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INTERNATIONAL NEWS

Biden Administration Weighs Action on Chinese Subsidies, New Tariffs

The Biden administration is considering an investigation into Chinese subsidies that could bring new tariffs, The Wall Street Journal reported Friday.

Citing unnamed sources, the Journal noted that United States Trade Representative (USTR) Katherine Tai is at the same time seeking to determine which current tariffs are hurting the U.S. economy with an eye to potentially making some cuts. For whichever tariffs do stay in place—the USTR reportedly isn't planning a wholesale reduction on more than half of those imposed during Trump's administration—officials are looking at reopening the exclusion process.

The news—also reported by Bloomberg and the Financial Times—came a day after President Joe Biden and Chinese President Xi Jinping held their first phone call in months. The White House characterized the conversation—the two leaders' second since Biden took office—as a "broad, strategic discussion in which they discussed areas where our interests converge, and areas where our interests, values, and perspectives diverge."

The reported movement on Chinese tariffs came after broad calls for the Biden administration to act. Just last month, the National Retail Federation (NRF), American Apparel and Footwear Association (AAFA) and Retail Industry Leaders Association, alongside dozens of other organizations, sent a letter to Tai and Treasury Secretary Janet Yellen reviving concerns over the ongoing burden of Trump-era China tariffs. Though they didn't feature as prominently, concerns over state subsidies and the exclusion process were also included in the missive.

According to The Wall Street Journal, the USTR's office is also planning action on another issue named in the letter: the full implementation of Phase One commitments.

When China signed the Phase One agreement in January last year, it agreed to expand purchases of certain U.S. goods and services $200 billion above 2017 levels over the two-year period ending Dec. 31. So far, the country has consistently fell short of these promises.

Last year, China reached less than 60 percent of its purchase commitment, according to Chad Brown of the Peterson Institute for International Economics. As of the end of July, it was on track to hit less than 70 percent this year. Talks on these purchase commitments would precede action on subsidies, The Wall Street Journal reported.

In May, the USTR's office took China to task for falling short on another aspect of the Phase One agreement: intellectual property (IP) rights. Though the agency acknowledged certain actions the country has taken to amend its IP laws, it asserted that "these steps toward reform require effective implementation and fall short of the full range of fundamental changes needed to improve the IP landscape in China."

Source: sourcingjournal.com– Sep 14, 2021

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USA: Rising Retail Apparel, Footwear, Home Goods Prices Stoke Inflation Fears

Retail apparel prices rose a seasonally adjusted 0.4 percent in August after being flat in July, led by an uptick in the cost of men's clothing, according to the U.S. Bureau of Labor Statistics (BLS) Consumer Price Index (CPI) report released Tuesday, and leading to questions of whether inflation and holiday promotions will prevail this fall.

Men's apparel prices were up 2.8 percent last month compared to July, with increases in every category except pants and shorts, which dipped 0.4 percent. Prices rose 7.9 percent for suits, sport coats and outerwear; 4.3 percent in shirts and sweaters, and 2.5 percent in the underwear, nightwear, swimwear and accessories group.

Women's apparel prices declined 0.4 percent for the month, with decreases in every sector except the underwear, nightwear, swimwear and accessories group, where prices rose 1.7 percent. Prices otherwise fell 3.1 percent for dresses, 1.1 percent in outerwear and 0.8 percent for suits and separates.

Perhaps due to back-to-school promotions, girls' apparel prices fell 0.7 percent and boys' were down 2.6 percent. Prices for infants' and toddlers' clothes were up 0.6 percent.

Footwear prices stepped up 0.7 percent in August, with gains of 1.2 percent in women's, 1.1 percent in men's, and 0.7 percent in boys' and girls'.

Home goods prices lifted in the month, as well. The key categories of furniture and bedding, and window and floor coverings and other linens both rose a seasonally adjusted 2.3 percent from July.

Increases in raw material and shipping costs undoubtedly contributed to the uptick, in addition to continued solid consumer demand.

U.S. spot cotton prices averaged 91.34 cents per pound for the week ended Sept. 9. The weekly average was up from 91.16 cents the prior week and from 58.37 cents a year earlier, according to the U.S. Department of Agriculture.

The BLS Producer Price Index for July showed price for synthetic fibers were down 0.6 percent, while processed yarns and threads were up 1.4 percent and finished fabrics rose 0.7 percent compared to June.

The much-ballyhooed ocean freight rates also continued to rise, with Drewry's composite World Container index increasing 1 percent to $10,083.84 per 40-foot container for the week ended Sept. 9. The average composite index is now 309 percent higher than a year ago.

The overall CPI increased 0.3 percent in August on a seasonally adjusted basis after rising 0.5 percent in July. Over the last 12 months, the CPI increased an unadjusted 5.3 percent, a smaller increase than the 5.4 percent rise for the period ending through July.

The indexes for gasoline, household furnishings and operations, food, and shelter all rose in August and contributed to the monthly increase, BLS noted. The energy index, important for business operations and logistics, increased 2 percent, mainly due to a 2.8 percent rise in the gasoline index.

The core index, minus food and energy, rose 0.1 percent in August, its smallest increase since February 2021. The core index increased 4 percent over the past 12 months, also a smaller increase than the period ending in July.

Source: sourcingjournal.com– Sep 14, 2021

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UK economic recovery slows sharply in Jul; finance minister optimistic

Economic recovery in the United Kingdom slowed sharply in July as an increase in novel coronavirus cases and supply shortages offset further lifting of lockdown restrictions, according to recent data from the Office for National Statistics (ONS) that showed gross domestic product (GDP) output stood at 0.1 per cent in the month compared with GDP of 1 per cent in June.

It was the consecutive sixth month of growth.

And as the British government's furlough scheme that has supported millions of private-sector jobs during the pandemic comes to an end on September 30, a spike in unemployment is obvious. The country has more than a million job vacancies despite the furlough scheme supporting jobs at a cost of almost £70 billion. ONS said Britain's total economic output remains 2.1 per cent below its pre-pandemic level in February last year. Finance minister Rishi Sunak, however, expressed optimism over the recovery. "I am confident that... we'll continue to recover from the pandemic, we'll see more new jobs, and we will build back better," he said in a statement.

Separate official data from the European Union (EU) last week showed that imports of goods from the trade bloc into Britain dropped in July. The UK economy had rebounded by 4.8 per cent in the April-June quarter, as the government began relaxing lockdown restrictions. A resurgence in COVID-19 cases owing to the fast-spreading Delta variant around the world is severely disrupting the global supply chain, while Britain's divorce from the EU has exacerbated the problem in the United Kingdom.

"After many months during which the economy grew strongly, making up much of the lost ground from the pandemic, there was little growth overall in July," ONS statistician Jonathan Athow added.

Costs will continue to spike this year in the country because of the 'persistent' pandemic, Bank of England (BoE) governor Andrew Bailey warned recently. The BoE expects British annual inflation to temporarily spike to 4 per cent in the fourth quarter, double the current rate.

Source: fibre2fashion.com– Sep 15, 2021

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Vietnam textile & garment exports at $21.625 bn in Jan-July '21

Vietnam earned $21.625 billion from textile and garment exports in the first seven months of 2021. Of this, yarn exports accounted for $3.163 billion while fabric and garment exports were valued at $18.461 billion, according to the preliminary data released by the customs IT & statistics department, general department of customs, Vietnam's ministry of finance.

Fabric and garment exports from the Southeast Asian nation increased by 13.2 per cent year-on-year to $18.461 billion during January-July 2021. Of this, the US alone accounted for nearly half or $9.195 billion, followed by Japan and South Korea with exports to these countries valued at $1.841 billion and $1.492 billion, respectively.

Vietnam also exported 1,162,724 tons of yarn, registering a sharp rise of 31.9 per cent year-on-year by volume, according to the data. This was valued at $3.163 billion, registering a surge of 65.0 per cent. Of this, China imported around 54.56 per cent or $1.726 billion, followed by $61.449 million by India.

In 2020, Vietnam's textile and garment exports earned $33.546 billion, registering a decline of 9.35 per cent over $37.009 billion exports in the previous year. While yarn exports were down 10.5 per cent to $3.736 billion, fabric and garment exports decreased by 9.2 per cent to $29.809 billion.

For 2021, Vietnam has set a target to earn $39 billion from its textiles and garments exports, according to the Vietnam Textile and Apparel Association (VITAS).

Source: fibre2fashion.com– Sep 15, 2021

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WHOPPING USD 120 mn spent on apparel imports to SL in first 6-M 2021

Sri Lanka imported apparels to the tune of over USD 120 million including undergarments to Sri Lanka in the first six months of 2021.

"Sri Lanka also knits the world's most sought after under garment brands such as Victoria's Secret, Triumph, MNS and Jockey and has been supplying lingerie for reputed lingerie retailers that include limited brands such as , La Senza, Marks & Spencer, H&M, Etam, Lane Bryant, George and many more to United States, United Kingdom, Italy, Germany and Belgium and many other countries."

"It's somewhat disappointing to note that Sri Lanka as the country considered as one of the best apparel exporters in the world are spending billions on import of garments", an official from Joint Apparel Association Forum (JAFF) said. JAAF represents five associations that cover supply chain partners, the export-oriented apparel manufacturers, buying offices and representatives of international brands in Sri Lanka.

Member of Sri Lanka Textile Manufacturers Association (SLTMA) and Managing Director, Creative Textile Mill, Industrial Zone, Dankotuwa, Feroze Anver, said that the import figure mirrors a shameful picture on Sri Lanka since the country is one of the largest exporters of apparels.

He said that the mindset of the people also contributed to this as they still don't have a respect for 'Made in Sri Lanka products.'

"If you take a men's 'night short' it's priced at Rs. 200 in Pamunuwa or the pavement but in fashion stores it costs Rs. 400 while in large department malls over Rs. 600 and the import one is Rs. 1,000. But in most cases people go for the imported one. Hence there is a demand and this is why there are large imports."

He also said that if one examines some of the imported apparels most of them have the 'made in Sri Lanka' tag but since it has an international brand, people tend to buy it.

Anver thanked the Central Bank for introducing a 'Margin Deposit Requirement' against the Importation of Selected Non-Essential, Non-Urgent Goods made under Letters of Credit.'

This will firstly help to reduce unwanted imports, increase prices on apparel imports and most importantly help local manufactured products sell in the local market.

He said the 'voucher' system introduced by the previous government on school uniforms had a major negative impact on the local industry and due to lack of orders they along with several other factories had to shut down their factories. A large number of employees were laid off as well.

"This government has revered this and now we have recommended operations and President Gotabaya Rajapaksa with Minister of Industries Wimal Weerawansa visited our factory to see the rapid progress we are making. We are now producing school uniforms, security forces uniforms, National and Buddhist flags and now hope to diversify to other products as well."

With the purchase of local garments, the Ministry of Education could save up to Rs 80 million annually.

Source: dailynews.lk– Sep 15, 2021

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Xinjiang cotton firms see business improvement despite West sanctions

Denouncing unreasonable and ‘arbitrary’ sanctions imposed by some Western countries ‘based on lies and false information’, cotton-related enterprises in China's Xinjiang Uygur Autonomous Region (XUAR) recently expressed confidence in the development of local cotton textile industry as they have witnessed business improvement despite the sanctions.

Representatives from Xinjiang's cotton textile industry were speaking at a virtual conference jointly held by China’s permanent mission to the UN office at Geneva and the Xinjiang regional government. The virtual conference was also attended by representatives and diplomats from several countries' permanent missions to the UN office at Geneva as well as officials and academics based in Xinjiang.

Erkin Tuniyaz, vice chairman of the XUAR regional government, said the sanctions “are blatant power politics and bullying". He added that some Western brands' blind decision to boycott Xinjiang cotton not only cost them the Chinese market and customers and affected their reputation, but also hurt the feelings of the Chinese people, an official news agency reported. "The American and Western politicians' disinformation and smearing cannot hinder the development of the cotton textile industry in Xinjiang," said Halmurat Musa, a representative of Xinjiang-based enterprises. "Their unreasonable sanctions will only make us more united," he said.

Halmurat Musa's company, Aksu Huafu Textiles Co, was listed on the US commerce department's ‘entity list’ in 2020 and was boycotted by some Western clothing brands. He added that the company has adjusted market and customer structure by expanding the domestic market and actively striving for other overseas markets other than the United States.

"Now the gain in the domestic market has made up for the losses of the overseas orders," Musa said. "The company's production and sales of cotton yarn rose by 56 percent and 91 per cent year on year between January and July, and its revenue in the seven-month period more than doubled compared with the same period last year," he added.

Source: fibre2fashion.com– Sep 15, 2021

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Turkish exporters lock on $211 billion year-end sales target

Turkish exporters have locked onto the country's new export target of $211 billion for 2021, as announced earlier this month in the nation's three-year economic program.

Ismail Gülle, the head of the Turkish Exporters' Assembly (TIM), said Tuesday the country is on track to achieve the year-end goal after exports rose 37% year-on-year during the first eight months of 2021 to $140 billion.

The eight-month figure was up 20% from the same period of 2019 before the pandemic. Imports reached $170 billion, rising 25.5% from a year ago.

After exceeding the threshold of $200 billion for the first time ever in July, the country's 12-month rolling exports reached $207.5 billion last month.

In case it achieves the year-end target, Turkey will be far exceeding the earlier official target of $184 billion as well as the $198 billion target set for 2022. Gülle said within five years Turkey could step up efforts to reach an annual level of $300 billion, according to a news release by the assembly.

Despite the worldwide havoc due to the pandemic, he said sales totaled $169.6 billion in 2020, beating the target.

Exports were down 6.26% in 2020, while imports rose 4.3% to $219.4 billion. The foreign trade gap widened by 69.12% to $49.9 billion.

Stressing that all Turkish sectors have scored significant achievements over the last two decades, Gülle explained: "Our production facilities have been modernized, our teams have become specialized, our capacities have sharpened, and we have become a hub for quality products."

"Now is the time to boost the added value of our exports," he added.
Turkey's exports target is $230.9 billion for 2022 and grows to $255 billion by 2024, according to the government's medium-term program, announced a week ago.

Source: dailysabah.com– Sep 14, 2021

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Korea to expand FTAs with more emerging countries

South Korea said Tuesday it plans to implement or launch negotiations for a set of new free trade agreements (FTAs) with trading counterparts from Southeast Asia and Latin America this year, as part of efforts to reduce its reliance on major economies. The country plans to officially sign the pending FTA with Cambodia in October, seven months after completing related negotiations, according to the Ministry of Trade, Industry and Energy.

The ministry said the deal is set to help South Korean firms diversify their assembly lines in the Southeast Asian regions beyond China and Vietnam.
Cambodia is South Korea's 60th-largest export destination. Major exports include beverages, textiles and cargo trucks. South Korea mostly imports clothes and shoes from the Southeast Asian nation.

South Korea is also awaiting the implementation of a free trade deal with Indonesia, which is pending at the Indonesian assembly for approval. Seoul completed its domestic procedures in June. The ministry added it wishes to produce significant results from the ongoing negotiations with the Philippines as well.

Other major pending deals with Asian partners include the Regional Comprehensive Economic Partnership (RCEP), which is expected to be ratified in October before being fully implemented as early as January 2022. The mega trade pact, which accounts for one-third of the world's gross domestic product, was inked in November last year, with participants covering ASEAN, South Korea, China, Japan, Australia and New Zealand.

South Korea has been making efforts to diversify its trading partners portfolio by joining forces with emerging nations. Forty percent of the country's exports currently depend on China and the United States. South Korea currently has pending negotiations with the Pacific Alliance, a regional trade bloc comprising four countries: Chile, Colombia, Peru and Mexico. Seoul currently wishes to become an associate member, which will grant free trade access to other members.

Separate negotiations are under way with Mercosur, made up of Brazil, Argentina, Paraguay and Uruguay. The bloc accounts for around 70 percent of the population in South America and 68 percent of the region's economy. South Korea and Mercosur launched their first negotiations in 2018.

Source: koreatimes.co.kr– Sep 15, 2021

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Turkey-Pakistan Trade to Increase with Railway Transportation

Turkey's Islamabad Commercial Counselor Demir Ahmet Şahin stated that they anticipate the start of freight train services between Islamabad-Tehran-Istanbul at the end of September and said that the flights will accelerate the trade between Turkey and Pakistan.

Bursa Chamber of Commerce and Industry (BTSO) continues its webinar programs to introduce investment and trade opportunities in target countries to Bursa companies. Trade and investment opportunities in the Pakistani market were evaluated in the 55th webinar organized by the Global Fair Agency. Islamabad Commercial Counselor Demir Ahmet Şahin and Karachi Commercial Attaché Eyyup Yıldırım attended the webinar moderated by BTSO Board Member Muhsin Koçaslan.

“OUR TRADE VOLUME DOES NOT REFLECT OUR STRONG POTENTIAL”

Speaking at the opening of the meeting, BTSO Board Member Muhsin Koçaslan noted that although they are in different geographies, Turkey and Pakistan have historical ties of brotherhood based on common religion and cultural heritage.

Expressing that the trade volume between Turkey and Pakistan does not reflect the strong potential of the two countries, Koçaslan said, “We have 128 companies exporting from Bursa to Pakistan. We have a total export of 8,5 million dollars. Turkey-Pakistan bilateral trade is at the level of 800 million dollars. We certainly do not find these figures sufficient. We aim to take a more active position in the Pakistani market.” he said.

FOREIGN TRADE VOLUME OF 65 BILLION DOLLARS

Islamabad Commercial Counselor Demir Ahmet Şahin said that Pakistan is the 270th largest economy in the world with a GDP of 40 billion dollars. Stating that the foreign trade volume of Pakistan, which has a population of 220 million, is at the level of 65 billion dollars, Şahin said, “Pakistan, the 66th largest exporter of the world, is stuck in a narrow production and export base based on the cotton-textile and wheat trio. Textiles constitute 57 percent of the country's export products.” said.

ISTANBUL-ISLAMABAD TRAINS STARTING

Stating that the trade between Turkey and Pakistan is realized by sea and airway, Şahin continued his words as follows: “This situation causes foreign trade transactions to take longer and to be more costly. However, we anticipate the resumption of freight train services between Islamabad-Tehran-Istanbul at the end of the month. Train services will make significant contributions to the trade relations between the two countries. ' he said.

THE WORLD'S 4TH LARGEST MARKET IN TABLE OILS

Karachi Commercial Attaché Eyyup Yıldırım gave information about the trade opportunities in Pakistan. Stating that there is a great interest in Turkish TV series in Pakistan, Yıldırım said that they want this interest to be reflected in Turkish products as well. Emphasizing that there are important opportunities in bilateral trade, Yıldırım said, “Pakistan is the 4th largest market in the world for table oils. They consume a lot of oil. In particular, there is a great interest in olive oil. We have a price and quality advantage against manufacturers such as Spain and Italy. On the other hand, there is a huge market for products such as pasta, biscuits, chocolate and carbonated drinks in the processed food sector in Pakistan, but our exports are not at sufficient levels yet.” said.

THERE IS A GREAT OPPORTUNITY IN POWER GENERATION MACHINES

Informing that one-third of Pakistan's imports are in the machinery sector, Eyyup Yıldırım said, “Half of the machines come from China. There is an important need in the market, especially in power generation machines. Since the electricity infrastructure is not very good, outages are frequent. That's why a generator is needed. Again, there is an important potential in textile machinery. Food processing machinery is another potential area. The daily production amount in Pakistan, which is one of the largest milk producers in the world, is 95 million tons. A lot of machines are needed in this sector. There is significant opportunity in dairy and farm automation systems, dairy machinery and ice cream production equipment.” he said.

Karachi Commercial Attaché Eyyup Yıldırım also stated that they started working with Pakistani and Turkish fair companies with the aim of organizing a consumer products fair for Turkey in Pakistan, adding that they aim to increase the interest in Turkish products even more.

Source: raillynews.com– Sep 14, 2021

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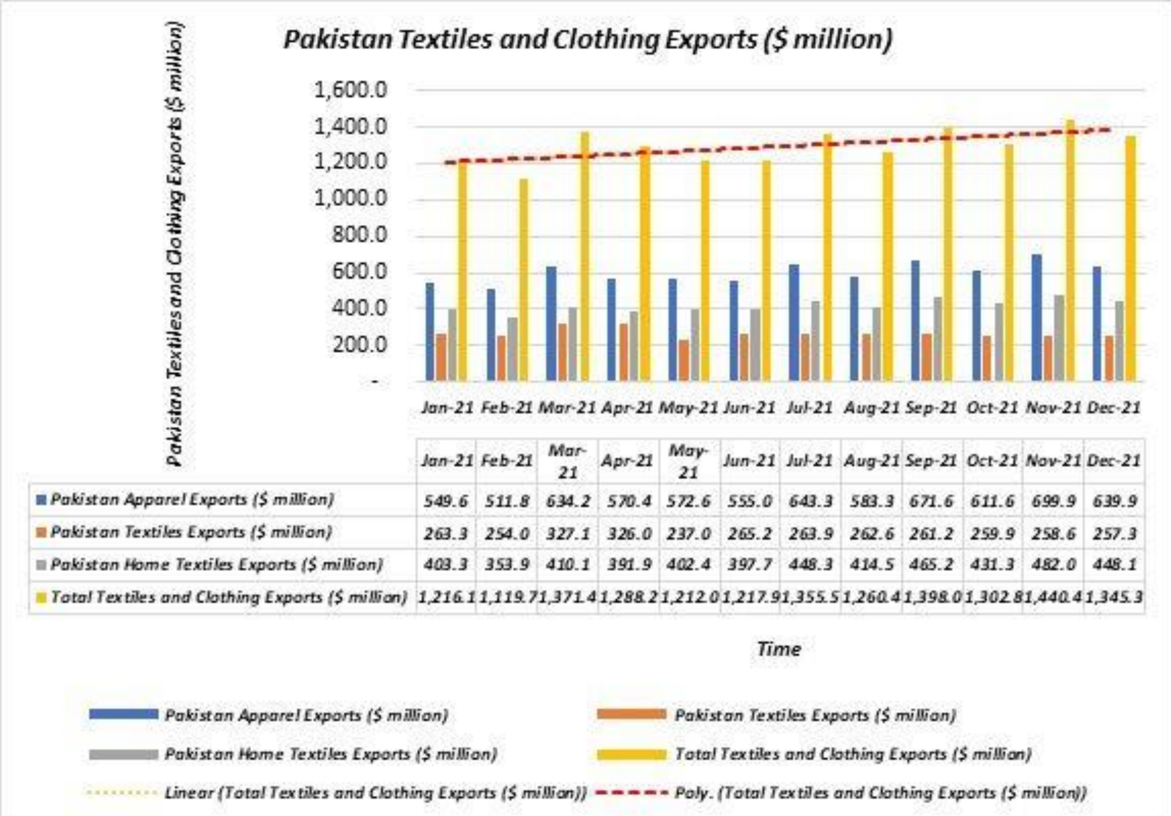
Diversion of orders out of China to benefit Pakistan's textile exports

Pakistan's textiles and clothing exports are expected to rise in the coming months due to the diversion of the orders out of China and other neighbouring Asian countries. The focus on more value addition and new textile policy of the country will support the organic growth in exports. The depreciation of PKR has also boosted textile exports.

North American and European countries have placed orders for textiles and clothing goods in China, Bangladesh and other Southeast Asian economies, which is why the textile mills and processing units of these countries are working at full capacity. Hence, new orders are being diverted to Pakistani suppliers and the rate is rising consistently.



	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21
Pakistan Apparel Exports ($ million)	549.6	511.8	634.2	570.4	572.6	555.0	643.3	583.3	671.6	611.6	699.9	639.9
Pakistan Textiles Exports ($ million)	263.3	254.0	327.1	326.0	237.0	265.2	263.9	262.6	261.2	259.9	258.6	257.3
Pakistan Home Textiles Exports ($ million)	403.3	353.9	410.1	391.9	402.4	397.7	448.3	414.5	465.2	431.3	482.0	448.1
Total Textiles and Clothing Exports ($ million)	1,216.1	1,119.7	1,371.4	1,288.2	1,212.0	1,217.9	1,355.5	1,260.4	1,398.0	1,302.8	1,440.4	1,345.3

The government of Pakistan is also supporting the exporters by minimising duty and taxes on imports of most raw materials in order to bring down the input costs of exportable products.

The ministry of commerce has allotted PKR 6 billion under duty drawback on local taxes and levies (DLTL) scheme. Out of the total fund, PKR 5.60 billion is allotted to the textile sector as it is a major earner of foreign exchange. This has resolved the liquidity issues to some extent in the country's export sector.

In addition to the above, large-scale manufacturing (LSM) sector of the country grew at a rate of more than 10 per cent in the last fiscal owing to the country's effective industrial growth policies. The Sino-US trade tussle has also played a pivotal role in boosting the textile and clothing exports of Pakistan.

The monthly average of apparel exports from Pakistan was $565.60 million in H1 2021, which is expected to rise by 13.44 per cent in H2 2021 to reach $641.60 million. The US, the UK, Germany, Spain and France were the top importers of Pakistani apparel in H1 and accounted for approximately 68.27 per cent of total apparel exports of the country, according to Fibre2Fashion's market analysis tool TexPro.

Pakistan's monthly average of textile exports was $278.77 million in H1 2021. It is expected to drop by 6.52 per cent in H2 2021 to reach a monthly average of $260.58 million. Bangladesh, the US, Turkey, Italy and Sri Lanka were the top five importers of Pakistani fabrics in H1 2021 and accounted for approximately 46.64 per cent of total fabric exports of the country.

France, Philippines, the US, the UK and Taiwan were the top five destinations for Pakistani textile fibres in H1 2021 and accounted for approximately 56.40 per cent of total textile fibres export of the country. China, Bangladesh, Portugal, the US and Turkey were the top five markets for Pakistani textile yarns in H1 2021 and accounted for approximately 85.63 per cent of total textile yarns exports of the country.

The monthly average of home textile exports of Pakistan is expected to go up from $393.22 million in H1 2021 to $448.23 million in H2 2021. The US, the UK, Germany, Netherlands and France were the top five importers of Pakistani home textiles in H1 2021 and accounted for approximately 70.09 per cent of total home textiles exports of the country.

The collective monthly average of textiles and clothing exports of Pakistan was $1237.55 million in H1 2021. This is expected to increase by 9.12 per cent in H2 2021 to reach $1350.40 million.

Source: fibre2fashion.com– Sep 14, 2021

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Bangladesh: Growing demand pushes spinners to synthetic yarn

The country's spinning millers have stepped up for investing more on synthetic and blended yarns in response to the increasing use of such yarns globally.

Also, to decrease dependency on cotton yarns and stay competitive in the global market, leading spinners, such as Noman Group, Envoy Group, DBL Group, Maksons Group, Square Group and Shasha Denim are now setting up new facilities for manufacturing synthetic and blended yarns.

The country's spinning mills, as a backward linkage for the textile and export-oriented readymade garment sector, imported 1 lakh tonnes of polyester staple fibre in 2020, while it was only 10 lakh tonnes in 2015, according to the Bangladesh Textile Mills Association (BTMA).

The number of spinners has now reached about 50 from 10 over the last five years and are producing different types of synthetic and blended yarns for high-end garments, such as activewear, said BTMA officials.

Blended yarns include – cotton, polyester, nylon, wool and viscose etc.

The man-made fibre made apparels have occupied about 78% of the global clothing fashion market, where the remaining stake goes to cotton made clothing items, according to the International Textile Manufacturer Federation (ITMF).

However, Bangladesh's apparel exports constitute about 70% of cotton apparels and the rest are made of synthetic fibre, according to ITMF data.

Furthermore, the global synthetic fibres market size was valued at $59.95 billion in 2020 and is expected to grow at a compound annual growth rate of 6.6% from 2021 to 2028. The synthetic fibres market size will amount to $99.78 billion by 2028, according to Grand View Research.

Engr Razeeb Haider Munna, director of the Bangladesh Textile Mills Association (BTMA), told The Business Standard that many spinning millers are converting a part of their capacities to manufacture synthetic yarns and some are investing to set up new units for synthetic and blended yarns.

Those all initiatives depend on market demand, he said adding, "Millers taking such a decision in response to garment owners' quarries for synthetic and blended yarns."

He hoped that production capacity of such yarns will be higher within a year.

Noman Group, one of the leading spinning and textile giants in South Asia, has invested in setting up a 100% synthetic yarn unit, which is under trial production.

"Our new unit will be able to produce about 100 tonnes of synthetic yarns per day, which is scheduled for commercial operation by the end of this month," said Mohammad Enamul Karim, executive director (spinning) of Noman Group of Industries.

Enamul said they have also started construction of another spinning mills to produce blended and cotton yarns, whose production capacity will be 125 tonnes a day.

"Initially, we have a plan to produce about 25 tonnes of blended yarns at the new unit and we will enhance its capacity as per demand from buyers," he added.

The under-construction unit, involving an investment amounting to Tk500 crore, will come into production by October 2022. It will also create about 1,500 new jobs.

Currently, Noman Group's per day production capacity is about 450 tonnes of cotton and blended yarns, while the country's total spinning capacity is about 5,511 tonnes a day.

The BTMA said local spinners can meet about 80% of the demand for export-oriented knit yarn and 40% of that for woven yarn, while synthetic and mixed yarns are mostly imported from China.

Envoy Group is also investing Tk125 crore to set up a synthetic blended yarn production capacity. The new unit will produce 12 tonnes of yarn per day.

Kutubuddin Ahmed, chairman of the group, said, "We are enhancing spinning capacity to produce cotton and synthetic blended 'expanded yarn' as a substitute for imported yarn."

The demand for synthetic yarn is growing worldwide, he said, adding that its production cost is low and it is quite durable.

"On the other hand, raw cotton prices have been unstable for the last few years in the world market and that is why cotton yarn production cost is increasing," he explained.

"So, we could not maintain profit margins by using cotton yarn."

Like Envoy Group, Matin Spinning Mills, a sister concern of DBL Group, has also invested Tk186 crore to set up a special unit to produce synthetic yarn.

As per the Matin Spinning disclosure posted on the Dhaka Stock Exchange website, the special yarn unit will boost the company's daily production capacity by 10 tonnes and the estimated turnover will grow by Tk100 crore per year.

Like DBL Group, Maksons Group, one of the top 10 spinning mills in the country, has announced to invest around Tk1,000 crore in three new spinning units in the Mirsarai Economic Zone.

Metro Spinning Limited, a concern of the group, will invest Tk340 crore in a unit, while Maksons Spinning Mills will pour Tk254 crore and Tk348 crore into two other units, according to company insiders.

Square Textiles is to invest Tk30 crore, while Mozaffar Hossain Spinning Mills has already invested Tk250 crore to boost production.

Shasha Denim has signed a deal with the Bangladesh Export Processing Zone Authority to lease eight plots in the Dhaka Export Processing Zone area for future business expansion.

Source: tbsnews.net– Sep 14, 2021

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Bangladesh's Garment Sector Urges 'Fair' Playing Field

Bangladesh's garment makers want American brands and retailers to play fair.

At an event held at the Bangladesh Embassy in Washington, D.C. Friday, Faruque Hassan, president of the Bangladesh Garments Manufacturers and Exporters Association (BGMEA), an influential trade group, urged U.S. buyers to be more "rational" in their pricing demands to promote better jobs and safer and more sustainable workplaces.

"Our factories are increasingly investing money for safety and sustainability. Besides, production cost has gone up by more than 30 percent in last five years," he said. "On the contrary, the price of our apparel is declining every year. While it's a fact that in a free market economy price cannot be dictated… nobody can justify a lower price to produce socially fair goods."

Speaking to other participants at the roundtable, which included senior U.S. and Bangladesh government officials and representatives from the U.S-Bangladesh Business Council, the American Apparel and Footwear Association, Target and Walmart, Hassan described the "massive transformation" Bangladesh has undergone over the past few years. Not only is the South Asian nation one of the safest garment-producing countries in the world, he said, but it also hosts the largest number of green-certified factories.

Garment manufacturers have long complained of cutthroat purchasing terms that continue to squeeze their already razor-thin margins. The practice has become orders of magnitude worse during the Covid-19 pandemic, they say, with many brands and retailers demanding steeper discounts than usual to protect their own battered bottom lines. Factory owners, desperate for business in the wake of widespread order cancelations, have not been in a position to say no.

In a poll of 75 factories in 15 countries published last October, 56 percent of them said they have been forced to accept some orders below cost, while the majority predicted that they will have to do so in the long term. Many of the suppliers polled said they felt like they were being held hostage, since pushing back placed future business at risk.

Studies have also shown that poor purchasing practices can have a ripple effect on workers, resulting in increased layoffs, extended worker overtime and wage loss. One survey of 17 apparel, footwear and furniture factories in Vietnam found that nearly 53 percent of suppliers said they were having a harder time providing good working conditions and wages due to the heightened economic pressure. The majority of their workers said they felt more anxious and stressed than they did pre-outbreak.

Bangladesh is one of the founding members of the Platform on Sustainable Textiles of the Asian Region, better known as the STAR network. By aligning with organizations from Cambodia, China, Indonesia, Morocco, Myanmar, Pakistan, Turkey and Vietnam, the country's goal is to present to buyers a united front regarding payment and delivery terms and in so doing shift what it perceives as a fundamental power imbalance.

"We want to come together as associations and manufacturers in Asia, to agree on common positions regarding payment and delivery terms so that we have a stronger voice in individual and in collective discussions with brands and buyers on improving purchasing practices," Miran Ali, vice president of the BGMEA and a spokesperson for the STAR network, said earlier this year. "This common position will be powerful."

Meanwhile, Hassan called on U.S. lawmakers to consider reducing import duties on apparel products from Bangladesh. According to a 2018 Pew Research Center analysis, Bangladesh pays the highest import duties out of all the 232 exporting nations to the United States, equivalent to 15.2 percent of the total value of its shipments.

Hassan also underscored the need for a unified code of conduct that makes multiple—and often repetitive—inspections unnecessary, saving time and money while enabling better compliance. Most of all, he stressed the need for all stakeholders to work in concert to ensure sustained growth of Bangladesh's apparel industry as it continues to upskill its workers, upgrade its technology and enhance its efficiency.

"It is the collaboration and partnership between brands and our suppliers that [have] helped us to achieve tremendous growth so far and future cooperation and partnership will help us to maintain this," Hassan added.

Source: sourcingjournal.com – Sep 14, 2021

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Pakistan: Balancing foreign loans with sustained growth

In order to achieve debt sustainability, improve living standards and absorb the growing labour force, Pakistan's economy must grow at a rate greater than 8 percent for a minimum period of 30 years. Given these high expectations and the conundrum of circular debt, Pakistan's perpetual BoP, fiscal, and debt issues must be catered to with export enhancement rather than more IMF loans. IMF loans are accompanied by countless conditionalities that are not conducive to economic growth.

To finance a current account deficit, policies include:

- Reducing domestic consumption and expenditure on imports;
- Supply-side policies that can enhance competitiveness of exports and domestic industry.

Yet the country has persistently sought loans which have been accompanied by a fair share of conditionalities. IMF loans and bailouts are short-term solutions which cannot amount to the long-term growth needed in Pakistan's economy. Conversely, exports constitute key to not only effectively strengthening the current account, but also to serving as a holistic and viable solution to Pakistan's debt crisis.

The trend from 2007-2018 was not conducive to export growth, thereby leaving Pakistan far behind its regional competitors. Pakistan's negative export growth over this 10-year period is shown in the graph below, in contrast to Sri Lanka's, India's, China's and Bangladesh's.

Competitive inputs for Pakistan's most productive export-oriented industries must be a priority measure in targeting economic growth, as the impact of competitive input pricing has been proven time and again.

During periods where regionally competitive energy tariffs were provided to Pakistan's textile sector, there was an immediate upward trend in production, with all mills becoming operational and most reaching full capacity.

The textile sector reached a new peak, recording $1.49 billion during the first month of the current fiscal year 2021-22.

The rise in exports demonstrates the role of energy pricing in trade competitiveness: when inputs were provided at regionally competitive prices, exports potential was fully realised in spite of an unfavourable international environment created by the pandemic. The trend in 2021 so far is shown in the graph below:

The most recent data has shown a 46% increase in textile exports for the month of August 2021 as compared to August 2020. We are currently seeing the highest ever Textile Exports in August, and at this rate exports for FY22 will be $20 billion without any additional output from new capacity under installation. This is estimated to add at least an additional $1 billion to exports for FY21-22.

This expansion is attributed to unprecedented investment in expansion and new projects - a direct consequence of the government's regionally competitive energy pricing policy. With this evident correlation between energy tariffs and the country's investments and exports, it cannot be emphasized enough that the continuation of this policy will be critical to maintaining the momentum gained so far.

Enhanced value addition, competitive inputs and trade competitiveness lead to sustainable economic growth; as unlike aid, these measures are free of any liability. Earnings through enhanced exports serve as a valuable inflow to the economy, and can pull Pakistan out of its current account deficit and economic stagnation.

Job creation is another crucial metric for an economy in the growth stage, as yearly increases in unemployment must be catered to. The private sector provides us with a viable means to achieve this, as export-oriented sectors are highly labour intensive. The textile sector in particular creates jobs in every tier of the economy.

Different skill sets are required at each stage, be it cotton picking, ginning, stitching, designing, innovating or strategic planning. The expansion and development of exporting industries thereby reduces unemployment in the long term in addition to being essential for a healthy Balance of Payments.

Sustainable development and economic growth necessitate export-led growth, as a strong export base serves as a self-sufficient and highly beneficial method to strengthen the economy without conditionalities.

In Pakistan's context, the textile sector provides a reliable pathway to counter the debt that has accumulated from back-to-back loans and relief packages.

The most effective mechanisms to sustain export-led growth include product and market diversification, improvements in quality, and integration into global value chains. Support from the government is an absolute requirement to make these policy measures possible.

Highest ever Textile Exports in August,

	Export Value in Million Dollars		
Months	FY21	FY22	% Change
July	1,276	1,471	15%
August	1,013	1,478	46%
Total Textile Exports	2,289	2,949	29%**

Source: brecorder.com– Sep 15, 2021

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India, UK eye interim trade agreement by March 2022

The interim trade pact will likely include not just select goods but also key services that are “immediately deliverable”. Greater market access and tariff cut in select goods will feature in talks.

The bilateral trade talks moved at a faster pace after Prime Minister Narendra Modi declared on May 4 the launch of enhanced trade partnership between India and the UK.

India and the UK are planning to launch formal negotiations for a free trade agreement (FTA) by November 1 and hammer out an “interim” pact by March 2022, the commerce ministry said on Tuesday, giving a time-frame for an agreement for the first time. This will be followed up with a comprehensive FTA with the UK, it added. The interim trade pact will likely include not just select goods but also key services that are “immediately deliverable”. Greater market access and tariff cut in select goods will feature in talks.

Similarly, both the sides may also explore the signing of few mutual recognition agreements in select services segments, including nursing and architecture, Goyal said.

Before the pandemic, India shipped out goods worth $8.7 billion to the UK in FY20 and its imports from that nation stood at $6.7 billion. However, bilateral trade dropped to $13.2 billion last fiscal in the wake of the pandemic. India mainly exports textiles & garments, gems and jewellery and certain capital and consumer goods to Britain and imports capital and consumer goods in large volumes as well.

In a meeting between commerce and industry minister Piyush Goyal and the UK’s secretary of state Elizabeth Truss late Monday, both the leaders reaffirmed commitment to further bolstering trade pact.

The negotiations with the UK are a part of India’s broader strategy to forge “fair and balanced” trade agreements with key economies and revamp existing pacts to boost trade.

The move gained traction after India pulled out of the China-dominated RCEP talks in November 2019. Balanced FTAs will also enable the country to achieve sustained growth rates in exports in the coming years. Already, India has set an ambitious merchandise export target of $400 billion for FY22, against $291 billion in FY21.

Goyal said there is “keenness to have an early conclusion of negotiations for quick and early economic benefits to businesses on both sides (India and the UK)”. Substantial work has already been done and extensive stakeholder consultations have been held involving various stakeholders, both public and private.

The meetings of working groups, set up by both the countries for this purpose, are expected to be over by end-September, he added. The bilateral trade talks moved at a faster pace after Prime Minister Narendra Modi declared on May 4 the launch of enhanced trade partnership between India and the UK.

Source: financialexpress.com– Sep 15, 2021

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India-ASEAN must announce review of FTA in goods by year-end: Anupriya Patel

Non-tariff measures faced by Indian exporters of auto, agri in ASEAN need to be removed, the Minister of State for Commerce and Industry said

India and the 10-member ASEAN must announce the review of the India-ASEAN free trade agreement in goods before the end of the year and non-tariff measures faced by Indian exporters of automobiles and agriculture in the bloc should be removed, said Anupriya Patel, Minister of State for Commerce and Industry.

Patel co-chaired the 18th ASEAN-India Economic Ministers Consultations held virtually on Tuesday with Brunei's Finance Minister Amin Liew Abdullah, according to an official release issued by the Commerce & Industry Ministry.

The Minister emphasised the need to secure FTA provisions to prevent misuse of preferential treatment and highlighted the non-tariff measures faced by Indian exporters in accessing the ASEAN market, especially in the agriculture and auto sector, the release stated.

Patel suggested that both sides should make earnest efforts to finalise the Scoping Paper before the ASEAN-India Leaders' Summit scheduled in October, 2021 and to announce the review before the end of this year.

"The Minister also requested ASEAN to establish Joint Committees for the Review of the India-ASEAN Services and Investment Agreements without any delay," the statement added.

The ASEAN-India Trade in Goods Agreement was signed on August 13, 2009 and came into force on January 1, 2010. Since the ASEAN countries benefited more from the pact, India wants a review so that its exporters can gain more market access in the bloc. The 10 members of ASEAN are Indonesia, Thailand, Singapore, Malaysia, the Philippines, Vietnam, Myanmar, Cambodia, Brunei and Laos.

"Trade arrangements need to be reciprocal, mutually beneficial and should balance the aspirations of both the partners," Patel said.

India is not happy about the fact that its trade deficit with ASEAN has widened significantly since the pact was implemented in January 2010. A NITI Aayog study reveals that India's trade deficit with ASEAN doubled to $10 billion in 2017 from $5 billion in 2011.

The trade deficit with the bloc has subsequently increased to about $24 billion.

Source: thehindubusinessline.com– Sep 14, 2021

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India's cotton production to fall by 1% due to lackluster rainfall: Fitch

Fitch Solutions said on Tuesday it expects cotton production in India to fall by one per cent year-on-year to 28.3 million 480lb bales in 2021-22 (previously two per cent growth) due to lacklustre rainfall throughout July and August, the main planting times.

Rainfall in Gujarat -- the country's top producing state (accounting for around a third of the country's annual production -- is almost 30 per cent below its long-term average as of mid-September which has reduced the area available for planting and weighed on yields.

In addition, said Fitch, the recent outbreak of pink bollworm in Bhatinda and Mansa will probably also act as a drag on yields. Nevertheless, production should bounce back in 2022-23, providing that weather normalises and that the outbreak of pink bollworm is adequately contained.

"The ongoing Covid-19 wave is slowing down production and consumption of textile raw materials in the country."

However, domestic textile manufacturing production is likely to increase over the next few years as the government's recently announced a five-year Production-Linked Incentive (PLI) scheme to provide additional financial support to domestic textile manufacturers.

At a global level, Fitch revised up its 2021 average cotton price forecast to USc90.0/lb (USc87.0/lb previously). The near-term supply outlook has worsened, it said,

Meanwhile, Fitch said global demand will rise strongly in 2021, and subsequently revised up its demand forecasts in Bangladesh and Turkey. The recovery in these two countries has been somewhat better than originally anticipated.

Fitch said it sees global demand rebounding by 14.1 per cent y-o-y in 2021 compared with 12.7 per cent growth in its last update in June following the 13.3 per cent Covid-19-related drop in 2020.

Putting global supply and demand forecasts together, it now estimates the deficit to be 4.4mn 480lb bales this year compared to a previous estimate of 1.8 million bales. This will put downward pressure on global stocks and provide some support to the price.

In the longer term, said Fitch, Bangladesh and Vietnam will gain significant market share in cotton consumption as their textile sector expand significantly.

"India, Indonesia and Pakistan are likely to benefit from the shift in low-value manufacturing away from China which would boost their share in global apparel exports."

However, a lack of preferential trade access to the US and EU markets as well as higher labour costs will temper the pace of expansion. China's demand will continue to trend lower as authorities look to reduce apparel manufacturing operations and move up the value chain, said Fitch.

Source: business-standard.com– Sep 14, 2021

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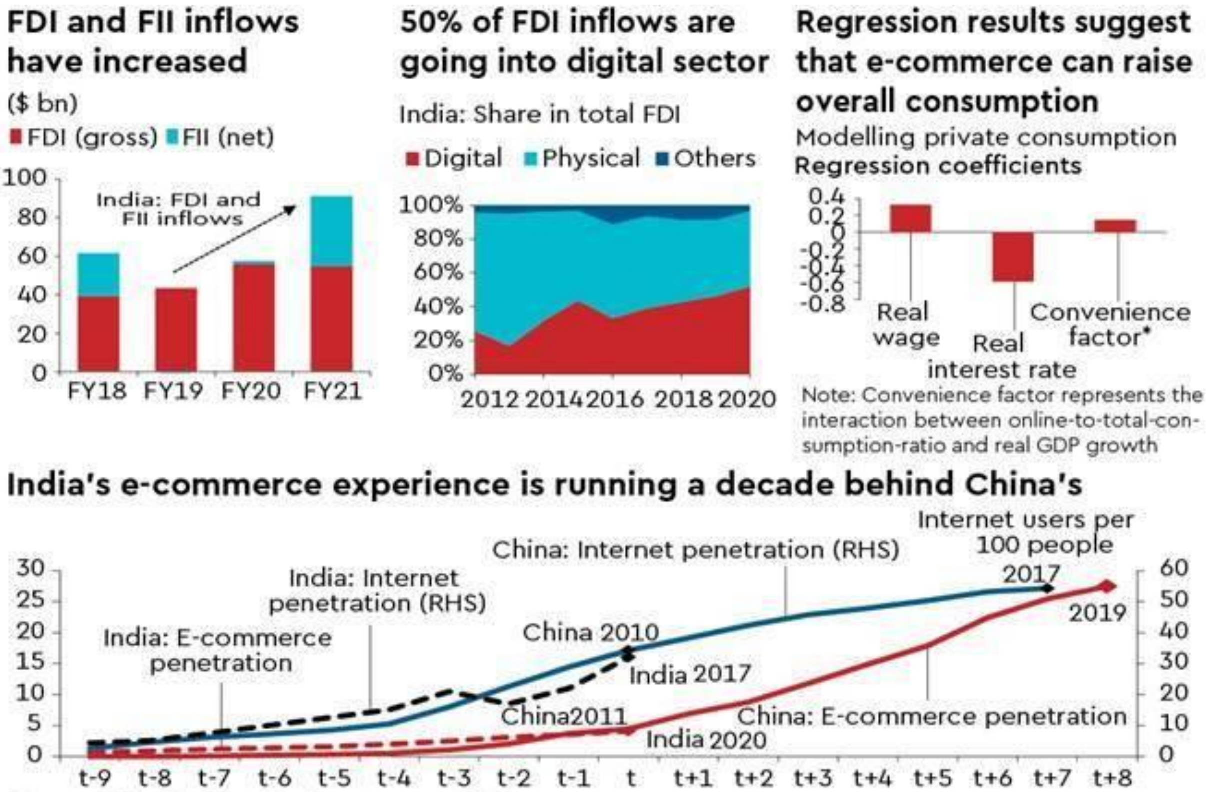
Future Growth: India's 'new' economy

The supply and the demand for risk capital into Indian start-ups have risen. The world is awash with liquidity as central banks have stepped up to support growth. There is appetite to put money into growing businesses. Venture Capital funding has risen sharply at a global level.

More stringent rules surrounding internet companies in some other countries could potentially direct more funds to India.

New Indian firms have sprouted at a rapid pace, largely in the digital economy. As they grow, these firms have demanded funds at various levels. FDI, FII, VC and PE inflows are all on the rise. A breakdown of FDI inflows into 'digital' and 'physical' shows that about 50% is going into digital, versus 40% five years ago, and 20% ten years ago. Between 2015 and 2020, c$60bn has been invested in India's tech start-ups, and this number is expected to rise by $20bn in 2021.



Source: CEIC, World bank, Industry sources, HSBC

These digital start-ups are likely to benefit the economy in many ways, from culture to jobs. We go on to test the jobs impact econometrically. We find that real wage growth and real interest rates have explained India's consumption patterns rather well in the past. But over time, an additional variable that captures the rise of e-commerce is growing in importance. We find that the online purchases to total consumption ratio, an indicator of e-commerce penetration is rising.

We marry this ratio with growth in real GDP, to get to a combination metric, which helps us determine whether the combination of higher convenience from shopping online and buoyant income outlook do indeed increase total consumption in the economy. All variables are significant and of the right sign. Our model suggests that e-commerce can in fact raise overall consumption.

A higher consumption pie will require more people to service it. We had earlier reported that e-commerce will lead to an increase in jobs across logistics & delivery, customer care, IT and management. True, several brick-and-mortar stores could shut. We modelled this carefully to find that, on net, e-commerce would create jobs. Business-as-usual estimates suggest that India could have a shortfall of 24mn jobs over the next decade. E-commerce could fill half that gap.

We believe these new-age firms will also do capex. Gross fixed capital formation can be broken down into tangible and intangible capex. The former mainly comprises dwellings & structures and machinery & equipment. The latter comprises Intellectual Property. New age firms could contribute a bit to each of these categories, directly or indirectly.

Digital companies could raise India's GDP growth. Here, we attempt to quantify some of the growth gains. We limit our analysis to the e-commerce sector, for which we have a workable model. India's e-commerce penetration is running a decade behind China's. We assume that India can cover half of the gap with China in a decade. As the consumption pie rises, so will GDP growth.

However, there is one complication that still needs to be addressed. The rapid rise in e-commerce over the last decade coincided with a sharp rise in personal credit growth. After having burnt their hands with industrial credit led bad loans, banks shifted focus to the still small personal loan market. Our regression may not be able to disentangle the impact of rising personal credit growth from the e-commerce convenience variable. We will have to net it off separately.

Using our estimate of the credit growth multiplier, we subtract off the growth impact of a more sustainable personal credit growth over the next decade. What we are left with is our clean estimate of e-commerce impact on growth.

We find that, over the next decade, if (a) India can close half the e-commerce penetration gap it has with China, and (b) banks continue to fund part of the consumption growth but in a more sustainable way while (c) growth and income prospects remain bright, rising e-commerce penetration could add 0.25ppt per year to India's GDP growth.

Let's put this in context. We had that pegged post-pandemic potential growth to likely fall from 6% to 5%. The rise of e-commerce, we calculate, can offset a quarter of the fall.

Where will the growth show up? A Cobb-Douglas production function framework shows that growth is driven by labour, capital and TFP. We think new-age digital companies will have most impact of TFP, via efficiency enhancing processes, followed by capex, and then labour.

But 'physical' economy limits can't be ignored. The digital and the physical economy will feed off each other. Over time, the 'digital' economy will benefit the 'physical' economy in innumerable ways. But the digital economy will also be a large user of the physical economy, especially infrastructure and manufacturing.

New age firms will be big users India's roads, ports, rails and other infrastructure. True that these firms will do some of their own capex, for instance in warehousing and data centres. But they will also be large users of the capex they do not do. Furthermore, they will also be intermediaries in the domestic trade of goods, which the physical economy manufactures.

And here-in lie the constraints. India's investment rate has fallen over the last decade. Public capex, which leads the infrastructure build-out in the economy, has been stagnant, even as private capex, which uses the infrastructure, has risen. The 'physical' infrastructure needs to rise in tandem with the 'digital' economy, to enable it to reach its full potential.

Similarly, sectors like e-commerce sell the products made in the 'physical' economy. If the consumption pie rises, but India's manufacturing sector does not keep up, and the digital economy relies on imported goods, it could hurt India's external finances, and become unsustainable. Even as overall

FDI inflows have soared, the rise has been limited to the 'digital' economy. 'Physical' economy FDI, has been sluggish at low levels. All told, the 'digital' dream is impressive, but for it to reach its potential, the 'physical' economy must rise in tandem.

Source: financialexpress.com– Sep 15, 2021

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India, UK moving towards early harvest trade deal: Piyush Goyal

Commerce and Industry Minister Piyush Goyal has confirmed that India and the UK are moving towards an early harvest trade agreement, with a comprehensive free trade agreement (FTA) the next step.

Taking to Twitter soon after a virtual meeting with his UK counterpart, Liz Truss, on Monday, the minister described his discussions as "productive" and reflecting further strengthening of India-UK trade ties.

"Held a productive discussion with Secretary of State for International Trade, UK Right Honourable Liz Truss, on enhancing the India-UK trade partnership," said Goyal.

"India and UK are strengthening trade ties by moving towards an early harvest deal, followed by a comprehensive FTA," he said.

UK Secretary of State for International Trade Liz Truss, in her Twitter statement, announced the launch of trade working groups to lay the groundwork for a forthcoming UK-India trade agreement.

"Today Piyush Goyal and I launched trade working groups to lay the groundwork for our forthcoming UK-India trade deal, which will: boost access to more than a billion consumers; bolster our science & tech industries; and support jobs in both countries," she said.

The UK's Department for International Trade (DIT) said the talks between the two ministers focussed on the "scope and ambition" for a UK-India free trade agreement (FTA), following the close of the UK's formal consultation process ahead of the negotiations on August 31.

"They discussed the findings from the consultation and agreed the steps to get ready to launch negotiations later this year - including the start of a series of trade working groups from September," notes a DIT readout of Monday's meeting.

"They also discussed the newly established Enhanced Trade Partnership, and confirmed their commitment to timely implementation of the market access package," the DIT said.

The UK government said these regular ministerial dialogues help both sides better understand each other's position on potential "chapter areas" in any trade deal, including tariffs, standards, IP and data regulation.

"The International Trade Secretary reaffirmed her ambition to negotiate a trade agreement that delivers results for the British people and businesses including those in digital and data, tech and food and drink. Both ministers agreed that continuing to engage with the business community was vital throughout the forthcoming negotiations," DIT said.

According to officials, findings from the DIT's public consultation will be published before the start of formal trade negotiations as part of a wider package outlining a strategic rationale for the FTA, including the UK's negotiating objectives and economic analysis of a potential deal.

Earlier, the UK trade ministry had said that preparations towards an FTA with India are progressing. A deal would represent a major boost for UK exporters, lowering tariffs, easing regulation, and driving up bilateral trade which totalled GBP 23 billion in 2019, it noted.

Increasing UK-India trade has been dubbed a "huge opportunity" by the UK, given India's position as one of the world's biggest and fastest-growing economies and home to more than a billion consumers.

"I see the UK and India in a sweet spot of the trade dynamics that are building up," Truss said at a City of London Corporation event celebrating the UK-India economic partnership last week.

"We are looking at a comprehensive trade agreement that covers everything, from financial services to legal services to digital and data, as well as goods and agriculture. We think there is a strong possibility for us to get an early agreement, where we lower tariffs on both sides and start to see more goods flowing between our two countries," she said.

Source: economictimes.com– Sep 14, 2021

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Parliamentary panel asks commerce ministry to engage with FinMin on increasing allocations for RoDTEP

Under the RoDTEP, various central and state duties, taxes, and levies imposed on input products, among others, would be refunded to exporters.

A parliamentary panel has suggested that the commerce ministry should engage with its finance counterpart for additional allocation under the recently notified tax rebate scheme for exporters 'RoDTEP' as the budget allocation of Rs 12,500 crore for the programme would be inadequate to meet its objectives.

Last month, the government announced rates of tax refunds under the Remission of Duties and Taxes on Exported Products (RoDTEP) scheme for 8,555 products, such as marine goods, yarn, dairy items. The government has set aside Rs 12,454 crore for the current fiscal.

The report of the department related parliamentary standing committee on commerce has also suggested the Department of Commerce to expedite implementation of the scheme to enable exporters to avail benefits under the scheme. "The committee recommends the Department of Commerce to engage with the Ministry of Finance to provide additional allocation for the scheme," the Rajya Sabha Secretariat said in a statement.

The committee has recommended the commerce ministry to iron out issues that hindered the signing of free trade agreements (FTAs) with India's leading trade partners. It called for entering into trade agreements that are beneficial for India while balancing the interest of the domestic market with that of exporters.

It noted that domestic exporters are at a disadvantage in the US and European markets while competing with other exporting countries due to absence of FTAs with these two regions. There are issues that need to be addressed in negotiating free trade agreements with the USA and EU in view of the concerns expressed by some domestic sectors, it said.

It has asked for taking appropriate measures, relook at export strategies and policies to achieve positive growth rate of exports and higher share in global markets.

To provide affordable credit to the export sector, the committee has recommended extension of interest subsidy scheme for at least five years or till the time our interest rates are at par with rates of the competing countries.

"The committee recommends the department to revamp its efforts on promoting EOUs (export oriented units) and provide necessary support/incentives, including tax incentives, to enable the sustained increase of exports from these units," it said.

Further to cut logistics costs, the committee stated that the different charges levied at terminals and container depots be reduced to a level comparable to other modes of transport. "...a distance based concession in the rail freight should be provided to the exporters located away from the sea port to ensure that they are able to deliver their export at a competitive rate," it said.

On container issue, it expressed concerns on the exorbitant rates charged by the intermediary, i.e., the shipping lines on movement of empty containers from port to Inland Container Depots (ICDs).

"The committee recommends that the requirement of an intermediary in this case may be abolished and appropriate strategy may be worked out to enable importers/exporters to deal directly with Railways, i.e., CONCOR for movement of empty containers from ports to ICDs," it said.

Further, the committee suggested the rail ministry to ensure that a competitive freight rate is maintained and other charges levied by it are also fixed in such a way that it does not cause undue burden on exporters.

On the matter of risky exporters, the panel stated that such a system should not come at the cost of punishing "genuine" exporters due to error in identification.

"The committee, therefore, recommends the Department of Revenue to streamline its system to avoid error in identification, send prompt communication to exporters who are identified as risky, and provide opportunity to exporters for resolution before taking further steps," it said.

Source: economictimes.com– Sep 14, 2021

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India needs $8 trillion new greenfield assets to be $5 trillion economy by FY27: Report

The report by Deloitte said despite the COVID-19 disruption, FDI inflow into the country provides necessary optimism and display underlying strengths of the Indian economy.

India will need USD 8 trillion (around Rs 588 lakh crore) of gross capital formation or new greenfield assets to become a USD 5 trillion (around Rs 368 lakh crore) economy by FY2027, a report said.

The report by Deloitte said despite the COVID-19 disruption, FDI inflow into the country provides necessary optimism and display underlying strengths of the Indian economy.

In FY2020-21, FDI inflows (including equity, re-invested earnings, and capital) amounted to a record USD 81.72 billion, 10 per cent higher than the previous financial year, it said.

While India remains a favoured foreign direct investment (FDI) destination, the country must enact more reforms to ensure FDI flows not only continue but also play a meaningful role in attaining the USD 5 trillion economy target, the report compiled based on the survey response of 1,200 business leaders of multinational corporations in the US, the UK, Japan and Singapore said.

It found that India remains an attractive destination for investments, scoring highly for its skilled workforce and prospects for economic growth. It also suggested that the country must continue to enact reforms and initiatives that drive improvement, building confidence in and enhancing the competitiveness of India's economy.

While these inflows were driven primarily by the services sector, a more proportionate contribution to gross capital formation and the increase in exports can be achieved through greater FDI in manufacturing, it said, adding, average FDI from FY15 to FY21 in manufacturing was USD 8.6 billion compared to about USD 25 billion for services.

"Our analysis shows that India will require at least USD 8 trillion of cumulative gross capital formation to grow into a USD 5 trillion economy, assuming we are on the fastest growth track. Based on past trends, our research suggests India needs approximately USD 400 billion of foreign capital cumulatively over the next six years," it said.

Attracting FDI in capital-intensive sectors is key to the country's gross capital formation and establishing its position as a global trade partner, it said.

India can target attracting greater FDI into seven capital-intensive sectors—textile & apparels, food processing industry, electronic goods, pharmaceuticals, vehicles & parts, chemicals & API, and capital goods—that have contributed USD 181 billion of merchandise exports in FY2020-21, it said.

According to Deloitte research, India can target an additional US$1 trillion of merchandise exports in the next five years by attracting higher FDI into capital investment-led focus sectors through schemes such as Product Linked Incentives (PLI).

Source: financialexpress.com– Sep 14, 2021

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Govt asks customs to free up 20,000 held up containers for exports; industry expects short term relief

Govt asks customs to free up 20,000 held up containers for exports; industry expects short-term relief

An acute shortage of shipping containers has been pushing up global prices of containers with no immediate signs of abating

An inter-ministerial task force comprising representatives from the Commerce, Railways and Shipping ministries is looking to initiate several short-term actions to make more containers available to exporters and cushion prices that have gone up by 200 percent-300 percent over the last one year.

An acute shortage of shipping containers has been pushing up global prices of containers with no immediate signs of abating. Indian exporters, chasing an ambitious $400 billion export target are struggling to secure containers without hurting their bottom lines.

The Central Bureau of Indirect Taxes (CBIC) has instructed Customs to immediately release nearly 20,000 TEUs or twenty-foot containers which are currently held up due to unclaimed or seized and confiscated goods.

The CBIC, citing the ongoing shortage, has said that these containers should be made available for exports. Sources that CNBC-TV18 spoke to said Customs will file weekly reports detailing the number of containers it has been able to free up, and some of this easing up is already visible on the ground.

While the government has said that container prices are determined by the market and therefore placing a price cap on them was not possible, sources indicate that the task force is mulling several short-term support schemes, such as extending TMA or Transport and Market Access benefits exports to more export categories.

The government has recently expanded the scope of the TMA concessions for agriculture to include dairy products and also increased the rates by 50 percent for exports by sea.

The government has also urged shipping lines to “work as partners” with the government, Sunil Vaswani, Executive Director, Container Shipping Lines Association of India told CNBC-TV18.

While pointing out that the world’s third-largest shipping line CMA-CGM has decided to freeze freight rates till February 2021, shipping lines have also requested exporters to give advance notice of their requirements to aid transparent pricing.

Source: cnbctv18.com– Sep 14, 2021

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Exports in August rise across sectors, post 45.76% growth

Imports increase 51.72% to $47.09 billion, trade deficit widens

Robust performance across sectors such as engineering goods, petroleum products, gems & jewellery, marine products, electronics and textiles helped India's total goods exports continue on the high growth track in August, posting a 45.76 per cent rise year-on-year (Y-o-Y) at $33.28 billion, according to the Commerce & Industry Ministry's quick estimates released on Tuesday.

However, exports in August 2021 were about 5 per cent lower than the exports in July 2021, valued at $35.17 billion.

Imports in August 2021 increased 51.72 per cent to $47.09 billion, pushed by sharp rise in imports of gold, petroleum, vegetable oil, pearls, precious and semi-precious stones, machinery, iron and steel and coke.

The trade balance for August 2021 stood at $13.81 billion as against $8.20 billion in August 2020, which was a decline of 68.3 percent, as per the figures released.

The quick estimates are similar to the provisional estimates of trade data for August 2021 released by the Commerce Ministry earlier this month.

Cumulative export value

Cumulative value of exports for the period April-August 2021 stood at $164.10 billion, registering a growth of 67.33 per cent over the comparable period last year. In the April-August 2021 period, imports grew at 80.89 per cent to $219.63 billion.

"The buoyancy in exports continues in the month of August with resilient demand in India's major export markets," pointed out Prahalathan Iyer, Chief General Manager, Research & Analysis, India Exim Bank.

According to estimates made by India Exim Bank, exports from India in the quarter-ending September 2021 are expected to be at $98 billion. This would take India's first half (April-September) exports to $193 billion, which will be closer to the proportionate target of $200 billion set by the Centre, said Iyer.

Many labour-intensive sectors were major contributors in export growth, which was a good sign, as it further helped job creation in the country, said A Sakthivel, President, FIEO.

Non-petroleum and non-gems and jewellery exports in August 2021 grew at 31.87 per cent to $25.19 billion, indicating that export growth had taken place across a number of sectors and was not because of high growth in the top groups.

Non-oil and non-gold imports posted a growth of 37.33 per cent to $28.67 billion in August 2021 compared to the same month last year.

In 2020-21, goods exports declined by 7 per cent to $291 billion compared to the previous fiscal as Covid-19 disruptions slowed down production and demand worldwide.

Source: financialexpress.com– Sep 14, 2021

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PLI scheme for textile sector: Tamil Nadu eyes more investments

The scheme is expected to have a positive impact on States such as Tamil Nadu, Maharashtra, Gujarat, UP, Punjab, AP, Telangana and Odisha

Tamil Nadu is keen on taking advantage of the PLI (production linked incentive) scheme for textiles and will extend all support to the industry to attract investments.

The success of the scheme lies in the joint effort of the Centre, State governments and investors. Most of the State governments including Tamil Nadu are willing to take it forward as there is awareness about the PLI scheme, said Vijoy Kumar Singh, Additional Secretary, Ministry of Textiles, Government of India.

The PLI scheme is expected to have a positive impact on States such as Tamil Nadu, Maharashtra, Gujarat, UP, Punjab, AP, Telangana and Odisha.

He added that States like Tamil Nadu will reap immense benefits through the scheme as it was already a leading player in textiles. If investments fructify, a lot of jobs will be created. A capital investment of ₹1 crore in textile sector can create about 70 jobs and no other sector has that potential. Also, more production will fetch GST revenue. Overall, it will be a win-win scheme

Time-bound scheme

Singh also explained that PLI is a different and a time-bound scheme as the gestation period is only two years and after that there will be benefits for 5 years. Earlier, government assistance was there despite delay in projects. But this time it is clear, and one has to build the factory and commence operations in two years' time.

Textile industry representatives indicate that Tamil Nadu government has been pro-active in attracting investments. The recent announcement on the removal 1 per cent Agricultural Market Committee cess on cotton and cotton waste has cheered the industry as it has been a long demand of textile industry associations.

The State government has assured State level support for projects under PLI on a case-to-case basis. It has also promised a nodal agency for speeding up project clearances in a time-bound manner, said KS Sundararaman, Chairman, Indian Technical Textile Association.

PLI scheme appears to offer big opportunities particularly for two segments – MMF apparel and spinning. “In MMF space, there are a few players from Tamil Nadu who have built domestic as well as export businesses. These companies could aim for ₹100 crore project under the PLI scheme.

Also, spinning players could graduate to fabric (processed) business level if not apparel level. Standalone spinners should explore investments under this programme as this will be a natural progress for them – basic products to finished products,” said Prabhu Dhamodharan, Convenor of Coimbatore-based Indian Texpreneurs Federation.

Source: thehindubusinessline.com– Sep 14, 2021

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UP investments show double-engine govt benefits: PM Narendra Modi

Prime Minister Narendra Modi on Tuesday said the central government was working on a road map to transform India's image from that of a defence hardware importer to an exporting country.

Addressing a gathering after visiting an exhibition on the Aligarh node of the Defence Industrial Corridor, Modi asserted that UP was benefiting from the "double-engine" government, as the BJP was ruling both at the Centre and in the state. The prime minister said even 75 years after Independence, India had to import most of its defence and military requirements.

"Now, the country is moving towards domestically manufacturing defence hardware including rifles, fighter jets, drones and aircraft carriers. We are aiming to break the image of an importing country to that of an exporter," he asserted.

New industrial units of small arms, armament, drone, aerospace, metal components, anti-drone system and defence packaging products are coming up, Modi said and added that this will give a new identity to Aligarh and nearby areas.

Referring to the UP Defence Corridor, the PM said the Lucknow node of the project would soon witness an investment of Rs 9,000 crore for the manufacture of BrahMos missile systems, while the Jhansi node has also received a missile project proposal. There are six nodes in the UP Corridor.

"UP is a major cog in the wheel of India's defence self-reliant mission and I, as a Member of Parliament (MP) from the state, feel proud of this fact," he added.

Earlier, Modi laid the foundation of Raja Mahendra Pratap Singh State University, Aligarh and also reviewed the Aligarh node of the UP Defence Corridor along with UP chief minister Yogi Adityanath.

"The Aligarh node has already received more than 18 investment proposals, which will create thousands of new job opportunities and manufacture small arms, ammunition, drones, anti-drone systems, aerospace solutions etc.," Modi added.

He said Aligarh, which is at present recalled for its sturdy locks, will soon be reckoned for its defence manufacturing industries producing equipment to secure the country's borders.

Meanwhile, the PM noted UP had become a major investment destination for both Indian and foreign companies owing to the proactive policies pursued by the Yogi Adityanath government.

"Not long ago, the development path of UP was riddled with corruption, mafias, scams and a vindictive governance system. However, under Yogiji, the state is reaping the fruits of the "twin engine" government and progressing at all fronts, including expressways and industries," he added.

The PM said now the mafia elements were behind bars and the vaccination drive was in an overdrive in UP, which had so far administered nearly 80 million doses.

He also flayed the earlier regimes for ignoring the freedom fighters beyond just a handful select group of leaders. He recalled the name of Raja Mahendra Pratap Singh, a Jat leader, for playing an active role in the freedom struggle and contributing with his wealth too.

Apart from the foundation laying ceremony, Modi also invoked former UP chief minister Kalyan Singh and former PM Chaudhary Chanan Singh. This outreach of the Western UP pantheons by the PM is seen as preparing the pitch for the forthcoming crucial 2022 UP assembly polls amid farm stir led by Rakesh Tikait.

Source: business-standard.com– Sep 15, 2021

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11 States meet the target for capital expenditure in Q-1 of 2021-22

Eleven States namely, Andhra Pradesh, Bihar, Chhattisgarh, Haryana, Kerala, Madhya Pradesh, Manipur, Meghalaya, Nagaland, Rajasthan and Uttarakhand have achieved the target set by the Ministry of Finance for the capital expenditure in the 1st Quarter of 2021-22. As an incentive, these States have been granted permission by the Department of Expenditure to borrow an additional amount of Rs. 15,721 crore.

The additional open market borrowing permission granted is equivalent to 0.25 percent of their Gross State Domestic Product (GSDP). Additional financial resources thus made available will help the States in pushing their capital expenditure further. State wise amount of additional borrowing permitted is enclosed.

The capital expenditure has a high multiplier effect, enhances the future productive capacity of the economy, and results in a higher rate of economic growth. Accordingly, out of the net borrowing ceiling (NBC) of 4% of GSDP for the States for 2021-22, 0.50 percent of GSDP was earmarked for incremental capital expenditure to be incurred by the States during 2021-22. The target for incremental capital expenditure for each state to qualify for this incremental borrowing was fixed by the Department of Expenditure.

To become eligible for incremental borrowing, States were required to achieve at least 15 percent of the target set for 2021-22 by the end of 1st quarter of 2021-22, 45 percent by the end of 2nd quarter, 70 percent by the end of 3rd quarter and 100 percent by 31st March 2022.

Next review of Capital expenditure of States will be undertaken by the Department of Expenditure in December, 2021. In this round, capital expenditure achieved by the States till 30th September, 2021 will be assessed. Third review will be done in the month of March, 2022 on the basis of capital expenditure incurred by the State during the first three quarters of the year 2021-22.

The capital expenditure-linked borrowing ceiling of 0.50 percent of GSDP will be allowed to those States who will achieve actual capital expenditure of at least 45 percent of the target by 30th September 2021 or 70 percent of the target by 31st December 2021.

There would be a final review of actual capital expenditure by the States in the month of June, 2022. Any shortfall/deficiency in actual capital expenditure for the year 2021-22 by the State in comparison with the targeted capital expenditure for the year 2021-22, will be adjusted from the borrowing ceiling of the State for the year 2022-23.

State wise amount of the additional borrowing permitted is as under:

Sl.No.	State	Amount (Rs in crore)
1.	Andhra Pradesh	2,655
2.	Bihar	1,699
3.	Chhattisgarh	895
4.	Haryana	2,105
5.	Kerala	2,255
6.	Madhya Pradesh	2,590
7.	Manipur	90
8.	Meghalaya	96
9.	Nagaland	89
10.	Rajasthan	2,593
11.	Uttarakhand	654

Source: pib.gov.in – Sep 14, 2021

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Shri Sonowal underlines importance of cross-border connectivity among developing nations of South-East Asia; Addresses ASEAN summit on Future of India-ASEAN Connectivity Partnerships

Union Minister for Ports, Shipping & Waterways and AYUSH Shri Sarbananda Sonowal has underlined the importance of cross-border connectivity among India and developing nations of South-East Asia.

Addressing the ASEAN summit on Future of India-ASEAN Connectivity Partnerships virtually from New Delhi today, the Minister said, greater connectivity between ASEAN nations has long been both an economic and strategic objective for the ASEAN–India partnership. He said, connectivity provides the transmission channels through which development impulses can spread across the region and can add to the dynamism of economic and social progress.

The Minister said, India–ASEAN free trade agreement (FTA) is central to India's growing engagement with her eastern neighbours. In this direction, he said, extension of the Trilateral Highway to Cambodia, Laos and Vietnam will enable greater connectivity and economic integration of India's northeast with its eastern neighbours.

He informed that India has helped construct two key stretches of the 1,360-km trilateral highway in Myanmar, but work on several other sections and the upgrade of nearly 70 bridges has been held up by a variety of factors. This highway will allow access to markets across the ASEAN region and boost people-to-people ties.

Shri Sonowal emphasised upon setting up of National Transport Facilitation Committees (NTFCs) of member countries to facilitate cross-border transportation and trade.

He said, the physical connectivity between India and Neighbouring south-east Asian countries will enable small and medium-sized enterprises in the border areas to explore new business opportunities.

The Ministeralso stressed upon the need to realise that India and ASEAN are fast-growing consumer markets with a growing middle class and young population that is increasingly digitally connected. As such beyond movement of goods and physical connectivity, it is also important for two regions to explore ways to enhance digital connectivity. He said, the Government of India has been making efforts to turn India into a "Global Data Hub" through various policies and reforms.

India's data centre industry is expected to add 560 MW during 2021-23 leading to a real estate requirement of 6 million sq ft. He added that the industry is expected to grow exponentially to reach 1,007 MW by 2023 from 447 MW.

Source: pib.gov.in – Sep 14, 2021

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Retail industry inching closer to pre-pandemic levels: RAI

North, Southern India lead the recovery trends

Retailers in the country are inching closer to the pre-pandemic levels of sales, with some even hopeful of clocking higher sales compared to 2019 in the upcoming festival season.

According to the latest survey by Retailers Association of India(RAI), in August sales of the retail industry was pegged at about 88 per cent of the pre-pandemic levels (August 2019). In comparison, retail sales were pegged at about 72 per cent of pre-pandemic levels in July.

Northern and Southern India led the recovery trends in August. In North India, retail businesses clocked sales at 98 per cent of pre-Covid levels while retailers in South India registered sales at 97 per cent of pre-Covid levels. Retailers in Western and Eastern regions are also witnessing positive recovery and garnered sales at 76% and 81% of pre-pandemic levels.

Maintaining cautious optimism

In a statement, Kumar Rajagopalan, CEO, Retailers Association of India , said, “As the festive season approaches and the inoculation drive picks up pace across the country, we are hopeful that the festive shopping this year will drive positive growth for most retailers, with the possibility of some retailers doing even better sales than the pre-pandemic levels.” He added that though recovery at the moment looks encouraging across categories, retailers continue to maintain cautious optimism due to the possibility of a third wave of the pandemic.

In terms of categories, the quick service restaurants sector witnessed a growth of 12 per cent in August 2021 compared to August 2019. Food and grocery segment also witnessed a sales growth of four percent compared to pre-pandemic levels.

However, Beauty & Wellness, which includes salons, apparel, footwear and jewellery are yet to catch up to the pre-pandemic levels of sales., the survey noted. Beauty and wellness and personal care segment was back at about 69 per cent of pre-pandemic sales.

Meanwhile, the footwear segment is back to 83 per cent of the pre-pandemic sales. Apparel and clothing segment too is yet to get back to the pre-pandemic level (88 per cent of pre-pandemic levels).

"The overall industry sentiment will improve when the clothing and accessories category shows growth. RAI hopes that the festive season will bring back cheer to the retail industry across sectors and those employed in it," the industry body added.

Source: thehindubusinessline.com– Sep 14, 2021

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