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INTERNATIONAL NEWS

New Tool Helps Find Forced Labor in Cotton Supply Chains

China, Asia to fill bulk of surging US demand for goods in 2021 as global trade rebounds from coronavirus, WTO says As brands and retailers feel mounting pressure to divest from the Xinjiang Uyghur Autonomous Region, a major fiber producer in northwestern China, over human-rights abuses, a leading supply-chain transparency platform is offering a new way for businesses to identify forced labor risk in their supply chains.

California's SupplyShift announced last week that it will host the YESS: Yarn Ethically & Sustainably Sourced Cotton Sourcing Risk Screen, a tool, built in collaboration with the nonprofit Responsible Sourcing Network (RSN), that uses supply-chain mapping to help identify the origin and certification status of cotton inputs.

The tool uses those identifiers to assign textile mills and spinners in its network with a "forced labor risk exposure" score, flagging those deemed high risk for priority participation in YESS online training and an onsite assessment based on Organisation for Economic Co-operation and Development due-diligence guidance.

"YESS has become the leading standard for addressing forced labor in cotton sourcing, and we're thrilled to be working together with RSN," Jamie Barsimantov, co-founder and chief operating officer at SupplyShift, said in a statement. "SupplyShift's platform will streamline the process of supplier engagement to help companies assign auditing resources in the most effective way possible."

The YESS Cotton Sourcing Risk Screen will sit alongside other online, collaboratively built assessments in SupplyShift's Standard Assessment library that allow companies to "gain insight across a variety of hot-button supply chain issues," Barsimantov added.

"We're excited to be working with SupplyShift on this tool that supports the YESS initiative," said Patricia Jurewicz, founder and CEO of RSN. "SupplyShift is a powerful platform for mapping textile mills and yarn spinners, and we're confident it will help provide insights for brands and retailers to better understand the risks in their cotton supply chains."

The RSN is no stranger to forced labor in the cotton industry. A decade ago, the organization and the Cotton Campaign rallied more than 300 North American and European brands to sign a pledge boycotting—or at least committing to not “knowingly” source—cotton from Uzbekistan, where government officials coerced an estimated 2.6 million students, teachers, and healthcare workers to pick cotton every year. Today, the Central Asian nation has made strides in reducing forced labor from its cotton fields, including a roadmap by the current administration to eliminate the practice altogether.

The announcement comes as tensions in Xinjiang are hitting a critical point. A December study by the Center for Global Policy, a Washington, D.C.-based think tank, estimates that half a million Uyghurs and other ethnic minorities are forced to pick cotton by hand through a state-sponsored “poverty alleviation” program. Xinjiang produces 85 percent of China’s cotton, which in turn accounts for roughly one-fifth of the world’s supply.

But Xinjiang and Uzbekistan are by no means unique. A March report by the Turkmen Initiative for Human Rights and Turkmen.news, both members of the Cotton Campaign, concluded that cotton bound for export from Turkmenistan, the ninth-largest producer of the world’s cotton, was once again harvested with forced labor in 2020. Students and public-sector employees, including teachers, were “systematically forced” into the cotton fields in four of Turkmenistan’s five regions from August to early December.

Though the Turkmen government has consistently denied the use of forced labor in the country during the cotton harvest, “cotton cultivation is fully controlled by the state and retains elements of the planned economy from Soviet times,” the report noted.

“It is past time for Turkmenistan to stop denying forced labor and punishing monitors, reporters, and others who speak the truth,” Ruslan Myatiev, editor of Turkmen.news, said in a statement. “Civil society has a critical role to play in promoting reforms that will benefit workers and the whole country.”

Source: sourcingjournal.com - Apr 06, 2021

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Global brands find it hard to untangle themselves from Xinjiang cotton

Faced with accusations that it was profiting from the forced labour of Uyghur people in the Chinese territory of Xinjiang, the H&M Group — the world's second-largest clothing retailer — promised last year to stop buying cotton from the region.

But last month, H&M confronted a new outcry, this time from Chinese consumers who seized on the company's renouncement of the cotton as an attack on China. Social media filled with angry demands for a boycott, urged on by the government. Global brands like H&M risked alienating a country of 1.4 billion people.

The furore underscored how international clothing brands relying on Chinese materials and factories now face the mother of all conundrums — a conflict vastly more complex than their now-familiar reputational crises over exploitative working conditions in poor countries.

If they fail to purge Xinjiang cotton from their supply chains, the apparel companies invite legal enforcement from Washington under a US ban on imports. Labour activists will charge them with complicity in the grotesque repression of the Uighurs.

But forsaking Xinjiang cotton entails its own troubles — the wrath of Chinese consumers who denounce the attention on the Uighurs as a Western plot to sabotage China's development.

The global brands can protect their sales in North America and Europe, or preserve their markets in China. It is increasingly difficult to see how they can do both.

"They are being almost at this point told, 'Choose the US as your market, or choose China as your market,'" said Nicole Bivens Collinson, a lobbyist who represents major apparel brands at Sandler, Travis & Rosenberg, a law firm in Washington.

In an age of globalization, international apparel brands have grown accustomed to criticism that they are profiting from oppressed workers in countries like Myanmar and Bangladesh, where cheap costs of production reflect alarming safety conditions.

The brands have developed a proven playbook: They announce codes of conduct for their suppliers, and hire auditors to ensure at least the appearance of compliance.

But China presents a gravely elevated risk. Xinjiang is not only the source of 85% of China's cotton, but synonymous with a form of repression that the US government has officially termed genocide. As many as 1 million Uighurs have been herded into detention camps, and deployed as forced labour.

The taint of association with Xinjiang is so severe that both the Trump and Biden administrations have sought to prevent Americans from buying clothing produced with the region's cotton.

For the apparel brands, their dilemma is heightened by the fact that the Chinese government has weaponised China's consumer market. In fomenting nationalist outrage, Beijing is seeking to pressure the international brands to pick a side — to ignore reports of forced labour or risk their sales in the world's largest potential consumer market.

Framing this choice is the reality that China remains the world's central hub for making clothing.

In pursuit of alternatives, many international brands are shifting production from Chinese factories to plants in countries like Vietnam, Cambodia and Bangladesh. But moving does not eliminate their exposure to Xinjiang cotton.

China exports unprocessed cotton to 14 countries, including Vietnam, Thailand, India, Pakistan and Bangladesh, and yarn to 190 countries, according to the International Cotton Advisory Committee, an international trade association in Washington.

China is the source of nearly half of all cotton fabric exported around the world. Most of that material includes cotton harvested in Xinjiang.

Long March to Xinjiang

The ubiquity of clothing made with Xinjiang cotton is the result of forces that have shaped the global economy for centuries.

Cotton's history is intertwined with the barbarity of slavery, given that it is vital to the production of textiles, and dependent on large numbers of people to harvest and refine in a gruelling process.

The lucre of cotton prompted plantations in the American South to turn to the African slave trade. In modern times, the cotton trade has frequently drawn accusations of forced labour from human rights groups, most prominently in Uzbekistan.

As China has transformed itself from an impoverished country into the world's second-largest economy, it has leaned on the textile and apparel industries. China has courted foreign companies with the promise of low-wage workers operating free from the intrusions of unions.

The brands have turned China into an export colossus. They have also invested heavily in selling their products to a growing Chinese consumer class.

Xinjiang, a rugged expanse more than twice the size of Texas, holds China's largest oil reserves. Its abundant land and sunshine have made it fertile ground for cotton.

The Chinese government has rejected claims of worker abuse in part by claiming that much of Xinjiang's cotton harvest is now automated. But manual picking remains common in the south of the region, where most Uighurs live. There, nearly two-thirds of cotton is hand-picked, the regional government said last year.

As human rights groups have focused on the exploitation of the Uighurs, apparel brands have sought to distance themselves from Xinjiang. Nike, Burberry and PVH, the parent of Calvin Klein and Tommy Hilfiger, have issued assurances that they have ceased buying cotton from sources in the region, while conducting audits of their suppliers.

But supply-chain experts caution that multinational manufacturers frequently game the audit process.

"The key tool it's used for is rubber-stamping conditions in supply chains, as opposed to trying to deeply figure out what is going on," said Genevieve LeBaron, an expert on international labour at the University of Sheffield in England.

In Xinjiang, efforts at probing supply chains collide with the reality that the Chinese government severely restricts access. Not even the most diligent apparel company can say with authority that its products are free of elements produced in Xinjiang. And many brands are less than rigorous in their audits.

Major apparel brands have coalesced around the Better Cotton Initiative, an organisation based in Geneva and London whose official mission includes improving working conditions for those in the trade.

Last fall, the organisation announced a halt to its activities in Xinjiang amid persistent reports of forced labour. But the body's China branch recently asserted that its investigation in Xinjiang "has never found a single case related to incidents of forced labour," dating back to 2012, according to a statement reported by Reuters.

That assertion flew in the face of a growing body of literature, including a recent statement from the United Nations Human Rights Council expressing "serious concerns" about reports of forced labour.

The Better Cotton Initiative declined a request for an interview to discuss how it had come to its conclusion.

"We are a not-for-profit organisation with a small team," the initiative's communications manager, Joe Woodruff, said in an email.
The body's membership includes some of the world's largest, most profitable clothing manufacturers and retailers — among them Inditex, the Spanish conglomerate that owns Zara, and Nike, whose sales last year exceeded $37 billion.

Anger Among Consumers

Even as statements about Xinjiang cotton from apparel companies have failed to ease human rights concerns, they have provoked outrage among Chinese consumers.

On Chinese social media, people have posted photos of themselves throwing away their Nike sneakers or — for the less committed — covering the logos on their sweaters with masking tape.

An auto body shop in Hohhot, Inner Mongolia, put up a banner barring customers who wore Nike or H&M. A bar in Beijing offered free drinks to customers who wore apparel from domestic brands.

The global brands are putting stock in the enduring popularity of their products in China, while seeking to avoid further provocation. Inditex removed from its website a statement in which it had promised to avoid Xinjiang cotton.

Yet in muting their condemnation of forced labor in Xinjiang, the brands risk amplifying their problems outside China.

“If they do the right thing, they face serious commercial risk in China,” said Scott Nova, executive director of the Worker Rights Consortium, an advocacy organisation. “Yet they know consumers globally will be repulsed by a brand that wilfully abets forced labour. It is a profound moral test.”

Source: bangkokpost.com - Apr 06, 2021

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Fitting rooms allowed when UK retailers reopen on Apr 12

UK apparel shoppers can use fitting rooms after more than a year when non-essential retailers are allowed to reopen on April 12, according to new guidance released by the Department for Business, Energy and Industrial Strategy. The government had advised shops after the first lockdown to keep changing rooms closed 'wherever possible' unless essential.

Retailers have been calling for updated regulations in an effort to compete with online rivals, reduce return rates and restore faith in high street businesses.

Fashion retailers are advised to deploy a staff member to control entry to changing areas and allow only one person at a time into a cubicle, with exceptions allowed for those who have disabilities or are shopping with children.

Managers are advised to leave a gap of 'several minutes' between customers and cubicles should be cleaned regularly, according to UK media reports.

The guidance adds that fashion retailers should create "procedures to manage clothes that have been tried on, to minimise contact between customers and staff".

However, it stops short of advising that clothes items should be quarantined after customers have tried them on.

Source: fibre2fashion.com– Apr 07, 2021

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Business climate of Japanese firms hit a record low in 2020: survey

The business climate of Japanese companies in 2020 hit a record low, below the levels before and after the Asian currency crisis, the Lehman Brothers shock and the Great East Japan Earthquake, according to the 2020 JETRO survey on business conditions of Japanese companies, which found 80 per cent of the firms are reviewing business strategies and models.

These companies expect business normalisation by the end of this year. They also aim to create management and business models with risk diversification and tolerance enhancement in mind. The survey covered about 9,000 companies.

In addition to aggressive use of digital technologies, this survey highlighted the companies' strong willingness to shift to a 'contactless' approach through remote operations and on-site automation, and to diversify risks through "diversification and multilateralization" of procurement and supply routes.

The loss of the markets into which they made inroads following the COVID-19 pandemic caused unprecedented damage to the business activities of Japanese companies worldwide, the survey found.

JETRO, or the Japan External Trade Organisation, is an Independent administrative institution established by the Japan Export Trade Research Organisation as a non-profit corporation

About three-fifths of the companies said their operating profits would worsen year on year. As for the outlook for 2021, the year-on-year percentage increase considerably outperforms that of decrease due to the rebound increase.

Forty per cent of the 9,000 Japanese companies plan to expand their businesses in the next one to two years. However, due to the impact of the pandemic, the score was down by more than 10 points year on year. In most regions, the willingness to expand was the lowest ever.

Source: fibre2fashion.com– Apr 06, 2021

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Swiss textile machinery industry targeted for links with China

Swiss textile machinery firms Rieter and Uster are being targeted for their reliance on China amid allegations of forced labor involving Uyghur and other minorities in the garment supply chain.

As per reports by the Swiss Info, it's difficult to know how many Swiss textile machines wind up in Xinjiang. As per customs data, in 2019, Xinjiang imported $6.4 million (CHF6 million) worth of machines of all sorts from Switzerland making it the 37th-largest exporter of machinery to the region. Customs data from the Observatory of Economic Complexity (OEC) shows that Xinjiang imports most of its machinery from three countries: Germany ($26.8 million), Japan ($23.4 million) and Italy ($7.4 million).

Switzerland, however, is a major exporter of knitting machine accessories such as spindles, dobbies, and automatic stop motions used in big spinning, weaving or knitting machines. Over the last three years, Switzerland exported knitting machine accessories to the autonomous region worth around $2 million per year.

Source: fashionatingworld.com– Apr 06, 2021

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Vietnam apparel exports to UK to shoot up in near future: TexPro

With the official coming into force of the UK-Vietnam free trade agreement (UKVFTA) on May 1, 2021, Vietnam's apparel exports to the UK are expected to improve significantly. The UKVFTA, signed on December 29 last year and temporarily applied since January 1, removes almost all customs duties between the two countries when fully implemented.

Vietnam's apparel exports to the UK were valued at $734.83 million in 2019 with monthly average of $61.24 million. It considerably dropped in 2020 by 31.01 per cent to $506.96 million due to the restrictions and lockdown imposed following the spread of COVID-19 pandemic. The monthly average apparel exports declined to $42.25 million in 2020.

In January 2021, Vietnam's apparel exports to the UK stood at $27.37 million, and are optimistically forecast to grow to $66.12 million in June 2021, a growth of 141.57 per cent in five months, according to Fibre2Fashion's market intelligence tool TexPro.

Among the Southeast Asian exporters, Vietnam was the second largest exporter to the UK, next only to Thailand. The bilateral trade of the Vietnam and the UK was $6.7 billion in 2019.

Vietnam has several advantages over its strong competitor Bangladesh, when it comes to apparel exports. The production costs are lower in Vietnam compared to Bangladesh.

Secondly, Vietnam is at the 70th position in the list of 190 countries based on Ease of Doing Business Index with better compliance, human rights regulations, and environmental protection practices.

Thirdly, Vietnam has an advantage of proximity to China, a big raw material supplier for the textiles and apparels industry. Finally, Vietnam has maintained lower lead time as compared to the Bangladesh (approximately the 1/3rd of the time required for Bangladesh).

Source: fibre2fashion.com– Apr 06, 2021

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Bangladesh: Exports rise 12.59pc in March

The country's export earnings in March 2021 posted a 12.59 per cent growth to US$3.07 billion over that of the corresponding month of 2020, when Bangladesh fetched $2.73 billion in March last year.

The single month earnings in this March, however, fell short of the target by 10.79 per cent, according to the Export Promotion Bureau (EPB) data, released on Tuesday.

Meanwhile, exporters, especially those of ready-made garment (RMG) sector, opined that the comparison of export growth for the month of March with that of the matching month of 2020 is 'misleading'.

Exports started getting affected when the first wave of Covid-19 pandemic had hit the country in March last year. The export growths for the months of 2021 should be calculated with the corresponding months of 2019, not 2020, they suggested.

The overall export earnings during the first nine months of the current fiscal year (FY), 2020-21, stood at $28.93 billion, marking a meagre negative growth of 0.12 per cent compared to that of the corresponding period of last fiscal, the EPB data showed.

Export earnings were $28.97 billion during July-March period of FY 2019-20.

The July-March export earnings of FY 21, however, fell short of the target set for the period by 4.43 per cent.

After a continuous fall in export since the beginning of 2020, mainly due to the Covid-19 pandemic, the earnings started recovering from June, and entered into positive territory from July, according to the EPB data.

Export earnings, however, witnessed a negative growth during the first half (July-December) of the current FY, and continued throughout its first nine months.

RMG sector fetched $23.48 billion in proceeds during the first nine months of FY 21, marking a 2.55 per cent negative growth. It also missed the target set for the period by 5.86 per cent.

The country earned $12.65 billion from knitwear exports in July-March of FY 21, registering a 5.85 per cent growth, which was $11.95 billion in the corresponding period of last fiscal.

Woven garment exports, however, declined by 10.83 per cent to $10.83 billion during the period, from $12.14 billion during the corresponding period of last fiscal, data showed.

Earnings from home textile exports grew by 41.5 per cent to $846.45 million. The achievement exceeded the target by 19.39 per cent.

When asked, Dr Rubana Huq, outgoing president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said the latest EPB data showed the continuous depressing scenario in export earnings.

"The first wave of Covid-19 pandemic hit our country last year, and the exports started getting affected since March 2020. So, a year-over-year comparison of monthly exports between 2020 and 2021 is misleading."

She suggested calculating growth of 2021 exports with the corresponding months of 2019.

After the third quarter of FY 21, RMG exports stood at $23.49 billion, which was $25.95 billion during the same period of FY 2018-19, indicating a 9.49 per cent or $2.46 billion decline.

Knitwear export struggled to retain a slight 0.35 per cent growth in March 21 over March 19, Rubana Huq noted.

Woven garments was facing the toughest time ever, while export suffered a double-digit decline since August 2020. Woven exports fell by 27.70 per cent in March 21 compared to March 19, she added.

Price trend continued to worsen, as March 2021 posted a 5.11 per cent decline in unit price compared to March 2019.

The average decline in unit price for July-March 2020-21 was 3.58 per cent compared to July-March 2018-19.

"Such consecutive declines in unit price do not require further analysis to understand the magnitude of vulnerability the industry is dwelling with."

The export markets were still struggling to contain the pandemic spread, and the third wave only added to the woes.

"Until recently, Bangladesh has been faring well in containing the virus infection. However, the present lockdown, which is a timely move by the government, will further affect the already depressing performance of the ind+ustry," she added.

Talking to the FE, Faruque Hassan, the BGMEA president-elect and managing director of Giant Group, also echoed Ms Huq, and added that many factories remained closed after the government announced lockdown in March 20.

Regarding prices, he said although apparel prices slightly increased recently, followed by cotton and yarn price hike, RMG unit price was still below the cost.

Knitwear items' earnings grew followed by the lockdown-induced demand in importing countries, he added.

Meanwhile, earnings from exports of jute and jute goods increased by 22.94 per cent to $953.57 million during the July-March period of this fiscal, up from $775.63 million over the corresponding period of last fiscal.

Agricultural products' export earnings grew by 3.43 per cent to $746.72 million during July-March of FY 21.

Export earnings of frozen and live fish decreased by 8.66 per cent to $367.74 million.

Pharmaceuticals export income stood at $119.01 million, marking a 12.04 per cent growth.

On the other hand, leather and leather goods earned $684.84 million, registering a 0.53 per cent decline.

Plastic products witnessed a growth of 1.86 per cent to $84.66 million during the July-March period of FY 21, according to the EPB data.

Source: thefinancialexpress.com.bd– Apr 07, 2021

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RMG units to remain open amid week-long Bangladesh lockdown

Bangladesh's readymade garment (RMG) factories will be open despite the government's announcement of a week-long countrywide lockdown beginning April 5 for curbing the impact of the COVID-19 pandemic's second wave, according to the Bangladesh Garment Manufacturers and Exporters Association (BGMEA). The units will follow all government directives.

BGMEA president Rubana Huq said social distancing will be enforced in the factories to prevent workers from being infected.

Abdus Salam Murshedy, president of the Exporters Association of Bangladesh (EAB) and former president of the BGMEA, said workers are safer inside the factories than they are outside.

“That is why we will keep the factories open as before. However, we will be more careful than we were before about following the hygiene rules,” he added.

Products for which orders came three or four months ago need to be made, Siddiqur Rahman, former president of BGMEA and vice president of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), said. There was no disaster in the garment sector last time as the hygiene rules were followed, he was quoted as saying by Bangladeshi media reports.

Source: fibre2fashion.com– Apr 05, 2021

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Pakistan: Govt urged to resolve cotton, yarn crisis

Value-added textile sector associations on Tuesday asked the government to place an immediate ban on the cotton yarn export to ease the commodity crisis. They also proposed a 10 percent duty on the cotton yarn export, saying the proposition if implemented will help stem falling trend in apparel textiles export.

The associations also demanded of the government to permit a duty free import of cotton yarn from worldwide for at least next six months to arrest the commodity crisis that continues to hit the local market. The proposals and demands were placed by the representatives of different apparel textiles associations to Adviser to Prime Minister on Commerce Razak Dawood during a meeting held on Tuesday virtually through internet.

Globally, the prices of cotton have decreased but the commodity is still costlier in Pakistan. Announcement of ECC proposal to allow import of cotton yarn from India had temporarily helped reduce the cotton yarn prices in the local market, but the cancellation of trade with the neighboring nation again spurred the commodity rates to the higher levels, they said.

They demanded of the government to open an immediate forensic audit of local cotton yarn producers, similar on the pattern of sugar probe.

"It is learned that approximately two million bales have been sold without sales tax and invoices in the local market, in order to identify the black-sheep and culprits behind the yarn crisis," the associations asserted.

The value added textile exporters are facing jeopardy and financial hardships as their cost of manufacturing has outgrown because the dollar depreciation against Pak rupee from 164 to 153 and increase in prices of cotton yarn more than 40 percent and 700 percent increase in sea freight charges, they said.

Country is facing approximately 40 percent low cotton crop, which is the lowest quantity over the past three decades, they said adding that "therefore, the government must devise most urgent mechanism and policy to increase cotton produce as the cotton cultivation period is started in the country."

They said the government should also help facilitate apparel makers to import cotton yarn from Central Asian Republics through land route via Afghanistan as the sea route is taking a long duration due to shortage of containers and vessels.

It will help bring a positive impact for textile export of Pakistan to reach at the level of Bangladesh textile within next few years, they said. They also requested to the adviser to speed up the release of payments of DLTL / DDT claims to support the textile export industry and demanded rates of gas (RLNG) should be same for new industrial units around the country.

Those attended the online meeting included: Jawed Bilwani, chairman Pakistan Apparel Forum, Riaz Ahmed central chairman, Faisal Mehboob Shaikh senior vice chairman, Tariq Munir vice chairman Pakistan Hosiery Manufacturers & Exporters Association, Mian Farrukh Iqbal senior vice chairman, PHMA Northern Zone, Ch Salamat Ali ex-central chairman, Syed Zia Alamdar ex-chairman, Kashif Zia, ex-chairman PHMA, Ijaz Khokhar chief coordinator & ex-central chairman Pakistan Readymade Garment Manufacturers & Exporter Association, Aamir Lari vice chairman, Haroon Shamsi ex-chairman Towel Manufacturers Association of Pakistan, Eng Bilal Jamil senior vice chairman, Arif Malik ex-chairman All Pakistan Bedsheets & Upholstery Manufacturers Association, Waheed Khaliq Ramay of Power Looms Owners Association and Engr Hafiz Ihtasham Javed president Faisalabad Chamber of Commerce & Industry.

Responding to the demands and suggestions of textile exporters, Razak Dawood assured them of a support. The concerned ministry will take all decisions in a consultation with the stakeholder associations, he added.

He noted the suggestions and demands of textile exporters to allow duty free import of cotton yarn, to place ban on export of cotton yarn or impose 10 percent duty on export of cotton yarn.

He said the commerce ministry has taken a serious notice of the situation and will revert back in next few days, according to the associations attended the meeting.

Source: brecorder.com– Apr 07, 2021

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NATIONAL NEWS

IMF raises India's growth projection to 12.5% for FY22

Country's strong show seen boosting 'Emerging and Developing Asia' group The International Monetary Fund (IMF) has upped its growth projection for India by one percentage point for the current fiscal that started on April 1. Even for the next fiscal, it has revised the projection upwards.

According to the latest edition of the World Economic Outlook (WEO) released on Tuesday, India is projected to grow at 12.5 per cent during the current fiscal (FY 2021-22). This is the highest not just among emerging economies, but also in the group combining advanced economies. In fact, India will be the only country that is estimated to register double-digit growth. For FY 2020-21, the IMF estimates the GDP to contract by 8 per cent.

Growth forecast

In January, IMF's projection for the current fiscal was 11.5 per cent. For the next fiscal (FY 2022-23), the forecast was 6.8 per cent, which in the latest report has been revised a tad to 6.9 per cent. India's better performance has an impact on the 'Emerging and Developing Asia' regional group.

"For the Emerging and Developing Asia regional group, projections for 2021 have been revised up by 0.6 percentage point, reflecting a stronger recovery than initially expected after lockdowns were eased in some large countries (for example, India)," the WEO said. However, still high Covid-19 caseloads in some large countries in 2020:Q1 (such as Indonesia and Malaysia) put a lid on the growth prospects, it mentioned.

IMF's optimism has come at a time when India has achieved the infamous landmark of one lakh plus Covid-19 cases in a single day amidst the second wave of pandemic. However, the agency's optimism is matched by a report prepared by the Economic Affairs Department of the Finance Ministry and released on April 5. The report said: "As the vaccination drive continuously upscales in India, and guided by the learnings of India's successful management of the pandemic during its first wave, India is now well armed to combat any downside risk posed by the recent surge in Covid-19 cases. With the end of a challenging FY 2020-21, the crest of a brighter and self-reliant FY 2021-22 awaits India!"

Global outlook

Talking about the global outlook, the report projected global economy to grow at 6 per cent in 2021 as against a contraction of 3.3 per cent in 2020. Further, it expected the global economy to moderate to 4.4 per cent in 2022. “The contraction for 2020 is 1.1 percentage points smaller than projected in the October 2020 World Economic Outlook (WEO), reflecting the higher-than-expected growth outturns in the second half of the year for most regions after lockdowns were eased and as economies adapted to new ways of working,” the report said.

The projections for 2021 and 2022 are 0.8 percentage point and 0.2 percentage point stronger than in the October 2020 WEO, reflecting additional fiscal support in a few large economies and the anticipated vaccine-powered recovery in the second half of the year.

“Global growth is expected to moderate to 3.3 per cent over the medium term — reflecting projected damage to supply potential and forces that predate the pandemic, including ageing-related slower labour force growth in advanced economies and some emerging market economies,” the report mentioned.

Source: thehindubusinessline.com– Apr 06, 2021

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India, Russia discuss deepening of partnership in trade, space, defence, energy

India and Russia discussed ways to deepen bilateral partnership in sectors such as investment, energy, military equipment production, nuclear and space, and moving ahead on talks for a Free Trade Agreement between India and the Eurasian Economic Union (EAEU), in consultations between External Affairs Minister S Jaishankar and his Russian counterpart Sergey Lavrov on Tuesday.

“We discussed prospective and additional manufacturing of Russian military equipment in India within the concept ‘Made in India’. So here, I didn’t see any changes from our Indian partners and friends,” Lavrov said at a press briefing after talks with Jaishankar.

Energy cooperation

Discussions also focussed on the expanding energy cooperation between the two countries and views were also exchanged on regional and global matters.

“We talked about long-standing partnership in nuclear, space and defence sectors. We assessed positively our economic cooperation, noting the new opportunities in Russian Far East.

We spoke of connectivity, including the International North-South Transport Corridor and the Chennai-Vladivostok Eastern Maritime Corridor. Our rapidly expanding energy cooperation that now includes long term commitments was also on the agenda,” Jaishankar said.

As the annual India-Russia Summit between the Indian Prime Minister and the Russian President could not take place last year due to Covid-19, the two countries are trying to make it possible this year. “Much of our discussions today covered the preparations for President Putin’s visit for the Annual Summit later this year,” Jaishankar added.

India had entered into a deal with Russia to buy S-400 surface-to-air missile systems in 2018 despite warnings of sanctions from the United States. Since then, the US has been trying to convince India to get out of the deal. Specifics on the matter were not shared at the press conference.

Lavrov pointed out that there was a drop in bilateral trade due to the Covid-19 pandemic and both sides needed to discuss ways to boost both trade and investments. Both countries are also keen on moving forward on the negotiations for an FTA between India and the EAEU in a way that is mutually beneficially. The EAEU includes Armenia, Belarus, Kazakhstan, Kyrgyzstan and Russia.

Jaishankar said that he shared with his Russian counterpart India's approach on Afghanistan. "For India, what happens in Afghanistan impacts its security directly. I shared our approach that a durable peace there would require harmonising interests of all, both within and around that country. The peace process must be based on foundational principles to which we all subscribe. And a political solution should mean an independent, sovereign, united and democratic Afghanistan.

India also shared its viewpoint on the Indo-Pacific. "As our Prime Minister pointed out at the Shangri-La Dialogue some years ago, contemporary challenges require countries to work together in new and different ways," he said.

Source: thehindubusinessline.com– Apr 06, 2021

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Govt makes identity verification mandatory for new importers, exporters

The government has made it mandatory for new importer, exporter and customs broker to verify their identity, including incorporation document, PAN, Aadhaar as well as physical verification of place of business. The Customs (Verification of Identity and Compliance) Regulations, 2021, also gives customs authorities power to undertake identity verification of existing importers, exporters and customs brokers.

The person selected for verification would have to furnish to the Customs authorities documents or information on the Common Portal within 15 days of such intimation of selection. These include document of incorporation, document evidencing appointment of authorised signatories, if applicable, Permanent Account Number; GST Identification Number; document such as bank statement, Income Tax Return etc. evidencing financial standing of the person.

"...a person who is newly engaging in import or export activity after the commencement of these regulations shall furnish the said documents not later than 30 days of engaging in import or export activity," the regulations said. Importers, exporters and customs brokers would have to undertake authentication of Aadhaar; and PAN verification on the Customs common portal.

Following this, Customs authorities would undertake a physical verification of the address provided in the principal place of business within 45 days from the date of submission of the documents; and also evaluate the financial standing of the person.

EY Tax Partner Abhishek Jain said the government recently brought in regulations under the GST law to identify fictitious entities and prevent fake invoicing under GST. Now, similar provisions have been introduced under the Customs law, whereby the new importers and exporters will have to undergo identity verification, including verification of incorporation documents, Adhaar, PAN (for individual, karta, MD,etc) as well as the physical verification of the place of business.

"In case any default is discovered, clearance of goods, drawbacks, refunds, etc can be suspended. Further, the Customs authorities have also been granted power to undertake this identity verification for existing players as well. “Overall, this is a good move on the part of the Government from perspective of preventing revenue leakage and with GST collections on rise with the introduction of preventive regulations, it is hoped that these rules would lead to better Customs duty collection as well. Having said this, the Government will have to ensure that genuine taxpayers don’t face unnecessary hassles,” Jain added.

AMRG & Associates Senior Partner Rajat Mohan said, “This verification would be on the lines of current procedures spelt out in GST regime especially in relation to Aadhaar authentication and physical verification.

“These procedures being unambiguous and time bound will support compliant taxpayers to continue various benefits available under customs in a hassle-free manner.”

Source: financialexpress.com– Apr 06, 2021

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Surrender proportionate incentives to remit export claims: Expert

We exported certain goods for which payment is fully realised. Now, the foreign buyer has raised some claims due to improper packing and late shipment. We want to remit these claims. What is the treatment of such export claims by RBI and under the GST laws?

As per Para C.22 of RBI Master Direction no. 16/2015-16 dated January 1, 2016 (as amended), on "Export of Goods and Services", AD Category-I ban-ks may remit export claims on application, provided the relative export proceeds have already been realised and repatriated to India, and the exporter is not on the caution list of the RBI. In all such cases of remittances, the exporter should be advised to surrender proportionate export incentives, if any, received by him, says the RBI.

Reading this provision, in harmony with Rule 96B of the CGST Rules, 2017, I am of the opinion that you must surrender proportionate refund of the IGST paid on the export goods obtained, or the proportionate refund of the unutilised input tax credit obtained, because sending back part of the export proceeds realised effectively amounts to shortfall in realisation of export proceeds.

There are 11 trade terms in Incoterms 2020. We understand that the Bill of Entry captures only CIF, CFR and FOB. Is that so?

In the ICEGATE, the drop-down menu gives four options of Incoterms — CIF, C&F, C&I and FOB.

We are registered under the GST Composition Scheme. What is the due date for filing our annual return for the year 2020-21?

You have to file the annual return for the year 2020-21 on or before April 30, 2021.

We want to start exports. We understand that we can furnish a Letter of Undertaking (LUT) and export without GST payment. When are we required to furnish the LUT?

You must furnish the LUT in form RFD-11 online before carrying out exports.

Para 2.87 of the Handbook of Procedures, Vol. 1, says that “realisation of export procee-ds shall not be insisted under Foreign Trade Policy, if the Reserve Bank of India (RBI) or any ‘Authorised Bank’ (authorised by RBI for this purpose) writes off the requ-irement of realisation of export proceeds on merits and the exporter produces a certificate from the concer-ned Foreign Mission of India about the fact of non-recovery of export proceeds from the buyer. However, this wo-u-ld not be applicable in self-write-off cases”. What is mea-nt by “write-off the requirement of realisation of ex-port proceeds on merits”?

In my opinion, it means that the bank must be satisfied about the bona fides of the case and that in spite of his best efforts, the exporter is or would be unable to realise the export proceeds. That satisfaction would depend on the facts of the case. For example, the cost of legal recourse may be disproportionate to the un-realised amount of the export bill, or where even execution of a Court decree in favour of the exporter would be difficult.

Source: business-standard.com– Apr 06, 2021

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Cotton futures firm at Rs 21,400 per bale on positive global trend

Cotton futures were trading higher at Rs 21,400 per bale on April 5 as participants increased their long positions as seen from open interest. Prices had jumped Rs 1,150 or 5.68 percent last week to settle at Rs 21,260/bale on the MCX.

The agri commodity traded in the positive territory after a gap-up start in the afternoon session tracking firm global cues.

The soft commodity has been trading higher than 5, 100 and 200 days' moving averages but lower than 50 and 20 days' moving average on the daily chart. The Relative Strength Index (RSI) is at 49.85 which indicates sideways momentum in prices.

"Proliferating cases of COVID-19 in India as well as across the globe, limited demand by domestic millers and Cotton Corporation of India (CCI) halting its procurement operation and lower it selling price may continue to weigh on Cotton prices in coming weeks," said Mohit Vyas, Analyst at Kotak Securities.

The recent fall in ICE and ZCE Cotton futures, huge carry over stock from last season may also add in negative sentiments in cotton, Vyas added.

MCX April Cotton trade at a discount of 11 percent from Cotlook A price of 87.40 cents as on Wednesday.

In the futures market, cotton for April delivery touched an intraday high of Rs 21,460 and an intraday low of Rs 21,290 per bale on the MCX. So far in the current series, the commodity has touched a low of Rs 20,340 and a high of Rs 22,760.

Cotton futures for March delivery jumped Rs 140, or 0.66 percent, to Rs 21,400 per bale at 16:28 hours IST on a business turnover of 7,732 lots. The same for May contract gained Rs 130, or 0.60 percent at Rs 21,670 per bale with a business volume of 557 lots.

The value of April and May's contracts traded so far is Rs 31.25 crore and Rs 5.30 crore respectively.

Geojit Financial Services Limited said, “Downside corrective moves are more likely to continue towards Rs 21,000 levels.”

At 1100 (GMT), US Cotton futures climbed 1.76 percent quoting at 79.32 cents/pound on Intercontinental Exchange (ICE).

Source: moneycontrol.com– Apr 05, 2021

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Adani's Mundra Port pips JNPT to become India's biggest container port

Mundra Port, India's biggest commercial port by volumes, has gained another distinction in container handling by overtaking State-run Jawaharlal Nehru Port Trust (JNPT) to become the leader by handling 5.65 million twenty-foot equivalent units (TEUs) in FY21, posting a growth of 18 per cent over the previous year.

JNPT handled 4.67 million TEUs in FY21, a decline of 7.04 per cent over FY20.

Overall Mundra port handled 144.4 million tonnes (mt) of cargo in FY21, clocking a growth of 4 per cent on a year-on-year basis.

Mundra is the flagship port of Adani Ports and Special Economic Zone Ltd (APSEZ) is India's biggest private port operator. The 12 ports/terminals run by APSEZ handled a combined 247 mt of cargo in FY21 registering a growth of 11 per cent on year-on-year basis, APSEZ said in a statement.

In the container segment, APSEZ handled 7.22 million TEUs in FY21 registering a growth of 16 per cent. APSEZ now holds a market share of 41 per cent in containers pan India.

The west coast ports of APSEZ (Mundra and Hazira) handled 6.32 million TEUs in FY21. Their market share has increased to 48 per cent in FY21.

During the year, APSEZ operated more than 5,000 rake movements across various ports and hinterland. Further, APSEZ's ports and logistics business generated ₹5,900 crore as freight revenue for Indian Railways.

Source: thehindubusinessline.com– Apr 06, 2021

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Highest HTBT cotton sowing in coming kharif: Shetkari Sanghatana

In Maharashtra, where cotton is cultivated in 29 per cent of the total land under Kharif cultivation, farmers planted the illegal variety on 25-35 per cent of the area. Farmers in Gujarat, Telangana and Andhra , too, grew HTBt cotton this season.

“The movement for HTBt cotton that started in 2019 has gained momentum and now farmers are cultivating more of HTBt cotton. This kharif, 50 per cent cotton grown in the State will be growing HTBt. Now, we don’t have to launch a programme or movement to encourage farmers to grow HTBt. Farmers themselves are now inclined towards HTBt,” Anil Ghanwat, president of SS, told BusinessLine.

SS, which has been supporting farmers in cultivating HTBt cotton and helping them confront government officials, favours farmers in the country getting access to the latest technological development in agriculture.

In India, the government has approved only cultivation of genetically-modified (GM) non-food crop, which is cotton. Since 2006, no new GM variety, including cotton, has been approved by the Genetic Engineering Appraisal Committee (GEAC), the nodal agency to clear GM crops in the country.

Bt cotton is the only genetically modified (GM) crop that has been approved for commercial cultivation by the Government of India.

Farmers have been cultivating HTBt crop despite the penal provisions that carrying, storing, selling or sowing of unauthorised GM crops will result in ₹1-lakh fine and five years’ imprisonment.

“We will continue to sow HTBt cotton. Let government arrest us, but we will continue to use HTBt seeds. These seeds are easily available in the market and farmers are already using them. The government must not stop farmers from using advanced seeds and technology,” said Ghanwat.

One of the reasons why farmers favour HTBt cotton is that it helps them save costs in clearing weeds on their farms while cultivating cotton.

A cotton farmers spends ₹23,500 on an acre of irrigated land and ₹15,400 on rain-fed farm. Of this 25 per cent of the cost on irrigated and 20 per cent of rain-fed land is spend on removing weeds.

The HTBt cotton can withstand the effect of the herbicide that is sprayed on the weeds. In particular, farmers use Glyphosate herbicide to control the weeds but it is banned by some States such as Kerala.

Environmental groups and those opposed to GM technology claim that Glyphosate is harmful to humans and hence HTBt cotton cultivation should not be permitted.

Farmers say the cultivation cost reduces drastically with HTBt seeds as they can spray herbicides to eliminate weeds without damage to cotton crop and save labour cost required to pull out weeds that reduce the yield.

Illegal seed business

Meanwhile, the Seed Industries Association of Maharashtra (SIAM), at its board of directors meeting recently, expressed concern over the illegal sales of HTBt cottonseeds.

"The seed industry is suffering because of the illegal trade of HTBt. We strongly oppose any move to encourage farmers to cultivate banned variety and appeal to the government to act in the matter," said SB Wankhede, Executive Director of SIAM.

However, SIAM has demanded that the government not stop GM crop trials. "We cannot decide the positive or negative impact of GM seeds unless trials are conducted" Wankhede told BusinessLine.

Farmers also run the risk of cultivating an unauthorised variety since they cannot be compensated in case of any loss.
The Centre allowed cultivation of Bt cotton in 2002 mainly since farmers in some parts of the country then began growing the GM variety without any legal backing.

The seed industry claims that "motivated agents" are duping farmers and trying to sabotage the legal cotton seed business. The illegal seed trade has dented the cotton seed business by 10-15 per cent incurring an annual loss of ₹200-400 crore, according to industry players.

Earlier cases of the sale of illegal HTBt cotton seeds have been reported in the districts of Nagpur, Chandrapur, Parbhani, Nandurbar, Yavatmal, Bhandara and Gadchiroli of Maharashtra.

Govt stand

Even as farmers and the seed industry demand that field trials of GM crops must be started, the Central government has asked the States to take a call. Union Environment Minister Prakash Javadekar recently told Rajya Sabha that it has been decided that proposals for field trials of GM crops, including Bt brinjal, will not be taken up for consideration by the Genetic Engineering Appraisal Committee (GEAC) without the recommendation of the State/UT concerned. However, the State government officials said that they were still waiting for further directions from the Centre.

Source: thehindubusinessline.com– Apr 06, 2021

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Telangana launches portal to promote state handicrafts, handloom

The Telangana government recently launched a new shopping portal to provide a platform to facilitate e-commerce of authentic handicrafts and handlooms from the state and promote local artisans. State information technology minister KT Rama Rao launched the E-Golkonda shopping portal of Telangana State Handicrafts Development Corporation (TSHDC).

"The government of Telangana has made all the efforts to strengthen the Telangana Handicrafts Development Corporation," said Rama Rao.

He said arrangements will be made to ship the artefacts to any part of the globe after obtaining necessary permissions from the central government.

People can also view each artefact in a 3D format on the shopping portal, according to media reports from the state.

The state government is setting up a common facility centre, besides facilitating skill development and technical cooperation and marketing for the products developed by artisans and extend all the required support, he added.

Source: fibre2fashion.com– Apr 06, 2021

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