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NEWS CLIPPINGS

INTERNATIONAL NEWS

USA: Textile and Apparel Imports See Monthly, Annual Jump

The Department of Commerce's Office of Textiles and Apparel reports that monthly imports of cotton, wool, manmade fiber, silk blend, and non-cotton vegetable fiber textile and apparel products totaled 7.49 billion square meter equivalents in May 2021, up 21.6 percent from April 2021 and 111.5 percent from May 2020.

Country	SME	Monthly change %	Annual change %	$ value	Monthly change %	Annual change %
China	2.86 billion	+18.2	+62.2	2.06 billion	+15.7	+49.9
India	771.6 million	+1.4	+365	898.9 million	+3.2	+464
Vietnam	545.9 million	+1.0	+137	1.28 billion	+5.8	+88.6
Pakistan	325.9 million	+22.1	+157	376.7 million	+32.1	+243
Turkey	308.2 million	+138.9	+242	253.2 million	+8.3	+141
Bangladesh	294.2 million	+24.0	+246	622.3 million	+25.9	+247
Mexico	231.4 million	+1.3	+45.7	343.4 million	+6.5	+114
Indonesia	155.3 million	-7.0	+71.5	363.6 million	-11.5	+72.7
Korea	154.6 million	-8.7	+35.7	76.0 million	-0.3	+44.6
Egypt	142.0 million	+198.3	+763	103.6 million	-14.0	+201
Cambodia	118.0 million	-18.9	+64.9	273.5 million	-11.1	+67.4
Germany	96.3 million	+35.6	+65.8	48.0 million	+1.7	+35.2
Canada	92.8 million	+10.0	+32.5	90.9 million	+10.3	+64.4
Honduras	84.9 million	+20.1	+449	228.2 million	+19.0	+725
Taiwan	74.8 million	-4.5	+30.2	52.0 million	+2.2	+36.8
Thailand	64.1 million	+8.5	+49.6	94.9 million	+12.8	+60.3
El Salvador	59.5 million	+4.0	+621	148.7 million	+2.8	+941

Textile imports totaled 5.21 billion SME, up 27.1 percent for the month and 100.9 percent from the previous year, while apparel imports of 2.28 billion SME were up 10.1 percent from April and 140.6 percent from a year before.

For more information on trade-related issues affecting textiles and apparel, please contact attorney Elise Shibles at (415) 490-1403 or via email.

Overall Imports. Total year-to-date imports were 32.4 billion SME, up 43.9 percent from the previous year, as textile imports rose 48.8 percent to 21.4 billion SME and apparel imports rose 35.3 percent to 11.0 billion SME.

For the year ending in May, imports were 77.5 billion SME, up 20.3 percent from the previous year. Textile imports rose 29.8 percent to 51.5 billion SME and apparel imports gained 5.2 percent to 26.0 billion SME.

Source Countries. OTEXA has reported the following statistics on textile and apparel imports from major source countries for May 2021.

Source: strtrade.com– July 13, 2021

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China: Stressed container marine market will impact Christmas shopping season

The transportation cost of one container from Shanghai to Rotterdam exceeded $10,000 in late-May. According to the data from Drewry World Container Index, the freight has been at $12,795 recently, up by around 600% on annual basis. It needed near $10,000 for a container from Shanghai to US, hiking by 229% within a year. The sea freight is expected to rise further in the following week.

The demand on container marine market remained high in China, and the freight of most routes held stable last week. According to the data from Shanghai Shipping Exchange, the China containerized freight index was at 3932.3 on Jul 9, up 0.7% compared with last period.

European route:

Production and life has gradually recovered in some nations in Europe with eased pandemic, while some nations including UK were hit by the Delta Variant, ending up with growing demand for pandemic prevention goods and necessities for life. Transportation demand was high. Congestion appeared in some ports with stricter pandemic prevention measures.

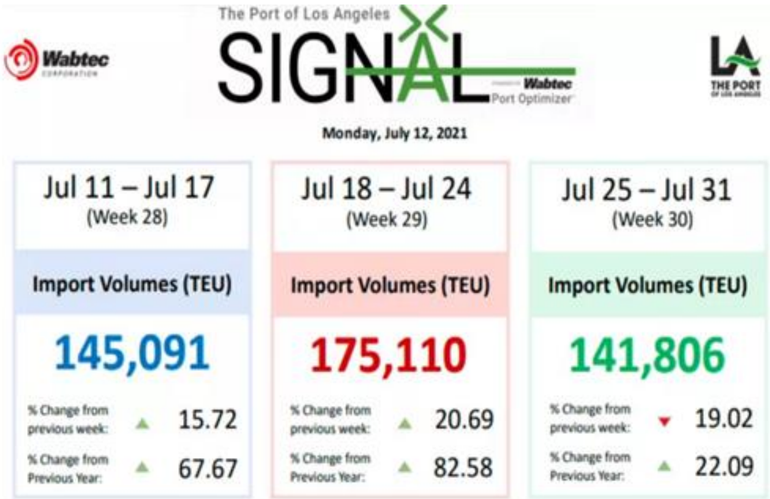
On Jul 9, the freight rate from Shanghai to basic ports in Europe was at $6,741/TEU. The average utilization rate of seats at Shanghai port was near 100%. As for the Mediterranean route, transportation demand was steady and the average utilization rate of seats at Shanghai port was above 95%. On Jul 9, the freight rate from Shanghai to basic ports in Mediterranean was at $6,746/TEU.

North America route:

The pandemic has been largely controlled since the deployment of the vaccine in US, while the daily number of infected persons started rising with the spread of Delta Variant recently. The import demand sustained high in terms of economic activities and pandemic prevention. The marine market was still bothered by stagnated containers, unsmooth transportation and the congestion at ports amid the pandemic. Such stalemate failed to see big breakthrough temporarily.The average utilization rate of seats in W/C America Service and E/C America Service was still near 100% at Shanghai port. The sea freight held largely steady last week.

Recovering demand from customers and enterprises in US was one of the reasons for soaring sea freight, and short container was another reason for tight supply on the market.

The shipping capacity of the Trans-Pacific eastbound route was especially tight. Project44 warned that the Suez Canal and Yantian International Container Terminals (YICT) have resumed operation completely, while hiking demand for goods related with Christmas Day and the coming of transportation peak season amid the pandemic will pose pressure on supply chain. Many Vessels are waiting to enter the ports of Los Angeles and Long Beach.



According to the latest data from the Port of Los Angeles, import volume is expected to hit another peak in recent 3 weeks after touching the earlier peak in May, which may tend to rise further.

The number of ships arriving at US West Coast ports delayed by more than a week from January to May 2021 reached a staggering 695, according to Sea-Intelligence ApS, a Danish shipping research agency. Only 1,535 ships were delayed for more than a week between 2012 and 2020, the agency said."

The interruption of YICT has recovered but sill impacted the ports in South China due to the long suspension. According to related report, disordered supply chain may continue for a long period this year and the influence on seasonal transportation may continue into the Christmas Day.

The delivery of many retail goods is delayed after the freight handling was affected by the COVID-19 pandemic in Yantian.

Many famous suppliers including Amazon and Walmart in retail industry warned that it will be a chaos amid tight containers. Pressure on global shipments could leave buyers empty-handed this Christmas shopping season.

Suppliers including Amazon and some importers in US are willing to pay a premium, eager to purchase cargos, as some cargos are still stagnated in Yantian. There are not enough stocks to satisfy customers' demand, which may impair the sales during Christmas. According to the latest data, the inventory of apparels in wholesalers in US declined by 16.8% on the year in May but slightly increased by 3.4% on the month.

Short containers, the congestion of ports and hiking sea freight may be hard to improve amid peak season. On the contrary, the congestion and delay may deteriorate further. The pressure on container marine market is still expected to remain severe before the Lunar Chinese New Year holiday in early-2022.

Source: ccfgroup.com– July 13, 2021

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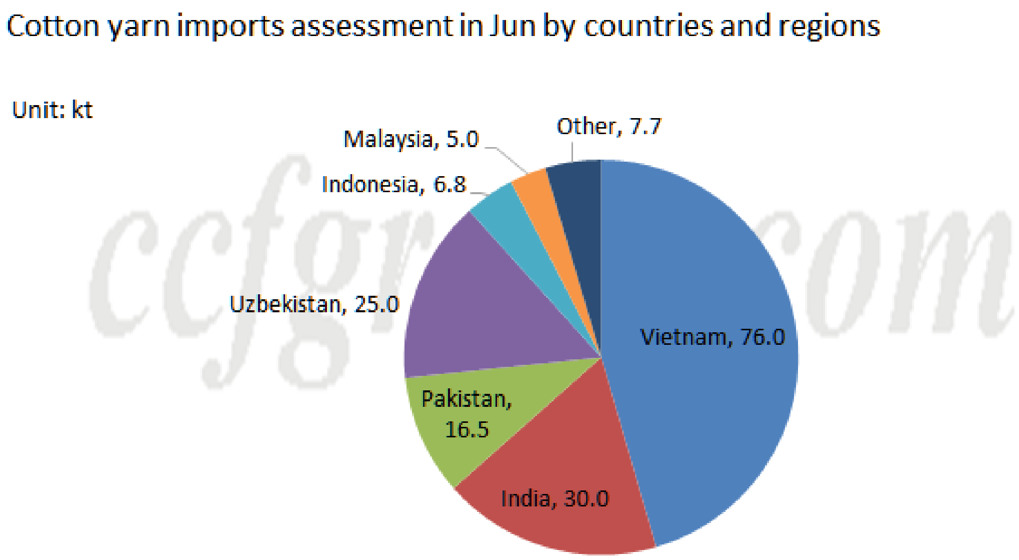
China: Jun'21 cotton yarn imports may move up 8.9 % m o m to 172kt

1. Imported cotton yarn arrivals to China assessment

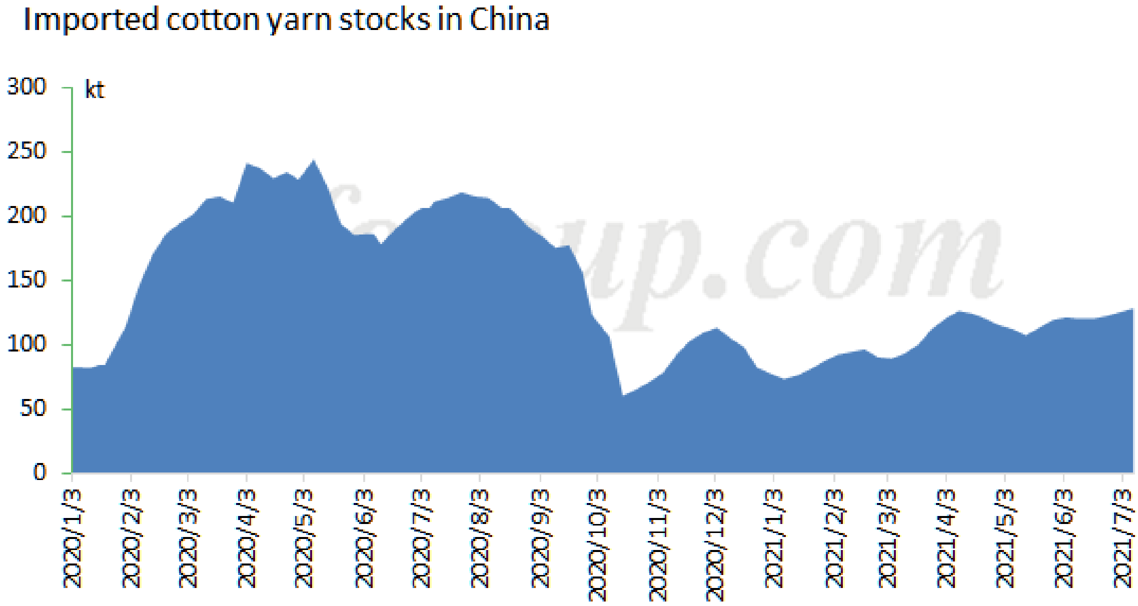
Cotton yarn imports of China in May reached 15kt, up 64.6 % on the year and down 26.9% on the month. It amounted to 918kt cumulatively in Jan Apr up 34.4 year on year. The imports in Jun is initially assessed at 172 kt, up 22.4 % on the year and 8.9 % on the month.

According to foreign shipment data in May, cotton yarn imports of China from Vietnam in Jun increased, and those from Pakistan dipped. Reported by Chinese traders, Jun arrivals will increase somewhat. Uzbekistani cotton yarn accounted for more and more proportion in China market, so it also becomes more important.

Uzbekistani cotton yarn export value in May was higher on the month, but that to China slightly dropped. It is initially estimated that cotton yarn imports of China in Jun from Vietnam is at 76kt; from Pakistan 16.5kt, from India 30kt, from Uzbekistan 25kt and from other regions is small.



2. Imported yarn stocks and supply and demand outlook in Jul

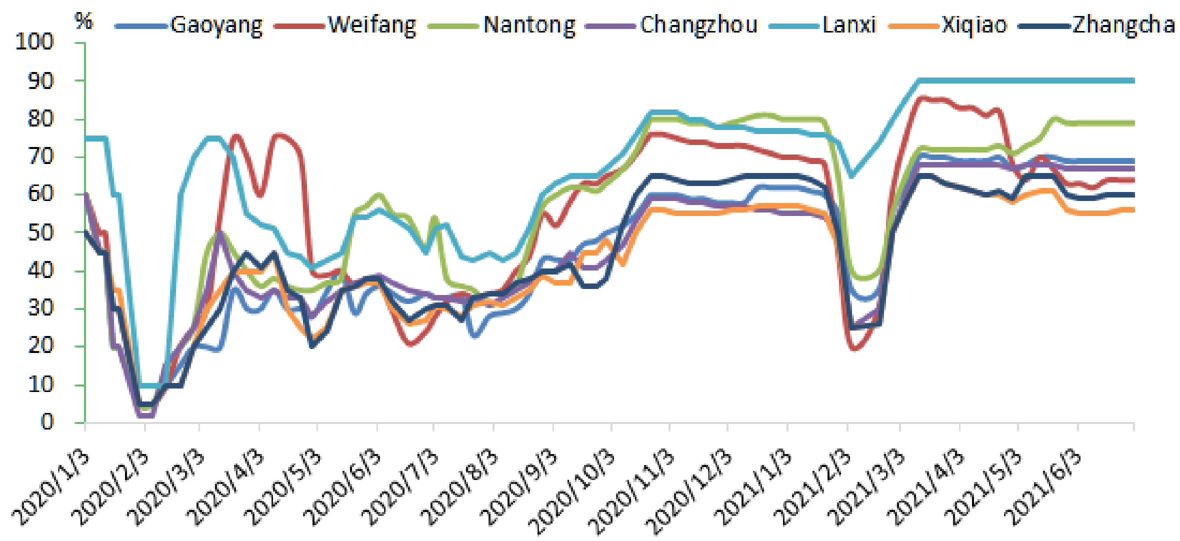


The arrivals of imported cotton yarn in May declined largely compared with that in Apr, while those in Jun are expected to increase. However, due to slack season, the sales were relatively slow. Only those in short supply were s old smoothly with price rising. Low count cotton yarn saw adequate supply and the prices mainly kept stable.

Overall stocks of imported cotton yarn in Jun increased and by end Jun, it was over 120kt. The arrivals of Jun were mostly ordered in late Aprandearly to mid-May, whose costs were lower. Among current stocks, low count open-end cotton yarn, ring-spun one and siro-spun one were relatively more while C32S, OEC21S and C20S were tight and some traders offered high and became reluctant sellers.

The inventory of weavers increased amid slack season with reduced new orders and gradually finished previous orders, but it was not high, so the operating rate changed little. Only that in North China inched down during the busy farming and in South China changed a little due to Dragon Boat Festival and eased restriction of power in Guangdong. By end Jun the operating rate in other markets did not change much.

O/R of fabric mills in major cotton yarn consumption areas in China



In terms of later market, Indian cotton yarn and Uzbekistani cotton yarn have the largest uncertainty in China s cotton yarn imports, andVietnamese cotton yarn and Pakistani one are relatively stable. During Jun, spot imported cotton yarn price kept lower than forward one for a long time. In the first half month, the ordering volume was small but in the second half month, it increased gradually as well as the price inquiries.

The ordering volume of forward Indian cotton yarn experienced a wave of rise when the price moved downward. Vietnamese cotton yarn, Pakistani cotton yarn and Uzbekistani one were orders successively in Jun, addingthe procurement of downstream weavers and return of those invested outside China, so Jul arrivals are expected to stay at medium level.

Source: ccfgroup.com– July 14, 2021

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Egypt and the advancement of the African economy

Egypt is enhancing cooperation with its brothers in Africa in all fields, especially economic and development, confirming its keenness to complete its active role in its regional environment. This also aims to achieve African integration, revitalise trade between the countries of the continent, and integrate it into the global trade system.

Egypt seeks to become the lever to the African economy, working on two levels, the first being the localisation and development of basic industries, and the second being finding markets for marketing.

Therefore, it is currently seeking for its exports to reach the African market, through the application of a package of logistical facilities and shipping procedures. This is particularly in relation to the promising opportunities that the African market enjoys.

President Abdel Fattah Al-Sisi has always called for achieving economic integration with the countries of the African continent. This includes: exchanging experiences and benefiting from the Egyptian experience in the fields of infrastructure such as roads and energy; as well as benefiting in return from the available resources and investment opportunities in African countries.

This is in addition to focusing on enhancing the role of women in the trade as well as payment settlement mechanisms.

Egypt is highly advanced in the sectors of renewable energy, manufacturing, textiles, and tourism, and this is reflected in the number of projects undertaken by Egyptian companies in many African countries.

Africa is also rich in its natural resources, especially minerals such as gold, iron, and chromium, and it has the second-largest reserves of platinum in the world. However, much of this wealth is still untapped, and there are promising investment opportunities in the sectors of agriculture, tourism, and education.

The time has come for African countries to shift from a source of supply of raw materials to manufacturing them locally, to increase their added value. Egyptian businessmen must expand their investments in Africa and open new areas there to learn about the available investment opportunities.

This comes within the framework of the African Continental Free Trade Area (AfCFTA) agreement, to enhance trade among the countries of the continent and increase production capacities.

This is a great opportunity, and every country must exploit it rather than impose obstacles that prevent the full implementation of the agreement.

In fact, investors and entrepreneurs should look to the huge opportunities that the huge African market, which has a population of more than one billion people has tremendous growth, rather than narrow interests at the local level.

Source: dailynewsegypt.com– July 13, 2021

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Growth in China's garment sector stabilizes from January-May 2021

Growth in the China's garment sector stabilized in the first five months of 2021 as income, profits and production grew, reports MenaFN.

As per the Ministry of Industry and Information Technology (MIIT), from January to May, the combined operating income of 12,451 main enterprises in the sector grew by 13.20 per cent to 525.1 billion yuan.

The total proceeds of these enterprises grew by 27.87 per cent to 23.5 billion yuan in the period, while the production of the companies increased 20.89 percent over one year earlier to 9.075 billion pieces.

China's online retail sales of clothing goods increased 28.2 percent year on year in the first five months, while the country's garment and accessories exports increased by 48.3 percent year on year to $56.6 billion.

Source: fashionatingworld.com– July 13, 2021

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UK retail sales rise in June: BRC

UK retail sales rose in June this year by 13.1 per cent year on two years (Yo2Y) against a decline of 1.3 per cent in June 2019 year on year (YoY). This is above the three-month average growth of 10.4 per cent (Yo2Y), according to the British Retail Consortium (BRC). The sales increasedby17 per cent on a like-for-like (LFL) basis from June 2019, when it had fell by 1.6 per cent from the preceding year.

Online sales play a far greater role in LFL, so has increased the growth rate significantly.

Over the three months to June, in-store sales of non-food itemsdeclined0.1 per cent on a total and increased 47 per cent on a LFL basis.

This is worse than the 2019 total average decline of 3.1 per cent. However, for June, the total in-store sales and the like-for-like sales (excluding temporarily closed stores) saw strong growth, a BRC press release said.

Over the three-months to June, non-food retail sales increased by 12.4 per cent on a total basis and 45.2 per cent on an LFL basis. This is above the 2019 total average decline of 1.3 per cent.

Online non-food sales increased by 31.3 per cent in June against a growth of 1.5 per cent in June 2019. This is below the 3-month average of 40.3 per cent.

Non-food online penetration rate decreased from 49.7 per cent in June 2020 to 39.3 per cent this June.

Source: fibre2fashion.com– July 13, 2021

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Cotton yarn import by China is dominantly increasing!

China's cotton yarn import is increasing in 2021. According to GACC data, the country imported 168,700 tonnes of cotton yarn in May '21 – noting a year-on-year (Y-o-Y) increase of 66.24 per cent. Cumulatively, from January to May 2021, the import of cotton yarn was 975,200 tonnes that's a Y-o-Y increase of 35.82 per cent. The increase in cotton yarn import can be attributed to reviving production and sales of cotton textiles and garments in China.

However, as per cotton yarn traders in customs clearance zones in Guangdong, Jiangsu and Zhejiang markets, the quotations of cotton yarn sourced from India, Pakistan and Vietnam are in line with prices of domestic cotton yarns of the same count and quality.

Upside down prices of per tonne yarns are making the scenario even complicated. The quotations of light textile market in coastal areas are concentrated at US $ 3,937-3,984/tonne, while the price of C32 package bleached yarn of India and Pakistan reaches US $ 4,020-4,051/tonne.

Why do Chinese weaving companies and middlemen still actively inquire and purchase when the quotation is upside down! The Chinese industry figures out some reasons.

Since the start of 2021, driven by the continued low interest rates of the Federal Reserve and the successive introduction of strong economic stimulus plans by the US politicians, currencies including the Indian rupee and the Vietnamese dong have depreciated against the US dollar, which is conducive to cotton yarn exports.

Secondly, the cotton yarn traders generally have a 'high price, big discount' marketing method and it is not uncommon that the actual transaction price is lower than the listed price by US $ 30.92-46.40 per tonne.

Another major factor is that Vietnam, Pakistan, Indonesia and other medium and high-end C32/C40S yarns are mainly high-grade and high-index. Compared with the Chinese domestic cotton yarns, the cotton level is slightly higher and the weaving loss is also dominant.

Source: in.apparelresources.com– July 13, 2021

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China's June exports surge 32%, import growth slows

China’s exports surged in June while import growth slowed to a still-robust level as its economic rebound from the coronavirus levelled off.

Exports rose 32.2% from a year earlier to $281.4 billion, up from May’s 28% growth, customs data showed Tuesday. Imports grew 36.7% to $229.9 billion, but that was down from the previous month’s explosive 51% rise.

China led the global recovery from the pandemic but domestic consumer and other economic activity is levelling off. Chinese exporters benefited from the relatively early reopening of the economy while foreign competitors still faced anti-virus shutdowns.

Growth is expected to slow as global activity returns to normal. Exports to the United States rose 17.8% over a year ago to $46.9 billion while imports of American goods grew 37.6% to $14.3 billion despite tariff hikes still in place in a lingering trade war.

China’s global trade surplus swelled 11% over a year earlier to $51.5 billion. The politically sensitive surplus with the United States expanded 10.9% to $32.6 billion.

Chinese economic growth soared to 18.3% over a year earlier in the first three months of 2021 as consumer and business activity revived following last year’s shutdown to fight the virus. That is expected to decline to a still-strong 7% in the three months ending in June and to cool further through next year.

Source: financialexpress.com– July 13, 2021

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China-Vietnam freight train trips surge in H1

South China's Guangxi Zhuang Autonomous Region handled 145 China-Vietnam freight trains in the first half of this year, up 64.8 percent year on year, according to the China Railway Nanning Group Co., Ltd.

Since its launch in 2017, the freight train service has transported glass, cotton yarn, electronics, diesel engines and other goods from China to ASEAN countries via Vietnam, while goods from ASEAN countries including fruits and daily necessities have been freighted to China, or to Europe through China-Europe freight trains.

China Railway Nanning Group will accelerate the construction of a designated site for transporting fruits in a logistics center at Pingxiang port that borders Vietnam to help improve customs clearance efficiency, the company said.

Source: ecns.cn– July 13, 2021

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Australia: Car makers the most cosseted manufacturing sector

Australia's motor vehicle and parts industry remains the nation's most cosseted manufacturing sector relative to what it contributes to the economy, more than four years after the last Holden rolled off the production line in South Australia.

While the food, beverages and tobacco industry enjoys the largest benefit in dollar terms thanks to a $300 million tariff wall, it's car and parts makers that are the "most assisted by tariffs relative to its value added" to Australians.

The findings, in the latest Productivity Commission Trade and Assistance Review for 2019-21, shows consumers and businesses are still being slugged more than $132 million in tariffs on imported foreign vehicles and parts.

The commission's figure also doesn't include the so-called "luxury car tax", which adds 33 per cent to the cost of any vehicle sold for more than $69,152, effectively penalising buyers opting for more fuel efficient and safer imported models.

According to the commission, the good news is that overall tariff featherbedding continued to shrink in 2019-20, falling to just over $1.8 billion from $2 billion in 2018-19 and more than $3 billion in 2014-15.

Thanks largely to a growing list of recent trade agreements, the commission expects that number to continue to fall in coming years. The share of Australia's merchandise imports from free trade agreement countries has grown to almost 70 per cent from less than 10 per cent in 2003-04.

The average duty on imports more than halved from 1.09 per cent six years ago to 0.5 per cent in 2019-20.

Yet while the overall tariff burden has declined, its ongoing effect continues to fall unevenly across the economy.

Burden on services companies

The greatest beneficiaries are manufacturers – despite manufacturing accounting for an ever-falling share of the economy – while simultaneously putting the greatest burden on services companies, which account for more than 80 per cent of the economy.

Analysts expect that trend to continue as the pandemic and geopolitical concerns revive calls for more domestic-based manufacturing.

In the meantime, Australia's most penalised sector is the construction industry, whose companies and customers paid a tariff penalty of more than $350 million in 2019-20. That was followed by property, professional and administration services, healthcare and social assistance, and accommodation and food services.

"Most of the costs of tariffs are borne by businesses in the service sector, and all service industries received negative net tariff assistance," the Productivity Commission's analysts wrote in the report.

While the effective rate of assistance (ERAs) – a measure the commission uses to rank the extent that assistance to an industry enables it to suck up economic resources relative to others – has fallen across the board over the past half century, the motor vehicle and parts, and textiles, clothing and footwear sectors have ERAs that are "still significantly above the average of the manufacturing sector".

Source: afr.com– July 14, 2021

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Japan's factory mood in July hits highest since late 2018 - Reuters Tankan

Japanese manufacturers' business confidence rose in July to hit a more than two-and-a-half-year high, as the country's export-driven recovery remained intact thanks to solid global demand, the Reuters Tankan poll showed.

But in a worrying sign, service-sector sentiment turned pessimistic, as firms struggled with the fallout from the coronavirus crisis, according to the poll, which tracks the Bank of Japan's (BOJ) closely watched tankan quarterly survey.

"The global economy is showing signs of recovery from the impact of the coronavirus pandemic," a manager at a machinery maker wrote in the poll.

"But the outlook remains uncertain, as our customers are putting off business spending decisions because their budgets are on a declining trend."

The Reuters Tankan sentiment index for manufacturers rose to 25 from 22 in June, its highest since November 2018, the poll conducted June 30-July 9 showed. The service index fell to minus 3 from a flat reading the prior month.

The Reuters Tankan index readings are calculated by subtracting the percentage of respondents who say conditions are poor from those who say they are good. A positive reading means optimists outnumber pessimists.

Manufacturers' sentiment got a boost from strong confidence at car, chemical and metal products makers, which offset negative conditions in the textiles and paper sector.

The poll, which surveyed 503 large- and mid-sized companies of which 257 firms responded on condition of anonymity, comes ahead of the BOJ's July 15-16 policy meeting.

The BOJ's own "tankan" business survey out this month also showed business confidence improved to a two-and-half-year high, while service-sector sentiment turned positive for the first time in five quarters.

The BOJ is expected to slash this fiscal year's economic growth forecasts in fresh quarterly projections as a fresh state of emergency for Tokyo, which will run through to Aug. 22, threatens to hurt consumer and business sentiment.

The Reuters Tankan poll underscored the pain firms, especially those in the service sector, were feeling from the health crisis.

“Overall consumer behaviour is slow, as sentiment isn’t improving due to anti-coronavirus measures,” a manager at a food producer wrote in the survey.

But even as they are taking a hit from prolonged curbs, the Japanese government estimated this month that it expected the economy to return to pre-pandemic levels by the end of this year, largely thanks to solid exports and a boost to consumer spending from progress in vaccinations.

Manufacturers’ business confidence was seen improving further to 28 in October, while that of service-sector firms was expected to rise to 8, a slightly lower forecast for three months out than that of the previous month, the survey showed.

Source: reuters.com– July 14, 2021

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Pineapple fibre – a new fibre from Bangladesh for the global fashion industry

Bangladesh has made a name for itself as one of the most important garment manufacturing and exporting nations in the world. It has innovative entrepreneurs and a hardworking workforce, yet the country lacks significant amounts of natural resources for the textile industry, according to a press statement issued by CSI.

Pineapple fibre is about to change that. Pineapple fibre has huge potential for sustainable fashion "made in Bangladesh". As a renewable and natural resource, pineapple leaves are a sustainable fibre source for the global fashion industry. Within efforts for a circular economy, utilisation of by-products is of core importance, and pineapple fibre does just that.

Benefits of pineapple fibre

Pineapple fibre is made from pineapple leaves, a by-product of pineapple farming that would be disposed otherwise. This makes it a highly sustainable and renewable resource. Being natural and biodegradable, it does not produce microplastic and alleviates pressure on landfills. Production of the fibre is clean, sustainable and compliant when done responsibly.

Pineapple fibre has excellent qualities beyond sustainability that make it competitive in the global fashion and textile industry. It is versatile and can be used as material for home textiles, denim and other apparel, either in combination with other sustainable materials or purely. Industrially produced pineapple fibre is a new, sustainable material for the global fashion industry.

Industrial pineapple fibre production

Right now, more than 200,000 tonnes of pineapple are harvested in Bangladesh every year, from which an estimated amount of 4,500 tonnes of fibre could be produced. Moreover, India and South East Asian countries produce significant amounts of pineapple as well. If the full potential pineapple fibre can be exploited to a maximum, and by-products from agriculture be utilised in textiles for export, a win-win situation for Bangladesh will be created.

To test this concept, CSI has conducted a case study as part of its "Partnership for Compliance". In cooperation with research centres and local partners, the Partnership for Compliance has been researching and developing methods to upscale pineapple fibre into an industrial yarn production for the fashion and textile industry. They have now successfully completed a first test run of industrial pineapple fibre production, that, if upscaled, will pioneer in this area.

Source: thefinancialexpress.com.bd– July 13, 2021

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NATIONAL NEWS

India begins talks on free trade agreement with UAE

Pact to help India increase exports in goods, services; lead to possible FTA with GCC

India has started talks on a free trade agreement (FTA) with the UAE, with expectations of a larger pact with the group of Gulf Cooperation Council (GCC) countries taking place subsequently, a person tracking the matter has said.

“As UAE has been very keen to advance an FTA between India and the GCC, which has been pending for a long time, the two countries decided to first go ahead and work out a deal amongst themselves,” the official explained. The initial talks have started on a virtual mode.

The GCC, which includes Bahrain, Kuwait, Oman, UAE, Saudi Arabia and Qatar, is of both economic and strategic interest to India as it has emerged as one of the largest trading partners. Its substantial oil and gas reserves is also of great importance for the country’s energy needs. Moreover, it is a source of increased foreign investments into India.

“The India-GCC FTA talks, which started in 2004, were suspended in 2008, but with the active involvement of the UAE, they were revived again recently. However, now UAE and India have decided to work on a separate free trade pact as it would not need as much coordination,” the official said.

Trading numbers

The UAE is the third largest trading partner of India despite a dip in both exports and imports in 2020-21 due to the pandemic. India’s exports to UAE last fiscal were valued at $16.7 billion while imports from the country were at $26.6 billion.

The country is also among the top 10 investors into India with an estimated $11 billion investments more than half of which is in the form of FDI. UAE is home to the largest number of Indians abroad at 3.5 million generating the highest remittances from abroad.

"While UAE's import duties on most items, barring a few such as carbonated and sweetened drinks, alcohol and tobacco, are low, an FTA would benefit India by bringing down existing tariffs further and also facilitate the use of the country as a hub for exports to other destinations including other GCC member country markets," the official said.

An FTA with UAE would also increase market access for the services sectors and open up wider possibilities for its service providers.

Most importantly, it would help India forge an FTA with the GCC, something that it has been attempting for a decade and a half.

"It is very clear that India does not want to get into any FTA that would include China or be heavily influenced by China. That is why it is looking at forging FTAs with partners such as the US, the EU and the GCC including the UAE," the official said.

Source: thehindubusinessline.com– July 13, 2021

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Textile exporters seek removal of import duty on cotton

The Cotton Textiles Export Promotion Council (Texprocil) has appealed to the Union Textile Minister Piyush Goyal to remove the Customs Duty on cotton as it is mainly the extra-long staple branded cotton and contamination free cotton that are imported.

Chairman of the Council Manoj Patodia, Vice Chairman Sunil Patwari, and Executive Director Dr. Siddhartha Rajagopal met the Minister in Mumbai recently and discussed issues that the the industry faced and the growth prospects for cotton textiles.

Exports of Cotton textiles (including raw cotton) during 2020-2021 reached US$ 10,723 million as against US$ 9,799 million in 2019-20, registering 9.43 % growth.

Mr. Patodia pointed out the need for the industry to have cotton at international prices and to promote export of value added products.

He also said the RODTEP rates should be notified at the earliest and RoSCTL rates should be maintained for made ups under the RODTEP scheme.

On the Indo-UK Free Trade Agreement, the Council urged the Minister to include 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 the UK to Bangladesh , Pakistan, Vietnam, Turkey and Sri Lanka.

He also sought measures to expedite the Indo- EU Free Trade Agreement to help the Indian exporters overcome the disadvantages of tariff preferences given to competing countries by European Union.

Source: thehindubusinessline.com– July 14, 2021

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India to sign MoU with Bangladesh to export 10 lakh bales of cotton annually

A measure long-awaited by Bangladesh's fast expanding textile industry

The Indian Government will soon sign a memorandum of understanding (MoU) with Bangladesh to export 10 lakh bales of cotton every year.

"The MoU will facilitate a government-to-government transaction. The memorandum will be signed soon," said Pradeep Kumar Agarwal, Chairman-cum-Managing Director, Cotton Corporation of India Limited (CCI).

The CCI will handle the exports to Bangladesh, Agarwal said. "The MoU was scheduled to be signed during Prime Minister Narendra Modi's visit to Bangladesh earlier this year. But, due to elections in States such as Bengal, the MoU could not be signed," he said.

Bangladesh is one of the largest buyers of Indian cotton for its expanding textile industry, particularly garments. The neighbouring country has always wanted India to ensure uninterrupted supply of cotton, and the MoU is a step in that direction.

Source: thehindubusinessline.com– July 13, 2021

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E-way bill generation gathers pace in July

E-way bill generation for goods transportation has gathered pace in July, indicating a graded pick-up in economic recovery, as the impact of the second Covid wave wanes. In the first 11 days of July, the average daily e-way bill generation stood at 19.24 lakh, 5.6% higher than the average for June and 49% higher than the May-level.

Between July 1 and 11, as many as 2.12 crore e-way bills were generated. Higher e-way bill generation will reflect in goods and service tax (GST) revenues.

Gross GST collections, after remaining above the Rs 1-lakh-crore mark for eight months in a row, came in at Rs 92,849 crore in June (May transactions), reflecting the blow to the economy from a localised lockdown.

Thanks to the reduction in Covid-19 cases and easing of the lockdowns, e-way bills generation by businesses rose to 5.5 crore in June, from 3.99 crore in May, indicating a smart recovery of trade and business. About 5.9 crore e-way bills were generated in April.

With the impact of the second Covid wave waning and vaccination drive making progress, some parts of the economy are expected to look up from July.

In recent months, the government's GST revenue has been robust, thanks to steps taken to curb evasion, increased compliance and also a shift of business away from the informal sector. A nascent economic recovery that appears to have been quickly disrupted by the pandemic's second surge, also helped.

Source: financialexpress.com– July 13, 2021

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How India can harness the full potential of its production-linked incentive scheme

The Production Linked Incentive Scheme (PLI) has been introduced as a key element of the Atma Nirbhar Bharat package to transform the manufacturing landscape of the Indian economy and integrate it into the global supply chains.

It has been announced for 13 sectors that were identified on the basis of their growth, employment, and export potential. It offers a production subsidy on incremental sales for products manufactured in India. The objective here is to see the possible impact of PLI on the broader economy and suggest ways to harness its full potential.

Though the PLI scheme is still in an infantile stage, there are some notable successes under its name. The first round of PLI gave an impetus to mobile phone manufacturing in the country and the interest shown by various companies in the second round for different sectors also indicates its future potential.

However, this assessment of the scheme is not holistic, as it is based on a partial equilibrium framework in which its impact is being seen only on supported sectors. For a better analysis of its impact on the wider economy, a general equilibrium framework is warranted.

In this framework, the economy is studied as a complex system of interconnected sectors in which a policy change in one sector affects other sectors through various channels. Gauging from this framework, several key insights regarding the broader impact of the PLI scheme are highlighted and discussed subsequently.

The first key insight is that the scheme must be complemented with steps to augment supply of factors of production available in the country. Otherwise, in an economy constrained by the limited supply of factors of production, the scheme would only lead to a movement along the Production Possibility Frontier (PPF) rather than its outward expansion.

In that case, the scheme may become a zero- sum game for different sectors of the economy, in which the supported sectors gain at the cost of other sectors of the economy, due to the movement of factors of production from the unsupported sectors to the supported sectors.

Realising the critical role of factor supplies, the government has undertaken several factor market reforms. To ensure labour availability- the government has brought four labour codes aimed at reducing complexities and easing compliance. Its timely implementation in states is crucial along with renewed focus on skilling through schemes such as Pradhan Mantri Kaushal Vikas Yojana (PMKVY).

To augment capital availability, the government has undertaken capital market reforms such as promotion of Infrastructure investment trusts (INVITs), Real Estate Investment Trusts (REITs) and bond market deepening coupled with allowing direct foreign listing of Indian firms. To ensure land availability, the government is taking various policy initiatives such as digitisation of land records, ensuring clear and easily verifiable land records through Swamitva scheme and creating land banks.

The second insight is that the PLI is essentially a production linked subsidy which would entail an additional expenditure by the exchequer of the tune of 1.9 lakh crore, earmarked for the next five years. This entails fiscal expansion that may lead to crowding out of private investment thereby negating PLI induced investment in the economy.

Government can address this problem by containing its fiscal deficit through measures such as expenditure management, disinvestment and asset monetization.

At the same time ease of doing business reforms need to be stepped up along with further liberalization of FDI policy to ensure that incentives for PLI have the desired impact in terms of larger volume of production in the country. Measures to further attract sovereign wealth funds and pension funds will further add to investment in the economy.

The third insight is that, in a fully flexible exchange rate regime, the subsidy support to domestic production may lead to appreciation of the currency to maintain the Balance of Payment of the economy.

It can happen due to increased domestic production competitiveness as a result of the subsidy support. This can hurt exports and would be counter to the export promotion objective of the scheme. Therefore, some forex market intervention may be required to check the likely appreciation of the currency, to realise the full potential of PLI.

However, forex market intervention to check appreciation can lead to inflation in the economy, due to costlier imports. This however will be countered by government undertaking supply side reforms such as the farm laws to promote agri-exports and check food inflation.

In addition, the recent mining reforms, impetus to bio fuels and promotion of renewable energy with a focus on enhancing energy efficiency is being done to reduce the dependence on imported crude and minerals.

PLI is a game-changer to transform the manufacturing landscape of the country. However, its success hinges on supporting reforms that realise the full potential of the economy.

Source: financialexpress.com– July 13, 2021

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Cotton gains in Gujarat but loses acreage in North Indian States

Cotton is gaining area in the largest producing state of Gujarat, but its acreage is lower than last year in other States as farmers are opting for other competing crops such as oilseeds and pulses.

According to data till July 12, cotton has been planted on about 18.43 lakh hectares (lh) in Gujarat, a marginal increase from 18.25 lh in the same period a year ago. On pan-India basis, the area is lower by 17 per cent at 86.45 lh as of July 9 compared with 104.82 lh in the year-ago period. However, the acreage this year is marginally higher than the average of 2016-20.

Trade expects acreages to rise further in Gujarat, while the overall area under cotton may end up lower than last year's levels as sowing has been completed in Northern States and is in last phases in other States.

According to Arvind Patel, vice-president of Saurashtra Ginning Association, cotton acreage will gain momentum in Gujarat on attractive prices. "Cotton prices have increased to as high as ₹7,500 per quintal for raw cotton (kapas). This has brightened the earning potential for the farmers. We believe cotton acreage will increase by about 10 per cent this year," said Patel.

Notably, most of the cotton acreage this time is seen under new but unauthorised variety of cotton seed called 4-G or Bt4. "The new seed is seen as a win-win for both farmers and ginners. It commands a premium of ₹100 per quintal over regular cotton, while ginners are better-off with about 10 per cent higher cotton extraction over normal cotton," said Patel.

Farmer leaders in Gujarat noted that farmers were inclined towards groundnut for the current kharif season, but sharp increase in the demand for groundnut seed, the prices shot through the roof, which hit ₹2,500 per 20 kg, higher by nearly 20-25% over previous year.

"Even if farmers wanted to switch over to groundnut, it became a costlier affair. So, most of the farmers ended up with cotton only. Improved water availability and outlook for a normal monsoon has brightened the prospects for kharif sowing in the State," said a district agriculture officer in Saurashtra.

“There’s huge sales of illegal cotton seeds in Maharashtra and Gujarat,” said M Ramaswami, Founder, Rasi Seeds Pvt Ltd, the largest seed vendor. “The situation in cotton is serious. It looks like there will be a 20 per cent decline in area this year. Seed sales have almost closed. Hereafter, the sowing will not happen. Even if it happens, it will not yield properly,” Ramaswami added

Water availability, pest attacks

Mahesh Sharda, President, Indian Cotton Association, said that cotton sowing in North Indian states of Punjab, Haryana and Rajasthan has been lower as compared with previous year. Factors such as water availability and pest attacks in the previous seasons have influenced the cotton sowing.

In Punjab, cotton has been planted on 3.03 lh this kharif (5.01 lh last year), while in Haryana the cotton acreage is estimated at 6.88 lh (7.37 lh). Similarly in Rajasthan, the cotton area is lower at 5.79 lh (6.51 lh). “The region has canal-fed cotton cultivation.

But this year there were water supply issues from canal, which impacted cotton sowing. According to the data assessed based on the cotton seed packets sold, we envisage about 10-15 per cent lower sowing this year. Also, in the regions of Central India, we are hearing that oilseed are competing with cotton, thereby further impacting the cotton area,” Sharda said.

In Maharashtra and Telangana, the acreages are lower by about a fifth, compared to last year. In Maharashtra, where the unapproved HTBt cotton is seen making further inroads, the cotton acreage till July 9 was 30.71 lakh ha (38.03 lakh ha), while in Telangana it was 14.13 lakh ha (18.22 lakh ha) and Karnataka at 2.7 lakh ha (2.83 lakh ha).

Trade sources said the unapproved HTBt seed varies are also finding favour with farmers in Karnataka and Telangana.

Ramanuj Das Boob, a ginner in Raichur, who sources cotton for multinationals from Karnataka and Telangana, said despite a shortfall in area, the crop is likely to be same as that of last year on higher yields. Last year, the unseasonal rains had damaged the crop in parts of Telangana and Karnataka.

But there are contrary views too.

Cotton Corporation of India Chairman-cum-Managing Director Pradeep Kumar Agarwal said that cotton sowing gets delayed every alternate year but the acreage could be at par with last year or 2-3 per cent lower, if the current trend continues. “I expect the sowing to be done on 125-127 lakh hectares,” he said.

Rajkot-based cotton, cotton yarn and cotton waste trader Anand Poppat said good groundwater level in the growing areas will take care of acreage. “This year, cotton area will not be lower than last year. It will definitely be up 10 per cent both in the country and Gujarat,” he said.

Source: thehindubusinessline.com– July 13, 2021

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Practical issues in a refund under GST

To facilitate the taxpayers, Government needs to provide a hassle-free refund process. An uninterrupted and adequate refund mechanism is essential for tax administration. It facilitates trade by releasing blocked funds for working capital thereby assisting them in expanding and modernising of existing business.

With the second wave hitting the Indian companies massively, Government has been closely focusing on resolving the various issues under GST refund. Recently, CBIC had launched a special drive to clear all the pending refunds within a month. The said initiative was in line with ongoing similar drives by CBIC for refunds under various other laws like customs, duty drawback claims, etc.

Further, the Government has brought various new changes like the exclusion of the period of issuance of deficiency memo from the total period of 2 years available to file a new refund application, facility to withdraw refund application, etc. and all such steps are a welcome step and will provide some relief to the taxpayers. However, certain other practical issues still need to be addressed concerning to this key aspect of refund under GST.

Although detailed circulars clarify the entire process to claim GST refund through online application and relevant supporting documents to be submitted, there are various issues still at the ground level. A few of them are as follows:

Supporting documents and their legal sanctity

While processing refund application of cash ledger, there has been demand from the concerned officer for submitting Cash Ledger certified by a Chartered Accountant. It is pertinent to note that a cash ledger is an electronic report available on the GST portal. Thus, certification of the automated report lacks legal justification.

Further, in few cases, officers are demanding a Chartered Accountant certificate conerning the incidence of tax not being passed in case of a refund of the cash ledger. This also s logical reasoning. Balance in Cash ledger can arise either of cash deposited by the taxpayer himself or TDS/TCS deposited by the deductor. Thus, the certificate that no tax incidence has been passed on to the buyer lacks both legal and logical rationale in the said scenario considering that the law also doesn't specify any such requirement.

Further, in the case of certain refunds, GSTR-2A is required to be uploaded. GSTR-2A is an auto-populated report from the GST portal. Thus, the requirement to upload the auto-mated report while filing the refund application is not reasonable.

As per the circular released in March 2020, the refund of accumulated ITC was restricted to invoices that are uploaded by the supplier in Form GSTR-1 and reflected in Form GSTR-2A of the applicant. However, there has been no clarification on the supporting documents to be uploaded including the self-certified copies of invoices whose details are not found in form GSTR-2A of the relevant period. When there is no refund available regarding the said invoices, uploading such invoices seems to be moot.

Non-clarity of time limits specified under law

As per the provisions under GST, in case of a refund other than a cash ledger refund, the officer is required to issue an acknowledgement within 15 days of filing the application if he is satisfied that the application is complete in all respects and where the officer is satisfied that the whole or part of amount claimed as refund is refundable, he is required to issue order within 60 days from the date of application complete in all respects.

And, where deficiencies are noticed, the proper officer shall issue a deficiency memos. Further, there are no timelines specified under the law for issuing deficiency memo. However, on a thorough reading of the detailed Circular issued in November 2019, it can be interpreted that the timelines of 15 days apply to both.

However, practically, these timelines are not being adhered to, and neither acknowledgement nor deficiency memo are being issued in certain refund applications for more than a year.

Thus, the very purpose of introducing the timelines, i.e. faster refunds, is way far to achieve. And, the Government has to come again and again with some special drives for closing a large number of pending refund cases due to such lacunae in law.

Online or Manual?

During refund proceedings, the proper officer has to issue a deficiency memo if any correction is required to be made by the taxpayer. Said clarification or additional information can be obtained through a notice issued via GST Portal. However, multiple notices are being sent directly on the mail ids of taxpayer seeking multiple clarifications through various letters. However, there is no update on the portal, and the status quo of the application remains the same as pending. Thus, such a manual approach is not in alignment with the dream of building a New India with the help of technological advancement.

Fresh application in case of deficiency memo

As per legal provisions, once the officer issues deficiency memo, fresh refund application needs to be filed. There is no provision in GST that allows to rectify the deficiencies specified by the officer. In some cases of refund like inverted duty structure, filing a fresh application is a tedious and time consuming task that leads to delay in refund and also creates a lack of confidence amongst taxpayer on “fully electronic refund process” as submitted by CBIC.

To conclude, the law envisages a simplified, time-bound, technology-driven refund procedure with a minimal human interface between the taxpayer and tax authorities. However, due to some lacunae both in the process and law, there have been several disputed refund claims.

The Government is trying to put an end to the amassed disputes by issuing various clarifications and changes like the allowance of withdrawal of refund application, exclusion of time from the filing of application till the date of issuance of deficiency memo from the two year limitation period for filing the refund application, special drives for early refund processing, etc.

However, there is a need to bring in some structural level changes coupled with some amendments in the law to synchronize rules with the primary provisions to end the long pending list of disputed refund claims and lessen future disputes.

Source: thehindubusinessline.com– July 13, 2021

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Despite Covid-19, ginning industry thrived in Gujarat

Despite the Covid-19 pandemic, the cotton season for over 700 ginning and pressing units in Gujarat concluded on a positive note in June last week following continuous demand from cotton yarn manufacturers.

Gujarat-based ginning and pressing units processed 2.98 lakh bales during the recently ended season compared to the previous season. During the 2020-21 season, ginning units across the state pressed 89.65 lakh bales (170 kg per bale) compared to last season's 86.56 bales, says Arvind Patel, vice-president of Saurashtra Ginners Association.

The season ended with the end of June was much better than the ginning industry expected considering the adverse impact of the second Covid wave, says Patel adding, "During the entire season, we witnessed encouraging demand from yarn manufacturers. Besides, there was good export demand for cotton. Ginners in Gujarat are expecting a similar upcoming season in wake of queries from international buyers."

Season for ginning and pressing activities initiates with the first harvest of cotton in Gujarat in September usually every year and it lasts till the end of June, he says. Currently, 99% of the total ginning units have closed their activities till the fresh arrival of cotton from September.

Farmers have emptied their stock. Around 1.5 lakh bales are still laying with ginning units which they are selling at higher rates. Cotton prices are hovering around Rs 53,500 per candy (356.5 kg) which is the highest in the past eight years, claims Patel.

During U2020-21, cotton sowing reduced by almost two lakh hectares compared to the 2019-2020 season from 26 lakh hectares to as low as 24 lakh hectares as farmers preferred groundnut over cotton. Despite lower sowing, farmers per hectare productivity remained higher and hence their yield remained at par with the last season's production.

As per the data of the Cotton Association of India (CAI), cotton production in Gujarat for the recently concluded season remained at around 96 lakh bales compared to the previous year's 95 lakh bales. According To Patel, in the upcoming season, 2021-22 farmers would again resort to cotton over groundnut as they got healthy rates of their cotton yield.

“We are expecting an increase in cotton sowing area by 8 to 10%. It means ginning units across Gujarat will have adequate raw material right from September.

Ginners are also anticipating huge demand from spinners considering the global demand for cotton yarn,” he adds.

Source: financialexpress.com– July 14, 2021

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India's Flipkart raises $3.6 bn to speed up consumer Internet growth

India's Flipkart Group recently announced raising $3.6 billion in funding as it continues to grow and advance the digital commerce ecosystem in India. The fundraise demonstrated significant interest from global investors, including sovereign funds, private equity and crossovers, in addition to Walmart, the company claimed in a statement.

The funding round was led by financial investors GIC, Canada Pension Plan Investment Board (CPP Investments), SoftBank Vision Fund 2 and Walmart, along with investments from sovereign funds DisruptAD, Qatar Investment Authority, Khazanah Nasional Berhad, and marquee investors Tencent, Willoughby Capital, Antara Capital, Franklin Templeton and Tiger Global.

The investment values the group at $37.6 billion post-money.

With this development, Flipkart will continue to make deeper investments across people, technology, supply chain and infrastructure to address the requirements of a rapidly growing consumer base in India, according to group chief executive officer Kalyan Krishnamurthy, who said a key focus area for the group is to help informal commerce segments leverage the power of technology.

As one of the leaders in the fashion segment, this means working with the fashion industry and helping small businesses explore untapped opportunities that technology presents.

Through its expanding grocery and last-mile delivery programmes, the group will also work with kiranas (small grocery stores) to help them digitise and grow.

Source: fibre2fashion.com – July 14, 2021

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