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INTERNATIONAL NEWS

May 2021 global air cargo 9.4% above pre-COVID levels: IATA

Global demand for air cargo, measured in cargo tonne-kilometers (CTKs), was up by 9.4 per cent in May this year compared to the figure in the same month in 2019, showing demand continued its strong growth trend, according to data for global air cargo markets for the month released by the International Air Transport Association (IATA) recently.

Seasonally adjusted demand rose by 0.4 per cent month-on-month in May, the 13th consecutive month of improvement.

The pace of growth slowed slightly in May compared to April, which saw demand increase by 11.3 per cent against pre-COVID-19 levels, i.e., April 2019. Air cargo outperformed global goods trade for the fifth consecutive month.

North American carriers contributed 4.6 percentage points to the 9.4 per cent growth rate in May. Airlines in all other regions except for Latin America also supported the growth.

Capacity remains constrained at 9.7 per cent below May 2019 levels due to the ongoing grounding of passenger aircraft. Seasonally adjusted capacity rose 0.8 per cent month-on-month in May, the fourth consecutive month of improvement indicating that the capacity crunch is slowly unwinding.

Underlying economic conditions and favourable supply chain dynamics remain supportive for air cargo, IATA said in a press release.

“As economies unlock, we can expect a shift in consumption from goods to services. This could slow growth for cargo in general, but improved competitiveness compared to sea shipping should continue to make air cargo a bright spot for airlines while passenger demand struggles with continued border closures and travel restrictions,” said Willie Walsh, IATA’s director general.

Source: fibre2fashion.com– July 12, 2021

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Gap takes the online-only route as pandemic shutters stores

One more retailer is moving away from physical stores to the online platform. US-based Gap Inc has pulled down shutters in the UK to become an online-only retailer, following the footsteps of contemporaries Debenhams, Topshop, etc.

Till 2008, Gap was known as the world's largest fashion retailer. However, sales declined over the years as it sought to maintain an appealing mid-market product range at right price. As per Fashion Law, the retailer was challenged by growing competition from lower-priced retailers – such as H&M and Primark – and a spurt in online fashion startups.

Stiff competition and changing fashion choices induced downfall

Gap faced stiff competition not just from market leaders like Next, Amazon and ASOS but also smaller and more specialized retailers, such as ultra-fast fashion company Boohoo, Compelled to move online by the pandemic, these companies performed reasonably well during the pandemic. Boohoo acquired high street brands such as Dorothy Perkins and Oasis besides teaming up with several beauty brands.

Another disadvantage for Gap was the moving of younger consumers to social commerce where they could pre-purchase and buy garments and accessories, and engage in post-purchase chat and entertainment thereafter. Some of these consumers also bought fashion items from secondary market sites such as Depop and Vinted.

Gap also struggled to adjust to the online trading environment. The company was unable to cover the lockdown induced losses and considered a smaller player in the market.

Dissatisfactory store experience

Besides, COVID-19 impact and millennial consumers' changing fashion choices, Gap also suffered from its inability to provide a satisfactory store experience to consumers. On the other hand, new market entrants attracted consumers with more focused and aspirational offers. They also explored augmented reality and virtual reality devices to personalize consumers' shopping experiences.

Gap failed to address these trends in the UK market, and sales and marketing formula based on a broad range of clothing for all ages at reasonable prices also proved to be highly unsuccessful.

The retailer's high store rents and increased operating costs also prevented it from reinventing store and product offerings. Its move to online retail thus seems to be an ideal solution to the current crisis.

Source: fashionatingworld.com– July 12, 2021

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South Korean Exporters Suffering for Lack of Ships

South Korean exporters are having difficulties finding ships, and Chinese exporters are exacerbating the difficulties by monopolizing ships with higher freight charges.

The spot rate for China to Northern Europe already reached US$20,000 per FEU and that for Shanghai to LA is about to reach US$32,000.

Chinese exporters are paying more and more freight charges to carry their containers. Under the circumstances, an increasing number of shipping companies are heading to their destinations without visiting Busan or to Europe and the Americas without loading in Busan.

Things are not changing at all in spite of South Korean exporters' efforts. According to the Ministry of Transport of China, China's bottoms to North America added up to 5.5 million TEU from January to May, up 65 percent from a year earlier. The Shanghai Containerized Freight Index reached 3,932.35 last week, continuing to rise for the ninth consecutive week.

Although the South Korean government is trying to increase the transport capacity, the final solution is to get more bottoms by paying more. The problem is that the premiums have to be paid by non-large shippers, which cannot but rely on spot contracts unlike large companies, and long-term measures are yet to be prepared with the current situation likely to continue for a while.

Source: hellenicshippingnews.com– July 13, 2021

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Emerging Asia's success story conceals a lot

International observers still view Asia — and particularly East Asia — as the most dynamic economic region in the world, a perception that has been even more entrenched over the period of the pandemic.

Certainly, if aggregate GDP growth rates in real terms (as shown in Figure 1) are anything to go by, there is no doubt that the region of East Asia has been growing faster than the world as a whole, and has even managed to maintain positive growth in the pandemic year 2020, when most other regions have stumbled or even collapsed.

By contrast, South Asia, which earlier showed higher growth rates, was decelerating even before the pandemic and has since shown a worse decline than the world as a whole.

However, aggregate East Asian achievement has been hugely coloured by China, which now dominates the region in absolute size and in growth performance. China accounts for more than half of the overall expansion of incomes in the region (at market exchange rates).

Furthermore, as Figure 2 indicates, China and Vietnam are outliers among other prominent "emerging market economies" in Asia, in terms of maintaining relatively high growth rates and also avoiding GDP declines in the pandemic year. The other economies illustrated in Figure 2, which are among the larger economies and the most favoured destinations for global finance capital, have not fared so well.

Indeed, the past decade shows significant deceleration in GDP growth for these economies even before the pandemic so drastically disrupted economic activity. Clearly, it is fallacious to judge the performance of Asian economies by being overly focussed on China, which is exceptional in many ways and cannot be taken as representative of the rest of the region.

In India, growth rates of GDP fell from 8 per cent in 2016 to 4 per cent in 2019, and even these rates are widely considered to be overestimates.

In Thailand the decline was from rates in excess of 7 per cent at the start of the decade to only 2.3 per cent in 2019; in Malaysia the decade began with 7.4 per cent growth which fell to 4.3 per cent in 2019.

In Indonesia the decline was minor, from 6.2 per cent in 2010 to 5.0 per cent in 2019. Only Vietnam shows a steady rate of expansion of 6-7 per cent per annum before the pandemic, and thereafter was the least affected economy in 2020.

Reasons for growth dip

So why was growth decelerating over the previous decade? One obvious reason is the fact that investment rates were declining, as Figure 3 indicates. The sharpest decline over the decade was in India, where investment rates fell from around 40 per cent to around 30 per cent.

While Malaysia and Indonesia showed less dramatic declines in this period, their big shift had already occurred from 1998, after the Asian Financial Crisis that led to a sharp reduction, of between one-quarter to one-third, in their investment rates. In Malaysia this plummeted further to 19 per cent by 2019, while it remained stable in Indonesia. Vietnam too showed greater stability of the investment rate.

It was argued by then US Federal Reserve Chairman Ben Bernanke in 2005 that Asian economies were characterised by a "savings glut", and this argument was revived by the American economist Brad Setser in 2016. Yet, if we exclude China from this discussion, what is striking is how savings rates also came down in these economies over the past decade.

Once again, this was clearly a pre-pandemic tendency, which was obviously substantially worsened by the pandemic. So it is hard to sustain the idea of a savings glut for these countries; the problem rather is that investment rates fell even more than savings rates.

Of course, this begs the question of why savings and investment rates were coming down at all. After all, these economies — especially India, Indonesia, Malaysia and Thailand — had undertaken substantial internal and external financial liberalisation precisely to encourage more domestic financial savings by avoiding "financial repression" and opened up capital accounts to unregulated financial flows in order to attract more financial resources for foreign investment. So what happened?

The story is really that external financial liberalisation in a context of apparently strong export performance (of either goods or services) made emerging markets in Asia — of which these are some of the most prominent but not the only ones — the objects of desire of global finance.

But given the hierarchy of markets and currencies that characterise the world of mobile capital flows, this was not enough to ensure sustained net inflows of capital that could be used to increase domestic investment for development purposes.

Rather, there were periodic swings and reversals of gross inflows. This made governments in the region so concerned about possible adverse financial market responses to proactive fiscal policies that they limited their own capacities for fiscal stimulus during downswings, including in the current pandemic.

Even more significantly, gross outflows of capital that were enabled by the capital account liberalisation also grew and became very large. As a result, net inflows of capital were much smaller than gross inflows, and for some countries like Malaysia, even negative. And the rates of return on financial assets held abroad (whether by central banks or private investors) were significantly lower than the rates of return on financial assets inside the economy held by non-residents.

This led to very significant "seignorage" losses every year (losses driven by the difference in returns on inbound and outbound capital flows). In Thailand, for example, these amounted to as much as 5.2 per cent of GDP each year in 2010-18 — significantly more than the net inflow of capital!

Even when there were net capital inflows, as in India and Indonesia, these did not translate into increased domestic investment or enable domestic investment in desired sectors. Instead, central banks added to forex reserves for "self-insurance" against possible capital flight, and to manage the exchange rates in the face of the substantial and often volatile capital movements.

Ironically, therefore, the financial liberalisation that was meant to provide more resources for domestic investment in emerging markets has led to exactly the opposite. As advanced economies recover from the pandemic faster than anticipated, this is going to lead to tighter global capital markets, with potentially serious consequences for emerging markets, including the Asian economies that have hitched their policy wagon to this uncertain star.

Source: thehindubusinessline.com– July 12, 2021

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Can Pakistan Bridge the Gap Between Organic Cotton's Supply and Demand?

When it comes to sustainability trends, seeds are taking the reign.

The organic cotton label has recently been catching the eye of denim consumers as the demand for sustainable fashion increases. To answer their call, companies throughout the denim supply chain have been clamoring for more organic cotton from farmers. But what they're finding is that the world's supply of the fiber might not be enough to meet the demand.

While new data from the Textile Exchange's 2021 Organic Cotton Market Report shows that the amount of harvested organic cotton set records in the 2019-20 crop year at 249,153 tons, this sum still accounts for just 1 percent of global production.

Enter industry efforts for more organic cotton strategies such as the Milliner Cotton Initiative (MCI), which Pakistan-based denim mill Artistic Milliners launched in October alongside environmental nonprofit World Wildlife Fund for Nature (WWF) Pakistan and the Government of Baluchistan. The program aims to commercialize indigenous organic cotton in the Baluchistan region and add transparency to the value chain.

Textile Exchange's report indicated that 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. Though Pakistan wasn't one of the top-ranking countries, it was one of the biggest contributors to the global growth, signaling it's gaining momentum in the market.

Earlier this year, Danish apparel company Bestseller, which owns labels Jack & Jones, Vero Moda and Only, helped fuel MCI with a 30 percent funding. According to Danique Lodewijks, a senior project specialist at Bestseller, the initiative allows the company to make a major impact in sustainable fashion.

"Cotton is a very important fiber for Bestseller, as more than 50 percent of our total fiber consumption comes from cotton," she said during an Artistic Milliner webinar on Thursday. "We have a relatively high cotton footprint, and therefore also a big opportunity to actually influence and promote change in the fashion industry—but we also know that currently there is

simply not enough organic cotton available in the market to meet the needs of the industry."

The initiative is directly aligned with Bestseller's target to source 30 percent organic cotton by 2025, but that's not the only driving force for the partnership. Lodewijks said the company also got involved as a way to gain more insight into what is happening on the ground and build stronger relationships with farmers and suppliers, ultimately securing its future organic cotton supply.

Increasing transparency throughout the supply chain—specifically at the fiber stage—has been a subject of focus for many in recent years. According to Ruud Schute, program director at Organic Cotton Accelerator (OCA), a multi-stakeholder organization dedicated to the fiber, the seeds are the most important part of the organic journey.

"Finding the right seed for the right yield, making sure that the farmers get the crops they expect, and making sure that the integrity is not compromised from the beginning [is what's most important]," he said. "I think everybody understands that once we start with the wrong base for organic cotton, we will have a lot of catching up to do later."

He added that it's important to grow organic cotton with consideration to the heavy demand, but "with a very clear eye on reality and on how far nature can go in a certain period of time, and how quickly we can replicate this without compromising the seed."

In May, OCA released the "Non-GM Cottonseed Production Guidelines," which help the industry safeguard the integrity of organic cotton at the seed level. The new guidelines aim to create a standardized industry approach for the production of non-genetically engineered (non-GM) seed marketed to organic cotton growers and increase their access to non-GM seed.

The guidelines are just one part of a multifaceted approach to ensure an organic cotton label indeed reflects an organic cotton product. Technology is another crucial part of the process. According to Omer Ahmed, CEO at Artistic Milliners, digitizing the process is the "only way" to ensure traceability from farm to retail.

Earlier this year, the mill partnered with blockchain-based platform Retraced to digitally connect all supply chain partners and allow them to exchange data. Through the partnership, the platform digitizes and tracks

cotton shipments directly from farms in the Rahim Yar Khan of Pakistan, which in turn compensates individual farmers for better cotton cultivation and picking practices.

Though MCI began with a sample size of 500 farmers, it has skyrocketedto 2,000 farmers registered with the program. Ahmed noted that the program has the potential to help even more individuals at the heart of the supply chain.

"Our main objective for the farmer is to protect their premiums," he said. "That's why we reached out to OCA—to help us ensure that we have a system where the farmer gets his share of the proceeds. We are quite transparent when it comes to that aspect."

Source: sourcingjournal.com– July 12, 2021

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ILO campaign spreads COVID-19 awareness among Bangladesh RMG workers

The International Labour Organisation (ILO) last month launched a behaviour change awareness campaign to identify and reduce COVID-19 risks faced by readymade garment (RMG) workers in Bangladesh in their workplaces and communities. The campaign was based on a pulse survey covering 300 garment workers to identify gaps in understanding COVID-19 risks and preventive measures.

Launched in collaboration with BRAC, an international development organisation based in the country, the campaign targets at least 5,000 households in the RMG dense areas of Gazipur and Chattogram, coveringa population of more than 20,000, with at least 60 per cent of the beneficiaries being women.

Funded by Denmark and Sweden, the campaign is a part of the ILO's Social Dialogue and Industrial Relations (SDIR) project's COVID-19 response work, jointly with the Bangladesh department of labour, the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), the Bangladesh Employers' Federation (BEF), the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) and the Workers Resource Centre (WRC), according to an ILO press release.

With the tagline 'Keep Corona away by knowing and complying', the campaign aims to inform RMG workers, their families and communities about COVID-19 symptoms to help change their behaviour for taking precautions and prevention measures against coronavirus as an urgent priority in everyday life. Special emphasis has been put on COVID-19health tips for pregnant and breastfeeding mothers.

Featuring a series of awareness-raising videos, posters, leaflets, door-to-door meetings and public service announcements, the campaign willruntill the end of October 2021. Also included are community-level engagements, distribution of hygiene kits, social media campaign, and SMS and voice messages that are being disseminated through mobile phones.

Source: fibre2fashion.com– July 13, 2021

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Pakistan: 'BoI to create $50b FDI opportunities by 2023'

"The BoI's main priority is to attract investment in various sectors from big economies of the world, including the United States and China and also to encourage overseas Pakistanis to invest in the country so that they can take advantage of these large investment opportunities," Federal Secretary BoI Fareena Mazhar told the APP in an exclusive interview.

The secretary said that investment opportunities would be created in different sectors including textile, Personal Protective Equipment (PPE), agriculture, agro-industry, automobile, logistics and sports.

She said that Chinese companies have brought $260 million of investment in the Rashakai Special Economic Zone (SEZ) within the steel sector to enhance the productivity and growth in the local industrial sector.

To achieve the agenda of bringing more Chinese investment in Pakistan, she said, the BOI has appointed eight honorary investment counselors in different potential regions of China.

"We appointed these people from business class and other related experiences. This will play an essential role to update the Chinese business fraternity about potential Joint Ventures (JVs), other investment opportunities, and the rewarding incentives offered to foreign investors in Pakistan," Fareena said.

She said that the appointment of these people are part of the government strategy to enhance Pakistani and Chinese investment for the economic growth of the country.

She said that Rashakai Special Economic Zone (SEZ) would set a new direction for modern industrialization in Pakistan and bring huge FDI in the country.
Through this milestone in the economic history of the country, the government wants to provide a conducive business environment for attracting FDI in the country, she said.

Fareena said that four SEZs, including Rashakai Nowshera, Dhaba, Bostan, and Allama Iqbal Industrial City, Faisalabad had also been approved and would be the top priority of the government to develop these zones.

The secretary said that the development of Rashakai SEZ had a huge strategic implication because it is closer to resource-rich Central Asian Republics (CARs) and also plays a role in the economic integration of the region.

All of these SEZs would have a far-reaching socio-economic impact in the region by attracting more investment, spurring industrialization, creating employment in the industry, and ensuring export led-growth, she said.

She said that the completion of Rashakai SEZ would promote ease of doing business in the country and would facilitate the local and foreign investors.

Fareena said that Pakistan's proximity with China would allow these SEZs to foster economic interdependence for mutual economic advantage.

She said the BOI promoted the establishment of all these SEZs with the goal of capitalizing on investment inflow under CPEC, inclusive economic development in the provinces, creation of job opportunities, industrial development, and export generation in Pakistan.

Replying to another question, she said that Rashakai SEZ held a unique competitive advantage due to its proximity to the first juncture of the CPEC route, and its significant resource and manufacturing base in the region.

She said that Pakistan acquired the $3 billion FDI in the previous FY year 2020-21 and the government was committed to bringing more foreign investment in the potential sector in 2021-22. The secretary said the government had set a target to complete reforms in BOI, through Pakistan Regulatory Modernization Initiative (PRMI) in district provincial, and at the country level.

She said that according to the new policy strategy, the BOI also aspires to generate a number of new leads tracked in the board's newly introduced Investment Relation Management System (IRMS) for enhancing the FDI in the coming years.

She said the investment strategy also includes priority sectors which have been selected through a structured sector scanning process.

Source: tribune.com.pk– July 12, 2021

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Pakistan: SME sector's issues to be resolved on priority basis: Dawood

Addressing a meeting of All Pakistan Bed-sheets & Upholstery Manufacturers Association (APBUMA), he said the economy had been stabilized and now a new target for exports would be fixed after Eidul Azha during a meeting of stakeholders with Prime Minister Imran Khan. He said the government was already providing facilities to SME sector. He said that most of the raw material consume by the SME sector had been zero-rated. The remaining taxes and duties would also be withdrawn so that SME sector could fully exploit its potential and give a quantum jump to national exports, he said.

About DLTL (Duty Drawback of Local Taxes and Levies), Razak Dawood said the finance ministry had earmarked Rs 20 billion, out of which Rs 8 billion had already been disbursed among the exporters. He underlined the importance of cotton which was raw material for entire textile chain and said we have to take proactive measures to enhance cotton production. He mentioned different options to increase cotton yield but added that well-considered policies should be framed to avoid any backlash from any sector.

He said that most of duties on raw material had already been withdrawn while steps were underway to withdraw any remaining duties or taxes to ensure adequate supply of polyester in the domestic market.

The Advisor urged the APBUMA members to explore new markets for exports and said that they should come up with tangible proposals during their meeting with prime minister immediately after Eid. He was also appreciative of the role of APBUMA in organizing SME sector and said that no doubt it was one of the biggest elected trade bodies of SME sector which was contributing in a big way in national exports.

Earlier, APBUMA Vice Chairman Engineer Bilal Jameel appreciated the government efforts in facilitating export sector and said that the role of SME sector could not be ignored.

He said that major issue confronted by SME sector was high rate of GST which was eroding the liquidity. He said the government should consider "no tax no return policy" so that SME could work in a hassle free environment without any problem of liquidity crunch.

Later, addressing a function of Pakistan Textile Exporters Association (PTEA), Abdul Razak Dawood stressed the need for long term policy forthe substantial growth of the economy and exports.

He said that exporters must be acknowledged for their contribution in stabilizing national economy but he was surprised that number of exporters had declined whereas exports were growing substantially. He said that there were three main factors for setting up new industry including acquiring land and getting connection of electricity and gas.

He said that Pakistan had great potential for the export of salt and marble. He said that Salt Association had also been created and his ministry was making strenuous efforts for resolving their issues. Similarly, the problems of marble and mining sectors would also be resolved on top priority basis.

NA Standing Committee for Finance and Economic Affairs Chairman Faizullah Kamoka also addressed the meeting and acknowledged the contribution of exports.

He said the government had resolved their problem of imminent nature in recent finance bill and we are working to resolve the remaining issues on priority basis. PTEA Chairman Muhammad Ahmad also spoke on the occasion.

Source: brecorder.com– July 12, 2021

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NATIONAL NEWS

Piyush Goyal likely to review textile PLI scheme; sector players spell challenges

Piyush Goyal, the newly appointed textile minister, will soon review a proposed Rs 10,680 crore production linked incentive (PLI) scheme forthe sector, according to reports.

In an interview with CNBC-TV18, Kulin Lalbhai, director of Arvind Fashions and Manoj Kumar Patodia, chairman of Cotton Textiles Export Promotion Council (TEXPROCIL) explained this and also gave an overall outlook for the sector.

“The logic behind the PLI is that India needs to diversify its export basketof products and the world has pivoted to manmade materials and technical textile is also growing and these are two sectors where India has not still achieved scale,” said Lalbhai.

The scheme is still under development. So the exact details of how much investment, how much growth, how many incentives are stillbeingtweaked.

"We do expect the final structure of the scheme to come out over the next few weeks or months,” Lalbhai weighed in.

There are other investment challenges because of the relatively smallersize of the sector.

“We have a lot of fragmented industries. So it’s important that this scheme should take that into account,” said Patodia.

“There is a good possibility to increase the investments in the cotton sector especially in knitted fabric and technical textile in cotton and in man-made fibre (MMF), which can give a big flip to the scheme. Therefore, we (the industry) want the cotton to be included in the PLI,” he added.

Click here to watch the video.

Source: cnbctv18.com– July 12, 2021

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Notify duty remission rates, Texprocil urges new minister

Textile industry also asks Goyal to scrap the custom duty on cotton

The Cotton Textile Export Promotion Council has urged the newly-appointed Union Cabinet Minister of Textiles Piyush Goyal to notify RoDTEP (Remission of Duties and Taxes on Export Products) rates at the earliest and maintain the RoSCTL (Rebate of State and Central Levies and Taxes (RoSCTL) to keep the growth momentum in exports.

In the first interaction with the Union Minister and Darshana Jardosh, Minister of State for Textiles, the industry said the cotton textile sector is one of the few sectors that had achieved a positive growth last fiscal despite the pandemic situation.

Manoj Patodia, Chairman, Texprocil, said cotton textile (including raw cotton) exports increased nine per cent to $11 billion last fiscal against $10 billion in the same period last year.

The textile industry also urged the minister to scrap the custom duty on cotton as some of the variety such as branded extra long staple cotton and contamination-free cotton are not produced in India and needs to be imported to meet the growing demand. It is important to make available cotton at international prices to promote value added exports, said Patodia.
Pact with UK

On the Indo-UK free trade agreement, Texprocil urged the Minister to include the textiles and clothing sector upfront in the “pre-negotiation scoping phase” or any envisaged “early harvest” programme to overcome the disadvantage faced by the Indian exporters due to duty concessions already granted by UK to competing nations such as Bangladesh , Pakistan, Vietnam, Turkey and Sri Lanka.

Patodia also requested to expedite the Indo-European Union free trade agreement to help Indian exporters overcome the disadvantage of tariff preferences given to competing countries and create a level playing field.

Source: thehindubusinessline.com– July 12, 2021

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Centre hopeful of beginning FTA talks with EU in coming weeks

Talks on India's much anticipated trade pact with Europe is set to begin in the coming weeks after a hiatus of more than five years.

Officials say tentative dates for the first few sessions have been set before the month end.

They state that introductory talks on the Broad-based Trade and Investment Agreement (BTIA) will be predicated on initial recommendations from industry groups. The Trade Policy Council of India has said the deal will be beneficial to the country.

Earlier in May, India, and the European Union (EU) announced the resumption of FTA (free trade agreement) talks, eight years after they were suspended.

They agreed to launch negotiations for two key pacts on investment protection and geographical indications.

Old fissures

However, the first few rounds of talks may again see old fissures on investment protection reappear to slow down proceedings, sources admit.

In early 2020, before the global COVID-19 pandemic changed priorities, India had reached out to the EU to restart the stalled BTIA talks, signalling its willingness to slash tariffs on wines and automobiles.

New Delhi had been keen on signing the pact after it decided not to join the proposed Regional Comprehensive Economic Partnership (RCEP) in November, 2019.

But EU trade policymakers had rebuffed the offer arguing that the pact could not be discussed until India agreed to equal level discussions on investment protection, a key concern for European companies in India. "The EU has demanded India sign an investment pact first before trade talks continue, a position it continues to maintain," a New Delhi based diplomat of an European nation said.

Back and forth

After being proposed in 2007, the BTIA saw 16 formal rounds of talks till 2013. But they hit a wall after India decided to terminate the existing bilateral investment treaties (BITs) with 23 European countries in 2016.

The EU had criticized the move while asking India to keep individual agreements in force until a new pact was signed.

However, the government has maintained that all future investment pacts will be negotiated under the framework of the model BIT issued by the government in 2015. This was meant to form the basis for individual deal agreements to be negotiated with other nations.

Among EU nations, the Netherlands has historically been the fourth biggest source of foreign direct investments (FDI) in India, pegged at $36.6 billion since 2000. Germany ($12.8 billion) and Cyprus ($ 11.1 billion) also figure in the list of top 10 FDI nations, apart from the now Brexited United Kingdom.

"There was a major push to restart the talks back in October 2017 during the 14th India-EU Summit in New Delhi. An offer by India to identify areas for tariff reduction was made then as well but no commitment on investment protection was made," he added.

Back then, European Commission President Jean-Claude Juncker, after meeting Prime Minister Narendra Modi, had said that any discussion on trade would only be held once the terms of engagement had changed.

Eyeing more trade

India's main focus in the talks with the EU is to secure more market access for its exports, as the continent is the second-largest destination for Indian exports (14 percent of the total) after the US.

The EU is India's third largest trading partner, accounting for 11.1 percent of total Indian trade, after China (12 percent) and the US (11.7 percent).

India, meanwhile, is the EU's tenth largest trading partner, accounting for 1.8 percent of the Union's total trade in goods in 2020, well behind China (16.1 percent), US (15.2 percent), and the UK (12.2 percent).

After maintaining a trade surplus over the bloc for long, exports to Europe have fallen below imports for the first time over the past few years.

EU surge

Since 2018-19, goods from the continent have surged, competing strongly with their American counterparts.

Before the pandemic disrupted normal trade flows, exports stood at $44.9 billion in 2019-20 while imports were $45.04. However, last year exports were pegged at $41.3 billion while imports clocked $38.95 billion.

On tariff reduction, New Delhi remains hopeful that its concessions, especially on alcohol, may sway the bloc.

In October, 2019, Donald Trump-led United States had imposed 25 percent duties on European whiskies and wines from France, Britain and Spain, among other nations.

After constant talks of doubling tariffs further and adding more alcohol items to the list, both sides finally reached an understanding and suspended the added tariffs for the next five years in April, 2021.

"One never knows when the issue will rise again and European winemakers remain under pressure. Meanwhile, demand for European wine, whiskey and liquor is growing fast in India," a senior official said.

Source: moneycontrol.com– July 12, 2021

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Cotton ending stocks may be lower than estimates as offtake rises

Exports will exceed 70 lakh bales; sowing expected to be higher than last year, say experts

India's cotton ending stocks could be lower than 75 lakh bales (170 kg each) in the current season to September as domestic demand has picked up. But some estimates are pegging them higher than 100 lakh bales against a record 120-plus lakh bales last season.

"Cotton closing stocks could be 70-80 lakh bales but they will not definitely be as high as last year," said Cotton Corporation of India (CCI) Chairman-cum-Managing director Pradeep Kumar Agarwal.

"Cotton consumption seems to be increasing. However, we go by the figures put out by the Committee on Cotton Production and Consumption (CCPC) in the last meeting," he said.

CCI's carryover

CCI, which had nearly 207 lakh bales of cotton stocks, could be left with 18 lakh bales by the end of the season, the CMD said, adding that most of the sales were meant for domestic consumption.

Some trade experts expect mills' consumption to top 300 lakh bales, though Southern India Mills Association (SIMA) Secretary-General K Selvaraju said the shutdown due to Covid pandemic could lower the offtake below CCPC projections.

In its January 25 meeting, the CCPC estimated domestic consumption at 330 lakh bales, with mills' offtake at 286 lakh bales. "Spinning mills' consumption could be lower than 270 lakh bales as the shutdown has affected operations," the SIMA official said.

The Cotton Association of India (CAI), the apex body of cotton traders, pegged domestic consumption at 325 lakh bales at its meeting last month, with mills' demand pegged at 282 lakh bales.

Lower arrivals

"I see domestic consumption at 360 lakh bales, though, initially, we thought it could be 350 lakh bales due to Coronavirus. We are not seeing any rise in arrivals of stocks. Where have these stocks gone if they have not been exported? The only conclusion is that consumption has increased," said Rajkot-based Anand Poppat, a raw cotton, yarn and cotton waste trader.

It would be reasonable to project domestic consumption at 355 lakh bales, he said, adding that he expects the ending stocks to be around 58 lakh bales. The CCPC had projected ending stocks at 97.95 lakh bales, while the CAI pegged it at 94 lakh bales.

The projections are based on their production estimates for the current season. The CCPC pegged the output this season at 371 lakh bales, and the CAI at 356 lakh bales. Poppat estimates cotton production at 360 lakh bales. (See table for last season's comparative figures)

Cotton balance-sheet

	2019-20	2020-21
Opening stocks	56.52	120.95
Production	365.00	371.00
Total consumption	**269.03**	**330.00**
Exports	47.04	75.00
Imports	15.50	11.00
Closing stocks	**120.95**	**97.95**

Figures in lakh bales for October-September season
Source: Cotton Corporation of India (based on CCPC meeting January 25, 2021)

Export demand

The other reason for lower ending stocks this season is export demand. "Currently, 67 lakh bales of cotton have been exported. I expect exports to be higher than 72 lakh bales," said Rajkot-based Poppat.

CCI head Agarwal said cotton exports would exceed 70 lakh bales and the current shipments were competitive globally.

"Our best quality cotton is currently quoting at ₹53,000 a candy (356 kg). But we are also providing fair average quality cotton to Bangladesh at ₹46,000-49,000," said Poppat.

“In the last few months, Indian cotton has bridged the gap with the prices of global cotton. Earlier, due to Coronavirus, our cotton was priced lower,” said Agarwal.

Poppat said Indian cotton, mainly Shankar-6 — the benchmark for exports, is quoted at US cents 90-97 a pound (₹53,000-57,200 a candy) cost and freight, compared with 88.07 cents (₹51,900) at the Intercontinental Exchange (ICE), New York, which is free-on-board rate.

Bangladesh is the biggest buyer of Indian cotton with Vietnam and China being the other major buyers, Agarwal and Poppat said.
Both, however, do not expect much of an impact from the reports of lower sowing till July 9. They expect the planting to pick up momentum soon.

Source: thehindubusinessline.com– July 12, 2021

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Indian textile minister Goyal reviews sectoral policies

After taking over charge of the Indian ministry of textiles, minister Piyush Goyal recently visited the office of the textile commissioner in Mumbai to review the sector's schemes and their progress and suggested measures to speed up implementation. He also recommended simplification of formats for submission of statutory returns from industry.

He reviewed various schemes and activities of the office of the textile commissioner, the textiles committee, the Cotton Corporation of India Ltd, various export promotion councils and textile research organisations.

The minister said applications received under subsidy-oriented schemes should be processed in a transparent manner using automation, keeping in view the broad objective of each scheme and necessary mechanism should be devised so that personal contact of industry and department can be eliminated.

For accelerating the progress of the Technology Upgradation Fund Scheme (TUFS), he suggested that major issues should be outlined and deliberations with stakeholders may be arranged to resolve the issues permanently.

He suggested the Cotton Corporation of India to work out possibilities for providing kapas plucking machines to cotton farmers through start-ups and develop special models for supporting small players. He emphasised the need to eliminate child labour in the textile sector, according to an official release.

Source: fibre2fashion.com– July 12, 2021

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Industrial production rises 29.3% in May on low-base effect, manufacturing sector performance

Industrial production surged 29.3 per cent in May, mainly due to low-base effect and good performance by manufacturing, mining and power sectors, but remained below the pre-pandemic level.

The manufacturing sector — which constitutes 77.63 per cent of the Index of Industrial Production (IIP) — grew 34.5 per cent in May this year, as per the data released by the National Statistical Office (NSO) on Monday.

The mining sector output rose 23.3 per cent in May while power generation increased 7.5 per cent during the same month.

In May 2021, the IIP stood at 116.6 points compared to 90.2 point in the same month last year. The index was at 135.4 points in May 2019 as per the NSO data. The data showed that industrial production recovered but was still below the pre-pandemic level in May 2019.

The IIP had contracted 33.4 per cent in May 2020.

"The IIP for May at 29.3 per cent... suggests the supply chains have adopted over the last year to dampen the impact of second wave. This points to a robust Q1 considering the high frequency parameters for June are also positive," Shravan Shetty, MD Primus Partners, said.

Industrial production had plunged 18.7 per cent in March last year following the COVID-19 outbreak and remained in the negative zone till August 2020.

With the resumption of economic activities, factory output rose 1 per cent in September. The IIP had grown by 4.5 per cent in October.

In November 2020, the factory output fell 1.6 per cent and then entered the positive territory by growing 2.2 per cent in December 2020.

The IIP had recorded a contraction of 0.6 per cent in January and 3.2 per cent in February this year. In March, it grew 24.1 per cent. For the month of April, the NSO held back the release of complete IIP data.

The second wave of the pandemic started in the middle of April this year and many states imposed restrictions to curb the spread of coronavirus infections.

"The growth rates over corresponding period of previous year are to be interpreted considering the unusual circumstances on account of COVID-19 pandemic since March 2020," NSO said in a statement.

The government had imposed a nationwide lockdown to contain the spread of coronavirus infections on March 25, 2020.

With the gradual relaxation of restrictions, there has been a relative improvement in economic activities as well as in data reporting, the Ministry of Statistics and Programme Implementation had said in a statement in November.

Earlier, the ministry had also given a disclaimer that it may not be appropriate to compare the IIP in the post-pandemic months with the data for the months preceding the COVID-19 outbreak.

The manufacturing sector had recorded a contraction of 37.8 per cent in May 2020. Mining sector output fell 20.4 per cent in the same month last year. The electricity generation had declined 14.9 per cent in May 2020.

The output of capital goods, which is a barometer of investment, grew 85.3 per cent in May 2021 as against a contraction of 65.9 per cent in the year-ago period.

Consumer durables manufacturing increased 98.2 cent in the month under review compared to a 70.3 cent decline in May 2020.

Consumer non-durable goods production grew 0.8 per cent in May this year where it was a contraction of 9.7 cent in the year-ago period.

Source: financialexpress.com– July 12, 2021

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Garments manufacturers body gears up to start online platform for apparel business

Aimed at providing an alternative to major online shopping verticals, South Indian Garments Manufacturers Association (Sigma) is readying itself to launch an online platform in the textile sector. The online home delivery portal – Sigma E-market place – is to be introduced in the next six months by bringing together manufacturers and retailers in the apparel business as part of its efforts to provide services directly to the customers.

The idea is to emerge as an alternative platform with other online shopping players such as Amazon, Flipkart, and Ajio by offering a website and mobile application, said Abbas Addhara, general secretary, Sigma. “It was the bustling online sales especially in the textile sector have forced us to think of an alternative especially in the wake of recent drop in the retail sales.“We are ready to launch the service within six months and the Beta version will be made available in the next three months”, he said.

Kerala’s textile inc in distress

He pointed out that the textile sector in Kerala is passing through a period of distress during the last three years. The crisis being faced by the clothing merchants has not started with the outbreak of Corona. The two floods in the State as well as the outbreak of Nipah virus had virtually dampened the prospects of the sector, he said.

The Covid pandemic situation, he said, has made a dent on the textile sector with an estimated loss of around ₹1,000 crore in the retail sector following the closing down of showrooms. Efforts are on to reach the access of the new app to more than three lakh customers through a system right from clothing manufacturers to wholesalers and retailers, he said adding that Sigma has decided to launch the app after a study carried out in the online clothing business two years back.

He also urged both retailers and wholesalers in the textile sector to register with the online market place which would help them to find more business opportunities for their products.

Source: thehindubusinessline.com– July 12, 2021

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Retail inflation remains high at 6.26%, IIP soars on account of base effect

Retail inflation remained above the RBI's comfort level for the second consecutive month despite slipping slightly to 6.26 per cent in June while the factory output recorded a growth of 29.3 per cent in May, mainly on account of the base effect, the government data showed.

The marginal slippage in the Consumer Price Index (CPI)-based inflation was noticed despite little firmness witnessed in the food inflation which inched up to 5.15 per cent in June from 5.01 per cent a month ago.

Retail inflation based on Consumer Price Index (CPI) was 6.3 per cent in May 2021 and 6.23 per cent in June 2020.

As regards the factory output, the Index of Industrial Production rose sharply by 29.3 per cent in May against a decline of 33.4 per cent in the corresponding month of 2020.

As per the data released by the National Statistical Office (NSO) on June CPI, the inflation on annual basis in the 'oils and fats' segment was 34.78 per cent in June. While the rate of price rise in fruits basket was 11.82 per cent, it contracted in vegetables (-0.7 per cent).

The inflation in 'fuel and light' segment was 12.68 per cent.

The RBI has been mandated by the government to keep retail inflation at 4 per cent with a margin of 2 per cent on the either side. The central bank mainly factors in the CPI inflation while arriving at its bi-monetary policy.

The NSO data revealed that industrial production surged by 29.3 per cent in May, mainly due to low-base effect and good performance by manufacturing, mining and power sectors, but remained below the pre-pandemic level.

The manufacturing sector — which constitutes 77.63 per cent of the Index of Industrial Production (IIP) — grew 34.5 per cent in May this year, as per the data released by the National Statistical Office (NSO) on Monday.

The mining sector output rose 23.3 per cent in May while power generation increased 7.5 per cent during the same month.

In May 2021, the IIP stood at 116.6 points compared to 90.2 point in the same month last year. The index was at 135.4 points in May 2019 as per the NSO data. The data showed that industrial production recovered but was still below the pre-pandemic level in May 2019.

Industrial production had plunged 18.7 per cent in March last year following the COVID-19 outbreak and remained in the negative zone till August 2020.

Commenting on the CPI data, Suresh Nagpal, Chairman of Central Organisation for Oil Industry and Trade (COOIT), an apex association of edible oil, said internationally, the prices of edible oil started correcting in the second fortnight of June.

"The Government of India has also reduced duty and has lifted restriction on imports of certain edible oils for the next few months. As a result, the prices of edible oils have softened in both wholesale and retail market since mid of June. We expect prices to remain at the current level over the next few months," he said.

Upasna Bhardwaj, Senior Economist at Kotak Mahindra Bank, said the softer-than-expected CPI inflation comes as a relief after a shockingly high May reading.

While the headline inflation still remains elevated and risks remain, the high frequency mandi data shows further moderation in food prices in July signalling towards a return of sub-6 per cent readings going ahead, she said.

"We continue to expect the MPC to retain its current policy guidance in the August policy in favour of growth. However, towards the end of the year gradual policy normalization will be underway," she added.

On factory output, Aditi Nayar, Chief Economist, ICRA Limited said as the widening state-wise restrictions caused the sequential momentum to falter, the pace of year-on-year IIP growth expectedly flattened to 29 per cent in May 2021.

"The sequential dip in activity was broad-based across the use based categories, as well as two of the three sectors, namely manufacturing and electricity. Only mining escaped the impact of the localised restrictions brought on by the second wave of Covid-19, with a mild month-on-month uptick of 0.6 per cent in May 2021," she said.

Shravan Shetty, MD Primus Partners said: "The IIP for May at 29.3 per cent... suggests the supply chains have adopted over the last year to dampen the impact of second wave. This points to a robust Q1 considering the high-frequency parameters for June are also positive".

The output of capital goods, which is a barometer of investment, grew 85.3 per cent in May 2021 as against a contraction of 65.9 per cent in the year-ago period.

Consumer durables manufacturing increased 98.2 cent in the month under review compared to a 70.3 cent decline in May 2020.

Consumer non-durable goods production grew 0.8 per cent in May this year where it was a contraction of 9.7 cent in the year-ago period.

The second wave of the pandemic started by the middle of April this year and many states imposed restrictions to curb the spread of coronavirus infections.

"The growth rates over corresponding period of previous year are to be interpreted considering the unusual circumstances on account of COVID-19 pandemic since March 2020," NSO said in a statement.

Source: financialexpress.com – July 12, 2021

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Recovery in textiles to take 'mid-term time frame': Raymond

Terming the pandemic-impacted April-June 2020 quarter as "the darkest hour of the fiscal", the country's leading player in suiting and shirting

Raymond said a recovery in the segment would take a "mid-term time frame" when life is back to normalcy, primarily driven by occasion- and celebration-led dressing along with ongoing vaccination. Demand for clothing, which is a non-essential item, with discretionary spending has been impacted, said Raymonds in its latest annual report while talking about branded textiles, its flagship business.

It expects "modest growth" in the fabric business with increasing competition from ready-made garments, besides low traction for the near term in the exports market due to the pandemic.

In 2020-21, sales of branded textiles had declined nearly 46 per cent to Rs 1,572 crore, as against Rs 2,917 crore of 2019-20.

While discussing the outlook for the segment, Raymond said: "With vaccination gaining momentum, there is an uptick in consumer sentiments leading to pent-up demand, increased footfalls and higher conversion rate."

"Key sales drivers like impending wedding season, festivities and markets reopening fully are expected to amplify demand," it added.

While talking about its branded apparel business, which has four differentiated brands - Raymond Ready to Wear (RRTW), Park Avenue, ColorPlus and Parx - had witnessed a 71.8 per cent decline in sales to Rs 457 crore in 2020-21 as against Rs 1,619 crore a year ago.

"The second wave of the pandemic further dampened consumer sentiments and discretionary spends that are likely to dominate the consumption landscape," it said.

Raymond said it is facing challenges such as low consumer sentiments, heavy discounting by players to clear old inventory including on e-commerce marketplaces, and extended end of season sale (EoSS). Alluring price cuts are also mounting pressure on margins, it added.

Besides, retail operations of the company, which operates in several formats including The Raymond Shop, exclusive brand outlets for its in-house brands, was also "majorly impacted" due to the lockdowns in H1 FY2020-21, it added.

The company added that consumer demand picked up in the second half with Unlock-1, festivities, EoSS and wedding season, it added.

"The unprecedented market disruptions and continuously prevailing uncertainties have impacted the consumer sentiments, leading to limited visibility for the short to mid term," said Raymond while discussing the outlook of the retail segment.

The retail segment has challenges as the pandemic altered the trend of witnessing the substantial footfalls in malls mainly impacting enterprise business objects (EBOs) for short to mid term.

Besides, it is also facing round-the-year sales promotions and deep discounting by e-commerce marketplaces.

Moreover, during the pandemic going with a shift in consumer behaviour towards online, Raymond enhanced its digital capabilities.

"As we enhanced and strengthened our digital capabilities to enable seamless customer journeys across platforms, the challenging year triggered us to present an increased number of technology interfaces for consumer convenience and safety for shopping both virtually and physically," it said.

Addressing shareholders, Raymond Chairman and Managing Director Gautam Hari Singhania said COVID-19 demarcated consumer products into essential and non-essential categories, which took over spending trends in the near term.

"The first quarter was the darkest hour of the fiscal when neither businesses had an idea how to deal with the pandemic nor they were aware of the severity of the impact.

"Given the lack of short-term visibility, it was time to introspect and undertake immediate measures to stay on course," he said.

The first two quarters of the fiscal were committed to ensuring that these metrics are prioritised and at Raymond, "we committed ourselves to achieve the same", Singhania added.

"We took some tough decisions during the year that reaped results for us, as we pared debt in FY 2020-21 demonstrating our resilience, especially during the pandemic.

"Having witnessed the second wave of COVID-19 causing more devastation and its reluctance to go away soon, the key for the economy to come back on track is through the accelerated pace of vaccination," he said.

The company also operates in tools and hardware and auto components segments. They, according to Singhania, were the "dark horses" and "defied all odds posed by the pandemic". The segments delivered high growth rates both in terms of revenue and Ebitda margins. Its realty business has emerged as the "new core" of the company, he added.

Ebitda stands for earnings before interest, tax, depreciation and amortisation.

Raymond's consolidated revenue stood at Rs 3,648 crore for the financial year ended March 31, 2021. It had a revenue of Rs 6,578 crore in 2019-20.

Source: economictimes.com – July 12, 2021

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Textile industry looking to get back on the track

As the second wave of Covid-19 is phasing out, the textile sector here is looking up for a revival. Once known as the Manchester of India, the city still houses a number of textile factories and processing units.

A large number of units here are engaged in manufacturing suiting and shirting, women apparel, shawls, blankets and woolens.

The printing and dress material manufacturers are upbeat about the sale of their stuff. Due to travel restrictions in the wake of second wave, the local retailers could not travel to Ludhiana and other districts to procure material and depended upon the city-based manufacturers for their needs.

Akhil Jain, Executive Director, Madame, which has local presence, said: "The textile industry is considered to be the second largest after agriculture as far as economic growth and employment creation is considered."

"The textile sector faced the heat of pandemic in terms of transportation and availability of labour. We are aware of the repercussions that the pandemic can have on the skilled workforce. The volumes may decrease but the demand will not stop," said Jain. He anticipated that people would get back to shopping as things normalise.

"The new normal is ushering in some positive signs of recovery for the industry. Financially strong companies may be able to cover the gap but the smaller ones are anticipated to put up a strong fight for their survival," Jain observed.

Piara Lal Seth, president of the Shawl Club of India, said agents of local shawl manufacturing units have gone out to book orders and upon their return they would come to know the level of success.

He, however, rued that people from Kashmir, long-trusted salesmen for the Amritsar manufactured shawls, did not visit the city this year due to travel restrictions.

"Last year too, they could not sell the shawls due to Covid-19 restrictions," said Piara Lal, adding that he was expecting a restriction-free season ahead.

Krishan Sharma, a warp knit fabric manufacturer, said: “With the hope of revival, we have brought artisans and labourers from other states, and factories have resumed work from the last month.” “However, with the power supply to large scale units being disconnected for the last several days, all our plans have gone haywire,” Sharma added.

Source: tribuneindia.com – July 12, 2021

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ITF's 5 points to boost Indian textile sector's growth in Tamil Nadu

The Indian Texpreneurs Federation (ITF) has suggested five points to boost the growth of the textile sector in Tamil Nadu that include enabling small and medium enterprises (SMEs) to expand, devising a special theme to brand textile and apparel from the state as the most sustainable destination for fashion sourcing and exploring the Japanese market.

An ITF delegation recently met the state's textile and industry ministers in Chennai.

The state can work out a road map to capitalise the opportunity emerging from the central government's Mega Investment Textiles Parks (MITRA) scheme by creating an integrated and plug-and-play apparel park, it suggested.

Ten to 15 small towns with good workforce availability may be picked up and infrastructure can be created for stitching facilities. This will spread the sector and help avoid overcrowding in a few clusters apart from generating employment in small towns.

Cultivating a sustainable brand for textile-apparel from the state will help the sector capture the market share in value-added products as well, it said.

The state government can facilitate a working group with 50 of apparel companies to work exclusively with the Japanese apparel market, ITF suggested.

A scheme for medium and large companies can be conceptualised to run technical institutes within the campus with university certifications. This will help the sector in attracting talent, and in the process, a skilled workforce for the sector can be developed, the federation added.

Source: fibre2fashion.com – July 12, 2021

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