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IBTEX No. 176 of 2018 August 24, 2018

USD 70.09| EUR 81.11 | GBP 89.92 | JPY 0.63

Cotton Market		
Spot Price (Ex. Gin), 28.50-29 mm		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
22565	47200	**85.86**
Domestic Futures Price (Ex. Gin), October		
Rs./Bale	**Rs./Candy**	**USD Cent/lb**
23340	48822	**88.82**

International Futures Price	
NY ICE USD Cents/lb (Dec 2018)	81.49
ZCE Cotton: Yuan/MT (Jan 2019)	15,960
ZCE Cotton: USD Cents/lb	**89.87**
Cotlook A Index – Physical	**90.75**

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 Guide:

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.

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

NEWS CLIPPINGS

INTERNATIONAL NEWS

Textile and garment industry banks hope on 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.

Source: Inquirer.net- Aug 23, 2018

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Turkey's textile exports grow 8%

The total exports of textiles and raw materials in Turkey increased by 8% to US$ 5.3 billion in the first half of 2018. From January to June, the most important export market for Turkey in this sector was Italy. Exports to Italy rose by 5.8% in January-June 2018 to US$ 474 million.

Germany was second. Exports of textiles and raw materials to Germany were US$ 440 million in the first half of the year, up by 8.3%, compared to the same period of the previous year.

The third major export market was Bulgaria. Exports to Bulgaria declined by 13.7% to US$ 286 million, recording the biggest drop in the first half of the year.

The most exported product in the first half of 2018 was woven fabrics. In this period, woven fabric exports increased by 8.3%, compared to the same period of 2017 and amounted to US$ 1.3 billion.

The second most exported product was yarn, which constitutes 18.1% of total textile exports in Turkey. Yarn exports were worth US$ 961 million in the January-June period of 2018. The third important product group is the knitted fabrics. In the first half, exports of knitted fabrics increased by 2.3% to US$ 801 million.

The fourth most exported product group was fibres. Fibre exports increased by 16.9% in January - June 2018 to US$ 337 million.

Turkey also continues its growth in technical textiles. Technical textile exports increased by 20.1% in the first half to US$ 898 million.

Source: Innovation on Textiles- Aug 23, 2018

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Philippine: PH garments, textile industry gears up to jumpstart resurgence

The Philippine garments and textile industry is gearing up to jumpstart its resurgence and gain back its reputation as a competitive player in the domestic and international markets with strategic initiatives, projects and partnerships involving key players, manufacturers, stakeholders underway.

The country's garments and textile export sector which used to be a US$3 billion industry, was once considered a sunrise industry during the 1990s. "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 Multi-Fiber Agreement (MFA) which grants preferential tariffs to the country's exports of garments and textiles, we saw a decline in the sector's general performance," said Trade Undersecretary for Industry Development and Trade Policy and Managing Head of the Board of Investments (BOI) Managing Head Ceferino Rodolfo.

The MFA, which prescribed quota allocations in identified textiles and garments that are for export to developed countries from developing countries like the Philippines, India, and Vietnam, was replaced by the Agreement on Textiles and Clothing (ACT) in 1995. The objective of ACT was to integrate the garments and textile sectors and discontinue restrictions in the MFA including quota allocations, leading up to the full adoption of the General Agreement on Tariffs and Trade (GATT) and put an end to the quota system by year 2005.

As a result, garment and textile enterprises in the Philippines which relied on quotas underwent difficulties leading to closure of factories and downsizing. At present, the industry is still seen as one with immense potential that could generate the jobs needed in the country. Despite numerous setbacks, the BOI, the country's lead industry development and primary investment promotion agency, is currently amplifying its initiatives to help the industry rise again. "We focus on securing market access in key export markets such as Japan, Europe, and the United States, to Free Trade Agreements and Preferential Trade Arrangements including the Generalized System of Preferences (GSP), and the GSP+," said Undersecretary Rodolfo.

Through the Industry Development Program (IDP) under the government's Manufacturing Resurgence Program, the BOI is likewise formulating a Roadmap for the Garments and Textile Industry, which will chart the future of the industry's growth based on assessment of the current situation and economic performance, identification of industry roadblocks.

Starting in December 2017, the BOI conducted six FGDs with industry stakeholders and other government agencies and organizations nationwide. The Roadmap is expected to be finalized before the end of 2018.

While the Garments and Textile Industry Roadmap is under development, the BOI is also teaming up with the Confederation of Wearables Exporters of the Philippines (CONWEP) and different industry associations for the first-ever Philippine Garment and Leather Goods Industries & Fabric Expo to further promote the industry.

To be held from August 23 to 26, 2018 at the SMX Convention Center, Mall of Asia Complex in Pasay City, the event aims to put the spotlight on the Philippine potentials to produce export-quality garments and textiles products, and the thriving garments and footwear manufacturers in the country. Organized by the Philippine Exhibitions and Trade Corporation (PETCO) and CP Exhibition Ltd. Hong Kong, the Expo will also feature a series of business forums, factory visits, business matching between investors and exhibitors, and a Philippine Pavilion, which design and construction was spearheaded by the BOI.

"The Expo comes in an opportune time as BOI and other relevant government agencies are ramping up efforts to sustain and further strengthen the growth momentum of the manufacturing sector," Undersecretary Rodolfo said.

Over 70 companies both from local and foreign countries are participating in the Expo which is seen to become an annual event after the first edition.

In a report by UN Comtrade, the Philippines was 6th among the top exporters of apparels to the United States in 1970. However, at the start of the 20th century, the export sales of the industry dwindled, leaving the country out of the primary apparel producers globally. The Philippine garments and textile industry trade have steadily and continuously declined between 2005 and 2011

Its garment export performance dropped by 39% from USD 2,287 million in 2005 to USD 1,402 million in 2011. In 2016, the industry exported a total of US$1,226 million and imported US$1,479 million worth of garments.

Data from the Bureau of Labor and Employment Statistics (BLES) show that employment under the textile and garment industry in the country is at 137,000 and 422,000, respectively in 2015. At present, 39% of the industry are composed of exporters, and 61% are subcontractors, which include small contractors catering to garment exporters, or backyard businesses. Despite difficult conditions, the BOI is hopeful to scale up the industry once more with the roadmap and other initiatives in place.

Source: pia.gov.ph- Aug 24, 2018

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Textile industry holds potential to drive Africa's industrial development

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.

Source: devdiscourse.com- Aug 23, 2018

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Five ways Kenyan government bets will boost manufacturing sector

The Kenyan government has outlined top five points aimed at increasing the contribution of the manufacturing to the country's GDP, PS for Investment and industry Betty Maina has said.

This emerged at the round table that was hosted by the Kenya National Chamber of Commerce and Industry where players from the private sector convened for the Big 4 Dialogue focused on manufacturing.

Betty Maina was the chief guest at the roundtable that was held earlier today at a Nairobi hotel.

According to KNCCI, attracting external investors to set up plants in the country, targeting manufacturers that can produce goods for the global market and engagement of local players where external investors set up with significant technology transfer are among the key highlights of the five-point plan.

Other points include streamlining engagement with small and medium entrepreneurs and creating a favorable environment for manufacturing by dealing with sub standards and illicit goods.

According to the Ms Maina, investors targeting the manufacturing sector need to focus on key areas the government is aligned to including: pharmaceuticals, textiles and apparels, agro-processing among others.

"In manufacturing of pharmaceuticals we have established that the Universal Health coverage pillar that we have as part of the Big 4 agenda can help provide a market for locally manufactured medicines as well as those from the COMESA region. Under textiles we want to ensure we can reduce the amounts of cotton that we are importing from countries like China to enable us send complete textiles and apparels to the USA under the AGOA agreement," Said Betty Maina.

According to Kenya National Chamber of Commerce & Industry National Chairman Mr Kiprono Kittony said the Big 4 Dialogue will help deal with the information asymmetry and help private and public sectors combine their thoughts on how the country can industrialize.
The government has also promised to revitalize various cash crops including coffee, tea and cotton through value addition to tea and coffee, introduction of new varieties such as BT cotton and through incentives offered to exporters of value added products.

"We would like at the end of these dialogues to put together a handbook for local investors to guide them where the opportunities reside in the Big 4," said Kiprono Kittony, Chairman Kenya National Chamber of Commerce & Industry National.

Data from the International Trade Centre, Kenya has a population of approximately 44.86 million , out of which an estimated 26 million lies in the working age group of 15–64. Kenya also has one of the largest youth populations in Africa, with almost 16 million people lying in the age group of 15–34 years. KenInvest predicts that by 2050, it is expected that Kenya's total population will cross 97 million, with a working age population of approximately 60 million.

Manufacturing sector is a key sector in Kenya's economic development, in both its contribution to national output and exports, and for job creation. Key targets and specific goals have been set to steer industrial growth. These include the development of Special Economic Zones, industrial parks and clusters, and niche products.

Source: exchange.co.tz- Aug 23, 2018

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Ethiopia: Annual textile, garment exports fetch $110m

Ethiopia has earned $110 million from the export of textile and garment during the country's last fiscal year which ended on July 8, 2018.The earning saw a 46 percent lower than the target set by the government, said the country's State Minister of Industry, Bogale Feleke in a meeting on Thursday in Addis Ababa.

Feleke attributed the lower export performance of the goods to shortage of cotton, lack of trained manpower and social instability that hit most cotton producing regions of the country.

As part of addressing the shortage in the supply of cotton, the state minister said the government has begun implementing the National Cotton Development Strategy to fix the setback effective this month.

This 15-year strategy was launched to significantly boost local cotton production and to put Ethiopia in a position as the top of cotton producing countries in Africa, he said.

The nation eyes $240 million from textile export in the current fiscal year. Textile and garment sector are considered two of the key industrial sectors, prioritized by the government as major sources of foreign currency earnings to deal with the shortage of foreign currency.

Lack of proper market linkage with reliable buyers remains a major challenge for Ethiopia's textile export sector, the state minister added.

Source: journalducameroun.com- Aug 23, 2018

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NATIONAL NEWS

National Logistics Portal to boost trade competitiveness, says government

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 per cent of GDP to less than 10 per cent 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, thereby generating jobs, increasing trade competitiveness and helping the country transform into a logistics hub, Commerce and Industry Minister Suresh Prabhu said.

"The National Logistics portal will be implemented in phases and will fulfil the commitment of the Government of India to enhance trade competitiveness, create more jobs, provide a boost to #DigitalIndia and pave the way for India to become a global #logistics hub," Prabhu tweeted. 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 per cent of GDP to less than 10 per cent by 2022," the ministry said in a statement.

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 USD 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 per cent decrease in indirect logistics cost leading to the growth of 5 to 8 per cent in exports. Further, the Survey estimates that the worth of Indian logistics market would be around USD 215 billion in next two years compared to about USD 160 billion currently.

Source: financialexpress.com- Aug 23, 2018

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New Industrial Policy to focus on jobs, push tech use, cut red tape

The much-anticipated New Industrial Policy, which will replace the 27-year-old existing policy and pave the way for promotion of new technology and reduced regulations, has been placed before the Union Cabinet for approval. “The New Industrial Policy is now just a Cabinet nod away. Its implementation will lead to job creation and modernisation of units, and will encourage entrepreneurs to experiment with new technology to improve efficiency,” a government official told BusinessLine.

“All ministries and departments concerned were kept in the loop throughout the drafting process. Hence, there were no major changes proposed during the inter-ministerial consultations,” the official said.

This will be the third industrial policy drafted in independent India. The first was announced in 1956, and the second, in 1991.

The draft industrial policy floated in August 2017 by the Department of Industrial Policy & Promotion aims to create jobs over the next two decades, promote foreign technology transfer and attract $100 billion FDI annually.

While the policy does not suggest direct changes in laws such as those governing labour, it is likely to propose the establishment of a body with representation from the Centre and the States to work on changes whenever required. It also suggests strengthening of municipal bodies.

To promote the use of new technology such as robotics and artificial intelligence, the policy is expected to emphasise promoting R&D and set up an institutional mechanism to encourage commercial utilisation of research done using government funds, the official said.

Commerce & Industry Minister Suresh Prabhu has said the policy would include steps to cut down unnecessary regulations.

"The New Industrial Policy will encourage the industry to work together with the government to improve productivity, R&D efforts, and efficiency," the official said.

The policy will focus on 'Make in India', improving ease of doing business, aligning trade and manufacturing, improving access to credit for MSMEs, industrial infrastructure creation, skill development and promotion of technology.

The DIPP is also hopeful that the policy will act as a catalyst to help the Start-up India initiative to drive India's economic growth.

Source: thehindubusinessline.com- Aug 23, 2018

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Commerce ministry to launch national logistics portal

The commerce ministry has stepped up work on developing a national logistics portal, as part of its measures to ensure ease of trading and cut high logistics costs from 14% of the GDP to 10% by 2022. The portal is aimed at linking all stakeholders of domestic and foreign trade and all trade activities on a single platform.

A senior commerce ministry official said India's logistics sector is very complex with more than 20 government agencies, 40 partnering government agencies, 37 export promotion councils, 500 certifications and 10,000 commodities. It also involves 12 million jobs, 200 shipping agencies, 36 logistic services, 129 inland container depots, 50 IT ecosystems and banks and insurance agencies. Further, 81 authorities and 500 certificates are required for exports or imports.

"The National Logistics portal will be implemented in phases and will fulfil the commitment of the Government of India to enhance trade competitiveness, create more jobs, provide a boost to #DigitalIndia and pave the way for India to become a global #logistics hub," commerce and industry minister Suresh Prabhu tweeted.

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

In the Budget for 2018-19, finance minister Arun Jaitley had announced the creation of the portal that will be an online marketplace for trade and will connect businesses, create opportunities and bring together various government departments and private players.

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% decrease in indirect logistics cost, leading to a growth of 5-8% in exports. Further, the Survey estimates that the worth of Indian logistics market would be around $215 billion in next two years, against $160 billion now.

Source: financialexpress.com- Aug 24, 2018

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Galvanising trade via the North-East

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.

Source: thehindubusinessline.com- Aug 23, 2018

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Cotton crop in Telangana hit by extensive rains

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.

Source: thehindubusinessline.com- Aug 23, 2018

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Textile innovation contest

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.

Source: thehindu.com- Aug 24, 2018

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Make in Odisha Conclave: Japan, partner country for investors' meet

BHUBANESWAR: 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.

Source: newindianexpress.com- Aug 24, 2018

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Soon, there may be no more GST on items that come free with products

New Delhi: 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.

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.

Source: timesnownews.com- Aug 23, 2018

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