TEXPROCIL NEWS CLIPPINGS
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INTERNATIONAL NEWS

USA: Here's When Experts Expect Port Congestion to Ease

The Freightos Baltic Global Container Index (FBX) climbed 6 percent in February to another FBX-high of $4,295 per 40-foot container or equivalent unit (FEU), a 223 percent annual increase, driven mostly by still-surging volumes from Asia to the U.S. West Coast, according to Judah Levine, research lead at the online freight marketplace.

"The sustained surge is still being driven by consumers spending on goods instead of services and by retailers struggling to push inventory levels up, which means no relief for the extreme congestion and delays at key ports like Los Angeles and Long Beach," Levine wrote in the FBX monthly report.

"There is normally a seasonal increase in demand and spot rates ahead of the Lunar New Year holiday week during which much of China's manufacturing shuts down. Rates usually plateau over the break and gradually decrease as the backlog is cleared in the weeks after the holiday. This year, however, due to non-stop demand and many Chinese factories staying open because of travel restrictions, spot rates to the U.S. continued to climb throughout the month."

Levine noted that Asia-U.S. West Coast rates increased 15 percent to $4,922 per FEU, representing a 27 percent rise over the level at which prices plateaued from September to December and 259 percent higher than this time last year. Prices for Asia-U.S. East Coast routes dipped for much of the month before climbing back to just below their January peak, gaining 3 percent for the month to $5,822 per FEU, but still 19 percent higher than at the end of December and 119 percent higher than a year ago.

For the week ended March 4, Drewry's composite World Container index decreased 2.2 percent, or $117, to stand at $5,121.04 per FEU. Freight rates on Shanghai-Rotterdam weakened $286 to reach $8,188 per FEU and those on Shanghai-Los Angeles dropped $130 to $4,261 per FEU.

Contrarily, rates from Shanghai to New York grew $23 to reach $6,651 per FEU, The average composite index of the WCI, assessed by Drewry for year-to-date, was $5,231 per FEU, which is $3,539 higher than the five-year average of $1,692. Drewry expects rates to stabilize this week.

"With port congestion causing delays that effectively restrict capacity and ocean carriers still reporting overbooked ships, observers are not expecting an easing of the equipment shortage and backlogs at least until sometime in Q2," Levine wrote.

Peter Stallion, head of air and containers at Freight Investor Services, described the situation as "a general maxing out of global ocean-going capacity colliding with fluctuating demand."

"Much of the price action has been driven by global capacity issues, however, anecdotally at least, congestion has alleviated substantially, driving more demand in FFAs (forward freight agreements) as counterparties move out of crisis mode and start to plan for the future," Stallion wrote in the report. "Much of the firm interest lies in Q3 onwards, outside of the scope of what any liner or shipper can predict or contract with certainty in the physical market."

He said the recent attractiveness of FFAs centers on "an incredibly diverse contract structure between carriers, with long-term agreements clashing with uncertain volumes and forward spot prices." Stallion added that "the use of index-based pricing has driven efficiency and transparency, however the FFA has been employed to offer price security without restricting businesses to the terms of a rigid physical agreement price."

Freightos offers a SaaS-enabled marketplace that provides logistics companies with freight rate management and instant freight quoting.

Source: sourcingjournal.com– Mar 08, 2021

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China sets more than 6% growth target for 2021

China targets to expand its gross domestic product (GDP) by over 6 per cent this year, with more efforts on reform, innovation and high-quality development, Chinese Premier Li Keqiang told the parliament recently. The country's GDP grew by 2.3 per cent expanding to $15.42 trillion in dollar terms in 2020, according to data released by the National Bureau of Statistics.

The 2.3 per cent in 2020 was the lowest annual growth rate in 45 years. Li said China plans to cut the ratio of its deficit to GDP to around 3.2 per cent for 2021.

He said China aims to create more than 11 million new urban jobs in 2021. China has set its consumer inflation target at around three per cent for the year of 2021, he said.

China will strive to keep its economy running within an appropriate range during the 14th Five-Year Plan (2021-2025) period, he was quoted as saying by global newswires.

The annual parliamentary session would continue till March 11.

Source: fibre2fashion.com– Mar 09, 2021

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USA: Cargo Imports Seen Rising 23.3% in First Half as Demand Surges

Cargo imports at the nation's largest retail container ports are expected to increase significantly during the first half of 2021, as increased vaccination and continued in-store safety measures spur higher consumer demand, the monthly Global Port Tracker report released Monday by the National Retail Federation (NRF) and Hackett Associates said.

"NRF is forecasting what could turn out to be record retail sales growth in 2021 and retailers are importing huge amounts of merchandise to meet the demand," Jonathan Gold, vice president for supply chain and customs policy at NRF, said. "The supply chain slowdown we usually see after the holiday season never really happened this winter and imports are already starting to grow again."

U.S. ports covered by Global Port Tracker handled 2.06 million 20-foot equivalent units (TEU) in January, a decline of 2.3 percent from December as the busy holiday season came to an end. But with a 13 percent year-over-year increase, it was the busiest January since NRF began tracking imports in 2002 and the first time the month has ever topped the 2 million TEU mark.

While import numbers for both February and March are forecast to be significantly higher than normal, year-over-year comparisons are difficult because of the pandemic, the Global Port Tracker report noted. February is traditionally the slowest month of the year as Asian factories close for Chinese New Year, but last year most remained closed into March due to the coronavirus, further reducing numbers.

This year, however, some remained open during the holiday to fill a surge in orders and ships arriving at U.S. ports faced a backlog to unload. February results aren't available yet, but the month was projected at 1.88 million TEU, up 24.4 percent over last year, while March is forecast at 1.98 million TEU, a 44.1 percent increase.

As reported, backlogs at west coast ports are currently at unprecedented levels, significantly increasing the cost of global shipping, and experts don't see the situation improving in the near term.

Cargo container imports for April are forecast to hit 1.9 million TEU, up 18.2 percent year-over-year, while May shipments are projected to jump 25.2 percent to 1.92 million. June imports are expected to also be 1.92 million TEU, up 19.6 percent, and July shipments are seen rising 5.3 percent to 2.02 million TEU.

The first half of 2021 is forecast at 11.7 million TEU, up 23.3 percent from the same period in 2020, which experienced a major decline in imports due to COVID-19. Imports saw a total of 22 million TEU in 2020, up 1.9 percent from 2019's 21.6 million TEU and beating the previous record of 21.8 million TEU recorded in 2018.

Global Port Tracker provides historical data and forecasts for the U.S. ports of Los Angeles-Long Beach and Oakland, Calif., and Seattle and Tacoma, Wash., on the West Coast; New York-New Jersey;, Port of Virginia; Charleston, S.C.; Savannah, Ga., and Port Everglades, Miami and Jacksonville, Fla., on the East Coast, and Houston on the Gulf Coast.

Source: sourcingjournal.com– Mar 08, 2021

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H&M Freezes New Orders From Myanmar as Chaos Escalates

H&M is hitting pause on sourcing from Myanmar.

The Swedish retailer, the world's second-largest apparel company after Inditex, told Sourcing Journal Monday that while it's not taking any immediate action regarding its long-term presence in the embattled Southeast Asian nation, it won't be placing new garment orders "at this point."

More than 60 people have been killed in a series of deadly crackdowns against protestors since a Feb. 1 coup unseated Myanmar's civilian leaders and returned the country to full military control. The escalating violence has drawn sanctions by the United States and others in a bid to stem the bloodshed and restore democratic rule.

H&M, which works with more than 120 suppliers in the country, according to its website, says its ability to conduct business in Myanmar has been stymied by practical difficulties arising from an unpredictable situation, including challenges related to manufacturing and infrastructure, raw material imports and the transportation of finished goods.

Indeed, the chaos has had a knock-down effect. Telecommunications disruptions that have shut down banks have stopped freight payments and led to delays in the processing of customs documents. Thousands of striking truck drivers have slowed the delivery of imports, causing cargo containers to pile up at Yangon's ports and prompting shipping firm Hapag-Lloyd to temporarily suspend any import bookings into Myanmar. Following a weekend of hospital and college-campus occupations, nighttime raids and arrests, a coalition of labor unions, including the Federation of Garment Workers Myanmar, is calling for a total strike, casting greater uncertainty on the stability of sourcing in the country still reeling from the economic fallout of the pandemic.

"The labor organizations of Myanmar stand united in support of an extended nationwide work stoppage against the military coup and for the future of Myanmar democracy," a joint statement read. "No one can force any Myanmar citizen to work; we are not slaves to the military junta now and we never shall be."

H&M is "of course extremely concerned about the escalating situation in Myanmar and shocked by the use of deadly force used against protestors," said Serkan Tanka, H&M group country manager, Myanmar. "Having been present in the country for the last seven years, the latest developments deeply sadden us."

Tanka says that H&M will continue to take full delivery of and pay for all already placed orders. The company is also in consultation with United Nations agencies, diplomatic representatives, human rights experts, trade unions and other multinational companies to help shape any future decisions it makes as to "how we as a company can best contribute to positive developments in accordance with the will of the people in Myanmar."

"While we value any guidance on this matter, we fully recognize the complexities for the international community, trade unions and other stakeholders in balancing different aspects to ensure that the people in Myanmar are not negatively affected," he added. "We have always sought to operate in Myanmar in line with core ILO Conventions and the UN Guiding Principles on Business and Human Rights. Our fundamental standpoint is that our business should have a positive influence in communities in the countries where we operate."

Last week, nearly a dozen fashion trade and labor organizations, including the American Apparel & Footwear Association, the Ethical Trading Initiative, the Fair Labor Association and Social Accountability International, urged military leaders to stop brutalizing citizens, release those who have been detained, restore internet service and reject proposed legal restrictions on internet activity as damaging to freedom of expression and assembly.

"This coup, and the military's growing violence in support of it, threatens to reverse the progress and the thawing of relations between Myanmar and the international community ongoing since 2011," the organizations wrote in a joint letter said. "If democracy is not restored, the hard-fought social and economic progress of the country and the well-being of its people will be significantly put at risk."

Clothing and textiles, Myanmar's top export earner after oil and gas, generated more than $2 billion in exports last year, according to the Myanmar Garment Manufacturers Association. The sector's roughly 600 factories provided jobs for 450,000 workers in 2020.

Source: sourcingjournal.com– Mar 08, 2021

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US' textile and apparel imports from India increases by 26.93%: OTEXA

The volume of US'textile and apparel imports from India increased by 26.93 per cent in January '21 than January '20 – according to OTEXA data.

The country saw an influx of 683.16 million SME of textile and apparels in the first month of 2021 from India, of which textile products contributed 588.23 million SME (up 35.83 per cent) and apparel products shared 94.93 million SME (down 9.73 per cent).

Of total textile imports, the share of yarns, fabrics and made-ups was 91.97 million SME, 208.26 million SME and 348 million SME, respectively, and the respective surge was 27.84 per cent, 62.08 per cent and 24.50 per cent.

In terms of values, the total textile and apparel shipment has noted 2.78 per cent yearly increase to US $ 739.34 million in January '21. Textile products witnessed a rise of 29.40 per cent to US $ 451.39 million, while apparels were down by 22.28 per cent to clock US $ 287.95 million.

Cotton-made apparels contributed 74.45 million SME and experienced a surge of 7.57 per cent on Y-o-Y basis in January '21.

However, the values of cotton apparel import by USA from India plunged 12.47 per cent to US $ 229.77 million, all because of lowering unit prices!

On the other hand, India's shipment of MMF apparels to USA tumbled heavily. The shipment was worth 51.91 million SME (down 44.08 per cent on Y-o-Y basis) and could tap just US $ 19.48 million, falling 42.33 per cent in January '21.

Source: fashionatingworld.com– Mar 08, 2021

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USTR Extends PPE Tariff Exclusions, as AAFA Calls for More

The American Apparel & Footwear Association (AAFA) lauded the announcement last week by the Office of the United States Trade Representative (USTR) extending tariff exclusions for imports of personal protective equipment (PPE).

AAFA president and CEO Steve Lamar said the action the Biden Administration has taken to extend the Section 301 exclusions on cloth face coverings and other PPE for six months will help the efforts to focus on COVID-19 relief and recovery. “It is essential that these efforts not be undermined by production cost and retail price increases due to tariffs,” Lamar said.

USTR announced late Friday that in light of the continuing efforts to combat COVID-19, it has determined that it is “inappropriate to allow the exclusions for certain products to lapse.” USTR extended 99 product exclusions in a Dec. 29 notice through Sept. 30.

“At the same time, we must focus on the recovery of the U.S. economy,” Lamar said. “As such, we again call for the expeditious review of the underlying China 301 tariffs, as well as those exclusions that were allowed to expire in 2020.” In addition, Lamar said that many PPE categories are still caught in “this tariff trap” as are other products that support U.S. jobs in the apparel industry and in the U.S. economy.

“We look forward to working with the new team at USTR on these pressing issues,” Lamar said. USTR is set to be headed by Katherine Tai, whose confirmation has moved out of committee and is pending final Senate approval. AAFA said it has long brought attention to the detrimental impacts of tariffs on American consumers, workers and business, especially as it relates to the production of PPE during the battle against COVID-19. Most recently, AAFA called for the biden administration to extend the temporary exclusion provided for imports of PPE from China 301 tariffs, which was reflected in this announcement.

Source: sourcingjournal.com– Mar 08, 2021

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Vietnam-UK FTA triggers two-way trade

After a month of Vietnam signing a free trade agreement (FTA) with the United Kingdom, bilateral trade witnessed a 78.57 per cent year-on-year (YoY) increase, according to the former's general customs department (GCD), which recently reported that despite the hitches due to the pandemic, trading between both sides outstripped $657 million in January.

Vietnam's exports to the United Kingdom reached $598 million, 84.61 per cent more than the same month last year. Imports from there to Vietnam reached over $59.3 million, a 34.3 per cent YoY increase. Products included metal, pesticide and textile materials, a Vietnamese newspaper reported.

Last year, export-import turnover between the two countries reached $5.64 billion, in which Vietnam's exports reached $4.95 billion, resulting in a trade surplus of $4.27 billion. The United Kingdom continued to be Vietnam's third-biggest trade partner in Europe, behind Germany and the Netherlands.

Source: fibre2fashion.com– Mar 08, 2021

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Bangladesh: Textile expo aims to connect local, international entrepreneurs

A three-day virtual exposition of textile fabrics will begin on March 22, aiming to create a matchmaking platform for the local and international traders, thus helping boost the country's economy.

Titled '17th Dhaka International Yarn and Fabric Show 2021-Winter Edition (Virtual Expo)', the event is expected to facilitate the recovery of the textile sector from the Covid-19 pandemic.

The organisers made the announcement on Monday at the conference centre of the Economic Reporters' Forum (ERF) in the city's Paltan area.

CEMS-Global, a US-based event organising firm, in collaboration with the Sub-Council of Textile Industry, China Council for the Promotion of International Trade (CCPIT TEX) is organising the event.

Meherun N Islam, President and Group Managing Director of the CEMS-Global USA & Asia Pacific; Tanveer Qamrul Islam, Executive Director of CEMS Bangladesh; and Abhishek Das, Country Director of CEMS-India; were present at the press conference.

The virtual platform will be accessible from any part of the world on the scheduled days from 10.00 am to 5.00 pm Bangladesh time.

Briefing the reporters, Meherun N Islam said the company is organising the event on a virtual platform considering the need for maintaining social distance in the wake of pandemic.

"We have developed our own platform so that we can equip the digital solutions as per the compliance with the health safety guidelines," she said.

Buyers will be able to virtually connect and schedule meetings with manufacturers or even initiate a live chat, call, and video conference, she said.

According to organisers, more than 80 exhibitors from China, India, Sri Lanka, Turkey, Morocco and other countries will take part in the virtual event, to showcase a wide range of textile products, latest technologies in yarn, fabric, industrial fabrics, accessories and many more.

Interested buyers, traders and enthusiasts can learn more about the procedures to participate in the business to business (B2B) virtual exhibition visiting the CEMS-Global official website: www.cemsonline.com

It is the second virtual exhibition for CEMS-Global after the 'Global Yarn and Fabric Sourcing Show 2020-Virtual Edition' held between November 9 and 14 last year, the organisers said.

Source: thefinancialexpress.com.bd– Mar 09, 2021

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Pakistan: Value-added garments, home textiles: Exports likely to decline due to yarn shortages, weak PKR

The successful efforts of the value added garment and home textile industries facing jeopardy in the wake of unavailability of cotton yarn and abrupt decrease of value of rupee against dollar.

For the reason, the garment and home textile exporters fearing steep downfall in exports in coming months. In last six months, dollar has also depreciated against Pak Rupees by 5.58% from 166.5 to 157.2 while exporters previously had negotiated and finalized their export orders at dollar rate of PKR 166.5. Similarly, during last three months, cotton yarn 30/1 prices have been increased by 15% and that also is not available in the market. Due to uncertainty and recurring fluctuations rupee dollar parity, exporters are reluctant for new orders as both are uncertain about the cost of the product. Exporters are hurting from both sides, therefore, Government must intervene to save the value added textile exports.

The gravity of situation demands the Government to immediately abolish Customs duty on import of cotton yarn in the interest of value added garment and home textile exports and the country. This is demanded by Muhammad Jawed Bilwani, Chairman, Pakistan Apparel Forum & Former Central Chairman, Pakistan Hosiery Manufacturers & Exporters Association. Despite decline in cotton crop and acute shortage of cotton yarn, spinning mills have exported 209,290 Metric Tons during last seven months of Fiscal Year 2020-21. Value Added Garment and Home Textile Export Sector fervently appealed to restrict exports of cotton yarn which is basic raw material as yarn exporters are exporting coarse count yarn which involves cotton and gas which all are short in our country, he said.

The Value Added Textile Sector is continuously drawing the attention of the Government, through appeals and press statements, towards unavailability and shortage of cotton yarn - which is basic raw material since last five months but to no avail.

Inconsiderate response tantamount to Government's lack of priority and non-seriousness to enhance value added textile exports which contribute to around 62% in total exports, provides 42% urban employment particularly to female workforce who mostly are widows and orphans, earns highest foreign exchange and supports approx. 40 allied industries.

During Feb 2021, 4.5% decrease in exports endorse the view point of exporters that unavailability of cotton yarn will shatter the export orders in hand which will eventually be diverted to other competing countries if the cotton yarn is not made available in required quantity. Once the buyer is diverted to other country, it is next to impossible to bring them back. The Government policy should be attractive to invite buyers to Pakistan instead of discouraging them to divert to other countries.

The textile exporters are also highly perturbed over the dubious dealings of spinners who have taken advance payments with commitments to supply cotton yarn but have dishonoured their commitment to supply cotton yarn and if yarn being supplied is of sub-standard quality. Lack of cotton yarn's simply means decline in value added textile exports.

The exporters also lamented that whenever the value added garments and home textile industry takes off with its full potential, some adverse thing happens. Pakistan should learn from the experience and policies of Bangladesh to enhance exports whereby the Bangladesh Government supported the Value Added Apparel Sector while in Pakistan the Government instead of encouraging the value added sector is supporting the spinning sector. The Manifesto of the PTI Government led by Imran Khan Prime Minister to create millions of employment can turned to reality by supporting the Value Added Garment Sector which only holds such potential being highly labour intensive.

He articulated on one hand Government wants to enhance the exports while on other hand appropriate measures have not been taken to provide cotton yarn.

Source: brecorder.com– Mar 09, 2021

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Pakistan: ECC to take up yarn imports, power subsidy tomorrow

Finance Minister Dr Abdul Hafeez Shaikh would preside over the ECC meeting after a gap of over two weeks amid his political engagements for Senate elections that he lost to Yousaf Raza Gilani.

A senior government official told Dawn that the import of cotton and yarn from central Asian republics was already on the agenda of the ECC meeting that could not meet last week. Since then the textile manufacturers and exporters have started printing appeals seeking lifting the ban on import of cotton yarn from India as well along with removal of customs duty.

Pakistan's textile industry's consumption varied between 12 and 16 million bales per annum but domestic production this year is estimated at about 7.7 million bales, leaving a shortfall of at least 5 million bales. The commerce ministry had proposed allowing duty-free import of cotton from CARs via land route through Afghanistan till June 2022. However, the Ministry of National Food Security and research had reservations over pest risk analysis tests.

The meeting will also take up a summary of the Power Division for about Rs115 billion supplementary grant for additional subsidy for the power sector during the current year. This is in line with an understanding reached with the International Monetary Fund (IMF) for containing the circular debt.

For the current fiscal year, the government had allocated about Rs140bn power sector subsidy in the budget which was later increased to Rs147bn. It later, however, transpired that there would still be a gap of about Rs177bn. After some tariff adjustments, the government has now estimated about Rs115bn would also be required to maintain uniform tariff in addition to earlier allocation of Rs147bn.

The ECC is also expected to consider a summary of the Ministry of Information Technology and Telecom--munication seeking reduction in biometric charges and benchmarking of spectrum price despite resistance from National Data-base and Re--gistration Aut-h-o----rity (Nadra). The summary had been taken up with the prime minister regarding various proposals on biometric verification charges, benchmarking of spectrum fee in rupee instead of dollar, resolution of disputes over telecom licence renewal wherein it was directed that matter.

Nadra had strongly opposed the reduction in biometric verification charges while it was decided that any taxation matters be considered as part of the budgetary process.

The ECC is also expected to consider a summary of the Ministry of Industries and Production for provision of Rs2bn additional subsidy for the fertiliser sector – two fertiliser plants on Sui Northern Gas Company Ltd network – for production of about 700,000 tonnes of fertiliser.

Another item on the agenda is a summary of the Power Division that seeks to put on hold the payments under implementation of tariff reduction agreements reached with independent power producers (IPPs) set up under Power Policy 2002 till such time the National Accountability Bureau (NAB) gave final clean chit.

Source: dawn.com– Mar 09, 2021

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Pakistan: Stable trend on cotton market amid sizeable activity

The local cotton market remained satisfactory on Monday. Market sources told that trading volume was also satisfactory. Cotton Analyst Naseem Usman told that according to Indian media Indo-Pak cease fire accord brings ray of hope for the resumption of trade via Wahga-Attari border.

India's cotton exports likely to rise 50 percent this year to 75 lakh bales this year. Cotton exports from India are prone to rise 50 per cent this 12 months to 75 lakh bales within the 2020-21 crop 12 months starting October with revival in international demand from China and Bangladesh within the final one month, mentioned commerce our bodies. The exports can see an additional increase if Pakistan opens its marketplace for Indian cotton, mentioned Mahesh Sharda, president of Indian Cotton Affiliation.

Commerce between the two nations has been suspended since 2019. Indian cotton is the most affordable on this planet in comparison with the US, Brazil, and Australia and therefore there's a large potential to export, he mentioned.

"Within the final ten days, China alone has ordered over 10 lakh bales (one bale of 170 kg every) with international costs firming up. Additionally, Pakistan which has a shortfall in manufacturing might import cotton and yarn from India if commerce between the 2 nations resumes. These elements can simply lead cotton exports to 70-75 lakh bales," mentioned Sharda.

In 2018-19, India had exported 42 lakh bales. Nations are commonly shopping for cotton from us as our cotton costs had been 15 per cent cheaper than COTLOOK A index, which represents the worldwide uncooked cotton market value, mentioned Sharda.

As much as February finish, India has exported 38 lakh bales of cotton largely to China, Bangladesh and Vietnam and has signed future contracts for 7 lakh bales, mentioned exporter and dealer Dharmendra Jain, companion at DP Cotton. "There's common export demand and we are able to count on export of 5 lakh bales to Pakistan which may take whole export for this 12 months to 75 lakh bales," he mentioned Cotton might be exported from the Attari border in Punjab with mills from adjoining states to fulfil the contracts, mentioned Jain.

Cotton costs gained almost 5 per cent in a single month resulting from tight provide and excessive demand from export and mills, mentioned Saurabh Pahade, analysis analyst at Kedia Advisory. Within the final one-year costs have seen a 20 per cent progress.

“China’s demand for Indian yarn resumed to pre-Covid ranges throughout November-December 2020. Pakistan might enable cotton import from India by means of land route as prospects of the gradual restoration of bilateral commerce ties,” he mentioned. Within the home market, cotton costs elevated steadily since October from Rs 40,000 per sweet of 356 kg to present value of Rs 47,000 per sweet, mentioned Atul Ganatra, president, Cotton Affiliation of India.

“The exports within the first 6 months of the season, starting October have been good, however at this excessive price might not maintain. As much as February we’ve got achieved export shipments round 34 lakh bales and we are able to count on cotton exports in 2020-21 to be near 60 lakh bales,” he mentioned. Ganatra mentioned the Indian cotton costs will transfer in tandem with the worldwide development which was agency resulting from a decease crop with in US.

Mean While, Chairmen of various value-added textile associations on Tuesdaonce again called for abolishment of customs and regulatory duties on import of cotton yarn and imposing ban on the export of cotton yarn of 30 single or below till June 2021 to cover the demand and supply of this basic raw material of textile industry. At the joint press conference here at Pakistan Hosiery Manufacturers and Exporters (PHMA) House with representation of almost all value-added textile sectors, Chairman of Council of Textile Associations Muhammad Zubair Motiwala, and Chief Coordinator of the council and Chairman of Pakistan Apparel Forum M Jawed Bilwani said despite COVID-19 pandemic big export orders from different countries were coming to Pakistan for various value-added textile products.

But, they added, short supply of cotton yarn in the local market hindered their production activities and rendered many textile manufacturers unable to meet their export orders. Motiwala and Bilwani, and other value-added textile sectors’ leaders unanimously urged that the government should immediately allow duty-free import of cotton-yarn and impose ban on cotton yarn export like it did in the cases of wheat and sugar shortage in the country.

They pointed out that in spite of COVID-19 Pakistan's textile export remained significantly high over five consecutive months including January 2021. However, they regretted, in February due to short supply of gas to the industries the textile export declined. It was golden opportunity to achieve milestone in exports by ensuring availability of cotton yarn, they said. The top exporters, on this occasion, appreciated government's decisions to support trade and industry including industrial support package of electricity tariff for general, small and medium units.

ICE cotton futures fell more than 2% on Wednesday, tracking weakness in broader financial markets and as analysts said that the US fibre was facing headwinds from cheaper Indian and African exports. Cotton contracts for May fell 2.45 cent, or 2.7% to 88.54 cents per lb, by 1:22 p.m. ET (1822 GMT). It traded within a range of 88.44 and 91.13 cents a lb.

The contract rallied to over 2-1/2-year highs last week but has slipped as much as 7.5% from that peak. "The market has room to move a bit lower because the rally (has) ran into major resistance on the demand side," said Ed Jernigan, chief executive of Jernigan Global, a cotton textile supply chain manager. Market participants look forward to a weekly export sales report from the US Department of Agriculture (USDA) due on Thursday.

The cotton market lacks a positive trigger to push it higher and that is pushing some traders out of the market, said Sid Love, commodity trading adviser at Kansas-based Sid Love Consulting. A dip in Wall Street's major stock averages and similar moves across grain markets like soybean, corn and wheat further pressured the natural fibre. But, "There is a host of bullish factors working towards cotton and a lot of it has to do with South American weather the same thing that keeps on buoying the grains, should keep us afloat too," said Louis Barbera, partner and analyst at VLM Commodities Ltd.

Nsaseem told that 200 bales of Khan Pur Mehar were sold at Rs 12200 per maund, 1000 bales of Khan were sold at Rs 12700 to Rs 2900 (Cond) and 700 bales of Faqeer Wali were sold at Rs 12300 per maund. Naseem also told that rate of cotton in Sindh was in between Rs 10,300 to Rs 11500 per maund. The rate of Phutti in Sindh is in between Rs 4500 to Rs 5100 per 40 kg. The rate of cotton in Punjab is at Rs 12500 per maund.

The rate of Phutti in Punjab is in between RS 4800 to Rs 6300 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 1800 to Rs 2250. The rate of cotton in Balochistan is Rs 12000 per maund. The rate of Phutti of Dalbadin Balochistan is available at Rs 6300 to Rs 6400 per 40 Kg.

The Spot Rate remained unchanged at Rs 12000 per maund. The rate of Polyester Fibre was increased by Rs 3 and was available at Rs 218 per Kg.

Source: brecorder.com– Mar 09, 2021

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NATIONAL NEWS

Udyam registration further simplified

Even as the new Udyam Registration Portal (https://udyamregistration.gov.in) has evoked enthusiastic response amongst stakeholders, the requirement for registering on the portal have been further simplified by the government. The objective of the portal is to provide a single-page registration, consume less time and simplify processes of registering any enterprise under MSME.

The definition and details, as given in the Notification dated 26.06.2020, had specified GSTIN as one of the mandatory conditions for registration on the Udyam Registration Portal, with effect from 01.04.2021. However, a number of representations were received from various MSME Associations stating that the measure of making GSTIN mandatory is impacting the registration process as many enterprises are exempt from the mandatory requirement of filing GST Returns as per the GST Act/notifications.

A significant proportion of MSME may have annual turnover less than the threshold limit for exemption from registration under GST Act. The matter has been examined and a notification has been issued by the Ministry of MSME on 05.03.2021 to align the mandatory requirement for filing Udyam Registration with those for filing GST Returns, in the interest of those enterprises that are exempted from filing returns.

Further, the Udyam Registration portal has been a roaring success, with massive response from the stakeholders on account of its simplicity, objectivity and transparency, besides user-friendliness. As on 5.3.2021 (6.53 PM), the Udyam registration portal has achieved a total registration of 25,20,341.

This facilitation would further help various micro enterprises including skilled craftsmen and artisans and other enterprises in informal sector/unorganised sector to get the registration done easily. The proprietor may use his or her PAN for registration of the enterprise in the Udyam Registration Portal.

Source: pib.gov.in– Mar 08, 2021

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India, Bangladesh to move forward on feasibility study for detailed FTA

India and Bangladesh on Monday decided to move forward expeditiously on a feasibility study for comprehensive free trade agreement to further strengthen economic ties between the two countries.

The issue was discussed during a meeting between the commerce secretaries of both the countries.

A commerce ministry statement said extensive discussions were held on various issues -- including streamlining certificate of origin procedures, regional connectivity initiatives, anti-dumping duty on Jute products, harmonisation of standards, removal of port restrictions, and trade infrastructure-related matters.

"Both sides decided to expeditiously move forward on the feasibility study on the Comprehensive Economic Partnership Agreement (CEPA)," it said.

CEPA is a kind of free trade agreement, under which two trading partners either eliminate or significantly reduce customs duties on the maximum number of goods traded between them. Besides, norms were also relaxed to promote services trade and promote investments.

Before initiating negotiations for such pacts, countries conduct a feasibility study to assess the potential benefits of inking such an agreement for both sides.

The Bangladesh delegation was led by Commerce Secretary Md Jafar Uddin and the Indian side was headed by Commerce Secretary Anup Wadhawan.

Source: business-standard.com– Mar 08, 2021

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Can an Australia–India FTA succeed where RCEP failed?

Having secured free trade agreements (FTAs) with almost all key trading partners, Australia is honing in on a long elusive but lucrative market — India. Tensions with China, the need to find new sources of economic growth and government policy to diversify trading partners are pushing Australia into India's arms. The embrace, however, might not be a warm one.

Despite pressure to conclude a deal, Australia should not settle for a trade agreement that falls short of meaningful commitments by India that improve trade terms for Australian exporters and provide reform momentum in India.

Bilateral trade between Australia and India grew steadily during the last decade but continues to be dominated by coal and is conducted on World Trade Organization (WTO) terms. Trade in sectors where Australia has a comparative advantage, like agriculture, remains uncommercial due to India's highly protected markets. The lack of a meaningful framework for the bilateral trade and investment relationship is increasingly glaring as the two countries advance in nearly all other areas of cooperation.

India is not part of any regional economic architecture in the Asia Pacific. It walked away from the Regional Comprehensive Economic Partnership (RCEP) at the eleventh hour. And APEC members are hesitant to let India into APEC given its track record of playing spoiler in international economic forums. India is even more unlikely to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) which requires commitments well beyond RCEP.

Australia–India FTA negotiations have been fraught with false starts and frustration. In 2011, Australia and India launched negotiations for a Comprehensive Economic Cooperation Agreement (CECA). But since 2015, both parties shifted their focus to the bigger regional deal, RCEP.

RCEP negotiations have emerged as the biggest highlight — and disappointment — in the Australia–India economic relationship. Where to from RCEP's failure is the pressing question for Australia's new Trade Minister Dan Tehan who hopes to begin talks this month.

India has little appetite for greater trade liberalisation. A Byzantine system of federal governance, polarised domestic politics and a strong protectionist mindset make India a difficult negotiating partner. This is exacerbated by widespread suspicion of international trade and institutional scepticism towards both multilateral and bilateral trade deals, particularly with developed countries. Unfortunately for Australia, India's domestic agricultural lobby is vehemently opposed to opening up its agricultural market. The Indian government's relationship with domestic farmers unions has recently boiled over, with large scale demonstrations demanding the government repeal three deregulation-style agricultural laws.

In the preferential trade arena, India is cautious about making liberalisation commitments, deeming them a cause of harmful trade deficits. India's current FTAs are few and low-ambition. With their 'zero-sum game' mindset, Indian negotiators are almost never interested in offering concessions, but are aggressive in pursuing India's offensive interests. Negotiations with the European Union, Canada, New Zealand and the United States have so far failed to reach any meaningful conclusion.

Australia continues to hold hope for a comprehensive Australia–India FTA that grants Australian agricultural exporters favourable access conditions and nudges India towards broader liberalisation. But it is highly unlikely that India will agree to RCEP-like conditions in a bilateral context, with the lower market access gains (one market instead of 15) being even more difficult to justify domestically.

Australia should nevertheless aim for a high level of market access beyond simply binding India to services liberalisation and current tariff rates. The FTA should align with WTO requirements to cover 'substantially all trade' between FTA parties in both goods and services. Australia should also be prepared to accommodate India's offensive interest regarding worker visas, perhaps to a significant extent.

One condition that Australia should hold firmly to is in pushing broader liberalisation and eventual serious reform in India, potentially by creating a pathway for India to accede to RCEP in the future. For negotiations to even commence, the initial FTA setup would need to be within India's comfort zone and have tangible results upfront for India's offensive interests, with flexibility for gradual liberalisation in areas of India's defensive interests. The agreement should have an economic cooperation agenda mirroring that of RCEP, which can slowly nudge India towards wider regional integration.

It is in Australia's interest to avoid a scenario where, once the 'low-hanging fruit' is picked, India will lose the incentive to proceed with more onerous commitments. Any FTA should be a living agreement with clear provisions on future expansion, and monitoring and dispute settlement mechanisms.

Australia does have another choice: to accept a limited, low ambition, 'early harvest' deal that resembles a semi-development agreement, such as the Pacific Agreement on Closer Economic Relations (PACER) Plus. With a huge trading partner, such as India, this will be a new approach for Australia and will require some convincing among negotiators and policymakers alike. The gains from such a strategy are unclear and beg the 'is it worth it' question.

Securing preferential access to the growing Indian market would grant Australia the first-mover advantage, and open up new possibilities for diversifying supply chains. But Australia must remain realistic; a significant recalibration of India's trade posture is dependent on its domestic politics and unlikely in the short term. If the bilateral FTA is done right, Australia may finally succeed in bringing India into regional economic architecture.

Source: eastasiaforum.org– Mar 08, 2021

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Cotton stock at MCX warehouse hit a new high on export demand

Cotton stock in MCX accredited warehouse has touched a new high of 2,16,600 bales as on March 5 against previous high of 2,14,700 bales logged on March 30, 2019. The rising stock at warehouse was on the back of increasing hedging activities as the export demand, especially from China, has hit a new high. China has a low inventory.

Cotton prices have gained over 10 per cent so far this year following the firm trend in the global cotton trade. Cotton production globally is projected to touch a four-year low and imports by China are estimated higher. The Centre's decision to impose a ten per cent duty on imported cotton is seen as supporting domestic price.

Ajay Kumar, Director, Kedia Commodities, said the demand for cotton from yarn exporters has been strong as the cotton prices are low in India compared to global markets has made Indian exporters competitive in overseas market.

Chinese export

The most active March contract on MCX gained by ₹80 to ₹22,230 a bale while the April and May contracts traded firm at ₹22,560 and ₹22,860. "We have bagged a major order for yarn export to China and used the MCX platform to lock in cotton prices as the domestic prices have been rallying steadily in last few months and have the potential to wipe out margins," said Sanjay Agarwal, CEO of Sai Enterprises.

Arrival of the new crop in the market was about 250 lakh bales as of January-end from the season's start in October. The Cotton Corporation of India and other government procuring agencies have about 170 lakh bales of cotton as of January-end. The Cotton Association of India has estimated cotton supply at 380 lakh bales including the carry forward stock of 120 lakh bales and imports of six lakh bales. Overall demand is pegged to increase to 330 lakh bales against 25 million bales logged previous year due to pandemic impact.

Source: thehindubusinessline.com – Mar 08, 2021

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Online and offline retail could fetch $8 billion in incremental GST by 2030: Report

National Retail Trade Policy will create a conducive environment for retail: Niti Aayog

With rising convergence of traditional and online channels establishing a digitally-enabled ecosystem and accelerated adoption of digital platforms by consumers, the online + offline retail (O+O) is expected to accelerate the growth of retail.

According to a report released by Nasscom and Technopak, online + offline enabled sales are pegged to touch the $640 billion-mark by 2030 making digitally enabled retail's contribution to the overall Indian retail market at 43.4 per cent. This will also mean that the O+O retail model may contribute nearly $8 billion in incremental GST collection, accounting for 37 per cent of the total Indian retail industry's tax contribution by 2030.

O+O market is defined as the sum of digitally-enabled retail stores including both traditional kirana and modern trade stores besides online retail convergence.

High potential

From an estimated $2.1 billion in 2020, O+O enabled exports have the potential to reach nearly $125 billion by 2030. In addition, the retail sector which is expected add 25 million new jobs over the next ten years, the reports estimates that nearly 50 per cent of these jobs will be supported by the online+offline model.

Speaking at the unveiling of the report, Amitabh Kant, CEO, Niti Aayog, said, "The retail sector contributed about 10 per cent to India's GDP in FY 2019-20 and 8 per cent to the total workforce. Covid-19 pandemic has accelerated the adoption of online and offline play that will define the next phase of retail growth in the country.

Going forward, technology will be the key driver of retail evolution in the future. The government is in process of formulating the National Retail Trade Policy which will not only create a conducive environment for retail trade but will also simplify policies hindering the growth of the sector in the country."

Recommendations

Nasscom has recommended that to enable wider adoption of digital payments by MSMEs the policy makers should address key barriers and disincentive for adoption of digital payments. This includes measures such as providing MSME-specific tax relief and bringing parity between online and offline business on tax costs and compliances.

“Simplify the entire Principal Place of Business (PPoB) requirement especially for online sellers by making it digital so that they do not require physical presence to expand their reach outside their home state and by replacing physical principal place of business with a place of communication in the State,” it added. It has also suggested ‘single-window clearance’ approach should be followed for all requisite licenses and registrations associated with e-commerce in India among other measures for export promotion.

Debjani Ghosh, President, NASSCOM, said, “The Indian Retail industry performance in the last decade has been remarkable, with the market size rising by three folds. Retail 4.0 is rapidly evolving to Online+Offline (O+O) retail models that will bring incremental economic contribution, job growth, and exports. To achieve this, a greater need for collaboration among retail stakeholders, policymakers, and supporting sectors for tech-awareness will be the key, which will accelerate the sector’s growth in the years to come.”

Source: thehindubusinessline.com– Mar 08, 2021

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e-invoicing mandatory for businesses with turnover of ₹50 cr or more

Rule to come into effect from April 1

The Finance Ministry on Monday further lowered the threshold for mandatory e-invoicing to ₹50 crore, from ₹100 crore. The new rule will come into effect from April 1, according to a Central Board of Indirect Taxes and Customs (CBIC) notification.

e-invoicing essentially involves reporting details of specified GST documents to a government-notified portal and obtaining a reference number. GSTN (the IT systems provider for GST) claims that there is not much difference between the present system and new one. Registered persons continue to create GST invoices on their own accounting/billing/ERP systems.

These invoices are now reported to the Invoice Registration Portal (IRP). On reporting, the IRP returns the e-invoice with a unique Invoice Reference Number (IRN) after digitally signing the e-invoice and adding a QR Code. Then, the invoice can be issued to the receiver, along with QR Code. A GST invoice will be valid only with a valid IRN.

The Government claims that huge advancements in technology, increased penetration of the Internet, along with availability of computer systems at reasonable cost has made ‘e-invoice’, a popular choice worldwide. It hopes that this system will help in enhancing ease of doing business.

The GST Council, at its 37th meeting on September 20, 2019, recommended introduction of electronic invoice (‘e-invoice’) in GST in a phased manner. It started with businesses having annual turnover of ₹500 crore from October 1. Then the limit was brought down to ₹100 from January 1. Ultimately, the Government intends to cover each of the GST assessees.

Source: thehindubusinessline.com– Mar 08, 2021

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Truckers bodies seek to penalise those not raising freight rates

Any bid to fix freight collectively is against free play of market forces, say observers

As fuel costs soar, more and more truckers bodies across States are not only asking their members to start charging higher rates, but are also seeking to impose penalty on those who are not increasing the freight rates and asking other members to not cooperate with them.

The Youth Federation of Raipur, Chhattisgarh, whose members are also part of larger truck unions, is the latest to come out with such a directive.

In a note seen by BusinessLine, the federation has said that those transporters and truck-owners who load their vehicles for lower than the specified rates will have to pay ₹10,000 each. India's truck market is highly fragmented and comprise a large number of small truck owners, who have less than five trucks.

SP Singh, Senior Fellow, Indian Foundation of Transport Research and Training (IFTRT), a transport research body, said that such "collective freight fixation" by transport unions/associations (citing diesel price hike) has spread across the country.

'A symbolic gesture'

Free and fair play of market forces has virtually taken a backseat, said the IFTRT, adding that transport unions/ associations from Jammu to Chennai were resorting to such action (of fixing higher freight rates).

Explaining the rationale behind the move, Sukhwinder Singh, Member, Youth Federation of Raipur, told BusinessLine: "We represent the small truck-owners (those owning up to five trucks). Small truck-owners are reeling under high costs, but do not get higher rates that end-customers pay to the larger transporters (who in turn hire trucks from small truck owners). So, we have sought an increase in rates to that extent (about ₹100-200 per tonne)."

When asked about the so-called penalty on those truckers who do not increase rates, Singh said that implementing this is tough. "The penalty is more of a gesture (just like traffic penalties). We don't demand or accept penalties. But we do tell others in the fraternity about those truckers who are carrying loads at lower rates and break our unity in the process. Some of those truckers who are plying at lower rates plead that they are continuing to operate at lower rates to keep afloat as they have to pay EMIs (failure to do so will result in their vehicles getting repossessed)," Sukhwinder Singh explained.

Earlier, the Kandla Mundra Container Transport Welfare Association (KMCTWA) had asked its members to increase the freight rates and said that those who do not cooperate will be boycotted.

"We request every stakeholder (industry owners, importers, exporters, freight forwarders, custom house agents, coastal and multi-modal operators, booking agents) to cooperate with its members for implementation... any non-cooperating stakeholder or members will be boycotted and blacklisted by the association," KMCTWA said in the letter.

Source: timesofindia.com– Mar 07, 2021

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Trade, industry welcome Karasamadhana Scheme, venture capital for start-ups

Long-pending demand for introduction of the Karasamadhana Scheme and provision of venture capital of ₹100 crore to start-ups featured in the Karnataka Budget 2021-22.

Hailing the move, trade and industry said the Karasamadhana Scheme will bring an end to pre-GST tax disputes and also generate revenue to the government.

Perikal M Sundar, President, FKCCI, said the Chief Minister has presented a balanced budget. He has not levied additional taxes on the common man. The government has encouraged the industrial sector by providing budgetary support to the establishment of textile park, plastic park, bulk drug park and food park.

“The budgetary provision is also made for two Mega Industrial Townships and Peenya Industrial Township. Industrial clusters have been proposed at Bidar & Nippani which would definitely lead to employment generation,” he added.

The government has rightly made provision of venture capital of ₹100 crore to start-ups in Bangalore, which is the national hub for start-ups.

CII Karnataka

CII Karnataka Chairman Ramesh Ramadurai said the Budget has given priority to create a congenial atmosphere for the economic development of the State. “State Government has started economic activities which had stopped during Covid-19 lockdown, as per the guidelines issued by the Central Government.

Inspite of the Covid-19 pandemic all efforts are being made to attract capital investment in districts. In addition to this, priority has been given to create a convenient atmosphere by providing necessary infrastructure facilities. Emphasis has been given to new airports, development of highways, self reliance in electricity, railway projects and for the development of other sectors.”

Kassia

By providing special schemes for women aimed at all round development of Women entrepreneurs, Kassia welcomed the gesture along with a loan upto Rs 2 crore at 4 percent for women entrepreneurs. The purchase of land directly by Industries from the farmers definitely helps the all round development of industries in rural areas.

Laghu Udyog Bharati

Laghu Udyog Bharati-Karnataka (LUB-K) termed the Budget as a “Please all Budget” as the BJP Government announced a slew of measures that fosters growth of farming community, rural masses and industrial development in the State. Srikanta Dutta, President LUB-K, said A long-standing demand of LUB-K with regard to announcing a slab system in property tax has been addressed in this Budget. “Our demand to announce a slab system in property in industries in urban areas has been addressed in this budget. This will encourage new Capex spend in the State.

Source: thehindubusinessline.com– Mar 08, 2021

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