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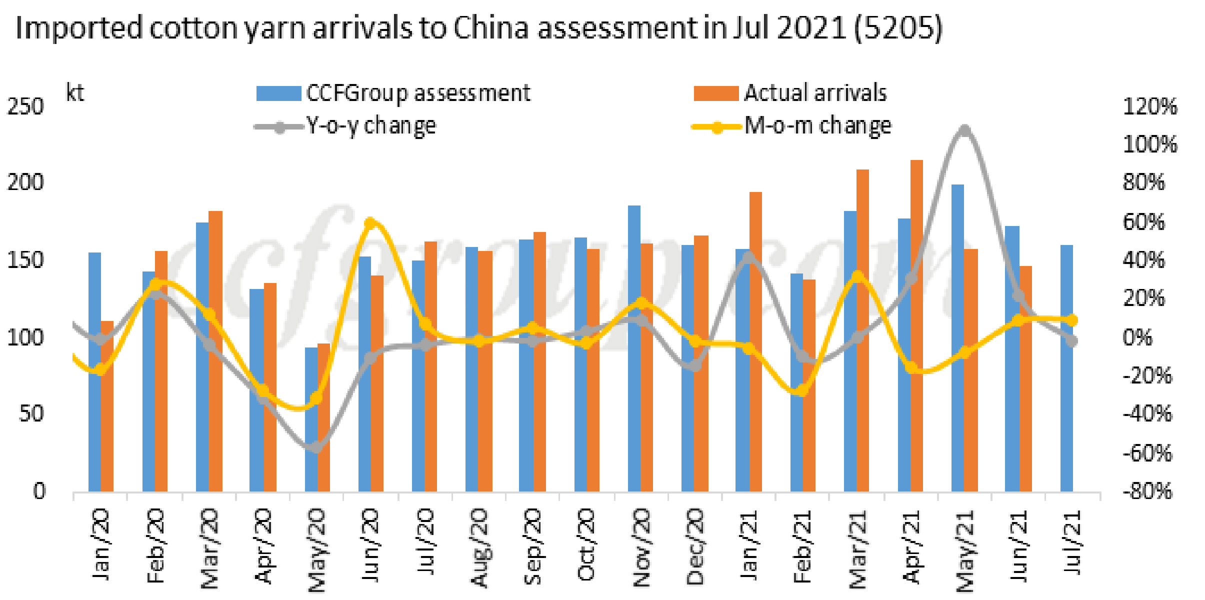
INTERNATIONAL NEWS

China: Jul'21 cotton yarn imports may move up 9.7% m o m to 161kt

1. Imported cotton yarn arrivals to China assessment



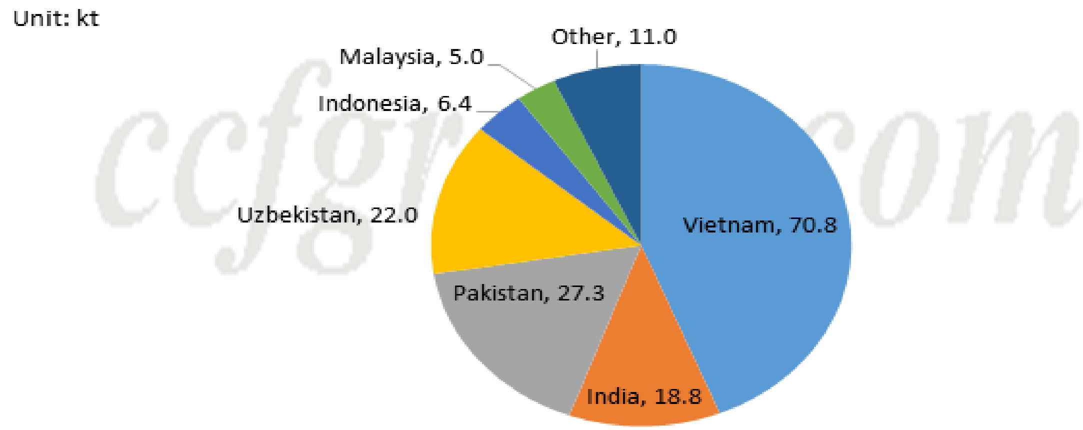
Cotton yarn imports of China in Jun reached 147kt, up 4.3% on the year and down 7.2% on the month. It amounted to 1064kt cumulatively in Jan-Jun, up 29.2% year on year. The imports in Jul is initially assessed at 161kt, up 9.7% on the month and down 1.2% on the year.

According to export data of foreign markets in Jun, cotton yarn exports of Vietnam in Jul is likely to drop from last month due to the production, order-taking and delay of Jul shipments affected by the pandemic. The exports of Pakistan in Jul is expected to move up compared with Jun. The export data of India is delayed.

According to previous ordering of Chinese plants and arrivals, Indian cotton yarn exported to China is expected to increase slightly. Cotton yarn exports of Uzbekistan to China is predicted to inch up as more orders are shifted to Uzbekistani cotton yarn from Vietnamese cotton yarn due to the pandemic and the free duty to Pakistan was canceled.

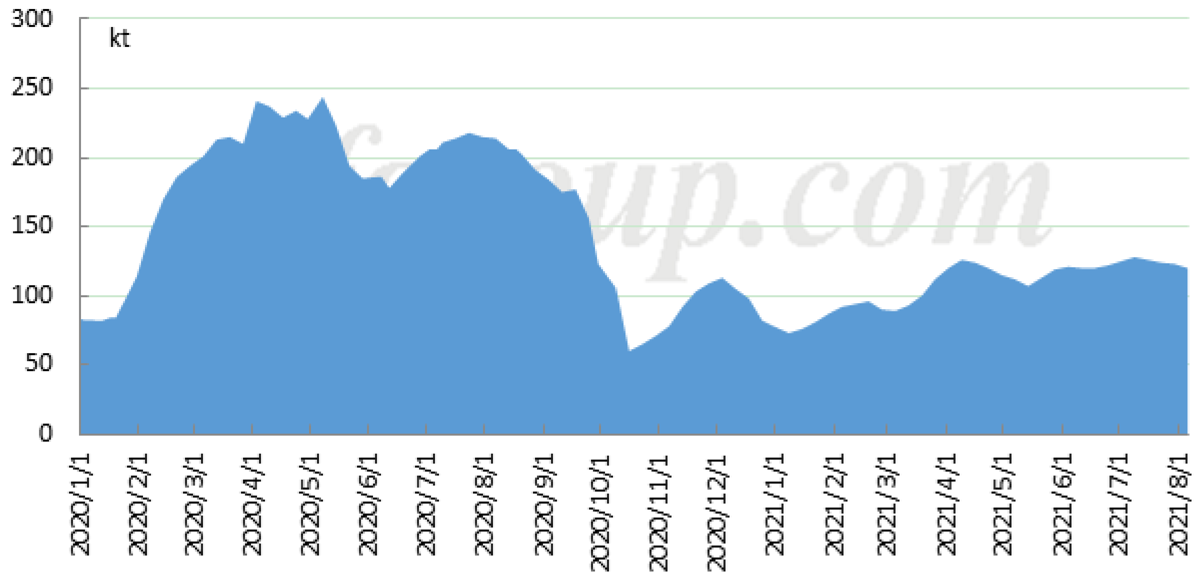
It is initially estimated that cotton yarn imports of China in Jul from Vietnam is at 71kt; from Pakistan 27kt, from India 19kt, from Uzbekistan 22kt and from other regions is small.

Cotton yarn imports assessment in Jul by countries and regions



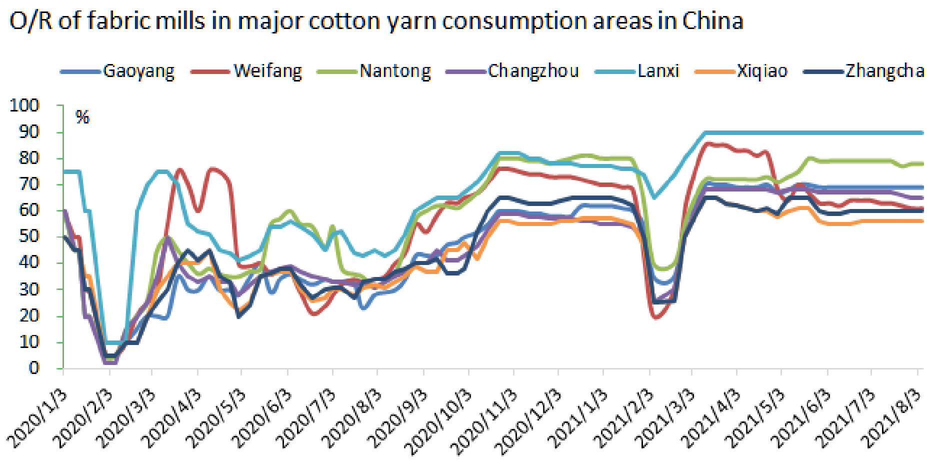
2. Imported yarn stocks declined

Imported cotton yarn stocks in China



Arrivals of imported cotton yarn sharply declined in Jun. It is expected to move up in Jul, but with smooth sales previously, overall stocks decreased slightly even if the trades reduced gradually after the prices surged. There are obvious issues existing in the structure of imported cotton yarn. Carded 32S and OEC21S are still in tight supply and spot Indian combed 32S also reduces. At present, the offers of traders are high and some are reluctant to sell.

As traditional dull season, Jul saw healthy market this year. The operating rate of cotton yarn mills was not affected overall except regional and periodical influence of typhoon and the pandemic. Cotton and cotton yarn prices surged in Jul, which compressed weavers' profits largely. Some small-sized weavers even took holidays for some time. Overall run rate in Jul was slightly lower than that in Jun.



In terms of later market, Vietnamese shipments to China are delayed in Jul due to the pandemic and the quantity of Indonesian arrivals is also affected by the pandemic. According to the export data in the countries, cotton yarn exports of Vietnam inched down, that of Pakistan inched up, that of India was flat to last month and that of Uzbekistan moved up slightly. On the whole, Jul arrivals are expected to be more than Jun ones. According to the ordering in Jun and Jul, Aug arrivals may keep flat. It is noteworthy that the pandemic may hinder the arrivals and impact the supply of imported cotton yarn.

Source: ccfgroup.com– Aug 12, 2021

HOME

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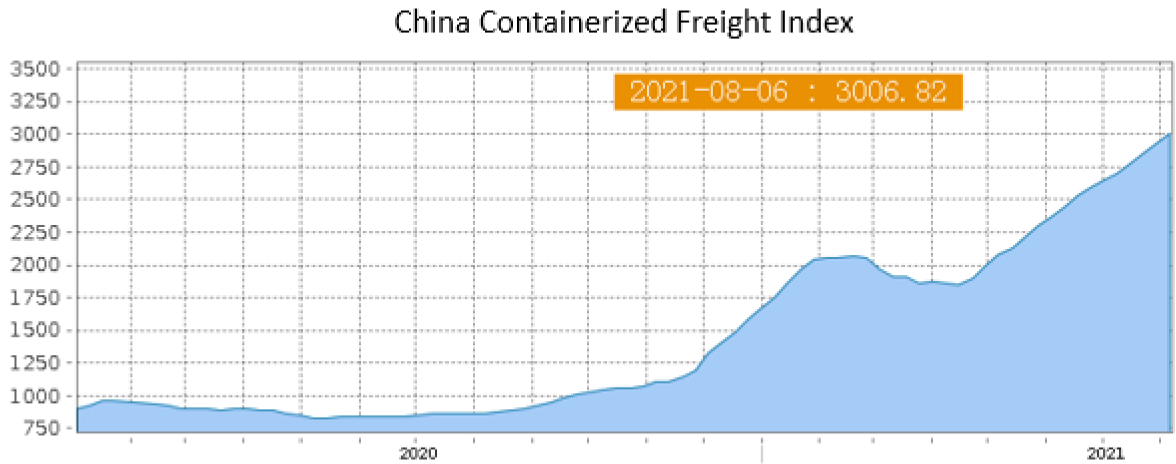
China: Container marine market: extended peak season to fuel sea freight

The rapid spread of Delta Variant worldwide exacerbated the incontrollable container marine market. The freight rate of US route has breached US$20,000. Peak season of the market is likely to continue into the fourth quarter of 2021.

Container marine market is during peak season now. Impacted by the spread of Delta Variant in China, the freight rate of the E/C America Service has surged to US$20,000/FEU from $11,000/FEU in late-Jul, which was 5 times of that during the same period of last year. The freight rate of the W/C America Service was also near US$20,000/FEU. With soaring freight rate of the America route, consolidators successively put shipping capability to major Asia-North America routes.



Source: Shanghai Shipping Exchange

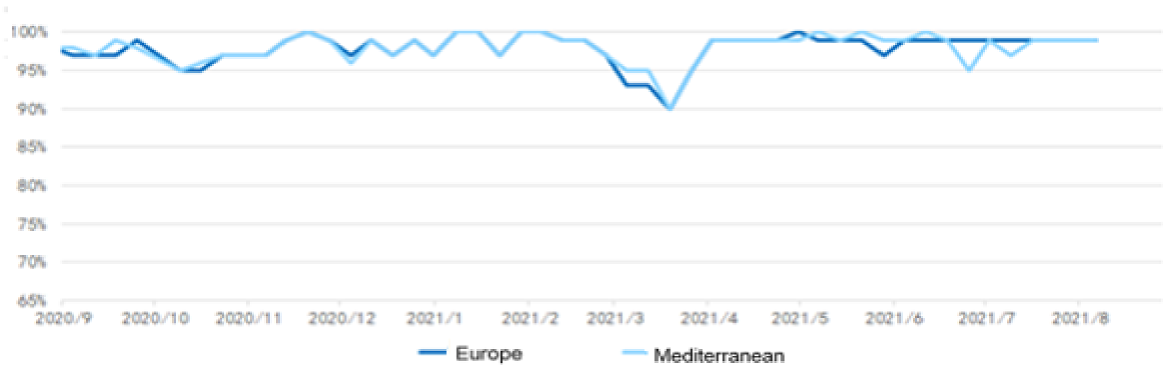
The demand on container marine market remained high in China, and the freight of most routes remained largely flat last week. According to the data from Shanghai Shipping Exchange, the China containerized freight index was at 4225.86 on Aug 6.

European route:

With worse spread of the pandemic in Europe, demand for various materials was massive. Transportation demand remained high. The shipping capability changed little on the whole, while some ports in Europe were still seriously congested.

Shanghai (Export) Containerized Freight Index based on Settled Rates (EUR service)

Average utilization rate of seats at Shanghai Port (European routes)



Source: Shanghai Shipping Exchange

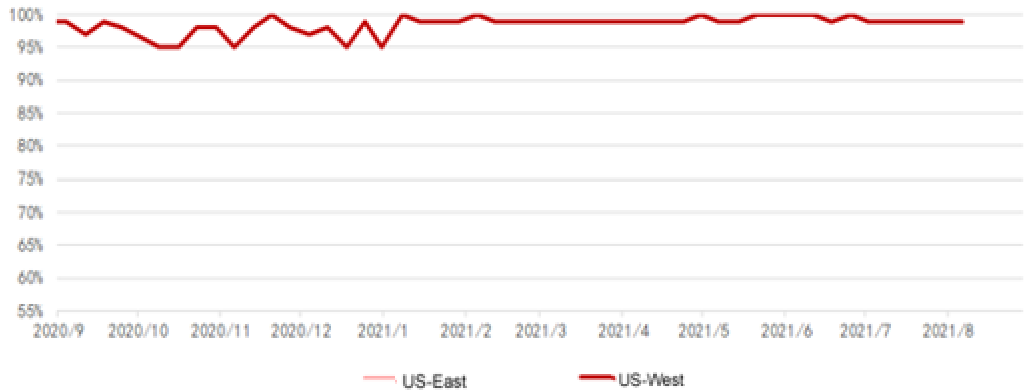
On Aug 6, the freight rate from Shanghai to basic ports in Europe was at $7,418/TEU. The average utilization rate of seats at Shanghai port was near 100%. As for the Mediterranean route, transportation demand held flat and the average utilization rate of seats at Shanghai port was near 100%. On Aug 6, the freight rate from Shanghai to basic ports in Mediterranean was at $7,042/TEU.

North America route:

Due to escalating spread of the Delta Variant, the number of new infections per day returned to 100,000 cases in US, and the demand for epidemic prevention materials stayed high. Coupled with traditional peak season, the transportation market was hot. However, affected by the sudden "Hardware failure" at Houston port, the stagnated of containers, unsmooth transportation and the congestion at ports worsened. 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 was steady last week.

Shanghai (Export) Containerized Freight Index based on Settled Rates (USWC service)

Average utilization rate of seats at Shanghai Port (US-West and US-East routes)



Source: Shanghai Shipping Exchange

China's Ningbo saw one new confirmed COVID-19 case, who worked in Ningbo Meidong Container Terminal Co., Ltd. The relevant places have been suspended and sterilization and disinfection has been made. Meishan port, which is one of the newest and biggest ports in Ningbo, has suspended operation, while the work of other ports has not been impacted temporarily.

Actually, Shanghai and Ningbo ports have been seriously congested since last month affected by the typhoon. Some delay may appear after the nucleic acid testing of workers at ports increased and the change of crew. It was reported that 140 container ships were waiting in the external anchorage of the two ports

One insider expressed that if Ningbo port or one of the 6 major ports is closed or their production capability diminishes, it may have a long-term effect like the Yantian port. The carrier will need to decide whether they will omit the ports to maintain the reliability of existing boat or caught in unavoidable queuing and congestion

The phenomenon of congestion and delay appeared again in the United States West Coast port. Container ship mooring at anchorage reached 19 and ships waiting for the anchor outside the ports were 11. The delay increased from 5.4 days to 5.8 days.

Increasing shipping capability mainly came from Asia, Middle East, India, Africa and the Atlantic line, while these routes also faced inadequate shipping capability as a result. The freight rate from North Europe to the east coast of the United States surged to $6,000/FEU from $2,000/FEU since Mar and shippers also needed to pay additional cost. Some insider pointed out that the pandemic has been very serious in US. Some enterprises are supposed to resume work in Sep according to their earlier schedule, but it may be delayed. As a result, the earlier estimated revenge consumption may be postponed and the peak season of the container marine market may be delayed into the fourth quarter.

In addition, with intensified pandemic in Southeast Asia and China, sales volume declined and the delivery was delayed in Vietnam as many factories were forced to shut down temporarily. Factories in China witnessed stable operation now but the situation has escalated. The movement of the Delta Variant needs further observation. Some analysts expressed that orders remained and import demand sustained high, but the shipping time was extended, which may result into slightly mitigated tight containers and shipping space. The delivery of some cargos may be extended into the Q4.

The spread of pandemic escalated in US impacted by the Delta Variant. As a consequence, consumers showed sharply falling confidence. The retail sales increased in Jun but it was mainly stimulated by higher price. Falling actual expenditure may be a signal for slower growth in the second half of year. However, some experts said that participants still needed to replenish with historic low inventory despite of slower demand improvement. The freight rate is expected to continue rising in short run. Supply may be hard to be mitigated greatly before the new boats being launched in 2023. As for the freight rate of containers in long run, it is hard to recover to the pre-pandemic level.

Source: ccfgroup.com– Aug 13, 2021

HOME

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USDA sees bigger cotton crop in 2021

The USDA expects upland cotton production to be up on the year, while should be well below year ago levels. That follows year to year changes in planted area and these numbers will depend on average weather conditions through late development into harvest.

This year's upland cotton crop is seen at 16.893 million bales, compared to 14.061 million a year ago, with an average yield of 794 pounds per acre, compared to 835 in 2020. Rice is projected at 197.36 million hundredweight, compared to 227.583 million last year, with an average yield of 7,544 pounds per acre, compared to 7,619 the year before.

The USDA raised the U.S. old crop cotton ending stocks guess, while cutting the outlook for new crop, while old and new crop rice carryout projections were both down on the month. The USDA's next set of supply, demand, and production estimates is out September 10th.

Comparisons for Brownfield states:

Arkansas: Upland Cotton: 980,000 bales, compared to 1.277 million in 2020; average yield of 1,161 pounds per acre, compared to 1,179 a year ago; harvested area of 405,000 acres, compared to 520,000 last year; Rice: 91.2 million hundredweight, compared to 108.107 million in 2020; average yield of 7,500 pounds per acre, unchanged from a year ago; harvested area of 1.216 million acres, compared to 1.441 million last year

Kansas: Upland Cotton: 270,000 bales, compared to 300,000 in 2020; record expected average yield of 1,168 pounds per acre, compared to 783 a year ago; harvested area of 111,000 acres, compared to 184,000 last year. Missouri: Upland Cotton: 975,000 bales, compared to 684,000 in 2020; average yield of 1,228 pounds per acre, compared to 1,144 a year ago; harvested area of 381,000 acres, compared to 287,000 last year; Rice: 17.941 million hundredweight, compared to 15.522 million in 2020; average yield of 7,700 pounds per acre, compared to 7,250 a year ago; harvested area of 233,000 acres, compared to 214,000 last year

Tennessee: Upland Cotton: 655,000 bales, compared to 611,000 in 2020; average yield of 1,031 pounds per acre, compared to 1,066 a year ago; harvested area of 305,000 acres, compared to 275,000 last year

Source: brownfieldagnews.com– Aug 12, 2021

HOME

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Improved R&D and production can boost China's domestic apparel market

The worldwide ban on Xinjiang cotton has stoked patriotic fervor of Chinese consumers who are increasingly opting for domestic fashion brands over international labels. Chinese consumers are openly expressing their support to Xinjiang cotton, sending shares of textile and apparel companies traded in Shanghai and Shenzhen zooming higher, says Shanghai-based information provider Wind Info.

Patriotism fuels domestic sales

Patriotism is playing a big role in facilitating sales of domestic brands, especially those supporting domestic cotton, says Tang Xiaotang, a clothing and fashion industry analyst. Sportswear brands are experiencing an exponential rise in demand fuelled by consumers' rising interest in healthy and casual wear. As per an English Eastday report, rise in demand for domestic brands has sent prices of their limited-edition sneakers soaring on online platforms.

The price rise may hit consumers' confidence in local brands and cripple their brands upgrade, say experts. Homegrown brands need to entice local consumers with a wide product variety, high quality and reasonable prices, say experts. Kong Xiangzhi, Professor, School of Agricultural Economics and Rural Development of Renmin, University of China says, the recent surge in domestic shopping may not necessarily translate into a higher share for domestic brands as consumers will continue to choose quality, style and cultural innovations. To gain more pricing power in the market, China needs to expand its domestic industrial chain and make it risk-resistant, adds Yang.

New standards for developing high-quality cotton

China is releasing its own version of Better Cotton Initiative standards. This helps it to promote a comprehensive set of principles for offering high-quality cotton products. The cotton program helps build China's own national standards to develop higher quality cotton and digitize the entire industry, affirms Luo Yan, Secretary-General, Xinjiang Digital Cotton Research Center.

According to Luo, the proposed cotton program will improve the efficiency of cotton production in China through digitalization, low carbonization and high quality of cotton farming. For this, BCI aims to suspend its cooperation with licensed farmers in Xinjiang during the 2020-21 cotton season over allegations of forced labor in the region.

The world's second-largest cotton producer after India, China grows most of its cotton in Xinjiang, shows, data from China Grain Reserves Group. In 2020, the country exported textile and apparel products worth $291.22 billion, as per data from the General Administration of Customs. Most of these products were exported to Europe, the US and Southeast Asia.
Chinese brands to move up the chain

In future, China's sportswear and apparel brands are expected to move up the industrial chain and expand in both local and overseas markets, avers Xie Xiaowen, Research Fellow, E-Commerce Research Center, Internet Economy Institute. Improving R&D and production skills will help these brands boost marketing operations, he adds.

Source: fashionatingworld.com– Aug 12, 2021

HOME

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UK Retail Sales Might Still Be Strong, But Growth is Slowing

The British Retail Consortium (BRC) is seeing signs of slowing growth, even as July retail sales remain strong.

Retail sales covering the four week from July 4-31 rose 6.4 percent, versus an uptick of 3.2 percent in July 2020. The gain is still below both the three-month average growth rate of 14.7 percent and the 12-month average growth of 10.4 percent. On a two-year basis, using 2019's pre-pandemic period as a gauge of comparable growth, total retail sales rose 9.1 percent.

"July continued to see strong sales, although growth has started to slow. The lifting of restrictions did not bring the anticipated in-store boost, with the wet weather leaving consumers reluctant to visit shopping destinations," Helen Dickinson OBE, BRC's CEO, said. "Online sales remained strong, and with weddings and other social events back on for the summer calendar, formalwear and beauty all began to see notable improvement, so fashion outlets in particular saw a bounce back to pre-pandemic levels."

Dickinson also noted that as people prepared to return to the workplace, they made fewer purchases of home office equipment after months of high sales. Other homeware items, such as furniture and household appliances, continued to do well.

"However, the vacancy rate is continuing to rise. Many shops and local communities have been battered by the pandemic, with many high streets in need of further investment," Dickinson said. "Unfortunately, the current broken business rates system continues to hold back retailers, hindering vital investment into retail innovation and the blended physical-digital retail offering.

The Government must ensure the upcoming business rates review permanently reduces the cost burden to sustainable levels. Retailers want to play their part in building back a better future for local communities, and Government must give them the tools to do so."

Dickinson isn't the only one who thinks U.K.'s business rates system is in need of adjustment. Last week, when Frasers Group posted full year results for the year ended April 25, 2021, chairman David Daly said the company would consider taking on some former Debenhams stores, but only if the government provided a "new and appropriate policy on business rates." Daly criticized current rates as "excessive" and even said that the outdated system could potentially jeopardize some House of Fraser locations.

Paul Martin, U.K. head of retail at KPMG, said retail sales grew at a slower rate following the reopening of the hospitality and leisure sectors, which "led to a dilution in consumer spending" as consumers shifted some purchases to food and drink categories.

High street sales rose 6 percent in July, which led to 0.4 percent decline in online sales when compared to July 2020. "Both women's and men's clothing continued their revival with strong growth in-store and online," Martin said.

He expects that over the coming months, the health of the sector is expected to grow at a "much slower rate" as retailers face pressures from different fronts that include staffing pressures, increases in component costs and rising inflation impacting household spending power. All those challenges could stall consumer confidence, leading to a slowdown in retail sales heading into autumn, he said.

Source: sourcingjournal.com– Aug 12, 2021

HOME

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China's new product standard for textiles to be effective from Dec 1

The Standardization Administration of China issued a national standard GB/T 40270-2021, Textiles-General technical requirements based on consumer experience, which was included in China's No. 7 announcement of the approved national standards list in 2021. The new standard for clothing and home textile products will be effective from December 1, 2021.

The formulation of current product standards is mainly based on current production processes and overall technical level, with less consideration for the consumer experience. From the perspective of consumer experience, this document constructs an assessment index system based on the subjective perception characteristics of consumers, such as visual, tactile and olfactory, on the basis of basic safety and quality requirements that directly reflect the needs of consumers.

As per the standard, general safety technical requirements of textile products shall conform to the requirements of GB 18401 or GB 31701 (products for infants and children) and quality requirements of textile products shall conform to the requirements of related claimed product standard.

Characteristics of visual perception of textile products include fibre shedding degree, pilling, resistance to pile loop extraction, force to rupture pocket seams, seam slippage of pocket seams, bursting strength of hosiery toe, colourfastness to washing (staining), colourfastness to light yellowing, shedding of glitter and appearance after laundering or dry-cleaning. Each testing item has its corresponding applicable products or specific parts of product.

Characteristics of tactile perception of textile products include prickle, water-vapour transmission rate, tactile sense for permanent label (including brand), tactile sense for zipper, tactile sense for touch and close fasteners, length for floats, slip resistance for hosiery.

Each testing item has its corresponding applicable products or specific parts of product. Additionally, characteristics of olfactory perception of textile products shall be no pungent smell.

The purpose of the standard is to guide enterprises to pay close attention to consumer demand and the development of standardised technology when designing and producing products to give consumers a good experience and strive to avoid products that bring an unpleasant experience, according to SGS Global Softlines, a global network with 10 laboratories in China, offering a wide range of CNAS and CMA accredited services for textiles, apparel, footwear and accessories.

Source: fibre2fashion.com– Aug 12, 2021

HOME

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Delta Chokes China Air Freight, Puts Vietnam in Lockdown Limbo

Another outbreak of the Delta variant in China has significantly hampered both air freight and cargo pickup and delivery throughout the country, with two major Chinese airports and the country's second-biggest port all temporarily suspending operations to start August. And in Vietnam, the outbreak has forced authorities in Ho Chi Minh City to extend curfew and workplace regulations yet again, with 64 percent of the country's daily caseload concentrated in the city.

On July 31, authorities suspended all flights to and from Nanjing Lukou International Airport (NKG) and Yangzhou Taizhou International Airport (YTY) to combat the spread of the Delta variant. NKG reopened on Wednesday, while YTY remains closed.

While most airports in China have remained open, they are now under heavy flight disruptions, according to an Everstream Analytics report. On Aug. 6, Beijing Airport (PEK) was operating at 43 percent after 531 flight cancellations, and five days later accumulated more than 30 unit load device cargoes.

Shanghai Airport (PVG) operated at 33 percent with 408 flight cancellations, accruing approximately 100 unit load device cargoes at the terminal, and 67 more awaiting disinfection work at the import warehouse as of Wednesday. Xiamen Airport (XIN) appears to be in the best shape, at 66 percent capacity with 349 flight cancellations. At Haikou Airport (HAK), cargo flights are suspended, while passenger flights remain in operation.

Changchun Airport (CGQ) stopped accepting imported cargo, while Shenyang Airport (SHE) is only accepting imported cargo arriving by direct flight, which requires 24 hours for quarantine and disinfection. Domestic transportation isn't currently conveying imported cargo.

The outbreak is significantly impacting the airlines as well. Furthermore, due to several crew members testing positive for Covid-19 and thereby impacting labor availability, China Cargo Airlines and China Eastern Airlines have suspended passenger belly freighters until the end of August.

Everstream Analytics indicates that customers can expect continued disruptions to manufacturing and transportation activities throughout

China as authorities in Beijing impose further restrictions to control the outbreak. Due to China's zero-tolerance policy around Covid-19 outbreaks, all lockdown measures, flight and train cancellations, and associated disruptions are expected to continue as the country continues to report rising infections.

As of Tuesday, Chinese health authorities reported 143 new coronavirus cases, out of which 108 were locally transmitted. This is the highest number of cases in China since January. The recent outbreak appears to have been traced to nine airport cleaners at Nanjing airport, who tested positive for Covid-19 on July 20.

To prevent a re-emergence of the virus, authorities in Beijing have imposed local lockdowns, mass testing, and travel restrictions.

Meanwhile, in Vietnam, authorities in Ho Chi Minh City have extended the end date of various movement control measures, including nightly curfews, and epidemic control regulations at workplaces until Sunday. This is the second time the restrictions, which began on July 9, have been extended in 19 southern localities, including Ho Chi Minh City. In Hanoi, social distancing measures are in effect until Aug. 22.

According to the Vietnam Textile and Apparel Association, up to 90 percent of the industry's supply chain has been significantly impacted, with up to 80 percent of garment and textile companies in the southern provinces completely halting production. In the north, around 20 to 30 percent of the textile and apparel suppliers have halted production.

Manufacturing plants shutter due to local lockdowns

While there has been no word if any textile manufacturers have been hit yet in China, Honda Motor announced the temporary suspension of all three of its joint-venture assembly plants, a combined annual capacity of 720,000 vehicles, in Wuhan from Aug. 4.

The suspension occurred after many factory workers were unable to commute to work due to lockdowns in surrounding areas, according to Everstream data The resumption date is unknown at the time of writing. This is the second time the Japanese car manufacturer halted production in Wuhan, after the city underwent 76 days of lockdown in 2020 as the pandemic's established epicenter.

Additionally, a number of Taiwanese companies, including industrial paper producer Yongfengyu Zaozhi, have halted operations in Yangzhou for at least a week due to a Covid-19 outbreak and subsequent stay-at-home orders.

Lockdowns impact transportation, pickup and delivery

The tightest restrictions in China remain in effect in Nanjing and Yangzhou city, an epicenter of the latest outbreak. Transportation capacity in Nanjing and Taizhou has reportedly been reduced by one-third due to the restrictions, and with drivers being reluctant to go to areas with medium or high risks. If restrictions continue, labor shortages may become acute and lead to further production halts, Everstream says.

Since July 31, authorities have designated 30 areas in China as medium-risk for Covid-19 and one as high-risk and have undertaken a 10-day overall disinfection effort at Nanjing.

Trains and long-haul buses that come to and from Covid-19 risk zones are included in the travel restrictions indefinitely, further impacting the supply chain throughout.

Further tighter control measures can be expected in the coming weeks as precedents indicate that road closures and inter-city travel bans on short-notice are likely in affected areas, according to Everstream.

Therefore, cargo pickup and delivery services have been halted in select districts across China including Caidan and Hongshan in Wuhan; Chuansha and Pudong in Shanghai; partial areas of Qingyang and Shuangliu in Chengdu; and Jinghu and Jiujiang districts in Wuhu, among many others.
Port of Ningbo halts operations after outbreak

Further exacerbating the logistics problems is the recent discovery of a coronavirus case at the Meidong Container Terminal in Port of Ningbo, China’s second-largest container port by handling volume after Shanghai.

As of 3:30 local time on Wednesday, port operations were suspended at the container terminal. As a result, ships have been diverted to other terminals, while vehicles face restrictions on entry and exit from the port.

Shipping lines including COSCO, CMA CGM, and Evergreen that are primarily using the terminal may face immediate disruptions. If a Covid-19 cluster is confirmed, increased restrictions in the entire port area are likely, according to Everstream.

Local authorities in Ningbo have called to increase quarantine, disinfection and contact tracing measures to combat the outbreak, with the lone Covid-19 case signaling potential shortcomings of the city's prevention and control measures.

Tan Cang Cat Lai Port imposes 'three in one spot' worker limits

And in Vietnam, Tan Cang Cat Lai Port, Ho Chi Minh's largest seaport, has a container yard that reached 100 percent of capacity due to an acute labor shortage of dockers, forklift operators, and truck drivers amid the surge of Covid-19 cases since July.

The "three in one spot" model, which requires employees to work, eat, and rest in one location, has not only limited workers' activities but also cut the workforce down to 50 percent, according to Everstream. There are only 250 workers currently operating at Cat Lai. The lockdowns have made it difficult for workers and truckers living outside the terminals to come to work amid the stringent coronavirus inspection process.

An increase in the number of imported goods has also contributed to the congestion, as many factories had to reduce production, or completely halt production, and businesses were slow to receive goods amid the lockdowns. To ease the container backlog at Cat Lai, authorities on Aug. 1 temporarily halted the handling of reefer boxes and transshipment goods from Cai Mep and Hiep Phuoc ports to Cat Lai until Monday.

Cat Lai also stopped receiving significant oversized and overweight cargoes as of Aug. 5. In the two weeks after, all inbound vessels have to notify the port in advance of the estimated volume of imports and empty containers on the vessel before arrival in order to give sufficient time for the port to handle the container volumes.

The current vessel waiting times at Cat Lai are around two to five days, as of Thursday.

North American freight, expenditures feel impact of global constraints

The situations in China and Vietnam will certainly impact the rest of the world given how much the global supply chain relies on products originating from these countries. The bottlenecks occurring throughout related to high consumer demand, overall port congestion and crunched freight capacity have only gotten worse. Such constraints have kept the North American domestic freight industry very busy.

The July 2021 Cass Transportation Index Report, which gives insights into shipping volumes and the cost of freight, indicated that freight shipments grew 15.6 percent year over year, decelerating from the 26.8 percent increase in June. The Cass Freight Index measures the number of intra-continental freight shipments across North America, for everything from raw materials to finished goods.

On a seasonally adjusted basis, the shipments index declined by 3.1 percent month-over-month in July, after a 4.2 percent month-over month drop in June. The two-year change slowed from 4.2 percent in June to 0.5 percent in July.

The short-term skid is consistent with recent slowdowns in rail and less-than-truckload (LTL) volumes, much of which is attributable to equipment and driver capacity constraints. Shipment volumes remain limited to no small extent by the capacity of the freight network, with 121 containerships anchored off North American ports as of Tuesday.

The Cass report indicated that a chassis shortage has impacted intermodal capacity; while trailer shortages have hit truckload and LTL shipments. Additionally, constraints on Class 8 tractor supply chains are impacting all of these modes, which comprise the vast majority of the Cass shipments index.

Meanwhile, the expenditures component of the Cass Freight Index measures the total dollars spent on freight transportation and includes both contract and spot market rates. This index slowed from its fastest-ever increase—after rising 56.4 percent year-over-year in June, the index slowed to 43.1 percent year-over-year growth in July. Tougher comparisons in the coming months will naturally slow these increases further, according to Cass, but the report said the high growth rates will continue in the near-term, driven by increases in both shipment volumes and freight rates.

After a 9.4 percent month-to-month surge on a seasonally adjusted basis in June, July expenditures fell back 4.8 percent as a result of both lower volumes and rates. On a two-year basis, the Cass expenditures index was up 22.7 percent in July, almost entirely driven by higher rates. The Cass

Truckload Linehaul Index value of 147.2 in July fell 0.8 percent from 148.4 in June and decelerated to a 13.4 percent year-over-year increase versus 14.5 percent in June. This marked the second straight decline after 11 straight increases.

Overall length of haul rose again in July, while public truckload carriers saw length of haul continue to decline. This shift in freight patterns is symptomatic of the rail network stretched to capacity, which is resulting in more transloading of longer-haul import shipments from the West Coast ports to the Midwest via truck.

But although truck, trailer, and chassis production are still limited by parts and labor shortages, capacity is beginning to return as drivers respond to higher pay and parts constraints begin to ease. These will gradually change the trajectory of truckload rates, according to the Cass Index.

“Freight demand fundamentals remain strong, based on a cash-flush U.S. consumer balance sheet, tight inventories, and an industrial sector struggling to grow into record orders with fiscal stimulus likely on the way,” said Tim Denoyer, lead analyst of transportation at ACT Research and author of the report. “But the dynamics of tight supply and exceptionally strong demand which have characterized the past year or so will not last indefinitely, and several of the indicators we monitor are auguring new trajectories.”

Source: sourcingjournal.com– Aug 12, 2021

HOME

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China's central bank to keep monetary policy stable

China's central bank recently said it will maintain the monetary policy's stability and make it more forward-looking and effective to render strong support to the real economy while avoiding a 'flood-like' stimulus. It will coordinate macroeconomic policies for 2021 and 2022, boost high-quality development with moderate monetary growth, and support the continuous recovery of small and medium firms and industries facing trouble.

According to a quarterly report on monetary policy implementation by the People's Bank of China (PBOC), the country has overall adhered to implementing normal monetary policy since the outbreak of the pandemic, with the intensity of monetary policy basically returning to the pre-epidemic level in the first half of this year.

The central bank will maintain a prudent monetary policy that is flexible, precise, reasonable and moderate, stick to normal monetary policy, carry out cross-cyclical policy design, and walk a fine line between economic recovery and risk control, a news agency cited the report as saying.

The report called for efforts to strengthen the flexibility of the RMB exchange rate, stabilize market expectations and enhance macro-prudential management, to ensure the basic stability of the RMB exchange rate at a reasonable and balanced level.

It underscored consolidating stable and sound growth momentum and achieving balanced economic recovery, to ensure a good start to the 14th Five-Year Plan period (2021-2025).

Efforts will also be made to maintain generally stable prices, and guide financial institutions to enhance support for technological innovation, small and micro enterprises, manufacturing and green development, among others, the report added.

Source: fibre2fashion.com– Aug 13, 2021

HOME

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Cotlook-A Index expected to rise in H1 MY 2021-22: TexPro

The Cotlook-A Index, a representative of the level of offering prices on the international raw cotton market, is expected to move up in the first-half (H1) of the current cotton marketing year from August 2021 to January 2022. The Index is an average of the cheapest five quotations from a selection of the principal upland cottons traded internationally.

The main reason for the likely rise in the Index is the increase in consumption compared to the overall global production of the white fibre. Both Bangladesh and Turkey have increased their cotton consumption by 50,000 tonnes, boosting global cotton consumption. There is also a surging demand for cotton from the West (read the US and Brazil) from Bangladesh, Turkey and southeast Asian economies, especially Vietnam. Also, favourable trading conditions have been observed in cotton yarn. In all, total global consumption has exceeded 26 million tonnes.

Meanwhile, China's cotton reserves have reduced as the government has stopped buying cotton for state reserves. Though the supply from other countries like India, Brazil and Australia have increased, it is not sufficient to offset the decline from China reserves. The monthly average Cotlook-A Index was $0.84 per pound in the marketing year (MY) 2018-19. It declined by 15.49 per cent to $0.71 per pound in MY 2019-20 due to the impact of COVID-19 pandemic. It recovered in the MY 2020-21 with a rise of 19.17 per cent and reached to monthly average of $0.85 per pound, according to Fibre2Fashion's market intelligence tool TexPro.

Now, the monthly average of Cotlook-A in H1 of MY 2021-22 is expected to move up further by 19.38 per cent over the monthly average of $0.85 per pound in MY 2020-21.

Global cotton production in MY 2018-19 was 118.57 million 480 lb bales. It increased to 121.42 million 480 lb bales in the MY 2019-20 with a rise of 2.40 per cent. It suddenly decreased to 112.56 million 480 lb bales in MY 2020-21 with a drop of 7.30 per cent. However, it is expected to move up further to 119.39 million 480 lb bales in H1 of MY 2021-22 with a surge of 6.07 per cent over production in the previous year.

Source: fibre2fashion.com– Aug 13, 2021

HOME

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Brazil's textile production increases by 36% from January-May

According to Fernando Pimentel, President, Abit (Brazalian Textile and Apparel Industry Association) there was an increase of 36 per cent in Brazil's textile production between January and May 2021, compared to the same period in 2020. Pimentel also highlighted the growth in clothing production, as well as in commerce and especially in jobs.

The executive also highlighted other important points about the current scenario and the impacts of changes in the world as of 2020: the more expressive recovery of the textile sector, which in 2020 can maintain its production with protection items, including masks, and the fact that the sector has not yet returned to the numbers before the pandemic, but the perspective is positive for it to grow again this year.

When it comes to clothing, the segment shows recovery from the worst moment of the pandemic, in April 2020, when the trade was closed. From the time, when there was an 81 per cent drop in sales revenues, they are expected to grow by 121 per cent during the same period in 2021, he added.

In 2021, textile production is expected to grow by 7.4 per cent, reaching 2 million tonne produced. As for revenue, a 9.2 per cent increase is expected in relation to 2020, reaching R$57.5 billion, Pimental added.

Source: fashionatingworld.com– Aug 12, 2021

HOME

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GIZ, ILO set up Asian garment-textile sector hub to drive change

German development agency GIZ and the International Labour Organisation (ILO) have jointly set up an online platform to develop a more sustainable future for the global garment and textile sector. Asia Garment Hub (www.asiagarmenthub.net) is aimed at creating a one-stop-shop providing the latest news, insights and resources affecting work practices and sustainability for Asian garment and textile manufacturers and workers.

Describing its mission as being one of informing, educating, and spurring action to address critical challenges facing the Asian garment and textile sector, the platform said on its website that its ultimate aim is to drive real industry change.

It aims to do this by bringing together manufacturers, brands, trade unions, employer organisations and development partners, as well as journalists, civil society, policymakers and other interested parties in one, resource-rich central destination.

Key features of the Asia Garment Hub include a comprehensive resource library, an interactive industry map, country data and insights, as well as access to training, expertise and online discussions.

Access to the Hub is free, with website navigation and content offered in English and 10 other languages—Indonesian, Malay, Burmese Bengali, Chinese, Hindi, Khmer, Sinhalese, Urdu, and Vietnamese.

GIZ FABRIC is a regional project implemented by GIZ on behalf of the German ministry for economic cooperation and development (BMZ). ILO's Decent Work in Garment Supply Chains Asia project is funded by the Swedish International Development Cooperation Agency.

Source: fibre2fashion.com– Aug 12, 2021

HOME

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Pakistan: Textile exports up by 21pc in FY21

Pakistan witnessed a record increase in the export last year which played an important role in easing the pressure on foreign reserves.

According to a State bank report, the textile sector played a pivotal role in taking the export target to more than $25 billion. Textile sector recorded an increase of 21 percent. Last year textile exports accounted for $13 billion which has now reached $15.5 billion.

The report further adds that Style Textile was among 3 top exporters with $428 million, Interloop with $35 million and Artistic milliners $330 million. Here it is pertinent to mention that Artistic Milliners is the largest exporter of Denim Jeans from Pakistan.

According to experts, the conflict between US-China played an important role in promoting exports in the region. Mills in Bangladesh, Vietnam and Singapore are now working on full capacity to meet the demands.

However, clients are now looking forward to Pakistan, As such there is a need to formulate a business friendly policy for exporters with the consent of all the stakeholders to attract the potential importers.

Source: thenews.com.pk– Aug 13, 2021

HOME

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Bangladesh: Govt's crucial support helped RMG industry make a turnaround, says BGMEA chief

President of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) Faruque Hassan has thanked the government for providing crucial support to the RMG industry during the difficult time of Covid pandemic that helped the sector "survive and make a turnaround".

He also thanked the government for bringing garment workers under the Covid-19 vaccination programme on a priority basis.

Faruque Hassan had a meeting with State Minister for Labour and Employment Begum Monnujan Sufian at the Secretariat on Wednesday and discussed the overall situation of the ready-made garment industry, the BGMEA said on Thursday.

Hassan apprised the state minister of the current state of the industry which is putting in all-out efforts to recover from the pandemic impacts and move ahead.

"We requested the government to vaccinate garment workers on a priority basis as there is no alternative to mass vaccination of the workers to keep factories running," said the BGMEA president, adding that all the garment workers are being brought under the vaccine coverage.

BGMEA Senior Vice President SM Mannan (Kochi) was also present at the meeting.

Source: thefinancialexpress.com.bd– Aug 12, 2021

HOME

****

Bangladesh to form a committee to fix yarn prices

Bangladesh plans to form a committee of representatives from four apex organizations of the textile and apparel sector to fix the maximum price of yarn in coordination with the international market. As per Dhaka Tribune, the country will not increase yarn prices before the committee is formed.

At a meeting in Bangladesh, Mohammad Hatem, Vice President, BKMEA, revealed, arbitration committee will resolve all disputes amicably in the future. The meeting was attended by Farque Hassan, Managing Director and Tanvir Ahmed, Director, BGMEA.

Textile mill owners pointed out the rise of cotton prices in the international market had led to the hike of yarn price in the local market. However, their view was not accepted by apparel industry owners' organization who said garment exports were hampered by rising price of yarn and purchase orders could not be taken, the country's spinning sector, along with apparels, would incur huge losses.

Hassan demanded 30-count yarn price be brought down immediately — keeping it consistent with the international market — to save the industry and keep the industry's competitiveness and help it survive in this crucial time.

Source: fashionatingworld.com– Aug 12, 2021

HOME

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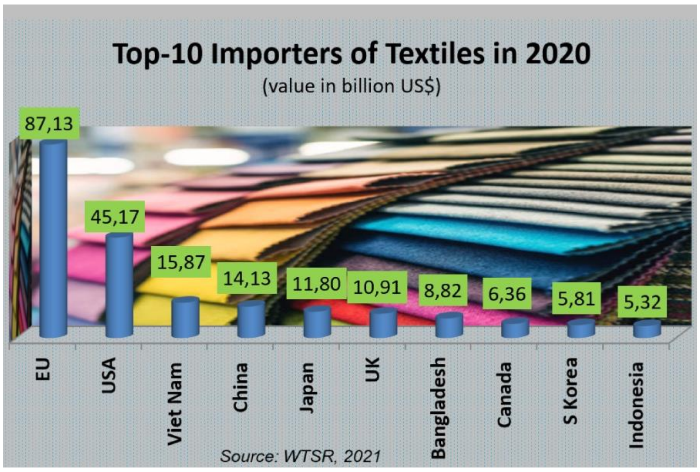
Bangladesh seventh largest importer of textiles globally



In the last year, Bangladesh became the seventh largest importer of textiles across the world, according to the World Trade Statistical Review 2021.

Released by the World Trade Organization (WTO) in the last week, the report also showed that Bangladesh's import of textiles from the other countries stood at US$ 8.81 billion in 2020.

The country was the fifth largest importer of textiles in the previous year when the spending of textile imports recorded at $9.91 billion. Annual imports of textiles in Bangladesh declined by around 17 per cent in the last year, second highest rate of decline among the top-10 importers of textiles.

European Union remained the top importers of textiles followed by the United States in the last year. Vietnam became the third leading importer of textiles in 2020 followed by China, Japan and United Kingdom. Canada stood eighth and followed by South Korea and Indonesia.

The textiles include textile yarn, cotton fabrics, woven man-made fibre fabrics etc, according to Standard International Trade Classification (SITC). According to the WTO statistics, share of Bangladesh in the global textiles import market also declined to 2.46 per cent in the last year which was 3.10 per cent in 2019.

Meanwhile, China remained the top exporter of textiles in the last year followed by EU and India. "Due to demand for protective personal equipment, world exports of textiles increased the most among manufactured goods in 2020, growing by 16.0 per cent," said the WTO publication.

Source: thefinancialexpress.com.bd– Aug 12, 2021

HOME

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NATIONAL NEWS

FTA negotiations expedited, some give-and-take inevitable: Piyush Goyal

Since its pull-out of the Beijing-dominated RCEP trade negotiations in November 2019, India has been seeking to clinch "balanced" trade deals with key economies.

India is fast-tracking the process of forging fair and balanced free trade agreements (FTAs) with key markets to better integrate with the global supply chain and spur exports, commerce and industry minister Piyush Goyal said on Thursday.

While the government will try its best to ensure that the pacts don't injure domestic industry, some amount of give-and-take in trade negotiations is always inevitable, he said, exhorting local players to shun parochialism of "me, my product and my company".

While some firms seek protection from foreign competition for their finished products, they want unrestricted imports of the goods they consume. "If this becomes the attitude, then the domestic industry won't have a bright future," the minister said at a CII event, casting India as a reliable global supplier in the post-Covid world.

The statement comes at a time when the negotiation for an FTA with the EU is expected to resume this year after a gap of eight years. The formal talks were stuck as the EU wanted India to scrap or slash import duties on automobiles, alcoholic beverages and cheese, among others. India's demand included greater access to the EU for its skilled professionals, which the bloc was reluctant to accede to.

Post-Brexit, India and the UK are engaged in preparatory work for launching another FTA. The EU, including the UK, was India's largest destination (as a bloc) in FY20 (before the pandemic struck), with a 17% share in the country's overall exports. Importantly, the UK accounted for 16% of India's $53.7-billion exports to the EU in FY20.

Since its pull-out of the Beijing-dominated RCEP trade negotiations in November 2019, India has been seeking to clinch "balanced" trade deals with key economies.

Goyal called on the industry to take advantage of various production-linked incentive schemes to boost manufacturing and improve exports. Companies have to move out of the traditional 'jugadoo' attitude, he said.

The minister exhorted domestic players to raise their investments in Indian start-ups in early stages. While many foreign companies are funding our start-ups, local players perhaps remain shy; they, too, need to step up, he added.

Source: financialexpress.com– Aug 13, 2021

HOME

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FTAs will be finalised after discussions with industry, says Minister Piyush Goyal

Commerce and Industry Minister Piyush Goyal on Thursday assured the industry that the government will protect its interests in free trade agreements (FTAs) and these pacts would be finalised after holding detailed discussions with all the stakeholders. However, he also exhorted the domestic industry to become competitive and not seek protection for certain sectors in these agreements.

If industry thinks it would get greater market access in the US, UK and Canada without opening the Indian market for businesses of those countries as well, "then there is no future of industry, then forget about FTAs and markets," he said. Goyal was speaking at CII's plenary session on ' Synergy Between the Government and Businesses for Sustainable Growth'.

Citing an example, he said, "If you think that I (industry) can export textile duty free in Europe and become competitive, but do not allow any thread or textile to come to India, do not open wines sector for them, do not open auto (sector)...If this will be your behaviour, then there is no future of industry, then forget about FTAs and markets."

"I can assure you that no FTA will hurt you. Each FTA will be finalised after holding discussions with you...In every product, every country cannot be competitive.

"Wherever our strengths are there, we need to exploit that and in some products, we also have to show generous heart, then only FTA can be done, otherwise not. So I will seek your support and cooperation in that," Goyal said.

India is negotiating free trade pacts with countries including Australia, Canada and UAE. Under such agreements, two trading partners significantly reduce or eliminate import/customs duties on the maximum number of goods traded between them.

The minister also suggested that industry chamber CII can take the lead in creation of a fund with Rs 10,000 crore corpus to provide domestic startups early stage funding, as foreign companies are buying out startups at cheaper rates.

"They should all...Tatas, Ambanis, Bajajs and Birlas, all of you should be pitching in. Even if you pitch with Rs 100 crore, Rs 200 crore, Rs 500 crore each, the country's startups will get a huge a support...

"Please help in creation of value for our startups, and you will get profit in that also.... even if one out of 10 companies does well...and I would go to the extent of saying that if 1 or 2 or 4 or 10 cases.. go bad, this much you can sacrifice for the country...I seek your apology if somebody did not like my words," he said.

He added that the true synergy is that "we both should have equal concerns for our countrymen" and this is a joint responsibility of the government and industry.

On vaccination, the minister urged the industry to procure 25 per cent of COVID-19 vaccines and vaccinate people.

Industry had made "tall claims" about vaccinating employees, their family members, and villagers around their factories, but "I am waiting to see that synergy and I do urge all of you to reflect on the tall promises made and see what more you can do."

Further, Goyal said industry should not look for ways to circumvent government policies like foreign direct investment norms.

"When I see Tata Sons that they are objecting for some consumer benefit laws or regulations that I am bringing in, then frankly it hurts...," he said, adding "me, myself, my company, we need to move forward from that."

He also urged domestic firms to use made in India goods, even if they are a bit expensive, and show some willingness to support MSMEs and pay their dues timely.

"What is our commitment towards India, we need to introspect that," he said, adding there is a need to increase synergy between industry chambers.

Source: economictimes.com– Aug 12, 2021

HOME

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FTAs with EU, UK won't throw kind of challenges faced with some Asian countries, says Jaishankar

Government's decision on retrospective taxation showed it was prepared to 'bite the bullet' on tough issues

Free trade agreement (FTA) negotiations being currently pursued by India with the UK and the EU were less challenging than ones with some Asian countries as they were the country's "complementary partners", Minister for External Affairs S Jaishankar has said.

While negotiating FTAs, the country has to weigh the costs carefully while also looking at opportunities. Every FTA is unique and must involve a cost-benefit analysis, he said, adding that if one is not reasonably clear of coming out ahead in terms of gains, it was not smart to go ahead with it.

"In case of RCEP (Regional Comprehensive Economic Partnership), when we looked at the import surges that were likely and the fact that it was involving a supply chain with weak rules of origin...there were risks," the Minister said taking a dig at China by mentioning economies that were not entirely transparent in their dealings.

India exited the RCEP talks, that included the 10-member ASEAN, China, India, Japan, South Korea, Australia and New Zealand, as it realised that it could lead to cheap goods from China flowing into the country, through other member countries because of inadequate rules to check such diversions.

Referring to the FTA negotiations being currently pursued with the EU and UK, the Minister said those were ones where India did not face challenges that it had with other Asian countries. "We need to look for complementary partners.... those who would not be in the same space and offer us market growth possibilities," he said.

India is yet to begin formal negotiations with the UK and the EU on the respective FTAs but it is likely to start within the next few years.

Reforms in right direction

On reforms, the Minister said that the government was pushing in the right direction. While some of the bolder decisions hadn't got their full due because of the disruptions caused by the Covid-19 pandemic, the Minister said that he was optimistic that a lot of this would have an impact soon.

On the government's recent decision to amend the taxation law to end retrospective tax, Jaishankar said that it showed that the government was ready to ``bite the bullet'' on some very tough issues.

Highlighting the high export figures in July 2021, the Minister said that as the country comes out of the Covid-19 second wave, there was good reason to be optimistic.

Source: thehindubusinessline.com– Aug 12, 2021

HOME

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India@75 is a declaration for a new India with new dreams, new energy and new commitment: Shri Piyush Goyal

Union Minister of Commerce & industry Shri Piyush Goyal today virtually addressed the Confederation of Indian Industry's Annual Summit's special session on 'Synergy between the Government and Business for sustainable growth'. The Theme of this year Annual Meeting is ' India@75: Government and Business Working Together for Atmanirbhar Bharat'.

While delivering the keynote address, Shri Piyush Goyal said that 75 years ago we worked to get freedom, now we must work in mission mode to become Aatmanirbhar. We have a never-before opportunity to take the country to the sphere of fast-track growth, development and prosperity. At 75, it is about looking at how far we have come and the journey ahead.

Shri Goyal said that Azadi ka Amrit Mahotsav is a call to action for 130 crores Indians and 130 crore is not just a number, it is 130 crore possibilities, it is our USP or Unlimited Sources of Potential. He said, we are looking at Jan-Bhagidari and Udyog-Bhagidari for an Aatmanirbhar Bharat.Shri Goyal said India's youth is a torchbearer of the future.

Shri Goyal mentioned that India at 75 is a Declaration for a new India with new dreams, new energy and new commitment. He said thatit will be beacon of hope for the world, guided by ancient wisdom and energised by its youth. Shri Goyal said under the guidance of Prime Minister Shri Narendra Modi, India wants to mark 75th Independence Day as a watershed moment in its history. At 75 we must look ahead with a clear vision, blueprint and resolve for the next 25 years.

He said in last 7 years, India under the guidance of Prime Minister has embarked to make structural changes with the mantra of "Reform,Perform & transform has been our guiding light and these changes have made the Indian business ecosystem one of the most competitive ecosystem.Shri Goyal informed that soon to be launched National Single Window System will address issue of "window within a window".

Shri Goyal further added that India has attracted the attention of the world and everyone is looking up to us to take the mantle. He said PLI schemes will be taken up by the business leader to improve our capacity and capability and we are pursuing FTAs with like-minded nations who share our values of democracy, transparency and rule of law.

He said our aim is to make Brand India a flag bearer of Quality, productivity, talent and innovation. He added the world is looking towards India for Investment, Innovation or establishment of any Industry and India at 75 is becoming a hub for IDEAS - Investment, Demand, Exports, Aspirations &Start-ups.

Union Minister said Covid-19 has caused disruptions in our way of doing things. Post Covid, India will emerge as the driving force on the global stage and the speed and results of vaccination drive are very promising. He said India has inoculated the largest number of people in the world. He called upon the industry to take a leading hand in the vaccination drive to strengthen the synergy between businesses and government.

Shri Goyal in his concluding remarks said that the services sector drives on the back of manufacturing sector. For the country size and scale of India, the manufacturing sector is a key player. He appealed to the industry to engage with the Government in supporting efforts to skilling India. The Minister also urged CII to take more responsibility and action to help increase synergy between business and Government.

Source: pib.gov.in– Aug 12, 2021

HOME

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Economy not ready yet for RBI to drain out liquidity: FM

Sitharaman assures States/UTs on timely payment of the GST compensation

The economy has not yet bounced back to levels where the Reserve Bank of India (RBI) can start draining out the liquidity, Finance MInister Nirmala Sitharaman has said. The effects of the Covid pandemic's two waves are still being felt, she said.

"I am glad that the RBI understands that quicker retrieval of the liquidity from the economy may not do the necessary things to win," Sitharaman said on Thursday, addressing the annual meeting of the Confederation of Indian Industries. Last fiscal, as part of the Atmanirbhar Bharat scheme, the RBI provided liquidity support of over ₹8- lakh crore.

"They have not given any indication about wanting to suck out the liquidity that is available there," the Minister said.

Working in tandem

Highlighting the relationship between the Government and the RBI, she said both are working as partners to address the issue of the economy. "Even during the pandemic, if the RBI and its monetary policy have been keeping the momentum in the right direction, the fiscal side has been taken care of by the Ministry of Finance," she said.

North Block and the Mint Street will continue to work in tandem for betterment of the economy.

GST loopholes plugged

The Minister said the GST compensation will be paid on time to all the States and Union Territories (UT). She said that "We are able to plug a lot of loopholes and that is one of the reasons for the revenue... and revenue buoyancy has today come to a level where we are sure that this year GST compensation to all the States will be paid in time so that they have money in their hands to undertake all the development activities they need to," she said.

During the current fiscal, the total compensation requirement is expected to be ₹2.69-lakh crore. It is estimated that ₹1.11-lakh crore will be collected through cess on luxury, demerit and sin goods, which will be given to the States to compensate them for the shortfall in revenue arising out of GST implementation.

For the remaining ₹1.58- lakh crore, the GST Council has approved back-to-back loan facility, out of which ₹75,000 crore has already been released while the remaining is to be released in instalments during the second half. The government has already clarified that bimonthly payment from the cess collection will continue on schedule. Now, the hope is that with GST collections improving, the requirement for compensation will taper.

Growth vs inflation

About the debate on growth versus inflation, Sitharaman said that growth will have its priority. It will be given its importance and pushed. “I am not looking at growth versus inflation. We shall attend to inflation, keep it contained, take necessary steps, but never forget that growth is what is going to make the difference to the economy’s revival and growth is eventually going to remove poverty and bring certain level playing filed for all the citizens,” she added.

Continuous FDI flow

Observing that some high frequency indicators are pointing towards economic revival after the unlock measures announced by many States with a decline in Covid-19 cases, she said foreign direct investment (FDI) has been flowing into India non-stop despite the pandemic because there was confidence about the macroeconomic fundamentals.

“As a result, we probably were in the third or the fourth place in 2020, in getting FDI. And even this year, in the first five months, we have had about 37 per cent more FDI coming into this country compared to the last year itself,” she said.

Source: thehindubusinessline.com– Aug 12, 2021

HOME

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Government will soon launch genuine single window system for industry, says Goyal

There will be 17 ministries/departments and 14 States onboard in the first phase

The government is working towards further improvements in business processes and will soon launch a genuine single window system in partnership with the industry, Minister of Commerce & Industry, Textiles and Consumer Affairs, Piyush Goyal said.

"Today, the world is looking at India to play a much bigger role and to find the right balance between various trading nations in terms of supply chain and in terms of dependence on certain geographies…it is incumbent upon all of us that we address what is desired from us," Goyal said at a plenary session on 'synergy between the government and businesses for sustainable growth' which was a part of the CII Annual Meeting 2021 organised virtually.

Goyal said that efforts were on for greater involvement of the people (Jan Bhagidari) and of the business community (Udyog Bhagidari) in the process of achieving higher growth. "India@75 is clearly an opportunity to reflect on tremendous and remarkable structural reforms, which India has witnessed," he added.

First phase launch

The Commerce Ministry is likely to soon have a soft launch of the first phase of the national single window system. There will be 17 ministries/departments and 14 States onboard in the first phase.

The digital platform will allow investors to identify and apply for various pre-operations approvals required for commencing a business in India, as per the Ministry.

Source: thehindubusinessline.com– Aug 12, 2021

HOME

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Explained: What is driving India's export surge

With a whopping 73.51 per cent jump during first four months of financial year 2021-22, India's merchandise exports have staged a good comeback from Covid-induced lows hit last year, a report by State Bank of India (SBI) economists showed.

Merchandise exports stood at $130.53 billion in April-July 2021 period as against $75.22 billion in same period last year. It also increased by 21.82 per cent from $107.15 billion registered in April-July 2019.

The report noted that growth in exports was mainly led by engineering goods, petroleum products, gems and jewellery, textile and garments, and organic and inorganic chemicals.

Petroleum products occupy largest share

Over the last 25 years, petroleum products have been the biggest contributor to India's merchandise exports, with their share rising from 1.5 per cent in FY97 to around 21 per cent in FY13 and FY14.

However, their share reduced to 9 per cent in FY21 due to fall in crude oil prices and also due to the Covid-19 pandemic related lockdowns.

Movements in international crude oil prices play a major role in influencing India's crude oil exports.

The report states that this year too, this dependence is visible as petroleum exports have been a major factor in the ongoing upwards trajectory of exports.

Compositional shift

Economists at SBI believe that the overall export basket composition has remained fairly stable in all these years as top 20 HS-2 categories have accounted for nearly 74 per cent to 80 per cent o total exports.

Whereas, agri-based products like residues and wastes from food industries, animal fodder, coffee, tea, mate and spices and labour intensive products like carpets and footwear have exited the top commodity export list.

Meanwhile, export of components like aluminium, ships, boats and floating structure exports have grown rapidly and are now part of top exports.

Some manufactured products like chemicals and pharmaceuticals, electrical and mechanical machinery and appliances, vehicles, articles of iron and steel, plastics have all grown fairly steadily and increased their share, the report noted.

At present, engineering goods have the highest share in exports at $35 million during April-July period, up by 70 per cent from last year.

However, no segment has grown as much as petroleum sector in the past few years.

Share of exports in India's GDP

The report stated that in the last 25 years, the weighted contribution of exports to India's real GDP growth has been in the range of -1.3 per cent to 4.8 per cent.

The years from 2003 to 2007 witnessed maximum contribution by exports. But with slowdown in global growth, exports were impacted adversely and the weighted contribution turned negative.

The trajectory of global trade has been wobbly and for India the weighted contribution has been modest, and it again turned negative in FY20 and FY21.

But one positive observation that SBI economists noted was that despite the pandemic and rapid global slow down, the weighted contribution of exports to growth declined only by 0.9 per cent, as compared to the more than 1 per cent de-growth in previous slowdowns.

This gives hope that exports growth will see a positive momentum in the coming years, they said.

PLI schemes to boost exports

The government announced production linked incentive schemes (PLI) in order to make exports competitive.

Sectors covered by the scheme include advance chemistry cell (ACC) battery, electronic/ technology products, automobiles & auto components, pharmaceuticals drugs, telecom & networking products, textile products: MMF segment and technical textiles, food products, high efficiency solar PV modules, white goods (ACs & LED) and specialty steel.

All these sectors comprise huge potential for growth.

Source: timesofindia.com– Aug 12, 2021

HOME

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PM Modi's 59-min MSME loans: Marginal uptick in loans sanctioned; this many worth Rs 63k crore disbursed

Credit and Finance for MSMEs: The 59-minute loan approval scheme, launched by Prime Minister Narendra Modi in November 2018, had sanctioned 2,32,677 loans involving Rs 77,343 crore, as of August 2, 2021. This was up by only 0.54 per cent from 2,31,425 loans involving Rs 76,670 crore sanctioned as of April 30, 2021, Financial Express Online had reported.

Out of the sanctioned loans, 93 per cent loans – 2,16,841 involving Rs 63,157 crore were disbursed, according to the available online data from the MSME Ministry. The scheme currently counts SBI, Bank of Baroda, ICICI Bank, Kotak Mahindra Bank, Punjab National Bank, IDFC First Bank, etc., among its partner banks.

Importantly, the growth in sanctioned loans had remained single-digit so far while the disbursement rate continued to be above 90 per cent. The current disbursement via the 59-minute loan scheme represented 6.14 per cent of the Rs 10.27 lakh crore gross bank credit to micro and small enterprises in May 2021, as per data from RBI's May bulletin. However, the quarterly growth in sanctioned loan applications for last year as well was only around 5 per cent or less than that.

"Awareness about the scheme among MSMEs is the biggest challenge. This year we are targeting to create more awareness among this target audience. While the numbers of loans sanctioned and disbursed are growing but we have still touched the tip of the iceberg only as the market is huge…Here also, bank awareness is important to ensure sanctioning and disbursement are happening.

The number we have touched is quite small as compared to the market in front of us. We have hardly touched 1 per cent of the 6.3 crore MSMEs in India through this scheme," Jinand Shah, Chief Executive Officer, Online PSB Loans that operates SIDBI's 59-minute loan scheme had told Financial Express Online in April this year.

The scheme enables term loans and working capital loans, and Mudra loans for MSMEs to purchase plant and machinery, technology upgrade, product expansion, purchase of raw materials, infrastructure development, etc.

The in-principle approval for term loans and working capital loans ranges from Rs 1 lakh to Rs 5 crore, the credit limit under Mudra loans is up to Rs 10 lakh.

Mudra loans offered up to Rs 50,000 are called Shishu loans, between above Rs 50,000 and up to Rs 5 lakh are Kishore loans, and above Rs 5 lakh and up to Rs 10 lakh are Tarun loans.

Source: financialexpress.com– Aug 12, 2021

HOME

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Industry output grows 13.6% in Jun on low-base effect; manufacturing, mining recover

The IIP had contracted 16.6 per cent in June 2020.

Industrial production surged by 13.6 per cent in June mainly due to a low-base effect and good performance by manufacturing, mining and power sectors but the output remained below the pre-pandemic level.

The manufacturing sector, which constitutes 77.63 per cent of the Index of Industrial Production (IIP), grew by 13 per cent in June this year, according to the data released by the National Statistical Office (NSO) on Thursday.

The mining sector output rose by 23.1 per cent in June while power generation increased by 8.3 per cent.

In June 2021, the IIP stood at 122.6 points compared to 107.9 point in the same month last year. The index was at 129.3 points in June 2019 as per the NSO data.

The data showed that industrial production recovered but was still below the pre-pandemic level of June 2019. The IIP had contracted by 16.6 per cent in June 2020.

Industrial production had plunged 18.7 per cent in March last year following the COVID-19 outbreak and remained in the negative zone till August 2020. With the resumption of economic activities, factory output rose 1 per cent in September. The IIP had grown by 4.5 per cent in October. In November 2020, the factory output fell 1.6 per cent and then entered the positive territory by growing 2.2 per cent in December 2020.

The IIP had recorded a contraction of 0.6 per cent in January and 3.2 per cent in February this year. In March, it grew by 24.2 per cent. For the month of April, the NSO held back the release of complete IIP data. In May this year, it grew 28.6 per cent.

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

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

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

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

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

The manufacturing sector had recorded a contraction of 17 per cent in June 2020. Mining sector output fell 19.5 per cent in the same month last year. The electricity generation had declined 10 per cent in June 2020.

The output of capital goods, which is a barometer of investment, grew 25.7 per cent in June 2021 as against a contraction of 37.4 per cent in the year-ago period.

Consumer durables manufacturing increased 30.1 cent in the month under review compared to a 34.8 cent decline in June 2020. Consumer non-durable goods production fell by 4.5 per cent in June this year whereas it had grown by 6.9 cent in the year-ago period.

Source: financialexpress.com– Aug 12, 2021

HOME

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Our e-com opportunity to raise export earnings

Exporters must make the most of a surge in rich-market demand. Big e-com platforms with global reach could offer us online trade avenues if we reverse our current policy approach

The finance ministry's report on the Indian economy for July struck a note of optimism on a revival. Indeed, most recent data does point upwards. Commerce regained pace last month as covid cases subsided to a plateau of around 40,000 daily and curbs were lifted across the country. The biggest beneficiary was our manufacturing sector.

Shop-floors were abuzz with activity again, even as orders rose on the back of a retail recovery that featured 'revenge shopping' as a mode of consumer behaviour. The bounce was reflected in the purchasing managers' index for this sector, which swung up sharply into expansion zone in July, though the services index stayed subdued. India's indirect tax mop-up showed buoyancy, with GST collections comfortably above ₹1 trillion.

At 112.7 million tonnes, July's rail freight movement was at its highest ever. Indicators like automobile sales, highway toll intake and e-way bill generation also showed a rebound. As some of this is a spring-back of covid-crushed commerce, how sustainable it turns out could critically depend on policy support.

To that end, what merits priority right now is an export thrust, for which we must grab every opportunity. India's recent performance at ports has been impressive. Our outward shipment of goods hit a high of $35.2 billion in July, after a record $95 billion achieved in the quarter ended 30 June. If this momentum is maintained, the government's 2021-22 target of $400 billion in merchandise exports will look within reach.

And should we achieve it, it would mark both a new peak and return to form after an extended export slump led largely by a drop-off in globalization over the past decade. Whether we're at another inflexion point is unclear, but the World Trade Organization expects global trade in goods to rise by 8.0% this calendar year, having fallen 5.3% in 2020.

For exporters, America's fiscally-boosted economy has an especially robust market on offer, ready to absorb swelling imports. With household savings enlarged by direct transfers of cash as part of a liberal fiscal stimulus, an expenditure boom is underway in the US that could turn even more exuberant once the pandemic is over. This goes for other rich markets too.

Indian exporters must make the most of it. For us to maximize our global gains, however, we need a sharper export-orientation in terms of policy. Drags on our global competitiveness, like high tariffs on inputs and duty inversions of intermediate and ready-to-use products, need to be removed in many industrial sectors.

Given an online shift in spending that was spurred by covid, we must also empower e-commerce platforms with expansive reach in rich markets to act as an export channel for us. For this, they need control of supply quality and back-end operations, which our rules are bent on denying them, even as they face tighter clamps on how they operate and an antitrust probe on charges of bullying sellers.

Amazon’s recent snapping of ties with its biggest domestic supplier Cloudtail, declared soon after the apex court refused to get in the way of our competition regulator’s probe, was a direct fallout of that. It also illustrated why activating the internet trade route may prove difficult. Chances of a policy reversal on back-end control seem low. On Tuesday, our commerce minister was cited as welcoming the judiciary’s decision on Amazon and Walmart’s Flipkart with a loaded mention of the Quit India call’s anniversary. For the sake of our economy, though, let’s rethink e-com in a global context.

Source: livemint.com– Aug 11, 2021

HOME

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