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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

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NEWS CLIPPINGS

	NATIONAL NEWS
1	FM discusses key areas of cooperation to support recovery of BRICS nations
2	Industry asked to approach DoR for higher benefits under export scheme
3	How to ease cross-border cargo movement
4	Coordinated action by govt, private sector can help create globally competitive companies in India: Report
5	'India's GDP growth likely touched a record in April-June'
6	Manufacturing push: Incentivise auto MNCs, forge more free trade agreements, says govt panel
7	SIDBI to provide loan to Tamil Nadu govt under new cluster development fund to upgrade MSME clusters
8	National Monetisation Pipeline: End of the road for stevedores
9	Tripling India sourcing to $10 bn a year by 2027: Walmart Int'l CEO

INTERNATIONAL NEWS

COVID-19 brings challenges to China's textile exporters

Zhongyuan Group started its export business in 2019. Located in Qidong City, east China's Jiangsu Province, the company exported 1,000 to 2,000 tonnes of polyester every month before. But in recent months, orders from countries like Vietnam, India and Honduras dropped dramatically due to rising logistics costs and container shortage.

"Our waiting period for a container has increased from a week to a month. We can also see an increase in shipment costs by three, four or even five times for some regions. The shipment costs rise is a major issue for our export business," said Chen Yiren, assistant president of Zhongyuan Group.

One container from China's eastern coastal regions to the UK currently costs about $14,000. It costed only one-fifth of the price before the COVID-19 pandemic.

The higher fees are affecting foreign trade, and the situation is especially severe in the textile industry. Fabrics don't provide as much bang for their buck compared to high-end products, but the cost of containers remains the same regardless of what's inside.

For example, one container of Zhongyuan's recycled polyester yarns cost about $40,000, but shipment to as far as Honduras account for half of the total goods value.

"That high rate [makes] our buyers quite reluctant to purchase our products. They either wait to see if the shipment costs will decline, or they just look for raw materials somewhere else," said Chen.

What's happening at Zhongyuan Group is reflective of the state of China's textile exports. Data from China Customs shows China's export value for textiles recorded a decline of 26.78 percent in July.

Beside the rising logistic costs, the dropping demand of masks and protecting suits was the other factor behind the decline. Customs data shows that exports of masks and protective clothing accounted for only 6.3 percent of total textile exports in the first half of the year, compared with 22.4 percent recorded last year.

"More people in Europe, North America and Japan are being vaccinated and they are promoting so-called herd immunity. So their demand for masks has obviously dropped since the second quarter of this year. This is why July's textile exports obviously declined from last year," said Ivy Sun, partner expert at consulting firm Roland Berger China.

Textile exporters are hoping for the best. September and October are usually the "golden period" for the textile industry, as demand for fabric increases due to winter temperatures. But Sun says whether textile exports pick up in the coming months remains an open question, as the pandemic shows no sign of fading worldwide.

Source: news.cgtn.com– Aug 26, 2021

HOME

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UK retail sales grow at sharpest pace in Aug in 7 years: CBI

UK retail sales increased in August at the sharpest pace in nearly seven years as consumer spending drove economic recovery, according to research by the Confederation of British Industry (CBI), which found that 60 per cent of retailers reported higher sales in the year to August. This was up from 23 per cent in July and the highest since December 2014.

In July, retail sales fell considerably as broader parts of the economy emerged from lockdown.

Although demand remains, retailers are currently struggling with operational challenges as labour shortages have hit supply. The shortages are also creating inflationary pressure in the sector.

CBI said selling prices in the three months to August rose at their fastest pace since November 2017 and that they are likely to continue rising over the coming months.

Of the 104 businesses surveyed by the CBI, 73 per cent said that prices were up compared with the same month a year ago. This was up from 53 per cent in May.

Source: fibre2fashion.com– Aug 27, 2021

HOME

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US-China trade policy under review by USTR: Katherine Tai

A comprehensive review of the US-China trade policy is under way, US trade representative (USTR) Katherine Tai recently said while virtually meeting the US Chamber China Centre advisory board and leaders of the US-China Business Council to discuss US-China trade issues.

She also reiterated USTR's commitment to addressing China's 'unfair' trade policies and non-market practices that undermine American businesses and workers.

Ambassador Tai emphasised the importance of a thorough strategic assessment to craft a resilient trade policy that supports the US administration's efforts to create jobs, raise wages and strengthen US communities, an official release said.

She pledged to continue engaging with all US stakeholders to gather their input and feedback on these issues.

Source: fibre2fashion.com– Aug 26, 2021

HOME

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Vietnam-U.S: From comprehensive to Strategic partnership: Implications for Southeast Asia

US -Vietnam ties have gone through tectonic change – from mid-1970s to the early 2021. The two countries have acknowledged the need for cooperation in areas such as regional security, maritime issues, trade and commerce, defence, and technology cooperation. The visit of Vice President Ms Kamala Harris is coming at a time when UN has discussed issues related to maritime security and maintaining international order at sea. Vice President Kamala Harris visit to Singapore followed with the visit to Hanoi to promote US interest in the two countries which are seen as pivot to US strategic interests in the Southeast Asian region.

During her visit to Singapore, it is expected that she will bolster its engagement with the island nation and develop its capacities in terms of base facility and promoting the economic ties and health cooperation with Singapore. Singapore itself is facing lockdown because of the COVID-19 pandemic and it is expected that these two economies would be suffering slow down because of impending recession. US during the US-ASEAN summit has promised medical assistance and developing medical capacities in select Southeast Asian countries. While Obama and Trump have visited Vietnam although for different objectives, but it has been seen through the US Quadrennial Defence Reviews that Vietnam is seen as a critical destination and a likely partner for promoting US strategic interests.

US has been keen on developing military ties with Vietnam and would be interested in undertaking bilateral exercises with the littoral nation in the South China Sea. Also, it is seen that with the degraded trade relations between China and US, the country would be interested in exploring possibilities for setting up factories and industries in South Vietnam. US will be exploring possibilities to export COVID-19 vaccines to Vietnam including those which can be administered to children above 12 years of age.

For the purposes of research, US will be collecting variant samples from Asian countries about Delta variant to develop more potent vaccines in future. Vice president Harris is likely to announce you support with regards to Agent Orange, seeking Vietnam support for finding remains of Missing in Action (MIA) American pilots and soldiers who fought during Vietnam war as well as possibly exploring export of US defence equipment to Vietnam.

US is also seeking possibility of drone operations to conduct surveillance sorties in South China Sea and given the wide spread of Vietnamese control islands, US will be looking for certain rights to operate drones from Vietnamese islands. United States is also looking for logistics sharing agreement, more identical with what it has signed with India, and looking for defence trade and technology cooperation agreement.

With regards to white shipping information and training, cooperation between US coast guards and Vietnamese sea police for maritime border patrols might be also in the agenda. Vice President Kamala Harris is interested in developing encrypted military communications set up with Vietnam to know more about Chinese adventures and manoeuvres not only in South China Sea but in and around the Gulf of Thailand.

US might like to engage Vietnam to know more about Chinese activities in Ream Base in Cambodia. It has been also found that with Taiwan increasingly getting stressed out because of semiconductor industry, the United States is looking for other destinations to set up chip fabrication unit and Ho Chi Minh city might be the preferred destination.

In the past, it has been seen that with the withdrawal of US from the Trans Pacific Partnership (TPP) agreement there has been certain problems in running this Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)which is among the rest eleven members of the grouping. The US is also going to make a proposal regarding stringent rules of origin and agreements on intellectual property rights to counter China’s dumping of goods in US market through redirecting its exports through other countries.

The Democrats in the United States has already raised the issue of religious freedom, right to political dissent and the prosecution of few of the dissident leaders in Vietnam. Even though this might not be acceptable to Vietnam, but Vice President Harris is going to make a point that Vietnam should not be worried about US position on these issues and that the country is very keen to engage Vietnam in a more constructive way.

Already there has been talks with regards to Vietnam getting included in the Quad plus arrangement along with Korea and New Zealand as well as the US is making a strong proposition regarding its proposed Blue Dot network and would urge Vietnam to join the build back a better world (B3W) which is an initiative undertaken by the G7 countries.

The United States is very serious regarding freedom of navigation and operations (FONOPS) in South China Sea and would urge Vietnam to undertake group sails along with Japan and US to thwart any Chinese adventure in this region. The joint statement between Vietnam and the US Vice President would be seen as an important precursor for greater engagement between the two countries. Vice President Kamala Harris has been insistent on upgrading the relationship from comprehensive partners to strategic partnership and would seek Vietnam's indulgence in upgrading the embassy strength and increasing staff strength in each other countries to promote official ties and visits, and regular interaction between the two defence ministers.

It has been also seen that Vietnam is looking for greater support and market access to its packaged marine exports including catfish and textile exports to the US. The US vice president is going to make a concerted appeal for Vietnam to undertake negotiations regarding US-Vietnam trade deal which should be like the Vietnam and EU trade deal which came into being from August of this year. Given the fact that the United States is keen on developing ties with Vietnam and undertake confidence building measures which would include regular port calls by the US ships to Vietnam and deployment of each other's armed forces personal in higher defence courses in each other countries.

Vice President Kamala Harris is going to make pronouncements with regards to reinforcing ASEAN centrality and making a strong pitch for support to Vietnam with regards to maritime security and maintaining rules-based order in South China Sea. This comes in the wake of diplomatic show-off of between the two countries in the UNSC meeting on maritime security. US is going to buttress the fact that Vietnam is one of the important stakeholders in Southeast Asia and therefore it needs cooperation and support with regards to fighting the pandemic and undertaking serious technological upgradation in the field of cyber security, digital trade and integrating Vietnam into the larger supply chain initiatives.

One of the purposes of Vice President's visit to be a term is to promote education and knowledge ties between the two countries. This will help US Universities to set up branches across Vietnam and help in developing business links. Under the US under Biden administration an Interim Strategy Guidance which was released in March 2021, it was stated that Vietnam and Singapore are critical partners in regional security and capacity building, particularly in the context of maritime security and law enforcement in the marine zones.

Given the fact that both Japan and US are interested in developing high tech electronics industry in Vietnam therefore a likely trilateral arrangement between the three countries is on the cards. During the ASEAN meetings held in 2020, Vietnam has proposed to set up medical emergency units and coordination centres along with creating a network of research institutions and the US is keen to know Vietnamese proposals in this regard. Even though this visit will be a short one but is going to resonate in terms of supporting Vietnam through establishment of US sponsored Centres for Disease Control and Prevention, and Hanoi might be one of the beneficiaries of starting the public health initiative with the support from the US government. Kamala Harris is going to make a strong pitch to developing trade and investment linkages between USA and Vietnam and is also going to propose that US and Vietnam should enter into defence trade and technology agreement.

Source: moderndiplomacy.eu– Aug 26, 2021

HOME

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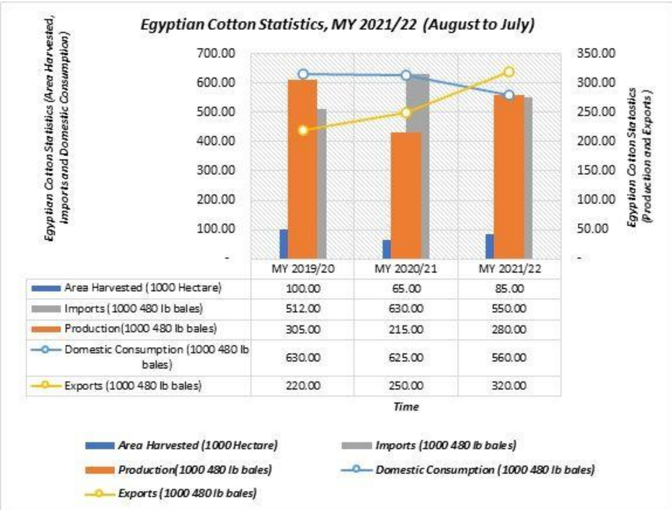
Egypt's area of cotton harvest may increase; exports to surge: TexPro

Egyptian cotton production and exports may rise in marketing year (MY) 2021-22 as the country's area under cotton harvest is likely to increase to 85,000 hectares, a 30.77 per cent growth over previous MY's area of 65,000 hectares. The expected increase in cotton production coupled with the rising demand across the world will boost the country's exports.



The rising global demand for cotton is one of the reasons for the increase in the area under cotton harvest, and the recent rise in prices of cotton is driving farmers to increase the production.

Thus, cotton production in the country is likely to increase by 30.23 per cent from 215,000 480 lb bales in MY 2020-21 to 280,000 480 lb bales in MY 2021-22.

Egypt exported 220,000 480 lb bales of cotton in MY 2019-20 and 250,000 480 lb bales in MY 2020-21, according to Fibre2Fashion's market analysis tool TexPro. The exports are expected to escalate further by 28 per cent to reach 320,000 480 lb bales in MY 2021-22.

As for the imports, the country's requirement for cotton imports may reduce in MY 2021-22 as cotton production is expected to be higher compared to the previous marketing year.

Egypt imported 512,000 480 lb bales in MY 2019-20, which increased by 23.05 per cent to 630,000 480 lb bales in MY 2020-21. Imports are now expected to decline by 12.70 per cent to 550,000 480 lb bales in MY 2021-22 over the imports in MY 2020-21.

Source: fibre2fashion.com– Aug 26, 2021

HOME

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UKFT appoints prof Parikshit Goswami to board to drive innovation

Non-profit organisation UK Fashion & Textile Association (UKFT) has appointed professor Parikshit Goswami to the board to help the association increase its focus on innovation, R&D and sustainability. He is the director of Technical Textiles Research Centre and the head of department of fashion and textiles at the University of Huddersfield.

Professor Goswami's areas of research are product development using flexible materials and application of chemistry for functionalising textiles. Professor Goswami manages a large portfolio of research concerned with fibre/polymer science, nonwovens, medical textiles, sustainable materials, nano and submicron fibres and plasma treatments for functionalising textiles. He is a member of Society of Dyers and Colourists (SDC), Education, Qualifications and Accreditation Board (EQAB) and is a Trustee of SDC.

Prior to joining the University of Huddersfield, professor Goswami was the director of research and innovation at the School of Design, University of Leeds and he led the Fibre and Fabric Functionalisation Research Group.

His appointment comes as UKFT has added a sixth pillar to its areas of activity, with innovation, R&D and sustainability joining the existing pillars of representation, business support, international business, skills and training and UK manufacturing.

UKFT works across a wide range of projects to help the UK industry take full advantage of these new technologies and markets and to help change the future landscape of the textile industry in the UK into one where circularity and environmentally sustainable supply chains are the new normal.

Most recently UKFT has started working with IBM, Tech Data and the Future Fashion Factory to design, prototype and pilot a new technology platform to help the UK fashion and textile industry to drive sustainability and profitability through increased transparency within the supply chain. Retailers Next, H&M (COS brand), N Brown, New Look and yarn manufacturer Laxtons will be part of the initial pilot.

Adam Mansell, CEO of UKFT, said: “We are delighted to welcome professor Goswami to the UKFT board to strengthen our links with academia and help shape our work on innovation, R&D and sustainability.

“Parik brings a fantastic insight into the technical textile sector and has also been instrumental in driving forward the fashion and textile courses at Huddersfield. We believe these areas will be critical for the UK fashion and textile industry’s economic recovery and growth in the years to come.”

Professor Parikshit Goswami said: “I am delighted to join the board and I am looking forward to work with the colleagues in a meaningful way for the betterment of the UK Fashion and Textiles ecosystem. UKFT plays a very important role in this ecosystem, and we want our industries to have access to cutting-edge knowledge and a framework for commercialising state-of-art concepts and technology.”

Source: fibre2fashion.com– Aug 26, 2021

HOME

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Turkey's garment shipments grow 27 per cent from January-July 2021

Turkey's ready to wear and confection shipments to foreign markets grew by a robust 27 percent to over $11.1 billion on an annual basis from January to July this year.

Exports to Germany grew to $1.9 billion, followed by Spain to 1.5 billion and the UK to $1.2 billion. Exports to the Czech Republic grew by over 200 per cent in the first seven months of the year to $148 million and by 250 percent to Tunisia to $63.5 million.

The industry's exports are expected to hit $20 billion at the end of this year, opines Burak Sertbaş, Chairperson, Aegean Ready Wear and Confection Exporters' Union. At the start of the pandemic, local companies shifted to export more of medical textile products but now exports are producing mainly traditional outfits, such as suits, shirts, trousers, he adds

According to Sertbaş, local companies are presently working at full capacity and cannot take orders to be delivered in a short period of time.

Source: fashionatingworld.com– Aug 26, 2021

HOME

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Pakistan: Textile exports rise 15pc in July

Pakistan's textile and clothing exports posted double-digit growth in the first month of this fiscal year increasing by 15.61 per cent to $1.471 billion compared to $1.272bn in July 2020, data released by the Pakistan Bureau of Statistics showed on Thursday.

The easing of lockdown in North American and European countries — top markets for Pakistani textile goods — will help boost the exports.

The demand for textiles collapsed during the first wave of Covid-19, but it recovered in the outgoing fiscal year.

The government has drastically reduced duty and taxes on imports of several hundred raw materials to bring down the input cost of exportable products. Moreover, the liquidity issues are also resolved to a large extent by timely releasing refunds. In the outgoing fiscal year, the commerce ministry released a total of Rs6bn under DLTL schemes. This included Rs5.6bn for textile and Rs400m for non-textile sectors.

The ministry believes it will contribute to improving the liquidity issues of exporters and enable them to enhance Pakistan's exports.

Details showed ready-made garments exports jumped by 9.83pc in value and in quantity by 8.23pc during July, while those of knitwear edged up 24.4pc in value and 54.66pc in quantity, bed wear posted positive growth of 8pc in value and it drifted in quantity by 1.10pc.

Towel exports dipped by 0.01pc in value and 10.10pc in quantity, whereas those of cotton cloth rose 20.12pc in value and dipped by 81.03pc in quantity.

Among primary commodities, cotton yarn exports surged by 48.49pc, while yarn other than cotton by 61.11pc.

The export of made-up articles — excluding towels — rose by 10.33pc, and tents, canvas and tarpaulin dipped by a massive 44.94pc during the month under review. The export of raw cotton declined by 100pc during the month under review.

The import of textile machinery increased by 96.95pc in July — a sign that expansion or modernisation projects were taken up by the textile industry during the month.

To bridge the shortfall in the domestic sector, the industry imported 49,170 tonnes of raw cotton in July against 32,825 tonnes last year, an increase of 49.79pc. Similarly, the import of synthetic fibre posts growth of 48.90pc as industry imports 53,352 tonnes this year as against 35,831 tonnes. The import of synthetic and artificial silk yarn stood at 45,726 tonnes this year as against 22,968 tonnes last year, a rise of 99pc. The import of worn clothing recorded a growth of 257pc to 90,390 tonnes this year as against 25,270 tonnes last year.

The overall country's exports posted a growth of over 16.94pc year-on-year to $2.728bn in July compared to $2bn in the corresponding period last year.

Source: dawn.com– Aug 27, 2021

HOME

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Bangladesh: BGMEA looks to easier trade thru land ports

Bangladesh Garment Manufacturers and Exporters Association (BGMEA) on Thursday called on the Indian high commissioner to expedite and facilitate trade through the land ports, including Benapole, in order to reduce time and cost.

The trade body also called for easing travel procedures, including visa, and resuming flights, especially for businesspeople from Bangladesh, according to a statement.

BGMEA President Faruque Hassan made the requests during a meeting with Indian High Commissioner in Bangladesh Vikram K Doraiswami, who paid a courtesy call on the BGMEA leaders at its office in the city.

The BGMEA president said, "There are huge opportunities for Bangladesh and India to complement each other in boosting apparel and textile business in both countries."

Both the parties had discussions about existing problems in export-import, especially in RMG and textile industry, and possible ways to address them, added the statement.

They also discussed potential areas of further collaboration between Bangladesh and India to derive mutual trade benefits.

BGMEA President Faruque Hassan said: "While Bangladesh relies on India for import of raw materials including machinery, cotton, yarn, fabrics, chemicals, and dyes, India is a potential RMG-export market for Bangladesh."

"Indian domestic apparel market is growing and Bangladesh can tap the opportunity. So, there lies reciprocal trade benefits for both Bangladesh and India," added the BGMEA president.

The BGMEA leaders sought the cooperation of the Indian high commissioner in exchanging knowledge and expertise in the apparel and textile industry.

Bangladesh RMG industry is focusing more on production of valued-added apparel items and innovation in product development and process optimisation.

India has a huge pool of designers and technical experts and exchange of knowledge and expertise will benefit both the countries, Mr Hassan noted.

BGMEA Vice President Shahidullah Azim, directors Asif Ashraf, Md Mohiuddin Rubel, Tanvir Ahmed and Abdullah Hil Rakib, Deputy High Commissioner of India to Bangladesh Dr Binoy George, and commercial representative of the high commission Dr Pramyesh Basall, among others, were also present at the meeting.

Source: thefinancialexpress.com.bd– Aug 27, 2021

HOME

****

Bangladeshi investors keen to invest in South Africa: FM

The Ministers underlined the importance of institutional cooperation in the form of exchange of the visits of trade and business delegations and conclusion of Agreements in the trade, investment and commerce areas.

The Foreign Minister informed Patel about various facilities and incentives that are provided to the foreign investors in Bangladesh.

Both the Ministers agreed to continue cooperation with a view to enhancing trade, economic and business relations between the friendly countries.

The Foreign Minister conveyed the greetings of the birth centenary of the Father of the Nation Bangabandhu Sheikh Mujibur Rahman and the Golden Jubilee of the independence of Bangladesh.

He mentioned the remarkable economic growth that Bangladesh has attained during the last 12 years under the leadership of Prime Minister Sheikh Hasina.

Dr Momen informed the South African Trade Minister that Bangladesh is presently sheltering 1.1 million forcibly displaced Myanmar nationals in Bangladesh.

During the virtual discussions, the South African Trade Minister briefed the Bangladesh Foreign Minister about the economic policies currently adopted by the government of South Africa.

Source: dhakatribune.com– Aug 25, 2021

HOME

****

NATIONAL NEWS

FM discusses key areas of cooperation to support recovery of BRICS nations

Finance Minister Nirmala Sitharaman on Thursday discussed with her BRICS counterparts the key areas of cooperation that would be crucial in supporting recovery of the grouping's economies and maintaining macroeconomic stability, while protecting against future uncertainties posed by the COVID-19 pandemic.

She highlighted that BRICS (Brazil, Russia, India, China and South Africa) has been playing and will continue to play a crucial role in dealing with crises such as the pandemic.

Sitharaman virtually chaired the second meeting of BRICS Finance Ministers and Central Bank Governors (FMCBG) along with Reserve Bank of India (RBI) Governor Shaktikanta Das under the Indian BRICS Chairship, a finance ministry statement said.

During the meeting, the FMCBGs endorsed the BRICS Finance Ministers and Central Bank Governors Statement on Global Economic Outlook and Responding to COVID-19 Crisis with an annexure on snapshot of policy experiences of member countries in dealing with the economic impact of the pandemic, it said.

Sitharaman, as the chair, remarked that India attaches great significance to presenting this statement before the global community since it unanimously voices the view of BRICS countries on the critical aspects underpinning current international policy conversations on post pandemic recovery.

A 'Technical Report on Social Infrastructure: Financing and Use of Digital Technologies' was also endorsed, it said.

This report is an exercise towards collaborative knowledge sharing between BRICS economies on social infrastructure, including on how the governments have leveraged digital technologies to enhance access and improve service delivery, especially in the health and education sectors.

The BRICS finance ministers also welcomed the conclusion of negotiations on the text of Cooperation and Mutual Administrative Assistance (CMAA) in customs matters, along with deliberating progress made on other customs related issues.

The RBI Governor chaired the discussions on central bank issues and their outcomes, including financial inclusion, Contingent Reserve Arrangement (CRA) and Information Security Cooperation.

Both Sitharaman and Das appreciated the BRICS members for their cooperation and support to the Indian Chair in preparation as well as finalisation of the significant and relevant deliverables of BRICS Finance, it added.

Source: business-standard.com– Aug 26, 2021

HOME

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Industry asked to approach DoR for higher benefits under export scheme

Faced with the industry's demand for increasing rates under the recently announced input duty reimbursement scheme for exporters and the inclusion of certain excluded sectors, the Commerce & Industry Minister has proposed that the requests be placed before the Department of Revenue for consideration.

The rates of reimbursement under the Remission of Duties and Taxes on Exported Products (RoDTEP) scheme announced by the government this month disappointed exporters as they are lower for many sectors than what they had expected based on their calculations of taxes paid. The RoDTEP rates are also mostly lower than the reimbursement rates under the Merchandise Export from India Scheme (MEIS), which it replaced, since the older scheme was non-transparent and hence, not compatible with WTO rules.

"At the recent meeting held by Commerce & Industry Minister Piyush Goyal with various industry bodies, representatives were informed that the best possible rates under the RoDTEP scheme were announced by the Commerce & Industry Ministry based on the available resources. They were asked to take their case to the Department of Revenue if they wanted more under RoDTEP," an official tracking the matter told BusinessLine.

The Finance Ministry had sanctioned a limited budget of ₹13,000 crore for the RoDTEP scheme, as opposed to over ₹40,000 crore budgeted for MEIS when the scheme was functional, while it covered 8,555 items as compared to around 8,000 items under the MEIS.

Rates of remission

The rates of remission range between 0.01 per cent to 4.3 per cent of the exported value under the RoDTEP scheme, but a majority of items are entitled to 1 per cent or lower . Items entitled to 4 per cent or more are less than 400 with many textile items included in the category.

"There was no way the Commerce & Industry Ministry could give comparable rates under RoDTEP with such a low budget," the official said.
Although, RoDTEP is supposed to provide for rebate of all Central, State and local duties/taxes/levies on exported goods which have not been refunded

under any other duty remission schemes, including embedded taxes, exporters complain that the actual rates are not fully compensating for taxes paid.

The iron and steel, chemicals and pharmaceuticals sectors have been excluded while initially there were no indications that they would be left out. “The Commerce & Industry Ministry believes that the grievances of exporters can be addressed only by increasing the budget for the scheme and the Department of Revenue can take a call on the matter,” the official said.

The government has set an ambitious export target of $400 billion for the on-going fiscal as opposed to $292 billion of exports in 2020-21 and is looking at all possible ways to boost shipments.

Source: thehindubusinessline.com– Aug 26, 2021

HOME

****

How to ease cross-border cargo movement

Relocate clearance procedures away from the border, and partner countries must adopt well-established practices

Of late, India has been active in improving volume of trade flows through the land route with its eastern neighbours under the preamble of India's Act East policy. With this in mind, improving border management for faster movement of cargo has been a one-point agenda of the present government. If one travels to the important border crossing point like Petrapole/Raxual, one comes across cargo traffic mayhem, with lines of trucks waiting to cross over, parking chaos, etc. The first impression one gets is that the situation is same as five years backs.

The fact is that the pace of capacity expansion in border management falls short of the growth of cargoes. This calls into question whether India is following the right path for border management?

Worldwide experience on streamlining cross-border management suggests three pathways: capital investment, new legislation and regulatory reform. Capital investment was the key component of the strategy for developing the Pan-American Highway, but its performance suffered from absence of desired attention given to the regulatory reform and legislation to facilitate cross-border movements.

On the other hand, the EU has relied on legislation to implement strategies for the development of the trans-European transport network. It must be mentioned that India has been pro-active lately in adopting the legislation route with neighbouring countries so that trans-border truck movement becomes a feasibility.

Capital investment at border points is costly for developing countries like India, Nepal, Myanmar, Bhutan, and Bangladesh. Indeed, none has funds to undertake such improvements at all the officially designated border points. What has happened in reality is capital investment at only a few of the principal border points. However, the volume of trade has grown significantly faster than the expansion of capacity.

In India, it has become increasingly difficult to acquire land for any project. At the border crossing point, one comes to realise that procuring land for infrastructure expansion is a herculean task as empty space does not exist.

Rapid urbanisation coupled with encroachment on public land imply that forceful eviction will lead to law and order issues unless hefty compensation is doled out. Thus, capital investment route is not a reality. Our focus should be on the other two avenues to decongest border.

While legislation may be one of the ways, there is no denying that probably the best option for increasing the efficiency of clearing import and export cargoes is to relocate the clearance procedures away from the border. Indeed, this is one of the basic insights of the EU's programme. Inspections of truck registration, driver’s licence and certificate for road-worthiness can be conducted along the corridor but away from the border as part of the domestic programme of roadside inspections.

Train inspection can take place at marshalling yards where they are supposed to stop, instead of border-crossing points. Cargo inspection and clearance procedures can be relocated at inland-bonded warehouses, container depots and dry ports.

This approach was pioneered to alleviate congestion in international seaports but is now being adapted for imports arriving through land borders in Europe and transition economies. It allows movement of goods under bond from the border to inland customs facilities, special economic zones or other enclaves that are granted duty-free status. This may include allowing cargo to be cleared at factories. This is a way to decongest border points.

International conventions

To facilitate measures for cross-border movements of goods, the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) at its 48th session adopted resolution 48/11 of April 23, 1992, on road and rail transport modes. It recommended that the countries in the region, if they had not already done so, consider the possibility of acceding to seven international conventions in the field of land transport facilitation, which were originally developed under the auspices of the Economic Commission for Europe (ECE:14): (a) convention on road traffic, 1968; (b) convention on road signs and signals, 1968; (c) customs convention on the international transport of goods under cover of TIR carnets (TIR convention), 1975; (d) customs convention on the temporary importation of commercial road vehicles, 1956; (e) customs convention on containers, 1972; (f) international convention on the harmonisation of frontier controls of goods, 1982; and (g) convention on the contract for the international carriage of goods by road , 1956.

India and its neighbouring countries are yet to ratify adopt all these conventions. The absence of ratification to the international convention implies that trade between India and neighbouring countries cannot be governed by an international efficient system. They need to develop their own systems for trading between themselves, which is basically the practice that both countries follow.

However, it must be noted that it is always better to adopt best international practices than go for self-developing a process ratified by partner countries. Already, there exist a well-established process for on-road cargo movement across border, namely, TIR convention, which facilitates movement of goods in sealed vehicles or containers from a customs office of departure in one country to a customs office of destination in another country without requiring extensive and time-consuming border checks at intermediate borders while, at the same time, providing customs authorities with the required security and guarantees.

To date, more than 33,000 international transport operators had been authorised (by their respective competent national authorities) to access the TIR system, using around 1.5 million TIR carnets per year. It is high time that South Asian countries adopt it fast without going for developing cumbersome process/procedures which need to be ratified by partner countries and, at the same time, build capital infrastructure at the border for which funds are in short supply.

Source: thehindubusinessline.com– Aug 26, 2021

HOME

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Coordinated action by govt, private sector can help create globally competitive companies in India: Report

The report also suggested reducing the cost of compliance and facilitating faster set-up of new manufacturing capacities; and focusing on infrastructure development.

Coordinated action between the government and the private sector can help create globally competitive manufacturing companies in the country, according to a WEF-Kearney report. It said India's manufacturing sector exports can help drive more than USD 500 billion in annual economic impact for the global economy by 2030.

The report outlined five possible pathways for India to realise its manufacturing potential.

The pathways include shifting focus from cost arbitrage to capability advantage through workforce skilling, innovation, quality, and sustainability; accelerating integration in global value chains by reducing trade barriers; and enabling competitive global market access for Indian manufacturers.

It also suggested reducing the cost of compliance and facilitating faster set-up of new manufacturing capacities; and focusing on infrastructure development.

"The COVID-19 pandemic prompted global corporations to rethink their supply chains and manufacturing bases/operations.

"This re-balancing of global value chains presents India's government and business leaders with a unique opportunity to transform and accelerate the trajectory of the manufacturing sector and transform India into a global manufacturing hub in the coming years," it added.

Source: economictimes.com– Aug 26, 2021

HOME

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‘India’s GDP growth likely touched a record in April-June’

The August 20-25 Reuters poll of 41 economists showed gross domestic product rose 20.0% in the three-month period

Indian economic growth likely touched a record high in the quarter through June, reflecting a very weak base last year and a rebound in consumer spending, a Reuters poll found.

The August 20-25 Reuters poll of 41 economists showed gross domestic product rose 20.0 per cent in the three-month period, compared with a record contraction of 24.4 per cent in the same quarter a year earlier.

Forecasts in the poll ranged from 10.5- 31.6 per cent, showing the considerable uncertainty around those base effects. The rebound came despite the drag from the deadly second wave of the coronavirus, which forced States across India to reimpose localised lockdowns and stop mobility completely from late April to early June.

But unlike during the nationwide lockdown last year, repeat State-level lockdowns had a less pronounced impact on the economy as they left more room for consumers to spend.

“India’s second Covid-19 wave acted as a stumbling block to the robust recovery that was underway. Still, the economic damage appears to be less than previously expected,” said Rahul Bajoria, Chief India Economist at Barclays.

If the poll median is realised, it would be India’s fastest growth since official quarterly data started being released in the mid-1990s. That’s up sharply from 1.6 per cent in the previous quarter, but a bit slower than the Reserve Bank of India’s 21.4 per cent projection.

The second wave of the Covid-19 pandemic began in April just as the economy was beginning to rally from a lull at the start of the year, throwing the recovery off course, although not as much as many feared.

“Humanitarian costs of the health crisis were high, but the economic impact was less severe than the first wave and activity rebounded faster,” said Radhika Rao, Economist at DBS Bank.

A separate Reuters poll a month ago predicted India's GDP would expand 19.8 per cent in the April-June quarter, little different to the latest median, and 9.4 per cent for the current fiscal year.

However, the spread of potential new virus variants poses a threat. "The recovery remains uneven," said Aditi Nayar, Chief Economist at ICRA. "The risks to watch out for are a third wave of Covid-19, a slower than expected pace of vaccinations, and lastly, new variants that may emerge which may not be very amenable to the vaccines which exist right now."

Source: thehindubusinessline.com– Aug 26, 2021

HOME

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Manufacturing push: Incentivise auto MNCs, forge more free trade agreements, says govt panel

The panel's suggestions for the priority sectors aim to double manufacturing exports over the next five years, reduce imports by two-thirds and drive up annual domestic consumption growth to about 9% from roughly 7% in a normal year.

India needs to incentivise multinational corporations in sectors like auto components to set up mother plants here, scrap import duties on principal raw materials for furniture and toys, fix anomalies in existing free trade agreements (FTAs) and forge new ones with key economies to boost exports of manufactured products, a government-backed panel has suggested.

The Steering Committee for Advancing Local Value-Add and Exports (SCALE) – headed by former Mahindra & Mahindra managing director Pawan Goenka — has recommended that the government incentivise multinational original equipment manufacturers (OEMs) to use India as a sourcing base for auto parts.

The panel, set up under the ministry of commerce and industry, has firmed up specific suggestions for boosting exports of manufactured products in 24 priority sectors. These include auto components, textiles, marine products, farm and processed food items, certain electric vehicles, toys and furniture. While global trade in auto components stood at $1.3 trillion in 2019 (before the pandemic), India's share was just $15 billion, the panel said, flagging the untapped potential. It has set an export target of $30 billion for the auto parts industry by FY26.

The country should revisit the South Asian Free Trade Agreement (SAFTA) to better suit current realities and "explore favourable trade agreements" with Canada, the US, the EU and Mexico to brighten export prospects, it added. It acknowledged the crucial role of the proposed Rs 57,042-crore production-linked incentive scheme for the auto parts sector. At the same time, it also wants the government to develop dedicated export hubs, incentivise spending on research & development and promote investment in auto electronics and semiconductor.

To boost exports of furniture, in which India's share in the $240-billion global trade was less than 1% in 2019, the panel has suggested that at least 3-4 integrated hubs be developed near ports. MNCs should then be lured into investing in the hubs through incentives. Appropriate policy interventions, such as duty-free imports of key inputs and a favourable timber policy, need to be initiated.

In textiles, the panel wants India to revisit both SAFTA and the Asean FTA and have sectoral trade pacts with Canada, the UK & the EU. India must focus on downstream value addition, diversify into man-made fibre products in a big way and facilitate mega clusters to address cost competitiveness. It has set an ambitious export target of $80 billion for textiles and garments in the next five years from about $37 billion (in 2019).

Similarly, for bolstering farm and processed food exports, the country needs to re-negotiate imports tariffs and firm up trade pacts with the EU, the US and the UAE. Rigorous brand-building exercise must be undertaken to promote Indian products.

In the leather and footwear segment, India's costs are about 20% higher than that in China, Vietnam and Indonesia, which needs to be removed, according to the panel. It has pitched for setting up export-oriented integrated plug-and-play clusters for footwear with common infrastructure facilities to enable even small players to operate with minimal costs.

The country should create port-based processing parks for value addition in marine products and develop cold chain infrastructure at harbours as well as airport at Kochi, Vizag and Chennai. It has set a marine export target of $14 billion by FY25 and $28 billion by FY30 from about $6 billion in FY20. The panel's suggestions for the priority sectors aim to double manufacturing exports over the next five years, reduce imports by two-thirds and drive up annual domestic consumption growth to about 9% from roughly 7% in a normal year.

SCALE has estimated that focus on these three critical factors would catalyse incremental domestic value addition of $350-380 billion over the next five years.

The panel was tasked with identifying steps to improve the growth of manufacturing, the share of which in the GDP has remained stagnant at around 16% for decades now.

Source: financialexpress.com– Aug 27, 2021

HOME

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SIDBI to provide loan to Tamil Nadu govt under new cluster development fund to upgrade MSME clusters

Credit and Finance for MSMEs: Two weeks after the principal financial institution for MSME financing and development — SIDBI announced its Cluster Development Fund to give a thrust to hard infrastructure support to state governments for MSME cluster development, it has provided the first approval under the fund beginning with the Tamil Nadu government.

According to SIDBI, the project-specific "moderately priced loan assistance" under the fund will be extended to the state government for upgrading various existing MSME clusters and for developing new industrial infrastructural facilities in the state. However, SIDBI didn't disclose the loan amount and tenure.

"The thrust shall be laid on clusters in sectors/subsectors which can directly benefit the MSMEs in the state and to bring them to a level 'NEXT' wherein they emerge vibrant, higher on the value chain and become sustainable. SIDBI shall complement these with its customized direct lending products being channelized in the supported clusters," Sivasubramanian Ramann, IA&AS, Chairman and Managing Director, SIDBI said in a statement.

He added that the bank shall also examine supporting the soft infrastructure issues in select clusters. The issues could be relating to technology, skilling/upskilling, energy efficiency, market, and credit. Ramann said a pilot has been launched for the same in the Ambattur leather cluster.

"There are two crucial aspects to a cluster – hard and soft infrastructures. We have set up a Cluster Development Fund with the Reserve Bank of India's support that will attend to the hard infrastructure side of a cluster.

We have also launched the Business Development Services Intervention programme in five clusters that will attend to the soft side of it and we think it can impact 20,000-25,000 MSMEs," Ravindra Kumar Singh, General Manager and Head — Promotion and Development, SIDBI had told Financial Express Online.

Apart from the Ambattur cluster in Chennai, the other four clusters were tourism cluster in Jammu & Kashmir, Delhi-NCR innovation cluster; Jodhpur wood furniture cluster, and Sambalpur textile cluster.

The expert committee on MSMEs headed by U.K. Sinha in its June 2019 report had recommended SIDBI the use of Priority Sector Shortfall (PSS) funds to create a low-cost lending window for state governments for infrastructure projects in clusters, civil works for rehabilitation of existing industrial estates and setting up of new industrial estates.

SIDBI has so far setup Project Management Units (PMUs) in 11 states namely, Assam, Andhra Pradesh, Rajasthan, Gujrat, Haryana, Maharashtra, Delhi, Uttar Pradesh, Uttarakhand, and Tamil Nadu. "We will rope in an agency and that will, based on the diagnostics, do action plan formulation that will have a break of short-term and long-term goals. In discussion with clusters stakeholders, it will formulate an action plan for two-three years," Singh had said.

Source: financialexpress.com– Aug 26, 2021

HOME

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National Monetisation Pipeline: End of the road for stevedores

The NMP has listed 31 cargo berths across nine of the 12 major ports for privatisation by 2025

The national monetisation pipeline (NMP), wherein operational infrastructure assets including port terminals are being privatised through the public-private-partnership (PPP) route, will be the end of the road for stevedores who load and unload cargo to-and-from ships at Centre-run major port trusts.

The NMP has listed 31 cargo berths across nine of the 12 major ports for privatisation by 2025. Stevedores buy licenses from the port authorities after paying an annual fee but are not required to share revenue with the port trusts unlike PPP operators.

These entities are engaged directly by the exporters and importers based on competitive quotations to load and unload cargo from non-mechanised, common user berths run by the port trusts themselves.

Existential crisis

With the government set to introduce a policy change that allows PPP cargo operators to handle multiple commodities at their facilities – discarding the existing practice of allowing handling of a single commodity – to make the projects attractive, bankable and viable to bidders, stevedores are staring at an existential crisis.

“This is the end of the road for the stevedoring community,” said Ishwar Achanta, President of the Federation of Association of Stevedores (FAS), a lobby group, which represent some 50,000 stevedores at major ports.

The Ministry of Ports, Shipping and Waterways is also evaluating demands from PPP cargo operators to modify their contracts to convert single commodity handling terminals into multi-commodity terminals to achieve full utilisation of assets, increase efficiencies and sustain business.

The demand followed recent government policy changes under ‘Aatmanirbhar Bharat’ mid-way through the 30-year tenure of PPP projects that clipped volumes such as coal and fertilisers and hurt the commercial viability of PPP projects.

Further, privatisation of State-run cargo berths has become necessary as the 'port authority' formed for each of the 11 ports under the Major Port Authorities Act, 2021, will play the role of a landlord – a model widely followed globally wherein the publicly governed port authority acts as a regulatory body and as landlord while private firms carry out port operations, mainly cargo handling activities.

The landlord port, in return, gets a share of the revenue from the private entity. "As all the cargo berths run by the port authorities themselves will be privatised, whatever cargo we are handling will be handled by PPP operators authorised to handle multi cargoes," says Achanta.

Concession agreement

Even the operational PPP projects are expected to be allowed to handle multiple cargo though the concession agreement was signed for single cargo, he said.

"There will be nothing left for licensed stevedores to handle. There is nothing more we can do except get buried," Achanta, who runs a stevedoring firm said. Stevedores have approached the government to block demands from private cargo terminal operators handling single commodity to become multi-commodity facilities.

Tenders issued by major ports have specific overriding clauses that state the concessioning authority does not guarantee traffic or volumes and that every bidder must undertake a business study and evaluate the risks involved.
The downturn due to Covid 19 or any policy shift of government cannot be considered as "material adverse effects" or even "conditions precedent", Achanta said.

"The sovereign cannot stand guarantee for business and profits of companies, seeking to bid on PPP mode to build and operate cargo terminals," says Achanta. Stevedores say that they are game for participating in privatisation tenders but the qualification criteria stood in the way as it sets very high financial parameters on net worth, turnover, etc.

“There is no weightage given to experience, particularly when it is the stevedores who have marketed and brought cargo to the port, promoted door to door logistics, bonded facilities for stock and sale, invested in cargo handling equipment and systems and established hinterland connectivity.

This is a B2B service business where stevedores work on earnings through calculated performance risks,” he added.

Source: thehindubusinessline.com– Aug 26, 2021

HOME

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Tripling India sourcing to $10 bn a year by 2027: Walmart Int'l CEO

Walmart, the world's largest retailer, is tripling its sourcing from India to about $10 billion a year by 2027, said Judith McKenna, president, and chief executive officer of Walmart International, the segment which includes the company's operations outside the US.

"To achieve this, we are growing our sourcing team in India," said McKenna, during a fireside chat with YourStory Founder Shradha Sharma at Converge@Walmart, the flagship event of Walmart Global Tech India. "Walmart has a 20-year history of sourcing from India and already exports more than $3 billion worth of Made-in-India goods each year to 14 markets worldwide."

McKenna said the company has expertise in processes such as international standards and demand forecasting that businesses need to get ready to export. It walks with entrepreneurs every step of the way to make sure they are successful. "MSMEs (micro, small and medium enterprises) are a big focus for us."

She said the Coronavirus (Covid-19) pandemic highlighted the importance of Walmart's flexible, agile and diversified global supply chain. "India has long played a big role and will continue to do so," said McKenna.

The Bentonville-based company (in Arkansas) is locked in battle with US rival Jeff Bezos-founded Amazon, Mukesh Ambani-owned Reliance's JioMart, and Tata-owned BigBasket for dominance in India's online retail market through Flipkart, which it bought for $16 billion in 2018. Digital payments giant PhonePe also came to Walmart as part of the acquisition. India's retail market is estimated to reach over $1 trillion by 2025.

McKenna said the Covid-19 pandemic also accelerated India's digitalization journey, with online shopping and contactless payments becoming more popular. "Kiranas doing last-mile delivery for Flipkart saw delivery income increase about 30 per cent in 2020," she said.

Innovations from India are also helping Walmart improve retail around the world. India is a source of talent and technology for Walmart globally. "Our people in India have a relentless passion to innovate and problem-solve, putting the customer at the center of everything," said McKenna.

For instance, an India-developed sales forecasting solution is helping Walmart stores in Mexico and China improve the availability of fresh foods and reduce waste. A Flipkart-developed advertising platform is helping our Chilean business tailor ads and gain insights. Also, PhonePe, which eases payments friction for more than 300 million users and is digitizing 25 million kiranas, is helping Walmart think differently about financial access in Mexico, said McKenna.

Flipkart is also betting big on social commerce, which is the use of social network communities to drive e-commerce sales. Social commerce is expected to be about a $70 billion market opportunity in the next few years. Flipkart recently launched Shopsy, an app that enables Indians to start their online businesses without any investment. With Shopsy, Flipkart aims to enable over 100 million online entrepreneurs in the next few years as they reap the benefits of digital commerce.

“We are very excited about Flipkart’s new Shopsy. It is a world-first foray into social commerce for us,” said McKenna. “It provides a very low entry barrier for people to start a business and is also a fun and easy way to introduce people to online shopping.”

MSMEs also require training and support to help them get export-ready. McKenna said entrepreneurs with big dreams can get export-ready by learning business skills, embracing world-class processes and technologies, and building a network of business contacts. Here the company’s Vriddhi program is playing a key role.

Walmart Vriddhi trains people to help them scale and grow their business in the domestic market and for export with Walmart or other companies. Entrepreneurs can learn how to lead teams, do responsible sourcing, put a business plan together, get financing, and manage the health and business impacts of the pandemic.

“Technology is not just about e-commerce, but also helps you be more efficient and competitive,” said McKenna. “When MSMEs on the Flipkart platform were hit with labor shortages and supply chain challenges because of the pandemic, Flipkart helped them use technology to anticipate consumer demand and find solutions.”

Source: business-standard.com– Aug 26, 2021

HOME

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