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INTERNATIONAL NEWS

World cotton production estimate for 2021/22 revised to 24.9 million tonne

Published by the International Cotton Advisory Committee, the Cotton This Month report informs, estimate for world cotton production for the 2021/22 season has been revised to 24.9 million tonne, with area under cotton also revised to 32.8 million hectares.

Cotton prices are trending upward with the Cotlook A index season average at 101.34 cents per lb. Cotton prices are also high in China, with the CC Index averaging 126 cents/lb since the season began.

Opening of economies and an increase in consumer demand that occurred when the vaccinations began spreading across the globe indicate that consumption doesn't appear to be slowing down.

With demand exceeding production, ending stocks are expected to decline for the second year in a row to stand at 19.7 million tonne in 2021/22, 5 cent lower than the previous season.

As a result of these bullish factors, the Secretariat's current price forecast of the season-average A index for 2021/22 ranges between 76 cents to 126 cents, with a midpoint at 98.20 cents per pound.

Source: fashionatingworld.com– Sep 06, 2021

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China's Aug exports growth unexpectedly picks up speed in boost to economy

China's exports unexpectedly grew at a faster pace in August thanks to solid global demand, helping take some of the pressure off the world's second-biggest economy as it navigates its way through headwinds from several fronts.

China staged an impressive recovery from a coronavirus-battered slump, but economic momentum has weakened recently due to the Delta variant-driven COVID-19 outbreaks, high raw material prices, slowing exports, tighter measures to tame hot property prices and a campaign to reduce carbon emissions.

Shipments from the world's biggest exporter in August rose at a faster-than-expected rate of 25.6% from a year earlier, from a 19.3.% gain in July, pointing to some resilience in China's industrial sector.

Analysts polled by Reuters had forecast growth of 17.1%.

"August exports showed that despite a higher base for comparison from last year, the ongoing global recovery will not be impeded, and the impact from the resurgence in the COVID-19 pandemic remains limited," said Ji Chunhua, Senior Vice President of Research at Zhongtai International.

Export growth of machineries and hi-tech products stayed high in August, Ji said.

Exports from neighbouring countries also showed encouraging growth last month, with South Korean shipments accelerating on strong overseas demand read more

Some of the port gridlock also appears to have cleared in a boost to China's shippers last month.

The eastern coastal ports have suffered congestion as a terminal at the country's second biggest container port shut down for two weeks due to a COVID-19 case. That put further pressure on global supply chains already struggling with a shortage of container vessels and high raw material prices.

Zhang Yi, Beijing-based economist at Zhonghai Shengrong Capital Management, said China's exports may sustain its strong growth into the fourth quarter, with overseas demand for Chinese goods over the Christmas season possibly exceeding expectations.

"We believe the main constraint facing China's exports right now is the very stretched international shipping capacity."

However, behind the robust headline figures, businesses are struggling on the ground. Companies faced increasing pressure in August as factory activity expanded at a slower pace while the services sector slumped into contraction. A global semiconductor shortage has added to the strains on exporters. read more

Imports increased 33.1% year-on-year in August, beating an expected 26.8% gain in the Reuters poll, buoyed by still high prices. That compared with 28.1% growth in the previous month.

China posted a trade surplus of $58.34 billion in August, versus the poll's forecast for a $51.05 billion surplus and $56.58 billion in July.

Many analysts expect the central bank to deliver a further cut to the amount of cash banks must hold as reserves later this year to lift growth, on top of July's cut which released around 1 trillion yuan ($6.47 trillion) in long-term liquidity into the economy.

The country appears to have largely contained the latest coronavirus outbreaks of the more infectious Delta variant, but it prompted measures including mass testing for millions of people as well as travel restrictions of varying degrees in August.

China's trade surplus with the United States rose to $37.68 billion from $35.4 billion in July, Reuters calculations based on the customs data showed.

Source: reuters.com– Sep 07, 2021

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Peruvian exports total US$29.1 billion in Jan-Jul 2021

Foreign Trade and Tourism Minister Roberto Sanchez on Sunday reported that Peruvian exports totaled US$29.165 billion between January and July this year, the highest amount ever recorded in such period.

According to the government official, the good performance of national exports was due to higher international prices and a sustained recovery of national production, thanks to the efforts of Peruvian producers, entrepreneurs, and exporters.

"We will continue to strengthen the work of Peruvians who make this possible, as well as the favorable environment for our exports," the minister pointed out.

"In this sense, we will support agricultural producers, as well as micro, small and medium-sized companies (MSMEs) —which represent the largest number of exporting firms in the country— by providing them with additional tools to develop their exportable supply with added value and further easing the shipment of their products. Their success is Peru's success," he added.

The increase in exports during the first seven-month period of 2021 was reflected in the positive result of traditional and non-traditional shipments, which grew 46.9% (US$20.541 billion) and 39.4% (US$8.624 billion), respectively.

This information was contained in the Monthly Trade Report-July 2021 prepared by the General Directorate of Research and Studies on Foreign Trade of the Ministry of Foreign Trade and Tourism (Mincetur).

Most dynamic sectors

All sectors of the economy saw an increase in their sales between January and July this year. The most dynamic were jewelry (up 348% to US$55 million), metallurgy (up 116% to US$658 million), traditional and non-traditional fishing (up 83% to US$2.575 billion), as well as textile-apparel (up 82% to US$877 million).

The latter (the textile-apparel sector) was mainly driven by higher exports of wool and fine hair (up 104% to US$121 million), as well as cotton (up 79% to US$528 million).

Source: andina.pe– Sep 06, 2021

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Sri Lanka's apparel manufacturers hopeful EU GSP+ will be retained

Top apparel manufacturers in Sri Lanka recently reiterated that the European Union's (EU) generalised scheme of preferences plus (GSP+) is critical for the future growth of exports and expressed hope that the government will work towards retaining the concession. The apparel sector contribution to the country's gross domestic product (GDP) is 16 per cent and its share in total exports is 43 per cent.

"Since the past five years, the major part of the export growth, which took us to over $5 billion came from the EU brands and markets. It's a very important part of our current growth strategy," Hirdaramani Group director Aroon Hidramani said at a webinar. He pointed out that it is important to closely engage with the discussions over the GSP+ and have the necessary support for each stakeholder.

The event titled 'Be inspired by the pandemic: Resilient corporate success of Sri Lanka's apparel industry' was organised by the American Chamber of Commerce (AMCHAM).

In 2019, Sri Lanka recorded $5.3 billion in exports, but it dropped sharply to $4.1 billion last year as a result of the COVID-19 pandemic.

It was also noted that the Joint Apparel Association Forum (JAAF) and other trade bodies have already engaged with the government and some EU associations to see how Sri Lanka can work closely to mitigate some of the concerns that has been raised.

The manufacturers also insisted that the government also needs to explore further trade agreements, pointing out that 70 per cent of total apparel exports of Bangladesh are through trade preferences.

Over a million, or 16 per cent of the workforce in the country, are engaged in the apparel sector.

Source: fibre2fashion.com– Sep 07, 2021

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Turkey benefits from trade wars among China, U.S, EU

Turkey's export has benefited from the trade wars among China, the U.S. and the EU, Yeni Shafak newspaper reported on September 6, quoting various experts. The country's exports increased by 52 percent in August as against the same month in 2020 reaching $18.9 billion. On the other hand, exports in the past 12 months, broke the all-time record with $ 207.5 billion, the report added.

Evaluating the growth in Turkey's industry and increasing export figures, Marmara University Product Development Center (MURGEMER) Project Manager Selim Hartomacioglu said that the Chinese-U.S. trade wars, the change in the global supply chain during the pandemic, and the rising freight prices had played a key role in the process.

The project manager drew attention to forecasts that the Chinese economy will surpass the U.S. within the next five years and become the largest global economy. Hartomacioglu underlined that both the U.S. and the EU are developing new strategies against China. "While the balances in world trade were changing, Turkey came to the fore with its production potential, product quality, and logistics advantage," Hartomacioglu added.

One of the prominent sectors in Turkey's exports after the pandemic was machinery. In the first seven months of 2021, $11.9 billion of machinery exports have been made, which is 15.9 percent and 31.7 percent more compared to 2019 and 2020 respectively. Moreover, among the sub-product groups of machinery, the textile machinery export saw 49.3 percent growth in the first seven months of 2021. Textile Machinery and Accessories Industrialists' Association (TEMSAD) President Adil Nalbant stated that the association expects the textile machinery export worth $ 1billion by late 2021. He stressed that this was set as a target for 2023.

"The highest figure of all time has been reached in textiles with the export of $8.2 billion in the first eight months of the year. Last month, the sector reached the highest August export figure of all time, with an increase of 36 percent compared to the same month of 2020, with the export of $1 billion. Capacity utilization rates in textile production have also reached 85 percent," Nalbant said.

Source: azernews.az– Sep 06, 2021

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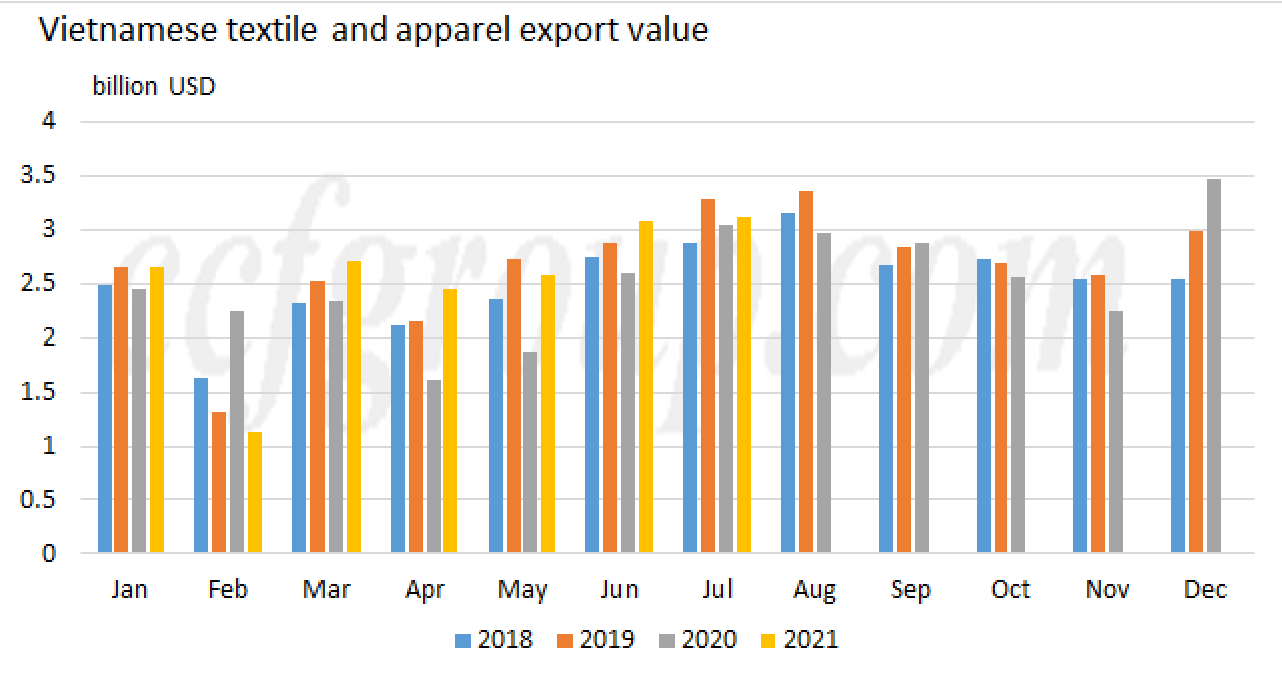
Vietnamese textile and apparel export value rise speeded up in Jul 2021

Export of Vietnamese textile industry speeds up in 2021. In Jul 2021, Vietnamese textile and apparel export value rose to 3.12 billion USD, up 2.6% year-on-year. And it moved up by 80 million USD compared with that in last month, up 1.8% month-on-month.

Vietnam exported 1.588 billion USD worth of textile and apparel to US and 266 million USD worth of textile and apparel to Japan, up by 7.1% and 7.1% respectively, but it exported 250 million USD worth of textile and apparel to Korea, down by 9.7%.



Source: ccfgroup.com– Sep 07, 2021

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Pakistan: Country's Exports Increase In Previous Month: Razak Dawood

Adviser to Prime Minster on Commerce and Investment, Abdul Razak Dawood on Monday said that the country's exports of different sectors including textiles and agriculture registered increased in August 2021.

In a tweet he said that during the month of August 2021 the exports of home textiles, men's garments, cotton fabric, rice, jerseys, fruits, vegetables and T-shirts increased as compared to August 2020.

The exports of surgical instruments, fish and fish products, cement, tents and canvas and wood and articles of wood decreased during the same period, he said.

The adviser said that in terms of geographical spread, the exports to the United States, China, the United Kingdom, The Netherlands, Germany and Spain increased while those to Afghanistan, Denmark, South Korea, Indonesia, Singapore and Czech Republic decreased during Aug 2021 as compared to the corresponding period of last year.

He said the exports of services during July 2021 increased by 6.4 percent to US $ 483 million as compared to US $ 454 million during July 2020.

Source: urdupoint.com– Sep 06, 2021

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Pakistan cotton production likely to reach 8.46 million bales this season

Pakistan's Sindh province expects production of 3.5 million bales of cotton this season, Cotton Crop Assessment Committee chairman Syed Fakhar Imam was informed recently. Because of less rainfall, overall cotton production is expected to increase, he was told.

Production in Punjab is expected to touch 4.5 million bales, registering an increase of nearly 8.5 per cent from last year. The overall cotton production is expected to reach 8.46 million bales.

A meeting of the committee was held on September 1. Imam is the federal minister for national food security and research.

Due to a strong attack of mealybug, whitefly and CLCuV, cotton production has been adversely affected, according to an official release.

Source: fibre2fashion.com– Sep 06, 2021

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Pakistan: Machinery manufacturing must rise

In the last fiscal year ended June 2021, the country dished out $2.065 billion for importing mobile phones. But it imported textile machinery worth only $592 million.

This comparison should not be misconstrued as an attempt to belittle the importance of smartphones in economic progress. These phones are undoubtedly playing a key role in boosting domestic e-commerce and e-banking as well as in facilitating exports of IT-enabled services.

However, the question is why Pakistan still has to spend a lot of foreign exchange on the import of cellphones? Why the country isn't able to manufacture these phones domestically, and even export them?

Policymakers in Islamabad answer these questions with the news that Pakistan has recently shipped a few thousand sets of locally manufactured smartphones to the UAE. They don't tell why it took the country so long to do this.

Nevertheless, the export of locally manufactured phones with foreign collaboration is a welcome move.

What is even more encouraging is that between January and July this year, Pakistan's local production of cellphones (12.27 million units) exceeded the number of imported sets (8.29 million), according to the Pakistan Mobile Phone Manufacturers Association.

One hopes that this pace of domestic production of cellphones will be sustained and it will ultimately lead to a reduction in the import of these phones.
The comparison of cellphone imports with those of textile machinery should also not be mistaken as an indirect suggestion that more of foreign exchange must be spent on machinery imports.

The purpose of this comparison is to show how little importance is being attached to the import of capital goods. Pakistan has a long way to go to rise from the ranks of a semi-industrial to an industrial country.

This means the country must continue to invest heavily in industrial inputs, particularly in capital goods and machinery.

Replacing old machinery

Economic development of a country depends hugely on industrial development. And, industrial output surplus cannot be created – nor its quality can be improved up to global standards – unless industries are provided with the latest equipment and machinery.

From textile to food manufacturing to engineering to cement and fertiliser production to surgical goods and sport goods production to consumer durable manufacturing to construction, there are many areas of Pakistan industries that need partial or full replacement of old machinery, or installation of new plants.

Delays in meeting this requirement only prevent the industries from becoming internationally competitive.

The increasing requirement for tools, machinery and engineering products can be met with a combination of increased domestic production and imports.

This means Pakistan's engineering industry needs full support of the government and more aggressive participation of the private sector.

Sadly, this is not happening on a grand scale. There are two proxies to have an idea about it: First, growth in the domestic output of engineering and second, exports of engineering products.

In FY21, the engineering sector's output showed an annualised decline of 15.4%, according to the Pakistan Bureau of Statistics, despite the fact that the overall large-scale manufacturing (LSM) rebounded strongly due to a low base effect of FY20.

It is quite depressing to note that the 15.4% decline was preceded by an even larger decline of 18.7% in FY20 when the overall LSM sector's output had declined by 10.2% due to the Covid-19 pandemic.

From now onwards, the focus must be on revival of the local engineering industry. This will help meet some of the needs of industrial tools, equipment, machinery and plants with domestic resources, thus freeing up resources for the import of machinery to boost overall industrial production and exports of intermediate goods and industrial inputs.

Engineering product exports

With due attention paid to the engineering industry, even exports of engineering products can be increased substantially. In FY21, Pakistan earned just $226 million through the export of engineering products.

This amount was higher by 30% from $173 million earned in FY20, which is a healthy development. But for a country like Pakistan whose engineering industry took off way back in the 1960s, the export of engineering products should be much larger.

Pakistan can quickly boost overall production of engineering products in the short run by producing more of the agricultural machinery.

Chinese are eager to help the country in this area. The government can set up public-private partnerships with Chinese firms or facilitate Pakistani companies in producing the agricultural machinery through joint ventures with Chinese companies, or in collaboration with any other country.

The current state of agricultural machinery manufacturing is quite pathetic. In the agricultural machinery sub-sector of LSM, there are only three listed items – chaff cutters, sugarcane machines and wheat thrashers, which speaks volumes about it.

It is true that a lot of agricultural tools and implements are produced in the SME sector and its products are not included in the LSM statistics. But one indicator of the overall low output of agricultural machinery manufacturing is that Pakistan continues to spend heavily on imports of agricultural machinery.

Such imports consume a little less than $100 million a year, but mechanisation in agriculture remains a far cry.

The Pakistan Tehreek-e-Insaf (PTI) government’s flagship housing project is bound to increase the demand for construction machinery. Currently, large construction machinery is routinely imported by the construction contractors and rented out to the builders undertaking construction projects.

Construction and mining machinery imports cost Pakistan no less than $140 million a year.

The country must explore possibilities of attracting foreign investment in the area of construction and mining machinery manufacturing as well.

In the short term, this may not reduce the import bill. But in the medium to long term, it will surely cut imports besides creating employment and providing a solid base to the domestic construction industry.

Source: tribune.com.pk– Sep 06, 2021

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Bangladesh: RMG Orders cross pre-pandemic level, not price though

A year and a half into the Covid-19 pandemic, Bangladesh's woven apparel makers are optimistic about export recovery as they have booked work orders to almost their full capacities for the next five months.

Some exporters said buyers were still offering prices that were 10-15% below the pre-pandemic levels although a very small number of manufacturers are getting orders at the previous rates or even higher.

They said another season might be needed for the sector's full recovery.

Wishing anonymity, some industry leaders said it was high time to negotiate with buyers for better prices.

They said manufacturers should say no to buyers if they were not willing to pay ethical prices.

Besides, they said, booking more orders than the capacity at low prices might lead to non-delivery of products.

Retail sales dropped in major apparel destinations like the US, the UK, and Germany in the past two months due to inflation and the emergence of new Covid-19 variants.

Higher prices may limit discretionary spending on items like groceries, personal care, and apparel in the coming months, the US Department of Commerce predicts.

Exporters said last year's prolonged shutdowns had caused huge damage to retail outlets in the US and Europe.

Scores of outlets were closed and many others survived through ecommerce by offering big discounts.

As retail sales started peaking from late last year, retailers tried to get back in business without raising prices.

"That is why buyers offered us pre-pandemic prices at the time. We had no choice but to accept that at the time, though our production costs went up," said Sparrow Group Managing Director Shovon Islam.

At the time, buyers' agents took advantage of the situation by increasing their commission margins as manufacturers were facing work order shortages.

A number of manufacturers ran their units at 30% of their capacities as they had no work orders. Some even had to shut down their units.

"Now we are booking orders for next summer and spring – November to March. We have already booked orders corresponding to our full capacity at about 5-10% higher prices than the pre-coronavirus period," said Shovon.

He further said a woven shirt's average price is $6-7 and that of denim pants is $7-8.

According to the Export Promotion Bureau data, apparel shipments in August recorded an 11.56% growth year-on-year, with exports reaching $2.75 billion.

Of those, woven items saw a 4.47% growth after a 17.78% fall in July year-on-year.

The decline in July was attributed to nearly two weeks of factory closure for Eid-ul-Adha and the Covid-19 lockdown.

Woven garments saw the first-ever lowest exports of $0.19 billion in April last year while the figure rose to $1.18 billion in the same month this year.

Sparrow Group exported clothes worth about $165 million last year and Shovon hoped the figure would reach $200 million by the end of this calendar year.

"We are getting lots of inquiries about work orders from our existing buyers and also some new ones. It is very difficult to say no to buyers, but we have to do that to get better prices."

He said some buyers were now offering better prices than a few months ago.

It depends on negotiations between manufacturers and buyers, he added.

The woven garment sector has been doing better gradually but the August growth did not reflect that as some backlogs were cleared that month.

The improvement will be reflected by November, factory owners said.

Shahidullah Azim, vice-president at the Bangladesh Garment Manufacturers and Exporters Association, said the August growth was the result of shipments piled up during factory closures due to Eid-ul-Adha vacations and the lockdown in July.

He hoped woven apparel exports would be better by November as factories had received huge work orders.

Almost every factory is booked to 100% of its capacity till December and January, said Azim, also the chairman of Classic Group.

His company has booked orders till January.

He said prices were a bit lower than the pre-pandemic time but high volumes of work orders might make up for that.

Denim Expert Limited Managing Director Mostafiz Uddin said his factory was booked to full capacity, but prices were not enough to recover business.

He said woven garment exporters needed at least another season for recovery.

Managing Director of Ananta Apparel, a high-value apparel exporter, Sharif Zahir said they had booked orders to their full production capacity till January.

He also hoped business would recover in the coming days.

Former BGMEA president and Envoy Group Chairman Kutubuddin Ahmed said factory owners were waiting for this day for a long time.

He said many manufacturers had been running their units below the breakeven costs.

The entrepreneur also hoped buyers would consider manufacturers' business situation while setting prices.

Source: tbsnews.net– Sep 06, 2021

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Bangladesh: Spinners on an expansion spree

Local spinners have a combined capacity to process 13.43 million bales of cotton each year. But due to various drawbacks, they are unable to run at full steam. As a result, the mills currently manage to make use of 8.5 million bales of cotton annually.

The spinning industry in Bangladesh is witnessing massive investment as local entrepreneurs are either expanding their production capacities or setting up new units as the demand for garment raw materials is rising.

Local spinners have a combined capacity to process 13.43 million bales of cotton each year. But due to various drawbacks, they are unable to run at full steam.

As a result, the mills currently manage to make use of 8.5 million bales of cotton annually, shows data from the Bangladesh Textile Mills Association (BTMA), a platform for entrepreneurs from the primary textile sector.

"Just earlier this year, around Tk 1,900 crore was invested in the spinning industry despite the ongoing coronavirus pandemic," said Monsoor Ahmed, chief executive officer of the BTMA.

Three new spinning mills will go into operation within the next two years, while some of the existing millers plan to expand their capacities to meet the growing demand.

As such, the industry will be able to process 16 million bales of cotton within the next two years, Ahmed said. The addition of the new spinning capacity will raise the investment in the primary textile sector to nearly $11 billion from $10 billion.

Of the investment, 75 per cent is in the spinning segment, while the remaining 25 per cent is divided amongst the weaving, dyeing, finishing and sizing segments.

"We get a lot of queries from the local garment sector for yarn and fabrics, and so BTMA members are investing a lot to increase the production of the raw material," Ahmed said.

Shorter lead-time, improved quality, and private consumption are pushing the domestic demand for yarn and fabrics higher.

For instance, if local garment exporters import yarn and fabrics from countries such as China and India, it will take at least 20 days to bring in the raw materials. In contrast, they can buy the items from the local market instantly.

Besides, most local spinners have export-oriented garment factories. So, they consume the yarn and fabrics.

The demand for yarn and other fabrics in the garment sector is increasing on the back of an increased volume of work orders from international clothing retailers and brands.

Moreover, Bangladesh needs a lot of diverse raw materials as local apparel makers are diversifying their product basket to include denim and artificial fabrics. "So, the import of yarn and other fabrics is also increasing to meet the demand," Ahmed said.

In 2020, Bangladesh imported $1.32 billion worth of knitted fabrics, $2.76 billion worth of woven fabrics, and $0.10 billion worth of yarn for the local garment industry.

Currently, local spinners can supply 80 per cent of the raw materials required by the knitwear sector and 40 per cent of the woven sector. So, local spinners are trying to expand their footprint in the market.

Jinnat Spinning Mills Ltd (JTML), a concern of DBL Group, is one of the new millers set to go into production.

"We are investing $83 million in JTML, and it will be operational by January 2023," said MA Jabbar, managing director of DBL Group, a major garment exporter.

The new mills will be set up at Sherpur in Moulvibazar with 56,544 spindles to produce 840 rotor drums, 31 tonnes of ring yarn, and seven tonnes of rotor yarn per day.

"Our garment factories will consume all the yarn as we have a lot of work orders from international buyers," Jabbar said. Currently, DBL Group's

Matin Spinning Mills Ltd produces 60 tonnes of yarn per day for its own consumption.

"We can install an additional two million spindle capacity even in the next one year," said Mohammad Ali Khokon, president of the BTMA. Md Wahid Mia, managing director of Karim Tex Ltd, says he is investing Tk 676 crore to produce 80 tonnes of yarn a day by 2023 to sell to export-oriented garment manufacturers.

Mahin Group is investing nearly Tk 500 crore to produce 60 tonnes of yarn per day by 2023. The factory's spindle capacity will be 55,000, said Abdullah Al Mahmud Mahin, chairman and managing director of the group.

"The local demand for yarn is robust now," said KM Rezaul Hasanat, chairman and CEO of Viyellatex Group.

He has installed additional spindle capacity to take it to 1.32 lakh spindles from 42,000.

"I am running at full production capacity to meet the demand for yarn," said Hasanat, adding that more work orders were coming from China as well.

Source: thedailystar.net– Sep 07, 2021

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NATIONAL NEWS

PM Modi to chair BRICS Summit on September 9

Intra-regional cooperation, Afghanistan crisis likely to be discussed with leaders from Brazil, Russia, South Africa, China

Prime Minister Narendra Modi will chair the 13th BRICS Summit on September 9 in virtual format, focussing on the theme of intra-regional cooperation for continuity, consolidation and consensus, and the impact of the Covid-19 pandemic, to be attended by his counterparts from all member countries.

Brazilian President Jair Bolsanaro, Russia, H.E. Mr. Vladimir Putin, Chinese President Xi Jinping and South African President Cyril Ramaphosa are all scheduled to attend the Summit, according to an official release from the Ministry of External Affairs.

The leaders may also discuss the political crisis in Afghanistan and a suitable response to it, a source said.

India had outlined four priority areas for its Chairship. These include reform of the multilateral system, counter terrorism, using digital and technological tools for achieving SDGs and enhancing people to people exchanges, the release stated. “In addition to these areas, the leaders will also exchange views on the impact of the Covid-19 pandemic and other current global and regional issues,” it said.

India’s National Security Adviser Ajit Doval, President of the New Development Bank, Marcos Troyjo, the pro tempore Chair of the BRICS Business Council, Onkar Kanwar and pro tempore Chair of the BRICS Women’s Business Alliance, Sangita Reddy, will present reports on the outcomes pursued this year under their respective tracks.

This is the second time Modi will chair the BRICS Summit. He had chaired the Goa Summit in 2016. The Indian Chairship of BRICS this year coincides with the fifteenth anniversary of BRICS.

Source: thehindubusinessline.com– Sep 06, 2021

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FTAs need a cautious approach

Going by the US sign-ups, they often drive the rich country's agenda on IPRs, digital trade and re-manufacturing

A US government report has reignited the debate if free trade agreements (FTAs) are worth it, after all. The report, The Economic Impact of Trade Agreements, was released by the United States International Trade Commission (USITC) in June. US Congress commissioned it.

The report says that the trade agreements signed by the US had only a small positive impact on the US economy, trade, and jobs. Using 2017 as the base year, the report estimated a 0.5 per cent ($88.8 billion) increase in real GDP, a 0.3 per cent (485,000) increase in jobs, and slight growth in trade. The findings provide insights for countries currently negotiating more than a hundred FTAs.

The US has 14 FTAs in force with 20 countries. But it does not have FTAs with major economies like the EU, China, Japan or ASEAN.

The share of FTA partners in the US merchandise exports is 43 per cent. The share becomes less than 13 per cent if trade with neighbours Mexico and Canada under the North American FTA (NAFTA) is excluded.

Low duties and complicated rules have increased trade costs and lowered FTA utilisation. Average import duties in the US are 3.7 per cent. Its FTA partners like Singapore allow duty-free imports of all products from all countries. Israel also allows duty-free import of over 60 per cent of products.

Elimination of such low duties under an FTA gives little price advantage to exporting firms. Complicated FTA Rules of Origin take away even this little advantage.

Rules of Origin define conditions when a product becomes eligible for FTA concessions. The US has negotiated many complicated Rules of Origin to protect its industry.

Consider the export of a car from Mexico or Canada to the US under the USMCA (United States-Mexico-Canada Agreement). The carmaker must source at least 70 per cent of the steel and aluminium used from North America, pay factory workers wages exceeding $16 per hour.

The car must use fewer imported parts to ensure at least 62.5 per cent local value-addition. The imported content cannot exceed 25 per cent after five years.

The rules are also strict for apparel. Under NAFTA, apparel-makers must use fabric and yarn made in the region. For most other US FTAs, the yarn forward rule applies. This means apparel makers must import yarn which must be woven into cloth for making the apparel.

The US uses FTAs to push its global trade agenda on intellectual property, e-commerce, old machinery, etc. The WTO's Trade-Related Aspects of Intellectual Property Rights (TRIPS) outlines the minimum IPR standards members must follow. The US pushes its FTA partners to take onerous TRIPS Plus obligations to ensure greater IPR protection for its pharma and technology firms.

The report says that the effects of such provisions are ambiguous. This contradicts most academic writings that say TRIPS has spurred trade in IPR-intensive sectors and TRIPS Plus provisions fare better.

On e-commerce, WTO members have agreed to charge no import duty on products transmitted electronically for the time being. It is a big issue at the WTO. The US FTAs include provisions to ensure partners do not renege from the promise at the WTO at a later date.

A big battle awaits the issue of disposal of outdated or old gadgets and machinery. Such products are 're-manufactured' and pushed for sale in developing countries. Fearing the import of old technology, many countries have banned the import of such goods. At least 12 of the US FTAs contain provisions prohibiting partner countries from imposing such bans.

Many of the US FTAs include provisions requiring domestic policy changes in the partner countries. The US FTA with Korea restricts the support provided by the Korean government to pharmaceutical and medical devices.

Technical barriers

With average import duties already low, the US uses FTAs to harmonise standards and address technical barriers to trade. It also uses FTAs to drive its global agenda on IPRs, digital trade and re-manufacturing. But only the US can dictate terms. For all other countries negotiating FTAs, here are two pointers.

One, the outcome is dependent on the choice of the partner country. To understand, let us divide world trade in manufactured goods into two broad groups. Medium- to high-tech goods account for 70 per cent of world trade, and labour-intensive goods like shirts and shoes account for the remaining 30 per cent. Developed countries charge zero or low import duties on most medium- to high-tech goods. And high duties on shirts and shoes, manufactured by poor/developing countries. Now, what would happen when a poor country enters into an FTA with a developed country is easy to guess.

The poor country gets preferential access for its shirts and shoes in the developed country. In return, it has to remove duty on most products. The poor country gets additional market access in 30 per cent of products while the rich nation would get additional market access in 100 per cent of products. The resulting zero duty imports may disrupt any domestic programme to enhance manufacturing in medium- to high-tech sectors.

Two, appropriate MFN (most favoured nation) duty level is vital for trade. Consider, X, a country with high MFN import duty and a large market, enters into an FTA with Y. This may tempt countries like China to manufacture in Y to export to X.

Half the world trade happens at zero MFN Customs duty, and the FTAs account for less than a quarter of world trade. To grow trade and attract investments, countries must reduce MFN tariffs on critical inputs and lower the cost of inputs. The American study is a reminder that FTAs are just one of the many instruments for promoting trade.

Source: thehindubusinessline.com– Sep 06, 2021

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Exporters worried about stuck payments as Sri Lanka declares economic emergency

Bilateral trade and investment outlook may depend on the extent to which international community can give assistance, say experts

Sri Lanka's economic emergency declared by the country's President Gotabaya Rajapaksa last week to control spiralling food prices and declining foreign reserves has exporters in India worried as the curbs placed by the island nation on imports and foreign currency may worsen payment problems they are already facing.

While India's exports and imports may be the first to be affected by the crisis in Sri Lanka, its investments in development projects and areas such as petroleum retail, tourism & hotel, manufacturing, real estate, and financial services may also take a hit if the situation worsens, say experts.

"From the last one year, we have seen Sri Lanka curbing imports of non-essentials such as vehicles, which has almost stopped. However, export of most essential items from India is continuing. But now the problem has got aggravated as a lot of Indian exporters who have already exported have not received their payments. They are worried about when the payment would come," said Ajay Sahai, Director General, Federation of Indian Export Organisations (FIEO).

Covid impact

Sri Lanka's economic woes are partly due to the Covid-19 crisis which affected tourism which is one of the primary source of foreign currency earnings. Its mounting foreign debt crisis is seen by many economists as one of the main underlying reasons for the situation. A ban on use of fertilisers by Rajapaksa, who wants agriculture to turn totally organic, may have made matters worse.

"The kind of borrowings the Sri Lankan government has undertaken, especially as some would say under the influence of China, are difficult to service and gradually it becomes difficult for a government to stay afloat. Sri Lanka is facing a serious problem and the impact it will finally have on its economy and its trading partners, like India, will depend on how the government will bail itself out and whether the international community, for instance the IMF, steps in.,” said Biswajit Dhar, Professor, Jawaharlal Nehru University.

The country’s economy shrunk by 3.6 per cent last year and the Sri Lankan rupee fell by 7.5 per cent against the US dollar this year. Its foreign reserves fell to $2.8 billion at the end of July, from $7.5 billion in November 2019 when the Rajapaksa government took over leading the authorities to put in place foreign exchange curbs.

“Banks are not willing to discount Letter of Credit of Sri Lankan Banks as payments are not coming on time. This is resulting in a payment problem for Indian exporters, including those from the yarns and fabric sector. Not only are payments stuck, it seems that one has to suspend exports at the moment as there is so much uncertainty about future payments,” said Sanjay Jain from the Confederation of Indian Textiles Industry.

Trade with Sri Lanka

India’s goods trade with Sri Lanka, at an annual $3.6 billion, is not huge, but the fact that India has a trade surplus with the country, an FDI flow worth $1.7 billion during the period 2005 to 2019 and a considerable amount invested in development projects, makes India a stakeholder in its neighbour’s recovery.

Sahai suggested that India could consider giving lines of credit to Sri Lanka that could be repaid later but all pros and cons had to be first weighed.

Source: thehindubusinessline.com– Sep 06, 2021

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Textile and Apparel orders stimulate the export surge of India

Textile Sector: India, a country which is popular in the world for its export sector. The history of exports go long way back, thank the rich handicraft of our country and the availability of top quality spices in our country. However, the entry of the British into our country completely destroyed our export sector and made our country its colony. The condition improved after the process of globalisation where our export sector started to grow again.

Today, our export sector is one of the strongest pillars of our economy's growth. In this article, we will be discussing how the export sector, especially the textile and apparel orders which are providing a much-needed boost to the reviving economy, after it was destroyed by the COVID-19 pandemic.

Textile and Apparel

Our country is very famous for its textile and apparel production across the whole world. The global demand for the textile and apparel sector is much higher than you think. These goods are exported to almost across all the nations as they are rich in quality and better than any other country's produce.

The largest importer of these textile and apparel goods from our country is the United States and is often considered as the single largest export market as the majority of our export go there. In the year 2021, the exports to the United States have been on the rise, thank the all-time high consumer demand after a very long period of time when lockdowns prevailed across the globe.

In the first seven months of this year, India's textile and apparel export were up 55 per cent. This percentage is much bigger than what it sounds like. To give a justification to this statement, this is the fastest pace of growth among the top five countries exporting textiles to the market of the United States. This is a great news for our economy as the export was nearly zero, at least till the middle of 2020 as lockdowns were imposed across the globe and international borders were closed.

Not only in the United States, but the performance of our textile and apparel sector in the European Union is also commendable, and is on the rise. A sustained recovery of the export sector and a rise in the demand of the global market for the textile and apparel sector is providing much-needed growth to the overall export sector of the nation.

In the month of August, our country reported growth in the export sector for the sixth month in a row.

However, the textile and apparel sector is not the only category that has witnessed growth this year. The overall merchandise sector witnessed a spike in the demand and reports suggest that is due to the spike in petroleum exports. Moreover, the gems and jewellery sector and the engineering goods sector also witnessed a recent growth in the value of exports.

Talking about the high margin global export market for textiles and apparel, the past ten years have not been this good for our country. In the last ten years, India has always been edged out by its export competitors in the textile and apparel sector.

The competitors like Vietnam, Indonesia and Bangladesh have been much faster in supplies to key markets like the US and European Union and therefore were overpowering India for the last ten years. Let's make you happy.

The trend has been reversed this year and India has performed much better than all of its competitors and therefore the export of India to these major markets have been up 55 per cent in the period of January-July 2021, edging out all its competitors.

Talking about the competitors, the export percentage rise of Vietnam was 18% while the percentage of Bangladesh and China was 29% and 28% respectively. This shows how great India's export sector has been performing this year.

What are the causes behind this great performance of the nation?

The first and foremost cause was the reportedly high export order books reported by the textile and apparel manufacturers of the nation. The consumer demand was halted last year and therefore resulted in a boost this year.

Along with these, the producers received buoyant orders in the home textile segment too where India has always been a very strong player.

Moreover, the export hubs of the country, especially the southern states like Tamil Nadu and Karnataka faced less severe restrictions during the second wave of the virus which ensured continued operations of production and avoiding any obstacle in the supply pace to the big export markets.

However, there is one issue which might affect the growth of exports in the near future

The players in the garments and textile sector have raised their concerns about the delay in the operationalisation of the tax rebate schemes as well as lower than expected benefits of the schemes.

The Ministry of Commerce and Industry have, however, claimed that duty remission schemes such as Remission of Duties and Taxes on Exported products (RoDTEP) and Rebate of State and Central Taxes and Levies (RoSCTL) have been contributing to free the financial burden from exporters.

Challenges faced by the exporters due to the low availability of containers and all-time high shipping cost has become a matter of concern and might affect the pace of exports if the government does not provide the much-needed support to the exporters. The financial condition of everyone has worsened during the pandemic and therefore it becomes much difficult for the exporters to bear this high cost of shipping.

What does it indicate?

The rising growth of the export sector clearly shows a sign of recovery for the ailing Indian economy after its destruction during the first and second waves of the COVID-19 virus. The export sector plays a major role in the development of the nation as it brings great foreign exchange as well as create large scale employment.

The unemployment in the nation has increased since the COVID-19 virus started to spread and therefore this growth of the export sector is very great to reduce the rate of unemployment.

India’s goods export reached a level of $33.14 billion in the month of August, which is up 45 per cent on the year. Moreover, the reports suggest that this rise in exports will continue for a long period of time, and will therefore help the country’s economy to revive.

However, there are some problems in this path of growth that may hamper the performance of the export sector in the country. The ever-rising freight rates, the growing shortage of containers imposes a threat to this growth. Moreover, the possibility of global central banks putting a stop to their quantitative easing policy will directly affect the consumer demand, which is currently very high.

The country has to overcome all these problems as the economy has been through a lot in the last year and needs recovery. The export sector can provide much-needed recovery to this ailing economy, but it is possible only if the government provides much-needed support to the producers and exporters of the country.

However, our country has overcome a lot of issues and will overcome this too. The much-needed revival of the economy will be achieved and things will get back to normal too.

Source: inventiva.co.in– Sep 06, 2021

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India Pavilion at Expo 2020 Dubai to showcase march to $5-trn economy

The India Pavilion in Expo 2020 Dubai, scheduled to begin on October 1, will showcase a resurgent India's march to becoming a $5-trillion economy in the post-COVID world. It will capture the vibrant Indian culture and its past and also the capabilities and opportunities that it presents as a global economic hub to domestic as well as foreign investors.

Several prominent Indian ministers, officials and celebrities are set to visit India pavilion during the six months of Expo 2020, which will also host number of cultural events, according to an official release.

"At Expo 2020 Dubai, the India Pavilion is ready to showcase the face of an India rising on the pillar of sustainability along with opportunity and mobility—a nation ready to lead the world's future," BVR Subrahmanyam, secretary in the ministry of commerce and industry, said.

The pavilion's four-storey structure is divided into two parts. The zones are identified based on 11 primary themes: climate and biodiversity, space, urban and rural development, tolerance and inclusivity, golden jubilee, knowledge and learning, travel and connectivity, global goals, health and wellness, food & agriculture, and livelihoods and water.

The India Pavilion will also host leadership discussions, international trade conferences and seminars to explore opportunities to partner with other participating nations.

Source: fibre2fashion.com– Sep 07, 2021

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Cotton demand in India to remain strong over next 12 months: ICRA Ratings

Cotton demand in India is expected to remain strong over the next 6 to 12 months owing to strong recovery in global apparel trade and retail demand. This could support a further reduction in global cotton stocks, industry experts believe. Cotton prices increased 43 per cent in the first five months of 2021-22 compared to the same period last year.

The average cotton price during April-August increased from Rs 9,963 from a year earlier to Rs 14,225 per quintal, says Nidhi Marwaha, Vice President and Sector Head, Corporate Sector Ratings, ICRA. Prices are estimated to average 40-45 per cent higher year-on-year in the first half of this fiscal, adds Marwaha. Along with strong local demand for cotton, strong export demand for yarn and cotton is also a key driver for bullish sentiments in cotton trade

As against the normal consumption of 32 million bales year, the cotton consumption in the current year has increased to about 36-38 million bales, adds Pradip Jain, President, Khandesh Ginning and Pressing Association, an association of cotton traders from Maharashtra, the second-largest producer of cotton in the country.

There are apprehensions that delayed cotton sowing in several parts of the country this year because of the monsoon patterns could affect crop quality and yield, despite overall acreage reaching near normal levels towards the conclusion of the sowing season.

Source: fashionatingworld.com– Sep 06, 2021

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How to revive growth: Monetary policy has run its course and it's time for fiscal policy to take the baton

There is a need for a holistic review of trade policy to energise exports as an effective engine of growth.

The first quarter GDP growth estimate for 2021-22, at 20.1%, is on expected lines, and shows the resilience of the economy. Even after the Covid-19 second wave, there was a turnaround in GVA growth in manufacturing at 49.6% and in construction at 68.3%. Contact-intensive segments like trade, hotels and transport have shown resilience with growth of 34.3%. The official reaction has been euphoric with the assertion that the economy is recording a V-shaped recovery and is poised for double-digit growth during the year on the back of structural reforms, capital expenditure push and rapid vaccination.

A closer examination, however, shows that over-optimism is clearly misplaced, for the impressive growth is recorded on the base of devastating contraction of 24.4% in the first quarter the 2020-21. As has been pointed out by several observers, GDP in the first quarter this year is lower than that of the first quarter of 2019-20 by 9.2%, and even when compared to the last quarter of 2020-21 it is lower by 16%.

Relative to the preceding quarter, the contraction in the construction sector was close to 15%, in manufacturing it was 4.2%, and in trade, hotels and transport contracted by over 35%. Thus, the second wave has not only robbed us of GDP by 16.9% from the previous quarter, but also led to significant contraction in employment-intensive sectors like construction and contact-intensive sectors. Much remains to be done to reenergise engines of growth.

Of the four engines of growth, the only one that seems not to have stuttered in the quarter is exports. Merchandise exports recorded a growth of 67% during April-August this year, and as compared to the corresponding period last year growth was 23%.

This, to a considerable extent, owes to global recovery; to maintain the tempo, it is necessary to ensure realistic exchange rate, activate trade agreements with Europe and market access with the US. There is a need for a holistic review of trade policy to energise exports as an effective engine of growth.

All other engines of growth have been stuttering. The private consumption expenditure was higher than the corresponding quarter last year by 19%, but lower than the preceding quarter by 17.4% and that of the first quarter estimate for 2019-20 by 11.9%. Similarly, the gross fixed capital formation for the quarter is higher than the corresponding quarter estimate of last year by 55.3%, but lower than the previous quarter estimate by 23.6%. What is of concern is the decline in government consumption expenditure by 7.6% from the preceding quarter.

Not surprisingly, the growth of GVA in public administration was muted at 5.8% on year-on-year basis and by as much as 19.3% lower than that of the last quarter of 2020-21. The government has been far too cautious and this is seen by the fact that the government consumption expenditure declined by 4.8% in the first quarter as compared to the corresponding quarter last year and it was lower by 7.6% as compared to the last quarter of 2020-21. This is also seen from the fact that from April to July, the Union government's revenue expenditure was lower than the corresponding period by 7% and revenue expenditure implemented during the first four months of the fiscal was less than 30% (lowest in recent years).

The analysis of the fiscal data of the Union government for the first four months of the current year released by the Controller General of Accounts (CGA) shows the following:

1. There has been a reasonably high growth of revenues during the first four months in spite of restrictions posed by the pandemic. The government was able to collect 37.4% of budgeted revenues and 34.2% of budgeted tax revenues in the four months, which is highest in recent years, and the increase in revenues is estimated at 194% over the corresponding period last year and 74% increase over the first four months of 2019-20.

2. The government has been cautious in both spending and borrowing. Total expenditure in the first four months is less than 29% of the budget estimate as compared to 34-35% during previous years. Government borrowing was just about 21% of the budget estimate in 2021-22 as compared to 77.8% in 2019-20 and 103% in 2020-21.

3. Fiscal deficit during the first four months of the current fiscal, at 21.3%, is the lowest in recent memory. It was 103% of the budgeted in 2020-21 and 77.8% in 2019-20.

The analysis clearly shows that proactive public spending by the government could have substantially improved growth performance in the first quarter. At the central level in particular, the robust growth performance of revenues permitted larger spending and frontloading of capital expenditures by increased borrowing, and this could have helped revive both public consumption and investment demand. So far, much of the official support for growth has come from monetary policy in terms of lower interest rates, liquidity and credit availability, and in the prevailing environment these can have only a limited impact. The impact of fiscal policy in reviving both consumption and investment demand is immediate and effective; that is the only way the economy can accelerate growth.

The experience provides good guidance on what the government should do. Growth acceleration requires racing on two legs. The monetary policy has run its course and the time is for the fiscal policy to take the baton. While growth is likely to moderate in the coming quarters due to waning base effect, achieving the pre-pandemic level of GDP and acceleration in growth thereafter will depend on proactive government spending as neither private consumption nor private investment are likely to revive quickly. It's time to frontload public consumption and investment expenditure to sustain recovery and accelerate growth. What is now required is racing on two legs!

Source: financialexpress.com– Sep 07, 2021

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India Australia CECA - Go for an early harvest but to really unlock the potential looking

Earlier this month former Australian Prime Minister Tony Abbott was on a visit to India to, "....energise and expand our bilateral trade and investment relationship with India". That the visit had helped accelerate things was evident from last week's joint statement after a video meeting between Piyush Goel, India's Minister for Commerce and Industry and Dan Tehan, the Australian Minister for Trade, Tourism and Investment where the two ministers "directed officials to speed up the negotiations...to achieve an early harvest announcement by December 2021...and pave the way for a comprehensive agreement."

India and Australia did carry out at least 9 rounds of negotiations between 2011 and 2015 to finalise a Comprehensive Economic Cooperation Agreement (CECA). However differences in position on a number of issues including tariffs, movement of professionals and market access resulted in the agreement not achieving fruition. The two countries have travelled quite a distance since then and a converging regional strategic vision, increased defence cooperation as well as shared concerns about China have brought them closer than ever before.

Both countries have already made a beginning by commissioning respective country strategies. Australia's An Economic Strategy for India to 2035 envisages Australian exports rising by five times and investment by ten times in 20 years, making India among Australia's top trade and investment partners.

India's reciprocal report, perhaps the first and the only one for any country, Australia Economic Strategy (AES) identifies 12 sectors for enhanced collaboration, a granular approach and increased trade and cultural exchanges.

At a very fundamental level, a shorthand version of the deal-the 'early harvest'- would be an effort by both countries to quickly increase market access for their own goods and services in each other's markets. Australia is excited at the prospect of India's large market and its expanding middle class. It would therefore be keen on access for its manufactured products through lower Indian tariffs, particularly since some of its Asian competitors would have already have this access through FTAs with India.

India would similarly be looking out for increased exports in areas like textiles, apparel, vehicles and pharmaceuticals as also a levelling of the field by gaining access to the same (lower) tariffs which Australia currently gives to its FTA partners. Given that Australia is a welcoming home for skilled professionals, India would also be looking for gains from increased movement of its abundant and skilled manpower.

However, from India's perspective, there would be two caveats- one, to ensure that, as a NITI AAYOG study points out, trade deficits in the post agreement period do not widen and two, to see that non-tariff barriers, differences in standards or in recognition of qualifications do not offset the higher access achieved through a trade deal.

The gains from a purely trade facilitation deal would be hamstrung, for India, by the relatively small size of Australia's markets and, for Australia, by the immense competition it would face while accessing India's larger markets. The real potential of an economic deal lies elsewhere.

The question that both countries have to pose to themselves is whether a potential agreement between the two countries would have a bearing on their own long term economic goals?

This is exactly the standpoint from which the two country strategies referred to above approach the issue. Australia's India Economic Strategy to 2035 (IES 2035) argues that Indo-Australian relations should not be looked through the prism of current trade relations and strengths but with a view which is both long term and global.

The report maps out India's trajectory of growth which will create enormous opportunities for Australian firms in areas like water management and environmental services which have hitherto have escaped the attention of Australia Inc. India's Australia Economic Strategy (AES) echoes this view and argues that the two economies are evolving and there exist (or will emerge) opportunities in areas which have been hitherto unexplored. A case in point is the complementarity between India's need for critical minerals for its e-mobility and clean energy goals and Australia's potential as a reliable supplier. Yet another area of promise is the A$ 2.3 trillion Australian Pension fund sector where funds like AustralianSuper or QSuper could be a good source for investment in India's infrastructure.

Indeed this argument can be taken much further. Take for example some Australian start ups especially in the areas of Fintech and IT which have drawn both interest and funding. If they are to complete their investment cycle and successfully establish a global presence, their rapid scaling up would be essential. That is best accomplished through backend offices in India where a vast pool of skilled manpower exists and very importantly where intellectual property rights are protected.

A trade and investment agreement that facilitates these processes will help firms in both countries move towards global dominance with mutual complementarities.

India has set an ambitious target of US $400 bill of exports this year. But it not only needs to export more, but also and more importantly needs to expand its basket of exports and adopt new technologies to improve productivity. This is where Australian expertise in mining, manufacturing and gaming- to just name a few sectors- can help. In agriculture, Australian technology, innovations and scale can help transform our agricultural economy towards value addition, commercial scale and climate resilience. The ongoing cooperation in education and skills can be further upgraded to certification to achieve mutually agreed standards and recognition.

Australia has often looked at India as a country difficult to do business with. An early harvest agreement on tariff easing and increased access will help lay a foundation of trust between the two countries, move India out of the "...too hard" basket and belie critics who think that "...India just doesn't do trade deals".

However, this would only be a beginning. To really unlock the full potential of the economic relation we need a comprehensive economic agreement that will enable entrepreneurs and investors in both countries to venture into mutually beneficent relationships and leverage their complementarities to achieve global success.

Source: economictimes.com– Sep 06, 2021

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Cotton prices inch higher, expect better and good quality crop this year, says CAI's Atul Ganatra

According to him, last one year was very good for cotton ginners or cotton traders, and exporters - everyone has done good profitable business.

Cotton prices continue to inch higher. For the month of August it has seen gain of 5 percent and in this year despite making an all-time highs in the Indian markets, we are trading nearly 25 percent on the higher side.

The cotton crop season has almost come to an end. The cotton sowing this Kharif has been 7 percent lower, so to know how the season has been and the outlook for the industry, CNBC-TV18 caught up with Atul Ganatra, Cotton Association of India.

Ganatra said as per for agriculture department up to August 30, cotton sowing is less by around 7 percent compared to same time last year, but as per the trade report from all 10 states of cotton growing this year, the standing crop condition is very excellent due to proper rain and the trade is expecting 10 to 20% more yield this year compared to last year state wise. So, definitely, we are not only expecting better crop but also very good quality in the coming season this year, said Ganatra.

With regards to the quantity of the crop size, he said it would be difficult to give a number at present and one would have to wait for one more month. "However, as of today, for the last three years our average has been 360 lakh bales, and looking to the standing crop, we will definitely reach that number," he added.

According to him, last one year was very good for cotton ginners or cotton traders, and exporters - everyone has done good profitable business. "For Indian cotton spinning mill, the last 12 months was a golden year and maybe also best year of the last 50 years of spinning mill history. We can see that reflecting on the stock markets. So, the last one year was excellent for the entire textile value chain," he reiterated.

Last year Cotton Corporation of India (CCI) bought nearly one crore bales. When asked if CCI perhaps will not need to intervene in the market this year as well, Ganatra said, "As per the CCI CMD, the statement he has given of cotton stock for the year ending on September 30, will be around 65 to 70 lakh bales and as for CAI it is around 80 plus lakh bales on 30th September."

The Indian mill position will also be very comfortable with the cotton stock, and they might have 45 to 60 days average stock inside the mill, and around 20 to 25 lakh bales unsold cotton stock will be carried forward with the CCI traders or exporters. "So overall, we have enough cotton stock for the Indian mills on September 30," specified Ganatra.

Source: cnbctv18.com– Sep 06, 2021

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India's Grasim Industries announces Hari Krishna Agarwal as new MD

Indian textile company Grasim Industries Limited has announced that its board of directors have appointed Hari Krishna Agarwal, as the managing director and key managerial personnel for a period of 2 years with effect from December 1, 2021 to November 30, 2023. He has also been appointed as an additional director with effect from December 1, 2021.

Agarwal will succeed Dilip Gaur, who has opted for early retirement and will cease to be managing director and key managerial personnel as well as member of the board of directors of the company with effect from the close of business hours of November 30, 2021, the company said in a statement.

Agarwal is a business leader and a veteran of the Aditya Birla Group (ABG), having been part of ABG for close to four decades. During this period, he has held different roles in cement, chemicals and pulp and fibre businesses before taking on his current role as business head, pulp and fibre.

He started his career with ABG in 1982 as management trainee at Rajashree Cement, a division of Indian Rayon. He subsequently worked with TANFAC as chief commercial executive before moving to Thailand as vice president (commercial), Thai Peroxide in 1987 and became its unit head in 1995. In 2000, he moved to epoxy division in Thailand as unit head of Thai epoxy and was unit head of epoxy division and chlor alkali division from 2004 until 2009. In 2009, he moved to Thai Rayon as unit head and president.

In 2013, he took on the role of COO, pulp and fibre- SEA & China and country head, group affairs- Thailand. Agarwal returned to India in 2015 to take on the role of COO manufacturing with pulp and fibre.

Agarwal is a chartered accountant and has done an Executive MBA from Sasin, Chulalongkorn University, Bangkok. He is a recipient of Chairman's Outstanding Leader Award, 2012.

Source: fibre2fashion.com– Sep 06, 2021

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Centre targets to create a database of 8 crore farmers in next four months

Export of country's agricultural and allied products in FY21 increased 17.34% to $41.25 billion, y-o-y, and the government is confident of maintaining this growth momentum in the current fiscal as well.

The Centre targets to create a database of 8 crore farmers in next four months after compiling details of as many as 5.5 crore farmers benefitted under different central schemes like PM-Kisan, soil health card and PM Fasal Bima Yojana.

Addressing chief ministers and agriculture ministers of as many as 15 states, union agriculture minister Narendra Singh Tomar emphasised that the central and state governments must work together for agriculture to give a boost to the economy. He urged states to allow linkage of Centre's database with land record, which would help orient schemes more effectively.

Talking about digital agriculture, the minister asked states to study the Karnataka model and adopt it in their own state. Held via video conferencing on Monday, the first day of the two-day conference was attended by agriculture ministers of Punjab, Haryana, Rajasthan, Uttar Pradesh, Uttarakhand, Himachal Pradesh, Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Bihar Jharkhand, Odisha, West Bengal and Goa. Some chief ministers were also present in the meeting.

Tomar told the states about importance of upgradation of the beneficiary database for the success of any central scheme. The minister also said that with the establishment of Agriculture Infrastructure Fund (AIF), FPOs, PACS, mandis and start-ups will get loans easily.

Speaking on the occasion, commerce and food minister Piyush Goyal said: "India has emerged as a trusted export partner and there is further scope for improvement of agri-exports." He emphasised that the infrastructure needs to be strengthened for storage and warehousing. Export of country's agricultural and allied products in FY21 increased 17.34% to $41.25 billion, y-o-y, and the government is confident of maintaining this growth momentum in the current fiscal as well.

Source: financialexpress.com– Sep 07, 2021

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Why investors are closely watching textile stocks

In the last five trading sessions, textile stocks such as Indo Count Industries Ltd, Welspun India Ltd, KPR Mills Ltd and Vardhaman Textiles Ltd, among others, have rallied 10-15%

Shares of textile companies are hogging the limelight . In the last five trading sessions, textile stocks such as Indo Count Industries Ltd, Welspun India Ltd, KPR Mills Ltd and Vardhaman Textiles Ltd, among others, have rallied 10-15%.

Recently, textile minister Piyush Goyal said a proposed ₹10,683-crore production-linked incentive scheme for technical textiles and man-made fibre products will be approved by the Cabinet soon. This is expected to bolster domestic manufacturing as well as exports.

But this is not the only factor driving optimism towards this sector, which was hit hard by the pandemic. Analysts say India is well placed to benefit from the adoption of the 'China + 1' strategy. Under this initiative, global manufacturers have started shifting manufacturing operations from China to alternate sourcing destinations, in an attempt to de-risk their supply chain.

"India stands out as a suitable '+ 1' destination due to abundance of raw materials (produces 25% of the world's cotton), cheaper labour, improving 'ease of doing business' and strong manufacturing infrastructure with presence across the value chain," said analysts at Edelweiss Securities Ltd in a report dated 2 September.

"This trend is more pronounced now owing to the US Senate passing a bill banning China's Xinjiang Cotton (20% of the world's cotton). With retailers across developed countries hesitant to source cotton from China's Xinjiang region, orders are now being rerouted to India owing to which India is seeing a rise in its market share," added the report.

Indian textile players have been witnessing higher export orders and are aggressively adding capacities across spinning, processing and garment manufacturing.

Sharing a similar view, analysts at JM Financial Institutional Securities Ltd said, "We believe structural uptick in home textile demand owing to increased ‘work-from-home’ period, higher emphasis on health & hygiene driven by pandemic, duty reimbursement by GOI and market share gain on China+1 theme will drive earnings trajectory going forward."

The domestic brokerage house further added that its channel checks suggest healthy order book for exporters, given the sharp recovery in US/EU markets. "Spread between Yarn and cotton prices continue to remain high and should enable yarn producers to report strong earnings for 2QFY22," said the report.

Source: livemint.com– Sep 07, 2021

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Cargo volumes at dozen major ports grew by 19.54% during April-August to 293 mt

Cargo handled at India's dozen state-owned major ports rose 19.54 per cent during the April-August period to 293.226 million tonnes (mt) from 245.289 mt a year ago. The operational performance of the dozen major ports shows that cargo volumes have reached pre-pandemic levels. During April-August 2019, these ports handled a combined 293.670 mt.

In containers, the 12 major ports handled a combined 4.563 million twenty-foot equivalent units (TEUs), 39.88 per cent more than the 3.262 million TEUs handled during April-August of FY20. Of this, Jawaharlal Nehru Port Trust (JNPT), India's busiest state-run container gateway, handled 2.251 million TEUs from 1.545 million TEUs during the same period last year, according to the Indian Ports Association.

Chennai Port Trust handled 6,58,000 TEUs during the April-August period from 4,39,000 TEUs a year ago. V O Chidambaranar Port Trust handled 3,36,000 TEUs during the five months of FY22 from 2,86,000 TEUs a year earlier. Cochin Port Trust handled 2,89,000 TEUs during April-August from 2,22,000 TEUs a year ago.

Materials shipped

Thermal and steam coal shipments rose 43.08 per cent to 41.396 mt from 28.933 mt, while coking coal and others grew by 25.54 per cent to 21.195 mt from 16.883 mt a year earlier.

Shipments of iron ore including pellets through the 12 ports declined 8.12 per cent to 25.075 mt from 27.291 mt last year after China cut steel production, hurting iron ore exports from India.

Finished fertiliser shipments declined 24.71 per cent during April-August to 3.092 mt from 4.107 mt while raw fertiliser handled at the 12 ports rose 10.69 per cent to 3.230 mt from 2.918 mt a year ago.

Ports' performance

In overall cargo, Deendayal Port Trust, India's top state-owned port by cargo volumes, handled 52.677 mt during April-August from 43.665 mt a year ago, clocking a growth of 20.64 per cent.

Paradip Port Trust handled 48.884 mt of cargo from 42.751 mt, registering a growth of 14.35 per cent. Jawaharlal Nehru Port Trust handled 30.447 mt of cargo from 21.682 mt, registering a growth of 40.43 per cent. Visakhapatnam Port Trust handled 28.599 mt of cargo, 6.15 per cent more than the 26.942 mt handled during the same period last year.

Mumbai Port Trust handled 23.455 mt from 20.158 mt a year ago, posting a growth of 16.36 per cent. Syama Prasad Mookerjee Port Trust handled 22.888 mt from 20.092 mt with a growth of 9.5 per cent. Chennai Port Trust handled 19.255 mt from 14.426 mt, notching a growth of 33.47 per cent. Kamarajar Port Ltd handled 15.954 mt from 9.119 mt, clocking a growth of 74.95 per cent.

New Mangalore Port Trust handled 15.212 mt, 6.58 per cent more than the 14.273 mt handed last year. Cochin Port Trust handled 12.878 mt, 28.23 per cent more than the 10.043 mt handled during the same period last year. Mormugao Port Trust handled 8.387 mt from 7.648 mt, posting a growth of 9.66 per cent.

Source: thehindubusinessline.com– Sep 06, 2021

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Uttar Pradesh's exports in April-May up 152%

The Centre's latest data on exports has shown that Uttar Pradesh exported goods worth Rs 21,500 crore in April and May this year, up by 152% compared to the previous year. During the corresponding period last year, goods worth Rs 8,511 crore were exported from the state. Currently, UP ranks sixth among the major exporting states of the country.

To promote exports further, the government is setting up overseas trade promotion and facilitation centres in all 75 districts of the state. The MSME department will set up a centralised facilitation centre for better coordination among district centres.

"This year, goods like carpets, rugs, textile, footwear, glassware, iron, steel, aluminium, rice, sugar, milk, flour, plastic products, silk and artificial flowers have been exported to different parts of the world," said a government spokesperson. According to the report, export of footwear and toys went up from Rs 147 crore and Rs 26 crore respectively in April-May last year to Rs 742 crore and Rs 120 crore this year.

Export of glassware increased from Rs 40 crore during the same period last year to Rs 310 crore this year. Carpets and textile fabrics worth Rs 744 crore were exported this year as against Rs 247 crore last year while the export of leather products saw an increase from Rs 79 crore last year to Rs 493 crore this year.

"The proposed overseas trade promotion and facilitation centres are expected to increase value of exports from 25 districts, known as export centres of the state, by Rs 250 crore. They will also provide direct and indirect employment to 2,500 people," said the spokesperson.

He said that with the coming up of these centres, there will be an additional export of goods worth Rs 125 crore from 25 less important districts. The centres will provide employment to 1,250 people.

Source: timesofindia.com– Sep 07, 2021

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1st 'textile parcel' special train flagged off from Surat in Gujarat to Bihar

The first 'textile parcel' special train having 25 new modified goods wagons customised to carry textile material left from here in Gujarat to Bihar with an aim to boost Surat's textile market through an economical, faster and safer mode of transport, Western Railway officials said on Sunday.

Minister of State for Railways and Textiles Darshana Jardosh flagged off the train on Saturday from the Udhna New Goods Shed in Surat for Danapur near Patna and Ram Dayalu Nagar near Muzaffarpur in Bihar, the Western Railway (WR) said in a release.

"Textile traffic has been loaded for the first time in customised NMG (new modified goods) wagons at the Udhna New Goods Shed. In this direction, the textile parcel special train, consisting of 25 NMG wagons, was run for the first time from the Udhna New Goods Shed carrying textile material to Patna and Muzaffarpur," said the release issued by WR chief public relations officer Sumit Thakur.

"It will especially benefit the textile market of Surat area as it's economical, faster and safer. This has in-turn provided an opportunity for tapping the huge potential of the textile market and will cater to the transportation needs of textile industry godown hubs in and around the Surat city," the release said.

Recently, the Western Railway's Mumbai division had for the first time transported textile material weighing 202.4 tonne from Chalthan near Surat to Shalimar in Kolkata, it said. The WR has made available four terminals in the Mumbai division – Surat, Udhna New Goods shed, Chalthan and Gangadhara – for handling such type of traffic for NMG wagons loading, it said.

"The running of the NMG rake will be a great booster for increasing the share of textile traffic moving from Surat area to various parts of India," said the release. As per the Western Railway, regular meetings with transport and traders' associations have helped change the industry's perception towards rail as a service provider. Local MLAs and representatives of the Federation of Surat Textile Traders Association were present on the occasion along with senior WR officials.

Source: financialexpress.com– Sep 06, 2021

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Cotton growers, agri dept on toes as pink bollworm pest spreads tentacles in south Punjab

Cotton growers in south Punjab are a worried lot these days as pink bollworm infestation has been reported in more areas ahead of the main harvesting period of the kharif crop starting next week.

According to the state agriculture department, all 14 blocks of Bathinda and Mansa, the two biggest cotton-producing districts of Punjab, have reported the pest attack. A total of 3.25 lakh hectares is under cotton cultivation in Punjab. Nearly 5% of the area under the crop in Bathinda (96,000 hectares) and Mansa (65,000 hectares) is under the pest attack.

Agriculture officials said presently there is no serious threat to cotton production. The maiden picking of the three-picking cycle of cotton is expected to begin after September 15 whereas farmers have started harvesting in the early-sown fields.

BT cotton is resistant to American bollworm, but experts say it is susceptible to the pink bollworm as has been seen in Maharashtra, Gujarat and now in Punjab for the second consecutive year.

Sources said last year, traces of pink bollworm were found in few pockets of 20 villages in Bathinda and Mansa but in the last few weeks, the pest's presence is felt in the larger area of the cotton belt.

Experts and the agriculture department blame oil mills, cotton ginning units and a section of villagers for ignoring the laid-down protocol to avoid the pest.

Bathinda chief agriculture officer Manjit Singh said an intense surveillance was started at the village level from Monday.

"Our teams have started holding awareness and field inspection camps and the task in both districts would be completed by Saturday. At present, the economic threshold level of the pest is within permissible limits," said Singh, who also is in charge of Mansa.

Economic threshold level is pest density at which control measures should be applied to prevent increasing pest population.

Agriculture development officer Ajaypal Brar said the permissible limit is five adults per cotton ball or flower and the initial inputs suggest in the most area the infestation is not critical.

“The next 15-20 days are crucial to containing the infestation. Farmers have been advised for regular inspection of fields and go for spray only if the pest infestation is beyond ETL,” said Brar.

Sharanjit Singh, a progressive farmer from Mansa’s Mann Khera village, said cotton growers were hoping for a remunerative season due to high prices being offered by traders but the pest attack in the region is a cause of concern.

“Farmers should have completely removed cotton straw, which is used as firewood or consumed to energise brick kilns completely from the fields. Now, the use of additional sprays of pesticides means an avoidable increase in the cost of production,” he added.

Source: hindustantimes.com– Sep 07, 2021

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Welspun India looks at ₹730 crore turnover from e-commerce

Expects ₹12,500 crore total turnover by FY25

Welspun India, the largest terry towel producer in the world, is looking at a $100 million (₹730 crore) turnover from e-commerce as it looks at a larger play in the USA, UK and India through its own brands by FY23.

According to Dipali Goenka, Joint Managing Director and CEO, Welspun India, the company is investing close to $10-15 million (₹70-100 crore) over a two-three year period towards the launch of own brands (including licensed ones) and putting in place of an e-commerce network – including the back-end and front-end and up-skilling of its workers.

A part of the proposed investments have already been made. Digitisation of services and technical ramp-up across global warehouses has taken place. Marketplaces like Amazon are being tapped globally.

"By 2023, e-commerce will have a $100 million contribution to our business. And this is going to come from our own brands like Welspun here in India, acquired ones like Christy in UK (which made towels for the Queen of England) or US-based brands like Martha (TV host Martha Stewart's licensed offerings) and Scott Living (American TV show host brand)," Goenka told BusinessLine.

"The new way visible to us is related to our emerging businesses – advanced textile, flooring, our licensed brands and e-commerce – and they will have a quite big contribution in our business," she said, adding "the model (e-com) is very scalable in the UK and the US."

Emerging business verticals include floorings and advanced textiles businesses that the company has been investing in here over the last few quarters. With approximately ₹300 crore investments being further made in floorings, the company is expecting benefits of these verticals to accrue Q4FY22 onwards.

Owned and licensed brands, and emerging businesses of advanced textile and flooring, have posted 87 per cent growth YoY and have a revenue contribution of 15 per cent to Welspun India's revenues.

Changing buying patterns

So far global revenues for Welspun have been driven by private labels for organised retailers – Walmart, Costco, Carrefour, Macy's, Ikea and Tesco among others – and star hotels like Marriott, Hilton, etc. Licensed brands include Wimbledon and Disney.

Goenka says "business de-risking is being done" with the pandemic leading to change in consumption patterns.

"Speaking from a global perspective, the US has been very-very robust in demand because the home economy has increased, and vaccination drive and stimulus drive are at their peak. So, our core business in the US along with the UK has been quite strong. Europe and the rest of the world are gradually coming online. So the core business is growing strong and new verticals like e-commerce too will grow," she said.

Rising Covid-19 cases in the USA do not pose an immediate risk, but a larger worry is the impact on trade due to non availability of containers and freight rate-led cost pressures. "Smaller shipments are happening. But turnaround time or inward time for large containers is a nightmare," she added.

Capex plans

Welspun India, which reported a turnover of around $1 billion (₹7,408 crore) in FY21 at 8.4 per cent YoY growth, is looking at ₹600 crore capex this fiscal across its three business verticals – flooring, advanced textile, and home textile businesses. This is over and above the investments made towards e-com play.

Plants at Vapi and Anjar, operated at peak capacities in FY21, and if demand "continues to rise" "de-bottlenecking and rebalancing is required to increase capacity for towels, bed linen, rugs, and carpets.

"If capex plans materialise and demand is this buoyant, then we are expecting 15 per cent growth in FY22. By FY25, Welspun India is eyeing ₹12,500 crore turnover," she said.

Source: thehindubusinessline.com– Sep 06, 2021

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Gokaldas Exports extends gains on commencement of operation at new unit

Shares of Gokaldas Exports were up 5 per cent at Rs 208.60 on the BSE in intra-day trade on Monday after the company announced that it has commenced commercial production at its new manufacturing unit in Tumkur, Karnataka. On achievement of full ramp up and productivity, the unit will contribute about 4.5 per cent to its current capacity.

The stock today was trading higher for the third straight day, up 14 per cent during the period. It had hit a record high of Rs 236 on August 9, 2021. At 12:18 pm, Gokaldas Exports was trading 3 per cent higher as compared to 0.27 per cent rise in the S&P BSE Sensex.

The company is currently operating at peak utilisation levels with robust order book for the next six months. To cater to the strong demand, it has planned a capex of Rs 120 crore over the next two years that will have potential to generate incremental revenue worth Rs 450 crore (asset turn: ~4.0x), ICICI Securities said in a note.

Indian textile export is at the threshold of a strong growth on the back of a vibrant retail stores and e-commerce demand in key markets like the U.S. and Europe. With China's export share on a decline, the opportunity for India is ripe. India's share so far has been small in the global apparel trade. With large brands realigning their supply chain to de-risk from the effect of COVID-19, and looking at a more balanced approach for sourcing, this could prove to be an excellent opportunity for Indian exporters.

Moreover, the Indian government has announced continuation of the Rebate of State and Central Taxes and Levies (RoSCTL) up to FY2023-24, which provides clarity to exporters and pushes for growth in the sector over a longer-term period. Additionally, the Production-Linked incentive (PLI) scheme could boost growth in the industry as well.

The company has a strong order book and is in the process of augmenting its capacity over the near term, to meet demand and clear backlog of production from the first quarter of FY2021-22. As per the annual report, the company anticipates a substantial revenue growth in FY2021-22 in line with these trends.

Source: business-standard.com– Sep 06, 2021

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Apparel company Kitex Garments to invest ₹1K cr in Telangana, India

The Telangana state has approved the expansion plan of Indian kids apparel maker Kitex Garments, the firm recently informed exchanges. It plans to invest ₹1,000 crore in the state and expects its capacity to double in two years. Its chairman Sabu M Jacob had shifted interest to Telangana after alleging harassment at the hands of the Kerala government.

Kitex Garments cited ease of doing business, utilisation of better logistics and infrastructural facilities, incentive and subsidy schemes from the government, proximity to raw material sources and reduced cost of labour as some of the reasons behind its investment plan.

"The state of Telangana ranks among highest in ease of doing business and is an ideal destination for apparel manufacturing as it is one of the largest producers of cotton in India, has sufficient infrastructure facilities, investor friendly state policy, thereby very conductive for industrial growth.

With liberal government policy, availability of raw material and various incentives offered by the state, the company expects to reduce its operating cost, shorten payback period and drive profits," Kitex Garments had said in a press release in July.

Source: fibre2fashion.com– Sep 06, 2021

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