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INTERNATIONAL NEWS

WTO members to extend LDCs' TRIPS transition period till Jul 1, 2034

Members of the World Trade Organisation (WTO) reached a consensus on the 13-year extension of the current transition period for least developed nations (LDCs) that was set to expire on July 1 this year at a formal meeting of the TRIPS Council on June 29. The transition period for LDC members under had been extended twice before—in 2005 and in 2013.

Since the inception of the TRIPS Agreement, LDCs have benefitted from an extended transition period to apply provisions of the agreement in recognition of their special requirements, their economic, financial and administrative constraints, and their need for flexibility to create a viable technological base.

The decision adopted was the result of intensive consultations over several months, a press release from WTO said.

Members were broadly in agreement on the principle of the extension but were unable to reach a decision due to their differences on the additional request that members graduating from LDC status should be accorded additional flexibilities under the TRIPS Agreement after their graduation.

LDCs favoured extending the transition period for as long as the member remains categorised as an LDC, and for an additional period of 12 years from the date of graduation of a member from the LDC category.

"This important decision proves that finding consensus is still within reach for members of this organization," said the chair of the TRIPS Council, ambassador Dagfinn Sorli of Norway.

Source: fibre2fashion.com– July 05, 2021

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On the Uptake: Record 250K Tons of Organic Cotton Grown in 2019-20

Textile Exchange's 2021 Organic Cotton Market Report shows the 2019-20 crop year was a record-setting one, with the largest volume of organic cotton fiber harvested globally.

In total, 229,280 farmers grew 249,153 tons of organic cotton fiber on 588,425 hectares of certified organic land in 21 countries. This represents 4 percent growth in fiber volume and is the fourth year in a row that organic cotton production has increased, Textile Exchange said. Organic cotton accounted for almost 1 percent of the global cotton harvest in the season.

Ranked by production, the top seven organic cotton-producing countries, which together account for 95 percent of global production, were India at 50 percent, followed by China, Kyrgyzstan, Turkey, Tanzania, Tajikistan and the U.S.

Two new countries–Uzbekistan and Myanmar–joined the lineup of organic cotton producers and at least another three countries are expected to join in the next few years. The biggest contributors to the global growth seen were Tanzania and Kyrgyzstan, followed by Uganda, the U.S., Pakistan, India and Turkey.

"The demand for organic cotton has been growing steadily, particularly the last four years," La Rhea Pepper, Textile Exchange founder and CEO, said. "All signs point to increasing demand for organic cotton as brands expand their use of the fiber in their product lines in response to concerns over the textile industry's impact on the environment and consumer demands for sustainable choices."

India again had the most land in conversion to organic, followed most closely by Turkey, Tajikistan and Tanzania. At least 50,552 hectares of cotton land were in conversion to organic cotton in 2019-20. This is equivalent to 8 percent of the total certified production area.

Textile Exchange said organic cotton production is set to jump in 2020-21, with an estimated 48 percent growth, stemming predominantly from India and Turkey.

In India, this growth is largely a result of increased demand causing organic cotton prices to increase, Textile Exchange said. This, in turn, makes it a more attractive option for farmers and is leading existing producers to dedicate a larger share of their certified organic land to growing cotton versus other crops.

In Turkey, increased demand is also the main driver, but the growth is more a result of new producers starting up organic cotton production.

"Textile Exchange urges all brands to 'plan for planting,' including supporting the conversion years to ensure that organic will be available to meet their future needs," Textile Exchange fiber strategist Rui Fontoura said.

The report also discussed organic cotton pricing, noting that with the current mismatch between supply and demand, the prices paid for organic cotton at all stages of the supply chain have been increasing.

"Whether this lasts will depend on many factors, including the level of investment in capacity building, choice of sourcing models, depth of relationships and commitments between supply chain actors," the report said. "The difficulty of ensuring a fair price for all is a major barrier to scaling up organic cotton and other preferred fibers and materials. While brands and retailers need to make a profit, their pricing decisions directly affect the livelihood and working conditions of the most vulnerable stakeholders–the millions of people in rural communities and along the organic cotton supply chain.

According to the report, in 2019/20, organic cotton fiber prices averaged $2.10 per kilogram compared to the Cotlook A global index of traditional cotton prices that averaged $1.85 per kilogram over the same time period.

In the area of regenerative agriculture, the report said the positive association between organic agriculture and soil health "is unquestionable."

"Farming practices used in organic agriculture, such as crop rotation, green manure, composting, reduced tillage and the recycling of crop residue, can help increase the amount of organic matter–including carbon–in the soil," it said.

"As a result, soil structure is improved and soil erosion is reduced, making nutrients more easily available to the crops while also increasing the abundance of soil fauna.

These regenerative practices build on indigenous knowledge developed by local farming communities throughout centuries. Indigenous knowledge and holistic land management practices are vital to organic farming systems and will play a key role in agroecosystem regeneration and climate change mitigation and adaptation."

Source: sourcingjournal.com– July 03, 2021

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China's push to vaccinate its nationals abroad helps local economies

China's overseas vaccine program, known as the "spring sprout" program, that aims to ensure its nationals across the globe receive vaccines timely, is also supporting China-assisted projects and Chinese firms' operations abroad, some business representatives told the Global Times.

The early resumption of these China-invested firms and industrial zones is also becoming a stabilizer of local employment and production in their host countries, offering hope for the revival of local economies, mostly developing ones, amid COVID-19 flare-ups, observers said.

In Papua New Guinea (PNG), an island country in the Southwestern Pacific, the vaccination campaign has already covered all Chinese-funded enterprises in the capital city Port Moresby, the Chinese Embassy in PNG told the Global Times on Sunday.

About 520 employees from Chinese-funded enterprises in PNG had been vaccinated as of Sunday, said the embassy, noting that in the next step, it plans to take the vaccination campaign to other cities where other Chinese-funded enterprises operate and Chinese nationals live.

Launched in March this year, the program has entered the fast track powered by the efforts of Chinese diplomatic missions - with over 1.7 million overseas Chinese nationals in more than 160 countries and regions having been inoculated with Chinese or foreign-made vaccines, Foreign Ministry spokesperson Wang Wenbin said during a regular press conference in Beijing on Thursday.

"Through such efforts, we hope to build a strong firewall to protect the safety and health of overseas Chinese nationals," Wang said.

According to some Chinese firms, the program is not only about the safety and health of overseas Chinese, it also ensures Chinese companies' role as a stable source of jobs and income for local residents amid the pandemic woes.

Xu Genluo, senior consultant at the Thai-Chinese Rayong Industrial Park, told the Global Times on Sunday that the implementation of "spring sprout"

has bolstered companies and workers in the industrial park, which has 167 companies as tenants with more than 40,000 Thai employees.

According to a document of the industrial park published over the weekend, the implementation of the initiative in Thailand has benefited tens of thousands of Chinese in Thailand. "We felt all of a sudden our spines have been stiffened," read the document.

"With the inoculation and the completion of various epidemic control measures, we believe that we will eventually succeed in the fight against the virus," Xu said. "There have been small-scale outbreaks inside the industrial park but production has not slowed as we try to find a balance between epidemic control and maintaining production. Production has been kept at 100 percent despite the epidemic's disruption."

While maintaining full operation, Chinese companies are also keeping local employees and offering other assistances to them amid the epidemic.

"During the epidemic, we did not fire any employee and helped them to solve the difficulties caused by the epidemic," the East Africa branch of Stecol Corp, a Chinese engineering company, said in a statement it sent to the Global Times on Sunday.

Taking into account that local employees do not have a stable source of income during the epidemic, the firm also paid full wages to some local employees working at home, and it provides monthly living allowances to other employees to stabilize their incomes and help them get over the difficulties.

Observers said that a front-runner recovery of Chinese companies in some major manufacturing countries also offers hope for the rapid recovery of local production and a boost for local economies in the post-epidemic era.

Luthai Textile, a China-based company principally engaged in textile fabrics, said on Saturday that its overseas factory in Vietnam has "basically achieved full production."

The firm operates along the whole textile and garment industry chain, including cotton breeding, spinning and bleaching and dyeing, and it mainly supplies casual fabrics for brands such as Uniqlo and Olympus, according to media reports.

Apart from helping its own nationals get vaccinated as soon as possible, China has also donated more vaccines to developing countries in recent months, despite the huge domestic demand and limited supply.

China has supplied more than 480 million doses of vaccines to the international community, making it the largest supplier of vaccines in the world. As of Friday, China had provided vaccine assistance to nearly 100 countries and regions from five continents, latest official data showed.

"China will continue to contribute to the accessibility and affordability of vaccines in developing countries to the best of its capacity," Wang said.

"We also hope that all countries in the world that are able to do so will act as soon as possible, honor their commitments, and make their due contributions to promoting equitable distribution and application of vaccines for better global anti-epidemic cooperation," he said.

Source: globaltimes.cn– July 03, 2021

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The true cost of online shopping, EU to see 35 billion euros in reduced profits

Covid-19 has profoundly impacted retail industries across Europe. The enforcement of store closures, social distancing measures and heightened anxieties over viral transmission has elevated 'digital' to new heights across the entire customer journey, according to a report by Alvarez & Marsal (A&M), a leading global professional services firm that provides advisory, business performance improvement and turnaround management services.

The research contains insights drawn from a consumer panel of over 3,000 households across six European countries (the UK, Spain, Switzerland, France, Italy, and Germany) and analysis of over 250 European retailers, accounting for over 2 trillion euros worth of spending in 2019/20.

Online shopping has spurred falling margins and rising competition

Figures show the retail pre-tax profit margins across six key European markets studied fell from 6.4 percent to 4.5 percent due to online shopping, suggesting as e-commerce penetration rises, margins fall.

The initial stages of the pandemic saw a seismic shift towards ecommerce throughout major European retail markets, as consumers embraced new paths to purchase goods and services. Online sales growth rose rapidly, with markets such as the U.K. seeing online penetration rates peak at almost 40 percent during 2020. Throughout the six regions the proportion of online sales rose from an average of 12.1 percent in 2019 to 14.8 percent in 2020.

For many businesses striving to remain relevant and survive the disruption, their transition will likely mean a challenging readjustment as business models are aligned with the 'new normal'. Profitability will come under intense pressure as operating models that are disproportionately weighted towards physical channels struggle to rebalance costs as online accounts for a growing proportion of sales.

A&M's research shows that just under a third of European consumers think their shopping habits will change permanently because of Covid-19, with a significant and permanent shift towards online shopping particularly for Apparel, Homewares and Electricals. In some countries such as the U.K., a permanent change in shopping habits rises to almost four in ten shoppers.

The majority of consumers intend to continue to do more online shopping post-pandemic, but the extent will vary significantly between category, demographics and country.

For apparel, the magnitude of the online shift varies with consumer age group. Younger and middle-aged shoppers are more likely to permanently shift Apparel spending online compared to senior shoppers. Just 17.0 percent of over 65-year-olds expect to shift fashion spending online after the virus subsides, compared with 27.3 percent for 35 to 44-year-olds across the countries analysed.

Pressure of online returns

As online momentum builds, online return volumes will inevitably rise – putting intense pressure on profit margins. The handling returns is what retailers call reverse logistics, of which the cost is inversely high. Shoppers have come to expect fast, inexpensive shipping, placing the financial burdens of delivery largely on the shoulders of retailers. According to Quartz, “return rates vary by category, but in the case of clothing, shoppers may even buy multiple items with the intent of returning most. Every return carries expenses such as shipping, customer care, inspecting and sorting goods, sometimes repackaging and repairing them, storage, and sometimes liquidation. As e-commerce grows, the volume of returns keeps rising.”

The shift towards online will leave many retailers exposed with cost structures disproportionately weighted towards their physical channel, while facing rising variable costs as online accounts for a growing proportion of sales. Many retailers will be left with more physical outlets than they can commercially justify, often tied to inflexible lease structures which will inhibit their ability to pivot business models as quickly as they need.

The online model is run on thinner profit margins

Pure online retailers typically operate on considerably lower margins than multi-channel and brick-and-mortar business models. Analysis by A&M shows average pre-tax profit margins for pure online retailers across the key European markets analysed resided at 1.4 percent, compared with 5.4 percent for the total industry This reflects the difference in cost structures, business models and the price sensitivity of consumers, where transparency in price, service and quality places further downward pressure on margins.

A&M forecasts that an acceleration in online growth will lead to profit margins falling to 3.2 percent by 2025 for the six European countries analysed, compared with 3.7 percent for a 'no Covid-19 impact' scenario. Total profits will be 11 billion euros less by 2024/25, compared with the scenario where Covid-19 does not impact consumer behaviour for the six European countries analysed. Aggregated across the five-year forecast period, this amounts to c.35 billion euros in reduced profits across the key European countries analysed.

As the European retail industry undergoes a period of transformation, businesses need to adopt a more detailed and data-driven approach to profitability. The shift towards online will exert greatest pressure on store-dependent operating models, requiring businesses to align with more digital-centric customer journeys.

Source: fashionunited.uk– July 03, 2021

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Cambodia extends financial support programmes for another 3 months

Cambodia recently came forward to help cushion the impact of the pandemic on the country's labour force and the poor for the ninth time. In a statement, the government said it has extended its financial support programmes for another three months to help the garment and textile industry, the tourism sector and the poor from July to September this year.

The spread of COVID-19 continues to evolve alarmingly with the recent mutations of the virus, which has increased socio-economic pressures in many parts of the world, including Cambodia, the government said.

The February 20 community event, it said, continues to prolong the pandemic and has prompted the government to constantly pay close attention to the implementation of decisive action.

"Key sectors such as garments, textiles, aviation and tourism continue to be hardest hit by the COVID-19 crisis. In addition, people at all levels, especially poor and vulnerable families, continue to face various difficulties in their daily lives," the statement said.

The government has decided to continue providing $40 per month to workers in the garment, textile, footwear and travel product sectors for an additional three months. Factory owners in this sector also have to pay an additional $30 per worker.

The government will also continue to exempt hotels, guest houses, restaurants and travel agencies registered with the general department of taxation and businesses in Phnom Penh, Siem Reap, Preah Sihanouk, Kep, Kampot provinces, Bavet and Poipet cities from all types of monthly taxes for three more months.

Source: fibre2fashion.com– July 05, 2021

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Sri Lanka: Plans to start production at Eravur Fabric Processing Park within a year - Tourism Minister

Tourism Minister Prasanna Ranatunga says that production at the Eravur Fabric Processing Park will commence within a year.

The Minister said he has instructed the Board of Investment to take immediate action in this regard.

Minister Ranatunga recently observed the construction of the Fabric Processing Park in the Eravur area in Batticaloa. Infrastructure development activities in this Export Processing Zone are currently underway.

The government plans to set up the garment industry park on a 265 acre land in the Eravur Punnakuda area.

The Board of Investment says that this export processing zone, which will consist of 10 factories will create about 5,000 direct and a large number of indirect employment opportunities.

The Board of Investment of Sri Lanka manages the internal development and management of the zone. External infrastructure development is implemented by the Ministry of Industrial Development.

During his visit to the site, Minister Ranatunga instructed that investors should be given the opportunity to build factories in parallel with the development of this infrastructure.

The Minister also instructed to complete the construction work within a year. He suggested that the beach parallel to the investment zone be developed as a tourist attraction and that a program be developed to enable tourists to use it for coastal activities. He also discussed the plan with the fishermen of the area and the monks of the temples in the area.

Minister Prasanna Ranatunga emphasized that the garment industry accounts for 44% of the country's total export earnings. It adds US $ 5 billion annually to the country's national income.

Although there are about 600 garment factories in the country, there are only 6 textile and raw material manufacturing factories, the Minister pointed out.

The raw materials required for the local garment industry are imported from countries such as China, India, Taiwan and Indonesia. These countries are also involved in the garment manufacturing process, making it difficult to procure raw materials on time due to the prevailing global competition. Sri Lanka also spends about US $ 2.8 billion annually on the import of textiles and raw materials for the garment industry.

The Minister said that with the opening of this textile production park, it is expected to save around US $ 500 million annually and that is why the government is launching this garment industry park with an investment of Rs. 5 billion.

He added that the garment industry park will be developed as an eco-friendly industrial park.

State Minister of Aviation and Investment Zone Development DV Chanaka, participating in the occasion, said the government has always protected investors and employees and has already vaccinated all employees in projects operating under the Board of Investment of Sri Lanka in the Eastern Province.
State Minister Chanaka said that local and international investors would be facilitated to invest in Sri Lanka and that it was a matter of urgency to develop such areas outside the capital.

Source: colombopage.com– July 04, 2021

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Bangladesh's apparel exports to US claw back

Country's apparel exports to the United States bounced back during the first five months of this calendar year, registering a double-digit growth both in terms of value and volume compared to the same period of last year.

The exports to the single largest destination returned to the positive territory after facing a setback for some time due to the Covid-19 pandemic, industry insiders said.

The readymade garment (RMG) exports to the USA grew by 15.38 per cent to US$ 2.58 billion during the period from January to May this year than that of the same period last year, according to statistics released on Friday.

Bangladesh had fetched $ 2.24 billion during the corresponding period of 2020, according to the figures available with the Office of Textiles and Apparel (OTEXA), an affiliate of the US Department of Commerce.

Apparel exporters said the industry registered better performance due to the start of economic recovery aided by the good coverage of Covid-19 vaccination, better control in coronavirus infection, and a shift of orders from China.

During the first five months of the 2021 calendar year, Bangladesh shipped 1.02 billion square meters of apparel items, up from 807.67 million square meters or 27.30 per cent.

The RMG exports to the USA stood at $5.22 billion in 2020, down from $5.92 billion in 2019, according to the data.

The overall apparel imports of the USA from across the world during the period under review also increased by 22.19 per cent to US$ 29.21 billion from $23.91 billion during the same period in 2020, data showed.
During this period, the US apparel imports from China witnessed 26.17 per cent growth to US$ 5.82 billion, which was $4.61 billion during the corresponding period of last calendar year.

US imports from Vietnam and Cambodia also witnessed a growth of 19.48 per cent and 15.35 per cent to $5.74 billion and $ 1.24 billion respectively year-on-year during the period.

Apparel exports from other major sourcing destinations including India, Mexico, and Pakistan also grew by over 21 per cent to 58 per cent except Indonesia that was maintaining a negative growth of 1.75 per cent.

When asked, Md Shahidullah Azim, vice president of Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said the US economy is slowly recovering from the adverse impact of Covid-19 with the rise in consumer spending.

Besides, the US buyers have shifted some of their orders from China to Bangladesh while exports from India to US suffered due to the deteriorating Covid-19 situation, he added.

He, however, hoped that local RMG exports to USA will increase further with the return of one of its big companies - the Walt Disney - to Bangladesh.

Disney that stopped sourcing from Bangladesh eight years back will reinstate Bangladesh as its permitted sourcing country, he said.

He added that it would also help to regain the image of the industry thathas made significant improvements in the areas of workplace safety and other issues.

Source: thefinancialexpress.com.bd– July 04, 2021

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Pakistan: Cotton imports rise by 44pc in 11MFY21

The country's cotton imports hit $2.3 billion — an increase of 44 per cent — during July 2020-May 2021 (11MFY21) compared to the same period in the previous fiscal year.

The country produced barely 5.6 million bales in FY21. Despite higher orders and a number of incentives provided by the government to boost exports, poor cotton production and imported lint nullified the efforts of the textile sector.

However, instead of providing additional help to the cotton producing sector, Finance Minister Shaukat Tarin has increased sales tax on cotton to 17pc from the earlier 10pc. Cotton seed oil or banola, which earlier had zero tax, has been slapped with 17pc tax.

The increase in taxes and low cotton production has created serious situation for farmers and ginners who are planning to go on a strike if the government does not accept their demand for abolishing taxes.

"We are going to decide about the actions against the new taxes on Sunday in Bahawalpur," Chairman Pakistan Cotton Ginners Association Dr Jasomal told Dawn.

The cotton sector has a great impact on the economy as it produces lint for textiles as well as byproducts including cotton seed oil and cotton cakes. The sector helps create jobs for millions of workers across the country.

"We have not decided to call a strike but the Sunday meeting we might decide as the government has shown no sympathy towards farmers and ginners," he said.

"It is strange that while the government is trying to boost textile exports, it has left the cotton crop in crisis and imposed more taxes," said Dr Jasomal.

He also disclosed that instead of increase, the area of cultivation has declined by 20pc compared to previous year, which reflects a serious threat to cotton as a cash crop. Cultivation areas in Punjab fell to 3.1 million acres from the target of 4m acres. Cultivation area in Sindh also fell to 1.3m acres.

Meanwhile, Chairman Cotton Brokers Forum Nasim Usman said the cotton import bill will further increase when June figures are added. Total figures would easily cross $2.273bn during July-May to $3bn as large textile millers keep stocks for three months, he said. Cotton price in the domestic market is currently higher than in the US, showing higher demand and lesser supply. The cotton season has just begun in Sindh from July1. The season will peak in September for Punjab.

"Low cotton production led to the shutdown of 850 ginning factories during the previous season. Out of 1,300, only 450 ginning factories were working during the previous season which means thousands of people lost their jobs," said Dr Jasomal.

Despite low cotton production, exports witnessed a growth of 18.2pc to $25.294bn in FY21 compared to $21.394bn in FY20. This increase of 3.9bn export proceeds could reduce the trade deficit if cotton was not imported.

Only a few years ago, Pakistan — which is the fourth largest cotton producer — was a cotton exporting country.

The government has set 10.5m bales target for the current season but the reports reaching to the cotton brokers suggest that the production could be maximum around 8m bales.

Recently, the Federation of Chambers of Commerce and Industry Pakistan (FPCCI) met with the Monsanto and Bayer Crop Science Regulatory Team to get technology which boosted Indian cotton production from 10m bales to 40m bales. Despite the Covid-19 pandemic, cotton production in India this year is about 36m bales.

Source: brecorder.com– July 04, 2021

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Bangladesh: Apparel sector sees investment boom during pandemic

Textile entrepreneurs came out with a huge investment amid the deadly coronavirus pandemic to boost production capacity and adopt new technology – all to meet the growing export demand of the country's apparel sector.

Investments worth about $500 million, or over Tk4,200 crore – highest in a decade – are in progress to expand and modernise production facilities to meet the growing demand mostly of manmade fibre in the international market, industry insiders say.

Because the pandemic has weakened in Europe and the United States – two major destinations of Bangladeshi apparels – thanks to widespread vaccination, the demand for readymade garments is returning to the pre-Covid level, industry people have said.

Many textile manufacturers are now overwhelmed with export orders, which they will not be able to complete in time by using their current capacity, they added.

Besides, trade tensions between the US and China have also encouraged local entrepreneurs to invest in some value-added yarn and fabrics.

They further added that as a backward linkage, the textile sector lags behind in the production of blended yarn and fabrics like polyester, synthetic, viscose and lycra (known as man-made fiber).

"As such, we still have to import these kinds of yarns and fabrics to meet the demand of buyers."

Meanwhile, Bangladesh's competitor countries have been upgrading their technology for producing these products. This also has made entrepreneurs in the local textile sector invest heavily in modernising factories and increasing production capacity.

The new investments are expected to generate employment opportunities for about 6,000 people, according to stakeholders.

Mohammad Ali Khokon, president of the Bangladesh Textile Mills Association (BTMA), told that almost every factory is now investing in BMRE – balancing, modernisation, rehabilitation and expansion. Almost all, if not all, of the factories that did not invest in these areas in the last ten years are out of business now, he added.

Referring to the increased demand for textile products, including cotton and man-made fabrics, Mohammad Ali Khokon said, "Currently, my factory has daily export orders of 100 tonnes of fabrics while we have the capacity to produce only 60 tonnes."

Apart from local entrepreneurs, foreign investors are also coming up with announcements of setting up factories in the country for the production of man-made fabric.

The renowned Korean industrial conglomerate Youngone – owner of the Korean Export Processing Zone – announced earlier this year that it would invest $200 million in producing man-made fabric.

According to the BTMA, more than 433 spinning mills were in operation in Bangladesh in 2020, which had a combined production capacity of 3,270 million kilograms of yarn per year.

Local spinners can supply nearly 85-90% of the required yarn and fabrics for knitwear.

In the case of woven fabrics, local weavers can supply below 40% of the requirement. Because of this the woven garment industry has remained dependent on foreign fabrics, according to BTMA data.

Of all garment items produced globally, 78% is made from manmade fibers while cotton fibre accounts for the rest, according to data from the International Textile Manufacturers Federation (ITMF) – a Switzerland-based platform for global textile makers.

But Bangladesh lags far behind its competitors in making man-made fibres, said BTMA President Mohammad Ali Khokon. "This is why we are dependent on imports of these products."

Maksons Group, one of the top 10 spinning mills in the country, has announced that it is investing around Tk1,000 crore in three new spinning units in Mirsarai Economic Zone.

Metro Spinning Limited, a concern of the group, will invest Tk340 crore in a unit, while Maksons Spinning Mills will pour Tk254 crore and Tk348 crore into two other units, according to company insiders.

Khokon, who is managing director of Maksons Group, said, “We are going for big investment to manufacture high-value diversified products so that we can stay competitive in the market.”

In the manner of Maksons Group, Envoy Group, New Asia Group, DBL Group, Pride Group, ShaSha Group have decided to make huge investments during the pandemic.

Envoy Textiles Chairman Kutubuddin Ahmed said the firm is making investments to build new capacity to produce blended yarn, which is expected to help to reduce over-rate cost.

“As an existing factory, it needed comparatively less investment than a new one,” he added.

He also mentioned that the company is adjusting its capacity preference, buoyed by the prediction that demands for fabrics will soon go beyond the pre-pandemic level riding on vaccination drives in the apparel sector’s two key export destinations – Europe and the USA.

Kutubuddin Ahmed, who is a former president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), also said the firm produces high quality fabrics so that it need not do any marketing to sell those.

“The US-China trade tensions also have helped to expand capacity to produce blended yarn that used to be imported from China.

“Currently, the government has put some non-tariff hassles on Chinese-origin products as the supply chain is more traceable to identify the origin of a product.”

Another large exporter in the apparel sector, DBL Group, has decided to invest Tk562 crore in capacity expansion.

The conglomerate has plans to expand the dyeing and finishing capacity of its Hamza Textile Mill- unit 2. For this purpose, the International Finance Corporation has allocated Tk376 crore.

The industrial group has also set up a new unit at Matin Spinning Mills to produce specialised yarn, including man-made fibre. The new initiative requires about Tk186 crore.

Top officials of DBL expressed the hope that the new units will go into production by the end of this year, creating job opportunities for around 2,000 people.

The New Asia Group has announced an investment of Tk213 crore to expand its production capacity and modernise technology.

The group's Managing Director, A Matin Chowdhury, told, "There is a high demand among buyers for the yarn they produce, as we import cotton from America and make yarn by using modern technology."

"In line with technological advancement worldwide, the quality of yarn has also changed. So we are investing heavily in producing better quality yarn," he added.

Mentioning that the business currently is in a negative state due to the Covid-19 pandemic, he expressed the hope that the situation will not last long. "Business will not stop because of this. So, we are getting ready to meet the growing demand for cotton-based yarn."

HR textile, a concern of Pride Group, has plans to invest Tk80 crore to expand its capacity.

The group's Director Professor Mohammad Abdul Momen said, "We plan to expand our capacity in sustainable production, as global buyers are moving towards more environment-friendly products in terms of consumption of energy, water and chemicals."

"Against this backdrop, we have a plan to convert the existing chemical effluent treatment plant (ETP) of our textile factory to a biological ETP to make it more environment-friendly," he added.

The group also plans to install some latest technologies and machinery to make it a more efficient production centre, said Professor Abdul Momen, adding, "We are producing high-value products for summer and winter. That is why we have full orders all year round."

The enhanced capacity will help the company offer some diversified products to existing buyers and boost its turnover, he further added.

Shasha Denim has already invested Tk50 crore in purchasing land for its expansion to produce sustainable products.

Its Managing Director Shams Mahmud said it is planning to produce more high value products by using existing capacity.

Besides, the company is also in the process of setting up a new plant for recycling yarn spinning and an eco-friendly washing plant.

The new project will involve an investment of about $50 million, he added.

Last year, the denim mill also procured a part of the Italian textile mill, EOS Textile Mills Ltd.

In the one decade till the 2018-19 fiscal year, exports of readymade garments grew by 176% to $34.13 billion. During the period, exports of woven garments grew by 192% to $16.63 billion and that of knit garments grew by 165% to $16.5 billion.

In the first 11 months of the 2020-21 fiscal year, the country fetched $28.56 billion by exporting readymade garments. The amount was 11.1% higher than that earned in the same period a year ago but 10% lower compared to the corresponding period of the 2018-2019 fiscal year, according to Export Promotion Bureau (EPB) data.

Apparel exporters expect that apparel exports will exceed $34 billion this fiscal year.

Source: dailyindustry.news– July 04, 2021

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Pakistan: Export target set at $35bn for this fiscal year: Dawood

Advisor to the PM on Commerce and Trade, Abdul Razak Dawood has said that target for goods and services exports has been at $35 billion in the fiscal year 2021-22 despite the challenges arising from the coronavirus pandemic.

“For the current fiscal year, which started from July 2021, we have fixed a $35 billion export target, including $28 billion for goods and $7 billion for services,” Dawood said in an interview to a foreign news agency.

“We know that the Covid situation is still around the world, and we have made a lot of strategic planning to support our exporters,” Dawood said. “It won’t be easy because everybody is opening up and they are going to get into the export market because the market has been depressed. So, it will be difficult, but will be achieved.”

To further promote export activity, Dawood said the government is looking into supporting new export sectors and diversification in the dominant ones such as textiles.

“If we want our exports to go higher, we have to diversify within existing sectors like textile and leather, and diversity in new sectors. The new sectors are pharmaceutical, engineering, and food processing we are looking at,” he said.

“In the engineering sub-sectors of motorcycles, refrigerators, transformers, we are feeling that we are becoming more and more competitive. We are bringing down our cost of production by reducing duties on raw materials.”

After its high performance last year, the textile sector’s export target has been set at $20 billion. “This is an ambitious target from $15.5 billion to take it to $20 billion,” Dawood said, “but we feel that we should keep an ambitious target, and everybody should move and try to achieve it.”

The high target comes as the South Asian nation achieved record high exports of $25.3 billion, including $15.5 billion in textile and $2 billion in IT services, during the previous fiscal year 2020-21 that ended on June 30. The previous fiscal year’s exports were nearly $4 billion higher than in the year 2019-20, when they reached $21.4 billion.

While exports have increased, the trade deficit also rose to $31 billion during 2020-21, compared with the deficit of $23.2 billion in the preceding fiscal year, according to Pakistan Bureau of Statistics (PBS) data released on Saturday.

Source: dailytimes.com.pk– July 05, 2021

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Pakistan's exports to UK surge 33 percent in FY2021

Pakistan's exports to the UK saw a double-digit increase during the last fiscal year of 2020/21, crossing the two-billion-dollar mark for the first time despite Brexit uncertainties, according to the ministry of commerce on Friday.

The commerce ministry announced that exports to the UK increased 33 percent to $2.025 billion during the last fiscal year compared to $1.526 billion in the preceding fiscal year, an increase of $499 million.

"The UK is a very important trading partner and is the first time that our exports have crossed $2 billion mark," Adviser to Prime Minister Commerce and Investment Razak Dawood wrote on Twitter.

"I would like to commend our exporters for this remarkable accomplishment. I also commend MOC's trade and investment officers in the UK and urge them to work harder in finding opportunities for our exporters and provide facilitation to our businessmen," Dawood added.

The growth came in the midst of coronavirus-led world transition with global economy having loosened growth pace rapidly, exerting pressures on low- and middle-income economies to tediously recover from the downfall. However, it also created opportunities on exports front for economies like Pakistan that is benefitting from diversion in export orders and utilization capacity of industries.

Being a major partner in the Europe, the UK's economic slowdown could not affect Pakistan's economy because of its smallest market share in Britain. Even its exit from the main European Union (EU) block – that applies concessional tariffs on products coming from Pakistan under the generalised scheme of preferences (GSP) plus – didn't lead to negative implications.

Before the Brexit, exports to the UK were governed by the GSP plus scheme of the EU.

Pakistan Business Council said the UK is Pakistan's fourth largest market for exports and 85 percent of Pakistan's exports to the UK consist of other made-up textile articles, articles of apparel, cotton and articles of leather. All these products enjoyed duty-free access to the UK under the GSP+.

The UK is also Pakistan's 15th largest source of imports. Major imports from the UK include iron and steel, machinery, electrical/electronic equipment, other made-up textile articles, and miscellaneous chemical products. Under the GSP+ scheme, 96 percent of Pakistani exports had preferential market access to the UK.

A number of times, British government has assured Pakistan of continuous support despite Brexit. Unlike general perception that the Brexit would be hurtful, it hasn't been so far.

Source: thenews.com.pk– July 03, 2021

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NATIONAL NEWS

Exporters' refund: RoDTEP outlay may be raised by Rs 4,000 crore

The government will likely raise the allocation for its flagship export tax refund scheme — Remission of Duties and Taxes on Exported Products (RoDTEP) — by a third this fiscal, amid apprehensions the current budgetary outlay of Rs 13,000 crore will fall way short of the amount required to implement the GK Pillai panel recommendations.

The allocation for RoDTEP may be raised by about Rs 4,000 crore, sources told FE.

Exporters have cautioned that any inadequate remission will compound a Covid-induced liquidity crunch and erode their competitiveness in the global market when demand from key economies is reviving.

The sources said differences of opinion between the revenue and commerce departments over the RoDTEP coverage have almost been resolved and a proposal will be placed before the Cabinet very soon for approval. However, despite the likely hike, the outlay will still trail exporters' expectations of Rs 25,000-30,000 crore.

The RoDTEP scheme is supposed to reimburse various embedded levies (not subsumed by the goods and services tax) paid on inputs consumed in exports. It replaced the Merchandise Export from India Scheme (MEIS) from January 1, 2021, but the refund rates are yet to be declared.

One of the sources said that the revenue department could extend the RoDTEP scheme to all exported products. Initially, the department, facing an acute resource shortage in the wake of the pandemic, wanted to limit the coverage to 7,910 products that used to be covered under the MEIS.

However, the commerce department wanted all the 11,310 tariff lines covered, arguing that the new scheme would otherwise seem like a replica of the MEIS that has been deemed by a WTO panel as being "inconsistent" with global trade rules.

Of course, India has appealed against the panel's ruling, which came in response to a complaint by the US, at the WTO and a verdict is awaited.

In late July 2020, the government set up a committee under former commerce secretary GK Pillai to recommend RoDTEP rates. The panel's report was then vetted by the departments of revenue as well as commerce.

Exporters have urged the government to keep the RoDTEP outgo open-ended and not curtail the rates (from the levels recommended by the Pillai panel) or coverage to limit refunds to a certain annual budgetary outlay, if the idea is to keep exports truly zero-rated in sync with global best practices.

After a roller-coaster ride last fiscal, 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 on the back of improved external demand.

World trade volume (both goods and services) will likely reverse an 8.5% slide last year to rise by as much as 8.4% in 2021, the International Monetary Fund said in April. Similarly, world GDP is expected to rise by 6% this year, compared with a 3.3% contraction in 2020, it said. These have brightened the prospects for Indian exporters as well.

Already, the government has set an ambitious merchandise export target of $400 billion for FY22, against $291 billion last fiscal. But for this to be realised, exporters stressed, the government should address the liquidity woes of exporters – who have been awaiting the release of tens of thousands of crores under the MEIS – and announce the RoDTEP rates urgently. This will enable the exporters to ramp up supplies to match up to a recovery in external demand and cash in on the global recovery, they said.

Source: financialexpress.com– July 05, 2021

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Will the delay in acquiring land in Maharashtra for Dedicated Freight Corridor project affect JNPT port in Mumbai?

On June 20, a double-stack container train, comprising 178 boxes in two layers, departed from Gujarat's Mundra port on a trial run. The rake carried real goods: glycerine, softwood pulp, aluminium scrap, base paper, electric parts, compressors, knitting machines and polyester fabric, all imported from countries such as France, Germany, Mexico, Italy and the United Arab Emirates. Their final destination was either Delhi-NCR (National Capital Region) or Punjab.

A day later, an elated Railway Minister Piyush Goyal tweeted, "The first trial run for double stack container train from Mundra, Gujarat to NCR has been completed successfully," adding how his ministry's move would lead to efficient movement of freight between ports of Gujarat and the rest of India.

Meanwhile, Indian Railways (IR) is, at the time of writing this report, waiting for a date to be conveyed by Prime Minister Narendra Modi to flag off a container train in the 646 km stretch from Rewari in Haryana to New Palanpur in Gujarat, comprising 42% of the western Dedicated Freight Corridor (DFC) project. With feeder routes to three Gujarat ports — the government-run Deendayal (erstwhile Kandla) and the privately held Mundra and Pipavav— being overhauled and upgraded for carrying double-stack containers, what is waiting in the wings is a faster, uninterrupted and highly costeffective journey of export-import items between north India and coastal Gujarat. It sounds like a perfect script — till this stage.

But there is a problem, and that has arisen out of the partial rollout of the DFC project due to a delay in acquiring land in Maharashtra. The Mumbai-based, government-owned Jawaharlal Nehru Port Trust (JNPT) port, also called Nhava Sheva, fears that it will be left in the lurch, with a big diversion of freight traffic to ports in Gujarat. A railway official in the know says JNPT has taken up the matter with the ministries of shipping and the railways.

JNPT Chairman Sanjay Sethi says, in an email interview to ET, that once the DFC is partially rolled out, the Mundra port of Gujarat will gain some initial volume. However, he insists that a market-driven rail tariff will finally decide the volume between Mundra and JNPT. He says JNPT's losses in the short run could be 10-20% of the present ICD (inland container depots) volume, which means cargo originating from dry ports.

The greater the delay in acquiring land in Maharashtra the more the losses the JNPT could incur. Currently, the flagship DFC project faces major land acquisition bottlenecks in 16 locations in Maharashtra's Raigad, Thane and Palghar districts, according to documents previewed by ET, making it clear that the rest of the project is unlikely to be wrapped up by June 2022, the new deadline set by DFCCIL (DFC Corporation of India Ltd), the railway entity anchoring the project. The deadline for completing the project has been extended multiple times in the past.

A delay in acquiring land in Maharashtra will likely yield a surprise bonus to three Gujarat ports at the cost of JNPT. What's more, if cargo vessels get used to the new arrangement, will they ever return to Mumbai even after the DFC corridor gets extended to JNPT?

"That Gujarat ports will have a temporary advantage is not by any design. It just happened," says Anurag Sachan, who was managing director of DFCCIL till last year. "First, land acquisition has been more challenging in Maharashtra. Relocation of families living in the city of Mumbai is not yet over. Second, when Japanese agency JICA gave loan in tranches (since 2010), the Railways decided to start the work from the Delhi end," he says, adding that in normal circumstances the entire western DFC (1,506 km from Dadri in UP to JNPT) would have completed at the same time. The Rs 95,238 crore DFC project has two components, western and eastern. The eastern corridor, also under construction, runs from Ludhiana (Punjab) to Dankuni (West Bengal).

The completion of a long section of DFC on the western side means that goods from North India could now be ferried at a cheaper rate to Gujarat ports, first via DFC's trunk route till New Palanpur station before getting those diverted on feeder routes — 318 km for Deendayal, 380 km for Mundra and 469 km for Pipavav.

What if the same goods needed to be transported to JNPT?

In an email reply, DFCCIL MD Ravindra Kumar Jain explains, "We have planned certain inland container depots at New Swarupganj (Rajasthan) and New Varnama (Gujarat) which, in turn, will provide double- to single stacking facilities for JNPT-bound traffic. These containers will thus have a part journey at a reduced cost before being carried to JNPT on usual Indian Railways' routes."

In other words, faster and low-priced, double-stack journeys (rate could be 30% less) will be available between North India and ports of Gujarat whereas for JNPT it will be a break journey, partly in elite double stack and partly in ordinary railway lines.

LAND IN TROUBLE

Former Railway Board chairman and CEO Vinod Kumar Yadav says JNPT port will continue to be relevant though it will be affected temporarily. "JNPT's traffic could be hit a bit for some time, but once the entire western DFC is ready, likely to be in June 2022, there will be a level-playing field once more. The Maharashtra government should ensure the remaining part of the land is acquired fast," he says.

One more year would not have made a big difference, but people associated with the project say it is impossible to complete the rest of the line by mid-2022. They have a reason. Although the non-acquired land impacts just 4.9 km or 0.3% of the length of the western DFC corridor, it is not one stretch. The disputed areas are scattered across several districts, involving too many stakeholders. In a linear project such as highways or railways, even a small dispute over just 100 metres of land could end up stalling the entire project.

A DFCCIL spokesman tells ET that till recently there were disputes in 5.7 km, but since more people have agreed to vacate their homes, allowing local authorities to demolish those buildings, the disputed area has come down to 4.9 km. Though many of these disputes are old, frequent political tussles between BJP-ruled Centre and the state's Shiv Sena-NCP-Congress government has further slowed down the pace of land acquisition. In some areas, protests against the project are still going on.

Meanwhile, DFCCIL has paid Rs 90 crore as compensation to owners of some 800 structures. As many as 450 buildings have been vacated and demolished in Maharashtra while another 105 are in the process of getting razed, the spokesperson adds.

WHERE WILL CARGO GO?

If the land issue does not get resolved soon, JNPT's container business is bound to suffer more. It can lose container traffic from north India because of comparative cost and time factors. And Gujarat ports could gain.

In Covid-hit 2020-21, for example, JNPT's total container cargo business shrunk by 7% to 4.67 million TEUs (twenty-foot equivalent units) from 5 million TEUs a year ago. During the same period, Adani-owned Mundra port witnessed a robust 18% growth in container volumes, registering 5.65 million TEUs in FY 2021, as against 4.81 million TEUs in FY 2020, piping JNPT for the first time to become India's biggest container port by volume. The government-run Deendayal Port, still better known by its earlier name Kandla, handled only 0.5 million TEUs of containers in 2020-21, which is just 10% of JNPT's container business.

According to DFC officials, a new roll-on-roll off (Ro-Ro) rail service, to be unveiled soon, will be useful for JNPT and Gujarat ports. The service, according to the blueprint, will be available for the 646 km stretch from Rewari to New Palanpur; here containerised trucks will be loaded on flat rail wagons, prompting a faster and cheaper journey. At New Palanpur, these trucks will move out of the train and embark on a road journey to their respective ports.

"Whether the traffic is meant for JNPT or Gujarat ports won't matter. Both will be able to piggyback on our rail flat wagons and complete the journey in just 10-12 hours, much less than usual road journeys. This environment-friendly and economically sustainable traffic will equally help the JNPT," says DFCCIL's Jain.

Ro-Ro could, for now, assuage some of the fears of JNPT.

Source: economictimes.com– July 04, 2021

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3 decades of reforms: Cup is only half-full

Manmohan Singh's July 24, 1991, budget speech is considered as the harbinger of economic reforms in India, although many believe that the process began on June 21, when PV Narasimha Rao took over as Prime Minister, and discovered that the economy was on the brink.

While political regimes since the 1980s had started diluting the shackles of India's command and control economy, it was the 1991 budget which signalled a strategic and radical shift towards unleashing liberalisation. This unshackling of markets yielded rich dividends for the Indian economy and economic growth gained momentum.

As India completes three decades of economic reforms, the question is not whether economic reforms were good for the economy. It is whether the best of the reform years are already behind us and what this means for India's per capita incomes, which are still very low.

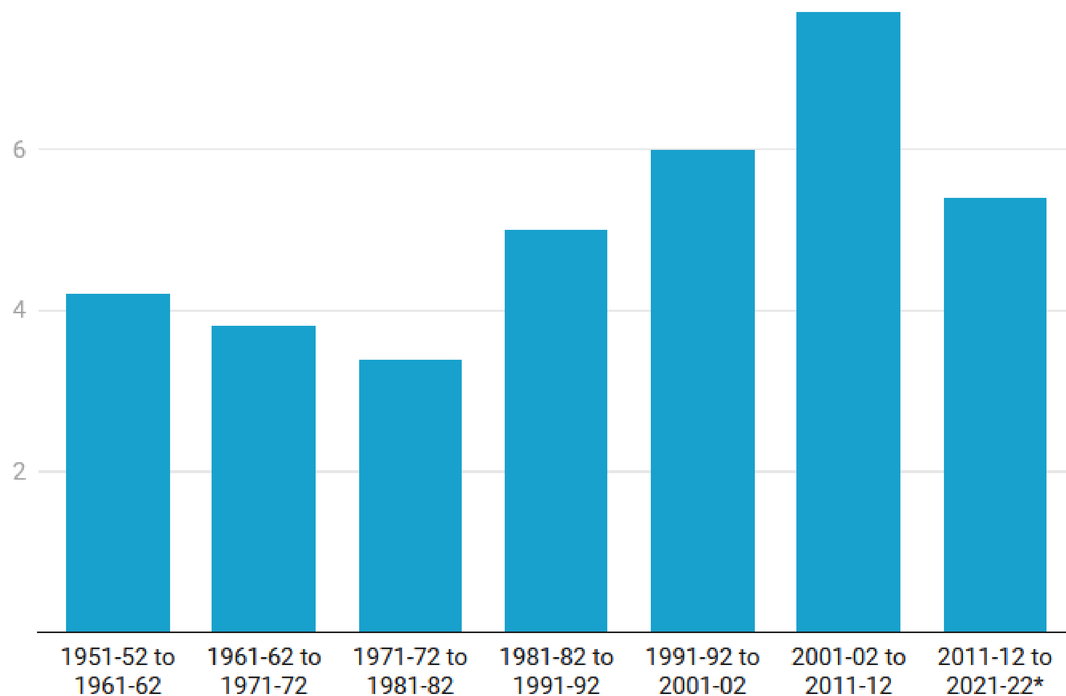
In a four-part data journalism series, HT will look at various aspects of this question. In the first part, we take a broad view of the post-reform period in India.

Reforms did boost growth in a big way, but has India's growth story already peaked?

The 1960s and the 1970s were worse in terms of economic growth than the 1950s. According to the 2004-05 GDP series, India's GDP in 1961-62 was 1.5 times its 1951-52 value. This multiple went down between 1961-62 and 1971-72 and 1971-72 and 1981-82. This trend reversed itself in the 1980s and kept gaining momentum for the following four decades. The period between 2001-02 and 2011-12 was the best in terms of economic growth and India's GDP increased by a multiple of 2.1 during this decade.

A slowdown since 2016-17 and the pandemic-driven contraction in 2020-21 has made the decade from 2011-12 to 2021-22 (assuming the RBI's projection of 9.5% growth in 2021-22 holds) the worst in terms of GDP growth in the post-reform period. This raises questions whether the India growth story has already peaked. Even pre-pandemic official targets such as making India a $5 trillion economy by 2024 seemed to have given upon the aspirations of double-digit growth.

Are the best of reform years behind India now?



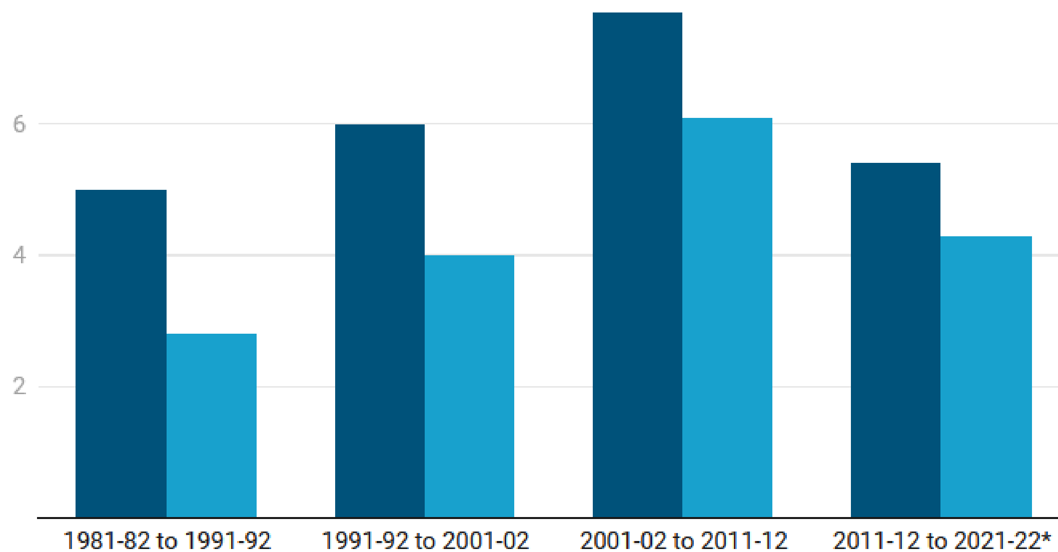
All periods except 2011-12 to 2021-22 use the 2004-05 GDP series. The last one uses the 2011-12 GDP series. 2021-22 GDP growth has been taken as 9.5% in keeping with the RBI projections

Per capita income gain shave been more modest

Because India's population was growing at a faster rate in the first two decades of post-reform phase than the last decade, gains in per capita income were modest, even though GDP grew at a faster rate. For example, the compound annual growth rate (CAGR) of GDP was 1.8 times the CAGR for per capita GDP between 1981-82 and 1991-92. This number has come down to 1.3 between 2011-12 and 2021-22.

A slowing population growth means that India's per capita income would have risen at a faster rate had the growth momentum been maintained. It is the latter which seems to have faltered in recent years. To be sure, the composition of population (workers versus dependents) also matters for economic growth. While GDP is an important indicator of a country's economic prowess, per capita GDP is what matters when it comes to living standards.

The challenge of per achieving high per capita GDP growth is a critical one



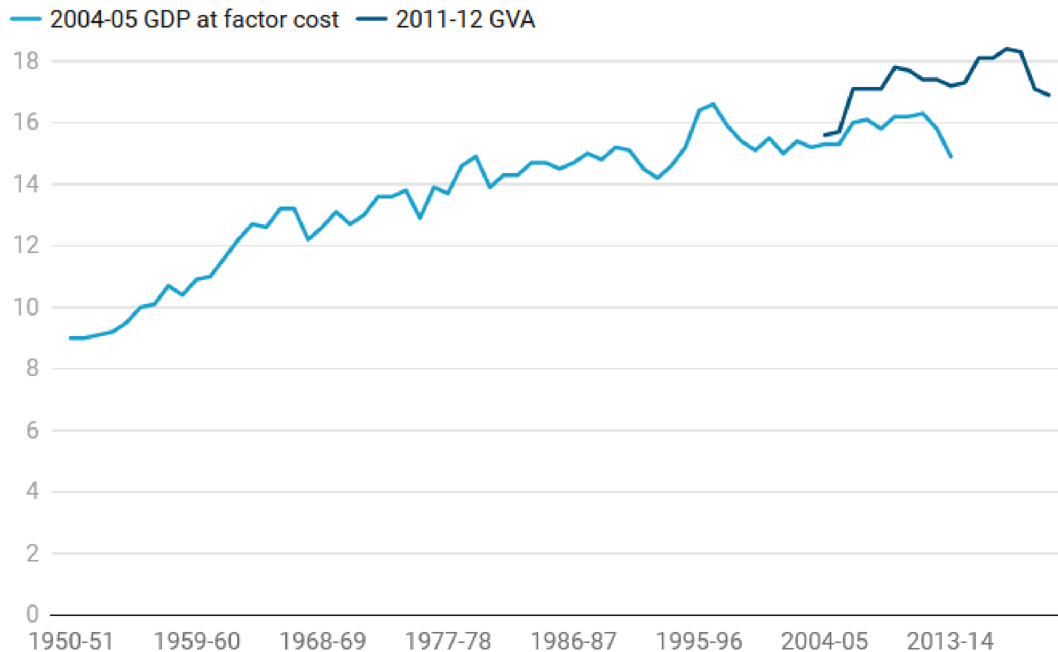
All periods except 2011-12 to 2021-22 use the 2004-05 GDP series. The last one uses the 2011-12 GDP series. 2021-22 GDP growth has been taken as 9.5% in keeping with the RBI projections. 2021 population is government of india's projection

Reforms gave a bigger push to services than manufacturing

Modern capitalism owes its origins to the industrial revolution. When India became independent, reducing import dependence for manufactured goods – nationalist historians believed that colonialism led to a deindustrialisation of the economy – was adopted as a strategic goal of economic policy. The pre-reform policy pursued this objective through an import substitution strategy, where the public sector was expected to play a leading role.

Pro-reform voices believed that a state-led inward-looking economic policy generated headwinds for private enterprise and deprived it of the tailwinds of global exports. If regulations were the only thing holding back India's industrial revolution, the 1991 reforms should have taken care of it. That does not seem to have happened. The share of manufacturing in India's GDP has not changed significantly over the last 30 years. It was 15% in 1990-91, reached a peak of 18.4% in 2017-18 and had come down to 16.9% in 2020-21. While the pandemic's disruption could explain the lower share in 2020-21, manufacturing accounted for 17.1% of Gross Value Added (GVA) even in 2019-20. An analysis of India's post-reform growth story by sectors shows that services, not manufacturing, have been a bigger beneficiary of economic reforms in India.

Manufacturing did not get much of a boost during the reform period

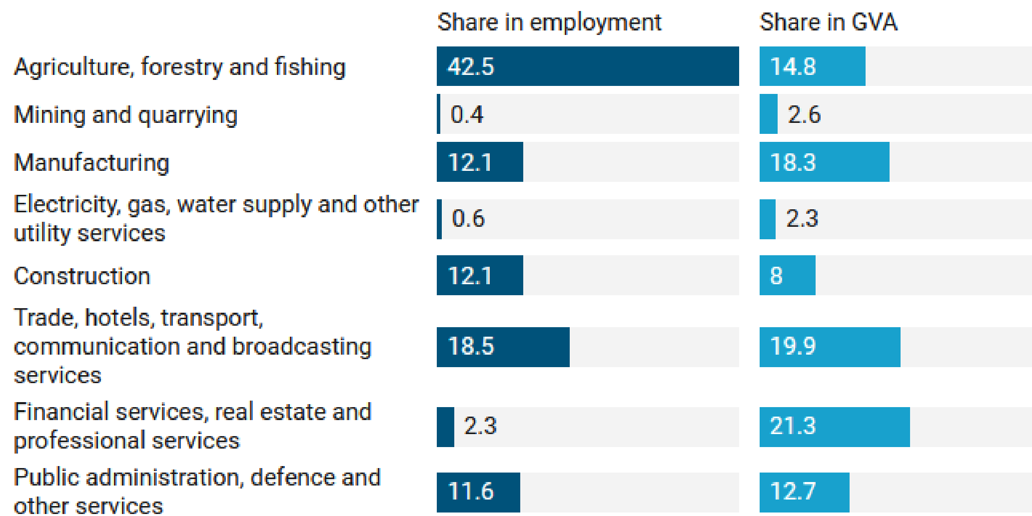


But this skewed development has left a huge economic imbalance

Growth per se in any economy does not guarantee well-being for all. For the people at large to experience an improvement in living standards, additional incomes need to accrue to a large majority. Income distribution, in a modern economy, is a function of distribution of income and employment across sectors. If a small minority is engaged in highly productive (and paying) work while the bulk of the workforce is employed in subsistence level sectors, an economy can continue to experience a high growth rate and poor living standards for a majority. The Indian economy fits this description. At least 40% of India's workforce is still engaged in agriculture, even though this contributes less than 15% of the total Gross Value Added (GVA).

India's employment-income imbalance

Sector-wise share (in %). These are 2018-19 figures, the latest year for which PLFS data is available



Source: hindustantimes.com– July 05, 2021

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Exporting units of SEZs should be incentivised on degree of value addition: TPCI

Exporting units in the special economic zones (SEZs) should be incentivised on the degree of value addition it brings to a product in order to boost outbound shipments and attract investments in these zones, TPCI said on Saturday. Trade Promotion Council of India (TPCI) Founder Chairman Mohit Singla said that at present, an exporter in an SEZ and a foreign exporter are at par when it comes to selling goods to a domestic tariff area (DTA).

“Therefore, an exporter within the SEZ should be incentivised on the degree of value addition he brings to a product. He should be allowed to import raw material at zero duty and avail duty rebate proportionate to value addition. This will keep him at an advantageous position as opposed to importing finished products from another country,” he said.

He said this while speaking at TPCI’s webinar on SEZs the key to boost India’s exports.

ARM Reddy, Zonal Development Commissioner, Vishakhapatnam said that SEZs are doing well in India as exports are growing from these zones. “In 2005-06, exports were at Rs 0.23 lakh crore, and now they stand at Rs 5.53 lakh crore in 2020-21 despite the pandemic,” he said.

Exports from SEZs and export oriented units (EOUs) contributed about 30 per cent to the country’s total shipments.

Source: financialexpress.com – July 03, 2021

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How Latin America continues to be a large market for India's exports

India's exports to Latin America amounted to $12.74 billion in 2020-21 (April-March), according to the figures released by the Commerce Ministry of India. The exports to the region have declined marginally by 3.3 per cent from $13.18 billion in 2019-20. This is not bad in view of the fact that India's total global exports have declined by 7 per cent from $313 billion to $291 billion in the same period.

Brazil continued as the number 1 destination of India's exports to the region, with shipments valued at $4.25 billion.

The other major destinations were:

- Mexico: $3.08 billion
- Colombia: $865 million
- Chile: $805 million
- Peru: $765 million
- Argentina: $688 million
- Venezuela: $557 million

Exports to Mercosur were valued at $5,199 million, Pacific Alliance $5,522 million and CAFTA (Central America + DR) at $1,143 million.

Major exports:

- Vehicles: $2,608 million
- Chemicals: $2,534 million
- Pharma: $1,196 million
- Machinery: $1,152 million
- Diesel: $1,034 million

- Textiles: $704 million
- Cotton: $417 million
- Plastics: $421 million
- Iron and steel: $599 million
- Aluminium products: $393 million
- Rubber products: $254 million

Car exports

Latin America accounted for 30.5 per cent ($1.3 billion) of India's global car exports of $4.3 billion. Mexico was the largest global market for Indian cars with $860 million in value of shipments. The US was second with $512 million. Other major destinations were Chile ($201 million) and Peru ($86 million).

Motorcycles

India was the second-largest supplier of motorcycles to Latin America with $577 million in shipments. This is 28 per cent of India's global exports, valued at $2 billion.

Major destinations were Colombia ($190 million), Mexico ($90 million), Guatemala ($84 million) and Peru ($53 million). Colombia was the third-largest global market for Indian motorcycles after Nigeria and Nepal. Some years back, Colombia was the number 1 destination. Indian brands are market leaders in Colombia and Guatemala. Hero Motors has invested $80 million in a production plant in Cali, Colombia.

Pharmaceuticals

India is the fifth-largest supplier of pharmaceuticals to Latin America. Major destinations of India's pharma exports were Brazil ($317 million), Peru ($128 million), Chile ($123 million), Mexico ($114 million), Colombia ($68 million), Dominican Republic ($54 million), Venezuela ($51 million), Guatemala ($48 million), Bolivia ($29 million) and Ecuador ($28 million).

India's exports to Latin American countries in comparison with neighbours, traditional trading partners

India's exports to some of the distant Latin American countries are more than the exports to neighbouring countries or traditional trade partners with same or more population. This is a trend of the last several years.

Examples:

· $209 million in exports to Dominican Republic (population 11 million), which is more than the $169 million to Cambodia (population 16 million)

· $331 million to Guatemala (population 11 million) versus $225 million to Kazakhstan (population 19 million)

· $865 million to Colombia (population 50 million) more than the exports of $779 million to the neighbouring Myanmar (population 53 million)

· $4.24 billion to Brazil and $3 billion to Mexico versus exports to Russia ($2.6 billion), Nigeria ($3.1 billion), Egypt ($2.2 billion) and Canada ($2.9 billion)

India exported more motorcycles (190 million) to Colombia than to neighbouring markets such as Bangladesh (98 million).

India's car exports to Chile, valued at $201 million, are more than the exports to Nepal ($85 million), Bangladesh ($41 million), Sri Lanka ($3 million) and Myanmar ($4 million).

Imports

Major Latin American suppliers were Brazil ($3 billion), Mexico ($2.85 billion), Argentina ($2.63 billion), Peru ($1.52 billion), Colombia ($1.4 billion), Chile ($1.18 billion), Bolivia ($1.16 billion) and Venezuela ($714 million).

Venezuela used to be the major source of imports in the region for the last 15 years with supply of large volumes of crude oil. Due to the US sanctions, Venezuelan oil supply to India has come down drastically from its peak of around $10 billion.

Main import items in 2021

- Crude oil: $5,047 million
- Gold: $4,055 million
- Vegetable oil: $2,443 million
- Raw sugar: $612 million
- Copper: $479 million
- Machinery: $378 million
- Chemicals: $288 million
- Wood: $349 million
- Plastics: $162 million
- Fruits and vegetables: $110 million

Sources of crude oil imports: Mexico ($1,974 million), Brazil ($933 million), Colombia ($944 million), Venezuela ($644 million, down from $6.03 billion last year), Ecuador ($234 million) and Cuba ($67 million)

Gold import sources: Peru ($1,500 million), Bolivia ($1,156 million), Colombia ($378 million), Brazil ($270 million), Dominican Republic($234 million), Mexico ($192 million) and Argentina ($324 million)

Argentina was the main Latin American supplier of edible oil, with imports valued at $2.19 billion, followed by Brazil ($256 million).

Decade of trade from 2010-11 to 2019-20

India's exports had increased from $10.04 billion in the beginning of the decade to $13.7 billion in 2014-15. But the Latin American recession and economic difficulties caused a dip in India's exports in 2015-16. Since then, the exports have increased steadily until the COVID-19 crisis.

India's imports reached a peak of $31.38 billion in 2012-13 due to the high crude oil prices and large volume of India's imports from Venezuela. But

since then, the oil prices have come down and due to US sanctions, the volume of imports from Venezuela has also reduced drastically.

The annual India-Latin America trade had reached a peak of $44.08 billion in 2013-14 due to the high oil prices and large crude imports from Venezuela.

Market

Latin America, the region of 19 countries, has a total population of 620 million and GDP of $5.4 trillion.

The region, which had a historic GDP contraction of 7.7 per cent in 2020, is forecast to rebound with a growth of 3.7 per cent in 2021.

The region's external trade declined by 8.6 per cent in 2020. Latin America's imports were $904 billion (down from $1,006 billion in 2019) and exports were $935 billion in 2020, declining from $1,007 billion in 2019.

There is potential for India to increase its exports to about $20 billion in the next five years if the Indian exporters and government intensify their export promotion seriously and systematically.

At this time of austerity, Latin Americans look for affordable products from less-expensive sources. Although China fits this expectation, the Latin Americans seek to reduce their overdependence on China with which there is a growing trust deficit especially after the coronavirus, which originated from Wuhan.

Source: theweek.in – July 04, 2021

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Skill development policy to be reviewed to match global standards

The government may revamp its umbrella framework for skilling in India, after undertaking a review of the National Policy for Skill Development and Entrepreneurship launched in 2015 with a focus on improving productivity to match global standards. The plan is to create a pool of skilled workforce to cater to new investments being made under the government's production-linked incentive scheme for over a dozen sectors. The review due in 2020 was postponed in the wake of the pandemic.

The skills development ministry will set up a committee of experts to consider the evaluation study report of the 2015 policy to make necessary recommendations. Besides, a national-level institution with expertise on skilling will be appointed to undertake the impact assessment and recommend changes to the existing policy or the formulation of a new policy to ensure better outcomes over the next five years.

A decision to this effect was made at the recently held second steering committee meeting of the National Skills Development Mission, a senior government official told ET. Prime Minister Narendra Modi had launched the initiative in July 2015 with an aim to make India the skills capital of the world. The need for a complete overhaul of the policy is being felt as even after several years, standards of skilling as well as the rate continue to be low. This issue has been continuously flagged by industry, which faces a challenge in terms of skilled manpower.

The government has trained over 10 million youth in the last five years under its flagship scheme, the Pradhan Mantri Kaushal Vikas Yojana, which provides short-term training, skilling through ITIs and under the apprenticeship scheme.

The aim of the National Policy for Skill Development and Entrepreneurship 2015 was to meet the challenge of skilling in India at scale with speed, standard (quality) and sustainability. It was an umbrella framework for all skilling activities being carried out within the country so as to align them to common standards and link skilling with demand centres.

Source: economictimes.indiatimes.com – July 05, 2021

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Demand from Western markets helped Indian Textile sector stay afloat amid pandemic

Mane shares his views on the challenges the Indian textile industry faced due to the pandemic and what role technology has to play in the future of the apparel industry.

Q: How has the Indian textile industry responded to the challenges experienced by Covid-19 over the past year?

A: The textile sector is one of the biggest contributors to the national economy and a large employment generator. India's textile sector is unique with it being one of the finest in the world producing around 15 per cent of total industrial production and contributing around 30 per cent to total exports.

The sector did face its share of challenges over the last year. While the domestic retail went on pause last summer, the export orders from European and American region also dried. But despite the issues, the industry has kept afloat. Specially post the first wave when orders from western countries started flowing in. The recovery, which was export driven, was visible from early this year. Clothes are one of the basic needs of human existence, which is why even during lockdown, the online apparel industry witnessed a steady demand.

According to a recent report by the Indian Ratings and Research agency (Ind-Ra), the non-availability of inputs such as fabric, yarns etc due to lockdown related restrictions may cause a short-term impact on the finished output in the sector, however it is unlikely to impact the Indian textile sector.

As mentioned, demand from western markets helped the Indian Textile sector stay afloat. Ind-Ra stated that due to strong export markets, the first quarter of the current financial year may not be a 'lost quarter' for the textile sector.

Covid-19 and lockdown have also been a deep learning experience for the textile industry who responded with agility by working out adequate inventory and we believe will help the sector bounce back sooner than expected.

Recently, Lenzing announced its business results for first quarter. The group has seen good growth for its TENCEL lyocell and modal fibers as well as LENZING ECOVERO viscose fibers. The Indian region has been a key contributor to this.

The sector has also received promising support from the government through innovative schemes such as planned mega textile parks, giving it the necessary impetus to become competitive, attract large investments through the creation of world-class infrastructure.

Q: Do you feel that the Indian textile industry has fared better than other regions in terms of business? If yes, why?

A: The Covid-19 pandemic also put a spotlight on the untapped textile potential of South Asian region. It has given an opportu nity to countries like India, Bangladesh, Indonesia to become a potential global centre for textile and clothing exports. Availability of abundant and cheap labour, water and other raw materials for textile manufacturing processes, large production of cotton, nearness to growing markets have further helped this.

Q: Covid-19 has given rise to a new type of consumer thus pushing products and services to recreate themselves. Do you believe this is true for textile ad apparels as well? Please elaborate.

A: The Covid-19 crisis gave rise to a more conscious consumer. There has been a significant change in consumer attitudes and shopping behaviour and most of these are expected to remain post-pandemic. The lockdown forced consumers to analyse their shopping habits, including cost consciousness, preference for local products, evaluating the impact of their purchases, which ultimately leads to making sustainable choices.

Consumer preferences sharply realigned away from lifestyle to health, hygiene and personal care. Value of hygiene increased significantly thus paving the way for products that promote hygiene assuring consumers with greater safety from the virus.

What is interesting to note that fibre features such as microbial resistance became a key focus for the textile manufacturers and brands. These were earlier considered as add-on features, the use of which was restricted to special segments like sportswear.

Apparel brands grew their portfolios to add masks as they became a staple product. Demand from the medical industry increased demand for non-woven textile significantly. These are key ingredients in creating masks, wipes and PPE kits. We foresee this demand to sustain in the near future and contribute to the sector.

Q: Do you believe that technology will have a greater role within the textile industry in a post Covid-19 era?

A: We believe technology will play a key role in reviving, rejuvenating, and reinvigorating the Indian textile industry. Undoubtedly, technology's support is vital to any sector but when it comes to textile, it becomes even more important.

Consumers are keen to know about the origin and journey of their products. This is driving up the demand for traceability by brands and consumers alike which is further driving the increasing use of AI and IoT within the sector. To address this demand Lenzing collaborated with TextileGenesis and introduced a brand-new blockchain-enabled supply chain traceability platform in 2020.

Source: dtnext.in – July 03, 2021

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Stronger recovery seen post September

Several parts of the economy are rebounding as the impact of the second wave of the pandemic wanes. However, a stronger recovery is expected post September once the vaccination drive makes more headway and as the festive season sets in.

It's critical the services sector — a big employer — revives soon else consumption demand could continue to stay weak. The job market is showing some signs of improvement but with thousands of small businesses ravaged, millions have lost their livelihoods.

In the absence of private sector investments, which are sluggish and will stay so, it's hard to see a meaningful number of employment opportunities being created in the near-term. Right now, even getting back to pre-pandemic levels of activity on key counts looks a stretch.

Source: financialexpress.com– July 05, 2021

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Reopening of economy to help apparel exports catch up fast: AEPC

Economic recovery likely to be led by exports

Apparel Export Promotion Council (AEPC) Chairman A Sakthivel said that while the overall global demand has remained buoyant, the lockdowns in different parts of the country had kept factories in partial shutdown.

With decline in daily cases of infection and resumption of economic activities, India is now set to achieve healthy exports growth, he said.

"With the reopening of the economy, apparel exports are likely to catch up fast and surpass the pre-Covid levels soon. India's economic recovery is likely to be led by exports till domestic demand picks up. And, leading the pack of exporters will be the MSMEs, as exports need personalised management," Sakthivel said.

Source: thehindubusinessline.com– July 03, 2021

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