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INTERNATIONAL NEWS

UK economy to hit pre-pandemic level in late 2021: Bank of England

The United Kingdom's economic activity will return to its pre-COVID level at the end of this year following the country's vaccine rollout, according to Bank of England (BoE) governor Andrew Bailey, who recently told BBC the impact of the pandemic on the economy is 'huge'. "I'm now more positive (on the outlook) but with a large dose of caution," he said.

The earlier-than-expected recovery—the BoE's expectation had been for early 2022—comes ahead of the central bank's latest interest rate decision.

He praised the government's rapid vaccination drive that has injected around 24 million Britons with their first jab.

The pandemic sparked a 10 per cent slump of UK economic output last year—the worst annual performance in more than three centuries.

Bailey added that the economy had displayed more resilience during the government's current third lockdown compared with the initial virus shutdown in the first half of 2020.

Source: fibre2fashion.com– Mar 17, 2021

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China: Hubei sees robust foreign trade in Jan.-Feb.

Central China's Hubei Province saw robust growth in its foreign trade in the first two months of 2021 as the province consolidated its recovery from the setbacks caused by the COVID-19 outbreak last year, according to local customs.

The total import and export values reached 78.38 billion yuan (about 12.04 billion U.S. dollars) in the January-February period, up 82.5 percent year on year, data from Wuhan Customs showed.

Exports soared to 46.78 billion yuan, marking 103.2 percent increase from the same period last year, while imports added up to 31.6 billion yuan, up 58.7 percent.

Among the total, the exports of mechanical and electronic products, textiles and clothing saw a strong recovery.

The European Union, a major trading partner of Hubei, saw its bilateral trade with the province double to 12.81 billion yuan in the first two months, while the province's trade with the United States surged to 10.43 billion yuan.

The provincial capital of Wuhan, once hardest-hit by COVID-19, saw its foreign trade reach 52.21 billion yuan, accounting for two-thirds of the provincial total.

Source: china.org.cn– Mar 16, 2021

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Colombian Apparel Players Battle Asian Imports

Colombia's apparel industry is demanding the government increase duties against a flood of sub-valued Asian imports that threaten additional job losses following the 120,000 operators let go in 2020.

"The government needs to decide if it wants to protect employment here or hand it to Asian countries," Camilo Rodriguez, president of Colombia's Apparel And Related Products Chamber (CCCyA), told Sourcing Journal.

Bowing to industry pressure, Bogota unveiled an industry-splitting decree a fortnight ago, hoping to stem Asian imports from denting local sales amid heavy losses brought on by the pandemic. Retail sales, for instance, plunged 22 percent last year.

The bill, now available for public review, slapped a 40 percent duty on clothing priced under $10 and a 15 percent plus $1.50 per kilogram tax for all apparel fetching over $10 when arriving at the country's ports.

The CCCyA immediately countered the measure, noting the 40 percent duty should be expanded to cover clothing priced under $15 not $10. For apparel arriving at over $10 apiece, the tax should be 10 percent plus $3 per kilogram, according to Rodriguez.

"The government has not heard our pleas for more effective duties as well as our request for a dedicated politician to look at the industry as the current minister [Industry, Commerce and Tourism Minister José Manuel Restrepo] does not respond to the interests of our 1.6 million workers," Rodriguez said.

Colombia's garment industry, a leading exporter of lingerie and beachwear products, is choking under sub-valued Asian merchandise, mainly T-shirts, pants and blouses which typically come in valued well below their production cost, Rodriguez claimed.

Last year, the country imported $2 billion of apparel products, compared with $574 million in exports. In 2019, that deficit stood at $2.4 billion for imports versus $734 million for exports. Clothing production, meanwhile, declined 21 percent to $4.13 billion as retail sales fell 21.7 percent.

"Everyone's being affected," Rodriguez continued. "It's very difficult to fight sub-valuation when you have countries like Vietnam and Bangladesh paying $50 in minimum wages when we pay $420."

Guillermo Criado, commercial manager of fabric and lingerie maker PatPrimo and a founding CCCyA member, said only 2 percent of Colombian imports fall under Bogota's 40 percent duty, making it virtually worthless and requiring a more aggressive alternative. "We are losing more and more jobs every day and it's less attractive for businesses to make new investments," Criado said.

The Asian avalanche has meant large clothing manufacturers and specialist retailers, including Grupo Crystal and Studio F, have been forced to become net importers of Asian goods, reducing their local manufacturing presence as production costs soared during the pandemic.

"As long as the government doesn't do anything to increase these duties, I see things worsening," Rodriguez added, though he conceded a vaccination campaign to fight Covid-19 should help shore up retail sales in the coming months. Still, the sector could witness additional headcount losses if Bogota does not toughen its anti-dumping measures, he warned.

Some executives said the CCCyA's demands seemed excessive and won't help fix the problem.

"I don't think that is the solution," countered Camilo Rueda of industry consultancy Raddar. "This is going to increase contraband [which already accounts for 20 percent of local fashion consumption] by affecting the legal importers. There are retail channels that sell these products legally by paying the duty. But if they have to pay higher duties, they will have to increase prices for consumers," encouraging illegal importers to bring additional underpriced merchandise.

"What we need to do is build a more competitive local industry and bolster economies of scale," Rueda continued. "But that is challenging because manufacturing costs in China, India, Bangladesh, Pakistan and Africa are much cheaper."

Whatever happens, Rueda acknowledged 2021 will be another rocky year for clothing purveyors. "We don't expect much of a recovery after a major plunge last year," he said. "Costs have increased a lot. We still have a lot of inventory while fixed costs including retail space rentals, etc., have remained the same."

Jose Vicente Calad, commercial vice president at Grupo Crystal, which has a full-package exporting enterprise and runs its own private labels, agreed with Rueda, noting that large importers, including itself, will be punished by a measure that won't necessarily end illegal dumping. "They are not punishing the illegal importers by adding $1.5 per kilo to the legal ones," Calad said, adding that Crystal is not backing the CCCyA.

"We are not going to support a tax that will distort the market and generate retaliatory measures in the external markets and hurt exporters," Calad said. "Colombia's duties are not low."

Calad said Crystal has many local manufacturing plants, meaning it has a lower import reliance than other Colombian firms or foreign labels such as Zara or Mango, which would suffer from the higher duties.

In his mind, the government heard all the parties' concerns and came up with the best solution for all involved, Rueda said.

The CCCyA "is not the only institution that should have been considered in the industry's conversations," Rueda added. "The government listened to all the parties. Meeting everyone's needs is utopian."

Source: sourcingjournal.com– Mar 16, 2021

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USA: Home furnishings sales keep pace with February sales growth

Despite a month-over-month hiccup, retail sales continued to climb on a year-over-year basis last month.

The National Retail Federation (NRF) credited increased COVID-19 vaccinations, government stimulus and reduced restrictions on businesses for the pace of spending.

NRF's calculation of retail sales – which excludes automobile dealers, gasoline stations and restaurants to focus on core retail – showed February was down 3.4% seasonally adjusted from January but up 7.1% unadjusted year-over-year. That compared with an increase of 7.7% month-over-month and an increase of 12.7% year-over-year in January. NRF's numbers were up 8.9% unadjusted year-over-year on a three-month moving average.

Sales at furniture and home furnishings stores followed a similar trajectory in February: down 3.8% month-over-month seasonally adjusted but up 5.1% unadjusted year-over-year. January sales were up 12% month-over-month seasonally adjusted and up 9.3% unadjusted year-over-year.

"After January's strong showing, we expected some payback in the form of lower figures in February by comparison," NRF chief economist Jack Kleinhenz said. "Despite that, it's hard to see this as a setback when you consider how large the year-over-year gains are and that sales are well above pre-pandemic levels."

He also noted that winter storms in February impacted consumers' ability to get out and shop, and the IRS' delay in when it started accepting tax returns pushed back the release of refunds.

"Overall, February's results confirm that consumers are willing to spend as the virus situation improves and continued government stimulus further strengthens the economic backdrop. With another round of stimulus checks being mailed right now, we expect another large boost in consumer spending over the next few months," Kleinhenz added.

The U.S. Census Bureau said overall retail sales in February – which include automobile dealers, gasoline stations and restaurants – were down 3% seasonally adjusted from January but up 6.3% year-over-year. That compares with a monthly increase of 7.6% and a yearly gain of 9.5% in January. Despite occasional month-over-month declines, sales have grown year-over-year every month since June, according to Census data.

In addition the sales at furniture and home furnishings stores noted above, specifics from key retail sectors include:

- Online and other non-store sales were down 5.4% month-over-month seasonally adjusted but up 23.5% unadjusted year-over-year.
- Building materials and garden supply stores were down 3% month-over-month seasonally adjusted but up 11.4% unadjusted year-over-year.
- Sporting goods stores were down 7.5% month-over-month seasonally adjusted but up 11% unadjusted year-over-year.
- Grocery and beverage stores were unchanged month-over-month seasonally adjusted but up 7.2% unadjusted year-over-year.
- Health and personal care stores were down 1.3% month-over-month seasonally adjusted but up 2.4% unadjusted year-over-year.
- General merchandise stores were down 5.4% month-over-month seasonally adjusted but unchanged unadjusted year-over-year.
- Electronics and appliance stores were down 1.9% month-over-month seasonally adjusted and down 6.7% unadjusted year-over-year.
- Clothing and clothing accessory stores were down 2.8% month-over-month seasonally adjusted and down 14.9% unadjusted year-over-year.

NRF president and CEO Matthew Shay said additional the latest round of stimulus checks should spur additional spending.

“Looking forward to the spring and with consumer confidence at its highest level since last March, we remain optimistic that retail will help facilitate a surge in spending, job growth and capital investment in the second half of the year as more Americans are vaccinated and local economies reopen nationwide,” he added.

Source: hometextilestoday.com– Mar 16, 2021

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UK GDP hit less than feared by Jan lockdown, Brexit hits trade with EU

When the United Kingdom went back into a coronavirus lockdown in January, its economy shrank by less than feared in that month, but trade with the European Union (EU) was badly hit as new post-Brexit regulations were introduced. Gross domestic product was 2.9 per cent lower than in December, according to data released by the Office for National Statistics (ONS).

The country suffered its worst economic slump in three centuries last year when it shrank by 10 per cent. But the country is racing ahead with vaccinations and, economists expect the economy would shrink by 2 per cent in the first quarter of this year, half the hit forecast by the Bank of England (BoE) in February, a global newswire reported.

The ONS figures also showed exports and imports from Britain to the EU plunged by the most on record, although there was a delay in gathering some of the data and there were signs of a pick-up towards the end of January.

Source: fibre2fashion.com– Mar 17, 2021

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Sateri to Expand Lyocell Production in China to 500K Tons

Sateri, a major producer of viscose fiber, said it plans to expand its lyocell production in China that would lead to annual capacity of up to 500,000 tons by 2025.

The first phase of this expansion kicked off recently with groundbreaking on a new 100,000-ton facility in Changzhou, Jiangsu province. Another 100,000-ton plant will be built in Nantong, Jiangsu province, later this year. The Changzhou lyocell facility is expected to commence production in the third quarter of 2022 and will create more than 800 jobs, the company noted.

Sateri's first foray into China's lyocell market came last May when its 20,000-ton lyocell production line in Rizhao, Shandong province, commenced production. The same site houses a 5,000-ton lyocell pilot production line dedicated to the development of lyocell technology.

"Sateri's continued investment in lyocell not only responds to the changing needs of the market and the textile industry, but also supports China's green development plans," Allen Zhang, president of Sateri, said. "It is also very much a part of Sateri's 2030 Vision commitment to sustainable development, where we actively seek to adopt a circular economy model through clean and closed-loop production technology and innovation."

A natural and biodegradable fiber, Sateri's lyocell is made from wood pulp sourced from certified and sustainable plantations. It is manufactured using closed-loop technology, requiring minimal chemical input during the production process and utilizing an organic solvent that can be almost fully recovered and recycled. "Customer-centricity is Sateri's promise," Tom Liu, Sateri's vice president and general manager of lyocell and nonwovens business, said. "The new expansion plans will enable us to extend our domestic and international market reach and provide our customers with high quality and comprehensive fiber products. At the same time, we will invest in technology improvement, application development and brand collaboration to bolster the industry."

Sateri's five mills in China collectively produce about 1.5 million tons of viscose fiber yearly. The company also manufactures yarn and spun-lace nonwoven fabric. Headquartered in Shanghai, Sateri has a sales, marketing and customer service network covering Asia, Europe and the Americas.

Source: sourcingjournal.com – Mar 16, 2021

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Intertextile Apparel to welcome nearly 2,600 exhibitors from March 17

The global apparel textile flagship, Intertextile Apparel, has announced that it will open the spring edition this week, scheduled from March 17-19. Nearly 2,600 exhibitors from 17 countries and regions will join the fair at the National Exhibition and Convention Center (Shanghai), covering the full spectrum of the textile supply chain.

With online and hybrid solutions running in tandem with the physical fair and a broad selection of products and services to discover, there is something to be found for every buyer.

Tens of thousands of buyers are expected to join the three-day fair, covering an exhibition space of nearly 160,000 sq metre. Maintaining its strong position in the industry, the fair will remain a vital platform for business exchange, development and innovation as the main trading platform for the global industry's spring/summer season. The Intertextile mobile app and Connect Plus, Intertextile's online business matching platform, will be accessible to all registered buyers, providing particular benefits such as instant messaging and video call functions for those restricted by travel limitations.

In keeping with its international reputation, four popular country and region pavilions and zones from Japan, Korea, Hong Kong and Taiwan will return, along with the Korea Textile Centre Group Pavilion, to feature their top products. The hybrid showcase area will return accommodating exhibitors unable to travel to the fair. These exhibitors will have the chance to display their products onsite, for buyers to touch and feel and can utilise the online services available to facilitate digital business meetings.

Innovative and quality international exhibitors will form dedicated comprehensive product zones: accessories vision, all about sustainability, beyond denim, functional lab, premium wool zone, SalonEurope and verve for design. And Chinese exhibitors will be grouped by product end-use throughout the halls.

Alongside the array of products on offer, fairgoers can join the concurrent fringe programme to keep up-to-date with emerging trends and the latest market developments. Key leaders in the field will be offering their expertise and knowledgeable insights to the audience. Some highlighted events to look out for include: the fabric to fashion buyer forum will explore localised approaches and successful cases that boost the 'dual circulation of textiles' – domestic sales and foreign trade; the future materials summit will provide insight into the future direction in sustainable materials; more forum sessions will discuss how textile manufacturers can move from a linear production system to a more sustainable circular model; the German Chinese innovators space is a project that aims to support new business partnerships between Berlin and China in the green tech, UX and design industries, a market insight keynote and a networking session will feature as part of the fair's fringe programme; the innovation forum for textile industrial design will look into the cultural innovation and development trends of industrial design in the textile and apparel industry in China and around the world; and a keynote on the impact of RCEP on China's textile and apparel industry will discuss the challenges, opportunities and cooperation prospects brought about by the recently signed Regional Comprehensive Economic Partnership Agreement.

Intertextile Shanghai Apparel Fabrics – spring edition 2021 will be held concurrently with the Spring Edition of Intertextile Shanghai Home Textiles, yarn expo spring, CHIC and PH Value from March 17-19, at the National Exhibition and Convention Centre. The fair is co-organised by Messe Frankfurt (HK) Ltd; the sub-council of textile industry, CCPIT; and the China Textile Information Centre.

Source: fibre2fashion.com – Mar 16, 2021

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UK high streets lost 17,532 chain store outlets in 2020

Lockdowns last year resulted in chains vanishing from the UK high street at an average rate of 48 stores per day. Data by accountancy firm PwC with the Local Data Company (LDC) found that almost 10,000 chain stores disappeared from the UK retail locations in 2020. In total, 7,655 shops opened, compared to 17,532 closures, a net decline of 9,877 last year.

The findings starkly compare to five years ago in 2015, which saw a net decline of just over 1,000, 50 per cent more openings and 25 per cent fewer closures than 2020.

Worryingly the real impact of the pandemic is yet to be felt, PwC said, as some stores 'temporarily closed' during lockdowns, but considered as open in the research, are unlikely to return.

The effect of store closures on consumer behaviours is also driving changes. Retail parks have seen the smallest number of net closures of any location (453), compared to high streets (4,690) and shopping centres (1,791).

Footfall was already holding up better in retail parks before the pandemic due to their investment in leisure and some retail parks have benefitted by being anchored by essential retailers that have remained open, even during the tightest restrictions.

But it is also because they are considered safer in the current environment: free parking means it's possible to drive to the location (and avoid public transport), outdoor areas mean reduced indoor mixing and larger units allow for better social distancing measures.

Shopping centres by contrast, are often poorly located for consumers who want to shop local and travel less to city centres, and are more likely to host fashion retailers and chain restaurants, which are the number one and thee most hard hit categories for net closure in 2020.

Meanwhile, the drop off in high-street footfall has affected those multiple retailers located on high streets, particularly those in large city centres. However, this decline in multiples has been somewhat offset by growth in interest of local and independent operators.

Small towns, which have long been in decline at the expense of more populous areas and cities, are now also enjoying a mini-renaissance. Consumers now want to shop in these locations, and larger retailers want to be there.

There is greater regional disparity this year. Looking at absolute figures, London, South East and the North West have seen the most closures, unsurprising given those regions have more chain stores.

London has been hit harder than other regions. Conversely, Wales, Scotland, East of England and South West, where retail destinations are less highly concentrated, have been more protected from closures.

"The full extent [of the effect of COVID-19] will be revealed in the coming months as many of the CVAs and administrations in the early part of 2021 still haven't been captured, including department stores, fashion retailers and hospitality operators that will leave big holes in city centre locations," Lisa Hooker, consumer markets lead at PwC, said.

Source: fibre2fashion.com – Mar 16, 2021

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Europe to lag a year behind US in economic recovery

The European Central Bank would step up its bond-purchase stimulus to support an economy whose recovery is expected to lag a year behind the United States, held back by slow vaccine rollouts and less relief spending by governments, the bank recently said. Over the next quarter, the purchases would be conducted "at a significantly higher pace than during the first months of the year," it said.

The central bank for the 19 countries that use the euro said the move is aimed at preventing a premature rise in borrowing costs while businesses are still struggling with coronavirus restrictions like curfews and shutdowns.

Yields on long-term government bonds have risen by about 0.3% since the start of the year in the eurozone. That is not much, and rates remain low. But it is too early for the eurozone to withstand higher rates, usually associated with recovering growth and inflation.

ECB President Christine Lagarde told a news conference that the rise in market borrowing rates, "if left unchecked, could translate into a premature tightening of financial conditions for all sectors of the economy. This is undesirable."

The bond purchases have the effect of pushing down bond yields, which are used as benchmarks for borrowing across the region. So the ECB's move would in theory help keep credit cheap for companies.

Source: fibre2fashion.com – Mar 16, 2021

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Egypt plans world's largest spinning and weaving factory at LE900 mln

Egypt is preparing to announce the establishment of the largest spinning and weaving factory in the world in Mahalla al-Kubra, at a cost of about LE900 million.

It is scheduled to be completed by the end of this year, after construction work was delayed as a result of the coronavirus pandemic.

According to the Holding Company for Cotton, Spinning, Weaving, and Clothes, this factory will be the largest in the world and will contribute to a major shift for this industry in Egypt. The factory marks the first step forward towards the development and modernization of the textile industry, through the government's plan to develop it at a cost of more than LE21 billion over two years.

The plan includes great focus on increasing exports and improving the quality of production by importing the latest machinery from Italy and Switzerland.

Planned on an area of about 62,500 square meters, the factory accommodates over 182,000 yarn materials with an average production capacity of 30 tons of yarn a day, meaning the consumption of about 300,000 quintals of long cotton annually.

According to sources in the public business sector, workers are being trained on the latest technologies that will be installed in the factory, as well as in factories that will be developed soon in Cairo, Kafr al-Dawar and the Delta region.

These factories are anticipated to convert the losses of public textile companies – approximately LE three billion – annually into profits, the sources said.

Source: egyptindependent.com– Mar 16, 2021

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Bangladesh RMG exports decline by 3.73%

As per data from Export Promotion Bureau, Bangladesh readymade garment exports declined by 3.73 per cent in the first eight months of fiscal 2020-21 compared on year-on-year basis.

Category-wise, knitwear exports increased by 4.06 per cent to $11.345 billion in July-February 2020-21, as against exports of $1.898 billion during the same period of the previous fiscal, reports SRTEPC.

However, exports of woven apparel decreased by 11.49 per cent to $9.691 billion during the period under review, compared to exports of $10.948 billion during the comparable period of 2019-20.

Woven and knitted apparel and clothing accessories' exports together accounted for 81.32 per cent of $25.862 billion worth of total exports made by Bangladesh during the first eight months of the current fiscal.

Meanwhile, home textile exports increased by 38.92 per cent to $730.82 million during the eight-month period under review, compared to exports of $526.08 million during the corresponding period of the previous fiscal.

In the fiscal ending June 30, 2020, readymade garment exports from Bangladesh declined 18.12 per cent to $27.949 billion compared to exports of $34.133 billion in the previous fiscal, mainly on account of COVID-19 pandemic and lockdowns. For the current fiscal, the country has set an export target of $33.785 billion.

Source: fashionatingworld.com– Mar 16, 2021

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Pakistan: Textile exports fall by 3pc in February

Textile and clothing exports shrank in February from a year ago on the back of a decline in value-added exports, data released by the Pakistan Bureau of Statistics (PBS) on Tuesday showed.

The export value of these sectors fell to $1.23 billion in February from $1.27bn over the corresponding month of last year, showing a decline of 3.12pc.

TEXTILE EXPORTS

(USD mn)

	Feb 21	Feb 20	YoY	Jan 21	MoM	8MFY21	8MFY20	YoY
Textile group	**1,234**	**1,274**	**-3%**	**1,323**	**-7%**	**10,000**	**9,373**	**7%**
Knitwear	292	258	13%	325	-10%	2,467	2,090	18%
Ready-made garments	238	280	-15%	283	-16%	2,012	1,961	3%
Others	704	735	-4%	715	-2%	5,521	5,321	4%

Source: AHL research

Fall in exports of value-added sectors contributed to a decline in overall exports from the sectors.

The July-February figures showed that growth in textile and clothing exports came from the value-added sector. The value of exports reached $9.99bn in the July-Feb period this year as against $9.37bn over the corresponding months of last year, showing a growth of 6.69pc.

The government was already informed about the drop in exports of value-added sectors and was requested several times to allow duty-free import of cotton yarn to bridge the shortfall in local production, Pakistan Apparel Forum (PAF) Chairman Jawed Bilwani told Dawn.

Mr Bilwani said that the government was also requested to allow import of cotton yarn from India via land route. He said the value-added sector was not in a position to retain orders because of the non-availability of cotton yarn. The PAF chairman added that a further drop is expected in the coming months in case the government did not allow duty-free import of cotton yarn.

Product-wise details reveal exports of readymade garments fell by 14.96pc in value, followed by bedwear 1.20pc and towels 3.59pc during the month under review. However, the export of knitwear increased by 13.04pc in value.

Talking to Dawn, Commerce Adviser Razak Dawood said that he will give his feedback on the fall in value-added sectors in the next 24 hours. “I need some time to comment on it,” he said.

On cotton yarn import, the adviser said that the issue has already been discussed threadbare. How-ever, he said various options are under consideration. “We have not decided anything so far,” he said, adding a decision on the issue is expected in the next few days.

Mr Dawood said that the textile policy will be finalised when there is a decision on subsidy on gas and electricity for the sector. “We will finalise the policy soon,” he further said.

He went on to recall the measures like abolishing of duty and taxes on industrial raw materials as well as paying off past pending refunds to exporters. The devaluation of the rupee and lower interest rate accelerated industrial growth, especially in the export-oriented industries.

The government has decided to announce a five-year textile policy with Rs1 trillion plus support for the sectors.

According to the PBS data, the export of cotton yarn posted growth of 23.16pc in February from a year ago. The export of yarn other than cotton yarn also recorded a growth of 27pc during the month under review.

The export of cotton cloth dipped by 21.67pc in February this year from a year ago, followed by cotton carded 100pc, tents, canvas 31.09pc and raw cotton by 100pc.

In the non-value-added sectors, the export of art and silk dipped 8.09pc, made-up articles excluding towels, bedwear 2.75pc and other textile products 0.36pc during the month under review.

The overall exports in January fell by 3.20pc to $2.068bn in February 2021 against $2.136bn over the corresponding month last year.

Between July and Feb-ruary, the overall exports reached $16.323bn as against $15.632bn over the corresponding months of last year, indicating a growth of 4.42pc.

In the eight months of this fiscal year, the import of textile machinery posts a paltry growth of 1.73pc. This indicates that the industry has started importing textile machinery as part of modernisation or expansion in the sector.

To bridge the shortfall in the domestic sector, the industry imported 531,297 tonnes of raw cotton between July to February against 236,571 tonnes last year, showing an increase of 123.35pc. Similarly, the import of synthetic fibre posts growth of 25.7pc as industry imports 305,625 tonnes this year as against 197,119 tonnes.

The import of synthetic and artificial silk yarn stood at 281,252 metric tons this year as against 190,090 metric tons last year, showing an increase of 11.58pc. The import of worn clothing recorded a growth of 41.24pc to 417,062 tonnes this year as against 287,133 tonnes last year.

Source: dawn.com– Mar 17, 2021

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Pakistan: Freight rates jump up to 700%

Rise comes on back of growth in imports due to reopening of global economies

The transportation cost of containerised cargo across the world, including Pakistan, has increased by up to 700% due to an abnormal growth in imports following the reopening of global economies from partial lockdown amid the Covid-19 pandemic.

The surge in international freight charges for sea, rail and air routes has offset the positive impact of incentives provided by the government for some imports during the pandemic and may lead to imported inflation in the country.

To control the situation, the government may ask international shipping companies to rationalise freight charges during these testing times. Some experts believe freight charges may go back to pre-Covid levels in four to six months. “International freight charges have surged by up to 500-700% over the past couple of months,” said Pakistan International Freight Forwarders Association former chairman Malik Moin while talking to The Express Tribune.

Freight charges for cargo in a 20-feet container arriving from China to Pakistan increased to $2,000-3,000 compared to around $700 in June 2020 and before, he said.

The abnormal growth in demand for the containerised cargo sent international freight charges soaring.

“Freight charges have surged crazily. I had not seen such a big jump in rates over the past 25-30 years throughout the world,” said Moin, who is also the CEO of Agility Pakistan.

Pakistan mostly imported cargo through the Far Eastern countries like Thailand, China, Hong Kong and Singapore, he mentioned.

Pakistan Ships Agents Association Chairman Mohammed Rajpar said the pandemic had badly disrupted the cargo supply chain around the world, which came to almost complete standstill. When countries reopened following lockdowns, they were almost empty as they had consumed all the goods imported during the pre-pandemic days. Besides, the containers remained stuck in many countries due to lockdowns.

“The situation widened the gap between demand and supply (of imported cargo). The gap was filled by price equaliser,” he said.

The basic rule of economics suggests once you have shortage of something, the price goes up, so that demand matches supply. “It will take another four to six months before the situation normalises,” he said.

“International freight charges have increased by 100-200% since December 2020,” Rajpar said. “They may fall over the next four to six months.”

The situation emerged post-Covid due to imbalances in the number of ships and more importantly the number of containers for global trade, he added.

Covid-19 provided an opportunity for international shipping companies to increase freight charges compared to the pre-pandemic times when they were running in losses. “Shipping companies are overbooked now,” Moin said. “Pakistan government is not responsible for the situation in international trade. Nor can it (alone) do anything to control it,” he lamented.

He stressed that there was no short-term solution for the government. “In the long run, however, it should increase the number of shipping companies in Pakistan, so that it could intervene.”

International Federation of Freight Forwarders Association outgoing president Babar Badat believes that freight charges would stay at current levels and if they actually came down, they would not fall as low as they were during the pre-pandemic times.

He highlighted that many shipping companies had gone bankrupt around the world and many others had been operating in losses for about three to four years. “The world had enjoyed trade at a low freight in the pre-pandemic days.”

The number of top international shipping companies has come down to three to four only as many companies were either acquired by others or merged to survive during the crisis.

"Government should support freight forwarders and logistics companies if it wants to control such a situation in future as they can collectively ... make an impact," he emphasised.

Shedding light on the impact of increase in freight charges, Pakistan Business Council CEO Ehsan Malik said freight rates had gone up across the world as shipping lines had curtailed their fleet movements due to lower demand. "It affects all the countries, so Pakistan is not uniquely impacted," he said. "However, as demand for textiles from Pakistan is higher than other countries (more impacted by Covid), delays in shipments are unfortunate and can result in lost opportunity if others step up production as Covid subsides."

Malik highlighted that PNSC unfortunately did not have enough container capacity to fill the void. "There is little the government can do. However, if other countries enhance their export rebates, Pakistan should match to remain competitive."

FPCCI President Mian Nasser Hyatt Magoo highlighted that regional and international shipping companies had apparently formed a cartel to impose exorbitantly high freight charges in a bid to cash in on the post-Covid situation. Pakistan's importers and exporters pay $5-6 billion every year in international freight charges to the shipping companies.

"National flag carrier PNSC should acquire containerised ships on wet lease (rent) to facilitate the traders," he suggested, adding that the strategy would help the government keep freight charges under control, make exports competitive, imports cheaper and counter inflation.

He suggested that the state-owned shipping company may operate ships on the China and Middle East routes as Pakistan made most of its imports from those destinations. Besides, the ships could be utilised to transport export goods. At present, PNSC has around 11 ships, but it does not own a single containerised cargo ship.

Federation of Pakistan Chambers of Commerce and Industry (FPCCI) former president Zubair Tufail said the spike in international freight charges had increased the cost of doing business in Pakistan.

Source: tribune.com.pk– Mar 16, 2021

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NATIONAL NEWS

India's exports during March 1-14 up 17% at $14 billion

Showing healthy signs of revival, India's exports grew 17.27 per cent to USD 14.22 billion during March 1-14 as compared to the year-ago period, according to the commerce ministry's preliminary data.

Imports during the period increased 27.77 per cent to USD 22.24 billion, leaving a trade deficit of USD 8.02 billion, the data showed.

The key sectors which recorded a healthy growth in exports include engineering, rice, gems and jewellery.

However, exports of leather, oilseeds and ready-made garments of all textiles contracted during the period. Imports of golds, electronic goods and pearls, precious and semi-precious stones registered growth during the period.

Growing for the third consecutive month, the country's exports rose marginally by 0.67 per cent year-on-year to USD 27.93 billion in February even as trade deficit widened to USD 12.62 billion.

Source: financialexpress.com– Mar 16, 2021

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India-Finland Virtual Summit

Prime Minister Shri Narendra Modi and Prime Minister of the Republic of Finland H.E. Ms. Sanna Marin held a Virtual Summit today and discussed the entire gamut of bilateral issues as well as other regional and multilateral issues of mutual interest.

Both leaders noted that the close relations between India and Finland were based on shared values of democracy, rule of law, equality, freedom of speech, and respect for human rights. They reaffirmed their strong commitment to work for multilateralism, a rules-based international order, sustainable development and combating climate change.

The two leaders reviewed the ongoing bilateral engagements and expressed their desire to further expand and diversify the relationship across sectors such as trade and investment, innovation, education, emerging technologies including Artificial Intelligence, 5G/6G, and quantum computing.

Prime Minister Modi appreciated Finland's leading role in clean and green technologies, and noted the potential for Finnish companies to partner India's drive towards sustainable development. In this context, he suggested enhanced cooperation in the areas like renewable and bio-energy, sustainability, edu-tech, pharma and digitization.

The leaders exchanged views on regional and global issues, including the India-EU partnership, cooperation in the Arctic region, WTO and UN reforms. Both sides noted the potential for India and Finland to cooperate in undertaking developmental activities in Africa.

Prime Minister Modi invited Finland to join the International Solar Alliance (ISA) and the Coalition for Disaster Resilient Infrastructure (CDRI). The two leaders also discussed the Covid-19 situation including their respective vaccination drives, and emphasized the importance of global efforts for urgent and affordable access to vaccines across all nations.

The two leaders looked forward to their forthcoming meetings during the India-EU Leaders' Meeting in Porto and the India-Nordic Summit.

Source: pib.gov.in– Mar 16, 2021

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Performance of Emergency Credit Line Guarantee Scheme for MSME

As informed by National Credit Guarantee Trustee Company Limited (NCGTC), the implementing agency for Emergency Credit Line Guarantee Scheme (ECLGS), as on 28.2.2021, cumulative sanction of loans stood at Rs 2.46 lakh crore against which guarantees for a total amount of Rs 2.14 lakh crore to more than 92.27 lakh borrowers have been issued under ECLGS.

This was stated by Shri Anurag Singh Thakur, Union Minister of State for Finance & Corporate Affairs, in a written reply to a question in Rajya Sabha today.

The Minister further stated that about 87 lakh MSME units have availed guarantees which constitutes 95% in terms of number of guarantees issued.

Giving more details, the Minister said that there is a pre-approved loan facility with an 'opt out' option to all eligible borrowers under ECLGS 1.0. As informed by NCGTC, following steps have been taken:

1. A portal has been created on the website for the borrowers to lodge their grievances, which is forwarded to MLIs concerned for time bound resolution.
2. Email Id for forwarding of grievances / complaints has also been created and circulated, which is being regularly monitored at NCGTC for resolution.
3. Meeting with various stakeholders are being conducted regularly to maximise the reach of the scheme.

Source: pib.gov.in– Mar 16, 2021

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India, Bangladesh likely to sign three MoUs during PM Modi's visit

PM Modi is attending the golden jubilee celebrations of Bangladesh independence

India and Bangladesh are likely to sign three MoUs during Prime Minister Narendra Modi's visit to Dhaka next week to attend the celebrations of the golden jubilee of the country's independence and the birth centenary of its founder ‘Bangabandhu’ Sheikh Mujibur Rahman.

Prime Minister Modi and heads of state and government from Nepal, Sri Lanka, Bhutan and the Maldives will be among the distinguished foreign guests to join the celebrations under separate schedules.

"It’s a historic event for Bangladesh as five heads of state and government never (without any summit) visited here within a time span of 10 days," Foreign Minister AK Abdul Momen told a media briefing here ahead of the 10-day celebrations starting on March 17.

"This is a very unusual time (due to Covid-19)... but heads of state and government of our neighbouring countries are coming here to show their tribute to our Father of the Nation," Momen said.

During his trip, Prime Minister Modi will hold talks with Prime Minister Sheikh Hasina and visit three places outside Dhaka.

The two sides are expected to sign three MoUs, Momen said.
"These (MoUs) are not final yet," he said.

Likely MoUs in disaster management

Foreign Secretary Masud bin Momen said the MoUs were likely to be signed in the field of disaster management and cooperation between some institutions of the two countries.

"We are still working on every MoUs. We will get the final scenario regarding the MoUs within one or two days," he said.

According to the schedule, all the foreign leaders would visit the National Memorial in Savar to pay homage to the independence martyrs, Bangabandhu Museum at Dhanmondi 32 to pay tribute to Bangladesh's founding father, watch special military parades and join State banquets.

Prime Minister Modi is also set to visit the Bangabandhu shrine at his village home in Tungipara and two Hindu temples outside Dhaka - one in Gopalganj and the other in southwestern Satkhira.

The temples are places of worship, particularly of the Hindu Matua community. A large number of the Matua community members reside in West Bengal.

Maldivian President Ibrahim Mohamed Solih will be the first top foreign dignitary to arrive here on a three-day visit on March 17. He will be followed by Sri Lankan Prime Minister Mahinda Rajapaksa who will arrive here on a two-day tour on March 19.

Nepalese President Bidya Devi Bhandari will be in Dhaka on a two-day tour from March 22 while Bhutan's premier Lotay Tshering will visit Dhaka from March 24 to 25. Prime Minister Modi will arrive here on March 26 and return home the next day.

Momen said Chinese President Xi Jinping, French President Emmanuel Macron, Japanese Prime Minister Yoshihide Suga and Canadian Premier Justin Trudeau and some high-level leaders of different countries and international organisations would send video messages on the occasion.

Source: thehindubusinessline.com– Mar 16, 2021

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Textiles ministry should accelerate process to set up 7 MITRAs on time: Par panel

A Parliamentary panel has suggested that once Cabinet nod is obtained, the textiles ministry should take urgent measures to accelerate the initial formalities so that the intended seven mega textile parks are established within a definite time frame.

The government has announced the MITRA (Mega Integrated Textile Region and Apparel Parks) scheme aiming to attract large investment of Rs 10,000 crore and generation of 1,50,000 jobs in the sector to boost the domestic manufacturing and create world class infrastructure.

"The committee desire that once the Cabinet nod is obtained, the ministry should take urgent measures to accelerate the initial formalities so that the intended 7 MITRAs are established within a definite time frame," it said.

Expressing concern that during 2020-21, only Rs 24 crore could be disbursed as MUDRA loan to 4,278 sanctioned loans, the panel said the matter should be taken up at the appropriate level so that appreciable disbursements are made under the scheme for the benefit of handloom weavers.

The report of the standing committee on labour, tabled in Parliament on Tuesday, also said the textiles ministry should make the census process of handloom weavers more robust and foolproof to ensure genuine identification of weavers and actual dissemination of resources to them.

"The committee are concerned to note that during the year 2020-21 only Rs.24 crore could be disbursed as MUDRA (Micro Units Development and Refinance Agency) loan to 4278 sanctioned loans," it said.

Such low offtake of the MUDRA loans has been attributed to the COVID-19 pandemic, it said, adding the ministry has deposed that setting a target for banks will definitely help improve the disbursements under the MUDRA loan scheme.

"The Committee desire that the matter be taken up at the appropriate level so that appreciable disbursements are made under MUDRA loan Scheme during 2021-22 for the benefit of handloom weavers," it said.

On cotton, it suggested to the ministry to earnestly endeavour to enhance the cotton exports and gradually reduce the imports.

It also said the ministry should earmark a part of the Budget allocated under ATUFS (Amended Technology Upgradation Fund Scheme) for research development on upgradation/modernisation of the textile industry so that the import of high quality machinery can be decreased gradually.

Further, it said anti-dumping duty, inverted duty structure, differential tariff rates, high labour and power cost and inadequate logistic arrangements are "seriously" impeding domestic textile and apparel industry to compete with international counterparts.

"The committee urge the ministry to follow up the matters at the appropriate fora so that systemic improvements are ushered in for leveraging the export potential of the industry," the report added.

Source: outlookindia.com– Mar 16, 2021

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Economic Outlook: Expect RBI to retain status quo on rates in April policy meeting

Industrial production (IP) growth fell to -1.6% y-o-y in January, vs an upward revised 1.6% in December (previously 1.0%), lower than expected. We had expected a slowdown in the y-o-y growth due to an unfavourable base, but the sequential rise was lesser, although still positive. On a seasonally adjusted basis, we estimate that IP rose by 0.2% m-o-m in January vs 1.6% in December. The disappointment was mainly due to weakness in consumer non-durables output growth, which also fell sequentially in annual terms in January (-6.8% y-o-y). Capital goods output growth rose sequentially, but its y-o-y rate fell by -9.6% y-o-y in January, due to an unfavourable base. Intermediate and infrastructure goods output growth rose 0.5% y-o-y and 0.3%, respectively.

Overall, the main takeaway from the February inflation data are growing signs that a combination of higher commodity prices and normalising domestic demand are resulting in higher momentum in core inflation. Looking to March, the inflation dynamics appear adverse, not least due to adverse base effects.

On the positive side, vegetable prices have surprisingly continued to contract in March (-8% m-o-m in the first 11 days, exceeding the -5.8% recorded in February). However, the broader food and beverage basket continues to show higher price pressures, led by pulses, non-alcoholic beverages, and vegetable oils. Non-food price pressures are also significant in March. LPG cylinder prices have been hiked by ~10% m-o-m, which will impact fuel price inflation. Higher crude oil prices have led to elevated pump prices, which will drive up transport and communications CPI as well as feed through to higher input costs.

Although the fall in gold prices should offer some relief (for personal care CPI), the combination of higher global commodity prices and rising pricing power of firms, in light of the cyclical growth recovery, means higher propensity of these price pressures to be passed on to consumers, in our view. Finally, we expect services inflation to rise as the economy rapidly normalises. Consequently, CPI inflation is tracking 5.0-5.5% in March, led by both food and core inflation – the latter is likely to rise above 6%. We expect a moderation in April to 4.0-4.5% due to favourable base effects, before inflation returns to trending at 5.0-5.5% till Q3.

Overall, we expect inflation to average around 5% in 2021, while core inflation is expected to average higher at ~5.5%. Growth remains on a steady recovery path and despite the negative surprise on January IP, the broader theme of normalisation remains intact, in our view. Early data for February like merchandise trade, GST, PMI and auto sales point to continued upside momentum, and our composite leading indicator is also pointing higher.

Overall, activity remains on an uptrend in Q1. A key near-term risk is rising pandemic cases, although this is concentrated in a few states (mainly Maharashtra) and is not yet a pan-national second wave. Our base case remains one of an imminent business cycle recovery, aided by tailwinds from the lagged impact of easy financial conditions, frontloaded fiscal activism, strong global growth and the 'vaccine pivot'.

India has inoculated close to 2% of the population, and we expect a vaccine pivot point to be reached in Q3 this year. We project GDP growth at 12.4% y-o-y in 2021, up from – 6.9% in 2020. For FY22 (year-ending March 2022), we are above consensus at 13.5% GDP growth.

On policy, we maintain our base case that both policy rates (repo and reverse repo) and the accommodative policy stance will be maintained at the April 7 policy meeting. While growth prospects are improving, the output gap is still negative and the recovery is not yet on durable foundations. Meanwhile, inflation is broadly within the target range, although upside risks have risen.

RBI's willingness to maintain accommodation can also be explained by its trilemma of controlling yields, ensuring smooth absorption of the government's borrowing, while leaning against currency appreciation, all while keeping excess liquidity under control. The balancing act has been compounded by global factors like rising US Treasury yields and higher oil prices, which add to the upward pressure on domestic bond yields.

However, we believe India's monetary policy cycle is closer to a turning point. RBI's current inflation outlook assumes headline inflation averaging 5.2% in H1 2021 and 4.7% in H2, but there are upside risks to its H2 forecasts, in our view, given rising input cost pressures. Moreover, we expect growth to continue to recover and the output gap to close by Q1 2022. As growth normalises, so should policy.

In the coming months, as confidence around the growth recovery increases and core inflation momentum rises further, we believe the RBI will need to draw a distinction between its policy stance on rates (that reacts to the changing macro landscape) vs that of its liquidity management (which prioritises ensuring orderly evolution of yields).

In our base case, we expect the RBI to keep its policy repo rate unchanged in 2021. However, we expect the process of liquidity normalisation to begin in mid-2021, the policy stance to shift to 'neutral' from 'accommodative' in Q3 (July-September), and a 25bp reverse repo rate hike in Q4. This is likely to be followed by 50bp worth of repo rate hikes in H1 2022, with risks skewed towards further hikes.

Source: financialexpress.com– Mar 16, 2021

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Indian govt looks forward to Japan participating in PLI schemes

India and Japan will be the most preferred strategic partners in days to come, according to Guruprasad Mohapatra, secretary of the department of promotion of industry and internal trade (DPIIT). India looks forward to Japan participating in the performance-linked incentive (PLI) scheme for 13 key sectors, he told the 44th India-Japan Business Cooperation Committee Meeting.

The meeting was organized by the Federation of Indian Chambers of Commerce and Industry (FICCI).

Japan is one of the key investors in India with a cumulative investment of more than $30 billion, which represents 7.05 per cent of the cumulative inflows received till date, he said.

"India-Japan investment promotion partnership focuses on the next generation infrastructure, connectivity, smart cities, manufacturing, rejuvenation of river, water security with special interest to India," Mohapatra was quoted as saying by a FICCI press release.

India and Japan are collaborating in the form of an industrial competitiveness partnership that will work towards enhancing India's industrial competitiveness.

The COVID-19 pandemic, has led to foreign exports to Japan, and this provides India with a unique opportunity to attract fresh Japanese investments, he added.

Source: fibre2fashion.com– Mar 17, 2021

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Higher cotton prices can lead to increased sowing next year: CAI's Atul Ganatra

Atul Ganatra, President of Cotton Association of India (CAI), on Tuesday said that higher cotton prices will lead to more sowing in the next year.

“It is a good time for farmers because today raw cotton prices have gone up to Rs 6,500-6,600 per quintal, which is 15% higher rate than MSP they are getting as on today.

The news that we are getting from Rajasthan, Gujarat, and other states is that farmers next year in sowing season can go for cotton in a big way. The Indian cotton sowing can be increased from 8% to 12%,” he said in an interview to CNBC-TV18.

He also said that Indian cotton is cheaper compared to the global prices and yarn is sold at international rate and this augurs well for the Indian spinning mills.

He expects the spinning mills to continue to do good for the next 1-2 years.

“Spinning mills at present are doing good. Indian cotton is very cheap compared to world cotton and yarn is sold on ICE market. So, it is a win-win situation for Indian spinning mills."

"They are very comfortable in this type of situation where cotton is available at cheap rate and yarn is getting sold at international market,” he said.

However, the textile mills have been protesting against the higher yarn prices. “Yesterday there was a one-day strike by the Tirpur garment factories to protest against the high yarn prices. In last 6 months, yarn prices have increased around 40-45% compared to cotton prices which increased 17-20%,” he said.

Source: cnbctv18.com– Mar 16, 2021

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‘Retailers witnessing stronger recovery trends’

Sales back at 93 per cent of pre-pandemic levels in February : Survey

Retailers in the country are hopeful of getting back to the pre-covid levels in the first six months of 2021. According to findings of a survey released by Retailers Association of India (RAI), sales at retail outlets have seen recovery trends and have reached 93 per of pre-pandemic levels in February.

The survey indicates that sales in February were at -7 per cent of last year’s levels year-on-year and at -18 per cent in the December quarter of FY20-21 compared to same period last fiscal. Consumer Durables & Quick Service Restaurant categories have shown positive growth of 15 per cent and 18 per cent (Y-o-Y) respectively in the month of February 2021.

“Categories like Footwear, Beauty, Wellness & Personal Care, Sports Goods and Food & Grocery are showing steady month-on-month recovery on a Y-o-Y comparison, signalling growth from the month of March 2021,” the statement added.

Kumar Rajagopalan, CEO, Retailers Association of India (RAI), said, “It is heartening to see recovery across categories. We hope that the uncertainty regarding the rising cases of COVID-19 in a few states will not cast its shadow on the growth momentum with the rollout of the vaccine.”

According to the survey, Eastern India witnessed positive growth of 2 per cent in the month of February. Southern & Northern India also saw recovery trends with sales nearing pre-COVID-19 levels at -6 per cent and -9 per cent respectively (Y-o-Y), while Western India has progressed slower at -16 per cent on a Y-o-Y comparison in the month of February 2021.

Retailers are hopeful of achieving pre-pandemic levels of business in the first six months of the year 2021, RAI added. The industry body of retailers pointed that, all efforts are required to boost the local economy and help revive retail, saving millions of job and has even urged the government to prioritise COVID-19 vaccination for frontline retail workers.

Source: thehindubusinessline.com – Mar 16, 2021

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Organic cotton industry is booming and here's why!

According to the Organic Trade Association, there has been 31% of growth in the organic cotton industry in the past one year and it is expected to see a rise of 10% by the year 2021. In the Indian economy, organic cotton has an important role as India is one of the largest exporters and producers of cotton yarn.

India's textile industry is predominantly organic cotton-based. Basically, organic cotton is known as non-genetically engineered cotton grown without using agricultural chemicals like pesticides and fertilizers. We spoke with Shikha Kumar, Director & Co-Founder of Nino Bambino, which only deals with organic clothing to enlighten our readers on how organic cotton is dominating Indian clothing industry, and this is what she had to say.

Employment opportunity

The textile industry in India has generated an enormous amount of employment for both types of labour, skilled and unskilled, According to Business Standard, the textile industry is considered to be the second-largest sector to produce employment. States like Gujarat, Karnataka, Madhya Pradesh, Haryana, Rajasthan, Maharashtra, Telangana, and Punjab are the major producers of cotton in India. According to Textilegence, around 16% of industrial capital and 20% of industrial labor of our nation are involved in this industry. Fortunately, we have witnessed exponential growth in the cotton industry in the past four decades.

What amount of organic cotton is grown globally?

Though growing organic cotton isn't an easy task and requires many conditions to be fulfilled, one of them being the requirement of a huge amount of water for growing organic cotton as compared to the cotton grown conventionally. However, talking about the demand for organic cotton, the data shows exponential growth over the years.

The prominent states producing organic cotton

The cotton-growing areas of Ahmedabad are popular for cotton textile production and are also called as Manchester of India, An amount of cotton garments manufactured are exported across the globe. Another largely concentrated cotton-growing area is Mumbai, Maharashtra. There are many prominent factors behind these cities becoming popular for cotton production and some of them are cheap labour, humid climate, and to port facility. It is easier to carry out the production anywhere in India as far as energy and proximity water supply are available for dyeing.

Major benefits of cotton clothing

While we consider the benefits of cotton clothing, there are many benefits in a queue. By the passing time, most of the people are genuinely interested in choosing organic cotton clothing all over the world because of its texture and comfort as they are inclined towards leading a healthy life, majorly because it is non-synthetic and breathable fiber. The other benefits include conservation of natural resources, better living of farmers growing organic cotton, less chemical usage, Higher quality products, Less corporate control, Non-allergic, Toxic-free dyes, a natural way of clothing, fair treatment with farmers, etc.

Summing up!

The whole world is witnessing the remarkable benefits of the production of organic cotton, be it clothing demand or employment opportunities. According to Economic Times, if we talk about the rates of organic cotton, it has increased by 8 to 12 percent or say 356/kg each. Major contributors of organic cotton across the globe are India, China, Turkey, Kyrgyzstan, Uganda, Greece, Benin, Peru, Pakistan, Thailand, and few other countries.

The best part about expecting a good growth story in this industry is that it is grown using such materials and methodologies that have very little impact on the environment. Though there has been a negative impact on the production process of organic cotton due to coronavirus, the estimated horizon of production will be touched in the years to come.

Source: timesofindia.com – Mar 17, 2021

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SME-boost with foreign trade policy: A market intelligence programme under FTP will widen the markets for SMEs

A key aspect of MSME (micro, small and medium enterprises) growth is improved market access. This, in turn, is dependent on market information, which is severely limited due to low levels of awareness. Criticality of the information challenge is evident from a high proportion of large-sized firms (42%) reported having faced difficulty in accessing information and benefits under Covid-19-related programmes for MSMEs announced by their corresponding governments.

In the survey by the International Trade Centre, the proportion of medium, small and micro firms reporting difficultly was even higher at 51%, 60% and 60%, respectively. In light of these responses, it may be normal to expect even more severe constraints while dealing with international partners. As a result, their participation in trade remains disproportionately low, also contributing to underutilisation of the existing free trade agreements.

Typically, MSMEs are marked with low economies of operations reducing their profit per unit, leaving little room to accommodate expenses on developing a networking expertise. In the absence of an internal expertise and lack of resources to pay for consultancy, they often face issues while venturing into new markets. Only a fraction of SMEs trade internationally, of which nearly half find it challenging to sell in foreign countries, according to the Future of Business Survey. ‘Lack of business contacts’ and ‘lack of market information’ have been cited as the two most important factors.

The knowledge deficit on the relevant standards is further widened due to unawareness of the ‘ethical trade imperatives’ that impose additional compliance burden through requirements such as those related to (not indulging in) child labour, observing work hours, health and safety of workers, wages and environment. For instance, convergence on labour standards is a pre-condition to resuming the negotiation talks on the India-EU Board-based Investment and Trade Agreement.

Even though such information is available online from government portals and accessible through web-navigation; the language barriers, and the legal and technical nature of the text lowers usefulness and effectiveness. These matters are complex and often limited/absent knowledge keeps MSMEs at arm’s length from participating in trade.

Another potential problem, particularly in pandemic-like situations, is the need for demand revival through real-time information on global demand patterns. This is particularly important for SMEs, as they are likely to be left behind with low levels of digitisation.

In other countries, foreign trade participation of SMEs has been improved and strengthened through focused interventions. Within Europe, both small and large economies recognise the need to internationalise SMEs while being internationally competitive. Public instruments have been designed for their expansive export penetrations. Illustratively, in Denmark, a small-size economy, public instruments are used for export coaching.

The VITUS programme is among the best practices. It supports select SMEs with potential and willingness to acquire export order in a target market within a stipulated time of 12 months. In a large economy like Germany, market intelligence and location marketing are important. The market network is developed with support from German foreign missions abroad. In Spain, which has traditional affinity with other regions, newer markets are approached under the IMPACT+ programme and existing markets are strengthened under the NEXT programme.

Often, customised expertise is provided for a fee to ensure that exporter stays committed to export in the future. Turning to the East, SMEs in South Korea have been strengthened through global market information supply, marketing, market research, strategy consulting and global brand development. An export strategy implemented through public instruments is common in all cases.

Likewise, in India, expanding the subject matter of the forthcoming national Foreign Trade Policy (FTP) to include an information programme will go a long way by providing exposure to non-trading SMEs through a consultative mechanism for their trade-related queries. The format can vary from organising periodic sensitisation workshops, to responding to queries in an online platform, or organising exhibitions. Interactive sessions will help in boosting confidence.

To tie it up, information deficit is a fork in the road for internationalisation of Indian MSMEs. A market intelligence and network programme integrated into the FTP will widen the markets for aspiring SMEs while also strengthening existing exporters. Such a policy is also acquiescent to our WTO obligations due to its non-commercial nature.

Source: financialexpress.com – Mar 16, 2021

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No proposal for scrutiny of GST assessment in faceless mode: MoS Anurag Singh Thakur

"Department of Economic Affairs (DEA), Central Board of Direct Taxes (CBDT) have a tripartite arrangement with NCAER for conducting this independent assessment of Faceless Assessment Scheme of the CBDT," Thakur said.

There is no proposal of faceless scrutiny assessment of GST returns as the Goods and Services Tax rule already provide for electronic filing and assessment, Minister of State for Finance Anurag Singh Thakur said on Tuesday. Income tax assessments are being done in a faceless manner except in certain conditions and till March 10, a total of 82,072 assessment cases have been completed in a faceless manner, he added.

To a query in the Rajya Sabha on whether the government is considering scrutiny of GST assessments and some stages of investigations by SFIO in a faceless mode, he said, "No such proposal for scrutiny of GST assessment in a faceless mode is under consideration of the Government presently as the GST laws and rules made thereunder already provide for electronic filing and assessment of returns on the common portal. With regard to the Serious Fraud Investigation Office, the information is also nil".

The minister said faceless assessments have been initiated to impart greater efficiency, transparency and accountability by eliminating the interface between the Assessing Officer and assessee in the course of proceedings to the extent technologically feasible, optimising utilisation of the resources through economies of scale and functional specialisation and introducing a team-based assessment with dynamic jurisdiction.

"An independent study to ascertain assessees' experiences in a faceless manner is being conducted by National Council of Applied Economic Research (NCAER). Department of Economic Affairs (DEA), Central Board of Direct Taxes (CBDT) have a tripartite arrangement with NCAER for conducting this independent assessment of Faceless Assessment Scheme of the CBDT," Thakur said.

Source: economictimes.com – Mar 16, 2021

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Container shortage persists; drag exports growth: FIEO

Responding to February 2021 export figures, FIEO President, Sharad Kumar Saraf said that the monthly exports rose marginally by 0.67 per cent to 27.93 billion dollars, mainly on account of container shortages across the country and limited supply disruptions in the last week of the month due to increasing COVID cases in certain states.

He said that all the major sectors of export, which during the previous month were in positive territory, continued with a similar positive growth trend during February also.

"We continue to see signs of further revival not only in the order booking positions but also in the demand from across the globe, paving way for much better days and months for the sector.

However, rising exports from China has led to the shortage of containers in the region as most of the empty containers are available only for exports from China, as the shipping lines and container companies are being paid hefty premiums for bringing empty containers back to China," a statement quoted him as saying on Monday.

FIEO president added that the exports of other cereals along with oil meals, iron-ore, jute mfg. including floor covering, rice, cereal preparations and miscellaneous processed items, meat, dairy and poultry products, carpet, spices, drugs and pharmaceuticals, handicrafts excl. hand-made carpet, ceramic products and glassware, cotton yarn/fabrics/made-ups, handloom products etc., tobacco, plastic and linoleum, mica, coal and other ores, minerals including process and organic and inorganic chemicals showed either a very high or impressive growth or were in positive territory showing signs of further improvement.

FIEO Chief also said that negative growth in exports of major products including petroleum products, oil seeds, leather and leather manufactures, cashew, gems and jewellery, RMG of all textiles, electronic goods, fruits and vegetables, man-made yarn/fabrics/made-ups etc, engineering goods, tea, coffee and marine products, which have major contribution in the country's exports basket and also related to labour-intensive sector of exports have been of key concern.

"Further an increase in February 2021 imports by about 7 per cent to 40.54 billion dollars compared to the same period during the previous fiscal led to a trade deficit of 12.62 billion dollars, which is an increase of 24.14 per cent during the month.

Source: knnindia.co.in– Mar 16, 2021

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BIS to help developing countries adopt Indian Standards

BIS has published over 20,000 Indian Standards encompassing various sectors out of which 15,000 are indigenous standards.

Bureau of Indian Standard (BIS), the national standards body, has offered to provide standards and quality related solutions to developing and least developed countries, which are at the same level of technological advancement and have similar climatic and socio-economic conditions.

The ministry of consumer affairs, which controls BIS, has asked ministry of external affairs to promote indigenous Indian Standards in developing and least developed countries through Indian Missions in these countries.

"BIS has been providing complimentary copies of Indian Standards for reference and adoption purposes to the developing and least developed countries. It has shared Indian Standards and quality norms for adoption with National Standard Bodies of 21 countries with whom India has cooperation arrangements in June 2019," said a BIS official.

BIS has published over 20,000 Indian Standards encompassing various sectors out of which 15,000 are indigenous standards. The official said that countries like Haiti and Democratic Republic of Congo have reached out to BIS to consider cooperation agreements in standardisation and conformity assessment.

"We have held meetings with NSBs of Suriname and Indonesia while meetings with Uzbekistan, Afghanistan, Bangladesh, Saudi Arabia, Sudan and Slovenia are being scheduled," he said. The official said that the BIS has been mandated to roll out quality norms at par with global standards. In past few months, the national standards body has come out with strict quality guidelines for toys and other imported items like aluminium scraps.

"Indian standards have gained global acceptance. The government is concerned about the quality of imports and has tightened norms to prevent cheap imports. We also want to help developing countries to adopt norms and guidelines for better quality products. We will be offering them catalogue of Indian Standards, which are now available free of cost," the official said.

Source: economictimes.com– Mar 15, 2021

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French shipping group 'calls off' plan to sell stake in Mundra terminal to Chinese firm

Move comes after govt declines consent

French shipping group CMA CGM is said to have dropped plans to sell the 50 per cent stake held by its unit CMA Terminals Holding in Adani CMA Mundra Terminal Private Limited (ACMTPL) at Mundra port to China Merchants Port Holdings Company Ltd (CMP) after the government declined consent.

ACMTPL is an equal joint venture between Adani Ports and Special Economic Zone Ltd (APSEZ) and CMA Terminals Holding, a unit of CMA CGM S A, the world's third largest container shipping firm, that runs a 1.3 million twenty- foot equivalent units (TEUs) capacity terminal at Mundra port, India's biggest commercial port by volumes handled.

In December 2019, CMA CGM announced plan to sell stakes held by CMA Terminals Holding in 10 port terminals globally to Terminal Link, a joint venture 51 per cent owned by CMA Terminals Holding and 49 per cent by state-owned China Merchants Port Holdings Company Ltd, as part of the efforts to reduce debt.

Closure of transaction

In March 2020, CMA CGM closed the disposal of stakes in eight port terminals to Terminal Link, as part of a first closing, for an all-cash consideration of $815 million. The closure of the transaction for the remaining two terminals, including the one at Mundra, have been delayed for want of approvals from regulatory authorities.

"The management believes that the occurrence of the second closing (covering the last two terminals of Cai Mep in Vietnam and Mundra in India) is likely but is not virtually certain as at December 31, 2020, primarily due to current circumstances related to the COVID-19 situation, which delay approvals or require the granting of additional governmental consents," CMA CGM said while announcing the financial results for 2020 on March 12.

The Indian government policy forbids Chinese firms or entities with Chinese links from investing in and operating ports and terminals in the country.

“CMA CGM has called off plans to divest its stake in the joint venture container terminal at Mundra port,” said a person having knowledge of the matter.

CMA CGM did not respond to an e-mail sent seeking comment.

Source: thehindubusinessline.com– Mar 16, 2021

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