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. 176 of 2021 September 04, 2021

US 72.99| EUR 86.74| GBP 101.21| JPY 0.67

NEWS CLIPPINGS

INTERNATIONAL NEWS	
No	**Topics**
1	Brazil's cotton index rises 7.9% in August 2021
2	USA: August Jobs Report a Huge Disappointment for Retail, Fashion
3	USA: More Signs of Nearshoring in July Jeans Import Numbers
4	USTR Talks Made in USA, Diversity at Illinois' Aurora Textiles
5	Raise value addition share in exports to EU to 65%: Sri Lanka's SLCGE
6	ASEAN apparel exports to decline before recovering again in Dec 2021
7	EU Safety Agency Sets Sights on Ocean Shipping Pollution
8	Cambodia: Free trade agreement with South Korea may be signed next month
9	EU-Pakistan Business Forum to be launched on 8th September 2021
10	Vietnam's textile garment sector may find it difficult to reach its export targets

	NATIONAL NEWS
1	Aim to increase Textiles exports 3 times from present export value of $33 bn to $ 100 bn of Textiles exports at the earliest - Shri Piyush Goyal
2	Textile production-linked incentive scheme to get Cabinet nod soon: Textile minister Piyush Goyal
3	Govt-industry talks on proposed FTAs with EU-Australia at premature stage
4	FinMin may set up review panel to examine demand for rate correction under duty remission scheme, says Goyal
5	Textile, apparel orders, especially from US, power India export surge
6	India-UK strengthen engagement in green energy, plan to invest $1.2 billion
7	Must aim for $100 bn textiles export target: Goyal
8	India aims to increase textiles exports 3 times at earliest
9	Cotton, bajra and groundnut see big drop in acreage, shows data
10	View: How China holds International trade in its talons
11	Foreign trade policy 2021-26- Can new FTP refuel India's stagnant exports?
12	Indian apparel, leather sectors see low inflation, low output recovery
13	US ban on cotton import from Xinjiang region provides opportunities for Indian cotton garments: AEPC
14	CM KCR meets PM Modi, requests funds for textile park and an IIM in Telangana

INTERNATIONAL NEWS

Brazil's cotton index rises 7.9% in August 2021

Between July 30 and August 31, Brazil's CEPEA/ESALQ Index for cotton increased by 7.9 per cent, closing at 5.3540 BRL/pound on August 31. A day earlier on August 30, the Index closed at 5.4748 BRL/pound, a new nominal record since CEPEA Index began in 1996. The monthly average in August closed at 5.2579 BRL/pound, 5.74 per cent higher than that in July 2021.

The rise in Index during the month was due to slightly higher demand, low cotton supply in the national spot market and international valuations for the product, the Sao Paulo-based Center for Advanced Studies on Applied Economics (CEPEA) said in its latest fortnightly report on the Brazilian cotton market.

In general, during the month, "Brazilian cotton farmers were focused on the harvesting, cotton processing and the accomplishment of contracts. The sellers interested in closing deals continued to increase asking prices along the month, based on the lower output in the 2020-21 season, the high volume already traded and lower inventories.

In the last week of the month, however, agents from trading companies were more interested in closing deals in the domestic market, where prices have been more attractive than export values," the CEPEA report said.

"As regards purchasers, some of them needed cotton for prompt delivery, while others were not interested in buying the product late in the month, expecting values to decrease as cotton processing advances and contracts are closed. Some processing plants reported higher sales in August, but these agents were still cautious about purchasing high volumes, fearing difficulties to pass on production costs," the report added.

For the 2020-21 season, the Brazilian Cotton Producers Association (Abrapa) estimates that, until August 26, cotton harvesting had reached 78 per cent of the area in Brazil, and cotton processing, 26 per cent. In Mato Grosso and in Bahia, the two largest cotton producing provinces in the country, processing has reached 18 per cent and 40 per cent of the output, respectively.

Meanwhile, the first crop estimates from Conab, the National Supply Company, for the 2021-22 season, points to an area of 1.548 million hectares in Brazil, 13.4 per cent larger than that in 2020-21, influenced by the current high prices in the international market, the strong dollar compared to the Real, high profitability of cotton farming in Brazil and the volume sold earlier. According to Conab, "the high profitability of corn crops may constrain increases in the cotton area in Brazil."

Productivity is forecast at 1,750 kilograms per hectare, 2.1 per cent up from that in the 2020-21 season. Thus, the Brazilian output is expected to grow by 15.8 per cent compared to that in the previous season, to 2.71 million tons in 2021-22.

Domestic consumption is likely to increase from 715,000 tons to 760,000 tons in the 2021-22 season (+6.3 per cent). On the other hand, Brazilian cotton exports are forecast at 2.03 million tons, 3.3 per cent down from that estimated for 2020-21.

Thus, ending stocks are estimated at 1.045 million tons, 19.1 per cent lower than that in the previous season. Thus, the inventory/consumption ratio in 2021 is forecast at 181 per cent, possibly falling to 137 per cent in 2022, the lowest in four years.

Source: fibre2fashion.com– Sep 04, 2021

HOME

****

USA: August Jobs Report a Huge Disappointment for Retail, Fashion

Job growth is slowing in the U.S. after two months of robust hiring, and retail workers are the biggest losers.

The Department of Labor on Friday said private employers added only 235,000 workers, versus estimates by economists that there could be as many as 720,000 new hires.

Retail trade jobs fell 28.5 percent, losing 15,325 positions in August on a seasonally adjusted basis. Also on a seasonally adjusted basis, apparel and accessories stores in August shed 1,047 jobs, down 4 percent, while department stores dropped 1,002 positions, or down 2.3 percent.

General merchandise stores eliminated 3,073 jobs, representing a 5 percent decline. Nonstore retailers, the category that include online businesses, bucked the trend by adding 628 positions, or up 3.3 percent. Furniture and home furnishings stores added 448 jobs, or up 0.1 percent.

The manufacturing sector added 12,421 jobs, or up 37 percent on a seasonally adjusted basis. Textile mills lost 97 jobs, or down 0.3 percent, although textile product mills—nonapparel items that include household goods such as towels, curtains and sheets and furniture—added 107 jobs, an increase of 0.3 percent. Apparel manufacturers eliminated 92 jobs in August, representing a decrease of 0.5 percent.

The August report did note that transportation and warehousing added 53,000 jobs in August, bringing the industry to slightly above its pre-pandemic level in February 2020. Employment gains were led by growth in couriers and messengers and in warehousing and storage, which added 20,000 jobs each in the month of August. Air transportation also added 11,000 jobs in August.

Although the unemployment rate fell to 5.2 percent from 5.4 percent, edging down to 8.4 million people, the August tally is now the worst monthly jobs report since January. Both figures remain above their levels prior to the Covid-19 outbreak when the unemployment rate was 3.5 percent and there 5.7 million without jobs in February 2020.

The sharp decline in nonfarm payrolls was first hinted at last month when private payroll data firm ADP said it saw activity stalling in July, representing a slowdown for the second straight month. ADP's August report on Wednesday didn't indicate any change, with private payrolls adding just 374,00 new hires, mostly from the leisure and hospitality sector.

Separately, even consumer sentiment has started to slip. The widely-tracked Consumer Confidence Index for August fell 11.3 point to 113.8, its lowest level since February when the Index was at 95.2. Both components—the Present Situation Index and Expectations Index—also saw declines, with the outlook on labor market conditions not as upbeat as in past months.

The lesser-tracked report from the University of Michigan's Surveys of Consumers last month also indicated a collapse in consumer sentiment.

Most economists view the decline in consumer sentiment and the disappointing jobs picture as a result of the impact from an uptick in Covid infections due to the Delta variant.

What that means job-wise for retail workers is unclear, particularly if localized restrictions are put back in place. For now, there is the expectation that many retailers will begin to hire temporary workers for the holiday season. And, in fact, many large big-box retailers have started hiring workers for their logistics operations. Walmart is pushing forward on a goal to hire 20,000 workers to its supply chain. Others like Dollar General and Dollar Tree are adding jobs, too. More importantly, all three retailers are hiring workers for jobs that include full-time positions.

Source: sourcingjournal.com– Sep 03, 2021

HOME

****

USA: More Signs of Nearshoring in July Jeans Import Numbers

The growth trajectory of U.S. jeans imports flattened in July, with shipments up 30.31 percent to $1.81 billion in value year to date compared an increase of 32.87 percent in the first six months of 2021, according to the Commerce Department's Office of Textiles & Apparel (OTEXA).

Similar to overall apparel sourcing patterns, a slowdown in production of blue denim apparel in Vietnam, Cambodia and Indonesia was evident in OTEXA data released Thursday. At the same time, continued strength of top jeans suppliers Bangladesh and Pakistan showed through, while the Western Hemisphere resurgence was also seen by significant increases in countries such as Mexico, Nicaragua, Colombia and Guatemala.

Imports from Vietnam, which has had Covid-related factory closures, had increased 5.22 percent in the first half, but fell back to a 4.09 percent year-to-date gain in July for a value of $199.76 million. Shipments from Cambodia increased a moderate 5.83 percent to $84.26 percent in the period, while Indonesia's shipments declined 23.81 percent to $17.84 million.

Among the top Asian suppliers, No.1 producer Bangladesh's imports increased 42.82 percent year to date through July to $362.38 million, while shipments from China were up 13.28 percent to $192.49 million and imports from Pakistan rose 62.16 percent in the period to $188.94 million.

In the Western Hemisphere, where a nearshoring strategy form U.S. retailers and brands seems to be taking hold, imports from second place supplier Mexico increased 55.42 percent to $352.94 million in the seven months. Shipments from Nicaragua rose 39.54 percent in the period to $64.21 million, as Colombia's imports increased 3.97 percent to $14.44 million and Guatemala's rose 3.84 percent to $11.79 million.

At last month's Sourcing at Magic trade show, Patricia Medina, owner of Aztex Trading, said Central and South American suppliers are positioned to take more of the U.S.' business. The Mexican company has changed its model to better serve a new group of mostly digitally native U.S. brands seeking small production runs and quick replenishment.

"We've realized that the smaller customers selling through the Internet actually grew during the pandemic and have more potential than the bigger brands," she said.

Looking at the larger sourcing scene, Steve Lamar, president and CEO of the American Apparel & Footwear Association, told Sourcing Journal recently, "What we're seeing now is a once-in-a-generation sourcing shift."

"It's been playing out for a couple of years and I think it's going to continue to play out for some time to come," Lamar said. "It's going to lead to a global realignment…and factors contributing to it include the China diversification."

The more diversified jeans sourcing strategy showed in OTEXA's July report, with notable increases from second-tier suppliers in a range of locales. These include Egypt, Lesotho and Madagascar in Africa, Turkey and Italy in Europe, and Sri Lanka, India and Japan in Asia.

Source: sourcingjournal.com– Sep 03, 2021

HOME

****

USTR Talks Made in USA, Diversity at Illinois' Aurora Textiles

Aurora Specialty Textiles Group welcomed U.S. Trade Representative (USTR) Katherine Tai and Rep. Lauren Underwood (D., Ill,) to its Yorkville, Ill., manufacturing plant this week to tour its state-of-the-art facility and discuss the Infrastructure Investment and Jobs Act and American manufacturing.

The act, one of President Biden's signature legislative actions, has passed the Senate and is pending a vote in the House. Executives and officials at the event said the bill would include support across Illinois communities for public transit, improvements to roads and bridges, infrastructure for clean drinking water, electric vehicle support, and improved passenger and freight rail programs.

"It was a great event and the discussion was enlightening as we shared the concerns and challenges manufacturers and employees face today," said Marcia Ayala, president of Aurora Specialty Textiles Group, who hosted Tai with Bruce Pindyck, chairman and CEO of Meridian Industries, Aurora's parent company.

During the visit, Tai and Underwood held a roundtable discussion that featured women-led manufacturing firms and union representatives from the Illinois 14th Congressional District.

In addition to Ayala, manufacturing leaders who participated in the panel included Patricia Miller, CEO of Matrix 4; Chandler Slavin-Bond, owner Doran Manufacturing; Gina Lipscomb of RJ Lipscomb Engineering, and Nicole Wolter, president of H. M. Manufacturing. Brian Simmons, Gladys Campos and John Gedney represented regional labor unions and their employees. David Boulay, president of the Illinois Manufacturing Excellence Center, also participated.

"We discussed the bipartisan infrastructure bill and other initiatives beneficial to U.S. manufacturers that Congresswomen Underwood and Ambassador Tai are working on," Ayala said. "It was a great opportunity to give our perspectives on issues currently facing manufacturers and issues specific to our businesses."

She said Tai and Underwood showed great interest in "the challenges we face running our businesses and to discuss how those problems can be addressed through legislation and trade policies." The USTR's office said Tai highlighted the Biden-Harris administration's commitment to developing worker-centered trade policies that support small businesses, particularly those owned and operated by women and people of color.

Tai and Underwood also highlighted the importance of quickly passing historic infrastructure investments that will help build a 21st century economy "from the bottom up and from the middle out."The bipartisan act "is a foundational piece of the President's Build Back Better agenda that will create millions of jobs, repair our roads and bridges, support domestic manufacturing and help the United States maintain its competitive edge in the global economy," USTR Tai said.

During the discussion, Tai mentioned she was touring U.S. manufacturing companies to learn what these companies need in the area of trade policy. The roundtable also covered questions and concerns related to infrastructure, supply chain, the lack of a skilled workforce, women in manufacturing, climate change and the post-Covid economy. Ayala pointed out that women currently account for fewer than one in three manufacturing jobs, although they represent about half of the overall workforce.

"Currently, manufacturing jobs are very difficult to fill and women are a huge potential to help fill the gap, so it is critical to attract them," she said. "In addition, diverse companies outperform those that lack diversity in their workforces."

Following the discussion, Underwood and Tai toured Aurora's manufacturing operations. This featured Aurora's R&D lab, a tour of Aurora's inspection area, as well as a visit to the plant's quality lab.

Aurora Specialty Textiles Group specializes in coating, dyeing and finishing of woven and non-woven fabrics. In 2015, the company invested in a new state-of-the-art, wide-width coating and finishing line, and a new facility, that dramatically expanded its capabilities.

Source: sourcingjournal.com– Sep 03, 2021

HOME

****

Raise value addition share in exports to EU to 65%: Sri Lanka's SLCGE

To fully utilise generalised scheme of preferences plus (GSP+) benefits, Sri Lanka's apparel industry must increase the share of value-added products in its exports to the European Union (EU) from 52 per cent to 65 per cent at the earliest possible and vertical integration of the country's apparel industry is one of the quickest ways to achieve that, according to Sri Lanka Chamber of Garment Exporters (SLCGE) secretary general Hemantha Perera.

Perera, who is also an executive member of the Joint Apparel Association Forum Sri Lanka (JAAFSL), said this while addressing a panel discussion on 'GSP Plus: Past, Present, and Future' hosted by the Federation of Chambers of Commerce and Industry of Sri Lanka (FCCISL) and the Colombo Chamber of Commerce recently.

JAAFSL has been working with the government and companies in the industry to develop solutions to increase value addition in the apparel sector and setting up the Fabric Processing Park in Eravur is the first step.

Perera said certain fabrics used for apparel production are currently being imported from regions that disqualify the manufactured product for tariff reductions under the EU's GSP+ concessions. He noted that this disqualification could be resolved via local production of such inputs.

"We currently lack infrastructure for functions such as dyeing and printing. These are vital in improving key indicators such as lead times and strengthening the output potential of the industry. Even at present, our competitiveness primarily depends on factors like ethical manufacturing practices, compliances, and the high skill levels of our employees," he was quoted as saying by Sri Lankan media reports.

Source: fibre2fashion.com– Sep 04, 2021

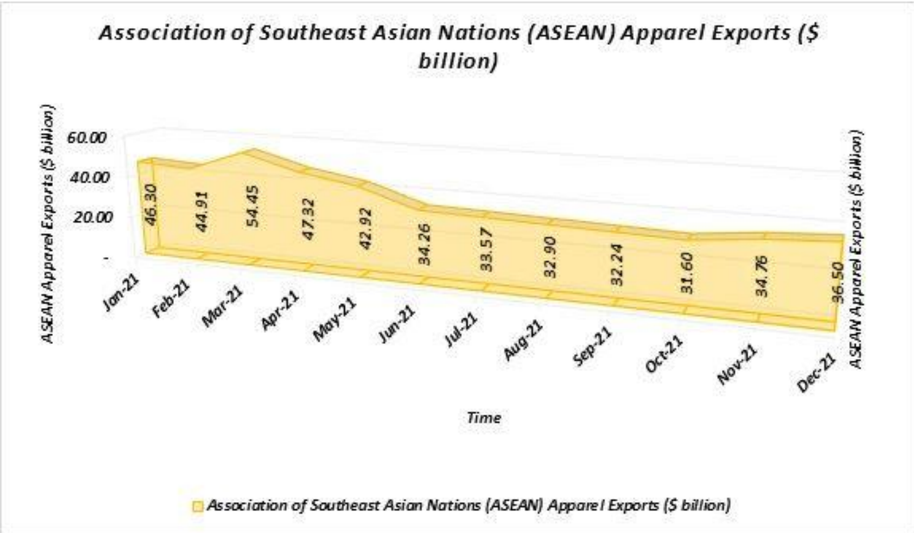
HOME

****

ASEAN apparel exports to decline before recovering again in Dec 2021

Apparel exports from the Association of Southeast Asian Nations (ASEAN) countries are likely to drop in the next couple of months due to the recurrence of the COVID-19 pandemic in the region, which has affected manufacturing as well as the demand. Some factories in countries like Vietnam and Malaysia have been forced to shut down due to the rising cases.

Southeast Asia is one of the major manufacturing hubs for textiles and clothing industry and supplies to well-known brands in economies like Japan, the US, the EU and the UK.



Economies that have been hit hard by the resurgence of the pandemic include Vietnam, Indonesia, and Malaysia. These economies are major exporters of textiles and clothing amongst all ASEAN members. According to the industry stakeholders, this condition may linger for a slightly longer period as it is also dependent on the other Asian economies like China, South Korea and Taiwan, which are also hit by the new wave of COVID-19.

Additionally, Delta outbreaks in regions like Thailand, Vietnam and Malaysia have suspended a major part of the supply chains as strict lockdown measures were implemented in these countries.

ASEAN apparel exports were $46.30 billion in January 2021 and increased significantly by 17.61 per cent in Q1 2021 to reach $54.45 billion in March 2021. But the exports dropped by 37.08 per cent in Q2 2021 to reach $34.26 billion in June 2021, according to Fibre2Fashion's market analysis tool TexPro.

Apparel exports from ASEAN region are expected to decrease further by 7.76 per cent to $31.60 billion in October 2021 and recover again to reach $36.50 billion in December 2021.

Source: fibre2fashion.com– Sep 03, 2021

HOME

****

EU Safety Agency Sets Sights on Ocean Shipping Pollution

The European Maritime Safety Agency warned in a report this week that emissions from ocean shipping need to be greatly reduced if Europe wants to achieve climate neutrality by 2050.

"Maritime transport activity in the EU is an essential element of global trade and the economy and is therefore highly globalized," the executive summary of the "European Maritime Transport Environmental Report 2021" said. "In the EU, it carries 77 percent of external trade and 35 percent of intra-EU trade. Although the sector brings substantial economic and social benefits to the EU, it also has an impact on the environment and the health of EU citizens."

According to the report, maritime transport in the European Union (EU) is responsible for about 13.5 percent of transport emissions, behind aviation at 14.4 percent and road transport at 71 percent. While EU emissions from domestic navigation have declined 26 percent since 1990, it still accounts for about 16 million tons of CO_2. According to the report, this decrease responds to EU standards related to fleet renewals and energy efficiency introduced in 2003.

Still, ocean shipping remains a major source of greenhouse gas emissions and other dangerous pollutants to water and air that are harmful to terrestrial and marine ecosystems.

EU ports handled close to 4 billion tons of goods, accounting for around half of all goods by weight traded between the EU and the UK, and the rest of the world, the report noted. These numbers are set to slightly decrease in 2020 because of the pandemic, in which, during the first half of the year, the number of ships calling at EU ports declined compared with the same period in 2019.

"Given the global nature of shipping, and the fact that pollution crosses borders and regions, addressing the maritime transport environmental impact further requires action at an international level, in accordance with the Paris Agreement on Climate Change and the 2030 Agenda for Sustainable Development and EU environmental standards for maritime transport," the European Maritime Safety Agency said. "Continued action to reduce its environmental footprint is needed for the sector to play its part in turning Europe into a climate-neutral continent by 2050."

The agency noted that the International Maritime Organization, a specialized agency of the United Nations, is the global standard-setting authority for the environmental performance of international shipping. It has, since its foundation, adopted more than 50 international treaties regulating international shipping, of which 40 percent focus on environmental protection. “Since the late 1990s, the EU has been consistently introducing stricter rules for ships trading in EU waters,” the agency said. “These regulations have contributed to reducing sulfur oxides and carbon dioxide emissions, and oil and other sources of ship pollution.”

A.P. Moller-Maersk last month identified its partner to produce green fuel for its first vessel to operate on carbon neutral methanol and added that in the first quarter of 2024 it will introduce the first in a groundbreaking series of eight large ocean-going container vessels capable of being operated on the fuel. The vessels will be built by Hyundai Heavy Industries (HHI) and have a nominal capacity of approximately 16,000 containers (20-foot equivalent units or TEU). The agreement with HHI includes an option for four additional vessels in 2025. The series will replace older vessels, generating annual CO_2 emissions savings of around 1 million tons.

CMA CGM Group initiated a major program last year to build a new class of liquefied natural gas (LNG)-powered vessels, as part of its drive to take the shipping industry’s energy transition to the next level.The CMA CGM Jacques Saade, the world’s largest containership powered by LNG, kicked off the initiative with its first LNG bunkering operation in the Port of Rotterdam, which will play a key role in refueling the CMA’s LNG-powered fleet, which operates regular services between Asia and Europe.

EU laws, such as the Marine Strategy Framework Directive, the Water Framework Directive and the Habitats Directive, also protect the marine environment, aiming to uphold good environmental status standards and to reduce air and other pollution in coastal communities and ports.

To reduce emissions from maritime transport, the European Commission has proposed extending the EU’s carbon market to cover maritime shipping. The proposal will need the agreement of the 27 EU countries plus the European Parliament.

Source: sourcingjournal.com– Sep 03, 2021

HOME

****

Cambodia: Free trade agreement with South Korea may be signed next month

A long-awaited trade deal with South Korea may be signed next month, according to the country's ambassador to Cambodia. Negotiations on the Cambodia-Korea free trade agreement (CKFTA) were wrapped up in February but the history is even longer. Prime Minister Hun Sen raised the prospects of a deal during a state visit from South Korean President Moon Jae-in in March 2019. In November of the same year a joint feasibility study was launched.

Now it seems the pens are poised to ink the accord. "I expect we will sign the agreement later this year around October. After that I expect we will have more trade between our countries," said South Korean Ambassador Park Heung-kyeong at an event in Phnom Penh on Friday.

From January to June, two-way trade was valued at $451 million, a year-to-date increase of 6.7 percent, according to data from the Korea International Trade Association. Cambodia exported $159 million of goods to South Korea, a contraction of 1.6 percent. South Korea's exports to the Kingdom rose by 11.9 percent to $292 million. Cambodian exports to South Korea include garments and textiles, footwear, travel bags, spare parts, electronic equipment, rubber and agricultural products. South Korea exports automobiles, electronics, appliances, beverages, pharmaceuticals and plastic products.

This is the second free trade deal that Cambodia has completed with a more economically developed country. The FTA with China, officially designated a developing country despite being the world's second-biggest economy, was the first. Cambodia is classified as a lower middle-income country.

Cambodia's Commerce Ministry says the FTA includes standards, technical regulations and conformity assessment procedures, sanitary and phyto-sanitary measures, along with trade remedies, rules of origin, customs procedures and trade facilitation. It also includes economic cooperation, transparency, dispute settlement, exceptions, institutional arrangements and final provisions.

Source: khmertimeskh.com– Sep 03, 2021

HOME

****

EU-Pakistan Business Forum to be launched on 8th September 2021

The delegation of the European Union (EU) to Pakistan is launching the first-ever EU-Pakistan Business Forum on September 8, 2021 in Islamabad to provide opportunities for both the EU and Pakistani businesses for bilateral trade enhancement.

The inauguration ceremony of the EU-Pakistan Business Forum for Small and Medium Enterprises (SME) is expected to be attended by the representatives of local SMEs from four key sectors including gems, jewelry and mining, Information Technology, handicrafts and fashion-wear as well as travel and tourism.

During the first Islamabad session, the participants will be informed about EU's GSP Plus scheme and the ways to benefit from the scheme. GSP Plus provides two-thirds of tariff lines duty free access to the EU market with the rest on preferential duties. In subsequent meetings of the EU-Pakistan Business Forum later this year, more sectors including the agricultural and auto-parts manufacturers will also be included.

Ambassador of the EU to Pakistan Androulla Kaminara said, “We are confident that the business community – especially the small and medium enterprises will take full benefit from the upcoming EU-Pakistan Business Forum and establish the right linkages to expand their trade in the EU market while the EU granted GSP+ concessions are in place.”

Pakistan will continue to enjoy GSP Plus status till 2022, after which the EU will announce new criterion to qualify for the scheme. The EU has raised issues like human rights, death penalty, restrictions on media etc.

Possibilities of improving EU-Pakistan trade discussed

The EU is Pakistan’s second most important trading partner, accounting for 14.3% of Pakistan’s total trade in 2020 and absorbing 28% of Pakistan’s total exports.

In 2020, Pakistan was the EU’s 42nd largest trading partner in goods accounting for 0.3% of EU trade. Pakistani exports to the EU are dominated by textiles and clothing, accounting for 75.2% of Pakistan’s total exports to the EU in 2020.

Pakistan's imports from the EU mainly comprise of machinery and transport equipment (33.5% in 2020) as well as chemicals (22.2% in 2020).

From 2010 to 2020, EU27 imports from Pakistan have almost doubled from €3072 to €5537 million. The growth of imports from Pakistan has been particularly fast since the award of GSP+ (€5 515 million in 2014).

The EU and Pakistan have set up a Sub-Group on Trade to promote the development of two-way trade. The Sub-Group on Trade - set up under the auspices of the EU-Pakistan Joint Commission - is the forum for discussions on trade policy developments more broadly and also aims to tackle individual market access issues which hamper trade between the two parties.

Textiles and clothing account for over 80% of Pakistan's exports to the EU. While the textiles and clothing industry are the backbone of Pakistani exports, relying so heavily on one product category carries risks for Pakistan. Trade diversification would play an essential role in this respect. The granting of GSP+ preferences in 2014 should stimulate Pakistan's efforts towards diversification.

Source: brecorder.com– Sep 04, 2021

HOME

****

Vietnam's textile garment sector may find it difficult to reach its export targets

In just one month, more than 40,000 workers were dismissed, mainly in the southern region. Textile companies are also facing risks associated with contracts with their customers, according to a Vietnamese newspaper report.

Hong Sheng Wen, deputy director of Kwang Viet Garment Co Ltd in Tien Giang's Mekong Delta, said that from July 15, 2021, companies had to stop production due to the effects of the health crisis.

In the first six months of this year, textile and garment exports reached $ 15.2 billion, up 15% year-on-year. However, Vinatex Chairman Le Tien Truon said the results of the first half could be completely lost if creative solutions in production and business were not implemented significantly. He said production turmoil can have serious implications for supply chains and workers' lives.

Hoang Ngoc Anh, Executive Secretary of the Vietnam Textile Apparel Association (VITAS), said social distance regulations had a negative impact on textile companies' performance, with factory outages reaching 35%.

According to VITAS, export sales in this sector are projected to reach $ 32-33 billion this year, or 84% of the planned setting, if the pandemic is curtailed in late August.

Textile companies are currently receiving a lot of orders from the United States and the European Union, he added.

Fiber2Fashion News Desk (DS)

Vietnam's textile and garment industry may find it difficult to reach its export target of $ 39 billion this year due to the effects of the pandemic. The Vietnam National Textile Clothing Group (Vinatex) reports that clothing companies have faced many difficulties in production since the pandemic in the southern region in June 2021.

Source: eminetra.com– Sep 03, 2021

HOME

****

NATIONAL NEWS

Aim to increase Textiles exports 3 times from present export value of $33 bn to $ 100 bn of Textiles exports at the earliest - Shri Piyush Goyal

"We must aim to increase textiles exports 3 times from present export value of $33 bn to $ 100 bn of textiles exports at the earliest "said Shri PiyushGoyal , Union Minister for Commerce & Industry, Textiles, Consumer Affairs and Public Distribution while interacting with the leaders of Textile Industry in India. He said that we must all collectively resolve to reach the target of $ 44 bn of exports in 2021-22 for Textiles & Apparel including Handicrafts. Textile sector is expected to surpass all past records.

The Minister said that his Textile Ministry is working closely with MOF to resolve the issue of old dues on incentives for Exporters .He said that Government is always open to consider all industry requirements. He said that Industries that don't depend on Subsidies thrive much more.

Shri Goyal further stated that PLI Scheme for Textiles & MITRA Parks Scheme is at advance stage of Approval. He added that story of Indian Textile Industry and our weavers have been using centuries old knowledge, craft & techniques to create timeless fabrics. The level of artistry & intricacy is unparalleled. The world would have never experienced these products, if it hadn't been for our 'Textile Exporters.'

The Minister mentioned that India has met all of its international service commitments, which has made us the trusted partner of the world. He added it may be noted that India is showing signs of robust economic recovery as the GDP in Q1 2021-22 grew by a phenomenal 20.1% and 90% growth was seen in total FDI inflow in 1st three months of FY 2021-22 as compared to same period last year. The Merchandise exports in August, 2021 is ~ $ 33 bn, which is up by 45% over 2020-21 & up 27.5% over 2019-

20 and merchandise exports for Apr-Aug, 2021is ~ $164 bn, up by 67% over 2020-21 & up 23% over 2019-20.

The Minister said that he was extremely proud of the achievements of Textile Industry. Shri Goyal said that today, we must all collectively resolve to reach the target of $ 44 bn of exports in 2021-22 for Textiles & Apparel including Handicrafts. The Minister said that we can no longer be satisfied with small increments, its time for a quantum jump.

Shri Goyal called upon the Industry to aim to increase textiles exports 3 times from present export value of $33 bn (i.e. Cross $ 100 bn of textiles exports) at the earliest and enhance domestic production to $ 250 bn as well in a very quick time. Shri Goyal said that exporters must back the expectations of the nation with their Effort, Expertise & Efficiency. They should explore new markets and also share market intelligence/demand info with others.

Shri Goyal asked the Industry leaders to handhold small exporters & guide them. The Minister added that Government & Exporters are partners in India's growth story and Government aims to provide a conducive ecosystem, to explore our competitive & comparative advantage. These include simplification of laws, reduction of compliance burden, RoSTCL & RoDTEP notified, etc.

The Minister said that the Launch of Indian brand "Kasturi Cotton" with international fibre quality, has opened great new opportunities for Textile Industry to expand business opportunities.

Shri Goyal further stated that he personally has been interacting with different nations to expedite FTAs/PTAs (UK, EU, Australia etc.). It will provide new avenues to build a loyal customer base.

The Minister said that Textiles sector has the Power, Promise & Potential to realise the goal of 'Local goes Global - Make in India for the World'

Speaking on the occasion, Smt. Darshna Jardosh, Minister of State for Textiles and Railways said that Indian Textiles and Apparel industries should increase their efficiency. She also stated that textiles sector empowers the women as most of the women are engaged in this sector and earning their livelihood.

Secretary Textiles, Shri U. P. Singh in his welcome address said that government and exporters are partners in India's growth story and Ministry has adopted a holistic development model supported by infrastructure and cluster development, technical textile mission, performance linked incentives and a zero rated tax policy on exports to restore India's pride in the global textile market.

Prominent Textiles exporters and industry leaders participated in the interaction held t

Source: pib.gov.in– Sep 03, 2021

HOME

****

Textile production-linked incentive scheme to get Cabinet nod soon: Textile minister Piyush Goyal

Textile minister Piyush Goyal on Friday said a proposed Rs 10,683-crore production-linked incentive (PLI) scheme for technical textiles and man-made fibre products will be approved by the Cabinet soon, which will bolster domestic manufacturing as well as exports.

The government and the industry have set an export target of $44 billion for the textiles and garment sector for FY22, up 33% from a year before. “Delighted at the way the textiles sector has engaged with the idea of achieving bigger targets. We must aim for a $100-billion export target in the next five years,” Goyal added.

The ministries of commerce and finance are working on the interest equalisation scheme and enhanced insurance cover for exporters via state-run ECGC, Goyal said.

Apart from the PLI programme, the Mega Investment Textiles Parks (Mitra) scheme, under which seven such parks will be established over the next three years, is “at an advanced stage of approval”, the minister said. The scheme was announced in February, in the Budget for FY22.

Goyal exhorted exporters to boost their competitiveness so that they can stand on their own feet without government dole-outs. Past experiences suggest wherever the government removed subsidies, the sectors have flourished on their own, he said.

Domestic industry will also have to prepare itself for some give-and-take, as they seek free trade agreements with key economies. He said trade negotiations are always a two-way process; they can’t be a “one-way traffic”. India is in talks with the UK, the EU, the UAE, Australia, among others, to forge “fair and balanced” trade pacts.

While the agreements with Australia, the UK and the UAE may be clinched relatively early, the negotiations with the EU may be a time-consuming process, given that the bloc has 27 nations, the minister said.

Commenting on the PLI scheme, the minister said the idea behind all such schemes was to create a few “global champions” in select sectors. The PLI scheme for products made of man-made fibre and technical textiles is yet to be cleared by the Cabinet, amid clamour for a reduction in the “ambitious” turnover and investment targets proposed under a draft scheme.

For instance, the draft scheme had pledged as much as 11% incentive to large companies for investments over Rs 500 crore in greenfield projects. The benefit, however, was linked to an incremental turnover of Rs 1,500 crore in the first year itself and a 25% rise in turnover each year after that.

The garment sector, comprising mainly MSMEs and dominated by cotton-based players, also wants the inclusion of value-added cotton products in the scheme to benefit a large number of businesses.

Source: financialexpress.com– Sep 04, 2021

HOME

****

Govt-industry talks on proposed FTAs with EU-Australia at premature stage

At a time when India has already announced its intent to seal trade pacts with key exporting partners, industry participants said their discussions with the government regarding proposed trade deals with the United Arab Emirates (UAE) and the United Kingdom (UK) have already kicked off.

However, with respect to countries such as the European Union (EU), Australia, the discussion with industry is at a premature state and domestic players will get more clarity as and when the chief negotiators of both nations sit and discuss what can be offered.

"Industry consultation is going on not only through the department of commerce but other line ministries also are approaching the industry, with discussion mostly on the goods side and pertaining to the UK. We expect some progress in the coming months, with respect to talks with the UAE and UK," an industry official said, citing anonymity.

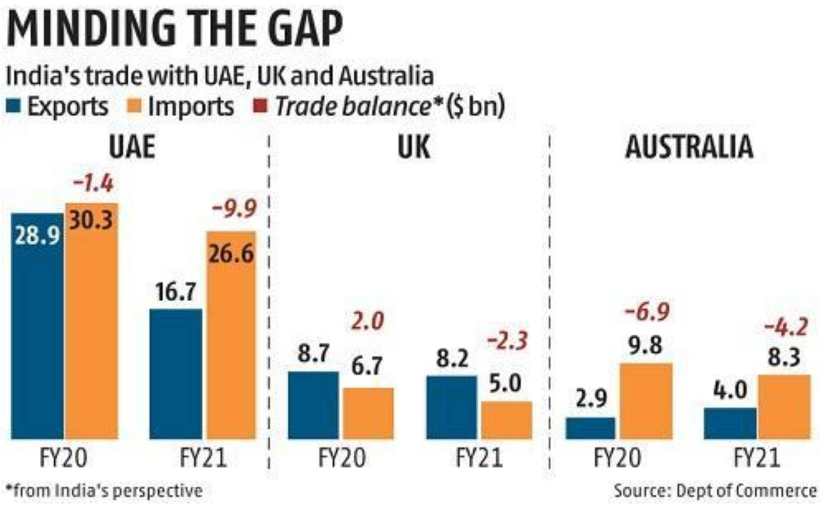
In fact, pre-negotiation deliberations between India and the UK have already started. India hopes to kick start FTA negotiations with the UK by the end of December. On Thursday, a joint statement by India and UK said that they agree to be ambitious in the forthcoming FTA negotiations.

As far as the UAE is concerned, India is aiming to finalize a comprehensive trade deal by December. Representatives from sectors such as steel, textile, engineering products, gems and jewellery have been meeting with the government, on FTA-related consultations with respect to the UAE.

Last week, the Centre said that India and Australia are looking at finalizing an early harvest or a mini trade deal by December. It is learnt that the government will begin consultations with the industry within the next 10 days. "Negotiations between the both nations will also start soon," a person aware of the matter said, adding that any investment agreement will be kept out of the deal, with the main focus being deepening of bilateral trade between the two countries.

In May, India and the EU had agreed to resume negotiations for balanced and comprehensive free trade and investment agreements. However, it is learnt that there hasn't been much progress on this front as the EU is yet to appoint chief negotiators and kickstart pre-negotiation talks with India.

Rahul Mehta, past president and chief mentor of Clothing Manufacturers' Association of India (CMAI), said that various stakeholder meetings are being called by the government. "(Any deal) with the EU will be a bit complicated with each country having its own requirements. India's FTA with the UK should come through fairly rapidly with the latter being equally interested. Australia should also be coming through soon," Mehta told Business Standard.



According to other textiles and clothing (T&C) industry sources, barring Japan, most of the FTAs were signed with non-consuming countries from the T&C industry's perspective. However, FTAs with the EU, the US, Australia, and the UK would be a win-win situation, they said.

The US recently indicated that it is not considering a new trade agreement with India. India would look at working with the US on market access issues to promote bilateral trade.

Data collection exercise from the T&C industry has been going on for some years. So while no new data is to be gathered, government officials are meeting with industry representatives and are coming across as ‘aggressive’ about signing at least some of these FTAs soon.

“We have made our stand clear that, as an industry, we want these FTAs to be signed soon since we are losing out to other manufacturing competing nations like Bangladesh who currently have a 10-12 per cent price advantage due to their concession agreement with countries such as the UK,” said another senior industry representative on condition of anonymity.

The industry is also trying to convince its buyers to initiate talks with their respective governments, said A Sakthivel, chairman of Apparel Exports Promotion Council (AEPC) and president of Federation of Indian Export Organisations (FIEO).

“The minister and officials are having frequent meetings and talks with the respective nations as well as industry councils in India. From our side, we have been trying to convince our buyers in countries like the UK, EU, UAE and Australia to work proactively with their respective governments for these FTAs. We hope these FTAs are done soon,” Sakthivel added.

On the other hand, the most ‘sensitive’ sector--dairy--is yet to hear from the government on the FTAs, R S Sodhi, managing director of Gujarat Cooperative Milk Marketing Federation (GCMMF), popularly known as Amul, said.

Prioritising mini trade deals

Experts and government officials said that signing mini trade deals can be a good strategy to begin with, before signing a full fledged deal. Till now, India has signed an early harvest deal with Thailand and Singapore.

“Early harvest agreement can be a good strategy because first of all it will help us to start the FTA in a limited way and over a period of time, as industries give more negotiating room to the government, the list can be expanded. We can start in a limited way. It sends a very positive signal to the industry” Ajai Sahai, director-general (DG) and chief executive officer (CEO), Federation of Indian Export Organisations (FIEO) said.

Source: business-standard.com– Sep 04, 2021

HOME

****

FinMin may set up review panel to examine demand for rate correction under duty remission scheme, says Goyal

Export target for textiles for 2021-22 fixed at $44 billion

The Finance Ministry is likely to set up a review committee to examine inputs that are given by the industry for correction of rates under the new input duty remission scheme for exporters and make required changes in case some anomalies have crept in, Commerce & Industry Minister Piyush Goyal has said.

An export target of $44 billion for the textile sector for 2021-22 should be aimed at, the Minister said, adding that trebling of exports from the present export value of $33 billion to $100 billion and enhancing domestic production to $250 billion must be the next step.

RoDTEP scheme

The government is open to hearing from any sector that feels that the rates under the new Remission of Duties and Taxes on Exported Products (RoDTEP) do not remit taxes that are not part of the GST, Goyal said addressing the textile industry on Friday.

"We have requested the Ministry of Finance to set up a review committee or an anomaly committee to go into any inputs that we may like to put up for correcting any rates, where there may be a mistake," he said, adding that India did not want to export any taxes.
"If any of you feels that your product has not rightly received what is due to them,..it will be examined by the independent committee. It is not for the government or Ministry to finalise or settle across the table. It is a rational scientific process," the Minister added.

When the scheme is reviewed next year, the government will be able to take a look at any anomaly that may have come into the system, he said.

The government announced rates under the RoDTEP scheme last month for remitting all input duties paid by exporters, including embedded taxes, but many exporters have complained that the rates fall short of the taxes paid by them. The RoDTEP rates fall between 0.01 per cent and 4.3 per cent of the export value of a specific item and cover about 8,555 product lines.

Dues for exporters

The Textile Ministry is also working closely with the Ministry of Finance to resolve the issue of old dues on incentives for exporters, most of which may be paid this year while the rest may be cleared next year or at most in two years, Goyal said.

To open new market opportunities and provide new avenues, the Minister said that he was personally interacting with different nations to expedite free trade agreements and preferential trade agreement, with partners such as the EU, the UK and Australia.

Goyal also assured the industry that the Production Linked Incentive scheme for the textiles sector and the Mega Investments Textiles (MITRA) Parks Scheme were at an advance stage of government approval.

Source: thehindubusinessline.com– Sep 03, 2021

HOME

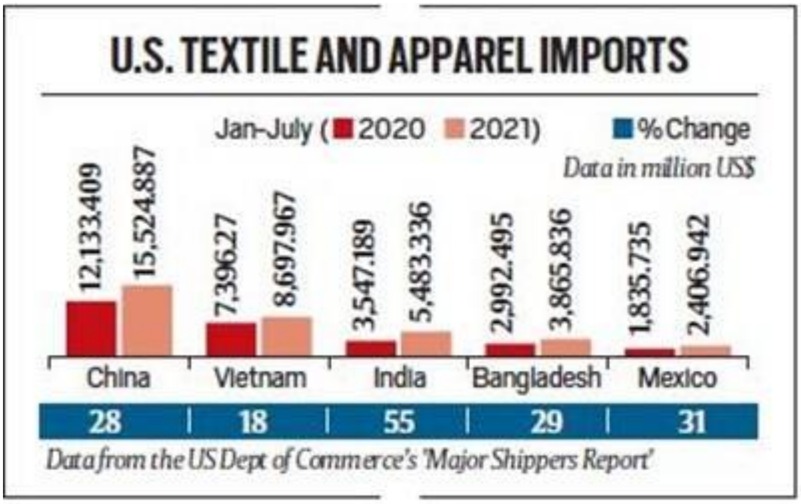
****

Textile, apparel orders, especially from US, power India export surge

India's textile and apparel exports to the United States, its single largest market, were up 55 per cent in the first seven months of 2021. This is the fastest pace of growth among the top five countries exporting textile and garments to the US.

A sustained recovery in global trade and demand from key external markets like the US and the European Union in product categories such as textiles and garments have helped boost India's exports, which recorded the sixth consecutive month of growth in August.

While India's cumulative merchandise shipments have been helped by a spike in petroleum exports, the textile and garments sector has been a major product category recording a surge in value terms, alongside the gems and jewellery sector, engineering goods and cereals.



In the high-margin global export market for clothing and apparel, India has been edged out by competitors such as Vietnam, Indonesia and Bangladesh consistently over the last 10 years, which have been growing much faster in supplies to key markets such as the US and the EU. The trend so far in 2021 marks a reversal of this trend — India's exports to the US surged 55 per cent during January-July 2021, higher than Vietnam's 18 per cent, Bangladesh's 29 per cent, China's 28 per cent and Mexico's 31 per cent.

One of the reasons cited by trade analysts is the higher export order books being reported by Indian garment exporters, alongside buoyant orders in the home textile segment where India has traditionally been a strong player. Less severe lockdown restrictions in the country's export hubs, especially in southern states such as Tamil Nadu and Karnataka, during the second Covid-19 wave also ensured continuing operations of units, alongside some degree of diversion of products from the sluggish domestic market to exports.

While officials at the Ministry of Commerce and Industry have maintained that duty remission schemes such as RoDTEP (Remission of Duties and Taxes on Exported Products) and RoSCTL (Rebate of State and Central Taxes and Levies) have helped free the financial headroom available for exporters, players in the garments and textiles sector have flagged concerns over delayed operationalisation of tax rebate schemes and lower-than-expected benefits. Challenges on the availability of containers and high shipping costs have been cited by both exporters and analysts as areas of concern in the near term.

From a macroeconomic perspective, rising exports are a positive sign for India's economy as it recovers from the economic shock induced by the second wave of the Covid pandemic, which has differentially blunted three out of the four engines of GDP growth — private consumption, investments and government consumption.

Exports have been a silver lining, even as there are looming headwinds, including runaway freight rates and the growing shipping container shortage, alongside the possibility of global central banks putting a stop to their quantitative easing policy that could, in effect, progressively temper consumer demand in these markets.

India's goods exports had touched $33.14 billion in August, up 45 per cent on-year, according to provisional data released by the Commerce and Industry ministry Thursday.

The growth was, in part, attributed to a low base in August 2020 due to disruption caused by the first wave of Covid-19. The base effect is, however, tapering off, with the robust August 2021 export numbers coming in lower on a sequential basis as compared to the all-time high of $35.17 billion that outbound shipment hit in July — a drop of nearly $2 billion.

Source: indianexpress.com– Sep 04, 2021

HOME

****

India-UK strengthen engagement in green energy, plan to invest $1.2 billion

Finance Minister Nirmala Sitharaman participates in the 11th India-UK Economic and Financial Dialogue (EFD) with United Kingdom Chancellor of Exchequer Rishi Sunak, via video conferencing, in New Delhi, Thursday. Department of Economic Affairs Secretary Ajay Seth and Chief Economic Advisor KV Subramanian are also seen - PTI

These investments will support India's target of 450GW renewable energy by 2030, said a statement

UK Chancellor Rishi Sunak and India's Finance Minister Nirmala Sitharaman have announced new initiatives to tackle climate change and boost investment between the nations at the 11th Economic and Financial Dialogue (EFD) held on Thursday.

These include a $1.2 billion package of public and private investment in green projects and renewable energy, and the joint launch of the Climate Finance Leadership Initiative (CFLI) India partnership, to mobilise private capital into sustainable infrastructure in India.

Big plans

These investments will support India's target of 450GW renewable energy by 2030, according to a statement. The UK-India economic relationship is already strong with bilateral trade of over £18 billion in 2020, supporting nearly half-a-million jobs in each other's economies.

Earlier this year, the UK and Indian Prime Ministers launched the UK-India 2030 Roadmap to bring the economies and people closer together over the next decade and boost cooperation in areas of common interests. The countries have also set out an ambitious goal to double trade by 2030, including through negotiating a Free Trade Agreement.

At EFD, the Chancellor and the Finance Minister agreed to be ambitious when considering services in the upcoming UK-India trade negotiations, which could open up new opportunities for UK financial firms and help Indian companies to access finance in London. Services account for 71 per cent of UK GDP, and 54 per cent of Indian GDP.

Rishi Sunak said, “The UK and India already have strong ties, and today we’ve made important new agreements to boost our relationship and deliver for both our countries. Supporting India’s green growth is a shared priority so I’m pleased that we’ve announced a $1.2 billion investment package, and launched the new CFLI India partnership, to boost investment in sustainable projects in India as the UK gears up to host COP26. With trade negotiations also coming up, our agreement to be ambitious when considering services will create new opportunities in both markets, supporting jobs and investment in the UK and India.”

Private sector investments

Apart from a $1 billion investment from the CDC, the UK’s development finance institution for green projects, in India between 2022-2026, this engagement builds on CDC’s $1.99 billion existing portfolio of private sector investments in India.

Joint investments by both governments to support companies working on innovative green tech solutions, and a new $200 million private and multilateral investment into the joint UK-India Green Growth Equity Fund which invests in Indian renewable energy have also been planned.

Source: thehindubusinessline.com– Sep 03, 2021

HOME

****

Must aim for $100 bn textiles export target: Goyal

Textiles Minister Piyush Goyal on Friday said the sector will achieve USD 44 billion exports target in 2021-22, and in the next five years, both the ministry and the industry have agreed to aim for USD 100 billion outbound shipments.

He also said the Production Linked Incentive Scheme for technical textiles and man-made fibre segment will be approved soon by the Union Cabinet, a move which would give a boost to domestic manufacturing and exports.

The proposed Mega Investment Textiles Parks (MITRA) scheme, under which seven such parks will be set up in the country over the next three years, is at an advanced stage of approval, the minister told reporters here.

This scheme was announced in the Union Budget 2021-22.
"Delighted at the way the textiles sector has engaged with the idea of achieving bigger targets. We must aim for a USD 100 billion export target in the next five years," he said.

He added that export has to stand on its own feet and has to be independently viable as demand for subsidies would not always help.

On free trade pacts, he said India is interacting with different nations to expedite FTAs or PTAs (preferential trade agreements).

This engagement has been ongoing with the UK, EU, UAE, Australia, among others.

Further, Goyal said they are working with the finance ministry on interest equalisation scheme and enhancement of insurance cover.

Source: retail.economictimes.indiatimes.com– Sep 03, 2021

HOME

****

India aims to increase textiles exports 3 times at earliest

During an interaction with leaders of the textile industry, Union Minister for Commerce and Industry Piyush Goyal said on Friday that the nation must aim to increase textile exports three times from the present value of 33 billion dollars to 100 billion dollars at the earliest.

"We must all collectively resolve to reach the target of 44 billion dollars of exports in 2021-22 for textiles and apparel including handicrafts," he added. Goyal said that the Textile Ministry is working closely with the Ministry of Finance to resolve the issue of old dues on incentives for exporters. "Government is always open to consider all industry requirements," he added while mentioning that the industries that don't depend on subsidies thrive much more.

Speaking on the occasion, Goyal said that PLI Scheme for Textiles and MITRA Parks Scheme is at an advanced stage of approval.

"The story of Indian textile industry and our weavers have been using centuries-old knowledge, craft and techniques to create timeless fabrics. The level of artistry and intricacy is unparalleled. The world would have never experienced these products if it hadn't been for our textile exporters," Goyal said.

The Minister said that India has met all of its international service commitments, which has made the nation the trusted partner of the world. "It may be noted that India is showing signs of robust economic recovery as the GDP in Q1 2021-22 grew by a phenomenal 20.1 per cent and 90 per cent growth was seen in total FDI inflow in first three months of FY 2021-22 as compared to the same period last year," he added.

As per a press release, the merchandise exports in August, 2021 was approximately 33 billion dollars, which is up by 45 per cent over 2020-21 and up 27.5 per cent over 2019-20. The merchandise exports for April-August, 2021 was approximately 164 billion dollars, up by 67 per cent over 2020-21 and up 23 per cent over 2019-20.

Goyal said that he was extremely proud of the achievements of the textile industry. "We must all collectively resolve to reach the target of 44 billion dollars of exports in 2021-22 for textiles and apparel including handicrafts," he added.

The Minister also said that we can no longer be satisfied with small increments and that it is time for a quantum jump.

Further, Goyal asked the industry to aim to increase textiles exports 3 times from the present export value of 33 billion dollars i.e. cross 100 billion dollars of textiles exports at the earliest and enhance the domestic production to 250 billion dollars as well in a short time.

Goyal said that exporters must back the expectations of the nation with their effort, expertise, and efficiency. "They should explore new markets and also share market intelligence/demand info with others," Goyal said while asking the industry leaders to handhold small exporters and guide them.

The Minister added that the government and exporters are partners in India's growth story and that government aims to provide a conducive ecosystem, to explore India's competitive and comparative advantage, including simplification of laws, reduction of compliance burden, RoSTCL and RoDTEP notified, etc.

Goyal said that the launch of the Indian brand "Kasturi Cotton" with international fibre quality, has opened great new opportunities for Textile Industry to expand business opportunities.

"I personally have been interacting with different nations to expedite FTAs/PTAs (UK, EU, Australia, etc.). It will provide new avenues to build a loyal customer base," Goyal added.

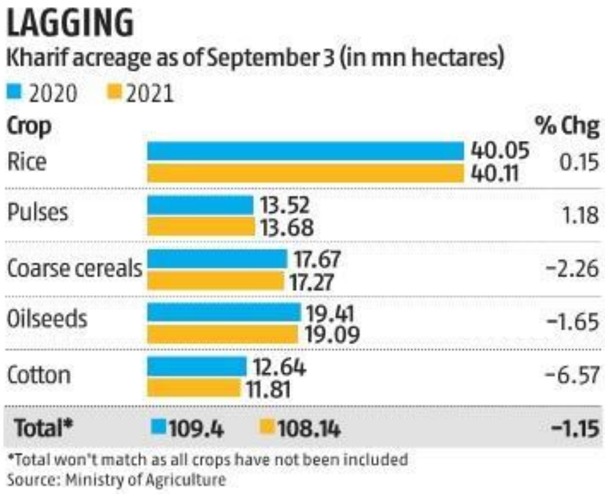
Further, the minister said that the textiles sector has the power, promise, and potential to realise the goal of 'Local goes Global - Make in India for the World'.

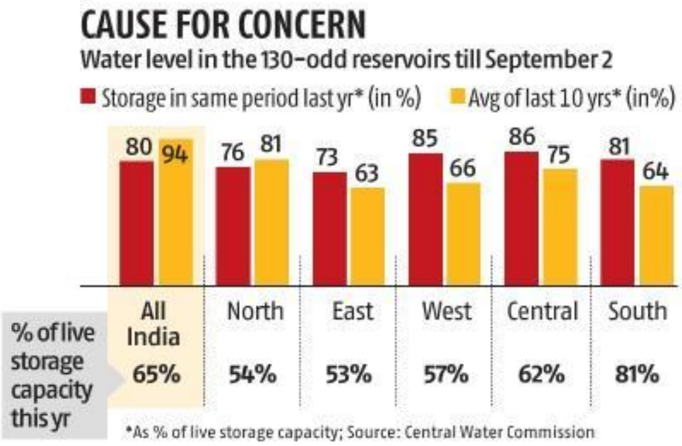
Source: sierraleonetimes.com– Sep 03, 2021

HOME

****

Cotton, bajra and groundnut see big drop in acreage, shows data





As the kharif sowing season almost comes to an end, the acreage of cotton, bajra and groundnut has lagged the most, compared to the area covered last year.

The latest data from the Department of Agriculture shows that area covered under cotton this year was 0.83 million hectares less than in 2020, while that covered under bajra was 0.52 million hectares less and groundnut was 0.22 million hectares less.

The total area covered under all crops was more than their normal area, which is the average of the last five years.

Meanwhile, the extended breaks in monsoon seems to have pulled down the reservoir levels and unless it rains heavily in September (IMD has predicted September rains to be more than 110 per cent of the Long Period Average, which is 170 millimeters), reservoir levels could be a cause for concern going forward into the rabi sowing season.

Source: business-standard.com– Sep 04, 2021

HOME

****

View: How China holds International trade in its talons

In January 1998, French monthly Le Monde Diplomatique carried an article titled 'China holds world trade hostage'. Set in the backdrop of the 1997 Financial Crisis, the article by Stephen S. Cohen postulated that China, 'stripped of its old ideology', was bent on 'asserting itself as a world power in every domain'. In this regard, Cohen believed that the Chinese economic growth, particularly in exports, had come due to its movement to complex manufacturing. Yet, this growth had been at the cost of Southeast Asia, which faced the brunt of the economic crisis during that period.

In over two decades since the article was published, Cohen's words seem to have manifested in the present; China is today an aspiring hegemonic power that is wielding not just exports, but its overall economic strength to assert itself across the globe. After China became a full member of the World Trade Organization (WTO), its integration in the global economy has been swift, and its growth nebulous, as it quickly rose to become the world's second largest economy (in terms of GDP).

According to Lowy Institute data, before 2000, the US was at the helm of global trade, as over 80 per cent of countries traded with the US more than they did with China. However, by 2018, the number had seen a steep decline to mere 30 per cent, as China had become the largest trading partner for 128 of 190 countries.

In 2020, China's share in global trade was nearly 15 per cent, third only to the EU and the US. Additionally, China has managed to maintain a positive balance of trade despite its wider reach; in 2020, China recorded a trade surplus of USD 535.37 billion with an increasing tendency over the last five years. This was despite the global economic slowdown, which had led to decline in trade among countries as well as the criticism of Beijing regarding COVID-19 issue.

However, Chinese integration in the international economy has come with a caveat. While the country did become a member of WTO, it never did follow the organization's underlying values for free trade in spirit. The Dragon nation is a country that has access to open trade across the globe due to WTO norms, but its own economy is what can be described as a 'black box' due to opaque political and economic decision making, and notoriously unreliable data provided for the benefit of CCP.

In addition to the aforementioned internal factors acting as a magnet to unfairly tip the scales in China's favour, there have also been concerns regarding its external trade policies. Chinese trade practices have been described as mercantilist and protectionist; mercantile, due to the tendency of manipulation of currency and higher production to oversupply markets, and protectionist for utilization of tariff and non-tariff barriers that act as a roadblock for foreign commodities and companies to enter and survive in China. Due to WTO rules, trade is not subjected to tariff barriers as often, non-tariff barriers such as import quota and licensing have acted as instruments to restrict entry for foreign trade.

Chinese mercantile behavior also manifests in the form of 'dumping', i.e., selling a commodity in another country at a price lower than its own domestic market. The US and India have been perhaps the largest victims of China's dumping policy, especially with regards to electric commodities, aluminum and steel.

The rising discontent in the US regarding opacity in Chinese trade policies and the resultant high deficits brought forth the US-China trade war, which threw the issue of the Asian nation's entrenchment into global supply chains in a stark light. The scrutiny rose further due to the COVID-19 crisis, where China held bilateral trade ties ransom to deflect any questions or allegations against it on the origins of the pandemic. This has led to several countries reassessing their dependence on China for their supply chains.

An example of this can be seen in a recent report that details Indian exposure and overdependence on China. According to it, five leading Indian companies, engaged in sectors ranging from automotive and home appliances, to pharmaceuticals and chemical industries, have a high dependence on China for their market activities.

This may be due to dependence on market revenue in China (Tata motors deriving 80 percent of revenue from a subsidiary that sees China as key market), manufacturing of products or their auxiliaries (VIP luggage having 50 per cent manufacturing in China, Voltas depending on Chinese manufactured compressors and controllers), raw materials (India imports over 63 percent of its total pharma imports from China), or stake holding and investments in major sectors. Yet, actual Indian presence in China is limited, and the trade deficit runs in double digits in favor of China.

For India, the issue has major geostrategic implications due to the border issues, but the South Asian country should also be treated as a sobering example of how Beijing has sunk its talons in various countries with little cost to itself. Yet, despite the rising examples of antagonism, coercion and corruption from the Chinese government and its representative companies during COVID pandemic, the Chinese trade with South Asian countries (including India, despite policy attempts against it) still grew.

The Centre of Strategic and International Studies, in this context, has urged for international players to 'push back against Chinese economic coercion', including in trade relations. However, that requires that Chinese hold on global supply chains loosened, which will require redirecting industrial and market units to other countries with similar capacities.

The US, Japan and France have already started taking active steps to encourage their respective companies to rely less on China to make the world's smartphones, drugs and other products. Yet, it can be expected to be an uphill battle; China's size as both a global producer, as well as its market, means that companies tend to be ambivalent to the predatory nature of Chinese trade practices.

Source: economictimes.com– Sep 03, 2021

HOME

****

Foreign trade policy 2021-26- Can new FTP refuel India's stagnant exports?

The Foreign Trade Policies (FTP) formulated by the government in the past have contained various schemes including certain export incentives and export promotion schemes.

It is most certain that the upcoming FTP will also contain such schemes. With the FTP 2021-26 on the anvil, one of its most anticipated and speculated aspects is the treatment (which may include continuation, phasing out or even abrupt withdrawal) of some of the schemes which were included in the FTP 2015-20 as well as possible inclusion of new schemes.

The Centre has already given adequate and clear signals that the Merchandise Exports from India Scheme (MEIS) will not find a place in the new FTP.

In fact, it will be a surprise to the export community, if MEIS is included in the new FTP, especially after the announcement of its termination w.e.f. January 1, 2021, as an aftermath of the World Trade Organization (WTO) panel report dated October 31, 2019.

This is more so with the formal introduction of the scheme, which is considered to be a result of the quest for a WTO compliant (more specifically compliant of the SCM Agreement) scheme.

The arrival of RoDTEP

The industry was eagerly awaiting the implementation of the RoDTEP scheme to see the uncertainties revolving around it cleared once and for all. The government finally notified the RoDTEP scheme on August 17, 2021, even before the notification of the new FTP. This may serve as a pilot scheme that could be fine-tuned by the time of notification of the new FTP 2021-2025.

In a comparison with the MEIS, RoDTEP appears to cover many more products. But on the other hand, various categories of goods that were eligible for MEIS seems to be completely avoided under the RoDTEP (at least presently) such as inorganic chemicals, organic chemicals, medicaments, certain textile products (due to the continuance of a separate scheme called RoSCTL) and certain articles of iron and steel.

Also, the benefit under the RoDTEP scheme is currently not extended to export-oriented units and SEZ units, among others.

It is possible that these products/categories may also be brought under the RoDTEP coverage in near future.

Another major concern regarding the RoDTEP scheme is that the rate prescribed under the scheme is significantly lesser than the MEIS rates.

The writing on the wall was clear with the budget outlay for the RoDTEP scheme and even the comments of some of the officials, including G.K. Pillai (who headed the committee that submitted a report on RoDTEP rates) himself.
It must also be borne in mind that the RoDTEP is designed to be a remission mechanism, not an incentive scheme, and so the rates prescribed under the scheme may have a closer-to-reality correlation with the actual incidence of levies embedded in the export product than the MEIS rates.

However, there are a lot of products that have suffered a cut to the extent of 90% of their MEIS rates for instance, where the MEIS rate was 5%, the RoDTEP rate is fixed at 0.5%.

Obviously, the uncertainties pertaining to the RoDTEP rates had put the exporters in a peculiar position, especially considering the fact that the scheme has been introduced with retrospective effect (from 01.01.2021).

A large number of exporters may not have been able to work out the costing of their export products correctly due to the unavailability of the RoDTEP rates (and withdrawal of MEIS) and most of them continued with the costing that they had adopted under the MEIS regime.

In fact, many exporters have anticipated a rate comparable to the MEIS rate and made the costing accordingly.

As the RoDTEP rate is drastically lower than the MEIS rate, the exporter community is forced to bear the brunt in the form of reduced margins, which may add to their COVID-wise woes.

It would be interesting to see if the government had considered extending the RoDTEP benefit at the MEIS rates (wherever applicable) from January 1, 2021, till the publication of the actual RoDTEP rate on August 17, 2021.

The Centre, however, cannot take any such action rashly without examining the impact it might have in the light of the WTO ruling relating to MEIS, especially when reports have started coming from various corners that RoDTEP may also be challenged in the WTO.

Overall, it can be said that some modifications in the RoDTEP scheme are plausible when the new FTP is notified.

EOU vs. MOOWR

An eagerly awaited aspect of the new FTP is the way forward on the Export Oriented Unit (EOU) scheme, which was also questioned before the WTO and found by the WTO panel to be not compliant with the SCM agreement. The streamlining of the facility of manufacture in a bonded warehouse (generally referred to as MOOWR) is generally perceived as a possible alternative to the EOU scheme.

It is believed to solve the issue at the WTO level as well as to avoid certain GST issues, especially pertaining to the refund of IGST paid on exports. It also provides relaxations from certain major procedural requirements that the EOUs are subjected to presently.

It is seen that various EOUs are currently exploring the option of migrating to the bonded warehouse scheme due to the various advantages that MOOWR offered over EOU.

However, when RoDTEP is introduced, exports by both EOU and MOOWR are declared as ineligible for the benefit. But the scheme states that EOU may be included in its purview depending on the recommendations of the RoDTEP committee whereas no such indication has been given in respect of MOOWR.

This will certainly cause more confusion among the industry regarding whether to continue under the EOU scheme or move to MOOWR.

The present legal framework dealing with EOU provides for conversion of EOU to Domestic Tariff Area (DTA) which is essentially an exit from the EOU scheme.

In this route, at the time of debonding, the unit is required to pay the customs duties that were foregone on the capital goods and raw materials by virtue of the unit being EOU.

However, a patent lacuna in the legal framework is the absence of any provision which permits direct conversion of EOU into the scheme of manufacture of goods in bonded warehouse promulgated now.

Presently, the provisions require the EOU to pay the duty foregone and exit the EOU scheme before moving into the bonded warehouse scheme.

This process may further hit the cash crunched manufacturing sector though under the bonded warehouse scheme also the units are allowed to keep the imported material without payment of duty.
Thus, paying the duty foregone to exit the EOU scheme only to enter another scheme in which the imported material is allowed to be kept without payment of duty is not in tune with the larger scheme of things.

On the contrary, it may lead to various issues including blockage of working capital, unintended tax incidence etc.

Express prescription of a standard procedure for such conversion from EOU to bonded warehouse scheme may bring more clarity and make the transition easier and smoother, reducing the scope for uncertainties and disputes and also boosting the Make in India effort.

It is said that one of the most desired qualities of a law is certainty. Ambiguities cause speculation and lead to undesirable consequences.

It may be in the interest of the industry as well as of the nation at large that clarity is brought on the vital issues which will have a bearing on the future course of the trade.

It is critical not only for recovery from the disruption caused by the pandemic but also for the natural progression of the economy as well as of the law.

Source: businesstoday.in– Sep 03, 2021

HOME

****

Indian apparel, leather sectors see low inflation, low output recovery

As global commodity prices are affecting manufacturing sectors in different manner, analysis by India Ratings and Research (Ind-Ra) shows that apparel and leather fall in the category of sectors in India that are witnessing low inflation and a low output recovery compared to the pre COVID level. The textile sector has seen a medium level of output recovery and low inflation.

Ind-Ra believes that the low recovery of output in labour-intensive sectors like apparel, leather and related products and textiles means a significant setback to employment.

Since fuel prices is a cost to almost all manufacturing sectors either directly or indirectly, a higher fuel inflation raises the input costs across all sectors, the rating agency said in a press release.

In addition to the fuel cost, the basic cost of the raw material, intermediate goods and wage costs push the prices, and in turn inflation, of the manufactured products.

Since this is happening against the backdrop of already reduced labour participation and low female labour participation in the work force, it could pose a serious policy challenge besides impacting the demand for items of mass consumption, Ind-Ra added.

Source: fibre2fashion.com– Sep 04, 2021

HOME

****

US ban on cotton import from Xinjiang region provides opportunities for Indian cotton garments: AEPC

The US ban on cotton import from China's Xinjiang region has opened up opportunities for Indian cotton garments to tap that market and boost exports, Apparel Export Promotion Council (AEPC) Chairman A Sakthivel said on Friday.

In January, the US had announced an import ban on cotton products from China's Xinjiang region over allegations of use of forced labour.

Sakthivel said AEPC has identified the top 20 cotton garment products exported by China to the US.

"We have shared the list with our members for them to fill the vacuum created in the US market after the ban. The US ban on import of cotton from China's Xinjiang region throws up opportunities for Indian cotton garments provided there is stability in raw material prices," he said in a statement.

However, he expressed concern over the volatile prices of cotton and cotton yarn that are affecting garment exports from India.

He requested the textiles ministry for policy initiatives like incentivising value-added exports and disincentivising exports of raw materials.

Sakthivel also suggested that the CCI (Cotton Corporation of India) should make available 70 per cent of the cotton to local manufacturers, helping increase value-added exports, investment and employment.

Further, he said apparel lines should be included in the early harvest deals being negotiated with the EU and UK.

"Compared to zero duty for apparels from Turkey, Bangladesh, Cambodia and Pakistan, Indian apparels face a duty disadvantage of 9.6 per cent in these regions. Other FTAs also need to be fast-tracked as well," he said.

Source: financialexpress.com– Sep 03, 2021

HOME

****

CM KCR meets PM Modi, requests funds for textile park and an IIM in Telangana

Telangana Chief Minister K Chandrasekhar Rao met with Prime Minister Narendra Modi in Delhi on Friday, September 3, and submitted several requests related to development projects and the establishment of educational institutions. At the meeting, which lasted about 50 minutes, CM KCR also sought a review of IPS cadre in the state, in accordance with the reorganised districts and the associated administrative setup of police units. KCR was in Delhi also to lay the foundation stone for the TRS party office in the national capital, to be called Telangana Bhavan.

Regarding development projects in the state, under the Pradhan Mantri Gram Sadak Yojana (PMGSY) — meant to improve connectivity in remote rural areas — KCR sought additional funds for the scheme, and up-gradation of the roads from 3.75 metres lane to 5.5 metres bituminous pavement for the entire eligible length of nearly 4000 km. He also requested that the Union government completely fund road works for improved connectivity in remote areas with the presence of “Left Wing Extremism”, instead of putting them in the CSS (Centrally Sponsored Schemes) format where states are required to contribute their share in 60:40 ratio. He also sought sanction for the Hyderabad Nagpur Industrial Corridor project.

The Chief Minister also requested a grant-in-aid of Rs 1000 crore for the development of an integrated state-of-the-art textile park in Warangal, which is set to come up in an area of around 2000 acres. “It is estimated that in order to develop the infrastructural facilities in the park to international standards, an investment of nearly Rs1,600 crores is required. Given the scale of financial requirement, I am sure that you will appreciate that we need to be supported in this venture by the Government of India,” KCR wrote in his letter to PM Modi.

KCR also requested that the Union government sanction district-wise Jawahar Navodaya Vidyalayas (JNV) as per the district reorganisation that was done in 2016. However, only nine districts currently have Navodaya Vidyalayas, in Ranga Reddy, Komaram Bheem Asifabad, Warangal Urban, Nagarkurnool, Nalgonda, Siddipet, Khammam, Karimnagar and Kamareddy. The CM requested that the remaining 21 rural districts also be sanctioned 21 new Jawahar Navodaya Vidyalayas.

He also noted that no IIM has been sanctioned so far due to the presence of the ISB (Indian School of Business) in Hyderabad. Noting that ISB is a private institution with exorbitant fees, KCR requested that an IIM (Indian Institute of Management) be established in Telangana, for which land will be provided in the premises of the University of Hyderabad "as there is more than 2000 acres of land in the HCU campus, allotted by the State Government." He also requested that the Ministry of Education take action to start a Tribal University in the state, as per the Andhra Pradesh State Reorganization Act, 2014, and also sanction an IIIT (Indian Institute of Information Technology) in Karimnagar under the Ministry of Education's PPP model.

As part of a review of IPS cadre in accordance with the reorganised districts, with the police administration being reorganised into 20 police districts and 9 police Commissionerates, in place of 9 police districts and 2 police Commissionerates that existed earlier. While the Ministry of Home Affairs had done an IPS cadre review earlier in 2016, where 76 senior duty posts and 139 total authorized posts were approved for the state, KCR noted that the state government has since sought the creation of additional posts, to take the number up to 105 senior duty posts and 195 total authorized posts.

Source: thenewsminute.com– Sep 03, 2021

HOME

****