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INTERNATIONAL NEWS

WTO revises upwards its projection for global trade volume growth in 2021 to 8%

India's two top export destinations, the US and the EU, likely to see import growth of 11.4% and 8% respectively

Painting an optimistic picture for exporters, the World Trade Organisation has revised upwards its prediction for global merchandise trade volume growth in 2021 to 8 per cent compared to the 7.2 per cent growth forecast in October 2020.

"Trade growth should then slow to 4 per cent in 2022 and the effects of pandemic will continue to be felt as this pace of expansion would still leave trade below its pre-pandemic trend," indicated the WTO's most recent forecast on March 31.

Prospects for Indian exporters may even be brighter as North America, one of India's top export markets, is projected to drive the growth in demand with an estimated 11.4 per cent increase in imports while demand in the EU, another big buyer of Indian goods, is likely to grow at 8 per cent.

Moreover, much of global import demand will be met by Asia, exports from which are expected to grow by 8.4 per cent in 2021, the report said.

Indian exporters have recently indicated that there has been a growth in enquiries and fresh orders from buyers in key Western markets although goods exports in fiscal year 2020-21 is set to be about 8-10 per cent lower than last fiscal's figure of $314 billion.

The report, however, cautioned that Covid-19 continues to pose the greatest threat to the outlook for trade, as new waves of infection could easily undermine any anticipated recovery.

The decline in volume of world goods trade for 2020, too, has been pared to 5.3 per cent compared to a 9.2 per cent fall projected earlier.

"The strong rebound in global trade since the middle of last year has helped soften the blow of the pandemic for people, businesses, and economies," WTO Director-General Ngozi Okonjo Iweala said. "Keeping international markets open will be essential for economies to recover from this crisis and a rapid, global and equitable vaccine roll-out is a prerequisite for the strong and sustained recovery we all need," she added.

The relatively positive short-term outlook for global trade is marred by regional disparities, continued weakness in services trade, and lagging vaccination timetables, particularly in poor countries, the report said.

World GDP at market exchange rates should increase by 5.1 per cent in 2021 and 3.8 per cent in 2022, after contracting by 3.8 per cent in 2020, the report pointed out.

Falling oil prices led to a 35 per cent contraction in trade in fuels in 2020 while travel services were down 63 per cent in 2020 and are not expected to fully recover until the pandemic wanes.

"Ramping up production of vaccines will allow businesses and schools to reopen more quickly and help economies get back on their feet. But as long as large numbers of people and countries are excluded from sufficient vaccine access, it will stifle growth, and risk reversing the health and economic recovery worldwide," she said.

Source: thehindubusinessline.com– Mar 31, 2021

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Expanding bilateral trade, remaking of industry chains expected as ASEAN FMs visit China

Expanding bilateral trade, remaking of industry chains expected as ASEAN FMs visit China

With the signing of the Regional Comprehensive Economic Partnership (RCEP), upgraded China-ASEAN Free Trade Agreement and upcoming visits by four foreign ministers of ASEAN countries to Beijing, China and ASEAN are set to expand their economic and trade cooperation.

Officials, analysts and companies expect broader cooperation between China and ASEAN, including trade, high-tech cooperation and the restructuring of industry chains.

At the invitation of Chinese Foreign Minister Wang Yi, the foreign ministers of Singapore, Malaysia, Indonesia and the Philippines will visit China from Wednesday to Friday. Foreign Ministry spokesperson Hua Chunying said China hopes to reach new heights in bilateral relations and China-ASEAN relationships through the visits.

"Future cooperation between China and ASEAN will focus on trade in goods and services, investment, production capacity and construction of cross-border industrial parks. Specifically, cross-border e-commerce and direct investment in mining and manufacturing sectors may be the focus of cooperation," Hu Qimu, chief researcher at the Sinosteel Economic Research Institute, told the Global Times on Wednesday.

Trade between China and ASEAN reached 4.74 trillion yuan ($722.8 billion) in pandemic-hit 2020, up 7 percent on a yearly basis, according to statistics from Chinese customs. China and ASEAN are each other's biggest trade partners.

"China is the biggest consumption power in the region, making it the target market of ASEAN, especially during the post-COVID-19 period, when the US and EU markets are struggling," a Shanghai-based independent investor surnamed Cheng, told the Global Times on Wednesday.

Chinese Deputy Commerce Minister Qian Keming said at the China Development Forum 2021 on March 22 that China needs to import more than $2 trillion in goods and $500 billion in services each year, which indicated that China will be a bigger market for its partners.

Glenn Penaranda, special trade representative and commercial counselor at the Embassy of the Philippines in Beijing, told the Global Times on Wednesday he expected bilateral trade will continue to grow.

"In addition to infrastructure development, the priority sectors for bilateral investment cooperation will include electronics, food production and processing, building materials, garments and textiles, industrial parks, tourism and services," Penaranda said.

He noted that China remains the top trading partner for the Philippines - the largest export market and largest import supplier. In terms of investments, China was the country's No.2 investment partner in 2020, particularly in infrastructure and manufacturing.

"From traditional trade relationships, enterprises are now pursuing collaboration in research and development, the development of standards, technology sharing and joint production and marketing projects," Penaranda said, adding that companies from China and the Philippines could achieve more collaboration in services trade.

Nick Koay, chairman of the Malaysian Chamber of Commerce and Industry in China, Greater Bay Area, said he expected China and Malaysia could have further cooperation in the semiconductor sector while a global chip supply crunch disrupts industries from auto-making to electronics.

For instance, the chambers of commerce in both countries and the Malaysian Ministry of International Trade and Industry will hold an event in South China's Guangdong Province later this year to promote the advantages of both countries in developing semiconductors, Koay told the Global Times on Wednesday.

"For Chinese companies that have been hit by tariffs arising from China-US trade friction, they are welcome to consider setting up factories in Malaysia, shortening the supply chain and expanding to wider markets in ASEAN," he said, noting that some Malaysian firms look forward to bringing their products to the world via China's burgeoning cross-border e-commerce platforms.

But Cheng said that in the short term, China-ASEAN trade will still be dominated by agricultural products and low-end manufacturing.

"China and most of the ASEAN nations are developing countries, which are basically evolving from agricultural producers to industrial manufacturers.

Source: globaltimes.cn– Mar 31, 2021

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After Xinjiang Backlash, H&M Wants to Regain Chinese Consumers' 'Trust and Confidence'

A week after H&M was plunged into a Beijing-sanctioned news and social-media firestorm for raising concerns over reports of forced labor in the Xinjiang Uyghur Autonomous Region of northwest China, the Swedish retailer underscored its desire to "be a responsible buyer, in China and elsewhere" even as it works to regain the "trust and confidence" of its Chinese customers, colleagues and business partners.

In a statement published Wednesday alongside its first-quarter earnings, the world's second-largest apparel purveyor after Zara owner Inditex said it is working to "do everything we can to manage the current challenges and find a way forward."

"China is a very important market to us and our long-term commitment to the country remains strong," the statement noted. "We want to be a responsible buyer, in China and elsewhere, and are now building forward-looking strategies and actively working on next steps with regards to material sourcing. Together with all relevant stakeholders, we want to collaborate to be part of the solution and jointly build a more sustainable fashion industry."

H&M made no explicit mention of forced labor, instead noting that it complies with local laws and regulatory frameworks in the markets where it operates.

"Our company values are built on trust, respect, integrity and dialogue," it added. "We wish to focus on our core business and on what we do best—bringing fashion and design to our customers all around the world."

Some 20 of H&M's 500-plus stores in China are now closed as part of a larger "cancellation" campaign that wiped the retailer from China's e-commerce websites and apps and drove celebrities such as Huang Xuan and Victoria Song to rip up lucrative endorsement deals with the company.

The fracas began on Wednesday after Chinese netizens resurrected a months-old statement from H&M that said it would no longer procure cotton from Xinjiang due to "deep concerns" about "reports from civil society organizations and media that include accusations of forced labor and discrimination of ethno-religious minorities." In September, H&M cut ties with a mill in the Shangyu district of Zhejiang run by Huafu Fashion Company, a yarn producer linked to forced Uyghur labor.

“Spreading rumors to boycott Xinjiang cotton while trying to make money in China? Wishful thinking!” China’s influential Communist Youth League wrote on Weibo, the nation’s version of Twitter. In another post, the group said that Xinjiang cotton “won’t accept this.” Other comments called for H&M to exit China, with one Weibo user writing, “I heard that you are boycotting Chinese cotton, then I will boycott your products.”

Though the financial impact of the boycott remains to be seen, China, with its 1.4 billion consumers, is a critical market for H&M, accounting for 5 percent of its global sales, or $1.1 billion in 2020.

Meanwhile, net sales for the company tumbled 21 percent in the three months through February to 40.06 billion Swedish kronor ($4.59 billion) due to “extensive restrictions” from the second wave of the coronavirus pandemic that saw roughly 1,800 stores—or 36 percent of its total base—shutter temporarily. Sales perked up 55 percent, however, between March 1-28 compared with the same period last year. Digital sales, CEO Helena Helmersson said, have continued to “develop very well.”

“It is now a year since the full force of the pandemic hit. I am deeply impressed by and proud of all our colleagues’ fantastic commitment and customer focus during a very challenging time,” Helmersson said. “Although it is still largely a matter of managing the negative effects of recurring store closures, it is clear that customers appreciate our offering. When markets have been allowed to open, store sales have picked up while at the same time online sales have continued to develop very well.”

Source: sourcingjournal.com - Mar 31, 2021

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Maersk Clears Suez Ships but Isn't Taking New Short-Term Bookings

Maersk on Wednesday noted positive progress with efforts to process a lengthy line of vessels waiting at the recently unblocked Suez Canal, but warned clearing through the queue could last until the end of the week.

When the delayed vessels start hitting the next load ports in both Asia and Europe, the world's largest ocean carrier said it "cannot avoid a significant impact on our equipment availability and capacity availability in the coming period."

"We urge our customers not to think that the situation is resolved and advise you to prioritize the most urgent/critical goods to be shipped first due to the foreseeable limitations in the weeks to come," Maersk said in its advisory. "We are closely looking at how we can adjust the network to avoid port congestions and we are so far managing to plan vessel calls without major clashes. We will be working directly with our customers on their import shipments, minimizing delays as best possible."

After the canal was reopened for passage, Maersk said it has seen 43 vessels from the total queue pass on Monday, 66 on Tuesday and expects close to max capacity to pass through on Wednesday. Maersk and partners have so far seen 17 vessels waiting at anchorage able to transit the canal, a critical route for global trade.

"The next challenge is to get the services back on schedule, as we have near 50 vessels delayed for a full week or more due to the Suez blockage, either waiting at the Canal or being redirected South of Africa," Maersk said. "We are doing our utmost to mitigate the impact on lost capacity and because of this, we have decided to temporarily cease short term bookings placed via Spot, as well as short term contracts this week and in the immediate future on selected trades. We want to assure you that this is only temporary and ...we will be accepting short term bookings on all other services, where local availability allows."

Routes where short-term bookings are suspended until further notice include all exports from Asia; exports from Europe to Asia, the Middle East, the Indian Sub-Continent and Oceania; exports out of North America to the Middle East, Indian Sub-Continent and East Africa, and some exports from Latin America and Africa.

In terms of equipment, Maersk said there are three factors at play–the continuation of efforts to position dry and reefer equipment as intended and needed at origin; reviewing how sailings in the coming weeks may be adjusted, which will affect the delivery of laden and empty containers to those origins, and terminal capacity around the world as terminals and container yards are currently faced with capacity restrictions in many locations.

For its part, container ship operator CMA CGM said for vessels arrivals between Wednesday until the weekend, delays of one to two days may be expected, and "we expect a more normalized situation by next week."

Source: sourcingjournal.com – Mar 31, 2021

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Global cotton market sees drastic fluctuation in March

As per a report by the CCF Group, the global Cotton linter market saw drastic fluctuation in March. Cottonseed oil plants resumed operation slowly back from the Chinese Lunar New Year holiday, so the supply was hard to increase.

In early March, cotton linter supply was tighter and major producers in Shandong, Hebei and Xinjiang generally became reluctant sellers with firm prices, so the market continued to be stronger. In addition, dissolving pulp price also kept rising amid short availability during the same period, so some VSF plants replaced dissolving pulp by cotton linter pulp and some cotton linter pulp mills resumed operation, which sharply boosted the demand for cotton linter. Since the beginning of this year, the cumulative increase of cotton linter price had been around 1,500-1,800yuan/mt as of early-to-mid-Mar.

Since then, the price stopped rising and started to decline at a faster speed in particular around mid-to-late Mar, which was affected by great volatility of bulk commodities, worries over tightening global liquidities and troubled China-EU and China-US relations. Moreover, the sanctions on Xinjiang cotton also caused sharp decline of ZCE cotton futures and cottonseed oil places generally stopped procurement to avoid risks, leading to slipping cottonseed prices. Affected by this, cotton linter trades were almost thin with constant price decline. Till now, the price has been tumbling by more than 800yuan/mt from the higher level.

In addition, imported cotton linter also weighed on Chinese cotton linter price. According to customs data, cotton linter import of China totaled 18,788.3 tonne in the first two months of 2021, up 37.4 per cent y-o-y. The import price averages at $275.66/mt (equivalent to around 2,100yuan/mt), down 18.45 per cent on the year.

Source: fashionatingworld.com– Mar 31, 2021

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Primark's Plan for 8 New Italian Stores Expected to Create 2,000+ Jobs

Primark's planned expansion in Italian looks like a boon for the local economy.

The low-cost fashion retailer set its sights on opening eight new stores across Italy, bringing its total store count there to 14 when all new locations open by late next year. The first store will open this summer in the Roma Est Shopping Centre, a complex in Via Collatina, Rome, which hosts over 210 shops.

By the end of the year, new locations will launch at the Centro Sicilia Shopping Centre in Misterbianco, in the Catania province, and the Megalò Shopping Centre in Chieti. By the end of 2022, the balance of the stores will open in Shopville Le Gru, in Grugliasco, Turin; Shopville Gran Reno, in Casalecchio di Reno, Bologna; Campania Shopping Centre in Marcianise, Caserta; Nave De Vero Shopping Centre in Marghera, Venice, and in Milan on the Via Torino. The latter location will also house Primark Italy's new regional office.

Primark said the eight new doors will also create more than 2,000 new jobs, including 140 store management positions. The retailer's total workforce in Italy is expected to encompass roughly 3,600 positions.

The new stores will more than double Primark's total selling space in Italy to 65,000 square meters (about 700,000 square feet), featuring women's, men's and children's fashion across footwear, accessories, lingerie, beauty and homewares. Primark said the locations will also offer products made from sustainable, recycled and organic materials.

"We are thrilled to strengthen Primark's presence in Italy and to offer 'Amazing Fashion, at Amazing Prices' to more and more Italian customers across the country. We are also excited to open our new regional office, above our Milan Via Torino store," Luca Ciuffreda, head of sale for Primark Italy, said. "Since we opened our first store in Arese in 2016, we have worked particularly hard to ensure that we adapt to the needs of our Italian customers. As we continue to expand in Italy, we look forward to embedding ourselves in new regions and supporting local economies with our new store openings."

Many of Primark's European stores have temporarily re-closed, or are operating under reduced hours amid troubling coronavirus infection trajectories. Primark parent Associated British Foods said last month that Italy mandated closures on the weekends. Some stores across Europe have started to reopen, and153 stores in the U.K. are expected to reopen next month. The British government has said the earliest stores can begin to reopen is April 12, assuming the pandemic doesn't worsen by then.

Source: sourcingjournal.com– Mar 31, 2021

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NATIONAL NEWS

New five-year Foreign Trade Policy deferred

Existing policy extended till Sept 30; Ministry says extension due to Covid-19 challenges

The new five-year Foreign Trade Policy (FTP), scheduled on April 1, 2021, has been deferred by another six months, with the government extending the existing policy further till September 30, 2021.

As uncertainty on the effect of the resurgence of Covid-19 virus on exporters looms large, the delay will ensure continuity and give more time to the government to examine ways to deal with the crisis at hand and pave the way ahead, say experts.

“In view of the unprecedented situation arising out of Covid-19, which is persisting, the government has decided to continue benefits under various export promotion schemes by extending existing Foreign Trade Policy by another six months... which will provide continuity in the policy regime. Similar extension is made in the related procedures,” an official release stated.

Exemption from payment of IGST and compensation cess on imports made under Advance/EPCG Authorisations and by EOUs has also been extended up to September 30. Similarly, validity period of the Status Holder Certificates is also extended, the release said.

The five-year FTP was initially to be in place on April 1, 2020, but was delayed by one year due to the outbreak of Covid-19.

“There weren’t too many new things that the government was ready to announce at the moment apart from some provisions for e-commerce, one-district-one-product, special economic zones (SEZs) and trade facilitation.

With more time, there would be a scope to incorporate more initiatives, including ones keeping in mind the effect of the second wave of the pandemic,” a source tracking the matter told BusinessLine.

The Commerce & Industry Ministry will continue to hold consultations with stakeholders to get more inputs for the long-term policy, the source added. "With the extension of the existing Foreign Trade Policy 2015-20 up to September 30 2021 by DGFT, the Services Export Promotion Council is hopeful of the speedy notification of Services Export from India Scheme for 2019-20 which would be a great relief to the services exporters reeling under the Covid-19 impact," the SEPC stated in a release.

The government discontinued the popular Merchandise Export from India Scheme (MEIS) for exporters from January 1, 2021, which was one of the schemes a WTO panel had ruled against following a complaint from the US. The SEIS, however, is not a targeted scheme at the WTO as it is restricted to services.

The new input duty reimbursement scheme for goods exporters — the Remission of Duties and Taxes on Export Products (RoDTEP) — announced with effect from January 1, 2021, continues to hold exporters in suspense as the rates of reimbursement for various sectors are yet to be announced.

"It is clear that the government cannot announce new export subsidies that go against the WTO rules. At the same time, given the uncertain global trade climate, there is clearly a requirement of some additional support for exporters. The new FTP may take care of this need ," the source said.

India's goods exports are expected to slide by 8-10 per cent in 2020-21 from last year's $314 billion as global demand continues to be low and the resurge in Covid-19 cases in the key markets of the EU and the US make the situation grimmer.

Source: thehindubusinessline.com– Mar 31, 2021

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Pakistan lifts ban on Indian cotton, sugar

Economic Coordination Council approves importing the two commodities to curb domestic price rise.

Pakistan lifted an early two-year-old ban on Indian sugar and cotton imports, government sources said, a step towards reviving suspended trade between the two nuclear-armed neighbours.

On Wednesday, Pakistan's Economic Coordination Council, a top decision-making body, allowed the private sector to import 0.5 million tonnes of white sugar as Islamabad tries to keep soaring domestic prices in check, government officials told Reuters.

Pakistani buyers have already started making inquiries about buying Indian sugar and cotton, which is being offered at lower prices than supplies from other countries, five dealers said.

India is the world's biggest producer of cotton and the second-biggest sugar producer. Exports to its neighbour will reduce surpluses weighing on its local markets while helping Pakistan lower soaring sugar prices ahead of Ramadan.

Gradual thaw in ties

The push comes amid a gradual thawing in ties between the two neighbours, which have fought three wars since gaining independence in 1947. The militaries of both countries released a rare joint statement last month, announcing a ceasefire along a disputed border in Kashmir.

"Enquiries for sugar and cotton are going on for price checking," said the India head of a global trading firm, who declined to be identified due to company policy.

Pakistan has been looking to tap the international sugar market, floating two tenders for 50,000 tonnes in the last month. It rejected bids on both tenders in March.

The first tender offer was priced at $540.10 per tonne on a cost and freight basis (C&F), and the second at $544.10 tonne, European traders said.

India is offering sugar at a discount compared to Thailand's supplies, said a dealer with a global trading firm.

"Pakistani traders have been buying Indian sugar through their offices in Dubai for Afghanistan. If Pakistan allows imports from India, they will unload shipments in Pakistan," the dealer said.

Traders say they have been offering Indian white sugar at$410 to $420 a tonne on a free-on-board (FOB) basis, far lower than the domestic price of $694 quoted in Pakistan.

Indian exporters could also ship via sea or land, the dealer said, noting this gives them a significant edge given tight global container shipping markets.

Pakistan was one of the leading buyers of Indian cotton until 2019 when Islamabad banned imports of goods from India after New Delhi revoked the special status of its portion of the Kashmir region that both countries claim.

"Indian cotton would be at least 4 to 5 cent per pound cheaper for Pakistan than supplies from other countries," said Arun Sekhsaria, managing director of exporter D.D. Cotton.

Source: thehindubusinessline.com– Mar 31, 2021

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'India has no objection to export of cotton, sugar to Pakistan'

Trade awaits fineprint of Imran Khan govt's decision

Indian exporters of sugar, cotton and yarn are awaiting the fine print of Pakistan's decision on Wednesday to lift a one-and-a-half-year ban on imports from India to meet its domestic demand.

Pakistan's newly-appointed Finance Minister Hammed Azhar told the media that Islamabad had decided to import cotton and sugar from India as the commodities imported from other countries were priced higher.

"The price of sugar in our neighbouring country is cheap," he said, adding that cotton imports from India would be permitted from June this year.

Pakistan media also reported that the its Economic Coordination Committee had cleared import of five lakh tonnes (lt) sugar from India till June 30 this year.

No clarity on duty

Razak added that the committee's decision will be placed before Pakistan Cabinet for approval before a notification is issued. However, there was no clarity on the Customs duty part for these imports from India.

Industry players said that the duty factor will be the key for Pakistan to get the Indian commodities at a competitive price despite the fact that New Delhi is already offering these at prices far lower than the prevailing global market rates.

All India Sugar Traders Association Chairman Praful Vithalani told BusinessLine that the Indian government has no objection to exporting sugar to the neighbouring nation and exporters are confident of shipping the five mt.

Sugar exports sop

"The Centre will provide a subsidy of ₹4,000 a tonne for export of sugar by land to Pakistan and ₹6,000 a tonne by sea," he said.

The subsidy is part of the ₹3,500-crore assistance offered by the government for sugar exports for up to 60 lt during the current season to September. This translates into ₹6,000 a tonne.

Last season, the Centre had offered ₹6,300 crore that helped export 57 lt of sugar with each tonnes being shipped get an average subsidy of ₹9,750 a tonne.

The development to allow import by the private sector comes on the heels of a thaw in Indo-Pakistan relations with Indian Prime Minister Narendra Modi and Imran Khan desiring peace in their communication to one another.

In May last year, Pakistan lifted the ban on the import of medicines and their raw materials from India so that there was no shortage of essential drugs amid the novel Coronavirus pandemic. Sugar, cotton and yarn imports are allowed from other destinations, but they have not helped curb the price rise in these commodities.

Asked about India quoting a higher price of $410-415 a tonne for white sugar, Vithalani said the sellers and buyers would negotiate for the best terms before a deal is struck.

White sugar is currently quoted at $425.50 (₹31,150) a tonne in London, whereas domestic prices in Pakistan are ruling at Pakistani rupees 105-110 a kg or about $700 a tonne.

The decision also comes after Pakistan failed to get a good response to its two 50,000 tonnes global tender to buy sugar with sellers quoting over $500 a tonne (₹36,600).

India should not have any problem meeting Pakistan demand as it can still afford to export 10-15 lt of sugar of the 60 lt that qualify for the subsidy. So far, Indian exporters have struck deals to export 43 lt of sugar.

Cotton export prospects

On the other hand, cotton and yarn exporters prefer to await the Pakistan notification. “The cotton situation in Pakistan is bad and the Indian government has not imposed any restrictions to export (to Islamabad),” said

Cotton Corporation of India Chairman-cum-Managing Director PK Agarwal.

Cotton prices in Pakistan are literally on fire as its production for the current marketing year (August 2020-July 2021) is 24 per cent lower at 60.19 lakh bales (of 170 kg). It is expected to import at least 10 lakh bales from India.

Agarwal said CCI was open to Pakistan traders bidding for its global sales tender. “It will take a couple of days before we get a clear picture,” he said.

“We are the most competitive in the global cotton market and the developments over the next couple of days could even see domestic cotton prices moving up,” said Rajkot-based Anand Poppat, a trader in raw cotton, cotton wastes and yarn.

Cotton prices in New York are ruling at 79.13 cents a pound (₹45,800 for a candy of 356 kg) compared with India’s export benchmark Shankar-6 price of ₹45,000-45,200. Raw cotton or kapas is priced around ₹6,000 a quintal against the minimum support price of ₹5,515 fixed by the Centre for this season.

For the current season, the Committee on Cotton Production and Consumption (CCPC), a body comprising all stakeholders including the government, has projected the output at 371 lakh bales (of 170 kg). The CCPC has also projected cotton exports at 75 lakh bales (50 lakh bales) and a carryover stock of 97.5 lakh bales (120.95 lakh bales).

Source: thehindubusinessline.com– Mar 31, 2021

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Meeting discusses measures to eradicate child labour in textile industry

The Bureau of International Labour Force of United States Department of Labour (US DoL) should remove cotton seeds, cotton, thread and yarn produced in India from its list of commodities that it restricts for imports, said Manojkumar Patodia, Chairman of Cotton Textile Export Promotion Council (Texprocil)

A virtual seminar was organised by the Texprocil, Employers Federation of Southern India (EFSI), Ethical Trade Initiative (ETI) and the Southern India Mills' Association (SIMA).

A press release from SIMA said major importing countries, especially the US, are very sensitive to the issue of child labour. The US DoL restricts imports of goods appearing in the list of goods on the source countries produced by child labour or forced labour violating International Labour Standards. In a list published September 30 last year, the US DoL included Indian cotton seeds, cotton, thread and yarn besides other commodities based on the reports published by certain NGOs. The Indian companies have been advised to monitor and ensure that no child labour or forced labour is employed within their organisation or with the suppliers' organisations.

Mr. Patodia highlighted the need for eradicating child labour employment, the actions being taken by US DoL, the magnitude of sensitivity. He also spoke about the need for not only de-listing cotton seeds, cotton, thread / yarn from the list, but also the need for social accountability and the need for taking care of children.

Siddhartha Rajagopal, Executive Director of Texprocil spoke about the procedures for de-listing the goods from US Trafficking Victims Protection Re-organization Act (TVPR) list. He also briefed the steps to be initiated by textile export promotion councils and industry associations in the preparation of dossiers by engaging third party agency study, collection of data from the Department of Labour, collection of information from NGOs, adopting code of conduct and strictly adhering to labour laws to eradicate child labour, etc.

K. Selvaraju, Secretary General of SIMA, explained about the labour employment code and conduct recommended by it and also the role played by The British Standards Institution in getting the star rating.

He stated that the code will facilitate any textile manufacturing unit to protect itself from any criticism from the NGOs and also other stakeholders. SIMA has established a Sustainability Cell that helps textile mills for auditing and certificate of employment code, apart from assisting the mills in compliance. The SIMA has developed a draft code on the eradication of child labour for the employer's compliance, he said.

Source: thehindu.com– Mar 31, 2021

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India, Mauritius FTA to come into effect from Apr 1

Several Indian products will enjoy the benefit of greater market access at concessional duties in Mauritius as the free trade agreement signed between the two countries will come into effect from April 1, the commerce ministry said on Wednesday. India and Mauritius signed the Comprehensive Economic Cooperation and Partnership Agreement (CECPA), a kind of free trade pact, on February 22. "Both sides have completed their internal legal procedures and the India-Mauritius CECPA will enter into force on Thursday, 01 April 2021," the ministry said.

The pact covers 310 export items for India, including food and beverages, agricultural products, textile and textile articles, base metals, electricals and electronic item, plastics and chemicals, and wood. It said that Mauritius will benefit from preferential market access into India for its 615 products, including frozen fish, speciality sugar, biscuits, fresh fruits, juices, mineral water, beer, alcoholic drinks, soaps, bags, medical and surgical equipment, and apparel.

As regards trade in services, Indian service providers will have access to around 115 subsectors such as professional services, computer related services, research and development, telecommunication, construction, education, environmental, financial, tourism, yoga, and audio-visual. On the other hand, India has offered around 95 sub-sectors from the 11 broad services sectors, including R&D, telecommunication, financial, distribution, higher education, environmental, health, and transport services. It added that Indian exporters have to obtain a Certificate of Origin (CoO) from the authorised Indian agencies to avail the preferential benefits under the agreement. An exporter has to submit this certificate at the landing port of the importing country.

The document is important to claim duty concessions under a free-trade agreement. It is essential to prove where their goods come from. "The online application for CoO for the India-Mauritius CECPA can be made from 01 April 2021 through the common digital platform for issuance of certificate of origin of the Directorate General of Foreign Trade (DGFT)," the ministry said. In such an agreement, two trading partners cut or eliminate duties on a host of products besides liberalising norms to promote services trade.

Source: outlookindia.com– Mar 31, 2021

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Emergency Credit Line Guarantee Scheme (ECLGS) 1.0 & 2.0 extended upto 30.6.2021

In recognition of the continuing adverse impact of COVID-19 pandemic on certain service sectors, the Government has now extended the scope of Emergency Credit Line Guarantee Scheme (ECLGS) through introduction of ECLGS 3.0 to cover business enterprises in Hospitality, Travel & Tourism, Leisure & Sporting sectors which had, as on 29.02.2020, total credit outstanding not exceeding Rs. 500 crore and overdues, if any, were for 60 days or less, on that date i.e. 29th Feb 2020.

ECLGS 3.0 would involve extension of credit of upto 40% of total credit outstanding across all lending institutions as on 29.02.2020. The tenor of loans granted under ECLGS 3.0 shall be 6 years including moratorium period of 2 years.

Further, the validity of ECLGS i.e. ECLGS 1.0, ECLGS 2.0 & ECLGS 3.0 have been extended upto 30.06.2021 or till guarantees for an amount of Rs. 3 lakh crore are issued. Last date of disbursement under the scheme has been extended to 30.09.2021.

The modifications introduced in the scheme, while providing an incentive to MLIs to enable availability of additional funding facility to the eligible beneficiaries will go a long way in contributing to economic revival, protecting jobs, and creating conducive environment for employment generation.

The revised operational guidelines in this regard shall be issued by National Credit Guarantee Trustee Company Ltd (NCGTC).

Source: pib.gov.in– Mar 31, 2021

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Labour Codes implementation to be delayed further

The notification on the Rules of Labour Codes and their implementation will not happen from Thursday (April 1) onwards as it was being expected. A number of reasons such as the ongoing elections to five States, opposition from trade unions and delay in framing rules by States are being given for the delay.

A source in the Labour Ministry said the delay was expected but did not give specific reasons for it. However, sources in the ruling party BJP confirmed that elections is one reason for the delay. “Only the notification was pending. So it cannot be termed as a deferment. There are political reasons such as the ongoing elections for the delay,” a leader said.

The trade unions have also been opposing the rules stating that they are against the interests of the workers. Opposition trade unions did not participate in the discussions on the draft rules of the codes. They have been maintaining that the Codes were passed in Parliament without proper debates and holding discussion on rules was a farce.

RSS-led trade union, BMS, had participated in the discussions and gave points of objection on the rules. The BJP does not want a discussion on the codes during the elections as it may give an edge to the Opposition in the five States helping them to consolidate the votes of workers in several sectors such as plantation and MSMEs.

Industry survey

The employers had welcomed the codes. Recently, Grant Thornton Bharat’s Industry Expectation Survey said 50 per cent companies in India are confident about their readiness to implement the new labour codes. 43 per cent organisations have started internal reviews. 13 per cent are waiting for the final announcement on implementation date, the survey said.

“While 20 per cent firms have onboarded external consultants for better preparedness, 20 per cent have not decided their implementation strategies yet. 85 per cent respondents agreed that a minimum transition period of up to six months be allowed to implement various obligations and compliances applicable under new labour codes,” the report said.

54 per cent participants thought the new labour codes will achieve the objective of widening social security coverage to the unorganised sector while 29 per cent disagreed. “Nearly 55 per cent respondents support the view that people with fixed minimum wage rate should be entitled to overtime payment; 29 per cent say this entitlement should be reserved for people in non-managerial roles,” it said.

Source: thehindubusinessline.com– Mar 31, 2021

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HSN Code/ Service Accounting Code mandatory on invoices as per revised requirement from 1st April 2021 for GST taxpayer with turnover of more than Rs 5 crore

With effect from the 1st April, 2021, it has been made mandatory for a GST taxpayer, having turnover of more than Rs 5 crore in the preceding financial year, to furnish 6 digits HSN Code (Harmonised System of Nomenclature Code), or as the case may be, SAC (Service Accounting Code) on the invoices issued for supplies of taxable goods and services.

A taxpayer having turnover of upto Rs 5 crore in the preceding financial year is required to mandatorily furnish 4 digits HSN code on B2B invoices. Earlier, the requirement was 4 digits and 2 digits respectively. For more details, notification No. 78/2020-Central Tax, dated 15.10.2020 may be referred to (accessible at https://www.cbic.gov.in/resources//htdocs-cbec/gst/notfctn-79-central-tax-english-2020.pdf)

Accordingly, with effect from the 1st April, 2021, GST taxpayers will have to furnish HSN/SAC in their invoices, as per the revised requirement.

HSN codes for goods at 6 digits are universally common. Therefore, common HSN codes apply to Customs and GST. Accordingly, codes prescribed in the Customs tariff are used for the GST purposes too (as has been specifically mentioned in the GST rate schedule).

In Customs Tariff, HS code is prescribed as heading (4 digits HS), sub-heading (6 digits HS) and tariff items (8 digits). These documents are accessible on the CBIC web-site. The Customs Tariff may be accessed at https://www.cbic.gov.in/htdocs-cbec/customs/cst2021-020221/cst-idx for HSN codes.

GST rate schedule for goods and services may be accessed at https://www.cbic.gov.in/htdocs-cbec/gst/index-english and then follow the path GST Rates/Ready reckoner-Updated Notifications/Finder GST Rates Ready Reckoner/Updated Notifications.

Further, HSN search facility is also available on the GST portal.

Manufacturers and importers/exporters have been commonly using HSN Codes. Manufacturers were furnishing these codes even in the pre-GST regime. Importers and exporters have been furnishing these codes in import/export documents.

Traders would mostly be using HSN codes furnished in the invoices issued to them by the manufacturer or importer suppliers. As such, a large number of GST taxpayers are already furnishing HS codes/SAC at 6/8 digits on voluntary basis on the invoices, e -way bills and GSTR 1 returns.

Source: pib.gov.in- Mar 31, 2021

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In a first, Centre hikes Bt cottonseed prices

Farmers oppose 5% increase, say it will spike input costs

The Union Government, for the first time since it issued the Cotton Seed Price (Control) Order in 2015, has increased the maximum sale price (MSP) of cottonseed by five per cent to ₹767 for a packet of 450 gm of Bollgard-II seed. The price of Bollgard-I is put at ₹635/packet.

The industry sells about 5-5.5 crore packets (of 450 gm each) of cottonseed every year. The price hike has evoked mixed response from the industry and farmers. While the seed industry has welcomed the move, farmers said it would further increase cost of production for them.

Rasi Seeds, Kaveri Seed and Nuziveedu Seeds, which have an aggregate share of 26 million packets , stand to gain from the price hike.

“The stakeholders such as seed producing farmers, seed companies and distributors will get part of what we get. We pass on the benefit to them,” a seed industry representative said.

For the farmer, it is not much of a burden. Even if he were to buy 10 packets (for five acres), the total additional cost would not be more than ₹200, he contended.

Vijoo Krishnan, Joint Secretary of the All-India Kisan Sabha, condemned the increase in the seed price. “At a time when the cost of production is increasing, the Government’s decision would result in additional burden on the farmers. We oppose the decision,” he said.

“The seed value component was reduced from ₹751 in 2016 to ₹730 in 2020. We asked for a correction of this and make it ₹810. But the Government increased it by only 5 per cent,” NSAI (National Seed Association of India) President M Prabhakara Rao told BusinessLine.

The association represents the seed companies that take the Bollgard-II technology from Monsanto, through its Indian joint venture Mahyco Monsanto, to equip their hybrids with ability to protect the plants from pink bollworm.

‘Remove price control’

"We are happy with the increase of five per cent in cottonseed price. This is less than the 10 per cent that we requested for, but we consider it as a good gesture by the Government," Ram Kaundinya, Director General of Federation of Seed Industry of India (FSII) and Alliance for Agri Innovation, told BusinessLine.

The FSII represents agri biotechnology companies in the country.
"We represented to the Government that the cottonseed business was becoming unviable for the industry and research investments in developing new hybrids has dwindled significantly. If this is not corrected immediately it will adversely affect cotton yields and farmers profitability," he said.

Cotton production in the country has to go to 57 million bales (of 170 kg) by 2027 from the current level of 37 million bales in order to support the aggressive plans by the textiles industry.

The industry argues that the cost of seed production is increasing tremendously. While the prices of other inputs such as fertilisers and pesticides have gone up significantly, the price of Bollgard-II has not kept pace with the cost increases.

"It has been reduced from ₹800 to ₹730 over the last five years, out of which the seed component (excluding the trait value) moved down from ₹751 per packet to ₹730," he said.

The FSII wanted the Government to remove the price control completely. "This will encourage more investments to flow into introduction of modern technologies and seed varieties into the market, which is crucial for the health of Indian cotton industry and the Indian cotton farmer," he said.

Source: thehindubusinessline.com– Mar 31, 2021

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Railways cargo-loading up 2% over last year; revenue up 3%

With customer-friendly policies, managed to draw cargo normally moved by road

The Indian Railways has been able to load 1,224.45 million tonnes (mt) of cargo till morning of March 31, marking a 2 per cent growth in loading against the same time last year, according to an official.

Revenue from freight was at ₹1.166-lakh crore, reflecting a 3 per cent increase. The data for the entire year will be marginally higher taking into account the full-day loading and revenue of March 31.
In March so far, the Railways loaded 122 mt of cargo, reflecting a 24 per cent increase against the same period last year. Revenue from freight was also up 24 per cent year-on-year, during the month.

This is despite the challenges faced by the Railways during the Covid-19 lockdown. The Railways had earlier indicated that it will load more cargo this year than last year.

Wooing road traffic

The 2 per cent growth this year is on a lower base — in fiscal 2020, the Railways had loaded one per cent less cargo against the previous year. Increase in railway loading is an indicator of economic growth. However, it must be noted that some of this cargo moved to rail from road.

During 2020-21, the Railways upped its service to draw cargo that were moved in other modes of transport such as roads by increasing speed, cargo-moving-friendly policies and online processes.

This resulted in increased handling of cement, automobiles, parcel cargo, fruits and vegetables — that traditionally moved on roads.

The achievement was also supported by emptier tracks due to absence or fewer passenger trains for a large part of the year, which meant freight trains could move faster.

Source: thehindubusinessline.com– Mar 31, 2021

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