TEXPROCIL NEWS CLIPPINGS
TEXTILE INTELLIGENCE CENTRE
IBTEX
INFORMATION BUREAU TEXPROCIL
An ISO 9001:2015 CERTIFIED COMPANY
The Cotton Textiles Export Promotion Council (TEXPROCIL)
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai 400004. Maharashtra State. INDIA
W. www.texprocil.org E. ibtex@texprocil.org T. +91-22-23632910 to 12 F. +91-22-23632914

IBTEX No. 1 of 2021 January 2, 2021

US 73.09| EUR 88.70| GBP 99.94| JPY 0.71

NEWS CLIPPINGS

INTERNATIONAL NEWS

Indonesia Omnibus Bill: Breakthrough Legislation or Another Blow to Labor?

In Indonesia, an Omnibus Bill regarding labor was passed into law by parliament in October and signed by president Joko Wodido in Jakarta on Nov. 3, amid protests and a city-wide lockdown.

While the exact date of implementation is still unclear, the law is expected to go into effect by Jan. 1, if labor union appeals to the courts go unheeded.

But even as labor leaders protest that the bill takes away major tenets of labor security, business leaders have been hailing the Omnibus as 'historic' in that it brings together 79 archaic laws.

Lawmakers have emphasized the main aim is job creation–which includes bolstering investment in Indonesia, reducing taxes, easing licensing procedures–and improving the ease of doing business in Indonesia for both local and global players.

Anne Sutanto, vice president, PT Pan Brothers, one of the largest manufacturing companies in Indonesia, from which global players like Adidas, Uniqlo and Ikea source, speaks of the necessity of change. "The ease of doing business in Indonesia has been deemed to be below par compared to the other ASEAN countries. I think the government wants to give more chances for domestic as well as foreign investors to meet the needs to do business."

The law is also intended to revive a reeling economy, as well as make investment in Indonesia more attractive, including for apparel makers and retailers who have been looking at Indonesia but often bypassing it for the easier business practices in other countries, like Vietnam. The government has made it clear that this law would help streamline a host of processes that have long been considered too lengthy and bureaucratic to negotiate.

Speaking at a virtual World Economic Forum dialogue with global business leaders in November, president Joko Widodo explained that this was an important step in responding to the situation post Covid-19 and would be help the country recover from the effects of the pandemic.

Indonesia is the world's fourth most populous nation, the world's 10th largest economy in terms of purchasing power and the largest economy in Southeast Asia.

As of July 1, Indonesia was upgraded to a middle-income country according to the World Bank with a Gross National Income (GNI) per capita of $4,046 to $12,535, having sustained an average of 5 percent GDP growth for the last few years.

It continues to be among the top 10 textile producing nations and the 12th largest textile and apparel exporter in the world.

In 2019, the garment Indonesia garment sector saw exports of $13.5 billion.

Hit much harder by Covid-19 than other countries in the region with more than 600,000 cases as of December, Indonesia's approximately 4.2 million workers in the textile, clothing and footwear industry have been fearful about the number of factory closures and layoffs as sourcing of inputs from China slowed down, as did global orders.

As a result of Covid-19, the GDP in 2020 is expected to be negative 1.5 percent according to the International Monetary Fund.

Given the job losses over the past year, garment workers in the country cite the Omnibus law as just another blow blow as it includes a relaxation of labor regulations.

Labor unions are not only calling for a repeal of the law, but have also taken the matter to court.

"The new law degrades workers' rights," said Elly Rosita Silaban, president, All Indonesian Trade Union Confederation (KSBSI). Silaban is spirited, clear and methodical in her objections. She explained that the law had many troubling features, including the fact that workers could be kept by companies on contract periods that could be extended indefinitely. Also, that the differences in sectoral wages are being removed by the law, which means that different sectors–despite specialization or higher training in some, like the garment industry, would all start with the same minimum wage. "This reduces severance pay for workers substantially and is very harmful for labor," she said.

She said that she hoped that an application for judicial review of the law would result in some reprieve for grievances by labor associations across the country.

"We wanted to stop it during Covid-19," Silaban observed. "Especially when three trade union confederations were invited to join discussions in April." But these discussions turned out to be more cosmetic than effectual, she said.

"We are not anti-change," she added emphatically. "But protection of workers is a must. We have a demographic bonus in the numbers of workers, but the way forward, especially in the garment industry, is more training and upgrades, not making it easier to fire workers."

The government continues to maintain that the new law will encourage hiring.

Indonesian factory managers have long complained that it is impossible to dismiss workers, however inefficient they may be. They also say that since more than 70 percent of the labor force is in the informal sector, they will actually benefit with the new laws.

PT Pan Brothers' Sutanto, is convinced it will help all parties.

"I do feel the law seems to be simplifying bureaucracy, and encouraging foreign investment, rather than being draconian as I am hearing. I also believe that this will create more jobs because the certainty of the process of licensing, doing business will change," she said. Her vision of growth has been clear: Pan Brothers, has been one of the few to grow during the pandemic, with business up by more than 14.5 percent in the first six months of the year because of both agility in growing PPE production, as well as its response to the global brands for whom they manufacture.

"The law must be fair to both sides. In terms of labor, the hiring and firing process are very clear, you don't have to wait till you get sued by your workers but you can file in the industrial court if you want to severe your relationship with your employer, or employee, so it is vice versa."

Other manufacturers and analysts agree that the process of transparency is necessary with the changing times.

But the simplification, itself runs 1,187 pages with the new law. It was 812 pages when it was submitted to the president.

"Understanding it is one thing, the law is complex enough-but then it all comes down to the actual implementation. How long will that take?"asked a global retailer who asked not to be named.

Source: sourcingjournal.com– Jan 01, 2021

HOME

****

U.S. Companies Face China Tariffs as Exclusions Expire

American companies will have to pay higher taxes on some of the products they import from China, as the tariff exclusions that had shielded many businesses from President Trump's trade war expired at midnight on Thursday.

Mr. Trump began placing tariffs on more than $360 billion of Chinese goods in 2018, prompting thousands of companies to ask the administration for temporary waivers excluding them from the levies.

Companies that met certain requirements were given a pass on paying the taxes, which range from 7.5 percent to 25 percent. Those included firms that import electric motors, microscopes, salad spinners, thermostats, breast pumps, ball bearings, fork lifts and other products.

But the bulk of those exclusions, which could amount to billions in revenue for businesses based in the United States, were set to automatically expire at midnight on Thursday. After that, many companies have to again pay a tax to the government to import a variety of goods from China, including textiles, industrial components and other assorted products.

The lack of clarity from the Trump administration about whether it would extend the exclusions left many companies in limbo.

The United States had announced some extensions — on Dec. 23, the trade representative said that it would extend exclusions until March 31 for a small category of medical care products, including hand sanitizer, masks and medical devices, to help with the battle against the coronavirus pandemic.

But Ben Bidwell, the director of U.S. customs at the freight forwarder C.H. Robinson, who has been helping clients apply for exclusions, said that "the large majority" of those that had been granted would expire at the end of the year, leaving importers with either an additional 7.5 percent or 25 percent tariff, depending on their product.

The United States trade representative had been "rather silent about any type of extension," Mr. Bidwell said.

Lawmakers lobbied the administration to extend the waivers. On Dec. 11, more than 70 members of Congress, including Representative Jackie Walorski, a Republican from Indiana, and Ron Kind, a Democrat from Wisconsin, sent a letter urging Robert E. Lighthizer, the United States trade representative, to extend all of the active exclusions to help businesses that have been hurt by the pandemic.

"Our economy remains in a fragile state due to the ongoing Covid-19 pandemic," the letter states. "Extending these exclusions will provide needed certainty for employers and help save jobs."

Mr. Trump has wielded tariffs to protect some American industries from foreign competition and encourage others to move their supply chains from China. The tariffs have partly accomplished those goals, though most companies have moved operations to other low-cost countries like Vietnam or Mexico, rather than the United States.

But most economists say those gains have come at a high price, and hurt the American manufacturing sector over all by greatly increasing the cost of imported components and making U.S. manufacturers less competitive with other companies abroad.

Some companies say the exclusions process has been particularly unfair. While large companies have invested huge sums in hiring Washington law firms to lobby the administration and apply for exemptions, some small companies say they have lacked the resources to apply for and win exclusions.

"Allowing these exclusions to expire — especially because the facts supporting their original determination remain unchanged — shows how arbitrary and capricious this process has been," said Stephen Lamar, the chief executive of the American Apparel & Footwear Association, which represents makers of shoes and clothing.

“These companies could ill afford a tax on their imported inputs and U.S. workers when they originally applied for these exclusions and they certainly can’t afford one now,” he added. Two other long-running programs that have exempted imported products from tariffs also expired on Thursday.

The Miscellaneous Tariff Bill, which temporarily suspends tariffs on some imported goods, including inputs used by American manufacturers, and the Generalized System of Preferences, which provides thousands of products from developing countries duty-free access to the U.S. market, expired at the end of the year.

There has been little momentum in Congress to resurrect the programs, as popular opinion has gradually turned against initiatives that offer foreign companies cheaper access to the American market as a way to promote freer trade.

Company executives are unsure whether the incoming administration will take a different tactic, but President-elect Joseph R. Biden Jr. appears unlikely to make significant changes anytime soon.

In an interview in December with The New York Times, Mr. Biden said that he would conduct a full review of the United States’ trade relationship with China and consult with allies in Asia and Europe to develop a coherent strategy before making changes.

“I’m not going to make any immediate moves, and the same applies to the tariffs,” he said.

Source: nytimes.com– Dec 31, 2020

HOME

****

Vietnamese, Indian garment-textile firms seek partnership chances

Vietnamese and Indian businesses sought partnership opportunities in garment and textile sector during an online conference held by the Vietnamese Trade Office in India and the Indian Importers Chambers of Commerce and Industries (IICI) on December 30.

According to A. Sakthivel, Chairman of the Apparel Export Promotion Council under the Ministry of Textiles of India, garment and textile sector makes up more than 2 percent to the country's gross domestic product (GDP).

The sector has created jobs for more than 45 million labourers and made up 15 percent of the country's total export revenue in the 2018-2019 fiscal year, he noted, pointing out that the garment-textile market of India is estimated to worth 100 billion USD in the 2018-2019 fiscal year.

For his part, Bui Trong Thoan from the Vietnam's Association of Foreign-Invested Enterprises said that Vietnam has been a bright spot in the gloomy global economy, and among the few countries posting positive growth in 2020 with economic expansion of 2.91 percent, total import-export revenue of 543.9 billion USD and trade surplus of 19.1 billion USD.

Meanwhile, Pham Minh Huong, former Managing Director of the Vietnam Garment and Textile Group (Vinatex), noted that Vietnam is the current third largest garment-textile exporter in the world after China and India.

As of the end of December 2020, export revenue of the product had hit 34 billion USD, down 14 percent year on year, marking the first year of reduction after decades of growth of about 10-15 percent. However, in 2021, the sector is projected to enjoy a 9-15 percent rise in export, she stated.

Over the years, India has been a supplier of materials for garment-textile firms in Vietnam, providing 7 percent of total imported materials to Vietnam in the first 11 months of this year.

Source: en.vietnamplus.vn– Dec 31, 2020

HOME

****

New EU-UK agreement to regulate trade ties beginning today

The European Union (EU) and United Kingdom signed the EU-UK trade and cooperation agreement on December 30. The latter formally left the EU nearly a year ago and the new agreement will provisionally regulate ties beginning today on a gamut of areas, including trade, transport, energy and fishing. Both sides said it was a chance to begin a new chapter.

British parliament's lower house voted 521 to 73 in favour of the deal. It received royal assent soon after. "House of Lords is notified of Royal Assent to the European Union (Future Relationship) Act," the House of Lords said in a tweet.

After signature from both sides, the deal will be in place until February end, pending final approval by the European Parliament to make it permanent.

British Prime Minister Boris Johnson, while addressing a specially-convened parliament session, said he hoped to work 'hand in glove' with the EU when its interests aligned, using Britain's new-found sovereignty to reshape the British economy.

"Brexit is not an end but a beginning," Johnson said. "The responsibility now rests with all of us to make the best use of the powers that we regain, the tools that we've taken back into our hands," he was quoted as saying by British media reports.

Johnson said he hoped to end the "old, tired, vexed question of Britain's political relations with Europe" and instead become "the best friend and ally the EU could have".

The opposition Labour Party says the deal is too thin and doesn't protect trade in services; fishermen are unhappy that their interests have been compromised, and Northern Ireland's status remains uncertain. The Scottish and Northern Irish parliaments have rejected the deal, terming it disastrous and damaging.

Eurosceptic lawmaker Bill Cash said Johnson had saved the British democracy from four decades of 'subjugation' to Brussels.

“It is of the utmost importance for the European Union and the United Kingdom to look forward, in view of opening a new chapter in their relations,” the EU said in a statement.

Johnson has refused to accept the deal will create new barriers to trade with the EU as is being claimed by many.

"On major issues, the European Union stands ready to work shoulder to shoulder with the United Kingdom. This will be the case on climate change, ahead of the COP 26 in Glasgow, and on the global response to pandemics, in particular with a possible treaty on pandemics. On foreign affairs, we will seek cooperation on specific issues based on shared values and interests,” European Council president Charles Michel said.

Source: fibre2fashion.com– Jan 01, 2021

HOME

****

UAE, Indian export credit agencies sign cooperation MoU

Etihad Credit Insurance (ECI), the UAE government’s export credit company, recently signed a memorandum of understanding (MoU) with the Export Credit Guarantee Corporation of India (ECGC) to explore and boost trade and economic cooperation between the United Arab Emirates and India.

The two agencies will create prospects for mutual strategic projects and offer a platform to identify new business opportunities and develop new partnerships. The MoU was signed by ECI chief executive officer Massimo Falcioni and M Senthilnathan, chairman-cum-managing director of ECGC.

With accessibility to a range of export credit, financing and investment insurance products, businesses and exporters in both countries stand to gain from this partnership, an official release in the UAE said.

Both institutions will work towards boosting their cooperation and communication in enhancing trade and business relations between the two countries; exploring mutual opportunities for insurance, reinsurance, co-insurance services for export of goods in a third country, investments and services to assist and support insured exporters; facilitating access for small and medium enterprises, mutual exchange of good practices; organizing joint events; and identifying specific solutions in the export insurance field.

The UAE and India have always had a strong non-oil foreign trade relation in the past decade. Data released by the UAE ministry of economy in May 2020 showed the non-oil exports and re-exports between the two nations in 2019 have reached over AED24 billion, and nearly AED30 billion, respectively.

In addition, India's ministry of external affairs in February 2020 reported that the trade between the two sides is valued at around $60 billion (over AED220.3 billion), making the UAE India's third-largest trading partner and second-largest export destination in 2018-2019.

Meanwhile, India's exports to the UAE are well diversified, with the former's major export items including petroleum products, minerals, textiles and garments, cotton, yarn and engineering and machinery products.

Source: fibre2fashion.com– Jan 02, 2021

HOME

****

Vietnam targets $38-39 bn from 2021 RMG-textile exports

Vietnam's garment-textile export turnover is projected at $38-39 billion in 2021, according to Vietnam National Textile and Garment Group (Vinatex) chairman Le Tien Truong, who recently suggested cutting long-term interest rates. He told a virtual conference that garment-textile firms would find it hard to access loans after a year of low business efficiency.

Companies are hoping for specific policies to be adopted by the government to support the industry in the sector, he said.

Under the Government management, the sector has reduced non-production costs, especially those for logistics services through the national logistics network, and other non-tariff costs.

The ministry of industry and trade has also helped businesses optimise new-generation free trade agreements (FTAs). In 2020, Vietnam is the only among the world's top five garment-textile exporters not to have to cease production, a Vietnamese newspaper reported.

Although Vietnam's garment-textile export reached only $35 billion in 2020 against $39 billion recorded last year, the result is still remarkable given the global demand dropping by over 22 per cent.

Truong highlighted comprehensive solutions adopted by the sector since the beginning of this year when the supply chain was disrupted, saying it has worked hard to ensure jobs for more than four million workhands.

Source: fibre2fashion.com – Jan 02, 2021

HOME

****

Colombo port November transshipment volumes decline

- Records 7.4% decline amid disruptions caused by COVID-19 second wave
- Transshipments in first 11 months down 2.3%YoY to 5.17mn TEUs
- Overall container handling declines 4.5% to 6.29 TEUs

The transshipment container volumes at the Port of Colombo slumped in November as the port's operation faced disruptions due to the second wave of COVID-19 in the country, leading to congestion at the container terminals.

Accordingly, the container transshipment volumes declined by 7.4 percent YoY to 394,737 TEUs in November, after recovering to pre-pandemic levels in July, the Central Bank (CB) data showed.

The container throughput at the port's deep-water terminal, Colombo International Container Terminals (CICT), declined by 11.5 percent YoY to 206,000 TEUs in the month. Consequently, the overall container handling at the Port of Colombo, including domestic container handling, fell by 9.2 percent TEUs to 491,836 TEUs in November.

Last week, Sri Lanka Ports Authority (SLPA) Chairman General (Retd.) Daya Ratnayake said the operations of the port returned to normalcy by early part of December. Meanwhile, the container transshipment volumes in the 11-month period declined by 2.3 percent YoY to 5.17 million TEUs.

The overall container handling at the port stood at 6.29 million TEUs during the 11-month period, recording a decline of 4.5 percent YoY.

CICT was the largest contributor by handling 2.625 million TEUs despite recording a decline of 0.1 percent YoY in the period. SLPA officials project the container throughput at Port of Colombo to come close to 7 million TEUs at end of this year, down from 7.2 million TEUs in 2019.

Source: maritimegateway.com– Dec 31, 2020

HOME

****

Pakistan: KCA raises cotton spot rate by Rs50 to Rs10000

The Spot Rate Committee of the Karachi Cotton Association on Wednesday increased the spot rate by Rs 50 per maund and closed it at Rs 10,000 per maund.

The local cotton market remained stable on Wednesday. Market sources told that trading activity was satisfactory.

The federal government has set a target of $20.86 billion for textiles and apparel export during the next five years.

According to the details, the Commerce Ministry has fixed a $13.6bn export target of textiles and apparel in the ongoing fiscal year, while the government has set a target to export textile products worth $14.7bn in 2021-22, $16.3bn in 2022-23, $18.3bn in 2023-24, and $20.8bn in 2024-25.

Cotton Analyst Naseem Usman told that commerce ministry was supporting zero rating for all the textile sectors so that small industry should also grow and contribute to the national exchequer, as without zero rating, small units cannot survive. The key players of textile sector get their refunds from FBR but refunds of small units remain stuck for years, due to which they face serious liquidity issues.

According to the draft policy, the government will provide consistent, long-term policies for the foreseeable future, while undertaking following measures: (i) electricity will be provided at cents 9/kWh; (ii) RLNG at $6.5/MMBtu; (iii) system gas at Rs. 786/MMBtu during the policy period; (iv) Long Term Financing Facility (LTFF) and Export Financing Scheme (EFS) rates will not be changed; (v) review of LTFF and refinance scheme for SMEs, and indirect exporters and building cost will be included; and (vi) brand development fund will be launched.

Naseem also told that the demand for textile apparel in the world reached $860 billion at the end of FY19 and it is projected to increase at a CAGR of 4.4% during the next 4 years, but Pakistan’s textile industry has not captured a sufficient level of this demand, given its potential.

The textile industry is faced with countless opportunities to capture greater market share, but reforms in energy, technological upgradation, diversification and value addition will be necessary in order to enhance the potential of the sector and facilitate economic growth at unprecedented levels. Meanwhile, regional competitors such as Vietnam have been recording textile growth rates of over 15% per annum for the past several years, and continue to grow.

Naseem told that the parliamentary body expressed concern over decline in cotton production in the country, and directed relevant authorities to take immediate steps for increasing the production of cotton in the country.

A senior official of the Federal Seed Certification told the court that the main reason of decline in cotton production in the country in the previous years was climate change. Due to climate change some areas have been selected for cotton production in Balochistan, he said.

The secretary MNF&R informed the meeting as per available estimates cotton production in the country will be ranging between six million bales to seven million bales in 2020-2021.

The committee also recommended to the government to fix power tariff of agriculture tube well at Rs5.35 per unit and the government should announce 50 percent subsidy on installation cost of solar tube wells.

Economic Coordination Committee schedule to be held on December 30 will discuss broad based measures for textile industry. ECC will approve textile policy for the period of five years till 2025.

Adil Bashir, chairman of All Pakistan Textile Mills Association (Aptma) said the textile sector is currently in the mode of rapid expansion to cater with increased orders and demands. “Exports orders for next 6 months are booked and despite COVID our exports have increased significantly compared to our regional competitors whose exports have shrunk," Bashir said in a statement.

Textile sector that accounts for more than 60 percent of total exports fetched $6 billion from abroad during the five months of the current fiscal year, up around five percent year-on-year, according to the Pakistan Bureau of Statistics.

Moreover, PRGMEA (NZ) vice chairman Adeeb Iqbal urged the government to also abolish duties on the import of fabrics as well as the denim fabric in line with the import relaxation provided on import of cotton yarn, as value-added garment sector is facing severe shortage of basic raw material of fabrics, which may lead to a drastic decline in value-added textile export.

He said that it was the right decision to remove Regulatory Duty on import of cotton yarn, which will accelerate the country's textile exports but unfortunately the garment, which is the major sector of textile chains, has been neglected, as the reduction in yarn import duty will not benefit it.

It is unfortunate that the government's cotton policy has reduced the country's cotton production target from 14 million bales to 9 million bales. Due to the shortage of cotton yarn textile exports were fallen in previous months. He said that the cotton crisis in Pakistan was the biggest threat to the value-added textile sector than corona. The government resolved the issue timely by abolishing import duty on yarn to avoid the closure of the textile industry and a loss of jobs of millions of workers, he said.

Naseem told that 600 bales of Dharki were sold at Rs 9800 per maund, 3600 bales of Rahim Yar Khan were sold at RS 10,300 tO Rs 10,500, 1200 bales of Sadiqabad were sold at Rs 10,200, 800 bales of Liaquat Pur were sold at Rs 10,200, 400 bales of Marrot were sold at RS 10,000, 600 bales of Hasil Pur were sold at Rs 9850 to Rs 9950, 400 bales of Faqeer Wali were sold at Rs 9950, 1000 bales of Haroonabad were sold at 9750 to Rs 9950 and 400 bales of Fort Abbas were sold at 9800.

He told that rate of cotton in Sindh was in between Rs 8800 to Rs 10,000 per maund. The rate of cotton in Punjab is in between Rs 9500 to Rs 10,300 per maund. He also told that Phutti of Sindh was sold in between Rs 4000 to Rs 4700 per 40 kg. The rate of Phutti in Punjab is in between Rs 4000 to Rs 5200 per 40 Kg.

The rate of Banola in Sindh was in between Rs 1500 to Rs 1825 while the price of Banola in Punjab was in between Rs 1600 to Rs 2200. The rate of cotton in Balochistan is Rs 9200 per maund.

The Spot Rate Committee of the Karachi Cotton Association on Wednesday increased the spot rate by Rs 50 per maund and closed it at Rs 10,000 per maund. The Polyester Fiber was available at Rs 178 per Kg.

Source: brecorder.com– Dec 31, 2020

HOME

****

Pakistan: Exports jump 18.3pc in December

Pakistan's exports grew for the fourth consecutive month in December to $2.357 billion, up 18.3 per cent from $1.993bn in the corresponding month last year, data released by the Ministry of Commerce showed on Friday.

However, the December export proceeds posted a growth of 8.4pc when compared with $2.174bn in November 2020.

The increase in overall exports is mainly driven by double-digit growth in proceeds from textile and clothing sectors as well as engineering products, surgical instruments and value-added leather products.

Prime Minister Imran Khan took to Twitter to extend congratulations to exporters for achieving record exports in the month of December 2020. "Congratulations to all the exporters on achieving record exports in Dec 2020 with a growth of 18% over the previous year. Well done & keep up this trend. A major pillar of our govt's economic policy is export enhancement & we will provide full support to promote export culture," the prime minister tweeted.

Commerce Adviser Razak Dawood said that 18.3pc growth in export proceeds in the month of December is the highest export ever.

Between July to December, the export proceeds increased by 4.9pc to $12.104bn as compared to $11.533bn in the corresponding period last year.

“This shows the resilience of the economy of Pakistan and it is a vindication of the government’s policy to keep the wheels of economy running during the Covid-19 pandemic”, the adviser said.

The adviser went on to say that he commended exporters for achieving this feat during these testing times and urged them to aggressively focus on capturing a larger share of international trade.

Exports in the new fiscal year started on a positive note but witnessed a steep decline of 19pc in August before rebounding in September, October, and November.

To promote exports of textile and non-textile products, the government is providing cash subsidies besides slashing duty and taxes on import of raw materials.

In FY20, exports fell by 6.83pc or $1.57bn to $21.4bn, compared to $22.97bn the previous year. Data shows visible improvements in export orders from international buyers, mainly in the textile and clothing sectors since May.

Source: dawn.com– Jan 01, 2021

HOME

****

NATIONAL NEWS

RoDTEP scheme on all export goods from January 1, 2021

Remission of Duties and Taxes on Exported Products was approved with a view to give a boost to the country's dwindling outbound shipments.

Benefit of Remission of Duties and Taxes on Exported Products (RoDTEP) scheme will be extended to all export goods from January 1, 2021, the finance ministry said in a statement Thursday.

Under the scheme, the embedded central, state and local duties or taxes will get refunded and credited in an exporter's ledger account with customs. This can be used to pay basic customs duty on imported goods. The credits can also be transferred to other importers, the ministry said.

So far refunds were not taking place, adversely impacting exports. India's exports fell 8.74% in November, steeper than 5.12% dip in October at $23.52 billion.

The RoDTEP rates, conditions and exclusions under which it can be availed would be specified by the department of commerce, based on recommendation of the GK Pillai committee that are expected soon.

"The notified rates, irrespective of the date of notification, shall apply with effect from 1st January, 2021 to all eligible exports of goods," the ministry said. Exporters will have to declare intention of availing the scheme for each item in shipping bill or bill of export.

The RoDTEP scheme will replace the popular Merchandise Exports from India Scheme as the latter has been found to violate global trade norms following a compliant from the US at the World Trade Organization.

The GK Pillai headed committee had sought data and evidence from industry that have suggested higher remission rates than 2%, 3% and 5%, payable as a percentage of realised free-on-board value as incentives under MEIS.

Source: economictimes.com– Dec 31, 2020

HOME

****

RoDTEP benefits subject to conditions, restriction, fulfilment of procedural requirements: FinMin

Availability of benefits under tax refund scheme RoDTEP for exporters would be subject to conditions, restriction, ineligibility and fulfilment of procedural requirements as notified by the government, an official statement said on Friday.

The government on Thursday said it has decided to extend the benefit of the Remission of Duties and Taxes on Exported Products (RoDTEP) scheme to all goods, with effect from Friday.

The finance ministry also said that the RoDTEP benefit would be available from January 1 even if the rates and other details are prescribed later, within the next few days.

"The benefit of RoDTEP would be available subject to the conditions, restriction, exclusions, ineligibility and fulfilment of the procedural requirements as notified," the ministry said in a statement on Friday.

It added that things which will be notified shortly include details of export goods (tariff lines) eligible for scheme; applicable RoDTEP rate, value caps (wherever applicable) on such eligible goods/tariff lines; excluded category of exports; other conditions and restrictions and the procedural details for grant of RoDTEP duty credit, and utilisation.

In March, the government approved the scheme for reimbursement of taxes and duties to exporters, with a view to give a boost the country's dwindling outbound shipments. The scheme would refund to exporters the embedded central, state and local duties and taxes that were so far not being rebated or refunded and were, therefore, placing India's exports at a disadvantage.

A three-member committee was formed for determination of ceiling rates under a scheme for reimbursement of taxes and duties to exporters. The country's exports declined 17.76 per cent to USD 173.66 billion during April-November this fiscal.

Source: economictimes.com– Jan 01, 2021

HOME

****

Forex reserves dip by USD 290 mn to USD 580.84 bn

After touching a record high, the country's foreign exchange reserves declined by USD 290 million to USD 580.841 billion in the week ended December 25, RBI data showed. In the previous week to December 18, the reserves had surged by USD 2.563 billion to a lifetime high of USD 581.131 billion.

In the reporting week, the drop in reserves was on account of a fall in foreign currency assets (FCA), a major component of the overall reserves.

FCA slipped by USD 253 million to USD 537.474 billion, the Reserve Bank of India's (RBI) weekly data showed.
Expressed in dollar terms, the foreign currency assets include the effect of appreciation or depreciation of non-US units like the euro, pound and yen held in the foreign exchange reserves.

The gold reserves decreased by USD 308 million to USD 36.711 billion in the week ended December 25, according to the data.

The special drawing rights (SDRs) with the International Monetary Fund (IMF) dipped by USD 4 million to USD 1.510 billion. The country's reserve position with the IMF rose by USD 276 million to USD 5.145 billion.

Source: financialexpress.com– Jan 01, 2021

HOME

****

Exporters welcome RoDTEP but uncertainty on rates cause concerns

The Centre has announced the implementation of the much awaited new Remission of Duties or Taxes on Export Products (RoDTEP) scheme from January 1, 2021, but, with the rates of reimbursement yet to be finalised, exporters are worried about how to cost their products and fix prices.

"There is uncertainty for exporters as they will not know how to book their orders without knowing the rates. There is also a lack of clarity on transitional times...we may need to recall some shipping bills already in transit," Sharad Kumar Saraf, President, Federation of Indian Export Organisations (FIEO) told BusinessLine.

Fieo is set to make a presentation to the Centre this week to point out its concerns and request for early action. Last year, the Finance Ministry announced the new RoDTEP scheme to replace the popular Merchandise Export from India Scheme (MEIS) from January 1, 2021, as the MEIS was ruled by a World Trade Organisation panel to be against multilateral trade norms.

The Ministry, in a statement issued on December 31, said that the RoDTEP rates will be notified shortly by the Department of Commerce, based on the recommendation of a Committee chaired by G K Pillai, former Commerce and Home Secretary, which will submit its report soon.

“The RoDTEP shall be allowed, subject to specified conditions and exclusions. The notified rates, irrespective of the date of notification, shall apply with effect from 1st January, 2021 to all eligible exports of goods,” the statement said.

As even a target date for announcement of the RoDTEP rates has not been fixed, things are in a greater state of flux. “If a date, say January 31, was fixed for declaration of rates, exporters would have happily waited for a month without complaining,” said Saraf.

Calculating work

The three-member RoDTEP Committee was set up in July 2020 to work out the modalities for calculation of duties/ taxes/ levies, at the Central, State and local level, borne on the exported product, including embedded taxes. Since the RoDTEP rates are based on actual input taxes paid by each sector at various stages of production, the calculation is proving to be time consuming.

“The government’s announcement on RoDTEP is good news because implementation is from January 1, 2021. But it is a cause of concern as in the absence of rates, exporters will not know how to fix cost of their exports,” said Rafeeque Ahmed, a Tamil Nadu based leather goods exporter.

Ahmed said that the RoDTEP committee has been working in close coordination with the industry and exporters hoped that the rates would be finalised soon.

The uncertainty on the rates also stems from the fact that while expenditure under RoDTEP was initially pegged at ₹50,000 crore annually, subsequently there have been indications that the actual outlay may be much less because of financial constraints.

Sectors like gems & jewellery and meat, that were not benefitting from MEIS, have their fingers crossed over inclusion in RoDTEP. “If included in RoDTEP, it could be a game-changer for the gems & jewellery sector,” said Colin Shah, Chairman, Gems & Jewellery Export Promotion council.

India’s goods exports declined 17.76 per cent in April-November 2020-21 to $173.66 billion due to a fall in global demand hit further by the Covid-19 pandemic. Exporters are hopeful of better performance in the next fiscal as the order book position for many has started improving.

Source: thehindubusinessline.com– Jan 01, 2021

HOME

****

GST collections hit an all-time high of ₹1.15 lakh cr in Dec

Strong economic recovery, crackdown on evaders push up the numbers

Signalling a strong economic recovery, GST collection in December hit an all-time high of ₹1,15,174 crore. The higher numbers were also due to the crackdown on evaders.

According to data released by the Finance Ministry on Friday, the December mop-up was the highest since the introduction of the Goods and Services Tax in July 2017. The previous best was ₹1,13,866 crore, in April 2019. April revenues tend to be high as they pertain to the returns of March, which marks the end of the financial year.

The December 2020 revenues are significantly higher than November’s collections of ₹1,04.963 crore.

“This has been due to the combined effect of the rapid economic recovery post-pandemic and the nationwide drive against GST evaders and fake bills along with many systemic changes introduced recently, which have led to improved compliance,” the statement said.

In line with the recent trend of recovery in GST mop-up, the revenues for December are 12 per cent higher than in the the same month last year. In December 2020, the revenue from import of goods was 27 per cent higher, and that from domestic transactions (including import of services) was up 8 per cent over the same month last year.

Till now, GST revenues have crossed ₹1.1-lakh crore thrice. This is the third month in a row this financial year that GST revenues have exceeded ₹1-lakh crore. The average growth in GST revenues during the last quarter was 7.3 per cent compared to (-) 8.2 per cent during the second quarter and (-) 41.0 per cent in the first.

Confidence in economy

MS Mani, Senior Director at Deloitte India, said the continued uptick in GST collections should give confidence in the resilience of the economy and indicates that business activities have completely resumed and demand for goods and services continues to be high.

A repeat of ₹1.15-lakh crore revenue will be truly ambitious, he said. However, a ₹1-lakh-crore monthly collection can be the new normal. One needs to remember that significant portions of some services, such as hospitality, are still under lockdown and many of them attract 28 per cent GST. When they open up, they will bring further buyoancy in collection, he said.

Break-up for clarity

Rajat Bose, Partner at Shardul Amarchand Mangaldas, feels the government should provide a break-up of the GST collected through filing of returns and through recovery drives initiated by the DRI and DGGSTI, which would give a true picture of the extent of economic recovery.

Source: thehindubusinessline.com– Jan 01, 2021

HOME

****

Cotton Association of India seeks export incentives

Amid slowing global demand and falling prices in the domestic markets, the Cotton Association of India (CAI) has sought export incentive for cotton fibre and yarn so as to prevent additional procurement burden on the government.

Speaking to BusinessLine, Atul Ganatra, President, CAI, informed that the exports have been badly hit due to economic slowdown in key markets such as Bangladesh and Indonesia.

"Even though our cotton is the cheapest in the international market, exports are not taking off as expected. We believe the government should offer export incentive for cotton and yarn to encourage exports from India," Ganatra said.

He further informed that in the current circumstances, India's cotton exports are not likely to exceed 50 lakh bales, which is nearly same as last year.

The CAI held its 98th Annual General Meeting (AGM) through online mode, where trade members discussed the cotton scenario. At the AGM, Ganatra was re-elected as the President of CAI for the fourth time in a row.

Cheapest in the world

In his address to the members, Ganatra stated that the Minimum Support Price (MSP) is important to provide price support to farmers to prevent them from distress sales in the event of severely low prices. "However, the burden on the government exchequer can be minimised by incentivising exports of cotton from India, which will eventually enable farmers to realise competitive prices for their produce like their counterparts in other countries in the US, Australia, Brazil, etc."

"Indian cotton is the cheapest cotton in the world and hence, there is a tremendous scope of improving export performance of the country," he added.

Ganatra also underlined the Covid-19 impact on business which saw demand destruction due to lockdown and subsequent economic impact.

MSP & procurement

"Although production of cotton during the 2019-20 crop year was higher by over 15 per cent to 360 lakh bales from 312 lakh bales in the previous year, demand was drastically down by about 19.75 per cent to 250 lakh bales in 2019-20," he said adding that the Cotton Corporation of India (CCI) will intervene with procurements through a massive support price operation. Ganatra also stated that the government has constantly increased the Minimum Support Price (MSP) for cotton over the past three years.

"During the last three years, the government has increased the MSP of GUJ ICS 105 29mm (Shanker-6 variety) by over 33 per cent cumulatively," he added.

Last year, CCI had purchased 115 lakh bales, whereas this year Ganatra said the indications are that the Centre has set a target to procure about 125 lakh bales, of which about 60 per cent or 70 lakh bales is believed to have already been procured till December 27.

Ganatra added that the far-reaching impacts of novel coronavirus have severely impacted cotton business and has had a disastrous effect on every link in the cotton and textile value chain.

Source: maritimegateway.com– Dec 31, 2020

HOME

****

Indian textiles ministry releases Year End Review 2020

India becoming the second largest personal protective equipment (PPE) manufacturer in the world, the approval of a National Technical Textiles Mission (NTTM) with a total outlay of ₹1,480 crore, and launching of brand name and logo 'Kasturi Cotton India' are among the highlights in the Year End Review 2020 released by the ministry of textiles, Government of India.

"With development of a new industry valuing ₹7,000 crore with 1100 PPE manufacturers producing a peak of 4.5 lakh units per day, India becomes second largest PPE manufacturer in the world," the ministry said in its year end review.

The year 2020 also saw removal of anti-dumping duty on purified terephthalic acid (PTA) and acrylic fibre.

To provide wider market for handloom weavers/artisans/producers, they were on-boarded Government e Market place (GeM).

"The textile industry occupies an important position in our country. Indian textile sector is the sixth largest exporter of textiles and apparels in the world. Its share in mercantile exports is 12 per cent and is the second largest employment generator after agriculture," the review said.

Click here to read complete Year End Review 2020

Source: fibre2fashion.com– Dec 31, 2020

HOME

****

After Covid pandemic blows in 2020, India's exports may rebound in new year

After being severely hit by the COVID-19 pandemic this year, the country's exports growth is expected to rebound in 2021 on the back of recovery in economic activities and demand worldwide.

However, the uncertain global trade situation due to rising protectionism, which adversely impacted exports in 2019, could have a bearing on the country's outbound shipments in the coming months.

Exporters' community is hopeful that outbound shipments would start recording healthy growth rates from April 2021, helped by growth in demand in developed as well as developing countries, and effective COVID-19 vaccines that may bring life back on track the world over.

In October, the World Trade Organisation (WTO) forecasted a 9.2 per cent decline in the volume of world merchandise trade for 2020, followed by a 7.2 per cent rise in 2021. These estimates are subject to a high degree of uncertainty since they depend on the pandemic situation and the responses of governments.

"The first quarter in 2021 will remain subdued because of issues related to MEIS (Merchandise Export from India Scheme) are not yet resolved. We are expecting that the issues would be resolved in the coming months and the situation will turn normal for exports from April 2021 onwards," Federation of Indian Export Organisations (FIEO) President Sharad Kumar Saraf said.

He said that order books of exporters are good but issues-related to MEIS, high freight rates and raw material prices are currently hurting the shipments.

FIEO Director General Ajay Sahai said 2021 would bring a ray of hope and optimism for the exporting community as there are expectations that the worst effect of COVID-19 will vanish and effective vaccines will bring life back on track.

"We are confident that a V-shaped recovery will be witnessed in world trade and we will recover much more from what we lost in 2020," he said.

While noting that the first and second quarter of 2020-21 were pretty bad, he said, "we may end 2020-21 with exports of around USD 290 billion".

Professor Rakesh Mohan Joshi from the Indian Institute of Foreign Trade (IIFT) said steps taken by the government to boost economic activities would help exports turn positive next year.

"However, there is a need to undertake structural reforms to increase the competitiveness of Indian products in the global markets," Joshi added.

Founder Chairman of Trade Promotion Council of India (TPCI) Mohit Singla said there is hope as well as apprehension surrounding the global trade ecosystem.

"Clearly this year, some of the sectors have been doing well such as agriculture and processed food, and pharmaceuticals. Broadly, these are the sectors which will see sustained rise next year too," Singla said.

Hand Tools Association President S C Ralhan said that issues like containing shipping freight rates would help push overall exports.

He added that rising steel prices, which have impacted the engineering sector, also needs to be looked upon.

Nischal Arora, Partner, Nangia & Co LLP, said that in 2021, "we are likely to see a sharp increase in exports primarily due to a low base set in 2020".

"Looking beyond 2021, India is on track to be a major export hub as consumption driven economies like Western Europe and North America look to diversify their supply chains," Arora added.

From June 2019 till November 2020, exports have registered positive growth only in three months -- July 2019, February and September this year. Fall in shipments of key sectors like petroleum, engineering and gems and jewellery had led to an overall contraction in exports. The contraction hit a record in March this year when the shipments declined by over 60 per cent.

During the year, the sectors, which helped exports include processed food, pharmaceuticals, medical and diagnostic products, technical textiles, chemicals, plastics and electronics.

The commerce ministry is taking steps to boost domestic manufacturing and exports. It has started the exercise to formulate the new foreign trade policy for the next five years to push the country's outbound shipments.

The government has also constituted a three-member committee for determination of ceiling rates under a scheme for reimbursement of taxes and duties to exporters. The reimbursement of taxes under the Remission of Duties and Taxes on Export Products (RoDTEP) such as duty on power charges, VAT on fuel in transportation, farm sector, captive power generation, and mandi tax, stamp duty and central excise duty on fuel used in transportation would make Indian products competitive in global markets.

Since 2011-12, India's exports have been hovering at around USD 300 billion. In 2019-20, it dipped by around five per cent to about USD 315 billion.

Promoting exports will help a country create jobs, boost manufacturing and earn more foreign exchange.

Source: business-standard.com– Dec 31, 2020

HOME

****

Power loom federation urges Centre not to levy anti-dumping duty on yarn

Stating that imposing anti-dumping duty on viscose spun yarn (VSF) will totally affect the power loom units leading to its closure, members of the Tamil Nadu Federation of Powerlooms' Associations met BJP State president L. Murugan at Arachalur and urged him to take up the issue with Central government.

Led by its president L.K.M. Suresh, the members met Mr. Murugan and expressed their concern over the Ministry of Commerce and Industry recommending imposition of anti-dumping duty on VSF for five years for the fibre imported from China, Indonesia and Vietnam.

Members said that one-third of their yarn needs are fulfilled by import while two-thirds are fulfilled by purchases from the domestic market where price is very high. They said that they had made a representation to the Central government in June, 2019 during which officials agreed not to impose anti-dumping duty.

But, recommending impositions of duty will lead to closure of over six lakh units resulting in job loss to over 15 lakh workers, they said. Members wanted the production in the domestic market to be increased and stop imposition of duty for imports.

Mr. Murugan said that he will fix appointments with the Union Minister and they can make their representations.

Source: thehindu.com– Jan 01, 2021

HOME

****

India now second-largest producer of PPE kits: Textile ministry

India has become the world's second-largest personal protection equipment (PPE) manufacturer with the industry worth Rs7,000 crore of 1,100 manufacturers producing 450,000 units daily, the Union textile ministry said on Wednesday.

PPE kits are the first line of defence for health workers against infectious diseases like Covid-19. Their production was ramped up in March amid growing demand for them as the Covid-19 pandemic worsened.

The export of the kits and other protective equipment was banned in March, so that enough supplies could be procured by the central government, which were subsequently supplied to the states free of cost.

India was producing was producing 10 million PPEs per month, on the specs that were demanded by the Central government to fight the coronavirus pandemic. The Central government had placed an order for 22 million PPEs in March to meet the demand for health workers. The government had also faced severe criticism for not being able to provide enough coveralls for essential workers.

In June, the ministry allowed the export of 500,000 PPE kits monthly. In July, India exported 2,300,000 PPE kits to five countries.

The government allowed the PPE exports amid demands from the industry as it started producing surplus kits.

The PPE production came as a boost for the industry as it faced nearly 84% fall in apparel sales and an acute shortage of labour due to the pandemic in the first quarter.

"As per CMAI [Clothing Manufacturers Association of India] research conducted with the help of AC Nielson, the total Indian market for apparel was worth Rs6.5 lakh crore in 2019," Rahul Mehta, the chief mentor at CMAI had earlier told Hindustan Times.

"We estimate it will go down by 15% in 2020 to around Rs5.85 lakh crore. However, in the quarter of April to June, most brands and retailers would not achieve more than 15-20% of their 2019 first quarter sales."

Source: hindustantimes.com– Dec 31, 2020

HOME

****

FTAs speedy custom clearances can boost India's denim fabric exports

India is one the largest exporters of denim fabric in the world. Data from Astute Consulting indicates, India's denim fabric exports grew at 8 per cent CAGR from 2016-2020. A major part of this growth came from poly denim fabric exports which grew at phenomenal 23 per cent CAGR in these five years. On the other hand, exports of cotton denim fabric stagnated during this period.

The growing popularity of poly denim fabrics can be attributed to increasing affinity for stretch fabrics amongst consumers, superior qualities like better stretch, retraction, and lower distortion as compared to cotton denims, discomfort caused by polyester fabrics, and the inability of consumers to differentiate between poly denim and polyester fabrics.

Bangladesh, India's largest denim importer

India exports denim fabrics to many countries including Bangladesh, Columbia, Egypt, Sri Lanka, etc. Among them Bangladesh makes up almost 50 per cent of total denim exports as Bangladesh's FTA with the European Union gives India roughly 10 per cent duty advantage on garment FOB prices. Also, Bangladesh offers very competitive fabric to garment conversion rates due to low labor costs. Flexible labor laws enable garment factories to offer large economies of scale and lastly, India's proximity to Bangladesh enables it to export goods by roads, thus reducing lead times.

Local denim mills and delayed custom clearances impede exports

Despite these benefits, denim fabrics export to Bangladesh has dropped over the last few years as Bangladesh is setting up fabric manufacturing capacities on a large scale. These denim fabric mills are much younger than India and more technologically advanced. They have highly productive manufacturing setups compared to the majority of Indian denim mills and produce similar quality fabrics. Also, land customs border to Bangladesh through West-Bengal is inefficient and often delays custom clearances.

To improve denim fabrics exports, the Indian government needs to sign a textile specific FTA with the EU and the US. This will improve the competitiveness of its textile exports and bring them on part with other countries like Bangladesh, Sri Lanka, Pakistan, Egypt, Colombia, etc.
Larger factories and labor laws to improve shipments

The government should ensure speedy custom clearances of export shipments through the Bengal land border. Movement of consignments through river transport should also be considered. It should encourage manufacturers to set up large factories that offer economies of scale and improve productivity and cost competitiveness of garment manufacturing in the country.

The government also needs to abolish archaic and rigid labor laws that discourage it from setting up large scale factories and set up plants similar to those built in China, Bangladesh, and Sri Lanka. The government also needs to revamp its land and labor laws and introduce a new FTA with the EU and US.

Source: fashionatingworld.com– Jan 01, 2021

HOME

****

Indian retailers cautiously optimistic about 2021: RAI

Pandemic-hit Indian retailers are cautiously optimistic about 2021, according to a survey by the Retailers Association of India (RAI) that indicated a steady month-on-month recovery for retail businesses across India, with sales in November this year being 13 per cent short of the sales during the same month in 2019. Festive shopping triggered the recovery.

"Retailers are moving towards 2021 with cautious optimism. However, the industry is hopeful of achieving nearly 85 per cent of pre-pandemic levels of business in the next six months," RAI chief executive officer Kumar Rajagopalan said in a statement.

In November, consumer durables and electronics category continued to recover with sales at 12 per cent year on year (YoY) and food and grocery category have started to indicate sales growth at 5 per cent YoY, while the apparel and clothing segment is still reeling under pressure with nearly minus 12 per cent YoY behind pre-pandemic sales.

Rajagopalan said while the festive and the muted wedding season aided some recovery for certain segments, the lack of inbound travel of non-resident Indians during the winter has had a negative impact on sales.

He was of the view that retail businesses may get further affected by international travel restrictions being imposed due to the new strain of the virus. As per the survey, levels of recovery differ across regions as restrictions begin to ease in a capricious manner across states.

Western and eastern India are indicating a slower recovery with sales at minus 18 per cent YoY and minus 17 per cent YoY respectively, while northern and southern regions are both progressing at minus 9 per cent YoY.

Recovery would need unconventional solutions and government support. At this juncture, all efforts are required to boost the local economy and help revive the retail sector, saving millions of jobs, said a RAI statement.

Source: fibre2fashion.com– Jan 01, 2021

HOME

****