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INTERNATIONAL NEWS

USA: Apparel and Textiles Join in January’s US Manufacturing Growth

Economic activity in the U.S. manufacturing sector grew in January, including textile mills and apparel and leather goods companies, the nation’s supply executives reported in the Manufacturing Institute for Supply Management’s (ISM) “Report on Business.”

The manufacturing purchasing manager’s index (PMI) for January registered 58.7 percent, 1.8 percent lower than the seasonally adjusted December reading of 60.5 percent. A reading above 50 percent indicates that the manufacturing economy is generally expanding, while a reading below 50 percent indicates that it is generally contracting.

“The manufacturing PMI continued to indicate strong sector expansion and U.S. economic growth in January,” Timothy R. Fiore, chair of the ISM Manufacturing Business Survey Committee, said. “All five contributing subindexes were in growth territory, but at lower rates compared to December...The New Orders and Production indexes continued to expand at strong levels. The Supplier Deliveries Index continued to reflect suppliers’ difficulties in maintaining delivery rates, due to factory labor-safety issues and transportation challenges.”

Of the 18 manufacturing industries, 16 reported growth in January, including apparel, leather and allied products, and textile mills. A Manufacturing PMI above 43.1 percent, over a period of time, generally indicates an expansion of the overall economy, ISM noted.

“Survey committee members reported that their companies and suppliers continue to operate in reconfigured factories, but absenteeism, short-term shutdowns to sanitize facilities and difficulties in returning and hiring workers are continuing to cause strains that limit manufacturing growth potential,” Fiore said.

“However, panel sentiment remains optimistic, similar to December levels. Demand expanded, with the New Orders Index growing at a strong level, supported by the New Export Orders Index expanding.”
ISM’s New Orders Index registered 61.1 percent in January, a decrease of 6.4 percent from December. This indicates that new orders grew for the eighth consecutive month. A New Orders Index above 52.8 percent, over time, is generally consistent with an increase in the Census Bureau’s series on manufacturing orders.

Of the 18 manufacturing industries, 13 reported growth in new orders in January and two reporting a decline in new orders, including textile mills.

The Production Index registered 60.7 percent in January, a 4 percent decline from the prior month but indicating growth for the eighth consecutive month. An index above 52.1 percent, over time, is generally consistent with an increase in the Federal Reserve Board’s Industrial Production figures.

Twelve industries reported growth in production during the month, and two reported decreased production, including textile mills.

The delivery performance of suppliers to manufacturing organizations was slower in January, as the Supplier Deliveries Index registered 68.2 percent. This is 0.5 percentage point higher than the 67.7 percent reported in December. A reading below 50 percent indicates faster deliveries, while a reading above 50 percent indicates slower deliveries.

Seventeen industries reported slower supplier deliveries in January, led by apparel, leather and allied Products and including textile mills.

“Suppliers continue to struggle to deliver, with deliveries slowing at a faster rate compared to the previous month,” Fiore said. “Transportation challenges and challenges in supplier-labor markets are still constraining production growth, and to a greater extent compared to December.

The Supplier Deliveries Index reflects the difficulties suppliers continue to experience due to COVID-19 impacts combined with strong growth in economic activity.

Since stable manufacturing began in August, the index has gone up every month, indicating that suppliers are experiencing greater difficulties in meeting factory needs. Supplier labor and transportation constraints are not expected to diminish in the near-to-moderate term due to COVID-19 impacts.”
The Inventories Index registered 50.8 percent in January, 0.2 percent lower than December. Inventories grew for a fourth consecutive month after three months of contraction. An Inventories Index greater than 44.5 percent, over time, is generally consistent with expansion in the Bureau of Economic Analysis figures on overall manufacturing inventories.

The seven industries reporting higher inventories in January were topped by textile mills. Seven industries, including apparel and leather, reported no change in January compared to December.

The ISM Prices Index registered 82.1 percent, an increase of 4.5 percent compared to December, indicating that raw materials prices increased for the eighth consecutive month. This is the highest reading since April 2011, when the index registered 82.6 percent.

A Prices Index above 52.7 percent, over time, is generally consistent with an increase in the Bureau of Labor Statistics Producer Price Index for Intermediate Materials.

All 18 industries reported paying increased prices for raw materials in January, led by apparel, leather and allied products and including textile mills.

ISM’s Imports Index registered 56.8 percent in January, an increase of 2.2 percent from December.

“Panelists continued to note record-breaking backlogs in ports of entry, as well as difficulty in arranging drayage and operating within the domestic transportation market,” Fiore said.

The 11 industries reporting growth in imports in January included textile mills.

Source: sourcingjournal.com– Mar 01, 2021
US cotton product imports set to decline in 2021

The Joe Biden administration has announced an import ban on the cotton products from China’s Xinjiang region. These measures were taken in response to allegations of forced labour and ill-treatment of Uighur Muslims of China. As a result, US imports which remained stable in 2020 at $12,150.38 million (2019: $12,468.87 million) might be affected this year.

According to Biden, China has detained approximately 1 million Uighur Muslims. US’s allegations against China may increase the prices of cotton textiles and apparels in US as the major cotton supply done in the world is fulfilled by Xinjiang region. Further, US also announced that it may ban the imports of cotton products from the countries who purchase the cotton from this region.

According to the industry experts, if the above decision is implemented fully, then it might create a major disaster in cotton and other textiles and apparels supply chain all over the world.

Source: fibre2fashion.com– Mar 01, 2021
China's factory activity expands at a slower pace in February, misses expectations: Official PMI

China's factory activity expanded in February at a slower pace than a month earlier, hitting the lowest level since last May and missing market expectations after brief COVID-19-related disruptions earlier in the year.

The official manufacturing Purchasing Manager's Index (PMI) fell to 50.6 from 51.3 in January, data from the National Bureau of Statistics (NBS) showed on Sunday, remaining above the 50-point mark that separates growth from contraction.

Analysts had expected it to decline to 51.1.

Chinese factory activity normally goes dormant during the Lunar New Year break as workers return to their home towns. This year, the government appealed to workers to remain local to curb the spread of COVID-19.

Generally, China's economic recovery has been gathering pace due to robust exports, pent-up demand and government stimulus.

The official PMI, which largely focuses on big and state-owned firms, showed the sub-index for new export orders was 48.8 in February compared with 50.2 in January, slipping back into contraction after months boosted by overseas demand.

A sub-index for activity among small firms stood at 48.3 in February versus 49.4 a month earlier.

A sub-index for employment in the official PMI stood at 48.1 in February, down from January’s 48.4 as firms laid off more workers and at a faster pace.

China's factory gate prices rose on year in January for the first time in a year, as months of strong manufacturing growth pushed raw material costs higher.

China eked out 2.3% economic growth last year. This year, the government may avoid setting a growth target for fear of provincial economies feeling pressured to take on more debt, policy sources previously told Reuters.
China will reinforce policy support for foreign trade and ensure the smooth operation of supply chains, its new commerce minister said earlier this week.

In the services sector, activity expanded for the 11th consecutive month but at a slower pace.

Source: economictimes.com– Feb 28, 2021
Port of Los Angeles Launches ‘Control Tower’ Tool to Track Cargo

As part of its ongoing push to digitize the port supply chain and improve cargo efficiency and fluidity, the Port of Los Angeles has introduced a new “Control Tower” data tool—the third such instrument introduced by the nation’s busiest trade gateway in less than six months.

The Control Tower offers real-time views of truck turn times and truck capacity management information to help cargo owners, truckers and other supply chain stakeholders better predict and plan cargo flows.

“The Control Tower is a service and digital tool that will help get critical and reliable information to San Pedro Bay port stakeholders so that they can improve decision making and efficiencies,” Port of Los Angeles executive director Gene Seroka said. “We are currently the only port in North America offering this array of digital tools, but I’m optimistic that this type of data will eventually be more uniformly available at every node of the supply chain.”

Phase one of the Control Tower launch provides users current snapshots of turn times at all of the port’s cargo terminals, updated continuously with GeoStamp data and broken down by historical daily and monthly averages. The Control Tower also provides recent and future trending volume data, as well as historical volumes and trends dating back to 2017, segmented by mode and specificity.

Developed in partnership with Wabtec, the Control Tower is being rolled out in phases, with more features added throughout 2021 based on user feedback and supply chain developments.

“Data is a critical resource in moving goods across the supply chain and into the hands of consumers,” Scott Holland, vice president of Wabtec’s Network and Logistics business, said. “The Port Optimizer Control Tower is an important step in the journey to connect railroads, chassis providers, truckers, warehouse operators and others across the supply chain, and ensure cargo seamlessly flows in and out of ports. This system’s real-time and historical analytics will help the Port of Los Angeles community optimize their operations, relieve congestion stemming from increased global shipping traffic, and get products to people faster.”
The Control Tower builds on the data and success of the Port Optimizer, the cloud-based secure digital portal of maritime shipping data created by the port in 2017 to facilitate more efficient cargo flow through its terminals. Today’s Control Tower roll-out follows the launch of two other digital tools—the Signal and Return Signal—under the Port Optimizer umbrella in recent months.

Launched this past September, the Signal data tool provides a three-week look at cargo coming into the Port of Los Angeles, with information updated daily. This information is now viewable via the Control Tower platform as well. The Return Signal tool introduced in November provides data that lets the trucking community know when and where to return empty containers to cargo terminals throughout the San Pedro Bay port complex. Return Signal data is updated every five minutes.

The Control Tower announcement follows the port’s news last month regarding its new incentive program to move trucks faster and more efficiently through its terminals. The Port’s Truck Turn-Time and Dual-Transaction Incentive Programs offer terminal operators two ways to earn financial rewards—one for shortening the time it takes to process trucks dropping off or picking up cargo, and the other for trucks handling both import and export transactions in the same trip.

Source: sourcingjournal.com— Mar 01, 2021
Philippine garment factories expect new orders worth $500 million

Global fashion brands are expected to grant Philippine garment factories new orders worth $500 million as they start transferring production orders from troubled Myanmar to the Philippines and other Asian countries.

Robert Young, President, Foreign Buyers Association of the Philippines (FOBAP) informs, the group has been securing relocated garment and apparel production export orders and inquiries on fresh buying import program from buyers like Zeeman Europe, Walmart, TJ MAx USA, and Hudsons Canada, among others. The association estimates orders worth $200 million to have been booked and FOBAP projects double in quantity in the coming three to four months.

New orders mostly comprise simpler and basic babies’ playwear, men’s athletic and sporting outfit, ladies’ dresses, and intimate apparel. He expects the orders to take total garment and hard goods exports to about $1.7 billion to $2 billion this year. Young estimates 10,000 to 20,000 jobs will be created in factories located in Metro Manila and Cebu.

To capture projected total export orders from top global fashion brands, Young urged the government to further support export activities, such as easing of the coronavirus quarantine and over restrictive pandemic regulations while still following the required health protocol amid the pandemic.

Source: fashionatingworld.com– Mar 01, 2021
UK exporters’ use of Singapore as ASEAN’s supply chain gateway boosted by new bilateral trade agreement

There was much controversy, before and after the United Kingdom’s (UK) Brexit from the European Union (EU), in talk of it adopting a free trade and manufacturing model similar to Singapore’s. The idea was dubbed as “Singapore-on-Thames” by the British media. Since the UK and EU trade and economic agreement (TEA) in December 2020, speculation over the UK becoming a supposedly regulation-light jurisdiction accessing the EU’s Single Market, was effectively quashed by the TEA’s restrictive conditions on aligning competition policy, commonly referred to as the “level-playing field”.

In contrast to Britain’s increasingly complex trading relations with the rest of Europe, Singapore’s role as a hub for UK companies, whether as exporters or investors accessing Southeast Asia’s and broader Asian dynamic economies, was elevated by the new UK-Singapore trade agreement (UKSTA) which came into effect on 1st January 2021. It is anticipated the UKSTA should provide more certainty and clarity in supporting the longstanding positive long-term growth trend in UK goods and services exports to Singapore.

These have steadily risen from £7.2 billion (US$10 billion) in 2010 to £10.3 billion (US$14.3 billion) in 2019, only interrupted by a sharp fall of -14.5 percent in 2020, due to the Covid-19 pandemic. The number of UK VAT-registered businesses exporting to Singapore also continues to grow; reaching 10,300 in 2019.

The UK regions with the highest concentrations of goods exports, to Singapore, were the East Midlands accounting for £1.5 billion (US$2 billion) or 29 percent of the total, Scotland with £0.6 billion (US$835 million) or 11.5 percent, and the Southwest with £0.6 billion (US$835 million) making up 11.1 percent.

London came in fifth place having exported £0.5 billion or 10.4 percent of the total. Given the large number of UK companies exporting to Singapore across a diverse range of British regions, the UKSTA should become an additional platform by which to enhance the UK’s exports into Singapore.
UKSTA’s tariff and non-tariff benefits for UK exporters

The new bilateral trade agreement covers trade in goods and services, including provisions on rules of origin, quotas, and preferential tariffs. For UK exporters this will mean 99 percent of tariffs being removed by Singapore. According to a joint statement between two governments, the UKSTA will also provide lower non-tariff barriers in four key sectors: electronics, motor vehicles and parts, pharmaceuticals and medical devices, and renewable energy generation.

While the UKSTA is based on the 2019 EU-Singapore Free Trade Agreement thereby preserving pre-Brexit trading arrangements, various bespoke solutions have been added to ensure continuity in a UK context. This includes supporting UK companies’ regional operations and supply chains, in Singapore, by allowing for EU-27 cumulation – meaning the continued use of materials and parts sourced from the trade bloc in order to qualify for preferential tariff treatment.

Following on from the conclusion of the UKSTA, both countries have committed to concluding a Digital Economy Agreement in 2021. It will be the first such agreement Singapore will negotiate with a European country setting modern rules on facilitating seamless digital trade and financial services between the UK and Singapore, by promoting cross-border digital connectivity and interoperability of digital standards and systems. The respective governments have also agreed to conclude a high-standard bilateral investment protection treatment, for businesses and investors, within two and a half years from 1st January 2021.

Moreover, the UKSTA should serve as a platform towards the UK joining the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), as a gateway into the broader Asia-Pacific, where 95% of goods traded between members are tariff-free.

Click here for more details

Source: aseanbriefing.com – Feb 28, 2021
Vietnam’s market expansion to Northern Europe Australia can help avoid trade restrictions

Aiming to achieve $39 billion in exports this year, the Vietnamese garment and textile industry has moved away from high-end apparels to mid-range and convenient products, says Vu Duc Giang, Chairman, Vietnam Textile and Apparel Association. Enterprises in the country are increasingly moving to making protective clothing and knitwear, adds Le Tien Truong, Chairman and Board of Directors, Vietnam National Textile and Garment Group in a Saigaon Online report.

Exporters focus on sustainability

Exporters are also focusing on sustainable apparels products that help minimize waste generation, enhance recyclability, and reduce the use of fossil energy. They are opting for chemical-free, environment-friendly fabrics that do not generate wastewater.

The three development strategies being adopted include: review of all changes in consumer demands in key markets; adopting green production technologies; developing products along with their brands. These strategies help exporters build a more sustainable market especially with the advantages Vietnam’s FTAs offer in terms of tax rates and competitiveness for garment and textile products.

It has become important for Vietnamese exporters to quickly adapt to these market changes as the pandemic had broken many raw material supply chains and resulted in bankruptcies to major global apparel brands. Exporters also need to reduce their production times as they may face logistic difficulties.

Avoid trade restrictions

Vietnam’s exporters also need to avoid being investigated for improper trade practices and imposed restrictions. As per the American Apparel and Footwear Association, the US government is currently investigating the possibility of imposing new punitive tariffs on imports, including garment and textile products, from Vietnam. In November last year, the US
Department of Commerce (DOC) also initiated an anti-dumping investigation on polyester-textured yarn (PTY) exported from Vietnam.

As per Do Thang Hai, Deputy Minister of Industry and Trade, such trade restrictions on Vietnam’s exports are likely to affect domestic trade in international markets. Hence, domestic enterprises need to collaborate to prevent foreign enterprises from changing the origin of their products. The government needs to attract investments in domestic industries through preferential trade policies that would help it to reduce competitive pressure in the export markets.

Duc Giang also recommends enterprises to negotiate and sign strategic cooperation agreement with the US to increase export advantages in the garment and textile industry. Trade counselors also advise Vietnamese apparel and textile enterprises to expand their export market share to Northern Europe and Australia.

The import tariffs in these markets are extremely preferential as they have signed FTAs with Vietnam. Vietnam’s imports form a modest proportion of their total imports from around the world. Hence, Vietnam has an opportunity to increase its share in these markets avoid trade restrictions from being imposed on the country.

Source: fashionatingworld.com– Mar 01, 2021

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Vietnam-UK FTA triggers two-way trade

After a month of signing the Free Trade Agreement (FTA) between Vietnam and the United Kingdom (UK), bilateral trade experienced a 78.57% year-on-year increase, the General Customs Department (GCD) reported today.

In January, despite the Covid-19 hitches, trading operations between both nations outstripped US$ 657 million, the GCD added.

Vietnam's sales to UK reached US$ 598 million, 84.61% more than the same month last year.

Vietnam’s highest revenues were phone and spare part sales (US$ 252.59 million), machines and equipment (US$ 74.58 million), and computers (US$ 31.82 million), with a 90% growth in all cases.

UK is Vietnam's third largest trading partner, behind by Germany and the Netherlands, and its transactions amounted to US$ 5.44 billion in 2020.

Source: plenglish.com– Mar 01, 2021
Pakistan: PRGMEA appeals for duty-free import of fabrics under DTRE

Pakistan Readymade Garments Manufacturers & Exporters Association (PRGMEA) has appealed the government to allow duty-free import of fabric under a simple and easy procedure instead of ‘Procedure of Duty Tax Remission for Exports’ (DTRE).

AdeebIqbalSheikeh, Vice-Chairman and North Zone Head, PRGMEA suggested the government to review its textile policy to remove hurdles hindering exports and to enable the textile sector to attain the exports targets.

It urged the government to abolish all duties on the import of fabrics in line with the import relaxation provided on import of cotton yarn, as value-added garment sector is facing severe shortage of basic raw material of fabrics, which may lead to a drastic decline in value-added textile export.

PRGMEA also wants duty-free import of fabric, as the cotton prices find no respite from an unabated spike with the industrial input trading at season’s highest rates because its muted local production continues to widen demand and supply gap, Sheikeh added.

Source: fashionatingworld.com— Mar 01, 2021

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Pakistan to introduce new textile policy to maintain current growth tempo

As per Asad Umar, Federal Minister for Planning, Development and Special Initiatives, Pakistan aims to introduce a new textile policy that will help the country maintain its current growth tempo. He said the textile boom, being witnessed in Faisalabad, clearly indicates the city was the main beneficiary of government’s policies.

He dismissed allegations that the previous textile policy was not implemented in true letter and spirit and added that its positive results were reflected in the textile boom. He said, the government’s new textile policy aims to stabilize the gains of present policy. The government is focusing on strengthening the manufacturing sector with Chinese cooperation in the second phase of China-Pakistan Economic Corridor (CPEC).

He said government’s subsidy would benefit the textile sector immensely. He requested FCCI President Hafiz Ihtasham Javed to prepare a comprehensive report on the problems faced by the business community along with their solutions so that they could be incorporated into the budget for next fiscal year.

Javed said that if electricity and gas subsidies were withdrawn, industrialists would lose their competitive edge in the international market. He urged the government to take immediate remedial steps or else Pakistan would lose its hard-earned foreign markets.

Source: fashionatingworld.com– Mar 01, 2021
Pak-Iran-Turkey freight train to start from March 4

The Istanbul-Islamabad freight train is likely to resume operations this week after a gap of nine years, connecting three countries — Turkey, Iran and Pakistan, according to a media report. The train will start from Istanbul on March 4 and arrive in Islamabad after 12 days.

'We have been informed by the quarters concerned that the container train would start its journey from Istanbul (Turkey) for Islamabad (Pakistan) via Zahidan on March 4. Though the schedule will be reconfirmed in a day or two, so far March 4 is the final date of departure of the train from Istanbul,” a senior official of the Pakistan Railways told the Dawn newspaper on Sunday.

The official said in Pakistan, ministries of foreign affairs and railways were coordinating with the Economic Cooperation Organisation (ECO) Secretariat which was in contact with the respective departments of Turkey and Iran.

Since the train will complete the one-side trip in 12 days, it is expected to reach the Islamabad dry port on March 16, the report said. “Pakistan Railways also plans to resume this train operation from 19th, as it is currently booking cargo for Iran and Turkey,” the official added.

Minister for Railways Azam Khan Swati said he would receive the train on March 16. According to Pakistan Railways record, the first train from Islamabad to Istanbul was inaugurated on August 14, 2009. Similarly, the first train from Istanbul reached Islamabad dryport on August 13, 2010.

So far, eight trains have been dispatched from Pakistan to Turkey, with the last leaving the Lahore dryport on November 5, 2011. Since the launch of the service in 2009, Turkey has sent six trains to Pakistan, with the last one reaching here on December 9, 2011.

“The train named 'ECO Train' will be operated regularly on Thursdays falling in the first week of every month. The permissible load will be 750 gross tonnes. The train length would be 420 metres,” according to a statement.

As per present arrangement, to start the train and the schedule agreed jointly by Turkey, Iran and Pakistan, the running time between Drence-Kapikoy (Istanbul) and Zahidan-Tabraiz (Iran) will be 90 hours each. From Zahidan to Islamabad, the train would take 135.5 hours.

Source: in.news.yahoo.com— Mar 01, 2021

HOME

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Cotton yarn prices gain sharply on surging cotton rates, demand

Cotton has gained over 13% since the beginning of 2021, with prices rising nearly 10% in February

Chennai, March 1

Cotton yarn prices have increased sharply in India since the beginning of this year in view of a surge in cotton prices, besides domestic and export demand.

“Prices of the 30s combed yarn used by the hosiery sector have been raised by 30-40 per cent by export merchants in Gujarat over the last few weeks. They are quoting the yarn at ₹274 a kg. Prices were ₹245 in January,” said a Rajkot-based trader of raw cotton, yarn, and spinning waste, Anand Poppat. With demand for cotton yarn being good, at least two months of production of some of the spinning mills has been sold out.

“If you want cotton yarn, you can expect to get supply only late in April or May. If you are lucky, you can get some quantity for March from mills that haven’t sold all their production,” Poppat said.

According to Trading Economics Website, cotton has gained over 13 per cent since the beginning of 2021, with prices rising nearly 10 per cent in February.

Global cotton prices are seen spiking this marketing season (August 2020-July 2021) in view of production projected at a four-year low, higher imports by China and lower carry forward stocks.

“Cotton prices in New York have increased from around 51.44 cents a pound in June last year to around 89.2 cents by February-end. The rise has come despite the country carrying over record stocks of cotton from last season (October 2019-September 2020),” said Southern India Mills Association (SIMA) Chairman Ashwin Chandran.

SIMA is the apex body of the textile industry in south India, representing the sector’s interest. According to the Cotton Association of India, a body of
traders, a record 107.50 lakh bales (of 170 kg) stocks were carried over from last season.

According to the Committee on Cotton Production and Consumption (CCPC), a body set up by the Centre and comprising all stakeholders in the industry from farmers to end-users besides government officials, 102.95 lakh bales have been carried over from last season.

With prices dropping a tad during the weekend, cotton prices in New York quoted at 88.48 cents a pound (₹51,300 per candy of 356 kg approximately).

According to the Cotton Association of India (CAI) and Gujarat Cotton Trade Association, India’s benchmark Shankar-6 cotton is offered for exports at a little below ₹48,000 a candy.

On Monday, cotton futures for delivery in April ruled 1.17 per cent lower at ₹22,460 a bale or ₹47,033 a candy on the Multi Commodity Exchange.

The Cotton Corporation of India (CCI), which is holding huge stocks of cotton following procurement under the minimum support price (MSP) programme, is also quoting around the same level for exports.

As the textile sector began operating at near optimum capacity, demand for yarn increased since December 2020. This resulted in higher yarn production, but prices have increased, primarily, as cotton prices gained.

“The percentage of increase in yarn prices is lower than the rise in cotton prices. And prices have actually dropped from the peak seen a few days ago,” the SIMA Chairman said.

For example, the 40s count warp yarn topped ₹300 a kg but has now dropped to ₹275-285. Hosiery yarn prices are still lower.

“Yarn prices are expected to be raised again from March 1. It will become difficult for small and medium players in the hosiery sector,” said Textile Exporters Association (TEA) Executive Secretary S Sakthivel.

Besides domestic demand, which has resulted in panic buying, export buying has also pushed up yarn prices.
“China is buying a good quantity. Its purchases have increased 15-20 per cent,” trader Poppat said.

“Besides China, Bangladesh, Peru and Brazil are also importing Indian yarn,” said Sakthivel.

“Despite increased demand, yarn exports don’t even top 100 million kg a month currently,” a textile industry source, who did not wish to identify.

According to data from the Director-General of Commercial Intelligence and Statistics, yarn exports dropped to 959 million kg in fiscal 2019-20 compared with 1,313 million kg during 2013-14.

In terms of value, yarn exports have dropped 5 per cent on a compounded annual growth rate (CAGR) basis from $3.9 billion in 2014-15 to $43.4 billion in 2017-18. The latest data are not available yet.

“If you look at the yarn-cotton correlation, which is 0.95, you will understand how much pressure spinning mills are under. The mills make only 2-6 per cent profit,” the textile industry source said.

Yarn prices began heading north after supplies were unable to match from December onwards. The mismatch cropped up as garment and fabric manufacturers resumed production operations quicker than the spinning sector.

This results in the yarn inventory with the spinning mills drying up, while the rise in cotton prices compounded the issue.

Textile industry sources said they had urged the Centre to ensure that the CCI, which had bought nearly 100 lakh or one-fourth of the total cotton produced in the country this season.

“But that has not happened and spinning mills are now shouldering the blame for the yarn price spike,” the sources said.

CAI has estimated production unchanged from last year at 360 lakh bales, while CCPC has pegged it at 371 lakh bales against 365 lakh bales.

Traders estimate that CCI could be holding at least 65 lakh bales, after taking into account its sales of about 125 lakh bales to trade and exporters.
“There is a demand for all types of yarn, from 16 counts to 60 counts,” said Rajkot trader Poppat.

“The problem for small and medium hosiery manufacturers is that they have already committed to buyers at a lower price. Even a 5 US cents spike will force buyers to opt out or shift to other countries,” said TEA’s Sakthivel.

“Probably, Indian exporters, especially garment units, should try and link their contracts to the New York cotton index. On the other hand, they can even consider hedging the position,” the textile industry source said.

SIMA’s Chandran blamed the panic purchase of yarn for the spike.

The textile industry sources concurred with the view, saying, “If the buyers can avoid panic purchases and go hand-to-mouth buying besides keeping quiet, they can expect prices to drop.”

According to the sources, the problem that spinning mills face is that they have to pay cash for buying cotton. “At most, mills get 30 days credit. But mills offer credit from between 60 days to 90 days,” the sources said.

Ratings agency Ind-Ra said that global cotton prices have also increased due to the curbs imposed on Xinjiang region (China) cotton by the US administration. This is benefitting Indian domestic spinners,” it said.

Textile industry sources say that if the US eases the curbs, then prices could head south.

Source: thehindubusinessline.com– Mar 01, 2021
Manufacturing activities slightly ease in Feb; firms upbeat on demand spike: Survey

India’s manufacturing sector activities eased slightly in February but firms were upbeat as they responded to increased new work intakes by stepping up production and purchasing activities, a monthly survey said on Monday.

The seasonally-adjusted IHS Markit India Manufacturing Purchasing Managers’ Index (PMI) fell marginally to 57.5 in February from 57.7 in January, indicating that even though the pace of growth eased from January it remained sharp in the context of historical data.

The headline figure for February remained above its long-run average of 53.6, the survey noted. In PMI parlance, a print above 50 means expansion while a score below 50 denotes contraction.

“Indian goods producers reported a healthy inflow of new orders in February, a situation that underpinned a further upturn in output and quantity of purchases,” Pollyanna De Lima, Economics Associate Director at IHS Markit, said.

Lima noted that production growth could have been stronger if firms had appropriate resources to handle their workloads. “This was evident from a quicker rise in outstanding business and another decline in inventories of finished goods,” Lima said. However, employment decreased further amid COVID-19 restrictions related to shift work.

“However, many hope that such controls will shortly be removed as the vaccination programme widens. Once larger parts of the population are immunised against COVID-19 and restrictions start to be lifted, companies expect a gradual improvement in economic conditions which they hope will translate into output growth,” Lima said.

Meanwhile, goods producers expect output to increase over the coming 12 months. Optimistic growth projections reflected forecasts of an improvement in economic conditions and the lifting of restrictions as the vaccination programme expands, as per the survey.

“The upbeat mood supported the fastest increase in input buying for almost a decade as companies focused on rebuilding their input stocks to fulfil
demand growth. February data showed the sharpest monthly rise in pre-production inventories in the survey history,” Lima said.

On the prices front, the survey said strengthening demand for raw materials and semi-finished items exerted upward pressure on input cost inflation, which picked up to a 32-month high.

On the domestic macro-economic front, after contracting for two quarters in a row, the Indian economy recorded a 0.4 per cent growth in the October-December quarter, mainly due to a good show by farm, manufacturing, services and construction sectors.

Source: financialexpress.com– Mar 01, 2021

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₹1.13-lakh-cr GST mop-up in February points to ‘stable recovery’

Better compliance, too, helped

Indicating a firming of economic recovery and better compliance, the total Goods and Services Tax (GST) collections in February reached over ₹1.13-lakh crore. The collection in February was 7 per cent higher than in the corresponding month of the last fiscal year.

According to the Finance Ministry, collection of over ₹1.1-lakh crore for the third month in a row and over ₹1-lakh crore for five consecutive months is proof of economic recovery.

“During the month, revenue from import of goods was up 15 per cent and that from domestic transactions (including import of services) 5 per cent higher than the revenue from these sources during the same month last year,” a Finance Ministry statement said.

MS Mani, Senior Director at Deloitte India, said that in addition to the stabilisation of economic activity, the continuing trend of high GST collections for the past few months is on account of the data analytics approach adopted by the authorities that has led to significant detection of evasion and incorrect ITC use.

“With the gradual opening up of the services sector, economic activity is expected to pick up leading to improved collections in the next month as well,” he said.

According to Aditi Nayar, Principal Economist with ICRA, a favourable base effect is likely to result in the CGST collections expanding by 18-23 per cent in March 2021.

However, the settlement of IGST of ₹48,000 crore between the Centre and the States will adversely impact the net CGST-plus-IGST revenues of the Centre in February, resulting in a moderation in the growth of its gross and net tax revenues in that month, she said.
State-wise collections

Analysis of February data showed that all big States registered a growth. In Maharashtra, the collection increased 2 per cent to over ₹16,000 crore while Gujarat’s jumped 14 per cent to ₹8,200 crore.

Karnataka registered a growth of 2 per cent with a mop-up of more than ₹7,500 crore, while Tamil Nadu saw an increase of 9 per cent at over ₹7,000 crore.

Source: thehindubusinessline.com– Mar 01, 2021

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Exports share of GDP reached its lowest in Q3 as sector waits for manufacturing to fully fire up

With an 18.6 percent share of India's Gross Domestic Product, the third quarter (October-December) of 2020-21 saw the contribution of exports to economic growth drop to its lowest in the current financial year. Analysts and exporters say that this is not expected to improve in the next quarter, given the poor performance of outbound trade in the current quarter.

The COVID-19 pandemic has seen export growth severely falter due to multiple national and regional lockdowns. As a result, exports commanded a 21.1 percent share of GDP in the preceding second quarter and a 20.5 percent share in the first quarter. But with the manufacturing sector still under stress, export of finished goods has been slow to take off in the current quarter as well.

According to the GDP data released on February 26, manufacturing grew by 1.6 percent in the third quarter. Manufacturing had contracted by a major 35 percent in the first quarter, but had significantly recovered to just a 1.5 percent contraction in the second quarter. The slow pace of recovery seen in the latest data has been attributed to particular challenges in select areas of the economy.

Economists particularly point to the low pace of overall industrial growth. The Index of Industrial Production rose 1.6 percent in December, up from the 1.9 percent fall in November and is not expected to do any better in January.

"With the core infrastructure industries having grown in only three months namely September, December and January, overall industrial growth in January 2021 would barely manage to slip into positive territory," Devendra Kumar Pant, Chief Economist at India Ratings, said.

On the other hand, merchandise exports rose 6.2 percent in January, after recording just a 0.1 percent rise in December, signalling a nascent recovery following the COVID-19 shocks.

But a liquidity crisis leaves exporters worried over not being able to take advantage of global orders during the ongoing quarter, considered prime export season across a large number of industries.
Lack of liquidity

The sector is most worried about the Rs 25,000-30,000 crore worth of tax refund under the erstwhile Merchandise Exports from India Scheme (MEIS) they are yet to receive, even as they wait for clarity on its successor tax benefit scheme.

Crucial export sectors such as engineering goods, chemicals, leather and leather goods, heavy industries and key micro, small and medium enterprises (MSME) run sectors such as handicraft and carpet exports would see their business being majorly hit in the January-March quarter, considered to be a prime export season, according to the apex exporters body, Federation of Indian Export Organisations (FIEO).

"In its absence, we are not in a position to calculate the amount of capital we will have for investing into the sourcing, processing and exporting of goods. As a result, many exporters are unable to take up orders from abroad," a senior functionary of an export promotion council said.

Exporters have also urged the government to notify the tax refund rates for the Remission of Duties and Taxes on Exported Products (RoDTEP) scheme as soon as possible.

Live from January 1, 2021, the scheme aims to refund to exporters the embedded duties and taxes such as VAT on fuel used in transportation, Mandi tax and Duty on electricity used during manufacturing that are not refunded so far. While the government has clarified that the rebate would be claimed as a percentage of the Freight on Board value of exports, it is yet to bring out the specific refund rates.

Source: moneycontrol.com– Mar 01, 2021
Exports To China: Stellar growth begins to slow

This is a tale of two markets. India’s merchandise exports to China, its second-largest market, seems to be losing steam after an impressive 33% year-on-year jump in the April-June period in the face of Covid-19 pandemic. Growth in shipments to the neighbour slowed down considerably to 20% in September quarter and to just over 2% in December quarter.

In contrast, India’s exports to its biggest market — the US — reversed a 39% slide in the three months through June to inch up by 3% in the September quarter and 5.5% in the December quarter, according to the official data. Of course, at $36 billion, exports to the US until December were still way above those to China ($15 billion).

While the US remains the worst victim of Covid-19, China, despite being the epicentre of the pandemic, seems to have weathered the crisis better than most.

So, exports to Beijing didn’t falter in the first quarter, despite the Covid-induced disruptions in India, while those to Washington plunged.

As FE had first reported on September 8, trade with China didn’t suffer immediately even after the deadly border clash in mid-June (outbound shipments to the neighbour jumped almost 24% in July, compared with a near 10% contraction in overall goods exports).

However, in the following months, export growth moderated, partly because China mostly sources raw materials or low value-added products (iron ore, certain steel and iron products, cotton, etc) from India where the scope for growth remains limited.

In fact, after an almost ten-fold rise until July, India’s steel and iron exports to China started to slow, as Beijing’s appetite for the commodities to push infrastructure projects began to moderate. By the end of the third quarter, the rise in such exports was only to the tune of 27% on year to $2.4 billion.

The US, however, buys a much wider portfolio of items from India, which boosts the potential for bilateral trade.
India was forced to put in place a stringent lockdown (from March 25 until it was gradually relaxed from June) that choked its supply chain, albeit temporarily, while both external and internal demand was battered by the pandemic, causing exports to crash.

Once the lockdown was lifted and supply disruptions eased considerably, exports made a fragile recovery (on a quarterly basis), especially to the US. Of course, monthly export growth still showed wide fluctuations.

Meanwhile, the country’s exports to Hong Kong, considered a close proxy for Beijing, have faltered at a faster pace than overall goods exports. While exports to Hong Kong dropped 16% in the April-December period to $7 billion, overall exports declined by 15.5%.

Source: financialexpress.com– Mar 01, 2021
Healthy growth for port volumes in January

Major ports’ volumes grew by 4.4% y-y (+1.5% m-m) in Jan 2021, led by strong growth in container volumes (+6.4% y-y in tonnage terms) and POL volumes (up 3.1% y-y, the first month of y-y growth since Feb’20).

In TEU terms, major ports’ container volumes of 930k TEUs were up 8.1% y-y (down ~1% m-m), and were significantly above pre-COVID-19 levels (avg. for Apr 2019-Feb 2020) of 836k TEUs.

Source: financialexpress.com– Mar 01, 2021
U.S. trade report flags challenges from ‘Make in India’ policy

The U.S. tried to resolve “long-standing market access impediments affecting U.S. exporters” with India during 2020, says the 2021 President’s Trade Agenda and 2020 Annual Report — an annual report submitted by the U.S. Trade Representative (USTR) to Congress.

The report terms India’s policies “trade-restrictive” and saying the “Make in India” campaign epitomises the challenges to the trade relationship.

“While India’s large market, economic growth, and progress towards development make it an essential market for many U.S. exporters, a general and consistent trend of trade-restrictive policies have inhibited the potential of the bilateral trade relationship.

Recent Indian emphasis on import substitution through a “Make in India” campaign has epitomized the challenges facing the bilateral trade relationship,” the report says. The Make in India campaign was launched by Prime Minister Modi in 2014 to incentivise production in India.

The report describes the Trump administration’s revocation of India’s preferential trading status under the Generalised System of Preferences (GSP) program in June 2019 and the ensuing discussion to achieve a mini trade deal (“package”) throughout 2020.

“U.S. objectives in this negotiation included resolution of various non-tariff barriers, targeted reduction of certain Indian tariffs, and other market access improvements.

The United States also engaged with India on an ongoing basis throughout 2020 in response to specific concerns affecting the full range of pressing bilateral trade issues, including intellectual property (IP) protection and enforcement, policy development affecting electronic commerce and digital trade, and market access for agricultural and non-agricultural goods and services,” the report said.

Unresolved

These issues remain unresolved, leaving inconclusive, negotiations that lasted until close to the end of the Trump administration.
In a country-wise section on Digital Service Tax (DST), a Section 301 investigation on India’s DST, which began in June last year, is highlighted. The investigation is ongoing, as per the report.

India finds a total of 179 mentions in the report which is over 300 pages long. Many of the mentions are in a chapter on trade enforcement activities — describing disputes brought by the U.S. at the World Trade Organisation (WTO).

Source: thehindu.com– Mar 02, 2021
Railways’ freight loading up 10% in February

Railway freight operations have continued to maintain pace, with 112.25 MT of loading in February, up 10% from the year ago. Freight earnings stood at Rs 11,096.89 crore, up 7.7% over February 2020.

Improvement in the speed of freight trains and a number of concessions/discounts given by IR to make freight movement attractive have given a boost to IR’s freight performance. The average speed of freight trains in February 2021 was 46.09 kmph against 23.01 kmph a year ago.

The National Rail Plan has projected that the share of rail in freight movement across the country will rise to 44% by 2051 — a rise of 16% from 28% at present. This will be enabled by a rise in the average speed of freight trains, commissioning of dedicated freight corridors and discounts on certain items.

Source: financialexpress.com– Mar 01, 2021
Port users thank PM

Thanking Prime Minister Narendra Modi for his announcement on making Tuticorin Port a container transhipment hub, association secretary J.P. Joe Villavarayar on Monday hoped that it would go a long way in bringing in more maritime development in the region.

In a press release he said various stakeholders formed the association in 2004 with the objective of making the facility a container transhipment hub port. The Prime Minister’s mention that the Union government would take further steps to make VOC Port into a big transhipment hub on the east coast came as a fillip to the industry as stakeholders were severely hit due to the pandemic.

Also, thanking Union Minister of State for Ports Mansukh L.Mandaviya, Chief Minister Edappadi K. Palaniswami, Thoothukudi MP Kanimozhi and others, Mr. Villavarayar said it was a dream of the port users to see it turned into a container transhipment hub as it had all pre-requisite qualifications.

Further, exporters and importers using the port would also gain tremendously in terms of cost and time as all containers at present were being transhipped at Colombo and the country would save flow of precious foreign exchange as well, the release added.

Source: thehindu.com— Mar 01, 2021

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