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INTERNATIONAL NEWS

USA: New Tariffs Slapped on Wide-Ranging Goods—But They're Frozen for 6 Months

Fashion is staring down new tariffs on Spanish footwear, Indian jewelry, Turkish bed linens and more.

United States Trade Representative (USTR) Katherine Tai on Wednesday announced the conclusion of the one-year Section 301 investigations of Digital Service Taxes (DSTs) adopted by Austria, India, Italy, Spain, Turkey and the U.K.

The final determination in those investigations was to impose additional tariffs on certain goods from these countries, while suspending the tariffs for up to 180 days to provide additional time to complete the ongoing multilateral negotiations on international taxation at the Organization for Economic Cooperation & Development (OECD) and in the G20 process.

"The United States is focused on finding a multilateral solution to a range of key issues related to international taxation, including our concerns with digital services taxes," Tai said. "The United States remains committed to reaching a consensus on international tax issues through the OECD and G20 processes. Today's actions provide time for those negotiations to continue to make progress while maintaining the option of imposing tariffs under Section 301 if warranted in the future."

On June 2, 2020, USTR in the prior administration initiated investigations into DSTs adopted or under consideration in 10 jurisdictions–Austria, Brazil, the Czech Republic, the European Union, India, Indonesia, Italy, Spain, Turkey and the U.K.

In January, following comprehensive investigations, USTR determined that the DSTs adopted by Austria, India, Italy, Spain, Turkey and the U.K. discriminated against U.S. digital companies, were inconsistent with principles of international taxation and burdened American firms.

In March, USTR proposed trade actions in these six investigations, and undertook a public notice and comment process, during which it collected hundreds of public comments and held seven public hearings. USTR also terminated the remaining four investigations of Brazil, the Czech Republic, the European Union and Indonesia because those jurisdictions had not implemented the DSTs under consideration.

At a USTR hearing last month, apparel and retail trade groups spoke out against the new proposed tariffs.

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 would hurt American companies, consumers and workers 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,” Hughes said.

On Wednesday, AAFA president and CEO Steve Lamar voiced concern that “tariffs in any shape continue to be used as negotiating tools.”

“Making it more expensive for Americans to get dressed every day is not a way to promote positive change abroad,” he said, describing tariffs as a “huge, hidden tax paid by American consumers in the form of higher prices and by American workers in the form of fewer jobs and lower wages.”

“While we are glad to see that the U.S. Trade Representative is suspending tariffs for at least six months as it continues to navigate the Digital Services Taxes dispute, it would have been preferable to see the threat of tariffs removed entirely,” Lamar added.

From USTR's proposed product lists, members of the Retail Industry Leaders Association, including 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."

Source: sourcingjournal.com– June 03, 2021

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UK to Join Asia-Pacific Free Trade Bloc

The United Kingdom is set to link up with an Asia-Pacific trading bloc.

On Tuesday, Japanese Economy Minister Yasutoshi Nishimura said member nations of the Asia-Pacific trading bloc agreed to let the former European Union state begin the process of joining the 11-nation group spanning Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam.

Originally known as the Trans-Pacific Partnership (TPP), the Asia-Pacific free trade agreement under then-President Barack Obama once counted the U.S. as a member, but former President Donald Trump withdrew from the pact in 2017. Since then, the TPP has evolved into the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

The U.K. has hammering out new trade deals following its blockbuster Brexit breakup with the European Union. It asked to join the bloc in February, with the application just starting, it might not gain entry into the CPTPP until next year.

It wasn't immediately clear how much of a benefit the U.K. would see from membership by way of border taxes, since it already has in place trade agreements with seven CPTPP member nations, and it is in talks with Australia and New Zealand for separate bilateral trade deals. But once a member, the U.K. could see future benefits as more countries join.

In early May, U.S. Secretary of State Antony Blinken said during a BBC radio broadcast that a deal between the U.S. and U.K. could be years away. But the two could forge a trade pact within a larger bloc.

Under President Joe Biden, the U.S. has already rejoined the Paris Agreement and the World Health Organization, and there's been speculation over whether the U.S. would rejoin the CPTPP.

At the Sourcing Journal Hong Kong Summit last month, Jonathan Gold, vice president for supply chain and customs policy at retail trade group the National Retail Federation, said Biden hasn't ruled out coming aboard with the CPTPP, but "it would have to be on U.S. terms." NRF hopes the U.S. would rejoin the pact because it would improve national trade leadership and facilitate China trade-related issues, he said.

Meanwhile, as the U.K. and a working group from the CPTPP begin talks, much of the focus will be centered on tariffs, as well as a set of rules for trade and investment.

International trade secretary Liz Truss described the start of the accession process as "excellent news," according to the BBC. She said the government would present plans to Parliament before starting talks with the CPTPP working group.

"It will help shift our economic [center] of gravity away from Europe towards faster-growing parts of the world, and deepen our access to massive consumer markets in the Asia Pacific," Truss said. "We would get all the benefits of joining a high-standards free-trade area, but without having to cede control of our borders, money or laws."

Source: sourcingjournal.com– June 03, 2021

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Does Denim Have a Future at Big-Box Retailers?

Like almost every other industry, fashion took a massive hit in 2020, with at least 48 retail and fashion bankruptcies as a result of the pandemic. But for others, the pandemic was a time for record sales.

Classified as essential businesses, big-box stores such as Walmart and Target provided consumers with a one-stop shopping experience that allowed them to shop for food, medicine, clothing and supplies for working or attending school remotely. For consumers in search of a "normal" shopping experience and brands in need of new touchpoints, big-box stores became the ultimate destination in a pandemic society.

"The pandemic gave big-box retailers an exclusive advantage," said Evy Lyons, vice president of marketing at influencer marketing technology platform Traackr. "It made them very appealing partners for brands that had to close their storefronts or only had small e-commerce operations."

Walmart had a successful year, with apparel and online sales leading the charge in Q3 2020. Specifically, it improved its in-stock inventory levels and eased pressure on e-commerce fulfillment centers by utilizing 2,500 stores to fulfill online orders, positioning it well for the holiday season. Target found similar success during the same quarter, with 75 percent of digital sales fulfilled by brick and mortar, and quickly shifted to contactless strategies for fulfilling orders, including in-store pickup, drive up and Shipt.

And it wasn't just the in-person shopping experience that seemed to drive consumers. According to data from product intelligence company Trendalytics, online searches for Walmart and Target increased 8 percent and 3 percent, respectively, from last year. One-stop shopping, whether in-store or online, is what resonated most with pandemic consumers.

While consumers were picking up loungewear and sweats at these stores, jeans still owned a portion of the sales floor. Target's house labels Universal Thread and Gen Z-focused Wild Fable, as well as Walmart's own Free Assembly and newly launched selvedge jeans collection provided pandemic consumers with a denim hub.

Heritage denim brands such as Levi's and Kontoor Brands-owned Wrangler and Lee, which already had partnerships with the retailers, found success in doubling down on their efforts. Sales at these stores helped fill in a gap while their own company-owned locations were shut, which in Levi's case was a two-month period between March 16 and May 12, 2020.

In fact, Levi Strauss & Co. president and CEO Chip Bergh attributed a great deal of the company's 2020 experience to its aggressive wholesale approach, citing past reports that its U.S. wholesale business accounted for 30 percent of revenue, and "will always be important."

As a result, Levi's has set its sights on further expanding wholesale in 2021, with plans to enter 500 Target stores throughout the year as a result of picking up "incremental new consumers" through the big-box partnership. In February, it branched into the home category with a limited-edition collaboration exclusively sold at the retailer.

Lee also increased its presence at big-box retailers at the beginning of the pandemic, and in Fall 2020 launched at over 2,000 Walmart stores. In an earnings call in May 2020, Kontoor Brands president and CEO Scott Baxter said the company's largest retailer partners—Walmart, Amazon, Target and Kohl's—are "positioned as stable long-term winners in their respective channels of distribution," adding that the companies were gearing up for more collaboration in the future.

Even brands that never had a wholesale business are turning to hypermarkets. Gap recently announced it will launch its first-ever home decor collection with Walmart later this month.

But of the one-stop-shop retailers, e-commerce giant Amazon may have reigned supreme during the pandemic—specifically in terms of its apparel offerings. According to Wells Fargo analysis, Amazon's clothing and shoe business is on track to generate $45 billion in revenue this year, outperforming its closest competitor Walmart by as much as 25 percent.

Along with being a sales platform for Levi's, Wrangler, Lee and more, Amazon has its own value denim brands, including Goodthreads, Daily Ritual and Amazon Essentials, and the ability to tap into trend-driven denim pieces through its influencer-led collections called The Drop.

Consumer Intelligence Research Partners (CIRP) data showed that in 2020 alone, Amazon Prime added 30 million members to its roster, which as of Dec. 31, 2020, clocked in at 142 million. Additionally, 52 percent had an annual membership, up from 49 percent just three months earlier, indicating that more consumers are sticking around for the long haul.

One size does not fit all

But partnering with big retailers isn't the right approach for every brand. According to Lyons, these partnerships can change how a brand is perceived. A brand that sells high-quality items partnering with a retailer known for its affordable items sold in bulk creates a confusing dynamic that could ultimately do more harm than good.

And branding crises are an increasing area of concern as consumers continue to place companies under an ethical microscope. Lyons pointed to the disconnect of a progressive brand partnering with a massive e-tailer like Amazon, which has fallen under scrutiny for its public anti-union stances and allegedly unfair working conditions.

"Last year proved that brands are now held to a higher standard of social awareness and responsibility," she said. "Consumers not only want to see the human element behind the brand, they want to see brands hold each other accountable and carry out socially responsible missions with real, consistent and authentic action."

This kind of partnership also makes it more difficult for a brand to stand out from a sea of competing products—a significant challenge when attempting to avoid discounting. Trendalytics data showed that Target's denim assortment is discounted an average of 2.4 percent, while Walmart's denim assortment sees an average discount of 7 percent.

"It can be challenging for a brand to disassociate from promotions happening in the store if they want their products to be offered at full price," said Avery Faigen, fashion and retail analyst at retail analytics firm Edited. "Furthermore, if a competitor is running a sale and you're not, you might lose a customer who chooses that brand for the discount."

What's next

With vaccine rollouts in the final stages in the U.S. and states lifting capacity rules, the future of these retailers' popularity is up for debate. Some anticipate consumers will continue to favor convenience above all else, leading them to continue shopping big-box retailers and online giants. Others expect to see foot traffic pick up across the board, which may help boutiques and shopping malls. Still others believe social media, another sector that flourished through the pandemic, will play a larger role in driving sales.

"Over the past year, social commerce has become a shiny new channel that brands are beginning to tap into, especially in fashion, and I'd expect this to continue to grow as a key retail strategy," Lyons said.

Traackr data shows a 27 percent increase in the number of influencers posting about social commerce in 2020 versus 2019, including direct calls to action in this content. Other social commerce strategies, such as Pinterest's new visual discovery platform for fashion, have helped brands offer products in a visually appealing way and meet consumers where they are.

Still, Lyons believes big-box stores will hold unwavering appeal in the years ahead. Both Walmart and Target work with digital creators such as Amy Serrano and Christina Caradona to showcase how to style new arrivals, and both retailers have social media accounts dedicated to fashion.

"As in-store shopping bounces back, we may see some of this momentum slow a little, but as much of the growth has to do with changing consumer attitudes, I'd expect big-box retailers to remain important for denim and fashion brands," she said. "If younger consumers aren't shopping at boutique stores, they're likely looking toward larger retailers like Walmart, Target and Amazon. As long as brands want easy access to this audience, they'll likely want to partner with these types of stores in some way."

Source: sourcingjournal.com– June 03, 2021

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ASEAN, EU conclude talks for key air transport deal

Cambodia and other ASEAN member states on June 2 concluded negotiations with the EU on the ASEAN-EU Comprehensive Air Transport Agreement (CATA), which is set to become the first ever bloc-to-bloc accord aimed at improving air connectivity between and beyond ASEAN and the EU when it comes into effect.

The final meeting to conclude the talks was held virtually and co-chaired by Ministry of Public Works and Transport director-general for Logistics Chheang Pich.

Pich hailed the conclusion of talks as the "achievement of an important task" for the Kingdom, saying: "This is the effort of all relevant officials in this work, I am very proud of this endeavour as a Cambodian."

The EU remains ASEAN's third largest trading partner after China and the US, and accounts for about 10.6 per cent of Southeast Asian bloc's trade, according to the European Commission (EC). And ASEAN is also the EU's third largest trading partner outside Europe, after China and the US.

The bloc-to-bloc goods trade was to the tune of more than €189.47 billion ($230 billion) last year, while bilateral trade in services clocked in at €93.5 billion in 2019.

In 2019, EU foreign direct investment (FDI) flows into ASEAN were €313.6 billion, and ASEAN FDI stocks into the EU amounted to €144 billion, the EC reported.

"The EU's main exports to ASEAN are chemical products, machinery and transport equipment. The main imports from ASEAN to the EU are machinery and transport equipment, agricultural products as well as textiles and clothing," it said.

Pacific Asia Travel Association (PATA) Cambodia chapter chairman Thourn Sinan emphasised that the agreement would expand the currently limited number of direct flights to the EU, noting that China and South Korea account for the majority of air routes to the Kingdom.

"One of the shortcomings in the tourism industry is that flight connections are still limited. In the past, we relied heavily on the countries around us," he said. But “depending on others means losing competitiveness in the tourism sector”.

“As I see it, if the government can connect Cambodia to Europe or major European cities with direct flights, that’d be a godsend for Cambodia, given the EU’s huge market, with the potential for Cambodian agricultural and industrial goods,” Sinan said.

The Kingdom exported $17.21537 billion worth of goods last year, up by 16.72 per cent from $14.74874 billion in 2019. The EU ranked as the second largest market after the US, buying Cambodian merchandise to the tune of $3.20387 billion, down by 17.73 per cent, the Ministry of Commerce reported.

And according to Ministry of Tourism data published on May 13, Cambodia welcomed just 70,901 International tourist arrivals in the first quarter of this year, down by 93.9 per cent from 1,155,226 in January-March 2020, as the global Covid-19 pandemic prolonged. Last year, Cambodia welcomed 1,306,143 international tourists, down by 80.2 per cent from 6,610,592 in 2019.

Source: phnompenhpost.com– June 03, 2021

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China to strengthen cotton cooperation with BRI Central Asian nations

China plans to boost cooperation in the cotton industry with nations participating in the Belt and Road Initiative (BRI) during the 14th Five-Year Plan (2021-25) to reduce dependence on imports from the United States and Australia, according to Li Fuguang, head of the Institute of Cotton Research under the Chinese Academy of Agricultural Sciences.

Central Asia's potential in cotton production will help meet import demand of 2 million metric tonnes based on China's clothing textile needs and cotton production, Li said.

"Taking advantage of complementary countries in Central Asia will be conducive to a strong response to the trade conflicts between China and the US, and meanwhile promote implementation of the Belt and Road Initiative," he was quoted as saying by official Chinese media.

Cotton production in Central Asia covers nearly 2 million hectares, and the environment there is similar to the Xinjiang Uygur autonomous region, which accounts for 84.9 per cent of cotton production in China.

"If the cotton-making technology in Xinjiang is applied to Central Asian countries, the production in the region will see rapid development," Li said, adding that production is expected to increase by at least 5 per cent.

Demonstration technology parks have been established in Uzbekistan since 2018 to promote Chinese cotton-growing technologies. Demand for irrigation water has dropped by two-thirds while yields have doubled, Li said.

China will focus on introducing cotton cultivation technology to Uzbekistan in the next five years, and keep advancing it in Tajikistan and Kyrgyzstan, he added.

It will also beef up efforts to modernize of the sector by upgrading systems and cultivating innovation in key technologies.

The country plans to strengthen the collection and utilization of cotton germplasm resources, explore excellent gene sources, and create excellent resources with high yield, good quality and wide adaptability, according to the academy.

The China Cotton Industry Alliance, a non-profit led by the institute, will play a major role in improving cotton quality and integrating the entire industry chain.

The alliance issued a statement late in March this year resolutely opposing any stigmatisation of Xinjiang cotton. It is endeavoring to build a high-quality cotton industry chain and increase international recognition of domestic cotton brands.

Source: fibre2fashion.com– June 03, 2021

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Global cotton production to rise 5.5 per cent

As per the June 2021 edition of Cotton This Month, global cotton production is expected to increase by 5.5 per cent in the 2021-22 season while consumption is expected to increase 2 per cent. The report estimates global trade will increase 2 per cent.

As estimated by the International Cotton Advisory Committed, production is expected to increase to 25.5 million tonne due to an increase in planted area in the US and West Africa.

On the other hand, consumption is expected to increase to 25.3 million tonne and global trade is expected to increase to 10 million tone.

Global ending stocks are also expected to increase to 22 million tonne as the stocks-to-use ratio declines to 0.87, although China's stock is expected to decrease as the rest of the world's expands slightly.

Cotton This Month is published at the beginning of the month with the Cotton Update published mid-month.

The Cotton Update, which is included in the Cotton This Month subscription, is a mid-month report with updated information on supply/demand estimates and prices.

Source: fashionatingworld.com– June 03, 2021

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Primark, Bestseller, H&M resume business in Myanmar

Fashion retailers like Primark, Bestseller and H&M planning to resume sourcing in the Myanmar.

As per Apparel Resources, Danish fashion retailer Bestsellerhas commissioned an independent report to evaluate its due diligencetoensure responsible production in Myanmar. The retailer says there are no grounds to assume that its three factories located in Myanmar are either directly or indirectly, owned by the military.

H&M too has gradually started placing new orders again. The Swedish retailer is focused on avoiding the imminent risk of its suppliers having to close their factories in Myanmar.

Primark, the Irish fashion retailer, also will be now sourcing in the country. The retailer is committed to fulfilling all existing orders with its suppliers in Myanmar.

Meanwhile, organisations like the Clean Clothes Campaign are urging all suppliers, brands and retailers, active in Myanmar, to publicly condemnthe military coup, call for the restoration of democracy and the rule of law.

Source: fashionatingworld.com– June 03, 2021

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Vietnam's garment export up 15 pct in 5 months

Vietnam raked in over 12.2 billion U.S. dollars from exporting textile and garment between January and May, up 15 percent against the same period last year, according to the country's General Statistics Office on Thursday.

In May alone, Vietnam's textile and garment exports rose 35.1 percent year on year to around 2.6 billion U.S. dollars.

Over the five-month period, markets including the United States, the European Union and Japan were still key importers of Vietnam's textile and garment. However, higher prices of input materials are lowering the profit earned by local firms from exporting textile and garment, said the Vietnam Textile and Apparel Association.

In 2020, Vietnam recorded an export turnover of 29.5 billion U.S. dollars from textile and garment products, down 10.2 percent from 2019, according to the General Statistic Office.

Source: xinhuanet.com– June 03, 2021

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Vietnamese denim manufacturer Viet Hong eyes $25mn revenue in 5 years

Founded at an investment of $12 million in 2005, Vietnamese denim fabric manufacturer Viet Hong Textile aims to earn sales revenue of $25 million per year in the next five years, according to Quinn Hang, vice director of the company. The company's annual turnover dropped to $14.5 million in 2020 from $18.8 million in 2019 due to the pandemic.

The estimated amount of denim being manufactured by local mills in Vietnam amounts to about 75 million metres a year in which Viet Hong produces 15 million metres, Hang said in an interview with Fibre2Fashion.

"Viet Hong Textile is open to expansion not only in terms of our facilities but also for our market reach. Due to the current economic situation brought forth by COVID-19, investment is on hold.

But we continue to reach out to our current and prospective customers to win more market share. Physical store is not on our plan at present, but we are exploring the idea of having our own brand soon," she added.

Click here to read the entire interview.

Source: fibre2fashion.com– June 03, 2021

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Cambodians favour China as partner in trade, infrastructure, services

Forty four per cent of Cambodians perceive China as their most valuable partner in trade, infrastructure, economy and public services, says a survey by German political think tank Konrad Adenauer Stiftung and data consulting firm Kantar. Thirty eight per cent of respondents perceive Japan as the best partner, while a quarter view the United States to be in the same position.

China was also viewed as Cambodia's best partner for trade (46 per cent), followed by Thailand (38 per cent), the US (25 per cent) and Vietnam (25 per cent). Only 39 per cent of female respondents viewed China as a good trade partner, whereas 53 percent of males believed China was a good trade partner.

The study found 67 per cent of Cambodians harbour a favourable view of the European Union (EU) as an international partner. However, most Cambodians are not aware about the partial withdrawal of the EU's Everything But Arms (EBA) trade scheme.

"Concerningly, an estimated two million Cambodians depend on the textile industry, yet less than half of all respondents (43 per cent) had heard off the EBA, with even fewer understandings its meaning (16 per cent)," the report said.

The survey polled 1,015 respondents from Svay Rieng, Ratanakiri, Kampong Thom and Koh Kong provinces as well as Phnom Penh.

The study suggested that these perceptions were likely shaped by aid contributions. China provides the most foreign aid to Cambodia, followed by Japan and the US.

Cambodia's exports grew by 630 per cent from 2008 to 2020.

Source: fibre2fashion.com– June 03, 2021

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Morocco's textile & apparel industry association joins ITMF

AMITH, the Moroccan textile and apparel industry association, joined ITMF as a new member association in May 2021. AMITH represents the entire textile and apparel value chain of Morocco.

The industry comprises around 1,200 companies that employ around 195,000 persons. In 2019, the Moroccan textile and apparel industry exports earned around €3.5 billion.

The International Textile Manufacturers Federation (ITMF) founded in 1904 is the international forum of the global textile value chain. Its members are from textile and apparel production countries that represent around 90 per cent of global production.

“With AMITH joining ITMF a win-win-situation is created. An important player and voice of North Africa’s textile and apparel industry will make use of the international network and platform that in return will be benefit from AMITH’s perspective and input,” Dr. Christian Schindler, director general of ITMF, said in a press release.

"Joining ITMF provides us and our members with a unique access to a platform of the global textile value chain. The world is getting more and more integrated.

Therefore, cooperation along the textile value chain and understanding its complexity is paramount,” said AMITH general manager Fatima-Zohra Alaoui.

Source: fibre2fashion.com– June 03, 2021

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New UK-funded initiative to help Pak SMEs

A new initiative to enable small and medium enterprises (SMEs) in Pakistan to effectively engage in international markets was launched last month. The UK-funded £5 million project, part of an existing project running from 2020 to 2024, will help enhance Pakistan's trade diversification and integration into global value chains. Geneva-based International Trade Centre (ITC) will implement the initiative.

The efforts are part of a larger UK-supported Revenue mobilization, Investment and Trade Programme (ReMIT) programme aimed at contributing to sustainable and inclusive economic development in Pakistan.

"It is very heartening to note that the aims and objectives of the project dovetail and align with the Strategic Trade Policy Framework of the government through which we aim to revitalise Pakistan's economy in the challenging times of COVID-19.

I am pleased to note that the project international trade environment will be strengthened by enhancing exports, augmenting institutional capacities, and introducing trade facilitation reforms," Abdul Razak Dawood, advisor to prime minister on commerce and investment and textile, was quoted as saying in an ITC press release.

"This project is a comprehensive and far-reaching project involving major public and private stakeholders in business and international trade in Pakistan," Pakistani commerce secretary Muhammad Sualeh Ahmad Faruqui said.

Through development of Pakistan's National Priority Sector's Export Strategy and capacity building of the Ministry of Commerce (MOC), Federal Board of Revenue (FBR), Trade Development Authority (TDAP), the National Trade Facilitation Committee (NTFC) and business associations and groups, the programme will support formulation and reform of trade policies, including addressing some of the main barriers to trade.

These efforts will reflect public-private consensus. The project will also build business associations' capacity for advocacy, including women entrepreneurs.

A trade facilitation toolbox will be developed, for optimal implementation of the WTO Trade Facilitation Agreement.

The project will also contribute to increased transparency of trade rules and improve business compliance with cross-border requirements, and ensure inclusivity through addressing barriers that women businesses face in integrating into export value chains.

Source: fibre2fashion.com– June 03, 2021

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NATIONAL NEWS

Trade Winds: Commerce secretary Anup Wadhawan says India to start FTA talks with UK, EU this year

India and the UK are engaged in preparatory work for launching a free trade agreement (FTA) and formal negotiations would start later this year, commerce secretary Anup Wadhawan said on Thursday. The negotiation for a planned FTA with the EU would resume even before that, he added.

New Delhi was also exploring the feasibility of either reviewing or upgrading various existing trade agreements, he said. For instance, it's seeking a review of its FTAs with Asean, Japan and South Korea to make them more balanced, and planning to upgrade its preferential trade agreement with Chile and Mercosur.

Since its pull-out of the Beijing-dominated RCEP trade negotiations in November 2019, India has been seeking to expedite talks with key economies for "fair" and "balanced" trade pacts.

Analysts have already pointed out that the FTAs signed with Asean, Japan and Korea (all before 2010) have added to India's large trade deficit, and domestic exporters haven't been able to benefit much from them.

In FY20, before the pandemic spread its tentacles, India's trade deficit with Asean was as high as $24 billion. Similarly, its deficit with South Korea and Japan stood at close to $11 billion and $8 billion, respectively.

Refuting claims of a few analysts, Wadhawan stressed that the production-linked incentive (PLI) schemes announced by the government in the aftermath of the pandemic "are fully compliant with the World Trade Organization (WTO) rules, as the incentives are tied to output".

The government has announced 13 PLI schemes, covering sectors, including auto, telecom, electronics, pharma, advance chemistry cells, textiles, food processing and steel. The total promised incentives of Rs 1.97 lakh crore will be spread over five years.

Wadhawan exuded confidence that the country would be able to meet the ambitious $400-billion merchandise export target for FY22.

The "impressive" increase in exports in recent months has been driven predominantly by growth in external demand, and not so much by a rise in global commodity prices, he added.

Merchandise exports have exceeded even the pre-pandemic level (same months in 2019) for three months through May despite the second Covid wave, indicating that a recovery is probably taking roots.

Of course, export growth was low even before the pandemic – outbound shipments rose about 9% in 2018-19 but again shrank by 5% in 2019-20.

Exports dropped 7% last fiscal, weighed down by the Covid disruptions. So, only a sustained uptick over the next 2-3 years would help the country recapture the lost height of exports.

Source: financialexpress.com– June 02, 2021

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Govt to announce RoDTEP rates soon after addressing certain implementation issues, says Commerce Secretary

PLI scheme compatible with WTO norms; may start denting Chinese imports from next year

The government is addressing certain implementation issues related to the much-awaited Remission of Duties and Taxes on Exported Products (RoDTEP) scheme for exporters and the rates will be announced in an "early" time frame, Commerce Secretary Anup Wadhawan has assured.

"There are no doubts on the fact that the RoDTEP will be introduced from January 1 this year as it has been announced as part of government's policy. There is no question of any reflection on that. It is a new scheme. Needless to say it has some implementation issues and we have been addressing those issues….And I think it will be implemented in an early time frame," Wadhawan said at a media briefing on Thursday.

Exporters have been waiting impatiently for the RoDTEP rates to be announced so that they they can take their pricing decisions accurately.

The Revenue Department has been finding it difficult to announce the rates suggested by the expert panel headed by former Commerce Secretary GK Pillai because of inadequate budget. There are expectations now that the Finance Ministry may increase allocation for the scheme and discussions are on with the Commerce Ministry on the final rates.

The popular Merchandise Export from India Scheme, which was also a scheme for refunding taxes on inputs, was withdrawn by the government from January 1 as it was not strictly calculated on the basis of taxes paid and hence not permissible at the WTO.

Merchandise exports

Commenting on provisional data of merchandise exports in May, showing a growth of 67.39 per cent over May 2020 level and 7.93 per cent over May 2019 level, Wadhawan said that India's export performance continues to be impressive.

"Sectors such as leather & leather products, man-made yarn/fabrics/made-ups and marine products, which had been exhibiting negative growth during the pandemic (2020-2021), have picked up from March 2021 onwards," Wadhawan pointed out.

The growth in exports was mostly due to an increase in volume as price effect was not dominant globally, he added.

Export target

He said the export target of $400 billion set by the Commerce Ministry for 2021-22 was feasible although it would require a steep jump over last fiscal's exports valued at $290.18 billion. Exports in 2020-21 were lower by 7.4 per cent than the previous fiscal due to the Covid-induced lockdown in the early part of the year.

On free trade agreements, Wadhawan said India was hoping to start negotiations with the EU and the UK once the initial consultations were over and was also trying to fast-track negotiations with Canada, Australia and Peru.

When asked by India's imports from China were still high despite a number of schemes specifically targeting increased domestic production to check Chinese inflow, the Secretary said the country's trade with China had already become more balanced.

He added that the Production-Linked Incentive (PLI) schemes that were getting implemented in the areas of mobile and electronics and bulk drugs and pharmaceuticals would result in a greater impact being visible from next year.

Answering questions on the compatibility of the PLI scheme with WTO norms, Wadhawan said that all aspects of the PLI scheme were linked to production and hence it was totally WTO compatible.

Source: thehindubusinessline.com– June 03, 2021

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India, UK eye interim pact to help clinch major trade deal

India and the U.K. are intensifying talks to remove non-tariff barriers and foster greater market access as they work to stitch together the South Asian nation's first major free trade pact in a decade.

The two countries have zeroed in on a list of achievable items that would help the U.K. showcase the benefits of leaving the European Union while also allowing India to forge new bilateral ties after Prime Minister Narendra Modi's government pulled out of a multilateral Asia trade pact in 2019, according to people with the knowledge of the matter in the capital, New Delhi.

They expect to finalize an interim agreement by the end of the year that would give British medical devices and agricultural products such as apples, quinces and pears access to Indian markets, while widening the scope of employment in the U.K. for Indian seafarers and nurses, the people said, asking not to be identified as the matter is still under discussion.

Under pressure from exporters, India has been in talks over early harvest deals with the U.K., U.S. and the EU -- some of its major trading partners -- but until now, only Britain has shown interest. And unlike many of India's other trade talks which have lingered for years without an outcome, there is a strong chance of a deal with the U.K. given the needs of both the sides, the people said, noting these negotiations have progressed much faster than others.

"India and the U.K. are currently in the pre-negotiation scoping phase of an FTA with the aim of starting negotiations in autumn this year," a spokesman at U.K.'s Department of International Trade said in an email response. "We are not engaged in live negotiations for an FTA or an Interim Agreement at this time." Call and text messages sent to the spokesman at India's trade ministry remained unanswered.

The initial deal would form part of the broader free trade agreement which would slash tariffs on a range of items, facilitate investments and give access to services and goods in a bid to increase bilateral trade. The U.K. and India want to double trade between their two countries by 2030, up from over $15.4 billion in 2019-20.

This would be the first major free trade agreement for India since 2011 when it signed a comprehensive deal with Malaysia, though a minor FTA was inked with Mauritius in February.

Turning Inwards

Despite championing free trade in global forums, the Modi government has been turning inwards over the last few years, first announcing review of all the existing free trade agreements over concerns that they led to more imports than exports, and then raising tariffs to support domestic industries. Soon after being elected for second term with a thumping majority, the Modi government opted out of the Regional Comprehensive Economic Partnership.

Since then, India has worked on reviving bilateral trade relations with major export destinations such as the EU, the U.S., and Australia to offset the expected loss, while it tries to woo investors looking for alternative destinations to China for their supply chains.

Earlier in May, Prime Minister Boris Johnson and Modi pledged a “quantum leap” in their relationship and launched an enhanced trade partnership to boost exports and resolve market access issues.

The proposed agreement, one of the high-priority deals Johnson is hoping to secure -- along with Australia, New Zealand and the U.S. -- is expected to resolve long-pending demands including allowing British legal firms access to the Indian market and a social security pact to ensure India’s skilled professionals don’t have to pay certain taxes in the U.K. if they’re being paid domestically, the people said.

Still, contentious issues remain, including high Indian tariffs on alcohol and automobiles. The U.K. wants the removal of tariffs including a 150% levy on whiskey and 125% duty on imported cars, while India is seeking “data secure nation” status. Areas including e-commerce, public procurement, financial and banking services have yet to be discussed, the people said.

Source: economictimes.com– June 03, 2021

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US suspends retaliatory tariffs against India for six months

Taxation of e-commerce not specific to India as several developed countries also do so, says Commerce Secretary

The United States' decision to postpone by six months the imposition of retaliatory import tariffs on certain items from India and five other countries under Section 301 investigations on Digital Service Taxes (DSTs) could be linked to the broader effort for a global understanding on taxation of e-commerce.

The issue of taxation of e-commerce companies is not just specific to India but related to many other nations including developed countries and there are attempts to resolve it at the OECD platform, said Commerce Secretary Anup Wadhawan.

"It is all a part of broader effort to reach a global understanding on taxation definition given the recent development and growth in e-commerce. I think this is all moving forward in a conducive manner. The world will reach a common understanding on the issue," he said addressing the media.

US Trade Representative Katherine Tai announced the conclusion of the one-year Section 301 investigations of DSTs adopted by Austria, India, Italy, Spain, Turkey, and the United Kingdom on Wednesday.

"The final determination in those investigations is to impose additional tariffs on certain goods from these countries, while suspending the tariffs for up to 180 days to provide additional time to complete the ongoing multilateral negotiations on international taxation at the OECD and in the G20 process," per a release for the USTR office.

The US is focused on finding a multilateral solution to a range of key issues related to international taxation, including our concerns with digital services taxes, according to Tai.

"The postponement of the tariff is similar to the DST investigation into France, where USTR indefinitely postponed tariffs after the first six month delay to pursue negotiations at the OECD," a source tracking the matter told BusinessLine.

The US had proposed to impose retaliatory tariffs up to 25 per cent on a wide variety of Indian products ranging from shrimps and basmati rice to gold and silver items in response to digital services tax of 2 per cent imposed by India on non-resident e-commerce operators in March 2021.

The USTR is of the view that India's digital services tax, also known as equalisation levy or Google tax, is unreasonable or discriminatory and burdens or restricts US trade.

Estimates made by the USTR value the digital services tax payable by US-based company groups to India at approximately $55 million per year.

"The United States remains committed to reaching a consensus on international tax issues through the OECD and G20 processes. Today's actions provide time for those negotiations to continue to make progress while maintaining the option of imposing tariffs under Section 301 if warranted in the future," Tai said.

Section 301 of the US trade law allows the country's President to take all appropriate action, including tariff-based and non-tariff-based retaliation, to obtain the removal of any act or policy that it finds unjustified, unreasonable, or discriminatory.

Source: thehindubusinessline.com– June 03, 2021

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Onus of recovery on govt; expect over 9.5 pc GDP growth in FY22: Axis Bank chief economist

The government will have to do its bit to help for a faster recovery and start spending at the earliest, Axis Bank's chief economist Saugata Bhattacharya said on Thursday, estimating the FY22 GDP growth to come at between 9.5-10 per cent.

The Reserve Bank, which was the earliest to act with rate cuts and liquidity enhancement measures, has run its course now and will play a limited role in the recovery by ensuring stable financial conditions, Bhattacharya told reporters on the eve of the central bank's bi-monthly policy review.

He said private consumption has fallen and there has also been a hit to spends on consumer staples. There is a need to revive it by upping of spending by the government, especially on the capital expenditure it has listed out, he said.

The government may be waiting for the lockdowns to end before they can announce specific measures for the revival, which can have the best multiplier effect. I hope they spend soon, he added.

Bhattacharya said he feels consumption will be impacted at least till December quarter and the hit to demand will continue even after the lockdowns are lifted.

He said the RBI is most likely to revise down its 10.5 per cent GDP growth estimate for FY22, which would be more like an acknowledgement of the reverses being faced in the ongoing June quarter. He expects the RBI's new estimate to be over 10 per cent real GDP growth.

The bank's internal view is that growth will come anywhere between 9-10.5 per cent, Bhattacharya said, adding that there is a 60-65 per cent chance of it being between 9.5-10 per cent.

Vaccination holds the key on the growth front going ahead, he said, warning that if the inoculations fall short, it can shave off 1 percentage point from the GDP growth estimate.

The chief economist also said that he is sceptical if the government will be able to inoculate over 40 per cent of the population with both doses by September or October.

However, one of the most keenly watched aspects of the policy review will be RBI expectations on inflation and commentary surrounding it, he said, adding that the inclusion of the word "transient" in context of the inflationary pressures will mean a lot on the central bank's stance.

Bhattacharya said he expects the RBI to hold rates on Friday, as per the consensus view, and added that he expects a pause till FY23 as the focus is on being accommodative in stance and help in reviving growth.

Friday's policy moves can be accompanied by a second government securities acquisition programme announcement, with a commitment from the RBI to buy another Rs 1 lakh crore of bonds in a given time frame, he said.

Bhattacharya said the RBI will continue to support the government's large borrowing programme and what needs to be seen is whether it lets the yields go up to 6.2-6.3 per cent or makes it stick to 6 per cent as per the current stance.

The RBI will not reverse its growth-enhancing measures and liquidity moves till the December quarter, he said, adding that it may advance the same by a quarter if the taper programmes in advanced economies start earlier than expected.

Source: financialexpress.com– June 03, 2021

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Government's ECLGS push sends banks' exposure to MSMEs soaring

Banks' exposure to small entrepreneurs has jumped significantly over the last one year largely on account of the government's aggressive credit push to Micro, small and medium enterprises (MSME) through a sovereign-guaranteed scheme.

According to bankers, the three avatars of the emergency credit line guarantee scheme (ECLGS) announced so far have led to a significant increase in the exposure of the banking system to MSMEs. According to sectoral data for April released by the Reserve Bank of India (RBI), outstanding bank loans to the medium segment rose 44 percent year-on-year (y-o-y), while loans to the micro and small enterprises segment grew four percent.

The emergency credit line guarantee scheme was launched by the government last year in the wake of the COVID-19 onslaught and as an immediate assistance to give a helping hand to the faltering economy. Banks, under this, can lend to existing borrowers by upto a certain limit of their outstanding loans as on February 29, 2020. Recently, the government modified the scope of the scheme.

The ECLGS push

At a time when the overall credit growth is lagging in a tepid economic environment, ECLGS has helped significantly, bankers and analysts said. ECLGS scheme, first announced in May 2020, entailed an outlay of Rs three lakh crore for offering sovereign guarantees of upto 20 percent against fresh loans to MSMEs. The scheme was later extended to larger companies in 26 specific sectors that had been hit badly by COVID-19. Recently, the Government said banks could lend an additional 10 per cent under this.

"MSME industries grew by 12.5 percent in April 2021(which offset the fall in large segments) as compared with a drop of 3.2 percent in April 2020," CARE Ratings said in a note on June 2, adding, "This growth has continued to be supported by the ECLGS scheme (sanctions under ECLGS scheme have been Rs 2.54 lakh crore, which is around 85 percent of the targeted Rs three lakh crore, the scheme has been extended to September 2021)."

Two bankers Moneycontrol spoke to agreed that ECLGS had had an important role to play in increasing credit flow to MSMEs.

But, ECLGS is not the only factor.

The RBI dispensation to convert the interest component on MSME loans to working capital term loans could have also helped, bankers said.

In May 2020, the central bank had said that for working capital loans sanctioned in the form of cash credit/overdraft, lenders would be allowed to defer repayments up to August 31, 2020 on the interest component. They would also have the option of converting the accumulated interest for the deferment period up to August 31, 2020, into a funded interest term loan (FITL) which shall be repayable by March 31, 2021.

“Apart from ECLGS, the creation of FITLs has also played a role in raising the MSME exposure. The deadline for repayment was March 31, but some people think they have another three months to pay before it becomes an NPA,” said a senior banker on condition of anonymity.

A loan becomes a non-performing asset (NPA) if it remains unpaid for 90 days after its due date. Banks need to set aside more money to cover such loans.

In private conversations, bankers and analysts are already expressing concern on the quality of the FITL portfolio. An early sign can be found in Canara Bank’s investor presentation for Q4FY21, which shows that Rs 675.24 crore of FITLs remained outstanding, or unpaid, as on April 30, 2021.

At the same time, analysts said there was no reason to worry right now about the expansion of MSME credit. "It must be noted that the high growth in exposures in the medium segment comes on top of a relatively smaller base, while the base was higher in the micro and small segment," said Anil Gupta, VP and senior director - financial ratings, ICRA.

The RBI data showed that as on April 23, 2021, the quantum of bank exposure to the medium industries segment was Rs 1.43 lakh crore, up from Rs 99,457 crore a year ago, while that in the micro and small enterprises segment was Rs 3.72 lakh crore, up from Rs 3.58 lakh crore in April 2020.

As the Rs three lakh crore corpus of the ECLGS gets used up over time, MSMEs are also worried that they may return to the long-term trend of finding it difficult to access bank loans. “If we look at the trend in the last five years, bank lending to MSMEs has fallen by four-five percent,” said Chandrakant Salunkhe, founder and president, SME Chamber of India.

MSMEs continue to be under because of export orders being cancelled, rise in prices of raw materials and non-availability of raw materials. “Micro and small units still find it easier to access loans, but banks are very averse to lend to medium enterprises for growth,” Salunkhe added.

Source: moneycontrol.com– June 03, 2021

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India to notify PLI scheme for auto components, steel, textile

The government is looking at notifying the production-linked incentive (PLI) scheme, that was announced to boost domestic manufacturing, for sectors like auto components, steel, and textiles.

Additional Secretary in the Department for Promotion of Industry and Internal Trade (DPIIT) Sumita Dawra said that the government introduced the PLI scheme to encourage an incentive-led model for manufacturing, attracting advanced technologies, bringing in economies of scale and meeting quality standards.

"We are going as per strict timelines and we will now look to notify the scheme under auto components, steel, and textiles," she said at a PHDCCI webinar on 'Implications of PLI scheme on India's manufacturing and trade competitiveness' on Thursday.

She added that in the current pandemic time, multinational firms have realised the issues of concentrating their supply chains in a few geographies.

"So, India is pitching itself to be part of this global supply chain by attracting investments in these PLI sectors," Dawra said.

The government last year approved the PLI scheme for 13 sectors with a total outlay of nearly Rs 2 lakh crore over a five-year period.

Speaking at the webinar, PHDCCI President Sanjay Aggarwal said that the scheme would help attract both domestic and foreign investments.

Kuntal Sharma, Economic Adviser, Ministry of Food Processing Industries, said that the sector holds huge scope for growth and expansion and the scheme will help in achieving that. "PLI will help increase value addition in the sector as currently it is less," he added.

Source: economictimes.com– June 03, 2021

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Retailers Association seeks re-opening of malls, shopping centres in controlled manner

Retailers Association of India (RAI) on Thursday said formal retail, malls, and shopping centres across states need to be allowed to reopen in a controlled manner as these are essential for the revival of the economy from the impact of COVID-19 pandemic.

Economic revival is intertwined with the revival of retail businesses, especially large formal retail spaces, which are the drivers of consumption, RAI said in a statement.

"The only way of getting rid of the economic impact of the pandemic and saving livelihoods is by everybody participating in sharing of the cost burden and acting to revive retail business activity," it said.

RAI Chief Executive Officer Kumar Rajagopalan said Haryana has already allowed the opening of malls with restricted time from 10 am to 6 pm and a cap on visitors of one visitor per 25 sq ft area.

"This is a good move and recognition of malls as controlled spaces will be a positive step as they support the livelihood of thousands of employees. We hope other states will also follow the same method when opening up and support the economy," he said adding "we believe that formal retail spaces like malls have the ability to operate as a controlled environment".

RAI said formal retail spaces such as malls and shopping centres play an extremely important role in the economy due to their contribution to the exchequer in the form of taxes and the people they employ.

Source: economictimes.com– June 03, 2021

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India, UK collaborate on industrial energy efficiency

India and the UK have launched a new workstream to promote industrial energy efficiency, under the Clean Energy Ministerial's (CEM) Industrial Deep Decarbonization Initiative (IDDI), the Ministry of Power said on Monday.

The 12th CEM is being organised virtually by Chile with coordination by the United Nations Industrial Development Organization (UNIDO) from May 31 to June 6.

The objective of the new collaboration is to infuse green technologies and stimulate demand for low-carbon industrial material, the Ministry said in a statement. The IDDI initiative has been supported by Germany and Canada, with more countries expected to join soon, it added.

India and the UK last month agreed on a joint roadmap for climate action by 2030 in a virtual meeting of Prime Minister Narendra Modi and his UK counterpart Boris Johnson.

The partnership includes new collaboration on clean energy transition and protecting forests and joint leadership to develop resilient infrastructure in climate vulnerable countries.

India remains committed to cut emissions intensity per unit of GDP by 33 to 35 per cent by 2030, Power Secretary Alok Kumar said at CEM. However, this commitment hinges on an effective deployment of low carbon technologies in energy Intensive sectors like Iron & Steel, Cement and Petrochemicals.

The Scottish city of Glasgow will host the 2021 United Nations Climate Change Conference (COP26) in November. In February, Modi had also met with COP26 President and British MP Alok Sharma on his trip to New Delhi.

Source: thehindubusinessline.com– June 03, 2021

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Dollar weakness aiding rupee

The rupee will retain bullish bias and could advance to 72.30 again in the coming week

The rupee (INR), which were under pressure since the beginning of this week, recovered mid-day on Wednesday after the release of provisional trade deficit data. The government data shows that the foreign trade deficit in May 2021 stood at $6.32 billion.

While there is no much difference compared to April's $6.93 billion, there is an increase by nearly 75 per cent compared to May 2020 deficit of $3.62 billion. Nevertheless, one should notice that the deficit has shrunk substantially since the beginning of the pandemic as the global trade stalled and it can increase considerably if normalcy returns. But how quick is still an uncertainty.

Taking Wednesday's close into account i.e., 73.08 against the $, the rupee still remains one of the best performing Asian currencies and the year-to-date return is flat.

Improving foreign flows

Although the net fund flow of the foreign portfolio investors (FPI) in May was negative i.e., net outflow of ₹1,958 crore, there is a considerable improvement when compared to net outflow of ₹8,836 crore witnessed in April, according to National Securities Depository Limited (NSDL) data.

Interestingly, the net inflows for June is already at ₹5,613 crore. Equity segment, which were the laggard in last couple of months, seems to be gaining back the attention of foreign investors as the benchmark indices hit a fresh all-time high this week.

While equities saw net inflow of ₹5,687 crore, debt saw net outflow of ₹115 crore in the first two days of this month.

During the coming weeks, the foreign funds flows can increase at a steady rate if equity market can sustain the positivity, this can help the rupee to strengthen.

Technical analysis

The rupee, which continued to appreciate, faced a stiff resistance at 72.30. Also, the 52-week high is at 72.26 making the resistance stronger. Besides, the rupee has faced a sell-off twice from that level in 2021. On the back of this hurdle, INR declined to mark a two-week low of 73.31 on Wednesday.

Even though the rupee recovered in the second half yesterday, it closed at 73.08 i.e., below the support at 73. However, the last one-month trend is favorable to INR and is likely to recover past the 73-mark. But once again 72.30 can disrupt the bullish momentum. On the other hand, a rally above 72.26 can be followed by another leg of uptrend.

The dollar index has been moving in a horizontal trend for the past couple of weeks. That is, it has been oscillating in the band between 89.60 and 90.20 and until either of these levels are breached, the trend will remain unclear.

A breakout of the resistance at 90.20 can turn the short-term trend bullish which can take the index to 90.80 and 91.00 whereas a breach of the support at 89.60 can drag it to 89.20 – its 52-week low. While this can provide good support, a break below this level can intensify the sell-off.

Outlook

Although the rupee faced a sell-off during early part of the current week, it is likely to get back to its way upward. Supporting this, the foreign inflows are improving, and the dollar index shows persisting weakness in the greenback.

Against this backdrop, the rupee will retain bullish bias and could advance to 72.30 again in the coming week. For the subsequent movement, the reaction by INR to this level should be closely monitored.

Source: thehindubusinessline.com– June 03, 2021

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Lockdown may be extended, but with relaxation for industries

They are likely to be allowed to function with 50% staff strength

Lockdown restrictions are likely be extended by at least another week after June 7 when the presently imposed restrictions will come to an end, in line with recommendations of the State's COVID-19 Technical advisory Committee.

However, the State government is expected to relax restrictions and allow all industries and construction sectors to resume work from June 7, a member of the COVID-19 task force said.

Chief Minister B.S. Yediyurappa, who chaired two COVID-19 review meetings on Wednesday, also hinted the same. He said that the government would call on extending the lockdown and other stringent measures shortly, and added that "export oriented industrial units will be allowed to function with 50% staff strength from June 3". Chief Secretary P. Ravi Kumar issued an order to this effect later in the day.

Meanwhile, other industries, including MSMEs, will also likely be allowed to function with 50% staff strength, following all COVID-19 appropriate behaviour from June 7, a senior Minister said. The garment sector that employs over five lakh people, most of them women, will also likely be allowed to function with 50% staff strength, the Minister added.

Industry bodies also met Industries Minister Jagadish Shettar and lobbied hard for relaxation of restrictions. "It has already been six weeks since most of our industries are closed, pushing industries, especially MSMEs into huge losses. Any extension of the lockdown will be unviable," said Perikal M. Sundar, president, Federation of Karnataka Chamber of Commerce and Industry.

A delegation from Karnataka Small Scale Industries Association (KASSIA) also met Mr. Shettar and appealed to permit MSMEs to operate in the State without any hindrance immediately. "We have been given an assurance that we will be allowed to reopen from June 7 with 50% staff strength," Mr. Sundar told The Hindu.

The industry bodies have also demanded that industrial workers be treated as a priority group and be vaccinated on priority. “The government must conduct vaccination camps in industrial areas and also establish COVID Care infrastructure in industrial estates,” FKCCI said.

Meanwhile, the Government Order on Wednesday stipulated that all functioning industries that employ more than 1,000 employees have to get at least 10% of their staff strength tested for COVID-19 randomly, twice a week.

Source: thehindu.com– June 03, 2021

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Cargo volumes at dozen major ports grew by 31.23% during April-May to 121.976 million tonnes

Most major port trust handled higher volumes at the beginning of the fiscal year when compared to last year

Cargo handled at India's dozen State-owned major ports soared 31.23% during April-May period to 121.976 million tonnes (mt) from 92.951 mt a year ago.

All the major port trusts with the exception of New Mangalore Port Trust handled much higher volumes during the first two months of the fiscalyear that began in April from a year earlier.

Deendayal Port Trust, India's top State-owned port by cargo volumes, handled 22.799 mt during April-May from 17.189 mt a year ago, posting a growth of 32.64%, according to the ministry of ports, shipping and waterways.

Paradip Port Trust handled 20.507 mt of cargo from 16.097 mt, an increase of 27.4%

Jawaharlal Nehru Port Trust handled 12.513 mt of cargo from 8.026 mt, registering a growth of 55.91%.

Visakhapatnam Port Trust handled 11.832 mt of cargo, 18.95% more than the 9.947 mt handled during the same period last year.

Mumbai Port Trust handled 9.210 mt from 7.541 mt a year ago, posting a growth of 22.13%.

Kolkata Port Trust handled 9.090 mt from 7.438 mt with a growth of 22.21%.

Chennai Port Trust handled 7.680 mt from 4.561 mt, notching a growth of 68.38%.

Kamarajar Port Ltd handled 6.336 mt from 3.228 mt, clocking a growth of 96.28%.

V O Chidambaranar Port Trust handled 5.780 mt from 4.717 mt, posting a growth of 22.54%.

Cochin Port Trust handled 5.171 mt, 51.6% more than the 3.411 mt handled during the same period last year.

Mormugao Port Trust handled 4.489 mt from 3.975 mt, a growth of12.93%. New Mangalore Port handled 6.569 mt, 3.69% less than the 6.821 mt handed last year.

The 12 ports handled a combined 1.851 million twenty-foot equivalentunits (TEUs) during April-May, 67.51% more than the 1.105 million TEUs last year.

Shipments of iron ore including pellets through the 12 ports jumped37.79% to 12.601 mt from 9.145 mt last year.

Thermal and steam coal rose 52.15% to 18.713 mt from 12.299 mt while coking coal and others grew by 13.18% to 8.473 mt from 7.486 mt.

Raw fertiliser shipments rose 51.26% to 1.322 mt from 874,000 mt while finished fertiliser loadings declined 13% to 1.006 mt from 1.157 mt.

Crude oil, petroleum products, LPG/LNG cargo jumped 7.82% to34.852mt from 32.325 mt last year, the ministry said.

Source: thehindubusinessline.com– June 03, 2021

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