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INTERNATIONAL NEWS

IMF Downgrades Global Economic Outlook, Citing Virus Risks

The global economic recovery is continuing, even as the pandemic re-surges, according to the latest "World Economic Outlook" from the International Monetary Fund (IMF) released Tuesday.

IMF said the fault lines opened up by Covid-19 are looking more persistent, with near-term divergences expected to leave lasting imprints on medium-term performance. Vaccine access and early policy support are the principal drivers of the gaps.

The global economy is now projected to grow 5.9 percent in 2021 and 4.9 percent in 2022, 0.1 percent lower for 2021 than in the IMF July forecast. The downward revision for 2021 reflects a downgrade for advanced economies–in part due to supply disruptions–and for low-income developing countries, largely the result of worsening pandemic dynamics.

This is partially offset by stronger near-term prospects among some commodity-exporting emerging market and developing economies. The rapid spread of Covid-19's Delta variant and the threat of new mutations have increased uncertainty about how quickly the pandemic will subside. Policy choices have become more difficult, with limited room to maneuver.

Beyond 2022, global growth is projected to moderate to about 3.3 percent over the medium term, according to the report. Advanced economic activity is forecast to exceed pre-pandemic, medium-term projections, largely reflecting sizable further policy support in the United States that's expected to include measures to increase potential output. By contrast, persistent output losses are anticipated for the emerging market and developing economy group due to slower vaccine rollouts and generally less policy support compared to advanced economies.

IMF noted that headline inflation rates have increased in the U.S. and in some emerging market and developing economies. IHS Markit on Monday downgraded its 2021 U.S. gross domestic product (GDP) forecast to 5.4 percent growth from 5.7 percent based on Delta variant impacts and supply chain shortages.

However, Joel Prakken and Chris Varvares, co-heads of U.S. economics at IHS Markit, said progress on vaccinations and the gradual resolution of supply disruptions and labor shortages will shift growth lost in late 2021 to later years.

"Near-term price and cost pressures will push CPI inflation to 4.3 percent this year and an upward-revised 3 percent in 2022, from 2.3 percent, after which we expect inflation to subside close to the Fed's long-run 2 percent objective," Prakken said.

IMF noted that in most cases, rising inflation reflects pandemic-related supply-demand mismatches and higher commodity prices compared to their low base from a year ago, the report said.

For the most part, price pressures are expected to subside in 2022. In some emerging market and developing economies, price pressures are expected to persist based on elevated food prices, lagging effects of higher oil prices and exchange rate depreciation lifting the prices of imported goods.

"However, great uncertainty surrounds inflation prospects, primarily stemming from the path of the pandemic, the duration of supply disruptions and how inflation expectations may evolve in this environment," IMF said.

It is critical to increase efforts to curb greenhouse gas emissions–current actions and pledges are not enough to prevent a dangerous overheating of the planet, the report stated. The international community should also resolve trade tensions and reverse the trade restrictions implemented in 2018-19, strengthen the rules-based multilateral trading system, and complete an agreement on a global minimum for corporate taxes "that halts a race to the bottom and helps bolster finances to fund critical public investments," IMF said.

In addition, it is important to deal with the challenges of the post-pandemic economy, such as reversing the pandemic-induced setback to human capital accumulation, facilitating new growth opportunities related to green technology and digitalization, reducing inequality and ensuring sustainable public finances, IMF added.

Source: sourcingjournal.com– Oct 12, 2021

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US Imports Slow in September As Hectic Holiday Remains in View

The record flurry of cargo entering the U.S. and container ships anchored at coastal ports saw a bit of a slowdown in September. U.S. containerized freight imports by volume increased 5.1 percent year over year and 17.4 percent on a two-year basis to 2.86 million TEU (twenty-foot equivalent units), according to analysis from Panjiva, the supply chain research unit of S&P Global Market Intelligence.

The year-over-year jump was down from August's 11.2 percent annual increase. While the growth on a year-over-year basis is expected continue decelerating for the holiday season, Panjiva reaffirmed what just about everyone has been anticipating—imports will be breaking records in the 2021 peak period.

If imports outlooks remain unchanged, the fourth quarter is expected to grow at a 4.7 percent rate over last year's record-breaking season. While the rate doesn't appear to be a massive increase at first glance, the comparison is against 2020's all-time highs after the U.S. economy reopened, instead of the lockdown lows from earlier in the year when demand had fallen off.

The excess backlog comes as more retailers hope to boost their inventory levels amid concerns that they won't have enough product for the upcoming shopping rush. For example, Christopher Rogers, a senior researcher with Panjiva, warned as far back as July that Nike "may run out of Vietnamese sneakers."

"Importers may be hoping that more surge capacity remains untapped, however, as increased imports would likely alleviate some of the pressures facing industries that rely on strong holiday sales," Panjiva researcher Eric Oak wrote in a blog post.

The report comes days after National Retail Federation (NRF) and Hackett Associates projected that the month would see 2.25 million TEU loaded into major U.S. ports, a 6.7 percent year-over-year increase.

Panjiva's research said that September's import total brings overall third-quarter growth to 10.2 percent, or 15.3 percent compared with the third quarter of 2019. The rate translates to an average of 95,341 TEUs per day in the quarter.

Global trade gridlock has slowed down imports in both Asia (excluding China) and Europe. Imports from these areas during the month actually saw significant dips at 15.2 percentage points and 11.4 percentage points, respectively. Compared with 2019, China's import growth climbed to 28 percent, while the rest of Asia and Europe slid 22.5 percent and 14.6 percent.

Continued congestion may be at play here for these regions, while China is likely enjoying a rebound in activity from the reopening of ports like Ningbo and Yantian from their previous Covid-related closures in the summer.

In the U.S., apparel imports saw 7.8 percent growth in 2020, and generated 10.6 percent growth over 2019. Apparel is a subcategory of the overall consumer discretionary sector, which saw related imports fall 0.3 percent year over year against the surge in 2020. Consumer discretionary imports also include CPG, automotive, household durables and leisure. Meanwhile, home furnishings saw an 8.6 percent downturn in imports, according to the research unit.

One industry—industrials—carried the load for overall import growth, being the only actual category where imports grew, Panjiva said. Imports in the category jumped 4.3 percent from a year ago and 19.4 percent over 2019, with the construction (23.8 percent) and agricultural (43.8 percent) subindustries seeing the biggest surges.

The IT industry saw fewer imports in September compared with both 2019 and 2020, down 2.0 percent and 9.1 percent, respectively. Although the semiconductor subindustries reported growth amid high demand during a global shortage—with semiconductors up 84.8 percent year over year and semiconductor manufacturing equipment up 64.7 percent—communications equipment fell 21.3 percent year over year, while the hardware and components categories declined 3.8 percent and 9 percent, respectively.

The port congestion also dampened U.S. intermodal rail traffic in September, sending overall volumes lower for the month, according to the Association of American Railroads (AAR).

U.S. intermodal volumes for September were 1.33 million containers and trailers, a 6.7 percent decline from September 2020.

"Rail intermodal volume is clearly not what it has been and could be," John T. Gray, senior vice president of AAR, said in the association's Oct. 6 rail traffic report. "Keeping intermodal terminals functioning smoothly and at full capacity depends on consistent freight outflows to make room for new freight inflows. Unfortunately, due to limited availability of downstream truck and warehouse capacity, that's not happening right now with predictable impacts on rail intermodal volume."

Gray said that there was no single solution to the problem, but indicated that railroads are bringing intermodal yard capacity back online to increase storage availability as well as working with customers and truckers to accelerate container pickup.

Altogether, U.S. rail traffic was down by almost 2 percent year over year in September to nearly 2.5 million carloads and intermodal units.

Source: sourcingjournal.com– Oct 12, 2021

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Cotton Highlights from October WASDE Report

USDA has released its World Agricultural Supply and Demand Estimates (WASDE) report for October 2021. Here's this month's summary for cotton:

The 2021/22 U.S. cotton supply and demand estimates show lower production, lower ending stocks, and a higher price compared with last month. Production is lowered 3% to 18.0 million bales as projected yields in Texas are reduced. With domestic mill use and exports unchanged, ending stocks are 500,000 bales lower. At 3.2 million bales, U.S. ending stocks in 2021/22 are projected at 18% of use, compared with 17% in 2020/21. The 2021/22 season-average farm price for upland cotton is forecast at a record-high 90.0 cents per pound – 6 cents higher than last month and nearly 2% above the previous record of 88.3 cents in 2011/12.

The global cotton 2021/22 balance sheet shows lower consumption, higher production, and higher ending stocks compared with last month. During the first weeks of October 2021, world cotton prices have averaged over 115 cents per pound – up at least 40% from both year earlier and long-run levels. While world income growth and spending on goods are expected to remain high during 2021/22, projected annual world cotton consumption growth is now 2.9% compared with 3.8% in September. China's consumption is reduced 1 million bales as, in addition to high prices, lagging energy production there cuts into industrial capacity. Consumption is also lower this month in Vietnam, but higher in Pakistan and Turkey.

World production is 700,000 million bales higher, largely due to an increase in Pakistan. Production is also higher in Turkey, but lower in India as well as the United States. World ending stocks in 2021/22 are projected 450,000 bales higher than in September, but 3.2 million bales below 2020/21.

Source: cottongrower.com– Oct 12, 2021

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Britain's Busiest Port Battles Backlog Traffic Jam

Like many of the world's major ports, the U.K.'s Port of Felixstowe is in a jam—and its next step to curb the flow of traffic may be to start more turning container ships away if a massive backlog doesn't improve anytime soon.

A report from ITV News noted that the average shipping container that arrives at Felixstowe, Britain's largest port, spends more than nine days at marine gateway before it is unloaded. This is double the average "dwell time" for import containers in 2020, the network said.

Felixstowe handles just under 40 percent of all the containers that enter and exit the U.K.

In the last week of September, the average wait time was higher than at any point last year, including during November 2020 when the port last experienced severe congestion as online holiday shopping ramped up amid a second national Covid-19 lockdown. The port is handling similar import volumes to 2019, but is currently importing more containers that it is managing to transport out by rail and road—a similar problem plaguing the U.S., where a labor shortage is impacting both efficiency at distribution centers and within intermodal transportation.

The U.K.'s Confederation of Public Transport said the heavy goods vehicle (HGV) sector was short 4,000 workers. The shortage of drivers for these HGVs have caused route cancellations across England's northeast and southwest regions, as well as throughout Scotland. This has led to a significant downturn in the number of container collections, and has hampered efforts to unload and reload ships when retailers are hurrying in peak-season merchandise.

Haulers operating at Felixstowe estimate the number of container collections in September was down between 15 and 20 percent from normal, with anywhere between 5,000 and 7,500 containers backlogged at the port as a result.

The port said it has exceeded its empty storage capacity for shipping lines and now has almost 50,000 empty containers on the terminal in total. This has caused the port to impose controls on the number of empty containers it accepts. Import volume levels are still growing and the port is telling its customers that it is at capacity.

Felixstowe says it now takes 10 days before cargo could be taken inland to be unloaded, up from the usual 4.5 days.

Last week, major shipping container companies including Maersk, Evergreen Marine Corp and CCMA-CGM all had empty containers turned away from Felixstowe. The cargo-less containers were transported on to other U.K. ports, including Liverpool, Teesport, Port of Tyne and Tilbury. Maersk is currently rerouting more ships from the U.K.'s ports entirely, opting instead to discharge the cargo in other European ports so that smaller vessels can transport shipments back to the country.

"The pre-Christmas peak, combined with haulage shortages, congested inland terminals, poor vessel schedule reliability and the pandemic, has resulted in a buildup of containers at the port," the Port of Felixstowe said in a statement. "The vast majority of import containers are cleared for collection within minutes of arriving and there are over 1,000 unused haulier bookings most days. However, the situation is improving and there is more spare space for import containers this week than at any time since the beginning of July when supply chain impacts first started to bite."

Amid the backlog of containers and the shortage of drivers, The British Retail Consortium (BRC) said retailers in the country are working closely with suppliers to mitigate issues, including finding alternative routes to bring goods into the country.

"This comes on the back of a very challenging 18 months for supply chains due to Covid and the disruption to global shipping and transport logistics," said Helen Dickson OBE, chief executive of the BRC, in a statement. "The government must act urgently to increase the size and scope of the temporary visa scheme for overseas HGV drivers while U.K. recruits are trained and qualified, or there could be further disruption for consumers in the months ahead."

Ikea confirmed to ITV News that it has faced some challenges in returning containers to Felixstowe, but added it had "only seen minimal impact."

"Like many retailers, we are experiencing ongoing challenges with our supply chains due to a variety of factors, including HGV driver shortages," an Ikea spokesperson told the network. "As a result, we are experiencing low availability in some of our ranges. With Felixstowe nearing capacity, we have faced some challenges in returning containers to the port. However, we have only seen a minimal impact arising from these current issues."

According to Robert Keen, the director general of the British International Freight Association (BIFA), the association has anecdotal evidence that container shipment dwell time across multiple U.K. ports has nearly doubled from 5 to 9.7 days over the past two weeks alone.

"The trade association's members are resigned to this being just part and parcel of the deep sea shipping world these days," Keen said in a statement. "It appears that one of the problems is that the up-country distribution centers are full and cannot take any more 'stuff.' It appears that early noises are being made that the peak season is going to be tough and some suspect that the shipping lines will be making plans to spread the load between Felixstowe, Liverpool, Southampton and London Gateway."

Source: sourcingjournal.com– Oct 12, 2021

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Co Measures taken to protect domestic interest in EU markets: Vietnam

Vietnam has taken several measures to protect the interest of domestic products and exporters in the European Union (EU) markets, according to the Trade Remedies Authority of Vietnam under the ministry of industry and trade (MoIT).

The EU so far has launched 14 trade defence investigations on products imported from Vietnam, including six regarding anti-dumping allegations, one on anti-subsidy, six on tax evasion and one self-defence, the authority said. Products involved in the investigations include footwear, steel products, fluorescent lamps, metal rings, and gas lighters.

Notably, since 2018, the EU has not launched any new investigations on Vietnamese products but only reviewed previous cases. Among the EU markets, Turkey is the country with the largest numbers of trade defence investigation and remedies on Vietnamese products. To realise commitments stated in the EU-Vietnam Free Trade Agreement (EVFTA), MoIT has issued a circular guiding the implementation of contents related to trade defence in the deal.

It includes regulations on the application of bilateral defence measures in case products imported from EU member countries increase abnormally due to tax reduction following the EVFTA, causing losses to domestic industries.

The ministry, meanwhile, has strengthened the operation of the early alerting system on trade remedies, while giving solutions and consultations to production and exporting businesses to avoid trade defence investigations, a news agency reported.

Le Trieu Dung, head of the Trade Remedies Authority of Vietnam, said in order to protect the interest of Vietnamese exporters, along with giving early warning on the EU-launched trade defence investigations, the ministry has continued to complete the legal system, institutions in the field and the trade defence system.

Source: fibre2fashion.com– Oct 13, 2021

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Europes textile and clothing sector recovers Q2 growth above 2019 levels

An important part of its manufacturing sector, the textile and clothing sector plays a crucial role in ensuring the economic and social well-being of European countries. With around 160,000 companies operating in this space and 1.5 million workers, it is an essential pillar of the economy across many EU regions. With over € 61 billion in exports, the sector has 3 per cent share of value added exports and a 6 per cent share of employment in total manufacturing in Europe.

Exports surge 49 per cent in Q2

The industry has recovered from the pandemic's impact and surpassed 2019 growth levels. In Q2, FY2021 Q2, the European textile industry grew 3.3 per cent, while the clothing sector surged 7 per cent during the quarter. The European Union's trade balance for the sector also improved during the quarter shows a report by Euratex. Compared to the same quarter of previous year, Europe's textile and clothing exports boomed 49 per cent while imports declined 26 per cent on account of declining imports from some countries like China and the UK due to Brexit and weak demand in Europe.

The sector's recovery also stabilized employment in the region. Compared to pre-pandemic levels, decline in employment in the textiles sector was restricted to 4.4 per cent while the decline in clothing sector was 11.8 per cent. New jobs in the textile sector grew -0.2 per cent quarter-on-quarter in Q2 FY2021 while jobs in the clothing sector recorded a -1.2 per cent growth in the sector.

Shipping, raw material prices threaten growth

However, higher shipping costs and increase in raw materials and energy prices threaten to derail this fragile growth by the industry. In particular, energy costs have increased over three times since the start of this year. Prices of carbon dioxide have risen above €60 since the announcement of the EU's "Fit for 55" package. This has impacted the sector's competitiveness on a global level. It has also threatened future recovery along with other factors including labor and equipment shortage.

The current supply chain and energy problems may disrupt the sector's current recovery, says Dirk Vantyghem, Director General, Euratex, which ensures a favorable environment within the European Union for design, development, manufacture and marketing of textile and clothing products. Alongwith other EU institutions and European and international stakeholders, Euratex also focuses on developing an ambitious industrial policy, effective research, innovation and skills, free and fair trade, and sustainable supply chains.

To sustain its current growth, the industry needs to adopt sustainable production on a global scale besides proposing measures to avoid carbon leakage in the upcoming EU Textiles Strategy, Vantyghem sums up.

Source: fashionatingworld.com– Oct 12, 2021

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Africa's garment exports to the US surge in August'21

Garment exports by African (Sub-Saharan) countries to the US increased during the eighth month of the year.

As per Apparel Resources, Kenya's exports grew by 51.30 per cent to $44.12 million while Madagascar's exports grew by over 100 per cent to $23.72 million in the same period.

Lesotho, a promising manufacturing destination, couldn't remain positive and declined by 32 per cent to ship apparels worth $23.45 million in its largest export market.

Ethiopia clocked US $ 21.80 million in its garment shipment to the US with a surge of over 34 per cent on yearly basis.

Another growing manufacturing hub Morocco, located in North Africa, tapped 97 per cent yearly growth and its apparel exports to US valued $16.87 million in August '21.

The growth of all these countries, except Lesotho, is a good sign for Africa as an apparel sourcing hub post-pandemic and indicates the continent's manufacturing base is gaining momentum gradually.

Source: fashionatingworld.com– Oct 12, 2021

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Tehran Modex to attract over 100 textile and clothing companies

Over 100 textile and clothing manufacturers are expected to participate in Tehran Modex, the international trade fair for clothing, fashion, accessories, design, and affiliated industries. As per Tehran Times, the fair scheduled to be held at Shahr-e-Aftab International Exhibition Center from October 12-15, 2021. Abolqasem Shirazi, Chairman, Union of Garments Manufacturers and Sellers, believes the exhibition will introduce the export capacities and potentials of medium-sized units. It will focus on the complete textile chain including design, production, and raw materials.

The exhibition will also help manufacturers focus their exports to specific markets besides expanding into newer destinations. It will also help Iran focus on its major buyers including Iraq, Turkey, Afghanistan, and Armenia.

The value of Iran's garment exports reached over $113 million during the previous Iranian calendar year 1399 (ended on March 20) to register a 99-percent rise year on year, according to Afsaneh Mehrabi, Director-General, Weaving and Garment Industries Department, Ministry of Industry, Mining and Trade.

Source: fashionatingworld.com– Oct 12, 2021

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South Asia's recovery continues despite being fragile, uneven: WB

South Asia's recovery continues as global demand rebounded and targeted containment measures helped minimise the economic impact of the recent waves of COVID-19, according to the latest biannual regional update released by the World Bank, which said the recovery, however, remains fragile and uneven, and most countries are far from pre-pandemic trend levels.

The latest South Asia Economic Focus, titled 'Shifting Gears: Digitisation and Services-Led Development', projects the region to grow by 7.1 per cent in 2021 and 2022. While the year-on-year growth remains strong in the region, albeit from a very low base in 2020, the recovery has been uneven across countries and sectors.

South Asia's average annual growth is forecast to be 3.4 per cent over 2020-23, which is 3 percentage points less than it was in the four years preceding the pandemic.

India's economy, South Asia's largest, is expected to grow by 8.3 per cent in the fiscal year 2021-22, aided by an increase in public investment and incentives to boost manufacturing.

In Bangladesh, continued recovery in exports and consumption will help growth rates pick up to 6.4 per cent in fiscal 2021-22.

In Maldives, GDP is projected to grow by 22.3 per cent in 2021, as tourism numbers recover, the World Bank said in a press release.

"The pandemic has had profound impacts on South Asia's economy. Going forward, much will depend on the speed of vaccination, the possible emergence of new COVID variants, as well as any major slowdown in the momentum of global growth," said Hartwig Schafer, World Bank vice president for the South Asia Region.

"While short-term recovery is important, policymakers should also seize the opportunity to address deep-rooted challenges and pursue a development path that is green, resilient and inclusive," he added.

COVID-19 has left long-term scars on the region's economy, the impacts of which can last well into the recovery. Many countries experienced lower investment flows, disruptions in supply chains, and setbacks to human capital accumulation, as well as substantial increases in debt levels.

The pandemic is estimated to have caused 48 to 59 million people to become or remain poor in 2021 in South Asia, the World Bank said.

As countries build back, they have a chance to rethink their long-term development models. With the emergence of new digital technologies, South Asia has an opportunity to shift gears from a traditional manufacturing-led growth model and capitalise on the potential of its services sector.

Source: fibre2fashion.com– Oct 12, 2021

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Vietnam's Worker Exodus Sparks Fresh Fears of Production Problems

The easing of Covid-19 restraints in Vietnam's embattled industrial heartland may be backfiring.

The "gradual reopening" of Ho Chi Minh City, the epicenter of the Southeast Asian nation's worst viral outbreak, was meant to promote economic recovery after four months of mobility curbs, yet an exodus of factory employees returning to their home provinces could plunge supply chains into greater turbulence ahead of the busiest shopping season of the year.

Tens of thousands have already fled Ho Chi Minh City and the adjoining provinces of Binh Duong, Dong Nai and Long An, stoking fears of a reverse migration that could see as many as 2.1 million of the region's 3.5 million workers depart, authorities said. A labor dearth would not only compound the supply chain snarl wrought by congested ports, container shortages and other productivity bottlenecks, but it could also undermine years of investments by global businesses seeking a cheaper and less politically contentious alternative to China.

A slew of workers had also slipped back to their villages during an increasingly strict lockdown in the southern belt that saw suppliers coral their employees in a single location under the health ministry's "three-in-one spot" guidelines, slow down production or close up shop altogether, leaving brands such as Adidas and Nike scrambling for merchandise in the ramp-up to Black Friday and Christmas. Migrant workers were either confined to their workplaces or left in a holding pattern with reduced or no pay that forced them to subsist on meager savings and government assistance until they ran out of money, patience or both. Unless authorities can inspire confidence among workers, coaxing them to return to Ho Chi Minh City, experts say, the prospect of long-dormant assembly lines catching up in time grows ever dimmer.

One case in point is Pouyuen Vietnam, a subsidiary of Taiwan's Pou Chen Corp., the world's largest athletic footwear manufacturer. The Adidas and Nike supplier restarted production last week with less than one-third of its workers, according to Vietnamese news outlet Zing. More than 400,000 of its workers have not returned, hindering its goal of returning to full capacity by mid-November.

"Tech and textile and garment producers may see an increase in production rate from mid-October to meet the delivery orders for the holiday shopping season in November and December for the U.S and EU markets," May Yimon Aung, risk intelligence analyst at Everstream Analytics, told Sourcing Journal. "This, however, can only be achieved by working around the clock with sufficient labor capacity."

Vietnam's garment industry, briefly the second-largest exporter of clothing after China, could experience as much as a 37 percent reduction in workers for the rest of the year, Vietnam Textile & Apparel Association Chairman Vu Duc Giang told Bloomberg News, hampering its ability to meet its $39 billion export target for 2021. While the country's footwear exports surpassed $13.3 billion in the first nine months of 2021, according to the Vietnam Leather, Footwear and Handbag Association, they tumbled 44.2 percent year over year to roughly $700 million in September.

Despite chatter that companies may be pivoting back to China, Aung says Vietnam will remain attractive for foreign businesses because of its low-cost labor, strategic geographical location and plans to achieve a "new normal" by the end of October. China, in any case, is grappling with its own manufacturing squeeze. "With China tightening its energy consumption rate for production, it is unlikely that manufacturers will move back," she said.

But fears continue to abound. Though 98 percent of Ho Chi Minh City's adults have received at least one dose and nearly half have been given two, Vietnam's overall vaccination rate remains among the lowest in Asia, with only 16 percent of its 98-million-strong population fully inoculated. To date, the country has logged 843,000 infections and 20,670 Covid-19-related deaths. The American Apparel and Footwear Association, whose members include J.Crew, Patagonia and Calvin Klein parent PVH Corp., has urged the Biden administration to make more vaccines available to Vietnam.

Brands with significant sourcing in Vietnam are already steeling themselves for tough times ahead. Nike, which derives more than 40 percent of its products from Vietnam, recently slashed its sales forecast, citing the loss of 10 weeks of production that created a "gap to the flow of inventory" scheduled for delivery starting mid-October. Abercrombie & Fitch, Gap, Urban Outfitters and others have also warned of sparser shelves or delays. Even smaller brands aren't immune.

“The global supply chain is in disarray, and like many brands, we have been impacted by various factories closing due to lockdown restrictions,” Michael Preysman, founder and until recently CEO of Everlane, which also sources 40 percent of its products from Vietnam, told Sourcing Journal. “This is causing production constraints and multi-week delays.”

Preysman says the industry is “living in a new normal” where the stability of 2019 may not return for another three to five years. “With the holiday season coming up, our team is doing everything possible to mitigate delays,” he said. “We’re partnering closely with our factories and booking capacity for transport, while continuing to make mindful decisions around health and safety.”

Source: sourcingjournal.com– Oct 12, 2021

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Top StanChart researchers say Bangladesh to be $500-bn economy by 2026

Standard Chartered Bank researchers recently said Bangladesh's gross domestic product (GDP) will grow by over 7 per cent in the next five years and this growth should drive the country's economy up to $500 billion and per capita income to $3,000 by fiscal 2025-26. GDP growth will recover in fiscal 2021-22 riding on domestic consumption and a rebound in global growth, they said.

The bank's global research team was speaking at a media session following the 2021 Bangladesh session of the Bank's Global Research Briefing series. "While the pace and distribution of global recovery remains highly uneven, Bangladesh has made a strong comeback with one of the highest GDP growths in the world in 2020," Eric Robertsen, global head of research and chief strategist of the bank, was quoted as saying by bangla media reports.

A robust vaccination programme and implementation of strategic infrastructure projects are expected to further increase the momentum towards the nation's graduation from the least developed country (LDC) status, he said. Naser Ezaz Bijoy, chief executive officer of Standard Chartered Bangladesh, said the government has navigated the internal and external challenges of the pandemic remarkably well.

"The resilience of the Bangladesh economy gives us cause for optimism. As the vaccination drive continues, the economy is set to accelerate, while lower debt levels compared to its peers provide a medium term fiscal runway for growth," he added.

Saurav Anand, economist for South Asia at the bank, said the country's economy is set to accelerate after a speed bump, with GDP growth forecast at 7.2 per cent in fiscal 2021-22.

"The momentum will be driven by an export demand recovery, strong remittance inflows and public investment. Policy support is a prerequisite for a smooth transition to middle-income status, with per capita GDP set to reach $3,000 by FY26," Anand said.

Source: fibre2fashion.com– Oct 13, 2021

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Bangladesh wants enhanced trade ties with China

Bangladesh commerce minister Tipu Munshi recently stressed on enhancing bilateral relations with China, especially boosting trade ties in future. “There’s no doubt that China is a great friend of Bangladesh and they play a big role in our development efforts,” he said while addressing a ceremony to honour reporting on Bangladesh-China ties.

The Bangladesh China Chamber of Commerce and Industry (BCCCI) and the Economic Reporters’ Forum (ERF) jointly hosted the event. Chinese ambassador to Bangladesh Li Jiming addressed the event virtually.

Munshi said China is the largest supplier of machinery and goods to Bangladesh while being the latter’s biggest trade partner, according to Bangla media reports.

There could have been a difficult time for the country’s garments sector had there been no material coming from China during the pandemic, he added.

Source: fibre2fashion.com– Oct 13, 2021

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39 approvals in Bangladesh to release goods from Chittagong: Report

Bangladesh entrepreneurs need as many as 39 approvals from government agencies before their goods are released from the Chattogram port. This is badly affecting businesses, according to the Bangladesh Business Climate Index (BBX) report launched recently. It was jointly prepared by The Policy Exchange, Bangladesh (PEB), and the Metropolitan Chamber of Commerce and Industry (MCCI).

"Very often, the Chattogram port faces severe congestion for the delay in releasing the goods, eventually raising the cost of doing business for the users," the report said.

It said small businesses, particularly those involved in trading goods, suffered the most as they needed certificates from government agencies, but they did not have much knowledge and financial capability, according to reports in the country's newspapers.

Regulatory complexities, scarcity of land, poor infrastructure, and poor road connectivity are major trade barriers, although Bangladesh has progressed a lot and economic development is laudable.

Speaking at the launch, Japanese envoy to Bangladesh Ito Naoki said a lot of Japanese companies are expanding operations in the country. The Japanese Economic Zone in the country will be operational next year, he added.

Source: fibre2fashion.com – Oct 12, 2021

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NATIONAL NEWS

Prime Minister to launch PM GatiShakti on 13th October

In a historic event for the infrastructure landscape of the country, Prime Minister Shri Narendra Modi will launch PM GatiShakti - National Master Plan for multi-modal connectivity, on 13th October, 2021 at 11 AM at Pragati Maidan, New Delhi.

Infrastructure creation in India had suffered for decades from multiple issues. There was lack of coordination between different Departments, for example, once a road was constructed, other agencies dug up the constructed road again for activities like laying of underground cables, gas pipelines etc. This not only caused great inconvenience but was also a wasteful expenditure.

To address this, efforts were put in place to increase coordination so that all cables, pipelines etc. could be laid simultaneously. Steps have also been taken to address other issues like time-taking approval process, multiplicity of regulatory clearances etc. In the last seven years, the Government has ensured unprecedented focus on infrastructure through a holistic outlook.

PM GatiShakti will address the past issues through institutionalizing holistic planning for stakeholders for major infrastructure projects. Instead of planning & designing separately in silos, the projects will be designed and executed with a common vision. It will incorporate the infrastructure schemes of various Ministries and State Governments like Bharatmala, Sagarmala, inland waterways, dry/land ports, UDAN etc.

Economic Zones like textile clusters, pharmaceutical clusters, defence corridors, electronic parks, industrial corridors, fishing clusters, agri zones will be covered to improve connectivity & make Indian businesses more competitive. It will also leverage technology extensively including spatial planning tools with ISRO imagery developed by BiSAG-N (Bhaskaracharya National Institute for Space Applications and Geoinformatics).

PM GatiShakti is based on six pillars:

1. Comprehensiveness: It will include all the existing and planned initiatives of various Ministries and Departments with one centralized portal. Each and every Department will now have visibility of each other's

activities providing critical data while planning & execution of projects in a comprehensive manner.

2. Prioritization: Through this, different Departments will be able to prioritize their projects through cross–sectoral interactions.

3. Optimization: The National Master Plan will assist different ministries in planning for projects after identification of critical gaps. For the transportation of the goods from one place to another, the plan will help in selecting the most optimum route in terms of time and cost.

4. Synchronization: Individual Ministries and Departments often work in silos. There is lack of coordination in planning and implementation of the project resulting in delays. PM GatiShakti will help in synchronizing the activities of each department, as well as of different layers of governance, in a holistic manner by ensuring coordination of work between them.

5. Analytical: The plan will provide the entire data at one place with GIS based spatial planning and analytical tools having 200+ layers, enabling better visibility to the executing agency.

6. Dynamic: All Ministries and Departments will now be able to visualize, review and monitor the progress of cross-sectoral projects, through the GIS platform, as the satellite imagery will give on-ground progress periodically and progress of the projects will be updated on a regular basis on the portal. It will help in identifying the vital interventions for enhancing and updating the master plan.

PM GatiShakti is the result of Prime Minister's constant endeavour to build Next Generation Infrastructure which improves Ease of Living as well as Ease of Doing Business. The multi-modal connectivity will provide integrated and seamless connectivity for movement of people, goods and services from one mode of transport to another. It will facilitate the last mile connectivity of infrastructure and also reduce travel time for people.

PM GatiShakti will provide the public and business community information regarding the upcoming connectivity projects, other business hubs, industrial areas and surrounding environment. This will enable the investors to plan their businesses at suitable locations leading to enhanced synergies. It will create multiple employment opportunities and give a boost to the economy. It will improve the global competitiveness of local products

by cutting down the logistics costs and improving the supply chains, and also ensure proper linkages for local industry & consumers.

Prime Minister will also inaugurate the New Exhibition Complex (Exhibition Halls 2 to 5) at Pragati Maidan during the event. India Trade Promotion Organisation's flagship event, India International Trade Fair (IITF) 2021 will also be held from November 14-27, 2021 in these new exhibition halls.

Union Ministers for Commerce, Road Transport and Highways, Railways, Civil Aviation, Shipping, Power, Petroleum and Natural Gas will also be present on the occasion.

Source: pib.gov.in– Oct 12, 2021

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Shri Piyush Goyal meets Ministers of G 20 to advance India's trade position and negotiated bilateral and multilateral agreements

The Union Minister of Commerce & Industry, Consumer Affairs & Food & Public Distribution and Textiles, Shri Piyush Goyal has called for waiver of Intellectual Property Rights (IPR) and dismantling new trade barriers in the global fight against the COVID19 pandemic.

"Our response to the pandemic needs to ensure equitable access to vaccines and other COVID-19 related health products by ensuring quick resolution of the supply side constraints. One of the ways to demonstrate this is by accepting the TRIPS waiver proposal," Shri Goyal said, in his address to the G20 Trade and Investment Ministerial Meeting in Naples, Italy today.

Shri Goyal called for actively resolving new trade barriers like vaccine differentiations or COVID passports, which impose mobility restrictions and impede the movement of personnel needed for delivering critical services. "COVID-19 crisis is a powerful reminder of our inter-connectedness, and the need for a coordinated global strategy to overcome such an unprecedented public health situation," he said.

Shri Goyal underlined the need for an early universal vaccination against Covid19. "Apart from focusing on facilitating free flow of goods, I invite G20 countries to join in efforts to make health services accessible and more affordable by the citizens of the world by enabling free flow of health services," he said, adding,"as a quick response to the pandemic, I am happy to inform that our telemedicine initiative "e Sanjeevani", has been serving millions of Indians. I am happy to offer it to the entire world."

Calling for an equitable and balanced outcome to the trade negotiations in the Fisheries sector, Shri Goyal advocated that countries engaged in distant water fishing should stop subsidizing their fishing in high seas and gradually reduce their fishing capacities, particularly, for overfished stocks.

"To achieve balanced outcomes in Fisheries Subsidies, policy space for future is a must, not only to protect the livelihoods of poor and marginal fishermen and address, the food security concerns but also to diversify, modernise and develop the fisheries sector, he said. Separately, Shri Goyal also discussed the Agreement on joint multilateral positions in Fisheries etc with his Australian counterpart during a one-to-one meeting yesterday.

In his G20 Ministerial Address, meanwhile, Shri Goyal also said India is committed towards the United Nations 2030 Agenda on Sustainable Development and the Sustainable Development Goals (SDGs).

"India is among the few countries which is on track to exceed its commitments as per the Paris Agreement. We urge the Members to fulfil their commitments regarding Transfer Of Technology and Climate Finance, which are far from being fulfilled by the Developed Countries," he said.

Shri Goyal said sustainability cannot be seen in isolation and has to be linked to making available grant based, long tenure, low cost and concessional & affordable technologies.

"India has consistently maintained that environmental/sustainability measures need careful assessment to ensure that they do not become new trade barriers and the right forum for them is the dedicated Multilateral Environmental Agreements," he said.

On Tuesday, it turned out to be a power packed day for Commerce Minister Piyush Goyal on the sidelines of the G20 Trade Ministers Meeting at Sorrento, Italy. He met with nearly 15 Ministers to advance India's trade position and negotiated bilateral and multilateral agreements. Among the countries and dignitaries met included DG WTO, US, UK, EU, Brazil, China, Australia, South Africa, Indonesia, Canada, South Korea and Mexico.

Shri Goyal unequivocally put forth the position that India is working towards the success of the upcoming WTO 12th Ministerial Conference (WTO MC12) next month but the outcome must be just and equitable. "Historical wrongs against developing countries must be corrected rather than being carried over," he said.

In his meetings with the Canadian Minister, Shri Goyal discussed steps to take forward the FTA negotiations with the newly elected Government while he called upon his South Korean and EU counterparts to accelerate review of the FTA. With the Mexican Minister, Shri Goyal discussed cooperation in healthcare. Shri Goyal also met with the DG, WTO to discuss the MC12 agenda.

Source: pib.gov.in– Oct 12, 2021

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IMF retains India's growth forecast for FY22 at 9.5%

Also maintains growth outlook for 2022-23 at 8.5 per cent; slashes global economy forecast by 5.9 per cent for 2021

The International Monetary Fund (IMF) on Tuesday retained India's GDP at 9.5 per cent for the current fiscal i.e. 2021-22 while cutting forecasts for the global economy by 5.9 per cent for the year 2021.

The Indian economy recorded growth of 7.3 per cent during FY 2020-21.

The IMF's latest assessment is part of the annual World Economic Outlook, released on the eve of the annual IMF and World Bank meeting taking place at Washington. Finance Minister Nirmala Sitharaman is leading the Indian delegation in the meeting.

Titled, 'October 2021 World Economic Outlook: Recovery During a Pandemic Health Concerns, Supply Disruptions, and Price Pressures', the report also maintained growth outlook for next fiscal (2022-23) at 8.5 per cent. Earlier, in July, the Fund had cut the growth forecast for the current fiscal by 300 basis points but raised the projection for next fiscal by 160 basis points.

IMF's projection for the current fiscal is similar to RBI's and S&P growth projection of 9.5 per cent. However, it is higher than Fitch's estimate of 8.7 per cent and World Bank's estimate of 8.3 per cent. Various other agencies have projected growth rate of 8.2- 9.5 per cent except Asian Development Bank which expects a double digit growth rate (10 per cent) for the current fiscal. OECD projection is also at the higher side with 9.7 per cent.

Global economy

The IMF report, which is piloted by Indian born Economic Counselor and Director of the Research Department of IMF, Gita Gopinath, said the global recovery continues but the momentum has weakened, hobbled by the pandemic. "Fuelled by the highly transmissible Delta variant, the recorded global Covid-19 death toll has risen close to 5 million and health risks abound, holding back a full return to normalcy," it said.

Pandemic outbreaks in critical links of global supply chains have resulted in longer-than-expected supply disruptions, further feeding inflation in many countries. Overall, risks to economic prospects have increased, and policy trade-offs have become more complex. “Compared to our July forecast, the global growth projection for 2021 has been revised down marginally to 5.9 percent and is unchanged for 2022 at 4.9 percent. This modest headline revision, however, masks large downgrades for some countries,” the report said.

Further it mentioned that the outlook for the low-income developing country group has darkened considerably due to worsening pandemic dynamics. The downgrade also reflects more difficult near-term prospects for the advanced economy group, in part due to supply disruptions.

Partially offsetting these changes, projections for some commodity exporters have been upgraded on the back of rising commodity prices. Pandemic-related disruptions to contact-intensive sectors have caused the labour market recovery to significantly lag the output recovery in most countries.

The report said: “If Covid-19 were to have a prolonged impact into the medium term, it could reduce global GDP by a cumulative $5.3 trillion over the next five years relative to our current projection. It does not have to be this way.”

Further it called for the global community to step up efforts to ensure equitable vaccine access for every country, overcome vaccine hesitancy where there is adequate supply, and secure better economic prospects for all.

Source: thehindubusinessline.com– Oct 12, 2021

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Shri Narayan Rane calls for concerted efforts to enhance growth of MSME sector

Union Minister for MSMEs Shri Narayan Rane has exhorted the officers of MSME Ministry to brace up for enhancing the output of MSME sector. The Minister categorically said that he would like to see a quantum jump in the performance of this sector, for which all segments of the Ministry will have to work in tandem.

He called for increased spending by the Ministry for the betterment of the society at large. Shri Rane pointed towards the possibility of quantum jump in India's exports through MSME sector, which can lead to achieving higher GDP.

The Minister was speaking at the signing of the Contribution Agreement by the officials of the NSIC, NVCFL and SVL in New Delhi today. He was accompanied by MoS MSME Shri Bhanu Pratap Singh Verma, Secretary, Ministry of MSME Shri B.B. Swain, CMD, NSIC & Chairperson NVCFL Ms. Alka Arora and MD & CEO, SVL Shri K. Suresh.

In line with the vision of Prime Minister Shri Narendra Modi, the Finance Minister had announced creation of a Fund of Funds for Micro, Small and Medium Enterprises under the Atmanirbhar Bharat package to address severe shortage being faced by MSMEs in securing growth capital.

Consequently, NSIC Venture Capital Fund Limited (NVCFL), a 100% subsidiary of National Small Industries Corporation Limited - NSIC, a Mini-Ratna Corporation of Government of India under Ministry of MSMEs was incorporated. Self-Reliant India Fund (SRI Fund) was anchored by NVCFL with the target corpus of Rs 10,006 crore and object of supporting Daughter Funds for onward provision to MSMEs as growth capital, through equity, quasi-equity and debt, as permitted under the AIF Regulations. The Fund would, inter alia, be invested into by the Ministry of MSME as the Anchor Investor and NSIC as the Sponsor.

SBICAP Ventures Limited (SVL) has been appointed as the Investment Manager and Khaitan & Company has been appointed as the Legal Advisor to NVCFL. The Private Placement Memorandum filed by NVCFL with the Securities and Exchange Board of India to register SRI Fund as a Category II Alternative Investment Fund was registered by SEBI on the 1st September 2021.

SRI Fund shall address the equity funding challenges of the MSME sector and give them a thrust to break their barriers, encourage corporatisation and allow them to grow to their full inherent potential to become global champions.

With Government intervention, the Fund would be able to channelize diverse variety of funds into underserved MSMEs and address the growth needs of viable and high growth MSMEs.

Source: pib.gov.in– Oct 12, 2021

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MOU with NHAI & TIDCO for Development of Multi-Modal Logistics Park (MMLP) in Chennai Port's land

Union Minister for Ports, Shipping and Waterways Shri Sarbanand Sonowal has announced forming of a Special Purpose vehicle (SPV) for development of a Multimodal Logistics Park (MMLP) at VOC Port in Chennai. The MMLP to be developed through Public Private Partnership with the SPV providing land and connectivity and the actual MMLP infrastructure to be developed by a private developer.

He said, all the three stake holders viz, Chennai Port Authority, TIDCO and NHAI will be equity partners in the proposed SVP. The Minister informed that equity contribution/investment of the Chennai Port is the cost of the land amounting to Rs 167 crore, NHAI/NHIDCL contribution is Rs l30 crore and that of State govt. through TIDCO is Rs 50 crore.

Speaking at the virtual MoU signing in New Delhi today, Shri Sonowal said, V.O. Chidambaranar Port, the economic engine of South Tamilnadu, has proposed for setting up of Multimodal Logistics Park due to its advantages such as excellent Rail-road connectivity, proximity to Main Sea Route, all weather operational conditions, and geographic position to link Eastern coast with the Western coast.

The Multimodal Logistics Park would facilitate infrastructure for enabling seamless multimodal freight transfer, and specialized storage solutions, such as cold storage, warehouses equipped with mechanized material handling and intermodal transfer terminals for containers, bulk and break-bulk cargo.

Further, the MMLP would be offering value-added services such as Customs clearance, bonded storage yards, quarantine zones, testing facilities, warehousing management services, post-manufacturing activities such as kitting and final assembly, grading, sorting, labelling, packaging etc.

The Chennai Port authority has acquired a land parcel of 121.74 acres on a 99-year lease basis from SIPCOT for the purpose of developing a Dry Port. This land located in Mappedu Village near Sriperumbudur is strategically located near the major automobile industrial clusters. Also, on its own is developing as a warehousing hub of Chennai.

The Government of India has taken a novel initiative to develop 35 Multi-Modal Logistic Parks (MMLP) under Bhartmala Pariyojana across the country to enhance the efficiency of Indian logistics and reduce the logistics costs. In this network of MMLPs, Chennai is among the first to be chosen for implementation. NHAI/ NHIDCL under Ministry of Road Transport and Highways have been assigned the task of developing MMLPs.

It is proposed to develop MMLP in the land parcel of 121.74 now in the possession of Chennai Port. In addition to Chennai Port's land, the Government of Tamil Nadu through TIDCO will be acquiring another 36.23 acres of land and the investment for this will be made available by the state government. The required road connectivity infrastructure will be done by NHAI, and later a railway line is proposed from the nearest rail head near Kadambattur for a length of about 12 kms.

Source: pib.gov.in– Oct 12, 2021

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Modi, Frederiksen support early conclusion of India-EU FTA

Prime Minister Narendra Modi and his Danish counterpart Mette Frederiksen have supported an early conclusion of the India-EU Free Trade Agreement (FTA) under negotiations and agreed to expand collaboration in areas of agriculture technology, including food safety, cold chain, food processing, fertilisers and aquaculture.

New areas of cooperation like smart water resource management, creation of best resources from waste – waste to best – and efficient supply chain management were also identified by the two leaders during Frederiksen's visit to India from October 9-11, according to a statement released by the Ministry of External Affairs on Tuesday.

"The two leaders welcomed the decision to resume the India-EU FTA negotiations and expressed the hope that they will be concluded at an early date," the release stated. They also discussed regional and global developments, including the post-pandemic global economic recovery, Indo-Pacific and the situation in Afghanistan.

Four government-to-government MoUs and agreements in the fields of traditional knowledge, skill development, mapping of ground water resources and coolant technologies were exchanged during the visit.

Earlier this year, India and the EU decided to restart negotiations for an FTA in goods and services, after a gap of eight years. The two will also work out simultaneous pacts in the area of investments and geographic indications.

Source: thehindubusinessline.com– Oct 12, 2021

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Looking forward to investing 'even more' in India: Bain Capital leadership after meeting with Sitharaman

American private investment firm Bain Capital, with investments of about USD 5 billion in Indian companies, is looking forward to investing "even more" in the country and the next decade will be very important for both India and the US to work together to build businesses on a global basis, top executives of the company said.

Bain Capital Co-Chairman Stephen Pagliuca and Co-Managing Partner John Connaughton met Finance Minister Nirmala Sitharaman here on Monday, with Pagliuca describing the meeting as "fantastic", during which they talked about the Financial Services District in Gujarat. Sitharaman arrived in the US on Monday for a week-long trip to attend the annual meet of the World Bank and IMF in Washington as well as G20 Finance Ministers and Central Bank Governors (FMCBG) meeting.

During the official visit to the US, Sitharaman is expected to meet US Treasury Secretary Janet Yellen. Connaughton said that "whenever you see the kinds of reforms that we're seeing in India, and we've been there for almost over a dozen years, it really allows us to accelerate our investment activity, particularly across the broader sectors that we participate in," such as banking, outsourcing and pharmaceuticals.

Connaughton said the ability to reform all those industries that the government is now reforming "allows us to participate in a broader way" and "we're looking forward to investing even more. We've invested USD 5 billion already and we see it accelerating." Pagliuca said the markets can be made more business-friendly and "I think that's happening in India right now. It'll make it a great attractive climate for foreign direct investment."

Pagliuca added that Bain Capital has invested over USD 5 billion in a dozen companies and "had great success in India. And I think the next decade will be very important for both countries to work together to build businesses on a global basis and really increase the GDP of both countries."

The Finance Ministry in a tweet said that Connaughton appreciated the friendly business atmosphere in India and mentioned that he is upbeat about investment in India. Sitharaman spoke about exploring opportunities in Gift City in Gujarat and other opportunities in infrastructure in India.

Source: financialexpress.com– Oct 12, 2021

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What India's global strategy must be

Japan and Australia are not irrelevant in this sphere, but they are minnows compared to the US.

The Indian Prime Minister's recent visit to the US and the United Nations gave him an opportunity to project himself to his domestic constituency as a global leader. Controlling the domestic media narrative has always been a vital component of the current approach to governance, and this visit was in that tradition. But ultimately, substance is what matters, not the surface. On the global front, India has major strategic interests in national security and in economic development. The US is potentially important for both.

The Quadrilateral Security Dialogue (Quad) with Australia, Japan and the US is a significant new collaboration. The motivation for this cooperation is, of course, the geopolitical challenge of China. The recent Quad summit, the first in person, marked an important step forward. Military security is an obvious frontline concern, especially for India's three partners, because of their geographic positions and the US's global strategic posture.

India has also cheered on the AUKUS military pact between the US, United Kingdom and Australia, while officially saying it is separate from the Quad. Indeed, on the security front, India's locus of conflict with China is geographically and strategically very different than that of Japan, Australia and the UK, and it is fair to say that none of these countries matter. The US does, but its debacle in Afghanistan illustrates the limits of its competence in the region. Indeed, India's piggybacking on the US Afghanistan strategy did not seem to do it much good.

I would argue that India should keep its eye on the economic development ball, and not let the strategic interests of the US divert it from achieving what it needs—rapid, sustainable economic growth. China is flexing its strategic muscles on the back of a stunning three decades of growth, increasing its chances of political success. This is noted without in the slightest degree approving of its political goals, domestic or international. Of course, one can also be a relative economic failure like Russia, and exert military power, but that is not a model to follow in any dimension.

On the economic front, of course, India and the US have tremendous potential for further alignment. The PM's meetings with US business leaders in information technology, solar power, defence production, telecom and finance were hugely symbolic, as well as furthering strategic goals. Several of them illustrate possible synergies in economic strength and national security. It will

be important to track how effective is the follow-up on the Indian side, to achieve tangible benefits.

It is useful to contrast these meetings with the recent decision by Ford Motor to stop producing cars in India. This illustrates that the US can be good as a source of money and cutting-edge technologies, but its business and political leaders and operatives are not always good at understanding and adapting to local conditions.

At an abstract level, Afghanistan exemplifies some of the same US weaknesses as Ford. The strong implication is that India should really be looking to Asian economies—Japan, South Korea and Taiwan, in particular—for the kinds of investment and know-how it needs for its own economy in many sectors. This includes a range of consumer durables, capital equipment and infrastructure needs.

Finally, while India should not unduly limit itself to the US as a source of what it needs for economic development, nor allow the US to drive its geopolitical strategic stance, there is enormous scope for leveraging US strategic concerns to tap into its strengths where it matters the most.

Specifically, the recent Quad summit included plans for new research collaborations and the development of 'competitive technology ecosystems'. Japan and Australia are not irrelevant in this sphere, but they are minnows compared to the US. This is the proverbial sweet spot for India's global strategy.

India's goal must be to use this collaboration to build world-class research universities, and use them, in turn, to grow an innovation ecosystem. Training world-class faculty takes time, and so India will have to figure out how to attract them from everywhere, not limiting that effort to those of Indian origin.

And, while the emphasis on science and technology inherent in this effort can avoid some of India's current problems of cultural nationalism, ultimately, fostering creativity will require openness in many different ways. Allowing this openness will require self-confidence on the part of India's leaders. That means something very different from the current approach of Russia or China, or that of the last US president.

Source: financialexpress.com– Oct 13, 2021

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GSTN blocks Rs 14,000-crore input tax credits of 66,000 taxpayers

GST Network on Tuesday said it has blocked Rs 14,000 crore worth of input tax credit (ITC) of 66,000 businesses registered under GST.

Responding to social media posts based on an RTI reply about the Rs 6.14 lakh crore of ITC blocked under Rule 86A of GST laws, GSTN tweeted that the figure includes erroneous data entries made by the taxpayers.

"ITC of approximately Rs 14,000 crore involving 66,000 taxpayers stands blocked as on date. This is only 0.38 per cent (approximately) of average ITC utilised by all taxpayers in a financial year," tweeted GSTN, the company that handles the technology backbone for goods and services tax.

The government had introduced Rule 86A in GST rules in December 2019 giving powers to taxmen to block the ITC available in the electronic credit ledger of a taxpayer if the officer has "reasons to believe" that the ITC was availed fraudulently.

There are currently 1.32 crore taxpayers registered under GST.

Source: financialexpress.com– Oct 12, 2021

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Proposed e-comm rules — Missing the woods for the trees?

The rules are a hurdle to attracting investments, fostering competition and serving the interests of the consumers

Some of the amendments suggested to the Consumer Protection E-commerce Rules, 2020 issued under the Consumer Protection Act, 2019 (Proposed Amendments) have received severe criticism. One provision drawing flak is the restriction on marketplace e-commerce entities from conducting certain activities in relation to their “related parties” and “associated enterprises”.

Amongst other things, this provision would prohibit marketplaces from listing their “related parties” and “associated enterprises” as sellers on their platforms. These provisions are a hindrance to ‘Make in India’, ‘Start-up India’ and ‘ease of doing business’ initiatives, especially for investments in the SME sector.

In the buzzing start-up system, it is very important that promoters having wide experience can mentor multiple start-ups and contribute to their growth. In this article, we test various scenarios in which this prohibition is likely to impact SMEs and Indian promoters as well as economics of scale for some business models.

Some likely scenarios

An Indian tech company creates a marketplace XYZ. The director of such company also wishes to assist several SME companies to create their online presence and takes a board seat in such companies. If that were to happen, such SMEs will not be able to sell on XYZ.

ABC, a SME selling environment friendly cosmetics is looking to onboard Person X, the founder of a well-established sustainable fashion brand as an independent director for guidance in its business. Person X is also an independent director in several other upcoming SMEs including several e-commerce platforms. ABC will not be able to sell its products on any SME’s platforms where Person X is an independent director.

Promoter AB has partnered with her IIT alumni to create a marketplace ABC with an innovative business model where individuals can check out how new clothing items would suit them by using AR/VR technology. She holds 45

per cent stake in the company that owns the marketplace ABC and also has a board seat. She also has her own private label for Indo-Western clothing, which she started off as a hobby and has become a big brand among millennials. AB will not be able to list her brand on ABC.

A conglomerate has a marketplace entity and an investment entity. The investment entity has invested in several SMEs. Such SMEs potentially being related parties, cannot sell on the marketplace of the group. As a result, SMEs have to choose between investments and marketplace!

Person A's portfolio of investments includes a variety of businesses including fashion brands, electronics, cosmetics, energy, etc. These companies, although completely unrelated from each other, will have to be mindful of their onward investments in entities including SMEs since the broad ambit could prevent each of such companies including such downstream entities from listing one another as a seller on their platform.

For existing businesses, this prohibition would mean massive overhaul of business models since most businesses manage separate verticals of their business through separate group entities. Listing of products of group entities will be prohibited. For SMEs, this prohibition is likely to be a strategic nightmare and would significantly impact funding plans.

Economies of scale

Let us take an example on economies of scale. Due to the pandemic, a conglomerate of Indian companies has realised the importance of taking their business online.

Instead of creating separate inventory-based website for each company, the group creates a single entity to manage website and logistics for the group with the idea that each group company will sell through this website. Such a structure will be prohibited.

It has been reported that this amendment has been proposed to prevent marketplace e-commerce entities from flouting FDI norms. In such a case, the Consumer Protection E-commerce Rules which is a consumer centric legislation is not the place to address that issue, especially when the prohibition does not serve any consumer interests at all. In fact, in some cases it may go against the overall ecosystem and hence against consumer interest.

Plurality of choice ignored

The prohibition completely ignores the reason why marketplaces exist — to make different goods and services available for users on one platform — giving them plurality of choice. This prohibition could result in a complete failure of the marketplace concept as entities will now have to operate two (or more) separate e-commerce platforms to sell third party goods and goods of their related parties/associated enterprises.

It is an accepted principle that laws must be proportionate to the aim pursued by enacting such legislation. The Proposed Amendments seem to ignore this completely. To solve a perceived problem, the law is missing the larger good.

The provisions of the Proposed Amendments are also in conflict with the construct of competition law as there is now an assumption that arrangements between related parties or associated enterprises are anti-competitive/against public interest in nature. This goes against the provisions of competition law in India which provides for a multi-layered investigation process into anti-competitive arrangements.

Much has already been written about other provisions of the Proposed Amendments which are vague and arbitrary. When the focus should be consumer interest and consumer awareness, the Proposed Amendments venture into areas outside the purview of consumer protection. Industry bodies and players have provided their comments to the government on the Proposed Amendments. It remains to be seen how much of the Proposed Amendments make it to the actual legislation.

Source: thehindubusinessline.com– Oct 12, 2021

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Why the Ports Bill is raising States' hackles

The Centre must step back and give more autonomy to maritime States to develop ports with private participation

The Indian Ports Bill 2021 seeks to replace more than a century old Indian Ports Act 1908. The new Bill incorporates a number of international regulatory developments in the national legislation namely the "International Ship and Port Facility Security (ISPS) Code 2004, the International Convention for the prevention of pollution from ships (MARPOL) – (1983, 2005). It mandates port authorities to provide adequate "reception facilities" to ships to dispose of their waste.

The International Ballast Water Management (BWM) convention (2017) aims at preventing the spread of invasive aquatic species and potentially harmful pathogens in ships' ballast water when it is released into port premises or adjacent environment.

The draft Bill under Chapter IX contains provisions for safety and security of ports and Chapter X for prevention and containment of pollution at ports and these provisions will apply to all ports in India — major and non-major and they are required to prepare a "Security Plan" and a waste reception and handling plan and will be subject to periodic audit by the Union government to ensure compliance. These are some of the welcome features of the proposed legislation.

The controversial provisions

Chapter II deals with establishment of a Maritime State Development Council by the Centre with the Union Minister as the Chairperson and Ministers in charge of ports in the Maritime States as members. It also includes the Secretary and Joint Secretaries of the Ministry dealing with ports. Surprisingly, neither the State Maritime Boards nor expert members on port administration and trade interests find a place in the Council.

The Council thus appears to be heavily loaded in favour of the Union government. It also proposes to make this Council a permanent body with wide-ranging powers to formulate a national plan for development of existing and new ports and to revise the plan periodically, monitor the development of major and non-major ports to ensure integrated development of major and non-major ports with the national plan.

Section 17, Chapter IV empowers the Union government to make a port non-operational if it is not in consonance with the national plan. Chapter XII, section 83 proposes heavy penalties for administrative lapses on Port authorities and officials ranging from ₹50,000 to ₹2 lakh or imprisonment up to six months or both. This excessive authority and power concentrated in the Union government relegating the maritime States into secondary position have led to the maritime States — Tamil Nadu, Kerala, Andhra Pradesh, Odisha and Maharashtra to lodge their protest and convey their objections to the Centre.

Need for more decentralisation

India has 12 major ports and about 212 non-major ports. Major ports come under the direct control of the Centre while all non-major ports come under the control of respective State governments. In 2000-01 Indian ports handled a total traffic of 369 million tonnes (major 281 and non-major 88) and the share of major ports was 76 per cent and that of non-major ports 24 per cent.

In 2020-2021 the total traffic handled at Indian ports reached 1,250 million tonnes (major 673 and non-major 577) but the share of major ports declined to 54 per cent while that of non-major ports increased to 46 per cent. There is every reason to believe that by 2030 non-major ports in India will overtake the major ports in cargo handling and the maritime State governments will be the main driving force to effect such developments.

The power and functions of the Maritime State Development Council suggest that it will assess the future development of existing and new ports both major and non-major and will formulate a national plan for development of major and non-major ports in India, revise such plans from time to time. This laudable objective will be difficult to implement due to familiar bureaucratic and procedural formalities. Establishment of a Maritime State Development Council will add an additional bureaucratic layer in port administration which will cause further impediments and delays in execution of port projects.

The British Government in 1962 appointed Lord Rochdale as Chairman of a Committee to study the organisation of ports and the committee recommended establishment of a National Ports Authority for British ports. The British government did not accept this recommendation but felt that ports should be left to the respective local authorities for development with local initiative.

The US has about 180 commercially significant ports but the Federal government does not involve itself in any integrated planning and development of ports. Canada has seen a record number of official and unofficial reports on organisation and reorganisation of ports but there is no central co-ordinating body to undertake national planning and co-ordination.

In Japan there is no exclusive public body devoted to the planning and development of ports as such matters are left to local public entities and municipalities. Major seaports in Germany come under the respective City States and the national government does not identify itself as a partner.

There is enough evidence to suggest that India's maritime States have executed a number of port development projects successfully. Mundra Port now handling the highest volume of cargo — 144.4 million tonnes in 2020-2021 has been developed on a concession granted by Gujarat Maritime Board. Krishnapatnam, Kakinada and Gangavaram ports have been developed on a concession by the Andhra Pradesh Maritime Board.

The State has also an ambitious plan to develop new ports in every one of its coastal district. Though a Maritime Board is yet to be established in Odisha it has developed Dhamra and Gopalpur as commercially significant ports. The Maritime Boards in Tamil Nadu, Kerala and Maharashtra have all drawn up plans for regional development of their ports with private sector participation.

The Union government would do well by taking the Maritime States with it as equal partners in the growth and development of ports in India. Major ports can offer "brownfield sites" while Maritime States can offer "greenfield sites" for development. Investors and port developers would prefer greenfield sites as they will be closer to the corridors of power and will find ease in doing business at the State level.

The Centre should create a conducive environment for maritime States to compete freely with each other and with other major ports and encourage them to develop their ports through an affectionate bond of public-private partnership and participation.

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India must find its way back into trade arrangements

India and its neighbours have been hesitant to embrace trade as a core element in development. India's decision to opt out of the Regional Comprehensive Economic Partnership (RCEP) is but one example. No one who knows South Asia is surprised that it continues to be the most protected as well as the least-integrated region in the world.

India and its neighbours have been hesitant to embrace trade as a core element in development. India's decision to opt out of the Regional Comprehensive Economic Partnership (RCEP) is but one example. No one who knows South Asia is surprised that it continues to be the most protected as well as the least-integrated region in the world.

As India watches, Southeast Asian countries are signing free trade agreements (FTAs), improving market access and creating conditions for deepening their already strong integration with global value chains. Some of these trade initiatives include the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) covering Pacific-rim countries; RCEP, which includes the Association of Southeast Nations (Asean) plus five countries; Vietnam's FTAs with the European Union and the United Kingdom (UK), and Singapore's FTA with the European Union (EU), China has also recently applied for membership of CPTPP.

These initiatives impact India and other South Asian countries by affecting relative incentives for trade and investment.

In Southeast Asia, Vietnam has been the most agile. The European Union-Vietnam FTA (EVFTA), which came into force on August 1, 2020, exerts pressure on India in apparel, leather goods, footwear and fisheries. Vietnam's spurt in manufacturing and exports, arising from increases in productivity, proximity to regional shipping routes, and lower wages (vis-à-vis China), coupled with lower or even zero tariffs that it already enjoys in Southeast Asia and will perhaps now enjoy in the EU and the UK market, could squeeze traditional as well as future Indian exports of pharmaceuticals, information and communication technology (ICT) goods and electronics in these markets. Moreover, the Vietnam-UK FTA, which came into force on May 1, will increase competition in the UK for goods and services exports from India, Bangladesh and Pakistan.

These developments mean that Vietnam is likely to attract additional European foreign direct investment (FDI) in manufacturing and services to improve access to the huge RCEP market. The same incentive will also push other RCEP countries to invest in Vietnam to improve European market access. Since India does not enjoy the same level of trade preferences as Vietnam, it stands to lose some investment from European and RCEP countries. Even nimble Indian firms are likely to look out for new investment opportunities in Vietnam, to improve market access in RCEP, EU and CPTPP countries.

Across the seas, the renegotiated US-Mexico-Canada Trade Agreement (USMCA) has rewritten trade rules that may also affect South Asian countries. It redefines the existing supply chains in the automobile sector by raising the use of locally-manufactured components and labour to qualify for tariff exemptions. This may impact India's position in the automobile value chain, reflected in exports of motorcar parts and accessories as well as steel and aluminium products. Other provisions in the USMCA strengthen the rules of origin in the textile industry that could potentially hurt apparel/textile exports from South Asia, including Bangladesh.

However, new openings are also emerging. Rising wage costs in China as well as the US-China trade war present new opportunities to attract American, Japanese, South Korean and even Chinese firms that are relocating away from China. Globally, firms want to rely less on China, and Covid-19 has accelerated this tendency. India has an opportunity to attract some of these relocating firms, which will also help boost its trade.

Global trade could also shift over the next decade in response to changes in technology and carbon emission/renewable energy commitments, as well as the efforts of Western countries to secure robust supply chains in some critical products such as semiconductors and pharmaceuticals.

How can India address the ongoing changes in trading relationships as well as broader changes in the global landscape? Instead of being reactive, it could be more proactive and forward-looking, such as in building economic alliances that leverage the links between trade and investment. For example, a bilateral India-UK FTA could help India negotiate better terms in goods and services, including movement of professionals, and in attracting FDI from the UK. There is scope for greater collaboration in science, research and development (R&D) and Fintech. Given that FTAs are a matter of give and take, India should be prepared for greater concessions in areas of interest to the UK.

India will also benefit from considering the economic interests of its South Asian neighbours, who have been bystanders in these global realignments. India can take advantage of new openings to enhance its cross-border economic relationships.

It can encourage trade and creation of regional value chains by investing in neighbouring countries to enhance their export capacity and competitiveness, accompanied by an increase in cross-border imports. It can also encourage FDI from neighbours, including Bangladeshi FDI to India's Northeast. The creation of such regional value chains can also create more possibilities for India's neighbours to benefit from the new trade and investment partnerships that India is considering.

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Concor strategic sale not happening this fiscal: Official

The strategic sale of Container Corporation of India (Concor) is not happening in the current fiscal as the railway land usage policy is yet to be finalised, a senior official said.

Department of Investment and Public Asset Management (DIPAM) Secretary Tuhin Kanta Pandey said it takes about a year from the date of issue of Expression of Interest (EoI) for the conclusion of any strategic sale. For Concor, the post privatisation rail land usage policy is yet to be finalised by the Ministry of Railways and hence the EoI could not be issued.

“Container Corp is not happening this year. From expression of interest to conclusion, it takes about nine months to one year. We were hoping that the expression of interest will be issued but that is linked to the land policy. As soon as we resolve that, we will move forward,” Pandey told PTI.

The Container Corporation of India Ltd (Concor) has built terminals to house containers on land leased from the Indian Railways on a per container licence fee basis. On the other hand, terminals run by existing private container train operators are built on land purchased from the market.

Also, Concor currently gets land from the Indian Railways at a concessional rate as compared to other inter-modal operators, an arrangement that may have to be altered once the firm is privatised.

The Cabinet, in November 2019, had approved strategic sale of 30.8 per cent stake, along with management control, in Concor out of the government equity of 54.80 per cent. The government will retain 24 per cent stake post sell-off but without any veto powers.

With regard to other CPSEs (Central Public Sector Enterprises) which are in the pipeline for privatisation, Pandey said he hopes to conclude sale of Central Electronics Ltd, BEML, Shipping Corp of India, Neelachal Ispat Nigam Ltd , Pawan Hans and BPCL in the current fiscal ending March 2022. Barring Central Electronics, where the government has reached the financial bids stage, due diligence is going in the remaining five CPSEs and share purchase agreement being finalised, Pandey said.

"Central Electronics we have already reached the financial bidding stage. We are in the due diligence phase in others. As soon as due diligence is completed we will issue the request for proposal for financial bids," he said. The government has set a disinvestment target of Rs 1.75 lakh crore for the current fiscal. So far, it has raised about Rs 9,110 crore by selling a stake in Axis Bank, NMDC Ltd, Housing and Urban Development Corp (HUDCO), and Hindustan Copper.

Source: financialexpress.com– Oct 08, 2021

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