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INTERNATIONAL NEWS

US trade deficit hits record USD 73.3 billion in August

The US trade deficit increased to a record USD 73.3 billion in August as a small gain in exports was swamped by a much larger increase in imports. The Commerce Department reported Tuesday that the monthly trade deficit increased 4.2 per cent in August, rising to an all-time high, surpassing the previous record of USD 73.2 billion set in June.

The trade deficit represents the gap between what the country exports to the rest of the world and the imports it purchases from other countries.

In August, exports rose 0.5 per cent to USD 213.7 billion, reflecting revived overseas demand. But imports, even with all the supply chain problems at ports, were up an even stronger 1.4 per cent to USD 287 billion.

The politically sensitive deficit with China surged 10.8 per cent to USD 31.7 billion.

Katherine Tai, the Biden administration's top trade negotiator, announced Monday that the United States plans to launch new trade talks with China but will maintain the Trump-era tariffs as it pushes to get China to fulfill pledges it has made to buy more US goods and services.

The Biden administration has spent months since coming into office reviewing the economic relationship with China, the world's second largest economy.

Source: economictimes.indiatimes.com– Oct 05, 2021

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'World Cotton Day' Set for Oct. 7 on UN Annual Calendar

The United Nations will denote Oct. 7 of each year as World Cotton Day on its permanent calendar.

First launched in 2019 at the World Trade Organization (WTO) headquarters in Geneva, World Cotton Day continues to grow each year. On World Cotton Day, stakeholders from the global cotton community come together to speak on the many benefits and the prowess of cotton and the industry surrounding it.

Grown in more than 70 countries and providing an income to hundreds of millions of people, cotton provides year-round employment for legions of people. One ton translates into jobs for an estimated 5 or 6 people, often in some of the most impoverished places on earth. Plus, cotton has a negative carbon footprint and degrades 95 percent more than polyester in wastewater, helping to keep the land and water clean.

World Cotton Day organizers also point out that cotton is a natural fiber that biodegrades quickly overall compared with synthetic alternatives, decreasing the amount of plastics entering waterways and helping to keep oceans clean. As a crop that grows in arid climates, it thrives in places few other crops can.

The event theme for 2021 is "Cotton for Good," to celebrate the fiber's enduring positive impact. A virtual celebration will feature notable speakers such as Bert Jacobs, CEO and co-founder of Life is Good, and Maxine Bédat, director of New Standard Institute.

Other global industry experts will come from Cotton Council International, Viterra India, the International Cotton Advisory Committee, the Better Cotton Initiative and the African Cotton Foundation. Keynote topics include responsible fashion, sustainability and the importance of cotton in countries around the world.

With the cotton industry's focus on sustainability, attendees will learn about the U.S. Cotton Trust Protocol, which aligns with the UN Sustainable Development Goals to bring quantifiable and verifiable goals and measurement to sustainable cotton production.

"The UN resolution on World Cotton Day recognizes the importance of cotton for millions of people and acknowledges the work undertaken in the WTO since the launch of the cotton initiative in 2003," WTO director-general Ngozi Okonjo-Iweala said.

"It is also a recognition of the excellent cooperative spirit between all the international, regional and national partners involved. The UN resolution should help catalyze progress in the WTO's work on cotton, including the ongoing trade negotiations and the other initiatives on cotton in the run-up to the 12th WTO Ministerial Conference at the end of this year."

"I am convinced that these can deliver concrete positive results for millions of cotton producers, especially in least-developed countries," Okonjo-Iweala added. "Celebrations marking Oct. 7 can also foster sustainable trade policies for cotton and enable least-developed countries (LDCs) to benefit more from every step along the extensive cotton value chain."

The WTO said the resolution should encourage donors and beneficiary countries to strengthen development assistance projects on cotton and foster new business opportunities by sparking collaboration between the private sector and investors in cotton-related industries. It should also help to promote technological advances, and further research and development on cotton-related technologies and best practices.

People can learn more about the activities planned for World Cotton Day at worldcottonday.com and by following #WorldCottonDay on social media.

Source: sourcingjournal.com– Oct 05, 2021

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WTO upgrades global trade growth forecast to 10.8% in 2021, 4.7% in 2022

Good news for Indian exporters; biggest downside risk comes from pandemic itself with low vaccinations in poorer countries

The WTO has upgraded its forecast for global merchandise trade volume growth to 10.8 per cent in 2021 and 4.7 per cent in 2022 from the previous predictions of 8 per cent and 4.7 per cent respectively in March this year, spelling more good news for Indian exporters on a high growth track this fiscal.

"The resurgence of global economic activity in the first half of 2021 lifted merchandise trade above its pre-pandemic peak, leading WTO economists to upgrade their forecasts for trade in 2021 and 2022," per the upgraded forecast released on Monday.

Two-track recovery

The biggest downside risks come from the pandemic itself as only 2.2 per cent of people in low-income countries have received at least one dose of a Covid-19 vaccine, the report pointed out.

"Failure to vaccinate in all countries against Covid-19 has led to a two-track recovery, with slower growth in countries with limited access to vaccines, which are frequently those that had the least fiscal space to support businesses and households," it said.

This divergence creates space for the emergence and spread of new, potentially vaccine-evading forms of the virus, which could result in the reimposition of health-related controls that reduce economic activity, the report warned.

Other irritants are supply-side issues such as semiconductor scarcity and port backlogs that may strain supply chains and weigh on trade in particular areas but are unlikely to have large impacts on global aggregates, the report said.

India's export volumes

The upgrade in global trade forecast for 2021 and 2022 augurs well for Indian exporters chasing an ambitious export target of $400 billion for FY22 after an over 7 per cent Y-o-Y fall in exports to $291 billion in FY21, attributed mostly to the pandemic.

India's goods exports in April–September 2021 were at $197.11 billion, an increase of 56.92 per cent over exports in the same period last year, and an increase of 23.84 per cent over April–September 2019.

Trade volume growth is set to be accompanied by market-weighted GDP growth of 5.3 per cent in 2021 and 4.1 per cent in 2022 (revised up from 5.1 per cent and 3.8 per cent previously), according to the report.

Increase in global trade

If all projections, both on trade and economic growth, are met, in the final quarter of 2022, Asia's merchandise imports will be 14.2 per cent higher than it was in 2019. Over the same period, imports will have risen by 11.9 per cent in North America, 10.8 per cent in South and Central America, 9.4 per cent in Europe, 8.2 per cent in Africa, 5.7 per cent in the Commonwealth of Independent States and 5.4 per cent in West Asia.

Asia's exports would have grown 18.8 per cent over that period, while all other regions will have recorded more modest increases, the report added. This means that there could be a substantial growth in demand, not only in India's traditional export markets such as the US and Europe, but also in newer markets such as South and Central America and Africa.

Source: thehindubusinessline.com– Oct 04, 2021

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China's export advantage is being squeezed by soaring sea freight prices and rising raw material costs

Chinese exporters are being hurt by sky-high freight costs and rising raw material prices, rather than falling demand for goods from developed countries that are ready to reopen their factories, manufacturers say.

Freight prices have jumped more than 400 per cent from their lowest point last year, according to the Shanghai Containerised Freight Index, causing importers to question the economic viability of buying from China.

Lu Zhengwei, chief economist at China Industrial Bank, said freight costs as a proportion of total export expenses were no longer trending down, as they were before the coronavirus pandemic began.

"It should be pointed out that the impact of rising freight costs on exports of various industries is not balanced," Lu said in a note last month.

"Goods with high unit value and small volume are less sensitive to rising freight costs, while goods with low unit value but are large in volume are more sensitive to rising freight costs."

One of the reasons labour-intensive products such as toys and other Christmas goods from China are so price competitive is because they are sent by the cheapest mode of transport – shipping.

But as sea freight prices have surged in the past 18 months, some importers have started to scale back their buying, according to Celery Li, a sales manager at a Dongguan-based toy company.

Li, whose company exports playing cards and board games to North America and Australia, said many clients had cancelled orders over the past two months after her company raised prices on the back of surging raw material and freight costs. Li said her company's Christmas orders from the United States and Australia even declined this year compared to 2020, when the pandemic was far from under control.

"We are supposed to be really busy from May to October each year, but we haven't had any peak season this year," Li said.

The pandemic has not only hurt shipping capacity around the world , but it has taken a heavy toll on supply chains, with some Chinese manufacturers saying it is becoming too expensive to source the materials they need to make the goods they sell.

To cope, many producers of low-value goods such as Li's company have started cutting back on production and turning away orders to preserve their margins.

China launches world's largest carbon-trading scheme as part of 2060 carbon neutrality goal

In the process, the high freight costs have changed the make-up of goods exported from China, Lu said.

"During the pandemic, exports of goods with higher unit value and smaller volume performed better than those with lower unit value and larger volume," he said.

"The most typical example is the rapid growth of exports from the computer communications industry and pandemic-related pharmaceutical industry, while the growth with lower added value but large volume has been sluggish."

While the total value of Chinese exports rose 25.6 per cent in August to US$294.32 billion from a year earlier, the export volume of various products – ranging from bicycles to home appliances – declined over the same period, according to Chinese customs data. The rising prices for products concealed the declining export volumes, experts said.

The trend is likely to continue unless current freight costs are addressed, said Zhong Zhengsheng, chief economist of Ping An Securities.

"This year's Christmas orders might have stretched out over a few months, causing a 'smoothing' effect in China's monthly exports data," he said. "The buyers anticipate the higher freight costs and the congestion problems, so many have placed orders in advance."

There are more signs Chinese exports might have peaked, too. The new order and new export order subindices of China's official manufacturing purchasing managers' index fell to 49.3 and 46.2 respectively in September, indicating overseas demand for Chinese products has weakened, particularly as other economies slowly return to normal. The two subindices have declined for three and six months consecutively to September.

China's recent power supply crisis, which has affected more than half of the country's provinces, has also forced many factory owners to halt production or reduce hours of operation, setting up for exports to fall further. A Guangdong-based factory owner and bicycle maker, Derrick Tian, said while he had not received orders from local governments to cut power use, he was worried he might soon.

"Bike manufacturing also consumes quite a lot of electricity, we might be asked to stop operation at any time," he said.

Source: scmp.com– Oct 05, 2021

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AAFA, NRF concerned over continued tax-tariff burden on Americans

The American Apparel & Footwear Association (AAFA) has expressed concern over the government plans to continue collecting tariffs on US firms following yesterday's announcement of the China trade policy by US trade representative Katherine Tai. Terming the trade strategy 'lacklusture at most', the National Retail Federation (NRF) said it will further inflict unnecessary damage to the US economy and retail supply chains.

"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 US companies to these damaging taxes. Although restarting an exclusion process is an important step forward, the far better course would have been to discontinue use of these tariffs entirely, AAFA president and chief executive officer Steve Lamar said in a statement.

"The tariffs currently being imposed on clothing, footwear, and travel goods were part of a failed trade war strategy. As we have learned during the past couple years, trade wars are not 'good and easy to win' and, in fact, such tariffs are hurtful to American consumers, American workers, and American business," he added.

"The continuation of these harmful tariffs worsens the challenges thousands of retailers must navigate, especially at a time when many are only beginning to emerge from the serious economic damage they have suffered as a result of the global pandemic. Because these tariffs touch products in nearly every sector of the US economy, they also ultimately force consumers to pay higher prices," said NRF senior vice president of government relations David French.

"It is critical the administration initiate immediate discussions with China so we can level the international playing field and bring an end to the global supply chain disruption," French added.

Source: fibre2fashion.com– Oct 05, 2021

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Global fashion map alters as brands move away from Asia

With brands like Benetton moving away from Asia to countries like Serbia, Croatia, Turkey and Egypt for their sourcing needs, COVID-19 pandemic seems to have altered global fashion supply chain forever. Benetton plans to halve its Asian supply chain by end of 2022, says Massimo Renon, CEO. The group has already shifted over 10 per cent production away from countries like Bangladesh, Vietnam, China and India. This is helping it control production process and transport costs, Renon explains.

Benetton's decision is also influenced by the recent spike in sea freights. Scarcity of vessels and rebound in consumer demand has led to a tenfold rise in sea freight costs. This is causing brands like Hugo Boss to move production facilities closure to markets. Brands like Lululemon and Gap are planning to switch to air freight to avoid running out of stock during the holiday season.

Costs, longer deliveries shifts supply chain

Countries like Vietnam and Bangladesh offer 20 per cent lower production costs. However, supply constraints due to COVID-19 outbreak have increased their lead times to 7-8 months, adds Renon. On the other hand, deliveries of clothes produced in Egypt to European stores can be achieved within 2 to 2.6 months. Woolen garments produced in Serbia and Croatia can be delivered in 4-5 weeks, he adds. This is encouraging Benetton to increase production in these two countries and Tunisia.

Zara-owner Inditex has also set up 53 per cent factories in its home market Spain, Portugal, Morocco and Turkey, according to its 2020 annual report. Advisory firm AlixPartners believes, nearshoring shift will become a permanent fixture with most brands having regional or even national supply chains in future. Most goods will be produced closer to markets, adds Daniel Greider, CEO, Hugo Boss, which has a manufacturing facility in Turkey, and produced parts of shoes in Italy, and made-to-measure suits at its headquarters in Metzingen, Germany.

Factory closures in countries like Vietnam are also accelerating nearshoring. Lululemon is moving production away from Vietnam to mitigate supply chain woes. Further, to control inventory delays caused by shipping congestions and factory closures, Gap is investing in air freight. However, air freight is over eight times more expensive for large shipments and about five to six times costlier for smaller containers, affirms Judah Levine, Head-Research, Freightos, a global freight booking platform. Retailers therefore, plan to use air freights for only smaller and higher-margin products such as apparels, computers and accessories and smaller household goods, shows data from research firm Cargo Facts.

Rising labor costs and quality focus add to woes

Other factors leading to brands' shift from Asia to other countries include rising labor costs in Asian countries. As per the International Labor Organization's Global Wage Report 2020-21, in the four years preceding pandemic, labor costs in these countries outstripped those in the rest of Europe and North America.

Another factor driving the shift is customers' growing preference for quality over price, affirms Renon. His group's emphasis on creating high-quality and long lasting garments is helping it return to profitability after suffering losses for eight years. The group hopes to get back in the race from upcoming Christmas season.

Source: fashionatingworld.com– Oct 05, 2021

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Apparel and Footwear Titans are Centralizing Suppliers, Research Shows

The hot-takes reporting on Covid's impact in fashion prompted our team at Cornell University's New Conversations Project to ask some long-view questions about the future of apparel.

But we realized that we didn't have enough data on the industry's past to imagine its future. We needed to look back in order to look ahead. So we began—with support from the ILO—to plot the decades-long, pre-pandemic trajectories of industry consolidation, automation, e-commerce, sourcing patterns and labor practices.

We read the academic and popular literature. We spoke with buyers and brands, suppliers, unions, worker rights advocates and regulators. The result is a new paper laying out three scenarios for the industry: "Repeat, Regain or Renegotiate? The Post-COVID Future of the Apparel Industry." This findings of this paper will be discussed in a live (virtual) debate on Oct. 12. Please plan to join us and register at the Cornell University New Conversations Project site.

In this Sourcing Journal series we look at these trajectories in turn. For all of the industry's talk of "redesign" and "reimagining," what's changing direction and what's merely accelerating along familiar lines?

Growth in the fashion industry in the past two decades has been explosive and disruptive. Global apparel and footwear exports have increased by 173 percent from approximately $250.8 billion in 2001 to $684.3 billion in 2019. The top 10 apparel and footwear brands and retailers have steadily grown their collective share of global sales in the past decade.

The top 10 apparel companies by global market share in 2020 included (in descending order) Inditex, Fast Retailing, H&M, Nike, Adidas, Gap Inc., PVH, Hanesbrands, Levi's and LVMH. The composition of this group has remained largely stable since 2011 and its overall market share increased from 8.8 percent in 2011 to 11.4 percent in 2020. Not seen in this data are two of the global industry's largest apparel retailers—Amazon and Walmart—whose growth and dominance only intensify the concentration in apparel's sourcing and sales markets.

The top footwear companies by global market share in 2020 were (in descending order) Nike, Adidas, Skechers USA, VF, Asics, Puma, New Balance, Deckers Outdoor, Wolverine World Wide and Deichmann. For comparison, these rates of change in footwear's market concentration resemble those in luggage and bags in which LVMH (11.6 percent) and Kering (7.5 percent) dominate—travel goods analogs for Nike and Adidas. The global shares of the top 10 firms' market share doubled from 19.1 percent in 2011 to more 38.1 percent in 2020 (Passport Euromonitor International, 2021).

In both apparel and footwear, there is no break in 2020 in the trend toward market concentration. The pandemic and the accelerating shift to e-commerce may reorder these lists in the coming years, but the analysis above shows an industry moving steadily towards greater market concentration, not less. A 2019 analysis of apparel industry profits by the consulting firm McKinsey found that "fully 97 percent of economic profits for the whole industry [were] earned by just 20 companies, most of them in the luxury segment. Notably, the top 20 group of companies has remained stable over time. Twelve of the top 20 have been a member of the group for the last decade." As a sign of their market power and resilience, these "super winners had recovered [by August 2020] on aggregate to just 5 percent below pre-crisis [market values]."

This market concentration has been complemented by consolidation of supplier bases by apparel buyers. This process picked up speed after the expiration of the global Multi-Fiber Arrangement (MFA) in 2005 and accelerated again in the aftermath of the 2008 financial crisis.

Buyers have accelerated consolidation of their supplier bases

Brand data and interviews with senior staff from major apparel firms—leading outdoors brands, mid-market retailers, online retailers, general merchandise retailers—confirmed that consolidation of suppliers remains the long-term strategy and extends to coordinating new factory investments with familiar manufacturers. In interviews, the only variations on the consolidation theme were built around the threat (or promise, depending on geography) of growth in nearshoring by U.S. and European buyers.

The strategy of "streamlining one's supply chain to include fewer, larger suppliers [to] help articulate end-to-end product journeys" can be seen at work across the industry over the past decade.

Nike's consolidation of sourcing from a sprawling network to roughly half the number of strategic suppliers is one of several dramatic examples. In 2010, Nike sourced from 163 footwear factories and 631 apparel factories. In 2019, Nike sourced from 112 footwear and 334 apparel, a reduction of 31 and 47 percent in the number of factories respectively. In 2019, 93 percent of Nike's footwear output came from three countries—Vietnam (49 percent), China (23) and Indonesia (21)—and a mere four suppliers produced 61 percent of its shoes. On the apparel side, a single factory produced 14 percent of Nike's clothing, and five suppliers produced 49 percent of the total. China and Vietnam again dominated Nike's production and, together with Thailand, accounted for 59 percent of the total.

Adidas reported similarly dramatic shifts in its footwear and apparel supplier bases. In 2010, Adidas sourced from 1,236 independent factories for apparel and footwear; in 2019, the company sourced from 631 independent factories – a reduction of 49 percent. Adidas bought 39 percent of its footwear in 2010 from China but only 16 percent in 2019. Vietnam was a close second to China at 31 percent in 2010 but represented 43 percent of total Adidas volume in 2019. Adidas apparel came predominantly from China (36 percent) in 2010 but had dropped to 19 percent by 2019 while Cambodia and Vietnam together had leapt to 42 percent by 2019 (Adidas, 2010, 2019).

Raw factory counts at both Puma and Gap Inc. showed supply base consolidation over the past decade. Puma's apparel and footwear count fell from 150 in 2011 to 131 in 2019. Gap Inc.'s count decreased from 1,020 in 2010 spread across 50 countries to 800 in 2020 in 30 countries (Gap Inc., 2010, 2020a; Puma, 2011, 2019).

Market concentration is also happening among suppliers

Market concentration among suppliers (i.e. garment manufacturers) is harder to measure than concentration among buyers, but four trends indicate a similar direction of travel—toward greater market power for Asia's leading suppliers.

First, the buyers' supplier base data above makes clear that the size of its main manufacturing partners has helped fuel (and been fueled by) the consolidation of buyers' manufacturing supplier bases. The reliance of leading buyers' on a diminishing number of factories (and manufacturing groups) in this period of intense growth in the apparel trade clearly points to growing market concentration among suppliers.

The individual 2019 revenues of the largest supplier groups—footwear manufacturers Pou Chen at $10.5 billion and Yue Yuen at $10.2 billion—were approximately one-quarter of Nike's 2019 revenue, they were more than one-third of Adidas', two-thirds of Gap Inc. ($16.6 billion) and one-third larger than Puma ($6.4 billion).

Second, functions such as factory-selection and multifactory production planning are being redistributed among buyers and suppliers, and integrated. For example, H&M has packaged its supplier network and sourcing operation as a service—including product development, sourcing and logistics—for sale to the rest of the industry. At least one major Asian apparel supplier group is building an online platform for distribution of production contracts to smaller suppliers certified for quality, labor compliance and environmental standards (Asia Apparel Manufacturer, interview). Both efforts come as the long-time leader among sourcing intermediaries, Hong Kong-based Li & Fung, was privatized in 2020 at the beginning of the pandemic after three difficult years (See K, 2017; Ng & Yiu, 2020).

Our analysis of the industry's changing shape raised big questions for us about future sourcing patterns, automation and employment levels. Garment production has, after all, been a leg up for low-income countries hoping to join the flow of global value chains. Is automation in apparel finally picking up speed? What will happen to workers, their employers and governments if apparel job growth slows or even falls?

Source: sourcingjournal.com – Oct 05, 2021

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Trading pace slows down in Brazilian cotton market in September

The pace of trading in Brazilian cotton market slowed down in September due to the gap between the asking and bidding prices. Cotton prices also decreased and returned to the mid-August level initially, but as the month came to an end, prices increased and the CEPEA/ESALQ Index for cotton closed at 5.6666 BRL/pound on September 30, up 5.8 per cent over previous month.

The monthly average in September, at 5.3184 BRL/pound, closed at the highest level, in nominal terms, in the series of Cepea.

"While farmers were away from the market and/or trying to sell the product at higher prices, purchasers were unwilling to pay more for cotton, claiming difficulties to raise the prices for by-products.

In general, agents from processors worked with the product being delivered (previously purchased through contracts), but some purchasers were also interested in closing deals for delivery in the coming months," the Center for Advanced Studies on Applied Economics (CEPEA) said in its latest fortnightly report on the Brazilian cotton market.

According to Abrapa (Brazilian Cotton Producers Association), cotton harvesting for 2020-21 season has ended in Brazil, and 52 per cent of the product had been processed until September 26. Brazil's national output is estimated at 2.32 million tons.

According to data from the BBM (Brazilian Commodity Exchange), 351,650 tons of cotton had been sold to the domestic market and 434,660 tons allocated to exports until September 27.

The contracts for exports with an option to sell in the Brazilian market have totalled 98,850 tons. Thus, at least 885,160 tons may have been sold, which accounts for 38.2 per cent of the output forecast for Brazil.

Source: fibre2fashion.com– Oct 05, 2021

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Higher cotton production, vigorous trade expected in 2021/22

Higher production and vigorous trade are expected in the 2021/22 season but while world cotton production is estimated at 25.7m tonnes, the figure remains below what it was before the impact of the Covid-19 pandemic, according to the latest update from the International Cotton Advisory Committee (ICAC).

Australia, Brazil and the USA all expect production to increase, which should offset the declines expected in the world's top two producers, China and India.

Global consumption, meanwhile, is estimated at 25.9m tonnes, and with ending stocks for 2020/21 having been revised downward to 20m tonnes, world cotton supply is estimated to be 45.8m tonnes for the 2021/22 season.

The industry saw some of the highest levels of trade ever in 2020/21, ICAC adds, noting the estimate of 10.29m tonnes for the coming season shows that industry sentiment remains positive — especially given the robust levels of retail sales of textiles seen in many developed countries.

The Secretariat's current price forecast of the season-average A index for 2021/22 ranges from 82 cents to 127 cents, with a midpoint at 101.60 cents per pound.

Formed in 1939, the ICAC is an association of cotton producing, consuming and trading countries. It acts as a catalyst for change by helping member countries maintain a healthy world cotton economy; provides transparency to the world cotton market by serving as a clearinghouse for technical information on cotton production; and serves as a forum for discussing cotton issues of international significance.

The ICAC recently announced it has partnered with the International Trade Centre and is working to double the yields of at least 50,000 smallholder cotton farmers in Zambia by January 2024.

Source: just-style.com– Oct 04, 2021

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Taiwan's economic affairs ministry organised World Cotton Day activity

Responding to an International Cotton Advisory Committee (ICAC) invitation to support World Cotton Day, the department of international cooperation, ministry of economic affairs (ICD) of Taiwan recently organised a field trip for students to textile enterprises to promote awareness about the country's cotton sector and its role in the global textile value chain.

More than 80 people took part in the activity, including several officials from related government agencies, cotton and textile industry reps, as well as dozens of students from seven colleges and universities around Taiwan, as per an official press release.

The first half of the field trip day included a visit to the HerMin Textile Cultural Museum (HMTM), which, through a range of displays, chronicles HerMin Textile Co's development since its founding in 1976, thereby echoing the broader evolution of Taiwan's textile sector over the past half century into a global leading innovative supplier of advanced sustainable and functional fabrics and performance textiles.

During the museum visit, the participants attended a 'Circular Textile Seminar' organised by the Tainan Enterprise Culture and Arts Foundation to share the results of its efforts in promoting the corporate social responsibility concept of 'Fabric Bank', which aims to achieve circular economy and sustainability goals in the textile sector.

The second half of the day featured a visit to Everest Textile Co Ltd which has been embracing the environmental initiative 'Everest Sustainability Model (ESM)' through a series of strategic actions on energy saving and environmental protection since 2007. The participants were given an inside look into how Everest Eco-Industrial Park serves to maximise green growth, enhance competitiveness and minimise negative effects on climate change, as well as into the various cutting-edge techniques utilised by the firm to enhance the value of cotton products.

The participants in the field trip all gave positive reviews of the day's activities for being both interesting and informative in terms of increasing their awareness and understanding of the cotton sector's importance as well as Taiwan's key role in advanced textile innovation.

Taiwan has been a member of the ICAC for many years. The ICD and relevant government agencies and industry associations have actively participated in ICAC-sponsored events and activities, and also organised various related events, such as the biennial Taipei ICAC international seminar.

Despite the ongoing global COVID-19 pandemic, Taiwan has continued to organise promotional events in support of the cotton sector, including for the UN-designated World Cotton Day, which falls of October 7 every year, the release said.

Source: fibre2fashion.com– Oct 05, 2021

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Vietnam Apparel Shipments to US Up 22% YoY in August

How quickly goods are getting through the ports remains problematic, but U.S. apparel imports continued to climb in August, increasing 17.1 percent compared to a year earlier to 2.84 billion square meter equivalents (SME), according to the Commerce Department's Office of Textiles & Apparel (OTEXA).

For the first eight months of the year, apparel imports were up 31.25 percent to 18.71 billion SME. All major suppliers participated in the surge for retailers and brands to bring in vital fourth-quarter goods. Even key producers Vietnam and Cambodia, which had seen their shipments fall off in July due to factory closures from Covid-19 and other labor woes, saw their numbers improve.

Imports from No. 2 supplier Vietnam increased 22.3 percent compared to August 2020 to 425.87 million SME, after declining a year-over-year 8 percent to 359.72 million SME in July. For the year to date, shipments from Vietnam rose 22.68 percent to 3.02 billion SME.

OTEXA data released Tuesday showed imports from Cambodia, which had fallen 29 percent in July year over year, bounced back to an 18 percent rise to 127.77 million SME in August, bringing its shipments up 12.45 percent to 773 million SME for the year to date.

China, too, is seeing an improving trend. In announcing a new approach to the U.S.-China trade relationship on Monday, U.S. Trade Representative Katherine Tai said, "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."

"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 U.S. and around the world," Tai said.

While it still faces tariffs from the Biden administration for now, China's comeback from the import valley of the Trump administration's trade war seems to be in full force. Imports from the top supplier rose 15.6 percent in August versus a year earlier to 1.2 billion SME and were up 34.92 percent to 6.68 billion SME for the year to date.

The rest of the Top 10 suppliers followed suit and posted significant gains in year-to-date and monthly comparisons. Asian production hubs Bangladesh, India, Indonesia and Pakistan saw their imports rise 32.76 percent to 1.64 billion SME, 43.3 percent to 827 million SME, 12.22 percent to 701 million SME and 55.03 percent to 578 million SME year to date, respectively.

For the month, Bangladesh's imports were up 12.5 percent to 425.87 million SME, India's shipments were up 19.8 percent to 98.31 million SME compared to August 2020, Indonesia's rose 22.3 percent to 99.44 million SME and Pakistan's increased 32.2 percent to 73.26 million SME.

Rounding out the Top 10 were Western Hemisphere producers Honduras, Mexico and El Salvador. For the year so far, imports from Honduras were up 42.46 percent to 572 million SME, but were down 8.3 percent year over year for the month to 75.4 million SME.

Shipments from Mexico rose 8.3 percent in August from a year earlier to 71.1 million SME and have increased 25.02 percent year to date to 561 million SME, while imports from El Salvador rose 8.5 percent year over year in August to 51.14 million SME, cutting into a 59.78 percent surge for the year to date to 428 million SME.

In conjunction with OTEXA's monthly data release, the U.S. Census Bureau and the U.S. Bureau of Economic Analysis announced that the U.S. trade deficit rose to $73.3 billion in August, up $2.9 billion from a revised $70.3 billion in July.

The August increase in the goods and services deficit reflected an increase in the goods deficit of $1.6 billion to $89.4 billion and a decrease in the services surplus of $1.4 billion to $16.2 billion. The trade deficit with China increased $3.1 billion to $28.1 billion in August.

Source: sourcingjournal.com– Oct 05, 2021

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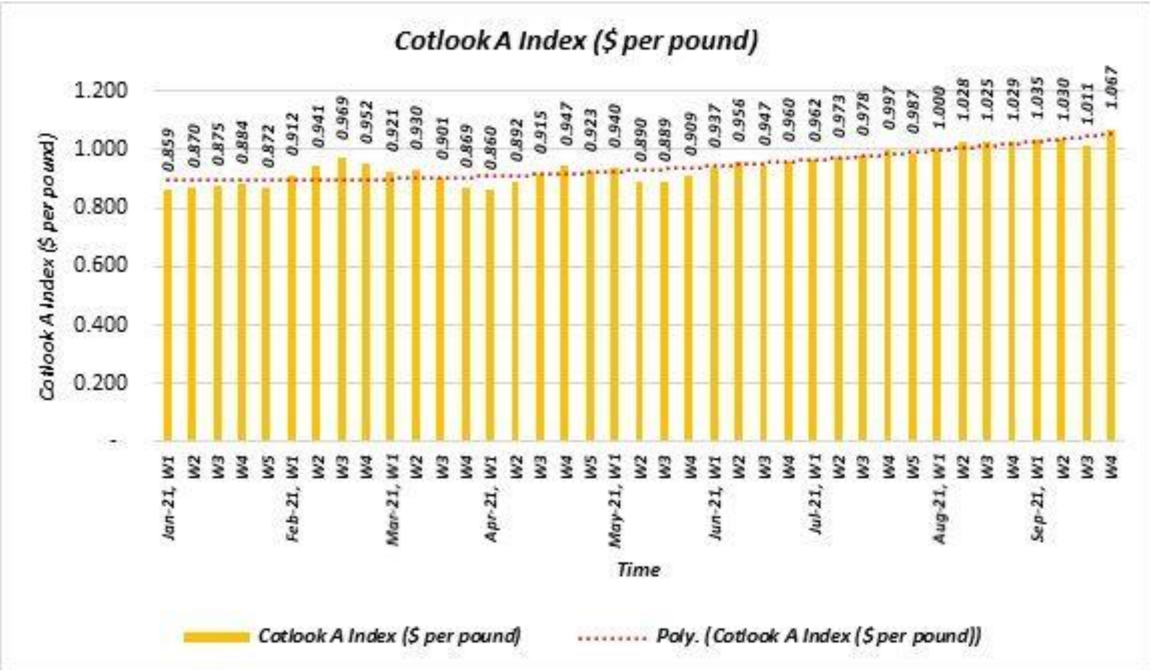
High cotton prices cause apparel costs to surge globally

Cotton prices around the world have been on the rise since the beginning of 2021 and have recently crossed the $1 per pound mark, the highest in this decade. The price rise can be attributed to the growing demand for apparel as countries recover from the COVID-19 pandemic due to rapid vaccinations, especially in the developed and developing countries.

Consistently rising shipping costs and the US ban on Xinjiang cotton are also major reasons for the unexpected surge in cotton prices, which has, in turn, caused the retail rates of cotton apparel and clothing to increase the world over.

In market year (MY) 2020-21 (August 2020 to July 2021), the world's cotton production declined by 7.47 per cent to 24.47 million metric tons over the previous market year due to the pandemic, resulting in an erosion of cotton stocks around the world.



High production of cotton in countries like US, Australia and Argentina could also not offset the reduced production of cotton due to unfavourable weather conditions in India, Togo, Greece and Benin.

To add to it, increasing demand has boosted global trade and the consumption of cotton has been consistently rising in Pakistan, Bangladesh, Turkey and Brazil. Pakistan's cotton imports have shown a tremendous rise in Q3 2021. In the current market year, the US, Australia and Turkey are expected to become the top three exporters of cotton.

The weekly average of Cotlook 'A' Index, representative of the level of offering prices on the international raw cotton market, went up by 1.79 per cent from $0.90 per pound in Q1 2021 to $0.92 per pound in Q2 2021, according to Fibre2Fashion's market analysis tool TexPro.

In Q3 2021, the weekly average increased by 9.68 per cent to reach $1.01 per pound, the highest this decade.

Source: fibre2fashion.com– Oct 05, 2021

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Vietnam to miss garment export target, faces labour shortage

Vietnam will fall short of its garment exports target this year, by $5 billion in the worst case scenario, the government said on Tuesday, due to the impacts of coronavirus restrictions and a shortage of workers.

The country could see $34 billion of textiles exports, shy of the targeted $39 billion, plus a 35-37% shortage of factory workers the end of this year, the government said.

Vietnam is one of the world's largest garment manufacturers, supplying brands like Zara, Ralph Lauren, North Face, Lacoste and Nike, among others.

It has over 6,000 clothing and textile factories employing about three million people, government figures show.

"The last three months of this year will be an extremely difficult time for Vietnam's textile and garment industry," the government said in a statement.

"The industry may face the risk of supply chain disruption as clients move order to other countries, and labour shortage."

Vietnam has seen a mass exodus of workers https://reut.rs/3AcWBTq since the easing of lengthy restrictions.

It had successfully contained the virus for much of the pandemic but was badly hit in May, particularly in Ho Chi Minh City, a business hub surrounded by industrialised provinces where many factories suspended work.

Nike and Adidas suppliers halted operations in Vietnam earlier this year. Nike has cut its fiscal 2022 sales expectations and warned of holiday delays, while Lululemon is moving production out of Vietnam.

Vietnam's garment exports hit $2.35 billion in September, down 18.6% against the same period last year although exports for the first nine months rose 5.8%, to $23.5 billion, official data showed.

With current vaccine coverage, factory owners expect to fully resume operations in "new normal" conditions from the second half of 2022. Less than 12% of Vietnam's 98 million people are inoculated against COVID-19, one of the lowest rates.

Source: finance.yahoo.com– Oct 05, 2021

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Bangladesh: Catching global technical textile market

Given its current reputation as the world's second largest apparel manufacturer and exporter, one wonders why Bangladesh is yet to make its presence felt on the global Technical Textile (TT) market. Seeing the recent rise in the demand for medical textiles, which is a category of TT, thanks to the COVID-19 pandemic, the importance of this subsector of the apparel market has now become too obvious to miss.

So, Bangladesh can ill afford to miss it, as the global TT market's worth in 2020 was US$179 billion and has been growing at a 4.2 per cent rate to reach US$ 224.4 billion by 2025. Bangladesh's potential for being an important player in this particular market figured prominently in a study done by the German technical cooperation agency, GTZ.

Highlighting the possibilities, it also pointed to the bottlenecks to overcome and the challenges to meet if Bangladesh is to take full advantage of the growing TT market. Obviously, to enter the market, Bangladesh will be required to build capacity through addressing the skills deficit in the sector, ensure adequate supply of capital for the start-ups and carry out necessary market research.

At the same time, it will have to fulfil the compliance and certification requirements pertinent to this sector. Last but not least, getting a reliable source of the high-performance non-cotton raw materials necessary for manufacturing TT products is an important precondition to meet. As such, Bangladesh will have to act fast to catch up with its Southeast Asian neighbours like Thailand and Vietnam who have meanwhile staked their claim in the global TT market.

It is worthwhile to note at this point that the Asia Pacific region dominates the global TT market with its share, as of 2019, of 45.90 per cent where China is the biggest player with its 24 per cent share of the export market. Even as Bangladesh's apparel sector lacks necessary expertise in TT, its potential to claim a substantial share in the international market is huge.

That is eminently clear from the fact that the existing infrastructure of the garment industry can also serve through certain adjustments and improvements to work as the springboard for producing TT products.

Evidently, the pandemic, as a blessing in disguise, has created an enormous opportunity for manufacturing and exporting medical textiles. These include, for example, PPE, hand gloves, masks and so on. Gradually, along with manufacturing personal care, healthcare and hygiene products, the manufacturing base can be further expanded to include also other specialised products for use in agriculture, homecare, packaging, construction, protective gear, automotive industry, aerospace, to name but a few. In fact, the range of TT products is indeed vast and so is the size of the market. Understandably, to be up to the challenge, the existing apparel industry will have to readjust its priorities and create a new ecosystem of collaboration and cooperation with all other related sectors of the economy.

At this point, the sector leaders should begin to work forthwith so that the existing apparel industry can soon catch up with other South and Southeast Asian players vying for their turf in the world market for technical textiles. The government, on its part, needs to play its due role and extend necessary financial and policy-related support to facilitate the process. It is believed, given the support, the apparel sector of Bangladesh would soon be able to carve out a niche for itself in the global Technical Textile (TT) market.

Source: thefinancialexpress.com.bd– Oct 05, 2021

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Pakistan: GDP To Surpass 5% Growth Due To Higher Cotton Output: APTMA

The All Pakistan Textile Manufacturing Association (APTMA) Tuesday said due to higher cotton output, the country's Gross Domestic Product (GDP) growth rate was set to surpass the 5% mark during fiscal year 2021-22.

"Cotton arrivals up by 100% to 3.8mn bales," the Association said in a statement adding that this could not only help Pakistan achieve more than 5% GDP growth but would also increase the exports significantly.
By October 01, 2021 over 3.846 million bales had arrived in local markets as compared to the arrival of 1.907 million bales of corresponding period of last year.

According to an APTMA official, over 100 new state of the art textile mills are expected to be established in the country under the new Textile policy which would help raising the country's exports by over $20 billion.

The new industrial units in textile industry would also help attracting foreign investment of over $5 billion besides providing more than 500,000 jobs to the local people, the APTMA official said.

Meanwhile according to latest data released by Pakistan Bureau of Statistics (PBS), the exports of textile commodities surged by of 28.67 percent during the first two months of the current fiscal year as compared to the corresponding period of last year and surged by 45.19 percent on year-on-year basis (YoY).

The textile exports were recorded at $2.934 billion in July-August (2021-22) against the exports of $2.28 billion in July-August (2020-21), showing growth of 28.67 percent.

The textile commodities that contributed in trade growth included cotton yarn, the exports of which increased from $115.136 million last year to $193.389 million during the current year, showing growth of 67.97 percent.

Likewise, the exports of yarn cotton cloth increased by 24.74 percent, from $294.724 million to $367.624 million whereas, exports of cotton (carded of combed) increased by 100 percent to 0.770 million.

The exports of towels during the period under review increased by 20.67 percent, from $133.104 million to $160.612 million, readymade garments by 22.57 percent, from $477.216 million to $584.913 million, art, silk and synthetic textile by 34.08 percent, from $51.613 million to $69.202 million, made up articles (excluding towels and bed wear) by 21.26 percent from $109.846 million to $133.194 million whereas exports of other textile materials increased by 37.44 million, form $86.743 million to $119.222 million.

On year-on-year basis, the textile exports increased by 45.19 percent during the month of August 2021 as compared to the same month of last year.

Source: urdupoint.com– Oct 05, 2021

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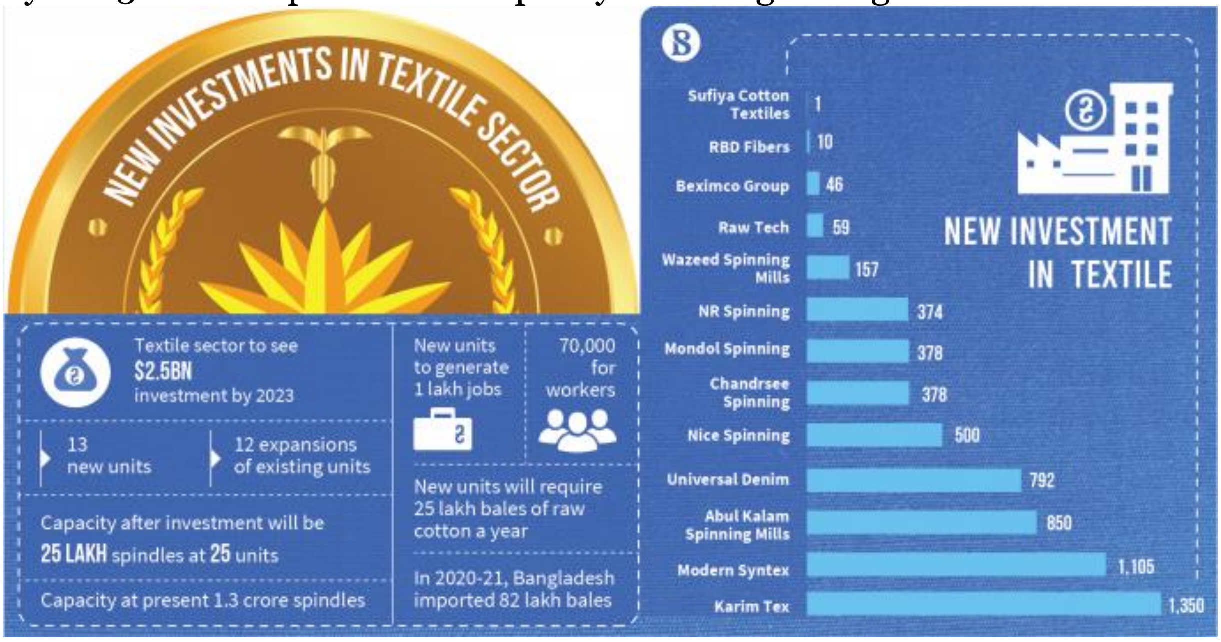
Bangladesh: Textile entrepreneurs to invest $2.5 billion by 2023

The country's textile factory owners are set to invest $2.5 billion in the sector by 2023 to boost production capacity to meet growing demand.



The investments will mostly go into adopting new technologies. The fresh injection is also expected to generate employment opportunities for about one lakh people at 25 units, Bangladesh Textile Mills Association (BTMA) President Mohammad Ali Khokon told the media yesterday.

The investments come in the form of establishment of 13 new textile units and expansion of 12 others to meet the growing demand, mostly of manmade fibre, in the international market, industry insiders say.

The textile sector lags behind in the production of blended yarn and fabrics like polyester, synthetic, viscose and lycra (known as man-made fibre) and the investment is expected to correct that.

There will be 2.5 million newly-installed spindles, adding to the existing capacity of about 13 million spindles.

Khokon said the new units had already opened letters of credit to import capital machinery, and all are scheduled to come into production by 2023.

The BTMA president also said the recent gas and electricity crisis in China created a scope for the local weaving industry to expand.

To utilise the new capacity, about 2.5 million bales of raw cotton need to be exported each year. Bangladesh imported 8.2 million bales in 2020-21, he added.

The weakening pandemic in Europe and the United States – two major destinations of Bangladeshi apparels – has meant the demand for readymade garments is returning to the pre-Covid level, industry insiders said.

Many textile manufacturers are now overwhelmed with export orders, which they will not be able to meet on time by using their current capacity, sources said.

Besides, trade tensions between the US and China have also encouraged local entrepreneurs to invest in some value-added yarn and fabrics.

The latest investment is to come from Modern Syntex, Abul Kalam Spinning Mills, Universal Denim, Karim Tex, Nice Spinning, Mondol Spinning, Chandrsee Spinning, NR Spinning, Wazeed Spinning Mills, Raw Tech, Beximco Group, RBD Fibers and Sufiya Cotton Textiles.

Karim Group is investing Tk1,350 crore to produce 112 tonnes of yarn in a day – 80 tonnes of natural yarn and 32 tonnes of synthetic yarn – to meet the growing demand of yarn, said Md Wahid Mia, managing director of Karim Tex Ltd.

The new unit will be the largest spinning mill with the latest technology, which is scheduled for commercial production by 2023, he added.

Wahid said it will create employment for around 1,000 people.

Meanwhile, Chandsree Spinning Ltd, a new venture in the textile sector, is investing Tk100 crore to produce about 28.80 lakh tonnes of yarn annually, said its managing director ABM Jafar Ahmed.

On the other hand, Asia Composite, Maksons Group, Envoy Group, New Asia Group, DBL Group, Pride Group, ShaSha Group, among others, are also investing to expand their capacity.

Of the investors, Asia Composite has plans to install another 48,000 spindles, along with the current 70,000 spindles.

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

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

According to the BTMA, more than 433 spinning mills were in operation in Bangladesh in 2020, which had a combined production capacity of 3,270 million kilogrammes of yarn per year.

Local spinners can supply nearly 85-90% of the required yarn and fabrics for knitwear.

In the case of woven fabrics, local weavers can supply below 40% of the requirement. Because of this, the woven garment industry has remained dependent on foreign fabrics, according to BTMA data.

Of all garment items produced globally, 78% is made from manmade fibres, while cotton fibre accounts for the rest, according to data from the International Textile Manufacturers Federation (ITMF) – a Switzerland-based platform for global textile makers.

Source: tbsnews.net– Oct 06, 2021

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Pakistan: Need stressed to bolster trade with ASEAN countries

President of United Business Group (UBG), Zubair Tufail has advised to all trade bodies of Pakistan to play vital role in expansion of economic ties with the ASEAN countries.

He said Pakistan needs to develop bilateral or trilateral ties with countries of ASEAN, an intergovernmental organization of ten Southeast Asian countries: Malaysia, Indonesia, Brunei, Cambodia, Laos, the Philippines, Singapore, Thailand, Vietnam and Myanmar, in diverse sectors of economy, trade & commerce and joint ventures.

Commenting that ASEAN has awarded Pakistan the status of Sectoral Dialogue Partner (SDP) in 1997 which covers various sectors including trade, industry, investment and tourism development but unfortunately Pakistan has not taken any advantage of SDP.

He said that in the past Pakistan had made numerous pledges to take Pakistan's trade with ASEAN to new heights but no concrete measures were adopted and no specific policies were implemented for the economic development with ASEAN countries. Pakistan's trade with ASEAN countries has witnessed only a modest growth for many years. Pakistan's total bilateral trade with ASEAN is US $ 6.3 billion while India's bilateral trade with ASEAN is around US $ 200 billion, he said.

Zubair Tufail said Pakistan should initiate the Pakistan-ASEAN Free Trade Agreement (FTA) as ASEAN, as a collective, is the 5th largest economy in the world. Such an agreement (FTA) would bring huge economic benefits to Pakistan. Indonesia, Malaysia, Singapore have valuable experience in food-processing and fruit-canning, which could be benefit to the fruit producers of Pakistan.

Last year Indonesia has removed 30 percent its import duties on 20 Pakistan's exports. Pakistan may also exploit the comparative advantage of its exports, commonly cotton and textiles in Brunei, Cambodia and Thailand.

Tourism is another large untapped area between Pakistan and ASEAN which needs to be exploited to maximum. He said that CPEC may help boost Pakistan's exports to ASEAN and invite investments if it is branded properly by providing numerous befitting propositions to all the members of the ASEAN.

Source: brecorder.com– Oct 06, 2021

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Pakistan: Cotton surges to Rs 14,500 per maund

A bullish trend again gripped the cotton market on Tuesday as white lint rate hit Rs14,500 per maund for the third time during the current season.

Brokers say the main reason behind the hike in local white lint rate is reports that cotton futures in the New York market are trading at their highest price in a decade. Naseem Usman, Karachi Cotton Brokers Forum chief, says that New York cotton futures traded at $1.07 on Monday, sending a panic wave among the textile industry relying heavily on imported lint after failure of the local crop year after year.

He says that local cotton rates are likely to go further up in line with the surge in New York future prices amid heavy buying by China. Pakistan imports cotton from the US, Brazil, Argentina, Australia, South Africa and Central Asian States to meet requirements of its textile industry.

Mr Usman says increasing disparity among dollar and rupee, recent spell of rains in Punjab's cotton belt, reports of white-fly, mealybug and pink bollworm attacks as well as unavailability of latest reliable data about the crop size are adding to the worries of the local buyers.

Punjab produces 80 per cent of cotton in the country. It had fallen short of the crop sowing target as only 3.1 million acres against the target of 4.0 million acres could be sown for the 2021-22 season. National rough estimates put cotton production between 7.5 and 8.5 million bales against the official estimates of 10.5 million bales. The country will need to import around 5.0 million bales to meet demand of the local textile industry.

Ijaz Ahmed Rao, a cotton grower from Lodhran, says those who have sown the crop early in the season are harvesting 40 to 50 maunds per acre, while the average yield of other growers has been estimated at 25 to 30 maunds. Responding to a query, he says that pink bollworm and climatic conditions have hit the lint production. "In the desert area, the crop apparently looks healthy with a good number and size of balls. But, when one opens a ball, it's found to be pink."

In some areas, he says, a fungus has hit the plants making them look burnt out. Seemingly the difference in atmospheric and soil temperatures has damaged the crop, he adds.

Source: dawn.com– Oct 06, 2021

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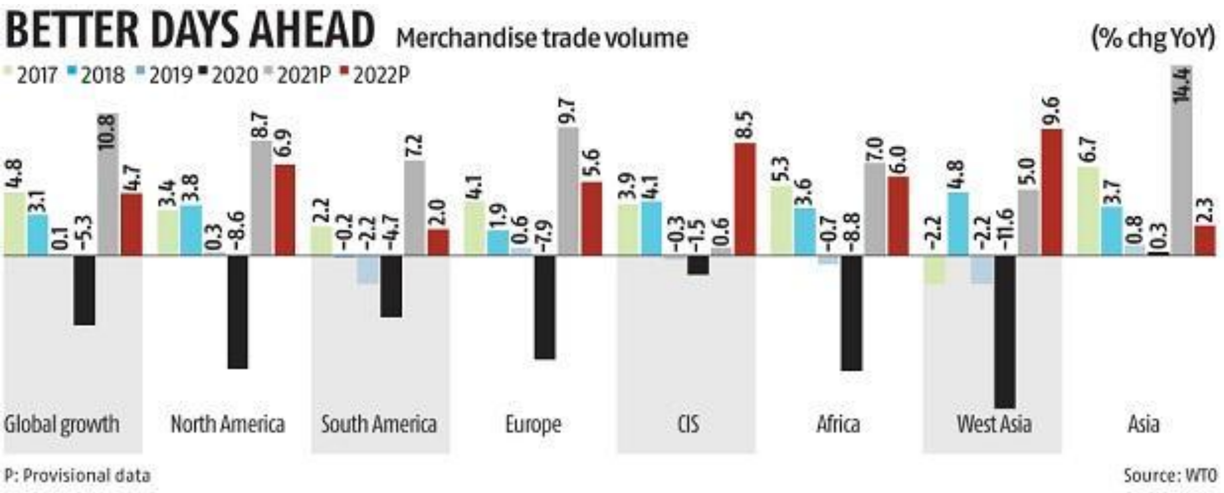
NATIONAL NEWS

India's exports likely to get a boost as WTO raises trade outlook

India's export growth prospects are likely to get a boost from the World Trade Organization's (WTO) latest report that now sees a brighter global merchandise trade outlook for 2021 compared to its earlier projections.

India's exports to its top trading partners such as the US, European Union, nations in West Asia, among others, are expected to rise. Exports data during the first six months of the current fiscal year is emblematic of the fact that external demand has been robust.

Exports from India have been rising consistently over the last few quarters, after plummeting for a few months as the outbreak of Covid-19 disrupted global trade.



India exported goods worth $33.44 billion in September, up 21.35 per cent year-on-year. This witnessed a 28.51 per cent jump over September 2019. During April-September, outbound shipments worth $197.11 billion were exported, up nearly 57 per cent YoY. It also hit nearly half of this fiscal's export target of $400 billion set by the government.

Experts said with rising global demand, India should be able to compete in various segments vis-a-vis China.

"Currently, China is facing supply-side as well as demand-side issues owing to several internal challenges (energy, debt crisis). Therefore, India is in a good position to increase its exports, and can become a substitute for China across various product categories or sectors," said DK Srivastava, chief policy advisor, EY India.

India can take advantage of the increasing global demand, which can ultimately translate into demand for Indian exports, he said.

According to a WTO report released on Monday, global goods trade is expected to grow by 10.8 per cent compared to the forecast of 8 per cent in March, but with varied recovery, depending on the region.

The report said export volume growth in 2021 will be 8.7 per cent in North America, 7.2 per cent in South America, 9.7 per cent in Europe, 0.6 per cent in the Commonwealth of Independent States (CIS), 7 per cent in Africa, 5 per cent in West Asia and the highest for Asia at 14.4 per cent.

On the other hand, imports are expected to grow at a faster pace as compared to exports. Inbound shipments into North America are set to grow by 12.6 per cent. It will be 19.9 per cent in South America, 9.1 per cent in Europe, 13.1 per cent in CIS, 11.3 per cent in Africa, 9.3 per cent in West Asia and 10.7 per cent in Asia.

While growth looks better in 2021 due to a low-base effect caused by the outbreak of the pandemic, recovery looks uneven as compared with 2019. Over that period, export growth will be negative in North America, CIS, West Asia and Africa. Positive growth is seen in Asia, Europe and South America at 14.7 per cent, 1 per cent and 2.2 per cent, respectively.

The report also pointed out spikes in inflation, longer port delays, higher shipping rates, and extended shortages of semiconductors, as some of the risks associated with the forecast.

Besides, supply-side disruptions can also be exacerbated by the rapid and unexpectedly strong recovery of demand in advanced and many emerging economies.

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

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Cabinet may approve mega textile park scheme on Wednesday

The Union Cabinet is likely to approve on Wednesday a scheme proposed by the textiles ministry to setup seven mega investment textile parks (MITRA) to attract investments into the sector and generate employment.

Officials said the scheme could be taken up by the Cabinet and if approved, it will pave the way to set up mega parks with integrated facilities and plug-and-play infrastructure on over 1,000 acres in the next three years, on the lines of China and Vietnam.

"It is likely to be cleared by the Cabinet and some states have already shown interest in setting up the parks," said an official.

Announced in Budget FY22, the MITRA parks will also have uninterrupted water and power supply, common utilities and research and development labs. They are intended to have and quick turnaround time to minimise transportation losses, aimed to attract big-ticket investments in the sector.

States will have to ensure road connectivity and power availability for the parks.

The parks are crucial to attract foreign direct investment (FDI). From April 2000 to September 2020, India's textile sector received Rs 20,468.62 crore, or $3.4 billion, of FDI, which is just 0.69% of the total FDI inflows during the period.

Last month, the Union Cabinet approved a Rs 10,683 crore production-linked incentive scheme for man-made fibre segment (MMF) apparel, MMF fabrics and ten products of technical textiles for five years, aimed at boosting domestic manufacturing and exports. This would lead to fresh investments of more than Rs 19,000 crore, according to the government.

Source: economictimes.com– Oct 05, 2021

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External sector outlook is benign

Taper tantrums notwithstanding, the country's external sector should not face any pressure this year. To be sure, there could be some slowdown in portfolio flows both into the bond and equities markets, but FDI should maintain its good run and we could see at least $35-36 billion coming in. No doubt, the trade deficit will widen as the domestic economy picks up pace; case in point is the September eficit of nearly $23 billion.

But that is an outlier and, given exports are on a roll, the deficit should come in closer to $160-$180 billion. Much, of course, depends on where the price of oil settles. Also, supply-side shortages could continue to disrupt businesses and trade, but the $638 billion worth of forex reserves should cushion any discomfort.

Indeed, the current account deficit is expected to be contained within $40 billion, assuming the price of crude oil doesn't spike beyond $90 per barrel. As such, the balance of payments should see a surplus in the region of $44 billion. Importantly, the currency, barring any unforeseen events, is not expected to weaken beyond 75.50 to the dollar in the near -term.

The strong BoP surplus of $32 billion in the June quarter was led by bigger capital flows and a current account surplus of $6.5 billion—0.9%of GDP. The bigger current account surplus—vis-a-vis Q4FY21—resulted from a moderation in the trade deficit to $30.7 as also an increase in net receipts from services to $25.8 billion.

Indeed, the smart jump in services—up 17% over the June 2019 quarter—thanks to good performance by software and remittances, would have to be the highlight of the season. At $197.1 billion for the April-September period, exports jumped 57% year-on-year and 24% over the corresponding period of FY20, surpassing expectations. True, they are plateauing at $33-35 billion a month after the big jump in March, but, even if global demand is seen to be tapering off somewhat, $380-390 billion for the year doesn't seem out of reach.

On the capital front, there is bound to be some nervousness in the markets in the next couple of months since the US Fed has indicated it may begin the taper process as early as in November and the BoE appears to be readying for a rate hike in December. The ECB has already cut back on some bond purchases with inflation moving up. To be sure, the US is unlikely to rush the process and will more likely take calibrated steps, making sure the nascent and uneven recovery is not hurt. Indeed, flows into the relatively strong Emerging Markets (EM) should not slow significantly since money will chase yields.

Capital flows rebounded in Q1FY22 to $25.8 billion on the back of strong FDI and positive banking capital though FPI flows were modest. Given how dull FPI flows have been this year, the level of FDI would be important; these are estimated at a slightly lower $35 billion compared with $44 billion last year. FPI flows into the equity markets this year have been muted at just $1.2 billion compared with a strong $37 billion last year.

The bond markets saw outflows both in FY21 and FY20, and this year too purchases have been small at just $2.1 billion. Although the dollar is expected to remain strong, the rupee is tipped to rule in the range 73.30–75.50, barring unforeseen events. While there could be some bouts of volatility, the markets should soon get over the disappointment of India not making it yet to a global index.

Source: financialexpress.com– Oct 05, 2021

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Hike in reverse repo rate seems unlikely right now

The adjustments to costs everywhere could continue for a while, making it harder to ascertain the inflation trajectory.

The Reserve Bank of India (RBI) is unlikely to alter its accommodative stance when it reviews monetary policy this week. It is true inflationary pressures are building up, even though relatively benign food prices and a helpful base effect will keep the headline retail inflation numbers at 4-4.5% levels for a few months. However, core inflation, as economists have pointed out, could remain sticky at 5%-plus levels and push inflation up again early next year.

The global backdrop, right now, is very uncertain, even unfriendly with energy shortage—power outages—threatening to further disrupt supply shocks and stoke inflationary pressures. The adjustments to costs everywhere could continue for a while, making it harder to ascertain the inflation trajectory.

At the same time, the economic recovery at home remains largely uneven, masked by the strong profit numbers from the corporate sector. The HSBC recovery tracker, for instance, is just 5% above the February 2020 level. This unevenness will keep the central bank from taking any strong measures to pull out liquidity, and any normalisation of the accommodative policy will be very gradual. Indeed, a hike in the reverse repo rate seems unlikely at this juncture, even though that would have helped ease the volatility in rates at the short-end with some liquidity being drained.

Taking care not to spook the bond markets, the central bank is expected to take a few steps to soak up liquidity, which, at Rs 12 lakh crore, is higher than it was at the same time last year and reaching worrying proportions. Indeed, RBI must start draining some of this liquidity because it is already resulting in risk being mispriced and could create asset bubbles.

To begin with, it may stop adding durable liquidity. There's a good chance the GSAPs—G-Sec Acquisition Programme—will be altogether discontinued or slowed. This could be adjusted with Operation Twists and more OMOs, which would give the central bank a lot more flexibility. The GSAP was a brave move and probably needed to calm the bond markets, but given the recovery has progressed there is little harm in discontinuing it. Luckily for

RBI, the government will borrow Rs 5.03 lakh crore in H2FY22, an amount smaller than expected.

To be sure, RBI has given us some hints it is concerned about the surplus liquidity; the cut-off in the last variable rate reverse repo (VRRR) was 3.99%, a chunky 57 basis points higher than the rate at the previous one. There could be more VRRRs, some of a longer duration. The central bank's objective, through all the measures, would be to both pull out liquidity and steadily nudge the rates up.

It may not state its intentions openly; deputy governor Michael Patra said recently VRRRs should not be seen as a signal either for withdrawal of liquidity or for a rise in interest rates. His point on "tepid and transparent transitions" is well taken. The reverse repo rate will probably be raised in December or early next year from the current 3.35%, which is when the stance could be shifted to neutral.

Source: financialexpress.com– Oct 06, 2021

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GSTN to periodically check monthly return filing compliance for e-way bill blocking

Bid to curb tax evasion

In an effort to curb evasion, GST Network (the information technology backbone of indirect tax) has said that it will check status of monthly returns filed and taxes paid by businesses since August. Non-compliance will result in blocking generation of e-way bill.

"Going forward, from the tax period August 2021 onwards, the system will periodically check the status of returns filed in form GSTR-3B or the statements filed in Form GST CMP-08 as per the regular procedure followed before pandemic, and block the generation of EWBs (e-way bill) as per rule," it said. This was suspended last year on account of pandemic.

In August this year, GSTN in advisory to taxpayers had said the government has decided to resume the blocking of e-way bill generation facility on the EWB portal, for all taxpayers from August 15 onwards. Thus, after August 15, the system will check the status of returns filed in Form GSTR-3B or the statements filed in Form GST CMP-08 (for composition taxpayers filing quarterly returns) and restrict the generation of EWB in the case of non-filers, it had said.

As per GST rules, the e-way bill generation facility would be restricted, in case the business fails to file return in Form GSTR-3B / statement in CMP-08, for consecutive two tax periods or more. "To avail EWB generation facility on EWB portal on a continuous basis, you are, therefore, advised to file your pending GSTR 3B returns/ CMP-08 Statement on regular basis," GSTN said.

Source: thehindubusinessline.com– Oct 05, 2021

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Exporters worried about competitiveness challenge: Survey

As global trade picks up pace after the ravages of the pandemic, an industry lobby's survey has found that an overwhelming number of exporters are worried about competitiveness.

Eighty-three per cent of the respondents felt the issue of competitiveness with respect to the export market is one of the most important business challenges at present, the Bombay Chamber of Commerce and Industry said on Tuesday, pointing to a recent survey of 121 members from 11 sectors.

Over a third of those polled said cheaper imports are acting as a hindrance to business, as per the report. The report also revealed that over half of the respondents feel that the business will be impacted for a quarter as a result of the second wave.

The survey, conducted in partnership with TATA Power and ICICI Bank, pointed to energy prices, demand conditions, changes in government policies, and problems faced on refunds from government bodies as the biggest challenges in the next 6-12 months.

Banks' risk assessments of borrowers seem to have tightened, the survey report said, pointing to findings which had 46 per cent of the borrowers saying access to credit has become more difficult.

"Supportive regulatory measures by the government and providing a healthy business environment are critical for fuelling our economic growth," the chamber's president Anjali Bansal said.

Source: auto.economictimes.indiatimes.com– Oct 05, 2021

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Indian apparel industry must increase presence in Azerbaijan: Indian envoy

There is a huge demand for sustainable apparel in Azerbaijan and the domestic industry needs to increase its presence to grab this market, Indian Ambassador to the Eurasian country B Vanlalvawna said on Tuesday.

Speaking at an online B2B meeting between buyers in Azerbaijan and Indian apparel exporters, organised by Apparel Export Promotion Council (AEPC), the ambassador shared details of the clothing market in that country.

"There is a big demand for cotton garments and sustainable apparel products in the country. India''s share of 0.9 per cent in Azerbaijan''s total readymade garment imports from the world is not a true reflection of the potential between the two countries, as some Indian products come via third countries," AEPC quoted Vanlalvawna as saying in a statement.

He added that some competitors of Indian products from countries like Bangladesh, China, Turkey and Italy are more active in the market and have a larger physical presence here.

It is very important for Indian players to continue their presence in terms of your interaction with the potential buyers, Vanlalvawna added.

The ambassador also requested AEPC Chairman A Sakthivel to lead a delegation of Indian apparel exporters to Baku once the pandemic is over.

He also suggested holding similar interactions in the future for bridging the apparel players in the two countries.

Sakthivel said that the Production Linked Incentive (PLI) scheme for textiles will promote the manufacturing of sportswear, scientific wear and sustainable garments in a big way.

Source: outlookindia.com– Oct 05, 2021

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Ministry of Textiles approves continuation of Comprehensive Handicrafts Cluster Development Scheme with a total outlay of Rs 160 crore

Ministry of Textiles has approved continuation of Comprehensive Handicrafts Cluster Development Scheme (CHCDS) with a total outlay of Rs 160 crore. The scheme will continue up to March 2026. Infrastructural support, market access, design and technology up-gradation support etc will be provided to handicrafts artisans under this scheme.

CHCDS aims to create world-class infrastructure that caters to the business needs of the local artisans & SMEs to boost production and export. In brief, the main objective of setting up these clusters is to assist the artisans & entrepreneurs to set up world-class units with modern infrastructure, latest technology, and adequate training and human resource development inputs, coupled with market linkages and production diversification.

Under CHCDS, soft interventions like Baseline Survey and Activity Mapping, Skill Training, Improved Tool Kits, Marketing events, Seminars, Publicity, Design workshops, Capacity Building, etc will be provided. Hard interventions like Common Facility Centers, Emporiums, Raw Material Banks, Trade Facilitation Centers, Common Production Centers, Design and Resource Centers will also be granted.

The integrated projects will be taken up for development through Central/State Handicrafts Corporations/Autonomous, Body-Council-Institute/Registered Co- operatives/ Producer company of artisans/Registered SPV, having good experience in handicrafts sector as per requirement and as per the DPR prepared for the purpose.

The focus will be on integration of scattered artisans, building their grass root level enterprises and linking them to SMEs in the handicrafts sector to ensure economies of scale. The mega handicraft clusters having more than 10,000 artisans will be selected for overall development under this scheme.

Source: pib.gov.in– Oct 05, 2021

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Farmers worried as rain delays paddy, cotton harvest in Malwa

Punjab's cotton and paddy growers are left worried about the loss of quality of their ready-to-harvest produce after untimely rain lashed south Punjab on Monday evening.

According to an official survey conducted by the field staff of the state agriculture department, Muktsar was the worst-hit district where about 10% damage to the paddy was assessed.

Muktsar agriculture officer Gurpreet Singh said Malout, Lambi and Gidderbaha bore the maximum brunt of rains.

Farmers of Bathinda and Mansa districts said they were already braving losses caused by pink bollworm attack and the inclement weather would hit them further.

Picking of cotton is underway, whereas paddy harvesting in Malwa is yet to pick up. The wet conditions will now stall reaping till the weekend.

According to the Punjab Agricultural University's observatory at the Bathinda-based regional research centre, Bathinda recorded 70mm of rainfall on Monday evening. Strong winds were reported from Bathinda, Fazilka, Muktsar and adjoining places.

Unsold raw cotton at several mandis of Muktsar, Bathinda and Fazilka was damaged due to sudden showers in the evening.

Officials of the state agriculture department said rainfall at this juncture would affect the quality of cotton bolls and paddy grains.

"Initial field inputs suggest lodging of cotton and paddy crops at several places across the state. Rains are undesirable for kharif crops as paddy and cotton are ready for harvest," said Bathinda chief agriculture officer Manjit Singh.

Cotton harvesting would be stalled for at least five days following rain in various parts of the Malwa region, said Manjit Singh, who also holds the dual charge of Mansa district.

"Unfriendly weather conditions will also push paddy harvesting, which is yet to gain momentum, by four days. Farmers are being advised to delay harvest," he said.

Sharanjit Singh from Mann Khera village of Mansa district said inclement weather would be a double whammy for farmers. "Pink bollworm attack has done considerable damage to the crop. Late harvesting of cotton and paddy will further delay wheat sowing in the area. We are keeping our fingers crossed to tide over these challenging times," he said.

Source: hindustantimes.com– Oct 06, 2021

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Trident hits record high; spurts 33% in seven days

Trident was locked in an upper circuit of 5% at Rs 32.35, extending its winning run to seventh consecutive trading session.

Shares of Trident have surged 33.68% in seven trading sessions from its previous closing low of Rs 24.2 on 24 September 2021. The counter hit an all-time high of Rs 32.35 in intraday today. The stock has zoomed 354% from its 52-week low of Rs 7.12 recorded on 30 October 2020.

In last one month, the stock has moved nearly 37% higher outperforming Nifty 50 index which rose 2.6% in the same period.

On the technical front, the stock's RSI (relative strength index) stood at 86.558. The RSI oscillates between zero and 100. Traditionally the RSI is considered overbought when above 70 and oversold when below 30.

The stock is trading above its 50 and 100 days simple moving average placed at 22.66 and 19.74 respectively. These levels will act as crucial support zones in near term.

Punjab-based Trident is a vertically integrated textile (yarn, bath & bed linen) and paper (wheat straw-based) manufacturer and is one of the largest players in home textile space in India.

On a consolidated basis, the company posted a sharply higher net profit of Rs 206.81 crore in Q1 FY22 as compared to Rs 10.11 crore posted in Q1 FY21. Net sales jumped 109% to Rs 1,482.38 crore in Q1 FY22 over Q1 FY21.

Source: business-standard.com– Oct 05, 2021

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