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NEWS CLIPPINGS

INTERNATIONAL NEWS

Global trade recovers from Covid-19, hits a record high

But WTO warns that Covid continues to pose the greatest threat to trade outlook

Spelling good news for Indian exporters, the WTO's Goods Trade Barometer has indicated that the global trade in goods is continuing its robust recovery from the shock of the Covid-19 pandemic, with an increase in indices for air freight, container shipping, raw materials and auto.

The barometer, which is an indicator providing real-time information on the trajectory of merchandise trade, hit a record high in its latest reading issued on Wednesday. The WTO, however, cautioned that Covid-19 continues to pose the greatest threat to the outlook for trade, as new waves of infection could easily undermine the recovery.

The latest reading of 110.4, which is over 10 points above the baseline value of 100 for the index, is up more than 20 points year-on-year, reflecting the strength of the ongoing recovery and the depth of the pandemic-induced shock last year, said the WTO report.

On the flip side, data suggest that the trade recovery may be slowing as the barometer index has started to rise at a decreasing rate. The forward-looking export orders index (109.3) has also turned down, suggesting that upward momentum in trade may have peaked.

Export target

India has set an ambitious export target of $ 400 billion for 2021-22 as opposed to goods exports worth $290 billion in the previous fiscal. While exports from the country performed well in the April-July 2021-22 period, posting an increase of 73.5 per cent to $130.53 billion as the country recovered from Covid disruptions, the flow of global orders must be maintained if the country is to meet its high growth target.

The latest barometer results are consistent with the WTO's most recent forecast of 8 per cent growth in world merchandise trade volume in 2021 following a 5.3 per cent drop in 2020, the report highlighted.

The volume of merchandise trade was up 5.7 per cent year-on-year in the first quarter of 2021, the largest increase since a 5.8 per cent rise in third quarter of 2011, said the report. The recovery has been marked by regional disparities, with North America, Europe and Asia regaining lost ground and other regions lagging behind.

The latest barometer reading suggests that goods trade will see an even bigger year-on-year increase in the second quarter (of the calendar year), with growth moderating thereafter. The pace of recovery could be restrained by supply chain disruptions – the semiconductor shortage that has recently hampered vehicle production.

Indices for air freight (114), container shipping (110.8) and raw materials (104.7) were rising, indicating faster than average growth in these sectors.

The automotive products index (106.6) also rose despite the fact that car production and sales fell in July in some countries due to the shortage of semiconductors. This shortage is also reflected in a small drop in the index for electronic components (112.4), added the report.

Source: thehindubusinessline.com– Aug 18, 2021

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Global merchandise trade continues robust recovery from Covid pandemic shock: WTO report

The global merchandise trade is continuing its robust recovery from the shock of the COVID-19 pandemic, according to the WTO's Goods Trade Barometer, which hit a record high in its latest reading issued on Wednesday.

The latest barometer reading of 110.4 is the highest on record since the indicator was first released in July 2016, and up more than 20 points year-on-year, the Geneva-based 164-member multi-lateral body World Trade Organisation (WTO) said.

The reading will augur well for India, as the country's exports are recording healthy growth rates. "The rise in the barometer reflects both the strength of current trade expansion and the depth of the pandemic-induced shock in 2020," it said adding the latest barometer reading suggests that goods trade will see an even larger year-on-year increase in the second quarter.

However, it said that the outlook for world trade continues to be overshadowed by downside risks, including regional disparities, continued weakness in services trade, and lagging vaccination timetables, particularly in poor countries. COVID-19 continues to pose the greatest threat to the outlook for trade, as new waves of infection could easily undermine the recovery, it added.

Further, it said that global goods trade has grown steadily since it registered a sharp decline in the second quarter of 2020 during the early days of the pandemic. "The volume of merchandise trade was up 5.7 per cent year-on-year in the first quarter of 2021, the largest jump since the 5.8 per cent rise in the third quarter of 2011," it said.

It added that the latest barometer reading is broadly consistent with the WTO's most recent trade forecast of 31 March, which foresaw an 8 per cent increase in the volume of world merchandise trade in 2021 following a 5.3 per cent drop in 2020. India has been a member of the WTO, which deals with global trade norms, since 1995.

Source: financialexpress.com– Aug 18, 2021

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Apparel & back-to-school sales spur US retailer Walmart's Q2 result

Benefiting from general merchandise sales, particularly apparel, travel, and back-to-school categories, US-based retail corporation Walmart has reported 2.4 per cent revenue hike to $141.0 billion in second quarter (Q2) of FY22 ended on July 30, 2021, against same period of previous fiscal. However, net income slipped to $4.3 billion ($6.4 billion).

"We had another strong quarter in every part of our business. Our global e-commerce sales are on track to reach $75 billion by the end of the year, further strengthening our position as a leader in omnichannel," Doug McMillon, president and CEO of Walmart, said in a press release.

Walmart US segment sales surged 5.3 per cent to $98.2 billion with 6 per cent gain from grocery. Although strong sales growth in Flipkart, Mexico and China, Walmart's International sales dipped 15.2 per cent to $23.0 billion.

Moreover, Sam's Club registered 13.9 per cent rise in Q2 FY22 to $18.6 billion citing growth from apparel, jewellery and furniture categories.

"We grew market share in US grocery, added thousands of new sellers to our marketplace, rapidly grew advertising businesses around the world, and we're finding innovative ways to commercialise our data and build technology. We have a unique ecosystem of products and services designed to serve customers in broader, deeper ways, and we're grateful to our associates for making it all happen," McMillon concluded.

The US retail giant has uplifted its FY22 guidance and now expects sales to grow around 6-7 per cent with Walmart US sales increasing 5-6 per cent.

Source: fibre2fashion.com– Aug 18, 2021

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UK online sales to be £12.8 bn/yr; e-com to level out at 25% of retail

Online sales in the United Kingdom have fallen for successive four months, with Amazon and Etsy have reported a marked slowdown in growth. However, e-commerce and home delivery firm ParcelHero predicts online will level out at a quarter of all retail sales. Despite shoppers flooding back to High Streets and shopping centres, online sales are still booming.

ParcelHero predicts that UK post-COVID shopping habits will result in e-commerce levelling out at around 25 per cent of all retail sales, implying UK online sales will be worth around £12.8 billion annually.

"Our figure of 25 per cent is a significant fall from the 36.1 per cent of all retail sales that online grabbed last February at the height of lockdown. However, it's still a huge increase on the 19 per cent share online used to take, before the pandemic permanently shook up retail," ParcelHero's head of consumer research David Jinks was quoted as saying by UK media reports.

The company's research shows 46 per cent of UK consumers have no intention of returning to their pre-COVID, High Street spending levels. Indeed, July saw a decrease in retail footfall compared to June.

Online sales fell 4.7 per cent in June compared to May, and have been falling every month since March, but not at such a rate as to indicate shoppers have abandoned their new online spending habits. As a result, everyone has been trying to assess the new 'natural order' and it's looking like online will permanently secure around a quarter of all retail spending, according to the company.

Source: fibre2fashion.com– Aug 19, 2021

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Turkey's textiles and raw materials exports touch $7billion in January-July '21

Exports of textiles and raw materials by Turkey increased to $7 billion from January-July 2021. As per the 'Export Performance Report, July 2021' published by the Istanbul Textile and Raw Materials Exporters' Association (ITHB), the rate of textile exports increased from 5.6 per cent to 5.9 per cent during the period. In July 2021, this rate increased by 46 per cent to reach $924 million.

While textile exports declined by 18.7 per cent in July 2021 their share in Turkey's overall exports also declined to 5.6 per cent during the month. As per a Textilequence report, Turkey's overall exports increased 10.2 per cent to $16 billion during the January-July 2021 period.

Most of Turkey's textile and raw materials during January-July 2021 were exported to the 27 EU countries, exports to which increased by 42.7 per cent to $3 billion. During the first half of the year, Italy emerged as the topmost export destination for Turkey textiles and raw materials. In this period, exports to the country amounted to $619 million with an increase of 58.7 per cent. Germany ranked second with exports worth $575 million, a 21.2 per cent increase from the previous year.

The US with an export value of $472 million was the third largest exported destination for Turkey during the period. Other countries with the highest exports included England, Spain, Bulgaria, Netherlands, Egypt, Belarus and Russia, respectively.

Yarns emerged as topmost exported product by Turkey during January-July 2021 with a 88 per cent increase from previous year. Turkey's yarn exports increased by 56.5 per cent in July compared to the same month of the previous year The second most exported product group was technical textiles whose exports decreased by 8.5 per cent to reach $1.4 billion during January-July 2021.

In third place, woven fabric exports amounted to $1.3 billion with an increase of 26.1 per cent in the January-July period of 2021, and to $173 million with a decrease of 2.6 per cent in July.

Source: fashionatingworld.com– Aug 18, 2021

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Sri Lanka's textile & garment exports up 28% in Jan-June '21

Sri Lanka’s earnings from textiles and garments exports increased by 28 per cent year-on-year to $2.487 billion during the first six months of 2021, according to the statistics released by the Central Bank of Sri Lanka. Exports of textiles increased 47.8 per cent to $156.6 million, while garment exports were up 30.8 per cent to $2.267 billion.

Exports of other made-up textile articles fetched $63.3 million, registering a decrease of 39 per cent year-on-year, the central bank said in its report ‘External Sector Performance – June 2021’.

Textiles and garments exports accounted for 56.43 per cent of all industrial exports from Sri Lanka during the six-month period, the report said.

Imports of textiles and textile articles too rose by 36.2 per cent to $1.451 billion, while clothing and accessories imports fell 5.1 per cent to $105.3 million during January-June 2021.

In June 2021, Sri Lanka’s earnings from textiles and garment exports increased by 2.9 per cent to $415.5 million, compared to exports of $403.7 million in the same month of 2020. Expenditure on textiles and textile articles shot up by 57.5 per cent year-on-year to $276.8 million, while clothing and accessories imports declined by 14.3 per cent to $15.0 million.

In 2020, Sri Lanka's textiles and garment exports stood at $4.423 billion, registering a steep fall of 21 per cent compared to exports of $5.596 billion in the preceding year. Of this, clothing exports fetched $3.939 billion, a fall of 24.3 per cent over $5.205 billion in 2019. On the other hand, imports of textiles and textile articles decreased by 19.7 per cent to $2.335 billion.

Source: fibre2fashion.com– Aug 19, 2021

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South Africa's eThekwini to invest in textile-garment units

South Africa's eThekwini Municipality, which includes Durban and surrounding towns, is planning to invest more than 12 million rand over the next three years in the clothing and textile industry to boost the sector. The municipality will sign a memorandum of understanding with the KwaZulu-Natal (KZN) Clothing and Textile Cluster, a non-profit organisation.

In a report on the issue, the city said it is mandated to support industry clusters to encourage participatory economic activities, thereby enabling local industry to stabilise and grow the gross domestic product of the eThekwini region.

It said the clothing and textile industry is the largest employer in eThekwini and the sector remains critical to the growth of the city's economy, according to an independent news and information website in the country.

"The KZN Clothing and Textile Cluster is a necessary vehicle to strengthen the industry and collectively drive greater efficiencies and economies of scale that will make the sector more competitive; and to create more jobs and protect the local rates base," the government report said.

The city will disburse funds to the KZN Clothing and Textile Cluster amounting to R4.2 million for fiscal 2020-21, R4.5m for fiscal 2022-23 and R4.8m for 2023-24.

Source: fibre2fashion.com– Aug 19, 2021

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Pakistan: 'Ties with Italy at all-time high'

Vast opportunities are present to enhance mutual trade and investment between Pakistan and Italy and businessmen and traders from both countries can reap the benefits, said Ambassador of Italy to Pakistan Andreas Ferrarese.

Speaking to the business community in Islamabad on Wednesday, the envoy urged Pakistani businessmen and traders to make efforts to promote mutual trade and economic ties between the two nations.

"Economic, trade and cultural relations between Italy and Pakistan are at an all-time high," he said. "Italy hosts the largest number of Pakistani diaspora in the European Union (EU)."

Stating figures, he said that workers remittances from Italy hit historic high of $601 million in FY21 and as a result, Italy emerged as the seventh largest global destination for workers remittances to Pakistan and ranked first among the countries in the EU.

He stressed that there was immense potential for trade in different sectors of the economy and underlined the need to explore it by engaging in a dialogue process through the Pak-Italy Joint Economic Commission.

Currently, Italy is providing technical assistance in agriculture and textiles up-gradation through modern machinery, value addition in agriculture, leather and marble sectors, he pointed out.

"Pakistan is working to expand this collaboration and add agricultural items including dairy and livestock, olives and olive products, plastics, processed food and the construction sector to it," he said.

Ferrarese was of the view that Italy wanted to start a new era of economic and trade cooperation with Pakistan through transfer of technology and upgrade of Pakistan's textile industry.

According to him, green economy, transfer of technology for the industrial sector including textiles and agro industry, construction sector, education and health were major areas of focus to extend bilateral cooperation.

The envoy emphasised that Italy wanted to cooperate with Pakistan through green economy to improve environmental protection, circular economy, resource saving and management, ecosystem protection and recovery, water conservation and natural disaster prevention.

The ambassador said that Italy had established the Italy-Pakistan Textile Technology Center (IPTTC) in Faisalabad at the National Textile University (NTU) to upgrade the local textile sector.

“The training centre, which is the first of its kind for Italian textile machinery technology in Pakistan, was inaugurated in the recent past,” he said. “The project was financed by the Italian government to support the development of the local textile industry by equipping it with Italian machinery.”

During fiscal year 2020-21, textile, leather, rice, ethanol, textiles articles, worn clothing, cotton, apparel, cereals, raw hides and skins, beverages and footwear were among major exports of Pakistan to Italy, the envoy highlighted.

Likewise, Pakistan’s imports from Italy included ships, boats and other floating structures, machinery, pharmaceutical products, aircraft, spacecraft, electrical, electronic equipment, organic chemicals, iron and steel, miscellaneous chemical products and medical apparatus.

Replying to a question, he said that at present, Italy was providing technical assistance to Pakistan in textiles, leather and marble sectors.

“The new economic mission has been deployed to Pakistan to further promote bilateral trade and economic cooperation in different potential areas,” he said. He underlined the importance of encouraging cultural connectivity to promote the two- way trade.

He also called for enhancing exchange of students to further strengthen bilateral relations between the two countries.

The senior diplomat said that Italy was committed to extend cooperation in diverse sectors to uplift bilateral trade.

Source: tribune.com.pk– Aug 19, 2021

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Bangladesh: RMG may lose UK trade benefits post-LDC

Bangladesh's apparel products may lose duty-free access to the United Kingdom after it graduates to a developing country as regular tariffs will be applicable to any product when its import exceeds a set limit under the UK's new Generalised Scheme of Preferences (GSP).

Commerce ministry officials believe that such a provision in the UK GSP scheme's public document sent to the ministry could be detrimental to Bangladesh's duty-free export facilities to the country.

The UK has started formulating its own GSP scheme after Brexit. Bangladesh will enjoy duty-free access to the British market for all of its products except for arms and ammunition under the scheme's Least Developed Country Framework until 2026.

The UK GSP scheme's provision on product or goods graduation states that for textiles, apparel and clothing goods, graduation applies when the import ratio referred to exceeds 47.2%, according to the document.

The general threshold of 57% applies to all other goods. For live plants and floricultural goods, vegetable goods, animal or vegetable oils, fats and waxes and mineral goods, graduation applies when the import ratio referred to exceeds 17.5%. The UK will review the list of graduated goods every three years.

Goods graduation is the suspension of preferential rates of customs duty on certain imports following a goods graduation assessment. These imports are deemed highly competitive and no longer need preferences to compete in the UK market. These imports cannot benefit from preferential rates and the UK Global Tariff will apply instead. Suspensions can be applied to goods from countries in the General Framework, according to the document.

The proposed Enhanced Framework is similar to the EU's GSP Plus to provide GSP benefits to low-income and lower middle income countries, which are classified as economically vulnerable and have satisfied requirements relating to the 27 international conventions. Under this, two-thirds of product lines will get duty-free facility.

Under the General Framework and the Enhanced Framework, the UK market still includes Vietnam, India, Indonesia, Pakistan and Sri Lanka, which are exporters of readymade garments. Of them, Vietnam will not get the GSP benefit as it has a trade agreement with the UK.

Therefore, the export rate of Bangladesh's major garment items under the GSP facility is likely to go over 47% after its graduation to a developing country status.

To get GSP benefits under the enhanced framework, Bangladesh will have to comply with 26 international conventions. In this context, the UK said the aim is to encourage compliance with human and labour rights, good governance and sustainability. The Enhanced Framework asks countries to ratify, accede to or otherwise consent to be bound by 27 international conventions and their reporting requirements.

Under the UK GSP scheme's General Framework, low-income and lower middle income countries, as classified by the World Bank, will enjoy reduced tariffs on two-thirds of product lines.

UK's GSP is going to have a provision to cancel or suspend such facility for a country for various reasons, including violations of human and labour rights, violation of international conventions on anti-terrorism and money laundering, violation of UN Single Convention on Narcotic Drugs and the failure to prevent illicit trade.

The least developed countries will request the UK to relax the conditions as it will be very difficult for them to comply with them, the commerce ministry officials said.

The United States has suspended Bangladesh's GSP facility in its market since June 2013 for alleged labour rights violations.

The European Union has sought a nine-point roadmap from Bangladesh to protect labour and human rights to remain eligible for the GSP benefit in its market.

According to the Export Promotion Bureau, the UK is the third largest export market for Bangladesh. In the last fiscal year, Bangladesh's exports to the country amounted to $3.7 billion, which was 9.68% of the country's total exports. Exports of woven garments raked in $1.33 billion, knitwear $2.11 billion and home textiles $96 million from the country in FY21.

Officials in Dhaka Bangladesh are still not sure whether Bangladesh will continue to enjoy market access preference in the United Kingdom for an extra three years till 2029 after moving out of the LDC status in 2026.

However, London has verbally promised Dhaka of maintaining the GSP facility for three more years after the LDC graduation. The UK High Commissioner in Dhaka has also confirmed it.

The United Kingdom has already sent a questionnaire on its new GSP scheme and asked for position papers from various countries, including Bangladesh, by 12 September.

The commerce ministry held a stakeholder meeting on Monday with Commerce Secretary Tapan Kanti Ghosh in the chair.

The commerce ministry's WTO Cell director general Md Hafizur Rahman told The Business Standard that Bangladesh will send a position letter within the stipulated time. They will ask for some relaxation of the conditions in the GSP.

Commerce ministry officials said Bangladesh hopes to get GSP benefits in the UK under the Enhanced Framework after graduating to a developing country status. Bangladesh will try to get an unconditional GSP facility for the export of readymade garments to the country. That is why Bangladesh will request the UK to relax the condition of "product graduation" in the position paper.

Commerce ministry officials say the duty-free export of frozen fish to one of the country's leading export destinations will suffer owing to unregulated fishing at sea after it comes out of the LDC status. They said there is a mention of regulated and controlled fishing for duty-free marine fish exports to the UK. But there is no system in Bangladesh to regulate fishing vessels at sea. Therefore, they will request to relax this condition too.

Dr Khandaker Golam Moazzem, research director at the Centre for Policy Dialogue, told TBS that the post-Brexit UK would prioritise bilateral trade agreements. The UK will make free trade agreements with different countries, which may reduce the importance of the unilateral scheme.

If Bangladesh's competitors are among those who will sign an FTA with the UK, the country's exports will suffer, he added.

Bangladesh should give importance to ensuring the existing GSP facility for an extra three years even after its graduation. At the same time, the country will have to continue its efforts to waive tariffs considering its competitiveness in the countries with which the UK will sign FTA, Dr Moazzem said.

Source: tbsnews.net– Aug 18, 2021

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NATIONAL NEWS

Piyush Goyal to meet Export Promotion Council leaders today

Keeping USD 400 billion export target in mind, Union Commerce and Industry Minister Piyush Goyal will meet Export Promotion Council leaders in Mumbai on Thursday.

The heads of Engineering Exports Promotion Council (EEPC) India, Indian Oilseeds and Produce Export Promotion Council (IOPEPC), Plastics Export Promotion Council (Plexconcil), Services Export Promotion Council (SEPC), Synthetic and Rayon Textiles Export Promotion Council (SRTEPC), Export Promotion Council for EOUs and SEZs, Powerloom Development and Export Promotion Council, Cotton Textiles Export Promotion Council (Texprocil), Gem and Jewellery Export Promotion Council (GJEPC), Apparel Export Promotion Council (AEPC), Confederation of Indian Industry (CII), Federation of Indian Export Organisations (FIEO) and Project Export Promotion Council of India will attend the meeting.

Last month, Goyal announced that India has set a target of USD 400 billion merchandise exports for 2021-22.

"In collaboration with private industry, MSME sector, engineering, agriculture, automobile, steel sector, we have set an export target of USD 400 billion. We all will work together to achieve this target," Goyal had said. He said India's economy is growing and exports are also growing.

Source: aninews.in– Aug 19, 2021

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CITI, TEXPROCIL laud announcement of RoDTEP scheme rates in India

The Confederation of Indian Textile Industry (CITI) and The Cotton Textiles Export Promotion Council (TEXPROCIL) have lauded the recent announcement of the rates of Remission of Duties and Taxes on Exported Products (RoDTEP) scheme.

Indian textile exporters not covered under the Rebate of State and Central Taxes and Levies (RoSCTL) scheme have been urging the government for long to announce the rates.

The scheme is effective from January 1, 2021.

CITI chairman T Rajkumar said cotton yarn and fabrics were till now eligible only for duty drawback, but from now onwards, cotton yarn will get a 3.8 per cent RoDTEP with a cap of ₹11.40 per kilo and woven fabric will receive 4.3 per cent RoDTEP with a cap of ₹3.4 per square metre.

As knitted fabric has been offered only 1 per cent RoDTEP, he requested the government to review the rate based on modular RoDTEP calculation. He feels knitted fabric made out of yarn should get a higher benefit than the yarn that has been taken care of in case of woven fabric, CITI said in a press release.

TEXPROCIL chairman Manoj Kumar Patodia, in a statement, said the announcement will go a long way not only in ensuring healthy development of the value chain, but also improve India’s competitiveness in the global markets.

The rates will go a long way in empowering clusters to manufacture raw materials, supply finished goods, increase employment and realise the vision of an ‘Atmanirbhar Bharat’, he added.

The Indian government yesterday notified RoDTEP scheme guidelines and rates. Cotton yarn and fabrics are among the 8,555 tariff lines covered. The scheme for zero rating of exports will provide a level-playing field to domestic industry and boost India's competitiveness in the global markets.

However, rebate under the scheme shall not be available in respect of duties and taxes already exempted or remitted or credited.

Source: fibre2fashion.com– Aug 18, 2021

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India at BRICS meet: Aatmanirbhar Bharat a global initiative, says Goyal

Commerce and industry minister Piyush Goyal on Wednesday described the Aatmanirbhar Bharat initiative as a way to engage with the world. Chairing the fifth meeting of BRICS (Brazil, Russia, India, China and South Africa) industry ministers, Goyal said Aatmanirbhar was not an inward looking policy but was about global competitiveness and expanding the frontiers from a position of strength.

He also expressed India's desire to widen the scope of New Development Bank (NDB) for strengthening social infrastructure, besides promotion of the industrial sector, according to a ministry statement.

"We have also announced the PLI (production-linked incentive) schemes worth $26 billion covering 13 champion sectors in the next five years to create and nurture manufacturing global champions for an Aatmanirbhar Bharat. The mission is expected to boost all round trade," the statement said quoting Goyal.

The minister said that emerging technologies would be an indispensable part of almost all activities, including manufacturing. Adoption of new technologies by small businesses would play a crucial role in achieving the target of inclusiveness, he pointed out.

"India has developed a vibrant and dynamic start-up ecosystem, leveraging existing platforms and digital technologies such as Aadhar and UPI payments for ensuring delivery of critical services to the last mile. Online systems like COWIN and digital vaccination certificates are being cited as success stories across the world today," he said.

He also said that the government was working towards reducing compliances on businesses and citizens. India has improved its rank from 142 to 63, a leap of 79 ranks, during the last five years in the World Bank's Doing Business Report.

Other BRICS nations reiterated their commitment to make efforts to foster open, fair, and non-discriminatory trade environment, ensure greater participation in global value chains, promote digital inclusion, assess the implications, and encourage the progressive, safe, equitable, and sustainable use of disruptive technologies for advancing growth.

Source: business-standard.com– Aug 19, 2021

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Pace of exports growth slows down in August second week albeit robust rise

Engineering goods, gems & jewellery post increases; petroleum products, iron ore exports fall

Merchandise exports grew a robust 39.51 per cent between August 8th and 14th, up by $1.99 billion over the level recorded in the same week last year, provisional data available with the Commerce Ministry showed.

However, the latest pace of growth was lower than the 50.5 per cent increase seen during the August 1-7 period on a year-on-year basis.

India's export growth (Y-o-Y) slowed down in the second week of August 2021 compared to the first week of the month as robust performance of the engineering goods and gems & jewellery sectors was somewhat off-set by the fall in petroleum products, iron-ore and leather.

Imports during the second week of August 2021 increased 36.31 per cent by $2.88 billion, against the comparable period last fiscal, propelled by a sharp increase in imports of gold. In the first week of August 2021, the increase in imports was higher at 70 per cent.

Compared to the same period of 2019-20, exports in the second week of August increased by 37.21 per cent and imports rose by 37.91 per cent, as per the preliminary numbers.

While the Ministry has come up with figures indicating by how much exports have increased or decreased in the second week of August 2021, the actual export figures for the week have not been shared. The official quick estimates for trade performance in August 2021, with details of item-wise performance, is likely to be shared by the government by September 15.

Shipments to US rise

Growth in exports in the second week of August was led by increase in shipments to the US, which shot up 90.44 per cent by $168 million, and to Italy which recorded a growth of 164.75 per cent, compared to the same period in 2019-20.

Engineering goods registered the maximum increase of 62.54 per cent by $777.12 million in August 8-14 period this year over 2019-20. Exports of gems and jewellery increased by 35.47 per cent to $210.34 million while drugs and pharmaceuticals rose by 44.61 per cent to $ 139.27 million over 2019-20. The comparable figures for 2020-21 were not shared.

Some of the increase in exports, however, was offset by decrease in exports of petroleum products by 6.68 per cent ($51.04 million), iron ore by 90.35 per cent ($48.77 million), and leather and leather manufactures by 6 per cent ($5.59 million).

Imports of gold showed the highest rise of 431.36 per cent second week of August with an increase of $1,582.63 million over the same period in 2019-20. Petroleum, crude and related products also registered an increase of 23.21 per cent ($ 484.54 million) while pearls, precious and semi-precious stones increased 114.85 per cent ($ 272.78 m) over the same period in 2019-20.

Some of the increase was offset by decrease in imports of silver, transport equipment and cotton raw and waste.

Imports in August second week increased most from the UAE and Switzerland compare with the same period in 2019-20.

India's exports suffered a setback in 2020-21 due to the Covid-19 pandemic and outbound shipments declined by 7.26 per cent (Y-o-Y) to $290.63 billion. However, with a re-bound in global demand, things seem to be on the mend with exports, in the April-July 2021 period, at $130.53 billion, up by 73.51 per cent over the same period of 2020 and by 21.82 per cent over same period of 2019.

An ambitious export target of $400 billion has been set for the current fiscal by the Commerce Ministry.

Source: thehindubusinessline.com– Aug 18, 2021

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CBIC aims removing roadblocks for faster clearance of export cargo

'Important to further streamline procedures and ensure processes are glitch-free'

After Prime Minister Narendra Modi's meeting in regard to boosting exports, the Central Board of Indirect Taxes and Customs (CBIC) is readying itself to remove the roadblocks for a much faster clearance of export cargo.

"There should not be any hold-up of export cargo and process that remains a hurdle for exports should be examined and, where possible, eliminated or else streamlined," CBIC Chairman M Ajit Kumar said in his communication to officers. Such a strategy is critical at a time when the government has set a target of achieving $400 billion of merchandise exports during the current fiscal year, $500 billion for FY23 and $1 trillion by FY26.

On August 6, the Prime Minister held a meeting with the Heads of Indian Missions abroad and stakeholders in the trade and commerce sector to boost India's exports.

"Today, as we try to reclaim that old stake in the global economy, the role of our exports is very important. In the post-Covid world, when there is an extensive debate on the global supply chain, we have to maximise our efforts to take advantage of the new opportunities. You are aware that our exports constitute about 20 per cent of GDP. Considering the size of our economy and our potential, manufacturing and service industry base, there is a huge potential for exports to grow," PM Modi had said.

Referring to this meeting, Kumar said it aims to serve as a powerful engine to kick start the economy that has been passing through a difficult phase since the outbreak of the pandemic.

Driving exports

Modi listed four factors that would help accelerate exports from India — increasing domestic manufacturing, ironing-out problems of transportation, improving logistics and the need for the Central and State governments to walk shoulder to shoulder with exporters for expanding the international market for Indian products.

“In this connection, it is important for us to further streamline our procedures and ensure that the processes are glitch-free and facilitate exports,” Kumar said. Further, he mentioned that the policy wings of the CBIC should engage with the Custom Houses and investigative agencies to iron-out issues, ‘if any, at the earliest.’

This is the next big move after the Centre notified RoDTEP (Remission of Duties and Taxes on Exported Products) Scheme guidelines and rates on Tuesday. It claimed that the scheme for zero rating of exports will boost India’s exports and competitiveness in the global markets. The rates of RoDTEP will cover 8,555 tariff lines.

The Finance Ministry and the Commerce Ministry have already taken a number of measures to boost export. These include extension of Foreign Trade Policy (2015-20) till September 30, Interest Equalisation Scheme on pre and post-shipment rupee export credit till September 30, implementation of Rebate of State and Central Taxes and Levies (RoSCTL) with effect from January 1, 2021, launch of Common Digital Platform for Certificate of Origin to facilitate trade and increase FTA utilisation by exporters.

It also incluedes implementation of Comprehensive ‘Agriculture Export Policy’ to provide an impetus to agricultural exports related to agriculture, horticulture, animal husbandry, fisheries and food processing sectors.

Source: thehindubusinessline.com– Aug 18, 2021

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RoDTEP helps, but reforms the real steroid for exports

Exporters may be disappointed, but the government's latest initiative to encourage exports with an outlay of Rs 19,400 crore is a reasonably good one. Those that argue this is unexciting must view the allocation in the context of budget constraints and almost a whole year's unpaid arrears under the erstwhile Merchandise Exports from India Scheme (MEIS).

To be sure, the tax refunds under the Remission of Duties and Taxes on Exported Products (RoDTEP) scheme, notified by the government on Tuesday, are strictly not comparable with the incentives under the MEIS. RoDTEP is WTO-compliant and seeks to reimburse exporters for duties paid across the supply-chain and, thus, make exports zero-rated. To that extent, the allocation of Rs 40,000 crore under MEIS should also not be compared with Rs 19,400 crore for RoDTEP and Rebate of State and Central Taxes & Levies (RoSCTL).

For their part, exporters are concerned the RoDTEP allocation of Rs 17,000 crore—over 15 months starting January 2021—might fall short of the amount needed to cover the levies paid across various stages of production but not subsumed by the GST. It is hard to say how much of the anxiety is genuine, and there is a need to wait and watch whether exports become uncompetitive vis-a-vis peer exporting nations, especially China. RoDTEP covers as many as 75% of the tariff lines and 8,555 products, with the rates ranging between 0.3% and 4.3% of the freight-on-board value of the exported products. The list includes some 1,000 more products than under MEIS.

Exporters in the steel, pharma and chemicals businesses are miffed because they have been excluded from the reimbursements; the government believes these sectors are doing well and, therefore, do not need to be reimbursed. Although this might seem unfair, these sectors have probably been excluded to accommodate others with greater needs. The government is clearly unwilling to commit larger sums at a time when the economy is yet to recover; the services PMI contracted yet again in July, indicating the biggest segment of the economy, accounting for 58% of the GDP, is yet to get back on track.

Buoyed by a revival in global growth and trade, India's exports have been impressive in the current year and, at $131 billion, exports during the first four months of FY22 have been higher than that in the corresponding period of the previous four years. According to Credit Suisse, rolling 12-month exports hit a record high of $347 billion, with the momentum holding up in August. While this is no doubt encouraging, it is important not to get carried away because much of this comes off a low base. Exports were very subdued, at $291 billion, in FY21, thanks to the pandemic.

But, even before that, exports had slumped to $262.3 billion in FY16 from $314.4 billion in FY14; they recovered only very slightly to $276 billion in FY17 before bouncing back to $303.5 billion in FY18. Again, exports are impacted by several factors. India's exporters, for instance, have been opposed to FTAs though the government has been pushing for these.

Again, New Delhi has been unwilling to become a member of a trading bloc like the RCEP, which, experts argue, should be done. But to boost exports, the government must ease labour laws which are way too restrictive, repair the poor infrastructure and also cut down the number of permissions and approvals required. That would make life a lot easier for exporters.

Source: financialexpress.com– Aug 19, 2021

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GDP growth may be overestimated at 20% in first quarter, says Icra

Rating agency Icra said on Wednesday that economic growth may be overestimated at 20 per cent for the first quarter of the current financial year when it is released this month-end.

It cautioned that the organised sector is expected to have gained at the cost of the less formal space during the first quarter of the current financial year. The available statistics are often unable to capture the pain experienced by the latter, it said.

“The consumer confidence survey conducted by the RBI serves as a useful proxy for demand from the less formal sectors. Its July 2021 round indicated that the Current Situation Index barely rose to 48.6 from a record low of 48.5 in the May 2021 round, highlighting the continued impact of the loss of income and employment, as well as higher medical expenses experienced by many households as a result of the second wave of Covid-19,” Icra chief economist Aditi Nayar said.

Icra has forecast the year-on-year (YoY) gross value added (GVA) at 17 per cent in Q1FY22, benefitting from healthy Central and state government capital spending, robust merchandise exports and resilient demand from the farm sector.

Regardless, the muted base of last year’s nationwide lockdown has aided in concealing the impact of the second wave of Covid-19.

Nayar said, “Based on our assessment of volumes and available earnings, we have forecast the GVA expansion in industry at a considerable 37.5 per cent in Q1FY22, led by construction and manufacturing, which experienced significantly less curbs in the just-concluded quarter compared to the situation during last year’s stringent nationwide lockdown. In particular, construction activity benefitted from the healthy Central and the state government capex spending in Q1FY22, which exceeded even the pre-Covid levels of Q1FY20.”

Source: business-standard.com– Aug 18, 2021

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Crisil Ratings revises India Inc's credit quality outlook to 'positive'

Credit ratio in first 4 months of fiscal rose to over 2.5x

Crisil Ratings has revised the credit quality outlook of India Inc for fiscal year 2022 to 'positive' from 'cautiously optimistic' earlier.

Subodh Rai, Chief Ratings Officer, Crisil Ratings said, "Our outlook factors-in strong economic growth, both domestic and global, and containment measures that are localised and less stringent compared with the first wave, which should keep domestic demand buoyant even if a third wave materialises. We believe India Inc is on higher and stronger footing."

The credit ratio (upgrades to downgrades) in the first four months of this fiscal improved to more than 2.5 times. It had touched a decadal low of 0.54 time amid the first wave in the first half of fiscal 2021, before recovering to 1.33 times in the second half, buoyed by a rebound in demand.

Broad-based recovery

A Crisil Ratings study of 43 sectors (accounting for 75 per cent of the ₹36 lakh crore outstanding rated debt, excluding the financial sector) shows the current recovery is broad-based. As many as 28 sectors (85 per cent of outstanding corporate debt understudy) are on course to see a 100 per cent rebound in demand to pre-pandemic levels by the end of this fiscal, while six sectors will see upwards of 85 per cent.

Among sectors with the most rating upgrades, construction and engineering, and renewable energy benefited from the government's thrust on infrastructure spending, while steel and other metals gained from higher price realisations and profitability. Pharmaceuticals and specialty chemicals continued to see buoyancy backed by both, domestic and export growth.

But contact-intensive sectors such as hospitality and education services continue to bear the brunt of the pandemic and have had more downgrades than upgrades.

To be sure, targeted relief measures by the Reserve Bank of India (RBI) and the government amid the second wave have cushioned credit profiles in some sectors.

Somasekhar Vemuri, Senior Director, Crisil Ratings said, “Besides regulatory relief measures, a secular deleveraging trend has provided India Inc the balance sheet strength to cushion impact on their credit profiles. The median gearing for the CRISIL Ratings portfolio (excluding the financial sector) declined to ~0.8 time at the end of fiscal 2020 and then to an estimated ~0.7 time in fiscal 2021, from ~1.1 times in fiscal 2016.”

That said, unsecured retail and micro, small and medium enterprise loan segments are likely to witness higher stress over the near term. “The key monitorables from here would be a fat tail in the second wave or an intense third wave. Other risks to the positive credit outlook include regional and temporal distribution of rainfall and its implications for sustained demand recovery. Small businesses, in particular, will be more vulnerable to any slack in demand,’ the ratings agency said.

Source: thehindubusinessline.com– Aug 18, 2021

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Cabinet to soon weigh National Logistics Policy aimed at reducing elevated costs

The challenges prompted the government to work towards reducing structural bottlenecks.

The Cabinet will soon take a proposal on the National Logistics Policy that aims to reduce elevated costs – long blamed for eroding the competitiveness of Indian exporters – from the current 13-14% of the country's gross domestic product (GDP) to about 8% over five years.

The commerce ministry has floated the Cabinet note, an official source told FE.

The move is important, as a 2016 HSBC report had suggested that domestic bottlenecks, including elevated logistics costs, accounted for a half of the slowdown in the country's exports.

An earlier draft of the policy, firmed up about two years ago, had targeted to reduce logistics costs to 10% of GDP by 2022. However, the government now intends to set a more ambitious target to bring down the cost to the global average of about 8% of GDP.

The logistics sector in India remains very complex, with the involvement of more than 20 government agencies under various ministries, 40 partnering government agencies and 37 export promotion councils. They deal with 500 certifications covering 10,000 commodities, officials had said when they embarked on firming up the policy.

The sector also involves 12 million jobs, 200 shipping agencies, 36 logistic services, 129 inland container depots, 50 IT ecosystems and banks and insurance agencies. Further, 81 authorities and 500 certificates are required for exports or imports. Given the complexities, the government turned the logistics division of the commerce ministry into a full-fledged department in 2019.

The comprehensive policy is expected to ensure greater synergy between various Central government departments, agencies, private players and states to also ensure that issues that inflate logistics costs are swiftly resolved. This would, in turn, help Indian exporters regain their competitive edge in the global markets.

As per the Economic Survey 2017-18, a 10% decrease in indirect logistics cost could lead to an export growth of 5-8%. It had predicted that the Indian logistics market would be around $215 billion by 2020.

According to an assessment by Bibek Debroy, chairman of the Prime Minister's Economic Advisory Council, and Kishore Desai in late 2017, as much as 70% of the delays (both in exports and imports across Delhi and Mumbai) were on the account of port or border handling processes, which essentially pertained to the multiplicity and complexity of the overall procedures at ports.

The challenges prompted the government to work towards reducing structural bottlenecks. Apart from the move to cut a complex maze of trade documentations and other initiatives in recent years, some relief on the logistics front has come after the stabilisation of the goods and services tax regime.

It has not only cut complexities generated by multitude of indirect taxes that slowed trade but also benefitted the logistics sector by facilitating faster conversion of informal logistics setups to formal setups and increasing the speed of movement of freight at inter-state borders due to dismantling of check posts.

"Trading across the border" (in which logistics play a key role) was one of three parametres where India's rank has improved in recent years in the World Bank's ease of doing business index. From 126th in the Bank's 2015 report, the country's rank improved to 68th in the 2020 report. Of course, it still trailed the country's rank of 63rd in the overall doing business index.

Source: financialexpress.com– Aug 19, 2021

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As cotton prices rule firm, CCI sees little scope for market intervention

But the state-run firm will be fully prepared for MSP operations

As cotton prices continue to rule high, state-run Cotton Corporation of India Ltd (CCI) sees no scope for market intervention in the new season starting October. CCI, which made a record purchase of cotton at the minimum support price (MSP) during the 2020-21 season, expects its carry forward stocks for the next year to be in the range of 2-3 lakh bales. Ahead of the cotton harvest season starting mid-September, the raw cotton (kapas) prices are currently ruling high at over ₹7,000 per quintal. Also, cottonseed prices are hovering around ₹4,500-5,000 per quintal.

“Everything is in a booming mode, and I think the CCI’s intervention may not be required as farmers are already getting 30 per cent more than the MSP rates. Next year, they may be fully satisfied with the market forces,” P K Agarwal, chairman and managing director, the CCI told Business Line.

“However, as per our duty, CCI would be fully preparing for the MSP operations,” Agarwal said, adding that the intensity will certainly be lower. “In case our intervention is required, may be in the interior or far-flung places, where the competition is not there, we may have to help the farmers in those areas. In case MSP is not there, we may think of commercial operations,” Agarwal said.

Further, Agarwal believes that the current high prices will not sustain for a longer period. “In every commodity, when the peak arrivals are there, the prices are bound to come down. It may come down by ₹500-700 but still be better than MSP,” he added.

Procurement

CCI had purchased 92 lakh bales at MSP during the pandemic hit 2020-21 season, when there were no takers in the market, Agarwal said. “Farmers were protected through the MSP operations as they got an assured price,” he said. The Centre has fixed an MSP for medium staple cotton at ₹5,716 per quintal for 2021-22 season higher than the previous year’s ₹5515 per quintal. For the long-staple cotton, the MSP for 2021-22 has been fixed at ₹6025 per quintal over ₹5825.

In 2021, CCI disposed of a record 140 lakh bales on good demand from the mills. It also exported about 1 lakh bales during 2020-21. “It was more than a good year. Because of the booming market and price improvement, the MSP losses have also come down substantially to around ₹17,000 crore” Agarwal said.

The 2020-21 season started with around ₹40,000 per bale in October, higher than the corresponding previous year’s ₹36,000. “Now, the cotton prices are ruling between ₹53,000-55,000 range on good demand in the market as the mills have started operations, and their requirement has improved,” Agarwal said. Also, most mills have built up inventory and have covered stocks to meet their requirement for the next 2-3 months.

Inventories

Further, Agarwal said that CCI currently has stocks of around 8 lakh bales. “We wish to keep these stocks till September end to avoid any starvation like situation. We are selling about 1,000-2,000 bales daily and by mid-October we may be finishing our stocks,” he added. Agarwal expects CCI’s carry forward stocks for the next season to range between 2-3 lakh bales. The overall carry forward stocks for the country is expected to be 60-70 lakh bales.

“The situation is very comfortable because, in the past there had been no occasion when the carry forward stocks were more than 40 lakh bales. This is because of the pandemic situation, India may end up with 60-70 lakh bales, which is almost two-month requirement. The position is not as worse as people are visualising it,” he added. By September end, the new crop will hit the market in North India, he said.

As of August 13, cotton has been planted in about 116.17 lakh hectares in the ongoing kharif season, lower than the previous year’s 125.47 lakh ha, according to Agriculture Ministry estimates.

“The area may be 6-8 per cent less than last year…may be around 123-125 lakh ha as against 133.75 of last year. The productivity seems to be good as the agro climatic conditions for cotton has been good,” Agarwal said, adding that he expects the crop to be between 350-360 lakh bales.

Source: thehindubusinessline.com– Aug 18, 2021

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A delayed intervention: On need to boost exports

With global demand booming, the Centre must act faster to rev up export growth engine

After much delay, the Government has notified the rules and rates based on which exporters can claim rebates on taxes paid on their outbound cargo.

That it took nearly eight months to come up with these critical details after the scheme promising such rebates kicked in has meant that exporters have had to conjure up additional working capital to the extent of taxes paid but not refunded during this period.

A new scheme was necessitated to replace the erstwhile merchandise exports incentive scheme after the WTO dispute settlement body held it was not compliant with the multilateral trade watchdog's norms.

The Government is confident that the new scheme, Remission of Duties and Taxes on Exported Products (RoDTEP), and effective from January 1, is WTO-compliant. Covering 8,555 tariff lines, or roughly 65% of India's exports, the remission rates now notified, range from 0.5% to 4.3% of the Freight On Board value of outbound consignments.

For some goods, there is a cap on the value of the exported items. Steel, pharmaceuticals and chemicals have been excluded from the RoDTEP. Some sectors are concerned about the rates being lower than expected, while engineering firms are worried that taxes on key raw materials are not adequately offset. Fine-tuning may be needed, but a vacuum has been plugged at last.

There can be no doubt that Prime Minister Narendra Modi's call to scale up exports to $400 billion this year helped expedite the disentangling of inter-ministerial red tape over the RoDTEP scheme. A new foreign trade policy, a couple of smaller export-related schemes and a mechanism to fork out the last two years' pending dues under the earlier export incentive programme are expected by September. This urgency must not be lost.

Having opted out of RCEP, India is looking to re-ignite free trade pact negotiations with Australia, the U.K., the EU and the U.S. The global economy is on the cusp of one of its strongest rebounds as COVID-19 vaccination drives cross a tipping point in many advanced economies. As they look to go beyond China to service domestic consumption demand, India needs to aggressively step up to the opportunity. Although the second wave's damage on the economy is less severe than the wreckage from last year's national lockdown, domestic recovery is still feeble and uneven.

Consumption may see some pullback on pent-up demand as well as the impending festive season, but its sustainability is fragile. Till that firms up, private investments are unlikely to take off. That leaves public capital spending and exports as the two growth engines with feasible firepower to aid the recovery momentum. There is no time to dither on either of these fronts.

Source: thehindu.com– Aug 18, 2021

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Textile sector in Gujarat expects boost to exports

With the Centre announcing the new rates under the Rebate on Duties and Taxes on Export Products (RoDTEP) scheme, textile exporters are expecting a boost in order volumes backed by better cost-competitiveness. According to the new rates, RoDTEP extends incentive of 2.5% to 4.5% on the export of yarn and fabrics of different kinds.

Even though ceilings have been imposed on procurement price to be able to avail the benefit, exporters in the textile sector say that the rebate will sure improve their cost-competitiveness.

"Price competition from textile makers in Vietnam and Bangladesh is one of the major challenges Indian exporters face. Both these countries enjoy a free trade agreement (FTA) with European and other markets, giving them a clear edge over Indian manufacturers.

This is especially true for garments and made-ups, where staying cost competitive was not sustainable for Indian textile makers after the government withdrew the Merchandise Export Incentive Scheme (MEIS)," said Chintan Thaker, chairman, Assocham – Gujarat state council.

"However, with new incentives rolled out as part of RoDTEP, exporters will now be able to offer a competitive price to their customers. Better pricing will help manufacturers gain more order volumes and in turn boost their revenue," Thaker added.

In the textile sector, export demand has begun to increase with inquiries pouring in for yarn, fabric as well as garments from various countries. The rate announcement, according to industry players, has come at the right time, when exporters can leverage the demand.

Industry estimates suggest that the textile sector and its ancillaries provide employment to an estimated 75 lakh persons across Gujarat.

Manufacturers of technical textiles as well as manmade fibre (MMF) will have an edge, said industry players.

"As demand rises, our competitiveness will surely go up and bring in greater order volumes.

Although the announced rates need to be revised to compensate the actual embedded taxes and levies paid by the exporters in case of the MMF textile lines.

Inclusion of the entire MMF textile value chain will encourage inclusive growth in exports of MMF textiles," said Narain Agrawal, past chairman, Synthetic and Rayon Textile Export Promotion Council (SRTEPC).

Source: timesofindia.com– Aug 19, 2021

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Indian retail sales touch 72% of pre-pandemic levels: RAI

Indian retail sales continued to recover in July, reaching 72 per cent of the pre-pandemic levels of July 2019, and businesses are pinning hopes on the festive seasons for a further boost, according to the Retailers Association of India (RAI), which recently said the rate of recovery was 50 per cent of pre-pandemic levels in June this year.

In its latest business survey, RAI members in south India have indicated a very sharp comeback in July with sales at 82 per cent of the pre-pandemic levels (July 2019) as against 50 per cent sales in June 2021.

However, west India is yet to improve, registering sales at 57 per cent of pre-pandemic levels (July 2019), a news agency cited RAI as saying.

"This is mainly because of prolonged curbs in Maharashtra that disrupted the smooth functioning of modern retail in the state," RAI said.

In terms of categories, quick service restaurants (QSR) recovered the best in July 2021 with sales at 97 per cent of the pre-pandemic levels (July 2019).

Yet, in July 2021, beauty and wellness, which includes salons, is still at 50 per cent of pre-pandemic sales, while apparel is at 63 per cent sales of the pre-pandemic levels.

"There is a possibility of significant sales recovery for retail businesses as the festive season approaches, provided restrictions on modern retail are relaxed across the country allowing smooth operations and return to normalcy," RAI chief executive officer Kumar Rajagopalan said.

Source: fibre2fashion.com– Aug 19, 2021

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CAIT fears Afghanistan crisis will impact bilateral trade

The change of regime in Afghanistan and the uncertainty over future will hit the bilateral trade between the country and India, traders' association CAIT said on Tuesday. The Confederation of All India Traders (CAIT) also cautioned domestic exporters and sought the Centre's intervention in preventing losses to the business community.

Afghan exports to India include dried raisin, walnut, almond, fig, pine nut, pistachios, dried apricot and fresh fruits such as apricot, cherry, watermelon, and medicinal herbs, according to a CAIT statement. India's exports to Afghanistan include tea, coffee, pepper and cotton, toys, footwear and various other consumable items.

"With recent change of regime in Afghanistan, the bilateral trade between Kabul and India will be impacted badly since the future is uncertain," CAIT's Delhi NCR unit convenor Sushil Kumar Jain said. "The bilateral trade between India and Afghanistan was USD 1.4 billion in 2020-21 as against USD 1.52 billion in 2019-20. Exports from India were USD 826 million and imports were aggregated at USD 510 million in 2020-21," Jain said, citing figures released by the CAIT.

The association expressed fear that prices of the products imported from Afghanistan may go up in markets due to uncertainty of the political situation in that country. It also feared that currently several import-export shipments are stranded due to the situation in Afghanistan which may cause heavy losses to traders, advising domestic exporters to remain alert and keep an eye on the developments.

"Huge amounts of payments are likely to get blocked or delayed which will put traders in a vulnerable situation. The government must take cognisance of it and help the traders in the event of a financial crisis," the CAIT said.

The Taliban, a militant group, has taken over power in Afghanistan from an elected government as its insurgents stormed the country and captured all major cities and provinces in recent days even before the US could completely pull out its troops from the two-decade-old war theatre.

Source: retail.economictimes.indiatimes.com– Aug 18, 2021

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