TEXPROCIL NEWS CLIPPINGS
An ISO 9001:2015 CERTIFIED COMPANY

The Cotton Textiles Export Promotion Council (TEXPROCIL)
Engineering Centre, 5th Floor, 9, Mathew Road, Mumbai 400004. Maharashtra State. INDIA
W. www.texprocil.org E. ibtex@texprocil.org T. +91-22-23632910 to 12 F. +91-22-23632914

IBTEX No. 165 of 2021 August 20, 2021

US 74.41| EUR 86.93| GBP 101.37| JPY 0.68

NEWS CLIPPINGS

INTERNATIONAL NEWS	
No	Topics
1	USA: Are Freight Forwarders Facing a Cash Crunch?
2	WTO says record global trade in goods might be nearing a peak
3	New China Auditor Drama: Authorities Shut Down Shenzhen Verité After Raid
4	Indonesia Eximbank assists MSMEs to enter global market
5	Vietnam's apparel exports take a hit as manufacturing stops: TexPro.
6	Preferred fibers and materials market to grow to 146 million ton by 2030

	NATIONAL NEWS
1	Union Commerce & Industry Minister Piyush Goyal Meets Export Community, Discusses Measures To Boost Exports
2	U.S. not interested in trade pact: Piyush Goyal
3	Government plans relief for defaulting exporters
4	India is exploring mini trade deals with Australia and UK
5	Crisil ups India Inc's credit outlook to positive
6	₹60,000-crore loan guarantee scheme for COVID-hit sectors yet to take off
7	For that spurt in export: RoDTEP, the scheme that couldn't have come at a better time
8	Cotton Corporation of India may need to procure much less as prices likely to rule above MSP
9	2 MSME parks in India's Noida gain momentum; 812 investors buy land
10	'Cotton farmers must mechanise sowing, spraying, cut 30% on cost'
11	Ludhiana exporters suspend order processing over Taliban concerns

INTERNATIONAL NEWS

USA: Are Freight Forwarders Facing a Cash Crunch?

Congestion is crippling the global supply chain, sending freight rates into the stratosphere and creating a world of pain for brands, shipping carriers and suppliers alike. But the mayhem is also having an impact on a major cog in the supply chain wheel that goes largely unseen.

As shipping costs surge, the freight forwarders that are often central to organizing shipments for brands are having to foot a growing bill that they simply don't have the liquidity for.

On Aug. 12, Drewry's composite World Container Index rose to $9,421.48 per 40-foot-equivalent (FEU) shipping container, a monumental 358 percent increase over the same week in 2020. That is a jump no one could have possibly expected in 2020, but the effects for freight forwarders are even more drastic when accounting for the fact that they have to fork over more money that they might not even have on hand—sometimes at a four or five times multiple.

While in theory, freight forwarders should be reeling in the cash due to constant demand, they traditionally only require importers to provide payment after they were given the goods, instead of upfront. With shipping delays now totaling weeks at a time, freight forwarders may not be as willing to wait for the capital—but then they run the risk of breaching their clients' trust.

"It's a problem, because the companies that don't have the cash are trying to get their clients to pay upfront," said Salvatore Stile, president of freight forwarder and customs brokerage Alba Wheels Up International. "Sometimes when shipments arrive, they have their clients send wires, but that delays the process because once the client pays, you still have to pay the steamship line. So there could be some added delays just in the transfer in cash from forwarder to steamship line and getting the release."

The role of a freight forwarder is essential in modern international shipping, making it an imperative for these businesses to have cash in their coffers. Freight forwarders serve as the intermediary between the importer and the shipping carrier for international shipments, a setup that's supposed to make life easier for businesses that don't have the time or capacity to assess the costs and risks themselves.

Given the overall convoluted nature of international trade, including tariffs, ever-changing regulations and most recently rapidly escalating prices, freight forwarders exist to offer importers services including negotiating freight costs, directing freight to different end locations, and preparing and processing customs documentation.

Alba Wheels Up International is one of the freight forwarders that feels it is in a prime position to succeed in today's environment, with a private equity investment from Southfield Capital as of March. But the role of freight forwarders as a whole may change due to a cash crunch that exists not only throughout those business, but with their own clients as well.

"The health of the customer has always been important but it's going to be more important than it's ever been," said Vincent Iacopella, executive vice president, growth and strategy, Alba Wheels Up International. "As these cost numbers get larger, and the amount of cash accelerates both in how quickly it accrues and the amounts that it accrues up to, I think that knowing the business of your customer, and what their business model is—to what is making them successful is going to be important than ever, because there might be a little bit of risk to it."

Freight forwarders turn to factoring

Freight forwarders and customs brokers are also turning to an alternative source of lending called factoring, which is a financial transaction where a lender (a factoring company) buys a debt or invoice from the debtor (the freight forwarder). Factoring is designed to help clients specifically ensure that they aren't incurring credit losses. What's better for freight forwarders is that factoring companies traditionally don't require their credit history; instead they will be more interested in the credit history of their clients.

"[Freight forwarders] will come to us and say, 'I have this new customer. I need to give them up to a $300,000 credit line, or basically, they're going to owe me $300,000 within a specific time,'" said Martin Efron, managing director of portfolio management at White Oak Commercial Finance. "They'll ask if we can take that risk. After we do our analysis, and if we believe it's a decent risk, we'll take the risk off their hands. Then if the company goes bankrupt, they don't suffer the loss, we take the loss. We have basically protected them against that loss."

When freight forwarders provides a service for their importers, they send the invoice to the factoring company and in return receive a cash advance on the invoice. The factoring company then collects the full payment from the importer, in this case, and typically pays the freight forwarder the rest of their invoice amount, minus a small fee.

Factoring gives freight forwarders the increased cash flow necessary to pay employees, handle customer orders and take on more business, all of which are vital in an era when freight rates are going through the roof.

“Typically for forwarders, they’ll need some sort of terms, hence their need for a credit facility has increased significantly. Before this peak, they maybe had a $5 million line of credit from the lender. Today, it’s at least $20 million or $25 million.”

White Oak offers its clients “non-recourse structure” factoring facilities, which are designed so that the client transfers the ownership of specific accounts to another client who then attempts to collect on the debt. This relieves a company of receivable debt in exchange for a fee while providing them with the working capital they need to continue their operations.

Like Alba Wheels Up on the freight forwarding side, White Oak shares the same sentiment that the optimal relationship with customers going forward will hinge entirely on understanding their financial health.

“We have the ability to either ensure for them their receivables, so that they don’t even have to think about any of the risks associated with lending,” Efron told Sourcing Journal.

“Most freight forwarders, maybe the largest ones too, but all the others, they don’t have a great partner, and they don’t have the resources to really be on top of the credit health of their customers. In a situation where the import volumes and numbers have gone up so much, it makes a huge difference.”

Importers, particularly in the apparel space, may apply for a factor if they feel a standard loan application is too time consuming and often takes months. In comparison, factoring is designed to allow a business to quickly obtain capital based on future income, helping them to continue operating as usual without having to wait for invoices to be paid.

In an era when risk is at an all-time high due to the crowded supply chain and on-and-off factory closures, brands have to balance consumer demand against supplier relationships and freight forwarders that don't have the time or capital to wait weeks for invoices to be paid.

The freight forwarding industry has only recently considered factoring, Stile said, with Alba Wheels Up forgoing the option since it has capital from its private equity backing. But as more companies have exhausted their bank liens, the financing option will remain in play, particularly if the forwarders feel they are running out of options.

"Those companies in the past really didn't factor too much as opposed to general bank liens, because there weren't the margins really to pay the factoring fees on the container rates, there wasn't that margin ability," Stile told Sourcing Journal. "I would assume now, with the freight rates being higher, that these freight forwarders and importers really who need the capital or need to generate will absorb these costs."

Source: sourcingjournal.com– Aug 19, 2021

HOME

****

WTO says record global trade in goods might be nearing a peak

Global trade in goods might be close to plateauing -- albeit at a record level -- amid an outlook clouded by regional imbalances and coronavirus outbreaks that slow economic activity, the World Trade Organization said.

The Geneva-based trade body's goods trade barometer rose to 110.4 in March, the highest in records going back to 2016, according to a statement on the WTO website on Wednesday. It said that while the index is still above its longer-term average, the gains are decelerating, "which could presage a peaking of upward momentum in trade."

Each of the gauge's components -- such as air freight, container shipping, raw materials and automotive products -- showed above-trend growth. But the export orders index "has slowed more definitively, providing a further indication that the pace of recovery is likely to decelerate in the near term," the organization said.

The WTO said the latest reading is consistent with its forecast from March 31 for an 8% increase in the volume of world merchandise trade in 2021 after a 5.3% drop in 2020.

"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," the WTO said. "Covid-19 continues to pose the greatest threat to the outlook for trade, as new waves of infection could easily undermine the recovery."
Source: economictimes.com– Aug 19, 2021

HOME

****

New China Auditor Drama: Authorities Shut Down Shenzhen Verité After Raid

Chinese authorities have shuttered a U.S. labor auditor's China arm in the latest salvo amid intensifying tensions between Beijing and the West over forced-labor allegations in the Xinjiang Uyghur Autonomous Region, the Wall Street Journal reported Thursday.

The move to close Shenzhen Verité, an affiliate of the Massachusetts-based Verité, following a raid on its offices in April, could complicate—even impede—efforts by multinational brands to assess and certify their supply chains in the superpower nation, the outlet said. The loss of the Shenzhen company means Verité can no longer conduct its research and assessments in China, which will likely prevent clients such as Asos, Gap, Patagonia and Target from achieving a clear-eyed view of a large segment of their operations in an era where transparency is a growing expectation.

Eileen Fisher was also listed on Verité's website, but a spokesperson for the women's wear label said the firm isn't involved with auditing its Chinese supply chain and so the Shenzhen partner's closure will have "no effect on our work going forward." Gap declined to comment, and the other companies did not immediately respond to emailed requests.

There are signs this is another pointed act of retaliation on the part of Beijing, which previously stoked nationalist fervor to trigger a wave of consumer boycotts against Western brands such as Adidas, Nike and H&M for cutting business relationships in Xinjiang over forced-labor concerns. All of them suffered hits to their bottom lines.

State-controlled media has also directed its ire at organizations such as the Better Cotton Initiative (BCI), which works with the world's biggest retailers to source so-called "better" cotton grown with less water, fewer pesticides and higher yields for farmers. The Global Times, a subsidiary of the Chinese Communist Party-run People's Daily newspaper, has attacked BCI for exiting Xinjiang and furthering the "Xinjiang forced labor narrative."

In March, the tabloid accused Verité, which it said BCI hired to help it look into the forced-labor claims, of employing only information from "anti-China forces" to allege abuses were taking place. A few months later, the Global Times named Shenzhen Verité as the driving force behind the investigation, which it said it learned of " exclusively from [the] national security department." It also quoted alleged Shenzhen Verité whistleblowers who claimed that the organization's conclusions were flawed and agenda-driven.

A spokesperson for BCI declined to comment on the matter.

The Wall Street Journal said that Chinese security forces took action not long the Global Times mentioned Verité in the March article. Officers ransacked the offices on Shenzhen Verité in the southern city of Shenzhen and froze its bank account. Eight Chinese staffers also endured weeks of interrogation at law-enforcement offices, where they were compelled to remain from 9 a.m. to 5 p.m.

The company's closure could mark a turning point for human-rights due diligence in China, the reliability of which was already being called into question in parts of the country due to government surveillance and hampered access to factories.

"It certainly represents an escalation, a new front," Allison Gill, forced labor program director at the Global Labor Justice-International Labor Rights Forum, a Washington, D.C.-based think tank, told Sourcing Journal. "I think and what we've seen is an increasing move against supply-chain transparency and accountability, and it does, I think, sharpen the focus on what companies have to do to be sure that they are not implicated in profiting from forced labor."

This includes mapping out and disengaging with suppliers and sub-suppliers that have production facilities located in Xinjiang, have accepted Chinese government subsidies or have employed workers provided by the government. "If [companies] can't rely on third-party audits, they have to be prepared to take action," Gill said.

Last year, several companies that previously performed or participated in labor audits in Xinjiang, including Bureau Veritas in France, TÜV SÜD of Germany and Worldwide Responsible Accredited Production in the United States, announced they would be withdrawing from the region, citing their inability to do a proper job.

"Normal social compliance audits cannot be conducted in the XUAR due to restrictions on the movement of third-party auditors, including restrictions that prevent the necessary amount of access to factories required for auditors to conduct a satisfactory review," Seth Lennon, communications manager at WRAP, told Sourcing Journal at the time. "As a result, WRAP is not presently performing audits in the XUAR."

Scrutiny over Xinjiang has reached its peak over the past several years. Human-rights groups say up to 1.8 million Uyghurs, Kazakhs and other Muslim ethnic minorities are being held in detention centers, where they're tortured and brainwashed as part of a broader campaign of indoctrination and genocide. They note that "graduates" of these camps go on to work within and outside Xinjiang, where they toil under conditions of forced labor as part of a state-sponsored "poverty alleviation" scheme meant to further alienate them from their culture, language and religion.

Last month, the U.S. Senate passed the Uyghur Forced Labor Prevention Act which, if enacted into law, would ban all products—not just cotton, tomatoes and some polysilicon products—from Xinjiang unless importers can prove they weren't made with forced labor.

"The message to Beijing and any international company that profits from forced labor in Xinjiang is clear: no more," Senator Marco Rubio, the Florida Republican who introduced the legislation with Democratic Senator Jeff Merkley of Ohio, said at the time. "We will not turn a blind eye to the [Chinese Communist Party's] ongoing crimes against humanity, and we will not allow corporations a free pass to profit from those horrific abuses."

Source: sourcingjournal.com– Aug 19, 2021

HOME

****

Indonesia Eximbank assists MSMEs to enter global market

Indonesia Eximbank is committed to assisting national micro, small, and medium enterprises (MSMEs) enter the global market amid the COVID-19 pandemic.

"The pandemic does not stop us from backing potential exporters under our assistance programs to support MSMEs enter the global market. As of today, around 353 Indonesian products and textiles are accessible for potential buyers at the Alibaba online marketplace," Indonesia Eximbank Managing Director II Maqin Noorhadi stated here on Thursday.

As an institution, assigned a special task from the Finance Ministry to increase national exports, Indonesia Eximbank remains committed to supporting MSMEs through financial and non-financial means, Noorhadi affirmed.

Noorhadi explained that Indonesia Eximbank's current assistance programs comprise a coaching program for new exporters, Foreign Exchange Village Program to support potential village-made products to penetrate foreign markets, and a marketing handholding program to introduce new products to the foreign marketplace.

Indonesia's MSMEs are currently impacted by the COVID-19 pandemic and its economic fallout owing to mobility and export restrictions imposed by several countries, he remarked.

Meanwhile, Andri Setyawan, currently serving as CEO of the batik textile exporter CV Pria Tampan based in Solo, Central Java, remarked that textile entrepreneurs should utilize every available opportunity to ensure survival of businesses while admitting his company was also affected by the COVID-19 pandemic.

"All companies, either old or new, are equally affected by the pandemic. Hence, it is important to continue to harbor optimism and have a positive outlook that our company will survive the pandemic," Setyawan stated.

He encouraged MSMEs to utilize the government's assistance akin to his company that had availed export support through the National Interest Account Program from Indonesia Eximbank.

"The benefit is very helpful for our company to survive amidst the pandemic," he noted.

As of April 2021, CV Pria Tampan successfully shipped seven containers of batik textile overseas valued at US$220 thousand, an increase from the preceding period when the company only exported five containers valued at US$160 thousand, Setyawan remarked.

Source: en.antaranews.com– Aug 19, 2021

HOME

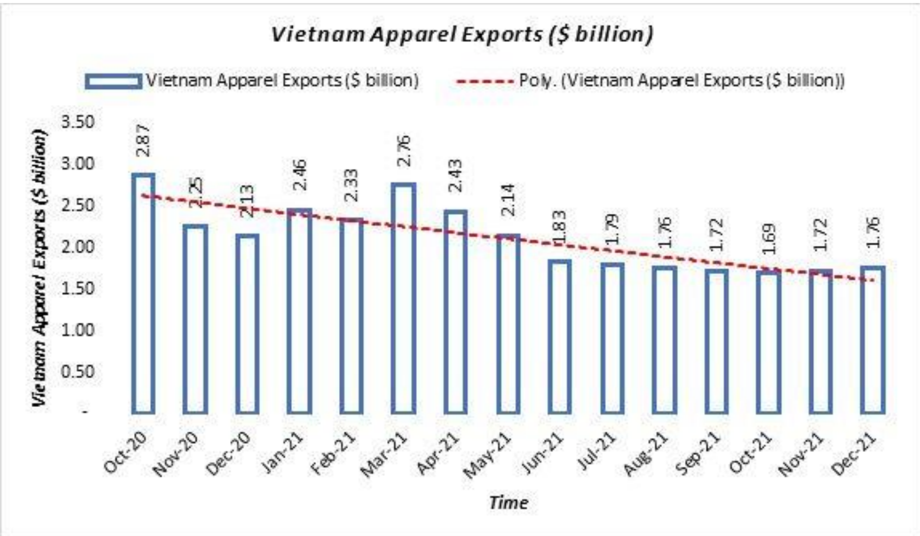
****

Vietnam's apparel exports take a hit as manufacturing stops: TexPro

Apparel exports from Vietnam have taken an unexpected hit and are likely to decline further in the second half of this year due to the rising cases of COVID-19 in the country. Exports rose consistently in the first quarter due to the efforts of industry stakeholders, implementation of sustainable strategies, vaccination drives and improved product quality.

Vietnam's monthly average for apparel exports was $2.42 billion in the last quarter of 2020. It increased slightly by 4.05 per cent to a monthly average of $2.51 billion in the first quarter of 2021 but dropped again by 15.12 per cent to a monthly average of $2.13 billion in the second quarter of 2021, according to Fibre2Fashion's market analysis tool TexPro.

Vietnam's apparel exports are expected to decline further by 18.45 per cent to a monthly average of $1.74 billion in the second half of 2021.



The EU-Vietnam Free Trade Agreement (EVFTA), the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the UK-Vietnam free trade agreement (UKVFTA) helped the nation to boost trade amid the pandemic. The UKVFTA that officially came into force on May 1, 2021, increased Vietnam's apparel exports to the UK as it removed almost all customs duties between the two countries.

Vietnam developed policies for low-cost manufacturing that boosted the production index. It sought new raw material suppliers from India, South Korea and European countries and reduced the dependency over China for raw materials.

The demand from western markets has been increasing from the beginning of 2021. The Vietnam Textile and Apparel Association (VITAS) developed three strategies to boost apparel exports – reviewing the changes in consumer demand in key export markets; adoption of advanced production technologies to save fossil energy, cut gas emissions and increase recycling; and investing in product development. Better compliant processes and improved human rights also drove Vietnam's exports.

However, the country is currently dealing with the rising cases of COVID-19 and low rate of vaccinations. The new wave has suspended the textiles supply chain and forced manufacturing units to close.

VITAS has requested the government to vaccinate textiles and apparel workers on a priority basis and has asked to buy the vaccine directly from suppliers.

Source: fibre2fashion.com– Aug 19, 2021

HOME

****

Preferred fibers and materials market to grow to 146 million ton by 2030

A new report by the Textile Exchange shows, the market share of preferred fibers and materials grew significantly in 2020. As per the report, 'the Preferred Fiber and Materials Market Report 2021,' the share of preferred cotton increased from 24 to 30 per cent while that of recycled polyester increased from 13.7 to 14.7 per cent.

The share of preferred cashmere increased from 0.8 to 7 per cent while market of responsible Mohair Standard certified fiber expanded from 0 to 27 per cent. FSC and/or PEFC certified MMCFs share increased to approximately 55-60 per cent while the share of recycled MMCFs declined to 0.4 per cent.

Quantitative data on leading organizations

A unique annual publication on global fiber and materials production, availability, and trends, the report includes quantitative data, industry updates, trend analysis of leading companies and organizations. It reflects the increase in brands' use of preferred fibers and materials in 2020 with 75 per cent increase in number of the certified facilities, out of the total 30.000 facilities.

The standards these facilities certified to included Global Recycled Standard (GRS), Organic Content Standard (OCS), Recycled Claim Standard (RCS), Content Claim Standard (CCS), Responsible Down Standard (RDS), and Responsible Wool Standard (RWS) among others.

Miniscule portion of global market

Despite an increase in certifications, preferred fibers still represent less than one-fifth of the global fiber market. In 2020, companies produced 109 million tonne of fibers in 2020, almost double its production of 58 million tonne in 2000. Their production is expected to rise 34 per cent to 146 million tonne in 2030.

However, to achieve this, the industry needs to rebuild its business to the pre-pandemic levels. It needs to adopt more sustainable practices, and reduce the consumption of conventional fibers and materials, opines La Rhea Pepper, Founder and CEO, Textile Exchange.

Shifting to more energy-efficient model

Textile Exchange's Climate+ strategy urges the industry to reduce greenhouse gas emissions in the pre-spinning phase by 45 percent by 2030. The industry needs to shift to a renewable energy model and adopt more regenerative practices, says Liesl Truscott, Corporate Benchmarking Director, Textile Exchange.

Textile Exchange urges apparel companies to commit the 2025 Sustainable Cotton Challenges that encourages companies to source all their required cotton from most sustainable sources by 2025. It also endorses the 2025 Recycled Polyester Challenge that urges brands to increase the use of recycled polyester in their collections from 14 to 45 percent respectively, by 2025.

The non-profit organization encourages brands, retailers, manufacturers, and suppliers to track their progress by participating in both the annual Material Change Index (MCI) survey and the 2021 Textile Sustainability Conference in Dublin, from November 15-19 alongwith the concurrent preferred fiber and materials Round Tables Summit.

Source: fashionatingworld.com– Aug 19, 2021

HOME

****

NATIONAL NEWS

Union Commerce & Industry Minister Piyush Goyal Meets Export Community, Discusses Measures To Boost Exports

The Union Commerce and Industry Minister Shri Piyush Goyal has said that the nation is working towards making a quantum jump in merchandise exports. He said this has been made possible, thanks to the structural changes initiated by the government under the leadership of Prime Minister Narendra Modi.

The Minister said that the merchandise export target of $400 billion for the year 2021-22 has been set, in line with the Prime Minister's clarion call, "Local goes Global: Make in India for the World". The Minister said this during a meeting with Export Promotion Councils (EPCs), Commodity Boards and Authorities and other stakeholders in Mumbai today, to discuss measures to enhance and increase exports.

"The target has been generated through a bottom-up and consultative approach, wherein specific targets for each country, product, Export Promotion Council and foreign mission has been set", said Shri Goyal.

"Act immediately to rise to the ambitious challenge of $400 billion export target"

The Minister exhorted all Export Promotion Councils to take immediate and effective steps to rise to the challenge of achieving the merchandise export target of $400 billion for 2021-22. "We need to maintain the export momentum for the next 8 months, with $34 billion exports per month to achieve this target, he informed. The goal is ambitious, but possible if all including EPCs and their members work together", added Shri Goyal.

Target $2 trillion exports by 2030

The Minister asked the export community to also target $2 trillion exports by the year 2030, comprising $1 trillion merchandise exports and $1 trillion services exports.

The Minister announced that two separate divisions are being set up in the Commerce Ministry focused on the services sector, in order to attain the $1 trillion services exports target.

New FTAs slated for early conclusion.

The Minister informed that the Free Trade Agreement (FTA) strategy is being revamped. “Free Trade Agreements are being formulated in a much more interactive process, we are engaging with industry to ensure that FTAs are fairly and equitably crafted. At the same time, FTAs cannot be a one-way traffic, we also need to open our markets, if we want a larger share in foreign markets. So, we need to identify areas where we can withstand competition. We can sort out FTAs fairly quickly, if the areas where we have the ability to compete internationally can be identified, as part of a collective effort.”

Informing about the progress of FTAs with various developed countries, the Minister informed that we are at a very positive momentum in terms of FTAs, with the UK, EU, Australia, Canada, UAE, Israel and the GCC countries. “Our effort is to ensure focus on countries where we have significant potential, where we can compete better and where market size is significant.”

Working towards Early Harvest Agreements with UK and Australia

Shri Goyal said that India is looking at identifying areas of immediate interest for India and UK, and conclude an Early Harvest Agreement with UK. Australia has shown the highest level of engagement and has shown significant interest to do an Early Harvest Agreement, this will help us engage with others too on similar lines, he informed.

On the FTA with the EU, the Minister stated that it is only due to the Prime Minister's good will and credibility that the EU has agreed to once again engage in negotiations for an FTA. India will be working very hard to speed this up, he said. He added: “If the FTA with UAE happens, FTAs with GCC countries too will get expedited. The USA has kind of indicated that they are not looking at new trade agreements, however, we will work with them to address market access issues on both sides, this will be a big opportunity for our export sector.

Let Quality be our mantra: Minister tells industry

The Minister exhorted the industry to study both domestic and international quality standards and work towards aligning the standards. “Let us accept and adopt quality standards voluntarily and happily and build our industries to meet global quality standards.”

Focus on shipping and semiconductor industries

The Minister spoke of two sectors which he said should occupy a more prominent role in the industrial landscape -shipping and semiconductors. He also urged the textiles industry to "Do participate in World Expo, Dubai". The Minister said that World Expo is going to be a big opportunity for Indian industry. "The Indian Pavillion at World Expo, Dubai is going to be absolutely fabulous, it will make you proud, I can assure you."

"Time to take exports to the next level"

The Minister told the export community that they - Export Promotion Councils, and Commodity Boards can play a key role in export promotion. They can provide market intelligence, explore new markets and destinations, arrange trade fairs and buyer-seller meets, handhold exporters and work closely with Ministries/Departments, he said.

Shri Goyal told the export community that India needs to once again become "Duniya ka Bazar" and "Duniya ka Karkhana", reclaiming its historical position as a great trading nation.

Policy Measures taken to Boost Exports

Underlining various steps taken to boost exports, the Minister recalled that the Draft National Logistics Policy has been introduced. Districts are being developed as Export Hubs and Free Trade Agreements are being fast-tracked. Compliance requirement has been reduced, Production Linked Incentive Scheme has been introduced for 13 sectors and SEZ reforms have been brought in. Trade facilitation is being done on digital platforms and a comprehensive Agriculture Export Policy has been made.

A New Foreign Trade Policy will be announced on October 1, 2021 and Indian missions abroad will play an active role in its implementation. A single-window customs clearance has been extended for exporters.

The Commerce & Industry Minister thanked all EPCs who he said have served selflessly during the challenging times of COVID-19. He recalled that India became the pharmacy of the world, supplied high-quality and critical health items and sent millions of vaccine doses. It also became a reliable supplier of food to the world during the pandemic and met all our international service commitments even during the lockdown. This has helped India earn the trust of the world, said the Minister.

Shri Goyal said "Our Exporters have made us proud by achieving record trade volumes in April- July 2021." Exports in July 2021 was $35 billion, the highest-ever monthly export in Indian history, and an increase of 35% with respect to July 2019. Merchandise exports in Apr-July 2021 was $130 billion, an increase of 22% with respect to April-July 2019.

Speaking on the ocassion, Commerce Secretary Shri B.V.R Subrahmanyam said, Government of India has set a very solid export target of $ 400 billion for 2021-22. The target has been arrived at through a systematic assessment of export potential. “Trade has been laid down as the top priority for our diplomats, foreign missions will help in facilitating exporters. We are working on creating state-level export commissioners, district-level export hubs and other infrastructure for export facilitation”, informed Shri Subrahmanyam.

Engagement with states and districts is a key focus area. Through their role in District Export Promotion Councils, the EPCs should actively contribute in preparing strategy for promoting exports of identified products/services from the districts, said Shri Yadav.

The participants

The Export Promotion Councils (EPCs), Commodity Boards and Authorities present in the meeting included IOPEPC (Indian Oilseeds & Produce Export Promotion Council), EEPC India, PLEXCONCIL (The Plastics Export Promotion Council), Services Export Promotion Council, SRTEPC (Synthetic & Rayon Textiles Export Promotion Council), Export Promotion Council for EOUs & SEZs, Powerloom Development & Export Promotion Council, Texprocil, GJEPC (Gem & Jewellery Export Promotion Council), AEPC (Apparel Export Promotion Council), CII, FIEO (Federation of Indian Exports Organization), Project Export Promotion Council of India and others. The EPCs and other participants joined physically in Mumbai as well as online from other places.

The Minister and senior officials of the government took note of the various issues and suggestions given by the industry and assured them to continue to address them suitably, in line with the Government’s goal of boosting exports and the economy.

Source: pib.gov.in– Aug 19, 2021

HOME

****

U.S. not interested in trade pact: Piyush Goyal

We will look at working with them on market access issues, says Union Commerce and Industry Minister.

Hopes of an India-U.S. trade pact are off the table for now, with the Joe Biden administration conveying to India that it is not interested in a free trade agreement (FTA), Commerce and Industry Minister Piyush Goyal said on Thursday.

The minister also said that India has begun working on an FTA with Bangladesh, and is close to sealing an early harvest deal with Australia 'which has almost agreed' on the matter, with a similar deal being worked out with the U.K..

"The US, as of now, has kind of indicated that they are not looking for new trade agreements, but we will look at working with them on market access issues on both sides," Mr. Goyal said in an interaction with exporters, adding that even resolution of these issues will boost outbound trade to the U.S..

Resolving issues like non-tariff barriers, entering mutual recognition agreements and aligning on higher quality international standards, will help spur trade between the two countries, the minister said.

"Australia is first on the list, UK, then the UAE, and if the UAE happens, the pact with GCC will also be expedited. We have already started the dialogue with the UAE and one more country from the Middle East," said Mr. Goyal on the FTAs currently on the government's priority list, which also includes Israel.

While talks with Canada got waylaid amid the COVID-19 pandemic, the ministers said the dialogue is expected to pick after Canadian elections conclude in the next few months.

The EU, he said, had agreed to restart renegotiations after abandoning earlier talks in 2013, purely on the basis of Prime Minister Narendra Modi's 'goodwill'. However, given that there are 27 countries involved, he said one shouldn't expect a pact to happen 'very quickly'.

Assuring industry that the government won't repeat 'mistakes of some past FTAs' and reminding them about the government's 'unexpected' decision to walk out of the RCEP based on their feedback along with that from farmers and the people at large, Mr. Goyal also urged exporters to appreciate that FTAs cannot be 'one-way traffic'.

"We also have to open our markets to others if we are wanting a larger pie in their markets. Therefore, my appeal to all of you is to also identify areas where we have confidence that we can withstand competition," he said.

"If we make the decisions without your concurrence, that is also harmful... On our engagement with other countries on FTAs, we will be very sensitive to your demands, but you should also be sensitive that trade is a two-way affair," he underlined.

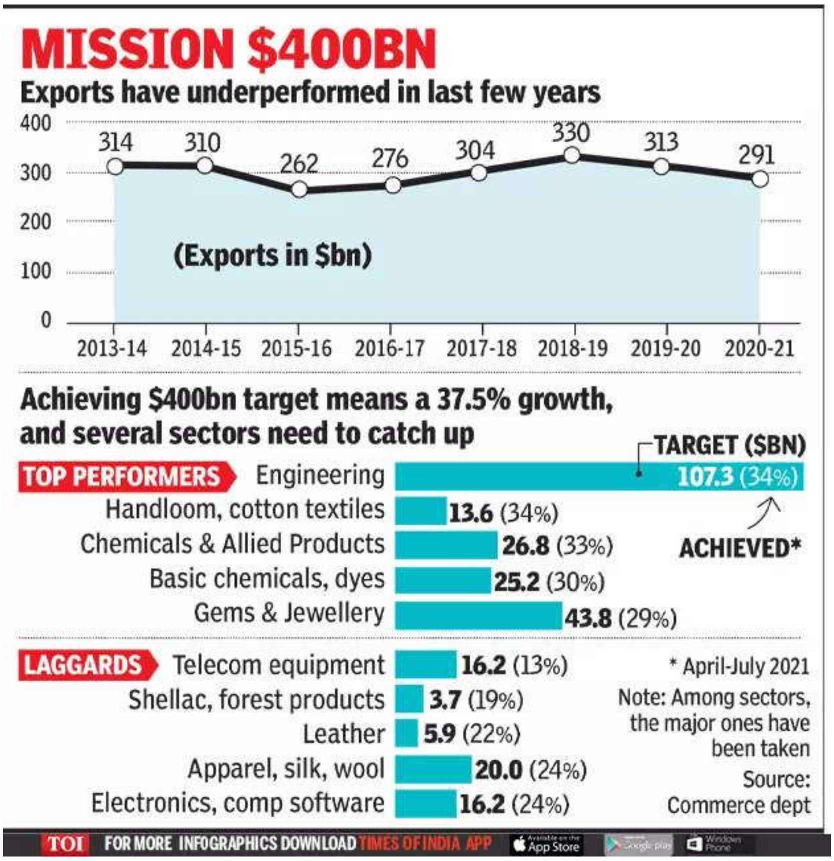
Source: thehindu.com– Aug 19, 2021

HOME

****

Government plans relief for defaulting exporters

The commerce department on Thursday promised to resolve several concerns of exporters — from relief for defaulters under some of the schemes to rising commodity prices and freight rates — while unveiling sectoral milestones as it chases a record $400-billion target this year.



The stiffest goal is for the engineering and project goods sectors, with a $107-billion export target set for the year, followed by gems and jewellery ($43 billion), pharma ($29 billion) and chemicals (see graphic).

If the plan works out, these five traditional heavyweights will account for $232 billion — or 58% of the target for the current financial year.

During a meeting convened by commerce and industry minister Piyush Goyal on Thursday, a detailed action plan was discussed, which entails a new Foreign Trade Policy before October, and fresh reform measures for special economic zones, sources said.

While a detailed plan on SEZs is expected in the next few weeks, focused on using surplus land and addressing other aspects, sources said the commerce department will approach the revenue department, seeking a one-time settlement for defaulters of advance authorisation and EPCG schemes.

Officials said the government is also looking to extend the facility of concessional credit under the Interest Equalisation Scheme beyond September. To address another concern of higher freight costs, the shipping ministry has begun talks with international shipping lines, although it may not translate into a reduction.

Similarly, the commerce ministry has asked some of the ministries to tackle higher commodity prices, which the government had earlier said was outside its purview.

At the meeting, Goyal also talked about pushing free trade agreements (FTAs) with the UK, European Union, Canada, Australia and the UAE — which have been in the pipeline for years — although it is unlikely that they can be clinched this year. During the last financial year, these five trading partners accounted for 28% of India's exports.

"The US as of now has kind of indicated that they are not looking for new trade agreements, but we look at working with them for more market access issues on both sides and I think that would also be a big relief and a big opportunity opener for our export sector," the minister said.

Source: timesofindia.indiatimes.com– Aug 20, 2021

HOME

****

India is exploring mini trade deals with Australia and UK

A deal with Australia will help India engage with others on similar lines, says trade minister

India is likely to finalise mini trade deals with Australia and UK and hopes to conclude a similar deal with Canada after elections in that country are over, trade minister Piyush Goyal said on Thursday.

“I am delighted to announce today Australia has kind of agreed to do an early harvest agreement with India. They had sent a special trade envoy, former prime minister Tony Abott with whom we had extensive discussions.

I urge all of you to quickly assess which are the areas where we can finalise the early harvest with Australia, what are the areas of your interest, what are the areas where you can let go a little bit, and on a give and take basis, we can then close the Australian engagement. One early harvest with a large country like Australia from the developed world, will help us to engage with others, on similar lines," Goyal said while addressing the export promotion councils in Mumbai.

Australia and India launched negotiations for a Comprehensive Economic Cooperation Agreement in May 2011. There have been nine rounds of negotiations, the most recent of which was held in September 2015. However, not much progress could be made because of India’s sensitivity with Australian demand for market access in dairy products.

Goyal said talks with UK are progressing well. “Our teams are talking to each other. We are working with line ministries to identify areas where we can close the deal in terms of an early harvest if possible. So instead of trying to address 11,000 lines, whether we can look at areas of their immediate interest and our immediate interest; close an early harvest agreement; and continue to negotiate on rest of the agreement," he said.

Trade minister said FTA negotiations by India have a “very positive momentum" also with EU, Canada, UAE, GCC countries and Israel. “We are starting work with Bangladesh. Our effort is to ensure that we focus on countries where we have significant potential, more with the developed world where we can compete better and where the market size can be of significant value," he added.

Goyal said if the second wave of covid had not hit, then much progress could have been made with Canada for an early harvest. “There is a little delay there because they have elections in next couple of months. Probably after that we could have a much more accelerated dialogue with them," he said.

With EU, Goyal said, discussions may take longer as they are a 27 member group. “We had seven long years of engagement till 2013 after which trade negotiations had to be abandoned. It is only the prime minister’s goodwill and the credibility that he has built up over so many years, that the EU has agreed to once again enter into negotiations for an FTA.

Literally they had said in their engagement with official level and ministerial level that they don’t want to do it. They don’t believe any outcome will happen. We will work very hard to speed it up, but that would have certain time table that we have to await. Your expectation shouldn’t be that it is happening very quickly," he added.

Goyal said the US as of now has indicated that it is not looking for new trade agreements. “But we will work with them for more market access issues on both sides. That would also be a big relief and opportunity opener for our export sectors if the market access issues which include issues like non tariff barriers, mutual recognition agreements and more internationally aligned quality standards are sorted," he added.

Trade minister said the government this time around is trying to ensure FTAs are fairly and equitably crafted bringing in more elements of reciprocity. “But at the same time I hope you do appreciate that FTAs can’t be one way traffic. We will also have to open our markets to others if we want a larger pie in their markets.

And therefore my appeal and request to all of you is to also identify areas where we have the confidence that we can withstand competition. If we get a fair bit of understanding of which are the sectors we need to negotiate with each country and which are the sectors where we have the ability to compete with them and open up for them, then we can get FTAs sorted out fairly quickly," he added.

Source: livemint.com– Aug 20, 2021

HOME

****

Crisil ups India Inc's credit outlook to positive

A broad-based recovery is under way in the Indian industry, according to Crisil Ratings, which recently upgraded its credit quality outlook to 'positive' from the earlier 'cautiously optimistic'. The credit ratio, which illustrates the number of upgrades to downgrades, rose to over 2.5 times in the first four months of this fiscal compared to 1.33 times in the second half of fiscal 2020-21, it said.

The rating agency said in a statement that its study of 43 sectors (excluding the financial sector), which account for 75 per cent of the overall ₹36 lakh crore in outstanding debt, shows the current recovery is broad-based. Twenty eight sectors are set to witness a recovery in demand back to pre-pandemic levels by the end of this fiscal, while for the remaining ones, it will be upwards of 85 per cent, it said.

The revision in outlook is driven by strong economic growth both domestically and globally and the estimate that domestic demand will be buoyant even if a third COVID-19 wave arrives, courtesy, localised containment measures, it added. The financial sector is also better placed today than a year back, given less stringent lockdowns and the systems and processes put in place to manage collections amid the restrictions.

Besides regulatory relief measures, a secular deleveraging trend has provided India Inc with the balance sheet strength to cushion the impact on their credit profiles, its senior director Somasekhar Vemuri said.

The financial sector is also better placed today than a year back, given less stringent lockdowns and the systems and processes put in place to manage collections amid the restrictions. Support from the government and the Reserve bank of India through emergency credit lines, moratorium, and one-time debt restructuring for pandemic-affected companies have helped banks and non-banks curb a rise in non-performing assets, it said.

Higher capitalisation levels, better provisioning cover and increased access to liquidity have helped credit profiles in the financial sector, it said, flagging unsecured retail, and micro, small and medium enterprises as the loan segments that will witness higher stress. Going ahead, the key monitorable from here would be a fat tail in the second wave, or an intense third wave, it said, adding rainfall distribution will also need to be observed.

Source: fibre2fashion.com– Aug 20, 2021

HOME

****

₹60,000-crore loan guarantee scheme for COVID-hit sectors yet to take off

52 days after it was announced as a top relief package, Finance Minister says it 'is in the process'.

A ₹60,000-crore loan guarantee scheme for helping sectors hit the hardest by COVID-19 is yet to get off the ground, 52 days after it figured at the top of an economic relief package to cope with the second wave's shocks.

This proposed credit support was part of a new ₹1.1 lakh crore loan guarantee scheme for COVID-affected sectors, announced on June 28 under a relief package whose financial implications were pegged at nearly ₹6.29 lakh crore by the government.

When asked about the delay in operationalising this scheme, Finance Minister Nirmala Sitharaman told The Hindu that work on it is underway and it shall be notified and implemented soon. "It's all happening and is in the process," she said.
Of the ₹1.1 lakh crore additional credit that was to flow to COVID-affected businesses, ₹50,000 crore was earmarked for healthcare projects in non-metro cities and was approved by the Union Cabinet two days later.

For other sectors, including tourism, a ₹60,000 crore loan guarantee scheme was promised with the interest on such loans capped at 8.25%, as opposed to prevalent rates of 10%-11% without such a guarantee. An official statement at the time indicated more decisions may be taken later "based on evolving needs".

With none of the expected credit flowing to them yet, the Federation of Hotel and Restaurant Associations of India had urged Ms. Sitharaman to intervene to notify the scheme "with immediate effect" in a communique last week. It cited the "colossal damage suffered by the tourism and hospitality sector" after the second wave added to the losses they have suffered since the pandemic's onset.

The Federation also pointed out that lenders were not processing several members' and small enterprises' applications for loan restructuring or assistance under the existing Emergency Credit Line Guarantee Scheme (ECLGS).

The relief package announced in June had enhanced the ECLGS cap from ₹3 lakh crore to ₹4.5 lakh crore, stating that contact intensive sectors are "already covered" under the scheme and "shall be continued". The Cabinet had approved the expansion of the ECLGS along with the ₹50,000 crore loan guarantee scheme for healthcare sector projects on June 30.

A ₹77.5 crore revival package for the North Eastern Regional Agricultural Marketing Corporation (NERAMAC), which was also included in the ₹6.29 lakh crore relief package, was approved by the Cabinet on August 18.

Source: thehindu.com– Aug 19, 2021

HOME

****

For that spurt in export: RoDTEP, the scheme that couldn't have come at a better time

The rebate will be given in the form of a transferable duty credit scrip. The scrips can be used for payment of basic customs duty.

Details of the long-awaited scheme for Remission of Duties and Taxes on Exported Products (RoDTEP) approved by the Cabinet Committee on Economic Affairs in March 2020, were finally notified on Tuesday. The scheme has the stated objective of 'refunding, currently un-refunded duties/taxes/levies, at the central, state and local level, borne on exported products including prior stage cumulative indirect taxes on goods and services used in the production of the exported product and such indirect duties/taxes/levies in respect of distribution of exported products'. Its underlying principle being to ensure that no duties and taxes are exported.

The scheme could not have come at more appropriate time. India's overall (merchandise and services) exports for April-July 2021 are estimated to be $204.97 billion, up by 47.87% over the same period last year, and by 15.35% over April-July 2019. The trade balance for this period, at –9.74%, is also an improvement from the –36.32% in 2019.

Merchandise exports alone stand at a whopping $130.82 billion during April-July 2021, and have grown substantially from $107.15 billion for the same period last year. The scheme should ease the liquidity position of exporters and give them much-needed relief.

It covers more than 8,500 tariff lines, and has rates ranging from 0.01% (for high-value fountain and ballpoint pens) to 4.3% (for a whole range of woven fabrics containing 85% or more cotton and weighing not more than 200 g per sq m).

RoDTEP would generally not extend to products that fall under GST where exports are zero-rated. However, it would extend to products that have an element of unrebated embedded taxes, like in cases of utilisation of fuel, payment of mandi tax, stamp duty and electricity charges, all of which are outside GST.

While trade, especially in the textile sector, will be happy with the rates, sectors that have been omitted, like pharma, steel and chemicals, have reason to be upset. These are sectors that are doing well and the additional support would have boosted their performance. It should, however, be appreciated that the RoDTEP rates cannot compare with the rates as they were existing under the

Merchandise Exports Incentive Scheme (MEIS), which was an export promotion scheme and fell foul of WTO.

The rates are as a percentage of the free/freight on board (FOB) value with a value cap per unit in many cases, value cap being prescribed as a measure to check overvaluation of exports, resorted to sometimes by unscrupulous exporters. The rebate would be given immediately, but would be subject to receipt of export proceeds with the timelines prescribed under the Foreign Exchange Management Act (Fema).

The rebate will be given in the form of a transferable duty credit scrip. The scrips can be used for payment of basic customs duty. To this extent, the customs revenue would get impacted. What this would mean is that the revenue impact on account of export promotion schemes (the duty foregone), which as per the last budget was estimated to be around Rs 62,757 crore for 2020-21, would increase.

GoI's budgetary provision for RoDTEP is Rs 12,454 crore. As pointed out by Indira Rajaraman recently, given the ambitious merchandise export target of $400 billion, the budgetary provision is 'pitiably small'. The scheme is applicable from January 1, 2021, and exports having done well, a huge backload would have already been built up. GoI would need to increase the budgetary allocation sooner rather than later.

Further, it is incumbent that there is close coordination between the Directorate General of Foreign Trade's (DGFT) IT portal and the ICEGATE (Indian Customs and central excise Electronic commerce Gateway), the customs ecommerce portal, to ensure smooth transfer of scrips from the DGFT portal and its hassle-free utilisation by importers. The rates having been notified, the finer contours of the implementation of the scheme should be finalised urgently.

Exporters would need to ensure that they avail of the various rebate and remission schemes extended by the government and make their goods competitive in the global market. The emphasis should be on cutting down costs without compromising on quality. It should also be capitalising on the market access provided by the various free trade agreements (FTAs). India expects a lot from its exporters. They have a pivotal role to play in the revival and growth of the economy.

Source: economictimes.com– Aug 19, 2021

HOME

****

Cotton Corporation of India may need to procure much less as prices likely to rule above MSP

The new season may begin with an opening stock of 60-70 lakh bales.

The Cotton Corporation of India (CCI) may be required to procure minimal amount of cotton in the 2021-22 season, as kapas prices are likely to rule above the minimum support prices (MSP) for a better part of the season. Procurement may be required during the peak season when prices drop below the MSP, top officials of the corporation said.

As against 92 lakh bales that was procured in the 2020-21 season, the CCI may not be required to procure more than 30 lakh bales for the new season, Pradeep Kumar Agarwal, CMD of the CCI, told FE. Strong demand for cotton and depleting stocks, in addition to 10% import duty levied on cotton, have caused prices to rise to Rs 6,500-7,000/quintal at the start of the season.

Although the area under coverage has gone down by 6-8%, from 133 lakh hectares last year to 125 lakh hectares in the current season, cotton production will still be high because of good rains and may touch 350-360 lakh bales. As per CCPC data, the 2020-21 season began with an opening stock of 120 lakh bales and the crop size was 371 lakh bales with 11 lakh bales of imports, leading to a total supply of 502 lakh bales. The new season may begin with an opening stock of 60-70 lakh bales.

"CCI will be present in the market to ensure that the farmer does not sell in distress. Intervention may be required only during the peak season in December when arrivals are high and prices may fall below MSP. The CCI may then be required to intervene for a short period of 15-20 days, especially in far flung rural areas where there are no buyers," Agarwal said.

The procurement may not go above 30 lakh bales. Meanwhile, cotton arrivals have begun in the north in a small way, with 800-2,000 bales being brought to the market on a daily basis and these are not meeting the quality parameters of the corporation, the CCI chief said.

"Significantly, this season along with kapas prices, cotton seed prices are also ruling high and promise good returns to farmers. Seed prices have gone up to Rs 4,500-5,000 per quintal as against Rs 2,500 a year ago," he said.

Meanwhile, the US Department of Agriculture has forecast India's cotton production at 29 million bales (480-pound), which is unchanged from last month and up by 2% from last year. Area harvested is forecast at 12.9 million hectares, down marginally from last month and last year due to the slow progress or pause in the southwest monsoon and competition with other crops.

According to the India Department of Agriculture's all India crop situation report dated August 6, planting progress in the central region, which comprises 75% of total production, is down nearly 5% from the same period last year. Northern India completed sowing cotton in May. Planting in central India should be completed in August. Planting activities have started in the southern region.

Source: financialexpress.com– Aug 20, 2021

HOME

****

2 MSME parks in India's Noida gain momentum; 812 investors buy land

The construction of two micro, small and medium enterprises (MSME) parks in the New Okhla Industrial Development Authority (Noida) area of Uttar Pradesh's (UP) Gautam Buddha Nagar district has gained momentum with 812 investors buying land at the proposed sites to set up units at a cost of ₹2,345 crore. The initiative will offer employment to more than 42,800.

The two parks are being developed by the Yamuna Expressway Industrial Development Authority (YEIDA) as a model to boost the MSME sector.

The MSME Parks will provide facilities like business and shopping centres, incubation centres, hotels and restaurants, hostels, office blocks, health and fire stations along with factories and factory sheds.

These will also have better roads and power and water supply networks. A certification lab will also be set up. The parks will also feature storehouses, container and truck terminals, railway siding infrastructure and fuel stations.

The two will be followed by similar parks in Agra, Kanpur, Moradabad, Varanasi, Azamgarh and Gorakhpur, according to Indian media reports.

UP's MSME units constitute 14.2 per cent of the total MSMEs in the country and have been exporting goods worth more than ₹1.14 lakh crore annually for the last three consecutive years.

There will be a wide variety of companies at the parks making readymade garments, auto parts, food processing and printing units. The government will get revenue through GST on the products of these companies.

Source: fibre2fashion.com– Aug 20, 2021

HOME

****

'Cotton farmers must mechanise sowing, spraying, cut 30% on cost'

Cotton farmers in Ariyalur and Perambalur have been sensitised to the benefits of mechanized sowing and spraying to minimize labour costs up to 30%. Officials have stressed that the process would also help increase the area under cultivation in both districts.

The area under cotton cultivation in these districts has dipped to 50,000 acres now, from about 75,000 acres earlier. This was because of low productivity and absence of mechanization in cultivation, S Somasundaram, associate professor and head of Veppanthattai Cotton Research Station (CRS) in Perambalur said. To overcome the issue of yield, farmers were advised to use CO17 variety released by Tamil Nadu Agriculture University recently. Even then, the absence of mechanization escalates labour cost, officials said.

To sensitise cotton farmers, mechanized sowing of high-density planting system and spraying was demonstrated CRS Veppanthattai for farmers and extension officials on Thursday. Somasundaram said farmers showed interest in planting cotton under a high-density system at five to 10 plants per square metre for improving yields and suiting mechanical harvesting in cotton.

"For sowing under high density with good precision, pneumatic modern seed drill may be effectively used. It can sow both cotton and corn, the dominant crops of this region. The CO17 variety is suited well for high-density planting and mechanization," he added. Elumalai, deputy director of agriculture, said. mechanical sowing and spraying alone can save 30% of labour in cotton.

Source: timesofindia.com– Aug 20, 2021

HOME

****

Ludhiana exporters suspend order processing over Taliban concerns

Concerned over Taliban's takeover of Afghanistan, Ludhiana exporters have suspended processing of orders they had received earlier. Vinod Thapar, President Knitwear and Shawl Club says, Taliban's takeover of Afghanistan has created panic amongst exporters who have suspended the processing of the recent orders received from Afghanistan.

Taliban might change rules and regulations related to international trade and incase civil war breaks out, shops and businesses might be shut down. However, the situation might normalize and trade resume without any problems once the Taliban appoints all ministers and government officials, he adds.

Harish Kairpal, Finance Secretary, Knitwear Club, adds Afghanistan accounts for sizeable exports from Ludhiana's garment and textile industry.

This fiscal, manufacturers have exported jerseys and other allied products of synthetic fibres worth about Rs 125 crore and sweaters and cardigans worth over Rs 33 crore.

Advance payments of several crores of Afghanistan traders are lying with the Ludhiana industry. Exporters are under pressure to either process their orders or return their money, he adds.

Source: fashionatingworld.com– Aug 19, 2021

HOME

****