IBTEX No. 196 of 2021 October 05, 2021

US 74.64| EUR 86.58| GBP 101.48| JPY 0.67

NEWS CLIPPINGS

INTERNATIONAL NEWS	
No	Topics
1	Global trade rebound beats expectations but marked by regional divergences
2	Industry Reacts to Biden Administration's China Trade Update
3	Supply Chain Disruptions Limited Global Production Growth in September
4	How LA Traffic Became a Global Headache
5	Logistics Giants Flying High with 'No Time to Die'
6	Negotiations over ASEAN-EU free trade agreement set to resume
7	Turkey to set up development fund for exporters
8	UK among top economic partners of Vietnam: PM Pham Minh Chinh
9	China's trade surplus tops 291 bn yuan in Aug: Official data
10	Negligible effect of CBERA on US imports, producers, consumers: USITC
11	Pre-slowdown UK economy bounced back in Q2 by more than thought before
12	Container port congestion stagnates Sept trade: Kiel Trade Indicator

DISCLAIMER: The information in this message be privileged. If you have received it by mistake please notify "the sender" by return e-mail and delete the message from "your system". Any unauthorized use or dissemination of this message in whole or in part is strictly prohibited. Any "information" in this message that does not relate to "official business" shall be understood to be neither given nor endorsed by TEXPROCIL - The Cotton Textiles Export Promotion Council.

13	Vietnam Deal Dodges New Fashion Tariffs
14	Pakistan: Prices drift lower on cotton market
15	'Increased RMG exports by neighbouring countries will not affect Bangladesh'

	NATIONAL NEWS
1	What has the US-China trade 'war' achieved?
2	China power shortage may aggravate supply-chain challenges for India Inc
3	Exports boost
4	Insolvency Code: Govt mulls next set of changes to insolvency and bankruptcy code
5	Do MSMEs need Rs 20,000 crore Subordinate Debt scheme that's been extended till March 2022?
6	The Production Linked Incentive scheme for textiles and its proposed impact
7	India coal crisis brews as power demand surges, record global prices bite
8	Cotton crop at risk again, Vid farmers seek govt aid
9	Capital infusion, listing will boost ECGC's underwriting capacity
10	India's Import-Export Trends in FY 2020-21
11	40th India International Trade Fair 2021 to be held from November 14-27 at Pragati Maidan
12	Festive Sales: E-commerce firms report a jump in demand from Tier 2 and beyond
13	Welspun India partners with DuPont Biomaterials to launch home textile range

RECEIVABLE FINANCING, CREDIT
INSURANCE AND RISK ADVISORY

INTERNATIONAL NEWS

Global trade rebound beats expectations but marked by regional divergences

The WTO is now predicting global merchandise trade volume growth of 10.8% in 2021—up from 8.0% forecasted in March—followed by a 4.7% rise in 2022 . Growth should moderate as merchandise trade approaches its pre-pandemic long-run trend. Supply-side issues such as semiconductor scarcity and port backlogs may strain supply chains and weigh on trade in particular areas, but they are unlikely to have large impacts on global aggregates. The biggest downside risks come from the pandemic itself.

Behind the strong overall trade increase, however, there is significant divergence across countries, with some developing regions falling well short of the global average.

"Trade has been a critical tool in combatting the pandemic, and this strong growth underscores how important trade will be in underpinning the global economic recovery," Director-General Ngozi Okonjo-Iweala said. "But inequitable access to vaccines is exacerbating economic divergence across regions. The longer vaccine inequity is allowed to persist, the greater the chance that even more dangerous variants of COVID-19 will emerge, setting back the health and economic progress we have made to date."

"As we approach the 12th Ministerial Conference, members must come together and agree on a strong WTO response to the pandemic, which would provide a foundation for more rapid vaccine production and equitable distribution. This is necessary to sustain the global economic recovery. Vaccine policy is economic policy - and trade policy," she said.

The large annual growth rate for merchandise trade volume in 2021 is mostly a reflection of the previous year's slump, which bottomed out in the second quarter of 2020. Due to a lower base, year-on-year growth in the second quarter of 2021 was 22.0%, but the figure is projected to fall to 10.9% in the third quarter and 6.6% in the fourth quarter, in part because of the rapid recovery in trade in the last two quarters of 2020 (Chart 1). Reaching the forecast for 2021 only requires quarter-on-quarter growth to average 0.8% per quarter in the second half of this year, equivalent to an annualized rate of 3.1%.

Trade volume growth is set to be accompanied by market-weighted GDP growth of 5.3% in 2021 and 4.1% in 2022 (revised up from 5.1% and 3.8% previously). GDP growth has been spurred on by strong monetary and fiscal policy support, and by the resumption of economic activity in countries that have been able to deploy COVID-19 vaccines at scale.

In the years before the global financial crisis (1990-2007), world merchandise trade grew around twice as fast as world GDP at market exchange rates, but subsequently slowed to about the same rate on average.

The current trade projections imply that the ratio of trade growth to GDP growth will rise to 2.0:1 in 2021 before falling back to 1.1:1 in 2022. If the forecast is realized, this would indicate that the pandemic will not have had a fundamental structural impact on the relationship between world trade and income.

Click here for more details

Source: wto.org– Oct 04, 2021

HOME

****

Industry Reacts to Biden Administration's China Trade Update

Katherine Tai finally outlined what she called "the starting point of our administration's strategic vision" for China trade policy Monday.

Speaking at an event hosted by the Center for Strategic & International Studies, the United States Trade Representative (USTR) confirmed much of what The Wall Street Journal and others had attributed to unnamed sources weeks ago: the Biden administration plans to largely maintain the tariffs imposed by its predecessor, reopen the tariff exclusion process and formally begin a fresh round of talks with China.

"Above all else, we must defend—to the hilt—our economic interests," Tai said. "That means taking all steps necessary to protect ourselves against the waves of damage inflicted over the years through unfair competition. We need to be prepared to deploy all tools and explore the development of new ones—including through collaboration with other economies and countries. And we must chart a new course to change the trajectory of our bilateral trade dynamic."

Though she didn't offer a precise timeline, Tai said she intends to begin "frank conversations" with her counterpart in China "in the coming days." These discussions will cover both China's halting performance under the Phase One agreement—according to Chad Brown of the Peterson Institute for International Economics, it hit less than 60 percent of its purchase commitment last year and was tracking at less than 70 percent this year in August—and the country's "state-centered and non-market trade practices." Though the USTR didn't explicitly tie China's subsidy policies to potential new tariffs, she said the administration "will use the full range of tools [it has] and develop new tools as needed."

"The reality is [the Phase One] agreement did not meaningfully address the fundamental concerns that we have with China's trade practices and their harmful impacts on the U.S. economy," Tai said. "Even with the Phase One agreement in place, China's government continues to pour billions of dollars into targeted industries, and continues to shape its economy to the will of the state, hurting the interests of workers here in the US and around the world."

Tai did not offer many details on how and when the administration would reopen the tariff exclusion process, except to say that it would place "a lot of weight" in what it hears from businesses—particularly small and medium-sized businesses "that certainly have been impacted by the tariffs."

"We will ensure that the existing enforcement structure optimally serves our economic interests," Tai said. "We will keep open the potential for additional exclusion processes as warranted."

Finally—and "critically," Tai said—the U.S. will "work with allies to shape the rules for fair trade in the 21st century, and facilitate a race to the top for market economies and democracies."

The National Council of Textile Organizations (NCTO), a D.C.-based trade association representing domestic textile manufacturers, voiced support for the new policy framework shortly after Tai's speech.

"China's rampant abuse of intellectual property rights and other illegal trade activity has gone on for far too long at the direct expense of U.S. manufacturers and the loss of millions of U.S. manufacturing jobs," NCTO president and CEO Kim Glas said in a statement. "The U.S. textile industry supports the president's authority to use Section 301 to address China's unfettered practice of intellectual property theft, which has had a damaging impact on the entire U.S. textile and apparel production chain and other manufacturing industries for decades."

Tai's speech proved less popular with other trade organizations that have long lobbied for an end to the tariffs first imposed by former President Donald Trump. Austen Jensen, senior vice president of government affairs at the Retail Industry Leaders Association, implored the administration to pursue a trade strategy "that better aligns with our nation's goals and objectives without punishing American retailers and consumers with higher taxes."

"As retailers navigate the challenges of global supply chains made more complex by the ongoing pandemic, it's critical that the tools used in our trade relationships be effective, precise and intentional," Jensen said in a statement. "[Section] 301 tariffs have cost consumers more than $350 billion since 2018 and have yielded little strategic benefits. Retailers urge Ambassador Tai and the Biden-Harris administration to work towards eliminating existing tariffs as they move to realign our trade relationship with China."

Steve Lamar, president and CEO of the American Apparel & Footwear Association, also expressed concern with the Biden administration's plans to continue collecting tariffs.

"At a time when industry is struggling with an unprecedented supply chain crisis due to our crumbling infrastructure, economic fallout from a damaging pandemic, and unprecedented freight costs, it is distressing that the administration has chosen to continue to subject U.S. companies to these damaging taxes," Lamar said. "Although restarting an exclusion process is an important step forward, the far better course would have been to discontinue use of these tariffs entirely."

Though the United States Fashion Industry Association (USFIA) has been no fan of the tariffs—or Biden's slow movement on trade—it said it was "pleased" the administration had concluded its review of China policy.

"As USTR analyzes the impact of the China 301 tariffs on the economy, we believe it is very clear that it is time to remove those tariffs on consumer products such as those on List 3 and List 4A," a USFIA spokesperson said. "Not only have those tariffs increased costs to American families and consumers, but they have not met the standard of providing strategic benefits. We look forward to working with the Administration to achieve that goal."

Though Biden's approach offers less of a departure from Trump's than many had hoped, Tai attempted to differentiate the two. The current administration, she stressed, would not aim to "inflame" trade tensions with China and would work multilaterally with its allies abroad. The president's as-yet-unpassed infrastructure bill and Build Back Better plan, she also claimed, will allow the U.S. to "engage from a position of strength."

"China and other countries have been investing in their infrastructure for decades," Tai said. "If we are going to compete in the global market, we need to make equal or greater investments here at home. That continuous investment ensures we can maintain our competitive edge throughout the 21st century."

Source: sourcingjournal.com– Oct 04, 2021

HOME

****

Supply Chain Disruptions Limited Global Production Growth in September

The J.P.Morgan Global Manufacturing Producers Manufacturing Index (PMI), produced by IHS Markit in association with the Institute for Supply Management (ISM), was subdued by supply chain disruptions and material shortages in September.

Although output growth accelerated for the first time in five months, it remained among the slowest during the current 15-month sequence of expansion. PMI readings were flat for consumer goods.

European manufacturing dominated the top of the growth rankings, with nine out of the 10 best readings, while U.S. manufacturing also performed well. The weaker performances were generally seen in Asia.

United States

September PMI data from IHS Markit signaled a substantial improvement in operating conditions across the U.S. manufacturing sector, although output was the slowest in five months. Despite rising markedly, production was often hampered by severe material and labor shortages, as supply chain disruption worsened, IHS said.

Pressure on capacity was reflected in the fastest uptick in backlogs of work on record, as challenges expanding workforce numbers persisted. On the price front, the pace of input cost inflation softened only slightly from August's series record, causing firms to raise their charges at an unprecedented rate.

"The U.S. manufacturing sector continues to run hot, with demand once again racing well ahead of production capacity as firms report widespread issues with supply chains and the availability of labor," Chris Williamson, chief business economist at IHS Markit, said.

"The inability to meet demand amid near-record shortages of inputs and labor not only led to an unprecedented rise in backlogs of work as orders sat unfulfilled, but prices charged for those goods leaving the factory gate also surged higher again in September, rising at a rate exceeding anything seen in nearly 15 years of survey history."

Williamson said with Covid-19 cases showing signs of having peaked domestically and globally, some of the supply chain and labor shortage issues should start to ease, in turn taking some of the pressure off prices.

"But a dip in manufacturers' expectations for the year ahead to the lowest for four months due to supply worries underscores how production is likely to be adversely affected by shortages for some time to come," he added.

Euro Zone

European manufacturers recorded another strong improvement in operating conditions during September, owing to further marked rates of expansion in output, new orders and employment. However, notable slowdowns were seen in all three cases, causing the headline PMI to fall by its largest margin since April 2020 at the start of the pandemic when virus containment measures were being implemented across the currency bloc and globally.

Supply constraints were a key hindrance to production schedules during September, while softer demand conditions were another contributing factor. Shortages of electronic components and raw materials were particularly widespread, while some firms commented on poor container availability and logistical problems arising in parts of Asia.

"Supply issues continue to wreak havoc across large swathes of European manufacturing, with delays and shortages being reported at rates not witnessed in almost a quarter of a century and showing no signs of any imminent improvement," Williamson said.

"Growing supply and transport issues are not only being cited as a major constraint on both production and demand, but also once again drove prices sharply higher in September. With costs rising and factories struggling to produce enough goods to meet customer demand, the average price of goods leaving the factory gate rose at an increased rate in September, accelerating to almost match the record price jumps seen earlier in the summer."

"The supply situation should start to improve now that COVID-19 cases are falling and vaccination rates are improving in many countries, notably in several key Asian economies from which many components are sourced, but it will inevitably be a slow process which could see the theme of supply issues and rising prices run well into 2022," he added.

China

The latest PMI data indicated that business conditions across China's manufacturing sector stabilized in September, after a slight deterioration in August, IHS said. The improved headline index reading was supported by a renewed upturn in total sales and a softer reduction in output.

At the same time, purchasing activity also returned to growth, while confidence toward the year ahead also strengthened. Supply chain delays persisted, however, amid sustained reports of material shortages. This in turn drove sharper increases in both input costs and output prices.

Manufacturers indicated a further lengthening of delivery times for inputs during September. The deterioration in vendor performance was often linked to limited stock availability, transportation delays due to the pandemic and stretched capacity at suppliers.

"The resurgence of the epidemic in several regions and shortfalls in raw material supplies slowed production at manufacturing companies, with the gauge for output contracting for the second straight month in September," Dr. Wang Zhe, senior economist at Caixin Insight Group, said in the IHS report. "Demand improved, though marginally, with demand for consumer goods in the doldrums. Overseas demand was relatively weak as new export orders largely decreased in September…Global shipping capacity was also clearly insufficient. "

Zhe said entrepreneurs remained optimistic about the business outlook and manufacturing enterprises remained positive about the prospects for the market and for getting the Covid-19 outbreak under control.

"In the coming months, the government should focus on improving epidemic prevention and control and alleviating supply-side pressure," he added. "It should also find a balance among multiple objectives, such as promoting employment, maintaining the stability of raw material prices, ensuring a stable and orderly supply and meeting targets for controlling energy consumption."

Vietnam

The Vietnamese manufacturing sector saw a further sharp fall in production during September as the sector continued to be severely impacted by the

current wave of the pandemic in the country and the restrictions put in place to try and contain the spread of the virus.

New orders were also down sharply and the rate of decline in staffing levels accelerated, IHS noted. Travel restrictions and ongoing international supply chain disruption resulted in the worst delays for the receipt of inputs on record and contributed to a further sharp increase in input costs.

Temporary business closures, transportation difficulties and staff shortages all contributed to a fourth successive reduction in manufacturing output in Vietnam, and one that remained considerable. New orders also fell sharply, and to the greatest extent since April 2020. Alongside a sharp reduction in domestic new business, firms pointed to a much sharper reduction in new export orders than that seen during August.

"The themes seen in recent months were repeated across the Vietnamese manufacturing sector in September, according to the latest PMI data," Andrew Harker, economics director at IHS Markit, said. "Firms again faced huge restrictions on their ability to produce, leading to a steep fall in employment and a surge in backlogs of work following a sustained period of reduced output. On a more positive note, there are signs that the latest wave of the pandemic has peaked and vaccination programs are making good progress. If cases continue to trend down and restrictions are eased, then firms should be able to see growth resume over the final quarter of the year."
Mexico

Manufacturing sector conditions remained difficult in September, with the latest PMI data pointing to ongoing declines in new orders and output, IHS said. In addition to linking the downturn to a challenging market environment and subdued demand, some panelists surveyed noted having to shut down their factories due to heavy rain and the pandemic. More jobs were shed and there was another reduction in input buying.

Although companies suggested that global shortages of raw materials continued to push up purchasing prices, the overall rate of input cost inflation softened to an eight-month low.

"Manufacturers in Mexico continued to report many struggles in September, with production falling due to subdued sales volumes and raw material scarcity," Pollyanna De Lima, economics associate director at IHS Markit, said. "PMI data for September showed that order book volumes shrank further, which in turn led companies to reduce headcounts. The

downturn in demand at least showed signs of abating. Global shortages of raw materials remained a key theme of the survey, with Mexican firms indicating that this restricted input buying, dragged down their inventories and pushed up purchasing costs… There were revived hopes among goods producers that production could expand in the coming months, evidenced by an uptick in business optimism."

India

The recovery of the Indian manufacturing industry was extended to September, as companies benefited from strengthening demand conditions amid the easing of Covid restrictions. With sales rising at a stronger rate, firms scaled up production and purchased additional inputs.

There was also a faster upturn in international sales and an improvement in business confidence. Price pressures, which receded in each of the prior two months, intensified in September due to lingering shortages of raw materials as well as higher fuel and transportation costs.

"Indian manufacturers lifted production to a greater extent in September as they geared up for improvements in demand and the replenishment of stocks," De Lima said. "There was a substantial pick-up in intakes of new work, with some contribution from international markets. After subsiding in each of the previous two months, cost inflationary pressures intensified in September. Strong demand for scarce products contributed to the increase in input costs, as did rising fuel and transportation rates."

Source: sourcingjournal.com– Oct 04, 2021

HOME

****

How LA Traffic Became a Global Headache

The world of logistics and manufacturing is in a state of disarray. A record number of ships are stuck outside Los Angeles and Long Beach, Calif. Shortages of everything from vessels to truck drivers and raw materials abound.

With freight rates soaring, the ocean-shipping industry is beginning to look like a cartel. In short, the days of quick, cheap deliveries will soon become a distant memory.

Some of the problems stem from Covid-19, no doubt. Staggered shutdowns and reopenings along the global supply chain have created bottlenecks and mismatches.

The cost of shipping a 40-foot box on the Shanghai-to-Los Angeles route is so much higher than going the opposite direction that companies are willing to send containers back empty — in other words, it's more lucrative to get in another eastbound trip than wait for containers to get filled.

Meanwhile, journey times by sea have doubled because of the backlog, causing alternatives like air freight to get more expensive. Sea freight spot prices are expected to rise and congestion to worsen.

Source: bloomberg.com– Oct 04, 2021

HOME

****

Logistics Giants Flying High with 'No Time to Die'

Some of the world's biggest logistics players are touting their links to the new James Bond film, hitting U.S. theaters Friday, even as they invest in new assets to support the sector's unprecedented straits.

Boeing and CMA CGM Group, one of the largest global shipping and logistics companies, announced the purchase of two new Boeing 777 Freighters to grow the company's air freight division operations.

CMA CGM Group launched its dedicated air freight division, CMA CGM Air Cargo, in February, beginning commercial operations in March with its first flight between Liege, Belgium, and Chicago, followed by flights to New York, Atlanta and Dubai.

The Boeing 777 will provide CMA CGM Air Cargo the flexibility to operate the airplane across its growing air freight network while helping to deliver on its sustainability objectives as it pursues its commitment to offer its customers a complete range of transportation and logistics solutions. The 777 Freighter is the world's largest and longest-range twin-engine freighter. With a range of 9,200 kilometers, the 777 Freighter can carry a maximum payload of 102 tons, allowing CMA CGM Air Cargo to make fewer stops and reduce landing fees on long-haul routes.

The 777 Freighter is Boeing's top-selling freighter of all time. Customers from around the world have ordered 272 of the 777 Freighters since the program began in 2005.

The CMA CGM Group's 542 containerships serve more than 420 ports around the world and transported nearly 21 million TEU (20-foot equivalent units) containers in 2020. With its logistics arm, CEVA Logistics, CMA CGM handles 400,000 tons of airfreight and 2.8 million tons of inland freight every year.

Meanwhile, as an official partner of the 25th James Bond film, "No Time To Die," CMA CGM granted filmmakers EON Productions unprecedented access to Kingston Container Terminal in Jamaica to shoot an action sequence with a seaplane, and the vessel CMA CGM Fort Saint Georges features in the film when Bond is rescued from the ocean.

CMA CGM ships, crew members and 1,000 shipping containers were used for filming, which took place at the CMA CGM-operated Kingston South Quay Terminal in Jamaica, a strategic transhipment hub in the Caribbean, located at the exit of the Panama Canal and the crossroads of the North-South and East-West lines.

Flying the French flag and under the leadership of French Masters, the vessels CMA CGM Fort Saint Georges (2,260 TEUs) and CMA CGM Fort De France (3,504 TEUs), along with a dozen crew members, took part in the filming.

Fellow logistics giant DHL also has a role in the new film. DHL launched a new campaign featuring a TV commercial that pays homage to the iconic film franchise, marking the fifth time DHL has provided the transport and logistics solutions to James Bond.

“We are incredibly proud of the support DHL has provided the last five James Bond films,” Monika Schaller, DHL’s executive vice president of corporate communications, sustainability and brand, said. “To pull off a feat of this magnitude requires the collective effort and orchestration of our international DHL network and its respective teams. The campaign is quintessentially Bond, with high energy and tongue in cheek humor, all while remaining firmly in the DHL world. The message is that DHL is the logistics partner you can rely on even if the mission is unusual or complex.”

To create a TV commercial that contained the same levels of intrigue and excitement as a Bond car chase, the team chosen to create, orchestrate and deliver it were essential. The commercial features the iconic Aston Martin DB5 driven by Bond stunt driver Ben Collins, who worked alongside “No Time To Die” assistant stunt coordinator Pete White. Shot by award-winning director Adam Berg at Smuggler, the ad also boasts the film’s director of photography, Linus Sandgren. The creative concept was developed by DHL’s lead agency 180 Amsterdam.

Set in Shanghai, the ad follows a DHL courier as he sets out to deliver a vital package to Bond. As he arrives at the assigned location to meet Bond, the handover is interrupted and a high-speed car chase ensues. As 007 is pursued through the streets, the courier avoids the chaos to deliver the package to an updated delivery address, safely and efficiently.

In addition to the TV spot, the campaign will be aired internationally across all digital channels, both in the form of digital banners and video, as well as print ads.

Source: sourcingjournal.com – Oct 04, 2021

HOME

****

Negotiations over ASEAN-EU free trade agreement set to resume

The Association of Southeast Asian Nations (ASEAN) is set to resume free trade agreement (FTA) talks with the European Union (EU) after negotiations were suspended in 2009. The EU Commission on Trade has agreed on a joint trade and investment programme, said Thai vice minister for commerce Sansern Samalapa, who acted as the chief negotiator at the September 8-9 ASEAN Economic Ministers (AEM) virtual meeting with the EU, the United Kingdom, Switzerland and Russia.

The two sides agreed to prepare negotiations for an ASEAN-EU FTA and hold joint expert meetings to build mutual understanding on new trade issues like e-commerce, government procurement and sustainable trade and development, according to media reports in the region.

ASEAN and EU ministers also met representatives from the EU-ASEAN Business Council, which suggested ASEAN should reduce non-tariff trade measures, promote the same product standards in both regions, protect intellectual property rights, promote environmentally friendly energy, use data management for the digital economy and allow cross-border travel permits, said Samalapa.

He said Thailand has emphasised the importance of an ASEAN-EU FTA as it would create a favourable environment for trade and investment in the region. The EU started FTA negotiations with ASEAN in 2007. After negotiations were suspended in 2009, the EU decided to pursue bilateral trade agreements with nations.

Six Asean members have begun talks on bilateral FTAs with the EU: Singapore and Malaysia in 2010; Vietnam in 2012; Thailand in 2013; the Philippines in 2015; and Indonesia in 2016. FTAs are in effect with Singapore and Vietnam, ratified in November 2019 and August 2020 respectively.

Negotiations are continuing with Indonesia, while talks are on hold with Malaysia, the Philippines and Thailand.

Source: fibre2fashion.com – Oct 05, 2021

HOME

****

Turkey to set up development fund for exporters

Turkey is working to establish a development fund that will have a similar structure to the country's credit guarantee fund, head of the country's exporters' assembly said Monday.

The Export Development Fund (IGF) will only be export-oriented and will act as a guarantor for the loans extended to exporters, Ismail Gülle, chairperson of the Turkish Exporters' Assembly (TIM), said of the fund President Recep Tayyip Erdoğan announced recently.

The current Treasury-backed Credit Guarantee Fund (KGF) is designed to stimulate the economy by guaranteeing loans to small- and medium-sized firms.

Gülle stated that IGF would solve the problem of loan guarantees and therefore ensure easy access of loans by exporters.

With the pool of guarantees that will be formed, he said exporters will be given the opportunity to use the resources of the Central Bank of the Republic of Turkey (CBRT) through Eximbank within the Treasury guarantee.

"The resource here will be fully supported by the reserve funds and resources of our exporter associations, the IGF will be established from a pool that will be formed with the participation of all of them, and the fund will be a guarantor for by the exporter," Gülle said.

"This model will eliminate the problem of a guarantee letter. Currently, it is not possible to use resources from Eximbank without a letter of guarantee," he noted. "This tied exporters' hands."

With the system, the TIM head said they seek to create TL 300 billion ($33.89 million) to TL 400 billion of resources in parallel with the export funds and the loans that the companies would receive through the IGF without collateral.

Turkish exporters have managed to exceed the $20 billion (TL 177 billion) threshold for the first time on a monthly basis in September, official data showed Friday.

Exports surged 30% to hit $20.8 billion last month. Imports grew 12% to $23.4 billion.

The country has also achieved its 12-month rolling exports target for this year in the first nine months of the year, reaching $212.2 billion.

“Because our monthly exports are now at $20 billion, more funding is needed. Due to the pandemic, the costs of raw materials, logistics and energy in the world have risen significantly. We have a fund that will solve all these burdens,” Gülle said.

Source: dailysabah.com – Oct 04, 2021

HOME

****

UK among top economic partners of Vietnam: PM Pham Minh Chinh

The United Kingdom is among the leading economic partners of Vietnam in Europe, the latter's Prime Minister Pham Minh Chinh recently affirmed while receiving British ambassador to Vietnam Gareth Ward in Hanoi. Chinh suggested the two countries should cooperate close to make the most of opportunities brought about by the UK-Vietnam Free Trade Agreement (UKVFTA).

He urged the United Kingdom to further open its market for Vietnamese exports, encourage British businesses to expand investment in Vietnam and continue to support and create favourable conditions for Vietnamese expatriates and students in the United Kingdom to engage in business, study and live.

Appreciating the UK Government's donation of 415,000 doses of AstraZeneca COVID-19 vaccine for Vietnam, PM Chinh expected the two countries to continue stepping up medical cooperation. He proposed the UK further donate vaccines and medical equipment and consider transferring vaccine production technology and providing COVID-19 treatment drugs for Vietnam, Vietnamese media reports said..

The ambassador said he will coordinate with competent agencies to encourage British businesses to expand their investment in Vietnam.

The United Kingdom is willing to cooperate with and support Vietnam in switching to clean energy and accessing green finance to develop renewable energy projects, he added.

Agreeing with the prime minister's proposal to strengthen bilateral cooperation in education-training and public administration, the diplomat affirmed that the UK will continue to assist Vietnam in high-quality human resources development, increase its government scholarships for Vietnamese students, and intensify joint programmes on research, teaching and digital transformation in education.

Source: fibre2fashion.com – Oct 05, 2021

HOME

****

China's trade surplus tops 291 bn yuan in Aug: Official data

China's international goods and services trade surplus stood at 291.6 billion yuan (about $45 billion) in August, according to recent official data released by the State Administration of Foreign Exchange, which revealed the country's trade income amounted to approximately 2 trillion yuan and expenditure stood at around 1.71 trillion yuan.

China's goods trade income came in at 1.82 trillion yuan with an expenditure of 1.46 trillion yuan, leading to a surplus of 363.2 billion yuan, the data showed.

The services trade saw a deficit of 71.7 billion yuan, with the sector's income and expenditure standing at 178 billion yuan and 249.6 billion yuan respectively, official Chinese media reported.

The country's retail sales of consumer goods went up by 2.5 per cent year on year in August this year, according to the National Bureau of Statistics (NBS), whose data showed retail sales of consumer goods totaled around 3.44 trillion yuan ($533 billion) in August. The figure 3 per cent higher from the level in August 2019.

In the January-August period, retail sales gained by 18.1 per cent year on year and was up 8 per cent from the same period in 2019, according to NBS.

Source: fibre2fashion.com – Oct 05, 2021

HOME

****

Negligible effect of CBERA on US imports, producers, consumers: USITC

The overall effect of the Caribbean Basin Economic Recovery Act (CBERA) on the US economy generally, and on US imports, industries and consumers continues to be negligible in 2020, while the effect on beneficiary countries is small but positive, according to the US International Trade Commission (USITC), an independent, non-partisan, fact-finding federal agency.

In its publication titled 'Caribbean Basin Economic Recovery Act: Impact on US Industries and Consumers and on Beneficiary Countries, Twenty-fifth Report, 2019-20', USITC said that for US industries in particular, the overall effect of the programme on domestic production, employment and operating profits was also negligible.

USITC identified two US industries—methanol and T-shirts—that most likely have faced small negative effects due to competition from CBERA imports.

The CBERA programme, operational since January 1, 1984, affords preferential tariff treatment to most products of the 17 designated Caribbean countries that received CBERA benefits during the period covered in the report.

US imports receiving preferential treatment under CBERA totaled $1.7 billion in 2020, a decline of 4.8 per cent from $1.8 billion in 2019. The value of US imports under CBERA increased between 2016 and 2018 but decreased in both 2019 and 2020.

The change in 2020 was driven primarily by decreasing imports of apparel, which accounted for 43.1 per cent of total US imports under CBERA. Apparel, supplied mainly by Haiti, decreased by 25.6 per cent from $978 million in 2019 to $728 million in 2020, with cotton T-shirts comprising 41.7 per cent of those imports.

Petroleum-related products, accounting for 40.8 per cent of imports under CBERA, increased by 25.2 per cent in 2020. Petroleum products were supplied by both Trinidad and Tobago and Guyana.

Special CBERA provisions for Haiti have had a strong, positive effect on export earnings and job creation in Haiti's apparel sector. Apparel assembly is Haiti's largest manufacturing activity and the country's largest source of manufacturing jobs with a labour force composed mostly of women.

The future effect of CBERA on the US economy and domestic industries will likely remain small. CBERA countries generally are, and are likely to remain in the near term, small suppliers to the US market, the report added.

Source: fibre2fashion.com– Oct 05, 2021

HOME

****

Pre-slowdown UK economy bounced back in Q2 by more than thought before

The UK economy expanded by more than previously thought in the April-June quarter before what seems to be a recent sharp slowdown as post-lockdown bottlenecks, including a shortage of truck drivers, rise. Gross domestic product (GDP) rose by 5.5 per cent in the second quarter, the Office for National Statistics (ONS) said, stronger than its preliminary estimate of growth of 4.8 per cent.

The revision implies the country is no longer the worst-performing economy among the Group of Seven developed countries, when comparing GDP this summer with its level at the end of 2019. It is now tied with Germany and above Italy.

ONS said the data had been adjusted to take account of more complete data from the health sector as well as an update of its sources and methodology for calculating output.

The figures offered a clearer view of Britain's swift economic bounce-back from its coronavirus lockdown earlier this year, but there are now signs of a loss of momentum due to shortages of supplies and staff as the global economy reopens, according to British media reports.

Bank of England (BoE) governor Andrew Bailey recently said he thought the economy would regain its pre-pandemic level of output in early 2022, a month or two later than the BoE had forecast in August. Despite the slowdown, the British central bank has signalled that it is moving towards a first interest rate hike since the pandemic as it expects inflation to head above 4 per cent.

The recent ONS data showed households increased their spending by more than 7 per cent in the April-June period and they dipped into their coronavirus lockdown savings to fund it.

The savings ratio, which measures the income households saved as a proportion of their total available disposable income, fell to 11.7 per cent from 18.4 per cent in the first quarter of 2020, ONS added.

Source: fibre2fashion.com– Oct 05, 2021

HOME

****

Container port congestion stagnates Sept trade: Kiel Trade Indicator

Congestion at major container freight ports in September has disrupted shipping operations and is leading to stagnation in global trade, according to data from Kiel Trade Indicator, which found that for Germany, the European Union (EU) and the United States, trade is expected to be only at the level of August, Germany-based Kiel Institute for the World Economy, which compiles the trade indicator, said.

Overall EU exports are not expected to rise from the -0.1 per cent value recorded in August. For the United States, the indicator shows slightly negative signs, with exports down by 0.5 per cent and imports 0.7 per cent lower, the institute said in a release. "The terminal closures in China are leaving their mark and dampening the exchange of goods," said Vincent Stamer, head of Kiel Trade Indicator.

"There are no signs of a sustained easing of the situation, which clouds the outlook for international trade. This is likely to be felt via rising prices and continuing shortages of certain goods, including in the Christmas trade," he said.

Congestion off Ningbo-Zhoushan and Los Angeles currently ties up about 3 per cent of global trade volumes in each of their main trade lanes. Cargo volumes in the Red Sea—the main sea trade route between China and Europe—are 14 per cent lower than would be expected under normal circumstances.

"Christmas is not cancelled, but especially for products from China and Asia, missing deliveries or higher prices are to be expected," Stamer said. However, despite congestions issues, China seems to have found a way to overcome the closures of its terminals at the ports of Ningbo-Zhoushan and Yantian. Despite bottlenecks off the Chinese coast, more goods were shipped from these ports and Shenzhen in the past four weeks than in the four weeks before that.

For China's exports in September, the Kiel Trade Indicator signals an increase of 6.2 per cent and for imports an indicator value of 0.8 per cent. The Kiel Trade Indicator estimates and analyses trade flows in terms of imports and exports for 75 countries.

Source: fibre2fashion.com– Oct 04, 2021

HOME

****

Vietnam Deal Dodges New Fashion Tariffs

The American Apparel & Footwear Association (AAFA) hailed an agreement with Vietnam announced Friday by U.S. Trade Representative Katherine Tai that addresses U.S. concerns in the Vietnam Timber Section 301 investigation and USTR's threat of tariffs on products such as apparel and footwear.

This is the first 301 investigation to address environmental concerns. The agreement secures commitments that will help keep illegally harvested or traded timber out of the supply chain and protect the environment and natural resources.

"I commend Vietnam for its commitment to address our concerns regarding the importation and use of timber that is illegally harvested or traded," Tai said. "With this agreement, Vietnam will provide a model both for the Indo-Pacific region and globally for comprehensive enforcement against illegal timber."

Tai said USTR's first use of Section 301 in this investigation shows the strength of using this tool to address concerns regarding environmental risks or the enforcement of environmental laws.

"We are pleased to see that U.S. apparel, footwear, and accessories imports from Vietnam will not be subjected to additional tariffs," AAFA president and CEO Steve Lamar said. "At a time when we are focusing on getting more vaccines to this key trade partner and unlock snarled supply chains, removal of this tariff threat is welcome indeed. We are also pleased to see Vietnam and the U.S. solidify their work to guard against illegal timber harvesting an important step for Vietnam's sustainability journey."

Lamar said as the second largest supplier of apparel, footwear and travel goods to the U.S. market, Vietnam has experienced dramatic growth since 2016. Additionally, Vietnam has become an important supplier of personal protective equipment (PPE).

"All tariff relief and removal of tariff threats is good trade policy, as taxing Americans to get dressed each day is never a good negotiating tactic," he added.

AAFA has also continuously pressed the Biden administration for additional Section 301 tariff exclusions and retroactive renewal of all expired exclusions.

Last week, AAFA penned a letter to Tai on this issue and the simultaneous shipping crisis causing out of control freight rates, historic logjams at U.S. ports, delays, and costs that are wreaking havoc on supply chains and America's economic recovery.

Source: sourcingjournal.com– Oct 04, 2021

HOME

****

Pakistan: Prices drift lower on cotton market

The Spot Rate Committee of the Karachi Cotton Association on Monday decreased the spot rate by Rs 200 per maund and closed it at Rs 13900 per maund.

The Spot Rate Committee of the Karachi Cotton Association on Monday decreased the spot rate by Rs 200 per maund and closed it at Rs 13900 per maund. The rate of Polyester Fiber was increased by Rs 5 per kg and was available at Rs 225 per kg.

The local cotton market remained bearish and trading volume remained low due to rains. Cotton Analyst Naseem Usman told Business Recorder that after ten years international cotton market crossed 100 cent. After the reports of cotton crop damage in India, China started to buy cotton from America.

The Prices of textiles and garments made in China are likely to rise by 30 to 40 per cent in the coming weeks on account of planned shut down in the industrial provinces of Jiangsu, Zhejiang and Guandong. The shut downs are due to governments efforts to reduce carbon emissions and shortage of electricity production owing to short supply of coal from Australia.

The rate of cotton in Sindh is in between Rs 11500 to Rs 14100 per maund and the rate of cotton in Punjab is in between Rs 13600 to Rs 14100 per maund.

The rate of the new crop of Phutti in Sindh was in between Rs 4000 to Rs 5800 per 40 kg. The rate of Phutti in Punjab is in between Rs 5500 to Rs 6100 per 40 kg. The rate of Banola in Sindh is in between Rs 1550 to Rs 1800 per maund. The rate of Banola in Punjab is in between Rs 1450 to Rs 1800 per maund. The rate of cotton in Balochistan is in between Rs 13600- 13700 per maund. The rate of Phutti in Balochistan is Rs 5900- 6700 per maund.

2400 bales of Ghotki, 800 bales of Khan Pur, 1000 bales of Mir Pur Mathelo, 800 bales of Pano Aqil, 600 bales of Sarhad were sold at Rs 14100 per maund, 1000 bales of Saleh Pat, 1200 bales of Rohri, 3000 bales of Khan Pur were sold at Rs 13700 to Rs 13900 per maund, 1200 bales of Sanghar were sold at Rs 12200 per maund, 1000 bales of Shahdad Pur were sold at Rs12200 to Rs 13200 per maund, 600 bales of Tando Adam were sold at Rs 12200 per maund, 1400 bales of Rahim Yar Khan, 2000 bales of Sadiqabad

were sold at Rs 14000 to Rs 14100 per maund, 200 bales of Khanewal were sold at Rs 14000 per maund, 1800 bales of Layyah were sold at Rs 13600 to Rs 13800 per maund, 1600 bales of Haroonabad were sold at Rs 13700 to Rs 13800 per maund, 200 bales of Bahwalpur were sold at Rs 13700 per maund, 800 bales of Shujaabad were sold at Rs 13800 per maund, 1200 bales of Yazman Mandi were sold at Rs 13750 to Rs 13825 per maund, 1600 bales of Fort Abbas, 800 bales of Bahawal Pur were sold at Rs 13700 to Rs 13800 per maund, 600 bales of Rajan Pur were sold at Rs 13500 to Rs 13700 per maund.

All Pakistan Textile Mills Association (APTMA) Patron-in-Chief Gohar Ejaz has announced that the textile industry is going to invest $5 billion by adding 100 new textile plants which will provide 500,000 new jobs and increase textile exports.

Addressing the annual general meeting of the association at APTMA House, Gohar hoped to achieve the current year's textile export target of $21 billion.

He mentioned that exports of the value-added sector have shown remarkable growth during FY 2020-21, registering 32 percent in the towel, 19 percent in garments, 37 percent in knitwear, and 29 percent in bed wear exports. He added that textile exports increased by 23 percent in last FY, while registering 29 percent growth in the first two months of the current fiscal year. In August 2021, textile exports have registered a growth of 45 percent over the same period last year.

Source: brecorder.com– Oct 05, 2021

HOME

****

‘Increased RMG exports by neighbouring countries will not affect Bangladesh’

Apparel manufacturers said that the largest trade volume in all these destinations is still exported from Bangladesh

Increasing apparel exports by India and Pakistan to the US and European markets will not affect the export earnings of Bangladesh, apparel manufacturers said.

Both India and Pakistan are neighbouring competitors of Bangladesh when it comes to apparel export.

They also said that the largest trade volume in all these destinations is still exported from Bangladesh.

Moreover, the exports to Europe and the US from India and Pakistan have increased as per their own statistics, and Bangladesh has nothing to worry about.

According to Eurostat Trade, the export of apparel products from Bangladesh recorded a growth of 18.3% year-on-year in the first seven months (January-July) of 2021 than the same time of 2020 in the European market from $7,756 million to $9,176 million.

In the meantime, two neighbouring countries — India and Pakistan — marked a rise of 22.23% and 27.89% respectively, by exporting apparel products worth from $2,032 million to $2,483 million, and from $1,304 million to $1,661 million respectively, according to Eurostat.

The Office of Textiles and Apparel (Otexa) of the US has also published the data of sourcing of the apparel products from South Asian countries in the same timeframe.

According to the Otexa data, Bangladesh exported apparel worth $3,701 million in the first seven months of 2021, fetching a rise of 28%, from $2,891 million in the same period of 2020.

Meanwhile, India exported apparel worth $2,318 million, which was $1,742 million in 2020, and Pakistan exported worth $1,163 million, which was

$688 million in 2020, securing the growth of 33.1% and 69.1% respectively, Otexa data shows.

But apparel manufacturers of Bangladesh said that it is a temporary scenario and the country should not worry about it since it is a matter of their own export statistics.

In this regard, Shahidullah Azim, vice-president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) told Dhaka Tribune that Europe and the US are the main export destinations of Bangladesh.

"The large volume of apparel products that are exported to these two destinations from Bangladesh every year is much higher than India and Pakistan," he added.

He also said that the exports from India and Pakistan have increased in these destinations compared to the exports of previous years.

"It is not related to Bangladesh's exports. They are increasing sourcing from those countries, and also increasing sourcing from Bangladesh significantly."

Moreover, he called it a temporary issue, adding that there are a lot of purchase orders from these two destinations in Bangladesh.

"So, I hope that our exports will increase further to the EU and the US in the next few months," he added.
Some apparel manufacturers also said that the recent visit by BGMEA leaders to the US and some successful discussions with European buyers will further boost exports to these destinations.

They are also hopeful that Bangladesh may attract more purchase orders from the US and the EU if the apparel diplomacy works effectively.

However, apparel makers also said that exports of India and Pakistan may have increased due to the differences in the yarn prices.

The price of yarn in these two countries is comparatively lower than what it is in Bangladesh, they said.

According to industry insiders, the current price of cotton in the global market is around 95 cents per pound.

Bangladesh is the second highest importer of cotton to produce 30-count yarn, the main raw materials of knitwear garment items.

The price of per kilogram (kg) 30-count yarn in the local market is $4.10-$4.15, which is higher than most of the other apparel producing countries, they said.

They also said that the price of yarn in India is $3.60 per kg, which is much lower than what it is in Bangladesh.

A general manager of Savar based AKH Fashions Limited said that India and Pakistan might get the advantages due to the difference between the price of raw materials.

"But we are confident that the export of Bangladesh to the prime destinations will increase soon," he added.

He also said they should have proper strategies to attract more buyers from the destination countries.

"In this regard, Bangladesh needs to develop its own fashion designing studios, diversify products basket and to emphasize synthetic or man-made fibre to execute a sustainable apparel industry," he added.

Bangladesh is the second-largest exporter of the apparel items in the global market after China. The apparel sector earns more than 83% of the country's export earnings.

Bangladesh exported apparel items worth $31.45 billion in the last fiscal year.

According to the BGMEA, there are more than 4,000 garment factories which employ nearly 4 million workers.

The number will be higher if the backwards-linkage industries and their workers are included.

Source: dhakatribune.com– Oct 03, 2021

HOME

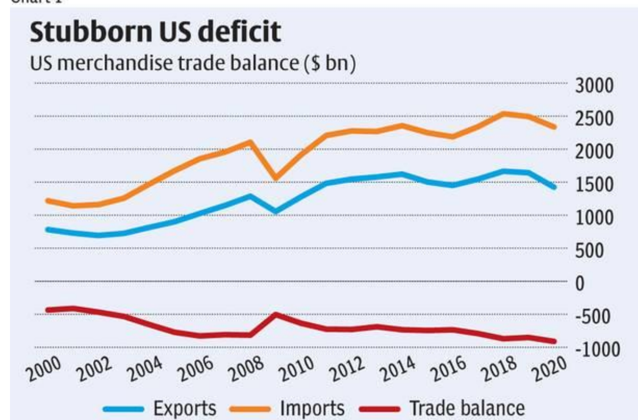
****

NATIONAL NEWS

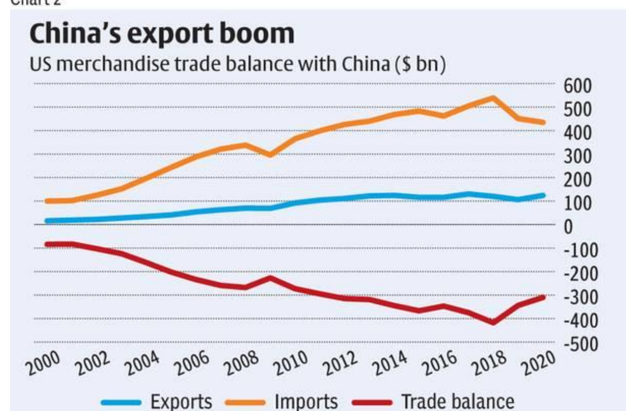
What has the US-China trade 'war' achieved?

It has hardly made a dent on US trade deficit. The real purpose behind the US' move was control of frontier technologies

The trade-and-technology war between the US and China effectively began in 2018. On July 6, 2018, US President Donald Trump unilaterally imposed a 25 per cent tariff on Chinese imports of around $34 billion, and further tariffs in 2018 and 2019 — claiming that trade between US and China had been unfairly skewed in China's favour and needed to be rebalanced. The ostensible reason put forward was the persistence of what were called "unfair trade practices" and "technology theft" by China.



Thereafter, the trade war has continued into the administration of President Joe Biden, and morphed into a technology war, which is probably what it was always about. The US has made aggressive moves to deny China both the knowledge and the inputs required to produce some frontier goods and services, as well as access to markets — most of all affecting semiconductor production and the 5G technology in which the Chinese company Huawei was becoming a global market leader.



The broader context of the trade war was the growing merchandise trade deficit of the US, which was $735 billion in 2016, just before Trump took office. Figure 1 indicates that despite the more protectionist stance, the overall US deficit actually continued to increase thereafter, to as much as $911 billion in 2020.

China was seen as the major problem and greater source of the trade deficit, which was "blamed" on China rather than on macroeconomic processes within the US that were likely to generate trade deficits.

It is certainly true that that the bilateral US merchandise trade deficit with China had increased significantly since 2000, and especially in the periods 2004-08 and 2011-18, as shown in Figure 2.

Indeed, after the Global Financial Crisis, China began to occupy a major part of the composition of the merchandise trade deficit, peaking at nearly half in 2015 (Figure 3).

Yet the contribution of China declined sharply after 2018, to around one-third in 2020, even though its share of US imports fell only marginally. This was essentially because the US trade deficit with other countries grew larger due to declining exports during the pandemic.

Hi-tech imports

One of the more obvious concerns of US trade policy with regard to China has been not just the overall imports from China, but the growing significance of high-technology imports.

China succeeded in diversifying and upgrading its own export basket significantly in the past two decades, through an active policy emphasis on domestic technology development, aided by rules that required foreign investors to set up joint ventures with Chinese counterparts, in which the technology would be shared.

This was done voluntarily and even willingly by US multinational companies anxious to enter the fastest growing market in the world and also to use China as a base for further exports. Yet it is this strategy which is now being seen as having created a threat for the US in the form of rapid technological advancement in China.

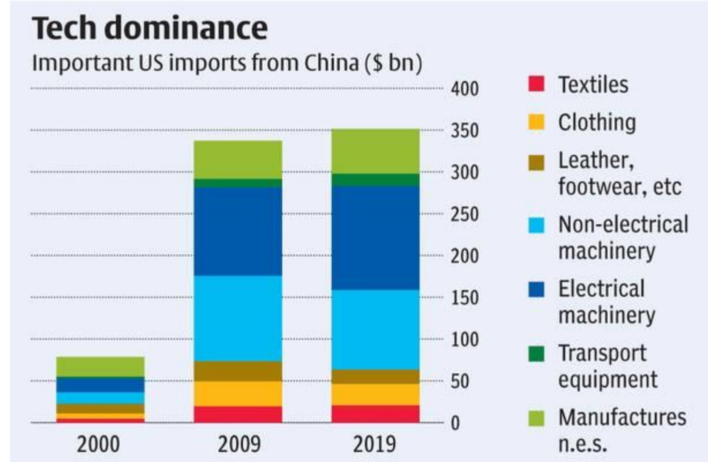
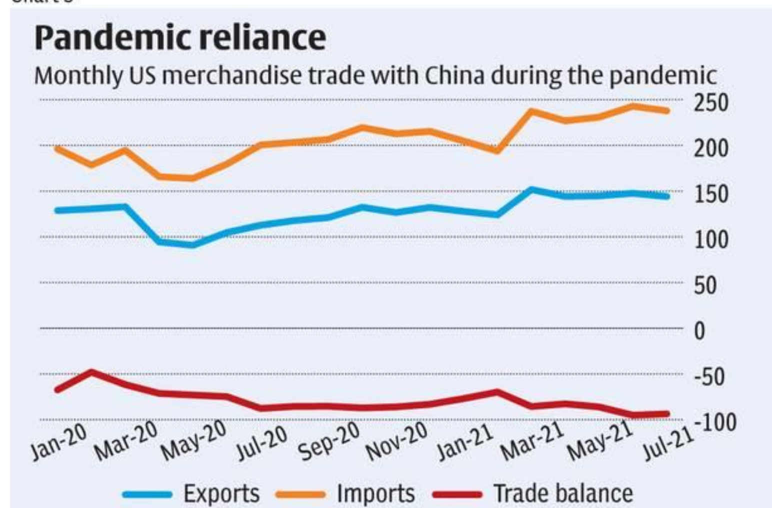


Figure 4 shows how, over the two decades since 2000, even in terms of manufactured goods exports, China moved away from relying on more traditional developing country export items like textiles, clothing and leather, to electrical and non-electrical machinery and miscellaneous items (like toys) that became the dominant manufactured exports by 2009.

In the 2010s, the growth of exports was mainly concentrated in electrical machinery, including electronic products like the smartphones and tablets that have established such a significant market presence all over the world. Interestingly, during the pandemic, US reliance on Chinese imports appears, if anything, to have grown rather than declined (Figure 5).

Imports into the US from China in the first half of 2021 were on average 46 per cent higher than in the first half of 2020. The supply chain issues because of the pandemic that affected Wuhan and other provinces of China in the early months of 2020 were obviously addressed relatively quickly, to enable renewed production and exports to the rest of the world at a time when other countries still faced renewed waves of the pandemic that affected economic activity and production in particular.



US 'security' fears

It is also possible that many of these recent US imports from China are in the form of high-tech products that the US now openly sees as a competitive threat. The dangers from China that were earlier described in terms of a different, more protectionist, economic model are now being downplayed by a US administration that is once again

discovering the joys of trade protection linked to industrial policy. So the focus has shifted to using concerns about national security to prevent China from being able to access crucial inputs that are necessary for high-tech production.

This explains the recent moves to restrict China's access to semiconductor chips that are essential for new 5G-enabled smartphones. This is one area in which China's ability to develop its own domestic suppliers has been limited.

Currently, China imports around $300 billion worth of chips in a year, of which more than half is then re-exported in finished electronic products. The most advanced Chinese company making these chips, Semiconductor Manufacturing International Corporation (SMIC) uses imported technology and inputs to make the chips.

But now all US equipment suppliers need to apply for a license from the US government before they can sell to SMIC, effectively putting a brake on such sales, and substantially hampering its production. Similarly, fines and sanctions have been imposed on the giant Chinese telecoms giant ZTE, ostensibly for covering up its role in selling US technology to Iran.

The problems and sanctions faced by Huawei, for alleged espionage and ties to the "techno-authoritarianism" of the Chinese state, are now too well-known to need further elaboration.

The argument for such an aggressive strategy by the US is typically framed in terms of "national security" considerations, but it is clearly about staking a claim to the economic territory of the future, whether in the form of communication technologies like 5G or renewable energy solutions. It remains to be seen how this will play out over the next few years.

Source: thehindubusinessline.com– Oct 04, 2021

HOME

****

China power shortage may aggravate supply-chain challenges for India Inc

India Inc's supply-chain woes don't seem to be ending. Automotive, appliance, consumer durables and FMCG companies have been grappling with shortages of key components and raw material for more than a year after disruptions caused by the onset of Covid-19 and the blocking of the Suez Canal.

Now, a power shortage in China, the world's manufacturing hub, is hurting supplies of key parts and sub-assembly units for auto, consumer durables and appliance makers in India, while even pharmaceutical, solar panel and pesticide makers could face a supply crunch, experts said.

"We are yet to see any major impact in India but we need to remain watchful of the situation in pharmaceuticals and pesticide industry as several intermediary products used for production are imported from China," said Hetal Gandhi, director at Crisil Research.

China has been facing an acute power shortage since summer and several of its provinces have witnessed sudden blackouts of late. A rise in demand, weather conditions and measures to cut the use of fossil fuels have contributed to the power shortage in China.

According to reports, manufacturing units have been asked to close or operate only on limited days. The development will have implications on the world economy and on India given its heavy import dependency from the country.

Appliance makers

Although appliance and consumer durables companies said they are yet to feel the impact of the development in the neighbouring country, they anticipate facing issues in the supply of semiconductors, motors, aluminium controllers and electronic circuits in a few months.

"We have sourced products for about 90 days and while the production in October and November will not be impacted, we are anticipating a crunch from December onwards, which would impact the production of ACs ahead of the summer season," Vikas Gupta, managing director – operations, at PG

Electroplast, told Moneycontrol. The company is a contract manufacturer for consumer durables and electronic companies in India.

According to Gupta, the company's vendors in China are operating two-three days a week, which has impacted production severely.

"They are not even allowed to operate on diesel generator sets," he added. While companies are trying to find alternative vendors in Thailand and Vietnam, this would take time.

About 80-85 percent of the parts used to manufacture televisions are sourced from China, while for air-conditioners about 65-70 percent of the components are China-made, as per industry estimates. About 40-45 percent of units used to make a washing machine are imported from China. A halt in the production of these components will severely hit the manufacture of consumer products in India. This will be in addition to the semiconductor shortage.

Companies have indicated that despite the government's production-linked incentive scheme to encourage domestic manufacturing and phase out imports, it would take at least a year for such units to attain scale in India.
Short of semiconductors

Auto companies, too, will face a supply crunch of sub-assembly units, which are imported from China. Vikram Mohan, MD of Pricol, an automotive components and precision-engineered products manufacturer, said the power crisis in China will affect India's vehicle and auto component makers that are heavily dependent on China for various inputs.

Experts said the power crunch will aggravate the shortage of semiconductors in India, a constant headache for auto companies for more than a year now. The semiconductor shortage has created supply issues ahead of the festive season. Vehicles with dealers and at warehouses of car companies are lower than expected. However, some auto companies are still managing production levels. Volkswagen, Skoda, MG Motor and Tata Motors are ramping up production this month and next.

"Retail numbers for the last four months have been higher than wholesale numbers, leading to a reduction in network stock. We have 24-25 days of stock, which should otherwise be 45 days of stock," said Tarun Garg, director (sales, marketing and service) at Hyundai Motor India.

Maruti Suzuki, the country's biggest car seller, has forecast a 40 percent cut in production to 100,000-110,000 units in October from 165,000-170,000 units. Other companies have learned to deal with the new normal. They include Tata Motors, which will launch the Punch compact SUV on October 20.

"The semiconductor shortage is hitting everybody and it seems that this will remain with us for some time. But the fact that we have unveiled the Punch, we are fairly comfortable in ramping up production," said Vivek Srivatsa, head – marketing, passenger cars, at Tata Motors.

Garg of Hyundai Motor India said, "Because we have launched so many products in the last two years, there is demand for all our products and this gives us the flexibility in shuffling production and giving priority to those models and variants that have good demand."

A booster for textiles, steel?

Not all sectors will be adversely affected by the power shortage in China. Economists and industry stakeholders said a production halt in China could help India emerge as the new textile hub. "The textile industries in Jiangsu, Zhejiang and Guangdong are affected due to power shortage, which are major hubs for the product. Another textile hub Xinjiang is affected due to labour issues and this has impacted the textile exports from the country," said OP Gulia, CEO (India), SVP Global Ventures, a cotton yarn manufacturer.

China, according to experts, contributed about 39 percent to the world's textile exports, with the US and Europe as its major markets before the pandemic. However, its share has now narrowed to 31 percent and analysts indicate it could drop below 30 percent due to stalled production.

"Demand for textiles has picked up drastically as we emerge from the second wave, and given the supply crunch in China, India can benefit," said Gulia. "We are expecting a 28-30 percent increase in textile export revenue due to the development in China." Gandhi of Crisil said sectors including steel and textiles will benefit from the power shortage in China.

Source: moneycontrol.com– Oct 04, 2021

HOME

****

Exports boost

India's exports have been resilient to the Covid impact but policies need to be tailored differently

India's export sector may be a middling performer, but it has shown the capacity to weather great economic shocks, be it the Global Financial Crisis (2007-09) or the pandemic that crippled global supply and demand for nearly a year and a half. This is because its export basket and earnings are somewhat diversified, unlike commodity exporters in Africa and the Americas.

The latest merchandise export numbers bear this out: at $197 billion, April-September exports are up 24 per cent over 2019-20, a pre-pandemic benchmark, and less surprisingly 57 per cent over 2020-21, a year in which growth and exports fell steeply.

If India's exports of goods and services cross $550 billion in 2021-22 (a target of $400 billion has been set for merchandise exports), it would be as good as any normal year if not better, given that India's GDP would perhaps still be 2-3 per cent below pre-pandemic levels.

Exports crossed 20 per cent of GDP in 2005, coinciding with the high growth years of 2003-08, touching 24-25 per cent in 2008 and 2013. The share of exports at present is about 20 per cent, its growth pattern being less volatile than that of the economy; this points to exports' potential as a macro-economic stabiliser and growth driver domestically, making up for the absence of fiscal capacity.

The return of global demand has contributed to the increase in exports this fiscal. Liquidity measures announced for MSMEs, which contribute over 40 per cent of exports, are likely to have helped them deal with working capital bottlenecks.

While the exports in the latter half of 2020-21 were driven by iron ore, pharma and agri-commodities, petroleum (which contributes 15 per cent of total exports), engineering goods (28 per cent), textiles and clothing (8 per cent) and gems and jewellery (10 per cent) have contributed to the kitty since April. Services too have held up, despite sectors such as tourism, travel and hospitality taking a hit. April-August services exports were up 4.5 per cent over 2019-20.

India faces challenges and opportunities, as the world explores alternatives to China. It needs to wean itself away from tax reimbursement schemes, as they could attract both WTO scrutiny as well as countervailing duties in the importing country.

Instead of getting mired in the debate on whether RoDTEP (Remission of Duties or Taxes on Export Products) reimburses exports sufficiently or covers all exporters who benefited from the Merchandise Export Incentive Scheme, the focus should be on developing infrastructure and logistics. The benefits of export promotion schemes need to be assessed.

India needs to revisit FTAs setting aside its RCEP experience; the RCEP is a group of suppliers with competing agendas. Finally, it needs to develop a product-specific export strategy, such as the PLI for man-made fibres. Creating an export basket of both low value and high value goods and services should be the goal, going forward.

Source: thehindubusinessline.com– Oct 04, 2021

HOME

****

Insolvency Code: Govt mulls next set of changes to insolvency and bankruptcy code

While the average recovery from toxic assets was to the tune of 39% of creditors' claims until March 2021, in some cases, the haircuts were as high as 95%.

Of course, the recovery through the IBC is still way above that through other extant mechanisms, including Lok Adalats, DRTs and Sarfaesi Act.

Top officials of the finance and corporate affairs ministry and regulator IBBI are working out the next set of amendments to the insolvency and bankruptcy code (IBC) with a view to bolstering the resolution of toxic assets and plugging any loopholes in the system.

Secretaries in the ministry and other senior officials held two important meetings on September 21 and September 28 to explore the "next frontier" of the five-year-old IBC, official sources told FE.

The hectic parleys followed a directive by finance and corporate affairs minister Nirmala Sitharaman to the officials at a meeting of the Financial Stability and Development Council (FSDC) last month to finalise details of the changes that would be required to further strengthen the IBC regime, one of the sources said. The Reserve Bank of India and stock market regulator Sebi, too, wanted certain IBC issues to be settled fast.

The move comes weeks after the parliamentary standing committee on finance cautioned that the IBC may have strayed from its original objectives, thanks to inordinate delay in resolution and large haircuts for lenders.

While the average recovery from toxic assets was to the tune of 39% of creditors' claims until March 2021, in some cases, the haircuts were as high as 95%. This asymmetry has to be reduced, critics say.

Of course, the recovery through the IBC is still way above that through other extant mechanisms, including Lok Adalats, DRTs and Sarfaesi Act.

To realise the original goals of the IBC, Jayant Sinha, chairman of the parliamentary standing committee on finance, has suggested that rules and regulations be streamlined, possibly though another amendment to the IBC, and the NCLT (National Company Law Tribunal) apparatus be bolstered.

The most crucial reasons for the delay in resolution and asset value erosion are the bottlenecks in the NCLT system, Sinha had told FE in August. As many as 13,170 insolvency cases involving claims of Rs 9.2 lakh crore are awaiting resolution before the NCLT. About 71% of the cases have been pending beyond 180 days.

The House panel had also flagged risks of procedural uncertainties from unsolicited and late bids. Analysts say often late bids are submitted by either ineligible promoters or their proxies to delay the resolution process. The panel also suggested that a professional code of conduct be firmed up for the powerful committee of creditors, which decides on all important matters in a resolution process.

To fix these issues, the Insolvency and Bankruptcy Board of India (IBBI) has now stipulated that bidders be allowed to modify the resolution plans only once. Similarly, it says CoC members will have to comply with a code of conduct, aimed at preserving the integrity of the resolution process. They will also come under the regulatory purview of the IBBI (and not sectoral watchdogs like RBI), which will initiate action if they don't abide by the code, to be implemented soon.

The regulator's action came after few cases in recent months tested the spirit of the IBC. For instance, in the case of Siva Industries Holding, the lenders accepted a one-time settlement by its former promoter, who had offered just 6.5% of the total debt, and filed a withdrawal application before the NCLT. In the case of Videocon, the NCLT had highlighted that the lenders were taking an almost 96% haircut and exclaimed that Twin Star Technologies' offer was very close to the stressed firm's liquidation value, which was meant to be confidential.

Source: financialexpress.com– Oct 04, 2021

HOME

****

Do MSMEs need Rs 20,000 crore Subordinate Debt scheme that's been extended till March 2022?

Former MSME Minister Nitin Gadkari had informed Parliament in March this year that only 343 guarantees amounting to Rs 40.56 crore were issued as of March 10, 2021, since the scheme's launch.

Credit and Finance for MSMEs: The Modi government's Rs 20,000-crore Credit Guarantee Scheme for Subordinate Debt (CGSSD), which was launched on June 24, last year for restructuring of Covid-hit MSMEs as part of the government's Atmanirbhar package, has been further extended by the government.

The Ministry of MSME in a statement on Monday announced another six-month extension to the scheme from September 30, 2021, till March 31, 2022. The scheme was supposed to be operational till March-end this year, however, "On the basis of the requests received from the stakeholders of the scheme," the government said it has given another extension.

For the uninitiated, the scheme's purpose was to provide guarantee coverage for CGSSD to offer subordinate debt support with respect to the restructuring of stressed MSMEs viz. Special Mention Account (SMA)-2 and non-performing asset (NPA) accounts as of April 30, 2020. While 90 per cent guarantee coverage cover comes from the scheme, the remaining 10 per cent is contributed by the promoter.

SMAs signal incipient stress in the business that leads to defaults in debt servicing. While SMA-0 are accounts with payments partially or wholly overdue for 1-30 days, SMA-1 and SMA-2 accounts have payments overdue for 31-60 days and 61-90 days respectively.

The latest data on the number of guarantees and the amount involved is undisclosed by the government, but former MSME Minister Nitin Gadkari had informed Parliament in March this year that only 343 guarantees amounting to Rs 40.56 crore were issued as of March 10, 2021, since the scheme's launch. The scheme had targeted to support 2 lakh Covid-hit MSMEs that are stressed and NPA accounts as of April 30, 2020.

Even as the government reasoned stakeholder interest for extending the scheme, experts had explained why there was a poor uptake of the scheme among MSMEs. "As the government had simultaneously come up with ECLGS, instead of going for restructuring in order to apply for the subordinate debt scheme, people (MSMEs) opted for ECLGS as that was giving ready credit to

remain afloat for the next two to three years and also an option for those who availed ECLGS to go for restructuring too. In banking parlance, once you go for restructuring, you are treated as a stressed account. You are tagged that you are restructured whereas ECLGS doesn't give you that tag for taking additional funding to cater to Covid-related stress," Sunil Mehta, Chief Executive Officer, Indian Banks' Association had told Financial Express Online.

Noida-based Vishwa Nath who runs Nath Bros Exim International for garment manufacturing and supplying of textile goods told Financial Express Online that, "Particularly micro units are not interested in restructuring as most of them are run by nuclear families or a group few people and they want to ensure the succession of the business ahead. Restructuring is not easy for small businesses even though they are giving you money. There are not many who seems interested in this and would rather want to borrow credit from other sources instead of undergoing restructuring if they want to benefit from this scheme."

According to the scheme's guidelines, the subordinate debt scheme enables personal loans through banks for stressed MSMEs for infusion as equity or quasi equity in the business eligible for restructuring, as per the guidelines of the Reserve Bank of India (RBI) for restructuring of stressed MSMEs. Subordinate debt is also known as subordinated debenture or junior securities, a type of unsecured loan or bond that ranks below other senior loans or securities in terms of claims on assets or earnings.

The contribution of 10 per cent subordinate debt as collateral required to be brought by the promoter was also one of the reasons for the extent to which MSMEs had taken interest in the scheme till March this year.

"There was, in fact, not much need for this scheme. If an MSME is already in financial distress, how will the promoter manage even that 10 per cent. Why would an MSME go for restructuring to take a loan under this scheme? If you don't want an additional loan and there is no need to increase equity, there is no strong reason for MSMEs to consider the scheme. Also, banks are not very forthcoming to give loans to stressed accounts," Anil Bhardwaj, Secretary General, Federation of Indian Micro and Small & Medium Enterprises (FISME) had told Financial Express Online.

Source: financialexpress.com– Oct 04, 2021

HOME

****

The Production Linked Incentive scheme for textiles and its proposed impact

India has, in the literal sense, knit its future in its primitive development stages, because the textile and apparel sector of the economy has traditionally been one of the oldest industries in the country.

With its significant labour endowment and intensive manpower approach, India has had a considerable comparative advantage in the textile sector, making it the 6th largest exporter of textiles and apparel in the world. The sector has contributed to about 5 per cent of India's gross domestic product, and 12 per cent of the country's export earnings.

However, the pandemic has had a devastating impact on the industry, and there's very less conversation about the subject matter despite the industry's assumed importance in the country's international and domestic systems. The impact on the sector has been from the demand as well as supply side, combining together to create huge losses in the social and economic realms of the sector, including productivity, profitability, employability, and the like.

This means that the stakeholders of the sector, including the government, industry and the citizens would be directly impacted if valuable and efficient mechanisms aren't put in place for the sector's revival, including the tremendous loss in livelihood, innovative lapse, revenue loss from taxation, as well as international trade, and economic growth.

And the deal is, a close look at the problems countered by the sector explain that the solutions would need to go a little beyond the usual, for mere relaxations in tax compliance deadline and factoring in labour and export-intensive sectors would not entirely suffice the requirement needed for the sector's track back to recovery. Can the production linked incentive scheme be that out-of-the-box solution? Well, let's see what's in the Programme to understand the impact it is supposed to have.

To begin with, note that analysts claim that this scheme is the government's way to improve the supply side story of the textile sector, for the announcement was made in the regard to boost the production in the textile sector, specifically of man-made fibre fabric, Man-made fibre fabric apparel and technical textiles. For this purpose, a notification of Rs 10,683 crore has

been made in the Production Linked Incentive scheme, which is put in place to provide incentives to the industry from FY25 to FY29.

The textile production lines being incentivized by the scheme-

According to the data released from official reports about the scheme, the Production linked incentive programme would be incentivizing the production of 14 categories of man-made fibre fabrics, 10 categories of technical textiles and man-made fibre apparel. The man-made fibre fabrics for which production is being incentivised include woven fabrics containing nylon, polyester and other manmade fibres.

In all, these man-made fibre fabrics, apparel and technical textiles, which include bulletproof vests, submarine clothing, fighter aircraft's clothing and tents, constitute more than 65 per cent of India's international trade in textiles.

As can be seen from the overview of the scheme itself, the initiative aims to bolster the labour intensity of the industry and realize the employability potential of the sector. If it happens at a successful pace and the potency of the scheme is actualized, both demand and supply side improvements in the sector would be visible, not only in the short run but in the long run too.

Along with this, the scheme also incentivizes technical textiles, which include defence textiles such as bulletproof vests, fighter aircraft and submarine clothing and tents. Along with technical textiles, mobile textiles such as safety airbags and tyre cords also come under the incentivization scheme, along with protective textiles such as personal protective equipment and fire-retardant fabrics and clothing. A detailed listing of all the included items has been notified by the government, and an attempt to boost production in all these areas has been tangibly made.

It can also be referred to from the announcement that the production of smart textiles has also been incentivized as per the production linked incentive scheme. Smart textiles include textiles embedded with active devices for medical, defence and special purposes.

As mentioned by Piyush Goyal, the commerce minister, the production linked incentive scheme is aimed at boosting India's share in the aforementioned segments in both domestic and international trade.

The producers who are eligible for incentives under the scheme-

There are certain restrictions included in the plan that make it the list of beneficiaries a little restricted, more so in regard to the scale, along with other parameters.

Consider this from the fact that the first phase of the production linked incentive scheme will be open to producers that invest at least Rs 300 crore in the plant, machinery, equipment and civil work. These costs are exclusive of land and administrative building costs. Achievement of at least Rs 600 crore in turnover would make these producers applicable to receive incentives from the government under this scheme.

The incentives being referred to here are also divided into phases and is contingent on fulfilment of annual minimum requirements along with the eligibility criterion being described in this section. Before we discuss the incentives, note also the other phases of eligibility and what they would entail.

In the second phase, it has been announced that producers with an investment cumulative of Rs 100 crore in plant, machinery, equipment and civil work. These costs are exclusive of land and administrative building costs. The turnover requirement for producers lying in this category, however, is also relatively higher, with the amount being at least Rs 200 crore to be able to obtain the incentives.

These steps are undertaken to ensure the profitability of the firms alleging the incentives, and the amount being put to productive use to bolster production and employability targets.

The scheme explains that the projects that increase the utility of integrated fibre or yarn by a minimum of 60 per cent in its respective processing to fabric, garments or technical textiles will become a part of the incentive programme. Independent processing houses, however, will be required to fulfill a lower value enhancement mark of 30 per cent to be applicable for selection under the production linked incentive scheme.

Commerce Minister, Piyush Goyal announced that the direct benefit of the scheme would be felt by the states of Gujarat, Uttar Pradesh, Maharashtra, Punjab, Tamil Nadu, Andhra Pradesh, Telangana and Odisha. It is because these are the states where the textile sector is already growing and would help the country to flourish in the man-made fibre ecosystem of trade. While it would be even better if all states could benefit from the scheme, as

mentioned by the ministry, the step would not be particularly feasible in such regard.

Dilip Gaur, Managing Director of Grasim Industries Ltd and chairman of the CII national committee of textiles, said, “The PLI scheme will provide an immense boost to domestic manufacturing, and prepare the industry for making a big impact in global markets in sync with the spirit of Atmanirbhar Bharat. It will also help attract more investment into this sector.”

Incentives for producers under The Production Linked Incentive scheme-

Again, the participating companies in the two mentioned phases would have to meet the turnover requirements to be applicable for the receipt of the incentives under The Production Linked Incentive scheme. At the attainment of the mentioned turnover after a gestation period of two years, then, starting FY25, companies would be eligible to receive a 15 per cent incentive in the first phase of the scheme.

It has been mentioned that in subsequent years, the said incentives would be contingent on the rate of increase in the turnover, which currently has been set to at least 25 per cent each year up to FY29. The incentives, however, would fall by 1 per cent each year to reach 11 per cent by the end of FY29.

This was the incentive scheme for the first part of the scheme, including companies with high investments and correspondingly high turnover requirements, provided their compliance. As for the second part of the scheme, however, which includes those who had relatively less capital invested in the plant and resource requirements, and have a relatively lower turnover, the incentives would begin at 11 per cent.

The pattern of a 1 per cent fall would continue here as well, although the rate by the end of FY29 would reach a cumulative of 7 per cent. The contingency, however, on turnover growth per year is the same, with the rate still being designated at 25 per cent as yet.

Source: inventiva.co.in– Oct 04, 2021

HOME

****

India coal crisis brews as power demand surges, record global prices bite

Indian utilities are scrambling to secure coal supplies as inventories hit critical lows after a surge in power demand from industries and sluggish imports due to record global prices push power plants to the brink.

Over half of India's 135 coal-fired power plants have fuel stocks of less than three days, government data shows, far short of federal guidelines recommending supplies of at least two weeks.

Prices of power-generation fuels are surging globally as electricity demand rebounds with industrial growth, tightening supplies of coal and liquefied natural gas.

India is competing against buyers such as China, the world's largest coal consumer, which is under pressure to ramp up imports amid a severe power crunch.

Rising oil, gas, coal and power prices are feeding inflationary pressures worldwide and slowing the economic recovery from the COVID-19 pandemic.

"The supply crunch is expected to persist, with the non-power sector facing the heat as imports remain the only option to meet demand but at rising costs," ratings agency S&P's unit CRISIL said in a report this week, adding it expected Asian coal prices to continue to increase.

"Coal inventory at (Indian) thermal plants will improve only gradually by next March."

Indian power producers locked in long-term agreements with distribution utilities cannot pass on higher input costs unless a clause to pass on such expenses is written into the contract.

Traders and officials at utilities said buying by power plants dependent of imported coal had been muted due to high prices.

India's average weekly coal imports during August through late September - when global coal prices rallied over 40% to all-time highs - dropped by

over 30% from the average for the first seven months of the year, according to data compiled by Kplr.

The import total for the most recent week was under 1.5 million tonnes, the smallest in at least two years.

Websites of major coal importing state utilities did not show any new tenders seeking new cargoes this month.

Coal prices from major exporters have scaled all-time highs recently, with Australia's Newcastle prices rising roughly 50% and Indonesian export prices up 30% in the last three months.

The September Indonesia coal price benchmark was as much as seven times higher than similar quality fuel sold by Coal India to Indian utilities, according to Reuters calculations.

"Traders who bought coal from Coal India in the spot auctions are making a killing. They are selling at 50-100% premiums," said a senior official in charge of sourcing coal at a large Indian utility operator.

State-run Coal India said this week higher global prices of coal and freight rates have pushed utilities dependent on imported coal to curtail power production, resulting in higher dependence on domestic coal-fired plants.

India is the world's second largest importer of coal despite having the fourth largest reserves. Utilities make up about three-fourths of its overall consumption, with Coal India accounting for over 80% of the country's production.

INDUSTRIAL POWER DEMAND SURGE

India's power plants are also grappling with surging demand from industries as economic activity rebounds from the latest wave of COVID-19 pandemic.

Power consumption in industrialised states including Maharashtra, Gujarat and Tamil Nadu grew between 13.9% and 21% in the three months ended September, a Reuters analysis of data from federal grid regulator POSOCO showed.

The three states account for nearly a third of India's annual electricity consumption. Industries and offices account for half the country's annual electricity consumption. During the last two quarters of the fiscal year ending March 2021, the residential and agricultural sectors were key drivers of power consumption after the first wave of coronavirus.

"This year we have seen a tremendous growth in industrial demand," said Shahmeena Husain, Managing Director of Gujarat's electricity regulator told Reuters.

While there have not been any large scale power outages in India, deficits have increased nearly four-fold from the negligible levels recorded last year, POSOCO data showed.

The shortages have so far been mostly restricted to northern states such as Uttar Pradesh, Bihar and Kashmir, the data showed.

"Domestic consumption increased by about 10% in the last two years because of work from home and air conditioning," a senior Tamil Nadu government official told Reuters.

"Following opening up of industries after the second wave, industries are king," the official said.

Source: economictimes.indiatimes.com– Oct 01, 2021

HOME

****

Cotton crop at risk again, Vid farmers seek govt aid

Extended rains are now posing risk to cotton, the main crop of Vidarbha. Harvest in a number of pockets is reported to be delayed by 20 to 25 days as the fields are still wet. This has prevented cotton boll formation to the full capacity, in turn, holding up the harvest.

If farmers in Vidarbha are still hoping for some sunshine that may save the crop, cotton growers in neighbouring region of Marathwada are already reported to be in losses due to excessive rains. Once it gets dry, there are chances of pink bollworm pest affecting the crop, said experts.

This is the second crop at stake after soyabean. Farmers in both Vidarbha and Marathwada have reported losses as their soyabean output was reduced to 50%. The rates of soyabean too have halved to Rs4,500 from Rs9,000 in the beginning of the harvest season as low quality is one of the reasons.

Last year, cotton growers had to face low rates due to Covid pandemic. The pandemic restrictions had also hit the MSP (minimum support price) procurement and there were reports of pink bollworm infestation too.

Officials in the agriculture department contacted by TOI said there are losses, but only in low lying areas of Vidarbha. There may be losses, but not as much to create a crisis, said the officials.

In Yavatmal, a group of farmers had blocked the road to highlight the situation. Their demand is that state government should carry out assessment of the losses and declare a compensation.

Manish Jadhav, a farmer who led the protests, said the losses are severe as the fields are still waterlogged.

“Cotton arrivals, which begin by Dussehra, may be delayed by 20 days or so,” said Sudhir Kothari, a director in Hinganghat APMC, one of the major markets for cotton.

President of Shetkari Sanghatana Anil Ghanwat said farmers of Marathwada are already in losses. Fields located near dams are already flooded because gates have been opened due to heavy rainfall. “Shortage of soyabean is expected this time, so are the cotton supplies,” he said.

Former director of Central Institute of Cotton Research (CICR) CD Mayee said even as the situation in Vidarbha is under control, there are major losses in Marathwada. There are chances of pink bollworm infestation once it gets dry. There are also reports of cotton bolls rotting, he said.

Vijay Jawandhia, farm activist from Wardha, said the crisis may also hit the farm workers' earnings. In some places, the crops are not even in a condition to be harvested.

Farmers TOI talked to in different districts said there are chances that the yield may be reduced to half, if there is no dry spell soon.

Source: timesofindia.com– Oct 05, 2021

HOME

****

Capital infusion, listing will boost ECGC's underwriting capacity

The Cabinet Committee on Economic Affairs has approved capital infusion of ₹4,400 crore to ECGC Ltd over a five-year period

The approved capital infusion along with efforts made to synchronise with the listing process of Export Credit Guarantee Corporation Ltd through the initial public offering is expected to increase the underwriting capacity of ECGC to support more exports.

The Cabinet Committee on Economic Affairs has approved capital infusion of ₹4,400 crore to ECGC Ltd over a five-year period from 2021-22 to 2025-26. "Capital infusion in ECGC, will enable it to expand its coverage to export-oriented industry particularly labour-intensive sector," it said in a statement.

The approved amount will be infused in instalments and will help increase the capacity to underwrite risks up to ₹88,000 crore and this will enable ECGC to issue covers that can support additional exports of ₹5.28-lakh crore over the five-year period, it further said.

Small exporters

This will help ECGC to provide insurance cover to around 25,000 exporters from the present level of 12,000 exporters, most of which are small exporters.

ECGC has paid claims of more than ₹7,500 crore during the last decade to exporters and banks. "This will also enable ECGC to diversify its product portfolio and provide cost effective credit insurance helping exporters to gain a stronger foothold in thedifficult markets," it further said.

At present, ECGC provides cover to 239 countries across the globe and the capital infusion will help in improving the competitive position of Indian exporters in the international markets. ECGC said it is also in the process of increasing engagements with alternate channels, such as brokers, to increase business.

It has also started the issue of export credit insurance covers in foreign currency through its office in GIFT CITY, Gujarat. “Once permitted, will expand covers in foreign currency to exporters outside SEZs as well,” it said.

Source: thehindubusinessline.com– Oct 04, 2021

HOME

****

India's Import-Export Trends in FY 2020-21

We look at India's import-export trends in FY 2020-21, including top trading partners and factors enabling the country's renewed trade growth prospects.

Since India opened its markets starting 1990-91, there has been an exponential rise in the country's foreign trade exposure – exports have increased more than 16 times and imports more than 19 times. In FY 2020-21, India's imports and exports stood at US$394.43 billion and US$291.80 billion, respectively.

While the global trade slump sprung by the COVID-19 pandemic is expected to outlast the global crisis following 2008-09, India's foreign trade statistics offers scope for optimism. Foreign trade saw a dip of 6.8 percent for India – a better performance than the forecasted 9.2 percent decline in global trade by the World Trade Organisation (WTO) in October 2020.

Despite the subsequent economic downturn during the pandemic, foreign trade for FY 2020-21 saw expansionary trends developing in certain sectors and destinations owing to unique market demand and supply chain disruptions. In this article, India Briefing breaks down major trends in India's foreign trade in FY 2020-21.

The uncertain global trade situation caused by the pandemic severely hit global merchandise trade in 2020, and India was not immune to the impact. Exports in FY 2020-21 amounted to a total of US$291.8 billion, declining 6.8 percent.

Among the top exported items – mineral fuels (oil) and gems and precious metals were the two most exported items, for a combined share of 18 percent.

2021 also predictably witnessed a surge in the performance of the pharmaceutical industry, whose production accounted for the third most exported category of items for the financial year. Since last year, India's pharmaceutical industry has benefited from new investment flows, partnerships in vaccine production and biotechnology, and manufacturing incentive (Production-Linked Incentives or PLI) schemes besides growth in organic demand.

Imports during FY 2020-21, on the other hand, saw a decline of more than 16 percent, amounting to US$394 billion. Mineral fuels and precious stones and metals remained the top imported items, with an increased demand for animal/vegetable fats and oils.

It is worth noting that raw materials and intermediates account for a considerable proportion of India's exports, while finished products have an overwhelming presence in India's imports basket.

Despite its promising growth, exports alone may not be sufficient to drive growth in the long run if they continue to be dominated by raw materials and intermediates. It lies in India's interest to develop and diversify its manufacturing capacity to utilize its own abundant raw material and move up the value chain to meet domestic as well as foreign demand.

Click here for more details

Source: india-briefing.com– Oct 04, 2021

HOME

****

40th India International Trade Fair 2021 to be held from November 14-27 at Pragati Maidan

This year, the annual magnum opus of India Trade Promotion Organisation (ITPO), the 40th edition of India International Trade Fair(IITF)will manifest its theme “Atmanirbhar Bharat” with a focus on economy, export potential, infrastructure supply chain, demand andvibrant demography.

Inspired by a great vision of the Prime Minister of India, Shri NarendraModi, the event is organised as integral part of “ AzadiKaAmritMahotsava”- commemoratingthe 75thyear celebration of India‘s Independence in newly built halls of International Exhibition-cum-Convention Centre (IECC) as well as in the existing halls at Pragati Maidan, New Delhi from November 14 to 27,2021. The fair will be organised as per the preventive measures to contain spread of the pandemic.

The fair also manifests undying spirit of business fraternity who faced tremendous challenges due to the pandemic. Significantly, the theme reflecting their determinationto showcase excellence of brands and create a new opportunity for growth and attain self-reliance in sectors like agriculture, micro, small & medium enterprises (MSME), power, tourism, etc.

IITF with B2B and B2C components is one of the largest integrated trade fairs in South- Asian region. The format of IITF has business; social, cultural and educational dimensions that are weaved together where visitors and exhibitors, media persons, marketing professional, social activists, NGOs etc. all converge to explore their objectives. Domestic as well as overseas buyers source their needs.

A number of Government organisations and departments use this platform to spread awareness about their programmes and policies among the public. As such, almost all States and Union Territories of India participate in this mega event, which depicts the picture of ‘Mini-Bharat’.

Apart from trade and industry related conference and seminars, the fair offers branding opportunity on large LED screens installed at strategic locations in fair premises. Branding sites available at specific locations inside Pragati Maidan on payment basis (for more details visit www.indiatradefair.com/iitf). Besides, other major attractions and promotional facilities include: Mobile application, investment and joint-

venture opportunities, transfer of technology option, start ups and SMEs cultural and State Day celebrations.

Click here for more details

Source: pib.gov.in– Oct 04, 2021

HOME

****

Festive Sales: E-commerce firms report a jump in demand from Tier 2 and beyond

This year, sales are expected to grow 23 per cent y-o-y to touch about $9 billion gross GMV

On the first day of festive season sales, e-commerce players have reported jump in demand from Tier 2, 3 and beyond cities as compared to the last year.

Walmart-owned Flipkart saw about 45 per cent of customer demand from Tier 3 cities and beyond. Amazon noted that the number of sellers receiving an order from Tier 2 and 3 cities has jumped 21 per cent over the last year. Two out of 3 new Amazon Prime sign-ups have also come from Tier 2 and 3 cities.

Indian e-commerce platform Snapdeal reported that about 43 per cent of its orders came from Tier 3 cities in the initial days of the festive sale season. Flipkart-owned fashion retailer Myntra reported over 4 million sold items on the first day of its festive sale, of which 40 per cent were from Tier 2 and 3 cities and beyond.

Enhanced accessibility

In preparation for the festive season, e-commerce players have been enhancing the accessibility of their platforms. Weeks before the festive season, Amazon announced plans to add Hindi support to its voice shopping experience and Marathi and Bengali to its customer shopping experience (in addition to the existing six Indian languages). Flipkart also noted that this festive season was the most inclusive and sustainable in the eight-year history of the company's 'The Big Billion Day' sale. The Flipkart app is currently available in 11 Indian languages.

On the first day of this year's festive sales, Flipkart saw sellers transacting from 124 new cities including Hingna (Maharashtra), Baghpat (Uttar Pradesh), Attingal (Kerala), Sambhal (Uttar Pradesh) and Dewa (Uttar Pradesh), and others.

Increasing acceptance

Nandita Sinha, Vice President – Customer and Growth, Flipkart, said, "E-commerce is clearly gaining increasing acceptance among the masses, and it is evident that user-friendly technical and financial constructs are helping drive its adoption."

In an earlier conversation with BusinessLine, Manish Tiwary, Vice President - Amazon India, said, "Based on what we've seen on Prime Day and Small Business Day, we expect close to 85 per cent of new customers this Diwali to come from Tier 2 and beyond. A couple of years ago, this figure would have been closer to 60 per cent. So not only is the base growing, but the contribution from smaller towns is also growing." He added that this trend is not just limited to Amazon; Across the industry, the number of orders from smaller towns have seen a significant shift.

Growth in sales

Further, early access for Flipkart Plus customers saw a 40 per cent growth compared to last year. During Prime Early Access on Oct 2, the number of local shops participating in the event more than doubled compared to last year. The company saw a 60 per cent increase in sellers who received their highest ever single day sales year-on-year on Amazon.in and 16 percent more sellers received orders over last year.

This year's festive sales are expected to grow 23 per cent y-o-y to touch about $9 billion gross GMV during the whole festive month, according to consulting firm RedSeer's latest e-commerce Festive Season Report.

The growth will be mostly driven by the accelerated online adoption which has been witnessed as an effect of covid-19, the consulting firm added. Secondly, customers from Tier 2+ cities were noted to continue to drive growth as they are 55 per cent - 60 per cent of the total shopper base this year, similar or higher than 57 per cent in 2020 festive days.

Source: thehindubusinessline.com– Oct 04, 2021

HOME

****

Welspun India partners with DuPont Biomaterials to launch home textile range

Home textiles major Welspun India on Monday said it has partnered with DuPont Biomaterials to launch a home textile range, including bath towels and bedsheets, made with bio-based materials.

The collaboration brings together cotton and DuPont's Sorona brand of fibres — made from 37 per cent renewable plant-based ingredients that offer a high-performing, responsibly sourced material option — to create home textile fabrics, the company said in a statement.

Fibres made with Sorona polymer are currently used in various apparel applications, including athleisure and athletic wear, insulation, swimwear, outerwear, suiting, faux fur and more, it added.

Welspun India CEO and Joint MD Dipali Goenka said, "Our collaboration with the DuPont Biomaterials team is a significant step towards our commitment to bringing value-added products to address tomorrow's challenges through a sustainable approach without compromising on performance and value".

While Sorona fibres have been used in the fashion apparel segment for some time, she said, "By staying close to our customers, we realised that there is potential to utilise the functional benefits of Sorona fibres in the home textile segment.

As a first step, our innovation team developed towels and bedsheets, incorporating an array of key functionalities and we hope to develop new products and other functionalities in the future".

On the company's tie-up with Welspun India, DuPont Biomaterials Global Business Director Michael Saltzberg said, "By combining the innovation and performance attributes offered by our Sorona fibre with their experience in this market, we are delivering on our commitment to create more sustainable products".

Welspun India said its new global collection "expands the future of sustainable textiles in the important area of home care, where innovation is of the utmost importance".

Partially plant-based Sorona polymer delivers the performance needed and yet is sustainable in nature, it said, adding the polymer offers "technical and performance benefits, including incredible softness, stretch and recovery, and inherent stain resistance without the need for topical treatments".

Source: financialexpress.com– Oct 04, 2021

HOME

****