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INTERNATIONAL NEWS

Sourcing by garment brands increasingly moving out of China: ILO

The declining trend of China's garment exports is in line with the view of many observers that the reliance on Chinese garment and footwear production is shrinking, according to a research brief by the International Labour Organisation (ILO).

Although the diversification of production to countries other than China is a trend that is expected to continue beyond the COVID-19 pandemic and indeed may further accelerate, the crisis is prompting some firms to re-evaluate the worth of a broader supplier base to diversify supply chain risk. Few industry analysts believe this will extend in any significant way to other regions like Africa, the research brief said.

Even though production of garment and footwear has been moving out of China, textiles from China will likely remain an important ingredient for the industry for years to come. China accounted for 40 per cent of global textile exports in 2019, continuing on an increasing trend that started around 20 years ago, it said.

Though China has remained a main source of apparel and footwear, accounting for 33 per cent of the world's exports in 2019, exports have been on a downward trend recently, declining from 37 per cent in 2015.

Bangladesh and Viet Nam have benefited most from the shift away from China. The two countries' combined share of apparel and footwear exports to the world was 37 per cent of China's share in 2019, which is remarkable because their combined gross domestic product (GDP) in 2019 was less than 4 per cent of China's GDP.

In contrast, the apparel and footwear exports of other countries, such as Sri Lanka or India, as a share of the world's exports in these products, have remained constant or even decreased, the brief, titled 'The post-COVID-19 garment industry in Asia', noted.

Source: fibre2fashion.com– Aug 02, 2021

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Improving Nigeria's trade, investment space

A wind of change appears to be gradually, but steadily sweeping through the nation's trade and investment landscape. Although many Nigerians may not have noticed, possibly because of the confusion caused by the COVID-19 pandemic and its emerging variants, which diverted attention from other positive developments in the economy, the change, which is being driven by the Ministry of Industry, Trade and Investment, holds promises of turning around the fortunes of Nigeria's trade and investment space.

At the core of this fundamental and strategic change, The Nation learnt, is the implementation of policies and programmes to facilitate trade, domesticate production through Backward Integration Programme (BIP) for selected priority products, stimulate the growth of Micro, Small and Medium Enterprises (MSMEs), and boosts Foreign Direct Investments (FDIs).

The prioritisation of promotion of government's policies of Ease of Doing Business (EoDB), job creation, poverty eradication and industrialisation, among others, has also taken centre stage, with the Minister of Industry, Trade and Investment, Otunba Adeniyi Adebayo, on the driver's seat of the implementation of the policies and programmes aimed at re-writing the nation's trade and investment narrative.

The Minister had, upon assumption of duties on August 21, 2019, rolledup his sleeves and went to work to deliver on his mandate to contribute to the fulfilment of the President Muhammadu Buhari administration's second term promise to lift 100 million Nigerians out of poverty over the next 10 years. Now, that mandate has now come under scrutiny two years down the line.

Has Adebayo delivered on his mandate? What did he and members of his team set out to achieve in the first instance? To what extent have they achieved them?

What has he done to breathe life into Nigeria's dead and moribund companies upon which the current administration anchored its hopes of creating jobs and pulling 100 million Nigerians out of poverty? What has he done to incentivize Nigeria's estimated 41.4 million MSMEs widely acknowledged as heartbeat of domestic employment and growth?

Also, what concrete steps has the ministry, under his watch, taken to position Nigeria to benefit optimally from the African Continental Free Trade Area (AfCFTA) Agreement? Perhaps, more importantly, as Nigeria's number one investment driver, what is the total volume of FDI inflows into the country since he came on board? And what are the challenges to the achievement of set objectives?

While the Minister, admittedly, does not have the magic wand to exhaustively address all the issues and ultimately, transform Nigeria into a 21st Century trade and investment hub, some of the steps he has so far taken are seen as clear indications that the quest by Africa's largest and most populous economy to become globally competitive is on course, even though a number of challenges persist.

For instance, Adebayo, The Nation learnt, put the right foot forward when he prioritised the domestication of production through BIP for selected priority products, which included palm oil, automobile, dairy, sugar, cassava starch and Cotton, Textiles & Garments (CTG).

This he did by conducting revision and realignment of the incentive system for the BIP for sugar, through a restructured performance management framework and improved access to Foreign Exchange (forex) for producers.

He went a notch higher by supporting sugar production through a special intervention that provides irrigation infrastructure for 10, 000 hactares. The Nigeria Sugar Institute in Ilorin, Kwara State, has also been established. It will conduct research as well as provide much-needed skills and capabilities for the sugar industry.

Also, in collaboration with the Bank of Industry (BoI), the ministry provided N12 billion soft loans to 57 companies in the automobile sector to enhance production capacity, even as it launched electric-powered vehicles in line with future direction of the world.

The critical role of MSMEs as economy's growth engine is also not lost on Adebayo. Accordingly, the ministry has established an MSME policy to drive the growth and competitiveness of MSMEs in the country.

"We have concluded a landmark $1 billion syndicated term loan through BoI to provide affordable loans of medium to long-term tenor, alongside moratorium benefit to MSMEs. We also established the MSMEs Innovation

Portal to ensure that MSMEs have wider market access where they can be matched with customers and clients," he said.

The Minister, who spoke to select newsmen while rendering account of his stewardship recently, also said as part of efforts to revitalize MSMEs, it has implemented the MSME Survival Fund Initiative,which is a component of the Nigerian Economic Sustainability Plan (NESP) to help MSMEs respond to the shocks caused by the COVID-19 Pandemic.

He listed some key highlights of the response to include Payroll Support Scheme, under which it successfully disbursed to 460,000 beneficiaries of which 43 per cent female-owned businesses have benefitted; General MSME Grants, which has successfully disbursed to about 45,000 beneficiaries of which 35 per cent female owned businesses have benefited.

There is also Transport and Artisan Grant, which disbursed to about 120,000 artisans and 200,000 transporters; CAC Formalisation Scheme, under which the ministry provided free company registration for over 200,000 MSMEs.

It also established a N15 billion MSME Guaranteed Offtake Stimulus Scheme (GOSS), to protect and sustain the income of vulnerable Micro and Small Enterprises by guaranteeing the offtake of their products.

Click here for more details

Source: thenationonlineng.net– Aug 02, 2021

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ILO outlines 3 scenarios for Asian garment sector recovery trajectory

Looking to the post-pandemic period, a new research brief by the International Labour Organisation (ILO) outlines three scenarios of trajectory for the Asian garment industry's recovery: repeat, regain and renegotiate. It argues that the only viable way to a just transition is a 'renegotiate' scenario built on social dialogue and guaranteed worker protections, with investment in enterprise growth and productivity that benefits all in the garment supply chain.

Without any deliberate changes and structural reforms for the post-pandemic reconfiguration of the industry, the 'repeat' scenario is likely to have unequal impacts on workers, particularly women, the research brief, titled 'The post-COVID-19 garment industry in Asia', said.

Some workers will benefit from consolidation and automation, but potentially many workers will be left unemployed or in low-quality jobs. In the 'repeat' scenario, decent work deficits will persist in large swathes of the industry. The 'regain' scenario envisages an acceleration of the pre-crisis trends and the further bifurcation of the industry, with both positive and negative connotations for decent work.

The renegotiate scenario includes wide-ranging and deliberate reforms that reimagine the business model, with social and environmental sustainability assuming an integrated and integral role at its core.

The COVID-19 crisis caused a sharp decline in global trade in garments, largely in the first half of 2020. Imports from some of the main global consumer markets for garments declined sharply. Garment exports of some garment-producing countries plunged by as much as 70 per cent, according to the research brief.

Brands have also been consolidating their global supplier bases. Evidence from major brands suggests that supplier networks have contracted quite significantly, with many suppliers concentrated in fewer countries, the research brief added.

Source: fibre2fashion.com– Jul 30, 2021

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Israeli brand Delta keen to tie up with Uzbek textile manufacturers

Tel Aviv-based Delta Galil Industries is reportedly interested in establishing long-term cooperation with Uzbek textile manufacturers. The issue of including Uzbek textile manufacturers into the production chain of Delta was discussed between a recent meeting of the Uztekstilprom Association and the company's general director Taiseer Musa.

The company's Delta division is responsible for the development, design and marketing of the flagship brand Delta, which sells underwear and sportswear for men, women and children. The meeting was facilitated by the Uzbek embassy in Israel.

The company currently outsources big production orders to manufacturers from Egypt, Bulgaria, Vietnam and Turkey.

The Uzbek association was said to be ready to cooperate with the Israeli side, in particular, in strengthening mutually beneficial relations with major global brands, according to Uzbek media reports.

An agreement was reached to continue a dialogue on the issue.

Source: fibre2fashion.com– Aug 02, 2021

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Trade risks worsen as Delta descends on Southeast Asia factories

The Pandemic's Impact on global trade risks worsening in coming weeks as more factories across Southeast Asia brace for closures amid one of the world's deadliest outbreaks.

Factory shutdowns are accelerating in Vietnam, while Thailand is prepping for outbreaks among its manufacturers and the Philippines tightens restrictions in its economic heartland.

While Southeast Asia weathered the spread of the coronavirus last year relatively well, the Delta variant has spread swiftly across a sprawling region that has been slow to vaccinate a population twice that of the US. The region's death toll now has nearly overtaken Latin America as the world's worst.

The economic impact will be acute for nations like Vietnam and Thailand, where exports were expected to be a bright spot as richer economies in the west emerged from lockdowns. The disruptions come as shipments and orders would traditionally ramp up to meet demand for the Christmas shopping season.

The new closings in Vietnam follow recent decisions by local manufacturers for Nike, Inc. and Adidas AG to suspend operations over virus restrictions. The country has been the second-largest supplier of apparel and footwear to the US for many years, according to the American Apparel & Footwear Association, which represents more than 1,000 brands, including Gap, Inc., J Crew Group, Inc. and Levi Strauss and Co.

Meanwhile, Thailand's 60,000 factories are preparing for the worst, with the national industry group helping set up contingency plans to isolate all workers as manufacturing emerges as a potential new hotspot for infections. Toyota Motor Corp. earlier this week extended indefinitely its shutdown of three plants in Thailand because of COVID-related parts shortages.

Industry groups in both countries have called on their governments to help procure vaccines they intend to distribute privately, seeking to accelerate inoculation programs that are behind schedule. Only about 10% of factory workers are vaccinated in Thailand, according to the Federation of Thai Industries.

"The sector is lost. There's nowhere we can turn to for vaccines," said Supant Mongkolsuthree, the Thai group's chairman. "Vaccines are the best solution, the best way to protect the people and the manufacturing sector. This will help prevent factories from becoming a source of infections."

The American Apparel & Footwear Association said it sent letters this week about vaccine distribution to President Joe Biden and Vietnamese Prime Minister Pham Minh Chinh. Chief Executive Steve Lamar asked Mr. Biden to "immediately ramp up distribution of excess US vaccines to Vietnam and other key partner countries" including Bangladesh and Indonesia.

The food, electronics, garment, steel and plastic sectors are the most affected so far in Thailand, according to the country's Center for COVID-19 Situation Administration, which said 49 of 77 provinces had reported outbreaks in factories. New clusters emerged Friday in tire and air-conditioner factories, it said.

In Vietnam, about 90% of Ho Chi Minh City-based factories that make textiles, shoes, bags, electronics and wood products have suspended operations after failing to meet mandates to provide on-site sleeping accommodations for workers, VnExpress news website reported Friday, citing data from four trade associations. The southern economic hub is currently the nation's virus epicenter.

Meanwhile, many factories in southern Vietnam that did set up on-site sleeping arrangements are facing outbreaks among workers, the report said, citing information from the companies.

Source: bworldonline.com– Aug 02, 2021

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Vietnam earns nearly 19 billion from textile exports in H1

Vietnam's garment-textile export turnover hit nearly 19 billion USD in the first six months of 2021, up more than 20 percent year-on-year.

The positive results was attributed to early post-pandemic recovery of markets.

However, Chairman of Chairman of the Vietnam National Textile and Garment Group (Vinatex) Le Tien Truong, said businesses are facing new challenges due to severe impacts of the fourth wave of COVID-19 outbreaks, which started from late April in the country.

According to Chairman of the Vietnam Textile and Apparel Association (VITAS) Vu Duc Giang, Vietnam set to earn 39 billion USD from garment and textile exports in 2021.

To realise the target, businesses need to proactively seek sources of raw materials for domestic production in order to take advantage of opportunities from new-generation free trade agreements that Vietnam has joined.

Businesses need to promote chain-based production and have specific measures to expand markets, thus further pushing exports, Giang suggested.

Representatives from other garment and textile companies said businesses should pay attention to moderlising production equipment, expanding production and improving workers' capacity, thus meeting high quality orders and demanding requirements of importers.

Source: en.vietnamplus.vn– Aug 01, 2021

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Why Bangladesh should use CPEC

Bangladesh has ensured its remarkable achievements by expanding its textile and garment industry. Its apparel sector is booming day by day. The country's main export is garments. So it is easy to say that Bangladesh needs cotton. But the production of cotton is low in Bangladesh. To fulfill the demand, Bangladesh imports cotton. On the other hand, Pakistan and Central Asian states are the main source of cotton in South Asia and Central Asia.

However, Bangladesh is the overall top tenth export market of Pakistani products as fabrics, cotton, plastic, leather, fruits, dates, which are the products exported to Bangladesh. Jute and medicines are among the other products imported for the Pakistani market. But there are no direct shipping lines between Pakistan and Bangladesh to import and export easily. Business is affected because of the lack of a direct connection, which causes late consignments, and other hurdles for importers and exporters.

It is very pertinent to mention that Bangladesh has made a tremendous effort to boost its economy in the past few years. Pakistan and Bangladesh have the potential to work together to boost their business and connectivity ties.

Everyone is dependent on everyone in this globalized world. States are more connected regionally and globally now. Regional connectivity is needed to bolster the development. China-Pakistan Economic Corridor is one of the regional connectivity projects in Asia. It is a Project under the China-funded 'Belt and Road Initiative' project.

Bangladesh and Pakistan both have already joined in the project. Chinese President Xi Jinping visited Bangladesh in 2016. He declared to invest a huge amount of dollars in Bangladesh under the Project. Bangladesh and China signed 27 agreements worth billions of dollars during his visit to Bangladesh. Bangladesh joined the BRI in 2017 officially.

That was the right decision of PM Sheikh Hasina Wazed. China and Bangladesh vowed to deepen their BRI cooperation during the visit of PM Sheikh Hasina to Beijing in 2019. The Chinese government has already granted duty-free access to 97 percent of Bangladeshi products to its market.

Bangladesh-China bilateral trade is growing day by day. China is an important source of import for Bangladesh. China has made significant investment in the infrastructural development of Bangladesh. One of the most strategically important investments is in Payra port of Bangladesh. China has financed and constructed the Payra Deep Sea Port project estimated to cost between $11 billion and $15 billion. The port is the third-largest port in the country and started operating in 2016. If this port could be connected with Gwadar port via Hambantota port, Bangladesh would benefit ultimately.

Now another opportunity is awaiting Bangladesh. CPEC is going to create some benefits for the South Asian, Central Asian and Middle Eastern regional countries. Bangladesh can and should exploit the connectivity project for its own interest.

New routes will be available now for Bangladesh to reach Pakistan, such as through China. These routes must be utilized for increasing bilateral trade. In 2020, the volume of bilateral trade was $644 million, which was very little considering the market and opportunities. The good news is that the volume of trade has increased significantly in 2021, as a rise in trade between Pakistan and Bangladesh has been reported. Bangladesh and Pakistan are both developing countries, faced with similar kind of conditions, thus, both countries should take measures and collaborate in enhancing their bilateral trade ties.

Bangladesh Payra, Chattogram (Chittagong) and Mongla ports can be connected with Gwadar port via Sri Lanka’s Hambantota port. Then Bangladesh will be able to utilize the China-run CPEC connectivity project in Pakistan. Bangladesh can easily import and export the products from Central China, Pakistan, Central Asian states, Russia, Iran. We know that Central Asian states would like to connect with Pakistan now through this project. The Peshawar-Kabul-Kandahar Railway connectivity, Turkey-Iran-Afghanistan-Pakistan connectivity, Bangladesh-Sri Lanka connectivity would be boosted up also.

Connectivity is the synonym of development. So there is no alternative in this modern globalization era. We also know the current’ Afghan Peace Process’. Bangladesh can play an important role to develop the infrastructure, and many other sectors in Afghanistan are utilizing these regional connectivities.

Bangladesh, Pakistan and Afghanistan share a common platform like SAARC. Bangladesh and Afghanistan both would be benefitted by bilateral trade if the political situation is stagnant in the war ravaged country. Therefore, there are some opportunities for Bangladesh in case of utilization of CPEC project.

Bangladeshi businesses may explore opportunities being offered by CPEC which can also be used as a transport link if Bangladesh is sourcing its imports from Western and Central China.

There may be some problems between Pakistan and Bangladesh too. Pakistan and Bangladesh have become very serious regarding building relations with each other in the last few years. We have found great fabric and yarn manufacturers from Pakistan. Bangladesh has a very small window of opportunity available to it. Although there are issues between Pakistan and Bangladesh, the businessmen on both sides understand the importance of bilateral trade. CPEC holds great importance and this opportunity will bring prosperity to Bangladesh as well because 30-40 percent of its imports are coming from China. Using CPEC as a channel, Pakistan should promote it to Bangladeshi businessmen.

Pakistan exports potatoes to Russia and imports wheat from it. Bangladesh also needs to export potatoes to Russia and import wheat from it. Bangladesh can utilize this route easily taking the help of Pakistani businessmen. Although Bangladesh and Pakistan compete with each other in this sector, bilateral efforts would pave the way to strengthen the business ties.

In the onion crisis in 2019 in Bangladesh when India stopped exporting onions to Bangladesh, Bangladesh imported onions from Pakistan. Therefore, Bangladeshis understood the significance of the route in time of emergency. Eighty percent of the Bangladeshi population is youth and they are willing to be employed by the business community. We need to help the youth on both sides to connect not only nationally but regionally and globally. So, Bangladesh should utilize the CPEC connectivity project to maximize its own business interest. There is no alternative path without connectivity, in the globalized world.

Source: pakistantoday.com.pk– Aug 01, 2021

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Bangladesh: In search of the next billion dollar destination

Since its inception, Bangladesh has become one of the leading exporters of migrant workers and immigrants globally. The growing importance of overseas employment for Bangladesh's economy is reflected in its exponentially growing foreign reserve from foreign remittance, consistent growth of the migrant population year-over-year, and growing contribution of foreign remittance in the national GDP.

The high number of labour export is driven primarily by the promise of financial security.

Each year, more than 400,000 workers leave Bangladesh for overseas employment (International Labour Organization), with the top destination being countries in the Middle East, and neighbouring countries in the Association of Southeast Asian Nations. It is, however, worth noting that only a small portion of the global migrant population from Bangladesh ultimately acquires white-collar jobs.

Our remittance income has skyrocketed over the years to more than triple its value, from $13.57 billion in 2016 to $46.39 billion in 2021 (Bangladesh Bank, 2021).

This in turn is helping us strengthen our foreign reserves, which in turn will ensure security against any currency devaluation, provide an economic growth boost, and maintain liquidity should any economic crisis arise during or after the ongoing pandemic.

Nevertheless, all good things must come to an end; a slow, stagnant end perhaps. Although we have seen a significant increase in our foreign reserve, it can in part be attributed to migrant workers losing their jobs due to the pandemic and returning with their remaining assets.

Several countries have closed their borders to migrants and the ongoing pandemic might extend these circumstances. Moreover, with decreasing oil prices, several countries in the Middle East are looking for alternative sources to expand their financial horizon. Which means, the number of workers immigrating to the Middle East is expected to decrease.

Now it is crucial that we expand beyond the Middle East for foreign employment while also focusing on securing more white-collar jobs through our immigrants.

In this regard, Canada can be considered the next billion dollar destination as they have pro-immigration policies, high demand for a trained workforce, accessible visas and work permits, and strong education and healthcare sectors that our expatriates can take advantage of.

Utilising the many opportunities Canada has to offer is now easier than ever and it is extremely important that we don't fall behind in our efforts to establish our position in the Canadian workforce.

According to the United Nations Educational, Scientific and Cultural Organization, about 90,000 Bangladeshi students study abroad each year.

A special emphasis needs to be placed on increasing the appeal of Canada as a study destination among the Bangladeshi youth, as the pros of getting a degree there is substantially better than other countries.

Students should be allocated special loans as well as competitive scholarships to seek the best quality education from Canada as the possibility of securing influential white-collar jobs in Canada significantly increases with a Canadian degree.

The opportunity to build a white-collar career for highly educated and skilled individuals is something that is missing in several other Asian and Middle Eastern countries. This is important, because in order for the expatriate community to fully become integrated with Canada's culture, strong representation in all sectors is vital.

As an example, we can consider the substantial migrant population who have settled in the United Kingdom since the 1950's. The Bangladeshi community there currently has three representatives in the British parliament, and have representations in all sectors of the job market.

This in turn has helped strengthen ties and increase trade between both countries while is also ensuring a stable influx of foreign remittance.

There is a huge service market for labour intensive, and care-based work in Canada like nursing, elderly care, retail work and construction projects.

Considering the socio-economic aspects of Canada, the migration requirement has a relatively higher skill cap compared to the Middle East, and the Bangladeshi government may consider launching specific campaigns to train workers to develop soft skills suited for the Canadian workspace.

Such demand wise capacity building can greatly benefit both countries. The Bangladeshi government can also offer special language courses for low-wage workers to learn English and French to properly integrate themselves into the workforce of Canada.

The migration opportunities provided by Canada are vast with around 85 active programmes. Programmes coming with express entry visas include a Federal Skilled Worker Program, provincial nomination programmes, startup visa for innovative enterprises, intra company transfer for existing businesses in Bangladesh, a Rural and Northern Immigration Pilot and Atlantic Immigration Pilot Program for skilled Bangladeshi graduates who would like to work and live in participating communities.

The only challenge when it comes to utilising these opportunities is a lack of awareness and proper guidance. We need to focus on raising awareness and at the same time invite reputed regulated Canadian immigration consultants and international recruiters to operate and offer solutions specifically for the Bangladeshi market.

Bangladesh and Canada are currently negotiating an investment protection agreement which would help bring more direct investments. The two countries have also inked an air services agreement to pave the way for more bilateral trade as well as enhance people-to-people contact.

To ensure optimum utilisation of these bilateral initiatives, Bangladesh has to act actively to promote, create opportunity and supply skilled/ high skilled migrant workers from Bangladesh to Canada and thus open yet another source for billion dollars in foreign remittance.

The writer is the director of Go BD Go Ltd, operating in tourism, immigration and IT-enable services in Bangladesh and Canada.

Source: thedailystar.net– Aug 01, 2021

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Bangladesh: Improve competitiveness for smooth LDC graduation

Speakers say at ICAB webinar

Local businesses need to become more competitive at the international level so that Bangladesh can enjoy a smooth graduation from the UN's group of least developed countries (LDCs) in 2026, speakers said at a webinar yesterday.

To do so, productivity needs to be increased while reducing production costs, improving the business climate and infrastructure as well as the trade system, they said. Besides, linkage industries should be encouraged alongside the establishment of special economic zones, fashion designing institutes and active pharmaceutical ingredient (API) parks, they said.

They went on to say that making a permanent exit from LDC status would be a real recognition of the country's development even though it would result in Bangladesh facing many challenges. The country has developed significant trade-related capacities and adaptabilities despite the withdrawal of the GSP facility by the US, said the speakers.

Moreover, a disaster prediction in the garment sector when a Multifibre Arrangement was phased out through a separate deal on textiles and clothing did not come about to be true, they said. This is because Bangladesh successfully steered clear of the global financial crisis with little or no impact on exports, they added.

The webinar, styled "LDC graduation: Challenges and Opportunities", was organised by the Institute of Chartered Accountants of Bangladesh (ICAB).

"Our LDC graduation will bring a mixed set of new realities and the country will lose a wide variety of preferences and privileges in global trade," said Planning Minister MA Mannan. "As the duty-free benefits we enjoy under the World Trade Organization (WTO) regime will no longer be effective, our exports will face new challenges," he said.

In addition, tariffs on Bangladesh's products in major international markets and its debt servicing liabilities will increase due to the cessation of concessional finance, he said.

"So, we need to create a proper enabling business environment in the country," Mannan said, adding that the government has taken many initiatives, including the signing of free trade or preferential trade agreements, to increase Bangladesh's overall competitiveness in trade and commerce.

ICAB President Mahmudul Hasan Khusru said both the private and public sectors should prepare to face the post-graduation challenges.

The government is developing 100 special economic zones and more than two dozen hi-tech parks in order to meet the demand of investors, he said.

Bangladesh Investment Development Authority has also come forward to provide one-stop services to investors, he said.

"And to maintain the current export momentum, Bangladesh should opt for bilateral free trade deals," he added.

Keynote speaker Shubhashish Bose, CEO of the ICAB, made a number of recommendations to help face the post-graduation challenges while minimising its negative impacts on trade.

This includes securing the European Union's GSP plus facility, enhancing market access for local products and services through trade agreements, and diversifying products and markets.

He also suggested exploring any areas of untapped potential due to structural constraints, either at the production level or management if required.

Sharifa Khan, secretary to the industry and energy division of the Planning Commission, Md Humayun Kabir, a former ICAB president, Mostafa Abid Khan, member of Bangladesh Tariff Commission, Ali Hussain Akber Ali, chairman of Bangladesh Steel Re-Rolling Mills, Syed Nasim Manzur, managing director of Apex, and Monzur Ahmed, adviser of the Federation of Bangladesh Chambers of Commerce and Industries, also spoke.

Source: thedailystar.net– Jul 27, 2021

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Pakistan: Container crunch

The value-added textile sector is awash with orders but shortage of shipping containers, acute cotton shortage and rising cost of doing business is not letting them take export to new heights.

Interaction with textile players revealed the shortage of containers is causing delays in shipments. Container shortage is worldwide and foreign buyers understanding this are extending the delivery dates on the request of the suppliers. The cancellation orders are not a worry but the capital stuck in the unshipped consignments is a major worry for them.

Since all apparel units, particularly knitwear ones are operating at full capacity, some exporters have consignments worth over Rs500 million waiting for shipment owing to shortage of containers. The amount would be released by the buyers once these consignments reach them. This has created a financial crunch for the Pakistani exporters. Resolving this problem is beyond the scope of Pakistani government.

The cotton situation has also gone worse at a time when the demand for our textiles is growing. Cotton cultivation area has been encroached by sugarcane and more recently by rice and maize. The inability of the state to arrange quality seed discouraged cotton farmers that often lose the entire crop to pests.

The marketing of spurious pesticides has compounded farmers' problems. Cotton prices have gone up sharply.

Currently the fresh crop from Sindh is available at Ra1,3000 per maund in Sindh and Rs13,500 per maund in Punjab.

The established spinners (mostly operating composite units) are importing cotton where again the shipments are delayed because of container crunch. The cost of raw materials is going up for the small and medium exporters that are unable to import cotton or polyester.

Those exporters operating composite units (spinning, weaving and processing) import duty and sales tax free cotton and polyester in bonded warehouses that have replaced DTRE. They can import and consume the inputs for export of goods.

The major advantage they enjoy is there is no regulatory duty, or antidumping duty or sales tax on these inputs. They can import polyester fiber that is otherwise subjected to regular duty and sales tax plus the antidumping duty.

The local suppliers dominated by a major player continue to increase the price of domestic polyester on a weekly basis (probably in line with increase in cotton rates).

This has put small exporters not having bonded warehouses at disadvantage.

With the prices of fibers both cotton and polyester increasing the spinners are constrained to increase the rate of yarn. Those operating composite mills (mainly in Karachi and a few in Punjab) consume most of the yarn themselves and are in the driving seat because of the advantage of bonded warehouse facility and own consumption.

The other spinners are finding it hard to sell their yarn at a higher price.

The apparel exporters and home textile producers do realise the increase in yarn rates is because of high cotton rates but their problem is that they booked export orders three months earlier and are bound to supply goods to their buyers at the agreed price.

If they buy the yarn at current rates they would be selling their goods in loss. Some of them are prepared to forgo their margins and pay the spinners a little higher price. It is a difficult time for both spinners and value-added exporters. Normalcy would return when the current export commitments expire in September.

Still Pakistani textiles are in a comfortable position. Its main rivals, i.e., India and Bangladesh, have uncontrolled Covid-19 prevalence. Pakistan is the least affected country in the region. The Western buyers also want to reduce imports from China. Pakistan is the only alternative for major buyers because it has a robust textile infrastructure.

We have required manpower and machines as well. In addition all our apparel units are socially compliant. We in fact were rapidly moving up in textiles when 9/11 happened.

It made Pakistan a pariah state for the Western buyers. Now we are resurging as the global buyers realise that Pakistani exporters not only excel in quality but are reliable suppliers as well.

Instead of subsidies, the industry needs a prudent government. It was because of incompetence that we delayed LNG procurement and had to buy it at $15 instead of $13. The increase in petroleum product rates is beyond government control but it has increased the cost of Karachi bound containers from Lahore significantly.

Source: thenews.com.pk– Aug 01, 2021

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Pakistan: Stable trend on cotton market

Cotton Analyst Naseem Usman told Business Recorder the rate of cotton in Sindh is in between Rs 12900 Rs 13000 per maund. The rate of cotton in Punjab is in between Rs 13500 to Rs 13600 per maund.

The rate of the new crop of Phutti in Sindh was in between Rs 4800 to Rs 5400 per 40 kg. The rate of Phutti in Punjab is in between Rs 5000 to Rs 6000 per 40 kg. The rate of Banola in Sindh is in between Rs 1600 to Rs 1800 per maund. The rate of Banola in Punjab is in between Rs 1700 to Rs 1900 per maund. The rate of cotton in Balochistan is Rs 12900-13000 per maund. The rate of Phutti in Balochistan is in between Rs 5100 to RS 5400 per maund.

1600 bales of Tando Adam, 1800 bales of Shahdad Pur were sold in between Rs 12900 to Rs 13100 per maund, 400 bales of Shah Pur Chakar were sold at Rs 13000 per maund, 600 bales of Kotri were sold at Rs 12950 to RS 13000 per maund, 600 bales of Hyderabad and 2400 bales of Sangharwere sold in between Rs 12850 to Rs 13000 per maund.

Naseem Usman told that the cotton sowing has completed over 1.88 million hectares against the set targets of 2.32 million hectares to produce 10.51 million bales during crop season 2021-22.

According the provisional estimates about 80.88 percent of set targets of crop production for current season has been achieved, said an official of Ministry of National Food Security and Research.

In Punjab cotton crop have been cultivated over 1.273 million hectares against the set targets of 1.61 million hectares, he said adding that sowing targets in t he province achieved by 79.07 percent. The crop output in Punjab during the period under review had been fixed at 6.07 million bales with an estimated production of 640.93 kgs per.

Meanwhile, Pradeep Kumar Agarwal, chairman and managing director of CCI, said the corporation had an opening stock of 115 lakh bales of cotton at the start of the season in October 2020.

The Cotton Corporation of India (CCI) has said it has almost exhausted all its existing stocks and is now left with only 9 lakh bales before the start of the next season in October, due to the strong demand for cotton in the market.

Meanwhile, Pradeep Kumar Agarwal, chairman and managing director of CCI, said the corporation had an opening stock of 115 lakh bales of cotton at the start of the season in October 2020 and had procured 92 lakh bales since then.

"International cotton prices and MCX prices have risen by Rs 7,500 and Rs 6,000 a candy, respectively, in the last one-and-a-half months. But CCI has been conservative in increasing prices and has raised prices by Rs 2,200 to Rs 2,500 a candy for the same period, except for one to two varieties, where it is higher," he said.

In the last one month, 40percent of the cotton sold by CCI has been purchased by textile mills directly. Moreover, Southern India Mills' Association (SIMA) chairman Ashwin Chandran said in a press release that the increase of ?3,800 a candy of cotton over the past 15 days by the Cotton Corporation of India (CCI) and the 10percent import duty on cotton were affecting the entire textile value chain. It had made textile exports 'expensive' in the global market, he said.

Though the CCI offered three months' lock-in for bulk purchase, textile mills could not benefit due to a liquidity crunch and uncertainty in cotton prices, he said.

The import duty has encouraged price speculation, he claimed. For some varieties, prices of Indian cotton had exceeded the international price.

Pradeep Kumar Agarwal, CMD, CCI, said international cotton prices and MCX prices had risen by 7,500 and 6,000 a candy, respectively, in the last one-and-a-half months. But, he pointed out, CCI had raised prices by 2,200 to 2,500 a candy for the same period, except for 1-2 varieties where it is higher. In the last one month, 40 percent of the cotton sold by CCI were purchased by textile mills directly. The Spot Rate remained unchanged at Rs 13000 per maund. The Polyester Fibre was available at Rs 216 per kg.

Source: brecorder.com– Aug 01, 2021

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Pakistan: Textile giant stresses revival of cotton output

Recently, Pakistan's cotton crop has seen a whopping reduction in its production. Cotton has continued to weaken in recent years due to pests, weed infestation, low yield seed, climate change, technological backwardness, improper IPR regime, less technology transfer and other reasons.

To resolve this problem in the long run, it is necessary to revive the viability of farmers to grow cotton by utilising every possible technology.

These views were expressed by Sapphire Fibres CEO Shahid Abdullah in an interview. The export share of the textile sectors is projected to increase to $20 billion in the ongoing fiscal year compared $15.5 billion in fiscal year 2020-21.

To achieve the anticipated export target, Pakistan has to revive its cotton production to higher levels. The per acre yield of cotton crop is shrinking due to low profitability of the produce compared to maize, paddy and sugarcane.

"To turn cotton crop more profitable and to enhance growers' confidence, measures such as application of laser land levelling, promotion of cotton seeds, use of pesticides through drones and establishment of corresponding research centres need to be taken," said Abdullah. "Pakistan has huge amount of uncultivated land which supports the growth of cotton, however, mechanised farming and capital investment are needed."

Pakistan has not maintained seed development in line with international standards which is an important factor. "We have formed Sanifa Agri Services which is committed to uplift agriculture base of the country," Abdullah explained.

Source: tribune.com.pk– Aug 01, 2021

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NATIONAL NEWS

PLI for textile: Why boosting production alone will not go very far in alleviating exports

With Piyush Goyal replacing Smriti Irani as the new textile minister, following the recent union cabinet reshuffle, there seems to be a humongous task lying ahead of him. It is reviving the ailing textile and apparel sector.

Providing direct employment to 45 million people, and indirect employment to 60 million people, this highly labour-intensive sector is only behind overall agriculture in terms of employment generation.

However, in recent years, India has significantly lost its global competitiveness in textile and clothing to countries like Bangladesh and Vietnam. As a result, textile and garment exports in the sector have plummeted.

While India's overall merchandise exports reached an all-time quarterly high of $95 billion in the three months ending June 2021, readymade garments experienced double digit declines, as compared to June 2019 levels. India currently ranks sixth in the top world exporters of textile and apparel and has witnessed a decline in its share in global exports of textile and apparel from 4.84 per cent in 2015 to 4.34 per cent in 2018 at a CAGR of (-) 1.14 per cent (Trade Map, 2019).

While the sector's growth performance had deteriorated even before Covid, the pandemic induced subdued domestic demand coupled with declining exports because of the lockdowns have had a double blow for the manufacturers. To boost local manufacturing and exports to shore up employment in the sector, the government had recently approved the Production Linked Incentive (PLI) Scheme for the sector, with a total outlay of Rs. 10,680 Crore under the aegis of Atmanirbhar Bharat Abhiyan.

The focus of the scheme is proposed to be on Man-Made Fibre (MMF) apparel and technical textiles. It is expected that the scheme could cover forty product categories under MMF, whereas ten under the technical textile segment. It is likely that incentives would be provided to both greenfield and brownfield investments under this scheme, between 3 to 11 per cent of the incremental revenues' year-on-year for five years. By focusing on these two non-conventional segments, the PLI scheme for textiles is expected to bring about structural changes in the textile sector.

While these changes could definitely help to diversify the export basket, the revival of exports could be short-lived. What we require is a much deeper participation by India in the manufacturing global value chains. The current Indian technical textiles market constitutes merely 13 per cent of India's total textile and clothing market.

As the production process is getting fragmented globally, the idea to boost production alone does not go very far in alleviating exports. Nor does it help the 'Make in India' cause of the government. Our recent study at ICRIER shows that India's exports are becoming import-oriented, as the foreign content in exports increased sharply from 15.9 per cent in 2003-04 to 27.2 per cent in 2013-14. In the textile sector, the study estimates that the foreign value-added share rose from 13.03 per cent in 2003-04 to 19.40 per cent in 2013-14.

As the cost of labour has been rising progressively in China, it is losing its competitive edge in labour-intensive industries like textiles. India, with its large labour force and a vast domestic market, has a great opportunity to step up and fill the gap. Getting integrated into the GVC for textiles can help immensely in creating widespread employment and reviving exports by fostering innovation.

While integrating into GVCs seems the way forward, one must be mindful of the huge skill gap existing in the sector. According to our 2019 study at ICRIER, skill mismatch in India's textile and clothing sector stood at a whopping 68 per cent in 2011-12, as against the overall skill mismatch of 33 per cent in Europe, and 54 per cent in Turkey.

Over the years, export related jobs have grown at a much faster rate than overall employment. While a chunk of these jobs has gone to persons with below secondary education, the rate of growth of these low-skilled jobs has declined. Our recent estimates show that the share of unskilled jobs tied to textile and allied exports declined from 29.64 per cent in 2003-04 to 23.67 per cent in 2013-14. The share of high-skilled jobs increased from 20.91 per cent to 26.15 per cent during the same period. With the skill composition of export related jobs shifting towards high skill, we require greater investment in skill development to make sure that we do not expose the less skilled workers to the risk of offshoring.

The newly appointed textile minister, Piyush Goyal, who also leads the Centre's PLI scheme under his charge as the Minister of Commerce and Industry is likely to review the scheme soon.

It is expected that the scheme would incentivize the textile manufacturers to integrate more deeply into the GVCs for reviving growth and generating employment in the textile industry.

Source: economictimes.com– July 31, 2021

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Stiff target: New Foreign Trade Policy aims for exports of $1 trillion by FY26

India will aim to more than double its annual goods and services exports to over $1 trillion by FY26 under the new foreign trade policy (FTP), as it seeks to tailor its policies suitably to cash in on an expected rebound in global economic growth, sources told FE.

This will warrant a substantial, and sustained, scaling up of exports — to a compounded annual growth rate of 15% until FY26 from about 5% in the five years through FY20 (before the pandemic).

The country had targeted annual exports (merchandise and services) of $900 billion under the extant FTP but managed to realise a maximum of $538 billion (in FY19), as goods shipments mostly faltered.

However, government officials feel that given the potential revival in external demand, elevated international commodity prices and acceleration in domestic manufacturing due to production-linked incentive schemes, the ambitious export target could be met this time.

Still, for this to happen, the government will have to address the usual structural issues, including high logistics costs, refund taxes on inputs consumed in exports on time and firm up free trade agreements with key markets early, exporters reckon.

The next FTP, usually valid for five years, will come into force from October 1.

Since the FTP is being designed in the aftermath of the Covid-19 outbreak, it would focus on ensuring India's greater integration with the global supply chain and reducing its elevated logistics costs. Also, the Atmanirbhar Bharat initiative will find a befitting expression in the policy, said one of the sources.

However, given the re-prioritisation of spending, necessitated by the pandemic, the availability of budgetary resources to boost exports may remain inadequate, which could be a key hurdle to impressive trade growth, sources said. To partly make up for this, the government could do away with a plethora of redundant paperwork and formalities and relax the compliance burden of exporters.

To boost services exports under the new FTP, the government may revamp the Service Exports from India Scheme (SEIS) to cover more businesses, especially MSMEs, or roll out a new programme altogether, sources said. Under the extant SEIS, the government offers exporters duty credit scrips at 5-7% of the net foreign exchange earned.

The proposed Remission of Duties and Taxes on Exported Products (RoDTEP) scheme for mechandise exporters, the refund rates underwhich are yet to be announced, will also be a part of the FTP.

Sources had earlier told FE that the government could retain certain key export schemes, such as those relating to special economic zones and export-oriented units, in the new FTP as well, even though these havebeen challenged at the World Trade Organization (WTO). However, any new scheme within the FTP will be designed in sync with WTO stipulations.

The government may also bolster its support for MSME exporterstomarket their products, one of the sources said. It may continue to offer aid under the Trade Infrastructure for Export Scheme (TIES), which was supposedto continue up to 2020 but is still operational. However, assistance under the TIES, meant for improving export competitiveness by building trade infrastructure, could be slashed from the initial allocation of Rs 200 crore per year. Key elements from a national logistics policy, which has been in the works for months, will likely feature in the FTP. This policy will aim to reduce logistics costs from 13% of GDP to 8% over five years.

Commenting on export prospects, Ajay Sahai, director general and chief executive at exporters' body FIEO, said order books for supplies until October remain impressive, and the trend will likely continue. However, supply side remains a challenge. Shipping costs have skyrocketedworldwide and exporters face an acute shortage of containers. Still, with government support, export target of $400 billion for FY22 can be realised.

The International Monetary Fund last week revised up its earlierpredictions of global trade volume growth by a sharp 130 basis points for 2021 to 9.7% and 50 bps for 2022 to 7%. India is set to benefit from the brighteningglobal trade prospects once its supply side gains traction.

Source: financialexpress.com– Aug 02, 2021

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Simplified Patent and Copyright Registration helping India become an innovation hub : Shri Piyush Goyal

Union Minister for Commerce & Industry, Consumer Affairs and Textile, Shri Piyush Goyal has expressed satisfaction over the reforms introduced in examining and granting of patents, designs, copyrights and trademarks, saying the 'ease of doing business' will go a long way in catapulting India as an innovation hub.

The Minister reviewed the functioning of the Office of Controller General of Patents, Designs and Trademarks in Mumbai yesterday and deliberated on ways to build a robust Intellectual Property Rights infrastructure.

Shri Goyal reiterated Government's commitment to bolster the ecosystem of patents, design, trademarks, GI (Geographical Indication) systems; to encourage innovation, research & development in the country and bring newer inventions and knowledge from India's heritage systems to global platform. He emphasized Prime Minister Shri Narendra Modi has been closely monitoring developments in this field since 2014 itself.

Shri Goyal while speaking about the CGPDT's speedy disposal of applications informed that, "The pendency in the IPR department has come down drastically. It has also been decided that any pending application should be completed within days and not months."

Fees for Start-ups, MSMEs, women entrepreneurs reduced by 80%

Shri Goyal also mentioned about the reduction in fee allowed by the department in order to help and support Startups and Women entrepreneurs in the country. Filing fees for Startups, MSMEs, Women entrepreneurs has been reduced by 80%.

The Minister added that emphasis has been laid on using Digital means. Every application is now processed online from start to finish, hearings are conducted on phones, people don't have to travel to patent offices now.

Shri Goyal also made a few suggestions to make the whole process more user friendly. He called for more efforts to increase awareness about GI tag and its significance. He also asked to consider instituting scholarships for students studying the Intellectual Property law as well as engage faculty from renowned institutions on a part time basis to help in the patent examination process.

Simplified procedure, growing innovation

Officials of CGPDT briefed how the IP process has been simplified and streamlined than before and also about the re-engineering of the whole process including new timelines for disposal and shift to digital mode to promote ease of filing and obtaining services. For example, under Trade Mark Rules 74 Forms have been replaced by 8 Consolidated Forms. They also mentioned that special care is being given to expedite examination of patents filed especially for applications filed by Startups, Women Entrepreneurs etc. While assessing impact of measures taken, it is noted that E-filing has increased from 30 % to more than 95%.

India has also seen a rapid increase in grant of patents, copyrights in the last 5-6 years. The number of patents granted has gone up from 6,326 in 2015-16 to 28,391 in 2020-21, while Trade Marks registration has shot up from 65,045 in 2015-16 to 2,55,993 in 2020-21. Similarly, while 4,505 Copyrights were granted in 2015-16, a total of 16,402 were granted last fiscal.

These developments have reflected positively in improvement of India's ranking in Global Innovation Index. India has climbed 33 notches from 81st position in 2015-16 to 48th in 2020.

About the Office of Controller General of Patents, Designs and Trademarks

The Office of the Controller General of Patents, Designs & Trade Marks (CGPDTM) is located at Mumbai. It functions under the Department of Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce & Industry. The Controller General supervises the working of the Patents Act, 1970, the Designs Act, 2000 and the Trade Marks Act, 1999 and also renders advice to the Government on matters relating to these subjects.

The Head Office of the 'Patent office' is in Kolkata, 'Trade Mark Registry' is in Mumbai and the 'GI Registry' is in Chennai. The Offices of 'The Patent Information System' (PIS) and 'National Institute of Intellectual Property Management' (NIIPM) are at Nagpur.

Source: pib.gov.in– Aug 01, 2021

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Govt eases procedure for filing anti-dumping applications by fragmented industries

The government has simplified the procedure for filling applications seeking anti-dumping duty investigations by fragmented industries, a move aimed at promoting ease of doing business and expediting trade remedy measures for small and micro units.

According to a notice of the Directorate General of Trade Remedies (DGTR), where the industry is fragmented and consists of an excessively large number of domestic producers, the application for antidumping or countervailing duty investigation can be filed by an association on behalf of the domestic industry.

However, it said, such domestic producers must have at least 50 per cent share in total eligible domestic production of the product, over which antidumping duty is being requested.

As per the simplified procedure, all the domestic producers in such cases would not be required to provide detailed data like labour and per unit power cost, instead, all such producers will be required to file "basic injury information" such as turnover, installed capacity, exports, and domestic sales.

"The authority (DGTR), for the purpose of determining injury margin may limit detailed examination of applicant domestic producers to a limited number of domestic producers," it added.

The directorate will use sampling methods under which a limited set of producers would have to provide complete data or information.

Earlier all the applicants have to provide complete and detailed data with the application for such investigations.

The DGTR from time to time used to receive requests for imposition of trade remedy measures from domestic producers forming part of fragmented industries. It has been noticed that genuine difficulties are many a times encountered by such domestic producers in complying with the existing procedures and consequently they remain deprived of the relief from trade remedy measures.

"In order to overcome difficulties faced by fragmented industries in India in complying with the existing procedures and norms, a simplification exercise needs to be attempted for ease of doing business. It has therefore been decided that the following guidelines be applied in seeking information from such domestic producers during the course of Anti-dumping (AD)/Countervailing duty (CVD) investigations," it said.

Further the directorate has also taken certain more measures to promote ease of doing business such as streamlining of the anti-dumping questionnaire format for user industry; simplification of importer's questionnaire to be filed by unrelated importers in such probes; simplification of exporter's questionnaire to be filed by foreign producers / exporters in such investigations.

It added that there have been representations from domestic producers and their associations for simplification of the existing application formats.

"Accordingly, to meet their demands as also to fulfil the objective of reduction of compliance burden for citizens and business, the existing application formats have been simplified and aligned with the updated act and rules. Requirement of non-essential and repetitive information has been dispensed with. Some formats have been deleted altogether whereas some others have been merged," the DGTR said in another notice.

The directorate is an investigation arm of the ministry which deals with anti-dumping duty, safeguard duty, and countervailing duty. These duties are trade remedy measures, provided under an agreement of the World Trade Organisation (WTO) to its member countries

They are used to provide a level-playing field to the domestic industry in case of dumping of goods, significant increase in imports and subsidised imports.

Source: economictimes.com– Aug 01, 2021

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CBIC notifies provision for self-certification from August 1

The Central Board of Indirect Taxes and Customs (CBIC) has notified provision for self-certification instead of audit report from August 1.

The Board has made the reconciliation statement part of annual goods and service tax return.

According to notifications issued by the Board on Saturday, every registered person having aggregate turnover under Rs 5 crore, will have to furnish a self-certified reconciliation statement along with the annual return. The government has exempted filing of annual returns for registered person whose aggregate turnover in the FY 2020-21 is upto Rs 2 crore.

"Since self-certified reconciliation statement is now a part of GSTR 9 itself, hence, it appears that taxpayers having aggregate turnover above Rs 5 crore needs to file self-certified reconciliation statement even for FY 2020-21 as a part of Annual Return," said Aditya Singhania, partner at Singhania GST Consultancy.

"Besides lifting up the mandatory certification, it does opens up the opportunities for vide range of professionals and at the same time puts a responsibility on taxpayers to furnish details in Annual Return on true and correct basis on self-certification basis," he added.

The changes have taken place following GST Council decision to allow self-certification of reconciliation statement in GSTR-9C instead of Chartered Accountant certificate, CBIC has notified the amendment in CGST Act.

The registered person is now required to furnish an annual return which may include a self-certified reconciliation statement, reconciling the value of supplies declared in the return furnished for the financial year, with the audited annual financial statement for every financial year electronically, experts added.

Source: economictimes.com– Jul 31, 2021

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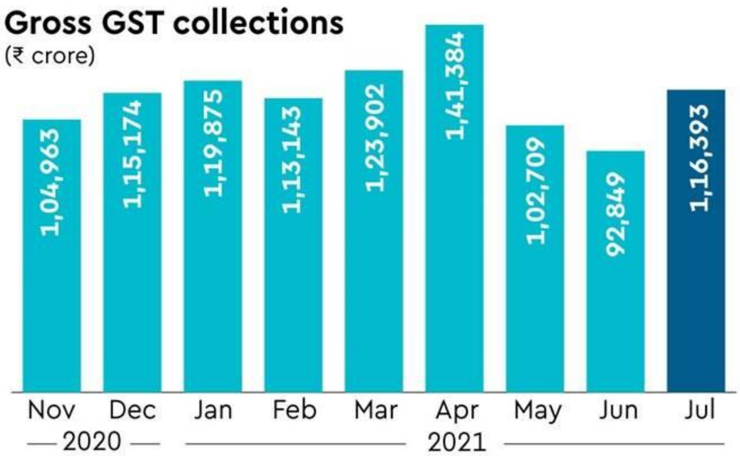
Robust Rise: July GST mop-up sees smart recovery

Gross goods and services tax (GST) collections came in at an impressive Rs 1.16 lakh crore in July (largely June transactions), up a third on year and a quarter on month, reflecting a smart economic recovery after the second Covid-19 wave. That in the first 25 days of July, the average daily e-way bill generation was 8.8% higher than the level in June and 54% higher than in May indicates the August collections (from July sales) could be even higher.

Thanks to steps taken to improve compliance and a shift of business away from the informal sector, GST seems starting to yield the revenue productivity its proponents ascribed to it. Even as the weighted average GST rate continues to be around 11% against the revenue neutral rate computed of 15% or thereabouts and major items like auto fuels are still outside GST net, the collections have shown an upswing for several months till the pandemic's second wave hit businesses.



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 virtually pan-India lock-down.

Of the gross GST revenue collected in the month of July 2021, Central GST was Rs 22,197 crore, State GST Rs 28,541 crore, Integrated GST Rs 57,864 crore (including Rs 27,900 crore collected on import of goods) and cess Rs 7,790 crore (including Rs 815 crore collected on import of goods).

During July, revenues from import of goods were 36% higher and the collection from domestic transactions (including import of services) were 32% higher than the revenues from these sources during the year-ago period. "GST collection, after posting above Rs 1-lakh-crore mark for eight months in a row, dropped below Rs 1 lakh crore in June 2021 as the collections during June 2021 predominantly related to May 2021…," the finance ministry said.

"With the easing out of Covid restrictions, GST collection for July 2021 has again crossed Rs 1 lakh crore, which clearly indicates that the economy is recovering at a fast pace. The robust GST revenues are likely to continue in the coming months too," the ministry said.

For the second year in a row, the Centre will borrow under a special, relatively low-cost mechanism in 2021-22 to bridge a yawning shortfall in the GST compensation cess pool and transfer the funds to states as back-to-back loans, sans any big fiscal cost to states. The plan is to borrow underthis window in Rs 1.58 lakh crore in 2021-22.

While the amount borrowed under the RBI-enabled mechanism last year was Rs 1.1 lakh crore, the Centre recently acknowledged in Parliament that an amount of Rs 81,179 crore was yet to be released to the stategovernments towards fully compensating them for their GST revenue shortfall for the financial year 2020-21.

Source: financialexpress.com – Aug 02, 2021

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Getting real about REER and exports

The rupee has been hovering at around 73-74 against the dollar in recent times. It, in fact, has been choppy against other foreign currencies as well. With the second wave, it has weakened compared to the levels reported in the previous year. It depreciated sharply within months with the onset of the pandemic, from 71.54 in January 2020 to 75.59 in May 2020.

With the rupee losing significant value against the dollar, the exchange rate can be a possible indicator of the economy's competitiveness. When the rupee depreciates, it gives a boost to exports as these become cheaper overseas. RBI formulates the rupee's NEER and REER, providing a monthly weighted index. This is akin to CPI or WPI to show how the prices of goods in general have changed. The index is a basket of six-currencies and 40-currencies (with FY16 as the base year).

REER, however, is considered a better measure than NEER, since it also considers the domestic inflation in the various economies. For this analysis, six major currencies are considered—those of the economies that account for 88% of India's exports. The Euro has highest trade weight of 12.69, followed by the UAE dirham, the Chinese yuan, and the American dollar at 11.44, 10.84 and 8.8, respectively. A decrease in REER denotes depreciation in rupee's value, whereas an increase reflects appreciation.

An analysis of the movement of REER over the 24 months between April 2019 and March 2021 gives some interesting results. In India, the first complete lockdown was announced in March 2020. In the 12 months preceding the lockdown—that is, FY20—the average-REER stood at 103.6, much higher than it was during FY21 (at 101.8).

During the same period, the rupee has fallen by more than 350 bps. Higher REER meant exports were more expensive in FY20, and imports were cheaper—as compared to FY21. A decrease, hence, indicates an improvement in trade competitiveness during FY21.

The competitiveness of India's exports got better with REER touching its lowest in 28 months, at 99.68, as the rupee continued to depreciate further. However, the competitiveness of India's exports, which was showing improvement, may face a hiccup soon due to multiple factors, the primary being inflation. The REER spiked to 100.41 in May 2021; this was one of the fastest such spikes in the last six months.

With the rise in CPI, at 6.3% in both May and June 2021, there will be an upward pressure in the prices of commodities. The continued increase in crude oil prices is expected to add to the fire. Core inflation—the non-food, non-fuel component—was at 6.4% in May 2021, and will be a worrying factor.

While REER has had crests and trough around a limited range between April 2019 and May 2021, the NEER has been mostly declining. REER remains in sync with the inflationary trends—the upward biases in REER due to inflation was already being felt in May 2021. The increasing difference between trends of NEER and REER in the last 26 months was due to India's domestic inflation being higher relative to the six major currencies considered.

Soaring inflation will impact REER, which, in turn, would inevitably push up the cost of merchandise and affect competitiveness of Indian exports. However, there is a lag period between the fall of the exchange rate and its implication on exports. This is largely because of contracts signed before the exchange rate movements.

With the majority of India's exports being agricultural products, textiles, jewellery, etc, margins on which are generally small, the rise in inflation will adversely impact these. Such sectors tend to benefit the most when there is a significant depreciation in the rupee. But, this may get offset by related fall in currencies of other emerging markets that are India's competitors globally. The rupee stood at 74.36 in end-June.

This analysis shows that India's export competitiveness has improved since FY19, but may lose momentum if inflation continues unabated. Hence, a depreciating rupee alone will not help boost exports.

Source: financialexpress.com– Aug 02, 2021

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ExplainSpeaking: How IMF cutting India's growth forecast will impact RBI's monetary policy

Later this week, on August 6, the Monetary Policy Committee of the Reserve Bank of India will unveil its latest monetary policy review. Typically, these reviews happen once every two months — although there have been times (as it happened in March 2020) when the RBI has decided to react outside this set cycle; it did so to counter the adverse impacts of the Covid-19 pandemic.

In each such meeting, there are two key questions that the RBI evaluates. One, what is the outlook on economic (GDP) growth and, two, what is the outlook on retail inflation.

There is one very important difference between these two concerns though. The RBI is legally mandated to keep the inflation rate between 2% and 6% but there is no such requirement when it comes to GDP growth.

In other words, the RBI is required — by law — to ensure that the rate at which retail prices increase in the country neither falls below 2% nor goes beyond 6%. However, when it comes to GDP growth, the RBI is not bound by any such target. It is another matter that as a statutory body — that is, as a body that owes its existence to a law made by Parliament — the RBI has to respect the wishes of the government and share its concerns when it comes to economic growth.

So here's the thumb rule for RBI: If inflation is within the desired range, it tries to do whatever it can to boost economic growth.

Typically, boosting economic growth translates to reducing the interest rate that RBI charges to lend money to India's commercial banks; this rate is called the repo rate.

By doing so, it tries to make it easier for all economic agents (especially businesses) to seek new loans and boost economic activity. Here's a more detailed explainer on this.

But what happens when inflation is either too low (rarely happens in a fast-growing economy such as India) or too high (as has been the case for the most part since November 2019)?

When inflation is too high, the RBI typically increases the interest rate, thus incentivising consumers to keep their money in their bank accounts (instead of spending it) while also making it costlier for businesses to take out new loans. If the retail inflation is too low, it suggests weak economic activity and one would expect the RBI to lower interest rates to boost GDP.

The odd thing with the RBI policy lately is that India's GDP growth has been stalling even as the inflation rate has spiked. Of course, the RBI cannot boost growth as well as curb inflation at the same time. If it chooses to boost growth when inflation is also high, it runs the risk of further fuelling inflation. About inflation, the key thing to remember is that it hits the poor the hardest.

Up until now, faced with this impossible choice, RBI has favoured boosting GDP growth over containing inflation.

For a while now, the RBI has hoped that the current run of high inflation in India would just be a temporary phenomenon, and that, as supply chains recover from the Covid disruption, the rate of increase in prices will subside.

But as was explained in the piece above, inflation has continued to stay high. As such, one would expect the RBI to raise interest rates and signal a shift in its stance.

However, this will likely not happen when the MPC members meet this week, and the RBI will continue to maintain a status quo on the repo rates.

Click here for more details

Source: indianexpress.com– Aug 02, 2021

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Reimagining the workforce: 'Upskilling & reskilling most effective tools to bridge skills gap amongst employees'

For closing the skills gap, companies must focus on workplace education, and tuition reimbursement/scholarships, university-sponsored discounts, along with industry certificates, are the most effective methods for upskilling/reskilling according to 70% employers.

This was found by the Wiley report "Reimagining the Workforce 2021", which highlights opinions of CHROs, L&Ds along with CXOs. "Upskilling and reskilling are the most effective tools to bridge the skills gap amongst employees," they noted.

The report also brought to light the fact that companies increasingly prefer to offer tuition assistance and support programmes to address this talent-skill gap.

In current times, the workplace landscape is undergoing major transformations. Covid-19 upturned the existing unbalanced hiring sector as many professionals lost their jobs, while others were struggling to prove their capabilities and deal with the global pandemic crisis.

While some businesses were forced to lay off their employees, various others resorted to internal mobility as a viable option. However, what goes unnoticed is that organisations have to let go off their quality talent since they do not possess the required skills to cope with unpredictable times or crisis situations.

Owing to these unstable times, businesses are moving beyond traditional routes and are incorporating new-age strategies of reskilling and upskilling their employees. "Introducing workplace education is not only helping businesses cope with the challenges, but is also ensuring the seamless continuance of their operations," the report said.

Key highlights:

—What started out as a trend in the market is now becoming the dire need of the hour. Reskilling and upskilling are emerging to be the ideal solutions to bridge the talent-skill gap in the hiring market;

—About 60% of the HR and L&D employers believe that there is a major talent-skill gap;

—About 70% of them are of the view that upskilling and/or reskilling are the most viable way-outs to bridge this gap;
—Also, 87% employers give preference to tuition assistance and support programmes and believe that they are the most effective and impactful upskilling/reskilling tools;

—However, only 45% of the HRs and leaders representing their respective companies stated that they offer tuition assistance programmes at their firms.

Source: financialexpress.com– Aug 02, 2021

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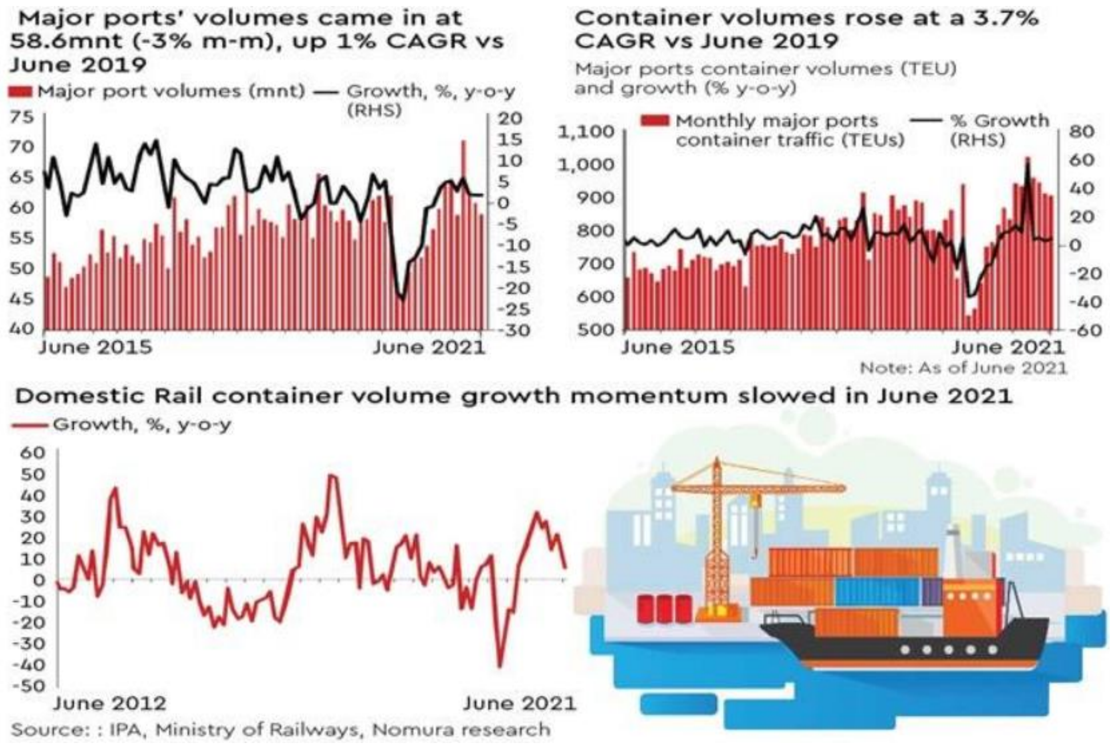
Traffic moderated at major ports in June

Major ports' volumes moderated to ~58.6mnt in June 2021 (-3% m-m), posting 1% CAGR vs June-19. POL and coal volumes were weak, with POL volumes declining at a 2.9% CAGR vs June-19 and coal volumes declining at a 3.4% CAGR.



Container volumes at 902kTEUs were relatively stronger, clocking a 3.7% CAGR vs June-19.

In tonnage terms, container volumes clocked a 5.8% CAGR, recording strong growth despite the global container shortage.

Source: financialexpress.com– Aug 02, 2021

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AEPC plea to check yarn price

The Apparel Export Promotion Council (AEPC) has appealed to the Union Government to check volatility of yarn price that is now affecting the value chain.

This is one of the demands submitted by the the council chairman and president of Federation of Indian Export Organisations A. Sakthivel to Union Commerce and Industry Minister Piyush Goyal.

He also said the government should announce the modus operandi for the recently announced Rebate of State and Central Taxes and Levies (ROSCTL) and extend the interest equalisation scheme till the end of this financial year. The benefits of Remission of Duties and Taxes on Export Products (RODTEP) should be extended to units in EOU/SEZs.

He said the increasing sea freight charges and container shortage are a matter of concern to exporters and the government should take effective steps to control the prices.

If exporting units buy yarn from the domestic mills it should be considered as fulfilling export obligation of yarn manufacturers.

The Cotton Corporation of India should supply 60 % of its cotton to domestic yarn manufacturers, he said.

Source: thehindu.com– July 31, 2021

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Unemployment rate falls to 4-month low of 6.95% in July

India's unemployment rate fell to a four-month low of 6.95% in July, staging a near-complete recovery in all parameters of the labour markets, which were hit by the second wave of the pandemic. In March, country's joblessness was 6.5%; it spiked to 7.97% in April and further to 11.9% in May, according to the Centre for Monitoring Indian Economy (CMIE). In June, the rate stood at 9.17%.

"The July data suggests a near-complete recovery. The labour participation rate, unemployment rate and employment rate have all bounced back to close to their March 2021 levels," said CMIE's MD & CEO Mahesh Vyas. Rural unemployment rate in July at 6.34% was closer to the March level of 6.15%. The unemployment rate in rural areas went up to 7.13% in April, further to 10.63% in May, but softened to 8.75% in June.

Though the urban unemployment rate fell in July to 8.3%, it still remained high compared with 7.27% in March. The urban joblessness rate was 9.78% in April, 14.73% in May and 10.07% in June, according to CMIE. Genius Consultants' chairman and managing director R P Yadav said, "The whole industry is very hungry for growth of businesses for market share. Suddenly the demand for recruitment has increased from most of the industry. The unemployment is going to be reduced further in the second and third quarter."

May 2021 was only the fourth month since at least January 2016 when overall monthly unemployment rate breached the double-digit mark. Amidst a country-wide lockdown, unemployment rate went past the mark during April, May and June last year.

The overall unemployment rate reached its peak of 23.52% in April last year, but started falling from the next month onwards. In May last year, country's unemployment rate was 21.73%. It was 10.18% in June last year.

During the first wave of the pandemic, stringent lockdown to rein in the rising number of people getting affected with the deadly coronavirus pushed the workforce away from the work, resulting in the rise in unemployment rate.

Source: financialexpress.com– Aug 02, 2021

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