacturers are turning to Africa as a new source of labor – and – as a growing consumer market. Africa is clearly and quickly taking on a greater role in the global fashion value chain, and it must rapidly industrialize to take advantage of it. Instead of exporting raw materials vulnerable to market volatility, and importing second-hand clothes, we must add value to everything we produce, and export finished fashion products.

Ethiopia is a great example. With the objective of generating USD 30 billion in export revenue from the textile apparel and accessories (TA&A) sector by 2030, the country is investing in industrial parks to accelerate textile production and the country's productivity as well as developing a heavy industry that will allow its full industrialization by 2025. According to The Bank's Fashionomics Africa Report, almost 80% of the workers employed in Ethiopia's apparel sector are women. In addition to Ethiopia, the garment sector has been growing in South Africa, Mauritius, Madagascar and across North African countries - but much of the rest of the continent has a long way to go.

The Bank is working through targeted approaches to foster value chain development. Consider Madagascar, where the Bank invested about USD 10 million to support the textile industry through the Investment Promotion Support Project. This project includes a USD 2 million dollar Textile Sector Promotion Support Fund that provides technical assistance to 50 MSMEs (40 percent led by women) for building organizational capacity and to improve basic processes and technologies.

We continuously raise awareness on strategic sectors for investment, as well as support the Bank's regional member countries. The TA&A industry must engage in policy dialogue to improve the business environment, facilitate access to finance and build institutional and actor capacity, to succeed.

In this context, the Bank is also rolling out its Fashionomics Africa initiative. Already active in Cote d'Ivoire, Nigeria, Kenya, South Africa and Kenya, Fashionomics Africa is a pan-African program that aims to strengthen the value chain of the fashion sector, by investing in the African textiles, apparel and accessories industry and raising its profile on the international stage. The goal is to connect and strengthen each link in the chain, from producers and suppliers of primary materials to manufacturers and distributors, and of course, investors. With a focus on MSMEs, Fashionomics Africa seeks to foster an environment that creates quality employment and entrepreneurial opportunities, with increased access to finance, startup incubation and acceleration, particularly for women and youth.

One of the components of the initiative is the Fashionomics Africa Masterclass, intended to equip entrepreneurs and designers with the tools to build and establish a fashion brand, from idea to execution. More than 500 textile, fashion and accessories entrepreneurs have participated in Masterclasses in Nigeria, South Africa, and Ethiopia. Some 65 percent of trainees have been women.

We invite you to check out Fashionomics Africa's digital platform in progress: www.fashionomicsafrica.org. The website is an interactive marketplace for MSME's, textile and fashion sector stakeholders – and those who want to track the latest trends, events, and market opportunities in the industry.

The African Development Bank will continue to ramp up its support to the fashion industry so that it can make its full contribution to the growth of our economies, as well as give Africa its rightful place in the global cultural and creative landscape.

Make in Odisha Conclave: Japan, partner country for investors’ meet	**New Indian Express** 'http://www.newindianexpress.com/states/odisha/2018/aug/24/make-in-odisha-conclave-japan-partner-country-for-investors-meet-1862055.html

The commercial ties between India and Japan are likely to get a further fillip with Odisha Government forging a partnership with the island nation for its mega investment summit, scheduled to be held here in November this year.While Japan will be the ‘partner country’, State Bank of India as banking partner intends to introduce a slew of products and services to cater to the financial needs of large corporates as well as small enterprises and self-help groups in the State.

“This partnership will provide a new impetus to the relations between Odisha and Japan and open up varied sectors for collaboration,” said Chief Minister Naveen Patnaik. He will attend a road show in Delhi on September 12. The team will also visit three countries --- China, Korea and Japan between August 25 and September 1, and hold discussions with companies and prospective investors.

Sanjeev Chopra, Principal Secretary, Industries Department, Japan will be the only country partner for Make in Odisha Conclave-2018 as Odisha seeks a deeper engagement with Japan in diverse various sectors. A delegation will visit Tokyo later this month to pitch for investment opportunities in the State across six focus sectors including food processing and seafood, chemicals, plastics and petrochemicals, ancillary and downstream industries in the metal sector, electronic manufacturing, textiles, apparel and tourism.

The state has also earmarked 600 acres of land in Bhubaneswar to woo Japanese investors. “The land that we have identified is proposed to be developed as a multi-product park where companies from Japan can come and set up their units,” Chopra noted.

Industrial hub

Chief Minister Naveen Patnaik also inaugurated two industrial projects and laid the foundation stone of 13 manufacturing units on Thursday at a cumulative investment `2,901.2 crore. OCL India Ltd, the flagship company of Dalmia Cement (Bharat) Ltd, topped the list of investors with `1,994.98 crore followed by IFFCO, Jyoti Solar Solutions Pvt Ltd, Grasim Industries Ltd, Indo Nissin Foods Pvt Ltd and Hindustan Urban Infrastructure Limited.

At a time when the state seems to be falling behind in private investment inflows with 2017 seeing private investments stumbling down to a new low of mere `6,971 crore, sources in the know say that the Government is mulling collaborations with IT majors like TCS and Infosys. Similarly, there are also plans to collaborate with networking giants such as Reliance Jio and Cisco.

The second edition of the flagship investors’ meet will be held from November 11 to 15. The first edition in 2016 saw the State receive investment intent of more than `2 lakh crore across 10 diversified sectors, Naveen said.

EEPC signs MoU with WBSEPS for Export Facilitation Centre	Money Control https://www.moneycontrol.com/news/business/economy/eepc-signs-mou-with-wbseps-for-export-facilitation-centre-2867831.html

The Engineering Export Promotion Council (EEPC) India today said it signed an MoU with the West Bengal State Export Promotion Society (WBSEPS) to set up an Export Facilitation Centre (EFC) in the engineering sector.

The proposed EFC would be situated inside the premises of EEPC India headquarters and would act as a single-window information centre, the EEPC said in a statement.

It will include sector specific compliance support in the area of technical and procedural demand and supply for existing/potential exporters of Bengal. It would also act as a networking hub, connecting industry, export linked institutions and government, it said.

The EFC would also identify and facilitate skill development on identified domains relevant for export capacity development and offer product-market advisory to help MSMEs in this sector to identify the export-import demand of any particular product in any market across the globe, with the help of Harmonized Codes (HC).

This is part of the export promotion endeavour of West Bengal State Export Promotion Society, which acts as a nodal agency for setting up Export Promotion Centre in the engineering, leather, textiles and gems and jewellery sectors, it added.

Soon, there may be no more GST on items that come free with products	Times of Now https://www.timesnownews.com/business-economy/companies/article/soon-there-may-be-no-more-gst-on-items-that-come-free-with-products/273831

Tax authorities had earlier sent notices to companies belonging to several sectors, enquiring about the freebies which also became taxable under the ambit of the GST

In what seems to be a huge relief for several sectors, the Goods and Services Tax (GST) on 'buy one get one' products, free samples and additional quantities of products may not be taxed anymore, reported The Economic Times. Several sectors like FMCG, pharma, textile, food and retail chains, who offer freebies along with their products as part of a marketing strategy will breathe a sigh of relief if tax collection on 'extras' is stopped.

The report goes on to suggest that tax authorities had earlier sent notices to companies belonging to the aforementioned sectors, enquiring about the freebies which also became taxable under the ambit of the GST.

Flipkart, Amazon gear up for fierce showdown this festive season. Details here

Besides, a select number of officials who are members of the GST Council have also upvoted the idea of doing away with GST on freebies. However, a final call will be taken to settle the issue by the council later in the year, according to a government official.

Earlier, the Law Review Committee had also said in its report – later submitted to the Council – that the total consideration towards such additional goods should be chargeable under GST, adding that the input tax should also not be denied in such cases.

It should be noted that the price paid by a consumer for purchased goods is considered while levying GST even if one item comes free with another. In such a scenario, both the items (the purchased one and the free one) would be applicable for input taxes against the final tax.

Taking the above point into consideration, the committee suggested that gifts and samples packs should not be denied input tax credit. Such promotional schemes are very popular among certain sectors but were thrown out of practice since the GST regime came into force last year.

Cotton crop in Telangana hit by extensive rains	**Business Line** https://www.thehindubusinessline.com/economy/agri-business/cotton-crop-in-telangana-hit-by-extensive-rains/article24760527.ece

The cotton crop in 11 districts of Telangana has been hit by extensive rains in the last two weeks. According to official figures, the cotton crop in over 1.30 lakh acres and paddy in about 50,000 acres was hit by the rains. Adilabad and undivided Warangal districts, the two key cotton-growing districts in the state, were hit the hardest.

While 11 of the 31 districts were hit by heavy rains, Sangareddy, Medak , Siddipet, Yadadri and Medchal districts remained in the 'deficit' rainfall category. Farmers' unions, however, said cotton crop losses would be far higher as the rains came at the wrong time. They said heavy rains hit the crop at the flowering stage and this could result in heavier losses.

Farmers in the state grew cotton in about 42 lakh acres this kharif, despite losses in the last season due to the virulent attack of pink bollworm. "Losses in Adilabad would be much higher as heavy rains lashed the cotton-growing district," Telangana Rythu Sangham leader, Malla Reddy, said.

Adilabad district recorded 1,112 mm of rainfall, while Jogulamba Gadwal district received the lowest rainfall of 216.7 mm. Official figures put the crop losses in Adilabad district at 1.25 lakh acres. "The rains were not well spread out and were not timely. There were either no rains or insufficient rains," he said.

Cotton farmers in several areas had to go for second sowing as the monsoon failed them after they sowed the seeds in the beginning of the kharif season. "Heavy rains in a span of 10-14 days would hit them the second time too," Malla Reddy said.

Jaipal Reddy, a former leader of the Confederation of Farmers' Association, said farmers faced two diametrically opposite problems. "While some were hit by heavy rains, others in districts such as Nalgonda, Sangareddy and Mahaboobnagar received less rainfall," he said.

Free-trade pact with US key to revival of local garments industry–trade chief	Business Mirror https://businessmirror.com.ph/free-trade-pact-with-us-key-to-revival-of-local-garments-industry-trade-chief/

What used to be a vibrant local garments industry could return to its heyday if the Philippines could be able secure a free-trade agreement (FTA) with the United States, the country's trade chief said on Thursday.

At the sidelines of the 1st Philippine Garment, Leather Goods Industries and Fabric Expo, Trade Secretary Ramon M. Lopez said one reason the Philippines is keen for an FTA with the US is to revive the local garments industry. He argued a bilateral trade agreement with the United States will be critical in bringing the labor-intensive industry back to activity.

"Hopefully, [we can revive the garments industry] with the potential FTA with the US. We used to be one of the biggest exporters of garments in the world. We supply the US, but we lost that [a long time ago]. Hopefully, we can bring [it] back with an FTA," Lopez said in a mix of English and Filipino.

The garments and textile export sector used to be valued at $3 billion and was considered a sunrise industry back in the 1990s, according to a news release by the Board of Investments (BOI). It was heavily relyiant on the Multi-Fiber Agreement (MFA), which allows clothing makers to export with preferential rates to developed countries.

"Our garments industry used to be one of the top-performing sectors both locally and internationally. But, with the challenges brought by the end of the MFA, which grants preferential tariffs to the country's exports of garments and textiles, we saw a decline in the sector's general performance," Trade Undersecretary and BOI Managing Head Ceferino S. Rodolfo Jr. said.

The MFA prescribed quota allocations in identified garments and textiles that are for export to developed economies from developing nations, including the Philippines, India and Vietnam.

However, the industry's dependence on the MFA ended in 1995 after it was replaced by the Agreement on Textiles and Clothing, which revoked numerous provisions of the MFA. This developed to the full adoption of the General Agreement on Tariffs and Trade and put the quota system to a conclusion in 2005.

Lopez wants FTA talks with the US to begin the soonest possible, as he is keen to bargain for the elimination of tariffs on garments. Clothing is one product group that Washington still slaps with high import duty. Last year it imposed an average most favored nation rate of 11.6 percent on clothing, according to data from the World Trade Organization. It is also one of the four remaining product groups the United States still taxes at an average double-digit tariff, aside from beverages and tobacco, dairy products and sugars and confectionery.

The BOI is currently in the process of helping garment and textile makers rise again, following the string of work force downsizing and factory closures they have to face when the MFA was terminated.

"We focus on securing market access in key export markets, such as Japan, Europe and the United States, to FTAs and preferential trade agreements, including the Generalized System of Preferences [GSP] and the GSP+," Rodolfo said.

The BOI is also drawing up a road map for the industry, targeted to be released by the end of this year, to chart its growth prospect based on assessment of its present condition, economic performance and challenges. The agency has likewise conducted six focus group discussions with garment makers, other government units and national organizations since December of last year.

Man-made fibres falling out of fashion in UK: Report	Fibre 2 Fashion https://www.fibre2fashion.com/news/apparel-news/man-made-fibres-falling-out-of-fashion-in-uk-report-244135-newsdetails.htm

Consumers in the UK are shunning man-made materials in favour of natural fibres, says a recent report. Of those who said they would avoid buying certain materials, 28 per cent refuse to buy polyester, 17 per cent avoid synthetic acrylics, and 2 per cent avoid rayon and viscose. Notably, Brits are optimistic about their current financial situation.

UK consumers feel positive about the cash in their pocket in 2018, with almost half of people (45 per cent) saying they feel optimistic about their own personal finance. Compared to 2014's findings, overall optimism is up by 8 per cent, as per Cotton USA's Global Lifestyle Monitor (GLM) survey.

Additionally, when asked who or what is most responsible for garments made in a non-environmentally friendly way, manufacturers received the most blame from UK consumers (40 per cent). This was followed by brands (21 per cent) and, interestingly, the consumers themselves (17 per cent).

When asked which fibres people feel are safe for the environment, cotton was found to be perceived as the safest (79 per cent), and 69 per cent of UK consumers also believe that cotton is the most sustainable fabric.

Nearly half of UK shoppers (45 per cent) say they would pay more for clothing made from natural fibres, such as US cotton, as opposed to only 4 per cent who would pay more for synthetics. The most cited reasons for preferring natural fibres are that they are considered to be more comfortable (65 per cent), of better quality (57 per cent) and more durable (34 per cent).

About 83 per cent of UK consumers also say that cotton and cotton blends are the fibres they want in the clothing they wear most often, and 80 per cent say cotton is best suited for today's fashions. Reasons for preferring fibres such as US cotton include comfort (75 per cent), trustworthiness (72 per cent), and softness (69 per cent). Another 80 per cent of consumers also associate the fibre with being authentic.

According to the research, 70 per cent of UK consumers look at fibre content labels at least some of the time before purchasing a garment. Older generations were found to be most likely to look at fibre content labels, (75 per cent), compared to younger consumers (63 per cent).

"Across all parts of everyday life, consumers are becoming more conscious than ever before about how their actions impact the world we live in. Our findings truly reflect how this applies to the consumption of fashion and textiles, and really identifies the shift UK consumers have made in the past few years. However, despite these changes, British consumers continue to favour clothes and garments made from high-quality, natural fibres such as US cotton – a trend that we at Cotton USA are confident will remain and strengthen in the future," said Stephanie Thiers-Ratcliffe, international marketing manager at Cotton USA.

The report adds that more than half of UK consumers enjoy shopping for apparel, suggesting a broad based interest in fashion and style, over 50 per cent of women under 35 shop for clothes once per month or more.

Internet browsing is popular, especially with younger consumers. Nevertheless, concerns about purchasing apparel online remain. Primary issues are shipping costs (70 per cent), clothing quality (67 per cent) and return policy (58 per cent). Chain stores (59 per cent), department stores (56 per cent), and discount stores (53 per cent) are each cited as channels where a majority of UK consumers say they shop for clothing.

Consumers are most likely to say that fit (87 per cent), comfort (84 per cent), and price (79 per cent) are most important to know before purchasing clothing. When making clothing purchases, 39 per cent of UK consumers say they make clothing purchases on impulse, a slight decrease from 2016, when 43 per cent reported impulse shopping, according to the GLM survey.

The survey was conducted by Ipsos Public Affairs, Inc on behalf of Cotton Council International (CCI) on a base of 1,002 people in the UK aged between 15 and 54 by online interviews. CCI is a non-profit trade association that promotes US cotton fibre and manufactured cotton products around the globe with its Cotton USA mark.

Textile and garment industry banks hope on possible US-PH FTA	**Business Inquirer** http://business.inquirer.net/256050/textile-garment-industry-banks-hope-possible-us-ph-fta

The textile and garment industry, now far from its glory days, will have to bank on a possible free trade deal with the United States in a bid to revive its struggling businesses.

Trade and Industry Secretary Ramon Lopez told reporters on Thursday that the government will try to help the industry through a possible free trade agreement (FTA) with one of its oldest allies.

“We used to be one of the biggest exporters of garments in the world. We supplied to the US. Hopefully, we can bring it back with an FTA,” he said.

He said this on the sidelines of the first ever “Philippine Garment Leader Goods Industries & Fabric Expo,” participated by 81 local and foreign companies in search of buyers.

Only more or less 20 companies are from the Philippines, which shows a glimpse of the current state of the industry.

As the US focuses on bilateral FTAs instead of multilateral deals, there are high hopes that this would eventually bear fruit to an FTA with the Philippines.

Preliminary talks are already ongoing, with the initial goal of finding enough mutual gains to jumpstart the formal negotiations. This will be a good opportunity for the local industry, which used to be very competitive in its exports, and was even considered a sunrise industry during the 90s, according to DTI-attached agency Board of Investments in a separate statement.

Export performance, however, dropped since the abolition of textile quotas by the World Trade Organization in 2005.

As a result, garment and textile enterprises in the Philippines which relied on quotas underwent difficulties leading to closure of factories and downsizing, BOI said.

In a press briefing earlier this month, William Ang, manager of Globe Textile Inds. Corp., complained about the garment industry receiving little to no support from the government.

“Sayang ang Pilipinas [the Philippines could have been more]. We have a lot of talented designers. We should be the Paris of Asia but what’s happening?” he said. “Never in my lifetime had the government asked what it could help us with in the industry,” Ang said, who represented the Garments Manufacturers Association of the Philippines during that time.

Wrapping up an FTA might take years, however. In the meantime, Lopez said that companies can apply under the Investment Priorities Plan, which provides incentives such as income tax holiday on preferred kinds of businesses that help reach inclusive growth. It is not clear, however, if any company in the garment and textile industry applied under the IPP, even though the list includes manufacturing activities.

He also said that garments might be eventually included under the US Generalized System of Preferences (GSP), a trade arrangement allows market access for numerous Philippine exports. He said this will have to come after the inclusion of footwear in the US GSP