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INTERNATIONAL NEWS

UKFT greets FTA with EU

UKFT welcomed Brexit trade deal with European Union. The EU being the biggest market for UK fashion and textiles industry, the deal should help secure the £7.4 billion of fashion and textiles that the UK sells to the EU every year. UKFT has urged the government to actively help the sector meet the challenges it will face in the immediate future and to invest in the long-term future of the industry in the UK."

"I am delighted that a deal has been agreed. While we need to see the detail of the deal to fully understand the implications, UKFT will be working with its members to help the industry maintain and grow its exports to the EU and the rest of the world," Said Nigel Lugg, Chairman of UKFT. It is being felt, trading environment with the EU will be very different even with this deal ,and there is still much that companies need to do.

Source: fashionatingworld.com– Jan 05, 2021

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UK high street fashion brands get a boost with £830 million package

The British government has announced an £830 million package for high street fashion brands to help them recover from the pandemic. "2021 will be an immense one for the high street brands as it pursues to recover, adapt and change as a result of the pandemic, the boost package will help us build back better and make town centres a more attractive place to live, work and visit," Robert Jenrick, Communities Secretary announced.

The UK government launched Future High Streets Fund in December 2018 as a major project to overhaul town centres across the country. The Future High Streets Fund will help areas bounce back through regeneration projects that level up opportunities and create jobs right across the country."

Chancellor Rishi said, "We are supporting our high streets to get through this pandemic through business grants, paying people's wages and tax deferrals."

Source: fashionatingworld.com– Jan 05, 2021

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French retailers seek govt aid as sales fail to recover

French retailers recently sought government support after sales failed to rebound fully due to a second lockdown, saying measures to fight the pandemic are changing consumer patterns.

Despite a good pick-up in spending in December, many clothing, shoe and jewellery retailers face a drop in revenue of more than 20 per cent in 2020, the French Council of Commerce (CDCF) said in a statement.

“Many shopkeepers could decide to put up the shutters for good to avoid racking up further losses and dragging out an insurmountable economic situation,” said William Koeberle, chairman of the trade group.

Since lockdown restrictions were eased for so-called non-essential retailers at the beginning of December, health protocols have meant reduced capacity in stores, and footfall has declined. At the same time, online sales have grown, jumping 20 per cent in the week of Black Friday, according to e-commerce federation Fevad.

CDFC urged the government to help retailers, and not just the smallest ones, adding that a number of chain stores were close to ceasing operations. This support should include allowing retailers to open on Sundays ahead of the delayed start of the annual winter discount sales on January 20.

Source: fibre2fashion.com– Jan 05, 2021

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Philippine, Bangla businesses to improve trade imbalance

Businessmen from Bangladesh and the Philippines are pushing to improve the balance of trade between their countries as they also explore more investment opportunities. Bangladesh-Philippines Chamber of Commerce and Industry (BPCCI) president Akber AI Hakim said the Philippines has 'outshined' Bangladesh 'quite a bit' in terms of exports and imports.

"In both countries, you will also notice that our imports are far greater than our exports so you know the trade, the balance there is not necessarily in our favor in the case of both countries," he said in a webinar hosted by the Philippine Chamber of Commerce and Industry (PCCI).

AI Hakim said the two nations could also jointly explore areas like textiles and readymade garments, pharmaceuticals, processed food and tourism.

"Ninety-seven of our pharmaceutical needs of the country are produced by our own pharmaceutical companies that are actually world class, and we export to hundreds of countries in the world," he added.

AI Hakim said the main industries of the Philippines are semiconductor and electronic products, automotive and aerospace, food manufacturing, shipbuilding, textiles and readymade garments, chemicals, business process manufacturing and tourism.

He said the Philippines can use Bangladesh's digital infrastructure to establish or work from there, while the latter can use the former's vast experience in the information technology and other fields. The Philippines could also benefit from setting up a skills training center in Bangladesh, he was quoted as saying by a Bangladesh newspaper.

Source: fibre2fashion.com– Jan 05, 2021

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RCEP: China to gain as trade pact ripples across post-COVID world

The RCEP grouping of China, Japan, South Korea, Australia, New Zealand and the 10 members of the Association of Southeast Asian Nations constitutes around 30% of global GDP and population. One estimate, published by the U.S.-based Peterson Institute for International Economics before the Nov. 15 signing, projected the deal could add $500 billion to world exports in 2030.

The big three East Asian countries -- connected by a free trade agreement for the first time -- stand to gain the most, according to the study. China's exports are projected to rise by $248 billion thanks to RCEP, with Japan seeing an extra $128 billion and South Korea $63 billion. Trade among them should account for a significant portion of the increase.

"As trade relationships intensify in East Asia, they will build on the region's comparative advantages in manufacturing and strengths in organizing multi-country supply chains," the Peterson Institute said.
Another study by the Japan Institute of International Affairs indicated that South Korea may see the biggest economic contribution, with RCEP adding 6.5% to real GDP while Japan gains 5.0% and China 4.6%.

Sachs agreed that "China, Japan, and South Korea together form a technological powerhouse, and by joining together in RCEP, that technological dynamism of the three countries can be greatly enhanced." But he also emphasized that ASEAN countries and the whole region should benefit from "peaceful cooperation, more foreign investment, and faster upgrading of digital and green technologies."

All this hinges on ratification. But an Economist Intelligence Unit report predicted the required six ASEAN countries and three non-ASEAN states will approve the deal by the third quarter of 2021. For now, signatories are weighing how to get the most out of the accord.

In December, the South Korean government hosted a meeting with steel, automobile, machinery and textile industry associations -- four sectors expected to reap the sweetest rewards.

RCEP countries accounted for 53.2% of South Korea's steel exports in 2020, up from 46.8% in 2019. The steelmaking association expects a 4.3 million ton increase in ASEAN demand for the material in 2021, to 77.3 million tons. South Korean automakers hope RCEP will help them eat into Japanese rivals' 74% share of a Southeast Asian market with 650 million people and 3.5 million annual car sales.

Japanese carmakers, of course, want more ASEAN sales themselves. And Japan's industrial equipment makers will enjoy tariff-free access to China on 86% of products, up from 8%, while South Korea will remove tariffs on 92%, up from 19%.

As for ASEAN states already taking advantage of existing FTAs, reduced non-tariff barriers will lead to lower import costs and greater competitiveness, according to Kensuke Yanagida at the Japan Institute of International Affairs. He said Malaysia, the Philippines, Singapore and Thailand can expect more electronics exports, for example.

Beyond tariffs, "RCEP harmonizes rules-of-origin provisions and establishes a single set of regional content rules, effectively creating a single market for intermediate goods that will promote the creation of supply chains across the region," the EIU report said. The think tank added that an integrated customs regime could drive foreign investment into smaller ASEAN markets where regulatory uncertainty is an impediment, such as Myanmar, Laos and Cambodia.

This acceleration of Asian trade and investment would follow a sharp global deceleration. Due to the COVID-19 pandemic, the World Trade Organization forecast in October that global merchandise trade volume would shrink 9.2% in 2020. The International Monetary Fund projected a 4.4% decline in world GDP for the year.

Other recent developments suggest China -- one of the few economies set to post growth for 2020 -- is determined to grab the reins of the global economy and gallop out of the COVID crisis.

Just before New Year's, Beijing sealed an investment pact with the European Union. Days after the RCEP signing, Chinese President Xi Jinping also expressed interest in joining another trade megadeal, the 11-member Comprehensive and Progressive Agreement for Trans-Pacific Partnership.
As things stand, Columbia's Sachs argued that RCEP is a "much better idea" than the CPTPP because it already includes China. "TPP naively tried to

exclude China, as if one could have a trade agreement in Asia without the largest Asian economy and the largest trading partner of the countries of the region."

But some see complications ahead.

Raj Bhala, a distinguished professor at the University of Kansas specializing in trade law, noted that RCEP is less ambitious than the CPTPP and other major deals when it comes to "breadth of coverage" of goods and services, foreign direct investment and intellectual property.

"I think that lack of ambition is because of the very different levels of development and types of economies that you've got in RCEP -- from a command-based, largely non-market economy of China to very small, least-developed countries in Southeast Asia," Bhala told Nikkei.

Alex Capri, research fellow at the Asia-based Hinrich Foundation, made a similar point.

Capri said RCEP is a welcome vision of multilateralism but warned the members "have disparate capacity to enforce 'deep' trade standards."
"In general, the agreement allows individual countries to opt out and cherry pick key provisions. At best, it's a tiered agreement," said Capri, also a visiting senior fellow at Singapore's NUS Business School. "Indonesia, for example, has asked for a two-year delay to implement trade facilitation provisions. ... Even as RCEP champions e-commerce, investment and dispute settlement, individual countries in the region are doubling down on data localization laws."

The proof, he said, will be in the pudding. "Will the agreement's provisions ultimately be broadly and uniformly enacted and enforced? I doubt it."

Limited ambition and uncertain implementation are not the only factors that could stop RCEP from tipping the global balance. Both Bhala and Capri pointed to Joe Biden's victory over Trump in the U.S. presidential election, and his desire to reassert American leadership.

Biden has not said whether he would consider joining RCEP or reversing Trump's decision to withdraw from what became the CPTPP. But in a Dec. 28 speech, the president-elect vowed to "regain the trust and confidence of a world that has begun to find ways to work around us or without us."

Bhala predicted that Biden's first couple of years might not bring a major free trade move, "but thereafter you'll probably see some stronger efforts." China's own policies are also curbing enthusiasm.

"There's the concern over what's been going on with Alibaba and Ant, and how interventionist is the government going to be," Bhala said. "Here you've got this RCEP rule regime. But what does it mean when one of the giant players in the trade agreement itself casts doubt on its adherence to the rule of law?"

Beijing's introduction of an export control law in December, strengthening its power over trade on national security grounds, did nothing to dispel such worries. Nor has its use of trade penalties in its diplomatic spat with Australia.

Even with these caveats, Bhala called it "hugely significant" to have China, Japan and South Korea in one framework. He also rued India's decision to opt out.

Asia's third-largest economy withdrew from RCEP in 2019, fearing an influx of cheap agricultural and industrial products.

New Delhi has expressed a preference for FTAs with developed economies like the U.S., U.K., EU and Australia. But Commerce and Industry Minister Piyush Goyal recently said any new deals would consider all stakeholders -- dairy producers, farmers, small businesses and domestic manufacturers -- and ensure their interests are "properly safeguarded."

External Affairs Minister S. Jaishankar told the Lowy Institute last month, "If you are going to engage the world, it's important to get your terms of engagement right." Jaishankar thinks those terms have long been unfavorable to India, noting that the country's trade deficit with RCEP members more than doubled to $110 billion over the last decade.

Bhala, a lifetime member of the Indian Society of International Law, begged to differ.

"India staying out of RCEP or CPTPP is not serving it well economically, politically or strategically," he said. "Indian companies are not going to become more competitive behind tariffs and non-tariff barrier walls."

RCEP members did leave the door open for India to rejoin. And the nature of economic partnerships means the pact could yet become a game changer. "Free trade agreements are never static. They're always evolving in terms of increased market access, regulatory standards," Bhala said. "Finally you've got these very diverse economies coming together on a reasonably strong first effort. And they can build on that effort."

Source: asia.nikkei.com– Jan 05, 2021

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Pakistan: Dawood seeks zero-rating for textile chain

Prime Minister's Advisor on Commerce and Investment, Abdul Razak Dawood, is reportedly seeking zero rating for entire textile chain in the Textile and Apparel Policy 2020-25 to be considered by the ECC on Wednesday (Jan 6). The Ministry of Commerce, has proposed $ 900 billion incentives for the textile chain in five years.

"Tariff structure of entire textile and apparel chain including MMF and cotton based value-chains will be rationalized on priority followed by accessories and dyes and chemicals," the sources added.

Custom duty drawback rate of textile and apparel products will be reviewed taking into account additional customs and regulatory duties. Temporary importation schemes will be simplified in perspective of SMEs. Ministry of Commerce will ensure common warehousing, including indirect exporters in temporary importation schemes and pursue FBR to devise new temporary scheme to cater to fast fashion trends.

Ministry of Commerce in consultation with SMEs and large-scale industry will review provincial and other organization based taxes/ cess and provide recommendations to the Government to rationalize them to reduce cost of manufacturing. Federal taxes will be reviewed jointly with the FBR.

Ministry of Commerce will pursue to restore tax credit for investment under 65B of the Income Tax Ordinance 2001.

The Textile and Apparel Policy is based on three scenarios. In the first scenario, textile exports will be $ 15.710 billion, second scenario, $ 18.927 billion and third scenario, $ 2.865 billion by 2024-25.

According to the Commerce Ministry's Textiles and Apparel Policy, sector contributes approximately 60% to total exports of Pakistan and 40% in industrial employment and encompasses distinctive and self-reliant value-added production chain from cotton to ginning, spinning, weaving, knitting, processing, finishing to apparel and home textiles.

The government approved first ever Textile Policy of the country in 2009 for 2009-14.

The second Textile Policy for 2014-19 was approved in 2015. These policies not only laid down a plan for five years (each) but also brought coherence among the various support measures and development initiatives of the government aimed at promoting and uplifting the biggest industrial sector of the country in post-quota scenario. During this period, a number of budgetary support schemes were introduced to provide level playing field to textile industry of Pakistan.

Previous Textiles Policies (i.e. 2009-14 and 2014-19) were formulated to enhance textiles and apparel exports to $25 billion and $26 billion respectively and set ambitious targets required to be met through support of fiscal measures.

However, these targets were not fully achieved due to delayed/no payments under the respective facilitation schemes and also due to non-allocation of funds for infrastructure development, vocational training, productivity and compliance related programs.

A Task Force on Textiles presented strategies for Textiles Policy 2020-25 to the Prime Minister of Pakistan in a meeting held on March 12, 2020 and secured in-principle approval of the Prime Minister with a direction to submit it for consideration of ECC of the Cabinet after incorporating views/comments of concerned public and private stakeholders.

Accordingly Textiles Policy 2020-25 was circulated among Ministries/Divisions and Textiles and Apparel Associations. With due consideration of comments received, Textiles Policy was revised and circulated again for final concurrence from the stakeholders.

Later on, on the advice of Advisor to Prime Minister on Commerce and Investment a revised draft Textiles Policy was circulated to major Textiles and Apparel associations of Pakistan for views/comments and a virtual session was also organized. Comments received from the associations were analyzed and incorporated in the draft Policy accordingly.

Textiles Policy 2020-25 is further renamed as "Textiles and Apparel Policy 2020-25" considering inputs of the stakeholders.

Textiles and Apparel Policy 2020-25 is formulated in consultation with public and private stakeholders and it proposes interventions, not only limited to availability of energy at regional competitive prices and long term assurance thereon but rationalization of custom tariffs and taxation regime, simplification of temporary importation schemes, duty-free import of textiles and apparel machinery and spare parts, revision of custom duty drawback rates for value- added products, enhanced long term financing facility disbursements and scope, lower mark-up rates of financing schemes and long term assurance, restoration of tax credit for investment, setting up of state-of-the-art industrial cities and expo centres, revitalization of existing garments cities, establishment of combined effluent treatment and water recycling plants, pursuing zero rating of entire value chain, machinery and spare parts, focusing on research and development, product diversification, support for testing and accreditation.

The policy also stresses upon the need to formulate marketing and branding strategies to promote Made in Pakistan, facilitate international buying houses to establish offices in Pakistan and initiate mass level training programs especially for SMEs and women for skill development.

Further. Textiles and Apparel Policy 2020-25 encompasses an implementation strategy with a comprehensive roadmap to boost exports.

However, financial EDF allocations having equitable share for Textiles and Apparel value chain from the government along with necessary resources for the concerned wing of the Ministry of Commerce would be required for implementation of the proposed initiatives.

Sectoral Councils and/or Executive Committees particularly for value-added sector will also be constituted to engage private stakeholders for policy implementation and monitoring in order to gauge the progress of outcomes as envisaged under the policy.

Source: brecorder.com– Jan 06, 2021

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Pakistan: Shortage of cotton yarn risks value-added textile exports

Despite big export orders available with value-added textile sector, the textile manufacturers and exporters cannot operate to their capacity due to shortage of cotton yarn, which is basic raw material for textile industry, besides cotton yarn available stock being sub-standard in many cases.

M. Jawed Bilwani, Chairman of Pakistan Apparel Forum and former central chairman of PHMA, in a statement here on Tuesday, said that for ensuring availability of quality cotton yarn in sufficient quantity, Pakistan Hosiery Manufacturers and Exporters Association had earlier urged the government to allow duty-free import of cotton yarn to facilitate value-added textile export sector to achieve its exports target.

However, he maintained that only regulatory duty was removed that supported the value-added textile sector to some extent.

He said that to fully support this import sector which was the major source of foreign exchange earning for the country, the situation demanded that 5% custom duty on import of 32 single yarn and below count be removed. Besides, the exporters, manufacturers and importers should be allowed to import yarn from any country till the shortage of cotton yarn was overcome.

The price of cotton yarn of 30/1 were 235 per pound in Oct. 2020 and in January 2021 it was 260 per pound; there was increase of 9.62% making the exporters in-competitive.

The Government must accord high priority to the matter in order to turn its policy to enhance export into reality. The Exporters profoundly appreciate the Government for streamlining and fully automating the Sales Tax Refunds which have been working efficiently and delivering 99% result.

While the Customs Rebate disbursement has also been done rapidly with deliverance of 99%. The exporters also request the Government to also streamline and automate the system for disbursement of DLTL/ DDT which should be electronically transferred to the exporters with export proceeds.

M.Jawed Bilwani said the value-added textile export industry contributes around 62% to total exports, provides the highest urban employment particularly to female workforce and supports 40 allied industries.

Source: brecorder.com– Jan 05, 2021

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Pakistan: Govt urged to permit duty-free import of cotton yarn

Apparel textiles makers-cum-exporters on Tuesday asked the government to permit the import of duty-free cotton yarn, as the industry is clamoring over shortage of the main input.

They said cotton yarn supplies are short in the local market for making apparels in the face of 'huge' export orders in place.

The existing available stocks of cotton yarn, they said, are the poor quality to help any sort of apparels manufacturing for export purposes. Cotton yarn dearth on the local market, exporters said, made the industry unable to 'meet export commitment.' Short supplies are said to have pushed upward the cotton yarn price by over 9 percent in Jan 2021 from Oct 2020.

Pakistan Hosiery Manufacturers and Exporters Association (PHMA) said it has already demanded the government to help ensure the cotton yarn supplies through duty-free import to the industry.

In response to the demand, PHMA said "nevertheless, government considered removing the Regulatory Duty only," which the apparels makers to some extent.

The price hike is believed to have soared the cost of textile manufacturing, turning the export unviable and uncompetitive.

"The situation demands that the government should immediately abolish customs duty on import of cotton yarn either by passing through a presidential ordinance or by an immediate act of the Parliament, in the interest of export and the country," Chairman, Pakistan Apparel Muhammad Jawed Bilwani demanded.

The government should prioritize the matter to help stir its policy of enhancing export into a reality, he said.

"The government should remove 5 percent Customs duty on import of 32 single yarn and below count. Exporters, manufacturers and importers should be given a complete liberty to import yarn from any country till the scarcity of cotton yarn is arrested and required quantity of yarn is available in abundance in Pakistani markets to help complete export orders smoothly," Bilwani added.

Source: brecorder.com– Jan 05, 2021

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Pakistan: Export-led growth takeoff

Setting the stage for sustainable economic growth, Pakistan's exports for the month of December 2020 grew by 18.3% to USD 2.357 billion as compared to USD 1.993 billion in December 2019, an increase of USD 364 million over December 2019.

According to the Advisor for Commerce and Investment, Abdul Razak Dawood, this is the highest export ever in the month of December. The Advisor credited the resilience of Pakistan's economy and lauded exporters as a great asset for the country.

The textile sector of the country, which comprises the majority of export orders, has finally garnered much-needed support and emerged out of its rut. Textile exports are now undergoing rapid expansion, clocking historic levels of production and expediting economic growth. This is particularly impressive given that we are nearing the end of a difficult year, marred by lockdowns and low productivity across the globe.

Exports in November 2020 posted a growth of 7.2 percent as compared to the corresponding month of 2019. The textile sector has had its order books full for much of the year, but by identifying key setbacks and garnering policy support and facilitation from the government at unprecedented levels, the sector has been successful in meeting a majority of the demand, increasing its output and improving its logistics network.

Pakistan requires an economic growth rate of 7-8 per cent in the next 30 years to meet the needs of population growth and absorb new entrants into the labour force. This necessitates considerable GDP growth in tandem with incomes and higher exports to strengthen the economy, as well as the addressal of several key issues that plague the country. There has been noticeable growth in large scale manufacturing, exports and inputs of the construction sector, while private sector demand for credit has also risen.

The current account surplus increased to $447 million in November 2020 for the fifth month in a row, mainly owing to rising exports and remittances, against a deficit of $326 million in the same month of last year. With all this in mind, we seem to be entering the new year on a positive note, but we must move forward with a cohesive and sustainable growth strategy, and a specific focus on implementation of key reforms, as our population is rising rapidly while GDP growth is hardly keeping pace.

Historically, Pakistan's average GDP growth has remained less than 5% and its average investment rate around 15%. There have been downward trends in investment and total factor productivity growth. The problems in Pakistan are more in terms of software than hardware, i.e., there is more hindrance in terms of management and productivity than physical infrastructure.

The country's exchange rate policy has always tended towards overvaluation, contributing to repeated Balance of Payments crises and IMF borrowing. Currency undervaluation would have been far more beneficial for economic growth, as the overvalued rate evidently subsidized imported consumption and distorted the competitiveness of exportable items (PIDE). There is an urgent need to tackle these economic distortions and to formulate sustainable policies.

Textiles have been greatly affected by inappropriate tactics and plans of action mainly by the government. Years 2013 to 2018 were marked with a dismal due to the lack of funds allocated to the automation of processes and irregular plans of the ruling regime. The situation further worsened with a 61% surge in power tariff, coupled with Rs. 3.61 per unit imposed as taxes. The textile sector is highly sensitive to energy outages, so these matters ballooned into a large-scale hindrance in its growth and it was difficult to meet costs, let alone achieve much-needed revenue targets that could allow for modernization or expansion.

How was export growth achieved?

There is no doubt that the Pakistani economy has made advancements in this decade, as an export growth of 18.3% YoY is no small feat. It indicates Pakistan's ability to improve its economic standing despite the external and seemingly insurmountable challenge presented by COVID-19. This indeed highlights improvements in policymaking, thereby facilitating the efforts of exporters in upscaling production and aptly meeting market demands. Jobs have been created for women and the youth, contributing more to employment than any other sector and creating livelihood for millions of families. Keeping the robust nature of the sector in mind, as well as the support it provides for the economy as a whole, exporters ensured that the most effective measures were taken to meet global textile trends, and to embody the recent growth of Bangladesh in the sector – a thriving textile economy which we are catching up to, given that our handling of the pandemic's economic fallout has been more effective. Pakistani exporters therefore took cues from its neighboring competitors, and in 2020 the sector achieved regionally competitive energy prices, which must be maintained if the export-led growth strategy is to be effective over the long-term.

The rise in exports also makes evident the immense support received by the sector that has helped it to achieve its true potential. The Advisor for Commerce and Investment aptly identified export-led growth as the right path for Pakistan's economy and subsequently fought for the requirements of the textile sector, leading to the long-awaited resolution of a number of issues, such as regionally competitive energy and approval for removal of ACDs and RDs on selected HS Codes of the textile sector in September, including those on synthetic fibers, wool and vegetable based fibers. He outlined his policy for cost reduction by reducing all duties on raw materials as well as intermediaries, as an essential part of promoting industrialization under 'Make in Pakistan' and ensuring export-led growth.

How can it be maintained?

While the current landscape presents a cause for celebration, it also presents a do-or-die situation for exporters and government alike. It is often in periods of high growth that the effort and momentum need to be ramped up, so that the benefits to the economy can be reaped consistently. In this regard, government schemes to support exporters must not be discontinued, or slacken at any cost.

The government is about to finalize the Textile Policy 2020-25, which will improve several aspects of Pakistan's industry, e.g. export incentives, market diversification particularly into higher value-added products, and lower rates on utilities to boost production of textiles and clothing in the country. The implementation of this policy is absolutely essential and eagerly awaited, as it will lead to the streamlining of recent export growth and allow continued expansion in the textile sector. The proposed package carries special duty-drawback rates, rationalization of duty on the textile value chain, and subsidy on long-term loans and development subsidies. The policy aims to reduce the input cost of textile and clothing sector and make it competitive with the regional players.

Given the large share of the population that lacks access to quality education, there is a need to improve infrastructure and accessibility, as well as to revise curriculum so that unemployment and low productivity in the labour force can be prevented. R&D support for academia and industry as well as collaborative efforts to introduce industry oriented solutions/innovations could take the economy a long way. To sum up, investment in human capital is an essential ingredient for boosting productivity. As per the International Labour Organization (ILO) estimate for 2009-2019, China's output per person, which is a measure of labour productivity, increased by 388%, India's by 177%, and Bangladesh's by 109% while ours increased by a mere 32%.

The target is not short-term growth; rather it is long-term sustainable growth which necessitates robust productivity reforms and investments in human capital. In this regard, efforts to employ a larger segment of the population towards the task of textile sector productivity would prove invaluable in streamlining economic growth. The government must prioritize investment in human capital, value-addition and software reforms.

The government's affinity for building bridges must be replaced with a focus on the human factor, as research has shown that Pakistan has more of a software (management and productivity) problem than a shortage of hardware (physical infrastructure). These policy adjustments can be crucial to accelerate growth and employment, utilize Pakistan's first-rate talent to its full potential, and empower the youth to shape the policy landscape, thereby advancing towards 2030 with an improved outlook and discarding the setbacks of decades past. The first step in this strategy is the implementation of the Textile Policy 2020-25.

Source: brecorder.com– Jan 06, 2021

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NATIONAL NEWS

Panel to fix rates for exporters' duty refund scheme to submit report in few weeks: Finance Secretary

A committee set up under the chairmanship of former union secretary G K Pillai to fix ceiling rates under a duty refund scheme - RoDTEP - for exporters is expected to submit the complete report in the next few weeks, a top government official said. Finance Secretary Ajay Bhushan Pandey said that immediately after getting the report, the RoDTEP (Remission of Duties and Taxes on Exported Products) rates would be notified.

"The G K Pillai committee has given a part report. Now the remaining report is expected within the next few weeks and as soon as the report comes, we will be able to notify RoDTEP rates. But those rates will be effective from January 1, 2021," he said.

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.

The refund would be credited in an exporter's ledger account with customs and used to pay basic customs duty on imported goods. The credits can also be transferred to other importers.

An exporter desirous of availing the benefit of the RoDTEP scheme would have to declare his/her intention for each export item in the shipping bill or bill of export.

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

The new scheme is replacing the MEIS (Merchandise Export from India Scheme).

In March, the government had approved the RoDTEP scheme for reimbursement of taxes and duties to exporters, with a view to give a boost to the country's dwindling outbound shipments.

The country's exports declined by about 16 per cent to about USD 200 billion during April-December this fiscal.

Source: economictimes.com– Jan 05, 2021

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A Marathon of Focused Webinars for Promoting Quality and Productivity in Indian Industry "Udyog Manthan" begins

The Department for Promotion of Industry and Internal Trade, Ministry of Commerce & Industry, Govt. of India is organizing Udyog Manthan - a marathon of focused sector-specific webinars for promoting Quality and Productivity in Indian Industry in association with Quality Council of India, National Productivity Council, and Industry bodies. It is being held from January 4, 2021 to March 2, 2021.

Shri Piyush Goyal, Minister for Commerce and Industry, Government of India will chair the session on 6th January, 2021.

The webinar series comprising 45 sessions will cover various major sectors in manufacturing and services. Each webinar will be a two hour session involving discussions led by sectoral and industry experts in a particular sector. Participants will include representatives from industry, testing and standardization bodies. The discussions will be live streamed on YouTube for all those interested in following the sessions.

Udyog Manthan will identify challenges, opportunities; draw upon solutions and best practices. The conversations will enable learning across industries and sectors for enhancing quality and productivity to promote 'Vocal for Local' and realizing the vision of 'Aatmanirbhar Bharat'.

Shri Piyush Goyal has called upon the Indian industry to focus on improving Quality and Productivity, and undertake brainstorming sessions on these aspects so that the Country gets recognition as high quality, efficient manufacturer, trader and service-provider.

Source: pib.gov.in– Jan 05, 2021

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Cotton Helps Drive India's Start-up Culture

The new year is providing an optimistic picture for India's cotton and textiles sectors.

"Yarn prices have hiked about 30-40% in three months," stated Velmurugan Shanmugam, general manager of Jayalakshmi Textiles in Aruppukottai, India. He noted that yarn demand is high due to lack of fabric stocks, putting processors in urgent need of yarns.

While the cotton and textiles sectors are witnessing growing demand, it is also important to focus on new developments. "In the mid- to long-term basis, development of value-added products is important," stated Shanmugam.

The cotton and textile sectors have an opportunity to create start-ups to enhance demand and create jobs. The importance of entrepreneurship and the need to infuse a start-up culture was stressed by India Prime Minister Narendra Modi in his December 2020 "Maa Ki Baat (Speech from the Heart)" address to the nation.

Jayalakshmi Textiles, with 70,000 ring spindles, produces cotton yarns ranging from 60s Ne to 140s Ne, with an average count of 67s Ne. Recently, I had the opportunity to collaborate with Jayalakshmi Textiles to develop cotton-based nonwoven filters and oil absorbent wipes. The collaboration has led to the translation of my idea to useful cotton-based, value-added products.

An additional international collaboration has resulted in the creation of a start-up – WellGro United in Chennai, India – to market cotton industrial products. The cotton processing expertise of Jayalakshmi Textiles has played a crucial role in transferring the idea to the marketplace.

WellGro United has been marketing products that enhance human lives and protect the environment. Recently, India's oil exploration company, Oil and Natural Gas Corporation, Ltd., has been using cotton-based oil absorbent to counter oil spills in its Rajahmundry site on the banks of the Godavari, India's second largest river.

Jayalakshmi Textiles is taking little steps to develop novel cotton products which have found inroads in the oil sector. Cotton-based mats are being exported to Nigeria and Poland for evaluation by industrial sectors.

With the increasing trend in demand and prices for cotton and textile products, there is optimism among cotton textile sectors to look for opportunities beyond commodity products. Demand enhancement by developing functional and industrial products will be the next phase of the cotton textiles sector.

Source: cottongrower.com– Jan 05, 2021

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India's self-reliance initiatives may lead to trade barriers with other nations, says outgoing US envoy

New Delhi's self-reliance and "Make in India" initiatives have the potential to lead to higher tariffs and other trade barriers that could hit the country's capacity to integrate into global value chains, outgoing US ambassador Kenneth Juster cautioned on Tuesday.

Juster pointed to "frictions and frustrations" on trade and investment between India and the US, and said the two sides were unable to finalise even a "small trade package" despite persistent efforts. There are also growing restrictions on market access for some US goods and services, increasing tariffs, new limitations on free flow of data and a "less-than-predictable regulatory environment for investors", he said.

In a farewell address, he also spoke of the need for both countries to preserve their commitment to diversity and tolerance in order to maintain their status in the world and the strength of bilateral ties.

On the strategic front, Juster said the time has come for India and the US to develop guidelines and "even redlines" for a stronger Indo-Pacific architecture to tackle future challenges. Without naming China, he said this framework should enable all countries to prosper from a region that respects sovereignty and peaceful resolution of disputes.

Juster, a political appointee of the Trump administration who has overseen key aspects of India-US strategic relations over the years, is set to step down this month. His address, at an event organised by the Observer Research Foundation that was attended by senior diplomats and the media, largely focused on taking forward ties in key areas such as trade, defence and security, energy and healthcare.

Noting that the US is India's largest trading partner, and India the 12th largest partner of the US, he said bilateral trade was worth $146.1 billion in 2019, up from $18.6 billion in 2001. It is "frustrating" that bilateral trade isn't near its potential and greater openness on the part of India would boost trade and investment, he added.

"This is a lot of good news for the economic and commercial relationship. But I would be less than candid if I did not note that there are also frictions and frustrations on the trade and investment front. Despite persistent efforts, we were unable to conclude even a small trade package," Juster said.

"Moreover, there are growing restrictions in India on market access for certain US goods and services, increasing tariffs, new limitations on the free flow of data, and a less-than-predictable regulatory environment for investors," he said.

Juster added: "As with the US, India would naturally like to enhance its economic security by increasing domestic production and reducing critical dependencies... The current view in India is that the best way to meet these various objectives is through a policy of 'Self-Reliance', emphasising 'Make in India', while still seeking to be engaged globally, participate in global value chains, and be an exporter to the world.

"It remains to be seen whether all of these policies are compatible and mutually reinforcing, or whether they will lead to higher tariff and non-tariff barriers to trade. The latter would limit India's capacity to truly integrate into global value chains and, in the process, raise prices for Indian consumers."

Juster said India has a "strategic opportunity to become an alternative destination for manufacturing investments" as American and other companies find it "increasingly difficult to operate in China or seek to diversify away from Chinese-led supply chains", but the Indian government may need to take further action to benefit fully.

Both the US and India have benefited from their diverse populations and India's "embrace of diversity will always be what makes it exceptional", he said. “It is a source of strength for this great country and an inspiration for all of us,” he added.

“While neither of us is – nor has been – perfect, we understand that preserving our commitment to diversity and tolerance is important to maintaining our status in the world and the strength of our bilateral relationship,” Juster said.

Without directly referring to China’s aggressive actions along the Line of Actual Control (LAC) or in other parts of the Indo-Pacific, Juster said the US and India are committed to a rules-based order, peace and diplomacy, while there are others who “choose suicide vests or military incursions”.

In response to a question, Juster said the US has been “very supportive” amid the India-China border standoff. “We both share a vision of the Indo-Pacific region...and that is an inclusive vision that provides opportunities for all countries to grow and prosper but also wants to avoid incursions of any type, intimidations and predatory financing, and when there’s a situation that is along those lines, we cooperate to try to resist it,” he said.

The two sides have deepened cooperation on defence and security issues, including efforts to provide security beyond their borders, and convergence on the Indo-Pacific, which has the world’s fastest-growing economies and most populous nations, reflects this cooperation, he said.

“The region needs stability, leadership and a democratic model for development that does not threaten the sovereignty of other countries. This is why a strong and democratic India is an important partner to promote peace and prosperity,” he said.

“We are now building out the foundation of a stronger Indo-Pacific architecture that will enable us to tackle challenges that lie ahead. Our mission over the next five years and beyond should be to give this endeavour further form and substance – to develop guidelines and, if necessary, even redlines,” Juster said, adding this would enable all countries to prosper from a region that respects sovereignty, a rules-based order and peaceful resolution of disputes in line with international law.

Source: hindustantimes.com– Jan 06, 2021

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India's cotton production seen at 29.3 mln bales – USDA

Following are selected highlights from a report issued by a U.S. Department of Agriculture attache in Mumbai: "Post estimates cotton production at 29.3 million 480-lb bales in marketing year (MY) 2020/21 on an area of 13.3 million hectares.

Cotton prices have improved due to strong export demand for raw cotton and cotton yarn. Farmers continue to deliver their crop to the government's procurement scheme under the minimum support price program (MSP) as prevailing seed cotton market prices remain below MSP levels.

Mill consumption has improved steadily but remains constrained at 23 million 480-lb bales due to subdued demand in the domestic market."

Source: agriculture.com– Jan 05, 2021

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Exports from SEZs should be eligible for RoDTEP benefit: EPCES

Export council suggests continuation of MEIS till RoDTEP rates finalised

Exports from special economic zones (SEZs) and export oriented units (EOUs) can take a hit if the new Remission of Duties or Taxes on Export Products (RoDTEP) scheme, to be applicable from January 1, is not extended to units in the zones and may lead to their relocation in other countries, the Export Promotion Council for EOUs and SEZs (EPCES) has stated.

In letters addressed to Finance Minister Nirmala Sitharaman and Commerce & Industry Minister Piyush Goyal, the council also proposed that till RoDTEP rates are announced, the older incentive scheme, Merchandise Export from India Scheme (MEIS), should be continued.

“The implementation mechanism makes it clear that RoDTEP benefits may not be available to the exporters from SEZ units and EOUs. This needs to be revisited immediately. SEZs and EOUs contribute about 30 per cent of the country’s total exports,” Bhuvnesh Seth, Officiating Chairman, EPCES, wrote in letters to Sitharaman and Goyal.

The Finance Ministry, in a notification on December 31, announced the implementation of the RoDTEP scheme from January 1 and stated that the rates for input duty remission for individual sectors would be notified soon. It added that the notified rates, irrespective of the date of notification, shall apply with effect from January 1 to all eligible exports of goods.

The RoDTEP scheme has replaced the MEIS scheme, which expired on December 31 2020. The MEIS was withdrawn as it had been identified as an export incentive in violation of World Trade Organization rules by a dispute settlement panel.

Domestic inputs

Units in SEZs and EOUs also procure domestic inputs and bear the taxes and duties covered under the new scheme. There is no justification for depriving the SEZ and EOU exporters from the benefit of RoDTEP as MEIS benefits will anyway not be available from January 1 2021, the letter pointed out. “Therefore, not covering SEZ units and EOUs under RoDTEP would put such exporters to great disadvantages and may lead to shifting of such units abroad and would be against the ‘Atmanirbhar Bharat’ initiative of the Prime Minister,” it said.

Further, it would be desirable that RoDTEP rates should be announced well in advance so that it could be factored by the exporters while finalising or quoting new orders contracts, the Council proposed. “Till then, MEIS should be continued in such sectors where RoDTEP rates are not announced,” the letter added.

Since the remission rates under RoDTEP are based on actual input taxes paid by each sector at various stages of production, the calculation is proving to be time consuming.

Source: thehindubusinessline.com– Jan 05, 2021

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Budget Session likely from January 29, Budget on February 1

Session to be held in two parts — from January 29 to February 15, and from March 8 to April 8

Finance Minister Nirmala Sitharaman is all set to present her second Budget on February 1 as the Cabinet Committee on Political Affairs (CCPA) has recommended that the Budget session be convened from January 29.

According to sources, the Committee recommended the Budget session, the longest among the three sessions (Budget, Monsoon and Winter) to be held in two parts, first from January 29 to February 15 and second from March 8 to April 8. As per the convention, the President is expected to address a joint session of the Parliament on the first day.

Sources mentioned that all Covid protocols will be in place. Also, both the Houses will function for four hours each. The new session will have very heavy legislative business as the Winter Session was been cancelled while the Monsoon Session was curtailed.

Source: thehindubusinessline.com– Jan 05, 2021

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Eye on freight customers, Goyal launches Railways business development portal

Railway Minister Piyush Goyal launched the freight business development portal, a portal designed to replace physical processes with online ones to minimise the need of human-to-human interaction. Several customers, while welcoming the move, said that it will help them use rail mode seamlessly.

The Indian Railways is benchmarking this portal with other railways globally to make it the best, the Minster said. The Minister asked customers of the Railways to provide feedback on the same to make it more interactive.

This year, the Railways has set a target to load more freight and earn more freight revenue than last year. Also, despite a drop in coal movement, the

Railways has been increasing the load of other commodities, closing the gap in the process.

Earlier, Tata Steel CEO TV Narendran asked if some large customers could be allowed to integrate the Railways' freight operations information system (FOIS) with their own ERP. Such a move will provide Tata Steel's customers greater visibility, said Narendran.

Business development

For customers new to rail, the business development portal guides them to search the most suitable terminal with detail of various terminal facilities and logistics services available, assisting them to choose the right wagon, presenting the expected charges and estimated time for their planned freight transportation. A new customer can register on this portal and place demand for wagons.

The personalised dashboard of freight business portal provides customers a view with their business in railways, outstanding indents, on-run consignments, status of various interactions and facility to apply for various services and raising concerns, among others.

Customers also get to know about discount schemes, diversion, rebooking, demurrage and wharfage waivers, stacking permissions. They can also get to know about rake allotments and pendency or maturity of indents at various freight terminals.

The website also has specific pages for commodities such as coal, minerals, foodgrain, flour and pulses, cement and clinker, chemical manure, iron and steel, petroleum products, container services and automobile, according to the official release.

Source: thehindubusinessline.com– Jan 05, 2021

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Four recommendations for FM: Stimulus, recapitalisation, privatisation, tariff reduction will make Budget a dream one

In less than a month, the finance minister will be presenting Budget 2021-22. What needs to be on her agenda? Before turning to my reform suggestions, let me note a very welcome step that the government has just taken to restore normalcy: Approval to two vaccines for emergency use with approval to another two likely to come any time, according to minister Prakash Javadekar.

It has been my view that as long as a vaccine is shown to be fully safe and more than 50% effective, the government should move ahead with approval. It should also spend public funds without hesitation to rapidly bring the vaccine to all, especially in cities and towns that are disproportionately vulnerable to the coronavirus.

Vaccine is a classic case of a "public good", for which the use of public funds is as justified as for national defence. Additionally, given that Covid-19 induced slowdown is costing the economy billions of dollars in lost GDP each month, rapid vaccination would create far more value in extra GDP than its cost.

Turning to Budget 2021-22, I confine myself to four recommendations for the finance minister.

First, with vaccination poised to restore normalcy to the movement of people, prospects of a fiscal stimulus translating into effective demand and for effective demand into supply response are excellent. Therefore, it will be wise at this point to give the economy a hand through fiscal expansion in two forms.

One, in the next six months, the government must speedily clear the payments it owes in the form of pending tax refunds, overdue GST revenue to states and payments for goods and services received from private companies. Two, the government must allow for a fiscal deficit in 2021-22 that is 1-2% larger than would have been the case absent the pandemic. The expansion at this stage would be just as wise as the restraint in spending by the government in the early part of the pandemic was.

Second, the government must recapitalise in advance public sector banks (PSBs) on a sizeable scale. With revenue flows interrupted wholly or partially, notwithstanding the respite through temporary holiday on repayment of interest and principal on existing loans and one-time costless restructuring, many weaker companies will be unable to survive in the post-corona world. Resulting bankruptcies would resume the process of accumulation of non-performing assets (NPAs) and adversely impact credit growth, especially at PSBs, which have carried the burden of the repayment holiday and loan restructuring.

In its first term, the present government was slow to act on the NPA front and the economy paid a high price for it. Credit growth at PSBs collapsed during 2016-17 and with the weakening of non-bank finance companies in quick succession, growth slowed down to 6.1% in 2018-19 and 4.2% in 2019-20. Recurrence of similar outcome needs to be avoided, especially since the coronavirus crisis has already weakened the economy. The government can avoid any adverse fiscal implications of recapitalisation by swapping debt for equity with PSBs.

Third, there is now little excuse for foot dragging on privatisation of a large number of public sector enterprises (PSEs). The need for additional fiscal resources is acute. Equally, future growth demands that the enterprises operate at the highest level of efficiency, which cannot happen as long as they are headed by CEOs who are invariably selected from amongst sitting or retired bureaucrats.

Being subject to the threat of investigation by vigilance agencies for any missteps, they have little incentive to run the enterprises on a commercial basis. Unsurprisingly, all evidence points to abysmal returns on PSEs in comparison to their private sector counterparts. If I may be permitted to be blunt, PSEs have been sources of outright plunder of taxpayer money for decades.

Given that the Cabinet has blessed privatisation repeatedly since 2016, it is a reasonable inference that the bottleneck is at the bureaucratic level. Therefore, it is now time for Prime Minister Narendra Modi to return to a separate disinvestment ministry, which had yielded impressive results under PM Vajpayee but was disbanded by the successor UPA government. Modi should place an outside technocrat of unimpeachable integrity and proven ability, such as the former CEO of HDFC Bank Aditya Puri, in charge of the ministry – with a clear mandate to move the privatisation project forward at a rapid pace.

Finally, in the Budget, the government must commit to a programme of phased tariff reductions such that the average tariff comes down to 10% from its current level of 14% by 2024. Under the programme, it should considerably compress peak tariffs such as those applying to auto, auto parts, toys and textiles and clothing. This is the only effective way for India to exploit and benefit from the vast global markets.

With several key reforms – new labour codes, new farm laws, Insolvency and Bankruptcy Code, low corporate profit tax, single nationwide GST and widespread digitisation – already in place, the addition of privatisation and trade liberalisation would nearly guarantee a double digit growth and millions of additional well-paid jobs for the masses in the post-Covid-19 decades. India can ill afford to miss this golden opportunity.

Source: timesofindia.com– Jan 05, 2021

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Surat: Focus is now on encashing the potential of technical textiles

Whether in man-made fabric (MMF), machine embroidery, digital printing or circular knitting, Surat has proven history of successfully initiating and excelling in different segments of the textile industry. And moving further, this city of entrepreneurs is geared up to tap the huge business opportunities of technical textiles.

There are a few significant reasons why Surat is now focusing more on technical textiles. One of them is from the Government side as MoT is now fully dedicated to technical textiles.

For example, MoT's National Technical Textile Mission with total outlay of Rs.1,480 crore and PLI Scheme, with focus on promotion of 40 MMF apparel and 10 technical textiles lines to create 60-70 global champions, has financial outlay of Rs. 10,683 crore over a period of 5 years.

Industry players of this segment are now confident that they will get Government support. And this product segment is comparatively easy for Surat as the city has an edge of already available basic infrastructure and resources.

Being a leading MMF hub and having strength in producing a variety of products, Surat has the basic infrastructure required for the technical textiles industry.

Ashish Gujarati, VP, Southern Gujarat Chamber of Commerce and Industry (SGCCI) and a leading textile player of the Surat says, “Around 70 per cent of products in technical textiles use MMF which is the core strength of Surat. Secondly, we do have technical skills and required machinery for such products is already available and knowhow is also there.”

He further adds that the push is now to do value addition in the available fabric as Government schemes are like a kick-start for entrepreneurs. Currently along with speciality fabrics like for rucksack, tents, roof awnings, pond liners, filtration fabric, reusable PPE fabrics, many companies in and around Surat are manufacturing products like wading moulded automotive, luggage, sanitary napkins, underpads, wipes and soft cast padding, etc.

Ashish feels that the industry in Surat is decentralised, so it is also cost-competitive as well as has high efficiency. He says, “Be it coating or lamination on the fabric or any other development, there are dedicated and specialised firms which enhance the scope for these compared to anybody else.”

The entrepreneurs of the city are always keen to explore new areas of growth and they are ready to diversify compared to others. And many of them have enough resources (funds) with them too. These aspects motivate them to add new product offerings in their product basket and to focus more towards segments like technical textiles which is more or less not explored by textile companies as the latter are still more inclined towards their traditional business.

Sahil Saraf, VP-Marketing, Nobletex (a group company of Pratibha Group) believes that there is an ecosystem in Surat that supports technical textile industry be it specifically required infrastructure, supportive policies of State Government, skilled labour.

Nobletex is a leading manufacturer of luggage fabric which manufactures mainly on water-jet looms and Surat has a good number of such looms. The company, catering to domestic as well as an export market, is expecting good growth in the long term.

Support structure

Specific to technical textiles, Surat has required support structure also and that too in technical as well as marketing front. The prestigious body of Surat, SGCCI recently has submitted the expression of interest (EOI) for setting up of the Export Promotion Council (EPC) for technical textiles. The organisation has enough resources to work effectively for the technical textile segment.

To make the firms more organised, attract new players in this segment, increase the know-how and to widen market reach, SGCCI is geared up and is in the process to organise various seminars and events dedicated to technical textiles.

Associated with the SGCCI's technical textile committee and Director of Parul Silk Mills & Artline, Amish Shah informs, "We are in the process to get the support of various organisations like DRDO etc., which can further improve our offerings. Surat's target is to offer more such products that are being imported from China."

Amish's company is into the production of filter fabric and expects good growth in the next few years.

Surat also has The Man-Made Textile Research Association (MANTRA) which is the designated centre of excellence in technical textiles by the State Government. The same is also marked as a centre of excellence in Agrotech by the Central Government in the sectors namely coating and lamination, non-woven and converter technology.

An important point here to underline is that many SMEs are anyhow involved in the extensive product range under the gamut of technical textiles. Majority of them are unorganised or semi-organised. SGCCI and MANTRA can be instrumental if these firms take the initiative to move further.

If SGCCI's EOI for EPC gets approved, it will further boost the SMEs as well as Surat in technical textiles. Currently around 10 per cent of the overall textile business of Surat is from technical textile segment which has scope to grow multi-fold in future.

Gujarat's policies are quite supportive for the industry and technical textiles (excluding woven sacks in any form of packtech) is also a focus area in the state textile policy. It offers an interest subsidy of 6 per cent for technical textiles units. The state's textile entrepreneurs also expect capital subsidy and cheap electricity from the State Government.

To support Surat as well as the overall technical textile industry, entrepreneurs feel that there is a need to streamline the HSN codes of this industry. By doing this, there will be more ease in business. It is pertinent to mention here that almost 2 years ago, Government issued 207 HSN codes for technical textiles.

Technical textiles is a sunrise sector for India and there can't be a better time and opportunity for the textile sector to go ahead with this. And with all things in favour of Surat, one can hope that the city will touch awesome growth in this segment.

Source: in.apparelresources.com– Jan 05, 2021

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