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INTERNATIONAL NEWS

Cotton Prices Are Surging. What Does This Mean for Fashion?

How high can they go?

As if the industry didn't have enough challenges, with pandemic-related supply and demand issues compounding port and logistics congestion, apparel manufacturers now face surging cotton prices.

Cotton prices began their latest ascent by jumping off levels near 89 cents per pound on Sept. 20. That dip pulled values down to the trend line maintained by the New York/ICE Nearby futures since April 2020, Cotton Incorporated noted in its monthly analysis released Wednesday.

"The reconfirmation of the trend may have attracted attention from speculators," Cotton Inc.'s Monthly Economic Letter said. "That attention was likely enhanced by the momentum of price increases that occurred since then. While the patterns in price movement could have pulled investors into the cotton market, recent demand data may have also been attractive."

Notably, there has been evidence of strong demand from China as manufacturing revved back up. Auctions from government reserves in China surpassed the initial target of 600,000 tons scheduled for release between early July and the end of September–the total volume sold came out near 630,000 tons or 2.9 million bales, according to Cotton Inc. Strong demand extended auctions through the end of November.

Most benchmark prices surged since late September. After trading near $1.03 per pound for much of last month, the A Index, an average of global cotton prices, dipped below $1.00 on Sept. 21. Since then, it has climbed to levels as high as $1.20.

U.S. spot cotton prices averaged $1.05 cents per pound for the week ended Oct. 7, according to the U.S. Department of Agriculture (USDA). This was the highest weekly average since the week ended Sept. 15, 2011, when the average was $1.08, DOA noted. The weekly average was up from 97.22 cents the prior week and from 61.13 cents a year earlier.

So far, the spike hasn't been felt down the supply chain. In Wednesday's Consumer Price Index report, retail apparel prices fell a seasonally adjusted 1.1 percent in September after rising 0.4 percent the prior month, although those goods were made with cotton purchased months ago.

Levi Strauss & Co. said it has negotiated most of its product costs through the first half of 2022 at low-single-digit inflation and anticipates a mid-single digit increase for the second half.

Chip Bergh, president and CEO of Levi Strauss, who joined the company during the cotton market's last major price spike in 2011, believes the cotton-consuming company is better positioned now to handle the costs, thanks in part to a broader distribution footprint and the 5 percent price increase it implemented in the second quarter "in anticipation of costs going up."

"That's part of the reason we're seeing these incredible gross margins over the last couple of months, as we priced ahead of some of these inflationary pressures hitting us," Bergh said.

Meanwhile, the Cotton Inc. report said "it remains to be seen how high and how long the current surge in cotton prices will last–the recent rally does not appear supported by market fundamentals."

"This suggests it is unlikely that the rally can be maintained long enough to produce prices anywhere near the levels experienced around the peak during the 2010-11 crop year," the report said.

This time is different because the world is not facing a lack of supply, Cotton Inc. said. Even after recent sales, China is estimated to be holding five to six times the volume of cotton in reserves than it had in early 2010-11, for example, while private Chinese stocks are currently estimated at roughly three times higher than in early 2010-11. Stocks in the world-less-China are forecast to be at their third-highest volume on record at the end of the 2021-22 season.

The latest USDA report highlighted an increase to the forecast for global cotton production, up 695,000 bales to 120.3 million bales, and a decrease for global mill-use, down 734,000 bales to 123.4 million bales. A net result of revisions to production, consumption and beginning stocks was a 446,000 bale addition to the projection for 2021-22 ending stocks to 87.1 million bales. Cotton Inc. said this figure suggests that world stocks will

finish the current crop year at a level that ranks as the seventh highest on record.

The International Cotton Advisory Council's current price forecast of the season-average A index for 2021-22 ranges from 82 cents to $1.27, with a midpoint at $1.02 per pound.

Source: sourcingjournal.com– Oct 14, 2021

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USA: Consumers Kept Spending in September, Driving Retail Sales Up 0.7%

The U.S. consumer spending machine turned into a September surprise.

U.S. retail sales unexpectedly rose 0.7 percent in September to $625.4 billion, excluding automobile sales, as consumers kept opening their purse strings. That's despite expectations for a slowdown following a decline in September's Consumer Confidence Index. The Index has been on the decline for three months in a row. Overall retail sales rose 13.9 percent compared with year-ago figures, also excluding automobile sales.

According to data from the U.S. Census Bureau, retail trade sales rose 0.8 percent from August 2021, and were up 12.2 percent from year-ago results. Apparel and accessories stores saw a 1.0 percent rise in September to $26.15 billion from $25.87 billion in August, while department store sales also gained 1.0 percent to $12.56 billion from $12.45 billion. Sales at nonstore retailers, which includes e-commerce, rose 1.0 percent to $89.29 billion from $88.75 billion. Sales at furniture and home furnishings stores were essentially flat at $12.298 billion from $12.273 billion.

Despite the slight uptick shown by apparel stores and the department store sector, it was sporting goods, music and book store sales that led the way in September, up 4.0 percent to $9.28 billion from $8.95 billion.

The return of some workers to their offices and students at the classrooms saw a boost in apparel and department store sales in August, at 38.8 percent and 29 percent, respectively. September's sales gains were not as high, but there's been more talk in recent weeks about supply chain shortages and the need for an early start to holiday shopping, which could have helped to give retail sales the unexpected shot in the arm. Whether that will continue to foster sales growth in October remains to be seen. Or, it may result in another boost in sales for October, with a possible slowdown later on.

Naveen Jaggi, president of retail advisory services JLL believes that consumers could already have begun their holiday shopping.

"JLL's recent holiday survey results reveal more than half of shoppers will start shopping before Thanksgiving, compared to 43.2 percent last year," Jaggi said.

He added that with supply chain disruptions at hand, along with labor shortage and congestion at the ports, his firm has been encouraging retail clients to make consumers aware of the challenges during this holiday season and to plan accordingly.

"As a result, more consumers will plan ahead for this holiday season and we should expect October retail sales to continue to grow," he said, adding that according to JLL's holiday survey, "affordable goods are top of mind, so we can expect consumers will shop at mass merchandisers and department stores."

Wells Fargo Securities economists Tim Quinlan and Shannon Seery expect a spending slowdown could occur when final figures are tallied for the third quarter, especially when looked at through an inflation-adjusted lens.

"Despite wilting expectations for economic growth, today's better-than-expected retail sales report is a reminder that while retailers still face supply chain and other problems, consumers are still flush with cash and ready to spend. That said, the better-than-expected outcome needs to be taken in the context of sharply higher prices for many consumer goods in an environment where scarcity, shortages, and 'out of stock' signs have become a regular part of the post-COVID retail landscape," they said in a report Friday.

Quinlan and Seery noted that holiday sales could remain on track for a banner year, provided that stores can keep merchandise in stock. With new Covid cases on the decline, and more cruise ships out and about for the fifth straight month, consumers still have the itch to resume their social schedules. That could bode well for another increase in retail sales in October, the economists said.

The National Retail Federation (NRF) said September's results illustrate shoppers' continue desire to spend.

"Today's retail sales data confirms the sheer power of the consumer to spend, and we expect this to continue," NRF President and CEO Matthew Shay said. "Despite persistent challenges related to the global pandemic, supply chain and labor shortages, retailers and their partners have shown resilience and ingenuity in getting the workforce, goods and systems in place to serve their customers and the communities where they operate.

We welcomed the chance to collaborate with the Biden administration and industry partners this week to address supply chain and labor force issues. We have seen record imports this year and are confident that collectively we can work through these challenges to ensure a healthy and happy holiday season."

NRF chief economist Jack Kleinhenz noted that consumer spending "hit a speed bump toward the end of summer."

"Consumers remained active, but retail sales didn't reflect as much of a shift away from goods to services as expected. That was a plus for retail because consumers still have a hyper-ability to spend thanks to wage and job gains and the household savings built up during the pandemic," he added.

"In addition, some back-to-school spending may have spilled over from August into September because of school districts that delayed opening until after Labor Day. Overall, the September report is very promising for a strong finish for the year. Nonetheless, rising inflation and slower supply chains remain a concern. Spending might have been higher if not for shortages of items consumers are eager to purchase."

Source: sourcingjournal.com– Oct 15, 2021

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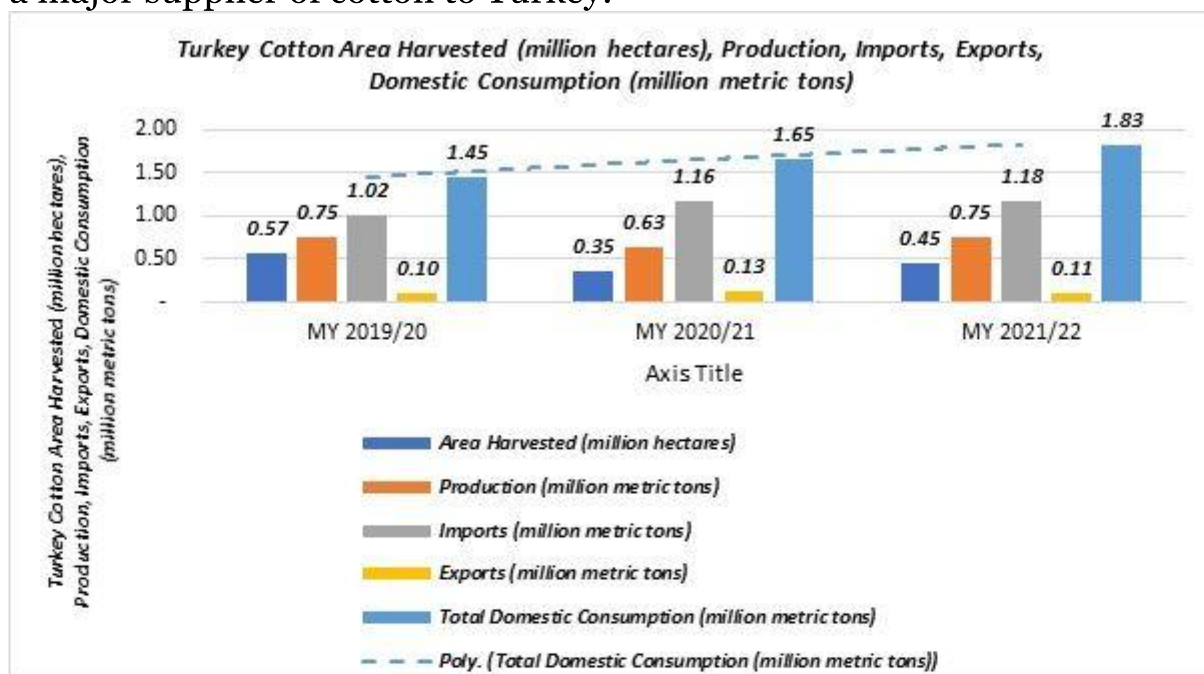
Turkey's cotton consumption to increase as production rises

Turkey's cotton business is expected to strengthen in the upcoming period due to an expected rise in the cotton harvested area, production, imports and total domestic consumption. Cotton harvested area is likely to increase due to favourable weather conditions, rising global cotton prices, better yield and increased incentives from the Turkish government.

The total domestic cotton consumption of the country will rise owing to high domestic demand during winter and festival season, which along with an insufficient supply, has augmented the country's cotton imports. The US is a major supplier of cotton to Turkey.



Turkey's cotton area harvested was 0.57 million hectares in market year (MY) 2019-20 (August 2019 to July 2020), according to Fibre2Fashion's market analysis tool TexPro. It dropped by 38.60 per cent to 0.35 million hectares in MY 2020-21 due to the pandemic but is expected to rise again by 28.57 per cent to reach 0.45 million hectares in MY 2021-22.

Cotton production of the country was 0.75 million metric tons in MY 2019-20, which diminished by 16 per cent to 0.63 million metric tons in MY 2020-21. Now it is expected to rise by 19.05 per cent to 0.75 million metric tons in MY 2021-22.

As for the imports, the country imported 1.02 million metric tons of cotton in MY 2019-20 and 1.16 million metric tons in MY 2020-21. Turkey is now expected to import 1.18 million metric tons in MY 2021-22.

Turkey's total consumption of cotton in MY 2019-20 was 1.45 million metric tons, which shot up by 13.79 per cent to 1.65 million metric tons in MY 2020-21, according to TexPro. The consumption may expand further by 10.61 per cent to 1.83 million metric tons in MY 2021-22.

Source: fibre2fashion.com– Oct 14, 2021

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Los Angeles, Long Beach ports to open 24X7 to tackle shipping backlog

As container ships wait to dock in a traffic snarl, creating a strong probability of goods shortages during the upcoming holiday shopping season, the White House responded to the backlog by finalising an agreement for the Port of Los Angeles (LA) to shift to a 24-hour, seven-days-a-week schedule. A similar move was undertaken for the nearby Long Beach port.

As retailers rushed to restock inventories, the shipping system struggled to meet demand and COVID-induced shutdowns at major ports and factories in Asia added to the issue, which led to shortages of toys, timber and apparel in the United States and a rise in prices.

The US government hopes night-time operations will help break the logjam and reduce shipping delays, and will also unlock capacity in the rest of the supply chain, including highways, railways and warehouses.

The two California ports, which handle 40 per cent of all cargo containers entering the United States, have faced problems for months.

Major US firms like Walmart and FedEx have committed to increasing their round-the-clock operations to help clear the jam, the White House said in a statement.

Across six companies—Walmart, FedEx, Samsung, UPS, The Home Depot and Target—over 3,500 additional containers per week will move at night through the end of the year.

The Port of LA had to move 30 per cent more shipping containers than usual in August, while the Long Beach port moved an extra 23 per cent.

Earlier this year, the Joe Biden administration set up a Supply Chains Task Force and appointed a port envoy to find remedies for the disruption.

Biden, who met retail bosses and union chiefs yesterday, said he planned the biggest investment in US ports in history as part of the $1-trillion Infrastructure Bill, which is yet to pass the Senate.

"Our goal is not only to get through this immediate bottleneck, but to address the long standing weaknesses in our transportation supply chain that this pandemic has exposed," he was quoted as telling reporters by US media reports.

He said he wanted to make it easier for US firms to make products on home soil. "Never again should we have to rely too heavily on one company or one country or one person in the world, particularly countries don't share our values," he added.

Source: fibre2fashion.com– Oct 14, 2021

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Why Walmart and Target Will Win the Freight-Rate War

Fashion and freight are fickle foes.

LVMH CFO Jean-Jacques Guiony lamented the "rising cost of shipping" as a "fact of life" this week, the latest industry executive to sound off on cash-draining logistics fees plaguing companies large and small. Boohoo reported first-half shipping expenses $35 million higher than pre-pandemic comparisons. And Drewry's "Container Forecast" report last week sees little chance that cargo disruption will abate anytime soon.

The maritime and shipping research and consulting firm doesn't expect the ocean freight sector to normalize until the end of next year, though it projects 2022 will bring a much-needed decline in spot rates along with a significant increase in contract pricing. That could translate to a 6 percent uptick in average global pricing.

Though many retailers are currently absorbing the costs, UBS retail analyst Michael Lasser believes sporting goods and grocery retailers are best positioned to raise their prices, based on Consumer Price Index (CPI) data on inflation trends over a two-year basis. Sporting goods saw inflation rise 6.6 percent, while grocery climbed 5.4 percent. Household major appliances saw the largest CPI increase at 12.2 percent.

At the other extreme, apparel was at minus 3.3. percent, reflecting the lowest level of CPI on a two-year basis in 2021 and meaning the category would have a harder time passing along the higher freight costs to consumers, Lasser said.

That could mean that retailers such as Walmart and Target might not be able to raise clothing prices but might get away with it in grocery. And dollar stores as a distribution channel might find that shoppers balk at the prospect of paying more.

"Ultimately, we believe that retailers like Dollar Tree and Five Below may struggle to pass on prices to consumers due to their fixed-price structures," said Lasser, who expects the companies he covers, including Walmart and Target, to offset a portion of the freight increases by wielding their vast purchasing power.

"We expect most of the hardline/broadline retailers will lean on pricing power to at least partially offset shipping headwinds. That said, if sales begin to moderate in [the second half of 2021] and in 2022, shipping headwinds would likely be more evident, regardless of retailers' ability to pass on prices," Lasser said.

Citing Journal of Commerce data for fiscal 2020, Lasser noted that Walmart imported the most 40-foot equivalent containers in at 465,000, followed by Target at 325,000, Dollar Tree at 90,000, Williams Sonoma at 44,855, Dollar General at 34,523, Costco at 23,130, and Amazon at 20,650.

Walmart and Target were also the top two for imports of 20-foot equivalent containers last year, at 930,000 and 650,000, respectively. Dollar Tree imported 180,000, with Williams Sonoma at 89,710, Dollar General at 69,046, Amazon at 46,259, and Costco at 28,831.

Lasser pointed out that the average 40-foot container rate from Shanghai to Los Angeles cost $4,100 in the fourth quarter of 2020, rising to $4,300 in Q1 this year. By Q2, the rate leaped to $7,500, then to $11,000 in the third quarter to date. Contract rates have been rising, too, increasing 28 percent month-over-month in July and up 85 percent year-over-year in August, according to the Xeneta Index's data on long-term contract rates.

"Regardless of whether retailers are having their contracts honored, they are likely still experiencing pricing pressures," he said, citing a demand-supply mismatch, ongoing labor challenges and holiday season pressures are reasons why the disruption and steep fees will continue.

Dollar Tree expects 60 to 65 percent of its product to be fulfilled by contracts. Forecasting inventory enables retailers to lock in contracts and skirt the costly spot-rate market.

"Even retailers that have had more of their shipping contracts honored are still likely experiencing contract pricing pressures, or will experience them soon when their contracts come up for renewal," Lasser said. For the near term, retailers could look to offset the freight pressures through sourcing changes and price increases.

Walmart's size means it imports a significant number of containers. However, a "larger percentage of its contracts are likely being honored, keeping it out of the more expensive spot market. Plus, it has the ability to pass on some of the increases to the customer. Further, it has a significant

amount of sales to counteract increased prices across its the supply chain," Lasser said.

Walmart CFO Brett Biggs revealed in August that the retailer was chartering vessels to avoid out-of-stocks during the critical third and fourth quarters, following Home Depot's example earlier this year.

Because retailers import so much each year, even a slight shift in pricing—or movement in the ratio of contract to spot rates—could materially impact their bottom lines.

Walmart averages 125 40-foot containers for every $100 million in U.S. sales, while Target averages 347 40-foot containers by comparison, Lasser said. Dollar Tree said it imports 405 40-foot containers for every $100 million in sales for Dollar Tree, while Family Dollar imports 144. Lasser described Dollar Tree as being at the greatest risk of seeing elevated headwinds from increased shipping rates due to its fixed $1 price points.

Lasser projected how retail might contend with contract prices and spot rates.

Using an 80 percent contract rate/20 percent spot rate ratio as a starting point, with contract rates at $2,000 and spot rates at $8,000, Lasser said a 5 percent shift in contracts would move that ratio to 85 percent at a $3,000 contract rate and 15 percent at a $10,000 spot market rate.

For retailers, that translates to more than a 25 percent increase in container costs from the base scenario. If contract rates move to $3,500 and the ratio shifts to 90 percent of shipments fulfilled by contracts, and presuming spot market rates of $12,000, retailers would see an additional 7 percent in container costs. But if rates dip in 2022, using a 90/10 ratio, and a rate of $1,750 for contracts and $7,500 in the spot market, Walmart could potentially save $400 million.

Shipped has sailed for holiday

A day after President Biden received a commitment from top retailers, delivery firms and the major twin ports to step up processing of containerized goods, JOC by IHS Markit warned that due to the delays at U.S. ports, consumer goods from Asia will need to have cleared U.S. ports by now compared to the usual early November cut-off date or risk not making it onto store shelves in time for Black Friday.

The warning comes as 1.59 million TEU (20-foot containers or equivalent units) arrived in the U.S. in September from Asia, up 13.8 percent from pre-Covid levels in September 2019, according to PIERS by IHS Markit. The elevated imports levels from Asia send a clear message that the port-related congestion problems are like to continue into 2022, according to HIS Markit and other experts.

High import volumes contributed to the port congestion, including taking longer to move containers off the pier and unload them at distribution centers, removing significant capacity from the system over the past few months.

"Given the delays in the supply chain and ongoing port congestion, most retailers have prioritized their holiday goods this year, aiming to get them into the country earlier than usual," Mark Szakonyi, executive editor of The Journal of Commerce by IHS Markit, said. "Unless importers shell out for significantly higher air cargo rates, consumer goods that are not in the country by now are unlikely to make it under the tree."

This comes as the latest Port Performance Data by IHS Markit shows that the time vessels spend in key West Coast ports waiting and unloading cargo deteriorated significantly in August to 348 hours for Los Angeles versus 255 hours in July, and 268 hours for Long Beach versus 190 hours in July. These numbers are around triple what they would have been before pre-pandemic in August 2019, the data showed.

The global supply chain is also being impacted by the recent Covid outbreaks in China and Vietnam, as well as power outages in China leading to more delays in shipments, IHS Markit note.

"What's happening in the container shipping market is not entirely a demand-driven phenomenon anymore," Rahul Kapoor, vice president of maritime and trade at IHS Markit, said. "Months of Covid-19-induced stress has led to the container supply chain being broken, while the distress continues to be accentuated by congestion, landside restrictions and lack of equipment."

Any slowdown in imports could be short-lived, as retailers need to re-stock their warehouses after the holiday sales.

"Despite some short-term let-up, we see the global container and import bottle necks continuing well into the next year," Szakonyi said. "Shipping costs remain elevated and with so much dislocation of containers and port delays, importers and retailers will need to get used to things taking longer and being more expensive to reach the shops."

On Wednesday, the Port of Los Angeles followed the Port of Long Beach's move to a 24/7 schedule. Commitments also came from several major players to utilize the new, expanded hours.

Walmart said it would use night-time hours, which the White House said could raise the retailer's throughput by up to 50 percent over the next several weeks. Target, which currently moves about half of its containers at night, committed to increasing that by 10 percent over the next 30 days. UPS said planned changes would allow it to move up to 20 percent more containers and FedEx estimated it could double the volume of cargo it moves out of ports at night.

"This is a big first step in speeding up the movement of materials and goods through our supply chain, but now we need the rest of the private sector chain to step up, as well," President Biden said. "This means the terminal operators, railways, trucking companies, shippers and other retailers, as well."

The port congestion crunch is also being felt on the East Coast. CMA CGM told customers this week that its AMERIGO service connecting the western Mediterranean to the U.S. East Coast will temporarily stop calling on the port of Savannah, Ga., "due to severe congestion in this port" of eight to 10 days and "in order to protect schedule integrity and weekly sailing frequency." Savannah-bound shipments will be directed to a new call at Charleston, S.C.

Hapag-Lloyd alerted customers last week that their "cargo planning might be affected by the changes in our Atlantic Loop 3 (AL3) service."

"In our continuous efforts to optimize our service portfolio, stabilize schedules and adapt to market needs, we will adjust the AL3 service by temporarily removing the port of Savannah…from its rotation," Hapag-Lloyd said. "The call will be replaced by adding the port of Jacksonville" in Florida to its rotation.

Flexport chief economist Dr. Phil Levy said in a separate commentary that the unusual pandemic-era demand for goods has exceeded the effective supply capacity for far longer than the system is designed to handle, "but supply capacity is very hard to change quickly."

"It takes time to build new ships, expand ports or recruit and train new truck drivers," Levy said. "In opening the Port of L.A. full-time, the next question will be whether or not there are enough trucks to carry out the additional volume and how efficiently they can get in and out. The administration can and should make the system more efficient, but the core problem will still come down to demand, which our Flexport Platform data doesn't forecast to recede anytime in the near future, barring an income shock."

Source: sourcingjournal.com– Oct 15, 2021

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UK, Italy announce new dialogue to boost exports, investment

UK international trade secretary Anne-Marie Trevelyan recently announced the beginning of discussions on a new export and investment partnership between the United Kingdom and Italy aimed at boosting bilateral trade. She made the announcement along with Italian minister of foreign affairs and international cooperation Luigi Di Maio in Sorrento during a trip to Italy for the G20.

The dialogue is intended to boost exports for companies in both countries including in high-performing sectors like life sciences, defence and security, as well as growth sectors of the future such as digital and technology, according to a press release from the British government.

It will also promote inward investment, including in low-carbon industries such as onshore and offshore wind, hydrogen, and carbon capture storage, plus the technology sector, where UK research and development strengths can help support Italian scale-ups.

The talks will also seek opportunities for greater collaboration and sharing of best practice between the two countries' export credit organisations—UK Export Finance and the Italian Export Credit Agency—helping small and medium enterprises and companies looking to grow.

"Enhancing our bilateral relationship with Italy is a win-win, which will boost export opportunities and investment promotion for our businesses. Italy is our ninth-largest trading partner, while the UK is Italy's fifth-largest export market, Trevelyan said.

Both countries are also working side-by-side to deliver a successful COP26 Summit. Trade between both sides was worth more than £34 billion last year.

Source: fibre2fashion.com– Oct 15, 2021

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Wool prices of most types fall at Australian wool auctions this week

Sluggish Chinese trading demand led to fall in prices at this week's Australian wool auctions across most types. As the week progressed, competition dwindled to just a few of the higher volume buyers, with European and Indian activity helping the better types to keep their losses relatively low, according to the Australian Wool Innovation (AWI).

The Eastern Market Indicator (EMI) fell 1.2 per cent or 16ac this week to close at 1323ac/clean kg. The forex rate of the AUD strengthened against all currencies used in wool trading and purchasing. In a rare event, all forex appreciation against USD, Chinese yuan and the Euro was the identical order of 0.8 per cent week to week.

The market falls in USD were therefore lessened comparatively to AUD and a fall of 0.4 per cent or 4usc to 971usc clean/kg occurred. The Western Market Indicator (WMI) dropped 21ac to 1349ac clean/kg.

"Chinese top makers and Chinese indent buyers were the most active this week besides the usual two or three largest trading exporters. Most exporters reported difficulty in accepting any bids on offer, so indent buyers appeared to receive the fresh orders.

Without new Chinese forward contracts to act on, many sale room buyers found it hard to continue to support the market with any great confidence, and operating to European and Indian orders appeared to underpin the market somewhat," the AWI said in its commentary for sale week 15 of the current wool marketing season.

"The current price gaps in the Merino market are significant at the moment. Whilst the leading price indicator is recovering nicely, the makeup of that indicator shows quite some disparity. Drawing a line through the 19.5 micron mark, the types finer than this are being well sought and for each point of a micron there is an average differential of around 40ac all the way down to 15 micron.

For wools broader than 19.5 micron falls occur to around 10ac per point of a micron. In the crossbred wool section more emphasis is placed on other qualities, but a price gap for fibre diameter of 5ac is apparent," the AWI commentary added.

Despite the drifting prices on offer, grower sellers still disposed of 86.1 per cent of what was put up for sale during the week. There was a variation between East and West selling centres of that clearance rate though, particularly on Merino fleece and skirtings sectors which saw Sydney and Melbourne pass in 11.6 per cent whilst the West had 17.1 per cent of those wools failing to meet reserves. This is most likely due to the micron average of the East being sub 19 micron whilst the West was around a 19.5 micron average with broader merino types less sought at the moment compared to their finer counterparts.

For the sale week 16, around 38,000 bales would be on offer for auctions on Tuesday and Wednesday.

Source: fibre2fashion.com– Oct 14, 2021

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Peru's textile exports surge by 68.9% in August

Compared to the same month of the previous year, Peru's textile exports surged by 68.9 per cent year-on-year in August this year, as per the latest report of the National Institute of Statistics and Informatics (INEI).

The growth in the textile exports was driven by higher shipments of cotton polo shirts whose shipments surged by 110 per cent. Exports of knitted cotton shirts increased by 16.1 per cent while that of polo shirts and knitted T-shirts made of other textile materials grew by 98.5 per cent.

Exports of knitted cotton grew by 134.2 per cent, knitted cotton nightgowns and pajamas by 22.1 per cent, cotton sweaters by 114.4 per cent and fine combed or combed alpaca or llama hair grew by 103.7 per cent in August.

Source: fashionatingworld.com– Oct 15, 2021

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Bangladesh PM Hasina seeks Russian investment in jute sector

Stressing on expanding Bangladesh-Russia cooperation, Prime Minister Sheikh Hasina recently sought Russian investment in Bangladesh's jute sector. Hasina said this when newly-appointed Russian ambassador to Bangladesh Alexander Vikentyevich Mantytskiy met her at her official residence. Both agreed to explore potential in Bangladesh's agriculture sector.

Hasina told the envoy Dhaka will be happy to receive Russian President Vladimir Putin if he visits Bangladesh, her press secretary Ihsanul Karim told reporters after the meeting.

Hasina appreciated Russia's cooperation with Bangladesh in its various sectors, particularly the Rooppur Nuclear Power Plant, while Mantytskiy expressed his country's interest in building a second nuclear power plant in Bangladesh, newspapers in the country reported.

Source: fibre2fashion.com - Oct 15, 2021

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50,000 Bangladesh Garment Workers Getting Faster Access to Wages

A new financial wellness platform aims to help Bangladesh's cash-strapped garment workers unlock earned but unpaid wages whenever they want.

Founded in Indonesia in 2020, Wagely revealed Wednesday its move into the world's second-largest clothing exporter, where it will launch a program for more than 50,000 workers across some of the country's largest apparel manufacturers, including Classic Composite, SQ Group and Youth Group. This "strategic expansion," Wagely said, comes two months after it raised $5.6 million in a round of funding led by New York's Integra Partners.

Wagely revolves around the concept of earned wage access, also known as instant or on-demand pay. Instead of drawing a salary on a scheduled pay date, workers can tap into their earnings in real time. Wagely says that nixing the typical month-long wait in favor of immediate payments eases the pressure on insolvent workers to borrow money to cover basic needs. Financial struggles, made more acute by the coronavirus crisis, loom large among low-income workers in Asia, it noted. Many who grapple with insufficient savings turn to predatory moneylenders when unexpected expenses arise. If they're unable to repay their loans in time, mounting fees can trap them in a cycle of debt.

"While Indonesia continues to be our priority in light of the country's large blue-collar workforce that is in urgent need of fair financial services, Bangladesh represents a sizable opportunity with over 4.5 million workers in the ready-made garment industry alone," Tobias Fischer, CEO of Wagely, said in a statement.

"Bangladesh's workers have been severely impacted by the ongoing Covid-19 pandemic resulting in increased financial stress with major impact to manufacturers. We're encouraged by the very strong demand by some of the largest ready-made garment manufacturers to partner with us during this initial launch phase and look forward to more employers adopting the future of salary payments."

Providing workers with increased visibility into their wages can motivate them and help them make more responsible financial decisions, Fischer said. It also offers a gateway to greater overall financial wellbeing.

"Offering workers real-time access to their salary and financial education is only the first step toward building financial wellness," he added. "We are on the path toward building a holistic financial wellness platform with the underlying effort to offer workers access to affordable services, that encourage financial responsibility and provide a path toward financial stability and inclusion."

Earned wage access can benefit employers, too, by increasing worker productivity, mitigating turnover costs and increasing business savings, Wagely said. Its customizable plug-and-play platform also means suppliers don't have to alter existing processes, it added.

"Thanks to the rapid advancements in technology, people today can access almost anything instantaneously; worker wages shouldn't be different," said Warisul Abid, chief people officer at SQ Group, whose 18,000 workers produce activewear, knitwear, lingerie and textiles. "We are thrilled to partner with Wagely and allow our 18,000 employees real-time access to their salary. With Wagely, our employees can now track and access their earned salary anytime between the traditional monthly pay cycle including evenings, weekends and public holidays. Even only a few days after launch, we already witnessed the positive impact of Wagely's solution on worker productivity and motivation."

What Wagely doesn't do is address the issue of persistently low wages, which is endemic not only to Bangladesh but to the garment manufacturing supply chain at large. In a 2020 survey of 108 brands by the Clean Clothes Campaign, the garment industry's largest consortium of trade unions and labor nonprofits, 93 percent of respondents failed to provide evidence they are paying a living wage to any of their suppliers.

"For decades, brands and retailers have built their profits on low prices. The global oversupply of clothing generated by fast fashion gives brands the power to push their suppliers to agree to produce clothing and footwear for the lowest prices possible," the organization wrote on its Fashion Checker website, which tracks the progress—or lack thereof—of living wages in the industry.

"The price brands pay their suppliers is supposed to be enough to cover factory running costs, buy material for production, ship the products, pay for labor and leave a profit margin for the factory. Worker's wages are the easiest cost to cut."

Labor advocates have long pointed to poverty wages, exacerbated by exploitative brand purchasing practices, as the main reason most garment workers barely scrape by. Despite the often-booming bottom lines of the brands they make clothing for, the majority of workers are unable to afford "life's basic necessities," the Clean Clothes Campaign said. Together with the Asia Floor Wage Alliance and the Worker-Driven Social Responsibility Network, the group has urged brands to sign a legally binding agreement that requires them to pay an additional "living wage contribution" on each order they place.

"It's about time that a credible proposal is made in which brands are truly held accountable for the dreadful circumstances under which workers and their families have been living for decades while they, the brands, were making gigantic profits," Anannya Bhattacharjee, president of the Garment and Allied Workers Union, said when the proposal was made in January. "Brands' [corporate social responsibility] reports are full of promises regarding wages. Now it's time for them to put their money where their mouth is."

Source: sourcingjournal.com– Oct 14, 2021

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NATIONAL NEWS

Ten straight months of growth: Exports rise 22% to $33.79 billion in September

India's exports increased for the tenth straight month in September 2021, posting a growth of 22.63 per cent to $33.79 billion (year-on-year). Items like petroleum products, engineering goods and gems & jewellery pushed the exports up, as per quick estimates released by the government.

Exports in the first six months of the fiscal posted a 57.53 per cent growth to $197.89 billion, almost reaching half the ambitious export target of $400 billion set by the Commerce & Industry Ministry for 2021-22. The export goal of $ 400 billion may well be reached if growth stayed on track, say experts.

Trade deficit increases

Imports of goods in September 2021 posted a sharper increase of 84.77 per cent to $56.39 billion due to a steep rise in imports of petroleum products and gold. As a result, trade deficit during the month widened to $22.59 billion compared to $2.96 billion in September 2020.

In April-September 2021, imports grew 81.67 per cent to $276.02 billion with trade deficit increasing to $78.13 billion from $26.31 billion in the same period last year.

'Positive trends'

"Cumulatively, the first six months of India's exports is close to the proportionate target of $200 billion for this period. Usually, there would be acceleration in demand in the second half of every fiscal due to festivities and increased business activities, and thus the level of exports would also be greater in the second week of FY 22," pointed out Prahalathan Iyer, Chief General Manager, Research & Analysis, India Exim Bank.

The fear of the third wave is also less now with increasing pace of vaccination and there is a rebound in industrial activities, Iyer said, adding that with such positive trends, India will easily achieve the export target of $400 billion this year.

With the recovery in global trade and demand for Indian products, the Union Commerce & Industry Ministry has set a tough export target of $400 billion for 2021-22 compared to $291 billion exports registered in 2020-21.

Exports were hit in 2020-21 due to disruptions caused by the Covid-19 pandemic.

As compared to September 2019 (pre-pandemic year), exports in September 2021 registered a growth of 29.86 per cent.

Non-petroleum and non-gems and jewellery exports in September grew 18.82 per cent to $25.34 billion, indicating that export growth was not restricted to the two sectors. Non-oil and non-gold imports in the month grew 40.45 per cent at $33.84 billion.

Source: thehindubusinessline.com– Oct 14, 2021

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India to start talks for three more free trade agreements: Piyush Goyal

The idea is to lend more power and speed to projects by connecting all relevant departments on one platform. High logistics cost in India at 13% of GDP was eroding competitiveness in exports, he had said.

Commerce and industry minister Piyush Goyal on Thursday said two more countries and a bloc of nations have evinced interest in forging trade pacts with India, which reflects growing interests among key economies in bolstering their trade engagement with New Delhi in a post-Covid world.

While Goyal didn't name these economies, he said talks with them will be over and above India's current negotiations with Australia, the UK, the UAE and the EU for free trade agreements (FTAs).

The interest was shown in bilateral meetings at the recently-concluded G20 ministerial in Sorrento, Italy. Goyal held about 15 meetings with the trade ministers of various countries, including South Korea, South Africa, the US, Brazil, China and the EU.

The negotiations are a part of New Delhi's broader strategy to forge "fair and balanced" FTAs with key economies and revamp existing pacts to boost trade. The move gained traction after India pulled out of the China-dominated RCEP talks in November 2019.

Addressing reporters, Goyal also asserted that the National Master Plan for 'multi-modal connectivity', or PM GatiShakti, will fast-track infrastructure projects and cut delays as well as cost over-runs through a holistic and well-coordinated approach. This will help boost economic growth, spur employment and draw large-scale investments into the country. The programme was launched by Prime Minister Narendra Modi on Wednesday.

The new initiative is a GIS-based platform with as many as 600 layers, capturing all utilities and network linkages in various economic clusters. Ambitious targets have been set under the plan for capacity addition in various infrastructure sectors for 2024-25.

The new plan will complement the Rs 111-lakh-crore National Infrastructure Pipeline and multiple efforts to generate resources for it, including the National Monetisation Pipeline and the development finance institution (DFI) that are being operationalised.

Goyal indicated that the programme is aimed at breaking inter-ministerial silos. Instead of separate planning and designing by relevant departments, projects will be designed and executed with a common vision. Minimising disruptions and ensuring quick completion of work with cost efficiency are the guiding principles for development of infrastructure as per the National Master Plan.

GatiShakti will enhance India's competitiveness through next generation infrastructure and seamless multi-modal connectivity. It will ensure the smooth movement of goods and people and enhance the ease of living as well as doing business.

The idea is to lend more power and speed to projects by connecting all relevant departments on one platform. High logistics cost in India at 13% of GDP was eroding competitiveness in exports, he had said.

As for trade agreements, India and Australia are eyeing are planning to hammer out an early-harvest deal by the Christmas this year and a broader FTA by the end of 2022. Similarly, New Delhi and Abu Dhabi aim to wrap up negotiations by as early as December 2021 and sign the deal by March 2022 after the completion of necessary ratification processes. If all goes as planned, it would be the first FTA to be signed by India in just over a decade.

Balanced FTAs are expected to also enable the country to achieve sustained growth rates in exports in the coming years. Already, India has set an ambitious merchandise export target of $400 billion for FY22, against $291 billion in FY21.

Source: financialexpress.com– Oct 15, 2021

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INDIA'S FOREIGN TRADE: SEPTEMBER 2021

India's overall exports (Merchandise and Services combined) in September 2021* are estimated to be USD 54.06 Billion, exhibiting a positive growth of 21.44 per cent over the same period last year and a positive growth of 26.03 per cent over September 2019. Overall imports in September 2021* are estimated to be USD 68.49Billion, exhibiting a positive growth of 70.00 per cent over the same period last year and a positive growth of 44.11 per cent over September 2019.

		September 2021 (USD Billion)	September 2020 (USD Billion)	September 2019 (USD Billion)	Growth vis-à-vis September 2020 (%)	Growth vis-à-vis September 2019 (%)
Merchandise	Exports	33.79	27.56	26.02	22.63	29.86
	Imports	56.39	30.52	37.69	84.77	49.59
	Trade Balance	**-22.59**	**-2.96**	**-11.67**	**-663.48**	**-93.60**
Services*	Exports	20.26	16.96	16.87	19.50	20.13
	Imports	12.10	9.77	9.83	23.86	23.09
	Net of Services	**8.16**	**7.19**	**7.04**	**13.58**	**15.98**
Overall Trade (Merchandise+ Services)*	Exports	54.06	44.52	42.89	21.44	26.03
	Imports	68.49	40.29	47.53	70.00	44.11
	Trade Balance	**-14.43**	**4.23**	**-4.63**	**-441.40**	**-211.51**

Click here for more details

Source: pib.gov.in – Oct 14, 2021

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8th ministerial meeting of India-U.S.A. Economic & Financial Partnership Dialogue held in Washington D.C.

The eighth ministerial meeting of the India-U.S.A. Economic and Financial Partnership Dialogue was held today at Washington D.C. The meeting was chaired by Union Minister for Finance & Corporate Affairs Smt. Nirmala Sitharaman and the Secretary of the Treasury of the United States Dr. Janet Yellen.

During the ministerial meeting of the India-U.S.A. Economic & Financial Partnership, discussions were held on a range of subjects, including the macroeconomic outlook and recovery from the COVID-19 pandemic, financial regulatory and technical collaboration, multilateral engagement, climate finance and anti-money laundering and combating the financing of terrorism (AML/CFT). Both sides affirmed their commitments to continue collaboration both at bilateral and multilateral fora to address mutual and global economic issues and strive towards amicable strategies and solutions.

The meeting concluded with adoption of Joint Statement by the Union Minister for Finance & Corporate Affairs and the Treasury Secretary for the United States.

Enclosure:

Joint Statement of the 8th ministerial meeting of the India-U.S.A. Economic & Financial Partnership

Source: pib.gov.in – Oct 14, 2021

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India's WPI inflation recedes in September 2021

India's annual rate of inflation, based on monthly wholesale price index (WPI), decreased in September 2021 compared to the previous month. In September, WPI inflation stood at 10.66 per cent, compared to 11.37 per cent in August, and an all-time high of 12.94 per cent in May 2021. WPI inflation was 1.32 per cent in September 2020 (over September 2019).

"The high rate of inflation in September 2021 is primarily due to rise in prices of mineral oils, basic metals, non-food articles, food products, crude petroleum & natural gas, chemicals and chemical products, etc as compared the corresponding month of the previous year," the Office of Economic Adviser, department for promotion of industry and internal trade, under the ministry of commerce and industry, said.

The official WPI for all commodities (Base: 2011-12 = 100) for the month of September 2021 increased to 136.0 from previous month's 135.9.

The index for manufactured products (weight 64.23 per cent) for September 2021 increased to 133.8 from 133.0 for the month of August 2021. The index for 'Manufacture of Textiles' sub-group increased to 132.7 from previous month's 132.2, while the index for 'Manufacture of Wearing Apparel' also rose to 143.7 from 142.0 in August 2021.

The index for primary articles (weight 22.62 per cent) declined to 154.9 in September 2021 from previous month's 155.8. The index for fuel and power (weight 13.15 per cent) too dropped to 114.7 from 116.0 in August 2021.

Meanwhile, the all-India inflation rate for consumer price index (CPI) on base 2012=100 stood at 4.35 (provisional) in September 2021 compared to 5.30 (final) in August 2021 and 7.27 in September 2020, according to the Central Statistics Office, ministry of statistics and programme implementation.

Source: fibre2fashion.com– Oct 15, 2021

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India set to achieve the $400 billion annual exports milestone

India has clocked record exports in the first half of FY22 at $197.89 billion and is closer than ever to achieve the $400 billion annual exports milestone by the end of the year.

However, the soaring global commodity prices, including of key inputs such as oil, chemicals, metals, plastic and cotton, are largely responsible for this rise. The volume growth is not commensurate with this value growth, traders and industry watchers say. Kirtika Suneja takes a look:

RECORD EXPORTS

$197.89 billion merchandise goods exports in Apr-Sep
Improved global demand supports outbound shipments

PRODUCT STORY *Apr-Sep Exports growth (%)*

Product	Growth (%)
Petroleum products	136.65
Gems & jewellery	122.06
Engineering goods	61.48
Pharma	1.3
Chemicals	34.71
Leather	43.86
Plastics	29.29
Readymade garments	53.22
Electronics	60.70
Marine	41.56

Apr-Aug

Fresh fruit & veg exports down 17.4% in volume terms, up 3.8% in $
Value-added steel product exports fall 15-35%

EXPORTERS SAY

Carpet, handicraft export volume only 5% higher on year
Liquidity crunch, high manufacturing cost squeeze profits
Energy crisis, high coal imports may worsen commodity inflation, hit exports
20-30% rise in ocean freight, container prices since May

COMMODITIES-INFLATION PLAY

Inflation, global commodity prices drive exports	Key inputs–oil, chemicals, metals, plastic, cotton, steel–keep exports afloat	Energy commodity prices up 55.4% in last 6 months	Non-energy commodity prices rise 19.3%	Cotton yarn prices up 50% since June-July last year	Bloomberg Commodity Spot Index at a decade high

Source: economictimes.com– Oct 15, 2021

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Yet another crisis for Indian exporters

The higher transport costs that exporters face in shipping goods to net importing countries tend to reduce the comparative advantages of exporters in those countries.

There is a crisis again looming for Indian exporters. And this time is not just the shortage of containers.

The global supply chains are under stress. There is a shortage of most essential products- from intermediates to chemicals to coal to semi-conductors leading to what 'The Economist'in its recent lead article called 'the shortage economy'. The crisis has now shifted to large container carrying vessels. There are large-scale traffic jams at very many of the major ports in the globe with vessels not getting berthing space.

More than 80 percent of world trade volume is transported by ships; 70 percent of such trade is in containers. The global fleet that carries seaborne trade involves dry bulk ships, container ships and oil tankers. These vessels operate either on fixed schedules like in the case of container ships. Or on flexible timing ('ocean taxis') like in the case of bulk cargo. Dry bulk ships account for half the seaborne trade and transport ore, coal, grains.

Insightful research has been done in this regard by Brancaccio, G, Kalouptsidi, M. and Papageorgiou, T. (Geography, Transportation, and Endogenous Trade Costs. Econometrica, 88: 657-691). Though in the context of bulk cargo it is applicable equally to other categories of trade. The study shows that world trade is greatly imbalanced – countries are either net importers or net exporters. There is thus an inherent imbalance in the availability of vessels and containers.

The research of Brancaccio et all goes on to show that consequently at any point of time nearly 42 percent of vessels are travelling without cargo-dramatically adding to costs.

They point out 'Shipping lines demand more to travel towards a destination with low exports, to compensate for the difficulty of finding a new cargo originating from that destination. All else equal, the prospect of having a return trip without cargo or lesser cargo leads to higher prices.

The higher transport costs that exporters face in shipping goods to net importing countries tend to reduce the comparative advantages of exporters in those countries. Vice versa, relatively cheaper transport provides the exporters in net importing countries with some cost advantage.

We need to juxtapose this with the fact that China, the 'factory of the world' has been witnessing a slowdown. A slow-down in Chinese imports affects their exports and also has a huge domino effect. This coupled along with the piling up of containers in Chinese ports triggered the container crisis last year.

Its impact continues to be felt now. US ports are experiencing severe congestion. This again is a direct result of the trade imbalance. The increasing emphasis on outsourcing imports leading to imports far exceeding exports.

Incidentally and not surprisingly, while trade has suffered, the shipping lines have been doing very well. As a Reuters report points out, the seven largest publicly traded ocean carriers — including companies such as Maersk, COSCO and Hapag-Lloyd — reported more than $23 billion in profits in the first half of this year, compared with just $1 billion in the same period last year.

All this is severely impacting Indian exports at a time when they have been doing well. The merchandise export in September 2021 was $33.34 billion an increase of over 21 percent over the corresponding figures in September last year. This is the peak festive season market in the USA and Europe. Indian exporters have to factor in a dramatic increase in shipping charges which have upset all calculations.

The Container Availability Index (CAx) is used to monitor inbound and outbound volumes of containers for every port globally. In the context of India, CAx indicates that the inbound containers are at an all-time high since 2019 by about 4X at the Chennai port (and similarly other ports in India). What this means is an all-time high in the imbalance of inbound and outbound containers at Indian ports. Costs have shot up.

The sea freight from Nhava Sheva, India's largest major port to the US in October 2020 for a TEU (twenty equivalent unit) container was $2,200 and $3,000 for a larger container, the forty-equivalent unit (FEU). Today it is US $10,000 and $13,000 respectively-an increase of 300 + percent. Similarly, the freight for a TEU to Europe was $700 and for an FEU $1200;

today it is $7,000 and $10,000, an increase of more than 700 percent. The situation is the same across all major ports and across all shipping lines.

The government has recently announced a Rs 56,027 crore package for the export sector-this is over and above the Rs 12,454 crore announced under the RoDTEP scheme and Rs 6,946 crore announced under the RoSCTL. This is substantial but will not cover the dramatic and sudden increase in costs of transportation. Ideally, the government should step in to announce a freight support scheme.

Export of empties should be stopped for the time being. Steps also should be taken to review the position of all detained, seized or abandoned containers and take steps to empty them. It is estimated that there are more than 15,000 containers strewn across the various ports of India. The Federation of Indian Exporters (FIEO) has sought urgent governmental intervention. The need for manufacturing containers in India has again been reinforced.

This crisis is expected to last till mid-2022. If India is to achieve the ambitious export target of $400 billion the Government will need to step in fast to provide a helping hand to the exporters.

Source: cnbctv18.com– Oct 15, 2021

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Container crisis: How the Indian government can help exporters

Over the past few months, news of a shortfall in shipping containers have made global headlines. The shortage is now acute and has become a crisis, with some experts saying that we are in the midst of a "Containergeddon."

Raghusankar G, the executive director of the ICSA Group, speaks to V Nivedita on the severity of the crisis and what the Indian government needs to do to help exporters.

Click here for more details

Source: thehindubusinessline.com– Oct 15, 2021

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JNPT records 40.40% growth in container traffic in first half of FY 21-22

Jawaharlal Nehru Port Trust (JNPT), one of India's premier container ports, handled 2,703,051 TEUs during the first half of this financial year, against 1,925,284 TEUs, which is 40.40% higher than the container traffic over the same period of last year.

The rail coefficient in the first half of FY2021-22 was 18.04%. The total container traffic handled in September 2021 stood at 452,108 TEUs, witnessing a growth of 18.86% over the same month of last year. NSIGT crossed the 1 lakh TEUs mark in a month by handling 1,00,814 TEUs in September-2021, the highest ever TEUs handled since its inception.

Commenting on the half-yearly performance, Chairman, JNPT Shri Sanjay Sethi said, the Port has been undertaking various measures to ensure the port is at par with technologically advanced global ports. The recent flagging off of the Dwarf container train services from JNPT is a pivotal step towards streamlining the rail movement of EXIM cargo via double-stacked dwarf containers. This will provide the EXIM community a competitive cost advantage by lowering hinterland logistical costs, while simultaneously enhancing rail-cargo traffic at JNPT.

JNPT has constantly strived to innovate the maritime trade and logistics sector and consistently open new avenues for growth to propel India's growth story further. The newly constructed coastal berth will give a push for coastal cargo movement and provide better infrastructure for coastal shipping and decongest rail and road networks, ensuring cost-competitive and effective multi-modal transportation solutions.

In addition to this, JNPT handed over a letter of intent to successful bidders of 9 plots in JNPT SEZ to boost port-led industrialization. JNPT SEZ is poised to attract more leading global companies for making India a manufacturing hub as the infrastructure development underway in JNPT SEZ is as per the international benchmark. JNP-CPP App was launched to provide access to live data of CPP operation and much needed real-time visibility across the supply chain.

Source: pib.gov.in – Oct 14, 2021

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India's e-commerce industry expected to grow 84% by 2024: Report

Daily active users growth accelerates in last three quarters

India's e-commerce industry is expected to grow by 84 per cent to $111 billion by 2024, according to a report by Affle's MAAS platform and Sensor Tower.

Affle's MAAS platform is a unified mobile advertising platform and Sensor Tower is a mobile app store marketing intelligence company headquartered in the US. The report titled 'The Dawn of the New-Age Shopper in the New Normal' noted that India's spends of Q2FY21 across five popular e-commerce apps stood at over $60 million, more than the combined average spends across Indonesia, Malaysia, Thailand and Vietnam.

Recovery in 2021

In India, daily active users (DAU) growth in the top shopping apps accelerated in the past three quarters after Club Factory's removal from app stores dampened growth in mid-2020. The top 10 apps averaged more than 7 million DAUs each in Q2FY21, an 18 percent year-on-year growth.

The average monthly active users (MAU) among the top apps in India took a notable hit with the removal of Club Factory in Q2FY20. However, active user growth in India started to recover in early 2021.

Shopping app installs in India showed strong year-on-year growth in July and August 2020 and remained above the 2019 levels for the rest of the year and into 2021. India's shopping app installs surged again in July 2021, surpassing 80 million that month, up more than 15 million month-on-month. Social commerce app Meesho alone is said to have contributed more than 12 million downloads.

Also, Day 1 and Day 7 customer retention for top shopping apps in India are said to have reached their highest average since 2020 in Q2FY21.

Longer-term retention for top shopping apps in India peaked in Q3FY20, and while retention decreased in the following quarters, it still showed positive year-on-year growth.

Low penetration

Talking about robust e-commerce adoption and growth in the Asian markets, Viraj Sinh, Co-founder, Managing Partner - International, MAAS, said, “India and South-East Asia are projected to be one of the fastest growing e-commerce markets in the world by 2025.

With its unique demographic and fast-changing consumer behaviour trends, a paradigm shift towards e-commerce is certain and it continues to happen at a rapid pace. New verticals and niche players continue to spring up across the region that further drive the adoption and penetration of e-commerce which is still relatively low.”

Source: thehindubusinessline.com– Oct 15, 2021

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Pandemic-related uncertainties contributing to risks on economic outlook: IMF report

The International Monetary Fund on Friday said that the economic outlook for India remains clouded due to pandemic-related uncertainties. It has called for steadfast implementation of structural reforms.

This is part of the staff report prepared on the basis of bilateral discussion every year. The report is presented before the Executive Board of the Fund which gives its assessment and recommendations.

Advantage India

"A persistent negative impact of Covid-19 on investment, human capital, and other growth drivers could prolong the recovery and impact medium-term growth. While India benefits from favourable demographics, disruption to access to education and training due to the pandemic could weigh on improvements in human capital," the report said.

The report has been released three days after the Fund released annual flagship publication, 'World Economic Outlook' where it retained India's GDP growth for current fiscal (2021-22) at 9.5 per cent and for next fiscal (2022-23) at 8.5 per cent.

The report said that the recovery could also be faster than expected. "Faster vaccination and better therapeutics could help contain the spread and limit the impact of the pandemic. In addition, successful implementation of the announced structural reforms could increase India's growth potential," it said while noted that the authorities' economic response, which was swift and substantial, has included fiscal support, including scaled-up support to vulnerable groups, monetary policy easing, liquidity provision, and accommodative financial sector and regulatory policies.

However, the report noted that despite policy support, bank credit growth has remained subdued, while large corporates have benefited from easier conditions in capital markets. Net inflows and improvement in the current account have supported an increase in foreign exchange reserves. "The current account balance is projected to return to a deficit of about 1 per cent of GDP in FY2021/22, due to a gradual recovery in domestic demand and higher oil prices," it said.

Making its assessment based on the report, the Executive Board reaffirmed that India is projected to be one of the fastest growing economies for this year and beyond. It agreed that maintaining accommodative monetary policy remains appropriate, although elevated inflation pressures need to be closely monitored. "Looking ahead, a well-communicated plan for a gradual reduction in monetary policy support as the recovery strengthens would foster orderly market transitions," it said.

Directors in the board commended the authorities for advancing structural reforms despite the pandemic and stressed the need for their steadfast implementation. "Long-standing reform priorities include ongoing labour and land reforms, infrastructure investment, improvements in governance, continued trade and investment liberalisation, and improving education outcomes.

Such reforms would not only help maximize India's long-term growth and demographic dividend, but also help alleviate poverty and inequality, and deepen the country's integration into global value chains. India's progress toward transitioning to a greener and more inclusive economy is welcome," the board said.

Source: thehindubusinessline.com– Oct 15, 2021

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India to sort out IPR issues with US

Senior officials from India and the US will review the intellectual property rights (IPR) regime in the two countries at a working group meeting on IP scheduled later this month in the shadow of India being placed yet again in the US Trade Representative's 'priority watch list' for alleged lack of adequate IP protection and enforcement.

"India will not only point out the recent steps taken to improve the IP climate to argue against its inclusion in the 'priority watch list' of the latest 2021 Special 301 report, but also highlight areas of concern for Indian industry in the US such as high costs of patent filing, online piracy and unfavourable enforcement of Industrial Design," an official tracking the matter told BusinessLine.

First intensive consultations

This will be one of the first intensive consultations between India and the US on IP, as part of the India-US Trade Policy Forum, after the Biden administration officially took charge.

The Department of Policy for Investment and Internal Trade (DPIIT) has circulated a proforma to the Indian industry seeking inputs for the meeting tentatively scheduled towards the end of October.

'Good opportunity'

"This will be a good opportunity for us to raise concerns and difficulties being faced by domestic stakeholders and place their interest before the US," per a communication sent out by the DPIIT to stakeholders. A deadline of October 20 has been provided for the inputs.

"Sections of the Indian industry, such as auto component manufacturers, have been facing problems in the US in the area of industrial design as at times they are charged with violations of IP for designs that they believe are their own," pointed out Biswajit Dhar, Professor, Jawaharlal Nehru Univeristy.

These companies often face problems proving their innocence, leading to a lot of hassles and loss of business. This could be one issue that may need some sorting out, Dhar said.

Other areas pointed out by industry bodies include the “prohibitive” cost of applying for patents in the US with no concessions for the MSME sector and delay in the issuance of trademark examination report.

The Indian industry also want an improved system for raising objections in case of appropriation of Indian Traditional Knowledge and Geographic Indications by non-Indian entities and better bilateral co-operation to address piracy concerns that hurt the Indian creative industry.

Dhar said that the US should not have continued problems with India’s IPR laws as the Biden government already said in the Special 301 Report for 2021 that the US respected the rights of its trade partners to issue compulsory licences to promote access to medicines. Moreover, despite not doing away with Section 3(d) of the Indian Patent Act that restricts grant of patent for “incremental innovations”, as demanded by the US and the EU, New Delhi has been granting patents for formulations and combinations.
“The US should not have problems related to Section 3(d) as India has not been rigid about granting patents only to new molecules but has been approving patents for formulations and combinations,” Dhar said.

According to the DPIIT, India’s recent achievements in improving the IPR regime include granting fee concessions to startups and small entities and making IPR filing procedures more compact, time-bound, user-friendly and compatible for e-transactions.

Source: thehindubusinessline.com– Oct 15, 2021

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Welspun India launches upgraded multi-level traceability solution Wel-Trak 2.0

Home textiles major Welspun India on Wednesday launched its upgraded multi-level traceability solution Wel-Trak 2.0, enabled by blockchain, artificial intelligence and cloud technologies, with an aim to track millions of finished products across its value chain.

Wel-Trak 2.0 is an upgrade to Wel-Trak, the company''s patented end-to-end traceability technology introduced in 2018. It is designed to help the stakeholders – from retailers to farmers and manufacturers to suppliers, traders, certifying bodies, and end consumers – to track raw materials throughout the supply chain back to its origin, the company said.

"We are starting the Wel-Trak 2.0, which is going to be another level of transparency through blockchain," Welspun India Ltd CEO and Joint Managing Director Dipali Goenka told PTI.

Explaining the rationale behind the initiative, she said, "Fundamentally, I think COVID-19 has taught us that the world has changed for good, whether it is technology or digitisation. Consumers are working from home, they''re looking at whatever product they buy, what is the provenance of a product, what is the transparency and everything has become online and digital."

Transparency and accountability are key factors in building the customer''s trust, she said adding that the company aims to accomplish it through the upgraded multi-level traceability solution Wel-Trak 2.0 which is enabled by blockchain, AI, and cloud technologies.

Stating that textile has the most complex value chain, Goenka said the company aims to "make things more open and transparent" whether, it''s the cotton purchased from farmers, yarn, dyes and chemicals and all the certifications and make it "transparent and visible to the consumer, and to the world".

On the usage of blockchain technology, Goenka said it is ideal for creating an immutable, tamper-proof system that is immune to data manipulation and fraudulent behavior by members across the textile value chain.

"So, that''s where we are moving to... It is also an important and integral part of what we do in the value chain of ESG," she added.

The company said its latest traceability platform will capture all its product lines, as well as major sustainability-related data points, including ESG (environmental, social, and governance) metrics such as water usage, fair pay, power consumption, gender equality, among others.

With the Wel-Trak 2.0 Blockchain, Welspun India said it "aims to track millions of finished products across its value chain" and it is deploying the advanced cloud-based traceability technology across all its manufacturing units.

The company further said it is aiming to optimise the fragmented global home textile value chain and plans to move all product categories and fibers to the tech-based platform, thereby becoming a pioneer in the next-gen ESG data visibility technology.

The platform is developed by InfiniChains, a tech company headquartered in San Francisco, and the unified data platform of Wel-Trak 2.0 is hosted on the cloud and boasts 99.9 per cent availability, the company said.

Source: outlookindia.com– Oct 13, 2021

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IKEA Foundation, Enviu and CAIF to build textile waste model, provide jobs to waste workers

IKEA Foundation, Enviu and Circular Apparel Innovation Factory (CAIF) have partnered to build a new circular textile waste model in India. This is aimed to harness textile waste and unlock green jobs for waste workers.

The textile and apparel industry creates huge amounts of waste and pollution, equal to the oil industry. India is one of the world's largest textile producers and importers of used clothing, but lacks an infrastructure to deal with textile waste, leaving an estimated 4 million informal waste workers trapped in low-income, unreliable jobs. The model by IKEA Foundation and CAIF is aimed to reduce the environmental impact of the clothing industry while enabling the workers to increase their incomes and afford a better life.

The five-year project is being seed funded by IKEA Foundation. It's objective is to create over 5000 green jobs while saving at least 20 million kilos of textiles waste from ending up in landfills by 2026. Speaking at Sankalp Global Summit 2021, Vivek Singh, Head of Portfolio - Employment and Entrepreneurship, IKEA Foundation, said, "There is huge potential in the textile waste sector not only to become more sustainable but also to create better livelihoods for a large number of people at the bottom of the pyramid. We believe that green and circular entrepreneurship in India's textile waste sector offers an opportunity for vulnerable workers to lift themselves out of poverty while protecting the planet."

In the first phase of the project, Enviu and CAIF will seek partnerships with manufacturers, brands and innovators to scale and replicate solutions to manage textiles waste; as well as NGO's and other civil society actors to build skills and capacities amongst the waste workers in India.

Venkat Kotamaraju - Director, CAIF, said in a statement, "The scale and scope of the problems being addressed by the textiles and apparel industry globally demands an active investment into and setting up of ecosystem models and mechanisms that will make "circularity within reach" and "de-risks the participation" of the value chain stakeholders in a circular economy."

Source: economictimes.com– Oct 15, 2021

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