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IBTEX No. 202 of 2018 October 01, 2018

USD 72.80| EUR 84.47 | GBP 94.90 | JPY 0.64

Cotton Market		
Spot Price (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
22087	46200	**80.92**
Domestic Futures Price (Ex. Gin), October		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
21800	45600	**79.87**
International Futures Price		
NY ICE USD Cents/lb (Dec 2018)	76.37	
ZCE Cotton: Yuan/MT (Jan 2019)	15,645	
ZCE Cotton: USD Cents/lb	**87.82**	
Cotlook A Index – Physical	**88.05**	

Cotton Guide: The week gone by was negative for cotton so as the case in the entire September. For ready reckoner December future traded down by more than 7% in September and other contracts were also down mostly in the same range. The December future settled lower at 76.37 cents per pound. December was the biggest loser for the week and the month. It lost 276 points this week and 585 points for the month.

Broadly the trend has turned bearish; the US trade wars continue to take their toll on cotton. The strengthening US dollar has been weighing on export markets. The dollar index has ended higher in 5 of the last 6 sessions for a net gain of 1.3 percent, a notable move for that index. China's ZCE futures have looked much like ICE, both markets sliding for the last few months. The ZCE settled lower for the 4th consecutive session and it ended 2.6% lower for the week and 6.1% lower for the month.

The Chinese State Reserve auctions will finish this series tomorrow. Cotton on today's auction had a turnover rate of 55.66 percent, spinners only. Offered were 37,110.3543 tons (170,448 bales); and sold were 20,655.7506 tons (94,872 bales). The cumulative turnover rate is 58.6 percent (offered versus sold). This auction series started at 24.1 million bales and 12.71 million bales remain.

On the trading front, volumes have been steady around 30K contracts. However, total open interests were at 247,226 contracts. That was the lowest open interest since November 30th (246,338 contracts). Open interest has declined in 9 of the last 10 sessions for a net drop of 10,783 contracts. The lowest open interest per calendar year in cotton's entire history has been under 200,000 contracts. Last year had the highest calendar-year-low open interest at 199,256 contracts on June 23rd.

From the domestic side Indian cotton price for Shankar-6 traded lower near Rs. 45500-45700 per candy ex-gin amid arrivals increasing gradually above 10 to 15K bales a day. We think as the season progresses the supply would increase and that will have pressure on price. Therefore the effect is already felt on the futures price. The October cotton ended the week at Rs. 21840 down by Rs. 470 per bale from the previous week's close.

Overall we think the trend may remain weak and recommend selling on rise for the near term.

Currency Guide:

Indian rupee has opened marginally higher in early trades today to trade near 69.615 levels against the US dollar. The currency is seeking support from stabilization in domestic equity market and decline in US Dollar. The Dollar has come under pressure following Trump's comments. US President Trump yesterday in an interview expressed displeasure over Fed's stance of tight monetary policy and also accused China and Europe of currency manipulation. The gains may be capped amid ongoing trade worries and financial turmoil in Turkey. For the day we expect Rupee to continue to trade with positive bias. USDINR may trade in a range of 69.4-69.8 and bias may be on the downside.

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

Indicative Prices of Overseas Ring Spun Cotton Yarn in Chinese market:

Indicative Prices of Cotton Yarn in China Date: 28/09/2018 ***Prices in US$ FOB***		
Country	**20s Carded**	**30s Carded**
India	2.80	3.10
Indonesia	2.56	2.85
Pakistan	2.41	2.74
Turkey	3.20	3.45
Source: CCF Group		

China yarn

Yarn market remained sluggish this week. Prices of all varieties decreased to different extent. The ones using PSF as feedstock suffered larger decrement.

International yarn

Business in the cotton yarn market has reflected the sluggish nature of the raw cotton market.

Spinners have continued to complain of poor yarn demand. In Pakistan, local downstream manufacturers have been cautious buyers.

China's cotton yarn imports in August were about on a par with the previous month.

Source: CCF Group

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INTERNATIONAL NEWS

USA: Increased Limits on Duty/Quota-Free Apparel from Africa

The Committee for the Implementation of Textile Agreements has announced the fiscal year 2019 (Oct. 1, 2018, through Sept. 30, 2019) limits on duty- and quota-free imports of apparel articles assembled from regional and third-country fabric under the African Growth and Opportunity Act. Apparel articles entered in excess of these quantities will be subject to otherwise applicable tariffs.

For apparel articles wholly assembled in one or more beneficiary sub-Saharan African countries from fabric wholly formed in one or more beneficiary countries from yarn originating in the U.S. or one or more beneficiary countries, the FY 2019 limit is 2,048,357,135 (up 1.3 percent from FY 2018).

Of this amount, 1,024,178,567 SME (up 1.3 percent) is available for apparel articles imported under the AGOA third-country fabric provision, which provides preferential treatment for apparel articles assembled in one or more lesser-developed beneficiary countries regardless of the country of origin of the fabric used.

Source: strtrade.com- Oct 01, 2018

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China slashes steel, textile tariffs as Trump ratchets up pressure

China's finance ministry announced Sunday that it will reduce import tariffs on a variety of products, including textiles and steel.

The tariff rate for textiles and metals including steel will fall to 8.4 percent from 11.5 percent, effective Nov. 1, Reuters reports. “Reducing tariffs is conducive to promoting the balanced development of foreign trade and promoting a higher level of opening up to the outside world,” the finance ministry said.

The ministry also announced that tariffs on wood and paper, minerals, and gemstones will fall to 5.4 percent from 6.6 percent, with average tariffs across 1,500 products reaching 7.8 percent, down from 10.5 percent.

The reductions come as President Trump deploys increasingly aggressive tariffs against Chinese goods, and just six days after Trump implemented a 10 percent tariff on $200 billion of Chinese goods, following a similar action against $50 billion of goods in August.

The new tariff against Chinese imports was expected to rise from 10 percent to 25 percent at the end of the year.

In March, Trump began a global campaign to reform U.S. trade relations, introducing a 25 percent tariff on steel and 10 percent on aluminum, only briefly exempting Mexico, Canada, and the European Union.

Trump argues that the U.S. has too great of a trade imbalance with China and other countries, and that unfair policies have hurt the U.S. economy. Critics say American consumers will end up paying more when the cost of tariffs is passed on to them.

It's not the first time China has reduced trade barriers amid Trump's criticism. In July, China lowered tariffs on consumer goods including clothing and home appliances.

The latest Chinese government announcement comes as U.S. trade negotiators face a midnight deadline for an agreement with Canada to replace the North American Free Trade Agreement.

The U.S. and Mexico announced a deal on principles for a new pact in August, starting a one-month clock before the text is due to Congress.

Source: washingtonexaminer.com- Sep 30, 2018

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WTO Downgrades Global Trade Outlook as Risks Rise

A new report from World Trade Organization (WTO) economists said escalating trade tensions and tighter credit market conditions in key markets will slow trade growth for the rest of this year and in 2019.

The report said trade will continue to expand, but at a more moderate pace than the WTO had previously forecast. The WTO now expects growth in merchandise trade volume of 3.9% in 2018, with trade expansion slowing to 3.7% in 2019.

The new forecast for 2018 is below the WTO's April estimate of 4.4% growth, but falls within the 3.1% to 5.5% growth range indicated at that time. Trade growth in 2018 is now most likely to fall within a range from 3.4% to 4.4%, the WTO said.

Clearly referring to the tariff-driven trade war between the U.S. and China, the WTO said some of the downside risks identified in April have since occurred, most notably a rise in actual and proposed trade measures targeting a variety of exports from large economies.

"The direct economic effects of these measures have been modest to date, but the uncertainty they generate may already be having an impact through reduced investment spending," the WTO said. "Monetary policy tightening in developed economies has also contributed to volatility in exchange rates and may continue to do so in the coming months."

WTO director general Roberto Azevêdo said, "While trade growth remains strong, this downgrade reflects the heightened tensions that we are seeing between major trading partners. More than ever, it is critical for governments to work through their differences and show restraint. The WTO will continue to support those efforts and ensure that trade remains a driver of better living standards, growth and job creation around the globe."

The updated trade forecast is based on expectations of world real gross domestic product (GDP) growth of 3.1% in 2018 and 2.9% in 2019. This implies a ratio of trade growth to GDP growth of 1.3 in both years, the report noted.

"Trade policy measures are far from the only risk to the forecast," the report said. "Developing and emerging economies could experience capital outflows and financial contagion as developed countries raise interest rates, with negative consequences for trade.

Geopolitical tensions could threaten resource supplies and upset production networks in certain regions. Finally, structural factors such as the rebalancing of the Chinese economy away from investment and toward consumption are still present and could weigh on import demand due to the high import content of investment. Overall, risks to the forecast are considerable and heavily weighted to the downside."

In the first half of 2018, world merchandise trade was up 3.8% compared to the same period in the previous year, the WTO noted. Exports of developed economies rose 3.5% in the six months, while shipments from developing economies increased by 3.6%. On the import side, developed economies recorded 3.5% year-on-year growth in the half, as developing countries registered an increase of 4.9%.

North American export topped the growth during this period at 4.8%, followed by Asia at 4.2% and Europe at 2.8%. Asia had the fastest import growth at 6.1%, followed by South America at 5.5%, North America at 4.8% and Europe at 2.9%.

The report made note that prices of energy commodities, including oil, rose 33 percent year-to-date through August, which boosted export revenues in the sector. The WTO also said that U.S. exports and imports remained strong, even as the dollar has appreciated 8.4% in real effective terms since January.

Source: sourcingjournal.com- Sep 29, 2018

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WTO, IMF, World Bank seek 'urgent' international trade reforms

The World Trade Organization, International Monetary Fund and World Bank on Sunday issued an emergency call to reform the multilateral trading system as the US retreats from prior agreements.

'The urgent challenge today is to harness the unique strength of the WTO,' the bodies said in a joint report. 'The slow pace of reforms since the early 2000s, fundamental changes in a more interconnected modern economy, and the risk of trade policy reversals call for urgency to reinvigorate trade policy reforms.'

President Donald Trump this week harshly criticized globalism in general and questioned America's participation in multilateral institutions like the WTO during the United Nations General Assembly meeting in New York.

Meanwhile, fallout from the escalating US-China trade conflict led the WTO to cut its trade growth forecast this week, and WTO Director-General Roberto Azevedo warned that a full-blown trade war 'would knock around 17% off global trade growth, and 1.9% off GDP growth.'

The joint paper by the Washington-based groups outlined specific initiatives aimed at modernizing WTO rules, including a focus on increased market access for e-commerce, more flexible negotiating structures and better transparency of government trade policies.

EU, Canada

The recommendations echo many goals outlined in various WTO reform proposals offered this month by the European Union and Canada.

Recognizing the dire state of the WTO, countries like Canada and the EU are preparing the groundwork to update the organization's 23-year-old rule book.

Though both China and the US endorse the need for WTO change, they have polarized views on how to do so.

The WTO, IMF and World Bank jointly called for new rules to address the expanding role of electronic commerce along with investment and services trade in the 21st century.

'The opportunities provided by information technology and other fundamental changes in the global economy are yet to be reflected in modern areas of trade policy,' the report said.

The three institutions also advocated the more so-called use of plurilateral talks to help unblock trade negotiations that have failed to advance at the multilateral level.

Faster deals

Plurilateral accords are deals negotiated among a group of like-minded members that are limited to certain sectors of goods or services. Such agreements are typically easier and faster to negotiate than multilateral accords, which require a consensus among the WTO's 164 members.

The joint report urged WTO members to work together to fix the impasse in the WTO dispute settlement system, which risks paralysis due to the Trump administration's refusal to appoint appellate body members.

Over the past year the US has cited a pattern of judicial overreach at the WTO and has blocked the appointment of experts to the appellate body, which has the final say in WTO dispute rulings.

After Sunday, the seven-person panel will have three members — the minimum required to sign off on appellate body rulings.

If the US continues to oppose new appointments to the panel beyond December 2019, the body will not have enough panelists to sign off on rulings and the WTO will lack the ability to fully adjudicate trade disputes involving the world's largest companies.

Source: livemint.com- Oct 01, 2018

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What is a 'Canada-style' trade deal?

Free trade comes in many forms.

It ranges from single markets to customs unions, to association agreements, to free trade agreements (FTAs) and beyond.

The EU has negotiated 35 trade agreements for its member states, with another 22 pending.

But it says "the most ambitious trade agreement that the EU has ever concluded" is with Canada.

It's called the Comprehensive Economic and Trade Agreement (CETA).

Signed in October 2016, it provisionally came into force last September. The only remaining step is for all the countries to ratify it, which could take several years.

But exporters and importers have been working under its rules for a year, and many now believe the CETA model could be a template for the UK's trading relationship with the EU after Brexit.

What does CETA do?

Some 98% of all tariffs on goods traded between Canada and the EU have become duty free. Most tariffs were removed when the agreement came into force a year ago. All will be removed within seven years.

It means Canadian importers will not have to pay €590m (£529m) in taxes on the goods they receive from the EU, and European importers will see tariffs reduced to zero on some 9,000 Canadian products.

The EU and Canada will open up public contracts at local, regional and federal levels to each other's contractors - that means Canadian companies, say, pitching to build French railways or British builders bidding to construct an Ontario school.

It protects EU "geographical indications", meaning you can only make prosciutto di Parma ham in Italy and camembert cheese in France, and

Canada can't import something that calls itself camembert from any other country inside or outside the EU.

How will trade change?

These are the kinds of changes CETA brought in:

- EU tariffs on Canadian goods reduced to zero - frozen mackerel (previously 20%), oats (51.7%), maple syrup (8%), auto parts (4.5%)
- Canadian tariffs on EU goods reduced to zero - chocolate (previously 10%), textiles and clothing (16%), medical equipment (8%), machinery (9.5%)
- Tariff-free quotas (limits) on EU cheese exports to Canada: raised from 18,500 tonnes to 31,972 tonnes
- Tariff-free quotas on Canadian sweet corn exports to the EU: raised from zero to 8,000 tonnes over five years.

Click here for more details

Source: businessghana.com - Sep 29, 2018

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Vietnam's export value to US reaches record high in August

Vietnam's export value to the US reached US$4.89 billion in August, the highest level since January this year, according to the General Department of Vietnam Customs.

This figure rose 15% against July and 24% compared with that in August 2017. This was the third consecutive month in which the export value exceeded US$4 billion.

Most of Vietnam's major export products to the US maintained a positive growth rate over the same period last year, including textiles, telephones, footwear, wood and wooden products, machinery and equipment.

Despite the rising US-China trade war, experts are still positive about the outlook of local exports to the US. According to the Ministry of Industry and Trade, so far, the structure of imports and exports between the US and Vietnam has not changed overall.

Vietnam mainly exports seafood, textiles, footwear, wood and wood products, computers, electronic products and components, and agricultural products to the US.

Meanwhile, it imports machinery, computers, electrical components, cotton, animal food and materials for animal food production, soybeans, machinery, equipment and tools.

Source: nhandan.org.vn- Sep 30, 2018

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Bangladesh textile and apparel manufacturing industry will continue to grow rapidly

Currently, Bangladesh is the second largest apparel exporter in the world. The country is producing apparel items for most of the globally renowned fast fashion brands in the world. A number of high street brands have flocked into the country already.

Mid to top end brands those who have not yet sourced directly from Bangladesh are also entering the country day by day. Altogether the role and importance of Bangladesh apparel manufacturing industry for the global fashion industry is growing very fast.

Time to time we have covered stories on many macroeconomic factors which have a major impact on global business value chains particularly the textile and apparel.

However capability in terms of resource availability and skills has been the key factor in the shift of the industry. Particularly when the opportunities were there, only those countries could attract the business who could build the capabilities.

The textile and apparel manufacturing bases have been heavily subsidized and supported by the governments mainly to support huge quick employment generation scopes. China while having to facilitate manufacturers with a number of benefits and subsidies to host almost all manufacturing base for the world eventually became very cheap place to manufacture textiles and apparel.

Very quickly, China is seeing a reality of severe environmental impact of the industries and so now in such a position that they have nothing to do but restrict manufacturing factories particularly which are putting an adverse effect on the environment. On the other hand, due to the change in American policy to 'see the world' is putting another big impact.

In the latest Donald Trump speech given in the UN General Assembly, the country emphasized to become more protectionists and reducing globalization particularly for trades related to manufactured products. There was a clear policy so far in the western world that they will outsource as much as possible of manufactured goods and provide as much as possible services to the world. But currently we are seeing a major change in this and so it is obvious that a major change in the global manufacturing value chain will occur and as always the textile industry will follow the same trend.

So, the textile manufacturing will no longer be so centered in one country or in one region. It is going to scatter into capable countries and regions. When we see clearly that the Chinese government is closing a number of factories and we also see that the US is imposing bulk of tariffs on Chinese manufactured goods, we understand that these manufacturing facilities will be relocated soon or after.

And that's where we see the enormous growth potential for Bangladesh. Bangladesh is well capable to fill up the supply gaps which are to emerge due to the supply interruptions from China particularly for apparel. If not for the long run, at least for short to medium run Bangladesh's apparel export will continue to grow rapidly.

And naturally, to cater that growth, backward linkage industry will also see enormous growth. So, Bangladesh textile industry is clearly going to put more and more impact on the global textile and apparel supply chain.

Bangladesh still can capitalize on the available resources like water and human resources. Currently, though the cost is increasing, the supply of gas and electricity has stabilized. If the manufacturers can manage the cost and can remain somewhat profitable the sector is going to boom further.

The government eventually has been facilitating the factory owners by reducing corporate tax, devaluing local currency taka and keeping the minimum wage as low as about 100 $ per month.

The government is also establishing a number of economic zones providing lands and facilities to the manufacturing companies at much cheaper rates. Despite a number of odds, the financial sector is still providing the bulk of finances to the textile and apparel manufacturing companies.

With all important factors happening around, Bangladesh will continue to be the dream place to source fast fashion garments for top EU and US companies. However, as most of the Bangladesh factories are running with very low or no profitability such growth may not sustain. Even the whole industry may become vulnerable if those top brands don't become more responsible.

They must not slaughter the duck to take out all golden eggs at one shot. They need to take care of this. The global brands have to give a fair, ethical and right price to the manufacturers as if they can comply with the social and environmental requirements rightly and still can remain competitive and can pay better to the people working inside and living around the factories.

Source: textiletoday.com.bd- Sep 30, 2018

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Vietnam: HCM City to host textile, garment expos

HCM City will host four textile and garment and footwear industry exhibitions simultaneously and at a single venue next November.

The 18th Việt Nam International Textile and Garment Industry Exhibition (VTG) will be attended by more than 400 exhibitors, including hundreds of top brands, from mainland China, Germany, Hong Kong, India, Japan, South Korea, Malaysia, Portugal, Taiwan, Turkey, and Việt Nam.

VTG and the Việt Nam International Textile and Apparel Accessories Exhibition will have pavilions and booths put up by the China Textile Machinery Association, the Hong Kong Apparel Machinery Association, the Korea Textile Centre, the Chamber of Commerce and Industry Portugal – Việt Nam, the Taiwan Textile Federation, and the Turkish Textile Machinery and Accessories Industrialists Association.

The top brands at the events will include Bao Lun, Richpeace, Tajima, and ZSK, who will display their latest embroidery machines, and Heinz Walz, Epson, Grafica, and Sulfet, who will bring printing machines.

Beworth and Silk Road will demonstrate their latest flat knitting machines. Japanese sewing machines brands like Brother, Hikari, Juki, Yamato will also be present.

The two events will also host several seminars featuring speakers from official departments, foreign affairs and universities who will speak about strategies and practical measures to develop the textile and garment industry.

Việt Nam earned US$19.4 billion from textile and garment exports in the past eight months.

The Vietnam International Footwear Machinery and Material Exhibition is a new platform for footwear producing equipment and materials.

It will showcase footwear machinery, injection machinery, artificial leather machinery, handbag and suitcase machinery, CAD/ CAM system, footwear materials, knitting shoe machinery, and components in the footwear value chain.

Việt Nam is the most important footwear producing and trading country in the world. Famous brands such as Nike, Adidas, The North Face, Timberland, and Columbia outsource their production to Vietnamese enterprises.

The fourth expo will be the 8th Asia International Dye Industry, Pigments and Textile Chemicals Exhibition.

They will be organised by the Việt Nam National Trade Fair And Advertising JSC, Yorkers Trade and Marketing Service Co, Ltd, the Guangdong Sewing Equipment Chamber of Commerce, and the Hong Kong Apparel Machinery Association.

They will take place from November 21 to 24 at the Sài Gòn Exhibition and Convention Centre in District 7

Source: vietnamnews.vn- Sep 29, 2018

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Vietnam to collaborate with Bangladesh in trade and investment

Vietnam and Bangladesh should make stronger efforts to translate their potential into sound cooperation in economics, trade and investment, said Vietnam's Prime Minister Nguyen Xuan Phuc during a meeting with Bangladeshi Commerce Minister Tofail Ahmed in Hanoi on 13 September.

PM Phuc welcomed Ahmed to Vietnam for the World Economic Forum on ASEAN (WEF ASEAN) and lauded the long-standing friendship between the two countries, which has been growing.

Ahmed appreciated Vietnam as a good friend of Bangladesh and said he is impressed with what Vietnam has achieved in multiple areas and suggested that the two nations can cooperate more in textile and garments.

According to the commerce minister, "Vietnam is Bangladesh's large trade partner, so the South Asian country wants to raise the annual bilateral trade to US$ 2 billion."

He noted that the business climate in Bangladesh has improved remarkably in recent years, creating a good opportunity for investors from Vietnam and also hoped that, the bilateral ties in economics, trade, and investment will progress in the coming years.

Trade between Bangladesh and Vietnam	
2002	14 million
2012	388.1 million
2017	900 million

The PM said that Vietnam wants to invest in Bangladesh in agriculture, forestry, fishery, textile and garments, and industry and expects the government of Bangladesh to facilitate Vietnamese enterprises in the country.

han US$900 million in 2017. Vietnam has repeatedly recorded a trade surplus with the South Asian country.

By the end of December 2017, Bangladesh invested in four projects in Vietnam with a total registered capital of US$ 615,000, ranking 99th out of 125 countries and territories investing in Vietnam.

Meanwhile, Vietnam poured US$ 27,900 into a project in Bangladesh, making it 68th position of the 72 countries and territories where Vietnam has invested in.

Source: textiletoday.com.bd- Sep 30, 2018

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NATIONAL NEWS

Prabhu to chair inter-ministerial meet today on export growth

Commerce and Industry Minister Suresh Prabhu will chair an inter-ministerial meeting on Monday to discuss the implementation of sector-specific strategies to bring about a substantial and sustained increase in the growth of exports.

Secretaries and other senior officials from ministries and departments such as textiles, electronics and IT, heavy industry, agriculture, animal husbandry, chemicals, pharmaceuticals, mines, defence production, commerce, industry, food processing and food and public distribution will share their action plans to increase exports, a government official told BusinessLine.

“There have already been two inter-ministerial meetings earlier this year on sectoral export promotion strategies where various stakeholders shared the problems and opportunities related to their sectors. At the Monday meeting, it is hoped that concrete policies for export promotion will be agreed upon,” the official added.

An analysis carried out by the Directorate General of Foreign Trade suggested that India’s share of exports is high in goods which are less traded, and low in goods in which trade is more. Moreover, most exports from the country are of items considered low in the global value chain.

“The idea behind sectoral export promotion strategies is to reverse the trend and increase India’s exports of high-value items and products that are high in demand globally. This is possible with all departments and ministries contributing to the strategy,” the official said.

In FY15, India’s exports declined 1.3 per cent to $310.33 billion from $314 billion the previous year. The following year, with continued global slowdown, exports declined at a sharper 15.48 per cent to $262.29 billion.

Although in the last two fiscals exports have posted modest increases, overall merchandise exports worth $303 billion shipped in FY18 (10 per cent growth) were still below the FY14 level of $314 billion.

Growth in FY19

In the first five months of this fiscal, exports have increased about 16 per cent, said the official, adding: "This is encouraging. Through a focussed strategy for sectoral export growth the growth would be higher and more sustained."

In an earlier meeting, Prabhu said the Commerce Department would also take the assistance of the Ministry of External Affairs to implement the action plans through India's commercial missions abroad.

Source: thehindubusinessline.com- Sep 30, 2018

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US economic growth, rupee fall to boost India's exports: Assocham ties

India's exports hold a promising outlook with the US economy growing at its best in four years, coupled with the rupee depreciation leading to enhanced net revenue realisation, according to a report by Assocham.

The US emerged as the top export destination for India, with $47.9 billion worth of shipments in the last fiscal ended March, followed by the UAE and Hong Kong, the Commerce Ministry data showed.

The US economic growth accelerated by 4.2 per cent in the second quarter of this year, its fastest pace in about four years, despite the ongoing tariff war with China. "The US accounted for about a good chunk of 16 per cent of India's total merchandise exports of $303 billion in the fiscal 2017-18 with the annual growth of 13.42 per cent," the report said.

It is the largest market for Indian exports, both for merchandise and even services. So, when the US grows at its current pace, it augurs very well for the Indian export basket, it added.

The Assocham report said that a sharp drop in rupee may have caused a burden on the country's import bill, but net realisation for exporters have increased significantly. According to August trade data, while exports have shown a growth of about 19 per cent in dollar terms, net realisation in terms of rupee for export shipments went up close to 30 per cent.

With further streamlining of exporters' GST refunds, their competitiveness should also improve, helping them in the global market. Engineering goods, chemicals, gems and jewellery are among the major items of exports to the US from India.

With the focus of the Trump administration on infrastructure, the demand for Indian exports, particularly of steel and other engineering goods should increase. Besides, with the festival season around the corner, the orders for the gems and jewellery should also look up, the report said.

Source: thehindubusinessline.com- Sep 30, 2018

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India wants to have trade deal with US, says Donald Trump

President Donald Trump Saturday said that India wants to have a trade deal with the US because it does not want him to impose tariffs on their products.

Trump remarks, for the second time in recent weeks, comes days after Assistant US Trade Representative Mark Linscott returned from India where he had detailed discussion with senior Indian officials on bilateral trade and a possible trade deal between the two countries.

Trump often accuses India of imposing 100 per cent tariffs on American products. "We have a country, take India. Good relationship. They want to make a deal now because they don't want me to do what I'm going to do, with I have to. So, they (Indians) call us. They didn't want to make a deal with anybody else," he said.

Trump referred to India in the context of his repeated allegation that other countries have been taking advantage of America in the past. Trump in September said India wanted a trade deal with the US despite the US administration's tough stance on the issue.

"Take India. You talk about free trade. So, let's say they (Indians) charge us 60 per cent tariff on a product. And for the same product when they send it in (America), we charge them nothing. So now I want to charge them 25 per cent or 20 or 10 or something," Trump said.

“What do you think? That’s not free trade. We don’t like it. I said, where are these people coming from? So, think of it. Where are they coming from? You have no idea how difficult it is. Where are they coming?” Trump said referring to the conversations he is having with India.

Trump told the crowd that he is using India just as an example.

The president said he can give example of other countries which are “brutal” to what they do with the United States.

“I could give you (examples of) others that are brutal, just brutal what they do to us, how they take advantage of the stupidity. We never even had people negotiate, they just do whatever they want,” Trump said as he went back to the India example.

“Remember this? A lot of the people that are fighting me in what I’m doing have ownership of companies in these other countries. Remember that please. Remember that, or they’re represented by lobbies,” Trump said, as he lashed out at those who are opposing his America First trade policies.

Trump said nobody wants to talk about the jobs created and nobody wants to talk about all the money that’s flowing in to the coffers of the United States of America, he said.

“The people that are against it are usually having companies…you know, you go to these other countries, they have companies there too,” he alleged.

Source: financialexpress.com- Sep 30, 2018

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Cotton blooms as stocks shrink

US-China trade tension and robust domestic demand may strengthen prices

Bucking the general bearish trend, cotton has emerged one of the safest bets among all agricultural commodities in 2017-18.

Thanks mainly to record-low carry-over stocks, expectation of reduced output and upsurge in export demand as China closes its doors on US cotton.

The strength in the prices of cotton is likely to continue in the near term due to the intensifying China-US trade war, shrinking stocks, robust domestic demand from textile mills and government's supportive procurement measures in the run-up to the State and general elections. However, weather will remain a critical factor, going forward.

Tight supply

The apex body, Cotton Association of India (CAI), sees cotton output at 365 lakh bales (government estimates is lower at 324.8 lakh bales) for 2017-18, making effective annual supply at 416 lakh bales against the consumption requirement of 324 lakh bales and exports estimated at 70 lakh bales.

As a result, the new cotton year (October-September) is likely to start with a stock of 22 lakh bales, which will be the lowest in the past 10 years.

Further, CAI's forecast of 3-4 per cent fall in cotton output to 350 lakh bales in the upcoming 2018-19 season adds to the supply woes.

The attributing factors are low rainfall, reduced acreage, switch to other crops and heavy infestation of pink bollworms in the major growing areas.

Reduced crop acreages and electoral compulsion to keep farmers happy in the run-up to the general election early next year have led to the government increasing the minimum support price (MSP) of medium-staple and long-staple fibre cotton by 28 per cent to ₹5,150 per quintal and 26 per cent to 5,450 per quintal, respectively.

The proposed MSP ensures more than 50 per cent returns over the cost of production.

Given the tight demand-supply situation and the MSP hike, cotton growers are receiving 10-15 per cent above MSP as new season crop has begun arriving in Haryana and Punjab since September 1.

The government has hinted at a robust procurement programme this year, while extending the direct procurement by Cotton Corporation of India (CCI) and State agencies, to the northern States as well.
Export prospects

India's export shipments have more than doubled to 14-16 lakh bales of cotton vis-a-visin September 2017, mainly due to improved demand from China, relatively lower domestic prices and a falling rupee that improves export-price competitiveness.

China's retaliatory trade action of an additional 25 per cent import tax on US cotton has allowed India to grab a bigger share of the Chinese market. That brightens the prospects of India's cotton in the export market.

The Cotton Advisory Board has estimated that India will be able to export 70 lakh bales in 2017-18 against 51.2 lakh bales a year ago.

Indian cotton is among the cheapest in the world and a weak rupee now at 72-73 to a dollar will make India's cotton exports more competitive. The country will also have an edge in the freight cost due to its nearness to China.

Supported by decade-low domestic stocks, lower crop estimates and high demand in the domestic market, cotton prices are expected to trade positive.

Then, there's the increase in export demand prompted by the Chinese de facto ban (through increase in import duty) on US cotton. Recent heavy rains may further dampen the prospects of cotton output.

However, bearish signals from the benchmark US cotton futures may restrict the gains in cotton prices.

Source: thehindubusinessline.com- Sep 30, 2018

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TechM bags ₹350-crore deal from 5 major ports

First outsourcing deal at major port trusts

Tech Mahindra will build and maintain an enterprise business system (EBS) to modernise and automate port processes at five Central government-owned ports for ₹350 crore including taxes. This is the first such outsourcing deal in the major ports.

Tech Mahindra won the contract on a tender issued by the Indian Ports Association to build a common shared platform on behalf of Kolkata Port Trust, Paradip Port Trust, Chennai Port Trust, Mumbai Port Trust and Deendayal Port Trust (formerly Kandla Port Trust), the Shipping Ministry said.

The EBS is aimed at improving India's ranking in ease of doing business, enabling faster request processing in delivery of services with better turnaround time and reduction in manual intervention/documentation required. It is also expected to reduce transaction time and costs, improve the efficiency of port operations, help in quick turnround of vessels and, subsequently, lesser dwell time, offer a dashboard to ports/Shipping Ministry for a real-time management information system (MIS) on cargo/ship movements and export-import transactions, facilitate simplified and accelerated procedures for cargo entry, exit or transit, and enhance transparency across systems.

The project implementation and stabilisation period is 20 months; operations and maintenance support is for five years.

Tech Mahindra will partner with SAP, Envision, CISCO, Dell and RTCom to roll out the EBS for the five port trusts.

Core solution components

The proposed EBS will comprise three core solution components — port operations solutions, standard ERP solutions and auxiliary solutions. It will integrate with the Port Community System and other retained applications of the ports, enterprise business standard processes and shared infrastructure on cloud.

Cafeteria approach

The solution proposes a 'cafeteria' approach for ports, which allows them to select the systems that they want.

Other Central government ports such as Jawaharlal Nehru Port Trust, Cochin Port Trust, New Mangalore Port Trust, Mormugao Port Trust, VO Chidambaranar Port Trust, Visakhapatnam Port Trust and Kamarajar Port Ltd already run ERP systems which they built on their own.

An official with one of the port trusts said the staff strength at major port trusts will decline further as hiring of personnel for doing repetitive jobs will stop. The Shipping Ministry has frozen recruitment of workers at Class 3 level for more than a decade.

"Employee strength will come down further as repetitive jobs will get computerised. The beauty of ERP is that it gives end-to-end solutions as all departments will get integrated, making information and data readily available resulting in easier decision-making," the official said.

Source: thehindubusinessline.com- Sep 30, 2018

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Jute farmers to get priority than mills in release of funds: Smriti Irani

Jute mills can get entire payment for government orders only after jute farmers and labourers are paid in full. And the Centre plans to bring a policy in this regard soon, Smriti Irani, Union Textile Minister, said on Saturday.

She however did not mention the time frame within which this policy will be in effect.

According to her, the industry gets ready orders worth Rs 5,000-5,500 crore every year (in terms of sacking). But complaints regarding farmers and labourers not benefiting or being paid in full keep coming-in.

"The government gives such a huge order so that the jute industry stays alive. The money is given so that farmers and labourers can get benefit out of it," she said during an interactive session organised by the Indian Chamber of Commerce here.

"Now, we are making it mandatory, that if you do not pay farmers or labourers or abdicate the responsibility, we will not give you the order," Irani added.

Special incentives will also be given to those who look at diversified jute offerings.

According to Irani, the Centre is also focusing on transforming small-size firms into mid-size entities, Irani said.

"For the growth to happen exponentially, we are pushing towards ensuring that the small-size firms become mid-size entities. It needs infrastructure push," she said.

According to her, India is looking at the trade war between China and the US “as an opportunity”. The idea would be to ensure that India benefits through a mix of policy intervention and industry practices.

Resurrecting the economy

According to Irani, the Modi-government had inherited “a nation left behind in shambles” by the UPA-II. But, efforts are being taken to resurrect it.

Speaking at another interactive session organised by The Merchants’ Chamber of Commerce and Industry (MCCI), Irani said the Centre is investing heavily in infrastructure development and nearly Rs 5.7 trillion will be spent here over the “next few years”.

Rising NPAs in public sector banks too us a result of lending to “unviable projects” made during the UPA regime.

The Indian economy has also witnessed a turnaround with agri-sector reporting a 8.2 per cent (year-on-year) growth in the first three months of FY19.

Manufacturing sector, during this period, grew by 13.5 per cent; while commercial and passenger vehicle sales too have grown by 51 per cent and 18 per cent respectively.

"A proof of the recovery of the economy is that in 2017-18 the country saw FDI flows of $ 6.2 billion (Rs 45000 crore)," she said.

Source: thehindubusinessline.com- Sep 29, 2018

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Should countries regulate imports?

In theory, trade curbs stifle innovation. But in real world situations import restrictions can prove beneficial, as China has shown

India has increased import duty on 19 products such as diamonds, shoes, ACs, and refrigerators. Even as these products cover $12 billion or close to 2.6 per cent of India's annual imports, the argument has begun on whether countries should regulate free flow of goods across national boundaries.

More specifically, should countries regulate or restrict imports for specific products by imposing import duty or other barriers? Economists are at loggerheads with government policy-makers on the issue. The US-China trade war has increased the wedge. Many countries, including India, are actively considering such measures.

Economists argue that governments should refrain from regulating trade flows. Free imports allow a growing economy to expand production quickly. They boost the purchasing power of consumers by allowing them to buy high-quality goods at low price. If trade flow is unhindered, they argue, the law of comparative advantage takes over, forcing countries to specialise and trade in few products in which they have some competitive advantage.

This benefits consumers and producers of both exporting and importing countries. But the real world is messy, say government policy-makers.

China has repeatedly proved that comparative advantage, in most cases, can be developed in a short period through a sprinkling of incentives. In the 1980s, China had no domestic electronics and computer industry and imported everything for meeting local needs. China had no skill-set, no R&D and not enough capital too. Yet, it chose to ignore experts — who said the country had no comparative advantage in the sector — and implemented a shrewd production strategy.

It could attract MNCs to set final assembly units in China by offering them low-cost land, power, water, labour, tax exemptions, and an efficient customs administration. MNCs were allowed to import all inputs through the 'global value chain' model of shared production.

Raw materials and low-end components came from ASEAN and components requiring advance manufacturing came from Japan, Korea and Taiwan. This model saw China becoming the leading exporter of electrical machinery, electronic items and telecom equipment by 2005.

China reached this position through import substitution of final product tied to a large-scale import of inputs. In the next phase of growth, it reduced dependence on the GVC model by manufacturing everything needed in-house. So initially, while China imported most parts for the assembly of an Apple from many countries, now almost everything is produced in China.

About 30 dedicated suppliers based in China are part of Apple's ecosystem. China applied a similar strategy for organic chemicals and electrical machinery to emerge a world leader.

Import duties

Economists also consider import duty as an evil — lower the better, but zero the best, they aver. But the real world disagrees. The WTO and FTA negotiations are, after all, about forcing other countries to lower the duties.

While average duties are low for many developed countries, the devil lurks in the details. The US, the EU and most other developed countries charge high import duty on products of interest to developing countries and grant calibrated access only.

The EU and the US charge 10-20 per cent import duty on Indian apparel and shoes. Japan charges 300 per cent duty on rice. Many European countries charge seasonal import duties on agriculture products.

Total import duty on some types of steel in the US and EU now exceeds 100 per cent. South Korea is an excellent example of export-led development, but in most sectors it imposes high import duties and non-tariff barriers.

The trade war is all about increasing import duties. The US is fast approaching a point where it would impose extra 25 per cent import duty on all goods coming from China. And, China is mechanically retaliating by doing the same.

India follows an open trade policy where most products can be imported without prior permission on payment of import duty. But consider two of India's two post-1991 success stories — automobiles and pharmaceuticals. Currently, India is the world's small-car hub mainly because the country imposed over 60 per cent import duties on automobiles and allowed the import of auto component at a much lower 5-15 per cent.

Also, India could reduce its dependence on imported medicine and emerge as the world's leading generics supplier because of not recognising product patents for a few years. Today, low priced and high-quality cars and medicines from India find a ready market the world over.

While no case can be made for protecting an inefficient industry, action may be needed to reduce over-reliance on a country on products related to health, food or national security. Pharmaceuticals could be a good example.

We import over 90 per cent of our requirement of Active Pharmaceutical Ingredients (APIs) from China. APIs are the raw materials for the industry. Realising its monopoly position, China has sharply increased prices in the past two years. We need an urgent strategy for import substitution.

Also, consider the massive import of day-to-day use items. China accounts for more than 95 per cent of imports of India for these items: blankets, bed linen, artificial flowers, kitchenware, baby carriages, clock movements, tricycles, festival items, combs, vacuum flasks, candles, etc.

Our dependence on China for these products was less than 10 per cent in 2005. These are low technology, labour-intensive products that can be manufactured locally.

Innovation matters

But import substitution is no substitute to innovation. A driver-less car can take shape only in a country with in-depth institutional knowledge of precision fabrication, electronics, robotics, design, IT and many more streams.

No firm, howsoever smart, can hope to develop this in Brazil or India or China. It can take shape in Germany, Japan or the US as they have meticulously invested in advanced manufacturing techniques. Quick comparative advantage cannot be developed in a short period for such products through import substitution.

Trade should largely be free from regulation. But in critical areas, countries take active measures to substitute imports. China's example shows how comparative advantage on most products can be acquired with sufficient focus. Import regulation remains an area of disconnect between what economists argue and what most countries do.

Source: thehindubusinessline.com- Sep 28, 2018

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Trade war will help India emerge as bigger trading, manufacturing base: Jaitley

Finance Minister Arun Jaitley on Friday said the ongoing global trade war may have created initial instability, but will gradually open up opportunities for India as a bigger trading and manufacturing base.

Calling on businesses to adopt ethical practices, Jaitley said that entities should pay their due share of taxes as the Insolvency and Bankruptcy Code (IBC) will shut doors on 'fly-by-night' operators.

Speaking at the annual session of PHD Chamber of Commerce, Jaitley said some global trends do adversely affect India, but going ahead they will open up avenues for the country to grow faster.

"The trade war initially created instability, but eventually may open up greater markets. They will open up India as a bigger trading and manufacturing base and, therefore, we must closely watch the situation as to when the challenge turns into an opportunity," Jaitley said in his video conference address.

Experts say that the ongoing trade war between the US and China could make Indian products like machinery, electrical equipment, vehicles and transport parts, chemicals, plastics and rubber products more competitive in the US markets.

Jaitley said the rising oil prices, too, pose a challenge for the economy, since India is a net importer of crude oil as the country imports 81 per cent of its oil supply. India is the third-largest importer of crude oil and rising international crude oil prices are inflating domestic transport fuel rates in a strong demand environment. Brent, the benchmark for half of world's oil, climbed to USD 80 per barrel from USD 71 in the last five weeks.

Not withstanding these challenges, I'm quite certain that in the days and years to come, there are great opportunities for India in order to grow, the minister said.

Asking businesses to be ethical in their practices, Jaitley said post the IBC, doors will be shut on fly-by-night operators and those with ethical practices will find a much greater opportunity to continue their businesses.

While free trade is allowed the emphasis also has to be on ethics of the business. Those who should be paying taxes must be paying taxes and the taxpayers should not be burdened with those who evade taxes. Therefore, one of the most ethical practices has to be to bring in those who evade taxes within the tax net, the Minister said.

The IBC, Jaitley said, has imposed a new ethics on Indian businesses when you take money from lenders you have to service the debt, it can't be that the lenders spend sleepless night after lending money to Indian businesses.

It will pay to be ethical - that is the kind of culture we are trying to introduce and that is the kind of culture Indian businesses should encourage, he said.

Source: thehindubusinessline.com- Sep 28, 2018

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IMF, WB and WTO seek removal of barriers to service trade

The International Monetary Fund, the World Bank and the World Trade Organization Sunday collectively sought liberalisation of the global service sector, asserting that the barriers to these services trade currently is roughly as high as those to trade in goods about a half century ago.

The report "Reinvigorating Trade and Inclusive Growth" brought out collectively by the IMF, the World Bank and the WTO, comes at a time when the Trump administration has taken a tough stand on the H-1B visas issue, a move which has badly hit not only the technology professionals and highly skilled individuals from India, but also pioneering Indian IT companies.

Services comprise some two-thirds of global GDP and employment. Yet the limited opening of service sectors to foreign competition impedes trade and productivity growth throughout the sector and the broader economy, the report said.

"As innovation further shapes which services can be traded across borders it is becoming even more important to address obstacles to that trade," it said.

"It is also important that countries open up to international competition in services provided in other ways, including through foreign direct investment and the operation of foreign affiliates, and the temporary movement of workers across borders for the purpose of supplying services," the IMF, the World Bank and the WTO said in its latest report.

Asserting that improved access to services from trade reform promotes economy-wide productivity and income growth, the report said given the sector's size, the role of services productivity in overall economic performance is evident.

"Less appreciated, though, is the interplay between services reform and manufacturing performance," it said.

Services comprise significant shares of the value added of all sectors in the economy, and this is reflected also in trade figures: while only a quarter of global trade is traded as services, on a value-added basis half of the value of global trade originates in service sectors, said the report.

Citing a 2017 study, the report said that full services trade liberalisation could raise manufacturing productivity by an average of 22 per cent across a sample of 57 countries, with larger benefits for countries with stronger institutional environments. The WTO Deputy Chief Economist Alexander Keck, told reporters during a conference call that service sector has an enormous contributor to growth and to trade including manufacturing trade.

“It is very, very clear that we’re still sort of living off, here at the WTO, the services commitment that were made in the Uruguay round. And that the gap between those commitments and the actual services policies applied is enormous,” he said. Noting that the report points out that in some regional agreements, that this gap has been narrowed, Keck said countries have moved further to simply narrow the gap sometimes even without changing the applied policies such as narrowing this gap outside the WTO in order to increase the certainty of the services trade environment.

“This is one of those concrete suggestions in a time where economic uncertainty has increased a lot and you will perhaps have a look at our trade forecast yesterday where we also showed that the economic uncertainty indicator has actually increased to levels higher than before the financial crisis,” the WTO economist said.

The joint report between the IMF, the World Bank and the WTO identifies areas where trade has the potential of contributing particularly strongly to productivity growth and economic growth overall. According to the report, despite a recent rebound in trade, a prolonged slowdown in the pace of trade reform is leaving in place widespread trade distortions and putting at risk the strength and durability of the global economic recovery.

Noting that as new trade reform initiatives lagged and the benefits of past reforms levelled off, trade growth has slowed, the report said it is time to reinvest in open, rules-based global trade. At the same time, it acknowledges that extending rules-based trade openness poses new challenges and could require fresh thinking and exploring all available approaches.

Observing that the digital economy revolution is opening new opportunities for cross-border trade and investment, the report says that this is changing the nature of trade, elevating the roles of policies relating to electronic commerce, investment, and services trade.

"This reflects the international nature of supply chains and complementarity of foreign direct investment (FDI) with trade in goods and services—the 'trade-investment-services' nexus. The effectiveness of this nexus, and of international supply chains, is also grounded in secure property rights, including for intellectual property. The growing overlap between trade regimes and domestic policy puts extra emphasis on effective regulatory cooperation," it said.

Source: financialexpress.com- Sep 30, 2018

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Longer freight trains may be the answer

The Indian Railways (IR) is one of the four railway systems in the world which transports more than a billion tonnes of freight traffic per year. The others are the US, Russia and China. In 2017-18, IR moved 1.16 billion tonnes of freight. In addition, it also carried 8.3 billion passengers — about 2.4 crore per day, which is equivalent to moving the entire population of Australia every day!

No other railway system in the world carries this volume of passengers and freight on the same tracks. Most large railroads such as those in the US, Australia and China, have separate tracks for passengers and freight. On IR, dedicated freight lines are yet to come. The mixed running on IR creates problems in management of traffic.

Passenger and freight trains run at different speeds and a slow running freight train has to be stopped frequently to allow a faster passenger train to pass. This reduces the average speed of the freight train. It is akin to road traffic being stopped in advance for a VIP convoy to pass. The greater the difference between the speed of passenger and freight trains, the higher is the erosion of capacity of the network.

IR is facing a severe crunch of investible resources. Passenger tariff is traditionally subsidised by government policy. According to the Comptroller and Auditor General's (CAG) report of on Railway Finances tabled in March 2018, in 2015-16, losses in passenger and other coaching services was so high that it would take 85.53 per cent of the profit from freight traffic to offset the loss.

Capital crunch

After subsidising passenger traffic there is very little surplus left for capital investment. Government support through Plan finances also reduced after the Eighth Plan. Dependence on extra budgetary resources, such as borrowings from the Indian Railway Finance Corporation, increased sharply. Freight tariff has been hiked steadily to offset the loss on the passenger front.

Due to inadequate availability of funds, the growth of IR's network was very slow. Using index numbers and taking 1950-51 as the base at 100, the network has increased from 100 to 155 whereas freight increased from 100 to 1407 and passenger traffic to 1675!

According to the White Paper on IR placed before Parliament in February 2015, almost all the arterial corridors of IR were saturated and the network required immediate expansion. The Chinese Railway, with which comparisons are frequently drawn, has expanded its network more than five-fold since 1949.

Six trunk routes connecting the four metropolises of Delhi, Mumbai, Chennai and Kolkata carry 56 per cent of the traffic of IR. The average speed of freight trains is about 23 kmph whereas the average speed of super-fast mail express trains running on the trunk routes is more than 55 kmph. The erosion of line capacity for freight services has been particularly acute on these trunk routes.

With increasing saturation of the network, the efficiency of utilisation of assets dropped. Thus the number of kilometres travelled by a freight wagon per day dropped from 262 km in 2010-11 to 204 km in 2016-17.

Similarly, the time interval between two successive loadings of a wagon (wagon turn round time) increased from 4.97 days in 2010-11 to 5.32 days in 2016-17. The saturation of the network led to drop in the incremental output obtained per unit of capital invested. This also finds mention in the CAG report.

The present government has sanctioned a large number of capacity expansion projects and allocated funds. These would take time to complete.

In the interim period, unless there is a radical review of passenger tariff policy (which is highly improbable), it would be freight traffic which would have to grow rapidly to repay borrowings and create a surplus for future investment. This growth has to be achieved despite the congestion of the network. The convenient method of increasing freight tariff would have to be avoided as it only serves to divert traffic away from rail.

Longer freight trains

One strategy for handling higher volumes of freight within the saturated network is to run longer freight trains with twice the number of wagons by putting one locomotive in front and one in the middle of the train. Two locomotives, when electrically coupled, work in perfect unison.

The payload of a freight train of 59 with wagons carrying coal is about 4,000 tonnes. If the number of wagons is doubled to 118, effectively two freight trains run together carrying 8,000 tonnes, thereby creating capacity for running more trains. The only problem is that the loop lines at the stations, which are used to hold a train and pass another, cannot accommodate more than 59 wagons. Increasing the length of loop lines to accommodate 118 wagon trains at selected stations on congested routes has been planned for a long time.

The projects are simple to implement as they involve adding just 800 metres of track to the existing loop line. However, progress on this front has been very slow. Yet, this is the only method which would yield immediate dividends in the short run. Running of longer freight trains on all congested routes has to be institutionalised. Thus will create capacity to run container trains with high value cargo to be handled at new logistics hubs.

Speed factor

Providing additional locomotives to freight trains may help to reduce the difference in speed with passenger trains. At the same time, plans for running new and faster passenger trains on existing routes should be critically examined to assess the level of further erosion of the track capacity available for moving freight. It should also be examined whether these trains would at least break even in terms of costs.

Creation of additional capacity sometimes falls prey to populist demands. Investment must be targeted to congested routes where traffic would grow rapidly and these projects have to be completed fast.

There is an urgent need to develop a holistic plan for accelerating the growth of freight transportation. The paradigm of keeping passenger fares artificially low as a social objective can only be sustained by nurturing freight traffic so that it grows fast and provides the necessary surplus to subsidise passengers and yet provide capital for development. There is also a crying need to review the tariff for passenger services.

Source: thehindubusinessline.com- Sep 28, 2018

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Australian, Japanese designers to participate at LMIFW SS'19

Australian design and Indian handloom will come together at the forthcoming Lotus Make-Up India Fashion Week (LMIFW) Spring-Summer 2019 edition, where Japanese designer Atsushi Nakashima will showcase too.

Australian creativity and style will take centrestage at the gala where a design showcase will be presented in collaboration with Ministry of Textiles, Government of India, and is an outcome of an MoU between the two countries that was signed at aTextiles India 2017' in Gandhinagar.

The show will feature the collections of five Australian designers -Romance was Born, We are Kindred, Brother's Earth, Cassandra Harper and Roopa - created using Indian handloom textiles. Australia's High Commissioner to India Harinder Sidhu said fashion has a strong potential in the expanding trade and investment relationship between the two countries.

"We are proud to present this project as an outcome of Australia's MoU with India on cooperation in the textiles, clothing and fashion sectors. It is an exciting project that promotes collaboration and exchange between Australian designers and Indian artisans," Sidhu said in a statement.

The collections, she said, will demonstrate the "richness and versatility of Indian textiles interpreted in a contemporary Australian design context". According to Sanjay Rastogi, Development Commissioner (Handlooms), Ministry of Textiles, the collaboration will highlight the versatility of the Indian textiles, opening gates to the foreign intervention.

As part of this project, developed in partnership with Australian social enterprise Artisans of Fashion (AOF), Australian designers worked closely with Indian artisans and textiles like brocades from Uttar Pradesh, natural indigo-dyed fabric from Tamil Nadu, Ikat from Telanganaa and silks from West Bengal, to develop their collections.

Fashion Design Council of India (FDCI) President Sunil Sethi said: "Crafts have always been a focal point for us and the Ministry of Textiles has embarked on bringing to life the strength of four clusters - Uttar Pradesh, Tamil Nadu, Telangana and West Bengal, with designers engineering these handlooms into their collections to tell a story."

Sethi is also excited about by Atsushi's show, which will take place on October 12 during the gala which is scheduled from October 10-13. Atsushi worked as an assistant designer with Jean Paul Gaultier and in 2011 came back to his country of origin, Japan, to launch his own brand Atsushi Nakashima. He has also showcased at Milan Fashion Week in the past.

Kenji Hiramatsu, Ambassador of Japan to India, said it's a great way to "promote and expand exchanges between the fashion industries of India and Japan". The FDCI-hosted fashion event has had Japanese buyers over the years. Sethi said: "There is no doubt that the Japanese are trendsetters not just in the world of technology but also design. And they truly understand the nuances of style."

Source: business-standard.com- Sep 29, 2018

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