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INTERNATIONAL NEWS

US and EU End 17-Year Tariff-Fueled Trade War

The U.S. and the European Union (EU) have finally closed the door on their 17-year dispute over subsidies for aircraft giants Boeing and Airbus, putting an end to $11.5 billion in tit-for-tat tariffs imposed by the former Trump administration.

The U.S. and EU in March agreed to suspend all tariffs for four months as they focused on resolving their years-long dispute. On Tuesday, during President Biden's visit the two sides reached an agreement suspending tariffs for five years, provided they uphold the terms of the agreement. The tariffs impacted a wide range of goods, including fashion items like luxury handbags, wool sweaters and vests, cashmere, and cotton, as well as the luxury tailors of Savile Row.

"Instead of fighting with one of our closest allies, we are finally coming together against a common threat" in China, Katherine Tai, U.S. Trade Representative, said Tuesday in a video call.

The accord comes at a time when both sides are re-engaging in a reboot of their long-standing alliance taking on China. And the agreement reached over aircraft subsidies also includes a commitment by both sides to end a separate dispute over steel and aluminum.

Tai, speaking to journalists on Tuesday in Brussels, said both sides would continue talks over how to address other issues that include the outstanding aircraft subsidies already paid.

Ursula von der Leyen, European Commission president, on Tuesday said the agreement "opens a new chapter" in the relationship as the two move from litigation to cooperation on aircraft.

The accord was announced on the first day of the U.S.-EU summit in Brussels.

Separate from aircraft dispute, the agreement sets the stage to de-escalate the rancor over trade practices that was the hallmark of the former Trump administration and paves the way for a new era focused on cooperating toward common ground.

The U.S. in 2019 imposed $7.5 billion in duties on European exports following a World Trade Organization ruling on improper subsidies to French plane maker Airbus. Tariffs were imposed on items such as French wine, Italian cheese and German cookies. A year later, the EU retaliated with $4 billion in tariffs on U.S. goods—ranging from American spirits such as bourbon to Harley-Davidson motorcycles and Levi's jeans—in connection to WTO rulings on illegal subsidies to American aircraft maker Boeing.

Apparel, footwear and travel goods are already some of the most heavily tariffed goods, with little ability to absorb additional tariffs. The American Apparel & Footwear Association said the industry has requested on a number of occasions a suspension of the retaliatory tariffs.

"It is long past time to re-forge an enduring transatlantic partnership," Steve Lamar, AAFA president and CEO, said. "This outcome is only possible if we eliminate trade frictions, align around shared values, and pursue common approaches that support economic prosperity in global value chains that thread through Europe and the United States."

Source: sourcingjournal.com– June 15, 2021

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China's garment industry sees rising revenue, profits

China's garment industry reported rising revenue and profits in the first four months of the year, official data showed.

From January to April, the combined operating revenue of major Chinese garment enterprises expanded 13.4 percent year on year to 407.8 billion yuan (about 63.86 billion U.S. dollars), according to the Ministry of Industry and Information Technology.

Meanwhile, total profits of 12,444 major garment firms jumped 37.9 percent from a year ago to 18 billion yuan.

During the period, the companies saw their combined output rise 23.87 percent from a year ago to over 7.05 billion pieces, said the ministry.

The latest statistics show that China's online retail sales of clothing products rose 33.8 percent year on year in the first four months, while the country's garment exports soared 51.7 percent year on year to 44.4 billion U.S. dollars.

Source: macaubusiness.com– June 15, 2021

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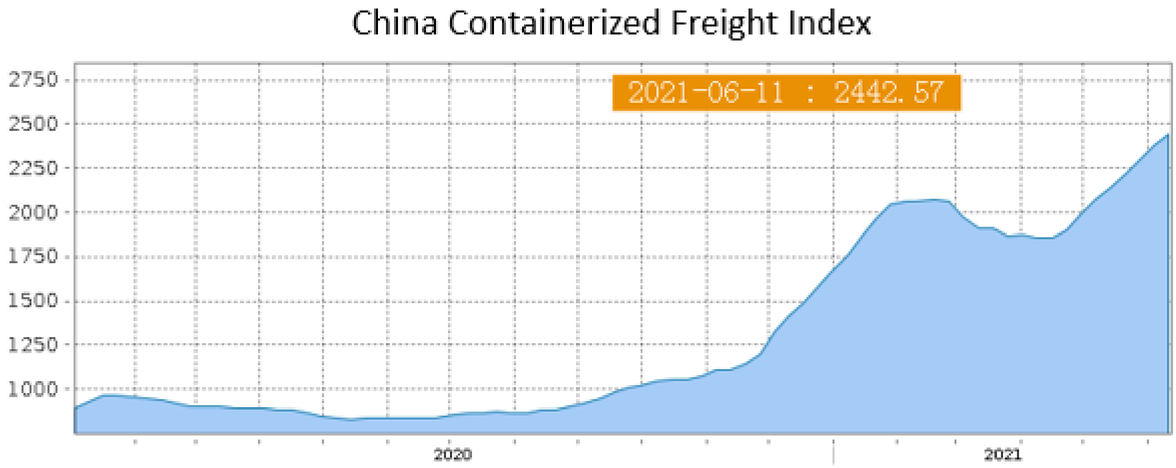
China: Peak season imminent, wishfully falling sea freight remains far away

Disordered container marine market and extreme performance have lasted for 1 year, which is a combined result of congestion, short empty containers, surging freight, short shipping capacity and tight trucks. Market participants worked on snatching box and shipping space. Shipping companies even raised additional charges. The freight rate of major routes including those from China to US and Europe has hit record high. Marine carriers will further raise rate from this week. The Freight All Kinds Rates from Asia to North Europe have been close $20,000 per all 40' container types, up remarkably by 1,000% compared with the spot rate one year ago.



Source: Shanghai Shipping Exchange

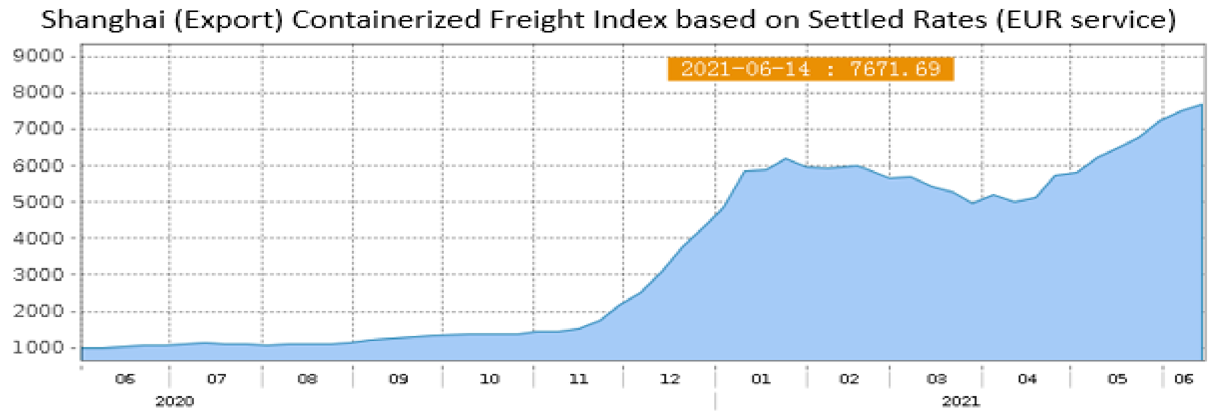
According to data from Shanghai Shipping Exchange, the China containerized freight index was at 3703.93, up 2.5% compared with last period.

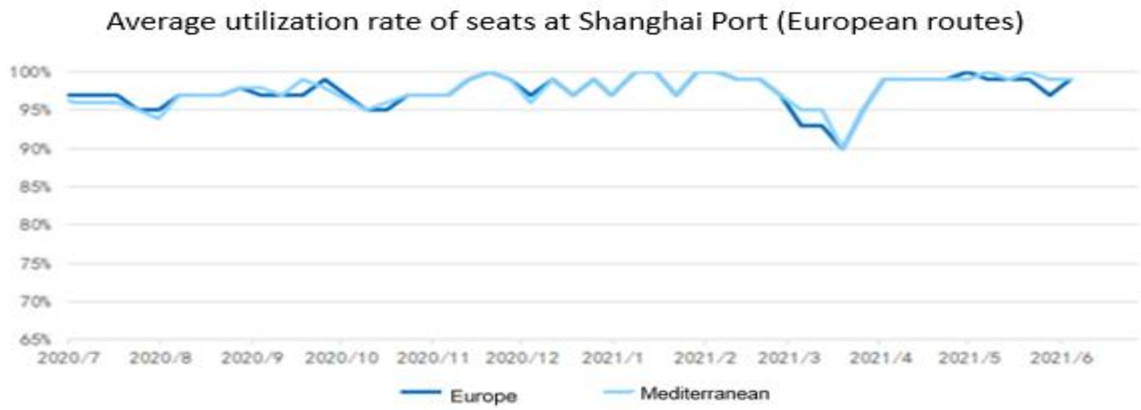
European route:

On Jun 11, the freight rate from Shanghai to basic ports in Europe was at $6,355/TEU.

As for the Mediterranean route, tight supply and demand was seen with high transportation demand and the average utilization rate of seats at Shanghai port was near 100%.

On Jun 11, the freight rate from Shanghai to basic ports in Mediterranean was at $6,272/TEU.

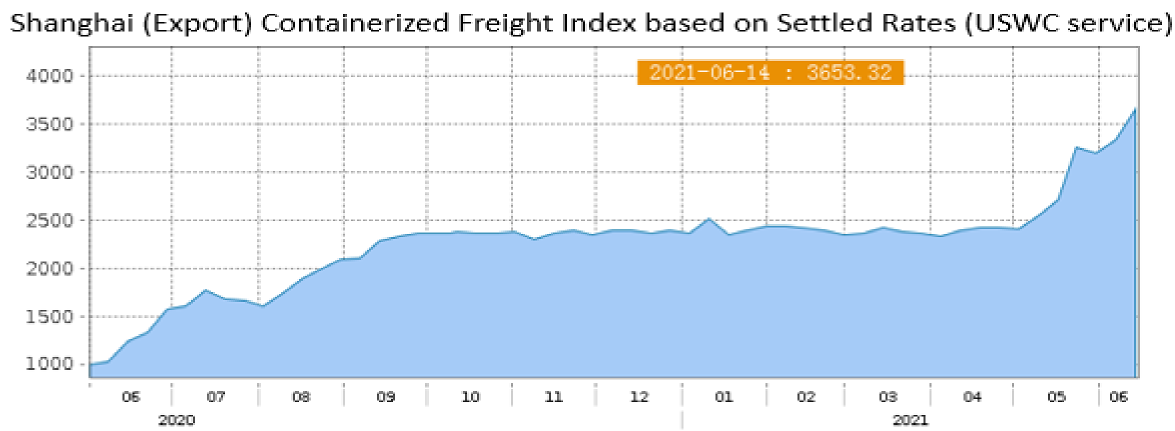


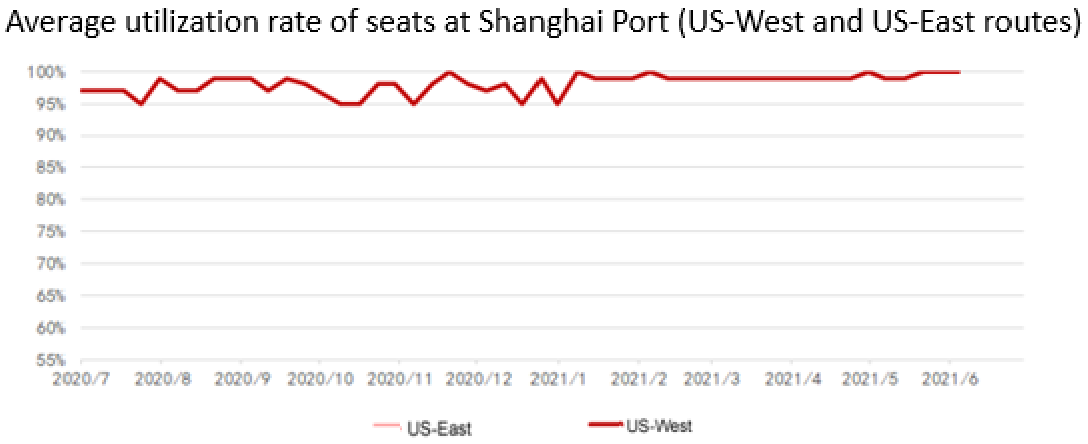


Source: Shanghai Shipping Exchange

North America route:

The control of pandemic pointed to better direction in US. The new confirmed COVID-19 cases declined with the deployment of vaccine, supportive to import transportation demand. Supply crunch maintained when the congestions of ports and low container turnover efficiency remained. The average utilization rate of seats in W/C America Service and E/C America Service was still near 100% at Shanghai port.





Source: Shanghai Shipping Exchange

One insider said that current shipping space has to be booked at least one week in advance in Shanghai and the freight rate changes every day.

Congestion of boxes is very serious outside China while shipping space is very tight within China!

Short containers have been spread in many ports since the third quarter of 2020. It was even unlikely to snatch a container after $3,000 of extra charge paid under some routes.

Anxious enterprises pushed up the selling price of containers. Price of 20' container was at $1,600/mt in the first half of 2020 but has surged to $3,600, and that of hot 40' container has soared to $5,950 now, which continued refreshing new high.

Data show that between 10,000 and 15,000 containers were stranded in California. At the British port of Felixstow, containers have spread from the port to the surrounding suburbs.

There were more than 50,000 empty containers in Australian ports. At present, the stocks of empty containers in some important international ports are three times the normal level.

Except for hard-to-return boxes from abroad, the congestion at ports within China was another problem.

Recently, Yantian Port, the world's largest single container terminal, began to become congested due to current restrictions amid pandemic. The main driver of a new surge in almost all routes was the congestion crisis at ports in South China, particularly at Yantian, where as many as 40 ships were reported to be waiting to berth as of last week. "Congestion at Yantian Port has a much greater impact on the flow of goods across the Pacific than the earlier blockage of the Suez Canal."

The additional charge on marine market intensified: some shipping enterprises added many surcharges. The daily price increment of the world second largest shipping company, MSC, was as high as $3,798, the highest in history.

The traditional peak season of marine market will come while the pandemic in Shezhen and Guangzhou in South China and in some Southeast Asian nations affected the port operation. That means the wishfully falling sea freight may remain far, far away.

How long will hot marine industry sustain? Some insiders said that whether the COVID-19 pandemic will be effectively controlled is crucial. Based on current status, many market players expected that this round of price surge and tight containers may be unlikely to finish by the end of 2021.

Source: ccfgroup.com– June 15, 2021

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EURATEX urges EU, US to establish level playing field for industry

Ahead of the EU-US Summit today, the European textile and apparel industry has urged the EU and the US authorities to put their full influence to establish a level playing field for the textile industry across the globe, promoting environmental and social standards.

EURATEX hopes the summit will launch a new era of closer cooperation across the Atlantic.

EU-US trade in textiles and apparel have dropped by nearly 20 per cent in 2020 (just under €6 billion), while imports from other countries, in particular China, have increased spectacularly (+45 per cent into the EU).

At the same time, global supply chains came under pressure, and access to certain raw materials for the industry became difficult and costly.

Against this background, EURATEX, representing the European textile and apparel industry, said it does not call for protectionism, but a better functioning of global supply chains, with common rules which are applied by all.

"Sustainable and circular textiles should become the norm, thus contributing to a greener planet and creating high quality jobs," it said in a media statement.

"At bilateral level, the EU and US should resume their work on mutual recognition of standards and certification procedures, thus saving considerable costs for our companies while maintaining the highest safety standards. Custom procedures can be simplified on both sides, and joint research, e.g. in smart textiles, should be promoted," the statement added.

Welcoming the recent progress in provisionally eliminating additional duties on several American and European products due to the Airbus-Boeing trade dispute, EURATEX said, "It is a very positive sign that EURATEX would like to highlight in a particularly difficult context for the textile and clothing industry at European, American and even global levels. EURATEX calls on both US and EU institutions to eliminate such duties permanently and build on a common positive agenda for the benefit of EU and US companies and consumers."

"Both the EU and US are developing a new business model for their industry. We should make sure these models can complement and reinforce each other. If not, we risk losing global leadership, not just in terms of market share but also in terms of values and standards," said EURATEX director general Dirk Vantyghem.

Source: fibre2fashion.com– June 15, 2021

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Ensure minimum wages for domestic workers: ILO

ILO has recommended inclusion of domestic work as a form of work in relevant legislations and polices

Exclusion from national labour laws and high levels of informality continue to take a heavy toll on the working conditions of domestic workers in the Asia and the Pacific region, says the International Labour Organisation (ILO) in a report, titled "Making decent work a reality for domestic workers" released on Tuesday. The report was prepared to observe the tenth anniversary of the Domestic Workers Convention, 2011 and International Domestic Workers Day, June 16.

The ILO has recommended inclusion of domestic work as a form of work in relevant legislations and polices that regulate working time and wages as a necessary first step. They also asked member countries to ensure a minimum wage that takes into account actual working time, daily and weekly rest, and whether domestic workers have overtime protection or compensation, as well as the needs of workers and their families, and household capacity to pay. "Since live-in domestic workers tend to work some of the longest hours, separate minimum wages for live-in and live-out domestic workers can also be considered," the report said.

Asia and the Pacific region

The Asia and the Pacific region employs 38.3 million domestic workers or 50.6 per cent of domestic workers worldwide and remains the world's largest employer of domestic workers, the report said adding that Philippines is the only country in the region that ratified the Domestic Workers Convention of the ILO.

The report said China accounts for a large portion of the total 22 million domestic workers, while India has 4.8 million domestic workers followed by the Philippines (2 million), Bangladesh (1.5 million) and Indonesia (1.2 million).

"Domestic work in the Asia and the Pacific region is performed largely by women (78.4 per cent) however, the region is also the largest employer of male domestic workers, accounting for 46.1 per cent of male domestic workers across the world," it said.

Informal jobs

It added that in Asia and the Pacific, 61.5 per cent of domestic workers remain fully excluded from labour law. “84.3 per cent of domestic workers in the region are in informal employment compared to 52.8 per cent for other employees. 64 per cent of domestic workers remain excluded from the right to weekly rest in Asia and the Pacific,” the report said.

Only 19 per cent of domestic workers in the region have the same entitlements to paid annual leave as other workers. Most domestic workers in the region (71 per cent) remain without any limits on their normal weekly hours. Half of all domestic workers in Asia and the Pacific work more than 48 hours per week.

Compared to domestic workers globally, wages of domestic workers appear to be highest in Asia and the Pacific, the report noted. Only 11 per cent of domestic workers in the region enjoy the minimum wage to the same extent as other workers. “Regionally, evidence from the Philippines and Vietnam indicates that domestic workers were 2-3 times more likely than other workers to lose their jobs during the pandemic,” it said.

Source: thehindubusinessline.com– June 15, 2021

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Cambodia-US trade climbs over 24.5% from January to April

Although the economic crisis unleashed by Covid-19 has driven large international trade declines, Cambodia-US trade seems to have largely eluded the clutches of the pandemic wobbles, worth US$2.6549 billion in January-April, an increase of 24.48 per cent over the US$2.1327billion booked in the same period of 2020.

Of that, the Kingdom exported $2.5192 billion, up by 24.43 per cent year-on-year from $2.0246 billion, and imported $135.7 million, up by 25.53 per cent on a yearly basis from $108.1 million, according to the US Census Bureau. Cambodia Chamber of Commerce vice-president Lim Heng told The Post that although Covid-19 influences production chains at all levels, the US market still boats large potential for the Kingdom's finished textile products.

He said he remains optimistic that the upward trend of bilateral trade growth will continue as the US economy, which has been hard-hit by the Covid-19 crisis, shows more positive signs. The Kingdom is also gaining traction in US market share due to the ongoing Sino-US trade row and investment diverted from Myanmar, he said.

"The trade volume between the two countries will increase further if Cambodia continues to qualify for the Generalised System of Preferences [GSP] from the US," Heng said. He asserted that plans in many countries around the world to reopen tourism would provide significant momentum for orders of garments and finished textile products from Cambodia.

Bilateral trade between the Kingdom and the US amounted to $6.9213 billion in 2020, up 17.89 per cent from 2019, data from the US Census Bureau show.

The export value of Cambodian goods was $6.5777 billion, up 22.79 per cent from the $5.3568 billion posted in 2019, while goods imported from the US were worth $343.6 million, down 33.15 per cent from $514 million.

Source: thestar.com.my– June 14, 2021

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NRF urges US govt to address port congestion challenges

To discuss the challenges retailers are facing from continued supply chain disruptions that are leading to congestion at US ports, the National Retail Federation (NRF) has sought a meeting with President Joe Biden and other top administration officials. A recent survey showed that over 97 per cent of retailers are impacted by port and shipping delays.

"The supply chain disruption issues, especially the congestion affecting our key maritime ports, are causing significant challenges for America's retailers. The congestion issues have not only added days and weeks to our supply chains but have led to inventory shortages impacting our ability to serve our customers.

In addition, these delays have added significant transportation and warehousing costs for retailers," NRF president and CEO Matthew Shay said in the letter sent to the White House.

As the largest private-sector employer in the US, retailers depend on US ports and other transportation infrastructure to deliver billions of dollars' worth of goods and products to consumers every day. Last week, NRF revised its annual retail sales forecast to grow between 10.5 per cent and 13.5 per cent to more than $4.44 trillion in 2021 as the economic recovery accelerates.

Although consumer demand continues to grow, evidenced by imports during the busiest April on record at the largest US retail container ports, the supply chain challenges remain significant. In a recent survey of NRF member companies on the congestion situation, over 97 per cent of retailers surveyed said they have been impacted by port and shipping delays.

"In many instances retailers will absorb these costs and not pass them along to consumers. However, many smaller retailers may have no choice but to pass along these costs, especially as they face other challenges with reopening their businesses," Shay said.

Source: fibre2fashion.com– June 15, 2021

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Australia, UK agree on broad terms of trade deal

Prime Ministers Scott Morrison and Boris Johnson have agreed in principle for a free trade deal between Australia and the United Kingdom. Both met overnight in London to resolve outstanding issues in the long-running negotiations. A formal announcement would be made today. It is set to be the United Kingdom's first major post-Brexit trade deal.

It is being widely perceived as an important step towards the United Kingdom joining a wider Asia-Pacific free trade agreement.

The British government says membership of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) could offer British farmers tremendous opportunities.

Australian agriculture minister David Littleproud said both governments were still "nutting out the details" of the deal. Disagreement existed over Australian agricultural exports and requirements for British backpackers to work in Australia, according to media reports from both the countries.

Australian trade minister Daniel Thomas Tehan, who recently travelled to London to hold preliminary trade talks with his UK counterpart Liz Truss—with the pair agreeing there would be an in-principle deal by June—said the agreement was a "win for jobs, businesses, free trade and highlights what two liberal democracies can achieve while working together".

"It will only be done if it's a good deal for Australia, and crucially in that sense is making sure that our farmers and agriculture sector get the type of export access, along with other small businesses that we expect in a trade agreement to truly open up markets and flow between two nations," Australian finance minister Simon Birmingham—who oversaw initial negotiations as former trade minister—said.

Prior to entering the European common market in 1973, the United Kingdom was Australia's most lucrative trading market. In 2018, the former was the latter's eighth-largest two-way trading partner, worth $26.9 billion.

UK farmers also have concerns there will be no meaningful safeguards in place to stop farmers being undercut by cheap imports. Farmers in Australia are allowed to use some hormone growth promoters, pesticides, and feed additives that are banned in the United Kingdom.

Scotland had raised worries about the farming industry being overwhelmed if the market was flooded with lower standard goods.

In 2019-20, trade in goods and services between both sides was worth at £20.1 billion.

Source: fibre2fashion.com– June 15, 2021

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Ralph Lauren announces new environmental and diversity goals linked to executive pay

Ralph Lauren is expanding efforts to reduce its emissions and lower its impact on climate change, the company said Tuesday.

The apparel and home textiles company plans to reach net-zero emissions by 2040 and will link environmental and social goals, focused on such issues as climate change, water waste, and workforce diversity, to its executive compensation starting in 2022, joining a growing list of companies, including Nike and Apple, that are tying diversity goals to CEO pay.

For Ralph Lauren, some of the goals tied to executive compensation include having at least 20% of its global leadership from underrepresented racial and ethnic groups by 2023; producing 100% recycled cotton products by 2025; increasing volunteer hours by 25% by 2025; and achieving net-zero greenhouse gas emissions by 2040.

To meet the net-zero emissions goal, the company will increase investments in nature-based carbon removal, which includes buying agriculture carbon credits. Ralph Lauren also plans to use 100% renewable power in its stores, offices, and distribution centers by 2025.

Beyond the company's in-house operations, it is also collaborating with its suppliers to drive down factory greenhouse gas emissions. When it comes to its highest volume raw material, cotton, the company said it will increase its use of recycled material and prioritize the uptake of cotton grown using regenerative farming practices.

"Our net-zero goal and road map are anchored in our belief that through deliberate action we can deliver the change required to reduce our climate impact and help create a more sustainable future for generations to come," said CEO Patrice Louvet in a statement.

The company's net-zero emissions strategy builds on its previous goal to lower absolute greenhouse gases 30% across its operations by 2030.

Every year, the company will report progress toward the net-zero goal in its global citizenship and sustainability report, which outlines the company's sustainability approach.

As the pandemic battered retail last year, Ralph Lauren faced revenue declines and a drop in its stock price.

In its most recent earnings report, for the 2021 fiscal fourth quarter, the company saw a revenue increase of 1% to $1.29 billion, and its stock has rebounded to pre-pandemic levels.

Source: fortune.com– June 15, 2021

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Amazon to overtake Walmart as largest US retailer in 2022: JPMorgan

Amazon is on way to overtake Walmart as the largest US retailer in 2022, according to research by JPMorgan released recently. The company's analysts said Amazon's US retail business is the 'fastest growing at scale'. Between 2014 and 2020, Amazon's US gross merchandise volume (GMV) has grown 'significantly faster' than both US adjusted retail sales and US e-commerce, they said.

"Based on current estimates, we believe Amazon could surpass Walmart to become the largest US retailer in 2022," analysts Christopher Horvers and Doug Anmuth wrote.

GMV is a metric used to determine the total value of goods sold over a certain duration.

Amazon's GMV in 2020 went up by 41 per cent year over year (YoY) to $316 billion, while Walmart's GMV is estimated to have grown by 10 per cent YoY to $439 billion last year, they were quoted as saying by US media reports.

Horvers and Anmuth highlighted a few factors they believe are driving Amazon's top-line growth, including an expansion into 'large and under-penetrated categories' like grocery and apparel, strong growth of third-party seller sales and the 'Prime flywheel'.

Amazon now has more than 200 million Prime subscribers, up from 150 million at the beginning of 2020, chief executive officer Jeff Bezos said in April.

Amazon's pandemic-fueled sales surge has helped it grow its slice of the e-commerce market. JPMorgan estimates Amazon expanded its share of the US e-commerce market to 39 per cent in 2020, up from 24 per cent in 2014.

The accelerated adoption of e-commerce has also provided a lift to other areas of Amazon's business.

Amazon is on track to 'become one of the largest delivery companies' in the United States, analysts at Bank of America wrote in research published recently. Amazon is estimated to deliver 7 billion packages in 2021, surpassing the roughly 6 billion packages UPS is expected to deliver in the

United States this year, the analysts wrote, citing figures from MWPVL International, a supply chain and logistics consulting firm.

MWPVL estimates Amazon handled about 5 billion of the 7.35 billion packages it shipped in 2020. UPS and the US Postal Service handled the other 1.25 billion and 1.1 billion, respectively, according to Bank of America analysts.

A report released in April this year from Edge by Ascential's market research arm Retail Insight said Amazon is set to overtake Walmart as the largest retailer in the United States within the next four years. Amazon's GMV sales will reach $631.6 billion by 2025, representing a compound annual growth rate (CAGR) of 14 per cent between 2020 and 2025, it said. Walmart total sales will grow at 3.9 per cent CAGR, reaching $523.3 billion by 2025.

Source: fibre2fashion.com– June 15, 2021

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Vietnam textile and garment firms launch new capacity enhancement plans

Textile and garment enterprises across Vietnam have launched new projects to enhance capacity, complete supply chains, and explore new FTAs.

According to Vietnam Plus, one such company is Century Synthetic Fiber Corporation, which recently approved a $120 million investment plan for the Unitex synthetic fibre factory project in Tay Ninh province. Investment will increase the plant's capacity to 120,000 ton per year making Century Fiber Corporation he second-largest fibre producer in the country.

The Viet Tien Garment Corporation also plans to invest 300 billion VND ($13 million) in several projects this year, including 100 billion VND ($4.3 million) in the establishment of the Viet Thai Tech Co. Ltd, with a view to securing raw material resources.

Similarly, the Thanh Cong Textile Garment Investment Trading Joint Stock Company (TCM) will start construction of its Vinh Long 2 factory this year. With an investment capital of $10 million the factory can manufacture 9 million items a year.

Vietnam has become the third-largest textile exporter in the world, after China and India. Its textile-garments industry enjoys advantages from a number of FTAs that are a driving force for them to continue investing in expanding production.

These new investment projects, especially in the production of raw materials such as yarn and fabric, will resolve shortages of input materials in the industry.

Source: fashionatingworld.com– June 15, 2021

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Bangladesh: Uplifting workers' condition can help Bangladesh improve position in world RMG market

Bangladesh has come a long way since the Rana Plaza tragedy in 2013. The building collapse, which killed 1,134 people, majority of whom garment workers compelled Bangladesh to reflect on its safety measures for RMG workers safety. Bangladesh soon adopted the Accord on Fire and Building Safety agreement, paving the way for the creation of Alliance for Bangladesh Worker Safety. It also established the LEED Certified Green Factories program to acknowledge pioneers of energy and environmental design in the country.

Lack of contracts increases labor vulnerability

Yet, the RMG sector continues to face many health and safety challenges. An Asia Foundation report shows, workers in the country are mostly ignorant of their legal rights. They are often hired without proper contracts or appointment letters by factories which makes vulnerable to easy layoffs during challenging times. Also, workers are often underpaid, especially for overtime. Around 30 per cent workers in a research by the Centre for Policy Dialogue highlighted increased workplace demands without growth in payments.

Violation of women laborers' rights

Workers also often face discrimination on the grounds of religion, race, caste, sex, or place of birth. Most of these workers are women who are often paid lesser than their male counterparts. They are also often denied promotions, indicates a 2014 study by the International Growth Centre

Many employers in Bangladesh claim their factories are adequately equipped to ensure workplace safety. However, a new study points to the contrary. According to this study, only 68 per cent workers believe their workplace can handle emergencies.

The Labor Act introduced by Bangladesh in 2006 granted compulsory maternity leave for women factory workers. Yet, 66 per cent women laborers in the country are unaware of their rights and continue to work during the statutory leave period of their pregnancy. Around 24 per cent workers are also denied sick leave or permissions to take lunch or bathroom breaks.

A slow transition to better governance

A reason for this is lack of unified voice amongst Bangladesh workers to express their concerns to employers. The Bangladesh government is addressing this issue by collaborating with German development agency GIZ on projects such as PSES to promote social and environmental standards in the industry.

Sustainable business organization BSR has also launched a project called HER to focus on women's health, financial inclusion, and gender equality. International Labor Organization has launched two projects; the Better Work initiative to improve working conditions in the RMG sector and SDR project to improve social dialogue and industrial relations.

Bangladesh is slowly moving away from its overdependence on cheap labor which made it one of the least productive garment industries in Asia. Uplifting its workers' conditions can help the country improve its rankings in the global RMG market

Source: fashionatingworld.com– June 15, 2021

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NATIONAL NEWS

Trade recovery: Exports surge 69% in May on improved demand

Merchandise exports surged over 69% in May from a year before to $32.3 billion, driven by a favourable base and improved demand from key markets. Despite the second pandemic wave, exports were more than 8% higher than even the May 2019 (pre-pandemic) level, showed the provisional data released by the commerce ministry on Tuesday.

Having witnessed an impressive rate of expansion last fiscal in the wake of the Covid-19 outbreak, drug and pharmaceutical exports dropped by 5.4% in May to $1.9 billion, thanks to decreasing Covid cases in the US and the EU.

Goods exports have now crossed the pre-Covid (same months in 2019) level for three straight months, in what appears to be a strengthening trade recovery. The provisional estimate of export growth for May is higher than a preliminary one of 67% reported earlier.

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. So only a sustained uptick over the next 2-3 years would help recapture the lost heights.

Still, given the unprecedented crisis and localised lockdowns in key industrial states, the export performance in May 2021 was promising.

Imports, too, grew close to 74% to $38.6 billion in May, as the base remained conducive and domestic demand recorded a fragile recovery. However, the imports were still down by over 17% from the May 2019 level.

Petroleum imports surged by 179% to $9.5 billion, reflecting rising crude oil prices, while gold imports spiked by 790% to about $679 million in May, driven primarily by a low base. Vegetable oil imports jumped 149% to $1.4 billion.

The sharp growth in trade in recent months, albeit supported by favourable base effects (exports were down by 36% and imports by almost 51% in May 2020), also suggests the supply side is able to respond better to a pick-upin demand from key markets. Of course, base effect will continue to aid trade growth in the coming months as well.

Trade deficit narrowed sharply to an eight-month low of $6.3 billion in May, against $15.1 billion in the previous month.

Importantly, core exports (excluding petroleum and gems and jewellery) climbed up by close to 47% in May from a year before, lower than the growth in overall merchandise shipments. Such exports recorded an almost 12% rise from the May 2019 level. Core imports rose 52% year-on-year but dropped by 3% from May 2019.

Analysts have already said sustenance of high exports (in absolute terms) in the coming months will signal a meaningful turn-around, as they cite the roller-coaster ride of exports in the wake of the pandemic last fiscal.

However, commerce secretary Anup Wadhawan last month exuded confidence that the current wave of the Covid-19 pandemic was unlikely to alter the export trajectory in the coming months and that the country's external trade would continue to perform well.

Major commodities or groups (with exports in excess of $500 million) that have recorded high year-on-year growth in May included petroleum products (227%), gems & jewellery (179%), cotton yarn/fabrics/made-ups, handloom products etc. (138%), garments (114%), electronics (91%) and engineering goods (53%).

Source: financialexpress.com– June 16, 2021

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Exports jump 69.35% to USD 32.27 bn in May; trade deficit at USD 6.28 bn

India's exports rose by 69.35 per cent to USD 32.27 billion in May on account of healthy growth in sectors such as engineering, petroleum products and gems and jewellery, even as trade deficit dropped to an eight-month low of USD 6.28 billion, according to government data released on Tuesday.

Exports stood at USD 19 billion in May last year and at USD 29.85 billion in May 2019, the data showed.

Imports in May 2021 grew by 73.64 per cent to USD 38.55 billion, leaving a trade deficit of USD 6.28 billion for the month—the lowest in eight months. The deficit number lower than this was recorded at USD 2.91 billion in September 2020.

Imports in May 2020 were recorded at USD 22.2 billion and at USD 46.68 billion in the same month of 2019.

Trade deficit in May 2020 was USD 3.15 billion.

Exports during April-May this year jumped to USD 62.89 billion from USD 29.41 billion in the same period of 2020.

Imports during April-May 2021 came in at USD 84.27 billion, an increase from USD 39.32 billion in the corresponding two months of 2020. The trade deficit during the period under review was USD 21.38 billion as against USD 9.91 billion in April-May 2019-20.

Oil imports during May 2021 rose to USD 9.45 billion from USD 3.49 billion in May 2020.

Gold imports increased to USD 679 million in May 2021 from USD 76.31 million in the same month a year ago.

Exports of engineering, petroleum products and gems and jewellery in May 2021 stood at USD 8.64 billion, USD 5.33 billion and USD 2.96 billion, respectively.

The other commodities which have recorded positive growth during May include handicrafts, leather, meat, dairy and poultry products, handloom, RMG (ready made garments) of all textiles, carpet, cashew, marine products, iron ore, plastic and chemicals.

Items which have registered negative growth are fruits and vegetables, oil seeds, pharmaceuticals, tea and spices.

Commenting on the numbers, Federation of Indian Export Organisations (FIEO) President S K Saraf said that continuing on with such a growth performance in exports during the second month of the new financial year shows signs of resilience of the exporting community.

"The government must address some of the key issues including priority status to the exports sector, extension of interest equalisation scheme beyond June 2021 till at least March 2024, resolving risky exporters' issues and continuance of seamless refund of IGST," he said.

Aditi Nayar, Chief Economist, ICRA, said that the widening state level restrictions shrunk the imports of crude oil and gold, narrowing the merchandise trade deficit to an eight month low in May 2021.

'After the huge inventory build up in February-April 2021, the impact of the lockdowns on retail demand led to a sharp slowdown in gold imports. We are cautiously optimistic that domestic demand is resilient, and that fuel demand will bounce back in June 2021 as states unlock. Nevertheless, the current account balance may well revert to a muted, transient surplus in Q1 FY'2022, led by the drop in mobility and fuel demand in May 2021," she said.

Prahalathan Iyer, Chief General Manager, Research and Analysis, India EXIM Bank, said that though the imports in April-May 2021 have grown by 114 per cent over the corresponding value for the previous year, in absolute terms it is lower than the import of USD 86.75 billion witnessed during April-May 2019.

"This could be attributed to the lockdown restrictions in many parts of the country, and low consumer demand," he said.

Source: financialexpress.com– June 15, 2021

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Govt simplifies registration process for MSMEs

The government has simplified the registration process for micro, small and medium enterprises and they will now only need to furnish PAN and Aadhaar to register, an official statement said on Tuesday.

Announcing the measure, MSME minister Nitin Gadkari said that after getting registered, the MSME unit will be getting priority and finance.

He said there is a need to impart training to small units in fields of entrepreneurship and other related aspects. He also expressed hope that banks and non-banking finance companies will also provide full support to small businesses.

The minister "announced simplification of the process for registration of MSMEs. Now only PAN and Aadhaar will be required for registration of MSMEs," it said.

Source: economictimes.com– June 15, 2021

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A PLI boost to Make in India

With two contract manufacturers for Apple and their vendors having hired some 20,000 workers between them, the `40,000 crore Production Linked Incentive (PLI) scheme for smartphones has got off to a good start. The targeted 25,000 jobs could soon be met once the third manufacturer gets going. That's encouraging as is the government's decision to extend the tenure of the scheme to give those who lost out due to the pandemic a chance to earn incentives.

As attractive as it may be on paper, without quick action on the ground to address problems, the initiative could come a cropper. Indeed, as experts point out not every sector has got a good deal so far, and the government should entertain pleas for changes; some even caution, the scheme could run afoul of the WTO on the exports front, but that can be tackled later. For the moment, it is heartening Foxconn and Wistron have surpassed their investment targets for FY21 of Rs 250 crore each though pandemic has left them short of their sales targets of Rs 4,000 crore.

As of now, the government has planned for Rs 2 lakh crore worth of incentives—across13 sectors—of which the auto and auto parts space has bagged the biggest chunk (Rs 57,000 crore). This might not seem like a very large amount, but it is a start. The initiative—an output-based effort—stands a better chance of success since the incentive structure is clearly defined and targeted.

It is based on incremental sales and efficiency metrics including indigenisation levels that are easy to measure, rather than profits or taxes. Revenue incentives kick in immediately and encourage companies to continue to invest. True, only a finite number of companies, in any sector, can use the benefits, but that is enough to get the ecosystem going. Critically, the scheme is backed by a reasonably large resources that do not need to be spent all in one go but over time, thereby giving the government the time to allocate them. Investments made by the manufacturers too can be phased out.

Not every sector may see an enthusiastic response. For instance, there were fewer than expected winners in the bulk drugs and medical devices space. The absence of a strong vendor presence in the country, and cheap imports, made local manufacturing uncompetitive for some sectors. The PLI could make it worthwhile for some—the relatively small RAC (refrigeration and air-conditioning) industry, for instance—a to invest in components.

Among the more promising sectors is ACC batteries for which the PLI envisages an incentive of Rs 18,100 crore, over five years, to attract an investment of Rs 45,000 crore for capacity of 55GWh. The idea is to try and save on imports of Rs 20,000 crore annually. There are bonuses built in—beyond the initial subsidy which is capped at Rs 2,000 /Kwh—going up to Rs 3,600-4,500/kwh.

The conditions are fairly flexible; the technology can be for several applications, no collaborations are needed, the localisation level is a reasonable 60% and there are no restrictions on the end-use or markets. If all goes well, experts believe the cost of cells could be driven down to below $60-70/Kwh.

Given India's thrust on green energy, the government should go the extra mile to sort out any issues that manufacturers may have. While a clear picture on the total quantum of investments, across sectors, is yet to emerge, going by the structures and incentives, Credit Suisse's forecast the PLI could add 1.5-2% to FY27 GDP, doesn't see out of reach.

Source: financialexpress.com– June 16, 2021

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Govt's Udyam portal will level Udyog Aadhaar's 1 cr MSME registration mark in 3 years likely: PHD Chamber

The number of MSME registrations on the Udyam Registration portal will level the 1 crore mark of MSMEs registered under Udyog Aadhaar Memorandum (UAM) in most likely around two-and-a-half or three-year period from the current 33 lakh, PHD Chamber of Commerce and Industry's MSME Committee Chairperson Mohit Jain told Financial Express Online in an interaction. As of Tuesday, registrations on the new MSME registration portal, launched in July 2020, had crossed the 33-lakh mark from 30 lakh as of May 16, 2021, the available data from the MSME Ministry showed.

A total of 1.02 crore MSMEs, as per the government data, were registered under UAM after its implementation in September 2015. The new Udyam Registration had replaced UAM in June last year following the government's revision of the MSME definition in May.

Before UAM, MSMEs had to file Entrepreneur Memorandum (EM) part-I at District Industries Centres before setting up the MSME and EM-II after beginning the production work. Between 2007-15, 21,96,902 EM-II filings were recorded.

"Udyam Registration has enhanced the speed of the registration process as you can simply do it with just an Aadhaar number. Given that the 33-lakh figure has been achieved in around 11 months, the portal will most likely achieve the 1 crore number in around a two-and-a-half or three-year period —unlike around five years taken for UAM to reach that milestone—because of ease of registration on the new portal.

But MSMEs who won't need it in their daily routine, might not register. This is similar to linking Aadhaar with mobile, I didn't do it unless the government mandated it for Covid vaccination. They would do it once they have to apply for a government scheme," Jain told Financial Express Online in an interaction.

Importantly, the Reserve Bank of India (RBI) had last year said that existing EMs part II and/or UAMs of MSMEs obtained before June 30, 2020, will continue to remain valid till March 31, 2021, even as they had to register before March under Udyam Registration on or after July 1, 2020.

However, now with 33 lakh registrations on the new portal, it isn't clear that how many of these 33 lakh MSMEs are new enterprises and those that had migrated from EM II and UAM. The government has been so far citing the National Sample Survey (NSS) 73rd round conducted by National Sample Survey Office back in FY16 to report that there are 6.33 crore MSMEs in India.

"This 33-lakh registration might include new MSMEs as well as those who have migrated from previous UAM and EM II registrations while nobody can verify the 6.3 crore number, it is only an estimate that we see. The new registration would tell you the size of the business, geography, sector of business, etc., and which are micro, small, and medium units based on the revised definition," added Jain.

Meanwhile, there could be reasons for MSMEs not registering on the new portal including poor awareness or simple lack of will if they haven't faced challenges due to non-registration in their daily activities. Thus the idea for consolidating MSME data in the country through the new portal needs more stringent push by the government in order to map proper planning, structuring, and implementation of its various schemes and record its impact on MSMEs.

"Major issue is the dissipation of knowledge about it among MSMEs on how to go about it. Probably they are not aware of it and on a day-to-day basis, it is not making much of a difference for them. In case there is a provision like you won't be able to file your balance sheet or apply for your bank loan etc., unless you are registered on this portal, it would help," said Jain.

The new portal is a self-declaration paperless and free-of-cost platform that automatically pulls PAN and GST-linked details on investment in the business during registration since it is integrated with Income Tax and GSTIN systems. MSMEs are given a permanent registration number and a certificate post-registration.

Source: financialexpress.com– June 15, 2021

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Labour ministry defers mandatory Aadhar verification for filing monthly PF returns by 3 months

The labour ministry has deferred by three months the mandatory Aadhar verification for filing of monthly provident fund returns by employers. The move is aimed at ensuring statutory deposits are not held back because of this and comes as a breather to both employers and employees.

"The date of implementation for filing ECR with Aadhaar verified UANs has been extended to September 1, 2021," the Employees Provident Fund Organisation said on Tuesday.

Employees, as well as employers' representatives, have brought up the issue before the labour ministry saying the mismatch of data will result in a delay in statutory deposits. This, they said, may deprive EPFO beneficiaries of their legitimate dues and may even lead to the misappropriation of funds.

"Linking of Aadhar with the UAN is mandatory. The deadline has now been extended to September 1. Employers' need to use this extended time to make sure that suitable communication is sent to employees advising them of the consequences of non-linking, and provide guidance on how the linking can be completed," Saraswathi Kasturirangan, partner, Deloitte India said.

Under the EPF&MP Act, the employers have to contribute 24% (12% each of employer and the employee) to the provident fund kitty of the employee which makes the worker eligible for pension and provident fund after retirement.

The Act is applicable to establishments employing 20 or more workers and is eligible for workers earning less than Rs 15,000 a month. The EPFO beneficiaries are entitled to provident fund, pensions and deposit linked insurance under the EPF scheme.

Prior to this, the government had allowed registrations and filing of returns under the Employees State Insurance Corporation without mandatory Aadhaar verification.

Source: thehindubusinessline.com– June 14, 2021

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EPFO defers filing of PF return with Aadhaar seeded UANs till September 1

Retirement fund body EPFO on Tuesday deferred implementation of its order mandating filing of PF returns with Aadhaar-verified universal account numbers (UAN) till September 1, 2021.

This will give more time to employers to link their employees Aadhaar number with PF accounts or UAN. Earlier, the EPFO had set the deadline of June 1, 2021.

The date of implementation for filing ECR (electronic challan cum receipt or PF return) with Aadhaar verified UANs has been extended to September 1, 2021, showed an office order issued by the Employees' Provident Fund Organisation (EPFO).

The EPFO had issued office order for the field staff on June 1 saying that the ECR shall be allowed to be filed only for those members, whose Aadhaar numbers are seeded and verified with the UAN, with effect from June 1, 2021.

The EPFO had decided to make Aadhaar seeding compulsory after a labour ministry notification in this regard. A notification was issued by the labour ministry on May 3, which mandated the ministry and bodies working under it to seek Aadhaar number from the beneficiaries under the Social Security Code.

The Code was passed last year by Parliament.

"... the central government hereby appoints the 3rd day of May, 2021 as the date on which the provisions of section 142 of the said Social Security Code shall come into force," the notification had said.

Section 142 provides for establishing the identity of an employee or an unorganised worker or any other person through Aadhaar number for seeking benefits and availing services under the Code.

Source: business-standard.com - June 15, 2021

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Give 10% extra credit assistance to MSMEs without preconditions: TEA

The Tiruppur Exporters' Association (TEA) has sent a letter to finance minister Nirmala Sitharaman requesting her to announce an additional credit assistance of up to 10 per cent of the outstanding as on February 29, 2020, to micro, small and medium enterprises (MSME) borrowers covered under the Emergency Credit Line Guarantee Scheme (ECLGS) 1.0 without any precondition for restructuring of the account.

The tenor may be fixed as five years, comprising repayment of interest only during first year and interest and principal in four years thereafter, the association requested.

TEA president Raja M Shanmugham requested her to immediately announce rates for the Remission of Duties and Taxes on Export Products (RoDTEP) scheme and extend that to the knitwear exports sector as proposed by the GK Pillai Committee.

He also requested the minister to extend the Interest Equalisation Scheme for three years to enhance India's competitiveness in the global market.The scheme's extension was announced only for three months, which will expire on June 30 this year.

The KV Kamath Committee has identified the textile sector as one of the financially-stressed sectors, the letter said. The readymade garments sector, comprising 95 per cent MSMEs, is facing a host of issues, including liquidity crisis and impact of the second wave of the pandemic, it added.

Source: fibre2fashion.com– June 15, 2021

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FinMin officials to meet Infosys team on June 22 to discuss IT e-filing portal glitches

Finance ministry officials will meet representatives of Infosys on June 22 to discuss issues and glitches in the new income tax e-filing portal as users continue to face inconvenience even after a week of its launch.

Members from ICAI, auditors, consultants and taxpayers will also be part of the interactive meeting, during which the Infosys team will answer queries, clarify issues and receive inputs on the working of the portal, the Central Board of Direct Taxes (CBDT) said in a statement on Tuesday.

“Senior officials of the Ministry of Finance will be holding an interactive meeting on the 22nd of June, 2021 between 11:00 AM to 01:00 PM with Infosys (the vendor and its team) on issues/ glitches in the recently launched e-filing portal of the Income Tax Department.

“Other stakeholders including members from ICAI, auditors, consultants and taxpayers will also be part of the interaction,” it said.

ICAI is the apex body of chartered accountants.
As taxpayers continued to face issues with the portal, the Income Tax Department on Monday eased certain norms for filing tax forms for remittances by allowing manual filings.

“The new portal has been fraught with several technical glitches/ issues leading to taxpayer inconvenience. Written representations on the problems/ difficulties faced in the portal have also been invited from the stakeholders.

“Representatives from Infosys team will be present to answer queries, clarify issues and receive inputs on the working of the portal, to remove glitches and sort out issues faced by the taxpayers,” CBDT said in the statement.

The new portal, ‘https://www.incometax.gov.in”www.incometax.gov.in’, was launched on June 7, with the IT Department as well as the government saying it was aimed at making compliance more taxpayer-friendly.

Users complained of technical issues while using the site from the very first day and not everything has been fixed even after a week, chartered accountants had said, adding that taxpayers were unable to view paste-filed returns and many features/ facilities continue to be marked 'coming soon'.

Finance Minister Nirmala Sitharaman herself had asked Infosys and its Chairman Nandan Nilekani to fix the technical glitches.

A day after the launch of the portal, social media users had flagged glitches to the finance minister. The minister took to Twitter and asked Infosys and its Chairman to fix the problem.

Replying to the tweet, Nilekani had said Infosys is working to fix the glitches.

In 2019, Infosys was awarded a contract to develop the next-generation income tax filing system to reduce processing time for returns from 63 days to one day and expedite refunds.

Source: financialexpress.com– June 15, 2021

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Cotton seed purchase trends in line with Telangana government's agriculture strategy

The agricultural trends for Vaanakalam-2021 indicate an increase in demand for cotton seeds among farmers, which is in line with the State government's strategy of expanding the area under cultivation for cotton from 60 lakh acres in 2020 to 70 lakh acres in 2021.

Data released by the Agriculture Department shows that out of the total 1,07,21,936 quintal cotton seeds positioned (available) in the private market, sale of 47,55,573 quintal seeds was recorded as on June 13.

After cotton, the government plans to push for paddy cultivation in 41 lakh acres (reduced from 53 lakh acres last year), red gram in 20 lakh (increased from 10 lakh acres last year), maize in 2.25 lakh, green gram in 1.5 lakh and soya bean in 1.3 lakh acres.

Black gram cultivation in 47,000 acres, groundnut in 39,000 acres and castor in 23,000 acres are also being encouraged across the State. The government is estimating crop cultivation in 1.40 crore acres in total.

The State has allotted Rs 71 crore for seed subsidy, which should have applied to soya bean and green manure seeds.

However, due to non-availability of soya bean seeds, according to Deputy Director of Agriculture Shiva Prasad, 1,70,217 quintal Dhaincha, 35,241 quintal Sunhemp and 4,761 quintal Pillipesara seeds were being made available this season to cover an extent of 12,52,037 acres of land.

Out of the total positioned 1,75,353 quintal seeds of green manure, 1,53,947 quintal have been sold through the outlets setup in every mandal supervised by agricultural and extension officers, where the farmer can procure them through an online registry system.

K Vijaya Kumar, Additional Director of Agriculture, said that the seeds subsidised by the National Food Security Mission (NFSM) and other subsidy schemes were under 'reallocation process' and a district-wise break-up was being done to identify the beneficiaries.

Fertiliser allotment

K Vijaya Kumar, Additional Director of Agriculture, pointed out that the Centre would allot fertilisers on a monthly basis, considering the previous year's consumption pattern and new cropping patterns.

Source: newindianexpress.com– June 16, 2021

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