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INTERNATIONAL NEWS

USA: Industry Up in Arms Over Tipped 25% Tariffs

Trade groups across apparel and retail spoke out Monday against new proposed tariffs that could bring further blowback on an already struggling sector and hit American consumers in the wallet.

Testifying at Monday's United States Trade Representative's (USTR) hearing on proposed actions on Section 301 investigations concerning digital services taxes (DSTs), retail and apparel groups urged the Biden administration to abandon the plan to impose tariffs of up to 25 percent on certain products from Austria, India, Italy, Spain, Turkey and the U.K.

At the hearing, Blake Harden, vice president of international trade at the Retail Industry Leaders Association (RILA), stressed that the imposition of any additional tariffs on imported goods will further punish American companies, consumers, workers and American families without obtaining the elimination of Austria, India, Italy, Spain, Turkey, or the U.K.s digital services taxes.

"Simply put, adding additional financial strain during an ongoing pandemic and economic recession will slow our recovery, harm American businesses' ability to compete, limit American consumers' access to key products and put Americans out of work," she said.

Beth Hughes, vice president of trade and customs policy at the American Apparel & Footwear Association (AAFA), also said the group "strongly supports the trade principle that U.S. trading partners must abide by global trade rules. Further, we support this administration's efforts to address unfair trading practices."

"However, we have serious concerns that the imposition of new punitive duties on U.S. imports from Austria, India, Italy, Spain, Turkey and the U.K. would result in great harm to our industry and exacerbate supply chain disruption issues during the COVID-19 pandemic," Hughes said.

On June 2, 2020, USTR under President Trump initiated Section 301 investigations of DSTs adopted or under consideration in 10 jurisdictions. In January, USTR determined that the DSTs in six of these jurisdictions–Austria, India, Italy, Spain, Turkey, and the U.K.–are unreasonable or discriminatory and burden or restrict U.S. commerce, and are actionable under Section 301.

On March 31, USTR issued notices requesting public comments and announcing public hearings on proposed trade actions in the form of additional tariffs of up to 25 percent on specific products of Austria, India, Italy, Spain, Turkey, and the U.K. The other four DST investigations of Brazil, the Czech Republic, the European Union and Indonesia were terminated because these jurisdictions had not adopted or implemented the DSTs under consideration, according to USTR.

Harden also stressed that RILA is supportive of the administration's goal of addressing digital services taxes that unfairly target or discriminate against U.S. companies and the federal government's right to address such discriminatory measures, Harden said.

"Our point is this–tariffs on the proposed products will not be effective in obtaining the elimination of our trading partners' discriminatory tax policies or prevent the proliferation of additional digital services taxes around the globe," she said.

From USTR's proposed product lists, RILA's members, including such major chains as Walmart and Target, import goods such as cosmetics, perfumes and shampoos from the U.K.; carpets, bed linens, curtains, tiles, kitchen fixtures and bathroom ceramics from Turkey; glassware and footwear from Spain, and jewelry and furniture from India.

"We fail to see how the imposition of an additional import tax on these products, which will be paid by Americans, will convince our trading partners to withdraw or reform their digital services taxes," Harden said. "At the same time, imposing these tariffs will severely harm the ability of U.S. retailers to compete globally."

"RILA believes the proliferation of digital services taxes requires a multilateral tax solution, not a unilateral tariff response," she added. "To that end, we appreciate the Administration's demonstrated willingness to address the digital services taxes through multilateral negotiations at the OECD (Organization for Economic Cooperation & Development). We believe the OECD is the appropriate forum for achieving a negotiated solution and strongly support the Administration in these efforts."

Hughes of AAFA told the hearing that many of its member companies have sought out new suppliers due to the Section 301 action against China several years ago.

"U.S. imports from China have declined and our trading partners are filling the resulting gap," she said. "For instance, India is our fifth largest supplier of accessories to the U.S., Italy is our sixth largest supplier of footwear and ninth for accessories. U.S. imports from Spain of accessories have tripled and footwear has nearly doubled since 2010. U.S. apparel imports from Turkey have doubled in the past decade. U.S. apparel imports from the U.K. and U.S. footwear imports from Austria have experienced steady growth."

She said the growth in each of these categories in the countries in question furthers the national interest of diversifying supply chains away from China.

"However, the proposed set of actions would seek to punish the U.S. companies who have made much needed progress in this area to find supply chain partners," Hughes said. "Lastly, apparel, footwear and accessories have nothing to do with digital services. Because of this lack of connection, imposing punitive tariffs on U.S. imports for apparel, footwear and accessories from these countries will do nothing to change their behavior in this dispute. Yet, retaliation against these products, if implemented, will have a significant impact on our industry, and our American workers."

Hughes said AAFA strongly opposes the imposition of any tariffs on U.S. imports and agreed that "an attractive alternative remains and offers a viable path forward for meaningful trade policy reform–the administration should double down on the multilateral process that has already begun at the OECD toward a negotiated agreement."

Source: sourcingjournal.com– May 03, 2021

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USA: Logistics Woes Limit April's Otherwise Solid Manufacturing Growth

Textile, apparel and leather manufacturers were among the 18 manufacturing industries that reported growth in the April "Manufacturing ISM Report on Business."

Timothy R. Fiore, chair of the Institute for Supply Management (ISM) Manufacturing Business Survey Committee, said the April Manufacturing PMI registered 60.7 percent, a decrease of 4 percent from the March reading of 64.7 percent. This figure indicates expansion in the overall economy for the 11th month in a row although at a slower rate than March after contraction in April 2020 in the early days of the coronavirus crisis in the United States.

A Manufacturing PMI above 43.1 percent, over a period of time, generally indicates an expansion of the overall economy, Fiore noted, meaning the April Manufacturing PMI indicates the overall economy grew in April.

"Survey Committee members reported that their companies and suppliers continue to struggle to meet increasing rates of demand due to coronavirus impacts limiting availability of parts and materials," Fiore said.

"Recent record-long lead times, wide-scale shortages of critical basic materials, rising commodities prices and difficulties in transporting products are continuing to affect all segments of the manufacturing economy. Worker absenteeism, short-term shutdowns due to part shortages and difficulties in filling open positions continue to be issues that limit manufacturing-growth potential."

ISM's New Orders Index registered 64.3 percent in April, down 3.7 percentage points compared to the 68 percent reported in March. This indicates that new orders grew for the 11th consecutive month. A New Orders Index above 52.8 percent, over time, is generally consistent with an increase in the Census Bureau's series on manufacturing orders.

Of the 18 manufacturing industries, the 16 that reported growth in new orders in April included textile mills, with apparel and leather reporting neither an increase nor a decline.

The Production Index registered 62.5 percent in April, 5.6 percentage points lower than the March reading of 68.1 percent. An index above 52.1 percent, over time, is generally consistent with an increase in the Federal Reserve Board's Industrial Production figures.

Textile mills were among the 14 industries reporting growth in production during the month, with apparel and leather indicating flat manufacturing movement.

The delivery performance of suppliers to manufacturing organizations was slower in April, as the Supplier Deliveries Index registered 75 percent. This is 1.6 percentage points lower than the 76.6 percent reported in March. A reading below 50 percent indicates faster deliveries, while a reading above 50 percent indicates slower deliveries.

"The Supplier Deliveries Index reflects difficulties suppliers continue to experience due to COVID-19 impacts as hiring challenges, raw materials lead times and pricing, transportation availability and raw materials inventories impact all levels of the supply chain," Fiore said. "Supplier labor, material and transportation constraints are not expected to diminish in the second quarter due to continuing pandemic impacts amid strong demand."

Of the 18 industries, 17 reported slower supplier deliveries in April, led by apparel and leather, and textile mills.

The Inventories Index registered 46.5 percent in April, 4.3 percentage points lower than the 50.8 percent reported for March. An Inventories Index greater than 44.5 percent, over time, is generally consistent with expansion in the Bureau of Economic Analysis figures on overall manufacturing inventories.

"Inventories remain unstable due to ongoing supplier constraints," Fiore said. "In April, supplier delivery rates were not able to keep up with new-order and production levels, causing a measurable draw down in raw material inventories at panelists' companies."

The five industries reporting higher inventories in April included textile mills, while apparel and leather were flat.

The ISM Prices Index registered 89.6 percent, an increase of 4 percent compared to the March reading of 85.6 percent, indicating raw materials prices increased for the 11th consecutive month. In the last three months, the index has been at its highest levels since July 2008, when it registered 90.4 percent. A Prices Index above 52.7 percent, over time, is generally consistent with an increase in the Bureau of Labor Statistics (BLS) Producer Price Index for Intermediate Materials.

In April, for the fourth month in a row, all 18 industries reported paying increased prices for raw materials, led by apparel and leather, furniture and related products, and textile mills.

ISM's New Export Orders Index registered 54.9 percent in April, up 0.4 percent from March. The textiles and apparel sectors did not report an increase or decrease in this category.

ISM's Imports Index registered 52.2 percent in April, a decrease of 4.5 percent compared to the 56.7 percent reported for March.

"Panelists continued to note backlogs in ports of entry, as well as difficulties in arranging drayage and operating within the domestic transportation market," Fiore said.

Six industries, including textile mills and apparel and leather, reported no change in imports in April compared to March.

Source: sourcingjournal.com– May 03, 2021

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China's Hubei Sees Surging Foreign Trade In Q1

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

The total import and export value reached 117.46 billion Yuan (about 18.1 billion U.S. Dollars) in the first quarter, up 88.1 percent year on year, data from Wuhan Customs showed.

The provincial capital of Wuhan, once hardest hit by COVID-19, saw its foreign trade reach 76.23 billion yuan, accounting for 64.9 percent of the provincial total. The trade conducted by private enterprises totaled 64.74 billion yuan, up 134.9 percent year on year, accounting for 55.1 percent of the province's total import and export value.

During the period, the province's trade with major trading partners, including the European Union, the United States, the Association of Southeast Asian Nations and Japan, reached 17. 26 billion yuan, 16.11 billion yuan, 15.11 billion yuan and 11.06 billion yuan, respectively, up 125.1 percent, 166.9 percent, 96.9 percent and 87.1 percent year on year.

The foreign trade volume between Hubei and the countries along the Belt and Road continued to increase, reaching 29.01 billion yuan, up by 91.6 percent. Meanwhile, the figure for Hubei's imports and exports with members of the Regional Comprehensive Economic Partnership rose to 35.51 billion yuan, up 70.3 percent.

The exports of textiles and clothing in Hubei, including anti-pandemic supplies, grew strongly in the first quarter. The export value of textile products reached 2.62 billion yuan, up by 74 percent, while that of clothing totaled 5.39 billion yuan, up by 212.2 percent.

The growth of imports was boosted mostly by mechanical and electronic products, which accounted for 64.1 percent of the whole.

Source: urdupoint.com – May 03, 2021

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Chinese Consumers Drove Lion's Share of 2020's Luxury Growth

China—the only major economy to register economic growth last year—accounted for two-thirds of luxury spending growth in 2020, according to data from the NPD Group.

International travel restrictions naturally led to a significant pivot toward domestic spending. Of Chinese luxury consumers' $12.29 billion in direct retail spending, $9.83 billion occurred in mainland China.

This represented a major shift from past years. Whereas Chinese luxury transaction value in mainland China amounted to 43 percent of the global total in 2019, this figure soared to 80 percent last year. Chinese consumers' spending on personal luxury goods dropped 26 percent internationally.

According to NPD, the coronavirus pandemic's greatest impact on mainland China occurred in February last year, when transaction value fell 79 percent. By April, however, the metric had recovered, with the market posting double-digit growth through the end of the year.

Luxury conglomerates are leading the growth within China. According to NPD, the top five brands recorded $5.1 billion in sales last year as they took 52 percent of the total value of sales in mainland China.

NPD noted that duty-free shopping has been an "essential" part of Chinese travelers' shopping experience abroad. Due to travel limitations, however, consumer spending in Hong Kong, Macau and Taiwan was limited. China's Hainan Island—with its policy support for duty-free development—appears to have benefitted from this turn of events. Sales at Haitang Bay in Hainan, the largest standalone duty-free shopping complex in the world, according to NPD, surged 66 percent compared to the prior year.

Stanley Kee, NPD's managing director, APAC, noted that China's gross domestic product per capita surpassed $10,000 in 2019 and that 2020's data release "confirmed its steadiness."

"These numbers indicate great potential for a total consumer spending increase in a society where consumers demand more, better and newer goods in general," Kee said in a statement. "There has never been a year when luxury companies have placed such a focus on China's market as they did in 2020. The world is predicting this focus will increase and strengthen."

Retailers are already making moves to cash in on the growing market. High-end e-tailer Farfetch, Chinese retail giant Alibaba and luxury goods holding company Richemont unveiled plans to team up in November.

The agreement saw Farfetch launch its own channel on Alibaba's Tmall Luxury Pavilion in March. Alibaba and Richemont are separately investing $300 million each in private convertible notes issued by the London-based company. Each will also front $250 million for a combined 25 percent stake in Farfetch's new joint venture, Farfetch China. The two businesses will have the opportunity to purchase another 24 percent combined stake after its third year in business.

The March backlash against Western brands over their statements on China's Xinjiang region has not left the luxury segment unscathed. The London-based fashion company Burberry was drawn into the controversy early on. The fallout led the Chinese gaming company Tencent to scrap its partnership with the brand to create "skins" for its popular multiplayer game "Honor of Kings."

Source: sourcingjournal.com – May 03, 2021

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USA: Weather and Exports Continue to Impact Cotton Outlook

The market (new crop December futures) seems to be working its way into a “comfort zone” of mostly 81 to 87 cents. Ahead of USDA’s May supply/demand numbers and the first estimate of actual planted acres coming on June 30, the market will continue to focus mostly on U.S. crop conditions and weekly exports for direction.

December futures closed April 30 at just over 85 cents, squeaking out a 13 point gain for the week. After gaining 225 points and closing at over 87 cents last Tuesday, prices fell a combined 336 points on Wednesday and Thursday before gaining back 122 points by week’s end.

Tuesday’s big day was said to be a spillover result of 8-year highs in corn and soybeans. If that’s truly the case – and in light of the subsequent declines later in the week – a valid question might be if 87 cents is justifiable at this point.

The retreat on Wednesday was said to again be following the action in grains and soybeans as those prices backed off Tuesday’s gains. Another retreat on Thursday was said to be due to rainfall across Texas and a disappointing export report.

Other reports suggest that rainfall across some parts of Texas was good and timely, while rainfall across other areas amounted to very little help and impact. USDA data as of April 25 shows Texas at 17% planted – ahead of normal, but pace seems to have slowed.

Texas crop condition remains very fragile going forward and is going to continue to be a market factor. This, combined with uncertainty in U.S. acres planted, should support prices. The 30-day precipitation outlook for the month of May is for normal to below normal for the Panhandle, Southern Plains and Rolling Plains regions of Texas. This may hamper planting progress and acres planted.

The outlook is for drought to likely persist in the Southern Plains but lessen in the Rolling Plains. Also note, drought could develop in portions of the North and South Carolina cotton area.

The most recent export report (for the week ending April 22) shows net sales were only 84,400 bales, as cancellations were 25,700 bales. Shipments were 367,100 bales, with the largest destinations being China, Vietnam, and Turkey.

Shipments remain strong, but sales have slipped over the past month. With 14 weeks remaining in the 2020 crop marketing year, we need to average 287,000 bales per week to reach the USDA projection of 15.75 million bales. We are above that pace.

China has announced an increase in import quota. It is reported this is to support the rebound in Use and also compensate mills not using the country's own cotton. The U.S. and other countries are not buying products produced from Xinjiang province cotton due to human rights violations.

Source: cottongrower.com – May 03, 2021

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German retail sales jump in March as lockdown meausres ease

German retail sales posted their biggest year-on-year increase in March since the start of the COVID-19 pandemic, data showed on Monday, as the relaxation of some lockdown measures boosted purchases of clothes and shoes.

The Federal Statistics Office said retail sales jumped 11.0% compared to the same month a year earlier in real terms after an upwardly revised fall of 6.6% in February. The March reading overshot a Reuters forecast for a decline of 0.3%

Sales of textiles, clothing, shoes and leather goods rose 27.7% compared to the same month a year earlier, while retail trade with goods sold in department stores was up 23%.

Online retailers continued to benefit from shifting consumer habits with sales up 42.9% compared with a year earlier.

German states started allowing shops to offer so-called appointment shopping deals, called "click and meet" in March.

Source: financialpost.com – May 03, 2021

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US Senators introduce bill to set up ROZs in Afghanistan-Pakistan

Three US Senators have introduced the Pakistan-Afghanistan Economic Development Act to establish Reconstruction Opportunity Zones (ROZs) in Afghanistan-Pakistan border regions to allow certain products from these areas to enter US duty-free.

"The (US) President will determine which products, from a specified list of textile and apparel goods, will be eligible for duty-free treatment. These products represent a range of goods commonly imported to the US from Pakistan and Afghanistan," says the bill introduced in the Senate.

The ROZs will generate greater economic opportunity for the people in the war-torn areas and lay the groundwork for a more stable region, said the Senators —Chris Van Hollen, a Maryland Democrat; Todd Young, an Indiana Republican; and Maria Cantwell, a Washington Democrat.

Commenting on the development, Rahul Mehta, chief mentor, The Clothing Manufacturers Association of India (CMAI), told Fibre2Fashion, "If one looks at the product basket of Pakistan's exports, home textiles is the main category where India and Pakistan are competing hard. In most other categories, Pakistan is already way ahead of India or the other way around. Hence, I do not expect a huge impact."

"Having said that, it is not a positive development, because what is restricted to some regions or some products today, can easily be extended to other regions/products tomorrow," Mehta added.

When asked what the Indian government should do, Mehta said, "We seem to have gone wrong with the partners we chose for our free trade agreements (FTAs) so far.

Most of our FTAs are with countries which make the same products which we are already making, and which do not have a large domestic market themselves. As a result, whilst we have increased competition for our own manufacturers, we don't seem to have given much benefit to our exporters. Japan was one such right decision, but somehow our industry did not respond.

"Every FTA will involve some give and take. What we need to look at is, which Industry do we want to promote, and which industry can we easily compete in or not be too impacted. I think EU, UK, and the US are countries with whom we must strike FTAs – these are markets which will open up huge opportunities for our exports, and at the same time imports from these countries will not affect the larger portion of our industry."

If the bill materialises, Pakistan will have an edge over other competing Asian countries, according to Prabhu Dhamodharan, convenor, Indian Texpreneurs Federation (ITF). "If we take January and February 2021 imports data for US apparels, Pakistan has 2.5 per cent market share in comparison with Vietnam's 19 per cent, Bangladesh's 9 per cent and India's 5.5 per cent. In a medium to long term, Pakistan's share may increase in the US market through this scheme."

The US is in the lookout for strategic destinations to reduce trade dominance of China, Dhamodharan said. "The Indian government should formulate some specific strategy in alignment with this thought process and derive an action plan to get some duty advantage for products like apparel to increase the market share."

Source: fibre2fashion.com– May 03, 2021

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Egypt to invest $7.5 bn in petrochemical complex on Gulf of Suez

Egypt has announced that it will be constructing a petrochemical complex in Ain Sokhna on the Gulf of Suez at an investment of $7.5 billion to meet the demand for petroleum products in the local market. A deal has been signed between the Red Sea National Refining and Petrochemicals Company and the Suez Canal Economic Zone's development company in this regard.

The signing ceremony was attended by Prime Minister Mostafa Madbouly and Tarek Al Mulla, minister of petroleum and mineral resources, along with the representatives of the companies.

The project spread across an area of 3.56 million square metres, will provide direct and indirect employment opportunities, attract foreign investment and make Egypt a regional centre for oil and gas trading, Egyptian media reports quoted Al Mulla as saying.

The complex will produce polyethylene, polypropylene, polyester, ship fuel and other petroleum and chemical products to help the country reduce the volume of imports and generate export opportunities, the Egyptian government said in a statement.

The development arm of the Suez Canal Economic Zone is developing an area of 20 kilometres in the Ain Sokhna industrial zone.

Earlier this year, Egypt had signed nine oil and gas deals with local and international energy companies to explore the eastern and western Mediterranean Sea and Red Sea at an investment of $1 billion.

Source: fibre2fashion.com– May 03, 2021

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Online retail sales' share increased to 19% in 2020: UNCTAD

The dramatic rise in e-commerce amid movement restrictions induced by COVID-19 increased online retail sales' share of total retail sales from 16 per cent to 19 per cent in 2020, according to estimates in an UNCTAD report released today. The United States, followed by Japan and China, continues to dominate the overall e-commerce market, the report said.

Online retail sales grew markedly in several countries, with South Korea reporting the highest share at 25.9 per cent in 2020, up from 20.8 per cent the year before, according to the report, "Estimates of global e-commerce 2019 and preliminary assessment of COVID-19 impact on online retail 2020". The report was released by UNCTAD as it hosted a two-day intergovernmental meeting on measuring e-commerce and the digital economy.

Meanwhile, global e-commerce sales jumped to $26.7 trillion globally in 2019, up 4 per cent from 2018, according to the latest available estimates. This includes business-to-business (B2B) and business-to-consumer (B2C) sales, and is equivalent to 30 per cent of global gross domestic product (GDP) that year.

"These statistics show the growing importance of online activities. They also point to the need for countries, especially developing ones, to have such information as they rebuild their economies in the wake of the COVID-19 pandemic," said Shamika Sirimanne, UNCTAD's director of technology and logistics.

The report estimates the value of global B2B e-commerce in 2019 at $21.8 trillion, representing 82 per cent of all e-commerce, including both sales over online market platforms and electronic data interchange (EDI) transactions. While, B2C e-commerce sales were estimated at $4.9 trillion in 2019, up 11 per cent over 2018. The top three countries by B2C e-commerce sales remained China, the United States and the United Kingdom.

Cross-border B2C e-commerce amounted to some $440 billion in 2019, an increase of 9 per cent over 2018. The UNCTAD report also notes that the share of online shoppers making cross-border purchases rose from 20 per cent in 2017 to 25 per cent in 2019.

Source: fibre2fashion.com– May 03, 2021

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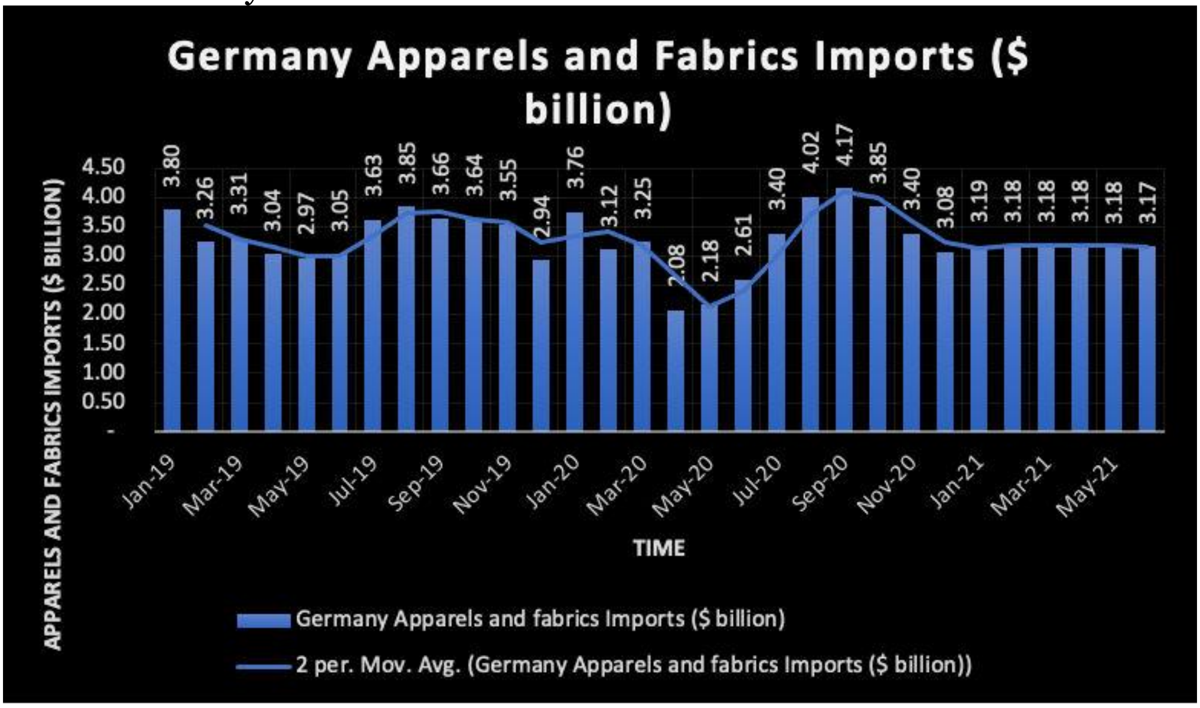
German apparel & fabric imports to decline in coming months: TexPro

Apparel and fabric imports by Germany, a key state in the EU, are expected to decrease in the coming months as COVID-19 cases are surging again and lockdown has been imposed in some parts of the country. The intra-trade within the EU region has also got affected as most nations in the EU such as France and Italy have also come under lockdown restrictions.



In 2019, Germany imported apparel and fabric worth $40.69 billion at a monthly average of $3.39 billion. Last year, the import value decreased by 4.36 per cent, mainly due to the impact of COVID-19 pandemic, to $38.92 billion.

During January to June 2021, the monthly average import value is expected to decline by 1.95 per cent to $3.18 billion compared to monthly average of $3.24 billion in 2020, according to Fibre2Fashion's market intelligence tool TexPro. This is mainly because most of the countries in EU including Germany were put under lockdown in the first half of 2021, along with the closure of apparels and fabric stores.

Last year, Germany's apparel and fabrics imports started rising from September 2020. China and Turkey were the major exporters of apparels and home textiles to Germany, respectively, in 2nd half of 2020.

Subsequently, German retail sales were significantly affected due to lockdown on account of second and third COVID waves. Many retail stores have been closed since December 16, 2020. A top Swedish retailer kept 20 per cent of its stores closed in lockdowns throughout Europe in the first quarter of 2021.

In addition, Myanmar, one of the major apparel exporters to Germany, failed to fulfil the orders due to turbulent situation in the country.

Across Europe, lockdown restrictions are still continuing in many countries, including Germany. The reopening dates for retail stores in Germany are yet to be announced.

Source: fibre2fashion.com– May 03, 2021

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Global sports apparel market to reach $247.4 billionin 2021: ResearchAndMarkets

A recent report by ResearchAndMarkets.com estimates global sports apparel market will expand by 4.9 percent to reach $247.4 billion in 2027. According to the report, by the end of the analysis period discount stores will increase by CAGR 4.7 per cent to $ 81.2 billion. For the next seven years, the brand segment will grow to 4.5 per cent of CAGR, says Textile Focus.

The report expects China to grow by 7.8 per cent CAGR between 2020-2027 and $51.9 billion by 2028. Other markets such as Japan and Canada are predicted to grow by 2,8 per cent, or 3,9 per cent between 2020 and 2027, while Germany is predicted to grow by around 3,5 per cent.

The United States, Canada, Japan, China and Europe are forecasted to grow in the global Supermarkets and Hypermarkets segment to 4.8 per cent of CAGR. By 2027, these regional markets are expected to reach $42.6 million.

In this cluster of regional markets, China will remain amongst the fastest growing. The Asia Pacific market is forecast to reach $33,4 billion by 2027, led by countries like Australia, India and South Korea, while Latin America will expand over the analysis period to 5.5 per cent.

Source: fibre2fashion.com– May 03, 2021

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"Sri Lanka should explore JV's with Pakistan to boost economic cooperation"

Sri Lanka and Pakistan should seriously look into opportunities for joint ventures between the two countries across high potential sectors to substantially boost economic cooperation.

This was opined by the High Commissioner of Pakistan in Sri Lanka Muhammad Saad Khattak, who was the Chief Guest at the 29th Annual General Meeting of the Sri Lanka – Pakistan Business Council of the Ceylon Chamber of Commerce held recently. At the Annual General Meeting Somasundaram Deivanayagam, Managing Director of Eswaran Brothers Exports was unanimously elected as the President of the Council.

"I strongly believe that the active working and participation of forums such as the Sri Lanka – Pakistan Business Council of the Ceylon Chamber of Commerce are integral to building long-term and sustainable business-to-business linkages between Pakistan and Sri Lanka.

Pakistan-Sri Lanka relationships are bound together by diverse yet similar legacies, linked by trade connections crisscrossing over time. We have helped each other in times of adversity; we have signed a mutual free trade agreement before anyone else.To this end, Sri Lanka has the exceptional status of being the first country with which Pakistan entered into a Free Trade Agreement for trade of goods, which came into effect in 2005. This clearly highlights the trust and expectations that we have in the economic potential of Sri Lanka."

Elaborating further on the trade ties he indicated that though the current trend of growth in bilateral trade is positive, however, the present volume of trade which is around US $ 450 million does not reflect the true potential between the two friendly countries. Currently, Sri Lanka is the 14th largest export destination, while Pakistan is Sri Lanka's 23rd.

"However, we are cognizant of the fact that exports from Sri Lanka, which stood at US$ 81 million in 2019 and the overall volume of bilateral trade between our two friendly countries can be significantly improved."

The High Commissioner reiterated that strengthening bilateral trade and investment between Pakistan and Sri Lanka is a top priority in the agenda of the Pakistan High Commission in Sri Lanka. Addressing the gathering

Deivanayagam, the newly elected President stated that Pakistan is the largest tea drinking nation importing approximately 250 to 300 million Kgs of tea annually.

“However, it was noted that a very low quantity of tea is being exported from Sri Lanka to Pakistan and requested the Ambassador to intervene and see the possibility of improving the current situation by importing increased quantities of tea from Sri Lanka to Pakistan.

“Newly elected President Deivanayagam requested the High Commissioner to improve the current situation by importing increased quantities of tea from Sri Lanka to Pakistan, the largest tea drinking country.

Outgoing President Azmy Mohammed appreciated the support extended to local companies by the High Commission of Pakistan and requested his support to further develop trade and investment between Sri Lanka and Pakistan.

In South Asia, Sri Lanka ranks as the 3rdlargest trading partner. Major exports to Sri Lanka include, Portland Cement,Vegetables including onions and potatoes, rice, pharmaceuticals, cereals, cotton yarn, woven fabric, etc. I’m pleased to note that exports to Sri Lanka have been stable and growing throughout the years since the signing of the FTA and in 2019 exports from Pakistan stood at US$ 369 million.

The High Commission of Pakistan through its Trade & Investment Wing is committed to not only enhance the volume of our traditional exports to Sri Lanka such as textile products, pharmaceuticals,construction materials including cement and iron and steel products, fruits and vegetables but also make way for joint ventures between Sri Lankan and Pakistani businesses in various mutually beneficial high potential sectors such as textile manufacturing, pharmaceuticals, agro processing, Information & communication Technology (ICT) and tourism development and also to deepen our cooperation through enhanced regional connectivity under the Belt and Road Initiative (BRO) and China-Pakistan Economic Corridor (CPEC). Pakistan is one of the world’s fastest growing economies in a largely volatile global economic scenario. The Bilateral Business Councils, an integral part of the Ceylon Chamber of Commerce, plays a vital role in the promotion of international business. The main activity of the Councils is expansion of business between Sri Lanka and the partner country.

The Ceylon Chamber operates19 Bilateral Business Councils with the prime objectives of promoting trade and investment, joint ventures, services including promotion of tourism between Sri Lanka and the respective countries. Somasundaram Deivanayagam, Managing Director of Eswaran Brothers Exports Pvt Ltd. was elected as the President ofthe Council, and Kaushal Rajapaksa, Proprietor, Kalhari Enterprises ShaameelMohideen, Chief Executive Officer, Spillburg Holdings (Pvt) Ltd. were elected as the Vice Presidents.

The Committee members representing Akbar Brothers (Pvt)Ltd. - Yogaratnam Yogeswaran, DMW Ventures Pvt. Ltd. – Wasantha de Silva, Hatton National Bank PLC –Randeva Mahaarachchi, M.A. Razak & Co. Ltd. – Ehab Razak, and MAC Holdings(Pvt) Ltd. - Kamal Boyagoda was appointed at the AGM. Caption: The new office bearers Seated Left to right Ehab Razak, Rohitha Thilakarathne, Lilakshini de Mel, Sega Nagendra, S. Deivanayagam, Maj. Gen.(Retd) Muhammad Saad Khattak, Shameel Mohideen, Asmma Kamal, Kaushal Rajapaksa, Azmy Mohideen, Wasantha de Silva and Mahesh Wijayanayake.

Source: dailynews.lk– May 04, 2021

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Pakistan: Textile exports rally continue

The textile exports of Pakistan are experiencing and expecting a second external surge. The first one was when the first wave of the pandemic resulted in lockdowns across countries including key textile exporters like India and Bangladesh.

Orders were diverted and poured into Pakistan's textile industry. And now when it was being anticipated that strengthening and reopening of global markets from lockdown and ensuing vaccination drives in countries including Bangladesh and India would be key factors in restricting export growth in the textile segment, the new and deadly wave of covid-19 in India along with decline in textile exports from China are expected to give Pakistan's textile exports another boost.

Textile Exports (Value)								
(000) - $	Mar-21	Mar-20	YoY	Feb-21	MoM	9MFY21	9MFY20	YoY
TEXTILE GROUP	1,355,568	1,039,687	30.4%	1,234,040	9.8%	11,355,478	10,412,504	9.1%
COTTON YARN	114,523	82,392	39.0%	120,261	-4.8%	721,212	819,808	-12.0%
COTTON CLOTH	183,882	169,164	8.7%	148,968	23.4%	1,419,184	1,547,384	-8.3%
KNITWEAR	313,876	209,761	49.6%	291,987	7.5%	2,780,884	2,299,800	20.9%
BED WEAR	235,378	163,786	43.7%	203,372	15.7%	2,052,260	1,761,654	16.5%
TOWELS	81,427	67,322	21.0%	77,479	5.1%	692,111	592,370	16.8%
READYMADE GARMENTS	256,925	209,047	22.9%	238,456	7.7%	2,268,568	2,170,340	4.5%

Source: PBS

Exports of textile sector as per Pakistan Bureau of Statistics (PBS) were seen climbing by over 30 percent year-on-year in March-21, while there has also been a recovery on a month-on-month basis where textile exports increased by 9.8 percent. Where part of the growth is attributable to export growth in the value-added segment, it was also due to a contrasting performance in March-2021 versus a weak base of March-20 when the country went into its first real lockdown amid rising first-wave covid cases.

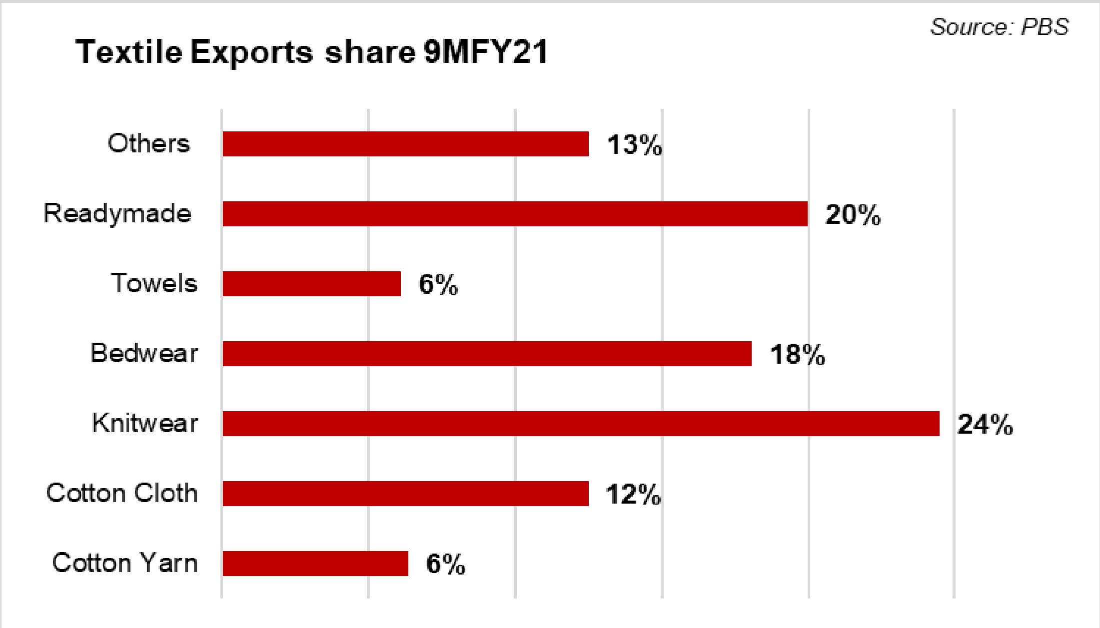
As per PBS data, textile export 9MFY21 were up by a little over 9 percent year-on-year. Much of the growth in textile exports in March-21 as well 9MFY21 is attributable to the growth witnessed in value-added segment particularly knitwear, bedwear and home textile (all recording staggering double digit growth year-on-year).

Readymade garments - though a key value-added product – continued its relatively slow-paced (23% YoY) growth in March-21 and 9MFY21 as changing global dynamics amid the pandemic has pushed the demand for home textiles much higher than garments. Export of cotton yarn also continued to see spike for a second month in FY21 (up by 39% YoY in March-21), which was despite shortage of yarn in the country and the textile companies crying for duty free import of yarn.

Textile Exports (Quantity)								
	Mar-21	Mar-20	YoY	Feb-21	MoM	9MFY21	9MFY20	YoY
COTTON YARN (M.T)	39,063	33,766	15.7%	44,606	-12.4%	292,997	336,845	-13.0%
COTTON CLOTH (TH.SQM)	37,705	206,591	-81.7%	34,544	9.2%	875,511	2,003,233	-56.3%
KNITWEAR (TH.DOZ)	15,235	7,318	108.2%	14,887	2.3%	126,677	87,345	45.0%
BED WEAR (M.T)	38,344	29,597	29.6%	33,013	16.1%	343,476	338,650	1.4%
TOWELS (M.T)	18,131	15,014	20.8%	17,214	5.3%	159,028	144,407	10.1%
READYMADE GARMENTS (	3,125	3,474	-10.0%	3,001	4.1%	27,683	43,211	-35.9%

Source: PBS

Month-on-month trend shows that the export growth was led by non-value-added segment such as cotton cloth (23% MoM). And a key reason for that as highlighted by a research note by AKD Securities is extra efforts by the local manufacturers to capture US textile imports from China after order cancellation from Xinjiang (that accounts for 0 percent of Chinese output) due to human rights violation.



But let's not get too optimistic about exports just yet. Like India, Covid cases in Pakistan are also surging rapidly with much more restrictions and lockdowns in place and expected in the coming weeks – which could sweep away benefits and also result in a decline in exports in the coming months.

Source: brecorder.com– May 04, 2021

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Pakistan: GSP Plus status: Government decides to address EU concerns over minorities, freedom of expression

Prime Minister Imran Khan chaired a meeting of his senior cabinet members and close aides on Monday to discuss the resolution passed by the European Parliament, which called for a review of their trade relations with Pakistan.

The meeting was attended by Foreign Minister Shah Mahmood Qureshi, Commerce Advisor Abdul Razak Dawood, Minister for Religious Affairs Noor ul Haq Qadri, Interior Minister Sheikh Rasheed, among others.

The cabinet deliberated upon the concerns raised by the European parliament and decided to address them.

The meeting decided to introduce laws on enforced disappearances, protection of journalists, and freedom of expression in the Parliament. The cabinet also decided to take concrete measures to ensure the protection of the minorities' rights in Pakistan.

Prime Minister Imran Khan, however, said that the agreement on Pakistan’s GSP Plus status had nothing to do with blasphemy laws that ensure the sanctity of Islam and Prophet Muhammad (PBUH). He told the attendees that no compromise will be made on blasphemy laws.

The resolution, adopted on April 30, could potentially end Pakistan's eligibility for the Generalised Scheme of Preferences (GSP) trading status.

The European Parliament's resolution is linked with Pakistan's controversial blasphemy laws, specifically, the case of Shagufta Kausar and Shafqat Emmanuel, who remain on death row since 2014, for allegedly sending ‘blasphemous’ text messages - a charge they have consistently denied.

The resolution was near-unanimously passed, with 662 votes in favor, three votes against, and 26 choosing to abstain, calling upon the European Commission and the European External Action Service (EEAS) to “immediately review Pakistan’s eligibility for GSP+ status in light of current events”.

It added that there is “sufficient reason” to initiate a procedure for the temporary withdrawal of this status and its subsequent benefits.

This resolution came about after numerous demonstrations were held across Pakistan in April by the religious political party, Tehreek-e-Labbaik Pakistan (TLP), which quickly turned violent after the party's chief was arrested for threatening the government with rallies - if it failed to expel the French envoy over cartoons of the Prophet Muhammad (PBUH) published in France last year.

As the protests continued, ministers negotiated with the party and eventually accepted its demand to release, hundreds of TLP supporters arrested during the riots, and also called a parliamentary vote on expelling the French ambassador, fulfilling the religious group’s key demand.
A statement from the Pakistani Foreign Office articulated that "The discourse in the European Parliament reflects a lack of understanding in the context of blasphemy laws and associated religious sensitivities in Pakistan – and the wider Muslim world", adding that “the unwarranted commentary about Pakistan’s judicial system and domestic laws are regrettable".

The statement said that “Pakistan has played an active role in promoting freedom of religion or belief, tolerance, and inter-faith harmony - at a time of rising Islamophobia and populism, the international community must exhibit a common resolve to fight xenophobia, intolerance and incitement to violence based on religion or belief and work together to strengthen peaceful co-existence".

Source: brecorder.com– May 04, 2021

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Pakistan: Exports cross $2bn mark for seven months, says PM aide

Pakistan's export for April 2021 stood at USD 2.191 billion. This is the first time since 2011 that our monthly exports have crossed the 2-billion mark for seven consecutive months," writes Mr Dawood on his official social media account on Twitter on Sunday.

The adviser said that "the export growth of 129 per cent over April 2020 cannot be taken into account due to lockdown last year".

He said exports for July-April 2021 grew by 13 per cent to $20.879 billion as compared to $18.408 billion during the same period last year.

"Our exporters deserve full credit for making this possible under testing global conditions," said the adviser.

In March, the Pakistan Bureau of Statistics (PBS) released the data according to which the country's exports of textile and clothing had rebounded mainly due to value-added sectors and posted a growth of 30.4 per cent from a year ago.

The export value of these sectors edged up to $1.355bn in March from $1.039bn over the corresponding month of last year. Growth in exports of value-added sectors contributed to an increase in overall exports from the sectors, said the PBS data.

In February, textile and clothing exports had shrunk 3.12pc on a year-on-year basis. The July-March figures showed that growth in textile and clothing exports came from the value-added sector. The value of exports reached $11.35bn in the July-March period this year as against $10.41bn over the corresponding months of last year, showing a growth of 9.06pc.

The government has already abolished duty and taxes on industrial raw materials and has been paying off past pending refunds to exporters. The devaluation of the rupee and lower interest rate accelerated industrial growth, especially in the export-oriented industries.

According to the PBS data, the export of cotton yarn posted growth of 39pc in March from a year ago, followed by cotton cloth 8.7pc, and cotton carded

100pc. The export of yarn other than cotton yarn also recorded a growth of 56.87pc during the month under review.

In the non-value-added sectors, exports of tents, canvas dipped 34.09pc followed by raw cotton by 100pc. However, the export of art silk increased by 32.72pc, made-up articles excluding towels, bedwear 12.48pc and other textile products 41.03pc during the month under review.

The overall exports in March were up by 30.62pc to $2.36bn in March 2021 against $1.81bn over the corresponding month last year.

Between July and March, the overall exports reached $18.68bn as against $17.44bn over the corresponding months of last year, indicating a growth of 7.13pc.

According to the latest data of the State Bank of Pakistan, the country's exports to its nine regional countries plunged over 5.7 per cent in the nine months of the current fiscal year due to the impact of Covid-19.

The country's exports to these countries — Afghanistan, China, Bangladesh, Sri Lanka, India, Iran, Nepal, Bhutan and the Maldives — account for a small amount of $2.788bn, which is just 14.91pc of Pakistan's total global exports of $18.688bn in 9MFY21.

China tops the list of countries in terms of Pakistan's exports to its neighbours, leaving other populous countries India and Bangladesh behind. Pakistan carries out its border trade with the farther neighbour Nepal, Sri Lanka, Bhutan, Bangladesh and Maldives via sea only.

On the other hand, the country's trade deficit with the region narrowed slightly during the period under review as imports from these countries also dipped.

Source: dawn.com– May 03, 2021

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Bangladesh: Red-hot US recovery boosts RMG hope

The strong performance of the US economy fuelled by the Biden administration's relief cheques to the people and the ongoing rapid vaccination holds promises for the recovery of Bangladesh's garment shipment to its single largest export destination.

US economic growth accelerated in the first quarter as the government gave money to mostly lower-income households, fueling consumer spending and setting the course for what is expected to be the strongest performance this year in nearly four decades.

GDP increased at a 6.4 per cent annualised rate in the January to March quarter, the biggest first-quarter expansion since 1984. That followed a 4.3 per cent growth rate in the fourth quarter, according to Reuters.
The ongoing vaccination has boosted the confidence of consumers as they are dining out, shopping and going on holidays. Retailers have reopened stores.

As a result, garment suppliers in Bangladesh are receiving a higher number of queries for US-bound work orders.

Ha-Meem Group, one of the leading garment exporters, has got higher orders from US-based buyers compared to two months ago.

"We are full of orders up to July," said A K Azad, managing director of Ha-Meem Group. The US accounts for 90 per cent of the company's garment shipment.

"We are booked with orders for the next two months," said Kutubuddin Ahmed, chairman of Envoy Textile, another garment exporter.

Of the total garment export from Envoy Textile, 60 per cent are destined for the US. American retailers and brands buy 75 per cent of the fabrics shipped. The sales of textile by the group were $110 million last year.

Bangladesh exported textile and garment worth $1.04 billion between January and February of 2021, down 11.80 per cent year-on-year, according to data from the US Department of Commerce.

It stood at $4.03 billion in the July-March period of the current fiscal year, slightly down from $4.37 billion recorded during the same period a year ago, data from the Export Promotion Bureau of Bangladesh showed.

The demand for casual wear is higher than formal clothing and high-end value-added suits as people spend more time indoors because of the pandemic.

The business of high-end brands like Nike and Banana Republic was lower as the low-income customers prefer cheaper products during crises, Azad said.

The prices of the goods have remained almost the same as the retailers and brands are not raising them on the excuse of the fallouts of Covid-19, the entrepreneur said.

With better weather, savings accumulated during a long year of lockdowns, and an itch to make up for forced inactivity, Americans will have plenty of reasons to go out and spend, the New York Times said in an article.

Helped by several rounds of government relief payments, households were sitting on a collective $4.1 trillion in savings in the first quarter, up from $1.2 trillion before the pandemic began.

Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association, is hopeful that the recovery of the US economy would help the garment shipment to American markets make a turnaround.

"The orders from American customers have been better in the last two weeks. We are more confident because of the vaccination efforts."

Source: thedailystar.net– May 04, 2021

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NATIONAL NEWS

FM participates in ADB Governors' Seminar as part of bank's 2021 meeting

Union Minister for Finance and Corporate Affairs and Asian Development Bank's (ADB) Governor for India Smt. Nirmala Sitharaman here today participated in the Governor's Seminar on "Cooperation for a Resilient Future", held as part of ADB's annual meeting 2021. Other participants included Japan, Georgia, China, Philippines and Netherlands. The virtual seminar was attended by delegates from 68 member nations of the ADB.

Smt. Sitharaman expressed her appreciation and gratitude for India's frontline workers determinedly fighting the COVID-19 pandemic. Expressing her views on the feasibility for a green and resilient recovery from the crisis borne by the current pandemic and role of India in this regard, the Finance Minister mentioned that India has been at the forefront of various initiatives aiming at the same through setting up of the SAARC COVID-19 emergency fund, and leading by example in global initiatives of Access to COVID-19 Tools Accelerator (ACT-A) and COVAX. India's leadership in the International Solar Alliance (ISA) and commitment to Paris Agreement goals has become an example of how positive global climate action can be advanced through partnership, She added.

The Finance Minister mentioned that overall, enhanced regional and global cooperation is the key to become successful in our common pursuit of a resilient recovery. Information on all tools for fighting COVID -19 — diagnostic, therapeutic, vaccines or technology should be shared internationally. Smt. Sitharaman emphasised on the need to enable India's access to critical raw materials essential for ramping up India's vaccine manufacturing capacity.

Smt. Sitharaman also spoke on the need for private sector and Civil Society for partnering with the government to achieve resilient growth. The Finance Minister mentioned how Indian vaccine developers have cooperated and provided vaccines to the government at reasonable prices. Private companies are also contributing under their corporate social responsibility obligations. The Indian Government's policies aimed at reviving and supporting MSME's will also go a long way in supporting resilient growth

The Finance Minister stated that cooperation for resilient and sustainable growth, needs the involvement of Multilateral Institutions for creation of digital assets as well as disaster resilient assets while keeping human development a priority. She assured that India is committed to and stands ready to strengthen all efforts aimed at enhancing the regional as well as global cooperation.

Smt. Sitharaman appreciated ADB for providing timely financial support for COVID and non-COVID projects. The Finance Minister said that there should be a greater focus on health resilience in the Asia Pacific and ADB should come out with comprehensive solutions to address the same.

Source: pib.gov.in– May 03, 2021

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Telephonic conversation between PM Modi and President of the European Commission

Prime Minister Shri Narendra Modi had a phone call today with Her Excellency Ursula von der Leyen, President of the European Commission.

The two leaders exchanged views on the prevailing COVID-19 situation in India and the EU, including India's ongoing efforts to contain the second wave of COVID-19. Prime Minister Modi expressed his appreciation of the EU and its Member States for mobilizing quick support for India's fight against the second wave of COVID-19.

They noted that the India-EU Strategic Partnership was witnessing a renewed momentum since the last Summit in July. The leaders agreed that the forthcoming India-EU Leaders'Meeting on 8 May 2021 in virtual format was an important opportunity to provide renewed momentum to the already multi-faceted India-EU relationship.

The India-EU Leaders' Meeting will be the first meeting in the EU+27 format and reflects the shared ambition of both sides for further strengthening the India-EU Strategic Partnership.

Source: pib.gov.in– May 03, 2021

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‘India can face $38.4 b loss if lockdowns continue till June’

Barclays lowers FY 2021-22 GDP growth forecast

Barclays has said that India could face economic losses of $38.4 billion if the ongoing localised lockdowns continue till June.

“As India’s second Covid-19 wave continues, there is growing uncertainty around the number of cases and fatalities. Slowing vaccinations are also hurting India’s recovery prospects. We lower our FY 2021-22 GDP growth forecast by 1 per cent to 10.0 per cent to reflect this uncertainty,” Barclays said in a report.

Business leaders’ concern

This comes even as Indian business leaders have called for tighter restrictions to control the rising number of deaths. “Given the current pandemic situation, safeguarding lives is of utmost priority and nationwide maximal response measure at the highest level is called for to cut the transmission links,” said Uday Kotak, President, CII. He added, “At this critical juncture when toll of lives is rising, CII urges the strongest national steps including curtailing economic activity to reduce suffering.”

Sajjan Jindal, Chairman & MD, JSW had recently said, “Saving lives is more important than producing steel and production can suffer for as long as the country is in need of any resource available with the company.”

Source: thehindubusinessline.com– May 03, 2021

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E-way bills suggest GST receipts could see a decline in May

Goods and services tax (GST) collections of the central and state governments could come off their peak in May after touching a record high of ₹1.41 lakh crore in April, according to data on the number of e-permits generated for the movement of goods in April.

Data showed that e-way bills generated for the movement of goods within and across states in April dropped by 31% to 48.9 million from 71 million in March. Movement restrictions are in place in several parts of the country as the authorities seek to contain coronavirus infections. Taxes for April sales are paid in May.

The e-way bill generation data for April compares with the levels in July and August 2020, when monthly e-way bills generated were below 50 million and the economy was beginning to emerge out of the impact of the nationwide lockdown. The corresponding GST receipts for the months were below ₹1 lakh crore— ₹86,449 crore in August and ₹95,480 crore in September.

GST receipts in the following months were above ₹1 lakh crore, reflecting the economic recovery and a host of measures by the tax authorities to check evasion, including the drive against the use of fake invoices by businesses.

The finance ministry attributed the record tax collections in April to sustained economic recovery and the resilience of the industry. However, industry watchers said the spike in transactions in the last month of a fiscal year was due to the usual higher spending during elections and higher commodity prices.

Typically, with the financial year drawing to a close, businesses tend to send out shipments to meet their targets for the year, they said.

Following the surge in Covid cases sweeping India, lockdown-like restrictions have been imposed on the movement and assembly of people across the country, including in large state economies such as Delhi, Maharashtra, Uttar Pradesh and Haryana.

"The moderation in e-way bill generation in April reflects the supply chain disruption and slowdown in consumption, as discretionary spending is affected by the pandemic. This would have an impact on GST receipts in

May for the sales in April. Containment of the second wave of the pandemic and easing of mobility restrictions will help GST receipts to recover, which will also be aided by pent-up demand," said Abhishek Jain, tax partner, EY.

The second wave has raised doubts about a rebound in economic growth in FY22 after an expected 7.7% contraction in the year before.

Source: hindustantimes.com– May 03, 2021

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Order books encouraging, expect healthy growth rate to continue: Exporters

Indian exporters are expecting continuous growth in the country's outbound shipments despite increase in COVID-19 cases as their order books are encouraging and there is a pick-up in demand in rich markets.

Federation of Indian Export Organisations (FIEO) President S K Saraf said that in most of the states , manufacturing and exports related services have been exempted from the restrictions and inter-state movement of cargo is permitted by the central government.

"However, a pandemic of such magnitude does cause disruptions since various stakeholders are not operating with full manpower including the industry.

“We expect the peak to come before mid-May and the situation should improve thereafter. With such assumptions, we expect exports to continue on the growth trajectory as the order booking position of exporters is very encouraging," he said.

He also said that exporters are better equipped to deal with the situation with lockdown and shut down this time.

When asked about buyers demand for quick delivery of consignments, he said majority of buyers are more understanding and accommodating as they have also gone through or going through similar challenges and they have extended the delivery period with mutual agreement.

Seeking government intervention, Saraf said the government should open the filing facility for the Merchandise Exports from India Scheme (MEIS) for 2020-21 (upto December, 2020), and Services Exports from India Scheme (SEIS) facility.

Sharing similar views, Ludhiana-based Hand Tools Association President S C Ralhan said that in the engineering sector, the order books are good and demand is picking up in the US and Europe.

"In the sector, the government should promote exports of manufactured and value-added goods. Key raw materials should not be encouraged for exports," Ralhan said.

He added that the government should not curtail economic activities in the name of containing COVID-19 cases as it would impact migrant labours.

Apparel Export Promotion Council of India (PTI) Chairman A Sakthivel said that all the states have agreed for functioning of export units and the sector is not facing any kind of labour shortage.

"The order books are looking better. We need government support to further push the exports and they should not go for nation-wide lockdown," he added.

India's exports in April jumped nearly three-fold to USD 30.21 billion on account of healthy growth in key sectors including engineering, gems and jewellery and petroleum products, even as trade deficit widened to USD 15.24 billion, according to the commerce ministry's preliminary data.

Source: economictimes.com– May 03, 2021

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Sops for MSMEs in the works to reform apprentice system

The Union government is working on measures to reform the apprentice system in the country, including providing incentives to small businesses for hiring apprentices and allowing industries to post them at client facilities.

The skills and entrepreneurship ministry and NITI Aayog are working on the initiatives, which also includes allowing educational institutions to hire apprentices. The draft plan also suggests adopting a franchise model, which will allow employers to deploy apprentices at client locations and take the help of third-party aggregators (TPAs) to enable industries in improving apprentice training.

Sectors such as retail, logistics and IT-ITeS have also demanded that the upper limit of engaging apprentices be hiked to 25% of their manpower strength and financial incentives be introduced for third-party aggregators. Currently, the limit is less than 15%, the draft plan said.
According to the draft documents reviewed by Mint, the ministry has received suggestion from industries for incentivizing MSMEs at least for a limited period of time.

“MSME organizations can be given some financial incentives at least for a limited period so they start adopting apprenticeship," the draft proposal said, citing industry suggestions. It further said that a cluster-based approach to address “MSME apprenticeship through third-party aggregators" is a possible option.

“In order to create ease of doing business for the industry, and engage a larger number of apprentices, TPAs may be engaged for assisting the industry. TPAs, which can work as facilitators on demand and supply side, can be a win-win solution for all stakeholders," said the draft proposal, which has been shared with stakeholders for feedback.

Apprenticeship is considered as one of the best human resource training systems as it provides trainees hands-on experience on the shop floor.

Source: livemint.com– May 03, 2021

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April factory activity improves and output prices soar amid Covid blues

Manufacturing PMI in April edges up to 55.5 from 55.4

Manufacturing sector showed improved activity in April 2021 as both new orders and output at Indian manufacturers expanded at marked rates, although the slowest in eight months. The Manufacturing Purchasing Managers Index (PMI) came in at 55.5 in April 2021, slightly above the March reading of 55.4, a private survey by IHS Markit showed.

India's manufacturing PMI has remained above 50 level —which separates growth from contraction—for ninth straight month.

For the latest month under review, consumer goods was the strongest performing category, followed by capital goods and then intermediate goods, the survey showed. Both new orders and output at Indian manufacturers expanded and growth was attributed to a pick-up in demand and marketing efforts, though hampered by the COVID-19 pandemic.

While output and sales increased at the slowest rate since last August due to an intensification of the Covid crisis, there was a faster upturn in international orders. Moreover quantities of purchases expanded at one of the strongest rates seen for over nine years as firms sought to boost their inventory.

Survey participants also signalled a steep increase in input costs, the quickest since July 2014, and upward revisions to selling prices. The rate of charge inflation climbed to the highest in seven-and-a- half years. New export orders increased for the eighth consecutive month in April and the fastest rate in since October 2020, the survey showed. The rise rise was associated with the pick-up in international demand for Indian goods, with all three monitored subsectors registering expansion.

Commenting on the latest survey results, Pollyanna De Lima, Economics Associate Director at IHS Markit, said in a statement: "The PMI results for April showed a further slowdown in rates of growth for new orders and output, both of which eased to 8 month lows amid the intensification of the COVID-19 crisis. Still, the increase is very strong by historical standards and the survey revealed other positive news. New export orders surged to the fastest since last October and buying levels expanded at one of the sharpest rates seen for nine years. Also, the downturn in employment eased and business confidence towards the one year outlook strengthened.

“The headwinds facing manufacturers cannot be ignored, however. The surge in COVID-19 cases could dampen demand further when firms financials are already susceptible to the hurdle of rising global prices. April saw the steepest increase in input cost for nearly 7 years drive the sharpest upturn in output prices since October 2013. Data for the coming months will be important at verifying whether client demand is resilient to these challenges or if producers will have to further absorb cost burden themselves to secure new work”

Source: thehindubusinessline.com– May 03, 2021

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T Rabi Sankar named RBI deputy governor to succeed B P Kanungo

Reserve Bank of India (RBI) executive director T Rabi Sankar has been named as the fourth Deputy Governor of the central bank, sources said.

Rabi Sankar is in charge of the payments system, fintech, information technology and risk management at the RBI. He succeeds B P Kanungo as the deputy governor, who retired on April 2 after getting a one year extension in his position.

Rabi Sankar now joins Mahesh Kumar Jain, Michael Patra and Rajeshwar Rao as the fourth deputy governor of the central bank.

Rabi Sankar has an M Phil in Economics degree and has handled all critical departments at the RBI, including debt management, which was the domain of Kanungo.

Rabi Sankar is widely respected among economists community for his original thoughts and has been a member of various committees including those for forming marginal cost of funds based lending system, hedging of commodity price risk, integration of commodity spot and derivatives markets, including two important working group of the Bank for International Settlement (BIS) on capital markets and dollar funding markets.

During 2005-11, he was the International Monetary Fund (IMF) appointed consultant to the government and central bank of Bangladesh on developing the bond market and debt management process. He also worked with the Ministry of Finance during 2008-2014 on deputation.

Apart from serving in RBI, he was made the chairman of RBI subsidiary Indian Financial Technology and Allied Services (IFTAS) in June 2020.

Source: business-standard.com– May 03, 2021

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Good exports order position propels growth in April: FIEO

Reacting to the trade data of April, 2021, Sharad Kumar Saraf, President, FIEO said that the impressive growth reiterates our assessment that order booking position of our exporters is extremely good and with gradual improvement of situation in the country, will push exports growth further.

He said that over 15 per cent growth on the base of April 2019 is a better indicator and reflects a positive double-digit trend. Saraf particularly emphasised that the growth in labour-intensive sectors like Gems & Jewellery, Handicrafts and Carpets augur well for the job scenario, which is most relevant in the current context.

Federation of Indian Export Organisation (FIEO) president also added that such a growth has been mainly on account of 29 out of 30 major product groups of exports showing either a very impressive high positive growth starting with four digit and almost all ending with a very high double-digit growth continuously defying all the odds for the second time during the year 2021 as still the global economy is passing through these challenging times.

"The exports of Gems and Jewellery, Jute mfg. Including floor covering, Carpets, Handicrafts excl. Hand-made carpet, Leather and leather manufactures, RMG of All Textiles, Cotton yarn/fabrics/made-ups, handloom products etc., Man-made yarn/fabrics/made-ups etc., Ceramic products and glassware, Other cereals, Electronic Goods, Oil meals, Cashew, Mica, coal and other ores, minerals including process, Engineering goods, Tobacco, Iron ore, Petroleum products, Cereal preparations and miscellaneous processed item, Oil Seeds, Meat, dairy and poultry products, Tea, Marine products, Spices, Coffee, Organic and Inorganic Chemicals, Rice, Plastic and linoleum, Fruits and vegetables and Drugs and pharmaceuticals were the sectors, which contributed towards showing such a spectacular performance by the exports sector during the month," he said.

Saraf also added that such a growth performance in exports during the first month of the new financial year augurs well for the sector as it will help in paving a new growth path for the sector as a whole during the fiscal. FIEO Chief also reiterated that the continuous support and help provided by the Government during these difficult times has been commendable.

He thanked the overall exporting community for continuously showing resilience and coming up with impressive performance even during these torrid times.

Further an increase in April 2021 imports by about 166 percent to 45.45 billion dollars compared to the same period during the previous fiscal led to a trade deficit of 15.24 billion dollars, which is an increase of over 120 per cent during the month, which is definitely a concern and should be looked into.

Source: knnindia.co.in– May 03, 2021

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India Inc's foreign borrowings jump 24% to $9.23 billion in March: RBI data

India Inc's external commercial borrowings jumped by over 24 per cent to USD 9.23 billion in March this year, RBI data showed. Indian firms had raised USD 7.44 billion from the foreign market in the same period a year ago. Of the total borrowings during March 2021, USD 5.35 billion came in through the approval route of the external commercial borrowings (ECB), while the rest of USD 3.88 billion was raked in via the automatic route of raising funds from international markets.

No money was raised through the rupee denominated bonds (RDB) or the masala bonds, as was the case in the year-ago period as well. Indian Railway Finance Corporation (IRFC), ONGC Videsh Rovuma and REC Ltd were the three players that raised money in the approval route category.

IRFC raised a total of USD 3.33 billion in three tranches for the purpose of infrastructure development, while ONGC Videsh Rovuma Ltd borrowed USD 1.6 billion for overseas acquisition. REC Ltd -- the infrastructure finance company in power sector -- raised USD 425 million during the month through the ECB facility for the purpose of on-lending.

Among the top borrowers in the automatic route, Adani Hybrid Energy Jaisalmer garnered nearly USD 1.25 billion in five tranches for its new project; Bharti Airtel raised USD 750 million as working capital loan; PGP Glass got USD 360 million to meet its rupee expenditure and NTPC raised USD 260 million for infrastructure development.

Information services provider Mohalla Tech Pvt Ltd raised USD 225 million in three tranches for its working capital requirement; Indian Oil Corporation and MMR Saha Infrastructure received USD 100 million each for working capital requirement and new project respectively.

Gujarat Alkalies and Chemicals borrowed USD 70 million for rupee expenditure and Oil India Ltd raised USD 50 million against overseas acquisition, showed RBI data.

Source: business-standard– May 03, 2021

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Garment hub Tirupur's local sales pip exports

Cooped up Indians purchased more knitwear during last fiscal which saw garment makers from Tirupur earn Rs 30,000 crore. And for the first time, domestic sales pipped exports which remained unchanged at Rs 25,000 crore in a truncated fiscal which saw lockdowns for nearly 2 months due to the Covid pandemic. Garment production increased 12% by volume.

With nearly six lakh workers, Tirupur exports knitwear to global giants. With Covid induced lockdowns during March 2020 and sputtering restart a couple of months later, export of garments took a beating.

"Domestic market turned buoyant as more Indians preferred leisure wear for their WFH, pushing the sales of T Shirts and track bottoms. On the exports front, the demand for 'knee drop' T shirts for women sold like hot cakes as more women combined WFH and home wear.

"Knee drop was a big hit and sees continued traction among overseas buyers," said Raja M Shanmugam, president of Tirupur Exporters Association (TEA). For the domestic market, garment makers received a price mark-up. "We don't know if there was an increase in tag price, but large garment brands increased procurement prices by 10 to 12% while we asked for a 15% increase to compensate for the unprecedented rise in yarn prices," he said.

Remaining optimistic, TEA has projected for a 20% increase in both exports and domestic sales for the current fiscal. "While second wave of the pandemic is worrying, going by the current orders, we may see a 20% growth this year," Shanmugam added.

Source: timesofindia.com– May 04, 2021

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Truck rentals in open market plummet 18-27% in April: IFTRT

As local lockdowns hit production activity, truck rentals on trunk routes plummeted 18-27 per cent in April over March, according to data from the Indian Foundation of Transport Research and Training (IFTRT).

There was a 35-40 per cent slump in the factory output due to production cuts and closures in many States triggered by the second wave of the Covid pandemic, SP Singh, Senior Fellow and Co-ordinator, IFTRT, New Delhi, said in a note.

Also, there was a 10-15 per cent drop in arrivals of fruits and vegetables in mandis. All this kept almost 40 per cent of the 1.4 million medium and heavy commercial vehicles that have national permit and 2.5 million trucks with inter-state permits under-utilised resulting in a financial crisis for fleet owners and stress on repayment of loans, said IFTRT.

CV sales hit, too

The IFTRT projected that truck rentals and sales will remain tepid for the current quarter, and most likely, for the next as well.

"As of now, there is no specific financial package for MSMEs in trade and manufacturing," said IFTRT. "The road transport business, which depends on trade, commerce, industry and agriculture, and made up mainly of (90 per cent) small truck owners has been the hardest hit, observed the transport research outfit, based on analysis of 75 key truck and trade centres in the country.

Consumer spending for discretionary items has dropped sharply in Tier-1/2/3 cities. Also, rural demand remained subdued despite the spending in the ongoing marriage season. This has affected the sentiment in the goods transport business leading to a drop in orders for medium and heavy commercial vehicles by 50-60 per cent.

"This was the month when diesel prices were on hold by the oil marketing companies though the international crude oil prices firmed up," said IFTRT. Coincidentally, the month also saw elections being held in various States in India, it added.

Financial crisis

The IFTRT said that the record GST collection in March was more due to the stringent enforcement and the rise in the prices of inputs and finished items rather than any jump in production volumes.

With truckers ability to repay loans affected, the All India Motor Transport Congress (AIMTC), in a letter sent to the Prime Minister Narendra Modi, sought a moratorium on EMIs, relaxation of the bank non-performing-asset NPA norms, and halting seizure of vehicles.

The AIMTC also asked the Prime Minister to ensure that government departments, public sector units and large companies make early payment to transporters for their services. It also sought extension of validity of comprehensive motor insurance (paid before April 1, 2020) till at least October 31, 2021.

Source: business-standard.com– Apr 30, 2021

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Odisha's Sarakpatna weavers weave magic with cotton

A non-descript village of weavers in Dhenkanal district is slowly creating a space for itself in the handloom map of Odisha. Sarakpatna is home to 250 weavers who are known for their cotton handloom sarees. Till two decades back, many of the traditional weavers had given up the profession for better avenues. However, it was revived after the formation of a weavers' cooperative society and intervention of the Handlooms and Textiles department. Currently, a majority of the weavers work on handlooms and a few on power looms. While men of the village do the weaving, women of the families do the cotton spinning, tie-and-dye and embroidery work.

While they sell their sarees to Boyanika and markets in Cuttack and Bhubaneswar, their cotton sarees are also a hit among tourists from European countries who visit Dhenkanal. Rama Sahoo, a woman weaver, said the sarees are mostly done in cotton with Ikat patterns. "We also do embroidery on them but the demand for plain cotton Ikat sarees is more", she said. The weavers take 15 days to one month for making 15 to 20 sarees and their selling price for each saree is around Rs 800-Rs 3,000. "We have dealers in Puri, Cuttack, Maniabandha, West Bengal and Delhi who showcase our sarees at exhibitions," said Srikant Kumar Sahoo, a young weaver and entrepreneur.

Ranjit Rout, another weaver, makes around 15 sarees in a month and sells each of them at Rs 1,200 to Rs 2,000, depending on the material and designs. An SHG - Maa Santoshi Bunakar - has opened a unit in the village that sells Sarakpatna sarees to dealers outside the district and State. Artisans also participate in different exhibitions and sell independently. Also, the Sarakpatna Co-operative Society has been catering to the saree needs of ASHA and Anganwadi workers as well as demands from general customers.

Secretary of the society Sudam Charan Rout said although the government has not conducted any skills training for over two years, the weavers have themselves created several new designs which are selling well. Assistant Director, Textiles, Charan Rout said although the government does not extend financial assistance to the weavers directly it imparts skill upgradation training and resource development to keep the artisans updated about market requirements.

Source: newindianexpress.com– May 04, 2021

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