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NEWS CLIPPINGS

INTERNATIONAL NEWS

	NATIONAL NEWS
1	CAI increases its crop estimate for 2020-21 cotton season to 358.50 lakh bales
2	India implemented several measures to facilitate trade during 2015-20: WTO
3	GDP to shrink 7.7% in FY21, says Govt's first advance estimate
4	Textile units urged to avoid panic buying
5	Technical textiles accounts for 13% of India's T&A market
6	Advance Estimates of GDP of 2020-21 released by National Statistics Office
7	'Indian textile sector showing signs of recovery'
8	Dispelling the fears over Bt cotton
9	Cotton futures remain flat at Rs 21,180 per bale in afternoon trade
10	'Pests, climate change and yield key worries'
11	India needs a new narrative on international trade
12	USTR: India's equalisation levy is discriminatory, burdens firms
13	Mini textile park to be set up at Kodakandla in Telangana
14	Flipkart signs MoU to set up Centre of Excellence in logistics skill

INTERNATIONAL NEWS

US Apparel Imports Perked Up in November—Barely

U.S. apparel imports continued to recover in November, after dramatic declines throughout the year, with shipments up 9.5 percent in volume to 2 billion square meter equivalents (SME) compared to a year earlier, according to new data released Thursday by the Commerce Department's Office of Textiles & Apparel (OTEXA).

The value of apparel imports into the U.S. was down 4.7 percent year over year in November to $5.28 billion, which was an improvement of October's 6.9 percent year-over-year decline. There was also some pickup in the year-to-date imports in the first 11 months of 2020, with shipments down 24.03 percent to $59.24 billion compared to the same period in 2019, after notching a 25.56 percent year-to-date decline in October.

Still-top supplier China followed the pattern, with the U.S. importing 14.9 percent more goods to 778.7 SME in the month compared to November 2019, when the tariff-fueled U.S.-China trade was still in full force. The value of those imports fell 8.3 percent to $1.27 billion year over year in November–a slower rate of decline than the 11 percent drop the prior month.

But imports from China have still plummeted 40.27 percent in the 11-month period though November to $14.07 billion and its position as the go-to apparel supplier to American brands and retailers faces challenges.

President-elect Joe Biden has said he plans to keep the tariffs imposed by the Trump administration in place, at least in the short term, as leverage to get China back to negotiating fresh trade reforms. Biden's pick of Katherine Tai as the next U.S. Trade Representative (USTR) seems to reinforce that, according to trade experts such as Dr. Sheng Lu, associate professor at the University of Delaware's Department of Fashion and Apparel Studies.

Lu told Sourcing Journal that the nomination of Tai, a former USTR chief counsel for China trade enforcement with responsibility for the development and litigation of U.S. disputes against China at the World Trade Organization, "signals [that] the new Biden administration attaches great importance to the U.S.-China commercial relationship, which is at its lowest point in decades but remains so consequential to the U.S. businesses and the world.”

Most of the Top 10 U.S. apparel suppliers saw their imports rise in November. Shipments from No. 2 Vietnam increased 13.5 percent in value to $1 billion but were still down 6.59 percent year to date to $11.71 billion.

Imports from Bangladesh fell 11 percent in value year over year to $372.87 million and were up 1.8 percent in volume to 143.74 SME. For the year to date, shipments from Bangladesh were down 11.6 percent to $4.87 billion.

Bangladesh exports missed “strategic targets” in the second half of the year based on the government’s Export Promotion Bureau, as production was curtailed by the pandemic and a decline in orders from key suppliers.

Bangladesh apparel exports in the July-to-December period were valued at $15.55 billion, missing its target by 4.12 percent and 2.99 percent below year-earlier levels. Exports of leather and leather goods, including footwear and accessories, were $446.13 million, surpassing the bureau’s target by 1.05 percent, but coming in 6.24 percent below 2019 shipments. Home textiles exports reached $547.48 million in the period, beating the strategic target by 18.83 percent and nearly doubling 2019’s shipments.

Cambodia continued to be the only top supplier to post a year-to-date increase, with imports up 4.78 percent to $2.61 billion in the 11 months. In November, shipments from the country rose 17.3 percent year over year to $235 million.

Asian suppliers Indonesia and India had mixed results in the month, with the volume of its imports up but their value down for the month. Imports from Indonesia rose 7.8 percent in volume to 72.21 SME and declined 19 percent in value to $59.5 million year over year. India’s shipments increased 11.1 percent to 80.57 SME but fell 7.5 percent to $235.26 million. Imports from Pakistan jumped in volume and value, up 24.1 percent to 65.34 SME and 24.3 percent to $131.47 million.

A trio of Western Hemisphere suppliers–Honduras, Mexico and El Salvador–saw the imports to the U.S. fall across both measurements. Shipments from Honduras were down 35 percent in volume to 55.41 SME and 32 percent to $160.14 million.

Imports from Mexico dipped 1.1 percent in volume to 57.06 SME and fell 17 percent in value to $193.77 million, while shipments from El Salvador 12 percent to 44.93 SME and 1.9 percent to $128.74 million.

The U.S. Census Bureau and Bureau of Economic Analysis also reported Thursday that the U.S. trade deficit was $68.1 billion in November, up $5 billion from $63.1 billion in October.

November exports were $184.2 billion, $2.2 billion more than October exports, while imports were $252.3 billion, $7.2 billion more than the previous month.

The November increase in the goods and services deficit reflected an increase in the goods deficit of $5 billion to $86.4 billion and a decrease in the services surplus of less than $100 million to $18.2 billion.

Source: sourcingjournal.com– Jan 07, 2021

HOME

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Technology to the rescue for sourcing in a fracture global economy

Before the pandemic hit global businesses, with Brexit and US China trade stand off the biggest question that bothered businesses worldwide was will the age of globalization come to an end?

In fact, COVID-19 exposed the vulnerabilities of long-distance supply chains even more. With 64 (Thomasnet) US manufacturers actively looking at bringing back production nearer home there is a clear redrawing of global supply lines, wrote Enno Lueckel, VP, Scoutbee recently in Spend Matters.

Lueckel writes, “Amid this uncertainty, resilience is the new supply chain imperative. Across industries, there is growing recognition that managing supply chains for maximum efficiency hampers companies’ ability to respond to risk events.”

And the frequency of such disruptions is rising, with a recent McKinsey Global Institute survey showing companies expect severe supply chain disruptions every 3.7 years. “Yet when resilience can mean many things to different industries, how should leaders prioritize?”

Transparent supply chains a priority

Lueckel says to reap the benefits of resilience, such as improved flexibility, responsiveness and agility, companies must first make their supply chains transparent and diversified. In fact, transparency is important as organizations can tackle risks only if they can see it clearly. “Effective risk management requires greater visibility into all the interactions and movements taking place within their networks.”

However, supply chains too have their rough spots with vendors not divulging information making tracking difficult. Moreover, most companies map only their direct suppliers, not keeping track of the intermediaries in the middle. This could result in expensive repercussions.

Lueckel explains the next step is diversification. Here, companies with broad supply chains will be ahead of competition during a natural disaster or geopolitical shift. However, geographic concentration can increase risks. Meanwhile concerns about domestic supplies of essential goods and continuing US-China tensions are forcing many US companies to reshore of their activities. In an uncertain world, companies need options.

Ways to tackle procurement

In uncertain times, companies are looking at ways to assess risks and come up with ideal supplier mix. However, this will need complete overhaul of how sourcing is done. New tools need to be adopted as procurement needs advanced digital solutions. Artificial intelligence can give a boost to procurement’s data capabilities. AI offers end-to-end market visibility, which helps companies plan and respond in the best possible way to emerging risks.

AI also offers information advantage – not only for new supply needs, but also to qualify data in existing ERP systems, to identify alternative vendors for existing setup suppliers, provide additional data points for negotiations. It can extract data from publicly available sources to fill-in or verify existing supplier maps. Monitoring real-time inventory movements can enable organizations to quickly scale orders up or down and avoid the kinds of replenishment issues that plagued manufacturers at the onset of COVID-19.

AI also gives access to the entire global market, identifying competitive options in untapped supply markets or those visible in different languages. Indeed, while globalization will not go anywhere, new technologies will make it easier to track and remain competitive in an increasingly changing world.

Source: fashionatingworld.com– Jan 07, 2021

HOME

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Renewable Energy Would Give Vietnam 'Competitive' Sourcing Advantage, H&M and Nike Say

H&M and Nike want Vietnam to make it easier to purchase green energy.

The brands are part of a consortium of 29 businesses that is urging the Southeast Asian nation to fast-track a policy that would allow commercial and industrial organizations to more easily tap into renewable energy in the form of direct power purchase agreements (DPPA). At present, companies can only access electricity through the national grid or via small-scale projects such as rooftop solar panels or wind farms.

"Without the DPPA we believe renewable energy development will plateau and fall short of meeting the growing energy needs of Vietnam's industries," the consortium said in the Dec. 15 letter, which Nikkei Asia obtained.

Brands are facing mounting pressure from consumers and stakeholders to reduce carbon emissions in their supply chains. Switching from fossil fuels to renewables in Vietnam, the world's third-largest textile exporter after Bangladesh and China, would help them achieve their targets at a faster pace.

Most of the letter signatories, including Target, Mulberry, PVH Corp., Ralph Lauren and VF Corp, are members of the Fashion Industry Charter for Climate Action, a United Nations-led initiative to help the fashion industry collectively achieve net-zero emissions by 2050. Some of them are also part of campaigns such as RE100, which The Climate Group developed in partnership with CDP to urge businesses to commit to sourcing 100 percent of their electricity from renewable suppliers by 2050.

"The success of the DPPA pilot in Vietnam will…send important signals across the region as to the possible national actions available to meet the renewable energy requirements," a spokesperson for H&M, which has signed both the UN charter and RE100, told Nikkei Asia.

The consortium said it had anticipated a DPPA pilot in Vietnam in 2020 to no avail. Vietnam currently draws on renewable energy for roughly 10 percent of its power supply, a number it plans to ramp up to 15 percent to 20 percent by 2030 and to 25 percent to 30 percent by 2045. Most of its energy stems from coal. A DPPA mechanism, experts say, would help renewable-energy developers marshal private capital to build new solar and wind farms.

"A bankable PPA is a key factor in opening the door to capital investment at the levels needed to build a mature renewables industry in Vietnam," McKinsey & Company analyst Matt Rogers said in 2019.

The brands noted in the letter that implementing the DPPA would allow Vietnam to hit its renewable energy targets "years ahead of other countries in the region," handing it a "strong competitive advantage" as companies decide where to source their goods.

The letter follows a similar missive, dispatched by brands such as Adidas, Gap and H&M to the Cambodian government in August, expressing concerns about the latter's plans to nearly triple the amount of power it derives from coal.

"Electricity decisions made today will lock Cambodia into a future that appears to be the opposite of global and regional trends and less attractive to our industry," the letter said. "Countries that today prioritize [renewable energy] and a green future will avoid wasting money on outdated technologies that will soon be obsolete and expensive."

Source: sourcingjournal.com– Jan 07, 2021

HOME

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Good News for French Handbags: US Suspends $1.3B in Tariffs

The U.S. Trade Representative (USTR) said Thursday that it would suspend the tariff action stemming from a probe of France's digital services tax.

The tariffs on $1.3 billion of French goods were slated to go into effect on Jan. 6. The U.S. in July formalized duty actions following a dispute with France after it implemented a 3 percent digital services tax (DST) in 2019 that the U.S. believes was aimed at American tech firms that include Amazon, Facebook and Google parent Alphabet.

France and the U.S. agreed to suspend collection of its tax so the two parties could work out a resolution, mostly with an eye toward implementing a multilateral taxation framework, but that changed when the U.S. in June pulled out of O.E.C.D. talks on international taxation and last month France decided to resume collections on its tax.

The American duty, if implemented, would have taxed items such as cosmetics and handbags, as well as champagne and cheese. The U.S. was initially looking at imposing a 100 percent tariff on up to $2.4 billion of French goods.

The USTR said Thursday that it decided to suspend the tariffs because of ongoing probes of similar DSTs that have either been adopted or are under consideration in ten other jurisdictions.

"Those investigations have significantly progressed, but have not yet reached a determination on possible trade actions. A suspension of the tariff action in the France DST investigation will promote a coordinated response in all of the ongoing DST investigations," the USTR said. Those other countries include the U.K., Italy, and India.

DSTs have become a favored way for countries to build up their coffers by using it as one way to raise revenue.

Source: sourcingjournal.com– Jan 07, 2021

HOME

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Congress is moving to block goods made with the forced labour of Uyghurs

IF A SPORTSWEAR company like Nike or Adidas wants to know if any of the fabric in their socks or trainers is from Xinjiang, supplier of 20% of the world's cotton, forensic science can help. Oritain, a firm based in New Zealand, says it can analyse sample swatches of cotton to determine whether particular elements—including zinc, potassium and rare-earth metals like cerium—are present in the same proportions as in cotton grown from the soil of the north-west region of China.

Such tests of provenance are becoming valuable, because evidence is mounting that textiles made with cotton from Xinjiang, and other goods with links to the region, are the fruit of the forced labour of Uyghurs. The Trump administration has already moved to stop some imports from Xinjiang into the American market, and in the coming months Congress is expected to give customs officials greater power to do so. Other countries may follow America's example.

In the past four years China's ruling Communist Party has overseen the internment of more than 1m Uyghurs, a predominantly Muslim ethnic group that is indigenous to Xinjiang, in mass detention centres. In December the BBC and the Centre for Global Policy in Washington reported that at least a half-million Uyghurs were being put to work in cotton fields, conscripted to do a job handled by machines in many parts of the world, under the auspices of "poverty alleviation". On December 28th BuzzFeed News reported, with the help of satellite imagery, the construction in the past few years of 21m square feet (nearly 2m square metres) of factory facilities on the grounds of more than 100 detention centres in Xinjiang.

The revelations have done little to slow the flow of goods from Xinjiang. In 2019 exports from the province totalled $17.6bn, about the same as in 2017 ($17.5bn), including more than $300m in goods that went to the American market in each of those years. Goods manufactured elsewhere carry some trace of Xinjiang in their supply chain: in addition to cotton in textiles, for example, Xinjiang's tomatoes account for a significant fraction of the world's ketchup, and its rare-earth metals are used in technology products. Until last year, governments and industry leaders around the world said little to directly challenge China over allegations of forced labour. But that has begun to change.

America is taking the lead. In March a bipartisan group of members of Congress introduced the Uyghur Forced Labour Prevention Act, which would establish a presumption that all goods from Xinjiang are made with forced labour, blocking them at the border unless companies can prove otherwise. In July the Trump administration issued an advisory to American businesses about the risks of Uyghur forced labour in their supply chains.

Since June American customs officials have issued a series of orders blocking certain shipments from Xinjiang, including, in December, any imports of cotton products that can be linked to the Xinjiang Production and Construction Corps, known as the bingtuan, a powerful state-owned paramilitary organisation that is responsible for a large share of cotton-growing, ketchup-making and manufacturing in the region. (The Trump administration also imposed financial sanctions in July on the bingtuan and high-ranking party officials implicated in the atrocities in Xinjiang.)

Businesses are starting to take note. On December 23rd the Fair Labour Association, a consortium that counts Nike and Adidas among its affiliate members, declared that it was “prohibiting sourcing and production” from Xinjiang, including raw materials like cotton that might end up in finished goods elsewhere. The organisation said it had never before issued such an edict in its 20-year history, but that the human-rights and labour violations in Xinjiang were uniquely challenging.

Not all businesses appear ready to decouple from Xinjiang entirely, or at least quickly. The legislation in Congress has been the subject of intense lobbying from industry, including representatives of big clothing-makers, who have sought, among other changes, a delay of up to one year in enforcement. Representatives of apparel firms say it will take time for all of them to shift supply chains, and to encourage more cotton-growing elsewhere. They are getting more time as it is. The House of Representatives passed the bill in September; but it failed to get through the Senate before adjournment, and will have to be reintroduced in the new Congress.

Them ole cotton fields

Industry representatives insist that their members are serious about the problem. They expect Congress to pass the forced-labour bill. And they expect the incoming Biden administration to continue the Trump administration’s enforcement actions against Xinjiang imports. But they argue that it is difficult to penetrate deep into their supply chains to verify the origin of raw materials—for example, yarn knitted from cotton from different parts of the world. In September, testifying before Congress, Stephen Lamar, head of the American Apparel and Footwear Association, said there was not yet reliable technology to link cotton to Xinjiang with "reasonable" confidence. Oritain, the New Zealand firm, disputes that, saying that when it traces a swatch of cotton to the soil of Xinjiang, it does so with 95% confidence. The company can also confirm a brand's contention that its cotton is from America. (Mr Lamar contends that under the anticipated legislation, 95% confidence would not be enough, and that without "foolproof accuracy", products will be detained.)

Experts (as well as industry groups) argue that the efforts of Congress and the Trump administration will have a limited impact unless other governments follow suit. A shirt that cannot be shipped to America can go to Australia, Canada or France instead. In the European Union the issue of Uyghur forced labour hangs over an investment deal that has been negotiated with China (see article). In December a bill similar to America's was introduced in Australia's parliament. Leading clothes-makers in America and Europe have responded to the Trump administration's actions and the proposed legislation—and to the stream of damning published reports about forced labour—by moving with more urgency to shift production away from China, if often quietly so (a few have made strong public statements).

But the largest market for Xinjiang cotton—the rest of China—will be unmoved. Amy Lehr of the Centre for Strategic and International Studies, which has produced reports on China's pressing of Uyghurs into forced labour, notes that 88% of China's textiles and clothing are produced for domestic consumption.

Large non-Chinese firms are among those who profit. One executive whose firm audits supply chains says that a potential client told him, "Look I don't care if there's Xinjiang cotton. We're just going to use that for the Chinese market." American laws, aided by forensic science, will help to combat forced labour in Xinjiang. But more countries and multinational companies will also have to forgo their immediate self-interest and take on China directly. As Ms Lehr says, "This is too big a problem for even the United States to address on its own."

Source: economist.com– Jan 07, 2021

HOME

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New reports provide key insights for apparel and textiles

A new series of industry reports, for sale on our sister site Innovation in Textiles, highlight the strengths and weaknesses of the textiles and apparel industries as they enter 2021, and take a close look at the opportunities available to and the threats faced by the sector amidst the current pandemic.

The global fashion industry faces a major crisis at the start of 2021, according to The State of Fashion 2021—a report by The Business of Fashion and McKinsey & Company. In particular, the report warns that the industry will be significantly impacted by declining sales, rapidly changing consumer behaviour and disrupted supply chains.

In Talking strategy: the state of fashion in 2021 Textiles Intelligence chief Robin Anson analyses the findings of the report with particular reference to the effects of two scenarios on the recovery of the fashion industry—an early recovery scenario and a later recovery scenario. He discusses ten themes identified in the report which highlight major disruptions sparked by COVID-19 and offers insight which will shape priorities for the year ahead.

On a positive note, a new report entitled Innovations in cellulosic fibres derived from recycled textile waste and clothing waste highlights the potential for commercialising cellulosic fibres derived from textile waste and includes profiles of six start-up companies innovating in this sector, namely Circ, Evrnu, Infinited Fiber Company, Renewcell, Spinnova and Worn Again Technologies. The report also describes a number of projects supporting the development of cellulosic fibres derived from post-consumer waste and provides an outlook for the future.

In the very useful business report Global apparel markets: business update, December 2020, Textiles Intelligence provides information, analysis and valuable insight into developments relating to the global apparel industry in the following categories: acquisitions, divestments and mergers; business news; corporate social responsibility (CSR); corporate strategy; COVID-19; environmental sustainability; events; and traceability.

In Global apparel trade and trade policy: the world's leading clothing exporters and key markets, December 2020, we learn how world clothing exports edged down in US dollar terms in 2019 but still reached their second highest level on record. 85% of world clothing exports in value terms were accounted for by just ten leading clothing exporters, namely Bangladesh, Cambodia, China, the EU, Hong Kong, India, Indonesia, Pakistan, Turkey and Vietnam.

Finally, Global apparel markets: product developments and innovations, December 2020

analyses some of the latest developments, innovations and new products in the global apparel industry, including antiviral treatments, apparel collections, athleisure apparel, computer-aided design and computer-aided manufacturing (CAD/CAM), denim, dyeing processes, fibres and yarns, hemp fabric, and sanitisation technology.

To view the full range of reports please visit the Innovation in Textiles Reports section.

Source: knittingindustry.com– Jan 06, 2021

HOME

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Cotton prices get to a 2-year high amid supply woes

Cotton prices are at a 2-year high. The commodity's futures have largely been in the green for over 2 weeks now. On Tuesday, it hit its highest price since December 2018. Since then, it has been finding resistance around the psychological level of $80.

The rallying is the market's reaction to the US ban on imported cotton products from China. Besides, the unfavourable weather in key cotton-growing areas within the US has impacted the commodity's supply.

Unfavourable weather in key cotton-growing areas within the US

Several key cotton-growing regions have been experiencing harsh weather conditions; an aspect that has favoured cotton prices. Texas, the major cotton-producing state in the US, is one of the affected regions.

While speaking to The Wall Street Journal, one of the farmers in the region noted that drought has resulted in his yields declining by a third. He stated, "We've been in a bad cycle here for several years now." In other parts of the state, the Hurricane Hanna experienced around July 2020 led to heavy floods that affected the cotton crop.

The US Department of Agriculture (USDA) has predicted that the current domestic crop will be the lowest in 5 years. In its December WASDE report, the agency lowered its US production outlook by 1.1 million bales. The adjustment resulted from Texas' reduced output by 900,000 bales.

US bans Chinese cotton

Cotton prices are further reacting to the decision by Trump's administration to ban cotton-related imports from China. In December, the US government made the move to prohibit the purchase of cotton and its products from a major Chinese exporter. The announcement was the country's approach to condemn the allegations of human rights violations in Xinjiang.

Notably, the region accounts for about 85% of China's cotton production. At the global level, China exports around 40% of the textiles consumed worldwide. Besides, its clothing exports are about 30% of the global consumption.

For those whose interest is to invest in commodities like cotton, the law is another blow to the textile industry. Participants in this sector have largely been affected by the coronavirus pandemic. The vaccine rollout increased their hopes of a better business environment in the new year. As such, the ban on Chinese imports has heightened supply woes; resulting in the rise of cotton prices.

Cotton prices' technical outlook

Cotton prices are finding resistance around the psychological price level of $80. Currently, the cotton futures are trading above the 20-day and 50-day exponential moving averages. From this perspective, the prices may break out on the upside in the short-term. However, I predict that the uptrend will soon reverse downwards. Its current RSI is 74.77. The figure is an indication that the commodity's futures are headed to the overbought territory. A further rise in cotton prices will prompt investors to take profit; resulting in a downtrend.

Source: invezz.com– Jan 07, 2021

HOME

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Italy keen for new era of technology, textile trade ties with Pakistan

The Italian Ambassador to Pakistan Andreas Ferrarese said Thursday that Italy wanted to start a new era economic and trade cooperation with Pakistan through transfer of technology and for upgradation of Pakistan's textile industry.

Green economy, transfer of technology for industrial sector including textiles and agro industry, construction sector, education and health are major areas of focus to extend the bilateral cooperation, he told APP in an exclusive interview.

The ambassador said that through the green economy, Italy want to cooperate with Pakistan for environment protection, circular economy, resource saving and management, ecosystem protection and recovery, water conservation and natural disaster prevention.

Replying to a question, he said Italy has established the Italy-Pakistan Textile Technology Center (IPTTC) in Faisalabad at the National Textile University (NTU) to upgrade the local textile sector.

He said the training centre, which is the first of its kind for Italian textile machinery technology in Pakistan, was inaugurated in recent past.

He said this project was financed by the Italian government to support the development of the local textiles industry, by equipping it with Italian machinery.

Replying to a question, he said that a new economic mission would also be deployed in Pakistan to enhance trade and economic connectivity, saying that there was huge trade potential in different sectors of economy which needed to be exploited.

He said that new economic mission would be established in Karachi and Islamabad.

Replying to another question on trade situation between Pak- Italy, he said that promotion of bilateral trade between the two countries to its full potential of US $.5 billion annually during next three years from current US $ 1.7 billion was one of the top priorities of his government.

He informed that Pakistan exports to Italy were US $.731million during fiscal year 2019-20 with textile, leather, rice, ethanol, textiles articles, sets, worn clothing, cotton, apparel, crocheted, cereals, raw hides and skins, beverages and footwear.

The ambassador said that during fiscal 2019-20,Pakistan's imports from Italy stood at US $ 521 million which included ships, boats, and other floating structures, machinery, pharmaceutical product, aircraft, spacecraft, electrical, electronic equipment, organic chemicals, iron and steel, miscellaneous chemical products, optical, photo, technical and medical apparatus.

The Italian envoy said currently, Italy was providing technical assistance to Pakistan in textiles, leather and marble sectors.

He said dairy and livestock, olive and olive products, plastics, processed food and construction sector were the areas where Italy could extend its cooperation with Pakistan.

He said Pak-Italy Joint Economic Commission was the forum for bilateral economic engagement and was expected to meet in Rome in the last quarter of this year.

He informed that out of its whole trade contribution to EU, Pakistan's share with Italy was 10 percent which would be enhanced in future.

The ambassador informed that Italy has become the largest contributor from the EU to Pakistan in remittances.

He said that the construction for the new embassy building was completed and soon they would relocate there.

He underlined the importance of promoting cultural connectivity to promote bilateral trade.

He said that he would also encourage exchange of students to further strengthen bilateral relations.

Source: app.com.pk– Jan 07, 2021

HOME

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Pakistan: Trade deficit widens by 32.04pc to $2.683bn in Dec

Pakistan's trade deficit widened by 32.04 percent to $2.683 billion in December 2020 compared to $2.032 billion in December 2019, says the Pakistan Bureau of Statistics (PBS).

The PBS on Thursday released trade figures showing that the country's imports remained $5.035 billion in December 2020 compared to $4.020 billion in December 2019 registering 25.25 percent growth. The country's exports witnessed 18.31 percent growth and remained $2.352 billion in December 2020 compared to $1.988 billion in December 2019. The data further revealed that Pakistan's trade deficit widened by 25.55 percent to $2.683 billion in December 2020 compared to $2.137 billion in November 2020.

The country's imports remained $5.035 billion in December 2020 compared to $4.311 billion in November 2020 registering 16.79 percent growth.

Exports witnessed 8.19 percent growth and remained $2.352 billion in December 2020 compared to $2.174 billion in November 2020.

The data further says that the country's trade deficit widened by 6.44 percent to $12.423 billion in July-December 2020 compared to $11.671 billion in July-December 2019. Trade figures shows that the country's imports remained $24.521 billion in July-December 2020 compared to $23.195 billion in July-December 2019 registering 5.72 percent growth.

The country's exports witnessed 4.98 percent growth and remained $12.098 billion in July-December 2020 compared to $11.524 billion in July-December 2019. Prime Minister Imran Khan on Thursday tweeted, "I have received the regional export trends and this shows that, compared to our exports, the exports of India and Bangladesh for Nov/Dec 2020 showed negative growth. I wish once again to congratulate the exporters and the Ministry of Commerce for this achievement."

Adviser to the Prime Minister on Commerce and Investment Abdul Razak Dawood on January 1, took to Twitter, and had stated, "It gives me immense pleasure to inform that, Alhamdolillah, according to provisional data, Pakistan exports for month of December 2020 have grown by 18.3 percent to $2.357 billion as compared to $1.993 billion in December 2019, an increase of $364 million over December 2019.

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 Covid-19 pandemic. I commend our exporters for achieving this feat during these testing times and them to aggressively focus on capturing a larger share of int'l trade."

Source: brecorder.com– Jan 08, 2021

HOME

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Pakistan: Cotton spot rate rises by Rs100 to Rs10500

The Spot Rate Committee of the Karachi Cotton Association on Thursday has increased the spot rate by Rs 100 per maund and closed it at Rs 10,500 per maund. The local cotton market remained bullish on Thursday. Market sources told that trading volume was a little bit low.

Cotton Analyst Naseem Usman told that Economic Coordination Committee (ECC) of the Cabinet on Wednesday has postponed the approval the new Textile and Apparel Policy (2020-25) till the next meeting.

After the approval the textile and apparel sectors will be allowed to claim subsidies on electricity through the proposed rebate mechanism of the Power Division.

Official sources told that the Ministry of Commerce moved a summary to the ECC titled, 'Textile and Apparel Policy (2020-25)'. On the summary of the Commerce Ministry to the ECC, Power Division has sought amendments in the Policy for changing mechanism for providing subsidy on electricity to the textile and other industries.

According to the summary of the Power Division to the ECC, electricity to the textile sector should be provided at the applicable notified rates (from the date of commencement of Textile and Apparel Policy (2020-25) and any subsidies should be claimed by the relevant textile companies on an ex-post basis through rebate mechanism from the concerned government department or agency directly.

Accordingly, the Power Division has proposed changes in the Textile and Apparel Policy (2020-25) regarding the chargeability of the electricity rates on the textile and other related sectors.

All Pakistan Textile Mills Association said that salient features of Textile Policy (2020-25) includes continuation of supply of energy at regionally competitive energy tariff of 7.5 cents / Kwh for electricity and $ 6.5/ MMBTU for RLNG /GAS fixed for policy period. Long term financing facility provided for the entire textile value chain.

All Pakistan Textile Mills Association (APTMA) Punjab Chairman Abdul Rahim Nasir has said that sustained supply of gas/RLNG [Regasified Liquefied Natural Gas) has helped maintain the momentum of enhanced exports, as currently the textile industry is working at its full capacity.

He said that export orders for the next six months had been received and despite COVID-19 pandemic, the overall exports of the country had registered a growth of more than 18 per cent in December 2020, compared to the corresponding period of the last year.

Earlier, in November 2020, the textile exports had surged by nine per cent as compared to November 2019, he added.

Rahim Nasir said, textile sector is currently in the mode of rapid expansion to cater to increased orders and demands.

He said it was essential to sustain the momentum, which was being facilitated by the upcoming textile policy.

He said there had been isolated cases of low pressure of gas and supply problems on mixed feeders and APTMA has taken up these issues with the Sui Northern Gas Pipelines Ltd (SNGPL) management, which assured the Association of all-possible assistance to remove the bottlenecks.

Meanwhile, value-added textile exporters have demanded the government to abolish customs duty on the import of cotton yarn in order to support the industry and ensure timely completion of export orders.

Pakistan Apparel Forum Chairman and former Pakistan Hosiery Manufacturers & Exporters Association (PHMA) central chairman Muhammad Jawed Bilwani said the gravity of situation demands the government to 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 industry of the country.

He said that value-added textile exporters are highly perturbed over the unavailability of cotton yarn - which is basic raw material in the local market - at a time when huge export orders are available with the value-added sector.

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 in its upcoming meeting. 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.

Moreover, ICE cotton futures rose more than 2% on Tuesday to climb above the 80-cent level for the first since December 2018, helped by fund buying and a sagging US dollar.

The cotton contract for March was up 1.55 cents, or 2%, at 80.52 cents per lb by 12:57 p.m. EST (1757 GMT). It traded within a range of 78.97 and 80.72 cents per lb.

The contract is up for a ninth straight session.

"The funds are big buyers today," said Jack Scoville, vice president at Chicago-based Price Futures Group, adding a weaker dollar is also helping cotton.

"The production in the last WASDE report was significantly reduced, and there are expectations that the USDA will reduce a little bit more. Demand has held up really strong and that's bringing ideas of reduced ending stocks estimate."

According to a report, released by Pakistan Cotton Ginners Association more than 53 lac bales were produced in the country which is 34.01 percent less as compared to more than 81 lac bales produced till January 3 last year.

Naseem Usman told that 200 bales of Ghotki were sold at Rs 10,600 per maund, 600 bales of Saleh Pat were sold at Rs 10,300, 2200 bales of Khan Pur were sold at Rs 10,950 to Rs 11,000, 3600 bales of Rahim Yar Khan were sold at Rs 10,500 to Rs 11,000, 800 bales of Sadiqabad were sold at Rs 10,800, 400 bales of Liaquat Pur were sold at Rs 10,700, 800 bales of Haroonabad were sold at Rs 10,500 to Rs 10,550, 1200 bales of Mian Wali were sold at RS 10,200 and 600 bales of Yazman Mandi were sold at RS 10,100.

Naseem also told that rate of cotton in Sindh was in between Rs 9700 to Rs 10,400 per maund. The rate of cotton in Punjab is in between Rs 9800 to Rs 10,500 per maund. He also told that Phutti of Sindh was sold in between Rs 3800 to Rs 4700 per 40 kg. The rate of Phutti in Punjab is in between Rs 4000 to Rs 5500 per 40 Kg.

The rate of Banola in Sindh was in between Rs 1600 to Rs 2000 while the price of Banola in Punjab was in between Rs 1750 to Rs 2200. The rate of cotton in Balochistan is Rs 10,000 per maund.

The Spot Rate Committee of the Karachi Cotton Association has increased the spot rate by Rs 100 per maund and closed it at Rs 10,500 per maund. he Polyester Fiber was available at Rs 183 per Kg.

Source: brecorder.com– Jan 08, 2021

HOME

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NATIONAL NEWS

CAI increases its crop estimate for 2020-21 cotton season to 358.50 lakh bales

Cotton Association of India (CAI) on Thursday said it has increased its crop estimate by 2.50 lakh bales for the 2020-21 season to 358.50 lakh bales due to more carry over stock. The total cotton production for the 2019-20 season stood at 360 lakh bales, CAI said in a statement.

The cotton season runs from October to September. Total cotton supply estimated by the CAI during October to December 2020 is 327.35 lakh bales, which comprises arrivals of 197.85 lakh bales, imports estimated at 4.50 lakh bales, and opening stock of 125 lakh bales as on October 1, 2020.

The CAI Crop Committee has estimated the total cotton supply till end of the cotton season 2020-21 is at 497.50 lakh bales.

This consists of the revised opening stock beginning October 1, 2020, crop for the season estimated at 358.50 lakh bales and imports estimated by the CAI at 14 lakh bales. Also, the Committee has made one-time increase from 107.50 lakh bales to 125 lakh bales on account of an error that did not account the stock of the government agencies, that is CCI and Maharashtra Federation at the close of the previous cotton year, which was sold but was not delivered, CAI president Atul Ganatra added.

Further, the CAI has estimated cotton consumption during October to December at 82.50 lakh bales, while export shipments of cotton is estimated at 20 lakh bales. Stock at the end of December is estimated at 224.85 lakh bales, including 65.00 lakh bales held by mills in their warehouses, and 159.85 lakh bales each held by Cotton Corporation of India (CCI), Maharashtra Federation, MNCs, Ginners among others.

Domestic consumption has now been estimated at 330 lakh bales, the same level as estimated previously. The consumption is estimated to reach its normal level this year after the disruption and labour shortage caused on account of the lockdown imposed in the country.

Meanwhile, the CAI has estimated exports for the current cotton season at 54 lakh bales. The carry-over stock at the end of the cotton season 2020-21 is estimated at 113.50 lakh Bales, the statement added.

Source: financialexpress.com– Jan 07, 2021

HOME

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India implemented several measures to facilitate trade during 2015-20: WTO

India has implemented several measures to facilitate trade, such as simplification of procedures and customs clearances for imports and exports, according to WTO.

Geneva-based World Trade Organisation (WTO) said that the other trade-facilitation initiatives introduced by India since 2015 include introduction of Indian Customs Electronic Gateway (ICEGATE); Single Window Interface for Facilitation of Trade (SWIFT); the Direct Port Delivery and the Direct Port Entry facilities; and the increased use of the Risk Management System (RMS).

These points were part of the report of India's seventh Trade Policy Review (TPR), which began on January 6 at the World Trade Organization. The TPR is an important mechanism under its monitoring function, and involves a comprehensive peer-review of the member's national trade policies.

India's last TPR took place in 2015."During the period under review, India implemented several measures to facilitate trade, such as a reduction in the number of documents required, and the automation of the customs clearance system for imports and exports," the WTO has said.

It added that India's trade policy remained largely unchanged since the previous review. India continues to rely on trade policy instruments such as the tariff, export taxes, minimum import prices, import and export restrictions, and licensing, it said.

"These are used to... manage domestic demand and supply requirements, protect the economy from wide domestic price fluctuations, and ensure conservation and proper utilisation of natural resources. As a result, frequent changes are made to tariff rates and other trade policy instruments, which creates uncertainty for traders," it added.

To support both domestic production and exports, it said, India continues to provide a number of incentives, in the form of direct subsidies and price support schemes, tariff concessions or exemptions, or preferential rates of interest. Meanwhile, an official statement said that India's delegation for the TPR was headed by Commerce Secretary Anup Wadhawan.

In his opening statement to the WTO Membership on the occasion, the secretary emphasised that this review is taking place at a time when the world is witnessing an unprecedented health and economic crisis.With an eye on the rapidly expanding size of the Indian market, leading industrialised and developed countries sought greater liberalisation of India's trade policy, especially in the area of agriculture, harmonising its standards regime with international standards as well as reducing anti-dumping and other trade-remedy measures, it said.

He highlighted that, in order to deal with the immediate fall-out of the COVID-19 pandemic, India has advocated a short-term package of effective measures at the WTO that includes a temporary waiver of certain TRIPS provisions to increase manufacturing capacity and ensure timely and affordable availability of new diagnostics, therapeutics and vaccines for COVID-19; and a permanent solution for public stockholding for food security purposes to address food security concern.

The country has also suggested for a multilateral initiative that provides for easier access to medical services to facilitate easier cross-border movement of health care professionals.

The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement came into effect in January 1995. It is a multilateral agreement on intellectual property rights such as copyright, industrial designs, patents and protection of undisclosed information or trade secrets.

"A comprehensive report issued by the WTO Secretariat on the occasion, chronicling all major trade and economic initiatives that India took over the last five years, acknowledged India's strong economic growth at 7.4 per cent during the period under review and made a positive note of India's reform efforts during this period," the statement said.

The TPR meeting will continue till January 8, when further discussions on India's trade and economic policies will continue among members.

Source: financialexpress.com– Jan 07, 2021

HOME

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GDP to shrink 7.7% in FY21, says Govt's first advance estimate

Economists question projections; FinMin optimistic of resurgence in economic activity

The economy is expected to contract 7.7 per cent in 2020-21, according to the first advance estimate (AE) released by the Government on Thursday. The estimate is in line with the Reserve Bank of India's forecast of (-)7.5 per cent, but lower than the projections made by various global agencies.

The Asian Development Bank has projected a contraction of 8 per cent, while the World Bank sees the economy shrinking 9.6 per cent. Goldman Sachs estimated a 10.3 per cent contraction while Moody's expects a de growth of 10.6 per cent.

Yet, it is the worst-ever contraction.

In a statement, the Finance Ministry said: "The Advance Estimate of 2020-21 reflects continued resurgence in economic activity in Q3 (October-December) and Q4 (January-March) — which would enable the Indian economy to end the year with a contraction of 7.7 per cent. The continuous quarter-on-quarter growth endorses the strength of economic fundamentals of the country to sustain a post-lockdown V-shaped recovery."

Short on data?

But economists are taking this optimism with some caution. Some even questioned the reliability of such a prediction. The country's first Chief Statistician Pronab Sen said if he was in the NSO's (National Statistical Office's) shoes, he would have not made a prediction in the current situation.

"Normally, first advance estimates of any financial year are based on data of three quarters. However, this year we have data of two quarters and based on that first estimate for third quarter was encapsulated and then it was done for fourth quarter. Also, corporate sector's filing data are not available. Considering all these, it is difficult to make much credible estimate," he said.

He felt that the detailed data of the corporate sector will be available at the end of January. “The second advance estimate, which will be released on February 26, should give a better picture of the economy,” he hoped.

Consumption expenditure

The Finance Ministry expects the Government’s consumption expenditure to grow 5.8 per cent. On the supply side, agriculture is estimated to register a positive growth of 3.4 per cent against 4 per cent, per the Advance Estimate of 2019-20. In the manufacturing sector, electricity is expected to register a positive growth of 2.7 per cent. The pandemic and associated public health measures have affected the contact-sensitive services sector where trade, hotels, transport and communication are seen contracting by 21.4 per cent this fiscal year.

“The movement of various high frequency indicators in recent months points towards broad based nature of resurgence of economic activity. The relatively more manageable pandemic situation in the country as compared to advanced nations has further added momentum to the economic recovery,” it said.

Strong recovery

DK Srivastava, Chief Policy Advisor at EY India, said the better-than-anticipated numbers can be attributed to several factors such as the strong recovery in construction, , real estate, finance and professional services and public administration, defence and other service sectors besides the steady performance of the agriculture sector.

“The 3.3 per cent estimated growth during second half for public administration, defence and other services as compared to the over 11 per contraction during the first half is the biggest transformation, but it is subject to higher expenditure. Also, financial, real estate and professional services are expected to grow 7.1 per cent and construction by 4.4 per cent,” he said.

Higher expenditure will help in ending the fiscal year on a better note than anticipated, he said adding the fiscal deficit could be higher than the already enhanced ₹12-lakh crore. “We assess that the government may revise upwards its borrowing target so as to exceed 7 per cent of 2020-21 nominal GDP and signal a move towards restoring fiscal consolidation," he said.

Source: thehindubusinessline.com– Jan 07, 2021

HOME

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Textile units urged to avoid panic buying

The National Comittee on Textiles and Clothing has urged textile units to avoid panic buying across the value chain, in an effort bring stability of prices.

T. Rajkumar, co-ordinator of the Committee, recently wrote to the units that it was decided at a virtual meeting of the national and regional textile associations held last month to adopt a win-win strategy. However, there is a panic situation again at the fabric stage.

Mr. Rajkumar pointed out that raw materials and finished goods inventory at each segment of the industry has drained out due to prolonged lockdown. Therefore, every manufacturer is trying to build an inventory, apart from meeting the regular production requirement.

Manufacturers across the value chain have to manage with minimal inventory till supplies improve. The current market demand revival is "V" shaped and if the units fail to manage the inventory prudently, manufacturers across the textile value chain may face erosion of working capital if the prices fall (as it happened 2010-2011) causing irreparable damage to the industry, he said.

The country had over 105 lakhs bales of cotton stock during the last season and is likely to have the same stock in the current season. Hence, spinning mills should avoid panic buying by offering higher prices, Mr. Rajkumar said.

And, yarn producers should fulfil their commitments before taking fresh orders, he added.

Source: thehindu.com– Jan 07, 2021

HOME

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Technical textiles accounts for 13% of India's T&A market

India's technical textiles market is to grow at 20 per cent from $16.6 billion in 2018 to $28.7 billion by 2021, according to the Baseline Survey of the technical textiles industry by the ministry of textiles. Thus, the market stands at approximately $20 billion in 2020, accounting for ~13 per cent of India's total textile and apparel market.

During COVID-19 crisis in 2020, technical textiles ended up helping the Indian economy in an unexpected way. Unknowingly, it became even more relevant during the pandemic when global manufacturing went into an indefinite pause and India could neither export nor import critical medical equipment including N95 face masks and protective gears due to complete lockdown, writes Sanjay Bakshi in his article 'Technical Textiles – Roundup 2020' published on technicaltextile.net.

Being entirely import-dependent for PPE kits, India was in no position to meet domestic demand for these products. India's manufacturing output of these items was a naught as of March 2020 but within 60 days it was producing 2.5 lakh PPE kits per day, catapulting to the position of second largest manufacturer after China. India is now producing 4.5 lakh PPE kits and over 1.5 crore masks a day. This capability transformation established the importance of India's TT sector and helped it gain a timely entry into healthcare and health textiles.

India continues to be the preferred destination for textile manufacturing and provides a whole lot of advantages in the area of technical textiles. With growing awareness and consumption of technical textiles, greater innovation in the field and demand from end-use industries, the country is a promising destination.

Click here to read the complete article

Source: fibre2fashion.com– Jan 07, 2021

HOME

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Advance Estimates of GDP of 2020-21 released by National Statistics Office

The National Statistics Office (NSO) released today the first Advance Estimates (AE) of GDP for the year 2020-21. The real GDP at 2011-12 prices in 2020-21 has been estimated to contract by 7.7 per cent and nominal GDP at current prices by 4.2 per cent.

As per quarterly estimates of NSO, real GDP contracted by 15.7 percent in first half of 2020-21. Real GDP on a quarter-on-quarter basis grew at 21 percent from Q1: FY 2020-21 to Q2: FY 2020-21.

The AE of 2020-21reflect continued resurgence in economic activity in Q3 and Q4 – which would enable the Indian economy to end the year with a contraction of 7.7 percent. The continuous quarter-on-quarter growth endorses the strength of economic fundamentals of the country to sustain a post-lockdown V-shaped recovery.

On the demand side, real GDP in 2020-21 has been supported by an estimated increase in Government Consumption Expenditure by 5.8 percent. On the supply side, agriculture is estimated to register a positive growth of 3.4 percent against 4.0 percent as per the PE of 2019-20.

In the manufacturing sector, electricity sector is estimated to register a positive growth of 2.7 percent. The pandemic and associated public health measures have adversely affected the contact-sensitive services sector where trade, hotels, transport & communication are estimated to contract by 21.4 percent in FY:2020-21.

The table below shows real GDP/GVA growth rates on the demand and supply side in 2020-21 (AE) as compared to 2019-20 (PE)

Click here for more details

Source: pib.gov.in– Jan 07, 2021

HOME

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'Indian textile sector showing signs of recovery'

The COVID-19 pandemic had its adverse effect on the sales of the Indian textiles and apparel industry, with overall sales dropping by 36 per cent in H1 FY21 compared to that in H1 FY20. In Q2 FY21, however, there have been signs of a remarkable recovery, with the average EBIDTA percentage recovering by 7.4 percentage points from Q1 FY21 to Q2 FY21.

The overall EBIDTA showed a decline of 58 per cent in H1 FY21 as compared to H1 FY20. Raw material (RM) cost and manpower cost also decreased by 36 per cent and 23 per cent, respectively during the same period, according to the latest edition of the Wazir Textile Index (WTI), which encompasses the highlights of the cumulative financial performance of the top Indian textile companies with respect to the market performance of the Indian textiles sector in H1 FY21.

The consolidated sales of the selected top 10 companies were ₹12,934 crore in H1 FY21 as compared to ₹20,235 crore in H1 FY20 and showed a decline of 36 per cent as compared to the previous year, according to the WTI.

As compared to H1 FY20, the average EBITDA margin has also declined by 4.5 percentage points in H1 FY21 for the selected top companies. Average RM cost decreased by 0.3 percentage points, while the average employee cost increased by 2.3 percentage points in H1 FY21 as compared to the same period during the previous financial year.

The textiles & apparel (T&A) exports in H1 FY21 stood at $11.9 billion, showing a dip of 29 per cent from H1 FY20. The exports of filament and apparel witnessed the highest dip of 49 per cent and 39 per cent, respectively. In Q2 FY21, exports of fibre have shown a significant recovery of 78 per cent y-o-y due to the increase in cotton exports amid the US ban on the purchase of cotton products from China. On the home textiles front, exports witnessed a steady recovery in Q2, led by high hygiene and wellness consumption across the US and EU territories.

The Indian T&A industry showed a significant recovery in overall sales and EBIDTA levels in Q2 FY21 as compared to Q1 FY21. The consolidated sales rebounded by 97 per cent from Q1 FY21 to Q2 FY21 and the average EBIDTA percentage recovered by 7.4 percentage points from Q1 FY21 to Q2 FY21. The performance of exports also showed recovery with only 1 per cent decline in Q2 FY21 as compared to 56 per cent decline in Q1 FY21. With these results and the beginning of the post-COVID world, the T&A industry is anticipated to show positive results in the next quarter.

Click here to read the latest WTI

Source: fibre2fashion.com– Jan 07, 2021

HOME

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Dispelling the fears over Bt cotton

Bt cotton was developed specifically to control bollworms, the most destructive of cotton crop pests. It has been under commercial cultivation since 1996 in the US and several other countries, and in India since March 2002.

In every country, including India, Bt cotton was subjected to rigorous bio-safety tests for 7-10 years to prove its safety to non-target beneficial organisms (like animals including mammals, birds, fish, earthworms, honey bees, parasitoids, and predators) and the environment before it was approved for commercial cultivation.

In spite of it, the safety of Bt cotton has been questioned by certain NGOs and individuals right from the beginning and it is continuing even now.

One of the most widely publicised allegations has been that the Bt which is incorporated in Bt cotton produces a toxin that is poisonous to humans, animals, other organisms and the environment and that if cattle or goats graze on such cotton plants, their health would be affected or even die and that their milk is hazardous.

All this has created a scare among people. Those spreading these rumours were mostly non-scientists who were not aware of the scientific background of Bt or even if they knew, they continued to do so out of some vested interest.

Here is an attempt to explain what is Bt, why is it safe, and what is its track record so that those who are looking for clarification would be benefited.

What is Bt?

Bt is the popular abbreviation for Bacillus thuringiensis, a beneficial bacterium found in the soil throughout the world. Its insecticidal property was discovered in Japan way back in 1901. More than 80 sub-species of B. thuringiensis have been described.

A unique feature of Bt is that certain gene(s) present in each sub-species can produce a distinct insecticidal crystalline (Cry) protein that would affect only a narrow range of insects belonging to a particular group. Thus, there are Bt proteins harmful to certain larvae of only Lepidoptera (moths and butterflies), Coleoptera (beetles), Diptera (flies), and so on. A particular Bt protein active on one group of insects generally does not affect other insects or other organisms, thus showing its unique host-specificity.

Depending upon the type of pests to be controlled and making use of the advances made in molecular biology and related sciences, the relevant Bt gene(s) can be identified, isolated, studied, modified and introduced into a plant. This process of introducing a new gene(s) derived from an external source — Bt, in this case — into a plant, although the two are not taxonomically related, is called genetic engineering (GE).

Such plants with Bt gene(s) are called 'Bt plants' or 'Bt crops.' For example, Bt cotton is incorporated with the Lepidopteron specific 'Cry gene(s)' as it is designed to control bollworms, which belong to this group. Similarly, genes possessing other specific biotic or abiotic traits can also be introduced into desired plants.

Specific conditions required

Since Bacillus thuringiensis is commonly present in the soil, many organisms would routinely come in contact with it. However, such external contact has no effect. Bt needs certain specific conditions:

Bt can become active only if it gets inside the body of an organism. For example, in the case of Bt cotton, when bollworm larvae feed on plant tissues, they ingest Bt protein.

When Bt is ingested, it will be in an insoluble and a passive state. The host should have an alkaline gut with a high pH of at least 9.5 for solubilising and activating the protein.

Further, the host should possess specific receptors in the mid-gut epithelial cells for the activated protein to bind. This results in damaging the membrane by creating pores, causing leakage of intestinal fluids, cessation of feeding by the insect and, finally, death.

All these conditions are available only in the susceptible insects — bollworms, in this case — and therefore they succumb when they feed on Bt plants. Bt proteins cannot act on humans, animals or other non-target organisms as they lack such specific conditions.

For example, the human gut is acidic, very low on pH and does not possess the required receptors. Numerous studies carried out in many countries have established that Bt is safe to them.

Despite this, the ‘antis’ continue to project Bt as if it is a general poison that would kill almost all organisms, thereby creating a psychological fear. They fail to appreciate its host-specificity. It is somewhat like this: If a patient is suffering from worms, the doctor may prescribe a medicine for de-worming. It kills only the worms, not the patient. Otherwise, it makes no sense.

Similarly, Bt protein in a Bt cotton plant will affect only the bollworms, not any other organisms or the plant.

Since its introduction in 1996, the global area under Bt cotton has steadily increased and, as of 2018, reached 24.8 million hectares (including 11.6 m ha in India) in about 14 countries that include the US, Brazil, Argentina, China, Australia and India as the major growers.

The benefits from Bt cotton in India included an increase in yield from 31 per cent to 67 per cent owing to effective control of bollworms, decrease in chemical insecticide use from 25 per cent to 55 per cent, net profit to farmers from ₹7,800 to ₹30,000/ha and, moreover, India turned from an importer to an exporter of cotton.

In spite of such extensive cultivation, Bt cotton has not caused any scientifically validated ill-effects on humans, animals, other non-target organisms or the environment anywhere in the world. Yet, the opponents continue to make the same old allegations that Bt cotton is not safe, undaunted by its impeccable safety records. Their pre-decided agenda is to oppose the technology.

It is high time that the governments took cognisance of the realistic scientific facts and made modern technologies available for the progress of farming and farmers.

Source: thehindubusinessline.com– Jan 07, 2021

HOME

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Cotton futures remain flat at Rs 21,180 per bale in afternoon trade

Cotton futures traded steady at Rs 21,180 per bale on January 7 as participants increased their long positions as seen from open interest. Cotton futures pared gains in the last session on January 6, tracking weakness in ICE Cotton to settle at Rs 21,150/bale level.

Mohit Vyas, Analyst at Kotak Securities, said, “Domestic cotton which registered Rs 400 gain in the first session of the week, has remained steady in last two sessions as limited buying by domestic millers and Cotton Corporation of India (CCI) limiting purchases in some states weighed on natural fibre. However, CCI has assured continued procurement, and a steep rally in ICE Cotton futures and better export outlook are likely to keep cotton buoyed in coming sessions.”

The CCI has so far procured approximately 70 lakh bales of cotton across the country, which is multi-fold higher than the same period last year.

Indian Cotton trades at 10 percent discount from Cotlook A prices of 85.60 cents as on January 5.

In the futures market, cotton for January delivery touched an intraday high of Rs 21,260 and an intraday low of Rs 21,080 per bale on the MCX. So far in the current series, the commodity has touched a low of Rs 19,340 and a high of Rs 21,340.

Cotton futures for January delivery gained Rs 30, or 0.14 percent, to Rs 21,180 per bale at 15:23 hours IST on a business turnover of 4,731 lots. The same for February contract jumped Rs 10, or 0.05 percent at Rs 21,420 per bale with a business volume of 457 lots.

The value of January and February's contracts traded so far is Rs 26.13 crore and Rs 6.70 crore respectively.

Weakness in the dollar index and optimism about the stimulus package are likely to keep cotton steady with positive bias for the near future. WASDE report, releasing next week will decide the short term course in natural fibre, said Kotak Securities.

At 09:55 (GMT), US Cotton futures were up by 0.15 percent quoting at 79.95 cents/pound on Intercontinental Exchange.

Source: moneycontrol.com– Jan 07, 2021

HOME

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'Pests, climate change and yield key worries'

Experts concerned about stagnant yield in India

Climate change, insects and lower yield have emerged as top three big challenges that global cotton sector would have to battle for in the coming decade.

Researchers and experts from International Cotton Advisory Committee (ICAC) were unanimous in raising concerns about the impact of poor yield, prevalent diseases, climate change and competition with man-made fibres as some of the top challenges for cotton crop during the decade through 2030.

Thirteen eminent cotton scientists — awarded by ICAC as Researcher of the year since 2009 — provided the outlook in an ICAC document — Cotton Vision 2030.

"The idea is to provide intellectual leads on the current and the possible future challenges for the younger generation of cotton scientists," said Keshav Kranthi, head of ICAC's Technical Information Section.

India & Africa

Kranthi stated that data showed that global cotton yield has been stagnant over the past 15 years (2004-09). The average cotton yield during this period was 773 kg lint per hectare (kg/ha). The concern areas are Africa and India, where cotton yields have remained stagnant and have been less than half of the yields harvested in rest of the world.

The two regions occupy more than half of the global cotton area of about 34.2 million hectares (2019), but contributed only 30 per cent (7.9 million tonnes) to the global production of 26.1 million tonnes.

Kranthi, former director at Central Institute for Cotton Research (CICR)-Nagpur, advocated for novel production techniques that can break yield barriers. High density planting for Africa and India, Regenerative agricultural techniques for soil health management, Ecological engineering techniques for biotic and abiotic stress management may be adopted.

Second crucial challenge is the climate change. The strategies that could reduce the impact of climate change on cotton include breeding heat-tolerant cultivars, enhance soil health and reduce dependence on chemical inputs, Kranthi suggested.

Man-made yarn

Cotton scientist from US, Fred Bourland, said: however, highlighted another major challenge i.e. competition with man-made yarn, which would pose a challenge to get competitive price for cotton.

“Man-made yarns contribute far more pollution to the air and water than do cotton yarns do. Enhanced communication of these inherent problems of man-made yarns and the inherent advantages of cotton should increase the demand for cotton over man-made yarns,” he informed.

Australian cotton researcher Greg Constable also stated: “Competition with synthetic fibres is a challenge for cotton in terms of price, demand, reputation and marketing.”

Source: thehindubusinessline.com– Jan 07, 2021

HOME

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India needs a new narrative on international trade

After effectively addressing the internal movement of goods, attention is required as the Ministry of Commerce and Industry is getting set for working out the details of the new international trade policy. As India is coping up with several issues at the international trade front, the main message that is emerging from the ongoing debates is that India should aim at a new narrative on trade.

This shift in paradigm calls for a renewed focus on local production, standards and their connect with external trade, whether it is with ASEAN, Africa, the European Union and the United States of America.

India-Africa

India needs to enhance the level and composition of trade with Africa and encourage investors to revive the linkages in trade and investment. It needs to bring people-to-people cooperation even closer, effectively integrating with Africa's industrial ecosystem involving handholding and seed capital in local R&D.

A composite economic engagement with African countries would be more meaningful. As long as the partners in Africa are convinced that local developmental gains are higher by engaging in a multi-prolonged economic strategy, they would believe in scaling up their economic engagement with India. The proposed African Continental Free Trade Area (AfCFTA) is moving ahead with its new plans; as on January 1 trading under the AfCFTA will start in Africa. This would be a major boost for MSMEs of the region.

Neighbourhood First

The other vital component of India's trade ties is to benefit from the 'Neighbourhood First' policy, and capitalising on 'Act East' and 'Indo-Pacific'. For instance, the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) is a vibrant grouping for sub-regional cooperation with very strong niche sectors such as connectivity, blue economy, mountain economy, fintech, MSMEs including agriculture and food processing. This grouping is important for India's regional influences and the proposed free trade agreement with the BIMSTEC countries should be concluded at the earliest.

The BIMSTEC summit is due in next few weeks, to be hosted by Sri Lanka. Likewise, the Free Open Indo-Pacific should be anchored by India's strategic advantages in the Indian Ocean Rim Association. The Indian Ocean constituting a vital geographical entity of the Indo-Pacific strategy should be properly leveraged by India.

Enhancing Supply Capacities

The US has emerged as India's largest bilateral trading partner at this juncture. The EU is India's largest regional trading partner, accounting for 11.1 percent of total Indian trade in 2019, on par with the US and ahead of China (10.7 percent).

Europe would be looking forward to countries such as India with ample supply capacities in final products in select product categories such as pharmaceuticals, textiles, chemicals. Also in a range of high-tech intermediate products, especially in aviation and automobiles. Therefore, India may have to enhance its supply capacities to meet this demand and widen the manufacturing base that has promising prospects in light of de-coupling in manufacturing hubs globally. India's exports in services still remain sub-optimum towards European markets, and is a potential area of improvement.

Indian foreign policy is already geared up at creating stable political ties with countries and regions to facilitate low-cost and stable supply of resources and inputs (including energy) that are procured externally. This would have to be accelerated as we explore alternative supply possibilities for stability, and of course cost effectiveness.

The challenge, of course, is heightened protectionism and de-globalisation. Opportunities may be counted in terms of growing recognition of India's economic capacities in stabilising global supply chains across sectors in agriculture, manufacturing and services.

Away From China

On this issue related to India and China, here are some striking findings by RIS research. China is not the most competitive exporter to India, as commonly perceived in various quarters. Out of the 4,044 items imported from China, 3,326 products were found to be such where China was not the most competitive supplier to India in 2018. There are 327 imported products which were found to be critical for India to import from China.

India can find other alternative suppliers for over 90 percent of its total products which it currently imports from China, and thus reduce the over-dependence on a single-supplier which perhaps weakens our bargaining power with China.

Of the $66.6 billion-worth critically-sensitive products that India imports from China, more than $10 billion can be source from other supplier nations. In the first year, alternative suppliers can absorb over 16 percent of India's critically-sensitive imports from China. In the subsequent years the switching can take place more intensively.

This way forward for India's international trade is clear; enhancing our production standards for robust connect with the external sector. At the domestic level, India would have to work on three important constraints. First, reduce the cost of electricity for our exporters; second, reduce the logistics costs and for both of them at least one project of SEZ would be needed for demonstrative success. The third would be to address the anxieties on imports.

Local jobs and global competitiveness is the only way forward. Focus on export promotion and export orientation in domestic industrial production are necessary building blocks for effecting a paradigm shift in our economic structure.

Source: moneycontrol.com– Jan 07, 2021

HOME

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USTR: India's equalisation levy is discriminatory, burdens firms

The United States Trade Representative (USTR) has termed India's Equalisation Levy (also known as Google Tax) on e-commerce companies as 'discriminatory'. India, however, has said that it is not discriminatory and it would take appropriate action in the matter keeping in view the overall interests of the nation.

"India's DST (Digital Service Tax, referred as Equalisation Levy in India) is discriminatory, unreasonable, and burdens or restricts US commerce, and thus, is actionable under Section 301 (of Trade Act, 1974)," USTR said in its investigation report. The investigation, initiated by the USTR on June 2 last year, said that this tax explicitly exempts Indian companies and only 'non-residents' must pay the tax.

"The DST creates an additional tax burden for US companies. USTR estimates that the aggregate tax bill for US companies could exceed $30 million per year," the report stated.

New Delhi's argument is that India-based e-commerce operators are already subject to taxes in India for revenue generated from the domestic market, but in the absence of the equalisation levy, non-resident e-commerce operators (not having any Permanent Establishment in India) are not required to pay taxes in respect of the consideration received in the e-commerce supply or services made in the Indian market.

"The equalisation levy is a recognition of the principle that in a digital world a seller can engage in business transactions without any physical presence, and governments have a legitimate right to tax such transactions," an official tracking the matter told BusinessLine. India will examine the decision notified by the US in this regard, and would take appropriate action keeping in view the overall interest of the nation, the official said adding "The levy does not discriminate against any US companies as it applies equally to all non-resident e-commerce operators, irrespective of their country of residence."

Introduced in 2016, the Equalisation Levy, initially was applicable to payments for digital advertisement services received by non-resident companies without a permanent establishment here, if these exceeded ₹1 lakh a year. The rate of tax was 6 per cent. The companies using these services are required to withhold the tax amount.

In the 2020-21 Union Budget, the ambit of the levy was widened by including e-commerce companies. The applicable tax rate is 2 per cent (plus a surcharge) on the amount of consideration received/receivable by an e-commerce operator. This came into effect from April 1.

Here, an e-commerce operator means a non-resident who owns, operates or manages digital or electronic facility or platform for online sale of goods or online provision of services or both. The law says this levy will not be applicable for any e-commerce operator making/ providing/ facilitating e-commerce supply or services that has a permanent establishment in India and such e-commerce supply or services are effectively connected with such permanent establishment. Also, an operator with annual turnover up to ₹2 crore is exempted from the levy.

The report said that the 2016 digital advertising tax is not the focus of this investigation. Rather, this investigation relates to an expansion of that 2016 tax that the Indian government passed in 2020, which has been referred to as DST, and that is applicable to e-commerce companies. The DST first appeared publicly on March 23, 2020 in amendments to India's 2020 Finance Act. Companies received no notice of this legislation before that date.

According to the report, just four days later — absent any opportunity for public comment — the DST became law. The tax then went into effect just five days later. To date, the Indian Government has not issued implementing regulations clarifying fundamental aspects of the DST, such as the scope of services covered, companies impacted, etc. India did, however, amend previously existing rules related to the mechanics of how to pay the DST in October 2020, the report mentioned.

Actions authorised under the said section include suspending, withdrawing, or preventing the application of benefits of trade agreement concessions; imposing duties, fees, or other import restrictions on the goods or services of the foreign country; entering into binding agreements that commit the foreign country to eliminate or phase out the offending conduct or to provide compensatory trade benefits; or restricting or denying the issuance of service sector authorisations, which are federal permits or other authorisations needed to supply services in some sectors in the United States.

Source: thehindubusinessline.com– Jan 07, 2021

HOME

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Mini textile park to be set up at Kodakandla in Telangana

A mini textile park will be set up at Kodakandla in Telangana's Warangal district to create new livelihood avenues for about 20,000 weaving families in the region, according to state information technology and industries minister KT Rama Rao, who recently said thousands of weavers from Kodakandla who had migrated to other states are keen to return.

The state will continue to extend further support to such weavers, he was quoted as saying by media reports from Hyderabad, where he addressed a meeting to review the progress of various programmes being implemented in the handloom and textile sectors.

The state will continue with the ambitious Bathukamma sarees production programme carried out on a large scale every year, especially to support power loom workers in the state, he said.

Noting that the Nethannaku Cheyutha scheme had come as a major relief for weavers during the pandemic and the subsequent economic crisis, the minister said with the state offering exemption and allowing weavers to withdraw their savings along with the government contribution before the prescribed period, about 25,000 weaver families had received a total of ₹95 crore.

He promised to take into consideration the requests from weavers to continue the programme and take up the issue with the government.

Source: fibre2fashion.com– Jan 07, 2021

HOME

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Flipkart signs MoU to set up Centre of Excellence in logistics skill

Flipkart, e-commerce marketplace company, has signed an memorandum of understanding with the Logistics Skill Sector Council (LSC), an organisation set up by the Ministry of Skill Development and Entrepreneurship (MSDE) through National Skill Development Corporation of India (NSDC) and Karnataka Skill Development Centre (KSDC).

As part of the MoU, Flipkart has launched an industry-first Centre of Excellence to build a skilled and trained workforce for the fast-growing e-commerce industry in India.

Spread across an area of 1,500 square feet, the CoE for e-commerce supply chain in Bengaluru hosts classrooms equipped with computers and projector-based learning for the all round development of the candidates.

Being a frontrunner in e-commerce and supply chain, Flipkart has co-developed this extensive training module along with LSC & KSDC, to train candidates on the various nuances of storage and distribution, customer management, and material handling.

Karnataka Kaushalya Mission, which is part of the Department of Skill Development and Entrepreneurship and Livelihood, Karnataka Government, and LSC is helping mobilise aspirants for the CoE.

Amitesh Jha, Senior Vice-President and Head of Ekart, said, "As a leading e-commerce players in the country with an extensive supply chain, we understand the importance of having a trained workforce for the long-term sustainability of the logistics industry.

We are also cognisant of our responsibility towards the workforce to create further employment opportunities and ensure career progression through such initiatives. This also ties into the sustained growth e-commerce has been witnessing in India, thereby creating thousands of job opportunities across specialities, including supply chain management. We are delighted to partner with Logistics Skill Sector Council and Karnataka Skill Development Corporation for this novel initiative and share our expertise towards building a dynamic learning module for the development of this sector."

Captain TS Ramanujam, Chairman of Logistics Skill Sector Council, said, "Unemployment and unemployability are two of the big issues the country faces today. There are many who lack either the skills or the certification for their skills – both of which are necessary for securing employment in the formal economy.

The logistics industry is one of the largest employers in the country with over 40 million people employed in the supply chain but faces the shortage of skilled manpower to meet the growing demand. Our first-of-its-kind industry partnership with Flipkart is a bright step towards bringing industry acceptability and employment to the unskilled workforce."

Source: thehindubusinessline.com– Jan 07, 2021

HOME

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